

SUNNY SIDE UP GROUP

SUNNY SIDE UP GROUP Inc.

FY2022 2Q Consolidated Financial Results
for the Six Months ended December 31, 2022

FY2022 2Q Financial Highlights

for the six months ended December 31, 2022

YTD Net Sales
Change
YonY

+24.3%

YTD Operating
Profit Change
YonY

+74.7%

2Q Operating
Profit Margin
FY2021 2Q 5.6%

→ **7.9%**

Operating Profit
Progress Rate
to the FY2022
full-year forecast

85.2%

- ✓ Recorded the historical high revenue and operating profit of six months period.
- ✓ Operating profit margin improved 7.9% from 5.6% a year ago, progressing toward 10-12%, the medium-term goal.
- ✓ Made a 85.2% progress to the full-year forecasts, thanks for continued sales growth and withdrawing unprofitable operations.

FY2022 2Q Consolidated Financial Results

for the six months ended December 31, 2022

(¥ million)

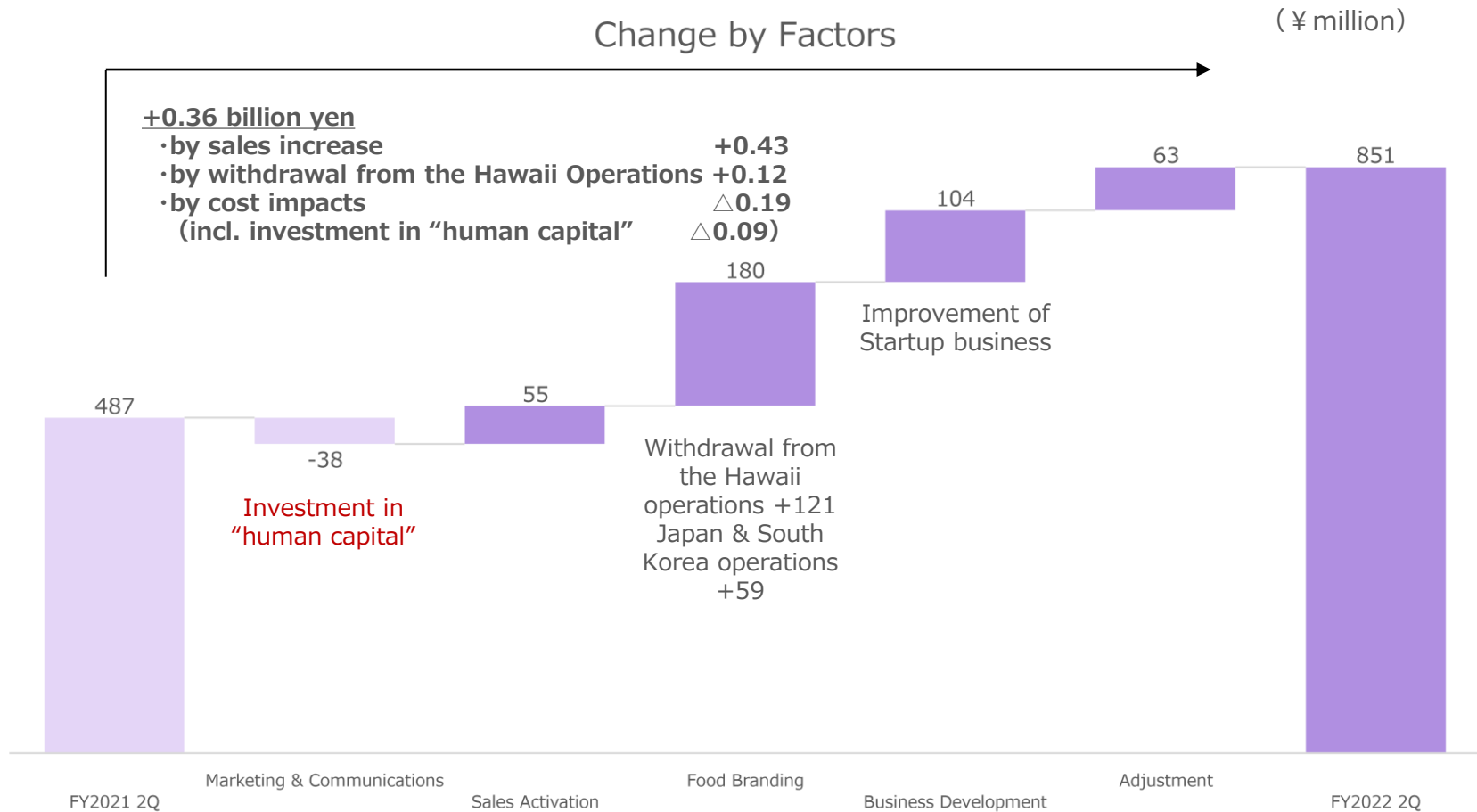
	FY2020 2Q	FY2021 2Q*	FY2022 2Q	Changes YonY	FY2022** Full-year forecasts	Progress Rate
Net Sales	7,198	8,710	10,828	+24.3%	16,500	65.6%
Operating Profit	298	487	851	+74.7%	1,000	85.2%
Recurring Profit	351	899	891	△0.9%	1,020	87.3%
Profit attributable to owners of parent	180	528	520	△1.6%	640	81.3%

