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SUNNY SIDE UP GROUP Inc.

FY2022 1Q Consolidated Financial Results

for the Three Months ended September 30, 2022

FY2022 1Q Financial Highlights

for the three months ended September 30, 2022

Net Sales
Change
YonY

+36%

Operating Profit
Change
YonY

× **2.6**times

Operating Profit
Margin

FY2021 1Q 4.1%

→ **7.7%**

Operating Profit
Progress Rate
to the FY2022
full-year forecast

36%

- ✓ 36% progress to the full-year forecasts, despite of 1Q, thanks for rapid sales growth and withdrawing unprofitable operations.
- ✓ Recorded the historical high revenue of 1Q.
- ✓ Operating profit margin improved 7.7% from 4.1% a year ago, progressing toward 10-12%, the medium-term goal.

FY2022 1Q Consolidated Financial Results

for the three months ended September 30, 2022

(¥ million)

	FY2020 1Q	FY2021* 1Q	FY2022 1Q	Changes YoY	FY2022** full-year forecasts	Rate of Progress
Net Sales	2,771	3,444	4,676	+35.8%	16,500	28.3%
Operating Profit	14	140	361	x2.6	1,000	36.1%
Ordinary Profit	△5	213	404	+89.0%	1,020	39.6%
Profit attributable to owners of parent	△15	127	215	+68.4%	640	33.6%

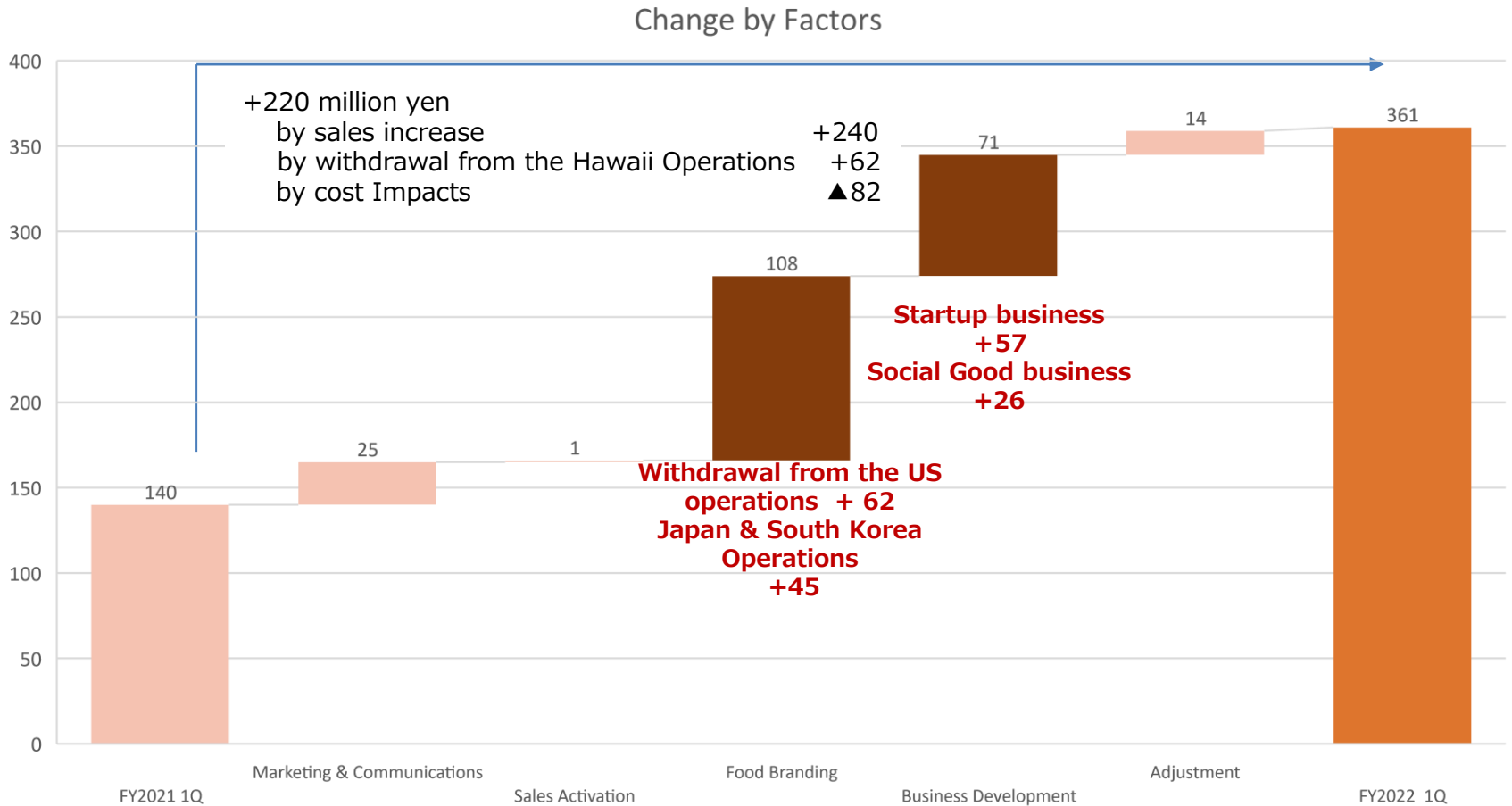
* The Company has applied the "Accounting Standard for Revenue Recognition"(ASBJ Statement No.29, March 31, 2020) and relevant ASBJ regulations from the beginning of the first three months of FY2021. As a results, net sales decreased by ¥ 253 million in FY2021 1Q.

