



**SUNNY SIDE UP GROUP Inc.**  
**FY2022 Consolidated Financial Results**  
**July 2022 to June 2023**

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# Agenda

1. FY2022 Full Year Consolidated Financial Review
2. Business Overview
3. FY2023 Performance Forecast
4. Mid-Term Growth Strategy
5. Appendix

# Executive Summary

## 1. FY22 Consolidated Financial Review

- Achieved 3 consecutive terms of increased revenue and profit, with record-high Net Sales of 18.9 billion yen and operating profit of 1.29 billion yen.
- PR orders increased in the 4th quarter, significantly exceeding our initial forecast.

## 2. Business Overview

- The Marketing & Communication business saw revenue growth due to steady acquisition of projects. Although there was a slight decrease in profit due to early investments in human capital, it supported the company's overall profit.
- The Sales Activation business experienced significant growth due to successful orders for major CVS promotion plans utilizing character IPs and other intellectual properties.
- Profit improvement was seen in the other two businesses, ensuring profitability across all business segments.

## 3. FY2023 Performance Forecast

- In line with our "A Bold Strategy for Unleashing Growth", we are targeting sales of 21 billion yen and operating profit of 1.56 billion yen.
- Maximizing the merger effect by making the core company, SUNNY SIDE UP Inc., the surviving company.
- We continue strategic investments for growth while maintaining a generous shareholder return.

## 4. Mid-Term Growth Strategy

- Under our "A Bold Strategy for Unleashing Growth" disclosed in May, we redefined our core business as "Brand Communication".
- For the next three years, we will focus on maximizing the potential of our core business for growth.
- In the medium to long term, we aim to nurture pillars of revenue in peripheral areas.

**1.**

## **FY2022 Full Year Consolidated Financial Review**

## Consolidated Financial Highlights

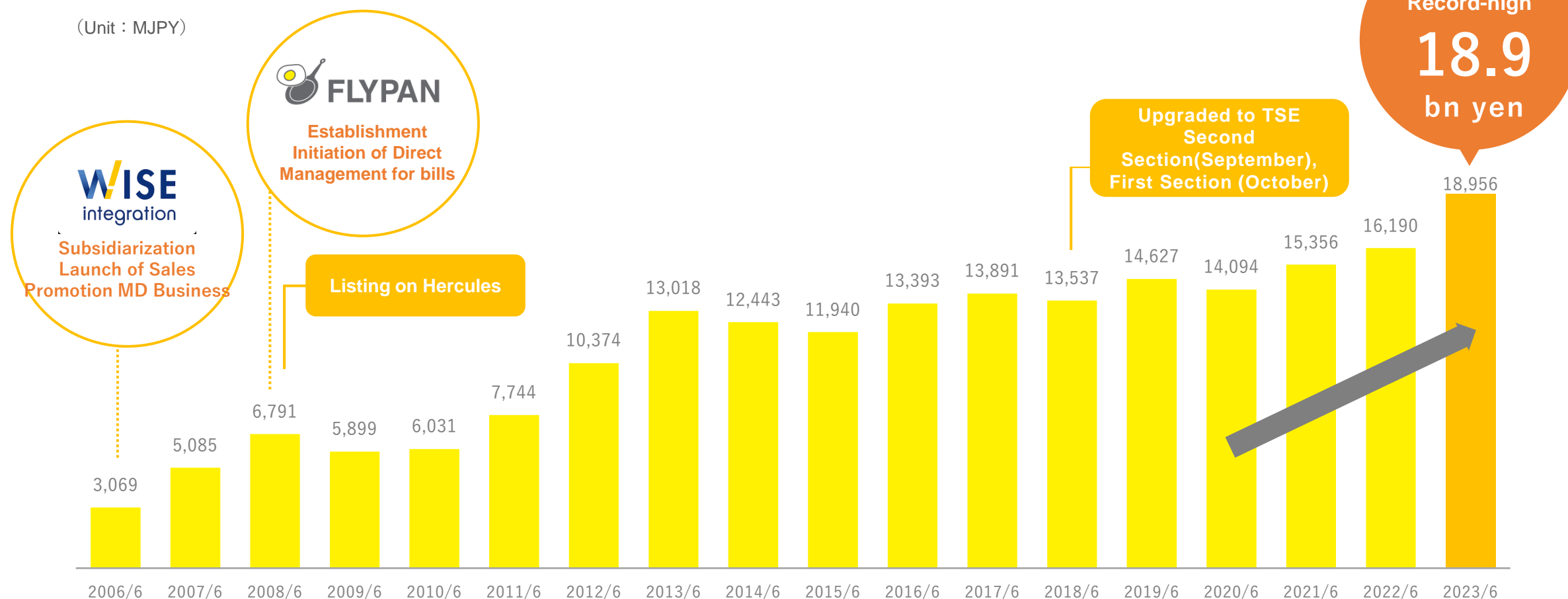
- Achieved three consecutive terms of increased revenue and profit, updating to a record high with sales of 18.9bn yen and operating profit of 1.29bn yen.
- Surpassed the upwardly revised performance forecast announced at the 3Q results during the 4th quarter.

Net sales		Operating profit		Operating Profit Margin		Shareholder Return Annual Dividend Per Share	
18,956 MJPY		1,296 MJPY		6.8 %		15 yen	
YoY	+17.1%	YoY	+68.9%	Prior Year's Profit Margin	+4.7%	Prior Year's Dividend	12 yen
Vs. Previous Forecast※	+7.7%	Vs. Previous Forecast※	+8.1%	Vs. Previous Forecast※	+6.8%		
Three consecutive terms of revenue growth, setting a new record high.		Continued improvement in the Food Marketing business domestically, securing profitability across all business segments.		Improved profitability due to the revenue increase and two business segments turning profitable.		Considering stable profit distribution and internal reserves for further strategic investments, we plan for a dividend of 15 yen per share.	
Upward revision of performance forecasts at the 3Q financial announcement. PR orders increased in the fourth quarter and sales exceeded forecasts.				Steady progress towards achieving the medium-term goals set out in the "A Bold Strategy for Unleashing Growth".			

※Announced on May 15, 2023

## Net Sales Trend

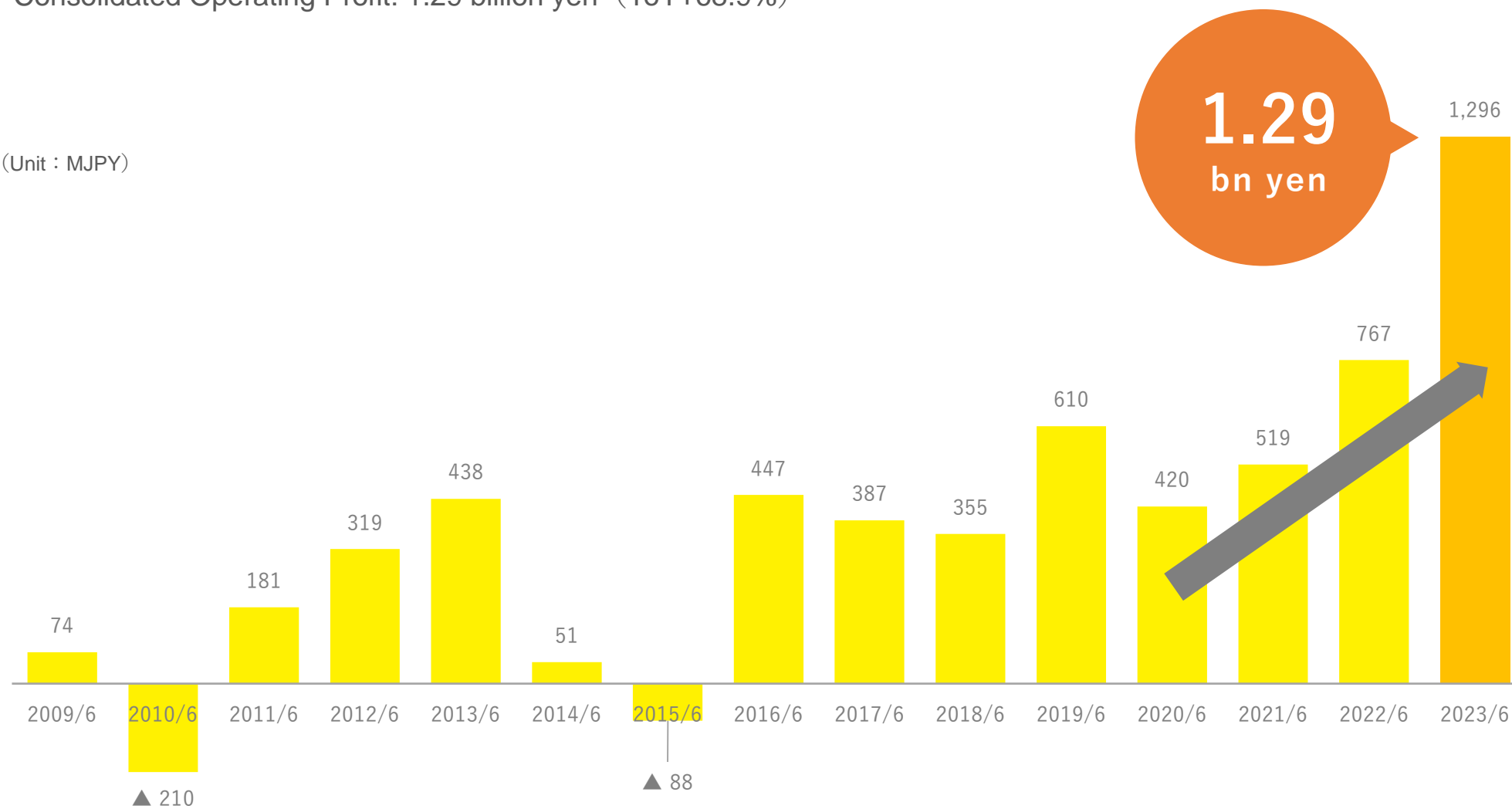
- Consolidated Net Sales: 18.9 billion yen (YoY +17.1%)
- Increased revenue for 3 consecutive terms



## Operating Profit Trend

- Consolidated Operating Profit: 1.29 billion yen (YoY+68.9%)

(Unit : MJPY)



## Financial Summary (Full Year)

- Despite a reactionary decline from the one-time non-operating income recorded in the previous term, we secured an increase in ordinary profits.
- The completion of our business withdrawal from Hawaii in the Food Branding business resulted in reduced corporate tax burdens, significantly boosting net profit attributable to the parent company shareholders.
- ROE exceeded 28%.

(Unit : MJPY)	FY2021	FY2022	YoY
N e t   S a l e s	16,190	<b>18,956</b>	+17.1%
O p e r a t i n g   P r o f i t ( P r o f i t   M a r g i n )	767 (4.7%)	<b>1,296</b> <b>(6.8%)</b>	+68.9%
O r d i n a r y   P r o f i t	1,284	<b>1,335</b>	+4.0%
P r o f i t   a t t r i b u t a b l e   t o o w n e r s   o f   p a r e n t	581	<b>884</b>	+52.2%
B a s i c   e a r n i n g s p e r   S h a r e	38.58 yen	<b>59.28 yen</b>	+53.7%
R   O   E	23.4%	<b>28.3%</b>	—
R   O   A	17.5%	<b>16.5%</b>	—

Previous Forecast (Announced on May 15, 2023)	Vs. Forecast
17,600	+ 7.7%
1,200 (6.8%)	+ 8.1%
1,230	+ 8.5%
670	+ 32.0%
—	—
—	—
—	—



## Segment Performance Summary (Full Year)

- Sales increased in the core business, which accounts for 80% of the total.
- In the flagship Marketing & Communication business, there was a slight decline in profit due to the advance investment in human capital, but the domestic recovery continues.
- Profit improvement is progressing in the Food Marketing business, securing profitability across all business segments.