* The Company has applied the "Accounting Standard for Revenue Recognition"(ASBJ Statement No.29, March 31, 2020) and relevant ASBJ regulations from the beginning of the six months of FY2021. As a results, net sales decreased by ¥954 million in FY2021 2Q.

**The forecasts were disclosed on August 15, 2022.

- ✓ Six-months sales exceeded 10 billion yen for the first time. Operating profit also recorded historical high.
- ✓ Same as last year in recurring profit with non-operating income decrease in recoil.

Change in 2Q Operating Profit



FY2022 2Q Sales by Segment

for the six months ended December 31, 2022

(¥ million)

	FY2020 2Q	FY2021 2Q*	FY2022 2Q	Change YonY	FY2020 Full-year	FY2021 Full-year**
①Marketing & Communications	3,218	3,697	3,760	+1.7%	9,119	7,744
②Sales Activation	2,590	3,512	5,431	+54.6%	3,644	5,489
③Food Branding	1,326	1,165	1,361	+16.8%	2,355	2,359
④Business Development	63	335	275	△17.9%	236	596
Total	7,198	8,710	10,828	+24.3%	15,356	16,190

* The Company has applied the "Accounting Standard for Revenue Recognition"(ASBJ Statement No.29, March 31, 2020) and relevant ASBJ regulations from the beginning of the six months of FY2021. However, six-month impacts by segment were not disclosed.

** In FY2021, net sales decreased by ¥2,185 million in Marketing & Communications, ¥2 million in Sales Activation and ¥1 million in Business Development.

- ✓ Strong sales growth was driven by Sales Activation, which expanded sales promotion business for the large convenience chains.
- ✓ Marketing & Communications, the core segment, has maintained a steady growth. Food Branding also turned around.

FY2022 2Q Operating Profit by Segment

for the six months ended December 31, 2022

(¥ million)

	FY2020 2Q	FY2021 2Q*	FY2022 2Q	Change YonY	FY2020 Full-year	FY2021 Full-year*
①Marketing & Communications	579	947	908	△4.1%	1,284	1,954
②Sales Activation	284	269	324	+20.5%	310	344
③Food Branding	△109	△160	19	-	△293	△366
④Business Development	17	△82	22	-	110	△82
Adjustment	△472	△485	△ 422	-	△892	△1,082
Total	298	487	851	+74.7%	519	767

* The Company has applied the "Accounting Standard for Revenue Recognition"(ASBJ Statement No.29, March 31, 2020) and relevant ASBJ regulations from the beginning of the six months of FY2021. However, operating profit was not affected.

- ✓ Food Branding and Business Development turned profitable.
- ✓ Marketing & Communication kept same level as last year, despite of increase investment.

Quarterly Financial Results

from FY2020 1Q to FY2022 2Q

(¥ million)

	FY2020 ended June 30, 2021				FY2021 ended June 30, 2022*				FY2022	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q
Net Sales	2,771	4,427	3,495	4,662	3,444	5,266	3,388	4,090	4,676	6,151
Operating Profit margin	14 0.5%	283 6.4%	134 3.9%	85 1.8%	140 4.1%	347 6.6%	345 10.2%	△64 △1.6%	361 7.7%	490 8.0%
Recurring Profit	△5	357	149	165	213	685	440	△55	404	486
Profit attributable to owners of parent	△15	196	144	△26	127	400	263	△211	215	305

*The Company has applied the “Accounting Standard for Revenue Recognition”(ASBJ Statement No.29, March 31, 2020) and relevant ASBJ regulations from the beginning of the six months of FY2021. As a results, net sales decreased by ¥ 253 million in FY2021 1Q, ¥ 701 million in 2Q, ¥ 503 million yen in 3Q and ¥ 732 million in 4Q. Operating profit, recurring profit and profit attributable to owners of parent were not affected.

