

FY2023 to FY2025
A Bold Strategy for Unleashing Growth
PRIME 2025

May 19, 2023





We make future, with fun.

In this fast-paced and transformative era of rapid technological advancements, evolving societal norms, the rise of a new generation, and shifting dynamics among consumers, brands, and media, **SUNNY SIDE UP GROUP** stands as an essential and impactful **Brand Communications Company.**



SUNNY SIDE UP

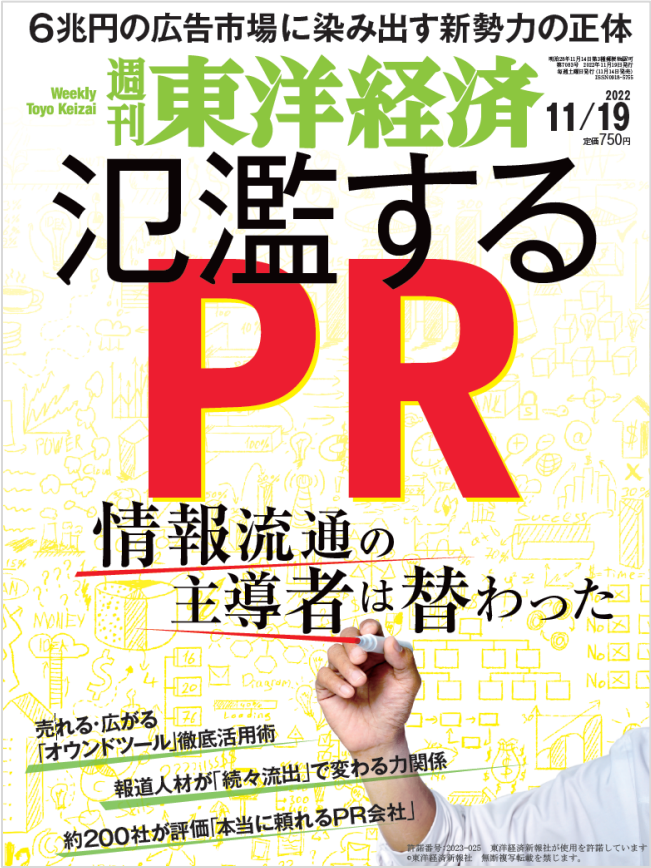
The No.1 trusted PR agency

- Rewarded by WEEKLY TOYO KEIZAI, a renowned economic magazine (Nov 19, 2022)
- The magazine surveyed 200 PR professionals on PR agency satisfaction

PR会社の満足度・総合 TOP 10

順位	社名	平均点	複数寄せられたコメント
1	サニーサイドアップ	3.41	受け身でなく、顧客や報道機関のニーズを踏まえた提案に積極的
2	モザイク加工	3.40	「サニーサイドアップ」同様、顧客や報道機関のニーズを踏まえた提案に積極的
3	モザイク加工	3.39	「サニーサイドアップ」同様、顧客や報道機関のニーズを踏まえた提案に積極的
"	モザイク加工	3.38	「サニーサイドアップ」同様、顧客や報道機関のニーズを踏まえた提案に積極的
"	モザイク加工	3.37	「サニーサイドアップ」同様、顧客や報道機関のニーズを踏まえた提案に積極的
"	モザイク加工	3.36	「サニーサイドアップ」同様、顧客や報道機関のニーズを踏まえた提案に積極的
7	モザイク加工	3.35	「サニーサイドアップ」同様、顧客や報道機関のニーズを踏まえた提案に積極的
8	モザイク加工	3.34	「サニーサイドアップ」同様、顧客や報道機関のニーズを踏まえた提案に積極的
9	モザイク加工	3.33	「サニーサイドアップ」同様、顧客や報道機関のニーズを踏まえた提案に積極的
10	モザイク加工	3.32	「サニーサイドアップ」同様、顧客や報道機関のニーズを踏まえた提案に積極的

We have applied mosaic processing to the names of companies ranked 2nd and below.
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Overview

- 3Q : Sales and profits for the current period fell below the previous year's 3Q due to project delays
- 4Q : Focus on pitching to clients for future growth and investments in human capital. Conservative performance forecasted
- FY2023: Plan to exceed the sales and operating profit of FY2022 by improving profitability through cost reduction from subsidiary integration and streamlining low-profit projects

