Sun*

Financial Results Briefing for the Third Quarter of the Fiscal Year Ending December 2020

Sun Asterisk Inc. | **Securities code：4053**

November 11, 2020

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Business Summary

MAKE
AWESOME
THINGS
THAT MATTER

Our Vision
Create a world where everyone has the freedom to make awesome things that matter.

"Sun" included in the company name is exactly "Sun". It is the infrastructure that nurtures all life on earth. We aim to illuminate innovative services and the "Seed" of new innovators with our light and become the most powerful infrastructure to nurture them.

By becoming the infrastructure for value creation, Sun* will evoke the passion for creativity that all humankind has had since birth and realize "a World where everyone has the freedom to make awesome things that matter".

Our Mission
Create radical products and businesses with people who actually care about what they do.

"＊ (Asterisk)" is a symbol for multiplication in many programming languages.

We will make positive updates to society by promoting digitalization in various industries through collaboration with people and things that cross the boundaries of startups and large companies, form the best team for value creation, and seriously challenge the social issues.

What is a Digital Creative Studio?

Digital Creative Studio

Enterprise New business

Startup Who need growth

Creative & Engineering

Talent Platform

A service that creates optimal teams that can utilize digital technology and creativity, promotes digitalization in all industries, and creates value that updates society.

Business Summary

Comprehensive support from business creation to service growth

Creative & Engineering

New business/product development support for business co-creation by a team specializing in tech, design, and business

Talent & Platform

Discovery, training and introduction of IT human resources in Japan and overseas

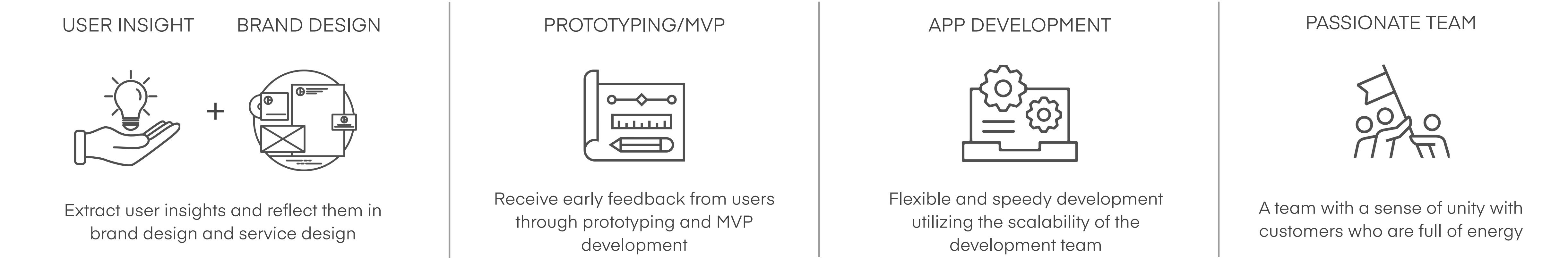# An Example of a Service Launched in the Third Quarter

MeeTruck

New business development support for MeeTruck, a joint venture between SoftBank Corp. and Nippon Express Corp.

Making the Vehicle Dispatch Business Paperless and Taking on the Challenge of DX for Core Delivery Business

Sun*'s UX team comprehensively supports the launch of "Vehicle dispatch support service for transportation companies," which is the founding business of MeeTruck. Accompanied by business development from the initial stage of the project, such as extraction of user insights, service brand design, MVP development, and promotion of highly mobile development. Achieve service in a short period of time with a team with a sense of unity.

| Business Co-Creation | Enterprise DX | Brand Design | User-Centered Design | Agile |

USER INSIGHT   BRAND DESIGN

Extract user insights and reflect them in brand design and service design

PROTOTYPING/MVP

Receive early feedback from users through prototyping and MVP development

APP DEVELOPMENT

Flexible and speedy development utilizing the scalability of the development team

PASSIONATE TEAM

A team with a sense of unity with customers who are full of energy

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An Example of a Service Launched in the Third Quarter

CRISP SALAD WORKS

Business development of custom salad specialty store "CRISP SALAD WORKS"

Supporting replacement and recruitment of engineers for over-the-counter self-cashless self-checkout "CRISP KIOSK"

Support for "CRISP SALAD WORKS", a new retail company that aims to innovate the existing restaurant industry through custom salads. We support CTO proxy support in the initial phase of startup, business planning, development implementation, and engineer recruitment.

Business Co-Creation   Startup   CTO Proxy   App Development   Recruitment Support

Digital channels such as mobile orders and completely cashless self-checkouts are being used in physical stores.

Having 18 custom salad specialty stores in Tokyo and are taking on the challenge of redefining restaurants through digital transformation

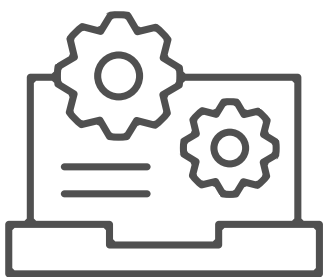### CTO SUPPORT

CTO proxy support. Supporting not only technical lead but also business planning and engineer recruitment

APP DEVELOPMENT

Foming an optimal development team in Japan and Vietnam. Accompanying with clients in implementation

RECRUITMENT SUPPORT

Recruiting support for building an engineer organization so that clients can promote development and operation within their own company

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Financial results for FY 2020 Q3 and the revision in full-year forecast for the Fiscal Year Ending December 2020

Financial Results Summary

Sales grew by **+18.5% year-on-year**, and profits achieved significant growth of **over 110% year-on-year**.

As of the end of the third quarter, the achievement of the full-year financial forecast announced on July 31 was almost certain, so the revision of the consolidated financial forecast was resolved as of that date. (The details of the revision are in the next section)

Unit : Million Yen

	2019 (Cumulative 3Q)	2020 (Cumulative 3Q)	Rate of Change	Full-Year Financial Forecast Before Revision	Progress Rate
Sales	3,349	**3,969**	18.5%	5,120	77.5%
Operating Income	328	**694**	111.1%	710	97.7%
Operating Rate of Return	9.8%	**17.4%**	—	13.9%	—
Ordinary Income	337	**721**	113.9%	726	99.3%
Net Income	286	**649**	127.0%	640	101.4%

※ FY12/2019 Q3 number is not audited by audit corporation.

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Revision of FY2020 consolidated financial forecast

While aggressive recruitment was promoted and sales exceeded the initial forecast, Sales, General, and Administrative Expenses were expected to fall below the initial forecast due to improved productivity, and the operating profit margin increased. Operating income, ordinary income and net income are expected to increase by around 20% from the previously announced forecast.

