

SUNNY SIDE UP GROUP

Medium- to Long-Term Management Plan

# ***“Road to 2020 and beyond”***

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*– Rolling Plan –*

August 18, 2015

SUNNY SIDE UP Inc.

The SUNNY SIDE UP Group positions the year 2020, when Tokyo will attract global attention, as a crucial milestone steering our dramatic progress.

In our Marketing Communications Business centered on PR activities, we will leverage on our advantage as a domestic market leader to establish a position within the global market in the medium to long term. In addition, we will focus on developing new businesses associated to the 2020 Tokyo Olympic Games, and thereby accelerate growth.

Going forward, we will commit to maximizing shareholder value by setting ROE as one of our most imminent management indicators, and pursuing profitability and management efficiency.

# *“Road to 2020 and beyond” -Rolling Plan-*

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● Marketing Communications Business	<i>P0 - P6</i>
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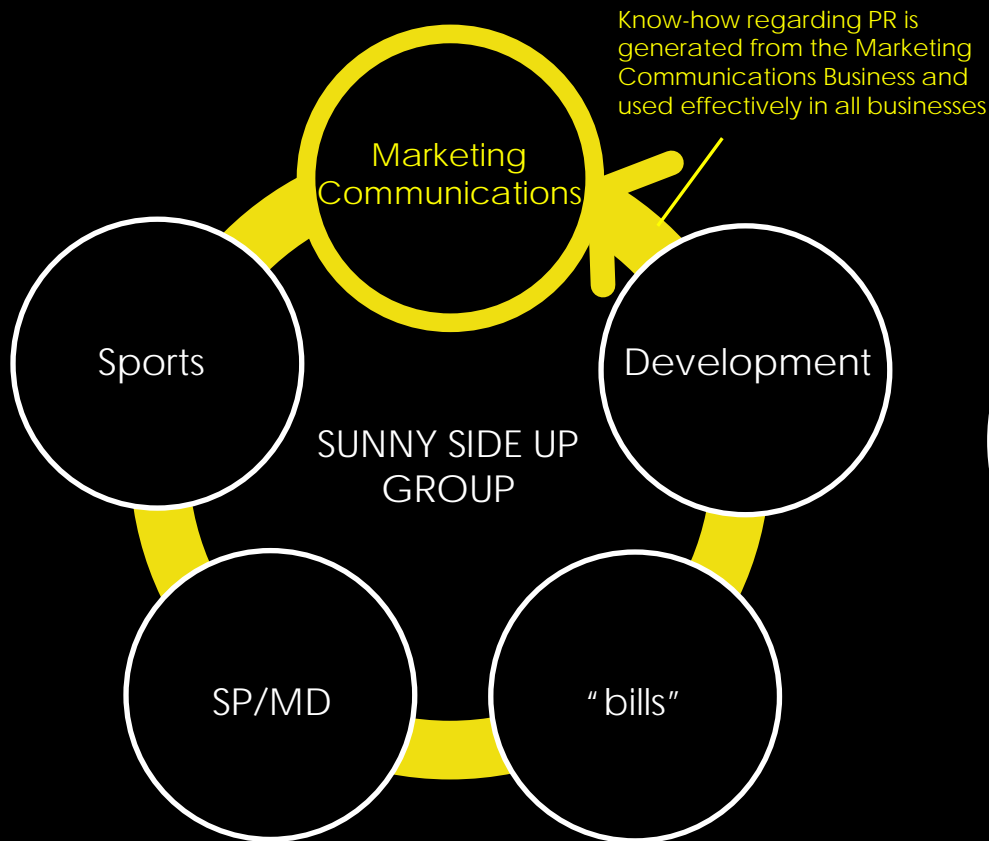
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\*Note: FY represents fiscal year; the numbers that follow represent the year when the fiscal year starts (for example, FY2014 represents the fiscal year from July 2014 to June 2015)

