



Financial Results Explanatory Materials
for the Fiscal Year Ending December 2020

Sun Asterisk Inc. | Securities code : 4053

February 10, 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		Management		Financial		KPIs	
Founded	2013	CEO	Taihei Kobayashi	Sales (2)	5.36Billion	Stock Type	85Clients
		Co-founder, Director	Makoto Hirai			Client (4)	
		Director	Yusuke Hattori				
Employees (1)	1,500+	Director	Takuya Umeda	Net Income (2)	0.80Billion	ARPU (5)	3.89million
Sun Asterisk : 120+		Director: an Audit and SupervisoryCommittee member	Ken Nihonyanagi				
Sun Asterisk Vietnam : 1300+		Outside director	Toshihiro Ozawa				
GROOVE GEAR : 80+		Outside director	Hiroki Asano	Sales CAGR (3)	44.2%	Churn Rate (6)	3.63%

(1) FY12/2020(including temporary hirings)

(2) FY12/2020

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

(4) FY12/2020

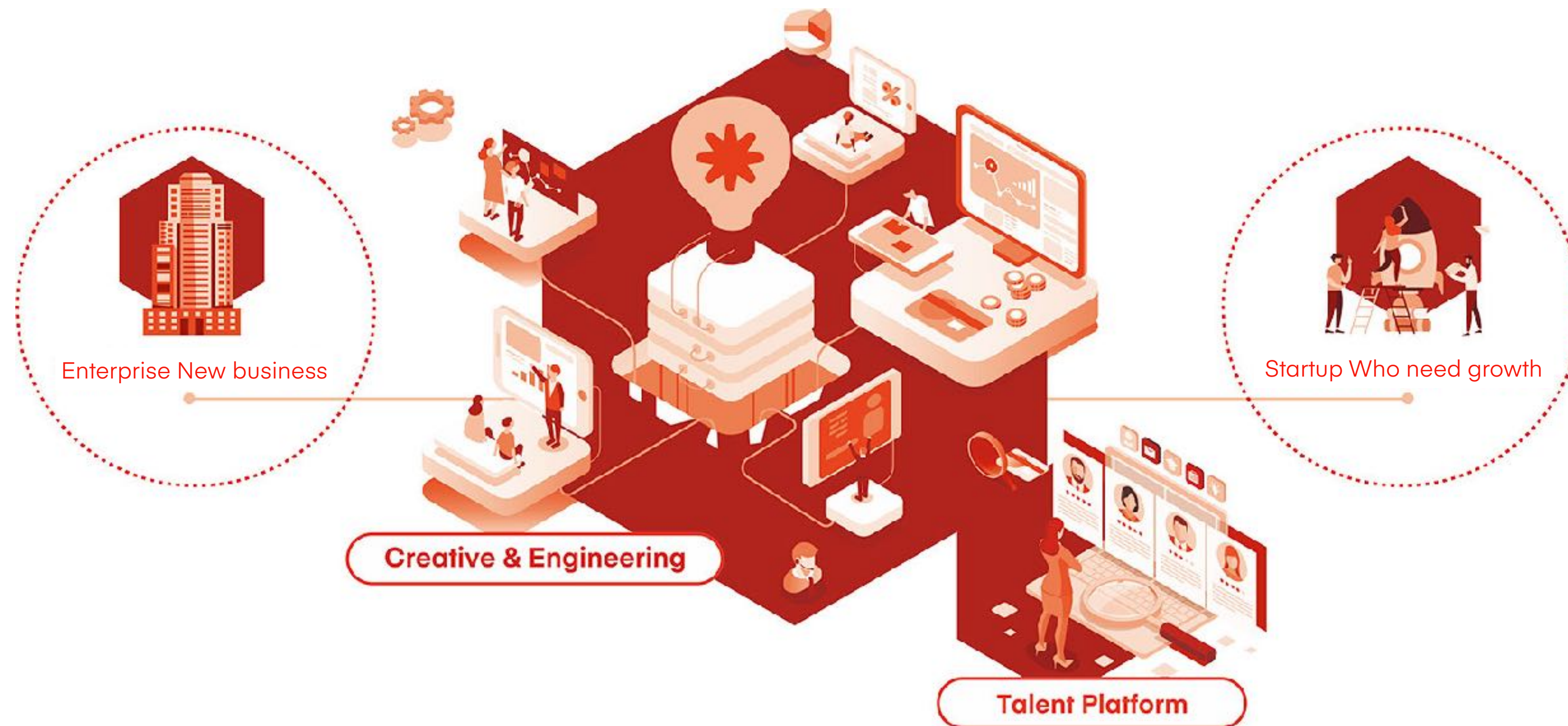
(5) FY12/2020

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



What is a Digital Creative Studio?

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.

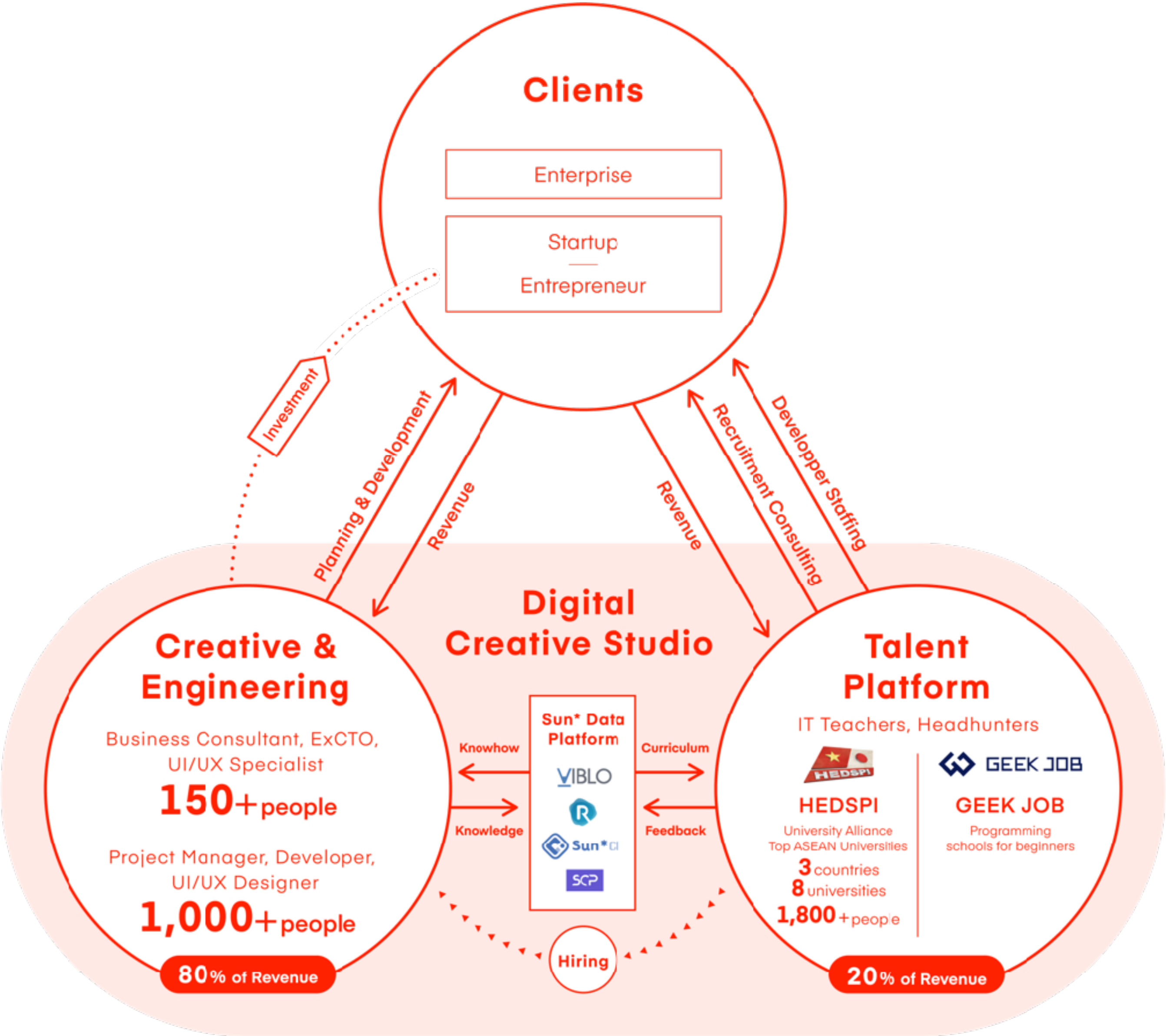
Supporting from
business creation to
service growth.

