

Translation

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Summary of Consolidated Financial Results for the Six Months Ended December 31, 2024 (Based on Japanese GAAP)

February 13, 2025

Company name: Solvvy Inc.
 Stock exchange listing: Tokyo
 Stock code: 7320 URL <https://solvvy.co.jp/>
 Representative: Representative director and president Yoshitaka Adachi
 Senior Executive Officer, General Manager of Administration Headquarters Atsushi Yoshikawa
 Inquiries: TEL 03-6276-0401
 Scheduled date to file Semi-annual Securities Report: February 13, 2025
 Scheduled date to commence dividend payments: –
 Preparation of supplementary material on financial results: Yes
 Holding of financial results meeting: Yes

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the six months ended December 31, 2024 (from July 1, 2024 to December 31, 2024)

(1) Consolidated operating results (cumulative)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended December 31, 2024	2,980	29.9	668	24.4	857	31.5	573	29.1
Six months ended December 31, 2023	2,295	31.6	537	62.8	651	61.8	444	60.7

	Earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended December 31, 2024	109.02	109.01
Six months ended December 31, 2023	88.61	88.60

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of December 31, 2024	28,041	5,368	19.1
As of June 30, 2024	24,593	3,005	12.2

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended June 30, 2024	–	0.00	–	15.00	15.00
Year ending June 30, 2025	–	0.00			
Year ending June 30, 2025 (Forecast)			–	20.00	20.00

3. Forecast of consolidated financial results for the year ending June 30, 2025 (from July 1, 2024 to June 30, 2025)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	6,900	28.8	1,300	4.8	1,600	5.8	1,176	20.8	212.54

4. Notes

(1) Significant changes in the scope of consolidation during the six months ended December 31, 2024: Yes

(2) Application of special accounting methods for preparing semi-annual consolidated financial statements: Yes

(3) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements

Changes in accounting policies due to revisions to accounting standards and other regulations: Yes

Changes in accounting policies due to other reasons: No

Changes in accounting estimates: No

Restatement of prior period financial statements: No

(4) Number of issued shares (common shares)

Total number of issued shares at the end of the period (including treasury shares)

As of December 31, 2024	5,998,627 shares	As of June 30, 2024	5,118,300 shares
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Number of treasury shares at the end of the period

As of December 31, 2024	237,810 shares	As of June 30, 2024	93,974 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Six months ended December 31, 2024	5,263,671 shares	Six months ended December 31, 2023	5,016,342 shares
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Semi-annual consolidated financial statements

Consolidated balance sheets

(Thousands of yen)

	As of June 30, 2024	As of December 31, 2024
Assets		
Current assets		
Cash and deposits	2,626,435	3,841,813
Accounts receivable - trade	1,189,582	1,509,234
Securities	178,088	275,576
Prepaid expenses	684,016	760,772
Advances paid	3,515,034	3,109,785
Other	394,795	385,080
Total current assets	8,587,952	9,882,263
Non-current assets		
Property, plant and equipment	804,327	343,579
Intangible assets		
Goodwill	—	18,110
Other	483,167	434,399
Total intangible assets	483,167	452,509
Investments and other assets		
Investment securities	3,509,787	5,881,120
Investments in capital	200,000	200,030
Guarantee deposits	514,136	2,154
Long-term prepaid expenses	3,821,355	4,078,747
Investment property, net	5,940,958	6,223,630
Other	731,510	976,905
Total investments and other assets	14,717,748	17,362,588
Total non-current assets	16,005,242	18,158,677
Deferred assets	517	517
Total assets	24,593,712	28,041,458

(Thousands of yen)

	As of June 30, 2024	As of December 31, 2024
Liabilities		
Current liabilities		
Accounts payable - trade	80,550	96,895
Current portion of long-term borrowings	119,480	527,378
Lease liabilities	4,238	4,238
Income taxes payable	337,574	291,822
Unearned revenue	2,146,246	2,287,408
Deposits received	638,884	591,254
Provision for bonuses	236,329	74,432
Provision for bonuses for directors (and other officers)	72,812	—
Other	376,149	296,606
Total current liabilities	4,012,265	4,170,036
Non-current liabilities		
Long-term borrowings	2,379,171	2,031,516
Lease liabilities	9,889	7,770
Long-term unearned revenue	10,508,526	11,418,760
Long-term deposits received	4,572,721	4,645,368
Provision for point card certificates	6,635	8,472
Other	99,237	391,369
Total non-current liabilities	17,576,182	18,503,258
Total liabilities	21,588,447	22,673,294
Net assets		
Shareholders' equity		
Share capital	212,336	212,336
Capital surplus	198,689	2,771,567
Retained earnings	2,594,544	3,007,766
Treasury shares	(187,307)	(699,098)
Total shareholders' equity	2,818,263	5,292,571
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	187,001	54,926
Total accumulated other comprehensive income	187,001	54,926
Non-controlling interests	—	20,666
Total net assets	3,005,264	5,368,164
Total liabilities and net assets	24,593,712	28,041,458

Consolidated statements of income (cumulative) and consolidated statements of comprehensive income (cumulative)

Consolidated statements of income (cumulative)

(Thousands of yen)