Performance from FY2020 1Q to FY2022 3Q and forecasts from FY2022 4Q onward

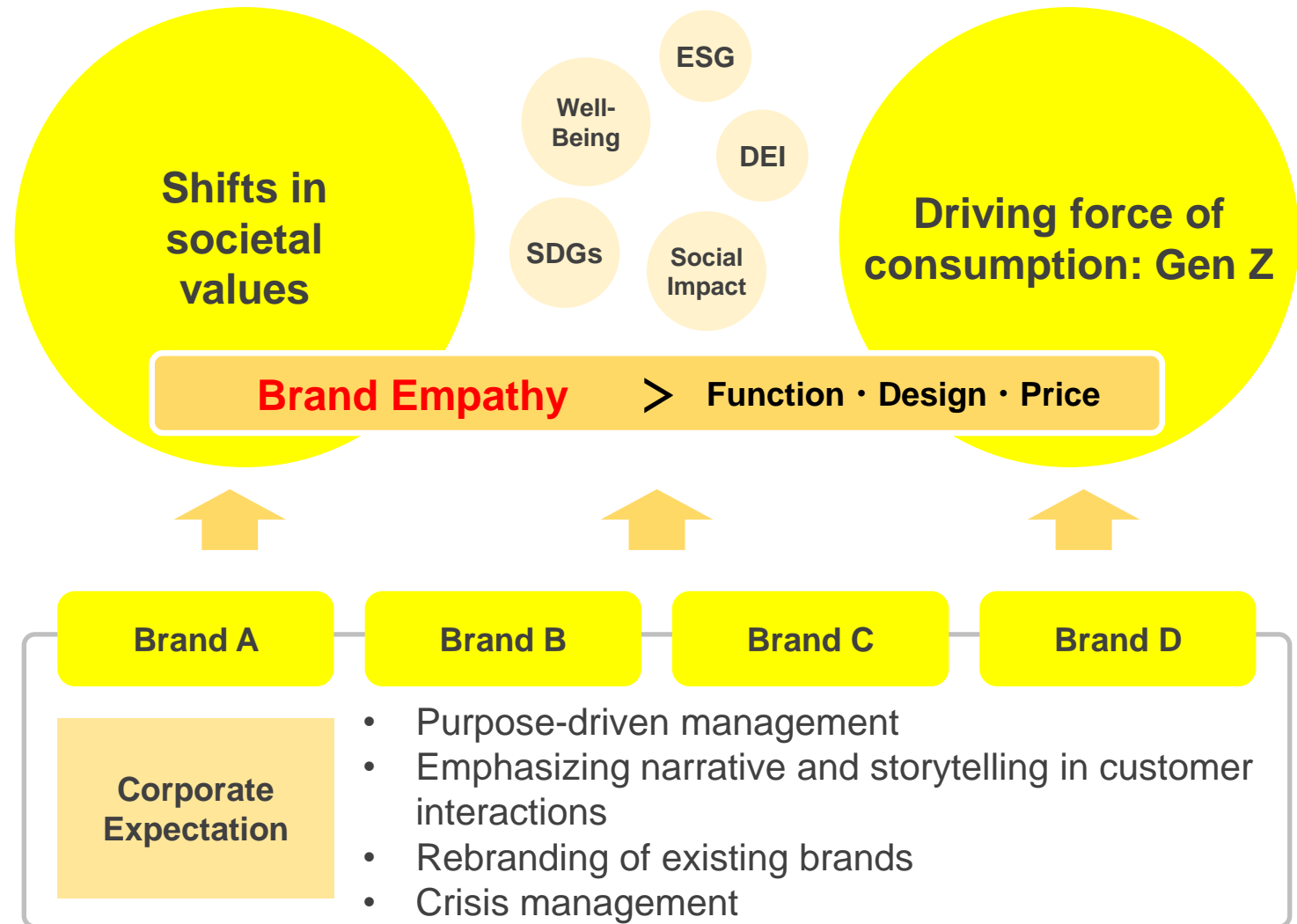
(JPY million)

	FY2020 (ended June 30, 2021)				FY2021*				FY2022				FY 2023
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	Full
Net Sales	2,771	4,427	3,495	4,662	3,444	5,266	3,388	4,090	4,676	6,151	3,179	3,592	Growth: 10%+
Operating Profit	14	283	134	85	140	347	345	△64	361	490	268	79	Growth: 20%+
Recurring Profit	△5	357	149	165	213	685	440	△55	404	486	267	71	
Profit attributable to owners of parent	△15	196	144	△26	127	400	263	△211	215	305	153	△3	

- We have applied the "Accounting Standard for Revenue Recognition"(ASBJ Statement No.29, March 31, 2020) and relevant ASBJ regulations from the beginning of the nine months of FY2021.

