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August 13, 2024

Consolidated Financial Results for the Fiscal Year Ended June 30, 2024 (under Japanese GAAP)

Company name: SUNNY SIDE UP GROUP Inc.
 Listing: Tokyo Stock Exchange
 Securities code: 2180
 URL: <https://ssug.co.jp>
 Representative: Etsuko Tsugihara, President
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Scheduled date of annual general meeting of shareholders: September 25, 2024
 Scheduled date to commence dividend payments: September 26, 2024
 Scheduled date to file Annual Securities Report: September 26, 2024
 Preparation of supplementary material on financial results: Yes
 Holding of financial results presentation meeting: Yes (for individual investors)

(Figures shown are rounded down to the nearest million yen)

1. Consolidated financial results for the fiscal year ended June 30, 2024 (from July 1, 2023 to June 30, 2024)

(1) Consolidated operating results

(Percentages show year-on-year changes)

| Fiscal year ended | Net sales | | Operating profit | | Ordinary profit | | Profit attributable to owners of parent | |
|-------------------|-----------------|-------|------------------|------|-----------------|------|---|--------|
| | Millions of yen | % | Millions of yen | % | Millions of yen | % | Millions of yen | % |
| June 30, 2024 | 17,908 | (5.5) | 1,465 | 13.0 | 1,501 | 12.5 | 795 | (10.1) |
| June 30, 2023 | 18,956 | 17.1 | 1,296 | 68.9 | 1,335 | 4.0 | 884 | 52.2 |

(Note) Comprehensive income For the fiscal year ended June 30, 2024 ¥717 million [(37.4)%]
 For the fiscal year ended June 30, 2023 ¥1,145 million [119.8%]

| Fiscal year ended | Basic earnings per share | Diluted earnings per share | Return on equity | Ratio of ordinary profit to total assets | Ratio of operating profit to net sales |
|-------------------|--------------------------|----------------------------|------------------|--|--|
| | Yen | Yen | % | % | % |
| June 30, 2024 | 53.30 | 53.23 | 21.1 | 17.6 | 8.1 |
| June 30, 2023 | 59.28 | — | 28.3 | 16.5 | 6.8 |

(Reference) Share of profit (loss) of entities accounted for using equity method

For the fiscal year ended June 30, 2024 ¥3 million
 For the fiscal year ended June 30, 2023 ¥(4) million

(2) Consolidated financial position

| | Total assets | Net assets | Equity ratio | Net assets per share |
|---------------|-----------------|-----------------|--------------|----------------------|
| As of | Millions of yen | Millions of yen | % | Yen |
| June 30, 2024 | 8,472 | 4,136 | 46.9 | 266.20 |
| June 30, 2023 | 8,595 | 3,728 | 41.4 | 238.78 |

(Reference) Equity

| | |
|---------------------|----------------|
| As of June 30, 2024 | ¥3,971 million |
| As of June 30, 2023 | ¥3,561 million |

(3) Consolidated cash flows

| | Cash flows from operating activities | Cash flows from investing activities | Cash flows from financing activities | Cash and cash equivalents at end of period |
|-------------------|--------------------------------------|--------------------------------------|--------------------------------------|--|
| Fiscal year ended | Millions of yen | Millions of yen | Millions of yen | Millions of yen |
| June 30, 2024 | 655 | (120) | (470) | 3,169 |
| June 30, 2023 | 846 | (274) | (744) | 3,074 |

2. Dividends

| | Annual dividends | | | | | Total cash dividends (Total) | Payout ratio (Consolidated) | Ratio of dividends to net assets (Consolidated) |
|---|------------------|-----------------|-----------------|-----------------|-------|------------------------------|-----------------------------|---|
| | 1st quarter-end | 2nd quarter-end | 3rd quarter-end | Fiscal year-end | Total | | | |
| | Yen | Yen | Yen | Yen | Yen | Millions of yen | % | % |
| Fiscal year ended June 30, 2023 | – | 0.00 | – | 15.00 | 15.00 | 223 | 25.3 | 6.3 |
| Fiscal year ended June 30, 2024 | – | 5.00 | – | 15.00 | 20.00 | 298 | 37.5 | 7.6 |
| Fiscal year ending June 30, 2025 (Forecast) | – | 7.00 | – | 15.00 | 22.00 | | 34.2 | |