Unit : Million Yen

	Last Announcement (a.Before Revision)	This Announcement (b.After Revision)	Increase / decrease (b-a)	Rate of Change	Previous Term Results (Reference)	Rate of Change
Sales	5,120	**5,307**	187	3.7%	4,529	17.2%
Operating Income	710	**849**	139	19.5%	474	79.2%
Operating Rate of Return	13.9%	**16.0%**	—	—	10.5%	—
Ordinary Income	726	**876**	150	20.5%	486	80.3%
Net Income	640	**765**	125	19.4%	410	86.5%

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Progress Rate of Revised Full-Year Financial Forecast

The progress rate is sufficient for the revised full-year financial forecast.
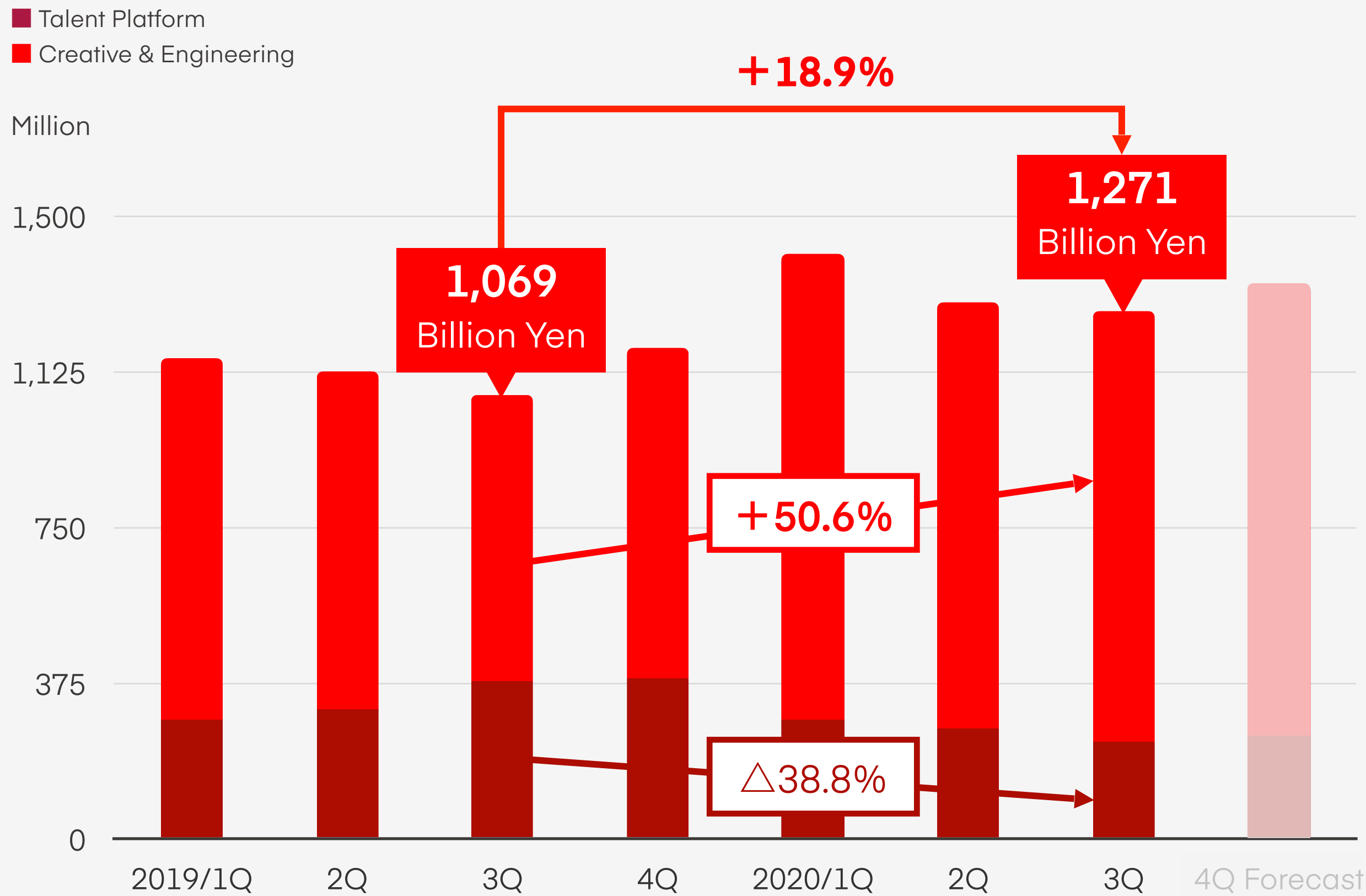
Unit : Million Yen

	2019 (Cumulative 3Q)	2020 (Cumulative 3Q)	Rate of Change	Revised Full-Year Financial Forecast	Progress Rate
Sales	3,349	**3,969**	18.5%	5,307	74.8%
Operating Income	328	**694**	111.1%	849	81.8%
Operating Rate of Return	9.8%	**17.4%**	—	16.0%	—
Ordinary Income	337	**721**	113.9%	876	82.4%
Net Income	286	**649**	127.0%	765	85.0%

※ FY12/2019 Q3 number is not audited by audit corporation.

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Sales Amount (Quarterly Change)

Sales for the quarter
12.71 billion yen.
(+18.9% year-on-year)

The main force of Creative and
Engineering drove overall performance

by **+50.6% year-on-year.**

■ Talent Platform
■ Creative & Engineering

Million

+18.9%

1,500

1,271
Billion Yen

1,069
Billion Yen

1,125

+50.6%

750

375

△38.8%

0

| 2019/1Q | 2Q | 3Q | 4Q | 2020/1Q | 2Q | 3Q | 4Q Forecast |

※ FY12/2019 Q3 number is not audited by audit corporation.