- ✓ Both revenue and operating profit in 2Q recorded the historical high.
- ✓ 2Q operating profit margin also improved, despite increase investment in “human capital”.

Quarterly Sales by Segment

from FY2020 1Q to FY2022 2Q

(¥ million)

	FY2020 ended June 30, 2021				FY2021 ended June 30, 2022*				FY2022	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q
①Marketing & Communications	1,281	1,936	2,416	3,485	1,485	2,211	2,052	1,994	1,562	2,198
②Sales Activation	823	1,767	481	572	1,227	2,285	687	1,289	2,316	3,114
③Food Branding	642	683	517	512	526	638	529	664	634	726
④Business Development	23	40	80	91	204	130	119	142	162	112
Total	2,771	4,427	3,495	4,662	3,444	5,266	3,388	4,090	4,676	6,151

* The Company has applied the “Accounting Standard for Revenue Recognition”(ASBJ Statement No.29, March 31, 2020) and relevant ASBJ regulations from the beginning of the six months of FY2021. In FY2021, net sales decreased by ¥2,185 million in Marketing & Communications, ¥2 million in Sales Activation and ¥1 million in Business Development. However, quarterly impacts by segment were not disclosed.

Quarterly Operating Profit by Segment

from FY2020 1Q to FY2022 2Q

(¥ million)

	FY2020 ended June 30, 2021				FY2021 ended June 30, 2022*				FY2022	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q
①Marketing & Communications	177	402	348	356	392	554	623	384	418	489
②Sales Activation	85	199	54	△28	147	122	43	32	148	176
③Food Branding	△34	△75	△91	△92	△110	△50	△91	△114	△2	21
④Business Development	△3	21	47	45	△43	△38	△2	2	27	△5
Adjustment	△209	△263	△224	△194	△245	△240	△227	△369	△230	△191
Total	14	283	134	85	140	347	345	△64	361	490

* The Company has applied the "Accounting Standard for Revenue Recognition"(ASBJ Statement No.29, March 31, 2020) and relevant ASBJ regulations from the beginning of the six months of FY2021. However, operating profit was not affected.










FY2022 Full-year Forecasts

for the 12 months from July 1,2022 to June 30,2023 (¥ million)

	FY2021 Full-year Results	FY2022 Full-year Forecasts	Change YonY
Sales	16,190	16,500	+1.9%
Operating Profit	767	1,000	+30.2%
Recurring Profit	1,284	1,020	△20.6%
Profit attributable to owners of parent	581	640	+10.1%
Dividend per share	¥ 12	¥ 13	-

- ✓ SSUG maintains the initial guidance disclosed on August 15, 2022, despite of high progress rate. Taking conservative stance, due to uncertainty of economy and investment expansion.
- ✓ The growth in FY2022 full-year should be driven by a strong performance in Marketing & Communications and improvement in Food Branding.
- ✓ The annual dividend per share is planned to be ¥ 13, following our policy to pay stable dividends and target payout ratio of around 30%.

Appendix: Segment Classification

Segment	Marketing & Communications	Sales Activation	Food Branding*	Business Development
Business	<ul style="list-style-type: none"> - Provide diverse marketing and communication services with a focus on public relations. 	<ul style="list-style-type: none"> - Provides expertise and solutions for facilitating decisions on making purchases and closing deals, at retail locations and other contract points with customers. 	<ul style="list-style-type: none"> - Engages in domestic branding and licensing business of "bills" - Conducts license management and store operation for "bills" in South Korea 	<ul style="list-style-type: none"> - Develops and creates new businesses
Subsidiaries	<div style="border: 1px solid black; padding: 5px; text-align: center;">  SUNNY SIDE UP </div> <div style="border: 1px solid black; padding: 5px; margin-top: 5px;">  KUM-NAMU ENTERTAINMENT </div> <div style="border: 1px solid black; padding: 5px; margin-top: 5px; text-align: center;"> steady study </div> <div style="border: 1px solid black; padding: 5px; margin-top: 5px;">  SCRAMBLE </div> <div style="border: 1px solid black; padding: 5px; margin-top: 5px; text-align: center;"> <i>airside</i> CREATIVE PR AGENCY </div>	<div style="border: 1px solid black; padding: 5px; text-align: center;">  </div>	<div style="border: 1px solid black; padding: 5px; text-align: center;">  FLYPAN </div> <div style="border: 1px solid black; padding: 5px; margin-top: 5px; text-align: center;">  SUNNY SIDE UP KOREA </div>	<div style="border: 1px solid black; padding: 5px; text-align: center;">  SUNNY SIDE UP PARTNERS </div> <div style="border: 1px solid black; padding: 5px; margin-top: 5px; text-align: center;">  Good&Co. </div> <div style="border: 1px solid black; padding: 5px; margin-top: 5px; text-align: center;">  </div>