3. Consolidated earnings forecasts for the fiscal year ending June 30, 2025 (from July 1, 2024 to June 30, 2025)

(Percentages show year-on-year changes)

| | Net sales | | Operating profit | | Ordinary profit | | Profit attributable to owners of parent | | Basic earnings per share |
|----------------------------------|-----------------|-----|------------------|------|-----------------|------|---|------|--------------------------|
| | Millions of yen | % | Millions of yen | % | Millions of yen | % | Millions of yen | % | Yen |
| Fiscal year ending June 30, 2025 | 18,500 | 3.3 | 1,650 | 12.6 | 1,660 | 10.6 | 960 | 20.7 | 64.34 |

* **Notes**

- (1) Significant changes in the scope of consolidation during the period: Yes
Excluded: 3 companies
(company names: Wise Integration Co., Ltd., Scramble Inc. and Agile Co., Ltd.)
- (2) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements after error corrections
- a. Changes in accounting policies due to revisions to accounting standards and other regulations: None
 - b. Changes in accounting policies due to other reasons: None
 - c. Changes in accounting estimates: None
 - d. Restatement of prior period financial statements after error corrections: None

(3) Number of issued shares (common shares)

| | |
|---|-------------------|
| a. Total number of issued shares at the end of the period (including treasury shares) | |
| As of June 30, 2024 | 15,197,600 shares |
| As of June 30, 2023 | 15,191,600 shares |
| b. Number of treasury shares at the end of the period | |
| As of June 30, 2024 | 277,456 shares |
| As of June 30, 2023 | 277,456 shares |
| c. Average number of shares outstanding during the period | |
| Fiscal year ended June 30, 2024 | 14,917,661 shares |
| Fiscal year ended June 30, 2023 | 14,920,807 shares |

* Financial results reports are exempt from audit conducted by certified public accountants or an audit corporation.

* Proper use of earnings forecasts, and other special matters
(Caution concerning forward-looking statements)

The forward-looking statements, including earnings forecasts, contained in these materials are based on information currently available to the Company and on certain assumptions deemed to be reasonable. Consequently, any statements herein do not constitute assurances regarding actual results by the Company. Actual business and other results may differ substantially due to various factors.

(Means of access to supplementary material on financial results)

The supplementary material on financial results will be available on the Company's website.

(Financial results presentation meeting)

The Company is scheduled to hold a financial results presentation meeting for individual investors on Saturday, August 24, 2024.

Consolidated Financial Statements

(1) Consolidated balance sheet

(Thousands of yen)

