



Financial Results Explanatory Materials for the
First Quarter of the Fiscal Year Ending December 2021

Sun Asterisk Inc. | Securities code : 4053

May 13, 2021



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1

Business Summary



**MAKE
AWESOME
THINGS
THAT MATTER**

Our Vision

Create 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.

Company Profile

Company

Founded **2013**

Employees (1) **1,500+**

Sun Asterisk : 120+
 Sun Asterisk Vietnam : 1300+
 GROOVE GEAR : 80+
 NEWh : 10+

Management

CEO	Taihei Kobayashi
Co-founder, Director	Makoto Hirai
Director	Yusuke Hattori
Director	Takuya Umeda
Director: an Audit and Supervisory Committee member	Ken Nihonyanagi
Outside director	Toshihiro Ozawa
Outside director	Eriko Ishii

Financial (Previous period)

Sales (2) **5.36** Billion

Net Income (2) **0.80** Billion

Sales CAGR (3) **44.2%**

KPIs

Stock Type
 Client (4) **88** Clients

ARPU (5) **4.39** million

Churn Rate (6) **3.63%**

(1) 03/2021(including temporary hirings)

(2) FY12/2020

(3) From FY2/2016 to FY12/2020's Yearly Average Revenue Growth

(4) 03/2021

(5) FY12/2020 Q1

(6) Calculated from 2015/1 to 2020/12. 72 month average. # of churn clients/ existing clients average



What is a Digital Creative Studio?



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

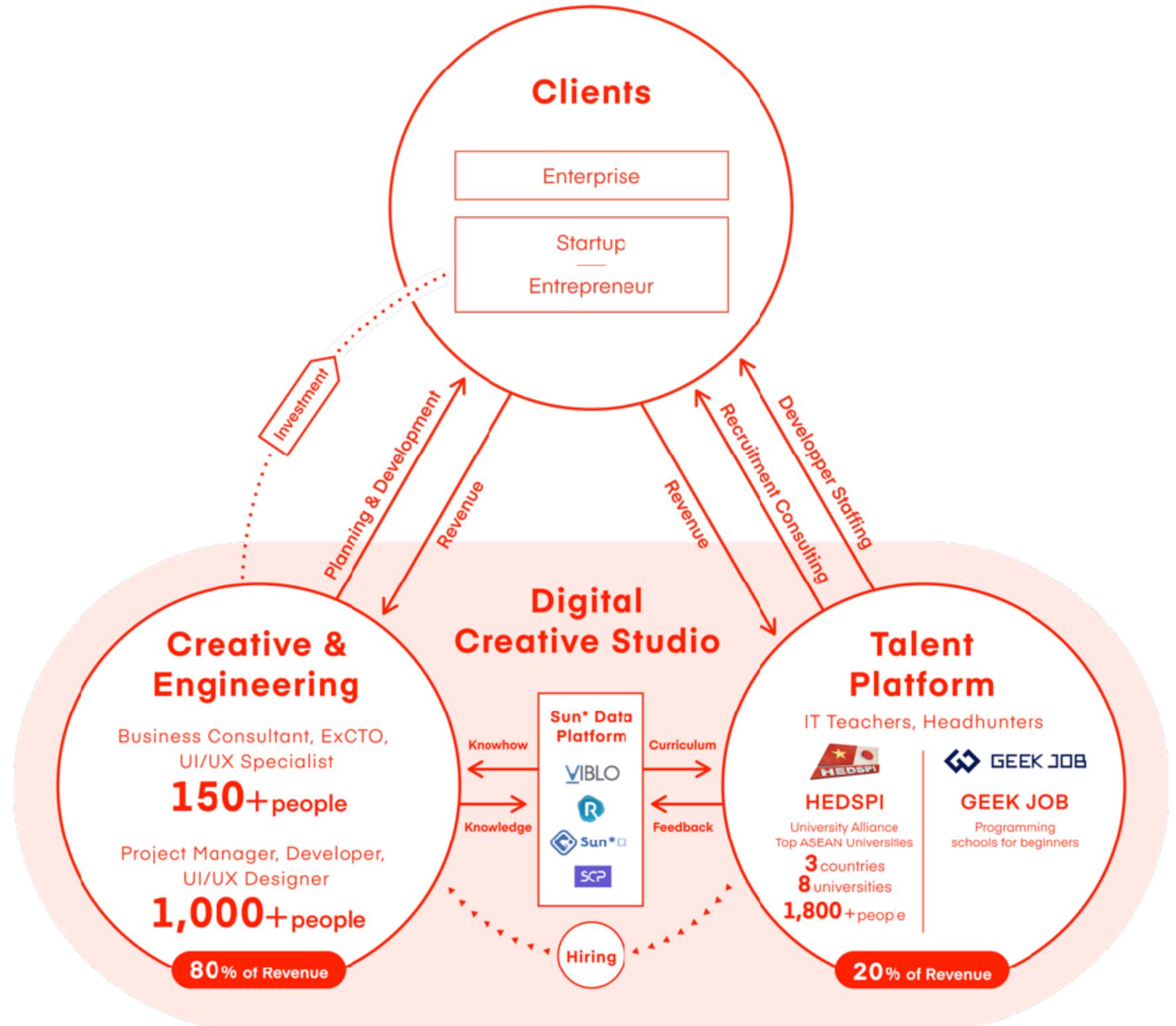
Supporting from business creation to service growth.

Creative & Engineering

Tech, Design, Business Professional team creates and supports new business and product development.

Talent Platform

Scouting, Educating, and recruiting IT talent in Japan and abroad



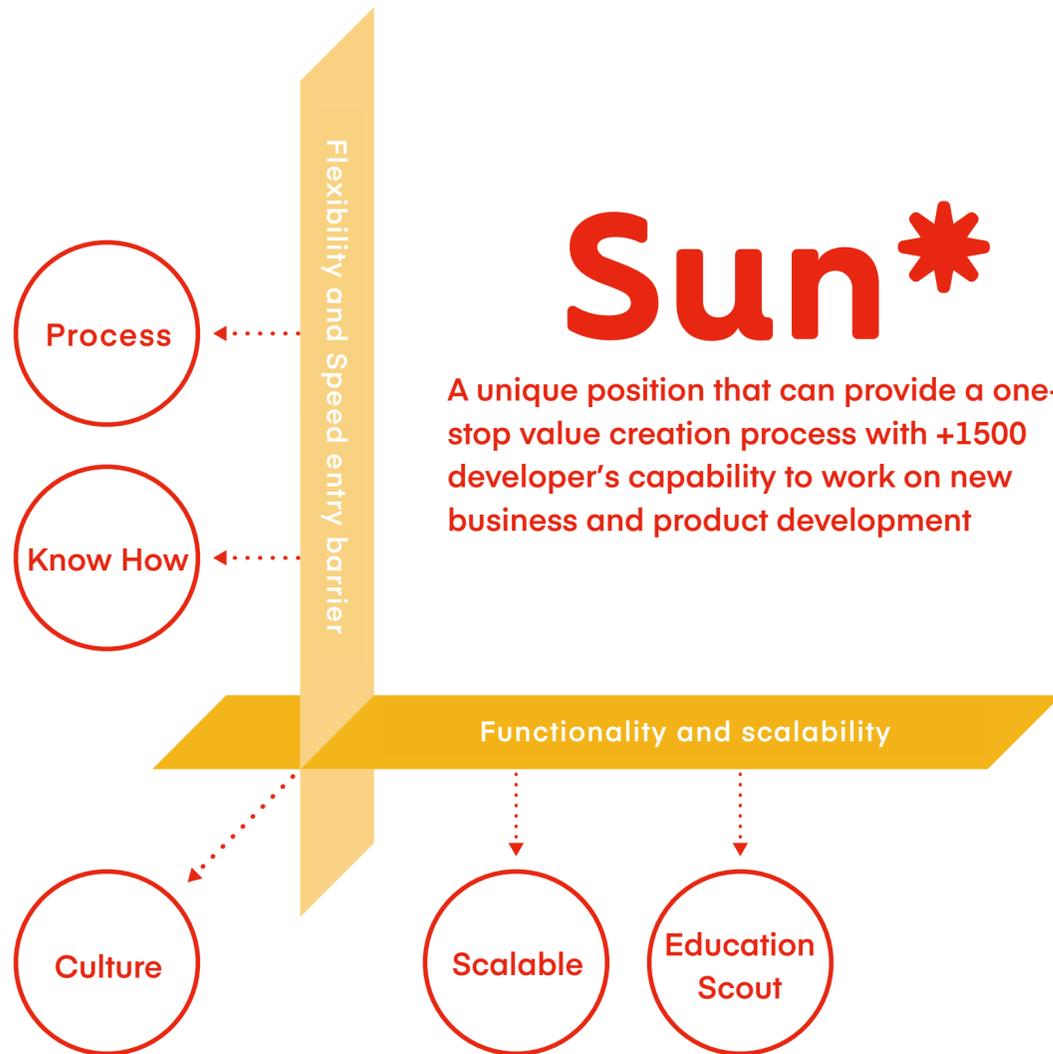
The two types of DX proposed by Sun*

The two types of digital transformation and the method to reach the target

Classification	Digitization	Digitalization
Target	Digitize the business process Improve business efficiency Such as renewing the core system	Digitalize the business The growth of revenue 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

Sun* Uniqueness in DX Market

Unique position to provide one-stop new business/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 training 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.