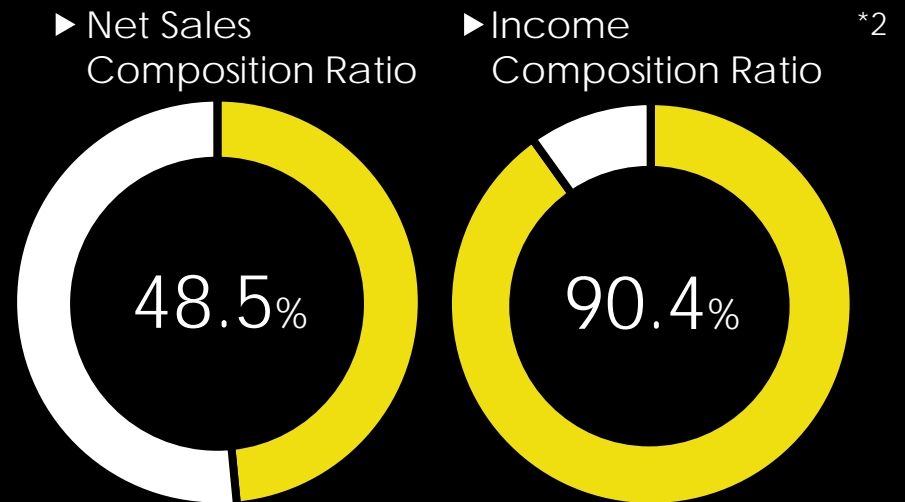
# Marketing Communications Business

Strategic position and composition ratio among the five segments

## Strategic Position among the Five Segments



## Composition Ratio among the Five Segments \*1



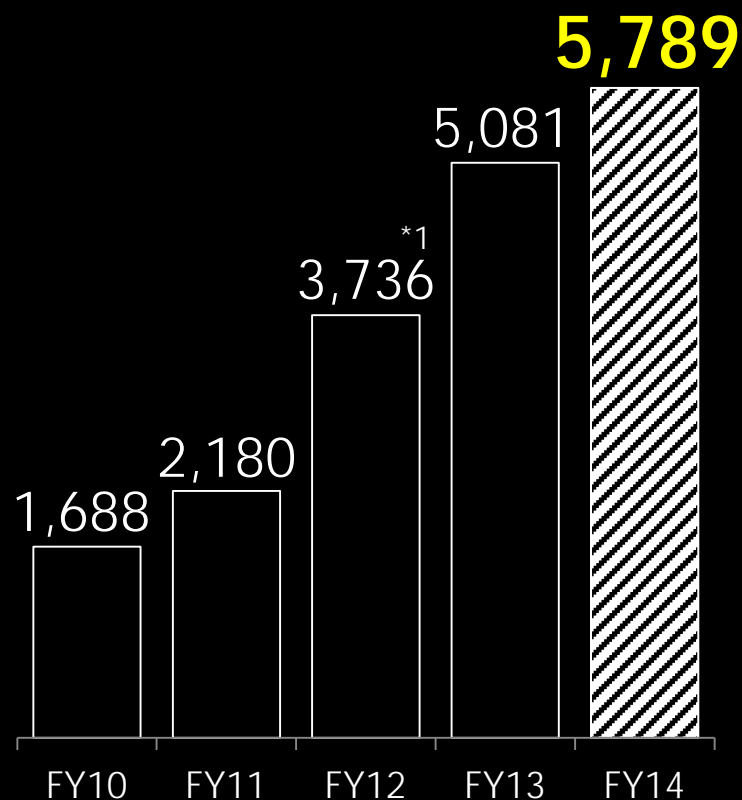
\*1: FY2014 actual

\*2: Ratio among sum of segment incomes that are in the black

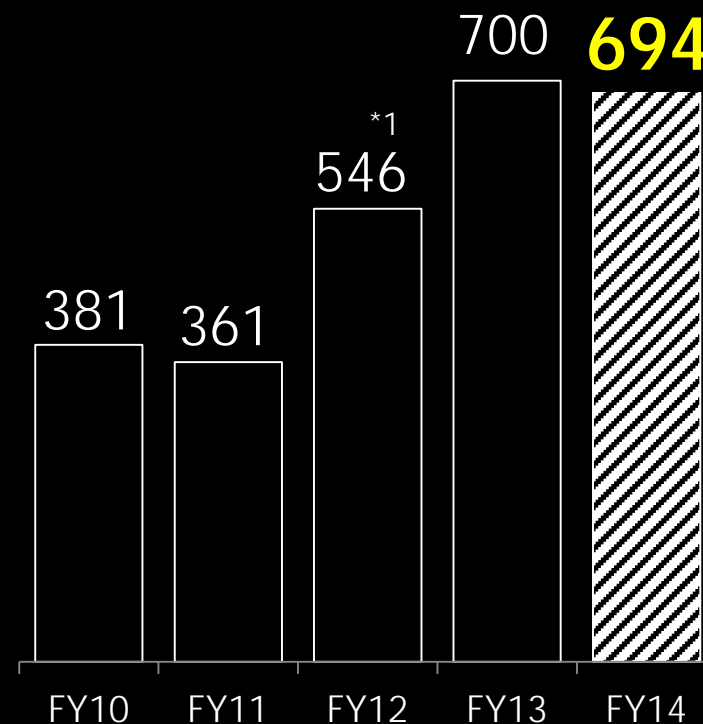
# Marketing Communications Business

Posted record high net sales and high levels of income

Segment Net Sales Trend, ¥ mn <sup>\*2</sup>



Segment Income Trend, ¥ mn <sup>\*2</sup>



\*1: Expanded business area and started focusing on advertising and casting

\*2: From FY2014, transferred certain revenues associated to advertising and casting from Development Business to Marketing Communications Business

# Marketing Communications Business

*Creating buzz with fun and excitement around the world*

Global  
×  
PR

- Carried out a marketing campaign targeting a Hong Kong branch of a foreign fast-food chain restaurant<sup>\*1</sup>
- Introduced Japan's sake culture to the world through *SAKENOMY Project*, held in Milano, Italy

Campaign  
×  
PR

- Carried out a nationwide marketing campaign combining a foreign beverage brand<sup>\*1</sup> with a popular *manga*
- Received an order for a beer server gift marketing campaign from a beer and beverage company<sup>\*1</sup>, and contributed to a significant increase in their net sales

Event  
×  
PR

- Successfully held Asia's first *RockCorps*, a project combining music and CSR
- Held the *AKB48 Election Museum* in association to the *AKB48 Elections*, together with AKS Co., Ltd.<sup>\*2</sup>

\*1: Chain restaurant, brand and company names are not disclosed in compliance with to non-disclosure agreements.

\*2: Japanese idol girl group named after Akihabara(Akiba for short) are of Tokyo