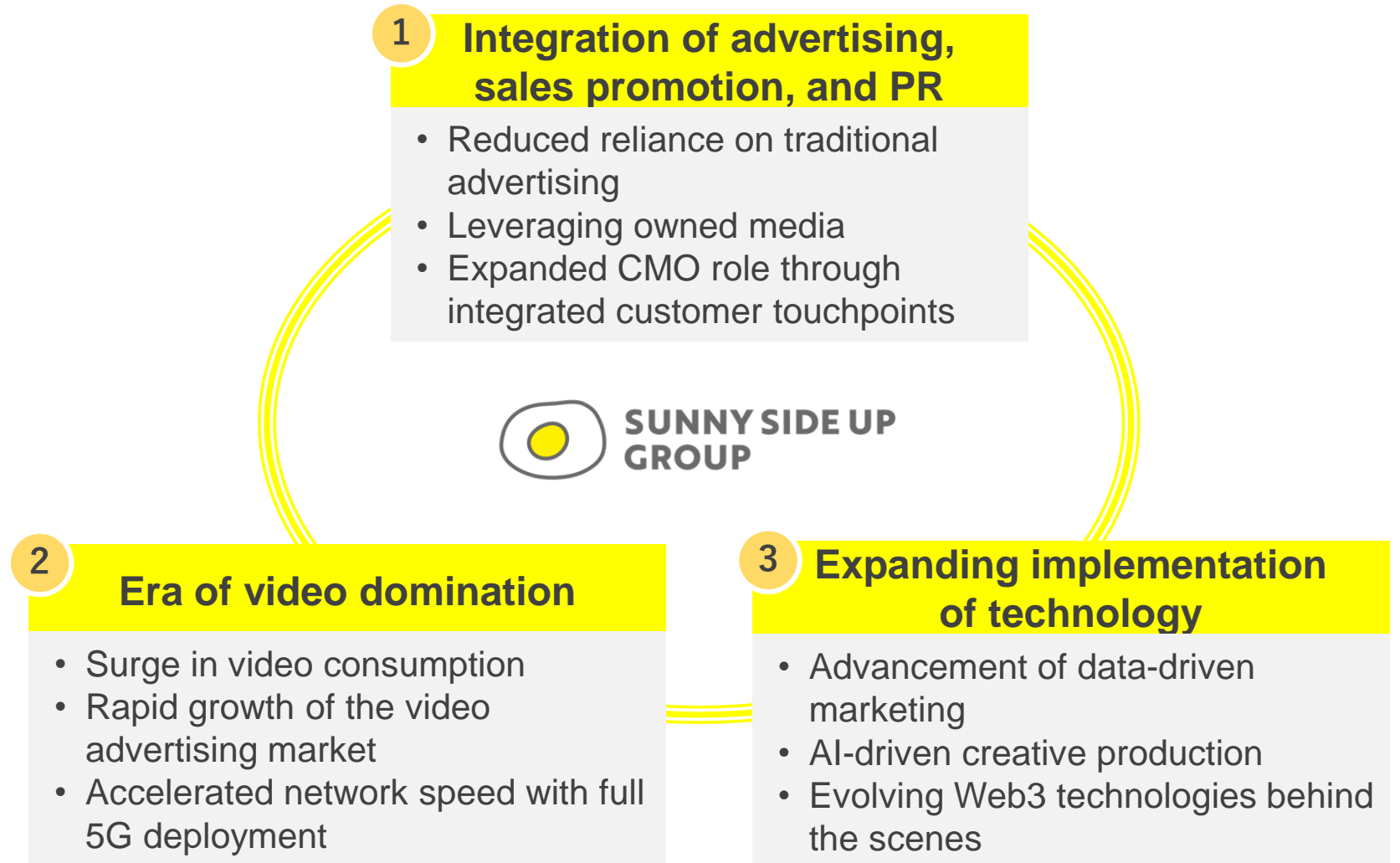
An era of Brand Empathy

- Society is undergoing a shift towards sustainability and diversity
- Gen Z, the emerging consumer generation, values the principles
- There is a growing need to redefine brand essence for enhanced brand empathy



3 prominent market trends

- Companies emphasize customer engagement through integrated touchpoints, shifting away from fragmented approaches
- Video emerges as the central medium for user engagement
- Rapidly transforming operations through the implementation of technologies like AI



PRIME2025

3 pillars for growth

- Primary Focus: Maximize profitability of core business operations
- Venture into the technology domain to establish a foothold
- Embrace advanced human capital management in the DEI era as a competitive advantage

1

Unleash the full potential and maximize profitability in the core business domain of "Brand Communications" by pushing its boundaries to the limit.

2

Invest in technology surrounding the core business to drive growth into the future.

3

Build an organization that leads the society in Diversity, Equity, and Inclusion (DEI) initiatives.

Initiate bold structural reforms for the next era

- In July 2023, the integration of the three group companies will take place, leading to the evolution into a comprehensive brands communication company that leverages the customer base and solutions of the three companies

We decided to merge the **3** group companies to form a unified entity.



Marketing & Communications / PR
/ Sales Activation business



Sales Activation business



Marketing & Communications /
Influencer Marketing business



Full-Service Brand Communications Company

**Expected
to launch
in July
2023**



Sales : **10.5** billion yen (FY2021 performance)

Employees : **214** (as of March 2023)

Unleash further group synergies

- Strengthening collaboration among not only the three merged companies but also across the group to maximize group synergies
- Reinforcing the holdings company for enhanced synergy creation