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

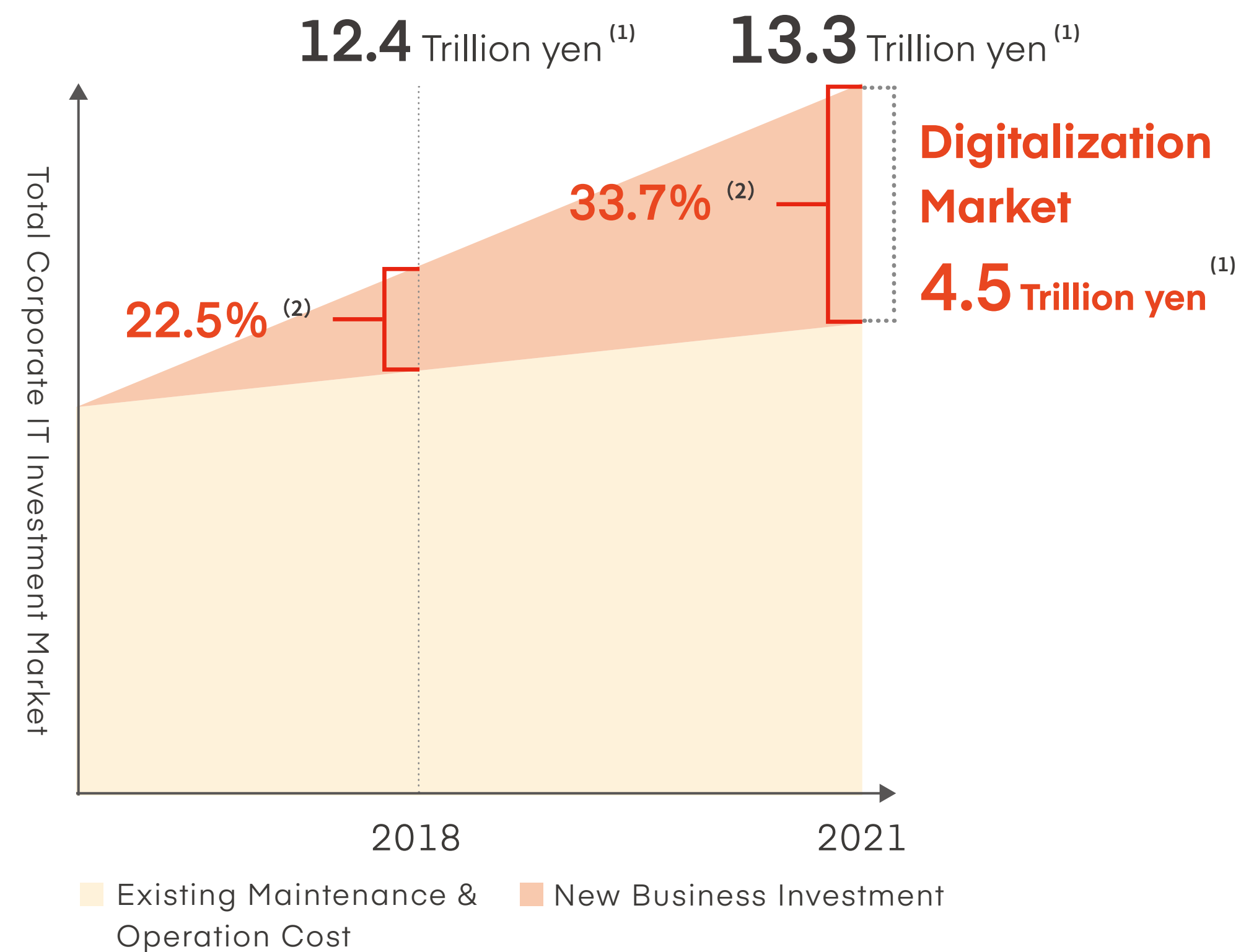


The two types of DX proposed by Sun*

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

Classification	Digitization	Digitalization
Target	<div>Digitize the business process</div> <div>Improve business efficiency</div> <div>Such as renewing the core system</div>	<div>Digitalize the business</div> <div>The growth of revenue</div> <div>Update and change into a digital company</div>
Requirement	Stability and Quality	Flexibility and Speed
Method	<div>Problem solving</div> <div>Identify problems, organize business flow, design a system of requirement definition, apply a system of Waterfall development, and maintain, measure, improve effectiveness</div>	<div>Value creation</div> <div>Use design thinking to create new ideas. Lean startup, MVP development, Agile development. High speed DevOps system and Operation</div>

Market size of digitalization

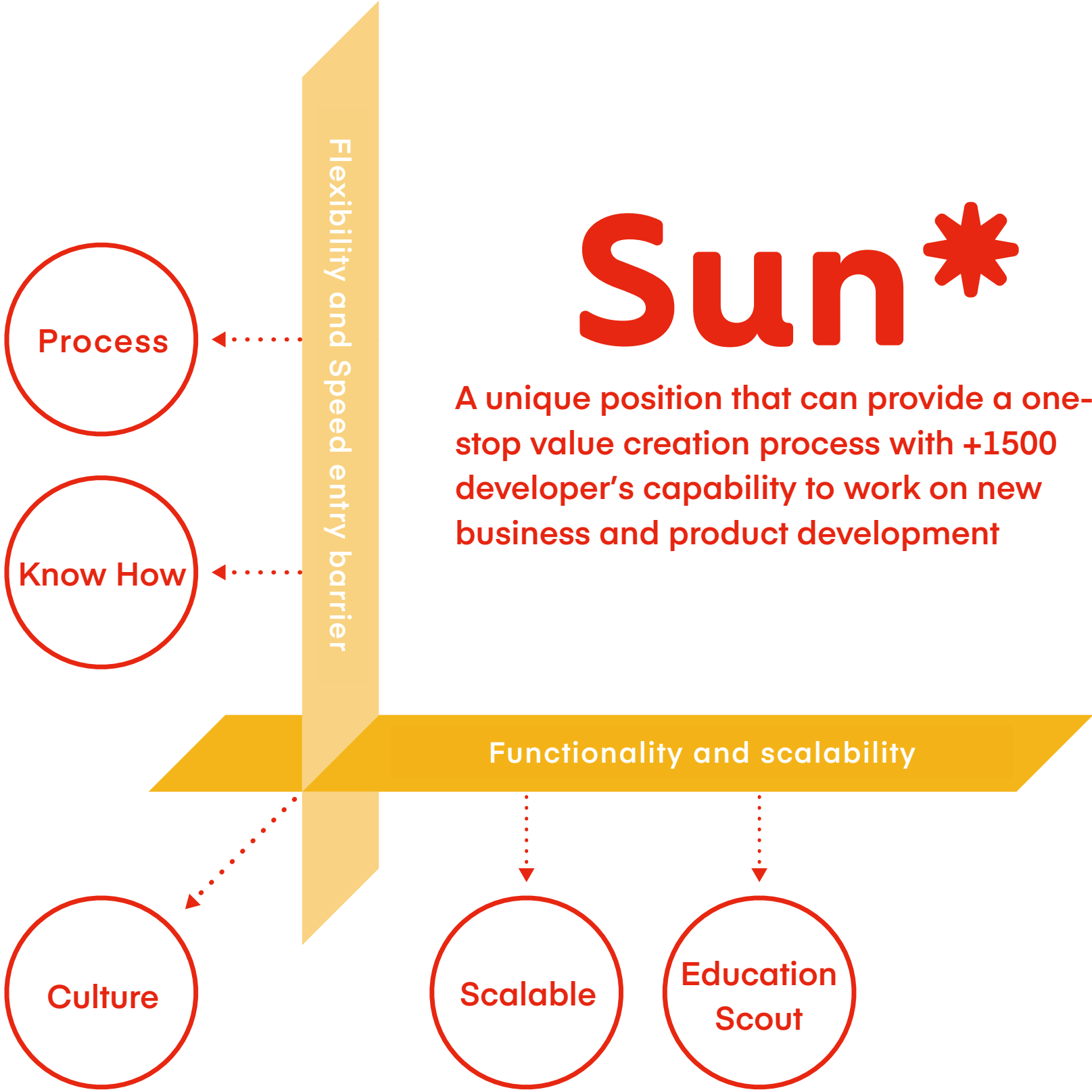


The size of the private domestic IT market will continue to increase. In particular, it is estimated that the new business investment budget, which has remained at 22.5% of the total, will increase to 33.7% in three years, and the digitalization market size will reach 4.5 trillion yen.

(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.

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.

Support case of DX/new business development in FY 2020: Nippon Gas Co., Ltd.