DX Case Study : Nissan Car Rental Solutions Co., Ltd.



NISSAN Rent-A-Car's first official app that allows you to complete everything from reservation to return in one app.

Providing an unprecedented, stress-free and comfortable car rental experience with an app



ISSUE Client Issues

A complex system involving six vendors.

The car rental industry is expanding its market as lifestyles change. The company decided to introduce an app to further expand its market share by utilizing unmanned stores and self check-in. With a complex system involving six vendors, including a group of current systems to be linked, the company was unable to provide the product owner structure to drive the development project.

SOLUTION Suggestion from Sun*

A development team of 25 people with a focus on product owner

Since this was the first time for the company to develop an application, Sun* assigned a "Product Owner Support". In order to respond flexibly to changes in specifications, we utilized agile practices and optimized the development method and system while running a cycle of issue discovery in a short period of time. With a total of 25 people in the development team from Vietnam and Japan, we worked with the client from coordination with each vendor to requirements definition and release.

RESULT Results of development support

Release in 8 months using agile practices

It took eight months to release the first product. It was released as the first application with features such as self check-in function for a major car rental company. Although it was a difficult development, we were able to release it on time thanks to the enthusiasm of the client and the cooperation of existing vendors, while flexibly expanding the development system to meet the challenges. We will continue to support the development of functional enhancements in the future.

Online customer service platform using chatbots

Achieved record sales by improving the system and responding quickly



<https://botchan.chat/>

ISSUE Client Issues

Breaking free from personalization and switching to scale the business

They have been using a development company in Vietnam for the past six years. The issue that they felt with the previous offshore companies was personalization. They felt there was a risk of not knowing what to do unless they asked this person. In order to solve this problem, they asked us to help them switch to our company.

WHY? Reasons for choosing Sun* as partners

The reassurance of being visionary and scalable

Sun* is a development company in Vietnam with a corporate culture similar to a start-up. We sympathized with their passion for Vietnam and their visionary point of view that they enjoy engineering, and felt that we could grow with them. Although the cost was higher than our previous development partners, the high level of technology and the reassurance of having a sense of scale and a rich track record helped us gain the trust of our clients.

RESULT Results of development support

Improved development capability through management by Japanese PM

A Japanese PM who is well versed in technology manages a 10-member team in Vietnam and supports smooth communication with the client team. By having a Japanese person in between, the nuances can be conveyed 100% and the quality and speed of development is greatly improved. As a result, the company was able to conduct business-oriented development and achieve record high sales.

In addition, when the server was attacked, we made an emergency call at midnight on a Saturday. We explained the situation to the executives and promptly implemented risk management. The incident did not lead to a major accident, and we received words of gratitude.

DX Case Study : SPORTS BULL

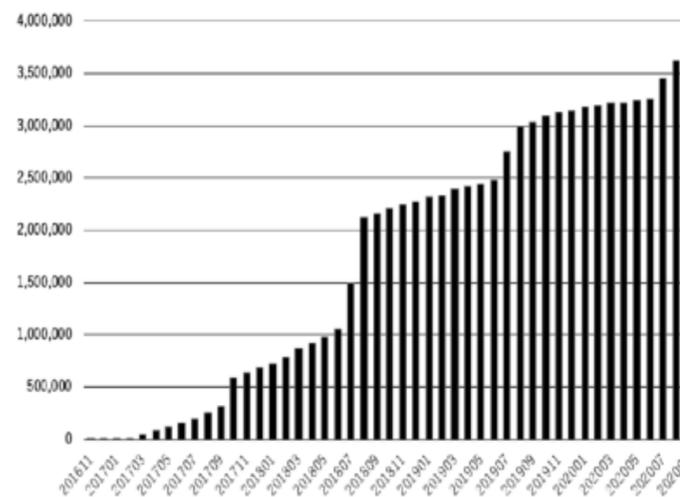


Sports Internet Media "SPORTS BULL"

Full renewal to become the flagship service of the 5G era

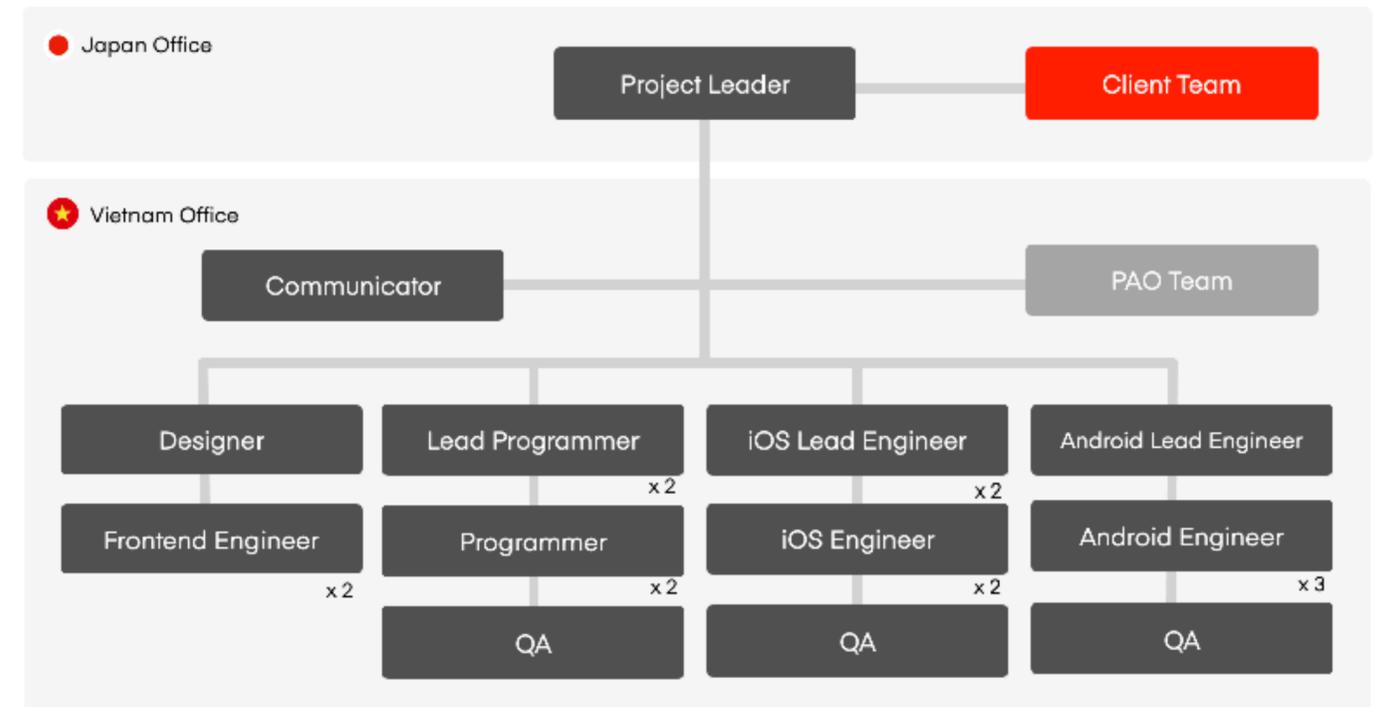


4 years since service launch
Number of app downloads
exceeds 3.5 million



Accompanying the growth of the service since 2018

We have provided comprehensive support for web, iOS, and Android development. We have established an exclusive development team at our Vietnam base, and an experienced lead engineer who acts as a bridge from the Japanese side manages the team. We are continuing to support development and recruitment while flexibly changing the structure.



Development team of up to 21 people

Powerful vertical full-screen video and Strengthen ties with superior sports services

For this renewal, a new "vertical full screen video" function has been added. The goal is to create a new interest in sports by providing an opportunity to easily access a wide range of sports videos that transcend the barriers between professionals and amateurs.



Support cases of promoting New Businesses and DX



MeeTruck
SoftBank Corp./MeeTruck K. K.



Smart League
SSK CORPORATION



SAAI Wonder Working Community
Mitsubishi Estate Company CO., LTD.



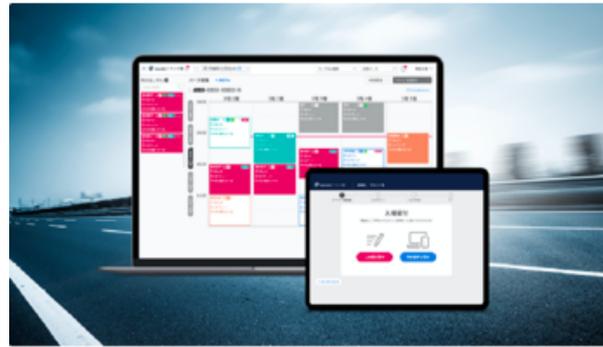
Core systems related to the
"KUMONO UCYUSEN" NIPPON GAS CO.,LTD.