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Service Lines

<table>
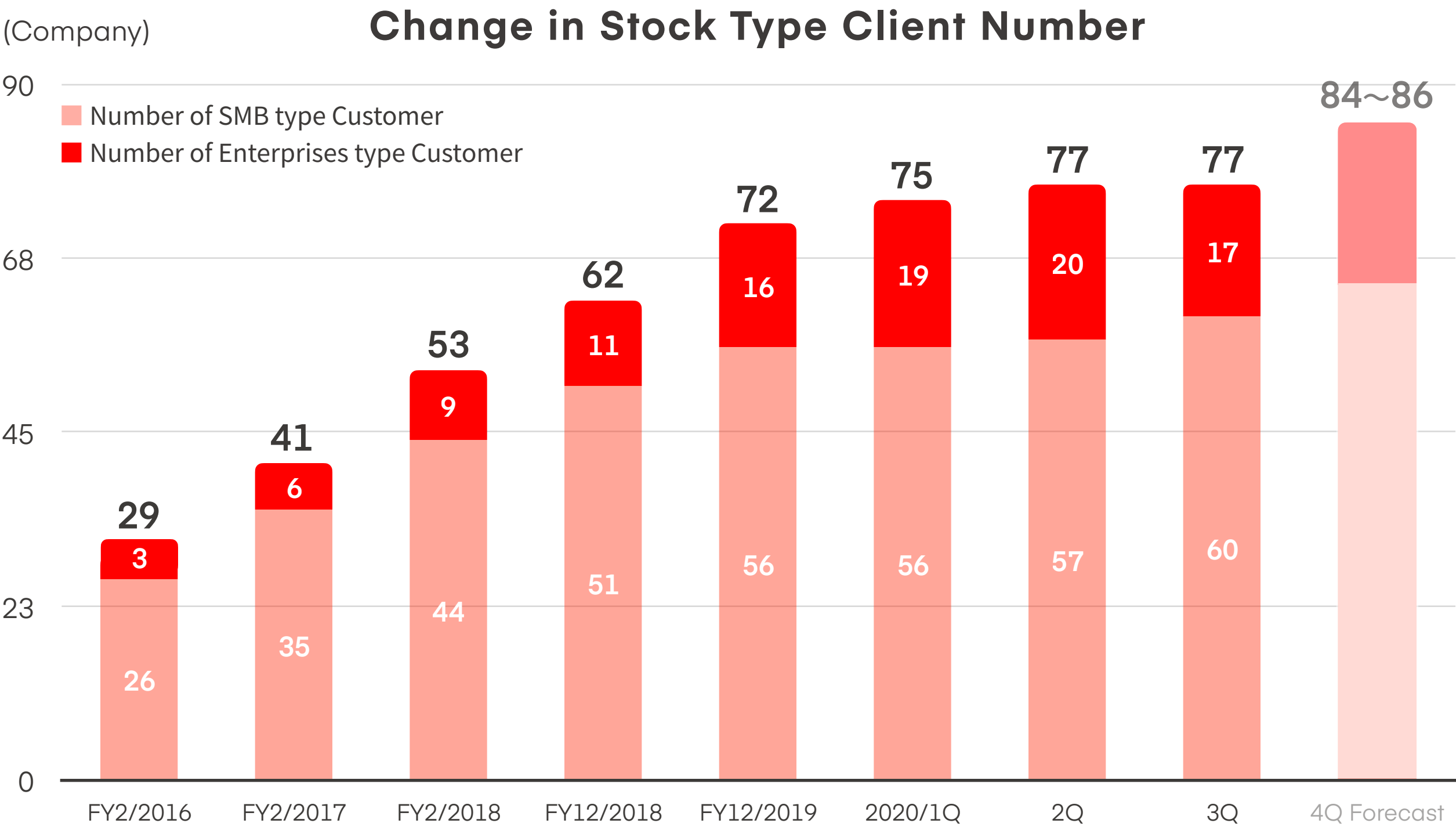<tr>
<td>Creative & Engineering</td>
<td>
• There is a certain number of customers and average monthly revenue per user (ARPU) and these figures are expected to continue increasing in FY 2020 4Q.
• Active recruitment is still conducted and the prior investment is prepared for the expected order after FY 2020 4Q.
</td>
</tr>
<tr>
<td>Talent Platform</td>
<td>
• Due to the impact of novel coronavirus, the result is slightly lower than initially expected.
• Signs of recovery from the demand of recruiting company resulted in the upward trend in the number of client company.
</td>
</tr>
</table>

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Change in Important KPIs

Stock Type Client Number and Average Monthly Revenue Per User stay around the previous quarter's level.

Change in Stock Type Client Number

(Company)

- Number of SMB type Customer
- Number of Enterprises type Customer

Change in Average Monthly Revenue Per User

(10,000 yen)

- Total
- SMB ARPU
- EnterPrise ARPU
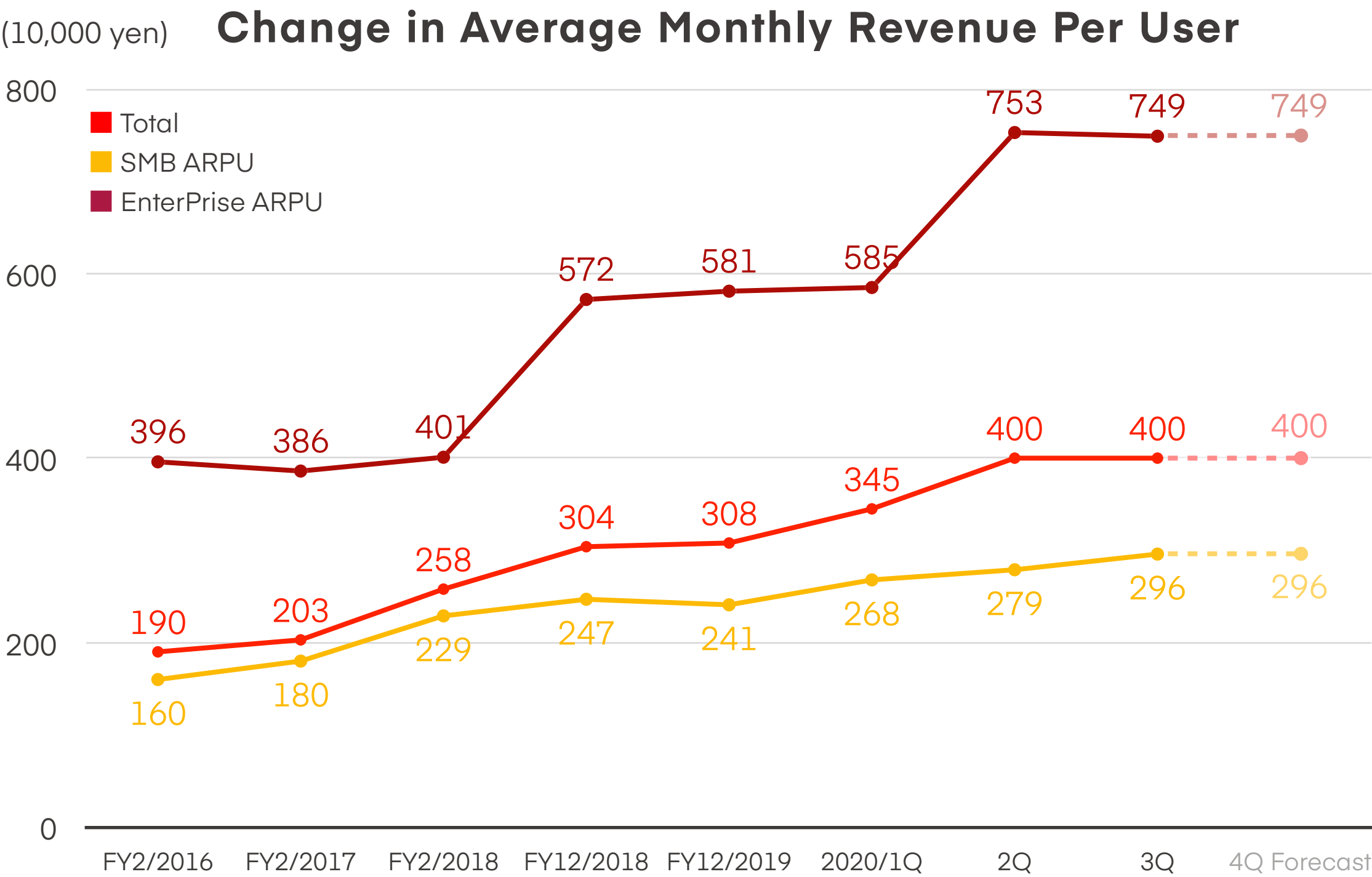
Enterprises：Listed companies that have been adopted in Nikkei 225, Nikkei 400, Nikkei 500, or listed companies that have market capitalization, sales volumes and number of employees equivalent to the group companies of the same companies or the above companies.

