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March 19, 2026

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Listing: Tokyo Stock Exchange  
Securities code: 2180  
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### **Action to Implement Management Conscious of Cost of Capital and Stock Price (Update)**

SUNNY SIDE UP GROUP Inc. (the “Company”) hereby announces that, at its Board of Directors meeting held today, it has updated its analysis and evaluation of the status regarding "Management Conscious of Cost of Capital and Stock Price," as well as its future policies for improvement.

The Company has been proceeding with initiatives focused on: (i) achieving capital profitability that exceeds the cost of capital, (ii) gaining market valuation, and (iii) further improving the cost of capital. Based on the analysis and evaluation of the previous fiscal year, the Company identified "(ii) gaining market valuation" as a priority issue. Accordingly, we have worked on improving the profitability of our core businesses, executing M&A to strengthen our technological capabilities and human resource investment for growth, and utilizing capital efficiently. As a result, while the stock price has shifted to an upward trend, the Company recognizes that there is still room for further improvement in terms of "(ii) gaining market valuation." Moving forward, in addition to continuing to improve earnings, we will further strengthen our pursuit of effects of the investment for growth and enhance continuous information disclosure that demonstrates relevance to our growth strategies. Through these efforts, we will strive to foster market expectations for our future growth.

(i) Achieving capital profitability that exceeds the cost of capital

Priority measures under the medium-to-long term management policy have proven effective, with ongoing improvements in operating margin and ROIC.

(ii) Gaining market valuation

The Company recognizes that there is still room for improvement in market valuation. Key challenges include continuous improvement of earnings and disclosure that demonstrates relevance to our growth strategies.

(iii) Further improving the cost of capital

Progress has been made in policies focused on capital efficiency by reviewing cash and deposit levels based on dialogue with investors.

For details, please refer to the attached document, "Action to Implement Management Conscious of Cost of Capital and Stock Price (Update)."

#### Trends in Key Management Indicators

		FY ended June 30, 2021	FY ended June 30, 2022	FY ended June 30, 2023	FY ended June 30, 2024	FY ended June 30, 2025	FY ending June 30, 2026 (Forecast)
Net sales	(¥ million)	15,356	16,190	18,956	17,908	19,587	23,200
Operating profit	(¥ million)	519	767	1,296	1,465	1,597	2,250
Ordinary profit	(¥ million)	666	1,284	1,335	1,501	1,635	2,250
Profit attributable to owners of parent	(¥ million)	298	581	884	795	948	1,280
Net assets per share	(¥)	151.30	178.92	238.78	266.20	304.55	356.71
Earnings per share	(¥)	19.83	38.58	59.28	53.30	63.58	86.76
Dividends per share	(¥)	6.00	12.00	15.00	20.00	22.00	26.00
Stock price at the end of the period	(¥)	743	669	673	661	543	1,001
PBR	(times)	4.9	3.7	2.8	2.5	1.8	2.8
PER	(times)	37.5	17.3	11.4	12.4	8.5	11.5
ROE	(%)	13.8	23.4	28.3	21.1	22.3	-

Notes: 1. PBR is calculated by dividing the stock price at the end of the period by net assets per share, and PER is calculated by dividing the stock price at the end of the period by earnings per share (actual).

2. The forecast for the fiscal year ending June 30, 2026, is based on the revised forecast announced on February 13, 2026. Net assets per share is calculated based on net assets at the end of the interim period for the fiscal year ending June 30, 2026, considering the net income forecast and the payment of interim dividends. PBR and PER are calculated based on the stock price as of the end of February 2026.