steady study

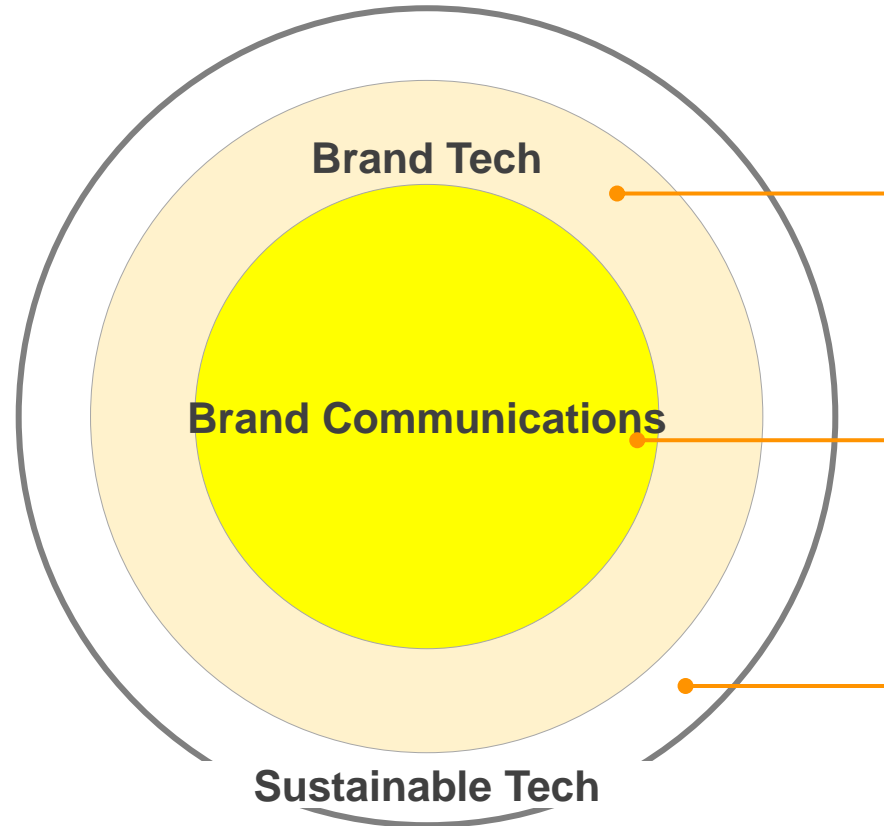


Strengthening the organization for creating group synergy



Business portfolio for Growth

- Brand Communications domain exhibits significant growth potential in the upcoming three years
- Acknowledging the imperative of technology investments for future growth
- Pursuing strategic technology investments around the core business for medium to long-term prospects

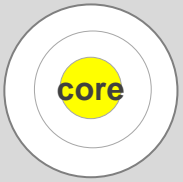


Invest in product development around the core business to drive future growth (moving away from labor-intensive business).

Expect substantial growth in the core business over the medium term of three years.

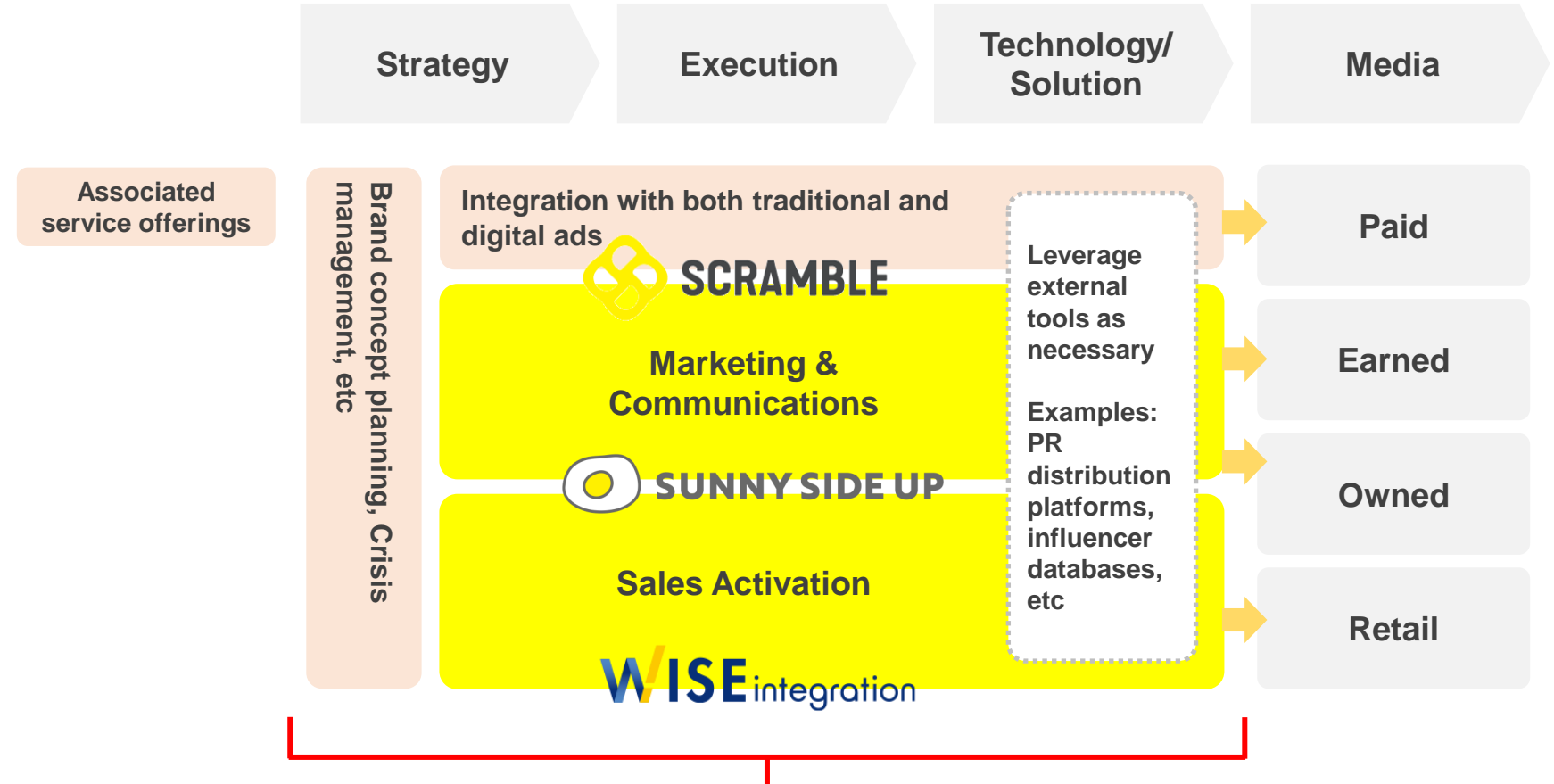
Pursue innovative technologies to solve societal challenges with a 10-year focus.

Intense focus on the core business and its surrounding areas for the next three years, starting from FY2023.