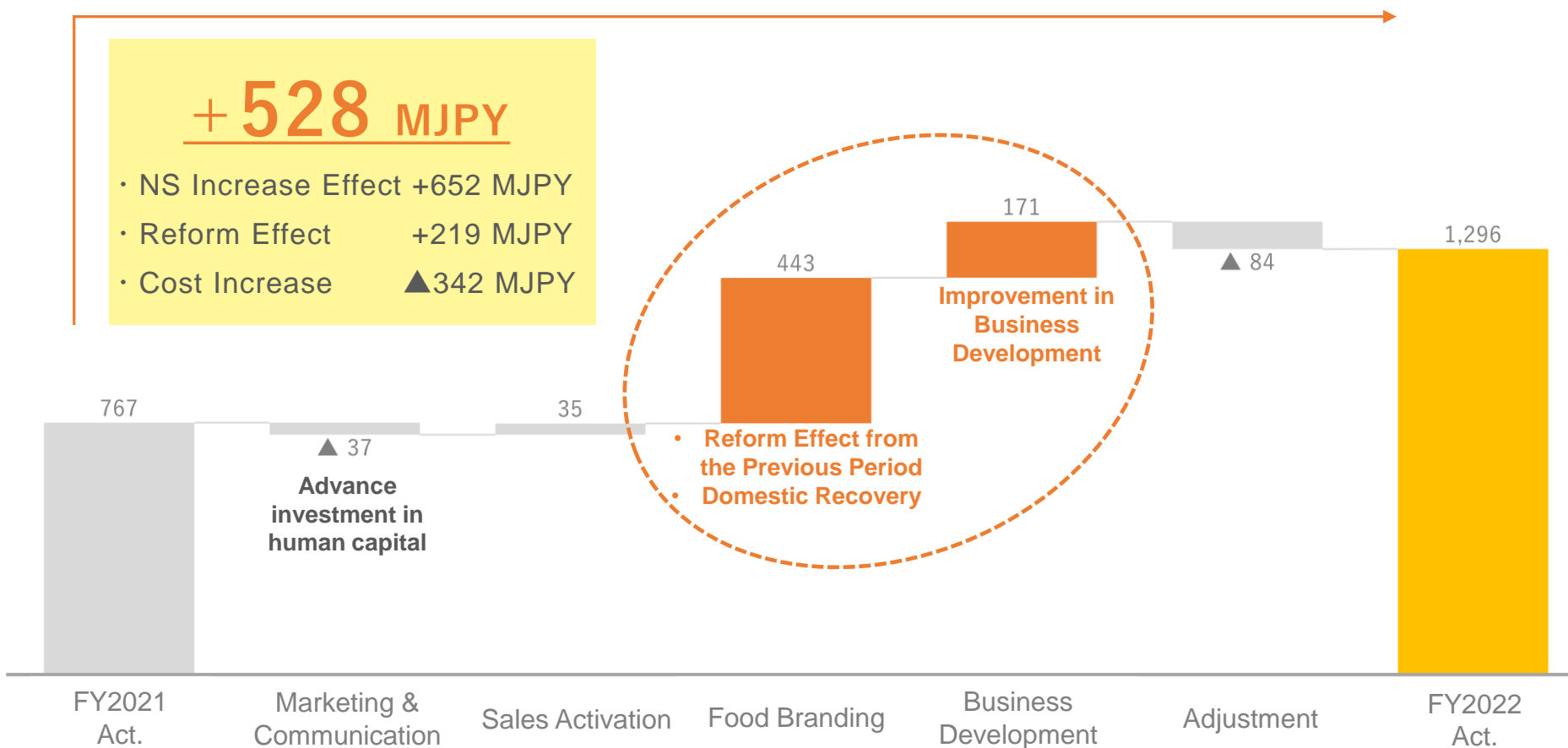
(Unit : MJPY)	Net Sales		
	FY2021	FY2022	YoY
Marketing & Communications	7,744	8,207	+6.0%
Sales Activation	5,489	7,178	+30.8%
Food Branding	2,359	2,901	+22.9%
Business Development	596	669	+12.3%

Profit by segments		
FY2021	FY2022	YoY
1,954	1,917	▲1.9%
344	380	+10.3%
▲366	76	Turned Profitable
▲82	88	Turned Profitable

## Factors Affecting Operating Profit

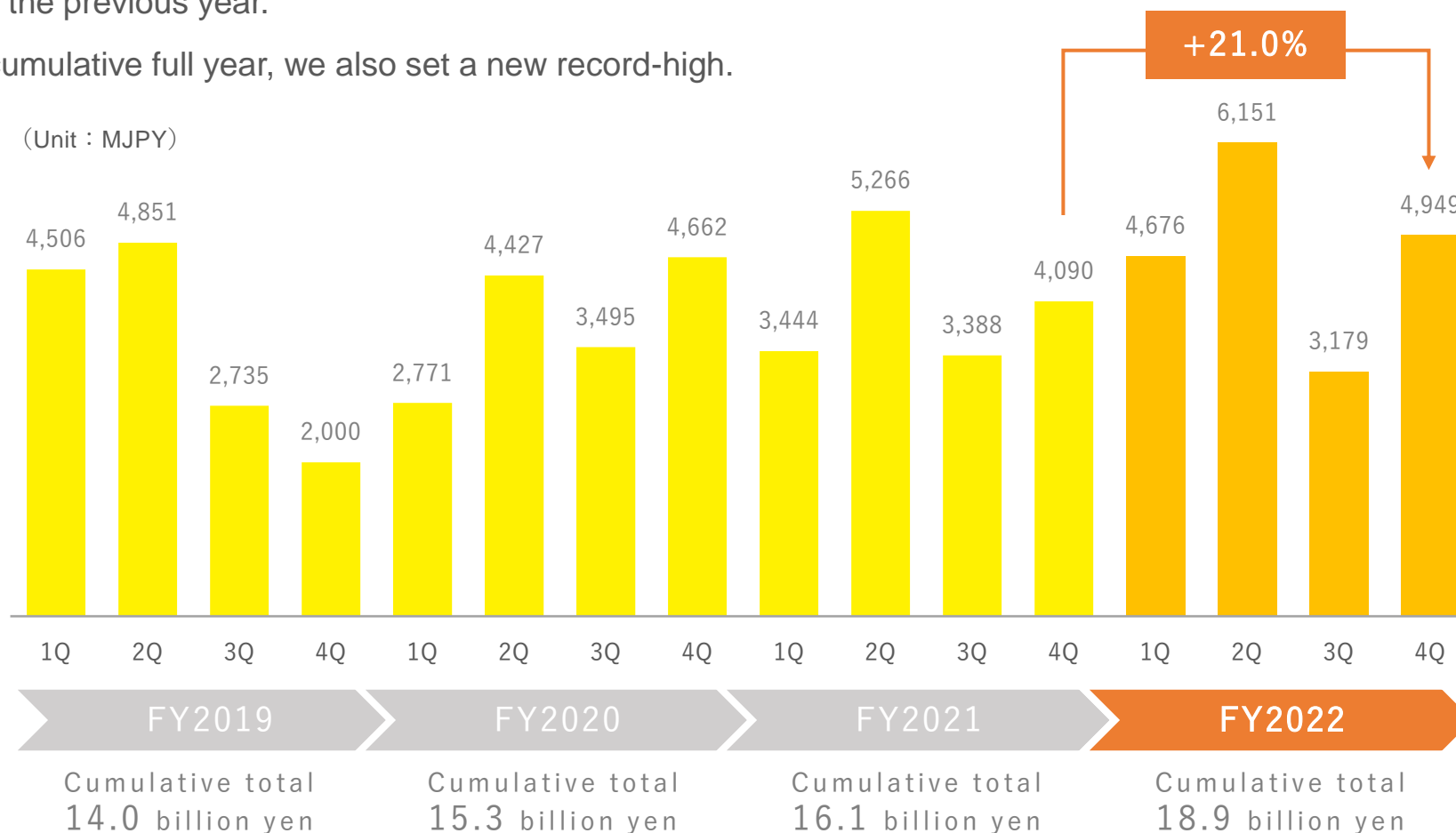
- With the return to profitability in the Food Branding and Business Development segments, there was an increase in profit across the entire company, even with the advance investment in human capital

(Unit : MJPY)



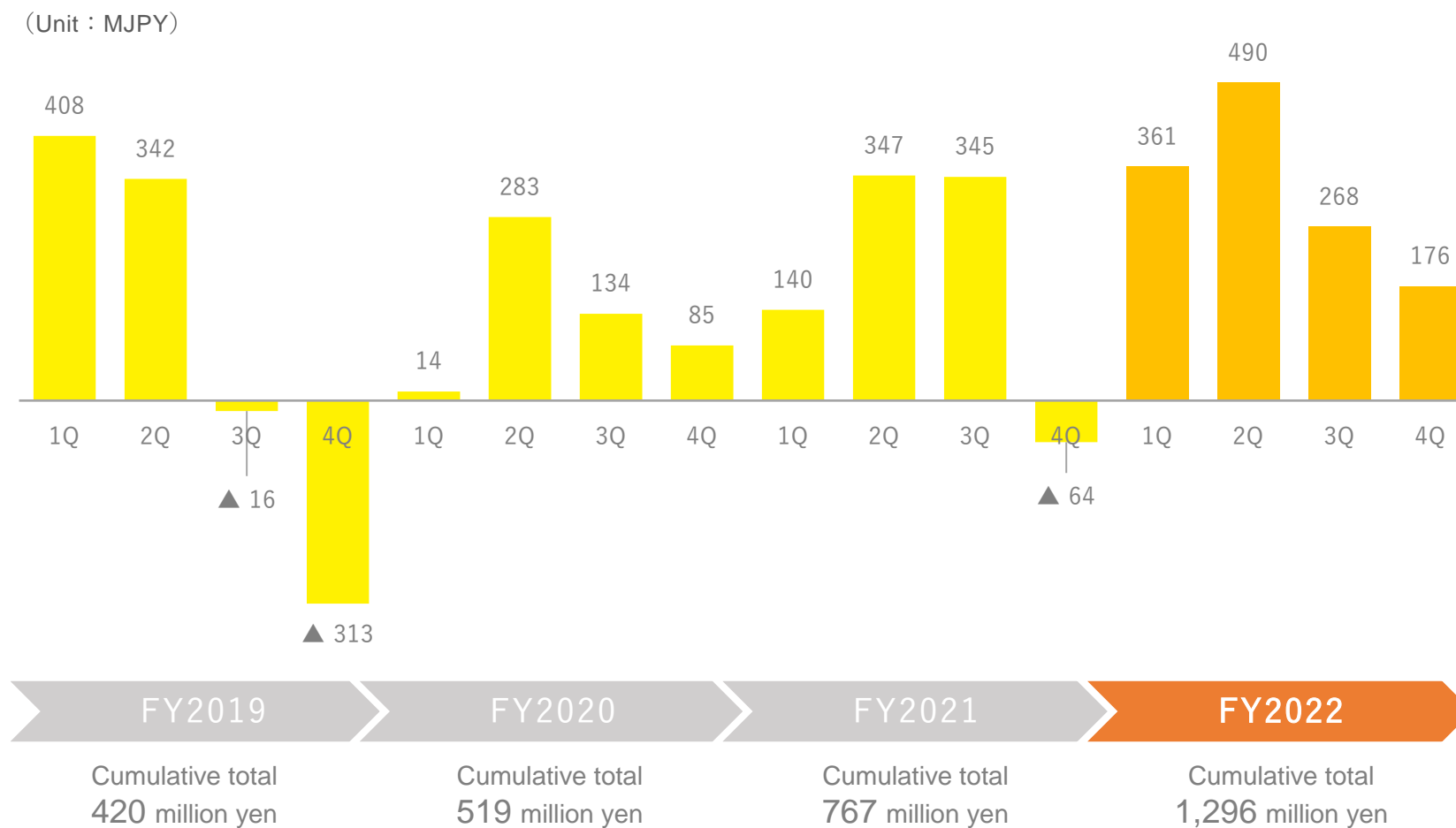
## Quarterly Performance Trends (Net Sales)

- Given the strong performance in the first half, we shifted our focus to activities aimed at the next fiscal year in our main business during the 3rd quarter. Excluding that 3rd quarter, we achieved an increase in revenue compared to the same period of the previous year.
- For the cumulative full year, we also set a new record-high.