**SUNNY SIDE UP GROUP Inc.**

**Action to Implement Management Conscious of  
Cost of Capital and Stock Price (Update)**

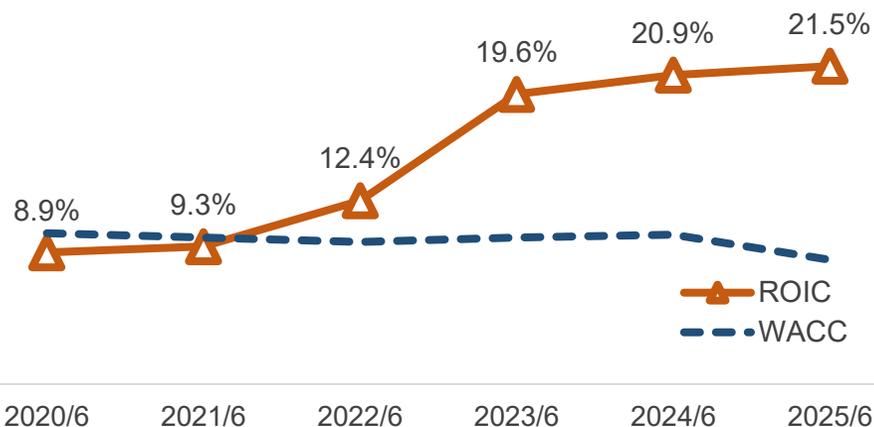
**March 2026**

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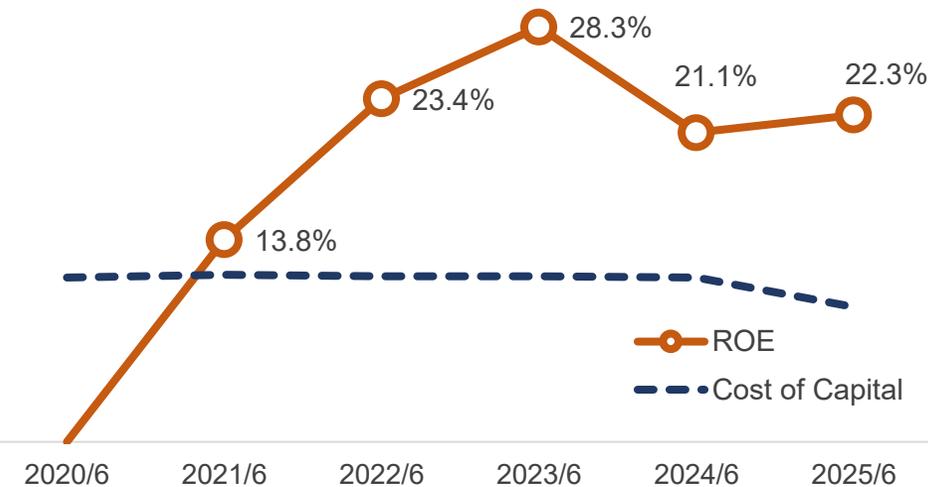
## (i) Achieving Capital Profitability that Exceeds the Cost of Capital

		Key Initiatives	Evaluation
1) Improving Profitability	○	<ul style="list-style-type: none"> <li>Jan. 2020: Initiated improvements to the business portfolio following the transition to a holding company structure.</li> <li>May 2023: Unveiled the Medium-to-Long Term Management Policy, focusing on strengthening the Brand Communication Business.</li> </ul>	<ul style="list-style-type: none"> <li>Profitability improvements in the Brand Communication Business are driving higher consolidated operating margins and enhanced ROIC.</li> <li><b>OP margin 6.8% (FY23/6) ⇒ 9.7% (FY26/6 forecast)</b></li> <li><b>ROIC 19.6% (FY23/6) ⇒ 21.5% (FY25/6 actual)</b></li> </ul>
2) Strategic Investment for Growth	○△	<ul style="list-style-type: none"> <li>Allocated 1.5 billion yen for strategic investment framework for growth during the current Medium-term Management Policy Period. Priority given to human capital investment (840 million yen Invested until Dec. 2025).</li> <li>Announced M&amp;A of a tech company in Jan. 2026; completed share acquisition in Mar. 2026.</li> </ul>	<ul style="list-style-type: none"> <li><b>Headcount in core business: 256 (Jun. 2023) → 303 (Jun. 2025)</b></li> <li><b>Strengthening the tech domain, identified as a key challenge, through strategic M&amp;A.</b></li> <li><b>Pursuing the effects of investment for growth (productivity and synergy) remains a key priority for the next fiscal year.</b></li> </ul>
3) Shareholder Returns	○	<ul style="list-style-type: none"> <li>Enhanced shareholder returns through continuous dividend increases and execution of flexible capital policies.</li> </ul>	<ul style="list-style-type: none"> <li><b>Acquisition of treasury shares (totaling 199 million yen); total return ratio reached 45.6%.</b></li> </ul>