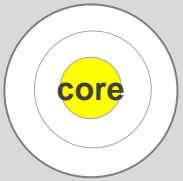


Redefine the core business

- The integrated three companies offer a diverse range of services in the two business segments (Marketing & Communications and Sales Activation), going beyond traditional PR to include strategic planning and media integration
- Through the integration, we redefine the core business as “Brand Communications”

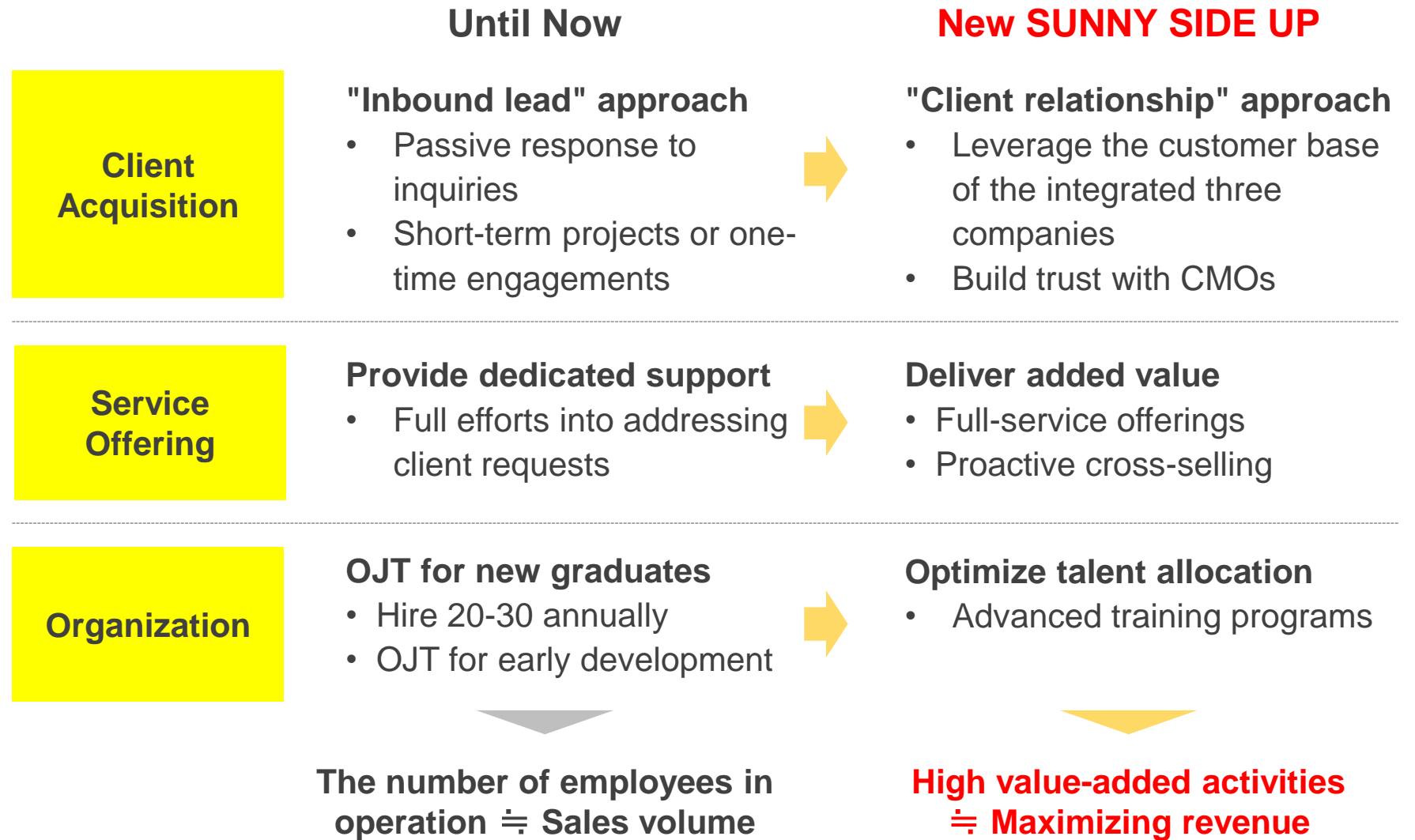


We redefine our focus as Brand Communications and enhance our service lineup.



Maximize growth of the core business to its full potential

- Maximizing core business potential in the upcoming three years
- Shifting from immediate responses to long-term client relationships
- Significant untapped revenue opportunities





Brand Tech as the next pillar of growth

- Foster and prioritize Brand Tech as a key driver of growth in the next midterm plan
- Strategically invest in the peripheral areas of our core business to ensure consistent progress over the next three years
- Establish a business development organization through expert recruitment

Brand Tech Investment Strategy

Timeline

Nurture it as a growth pillar in the next mid-term plan (from FY2026).

- Build a foundation for growth from FY2023 onward

Targets

Make solid investments in technology with promising needs. around the core business.

Organization

Establish a dedicated business development team.

- Recruit technology experts



The above images are for illustration purposes only and does not indicate specific investment targets.



Address social challenges with technology

- For us, who have been actively addressing social challenges, the realization of a sustainable society is the very essence of our existence
- We leverage external collaborations and take a long-term perspective of 10 years, focusing on technology exploration and dissemination, rather than pursuing immediate monetization

Sustainable Tech Investment Strategy

Timeline

Foster the dissemination of technology for achieving a sustainable society with a long-term perspective of 10 years.

- Focus on exploration during the next three years

Targets

Identify technology for driving global social innovation.