## Quarterly Performance Trends (Operating Profit)

- Despite the seasonally weaker tendency in the 4th quarter, increased sales contributed to securing a profit



2.

## Business Overview

## Marketing & Communication Performance Trend

- Increased revenue due to steady acquisition of projects
- While there was a slight decline in profits due to early investments in human capital and the like, it underpinned the company's overall profit. The segment operating profit margin for the fiscal year ended June 2023 was 23.4%

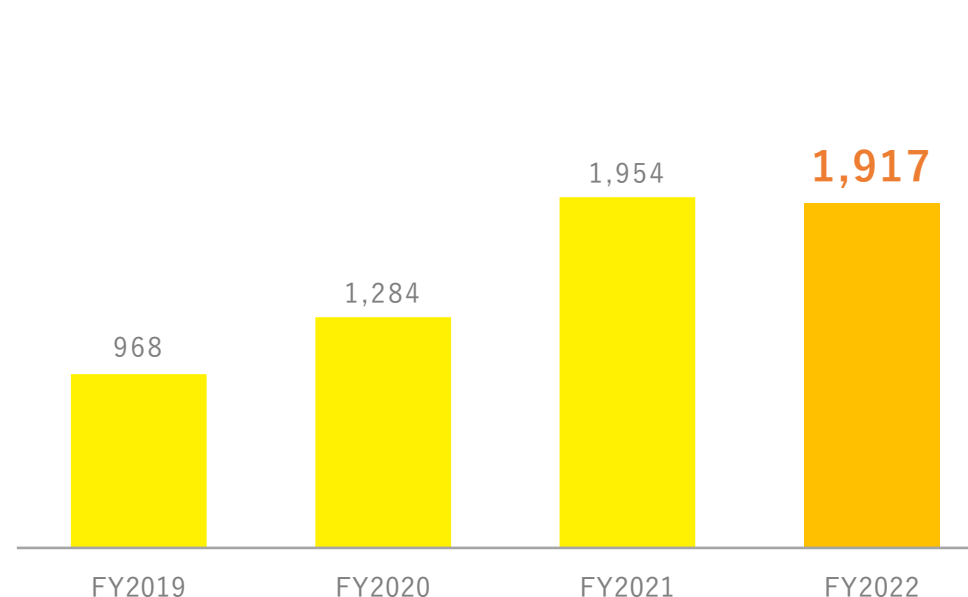
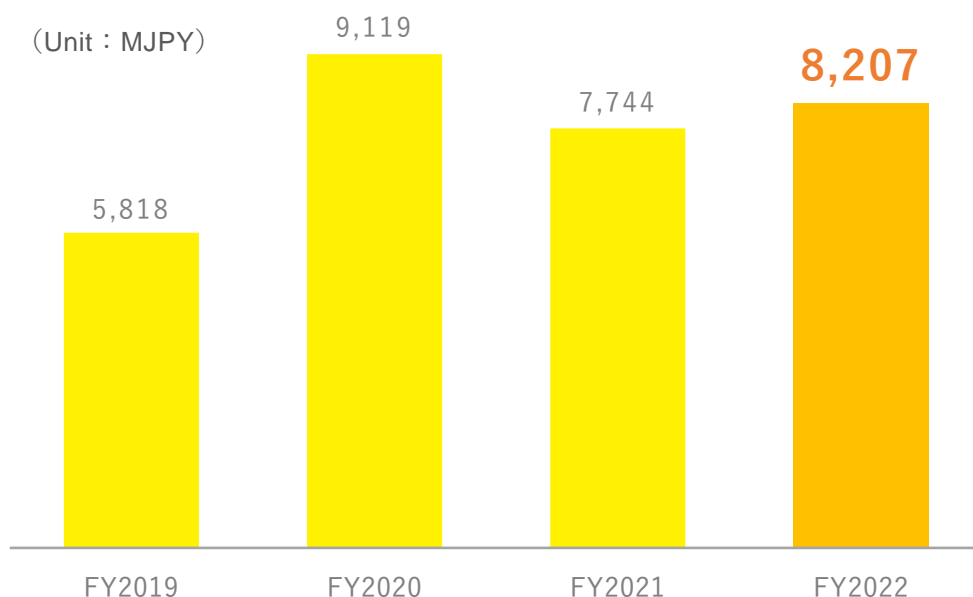
Net Sales (Full Year)

**8,207** MJPY (YoY+6.0%)

Operating Profit (Full Year)

**1,917** MJPY (YoY▲1.9%)

(Unit : MJPY)



\* We have applied the revenue recognition accounting standards from the beginning of the fiscal year ended June 2022, resulting in a decrease of 2,185 million yen in net sales compared to the conventional method.

## Marketing Communication FY2022 Highlights

- We provided services across a wide range of areas, including PR for commercial facility openings, event management, casting, and creative production

### PR for the opening of Tokyu Kabukicho Tower



©TOKYU KABUKICHO TOWER

### Operation of the 'CRAFT SAKE WEEK' event where provides selected sake from all over Japan along with food



### Advertisements

- Shohei Ohtani × KOSÉ 'DECORTÉ' and 'SEKKISEI' - Casting, creative production, promotion, etc.
- BTS × LOTTE 'XYLITOL' - Casting and advertising agency services

Note: Kumnamu Entertainment, Inc. "<http://kumnamu.co.jp/>

## Sales Activation Performance Trend

- Successful orders for promotional projects for major CVS using popular characters and other IPs have significantly increased
- The segment operating profit margin for the fiscal year ending June 2023 is 5.3%.

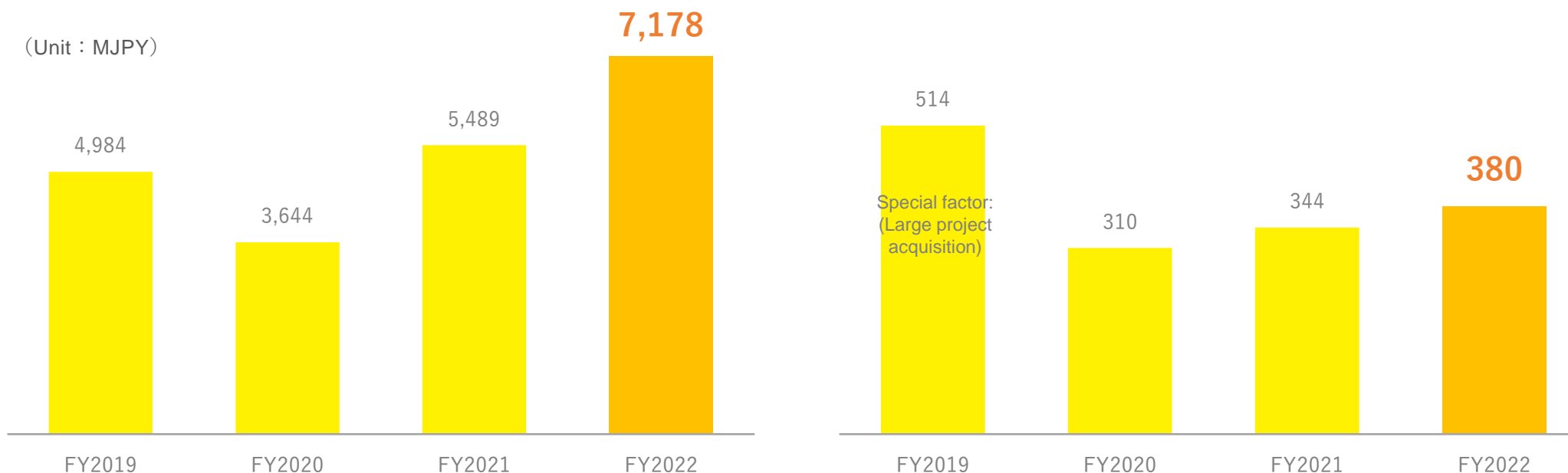
Net Sales (Full Year)

**7,178** MJPY (YoY+30.8%)

Operating Profit (Full Year)

**380** MJPY (YoY+10.3%)

(Unit : MJPY)



\* We have applied the revenue recognition accounting standards from the beginning of the fiscal year ended June 2022, resulting in a decrease of 2 million yen in net sales compared to the conventional method.

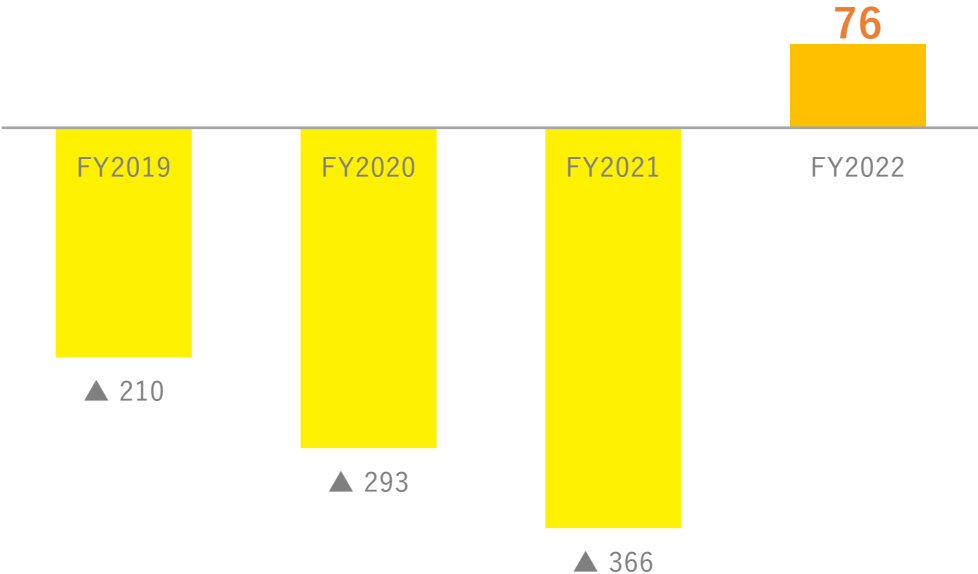
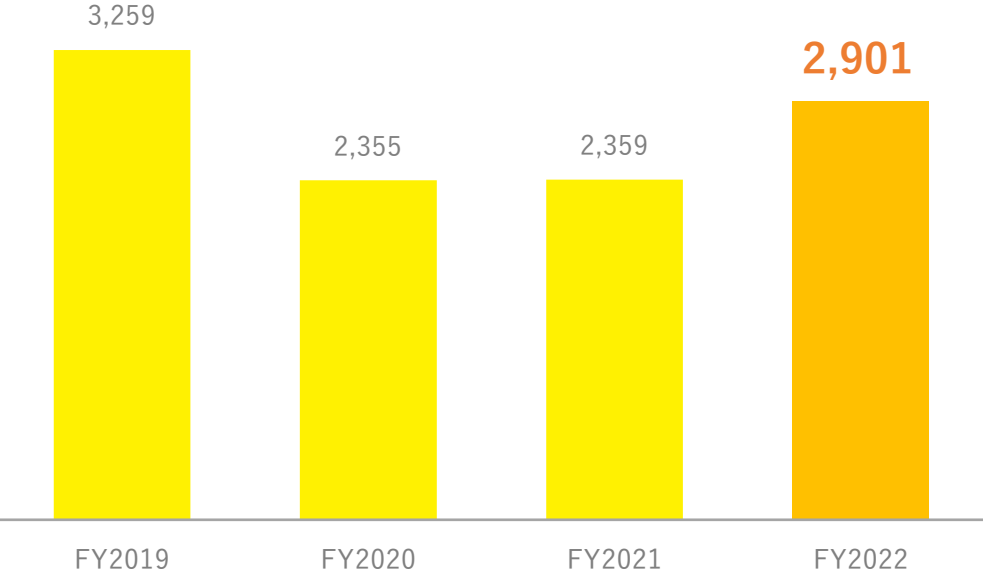


## Food Branding Performance Trend

- The ongoing recovery in the domestic food marketing business has led to improved profitability, resulting in a return to profitability.
- The effects of revising the store strategy from the previous fiscal year have become apparent, resulting in increased sales and profits. The segment operating profit margin for the fiscal year ending June 2023 is 2.6%



(Unit : MJPY)



## Food Branding FY2023 Highlights

- Throughout the year, various events are held. With the recovery of inbound demand, we are on a growth trend.
- Especially in the fiscal year ending June 2023, for the first time in bills' history, we started offering "bills house Sake."