SMB：Abbreviated name of Small-Medium size Business. All companies except what we define as enterprise.

※ In this document, FY20 KPI value are given as quarterly value. While the value stated in Financial Results and Quaterly Report are cumulative value so there is a difference between these KPI values.

Change in important KPIs

Stock Type Client Number

- Number of enterprise in FY20/3Q increases by 1 company, decreases by 4 companies.

- 4 companies above has changed policies, postponed project, suspended business due to the impact of new coronavirus.

- Number of SMB is steadily increasing and net increase is 3 companies.

- The landing forecast at the end of December 2020 is 84 ~ 86 companies. (+16.7～19.4% year-on-year)

Average Monthly Revenue Per User (ARPU)

- Maintain the same level as FY20/2Q with significant increase.

- Remain the same level in 4Q, and the landing forecast for cumulative period for FY 2020 is 3.82 million yen. (+25.5% year-on-year)

Balance Sheet comparison

Cash on hand, Cash and Cash equivalents and Net Asset increase due to the IPO financing and 3Q profit recording.
Equity Ratio is 80.4%, and implies an increase in the stability of financial base.

(Million yen)	FY 12/2020 Q2-end	FY 12/2020 Q2-end	Change	Main Factors
Current Assets	3,742	**5,652**	1,910	Increase in cash and cash equivalents due to the IPO financing and 3Q profit recording.
Cash and Cash equivalents	3,111	**5,062**	1,951	Increase due to the IPO financing and 3Q profit recording.
Fixed Assets	454	**431**	△23	
Fixed Assets	4,197	**6,084**	1,887	Increase due to the IPO financing and 3Q profit recording.
Current Liabilities	883	**971**	88	
Fixed Liabilities	301	**223**	△78	
Net Asset	3,012	**4,888**	1,876	Increase due to the increase of capital when IPO and 3Q profit recording.
Total Liabilities and Equity	4,197	**6,084**	1,887	Increase in Net Asset due to the increase of capital when IPO and 3Q profit recording.
Equity Ratio	71.7%	**80.4%**	—	

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Future Growth Strategy Topics

Customer Strategy

Strengthen all the channels, obtain new customers and increase ARPU
for both Enterprises and SMB.

Measure to obtain Stock type clients   **ARPU Improvements**

Marketing

Referral from
existing client   Alliances   Web Marketing

Rooms for Enterprise Clients
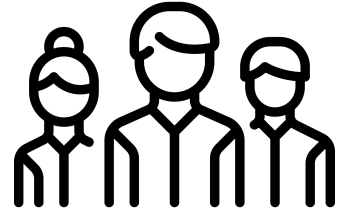
Sales

Main Factors

Inside sales
Team strengthen   Field sales
Team strengthen

Obtain new high ARPU
projects   ARPU growth for existing
projects

Promotion of Cyber Security

Partner with Red Team Technologies and start providing
Crowdsourced and Penetration Test Service of "Synack" given by Pentagon.

We strive to provide advanced security service by experts
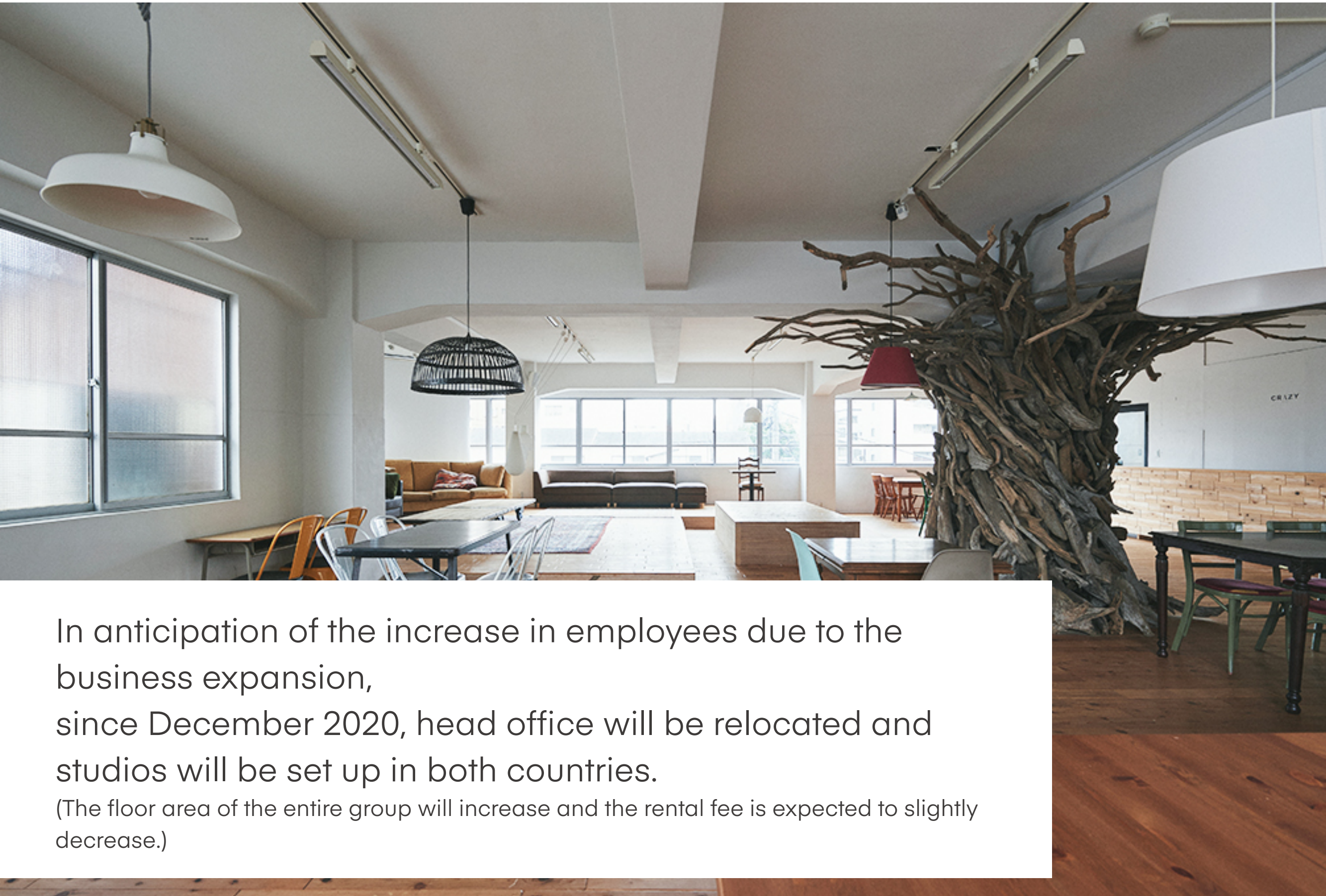and aim to improve security of all industries.