BI tools, RPA implementation support
LAWSON, INC.



0→1Apps
01Booster Inc.



Truckbook / dplus
Monoful Inc.



TOKYO-UENO WONDERER PASS
UENO Cultural Park/
LINE Pay Corporation



Todokun
NPO Bridge for Smile



Hokuoh, Kurashino Douguten store
Kurashicom Inc.



HARUTAKA
ZENKIGEN Inc.



TENANTA
tenant inc.



Kauriru
TENT Inc.



Senses
mazrica inc.



Update on the website
<https://sun-asterisk.com/works/>



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FY2021 Q1 Performance Highlights

Financial Results Summary

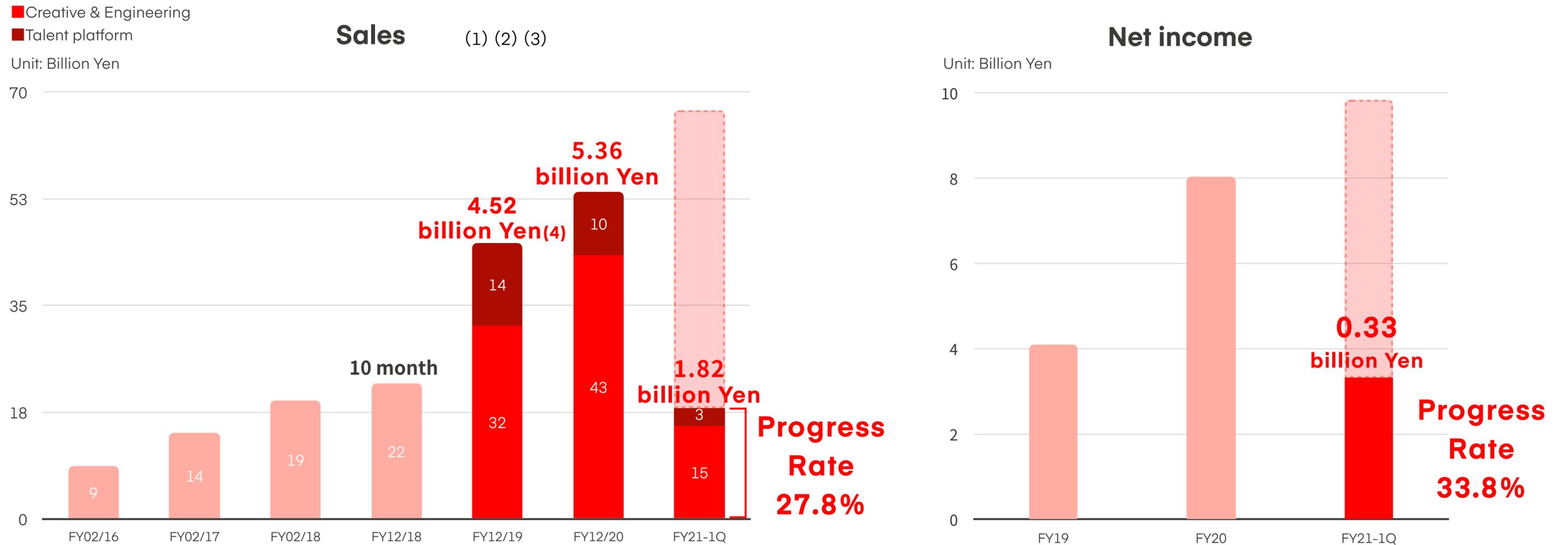
Achieved strong growth in both sales and each profit, and made steady progress against the forecast. Record high quarterly sales.

Unit : Million Yen

	FY2020 Q1	FY2021 Q1	Rate of Change	Financial Forecast	Progress Rate
Sales	1,407	1,822	29.5%	6,608	27.8%
Operating Income	299	417	39.2%	1,100	37.9%
Operating Rate of Return	21.3%	22.0%	—	16.7%	—
Ordinary Income	303	391	29.2%	1,153	33.9%
Net Income	268	332	23.8%	983	33.8%

Changes in sales and net income

Achieve high sales and profit growth through growth in Creative & Engineering.



(1) FY 12/2018 is 10 month fiscal year period due to change in accounting period

(2) Sales history presents non-consolidated before FY2/2018

(3) From FY2/2016 to FY12/2020's Yearly Average Revenue Growth

(4) Merged GROOVE GEAR Inc in 2018/12, it reflects FY12/2019, before internal transaction, GROOVE GEAR revenue is 1.144 billion yen and net income is 60 million yen

* The figures before the fiscal year ending February 2018 have not been audited by an audit corporation.

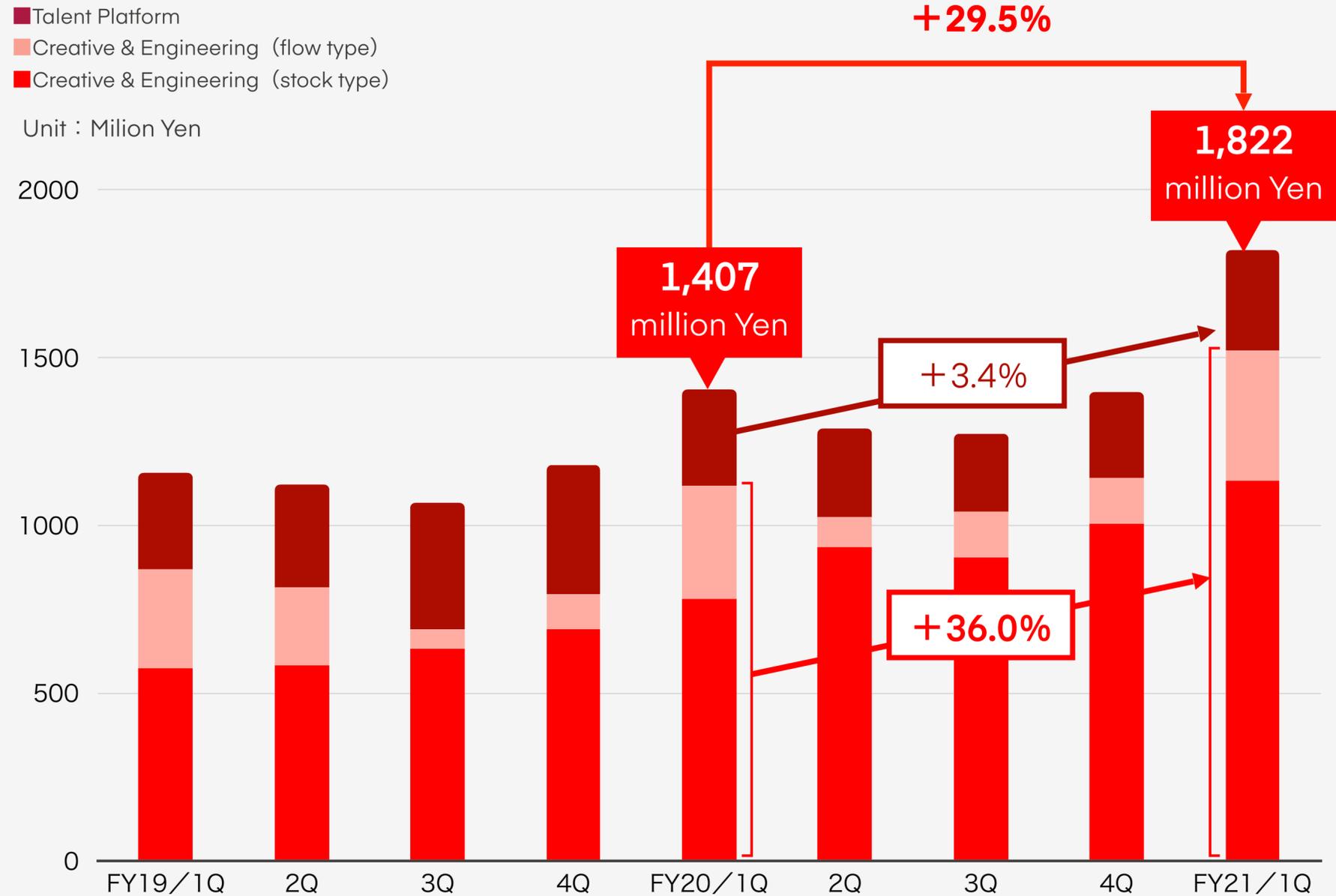
Quarterly Sales Change

Sales in FY20Q4
1,822 million Yen
(Year-on-year+29.5%)

Record highs on a quarterly basis.