| | As of June 30, 2023 | As of June 30, 2024 |
|--|---------------------|---------------------|
| Assets | | |
| Current assets | | |
| Cash and deposits | 3,089,935 | 3,185,218 |
| Notes receivable - trade | 22,093 | 97,237 |
| Accounts receivable - trade | 2,620,516 | 2,494,086 |
| Merchandise and finished goods | 4,573 | 1,688 |
| Costs on service contracts in progress | 551,986 | 306,880 |
| Raw materials and supplies | 25,083 | 24,523 |
| Other | 314,635 | 447,779 |
| Allowance for doubtful accounts | (6,243) | (7,786) |
| Total current assets | 6,622,581 | 6,549,627 |
| Non-current assets | | |
| Property, plant and equipment | | |
| Buildings and structures | 899,897 | 1,075,551 |
| Accumulated depreciation | (635,413) | (687,013) |
| Buildings and structures, net | 264,484 | 388,537 |
| Machinery, equipment and vehicles | 14,437 | 11,502 |
| Accumulated depreciation | (6,710) | (6,348) |
| Machinery, equipment and vehicles, net | 7,726 | 5,153 |
| Leased assets | 182,746 | 182,746 |
| Accumulated depreciation | (136,781) | (143,834) |
| Leased assets, net | 45,964 | 38,911 |
| Other | 250,096 | 268,986 |
| Accumulated depreciation | (205,963) | (225,717) |
| Other, net | 44,133 | 43,269 |
| Total property, plant and equipment | 362,309 | 475,872 |
| Intangible assets | | |
| Goodwill | 276,121 | 234,702 |
| Other | 24,231 | 16,371 |
| Total intangible assets | 300,352 | 251,074 |
| Investments and other assets | | |
| Investment securities | 483,326 | 304,822 |
| Long-term loans receivable | 6,891 | 5,022 |
| Deferred tax assets | 175,020 | 281,763 |
| Leasehold and guarantee deposits | 461,433 | 548,084 |
| Other | 229,197 | 109,385 |
| Allowance for doubtful accounts | (45,713) | (52,743) |
| Total investments and other assets | 1,310,155 | 1,196,334 |
| Total non-current assets | 1,972,817 | 1,923,281 |
| Total assets | 8,595,398 | 8,472,908 |

(Thousands of yen)

| | As of June 30, 2023 | As of June 30, 2024 |
|--|---------------------|---------------------|
| Liabilities | | |
| Current liabilities | | |
| Accounts payable - trade | 1,989,016 | 1,515,564 |
| Short-term borrowings | 586,000 | 236,000 |
| Current portion of long-term borrowings | 181,491 | 157,381 |
| Lease liabilities | 5,758 | 5,741 |
| Income taxes payable | 181,173 | 382,421 |
| Provision for bonuses for directors (and other officers) | 153,255 | 139,900 |
| Provision for bonuses | - | 307,495 |
| Accrued expenses | 521,893 | 286,407 |
| Contract liabilities | 212,403 | 163,451 |
| Asset retirement obligations | - | 32,991 |
| Other | 269,994 | 135,079 |
| Total current liabilities | 4,100,987 | 3,362,433 |
| Non-current liabilities | | |
| Long-term borrowings | 411,109 | 563,416 |
| Lease liabilities | 34,382 | 28,740 |
| Deferred tax liabilities | 8,662 | 1,237 |
| Asset retirement obligations | 99,107 | 153,295 |
| Other | 212,874 | 227,348 |
| Total non-current liabilities | 766,136 | 974,038 |
| Total liabilities | 4,867,123 | 4,336,472 |
| Net assets | | |
| Shareholders' equity | | |
| Share capital | 547,764 | 550,551 |
| Capital surplus | 696,127 | 698,914 |
| Retained earnings | 2,247,658 | 2,744,514 |
| Treasury shares | (130,456) | (130,456) |
| Total shareholders' equity | 3,361,094 | 3,863,524 |
| Accumulated other comprehensive income | | |
| Valuation difference on available-for-sale securities | 222,920 | 140,122 |
| Deferred gains or losses on hedges | 164 | 17 |
| Foreign currency translation adjustment | (22,960) | (31,900) |
| Total accumulated other comprehensive income | 200,124 | 108,238 |
| Share acquisition rights | 143,559 | 127,357 |
| Non-controlling interests | 23,496 | 37,316 |
| Total net assets | 3,728,275 | 4,136,436 |
| Total liabilities and net assets | 8,595,398 | 8,472,908 |