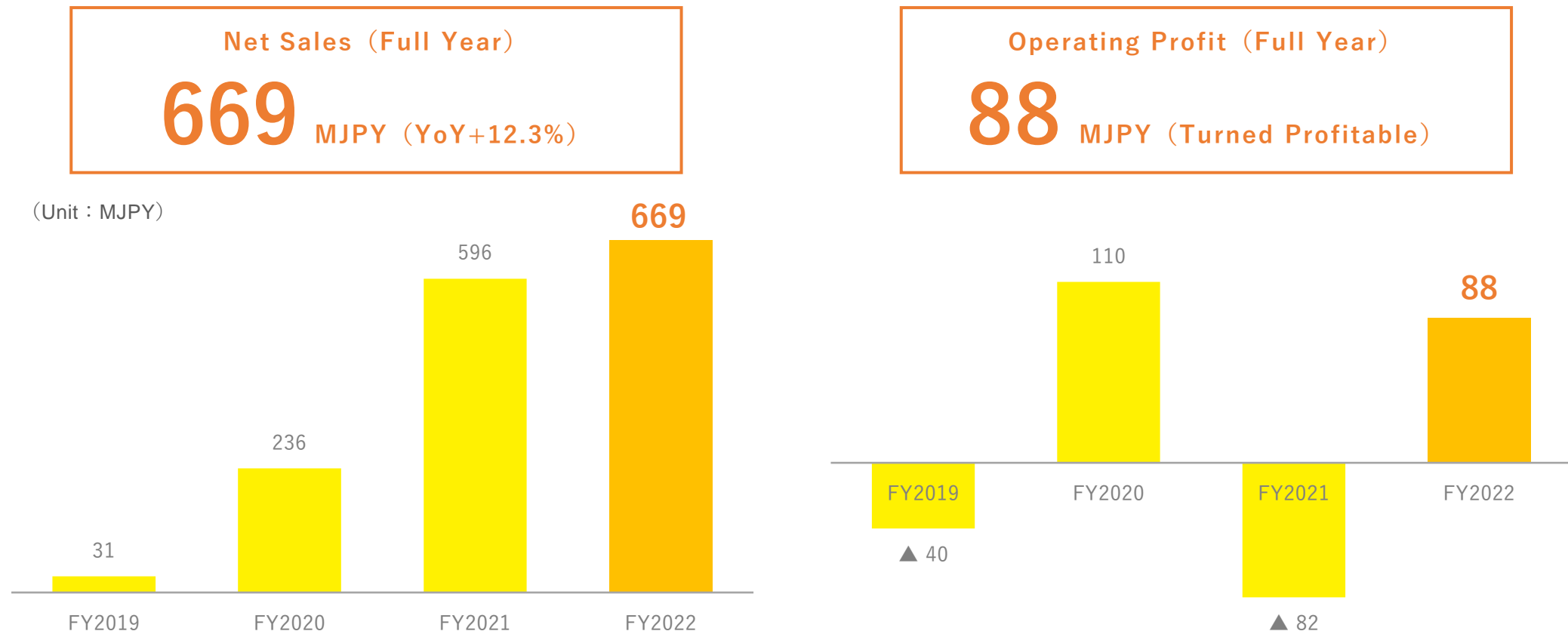
### **"Bills house Sake" now available at bills in Japan and global launch also planned.**

Starting in April of this year, beginning with our domestic outlets, we launched "Bills house Sake," which Sumikawa Sake Brewery, known for producing "Toyo Bijin", specially developed for bills. This is the first-ever introduction of a house sake at bills. Moving forward, as part of our global project, we plan to gradually introduce this house sake to bills locations in Australia, Korea, and the UK version of bills, "Granger & Co."



## Business Development Performance Trend

- Communication services that contribute to solving social issues, such as well-being and promoting the active participation of women
- Expenses related to business development were previously high for Agile Inc., but the deficit has narrowed, leading to a shift to profitability for the entire business. The segment operating profit margin for the FY2023 is 13.2%



\* We have applied the revenue recognition accounting standards from the beginning of the fiscal year ended June 2022, resulting in a decrease of 1 million yen in net sales compared to the conventional method.

**3.**

## **FY2023 Performance Forecast**

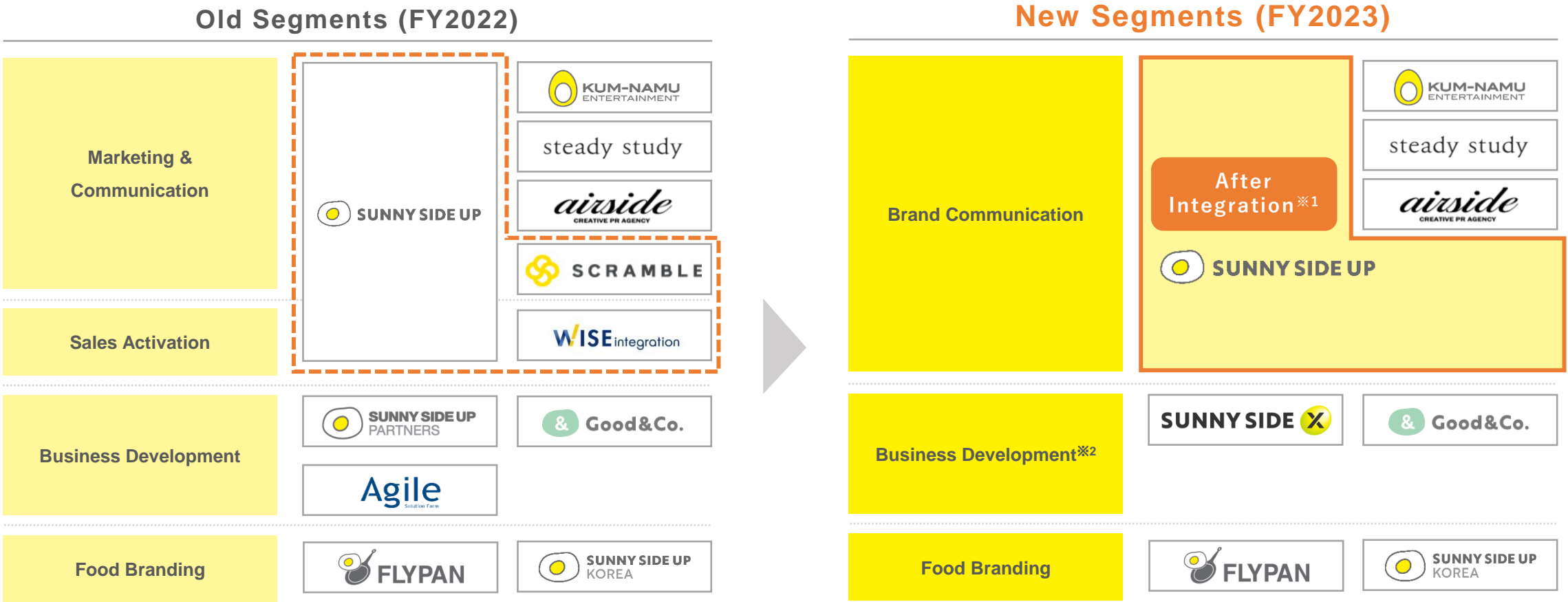
## FY 2023 Earnings Forecast

- Aiming for growth in both net sales and operating profit in line with the "A Bold Strategy for Unleashing Growth" Operating profit is expected to increase by +20.3% compared to the previous year.
- Maximizing the effects of the merger with SUNNY SIDE UP Inc.. as the surviving company to further strengthen the core business.
- While making necessary investments for future growth, we aim to further enhance shareholder returns.

(Unit : MJPY)	FY2022 Actual	FY2023 Forecast	YoY
N e t     S a l e s	18,956	21,000	+10.8%
O p e r a t i n g   P r o f i t ( P r o f i t   M a r g i n )	1,296 (6.8%)	1,560 (7.4%)	+20.3%
O r d i n a r y   P r o f i t	1,335	1,540	+15.3%
P r o f i t   a t t r i b u t a b l e   t o   o w n e r s o f     p a r e n t	884	930	+5.1%
B a s i c   e a r n i n g s   p e r   s h a r e	59.28 yen	62.35 yen	—
A n n u a l   d i v i d e n d s   p e r   s h a r e ( I n t e r i m   d i v i d e n d )	15 yen (—)	20 yen (5 yen)	—

# Segment Change

- Planning to establish the Brand Communication business segment to reflect future group integration benefits



\*1 Three group companies (SUNNY SIDE UP Inc., Wise Integration Co., Ltd., and Scramble Co., Ltd.) were integrated.  
\*2 Agile Inc. will be excluded from the consolidated group from the fiscal year ending June 2024.  
In July 2023, SUNNY SIDE UP Partner Inc. changed its trade name to SUNNY SIDE X Inc..

**4.**

## **Mid-Term Growth Strategy**

## 3-Year Growth Target

- Aim for both Net Sales growth and improved profitability in the core business.
- Consolidated operating profit is planned at 2.0 billion yen.



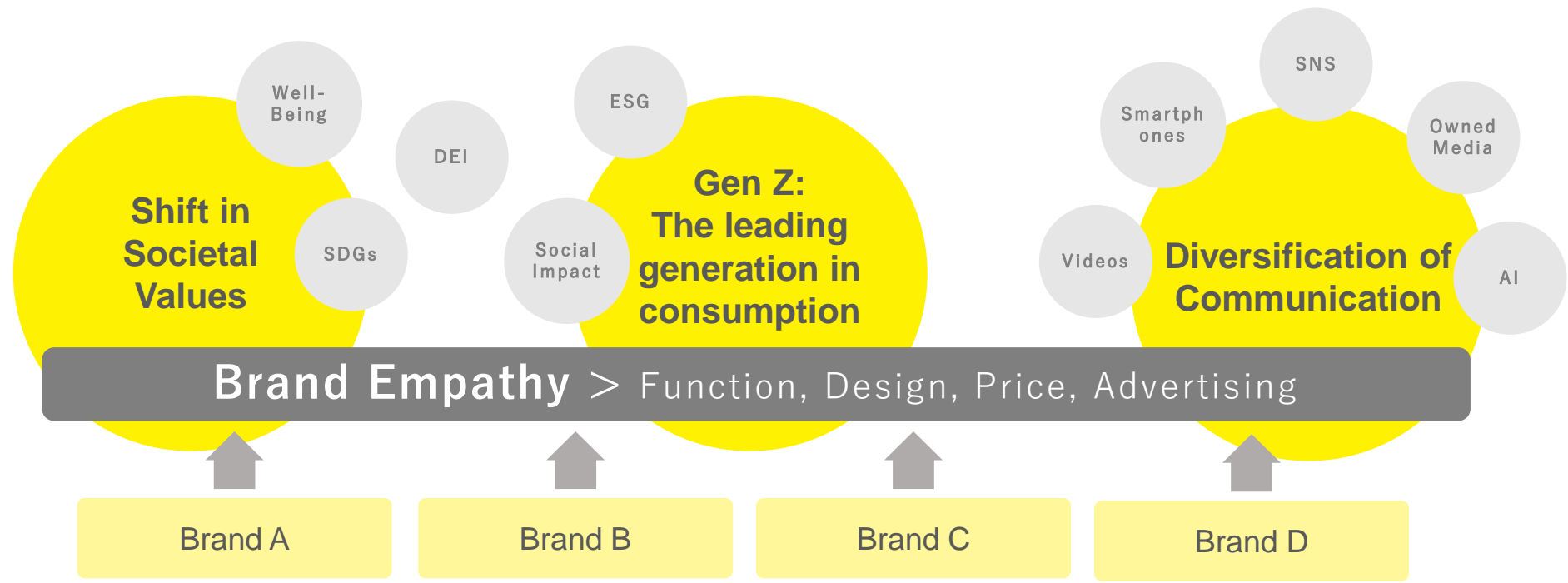
\*1 Total of Marketing & Communication and Sales Activation businesses.