# Marketing Communications Business

Successful projects leveraging on trending contents



▶ SAKENOMY Project in Italy



▶ nakata.net café in Brazil



▶ AKB48 Election Museum

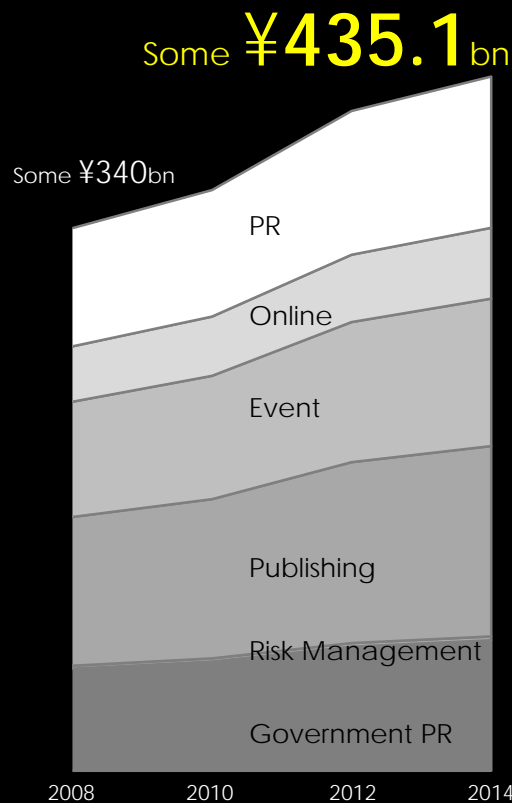
▶ Rock Corps

# Marketing Communications Business

*Growth continues in both the domestic and global PR market*

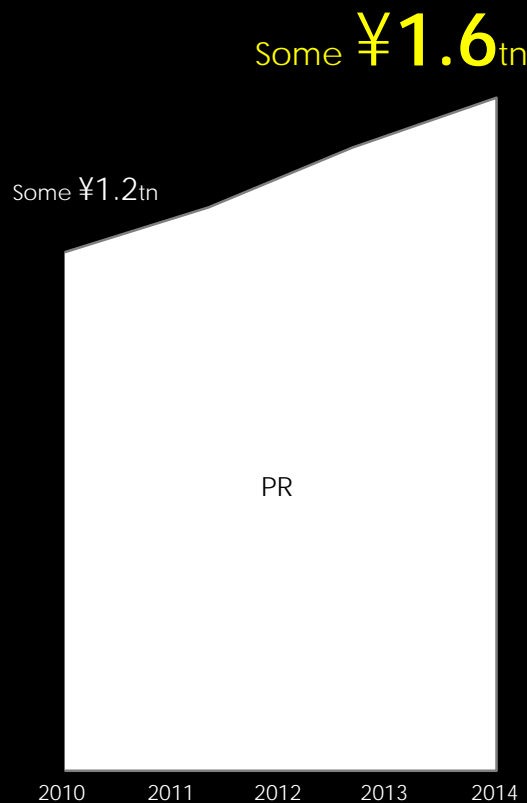
Domestic PR-related Market Size

\*1



Global PR-related Market Size

\*2

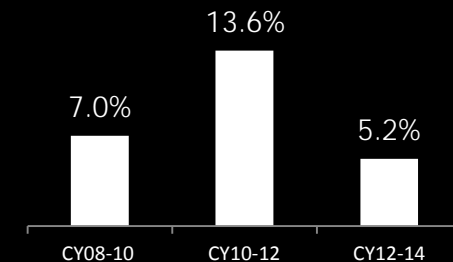


Market Growth Rate

(Domestic)

\*1,2

CAGR : Some **6.5%**

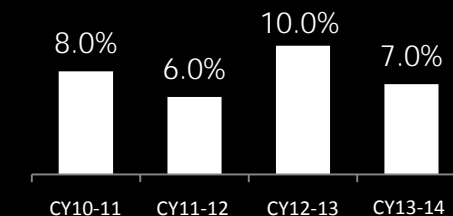


► Major growth industries: \*3

- Internet advertising 12.1%
- Mail orders 8.3%
- Medical devices 6.0%

(Global)

Annual average: Some **7.5%**



\*1: Estimates based on research (2015) released by the Public Relations Society of Japan

\*2: Estimates based on *World PR Report* released by Holmes Report; rate is calculated as \$1.00=¥120

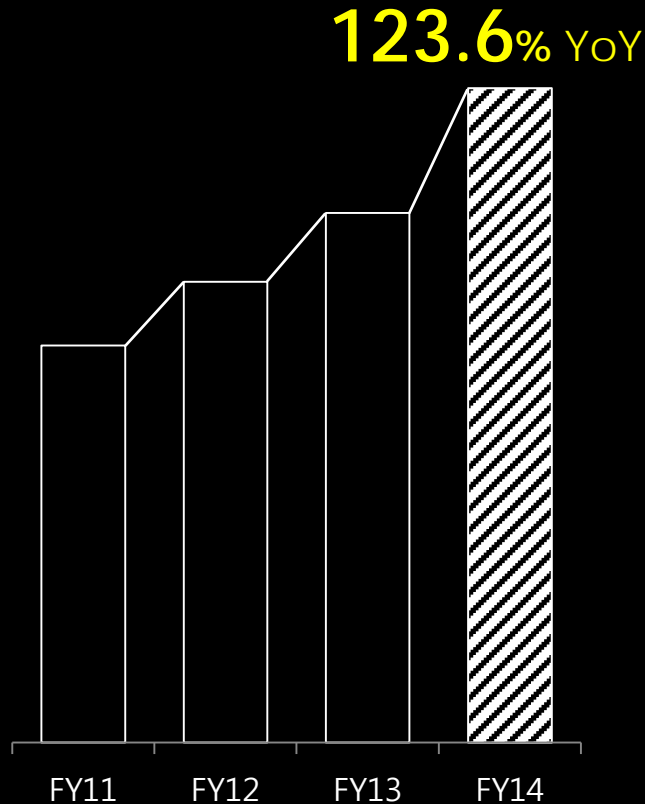
\*3: Based on *Advertising Expenditure in Japan 2014* released by Dentsu Inc.; press release by Japan Direct Marketing Association; and data released by Medical and Assistive Device Industries Office, Commerce and Information Policy Bureau, Ministry of Economy, Trade and Industry