*The Company has withdrawn the Hawaii operations by transferring equity stake in bills Waikiki LLC and liquidating SUNNY SIDE UP INTERNATIONAL, INC.

Financial Performance of Six Months Period

from FY2017 2Q to FY2022 2Q

(¥ million)

	FY2017 2Q	FY2018 2Q	FY2019 2Q*	FY2020 2Q	FY2021 2Q**	FY2022 2Q
Sales	6,849	7,408	9,358	7,198	8,710	10,828
Operating profit	155	477	750	298	487	851
Recurring profit	154	568	686	351	899	891
Profit attributable to owners of parent	48	413	449	180	528	520
Total assets	5,455	5,290	6,574	7,903	9,219	10,882
Net assets	1,524	2,236	2,810	2,210	2,822	3,119
Cash flows from operating activities	342	△40	74	△575	△979	△ 431
Cash flows from investing activities	△177	△269	△225	18	△42	△ 118
Free cash flows	165	△310	△150	△556	△1,022	△ 550
Cash flows from financing activities	171	△285	△11	1,198	875	797

* The Company transferred to the holding company in January 2020. ** The Company has applied the "Accounting Standard for Revenue Recognition"(ASBJ Statement No.29, March 31, 2020) and relevant ASBJ regulations from the beginning of the six months of FY2021. As a results, net sales decreased by ¥954 million in FY2021 2Q.

Consolidated Financial Performance

from FY2016 to FY2021 ended June 30, 2022

(¥ million)

	FY2016	FY2017	FY2018	FY2019*	FY2020	FY2021**
Sales	13,891	13,537	14,627	14,094	15,356	16,190
Operating profit	387	355	610	420	519	767
Recurring profit	494	365	718	275	666	1,284
Profit attributable to owners of parent	304	380	493	△210	298	581
Total assets	5,706	5,327	5,788	5,462	7,163	7,548
Net assets	1,555	1,888	2,397	2,087	2,340	2,820
Basic earning per share (¥)	41.57	25.85	33.42	△13.97	19.83	38.58
Net assets per share (¥)	198.20	120.72	153.13	135.17	151.30	178.92

* The Company transferred to the holding company in January 2020.

** The Company has applied the "Accounting Standard for Revenue Recognition"(ASBJ Statement No.29, March 31, 2020) and relevant ASBJ regulations from the beginning of the six months of FY2021. As a results, net sales decreased by ¥ 2,189 million in FY2021.

Consolidated Cash Flows

From FY2016 to FY2021 ended June 30, 2022

(¥ million)

	FY2016	FY2017	FY2018	FY2019*	FY2020	FY2021**
Cash flows from operating activities	352	757	529	549	339	1,185
Cash flows from investing activities	△325	738	△336	△685	△311	△274
Free cash flows	27	1,495	193	△135	27	910
Cash flows from financing activities	△92	△794	△338	705	423	△294
Cash and cash equivalents at end of period	995	1,696	1,559	2,135	2,587	3,214
Depreciations (CF)	127	141	161	143	106	94
Cash expenditure	291	236	256	28	164	48
Cash and deposits	1,011	1,712	1,575	2,151	2,603	3,230
Debt (incl. lease liabilities)	1,716	1,020	720	1,506	1,915	1,722

* The Company transferred to the holding company in January 2020.