\*2 The Food Branding business aims to stably maintain and improve current performance over the medium-term three years.



# New Era Trends

- The rising presence of Gen Z, a society that values sustainability and diversity. Additionally, the diversification of communication is accelerating
- It's not about the traditional marketing appeal, but the era where brand empathy with society and customers is most valued has arrived



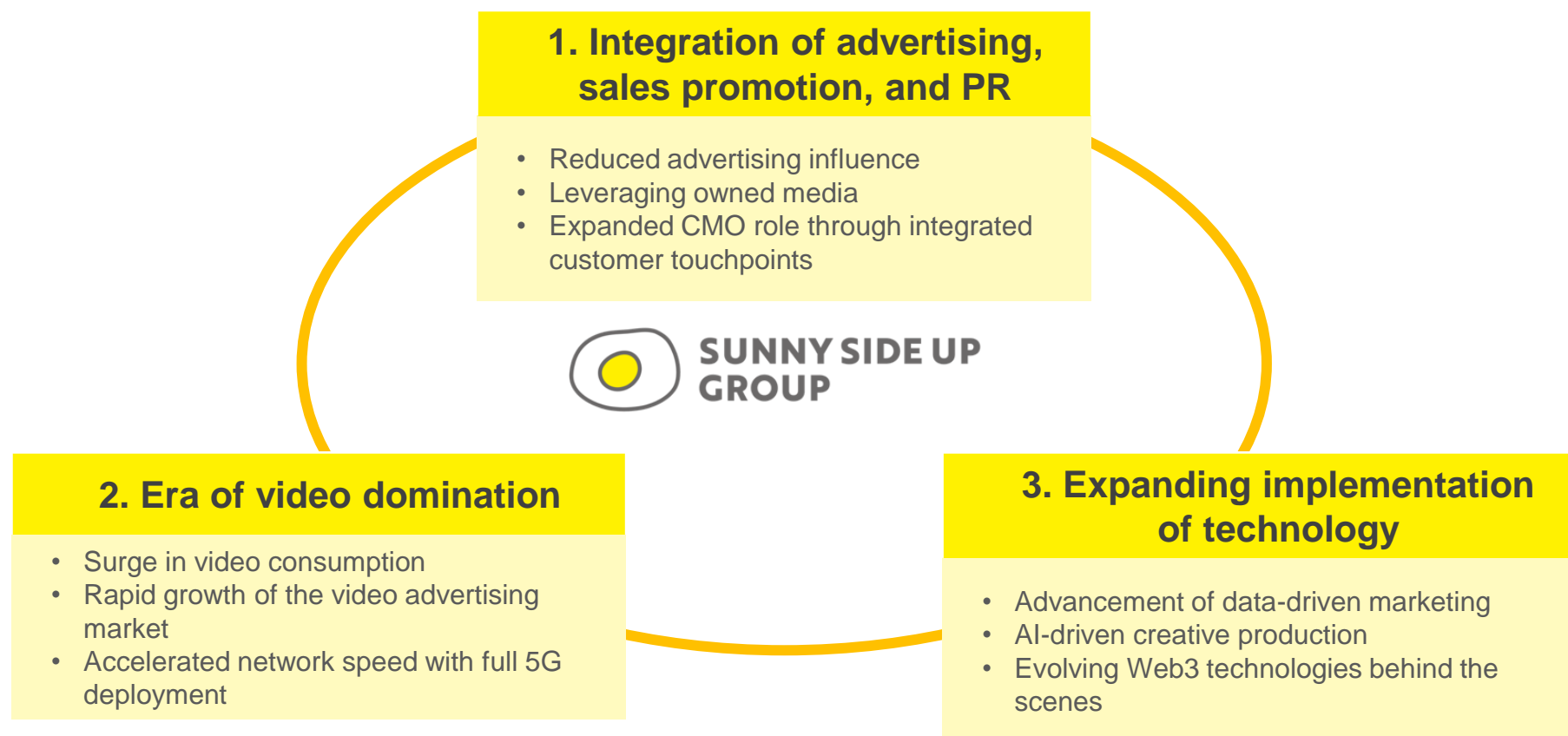
**What Companies  
Need to Address**

- Re-evaluate their purpose.
- Emphasize narratives and stories.
- Rebranding of existing brands.
- Fusion of advertising, promotion, and public relations...etc

**“Beyond PR”**

# 3 Prominent Market Trends

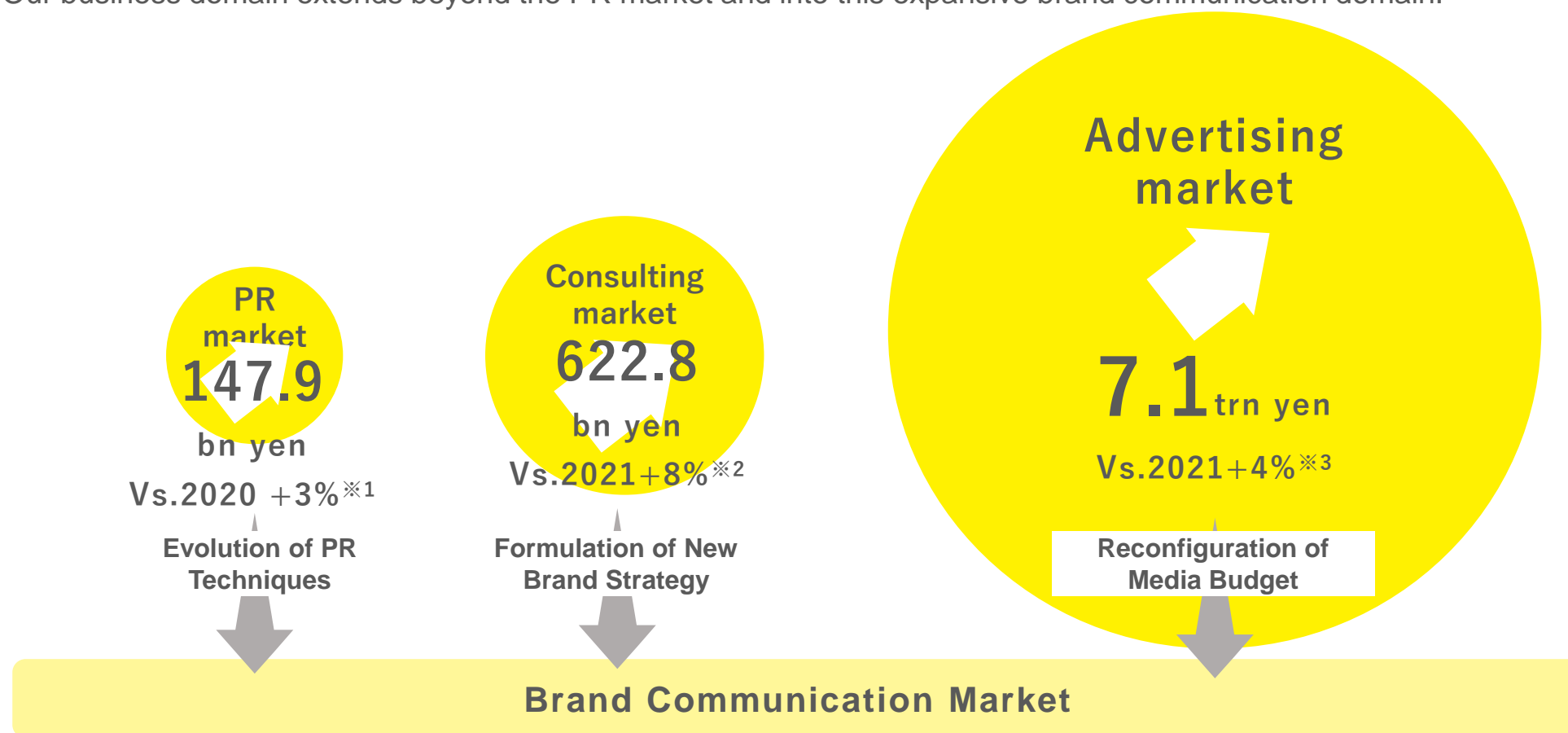
- The boundaries between advertising, promotion, and public relations are disappearing, with video becoming increasingly central to communication.
- The rapid proliferation of generative AI, among other things, means that the use of technology in operations is becoming pivotal to a company's competitive advantage



\* CMO=Chief Marketing Officer

# Creation of the Brand Communication Market

- Beyond the PR, consulting, and advertising markets, a vast brand communication market emerges.
- Our business domain extends beyond the PR market and into this expansive brand communication domain.



※1 Estimated value for 2022, Source: Japan Public Relations Association "PR Business Survey Report 2023"

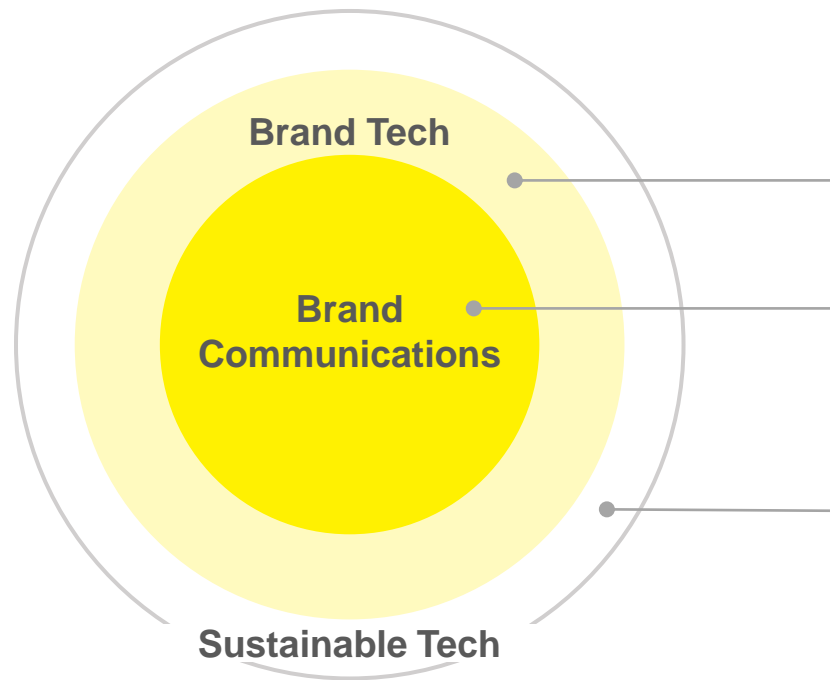
※2 Estimated value for 2022, Calculated by multiplying the projected annual growth rate from 2021 to 2026 to the market size of 2021

Source: IDC Japan "Domestic Business Consulting Market Forecast, 2022-2026"

※3 Estimated value for 2022, Source: Dentsu Inc. "Advertising Expenses in Japan 2022"

## Business Portfolio for Growth

- We aim to achieve significant growth in the Brand Communication domain in the upcoming three years
- At the same time, we are advancing strategic investments in the technology (tech) domain, focusing on areas surrounding our core business in the medium to long term.



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 3years**

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**

## Towards the Next Era: Structural Reform First

- After July 2023, we integrated three group companies
- By capitalizing on the customer bases and solutions of the three companies, we evolved into a comprehensive brand communication company.