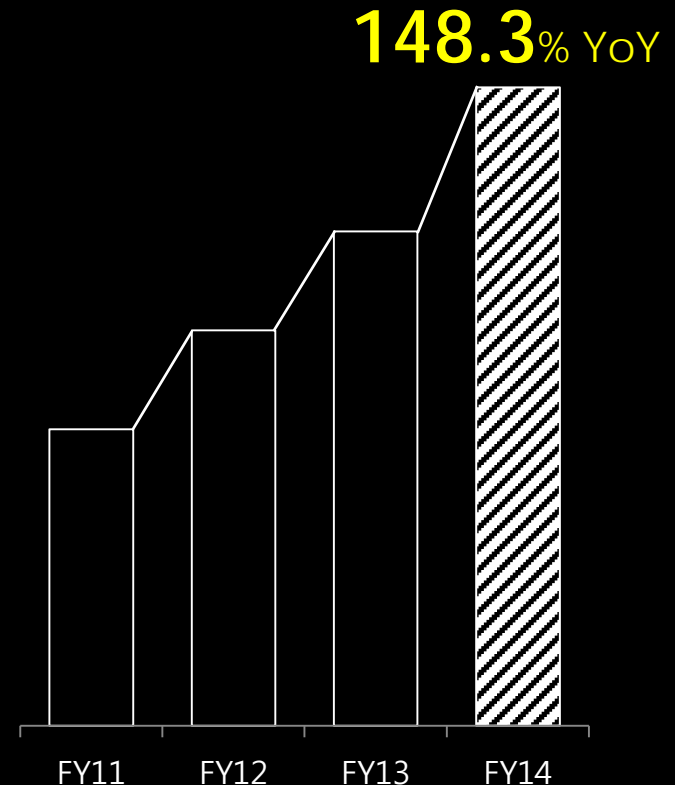
# Marketing Communications Business

*Growth continues in orders and inquiries from clients*

Growth Rate of Project Orders Received \*1



Growth Rate of New Inquiries \*2



\*1: Number of project orders received in the Marketing Communications Business

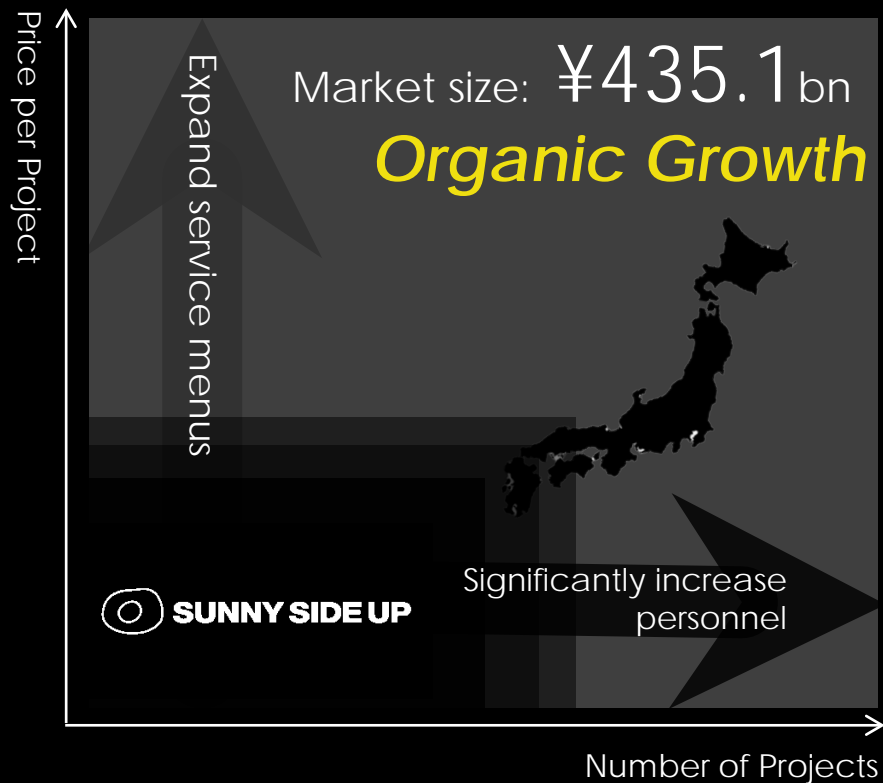
\*2: Number of inquiries regarding business orders via website or phone

# Marketing Communications Business

*Accelerating growth as a domestic market leader*

## Growth Strategy in the Domestic Market

- ▶ Increase project orders received by significantly increasing personnel
- ▶ Acquire orders of high-priced projects, such as consultation, by expanding service menus



## Growth Strategy in Overseas Markets

- ▶ Strengthen our existing multinational team "Global Communications Unit"
- ▶ In the medium to long term, accelerate growth through M&As



# Expecting further increase in incomes through proactive investments in businesses and human resources

## Human Resource Investment

- ▶ Actively invest in human resources, an important asset in the robust Marketing Communications Business, and enhance service qualities

### Internalize new businesses

- Human Resource Solution Business

### Optimize personnel expenses

- Increase investment in talented employees
- Reinforce recruitment

### Start new recruiting initiative

- Establish SSU DIVERSITY LAB

## Business Investment

- ▶ Implement carefully selected challenges that leverage on our advantage in marketing communications in order to boost medium- to long-term growth