(2) Consolidated statement of income

(Thousands of yen)

| | Fiscal year ended June 30, 2023 | Fiscal year ended June 30, 2024 |
|---|------------------------------------|------------------------------------|
| Net sales | 18,956,914 | <u>17,908,253</u> |
| Cost of sales | 14,804,858 | <u>13,671,925</u> |
| Gross profit | 4,152,056 | 4,236,327 |
| Selling, general and administrative expenses | 2,855,314 | 2,770,910 |
| Operating profit | 1,296,741 | 1,465,417 |
| Non-operating income | | |
| Interest income | 148 | 168 |
| Foreign exchange gains | – | 23,037 |
| Dividend income | 1,549 | – |
| Share of profit of entities accounted for using equity method | – | 3,891 |
| Outsourcing service income | 20,072 | 23,999 |
| Subsidy income | 59,706 | 12,000 |
| Other | 20,010 | 11,682 |
| Total non-operating income | 101,488 | 74,779 |
| Non-operating expenses | | |
| Interest expenses | 8,169 | 5,345 |
| Share of loss of entities accounted for using equity method | 4,833 | – |
| Distributions of profit or loss on silent partnerships | – | 4,536 |
| Customs duties for prior periods | 18,965 | 15,485 |
| Rental expenses on facilities | 19,822 | – |
| Provision of allowance for doubtful accounts | – | 6,700 |
| Other | 11,300 | 6,746 |
| Total non-operating expenses | 63,089 | 38,813 |
| Ordinary profit | 1,335,139 | 1,501,382 |
| Extraordinary income | | |
| Gain on sale of non-current assets | 3,793 | 7,821 |
| Gain on liquidation of investments in capital | 18,206 | – |
| Gain on sale of shares of subsidiaries | – | 37,880 |
| Gain on sale of investment securities | 2,564 | 45,828 |
| Gain on reversal of share acquisition rights | – | 11,661 |
| Total extraordinary income | 24,563 | 103,190 |
| Extraordinary losses | | |
| Loss on retirement of non-current assets | 171 | 2,915 |
| Loss on sale of non-current assets | 744 | – |
| Bad debts expenses | 1,727 | – |
| Loss on valuation of investment securities | 104,981 | 55,349 |
| Loss on sale of investments in capital of subsidiaries | 29,342 | – |
| Loss on valuation of investments in capital | 33,717 | 101,279 |
| Loss on sale of shares of subsidiaries and associates | 8,647 | – |
| Total extraordinary losses | 179,332 | 159,545 |
| Profit before income taxes | 1,180,371 | 1,445,028 |
| Income taxes - current | 407,963 | 709,723 |
| Income taxes - deferred | (110,769) | (73,682) |
| Total income taxes | 297,193 | 636,040 |
| Profit | 883,177 | 808,987 |
| Profit (loss) attributable to non-controlling interests | (1,435) | 13,819 |
| Profit attributable to owners of parent | 884,612 | 795,167 |

(3) Consolidated statement of cash flows

(Thousands of yen)