The main force of Creative and Engineering drove overall performance by **+36.0% year-on-year**.

Sales ratio of Stock type in Creative and Engineering increased.



※ FY19 quarterly number is not audited by audit corporation.

Service Lines

Creative & Engineering

Succeeded in increasing the number of stock-type customers and ARPU, which are important KPIs, and made steady progress against the sales plan.

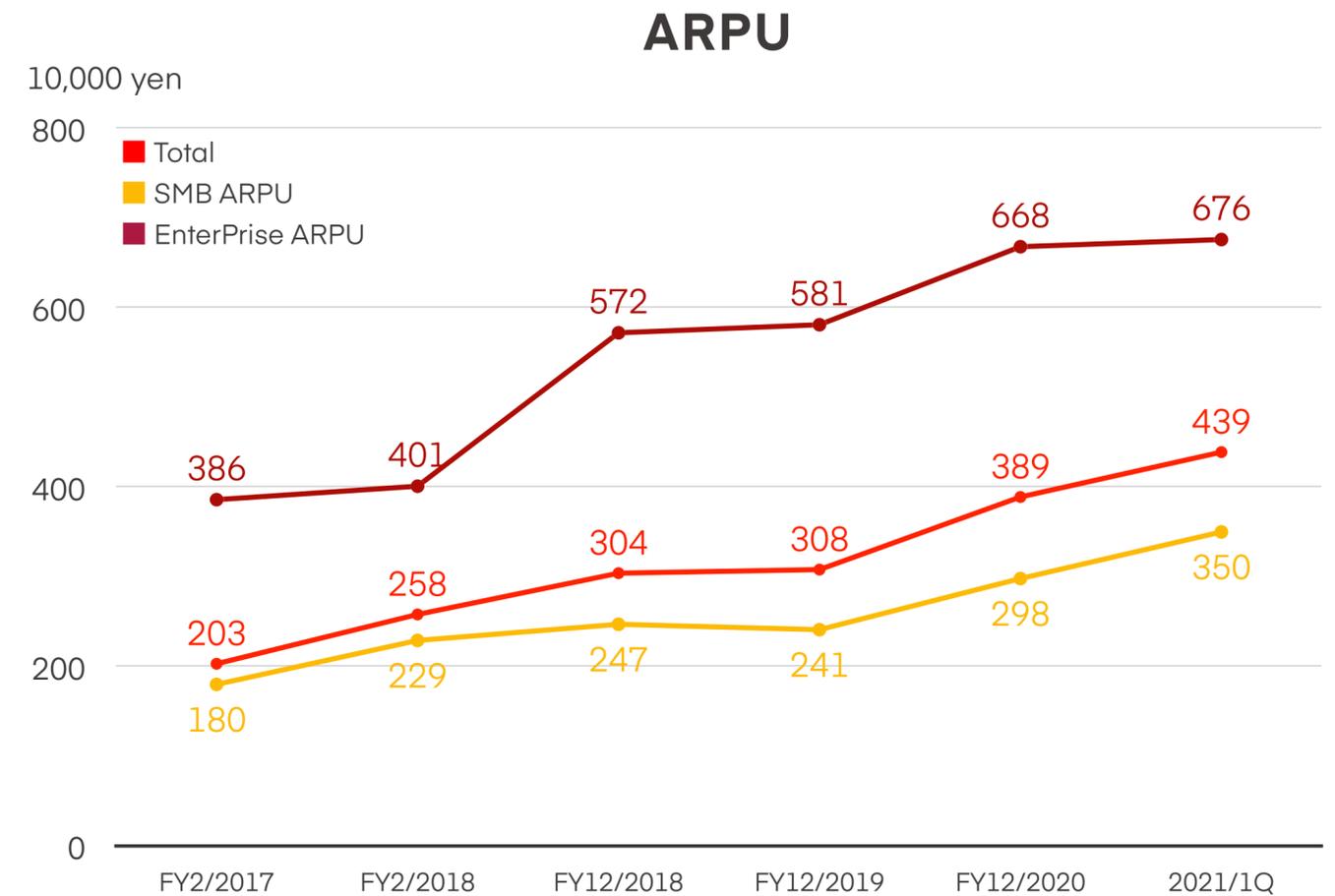
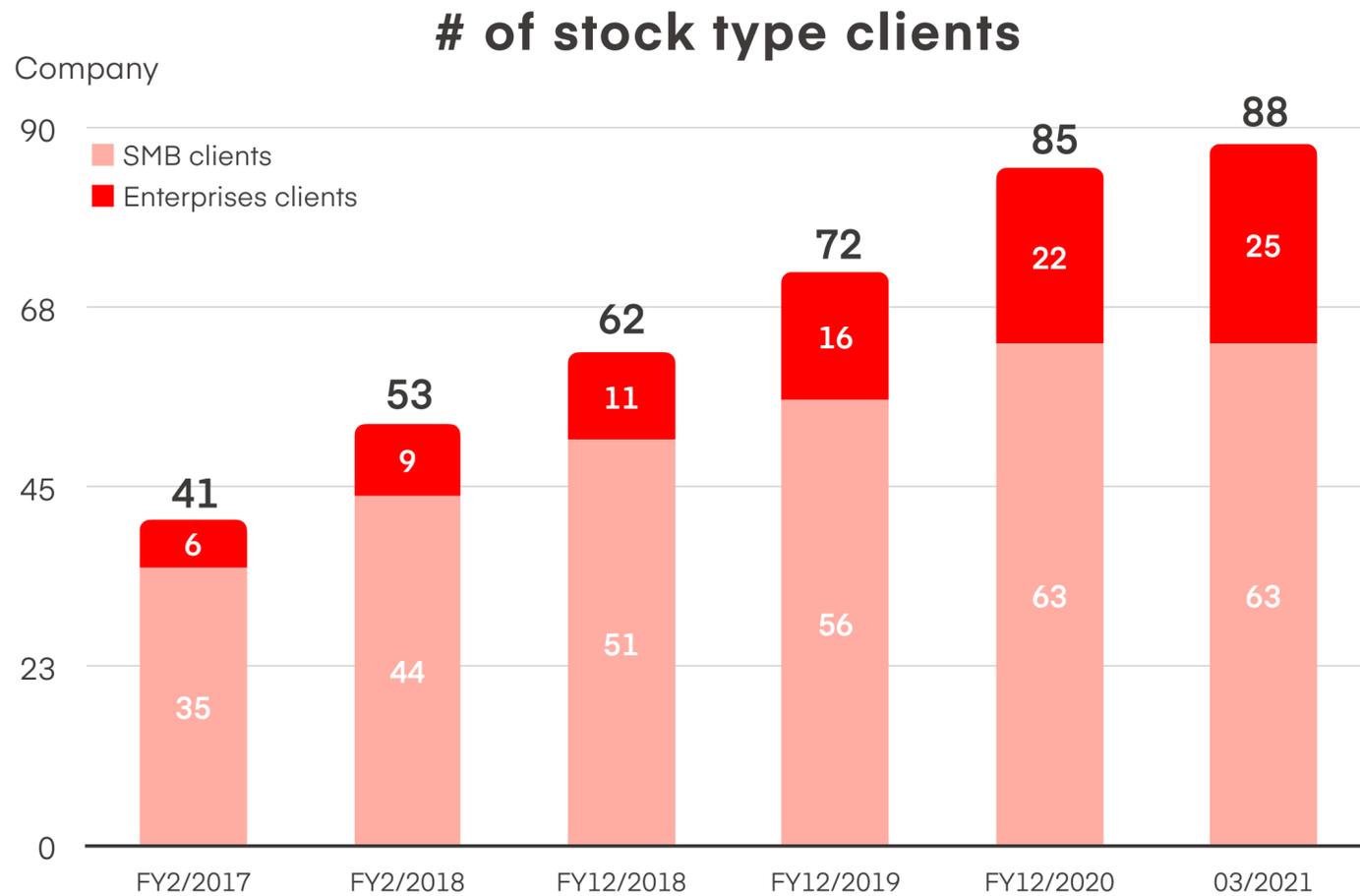


Talent Platform

Although the impact of the new coronavirus is still present, we were able to capture the demand from companies that want to hire immediately capable personnel, and the overall trend is toward recovery.