Support for the development of gas and electricity application reception management system and four other core systems

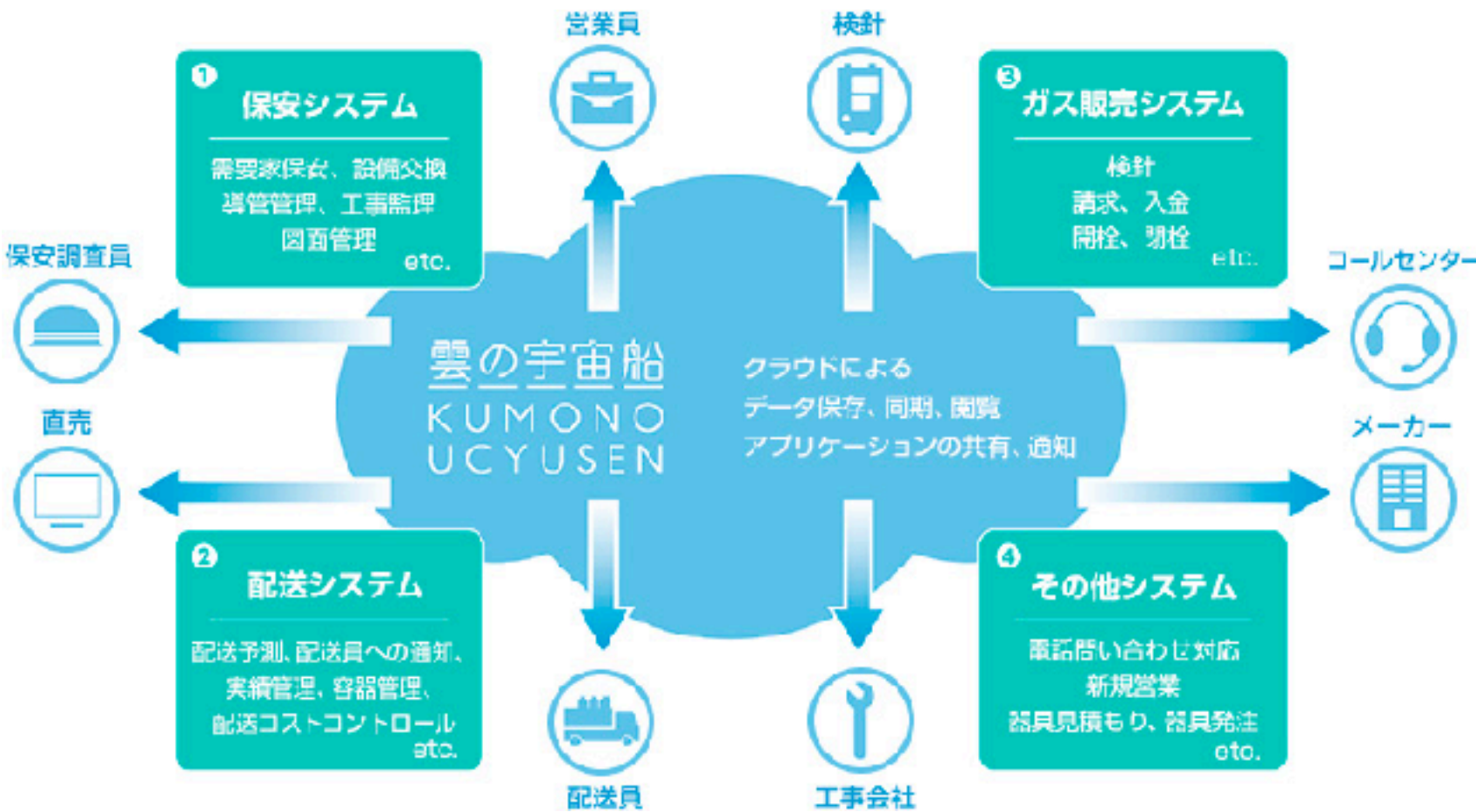
Functional development to make better use of the "Cloud Spaceship" that drives DX in the LPG industry

Nichigas Co., Ltd. has more than 1.8 million users of electricity and gas, and is experiencing a net increase in users every year. While aiming for further operational efficiency, we have developed four systems in parallel with the cloud business system "Cloud Spaceship" that realizes operational efficiency in the LPG industry. We have built a system of more than 30 people at offshore bases to support from upstream to UI/UX, implementation, and infrastructure.

- Requirements and specification creation
- Design specification creation
- UI / UX design
- application development
- Infrastructure construction

Client Voice

Sun* has highly skilled engineers, and catch-up and response are quick. In addition, I am grateful that I do not just respond to what is said, but strive to understand the specifications and improve the accuracy with a sense of ownership, and think positively about everything. When utilizing an overseas development team, it is necessary for the ordering side to establish a solid system, but the fact that the PM on the Japanese side of Sun * played a central role in coordinating well has been stable for more than two years. I think this is a factor in promoting the project. In the future, I would like to utilize design thinking and work together with user-based business development and business growth.



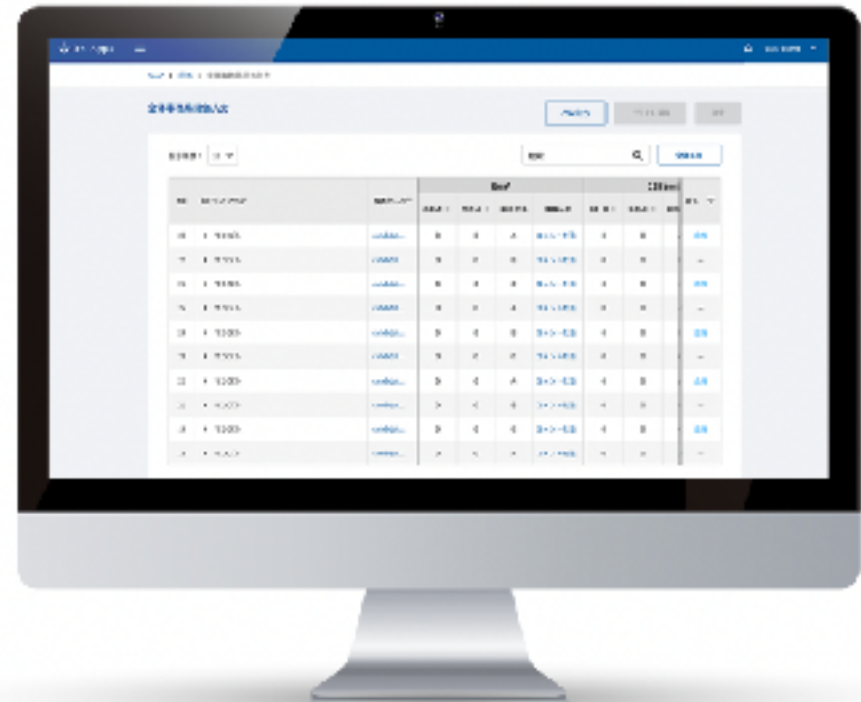
What is a cloud spaceship?
A cloud computing system developed by Nichigas to streamline the operations of his LPG industry. Based on this API, Sun* designs the functions of application reception and quotation management system, and supports the application on Web and mobile.

Support case in FY2020: Zero One Booster Inc.