Organization

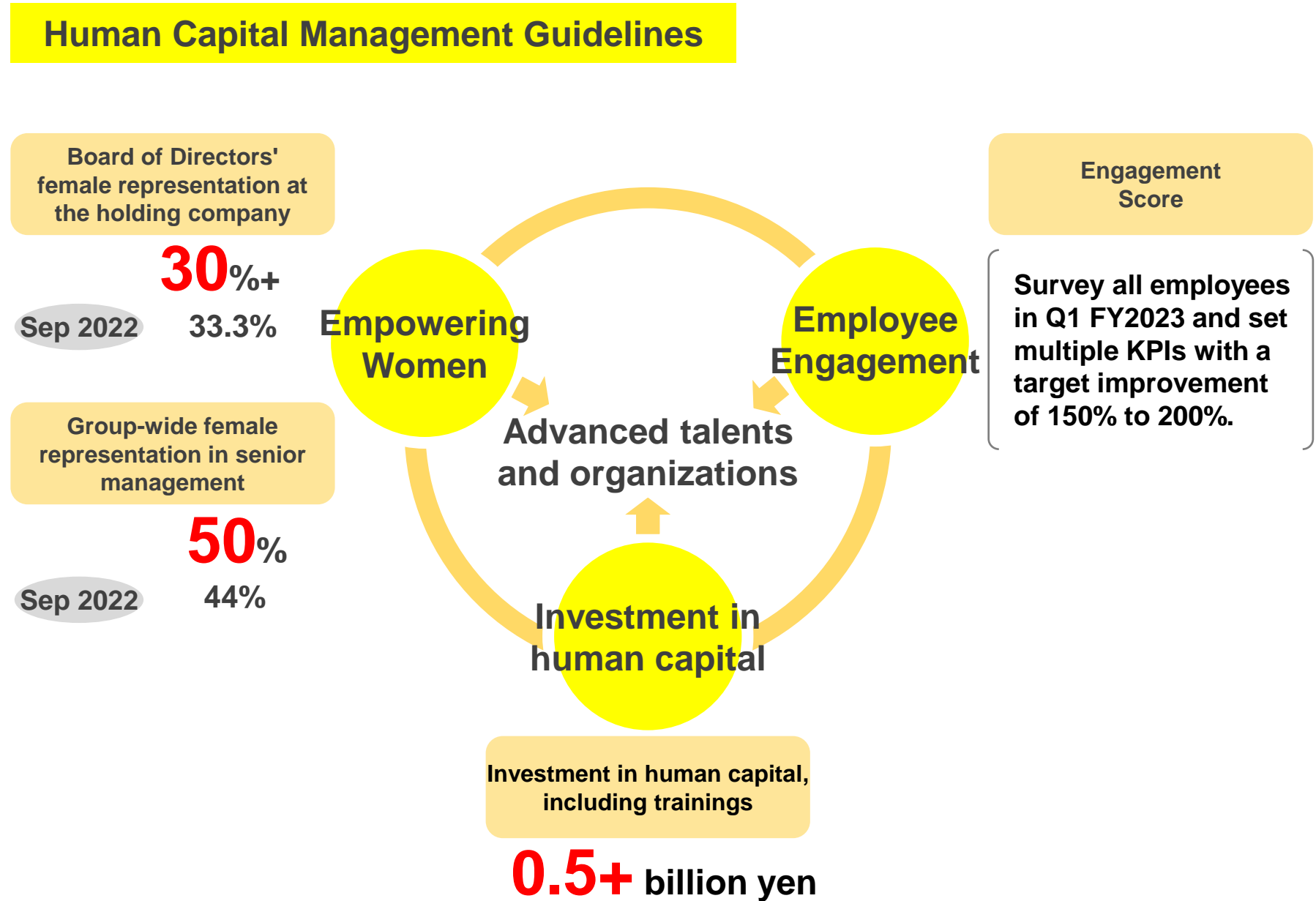
Establish a network leveraging external alliances and partnerships.



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Advanced human capital management

- Enable everyone to thrive regardless of gender, nationality, religion, or LGBTQ+ identities
- Promote female empowerment and support their leadership within the organization
- Improve employee engagement scores and achieve set KPIs through targeted initiatives
- Invest in human capital to deliver greater value for clients



A substantial investment of 0.5 billion yen in human capital

- To enhance overall management capabilities, we will recruit multiple CxOs
- To strengthen client relationships and acquire cutting-edge knowledge, we will significantly enhance our human capital development initiatives

A total investment of **0.5** billion yen in human capital over the course of three years.

Recruiting CxO-level executives

- Recruit multiple executives with high expertise in strategic, HR, and technical domains which require a specialized skill set beyond the capabilities of PR-oriented talent alone

Training by experienced CMOs

- Learn management perspective for stronger client relationships
- Appoint top-tier CMOs as instructors
- Develop unique, practical program beyond MBA

Young Women Leadership Program

- Target female employees prone to career interruptions
- Advanced executive training preceding male counterparts
- Comprehensive support for flexible life and career planning

We will continuously enhance and expand our advanced and innovative education programs, surpassing the mentioned examples.

COO appointment from external sources

- To drive the execution of our strategic direction, we have selected an accomplished Chief Operating Officer (COO) from outside the organization
- The COO will be entrusted with the responsibility of spearheading transformation, change management, and driving the growth of the entire SUNNY SIDE UP GROUP Inc.



Effective July 1, 2023.