Comparison of ROIC and WACC

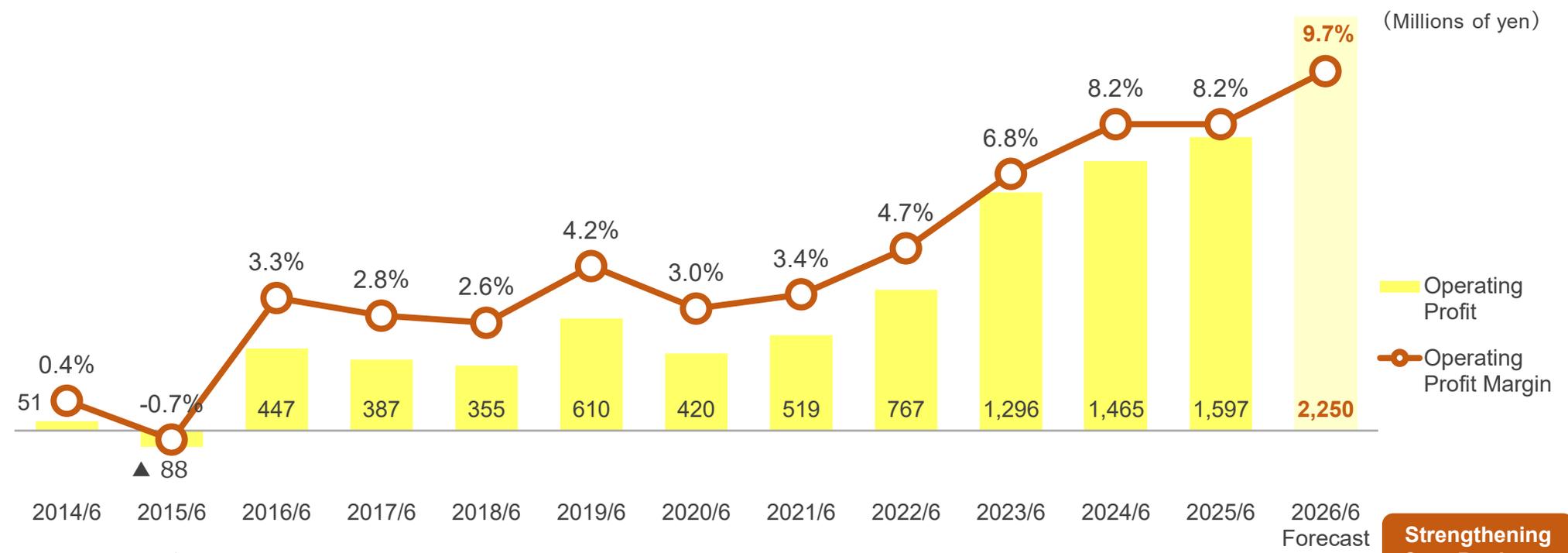


Comparison of ROE and Cost of Equity



Notes : ROIC is calculated as NOPAT (Operating profit × (1 - Statutory effective tax rate)) divided by invested capital (the average of interest-bearing debt and shareholders' equity during the period). Cost of equity is calculated using the Capital Asset Pricing Model (CAPM).