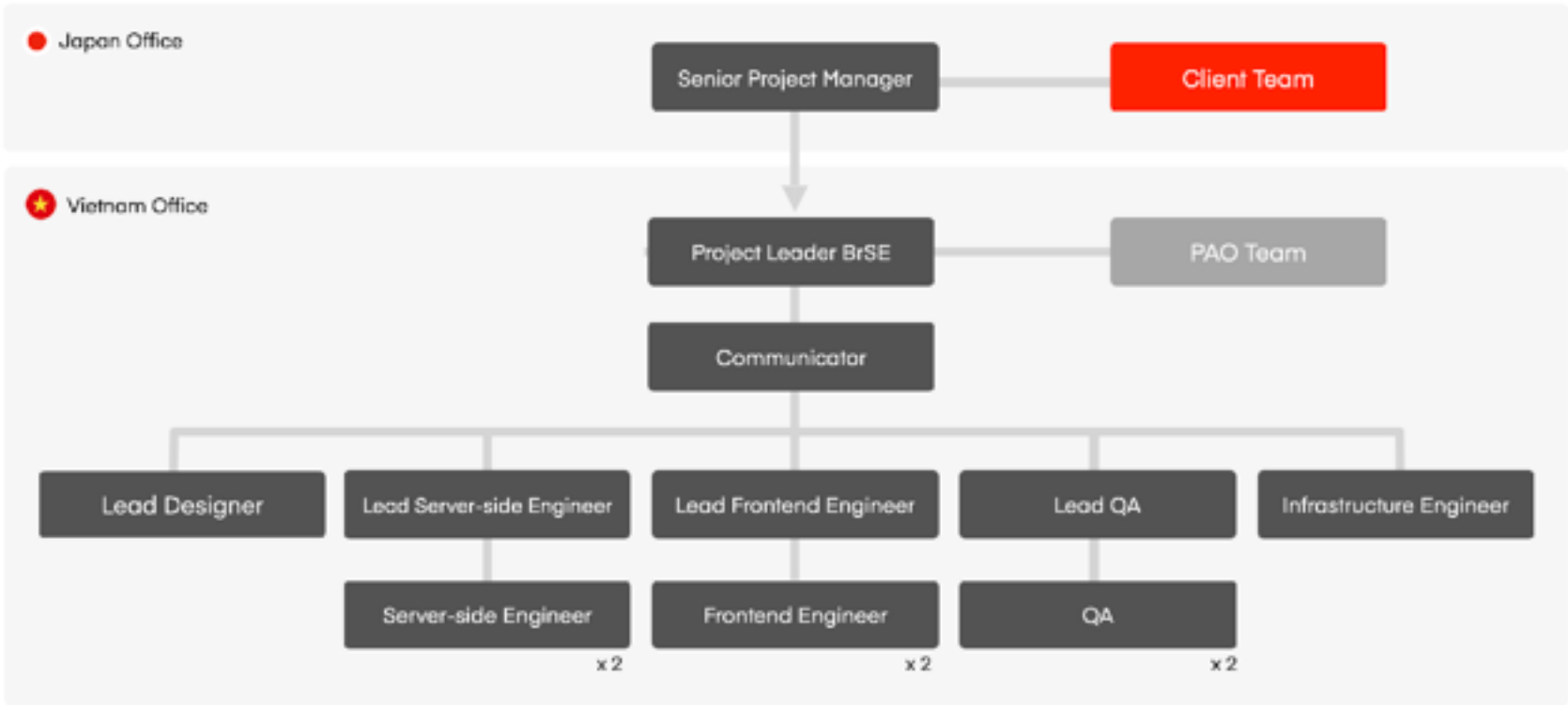
Support for the development of 0 → 1 Apps that strengthens the operation and management of the Entrepreneur Accelerator Program

Visualize the business creation process of enterprise companies

Zero One Booster supports the business co-creation of large companies and startups as a corporate accelerator. The company is focusing on discovering and training entrepreneurs (in-house entrepreneurs) in large companies, and is promoting the "Entrepreneur Accelerator Program (IAP)" program to increase entrepreneurs in large companies. Sun* supports the development of "0 → 1 Apps" that strengthens the operation and management of this IAP.



UX design is also supported by Sun*. Individual evaluation screen for document selection that is particular about reducing the burden on users



Development system diagram. Supported by a development team of 13 people on the Vietnamese side, centered on senior PMs based in Japan



Aim to improve the operational efficiency of IAP, accumulate data of program participants, and utilize it for future business

Client Voice

This was the first time we worked with an overseas development engineer team, so I have thought that we couldn't release the product within the specified period with our product management system. Thanks to Sun*'s enthusiastic and courteous supports, firstly our requests have been done, so I am very grateful. From now on, I would like to continue to improve it during operation and maintenance. In the future, I would like to make it a service that can be used by all companies.

Support Case in FY2020: NPO Bridge For Smile

Development of donation-through-intermediaries platform “Todokun”

“A platform which aims to spread Independence support for “children who cannot rely on their parents” nationwide

Since “Todokun”, a service to make donation for children, is offered free of charge, it is difficult to continuously raise development costs. Then a project with the proposal from Sun* to raise funds through crowdfunding has started. A team with 14 people have supported from planning to implementation, such as utilizing a virtual office during Coronavirus pandemic.



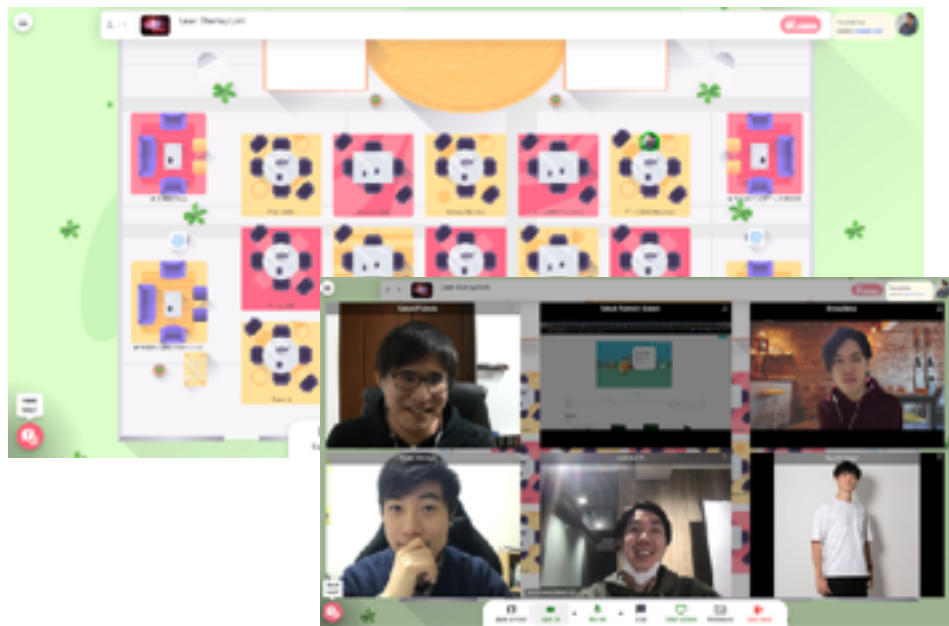
At Sun *, we are engaging in various business activities from the perspective of ESG (environment, society, governance) toward the creation of a prosperous society, based on our corporate philosophy that is "Create a world where everyone has the freedom to make awesome things that matter."



Crowdfunding with donation from more than 300 people. The project start successfully due to using a part of this money as development funds. We are promoting the development with a passion to cast the thoughts of each supporter into shape



We can support the third-year students who have just graduated from high school but need to prepare facilities for their lives by giving them daily necessities.



We use the virtual office remo to create a space where members can easily talk to each other at any time. Development was completed even though we have not met client yet due the coronavirus pandemic.

Client Voice

You have listened carefully to our selfish request that is “We have a small budget, but we want to do so many things” and have made various positive proposals in order to realize such things. We were very happy that all the staffs cared about the children's problems and worked together with the passion to solve them. We would like you to make use of that wonderful technology for the benefit of society.”

Support cases of promoting New Businesses and DX



Vehicle allocation support for logistics companies responsible for truck transportation

SoftBank Corp./MeeTruck K. K.
MeeTruck



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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FY2020 Performance Highlights