	Six months ended December 31, 2023	Six months ended December 31, 2024
Net sales	2,295,087	2,980,941
Cost of sales	599,010	847,652
Gross profit	1,696,077	2,133,289
Selling, general and administrative expenses	1,158,769	1,464,746
Operating profit	537,307	668,543
Non-operating income		
Interest income	19,560	26,050
Dividend income	1,353	6,238
Gain on sale of securities	28,282	28,513
Rental income from investment property	145,270	158,334
Gain on sales of investment property	—	67,717
Other	13,935	22,476
Total non-operating income	208,402	309,331
Non-operating expenses		
Interest expenses	8,750	10,734
Loss on sale of securities	—	11,279
Rent expenses of real estate for investment	84,788	86,612
Other	465	12,178
Total non-operating expenses	94,003	120,805
Ordinary profit	651,706	857,069
Extraordinary losses		
Loss on valuation of investment securities	—	5,779
Loss on retirement of non-current assets	—	3,260
Reorganization cost	—	14,416
Total extraordinary losses	—	23,456
Profit before income taxes	651,706	833,613
Income taxes	207,197	259,686
Profit	444,508	573,926
Profit attributable to non-controlling interests	—	36
Profit attributable to owners of parent	444,508	573,889

Consolidated statements of comprehensive income (cumulative)

(Thousands of yen)

	Six months ended December 31, 2023	Six months ended December 31, 2024
Profit	444,508	573,926
Other comprehensive income		
Valuation difference on available-for-sale securities	(32,408)	(68,428)
Total other comprehensive income	(32,408)	(68,428)
Comprehensive income	412,099	505,497
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	412,099	505,461
Comprehensive income attributable to non-controlling interests	—	36

Consolidated statements of cash flows

(Thousands of yen)

	Six months ended December 31, 2023	Six months ended December 31, 2024
Cash flows from operating activities		
Profit before income taxes	651,706	833,613
Depreciation	90,283	111,878
Amortization of goodwill	—	624
Increase (decrease) in allowance for doubtful accounts	—	3
Increase (decrease) in provision for bonuses	(88,910)	(179,799)
Increase (decrease) in provision for bonuses for directors (and other officers)	(28,000)	(72,812)
Increase (decrease) in provision for point card certificates	216	1,836
Interest and dividend income	(20,914)	(32,289)
Interest expenses	8,750	10,734
Foreign exchange losses (gains)	(2,668)	2,200
Loss (gain) on sale of securities	(28,282)	(17,233)
Loss (gain) on sales of real estate for investment	—	(67,717)
Loss on retirement of non-current assets	—	3,260
Loss (gain) on valuation of investment securities	—	5,779
Reorganization cost	—	14,416
Decrease (increase) in trade receivables	(124,652)	(154,144)
Increase (decrease) in trade payables	2,397	4,095
Increase (decrease) in unearned revenue	147,123	136,307
Increase (decrease) in long-term unearned revenue	777,187	910,233
Increase (decrease) in deposits received	(48,569)	(51,496)
Increase (decrease) in long-term deposits received	88,490	72,647
Increase (decrease) in accounts payable - other	4,059	(58,436)
Decrease (increase) in prepaid expenses	(64,219)	(64,029)
Decrease (increase) in long-term prepaid expenses	(245,906)	(257,425)
Decrease (increase) in advances paid	(711,750)	395,993
Other, net	24,581	8,048
Subtotal	430,924	1,556,287
Interest and dividends received	3,977	27,302
Interest paid	(8,907)	(10,948)
Income taxes paid	(188,443)	(337,574)
Net cash provided by (used in) operating activities	237,550	1,235,067
Cash flows from investing activities		
Purchase of property, plant and equipment	(14,727)	(5,729)
Purchase of intangible assets	(180,806)	(180,270)
Proceeds from cancellation of money held in trust	99,902	—
Purchase of investment securities	(936,965)	(753,088)
Proceeds from sale and redemption of investment securities	339,268	229,557
Purchase of investment property	(708,526)	(149,227)
Proceeds from sale of investment property	—	376,615
Proceeds from refund of guarantee deposits	212,000	512,000
Purchase of insurance funds	(35,912)	(37,487)
Payments of leasehold deposits	—	(65,375)
Return of lease deposits	77	34
Other, net	922	4,940
Net cash provided by (used in) investing activities	(1,224,766)	(68,029)

	(Thousands of yen)	
	Six months ended December 31, 2023	Six months ended December 31, 2024
Cash flows from financing activities		
Proceeds from long-term borrowings	339,000	—
Repayments of long-term borrowings	(56,820)	(70,398)
Repayments of lease liabilities	(2,119)	(2,119)
Purchase of treasury shares	(78)	(112,284)
Dividends paid	(50,121)	(75,513)
Net cash provided by (used in) financing activities	229,860	(260,315)
Effect of exchange rate change on cash and cash equivalents	415	(971)
Net increase (decrease) in cash and cash equivalents	(756,939)	905,750
Cash and cash equivalents at beginning of period	3,799,310	2,804,524
Increase in cash and cash equivalents due to share exchange	—	407,116
Cash and cash equivalents at end of period	3,042,371	4,117,390