### Zero-based business

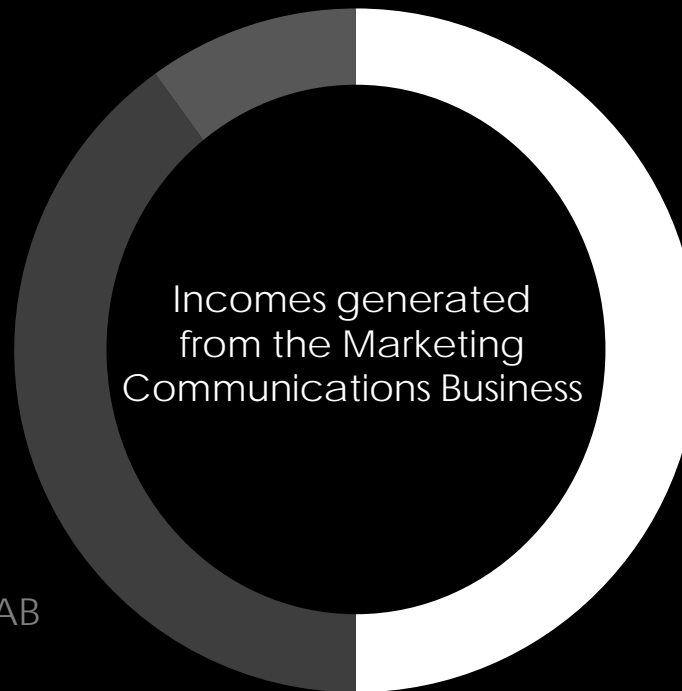
- "OMOTENASHI NIPPON"

### Expand existing businesses

- Extend global reach of "bills"
- Renovate domestic "bills"

### Strategic investment

- Form capital and business alliance with Peatix Inc.

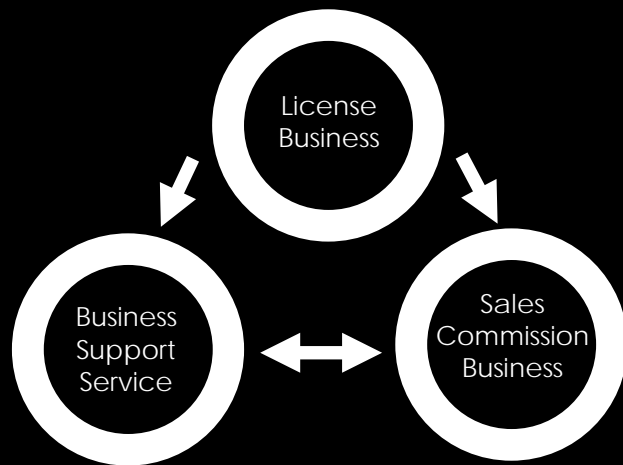


# Current Status of New Businesses

## “OMOTENASHI NIPPON”

- ▶ As a unique and timely business, “OMOTENASHI NIPPON” was selected as a subsidized business for “a model case supporting sales capabilities of small- and medium-sized companies” by the Central Federation of Societies of Commerce and Industry.
- ▶ We rewarded 47 business operators for “OMOTENASHI SELECTION 2014.”  
The program proved to be a great hit from the first year, with recipients also utilizing the award for marketing purposes.
- ▶ We developed a cross-border distribution project involving *Takashimaya Nihombashi Store*, *ABENO HARUKAS Kintetsu Main Store*, Dubai and Taiwan.

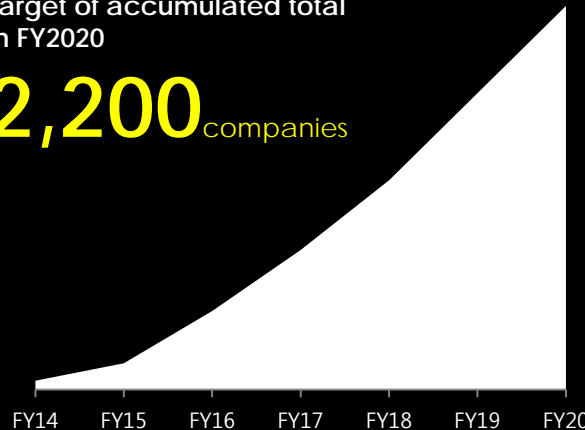
Business Model Outline



Projected Number of Licensing Companies

Target of accumulated total in FY2020

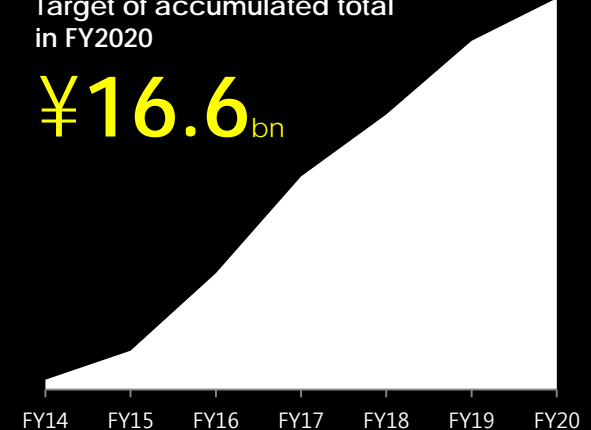
**2,200** companies



Projected Total Global Distribution (retail price)

Target of accumulated total in FY2020

**¥16.6** bn



**OMOTENASHI SELECTION**

Promote Japan's *omotenashi* toward the world's OMOTENASHI  
Reward excellent Japanese products and services  
Support PR activities and setting up global sales channels