Financial Results Summary

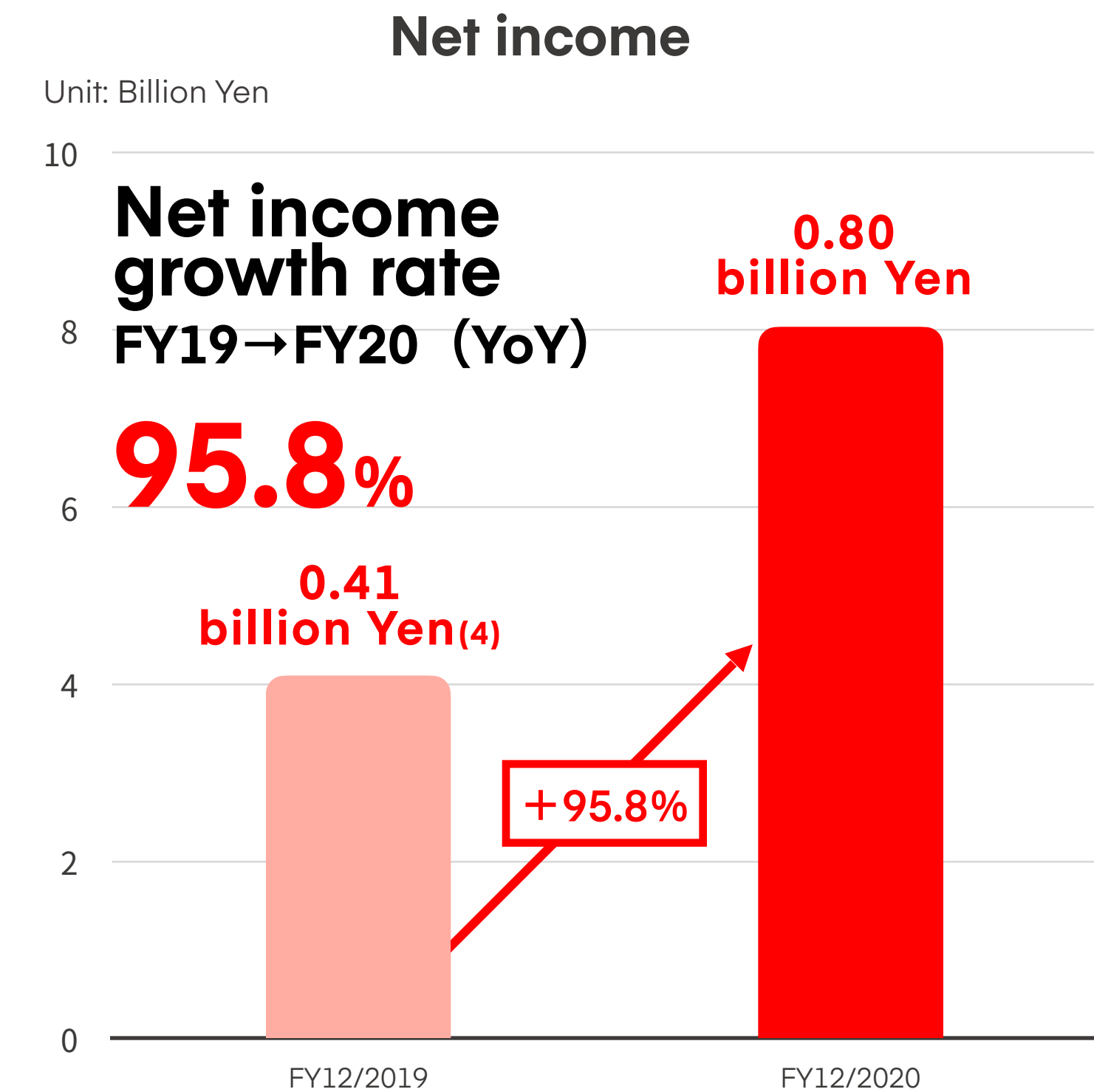
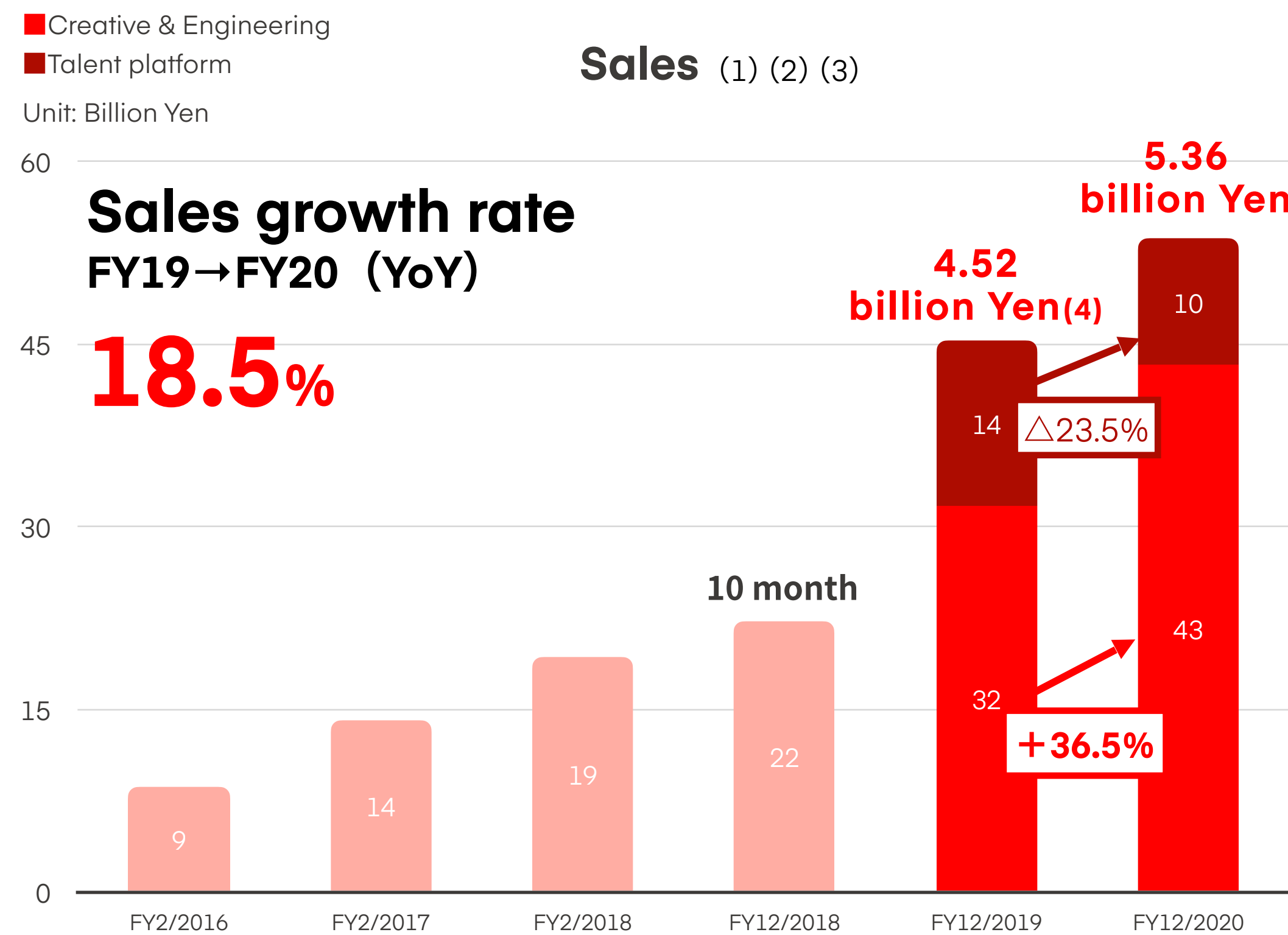
Sales and all profit accounts increased even more than the forecast which was revised in the previous quarter.
All profit accounts have nearly doubled year-on-year.

Unit : Million Yen

	FY2019 Full year	FY2020 Full year	Rate of Change	Financial Forecast <small>Disclosed at 2020/11/11</small>	Progress Rate
Sales	4,529	5,367	18.5%	5,307	101.1%
Operating Income	474	886	86.8%	849	104.4%
Operating Rate of Return	10.5%	16.5%	—	16.0%	—
Ordinary Income	486	926	90.7%	876	105.7%
Net Income	410	804	95.8%	765	105.1%

Changes in sales and net income

Achieved high sales and profit growth overall, despite being partially affected by Coronavirus pandemic