# Trends in Operating Margin Driving ROIC Improvement

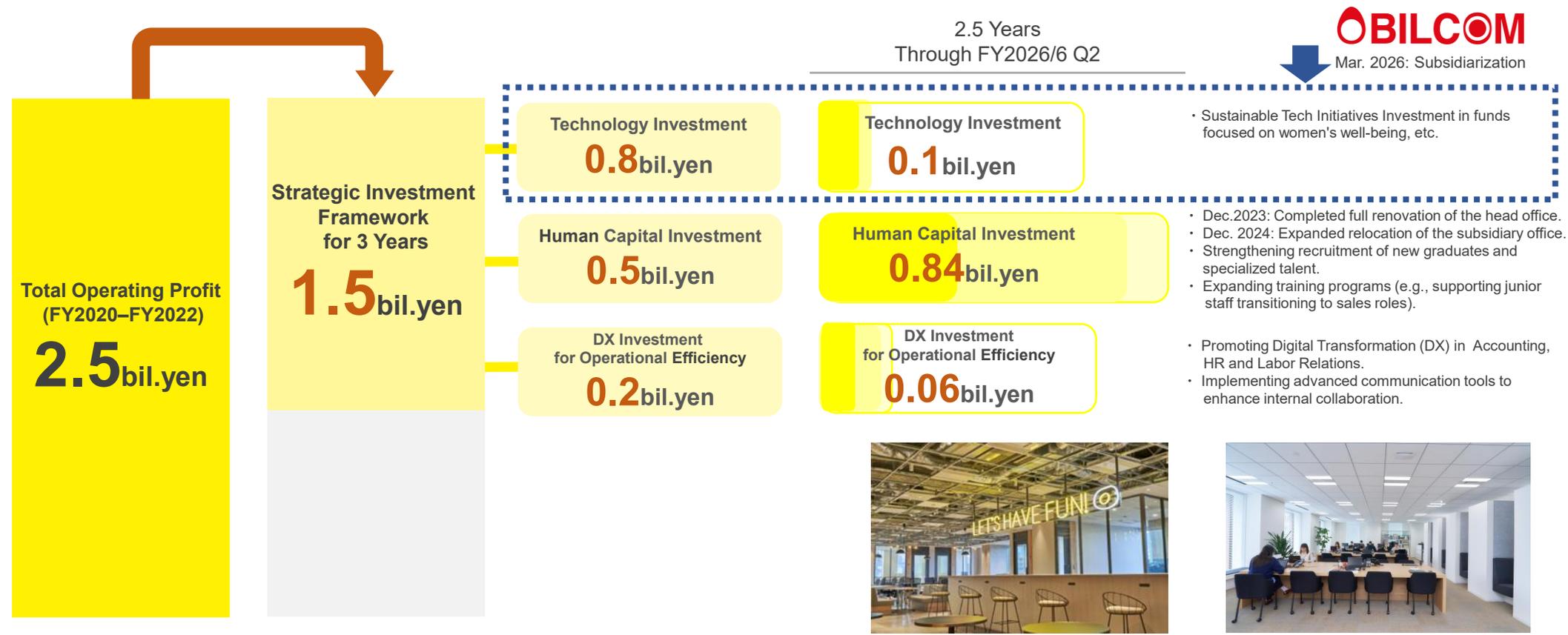


**Strengthening Core Business**

<b>Strategies</b>	<p>Jan. 2020: Transition to holding company structure</p> <p><b>May 2023: Announcement of Medium-to-Long Term Management Policy</b></p>
<b>M&amp;A</b>	<p><b>Mar. 2020: Subsidiarization of steady study Ltd.</b></p> <p><b>Jul./Sep. 2023: Management integration of three consolidated subsidiaries into SUNNY SIDE UP Inc. (via absorption merger)</b></p> <p><b>Mar. 2026: Subsidiarization of BILCOM Inc.</b></p>
<b>Portfolio Optimization</b>	<p>Jun. 2022 : Liquidation of SUNNY SIDE UP INTERNATIONAL, INC.</p> <p>Jul. 2022: Divestiture of all equity interests in bills Waikiki LLC</p> <p>Jul. 2023: Divestiture of all shares in Agile Inc.</p>