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

- ✓ Showing continued growth in revenue and profit, through accelerating businesses growth and restructuring the Hawaii food business.
- ✓ Made a 36% progress to the full-year operating profit forecast, in comparison with 22% in FY2021 1Q.

Change in 1Q Operating Profit

(¥ million)



Quarterly Financial Results

from FY2020 1Q to FY2022 1Q

(¥ million)

	FY2020 ended June 30, 2021				FY2021 ended June 30, 2022*				FY2022
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q
Net Sales	2,771	4,427	3,495	4,662	3,444	5,266	3,388	4,090	4,676
Operating Profit	14	283	134	85	140	347	345	△64	361
Ordinary Profit	△5	357	149	165	213	685	440	△55	404
Profit attributable to owners of parent	△15	196	144	△26	127	400	263	△211	215

*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 first three 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, ordinary profit and profit attributable to owners of parent were not affected.

- ✓ Recorded the historical high 1Q sales and the second 1Q operating profit by overcoming the impact of COVID-19 pandemic.

FY2022 1Q Sales by Segment

for the three months ended September 30, 2022

(¥ million)

	FY2020 1Q	FY2021* 1Q	FY2022 1Q	Change YonY	FY2020 Full-year	FY2021** Full-year
①Marketing & Communications	1,281	1,485	1,562	+5.2%	9,119	7,744
②Sales Activation	823	1,227	2,316	+88.7%	3,644	5,489
③Food Branding	642	526	634	+20.5%	2,355	2,359
④Business Development	23	204	162	△20.5%	236	596
Total	2,771	3,444	4,676	+35.8%	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 first three months of FY2021. However, quarterly 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 businesses for the large convenience store chains.
- ✓ Marketing & Communications, the core segment, has maintained a steady growth. Food Branding also turned round.

FY2022 1Q Operating Profit by Segment

for the three months ended September 30, 2022

(¥ million)

	FY2020 1Q	FY2021* 1Q	FY2022 1Q	Change YonY	FY2020 Full-year	FY2021* Full-year
①Marketing & Communications	177	392	418	+6.6%	1,284	1,954
②Sales Activation	85	147	148	+0.7%	310	344
③Food Branding	△34	△110	△2	-	△293	△366
④Business Development	△3	△43	27	-	110	△82
Adjustment	△209	△245	△ 230	-	△892	△1,082
Total	14	140	361	×2.6	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 first three months of FY2021. However, operating profit was not affected.

✓ The loss in Food Branding had shrunk dramatically and Business Development turned profitable.

FY2022 Full-year Forecasts












for the 12 months form July 1, 2022 to June 30, 2023

(¥ million)

	FY2021 Full-year Results	FY2022 Full-year Forecasts	Change YoY
Net Sales	16,190	16,500	+1.9%
Operating Profit	767	1,000	+30.2%
Ordinary Profit	1,284	1,020	△20.6%
Profit attributable to owners of parent	581	640	+10.1%

- ✓ SSUG maintains the initial guidance disclosed on August 15, 2022.
- ✓ The growth in FY2022 full-year should be driven by a strong growth in Marketing & Communications and improvement in Food Branding.
- ✓ SSUG would also continue investments for “human capital” to achieving medium- and-long term growth, on the premise of meeting the full-year forecasts.

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;">  Agile Solution Farm </div>
持分法適用会社	<div style="border: 1px solid black; padding: 5px; margin-bottom: 5px; text-align: center;">  </div> — Joint Venture with AnyMind Group			
	<div style="border: 1px solid black; padding: 5px; text-align: center;">  </div> — Joint Venture with Gunosy (6047)			

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

Consolidated Financial Performance

from FY2016 to FY2021 ended June 30, 2022

(¥ million)

	FY2016	FY2017	FY2018	FY2019*	FY2020	FY2021**
Net Sales	13,891	13,537	14,627	14,094	15,356	16,190
Operating Profit	387	355	610	420	519	767
Ordinary 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 Earing per year (¥)	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 first three 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