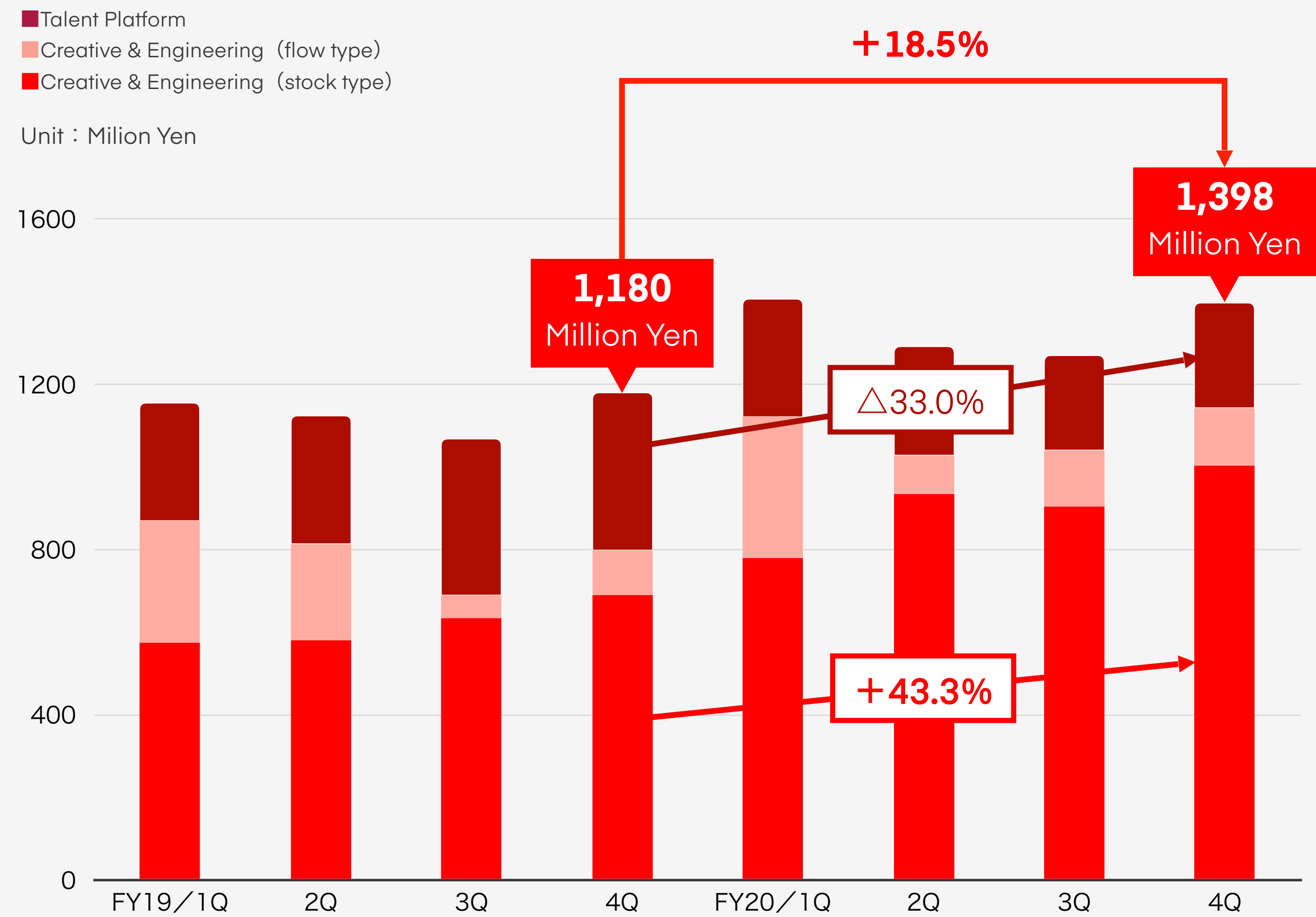
(1) FY 12/2018 is 10 month fiscal year period due to change in accounting period
(2) Sales history presents non-consolidated before FY2/2018
(3) From FY2/2016 to FY12/2020's Yearly Average Revenue Growth
(4) Merged GROOVE GEAR Inc in 2018/12, it reflects FY12/2019, before internal transaction, GROOVE 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.

Performance Highlight

Quarterly Sales Change

Sales in FY20Q4
1,398 million Yen
(Year-on-year+18.5%)

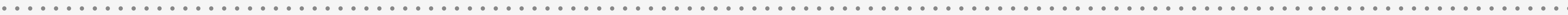
The main force of Creative and Engineering drove overall performance by **+43.3% year-on-year**.
Sales ratio of Stock type in Creative and Engineering increased.



※ Quarterly number is not audited by audit corporation.

**Creative
&
Engineering**

- Due to the growth of the number of stock-type clients and ARPU, we succeeded in accumulating important KPIs that will be the launch pad for the fiscal year ending December 2021.
- Active recruitment is still conducted nationwide and the prior investment is prepared for the expected order after FY 2021. (End of 2019 : 65 people→ End of 2020 : 126 people)

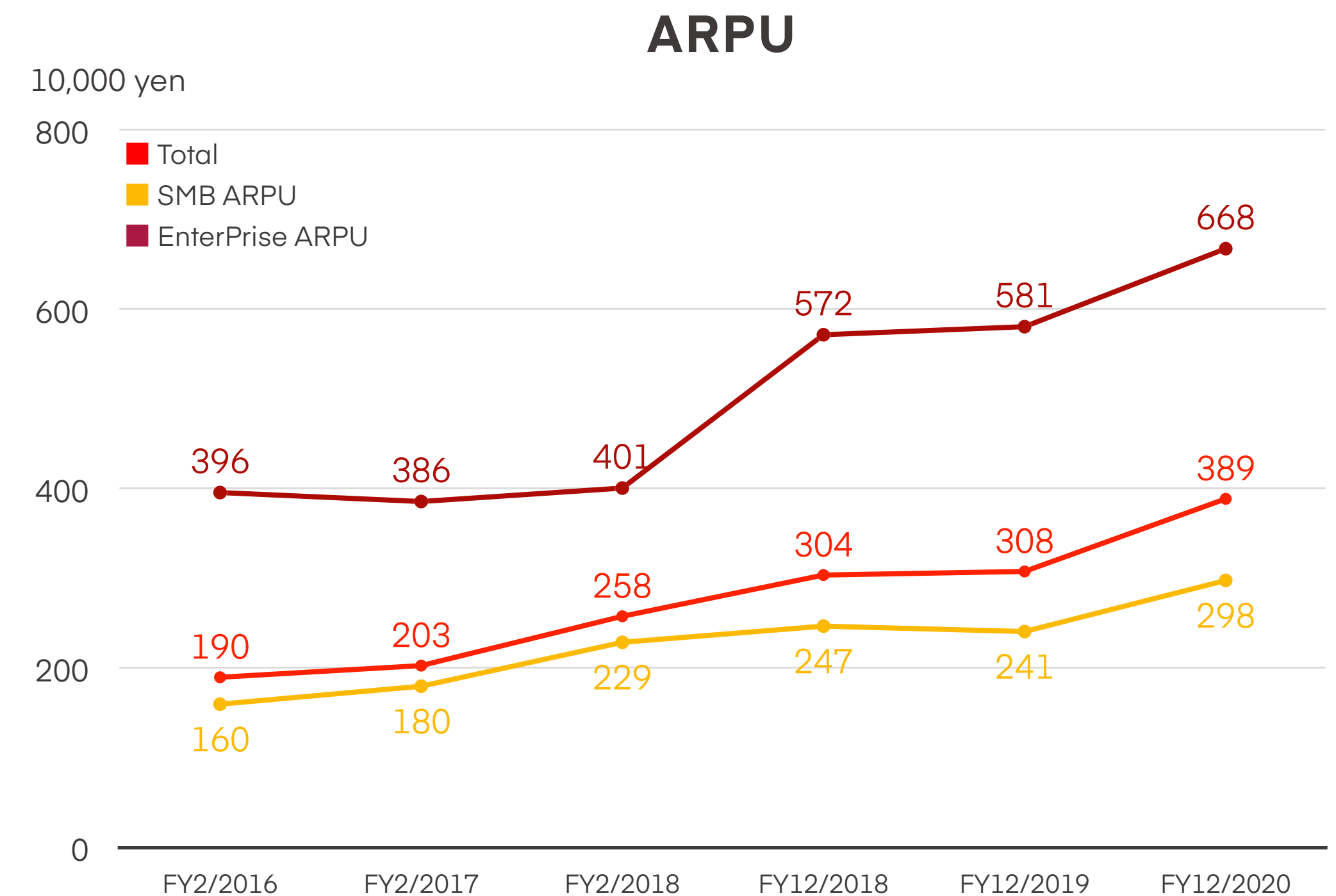
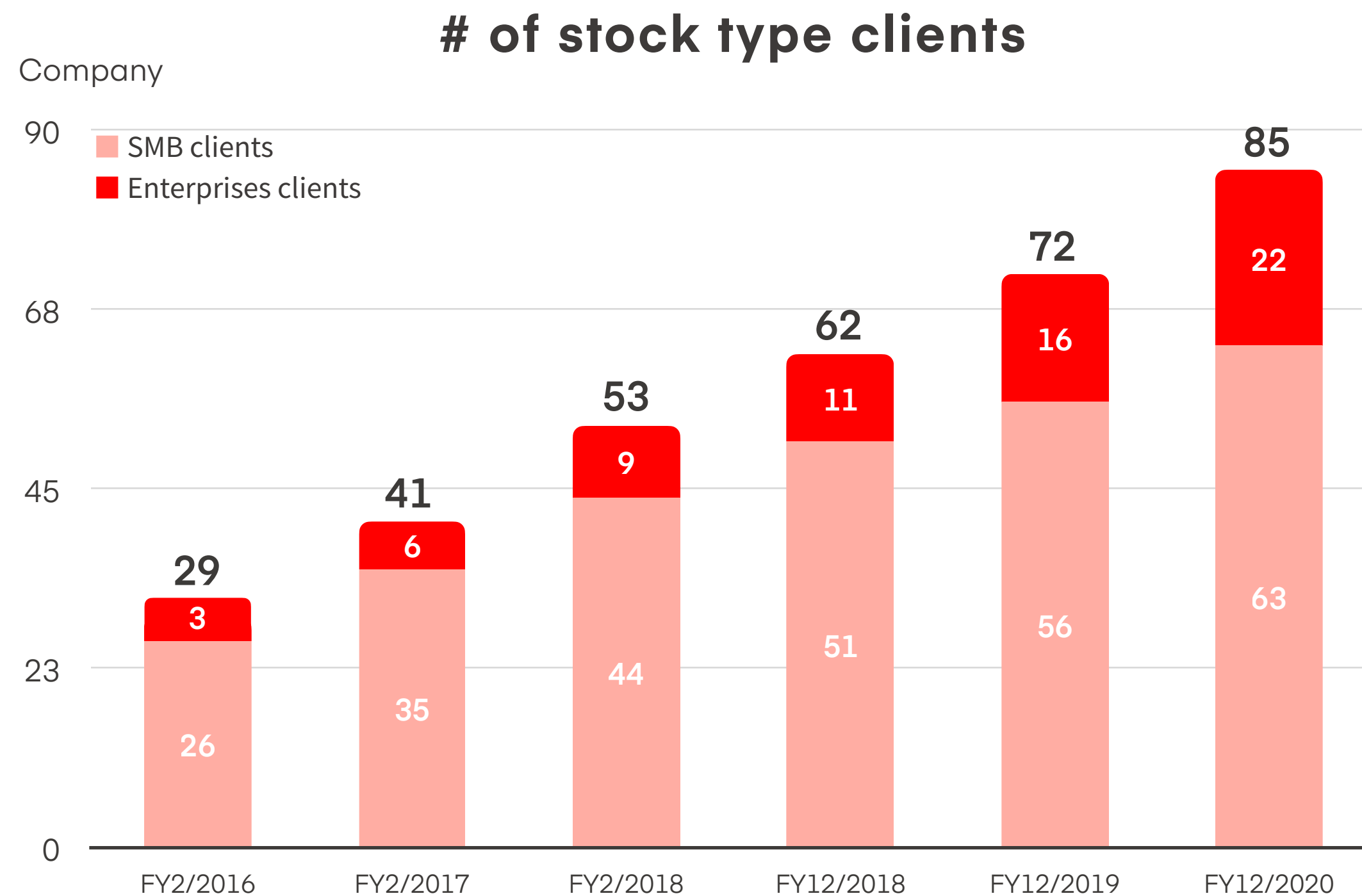