Integrated 3 group  
companies



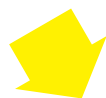
Marketing & Communication business  
(PR) / Sales Activation business



Sales Activation business



Marketing & Communication business  
(Influencer Marketing)



July  
2023

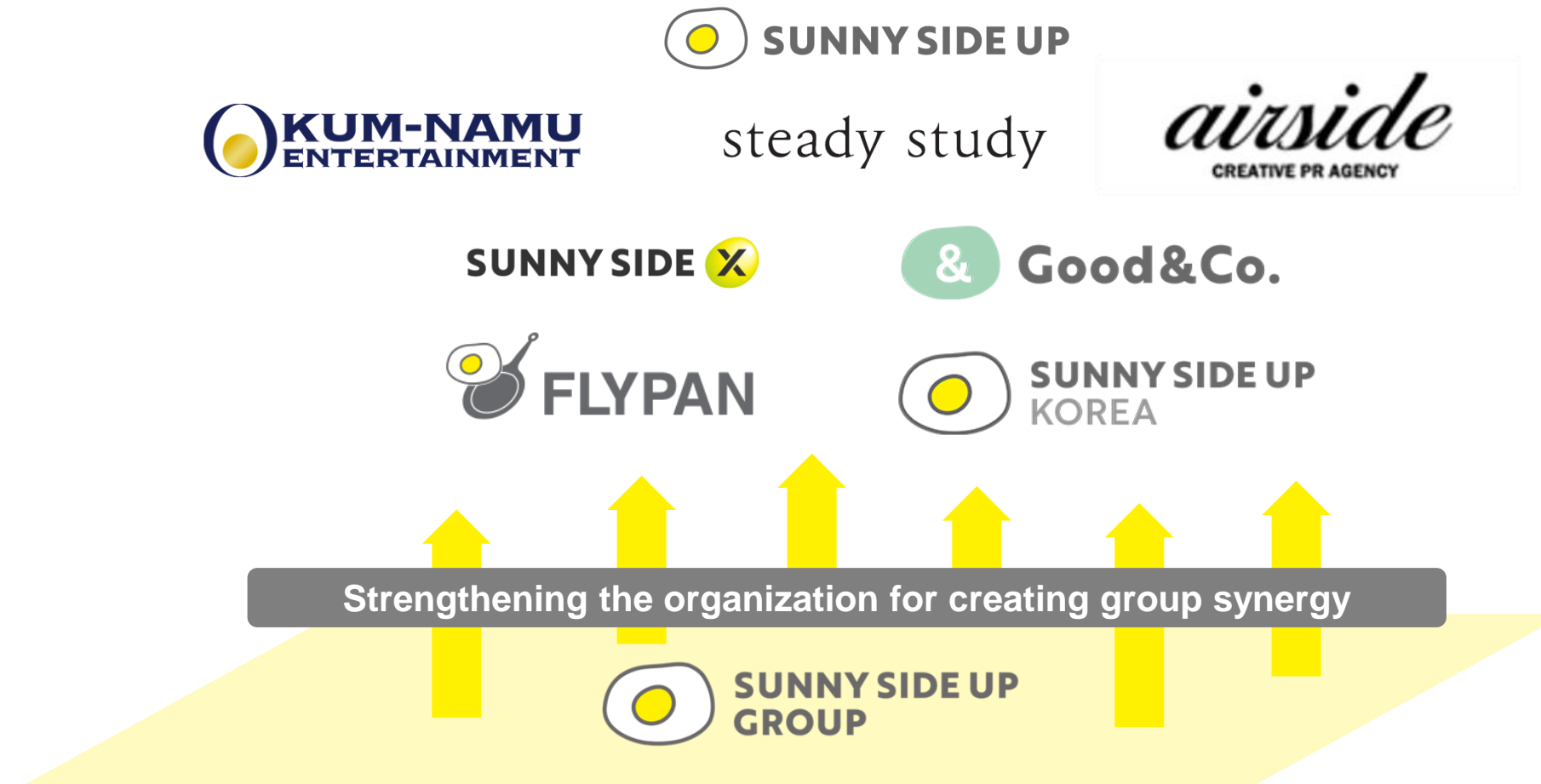


Net Sales: **13.2bn yen** (FY2023 Actual)

Number of Employees: **236** (as of the end of June 2023)

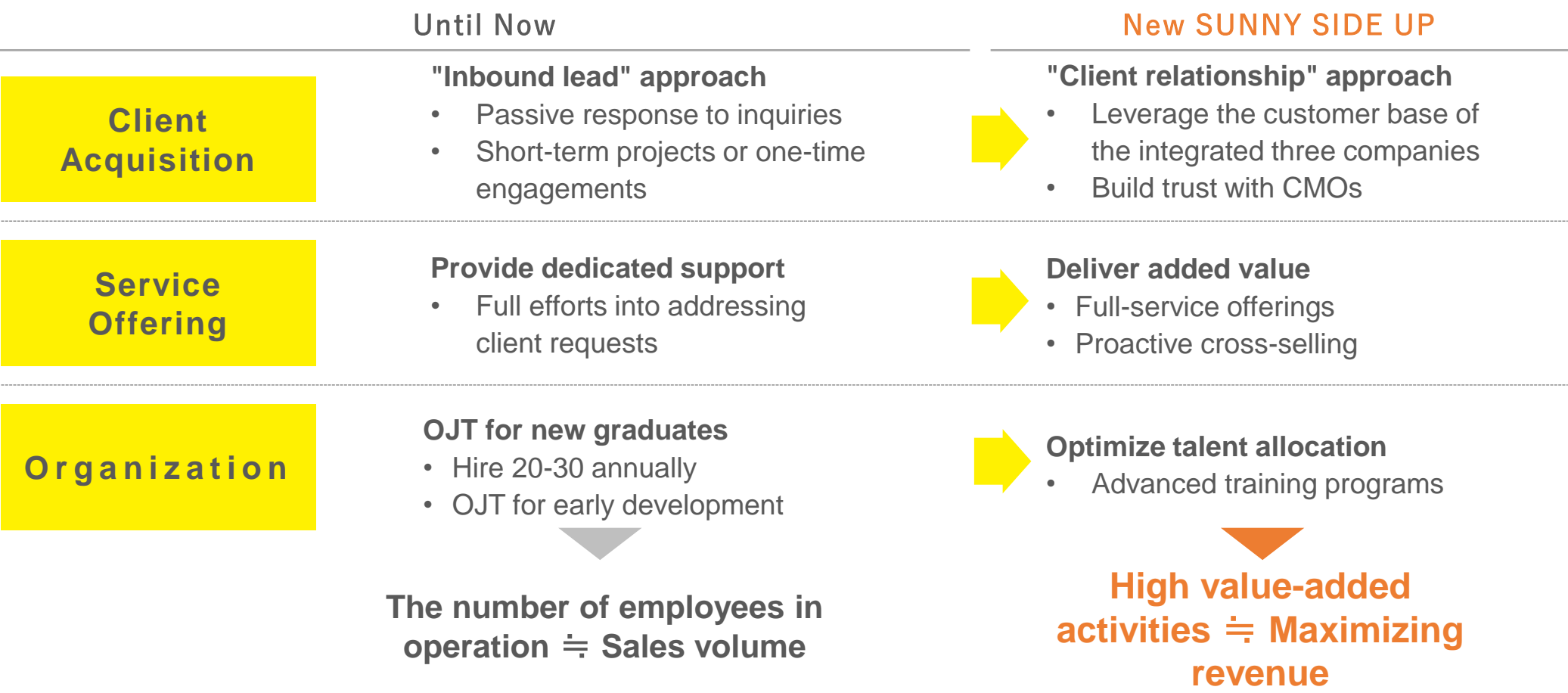
## Unleash Further Group Synergies

- Strengthening collaboration among not only the three merged companies but also across the group to maximize group synergies
- In the Holdings, we are establishing a function to create group synergies



# Maximize Growth of the Core Business to its Full Potential

- Maximizing core business potential in the upcoming three years
- Not just limited to short-term and one-off projects, we leverage our customer base to build long-term relationships with clients





# Brand Tech Investment

- The brand × technology (BrandTech) field is expanding rapidly worldwide.
- We have decided to invest in XR\*1 technology, which is expected to be compatible with our core business, with the aim of quickly commercializing it.

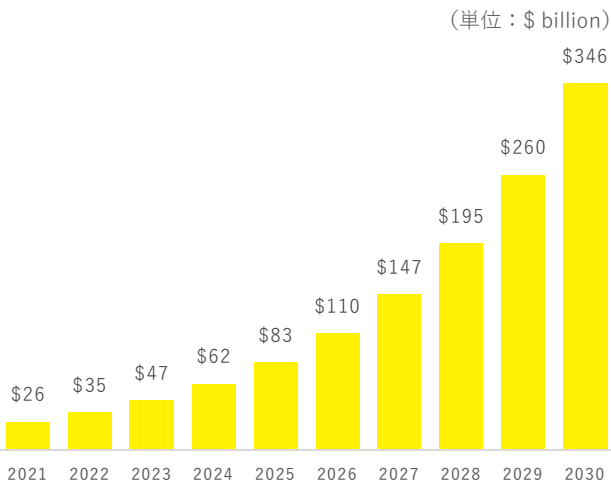
## Investment Strategy

Timeline	<ul style="list-style-type: none"><li>• Over the next 3-5 years, we plan to nurture it into our second revenue-generating business</li></ul>
Targets	<ul style="list-style-type: none"><li>• We are firmly investing in technologies where there is anticipated demand around our core business. Seeing XR as a promising area, we've commenced product development</li></ul>
Organization	<ul style="list-style-type: none"><li>• Starting from July 2023, “SUNNY SIDE X” will be fully operational as a dedicated business development organization</li></ul>

## Potential of the XR\*1 Market and Our Advantage

- The global market for mixing reality with virtual spaces (such as XR) is expanding rapidly.
- In the first half of this fiscal year, we will build a state-of-the-art XR studio in-house to realize a new brand communication method that combines 3D space and visual content.

XR Market Size Forecast

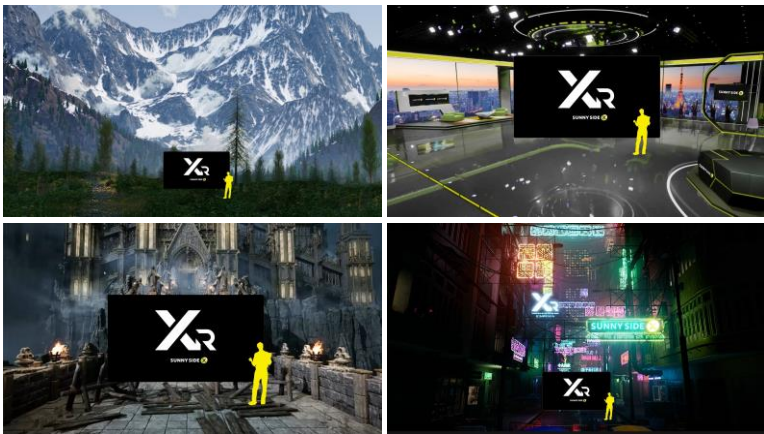


Source: PRECEDENCE RESEARCH

\*1 A generic term for technology that allows you to perceive things that do not exist in reality by integrating the real world and the virtual world.

\*2 The image may differ from the official release.

XR Studio Solution Image\*2





## Sustainable Tech Investment

- Instead of pursuing short-term profitability, we'll leverage external collaborations and focus on technology exploration and dissemination with a long-term perspective spanning over 10 years
- We identify the FemTech\* market as a promising area where we can capitalize on our strengths, aiming for investments in overseas startups and domestic expansion.