Changes in important KPIs (fiscal year)

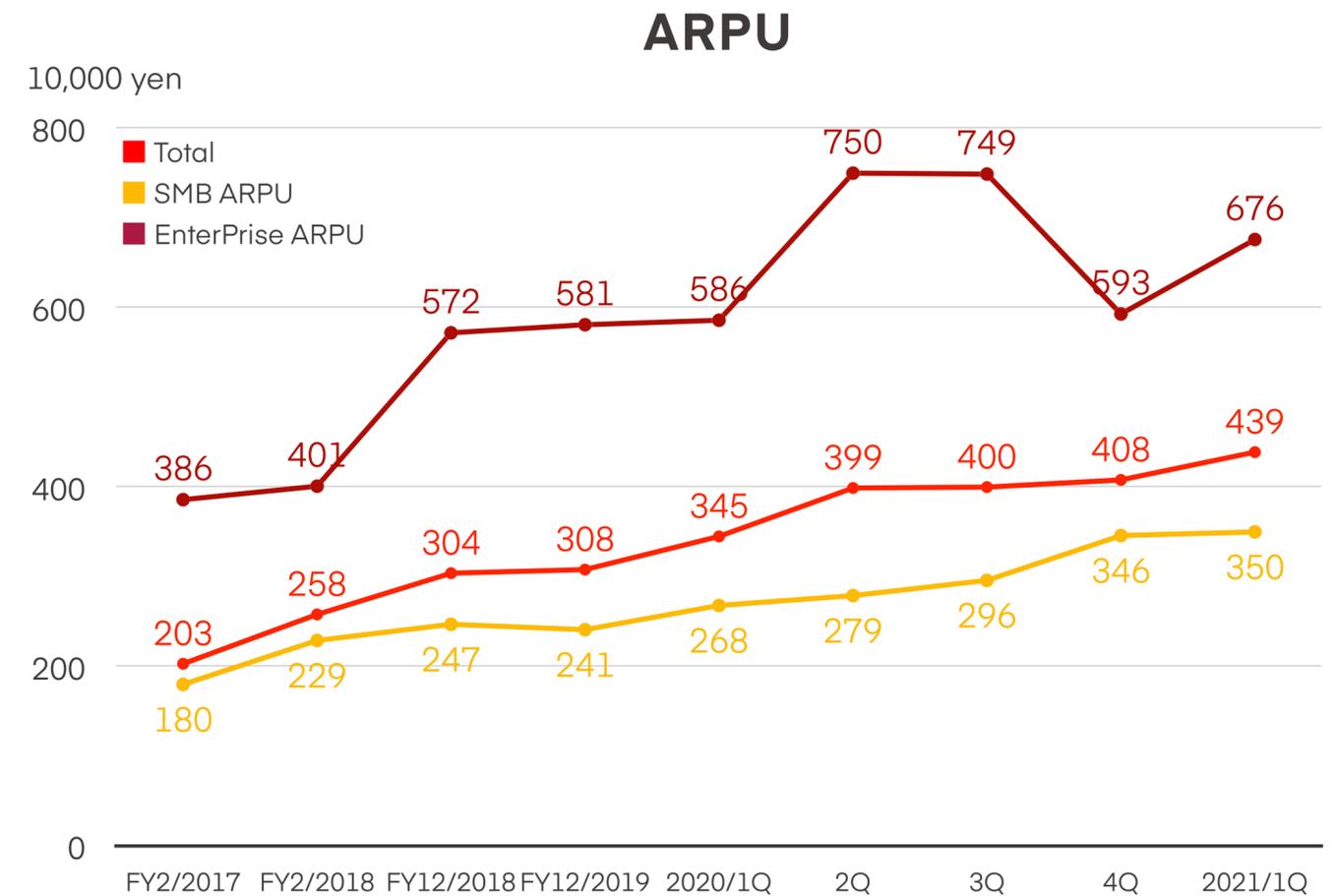
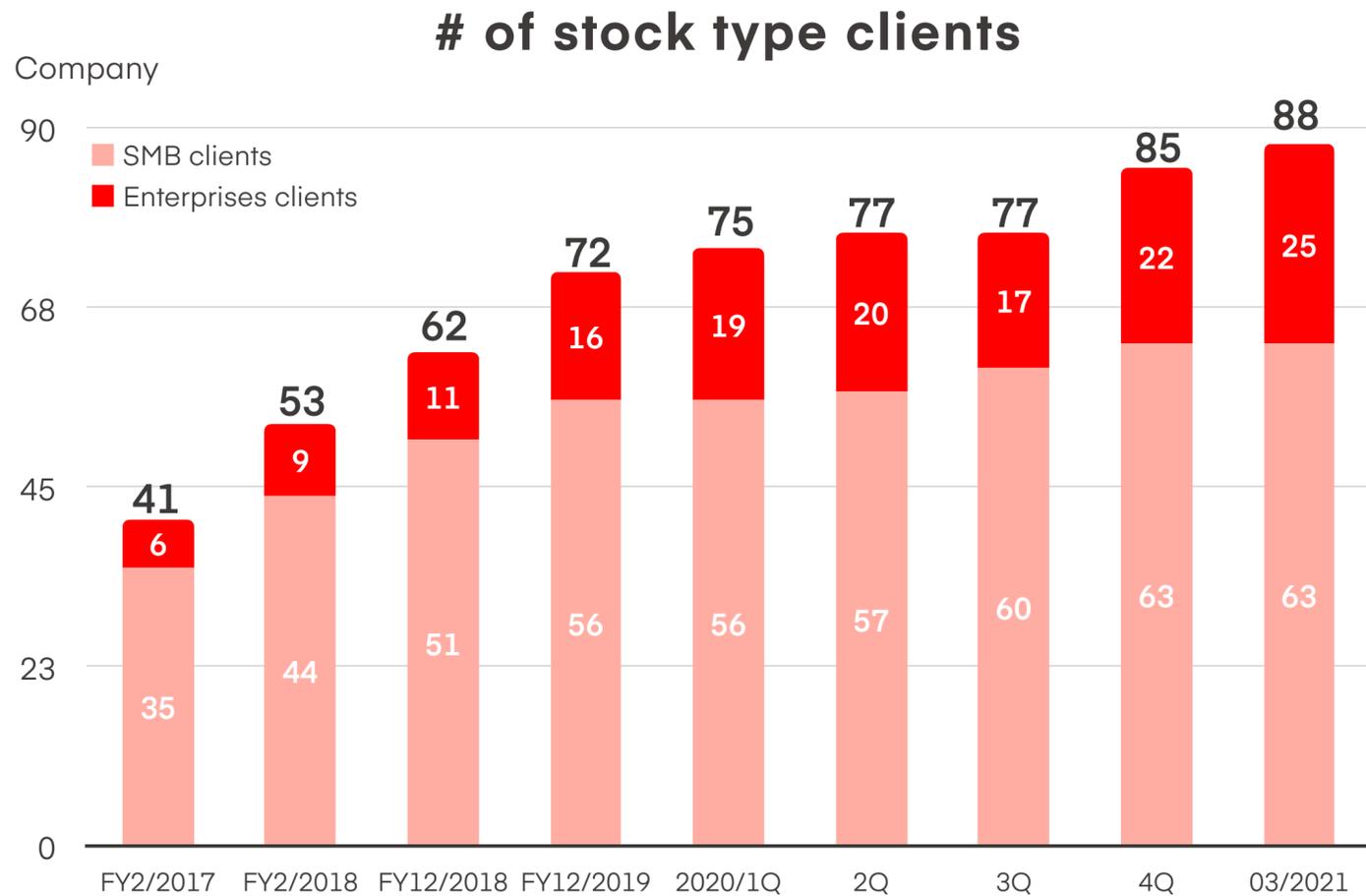
Steady growth in both the number of stock-type customers and ARPU.



Definition of enterprise company is either adoption of Nikkei 225, Nikkei 400, and Nikkei 500 and their group company, market cap, revenue scale and employee scale company.

Changes in important KPIs (quarterly)

The number of stock-type customers increased by 3 companies in Q1. Average ARPU for all customers increased to 4.39 million yen.



Definition of enterprise company is either adoption of Nikkei 225, Nikkei 400, and Nikkei 500 and their group company, market cap, revenue scale and employee scale company.

Change in important KPIs

Stock Type Client Number

- The number of stock-type customers in FY21/1Q was 88.
- The number of enterprise customers increased by 3 from the end of FY20.

Average Monthly Revenue Per User (ARPU)

- FY21/1Q Enterprise ARPU increased due to both expansion of transactions with existing clients and acquisition of large new clients.

Balance Sheet comparison

Cash and cash equivalents and net assets increased due to the posting of profits.
The capital adequacy ratio remained above 80%, ensuring the stability of the financial base.

Unit: Million Yen

	FY12/2020	03/2021	Amount in change	Main Factors
Current Asset	5,795	6,187	392	Increase in cash and cash equivalents due to profit recognition. Increase in accounts receivable.
Cash & Bank	5,073	5,241	168	Increase in cash and cash equivalents due to profit recognition.
Fixed Assets	421	436	15	
Total Assets	6,216	6,625	409	Increase in cash and cash equivalents due to profit recognition. Increase in accounts receivable.
Current Liabilities	1,010	1,012	2	
Fixed Liabilities	188	166	△22	
Net Asset	5,017	5,447	430	Increase in retained earnings due to profit recognition
Total Liabilities and Equity	6,216	6,625	409	Increase in retained earnings due to profit recognition
Equity Ratio	80.7%	82.2%	—	



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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

Lead generation



Referral from existing client

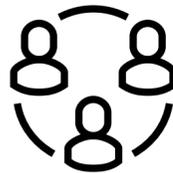


Alliances



Web Marketing

Lead nurturing



Strengthening community formation



Strengthening business incubation system

ARPU Improvements

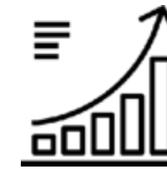


ARPU growth by increasing enterprise projects

Main Factor



Obtain new high ARPU projects



ARPU growth for existing projects

Progress highlights of alliance partnerships and organization expansion



Strengthen cooperation in proposing solutions to existing customers on both sides.
Joint projects are underway.