Senior Executive Officer, COO

Daisuke Ueno

With 20+ years of expertise in corporate transformation, digital strategy, marketing, business development, and alliances, Daisuke brings a wealth of experience.

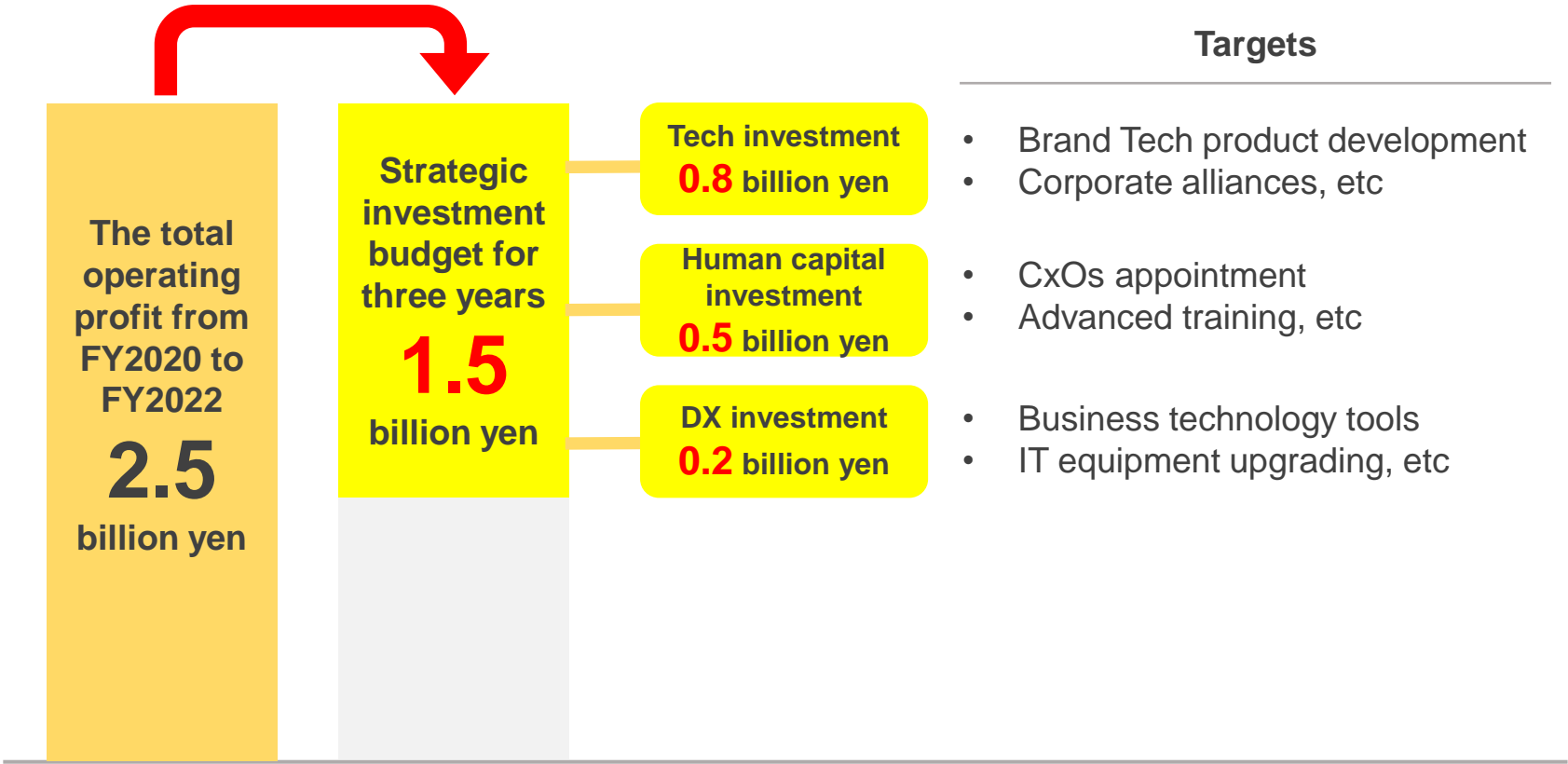
At FamilyMart, Japan's second largest convenience store chain, he held key leadership positions as the General Manager of the Marketing Division and Head of Digital Transformation. He spearheaded strategic marketing initiatives and played a pivotal role in driving digital transformation.

Before joining FamilyMart, Daisuke excelled as a consultant at Boston Consulting Group and held a managerial role at Mitsubishi Corporation.

Strategic investments totaling 1.5 billion yen

- Allocating 1.5 billion yen, representing 60% of the operating profit generated in the past 3 years, to strategic investments
- Breakdown of the 1.5 billion yen investment plan:
 - Technology : 0.8
 - Human capital : 0.5
 - DX : 0.2