**Talent
Platform**

- Due to the impact of novel coronavirus, the recruitment needs of inexperienced human resources is sluggish, and training consulting is facing difficulties.
- On the other hand, since there is a deep-rooted need for ready-to-use human resources, the personnel are reassigned and the performance of the entire service line is on a recovery trend.

Changes in important KPIs (fiscal year)

Steady growth in both stock-type client numbers and average monthly revenue per user (ARPU)
The monthly average rate ⁽¹⁾ remained unchanged at 3.62% even in the Coronavirus pandemic.

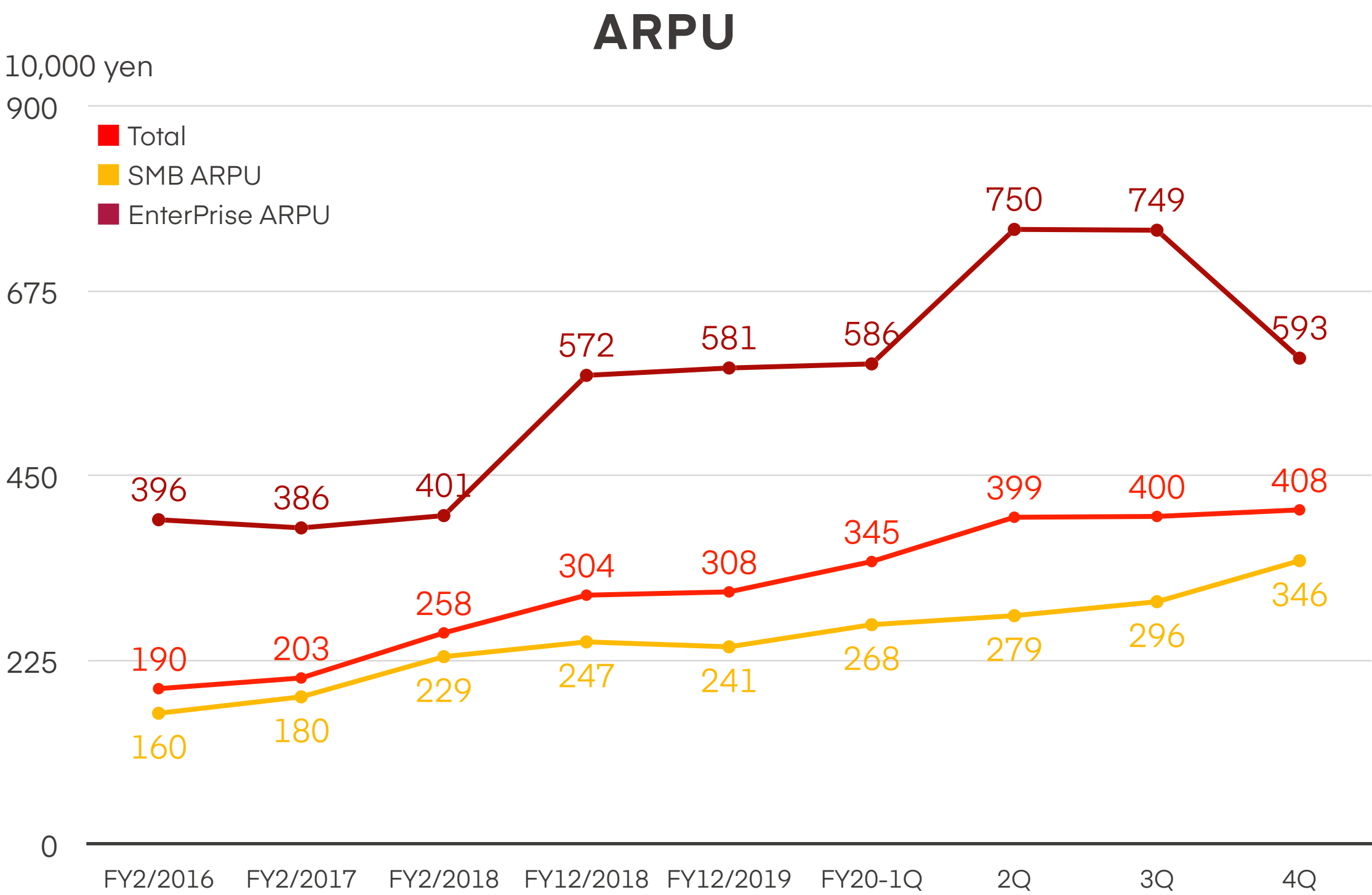
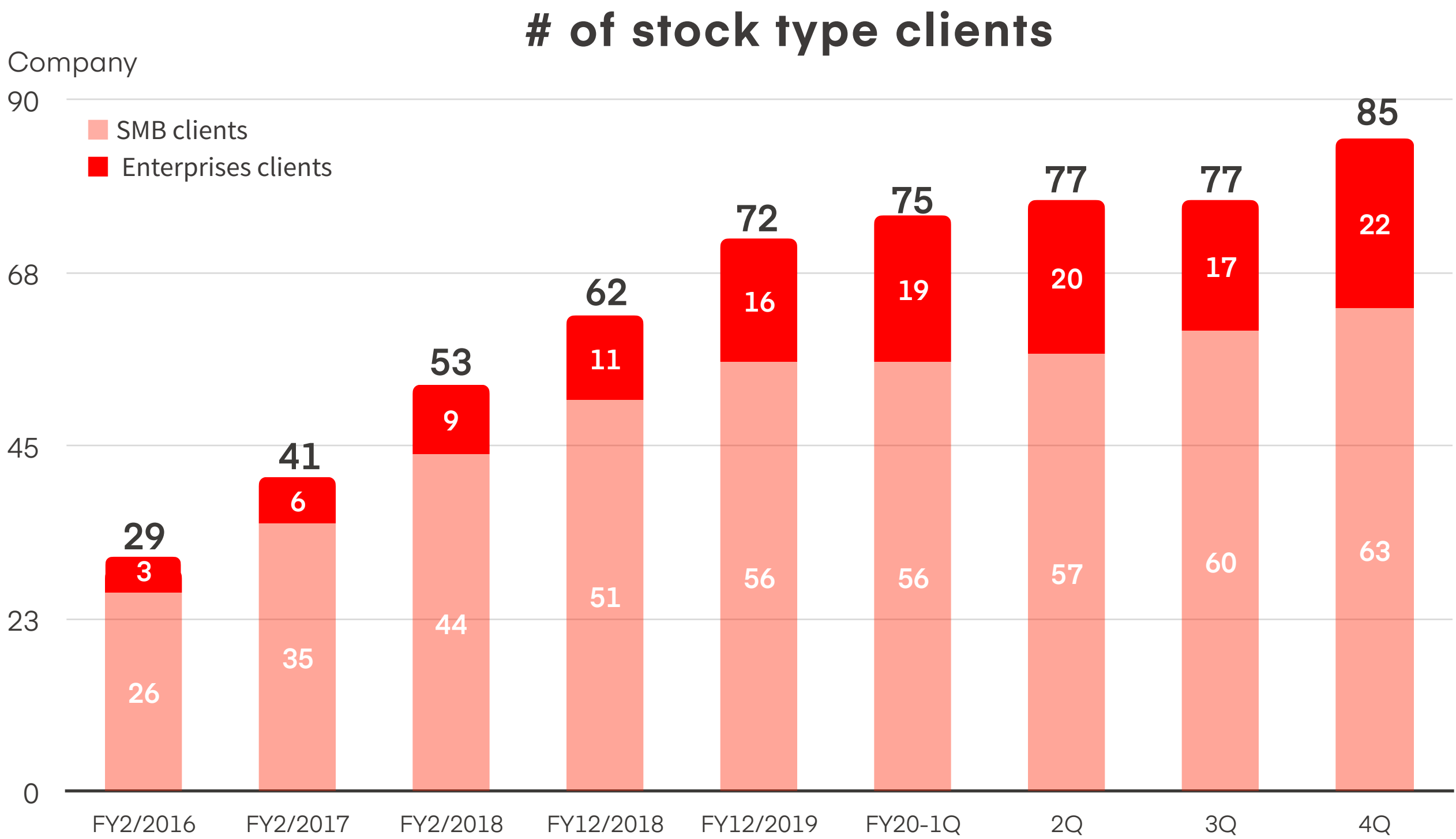