Strengthen system for Enterprises

In January 2021 we decide to establish a Design Consulting Firm
to support new business creation through Creative x Business.

NEWh

We will strengthen the support system from creating unique ideas to setting up strong business models,
accompany and support the whole process that is necessary for new business start-up in major company.

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Plan on relocating head office and setting up studios in both countries

In anticipation of the increase in employees due to the business expansion,
since December 2020, head office will be relocated and studios will be set up in both countries.
(The floor area of the entire group will increase and the rental fee is expected to slightly decrease.)

In our company, office is positioned as a community space where we can gather when neccesary, promote communication, build relationship of trust, share values and goals and improve intellectual productivity. Therefore in our office strategy, we focus on creating the optimal base and space at the optimal cost.

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Create a world where everyone has the freedom to make awesome things that matter.

Sun* aims for world peace.
Looking around the world, there are a variety of issues ranging from the major social issues that are mentioned in the SDGs to the issues of everyday life.
We will use digital technology and creativity to solve these problems.
We aim to realize a future where solutions can be made, and a world where people can freely create the values they envision.
World peace for us is like everyone's childhood, excited about creating new value and looking forward to a new morning.
Sun* will build the infrastructure to realize such a "world where everyone has the freedom to make awesome things that matter ".
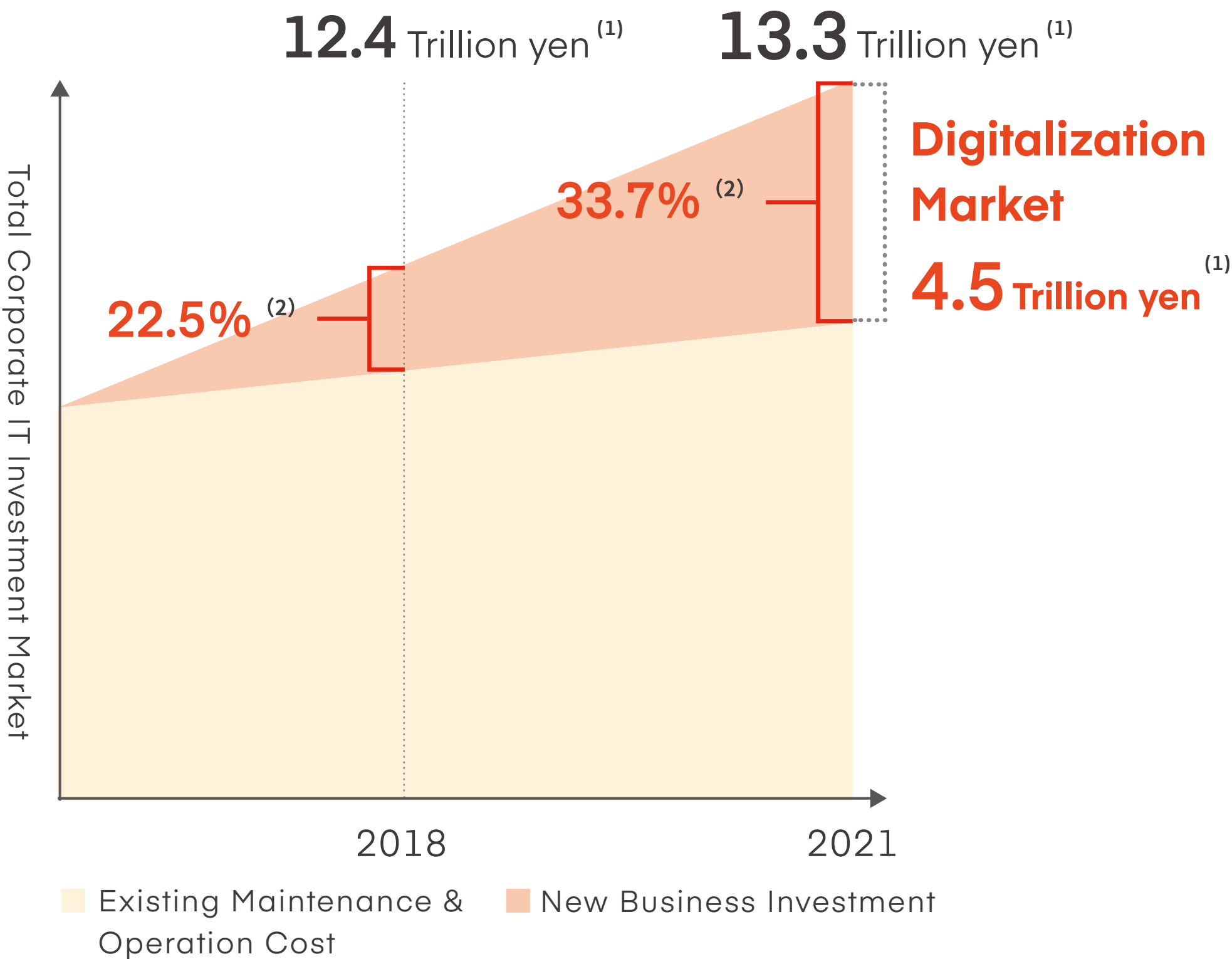
4
Appendix

Overview of Digital Transformation market

Two types of Digital Transformation

There are 2 different types in Digital Transformation market and 2 different methods to access.