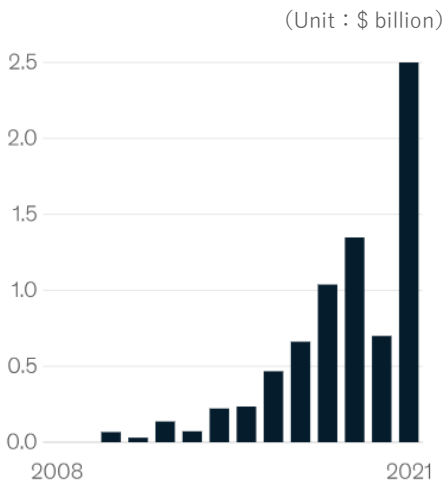
### Investment Strategy

Timeline	<p>Foster the dissemination of technology for achieving a sustainable society with a long-term perspective of 10 years.</p> <p>Focus on exploration during the next three years</p>
Targets	<p>Identify technology for driving global social innovation.</p>
Organization	<p>Establish a network leveraging external alliances and partnerships.</p>

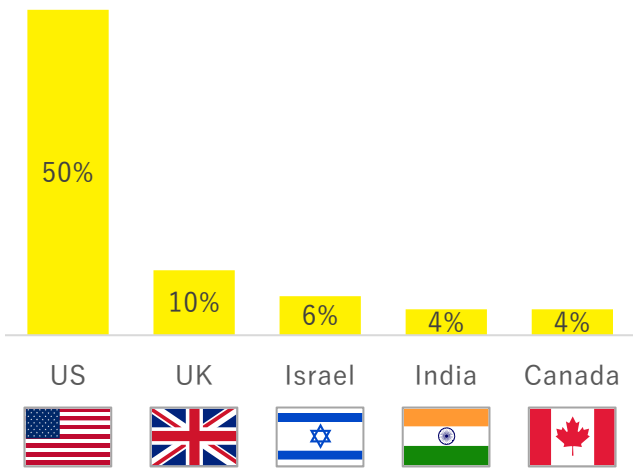
### Potential of the FemTech Market

- Globally, investments in the FemTech sector are rapidly expanding
- Many promising FemTech startups are located overseas

#### Funding Trends in the FemTech Field



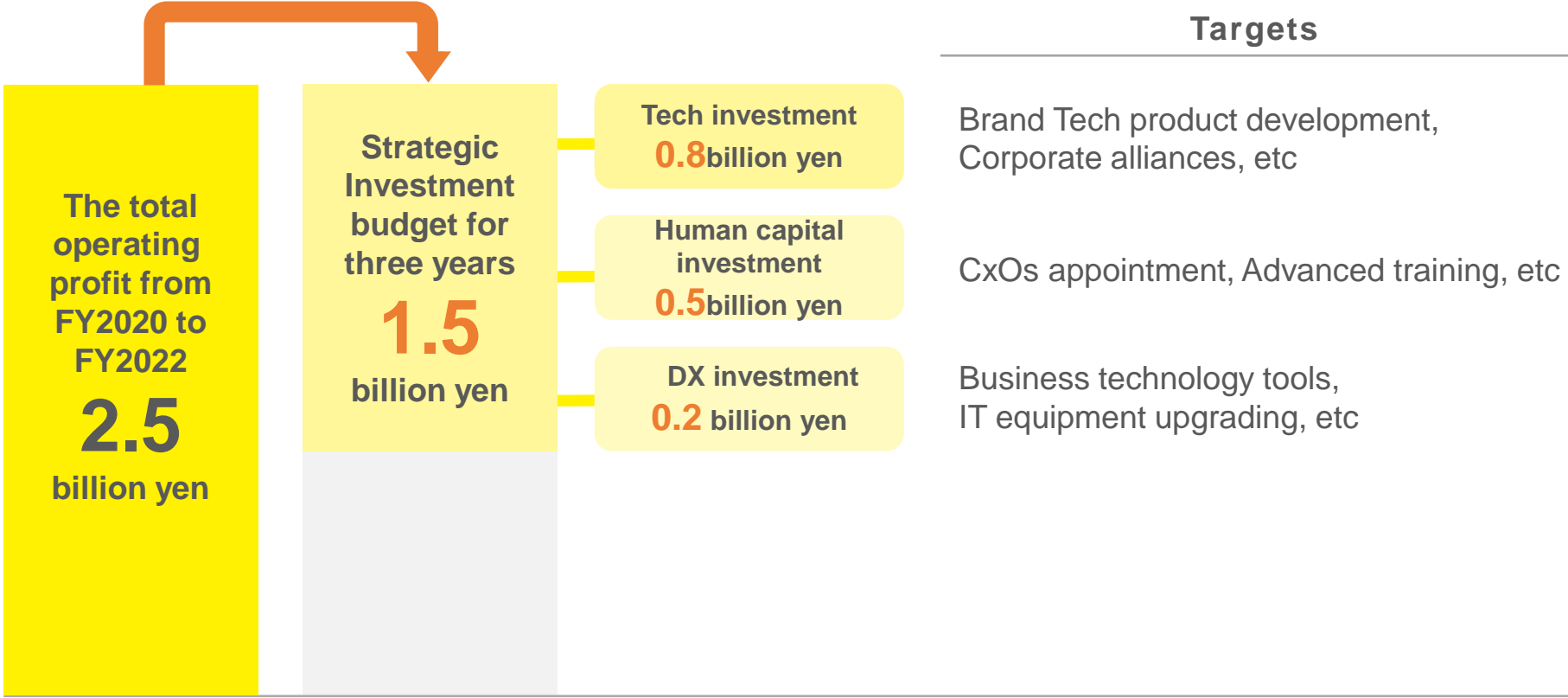
#### Top 5 Global FemTech Companies by Number (2021)



Source : FemTech Industry 2022 / Q4 Landscape Overview, FemTech Analytics  
FemTech Analytics Global FemTech Survey 2023

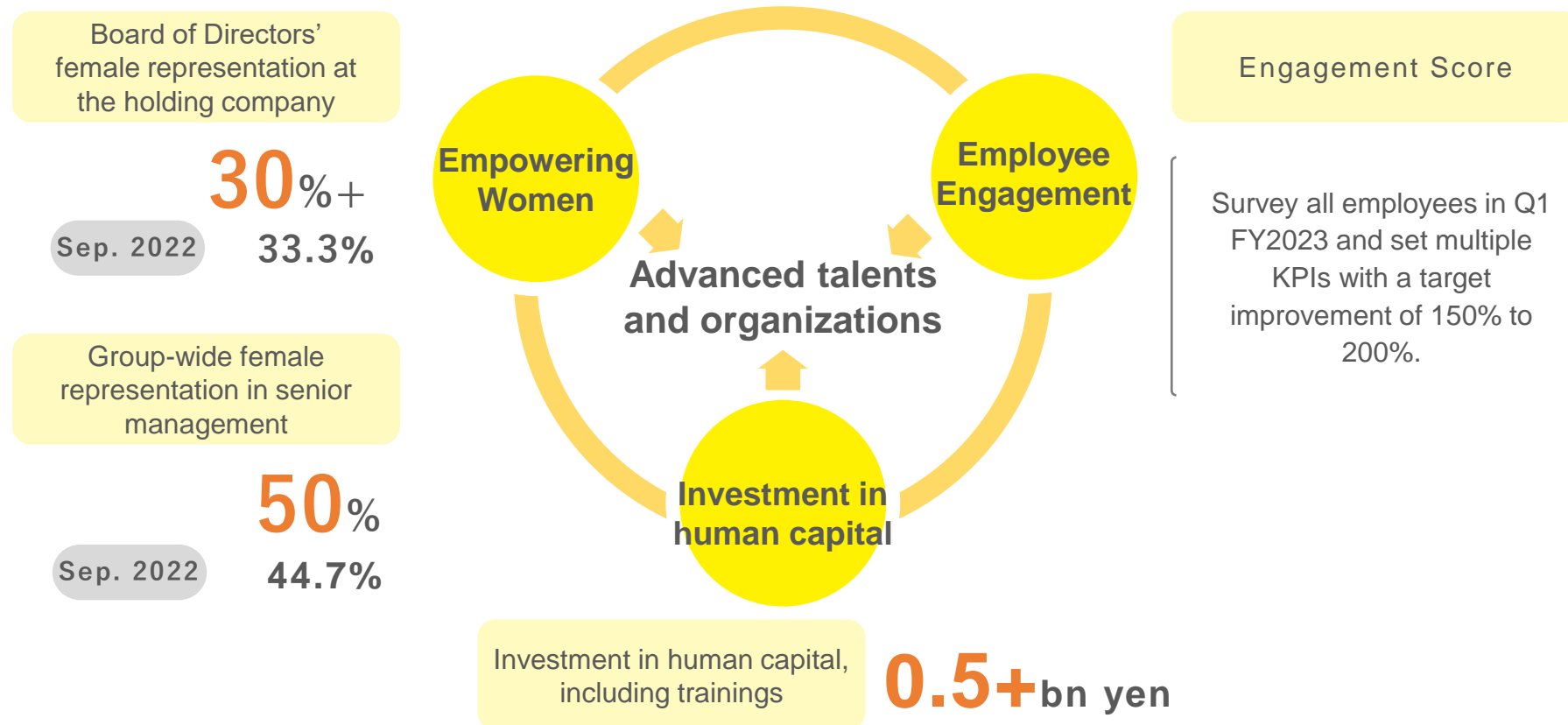
## Strategic Investment for Growth

- Allocating 1.5 billion yen, representing 60% of the operating profit generated in the past 3 years, to strategic investments



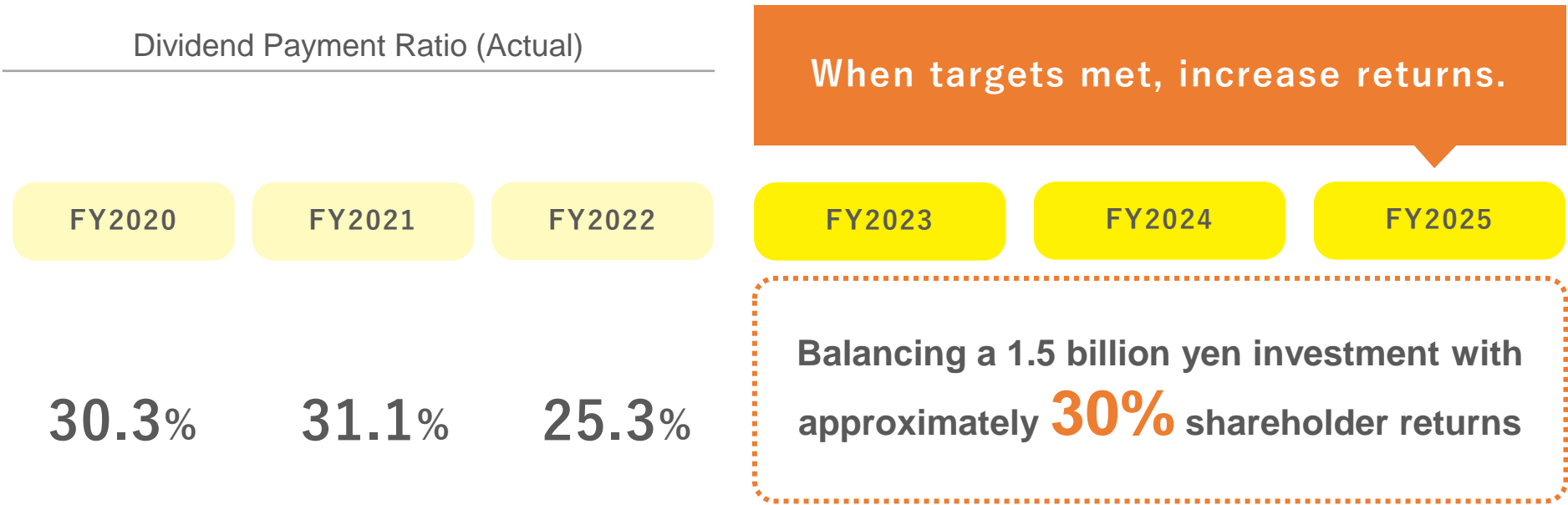
## Human Capital Management Guidelines

- Promoting an organization where everyone thrives, regardless of gender, nationality, religion, or LGBTQ status, with an immediate focus on advancing women's roles.
- After the merger of the three companies, we gauged the engagement score of all employees and took actions towards set KPIs.
- We plan educational investments to deliver greater value to our clients.



## Shareholder Return Policy

- We plan to make a strategic investment of 1.5 billion yen over three years, while maintaining a dividend payout ratio of around 30% throughout the period.
- If we anticipate achieving our profit targets ahead of schedule, we will consider enhancing returns.
- For the fiscal year ending June 2024, we expect a dividend payout ratio of 32.1%.



## New Management Structure

- To drastically strengthen our management system, we have recruited three management professionals from outside the company this fiscal year



Chief Operating Officer

**Daisuke Ueno**

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The reformist behind FamilyMart's digital transformation

**[Previous Affiliations (Selected)]**

Mitsubishi Corporation  
Lawson, Inc.  
Boston Consulting Group (BCG)  
FamilyMart Co., Ltd.