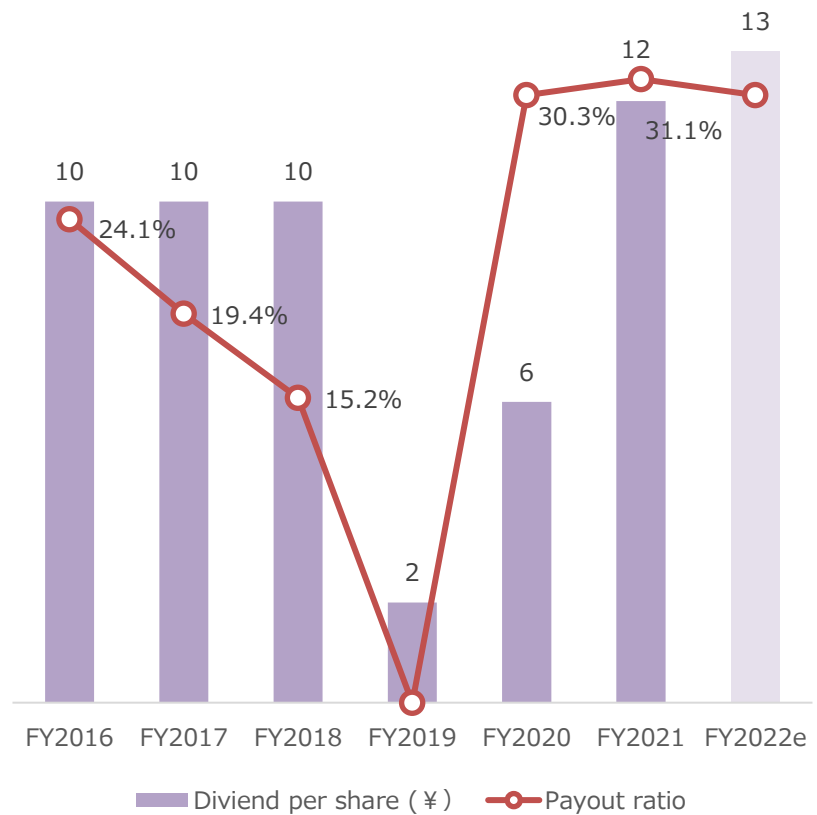
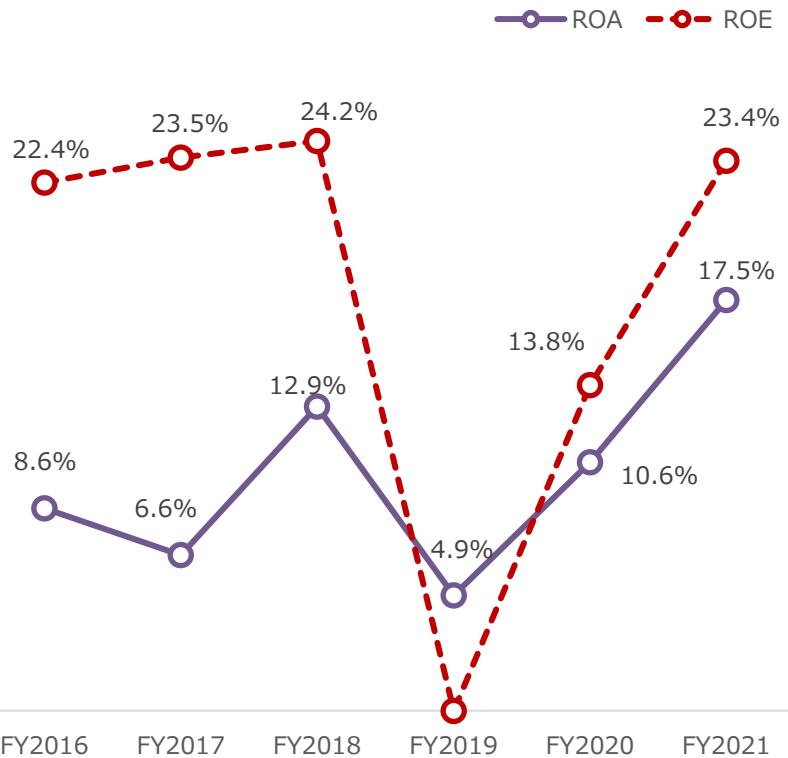
** The Company has applied the "Accounting Standard for Revenue Recognition"(ASBJ Statement No.29, March 31, 2020) and relevant ASBJ regulations from the beginning of the six months of FY2021.

Profitability / Shareholder Return

from FY2016 to FY2021 ended June 30,2022

ROA / ROE

Dividend per share / Payout ratio



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たのしいさわぎで、世界を変える。

The forward-looking statements, including earning 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.

Managerial Planning Group, Corporate Head Office

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