Classification	**Digitization**	**Digitalization**
Target	**Digitalization of Business process** **Cost optimization** Business efficiency improvement by renewing core systems	**Digitalization of Business** **Revenue growth** Update and change into a digital company
Requirement	**Stability and Quality**	**Flexibility and Speed**
Method	**Problem solving** Identify problems, organize business flow, design a system of requirement definition, apply a system of Waterfall development, and maintain, measure, improve effectiveness	**Value creation** Use design thinking to create new ideas. Lean startup, MVP development, Agile development. High speed DevOps system and Operation

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Market size of digitalization

12.4 Trillion yen [1]

13.3 Trillion yen [1]

Digitalization Market

33.7% [2]

4.5 Trillion yen [1]

22.5% [2]

Total Corprate IT Investment Market

2018   2021

☐ Existing Maintenance & Operation Cost   ☐ New Business Investment

The size of the private domestic IT market will continue to increase.

In particular, it is estimated that the new business investment budget, which has remained at 22.5% of the total, will increase to 33.7% in three years, and the digitalization market size will reach 4.5 trillion yen.

(1) Domestic company's IT investment research (2019). Yano Research Institute Ltd.

(2) Company's IT trend research 2019. Japan Users Association of Information System

(3) The market estimation is calculated by Sun Asterisk Inc. Therefore actual number may differ.

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Expansion of demand due to changes in domestic macro environment

The decrease in production workforce due to declining birthrate and aging population,
Shortage of IT Human Resources due to digital transformation.

2030

787,000 people

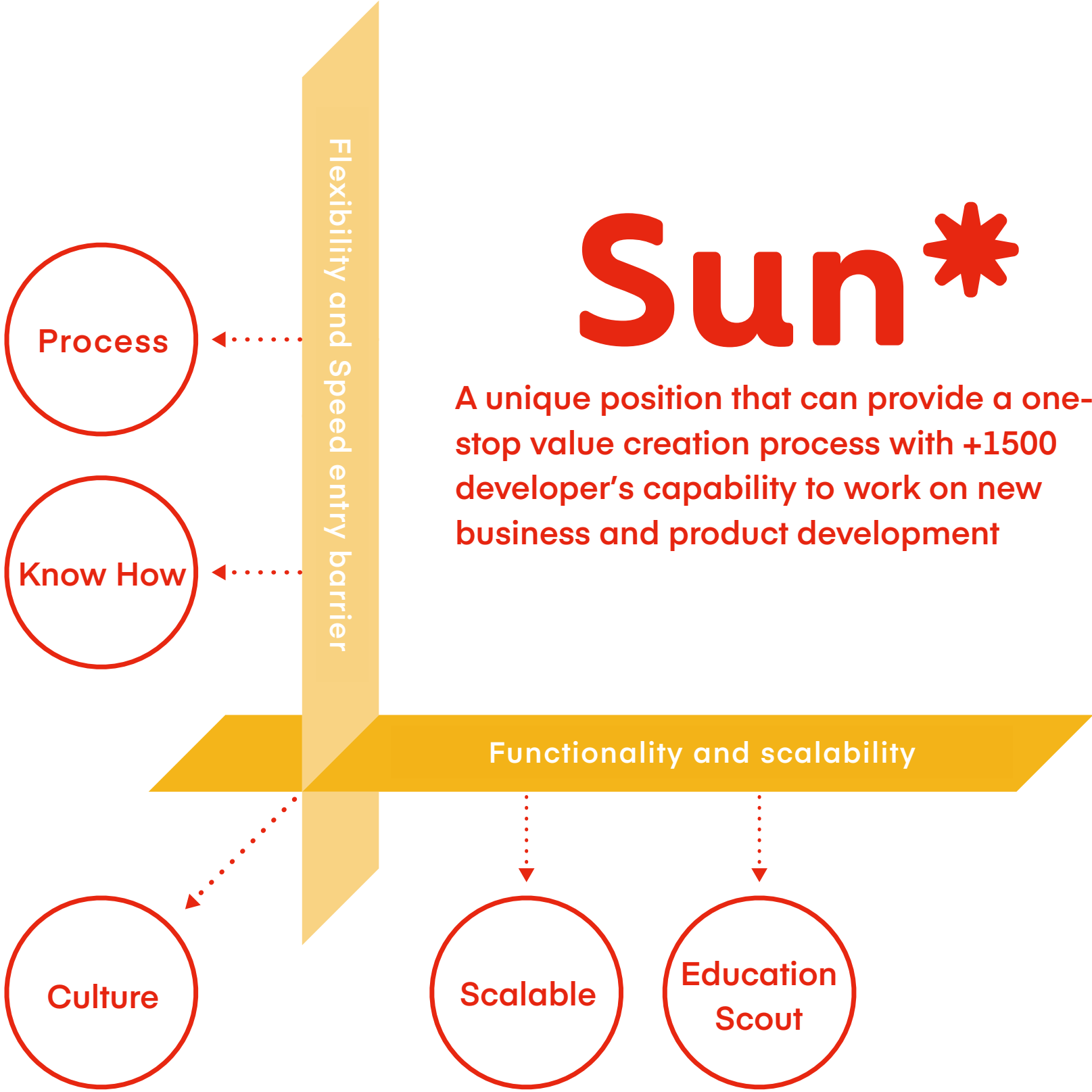## IT talent shortage (1)

2065

32 million people

Decrease in production workforce (2)

(1) Biggest number describe in IT talents demands: Ministry of Economy Trade and Industry

(2) Biggest number describe in White paper information and Communication Japan 2018: Ministry of Internal Affair and Communication

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Sun* Uniqueness in DX Market

Unique position to provide one-stop new business/product development

Flexibility and Speed entry barrier

Process

Know How

Functionality and scalability

Culture

Scalable

Education Scout

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A unique position that can provide a one-stop value creation process with +1500 developer's capability to work on new business and product development

Process
The value creation process that has been repeatedly refined through design thinking, lean startup and agile development.

Know-how
Reproducibility by the data platform acquired through over 300 new business-oriented-projects.

Culture
Setup a global base and the visions building an infrastructure where anyone can create value.

Scale
Implement recruitment and traing Human Resources. Currently we have more than 1,500 employees who have experiences in the value creation process.

Recruitment and training
Utilize the value creation process/knowhow and construct the training ecosystem linked to educational organization to discover and train talented human resources.