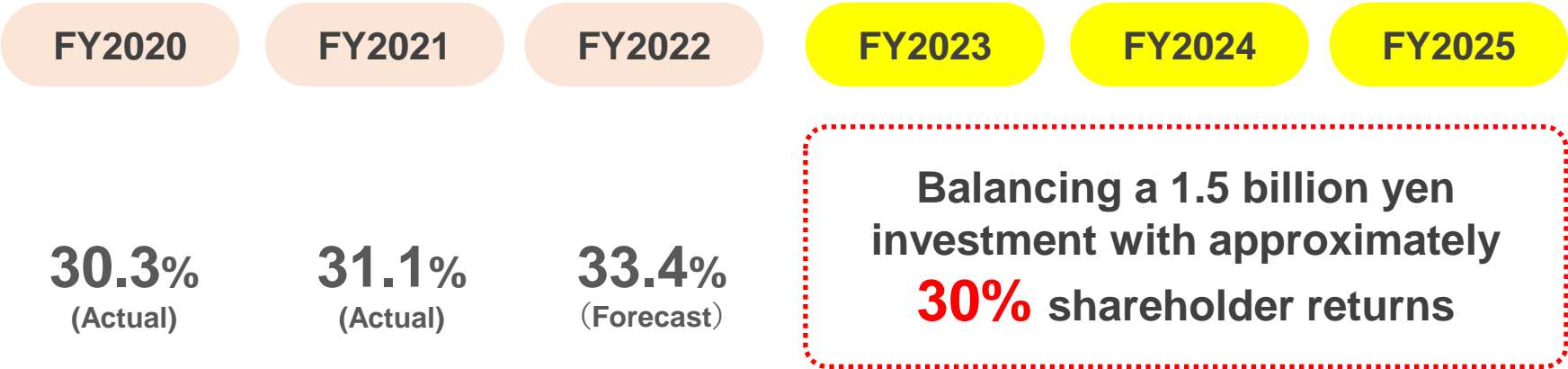
Reinvest 60% of the operating profit generated in the past 3 years into strategic initiatives.



Shareholder return policy

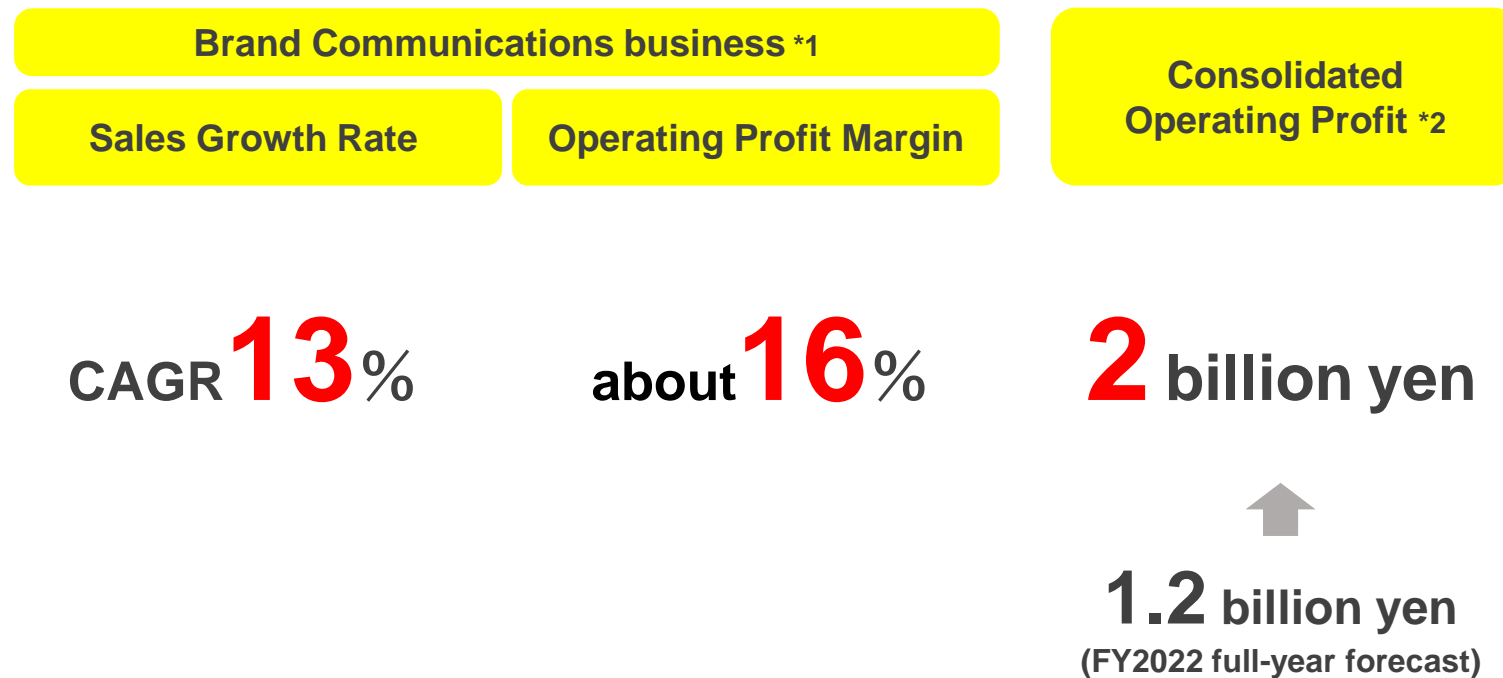
- While undertaking aggressive strategic investments of approximately 1.5 billion yen over the next three years, we plan to maintain a shareholder return policy of around 30% dividend payout ratio
- When we expect early achievement of our earnings targets, we intend to enhance shareholder returns

Dividend payout ratio: Actual and Forecast



Growth target

- In the core business, we aim to achieve both sales growth and improved profitability
- We have set a target of achieving a consolidated operating profit of **2** billion yen



※1 Brand Communications business = Marketing & Communications business + Sales Activation business

※2 Food Branding business will maintain its performance at a level equivalent to the current period over the next three years and improve it.

CHANGE THE WORLD.

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.

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