A comprehensive solution from PoC to new commercialization



The company was founded in January and has successfully launched vertically, with both sales and profits growing steadily.
The number of members has increased to 10+.

Design Consulting & Studio (Consolidated Subsidiary)



Multiple enterprise projects underway through alliances

Largest Business Professional Group

Results of consolidated subsidiary NEWh (Innovation Consulting Studio)

Development of the design x business field

From service planning co-created by design approach to consulting support for business strategy/planning



NEWh

New business and service development support for large companies
Project manager, service designer, and business designer with over 100 projects in total

Design

Develop

Strengthen collaboration with Sun*

Strengthen collaboration in MVP development phase and upstream areas
Maximize synergies as a group company

Sun*

Creative & Engineering Services
Over 1000 engineers and UI/UX designers



Began supporting new business development for a number of enterprise companies.

※Examples of projects

Major cosmetics company
New product and brand development

Major Insurance Company
Development of platform services

Major Entertainment Company
Development of platform services

Major Electrical Manufacturer
Design of new services

Major Beverage Manufacturer
Restructuring of services

Major Payment Company
New product brand development

Major Construction Company
DX support for local governments

Major Electrical Manufacturer
Community research

Sun* Startup Studio

A platform for the creation and growth of startups that leverages Sun*'s value creation knowledge, talent, and other assets

Target Area

Build

Co-founding entrepreneurs and startups

Boost

Growth support by providing funds and resources to startups

Joint service

A revenue sharing model that leverages each other's strengths



Business development utilizing Sun*'s core competencies

Investment



Investment Execution

Creative & Engineering



Providing resources and knowledge for growth

Talent Platform



Internal Production Support

Business alliance with Bloom & Co.

Support for joint service development and DX promotion based on "customer-driven marketing strategy"

Sun*

Bloom & Co.

Service development with user-centered design

×

Customer-driven marketing strategies



✓ **Customer-driven service development that contributes significantly to business growth**

✓ **Comprehensive support for "customer-driven DX" in Asian markets**

Bloom&Co.

Based on his extensive experience in developing and implementing customer-driven marketing strategies, he has supported many start-up companies as well as global companies and listed companies. His comprehensive end-to-end services include strategic research, mass marketing, digital marketing, strategic PR, and distribution strategies, and he has led the growth of many businesses.

Investment in startup studio

Number of startups invested in

19 companies

Investment Highlights

- Rental platform operator TENT Inc. raises 110 Million Yen in Pre-series A (Apr. 22, 2021)
- AI firm TRYETING Inc. forms business alliance with Tokyu Fudosan Holdings Corporation and raises 350 million yen in funding (Mar. 30, 2021)
- Mental health tech company lafool Inc. raises 1.23 billion yen in funding (Dec 28, 2020)
- Mobility tech company Flare Inc. from Bangkok raises 150 million yen in Series A funding (Mar 23, 2020)
- ZENKIGEN Inc., the web interview tool HARUTAKA, raises 800 million yen in Series A funding (Mar 18 2020)

Examples of investments

Investment Areas

AI Solutions	Matching Platform	Crowd Funding	Communication Platform	Recruiting Platform	Advertising Platform	
Online Shopping Mall	Mental Health Tech	Game Engine	Education	Live Streaming	New Retail Platform	D2C

Future Growth Strategy

We will continue to expand the existing digital creative studio business, further improve the quantity and quality in the education and development fields, and improve reproducibility 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 creating more valuable businesses and business growth will be the axis of new businesses that support the company's growth drive.

NOW

Expand business creation

Expansion of data platform

Further strengthen education and training

Expand creative & engineering



4

Appendix

Enterprise acquisition alliance (cooperation) and organizational expansion

Expansion of Creative & Engineering

With the companies we have business alliances including Microsoft, we will continue to promote DX and support the development of new businesses.

Measures to acquire new customers for the enterprise



A comprehensive solution from PoC to new commercialization



Design Consulting & Studio (Consolidated Subsidiary)



Largest Business Professional Group

Expansion through alliance of peripheral services (expansion of ecosystem, expansion of service area to customers)



Aure and various other services



Multilingual solution



Advanced security services



Engagement marketing

Ecosystem for digitalization

Expansion of data platform

Unique platform platform enhances knowledge sharing, optimal staffing, and development efficiency

Sun* proprietary data platform



Viblo

Knowledge Sharing Platform

Posting and sharing

AI Recommendation

Clipping Articles

Discussion

Q&A

Public
Average 330,000 MAU



Rubato

Optimal Talent Allocation Platform

Skill Management

Portfolio Management

Talent Evaluation Management

Talent Operation Management

AI Recommendation(In dev)

In House Only



Sun* CI

DevOps Platform

Automated Code Review

Automated Security Check

Automated Testing

Automated Building Code

Simply Releasing Operation

Clients Only



Schooler

Learning Management System

Class Management

Schedule Management

Attendance / Grade Management

Class Content Management

Report Creation / Output

Introduced at 8 universities
in 3 countries
More than 2,000 students



SCP

(Sun* consulting Platform)

Employment Support System

Corporate Information

Student Information

Student Follow Function

Job Hunting Event Information

Matching / Scout Function

Public
Over 1,200 student resumes

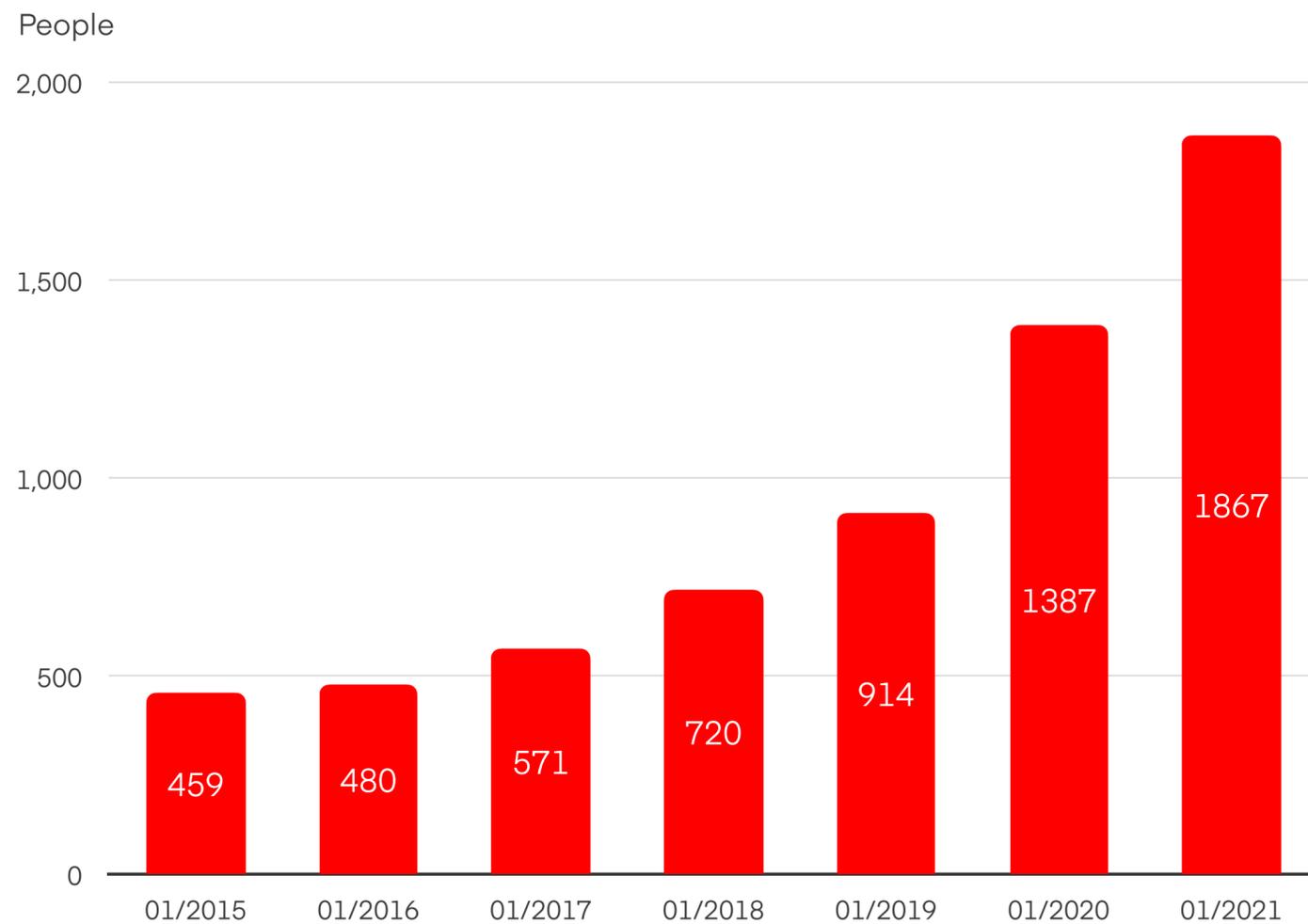
Top overseas science university limited recruitment selection platform “x seeds Hub”