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Support cases of promoting New Bussinesses and DX
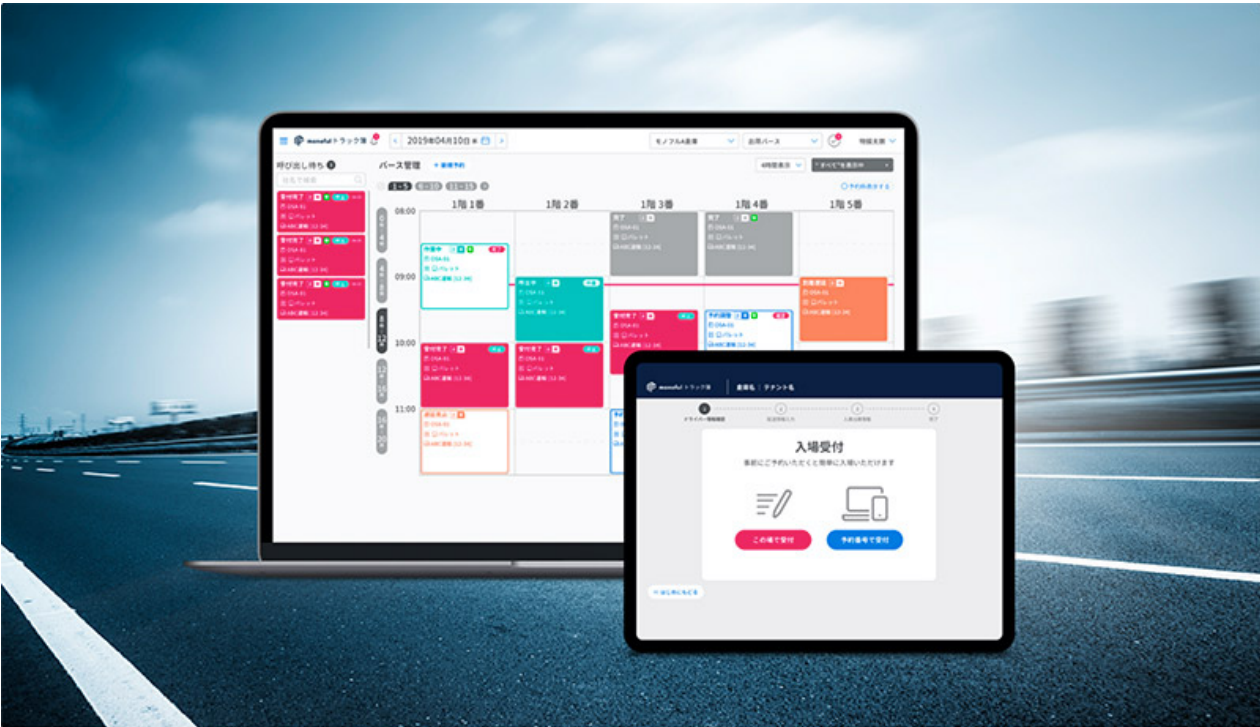
Start up a new business that innovates logistics industry in half a year

Monoful Inc.

Trackbook – Vehicle allocation plus

A Challenge to strengthen people and society by Sport Data

SSK CORPORATION

Smart League

Make Yurakucho the more likely place for diverse individuals to gather

Mitsubishi Estate

SAAI Wonder Working Community

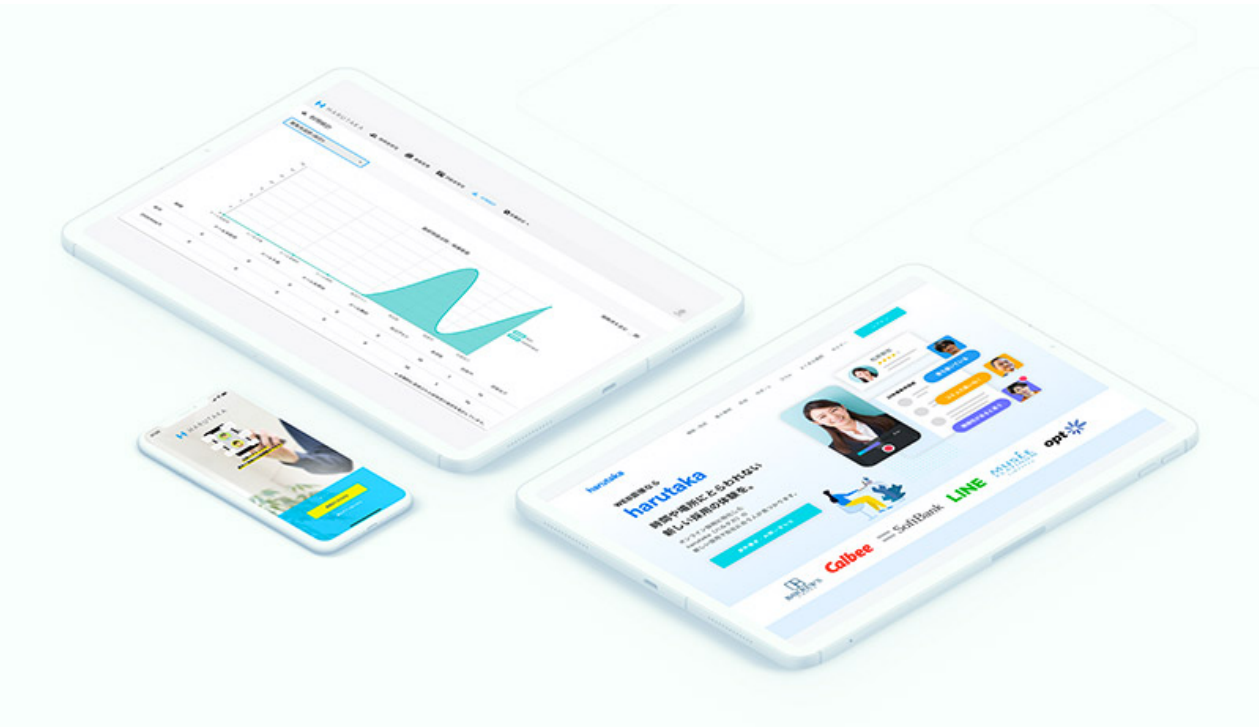**An app that realizes a custom-made lifestyle**

Kurashicom Inc.