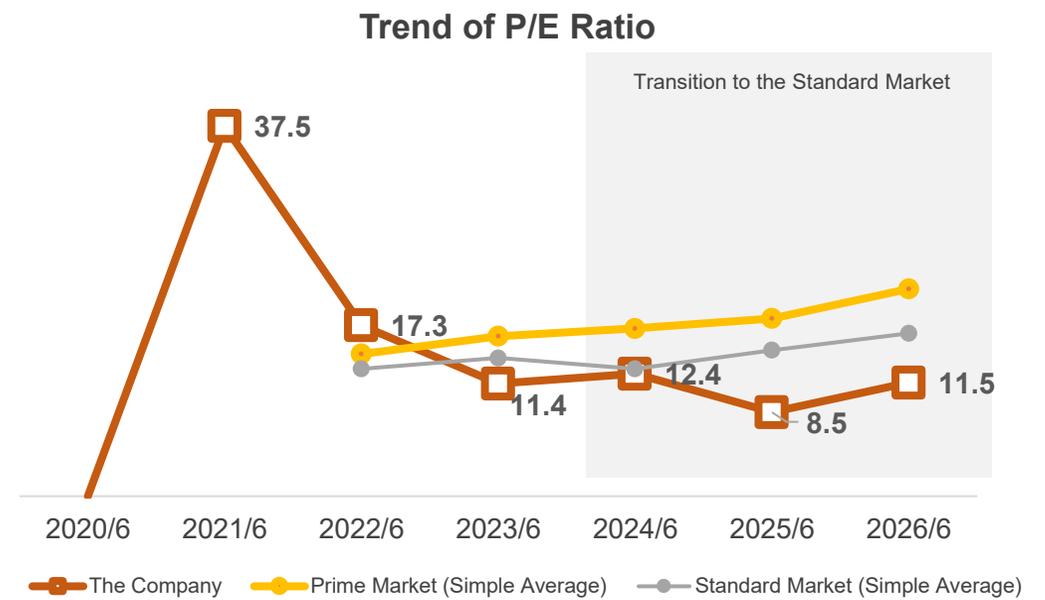
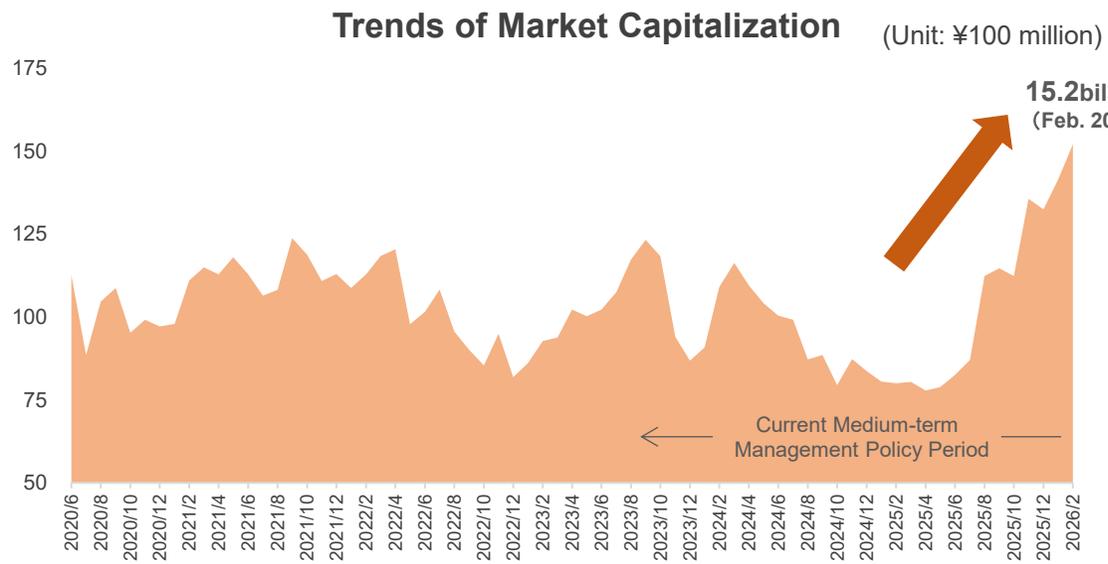
# Investment for Growth to Strengthen Profitability

- Under the current Medium-term Management Policy, we have established a 1.5-billion-yen strategic investment framework for growth. We are prioritizing allocation to human capital investment compared to the original plan.
- Leveraging M&A to strengthen the tech domain—a key strategic challenge—we have integrated PR effectiveness measurement tools into our core business to drive upselling.



## (ii) Gaining Market Valuation

		Key Initiatives	Evaluation
1) Fostering Expectations for Future Growth	○△	<ul style="list-style-type: none"> <li>Simultaneously announced share buybacks and revisions to earnings and dividend forecasts alongside earnings releases.</li> <li>Provided detailed explanations of the strategic rationale for M&amp;A and the objective of utilizing treasury shares as part of the transactions (since Jan. 2026).</li> </ul>	<ul style="list-style-type: none"> <li><b>Market Capitalization:</b> ¥10.2 billion (Jun. 2023) → ¥15.2 billion (Feb. 2026)</li> <li><b>P/E Ratio:</b> 11.4x (Jun. 2023) → 11.5x (Feb. 2026)</li> <li>Although the stock price is on an upward trend, the P/E ratio remains below the market average. Fostering expectations for future growth remains a key challenge for further valuation.</li> </ul>
2) Enhancing Stock Liquidity	△	<ul style="list-style-type: none"> <li>Ongoing implementation of IR initiatives specifically targeting individual investors.</li> </ul>	<ul style="list-style-type: none"> <li>Stock liquidity has been on a recovery trend since Aug. 2025, yet there is still significant room for further improvement.</li> </ul>
3) Strengthening Information Disclosure	△	<ul style="list-style-type: none"> <li>Continuous implementation of disclosures demonstrating the direct connection between business activities and our growth strategy (since Aug. 2025).</li> </ul>	<ul style="list-style-type: none"> <li>Further efforts are required to resolve information asymmetry regarding the effects of growth investments (M&amp;A synergies) and the next-phase growth strategy to build investor confidence.</li> </ul>