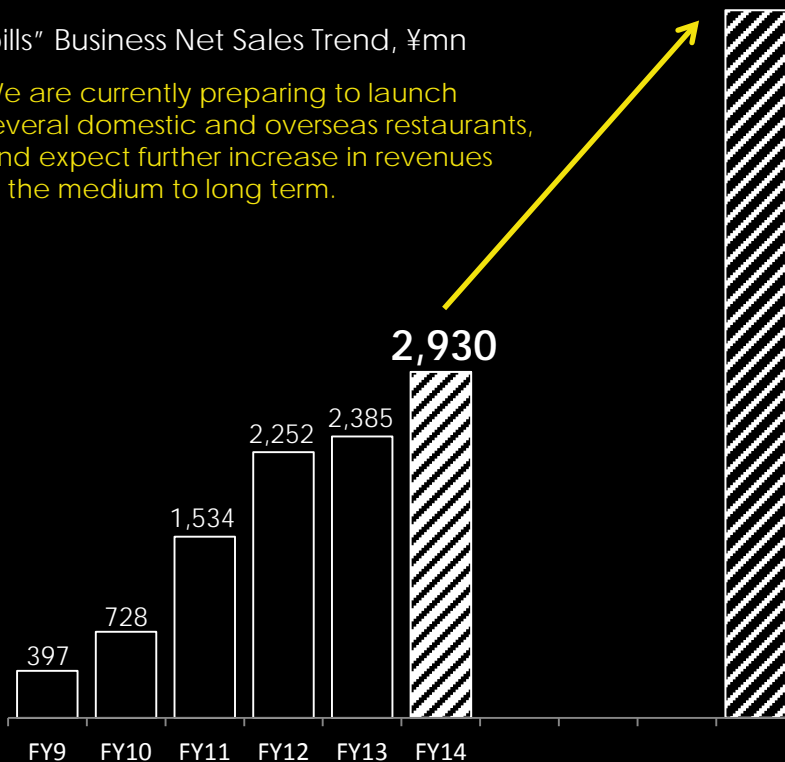
# Current Status of New Businesses

## Casual All-Day Dining "bills"

- ▶ JAPAN All four restaurants are showing favorable growth. The Shichirigahama restaurant was renovated and still remains to be a highly popular restaurant eight years after its opening.
- ▶ HAWAII Although its revenues have not reached domestic levels, it was the only restaurant in Hawaii to rank in "US Top 100 brunch restaurant 2015."
- ▶ KOREA Despite direct impact from external factors, including an accident in the commercial complex where the restaurant operates, a half-year closing of the main facility within the complex, and the outbreak of MERS, business is gradually recovering.

"bills" Business Net Sales Trend, ¥mn

We are currently preparing to launch several domestic and overseas restaurants, and expect further increase in revenues in the medium to long term.

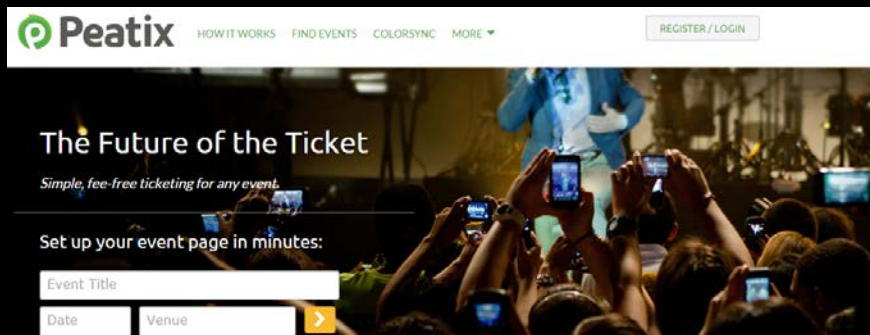


bills	bills	bills	bills	bills
Futakotamagawa (2015)	In Japan (2016)	In Japan (2016)	Overseas (201X)	Overseas (201X)
Omotesando, Tokyo	Hawaii	Korea		
Shichirigahama, Kamakura	Yokohama Red Brick Warehouse	Odaiba, Tokyo		

# Current Status of New Businesses

*Strategic capital and business alliance with US-based startup, Peatix Inc.*

- ▶ We formed an alliance as a strategic project to drive global expansion of the Marketing Communications Business.
- ▶ We received favorable reaction from overseas stakeholders following our press release.
- ▶ Using this deal as a benchmark, we plan to invest in or improve corporate values through PR support for startups both in Japan and overseas, either in their startup or early stage.



About Peatix Inc.

The company offers *Peatix*, an online service and mobile app which enables users to manage events and sell tickets.

After starting up in Japan, the company moved its headquarters to Mountain View, California in 2011, and to New York in 2013.

It is currently entering the Southeast Asia market, while establishing an ecosystem for event sponsors around the world.

- ▶ Valuation of competitor of Peatix Inc. \*1  
Eventbrite Inc(USA): over \$1 bn (as of the end of 2014)



**Japan's Peatix Lands \$5M To Grow Its Mobile Ticketing Service Worldwide**

**Eticketing site Peatix gets \$5M funding to explore more markets in Asia**

Japan-based online ticketing platform Peatix today announced that it has raised US\$5 million in series B funding, bringing its total to US\$9 million to date. The investment was led by DG Incubation, and participated in by Singapore's SPH Media Fund, Japanese PR firm Sunny Side Up, Fidelity Growth Partners Japan, and Draper Nexus.

Drew attention on a major tech-related news website.

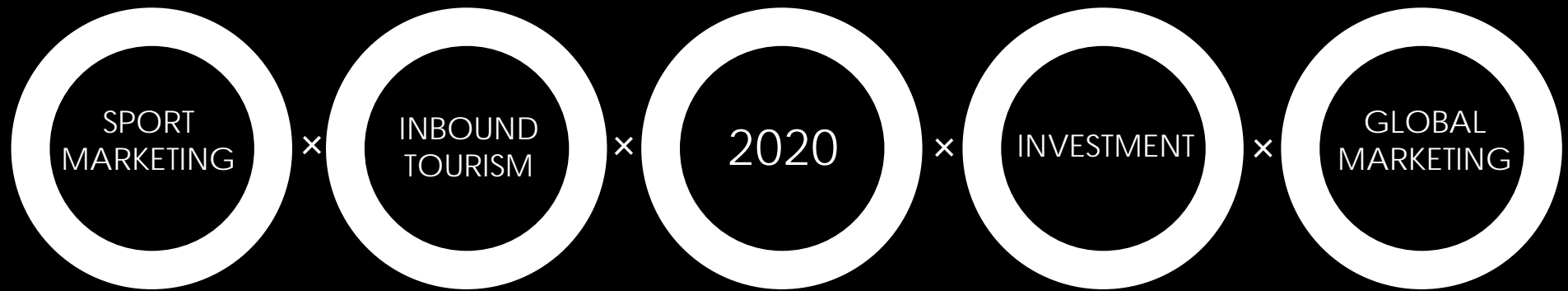
Received favorable reaction from overseas stakeholders, leading to new business opportunities.