Nordic, living tool store

Reveal the value of Ueno's culture and art that represents Japan

UENO Cultural Parks／LINE Pay Corporation

TOKYO-UENO WONDERER PASS

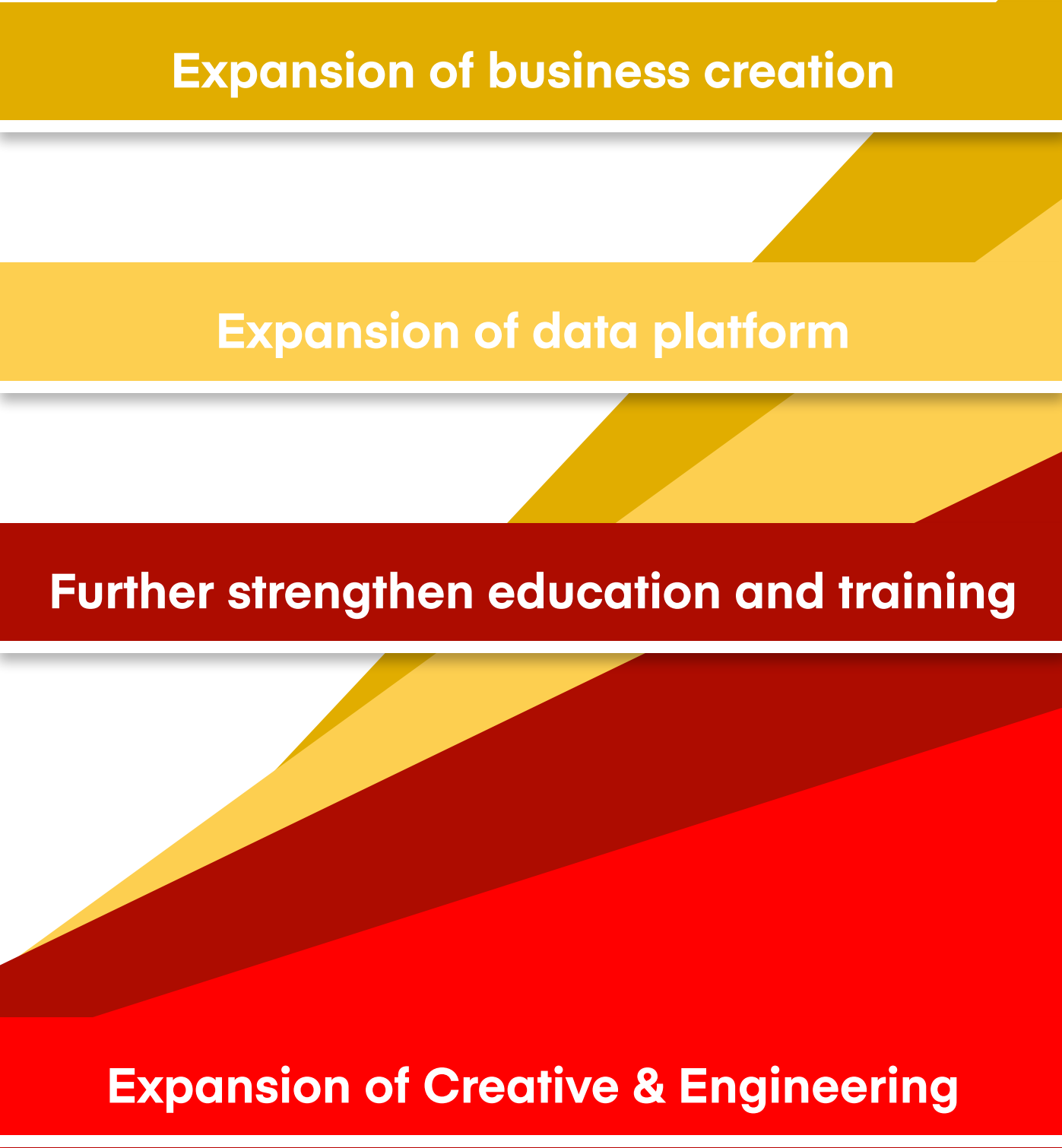**DX Implementation in recruitment process through Start up Studio**

ZENKIGEN. Inc

HARUTAKA

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Future Growth Strategy

We will continue to expand the existing digital creative studio business, further improve the quantity and quality in the education and training fields, and improve reproducibitlity by expanding the data platform and develop the social implementation of advanced technology.

Then, increasing the ratio of new businesses in Japan and overseas and committing to create more valuable businesses and business growth will be the axis of new businesses that support the company's growth drive.

Expansion of business creation

Expansion of data platform

Further strengthen education and training

NOW

Expansion of Creative & Engineering

Contribution of SDGs

Efforts to eliminate poverty

Every year, we visit elementary schools in Vietnam and donate to children. In recent years, Vietnam has become economically rich in urban areas, but many rural areas are still poor. Schools in such rural poor areas have many children living in poor family background. We donate daily necessities and stationery to such children.

As you can see from the pictures of the event, there are many children and adults wearing folk costumes. Minorities live in Vietnam's rural areas (especially in the mountainous areas), and many people living in the mountainous areas do not benefit from Vietnam's economic development.
Sun* is working on poverty prevention through donations to these people.

Contribution of SDGs

Provide high quality education at no cost

Sun* believes that it is important to ensure that quality education is distributed to people around the world in order to achieve the sustainable world of the SDGs. In addition to basic education, it is important to create an environment in which there are opportunities for advanced education and lifelong learning that continues to be learned even after appearing in society.

If we can provide quality education for free, we can provide quality education regardless of rich or poor. If you can educate and acquire advanced skills, you will have an opportunity to play an active role in advanced countries such as Japan. We believe that increasing the number of successful cases of receiving free education and being hired as advanced human resources in developed countries will expand the opportunities for free education and provide education opportunities to more people.

With this in mind, Sun* is committed to providing high-quality education free of charge. In cooperation with universities in Vietnam, Indonesia, and Malaysia, we dispatch IT and Japanese language education teachers as volunteers.

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Contribution of SDGs

Creating a base for industrial and technological innovation with Digital Transformation

We are promoting innovation through the business of Sun*'s creative studio. We will also focus on the promotion of DX and promote comprehensive and sustainable industrialization.

Throughout the business, we are committed to fostering technology talent to drive innovation that creates a continuous industry.

The digitization of businesses is not just about streamlining operations but pursuing further growth.

Sun* recognizes that DX = Digital Transformation, which is one of the key issues in the field, is important for various industries to grow sustainably and contribute to society.

Although DX is often regarded as the digitization of existing businesses and operations, we do not simply aim at "improving the efficiency of operations" but ask all partners working on DX to "develop the business through business structure reform". We can grow our business even further by having the common goal that sustainable development is the benefit of digitalization.

Sun* specializes in UI/UX and design thinking in addition to providing upstream consulting, development and implementation, and original MVP development package products according to the content of issues for each company centered on the achievement of various product developments of 300 companies. We provide comprehensive solutions necessary for DX, including specialized consulting products and human resource support through the education business.

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Let's make awesome things that matter.