President and CEO

**Liu Xiqiao**

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A global marketing professional

**[Previous Affiliations (Selected)]**

The P&G Japan Limited  
Johnson & Johnson  
Lenovo Japan, LLC



President and CEO

**Daizo Nishitani**

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An in-house entrepreneur in the brand tech domain

**[Previous Affiliations (Selected)]**

Dentsu Inc.  
Walt Disney Japan, Ltd.  
Apple Japan, LLC.

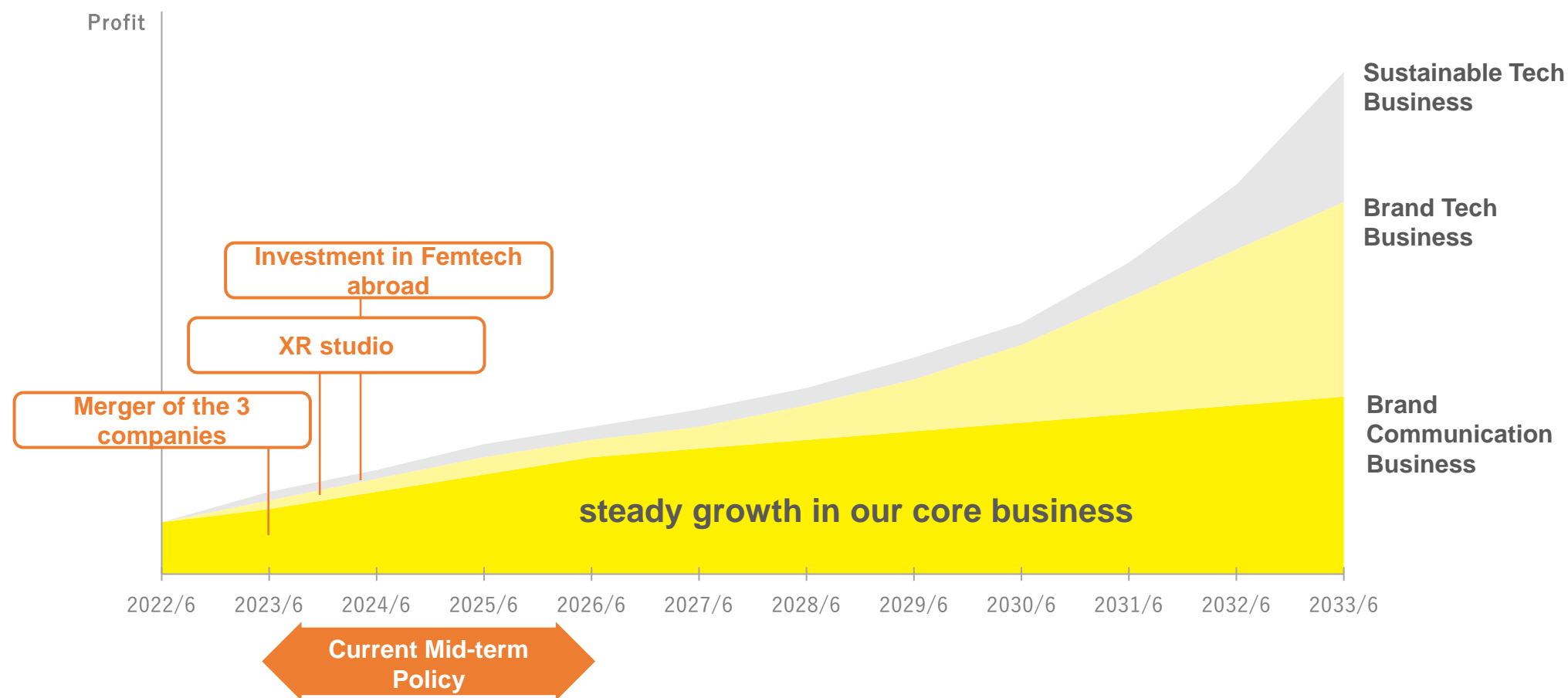
## Reselection of Market Segment

- To maximize corporate value in the medium to long term, we have decided to change our classification to the Standard Market

1. Rather than focusing on the short term of 1-2 years, we believe that the Standard Market is the best option to maximize corporate value in the medium to long term
2. Under the current mid-term management policy, we cannot fully benefit from the Prime Market. Therefore, we want to concentrate our limited management resources on business growth
3. We want to further enhance the environment for our shareholders and investors to confidently hold and trade our shares

## Medium to Long-Term Business Growth Vision

- During this mid-term policy period, we will focus on steady growth in our core business
- Alongside, we will also make strategic investments around our core business to create pillars for new business growth for the next mid-term policy and beyond.



5.



**Appendix**



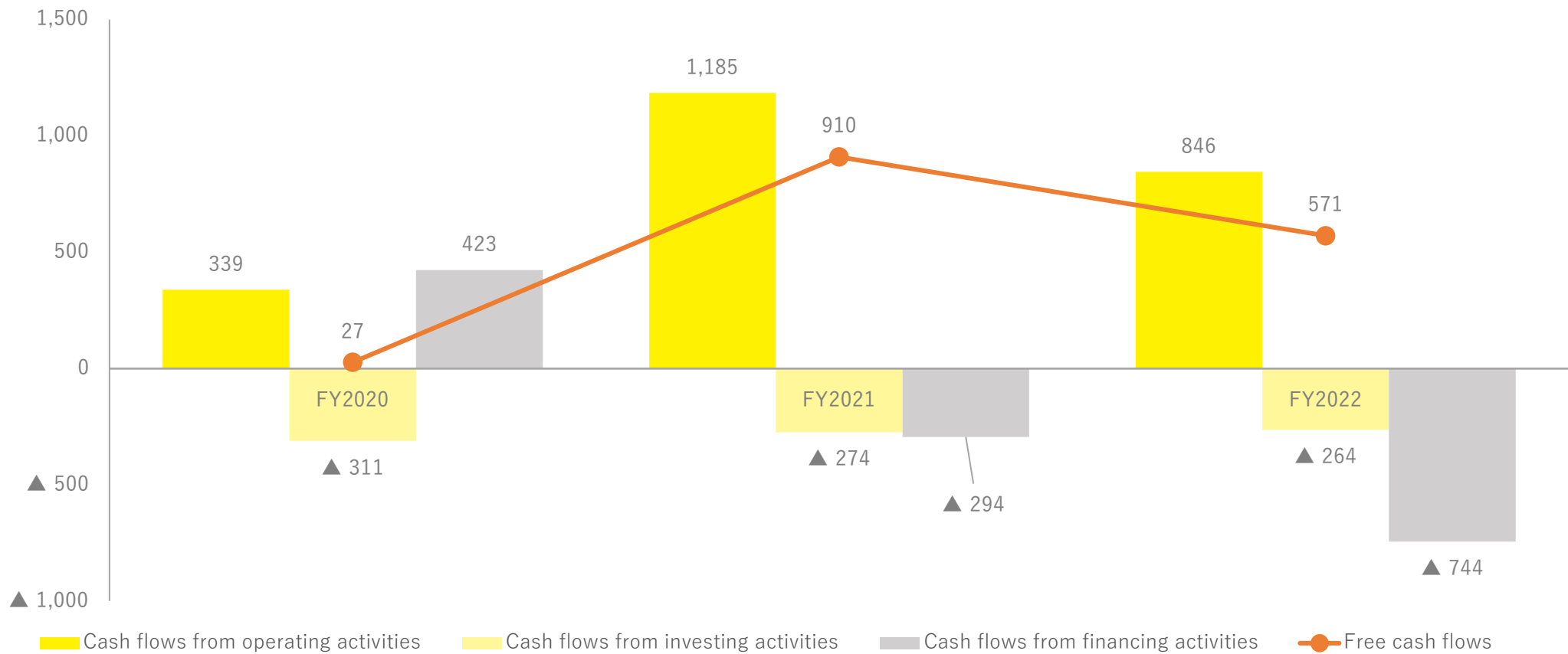
# FY2022 Consolidated Balance Sheet

(Unit : MJPY)

	As of June 30, 2022	As of June 30, 2023		As of June 30, 2022	As of June 30, 2023
<b>Current assets</b>	<b>5,843</b>	<b>6,622</b>	<b>Current liabilities</b>	<b>3,668</b>	<b>4,100</b>
Cash and deposits	3,230	3,089	Accounts payable - trade	1,062	1,989
Notes and accounts receivable – trade	1,983	2,642	Short-term borrowings	538	586
Merchandise and finished goods	1	4	Current portion of long-term borrowings	521	181
Costs on service contracts in progress	295	551	Income taxes payable	398	181
Raw materials and supplies	24	25	Other	1,148	1,163
Other	319	315	<b>Non-current liabilities</b>	<b>1,060</b>	<b>766</b>
Allowance for doubtful accounts	▲10	▲6	<b>Total Liabilities</b>	<b>4,728</b>	<b>4,867</b>
<b>Non-current assets</b>	<b>1,705</b>	<b>1,972</b>	<b>Shareholders' equity</b>	<b>2,757</b>	<b>3,361</b>
Property, plant and equipment	374	362	<b>Total accumulated other comprehensive income</b>	<b>▲62</b>	<b>200</b>
Intangible assets	328	300	<b>Share acquisition rights</b>	<b>100</b>	<b>143</b>
Investments and other assets	1,002	1,310	<b>Total net assets</b>	<b>2,820</b>	<b>3,728</b>
<b>Total assets</b>	<b>7,548</b>	<b>8,595</b>	<b>Total liabilities and net assets</b>	<b>7,548</b>	<b>8,595</b>

# Cash Flows Trend

(Unit : MJPY)



# Governance

- The proportion of female directors is 33.3%. Including executive officers, the ratio of female executives is 30.0%.
- For directors, the ratio of external directors is 50%.

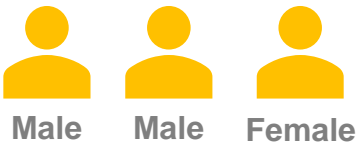


## Board Member

Company  
Directors



Unaffiliated  
Directors



## Executive Officers

Senior Executive  
Officer



Executive  
Officers



## Consolidated Subsidiaries

**SUNNY SIDE UP**

**KUM-NAMU ENTERTAINMENT**

steady study

*airside*  
CREATIVE PR AGENCY

**Good&Co.**


**SUNNY SIDE**

**FLYPAN**

**SUNNY SIDE UP KOREA**

※ As of August 14, 2023

# Management Team

<div> <b>SUNNY SIDE UP GROUP</b></div> <div><b>Management Structure</b></div>			<b>Consolidated Subsidiaries</b>		
Board Member	President	Etsuko Tsugihara			
	Senior Vice President	Norihito Watanabe	SUNNY SIDE UP Inc.	Chief Executive Officer	Liu Xiqiao
	Outside Director	Toru Nagai	Kumnamu Entertainment, Inc.	Chief Executive Officer	Haruyoshi Otsuka
	Director, Audit and Supervisory Committee member	Akira Shirai	steady study Ltd.	Chief Executive Officer	Mizuyo Kamide
	Outside Director, Audit and Supervisory Committee member	Mototsugu Toyota	AIRSIDE INC.	Chief Executive Officer	Susumu Nakai
	Outside Director, Audit and Supervisory Committee member	Mari Fujii	Good & Co.,Inc.	Chief Executive Officer	Emi Tanimura
Executive Officers	Chief Operating Officer	Daisuke Ueno	SUNNY SIDE X Inc.	Chief Executive Officer	Daizo Nishitani
	Executive Officer	Shinya Kobayashi	SUNNY SIDE UP KOREA, INC	Chief Executive Officer	Norihito Watanabe
	Executive Officer	Emi Tanimura	FLYPAN, INC.	Chairman of the Board	Norihito Watanabe
	Executive Officer	Atsuya Otake			

# 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.

Management Planning Group, Corporate Head Office  
SUNNY SIDE UP GROUP Inc.

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