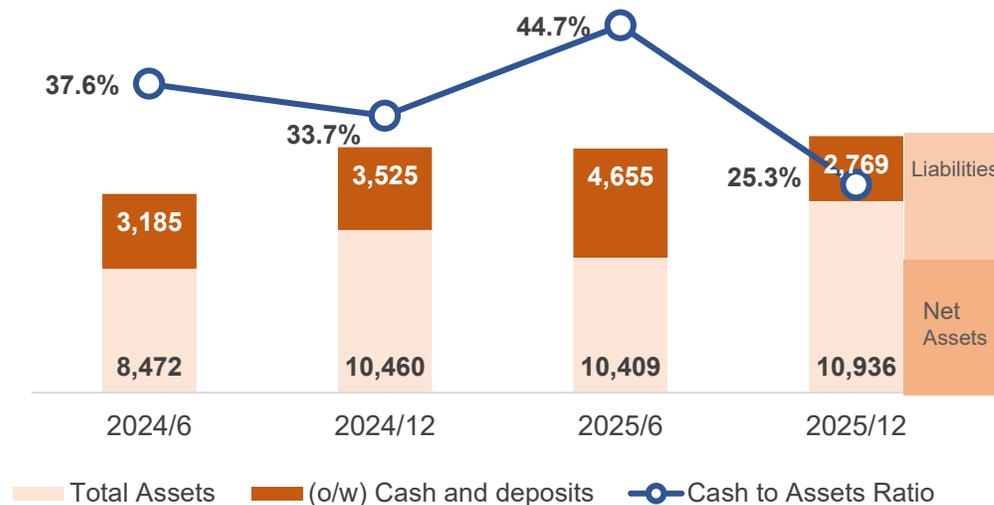
Notes: PBR= Closing stock price / Net Assets per Share (BPS). PER = Closing stock price / Net Income per Share. (EPS, Actual. Figures for Feb. 2026 are based on fiscal year-end forecasts) Market averages for the Prime and Standard Markets represent simple annual averages. (The figure for the end of Feb. 2026 represents a monthly simple average)

### (iii) Further Improving the Cost of Capital

		Key Initiatives	Evaluation
1) Improving Investor Predictability	○△	<ul style="list-style-type: none"> <li>Leveling bonus-related expenses at the budgeting stage to reduce Q4 performance fluctuations.</li> </ul>	<ul style="list-style-type: none"> <li>Enhanced predictability of quarterly performance for investors.</li> <li>Progress in internal mindset reform regarding the mitigation of earnings volatility through improved budgeting and planning processes</li> <li><b>The next strategic focus is to improve predictability over the medium-to-long term.</b></li> </ul>
2) Efficient Capital Utilization [New challenges identified through dialogue]	○	<ul style="list-style-type: none"> <li><b>Identified the optimization of cash holdings and their intended use as a key strategic challenge based on investor engagement.</b></li> </ul>	<ul style="list-style-type: none"> <li>Increased focus on capital efficiency through optimized capital allocation, including share buybacks and the utilization of stock-based consideration in M&amp;A transactions.</li> </ul>

Trend of Cash & Deposits and Cash-to-Assets Ratio

(Millions of yen)



M&A Transactions (Mar. 2026)



## Future Action Policy

### **【Analysis and Evaluation】**

**Previous Challenges:** In the past, despite improving business results, market recognition remained low due to information asymmetry. Furthermore, quarterly earnings volatility reduced predictability, preventing sustained valuation from the capital markets.

**Recent Success:** The recent turnaround is attributed to the continuous improvement in earnings, combined with a series of consecutive disclosures regarding our growth strategy and capital policy, which successfully bridged the gap with investors.

### **【Future Action Policy】**

On the other hand, our P/E ratio remains at low levels, indicating significant room for further improvement in (ii) Gaining Market Valuation.

**In addition to continuous improvement through the steady execution of our strategy for growth, we will proactively identify and address challenges through dialogue with the market. By repeatedly disclosing the correlation with our growth strategy, we aim to eliminate information asymmetry and foster market expectations and confidence in our future growth.**

#### **Key Initiatives from Mar. 2026**

- Sustain earnings improvement and launch initiatives for the next-phase growth strategy.
- Enhance predictability of future growth through consistent information dissemination.
- Pursue growth investment results (M&A synergy creation and productivity improvement) and strategic capital reallocation.
- Further improve capital efficiency through continued engagement with the market.

# Make World Better

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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.

Corporate Analysis and Administrative Team, Group Business Administrative Dept.

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