| | Fiscal year ended June 30, 2023 | Fiscal year ended June 30, 2024 |
|---|------------------------------------|------------------------------------|
| Cash flows from operating activities | | |
| Profit before income taxes | 1,180,371 | 1,445,028 |
| Depreciation | 85,143 | 92,681 |
| Amortization of goodwill | 41,418 | 41,418 |
| Increase (decrease) in allowance for doubtful accounts | (21,452) | 8,573 |
| Increase (decrease) in provision for bonuses | – | 307,495 |
| Increase (decrease) in provision for bonuses for directors (and other officers) | 24,183 | (13,355) |
| Interest and dividend income | (1,698) | (168) |
| Interest expenses | 8,169 | 5,345 |
| Share of loss (profit) of entities accounted for using equity method | 4,833 | (3,891) |
| Loss (gain) on sale of investments in capital of subsidiaries | 29,342 | – |
| Loss (gain) on sale of shares of subsidiaries | – | (37,880) |
| Loss (gain) on sale of shares of subsidiaries and associates | 8,647 | – |
| Foreign exchange losses (gains) | (28,055) | (25,976) |
| Subsidy income | (59,706) | (12,000) |
| Outsourcing service income | (20,072) | (23,999) |
| Loss (gain) on sale and retirement of non-current assets | (3,049) | (7,821) |
| Loss on retirement of non-current assets | 171 | 2,915 |
| Loss (gain) on sale of investment securities | (2,564) | (45,828) |
| Loss (gain) on valuation of investment securities | 104,981 | 55,349 |
| Gain on liquidation of investments in capital | (18,206) | – |
| Loss on valuation of investments in capital | 33,717 | 101,279 |
| Loss on transfer of receivables | 978 | – |
| Share-based payment expenses | 43,542 | (3,378) |
| Distributions of loss (profit) on silent partnerships | 4,655 | 4,536 |
| Gain on reversal of share acquisition rights | – | (11,661) |
| Customs duties for prior periods | 18,965 | 15,485 |
| Rental expenses on facilities | 19,822 | – |
| Decrease (increase) in trade receivables | (641,550) | (26,241) |
| Decrease (increase) in inventories | (263,925) | 248,523 |
| Decrease (increase) in advance payments to suppliers | 41,189 | (114,382) |
| Decrease (increase) in other assets | 39,880 | (98,225) |
| Increase (decrease) in trade payables | 951,480 | (421,817) |
| Increase (decrease) in accounts payable - other | (102,406) | (37,283) |
| Increase (decrease) in accrued consumption taxes | (95,921) | (79,936) |
| Increase (decrease) in contract liabilities | 31,683 | (48,952) |
| Increase (decrease) in other liabilities | 65,617 | (238,732) |
| Subtotal | 1,480,183 | 1,077,100 |
| Interest and dividends received | 16,598 | 168 |
| Interest paid | (9,020) | (5,398) |
| Proceeds from outsourcing service income | 20,072 | 23,999 |
| Income taxes paid | (742,983) | (500,964) |
| Subsidies received | 59,706 | 12,000 |
| Income taxes refund | 21,768 | 48,479 |
| Net cash provided by (used in) operating activities | 846,327 | 655,385 |

(Thousands of yen)

| | Fiscal year ended June 30, 2023 | Fiscal year ended June 30, 2024 |
|---|------------------------------------|------------------------------------|
| Cash flows from investing activities | | |
| Purchase of property, plant and equipment | (73,680) | (123,316) |
| Proceeds from sale of property, plant and equipment | 3,269 | 20,037 |
| Purchase of intangible assets | (15,477) | (7,115) |
| Proceeds from sale of intangible assets | 375 | – |
| Proceeds from collection of loans receivable | 1,869 | 1,869 |
| Payments of leasehold and guarantee deposits | (5,428) | (82,594) |
| Proceeds from refund of leasehold and guarantee deposits | 673 | 166 |
| Purchase of short-term and long-term investment securities | (23,805) | – |
| Proceeds from sale of short-term and long-term investment securities | 8,960 | 49,656 |
| Proceeds from share of profits on investments in capital | 2,021 | 51,750 |
| Payments for investments in capital | (136,500) | (20,010) |
| Payments for sale of shares of subsidiaries resulting in change in scope of consolidation | (33,617) | (10,746) |
| Proceeds from sale of shares of subsidiaries and associates | 1,750 | – |
| Purchase of golf club membership | (5,355) | – |
| Net cash provided by (used in) investing activities | (274,943) | (120,301) |
| Cash flows from financing activities | | |
| Net increase (decrease) in short-term borrowings | 48,000 | (300,000) |
| Proceeds from long-term borrowings | – | 312,500 |
| Repayments of long-term borrowings | (496,991) | (184,302) |
| Purchase of treasury shares | (100,007) | – |
| Dividends paid | (180,431) | (297,480) |
| Repayments of lease liabilities | (15,037) | (5,659) |
| Proceeds from issuance of share acquisition rights | – | 277 |
| Proceeds from issuance of shares resulting from exercise of share acquisition rights | – | 4,134 |
| Net cash provided by (used in) financing activities | (744,468) | (470,532) |
| Effect of exchange rate change on cash and cash equivalents | 32,847 | 30,730 |
| Net increase (decrease) in cash and cash equivalents | (140,237) | 95,282 |
| Cash and cash equivalents at beginning of period | 3,214,372 | 3,074,135 |
| Cash and cash equivalents at end of period | 3,074,135 | 3,169,418 |