\*1: Research based on disclosed materials

# Current Status of New Businesses

## 2020 Strategy Department

- 
- ▶ We are promoting various initiatives for exponential growth toward the year 2020, which we set as a milestone of our Medium- to Long-Term Management Plan. We will present our initiatives in due course.
- 



# New Topics

## SSU DIVERSITY LAB

~ We're all the same, because We're all different. ~

- ▶ We launched a lab focusing on diversity. In addition to strengthening human resource strategies and providing information, we are developing solutions in response to market opportunities including those in the LGBT market.
- ▶ We are committed to creating an diversity-tolerant environment, not only in terms of gender, race and age, but also in terms of ideology and way of life.

1

### Human Resource Management

- Cultivate a culture of diversity inclusion
- Reform and establish new HR schemes

2

### Public Relations

- Disclose information regarding abovementioned initiatives
- Collect and share information regarding global trends

3

### Solution Development

- Form alliances with partner companies
- Develop solutions in response to market needs

## Current Status

- First private company in Japan to start a support system for oocyte cryopreservation for its employees
- Officially offering vacations and special payment for same-sex marriages and common-law marriages

Introduced in international media

- Established a network with major global companies and public figures
- Supporting Tokyo Rainbow Pride 2015

The Japan Times  
**NEWS**  
MENU CITY GUIDE Q

NATIONAL / SOCIAL ISSUES

### Tokyo PR agency to cover partial cost of freezing ova for employees

KYODO

Tokyo PR agency Sunny Side Up Inc. will pay part of the costs for its employees to have their eggs frozen and preserved for future pregnancy, the company said Thursday.

Sunny Side Up, whose logo represents a fried egg, claims it is likely the first company in Japan to launch such an initiative. U.S.-based companies Apple Inc. and Facebook Inc. put similar measures in place last year.



# New Topics

*Joining organizations associated to the 2020 Olympic Games and women empowerment*

- ▶ We established a network and collaboration scheme interconnecting the public and private sector with an eye towards the year 2020.
- ▶ We took part in developing an organization for promoting diversity, including empowering women and global talents.

Keidanren (Japan Business Foundation)

Committee on  
Sport Promotion

Committee on  
Gender Diversity

Committee on  
Tourism

Committee on  
Life-related Industry

(Participating Committees)

Ministry of Economy, Trade and Industry

Ministry of Economy, Trade and Industry  
Industrial Structure Council  
2020 Future Development Committee

Women Corporate Directors

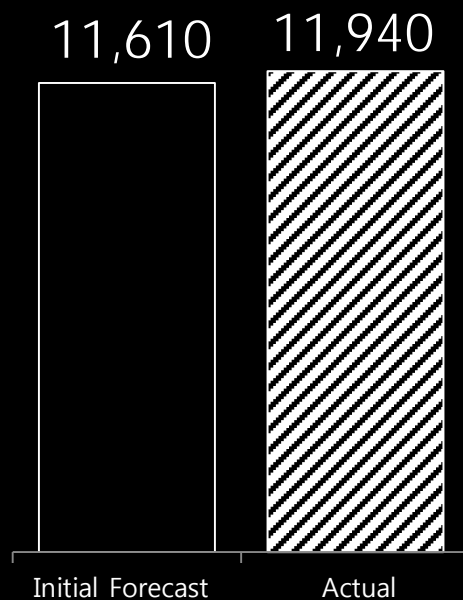
Japan Association for Female Executives

# Consolidated Financial Results and Dividends for Initial FY(FY2014)

- ▶ **Net Sales** We achieved initial forecasts owing to record high net sales in the Marketing Communications Business.
- ▶ **Ordinary income** We did not achieve initial forecasts due to aggressively allocating incomes generated in the Marketing Communications Business to investments.
- ▶ **Dividends** We determined dividend amount taking into account the extraordinary losses posted, and the overall operating environment. We plan to increase dividends by including commemorative dividend in FY2015 for the 30th anniversary since our founding.