The output of Innovative human resources through education and training

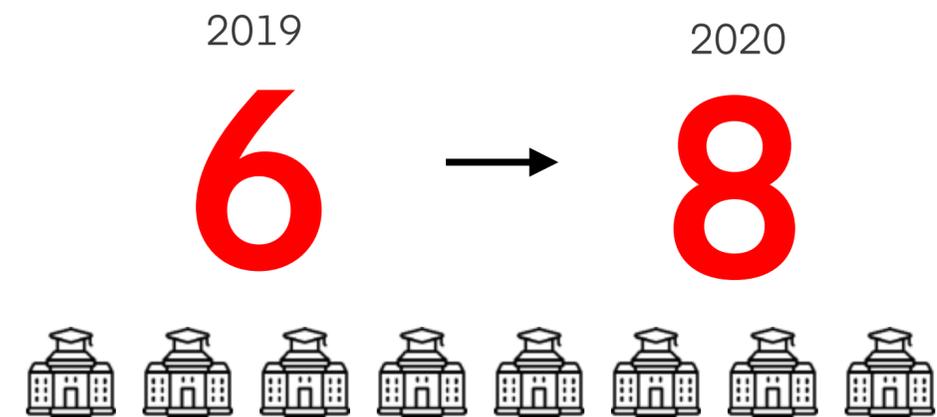
Strengthening of education and training

Producing IT human resources who can play an active role in Japan through industry-academia collaboration centering on ASEAN countries and seeking further global expansion in the future. Currently, we are expanding alliances in South America and Africa.

Number of Sun*'s educational program students enrolled and number of affiliated schools by year



Partner universities



Vietnam

1. Hanoi University of Science and Technology
2. The University of Danang-University Science and Technology
3. Vietnam National University Hanoi-University of Engineering and Technology
4. Vietnam National University HCMC-University of Engineering and Technology
5. Vietnam National University Hanoi-University of Science
6. Phenikaa University

Indonesia

7. Gadjah Mada University

Malaysia

8. Malaysia-Japan International Institute of Technology

Adopted as an endowed course

Adopted as an endowed course project by the Association for Overseas Industrial Human Resource Development (AOTS)

Began offering courses at the Hanoi University of Technology and the University of Technology and Engineering, Vietnam National University, Hanoi

Sun*



Professor of cutting-edge technologies in our R&D fields such as AI, blockchain, and cyber security

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Developing programs to foster industrial human resources in developing countries with the support of the Ministry of Economy, Trade and Industry and local Japanese companies



The AI course

- ✓ **Development of advanced IT human resources**
- ✓ **Recruitment support for Japanese companies**

Endowed Chairs at AOTS

The purpose of the program is to improve the skills required by Japanese companies and to help students find employment in Japanese companies and local Japanese companies, thereby contributing to the facilitation of business activities and the deepening of cooperative relationships with the countries concerned.

A platform for the creation and growth of startups that leverages Sun*'s value creation knowledge, talent, and other assets

Entrepreneurial Concerns



Three functions provided by Sun*



Provide office and knowledge



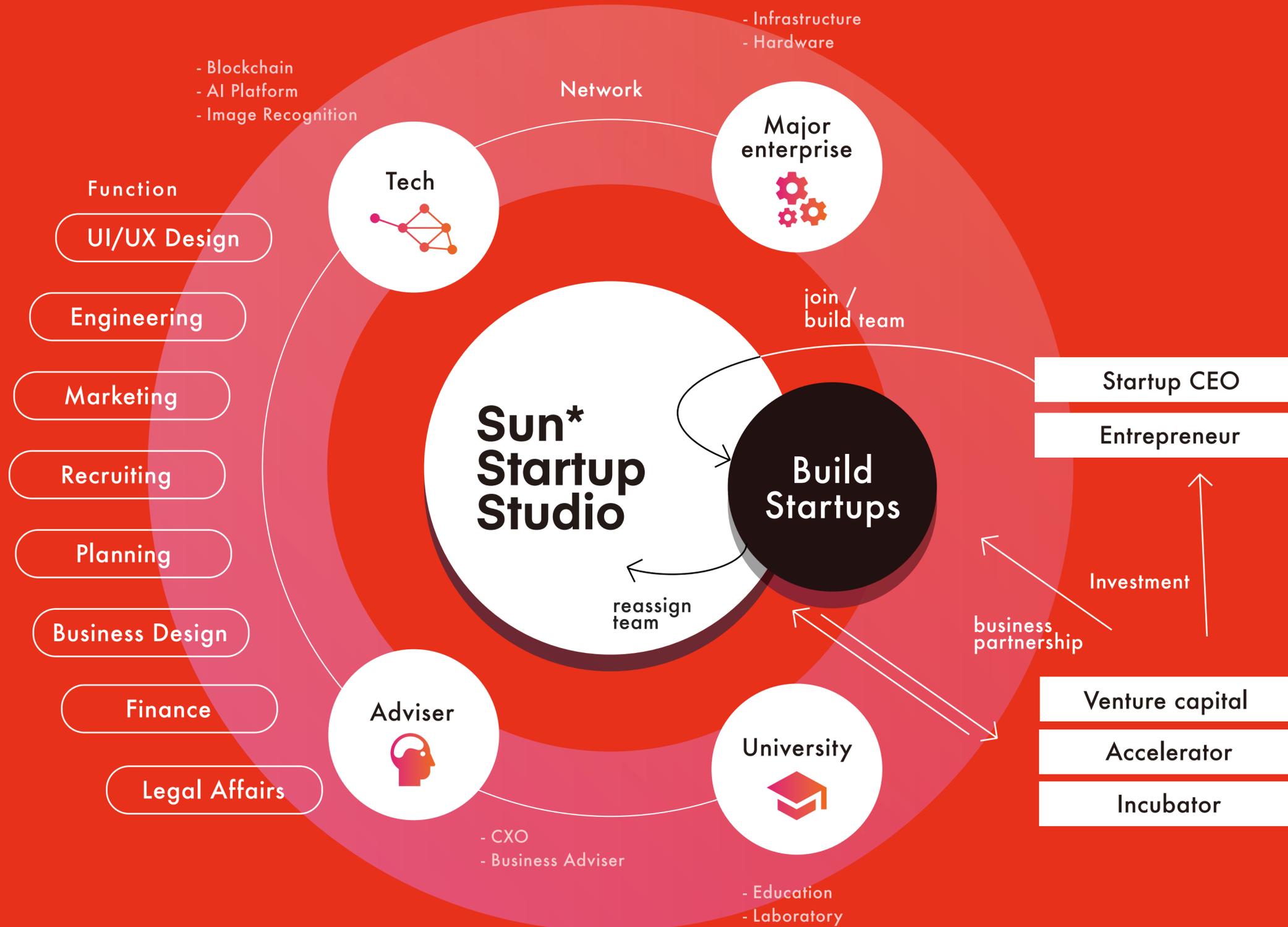
Provide the human resources necessary for business creation



Provide development funding

Sun* Startup Studio

Expansion of business creation



WE ARE THE PLATFORM FOR STARTUPS

Example of Startup Studio Support: ZENKIGEN inc.

Provided business consulting, investment, and development team.

DXing the hiring process by the Startup Studio

ZENKIGEN is a startup founded in 2017. In order to create timely encounters between job seekers and companies, we are solving the "time", "place", and "distance" factors of inefficient recruitment interviews with our web-based interview service called "HARUTAKA", which has a recording video interview function.