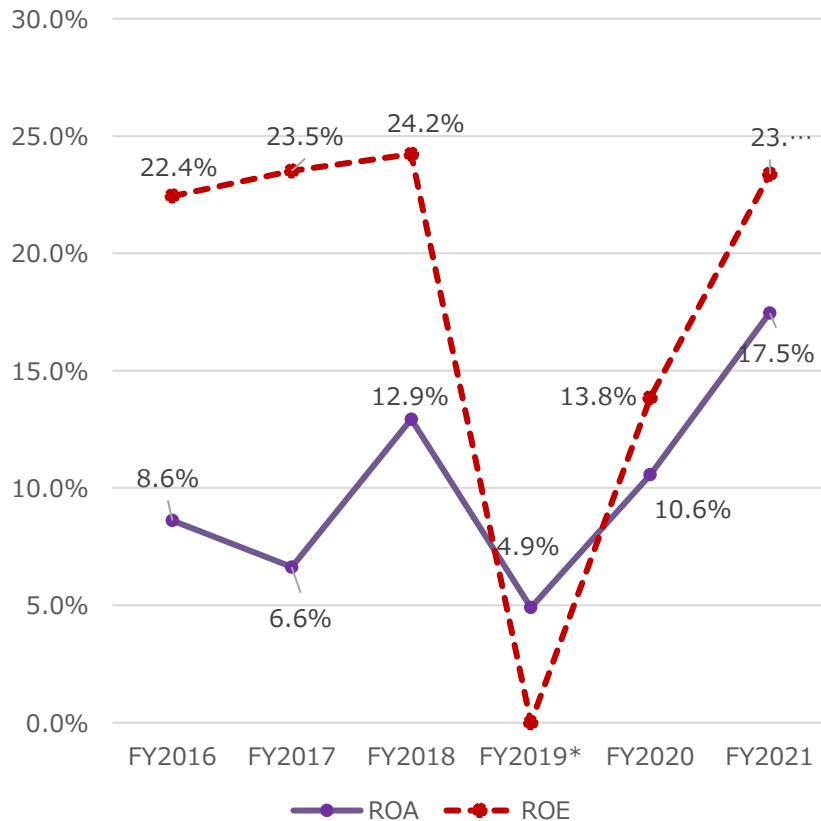
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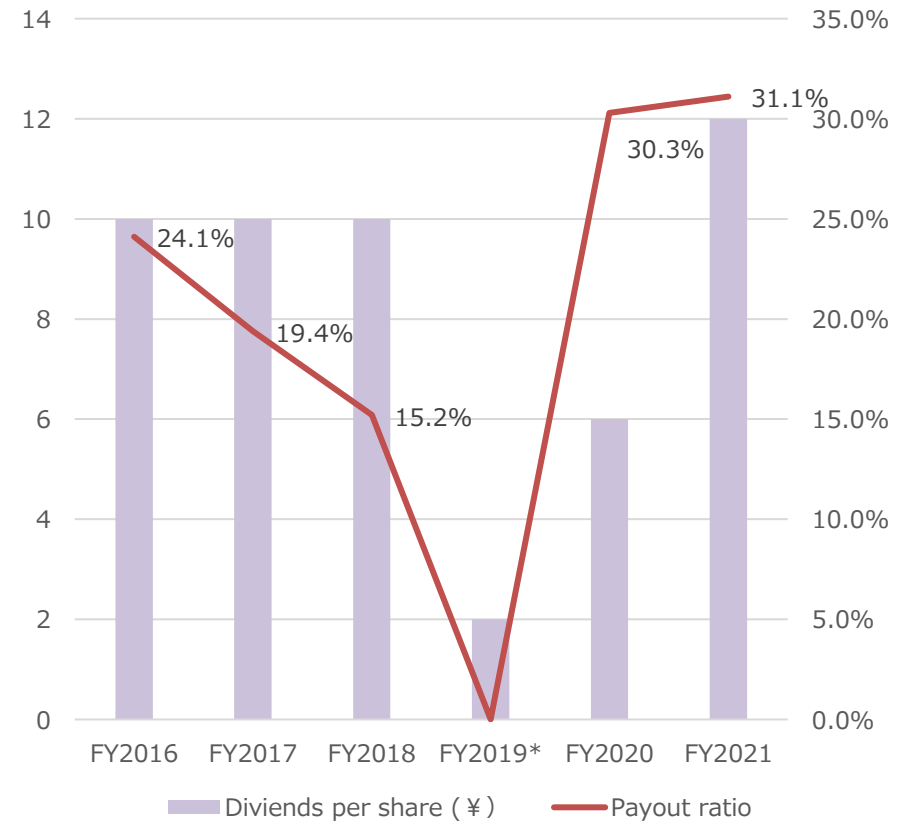
Profitability / Shareholder Return

from FY2016 to FY2021 ended June 30, 2022

ROA / ROE



Dividends per share / Payout ratio



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

CHANGE THE WORLD.

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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.

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