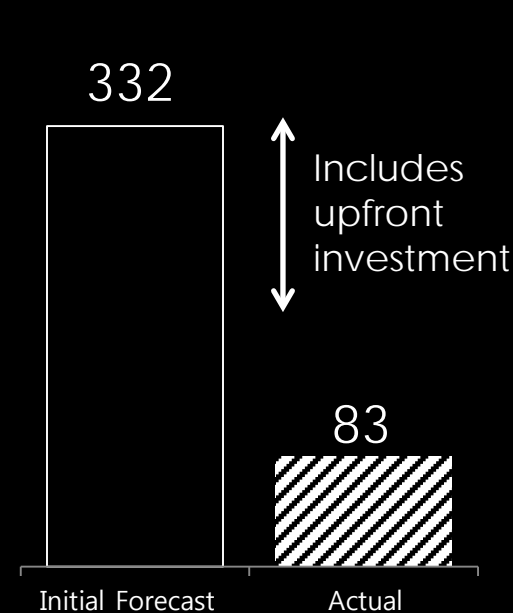
## ▶ Net Sales, ¥mn

Achievement rate:  
102.8%

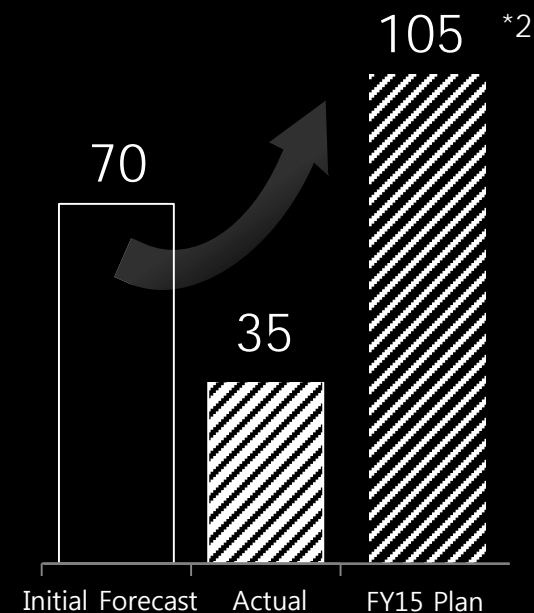


## ▶ Ordinary Income, ¥mn

Achievement rate:  
25.3%



## ▶ Total Dividends, ¥mn\*1



\*1: Current plan

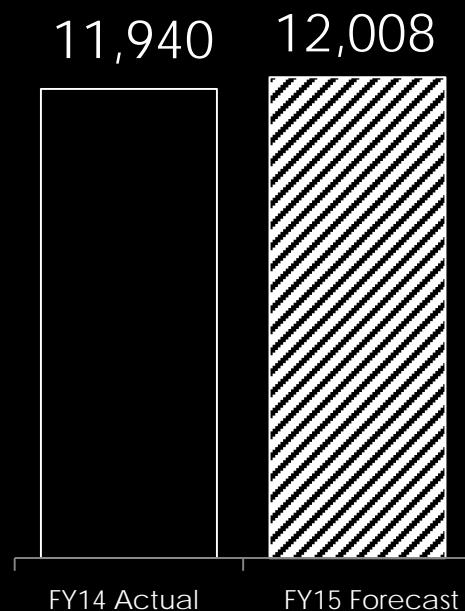
\*2: Current plan; total amount including commemorative dividend (dividend per share for the full fiscal year is projected at ¥30, consisting of a ¥5 interim commemorative dividend, a ¥5 year-end commemorative dividend and ¥20 regular dividend)

# Forecasts and Plan for Current FY (FY2015)

- ▶ **Net Sales** Net sales are expected to increase mainly on the back of projected growth in the Marketing Communications Business.
- ▶ **Ordinary income** Income is expected to rise on the back of increase in net sales, decrease in expenses from impairment loss generated from "bills" Hawaii restaurant, and recovery in SP/MD business.
- ▶ **Dividends** We plan to increase dividends including a commemorative dividend dedicated to the 30th anniversary since our founding.

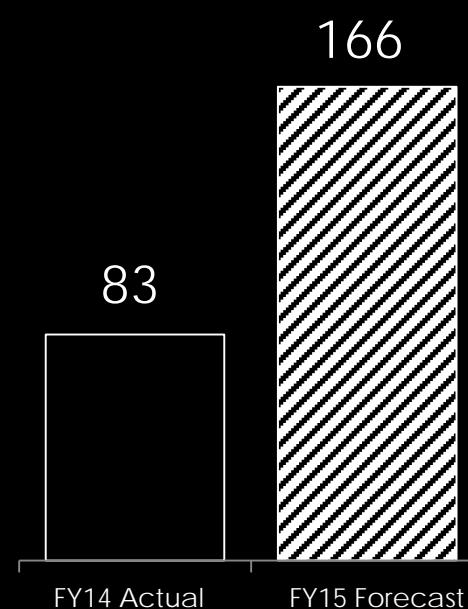
## ▶ Net Sales, ¥mn

100.6% YoY

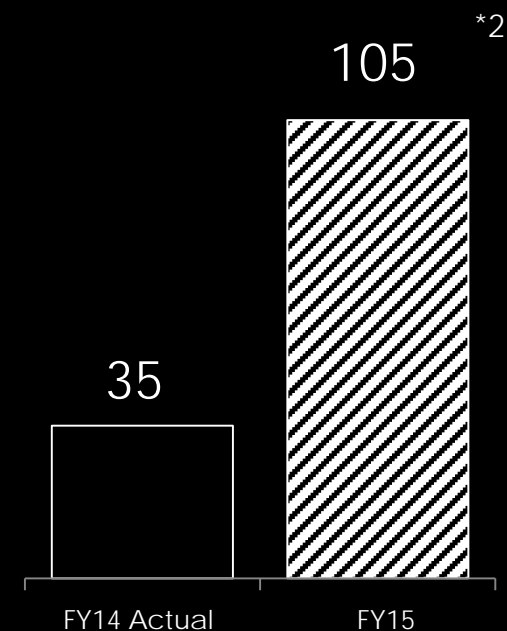


## ▶ Ordinary Income, ¥mn

199.3% YoY



## ▶ Total Dividends, ¥mn<sup>\*1</sup>



\*1: Current plan

\*2: Current plan; total amount including commemorative dividend (dividend per share for the full fiscal year is projected at ¥30, consisting of a ¥5 interim commemorative dividend, a ¥5 year-end commemorative dividend and ¥20 regular dividend)

# Medium- to Long-Term Management Plan

## 1. Increase revenues

## 2. Maximize shareholder value



# Medium- to Long-Term Quantitative Targets FY2020

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▶ Net Sales

¥26.5 bn

▶ Net Income Margin

7.0%

▶ ROE (Return On Equity)

40%

# *“Road to 2020 and beyond”*



Note: The data and forward-looking statements disclosed in this document are based on judgments or information available at the time this document was released, and are subject to change as a result of numerous factors, and should not be construed as a guarantee the achievement of targets, projections, or future financial performances. Also, please note that the information is subject to change without prior notice. Therefore, please use this information and document based on one's own judgment, also referring to information obtained through other means. SUNNY SIDE UP shall not be held liable for any damages that occur as a result of using this material.