Business Co-Creation

Business Design

MVP Development

Development Scalability

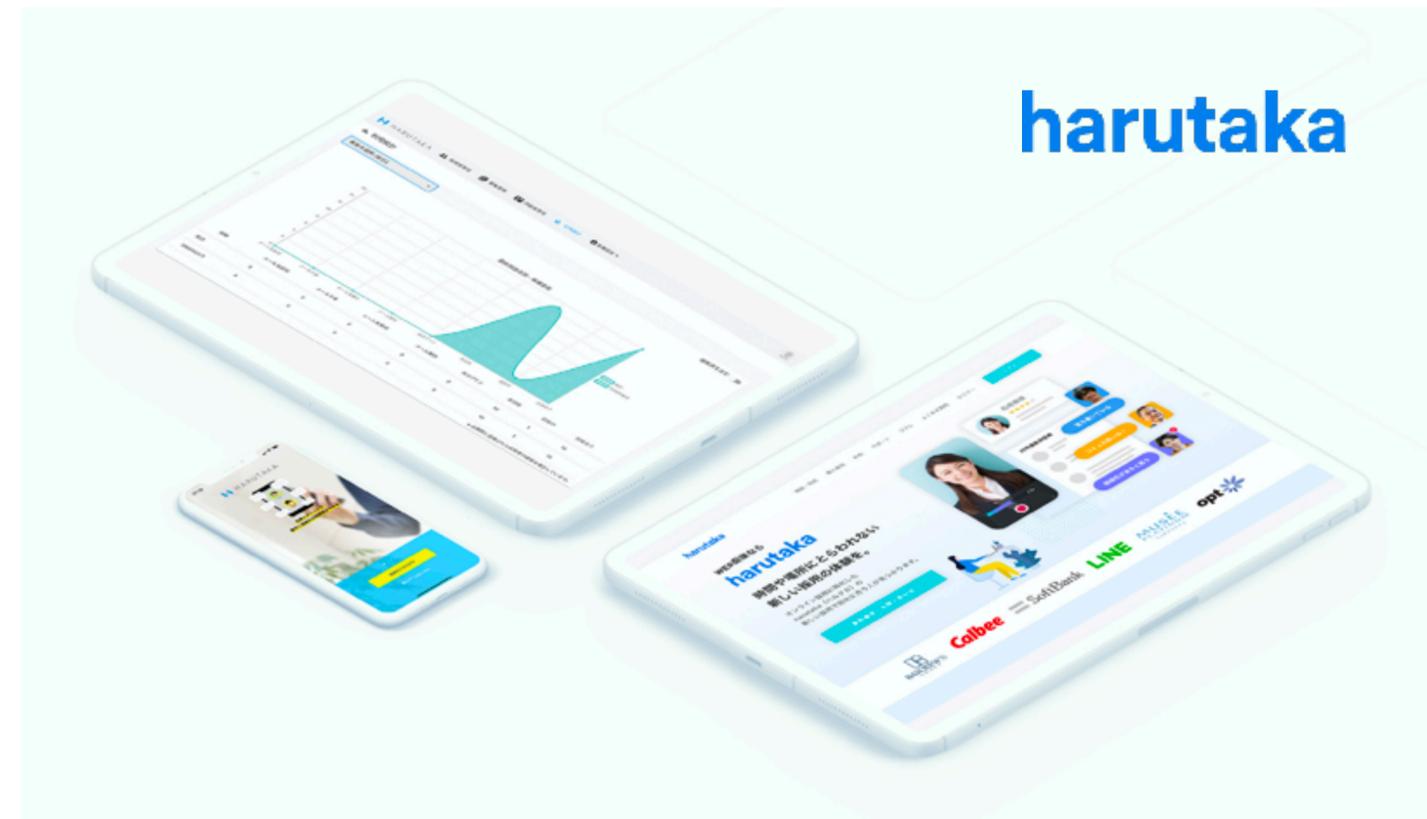
Funding Support



Client Voice

「In normal fundraising, you need to have a detailed business strategy and business plan that will satisfy investors and VCs. However, for this project, since we had already completed the product, had customers, and were already running a stable business, the project was attractive from an investor's point of view because of its low risk, and we were able to raise funds in a short period of time. This would not have been possible without Sun*'s Startup Studio.」

Expansion of business creation



Example of Startup Studio Support: tenanta inc.

Expansion of business creation

Provided business consulting, investment, and development team.

Supporting Stores to Create the Future with a New Matching Service for Business Properties

Tenanta is a startup company founded in 2019 that operates “tenanta”, a matching service for business properties and tenants. We are continuing to grow as a matching platform where anyone can meet properties, eliminating mismatches and opportunity losses in the property search process.



Business Co-Creation

Business Design

MVP Development

Development Scalability

Funding Support



Acting CTO brushes up the product concept.

A member with experience in leading startups from launch to sale has joined as acting CTO. Acting CTO worked with the CEO to develop the concept of the product, and when the direction was solidified, senior engineers joined the team to start full-scale development.



Propose the best plan Start UI/UX at the same time

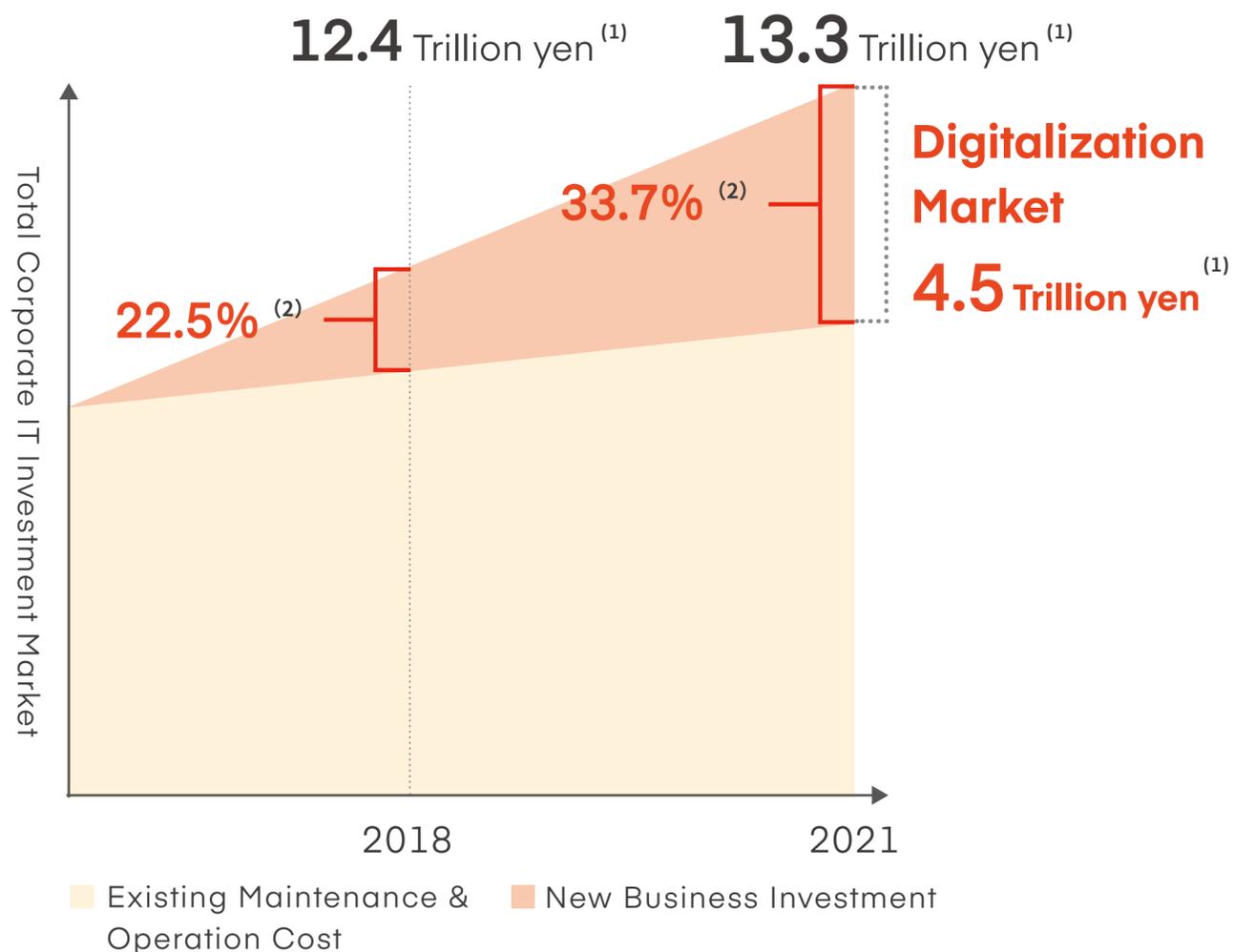
From the development phase, we provided the best and most appropriate advice based on our technical knowledge, and achieved a significant reduction in man-hours. The designer also joined the project to enhance the UI/UX aspects and improve usability at the same time.



Continued support in development, PR and recruitment

After the launch of the service, we provided full support for PR as well. In addition to product development, we proactively provide knowledge and assets for branding, business plan brush-up, recruitment planning, and office space.

Market size of digitalization



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.



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.

SDGs initiatives

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.



SDGs initiatives



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.

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".



Disclaimer

- This material has been created for the sole purpose of introducing the company's business activities, and not for soliciting investments.
- The business forecasts and the future outlook described in the material is based on information currently available.
- The forecast includes uncertainties such as sudden changes, therefore actual results may differ.



Let's make awesome things that matter.