Definition of enterprise company is either adoption of Nikkei 225, Nikkei 400, and Nikkei 500 and their group company, market cap, revenue scale and employee scale company.

Changes in important KPIs (quarterly)

The number of stock-type clients in Q4 increased by 8.

Since the denominator of the enterprise client unit price is still small, the volatility is large compared to SMB, but the average ARPU of all clients increased slightly to 4.08 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

- As of the end of December 2020, the number of stock type clients was 85.
- In comparison with 2019, the number of enterprises increased by 6 and the number of SMBs increased by 7, both were steadily increasing.

Average Monthly Revenue Per User (ARPU)

- Enterprise ARPU in FY20/4Q decreased due to an increase in new customers, but total ARPU increased because of a rise in SMB ARPU .
- FY2020 experienced a steady increase by 800 thousand yen year-on-year.

Balance Sheet comparison

Cash on hand, Cash and Cash equivalents and Net Asset increase due to the IPO financing and profit recording.

Equity Ratio is 80.7%, and implies an increase in the stability of financial base.

Unit: Million Yen

	FY12/2019	FY12/2020	Amount in change	Main Factors
Current Asset	2,949	5,795	2,846	Increase in cash and cash equivalents due to the IPO financing and profit recording.
Cash & Bank	2,383	5,073	2,690	ncrease due to the IPO financing and profit recording.
Fixed Assets	414	448	34	
Total Assets	3,363	6,243	2,880	Increase in cash and cash equivalents due to the IPO financing and profit recording.
Current Liabilities	969	1,010	41	
Fixed Liabilities	365	215	△150	
Net Asset	2,028	5,017	2,989	Increase due to the IPO financing and profit recording.
Total Liabilities and Equity	3,363	6,243	2,880	Increase in Net Asset due to the IPO financing and profit recording.
Equity Ratio	60.5%	80.7%	—	

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Forecast for FY 12/2021

Our stance on disclosure of earnings forecasts

Since our founding, we have always set high ideals in our business, and have achieved high growth while taking risks and flexibly adapting to various changes in the external environment so as not to miss the best opportunity.

Going forward, we will continue to achieve dramatic growth from a medium- to long-term perspective without significantly changing our stance toward the realization of "Create a world where everyone has the freedom to make awesome things that matter". We want to achieve it.

Earnings forecasts are based on information available at the time of disclosure and are subject to risks and uncertainties. Actual results may differ significantly from the outlook due to the effects of various uncertainties.

FY12/2021 Consolidated forecast

In the FY 12/2021, both sales and profits are forecasted to grow based on the assumption that there will be the increase in the number of Stock type clients and ARPU in Creative and Engineering

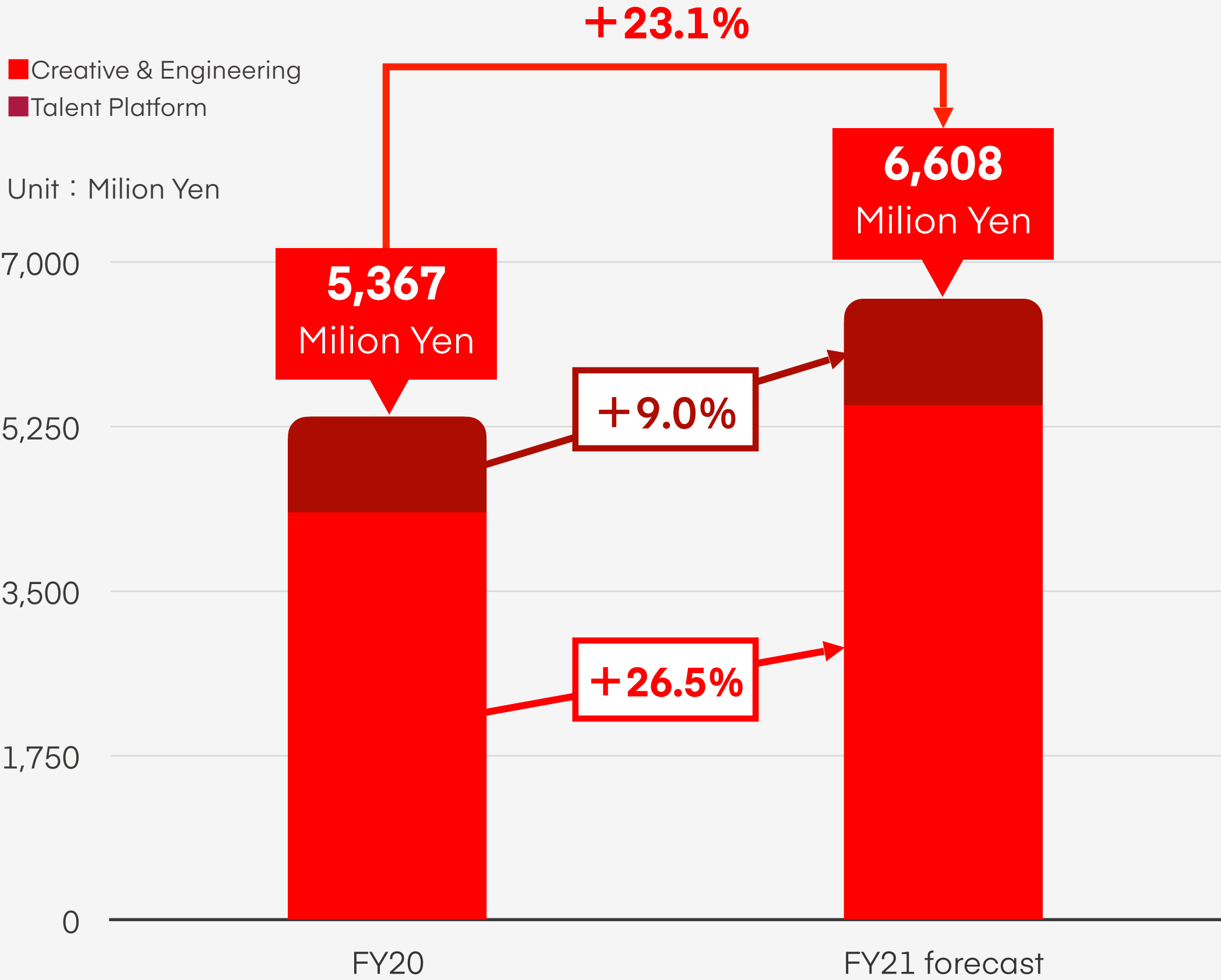
Unit : Million Yen

	FY12/2020 Results	FY 12/2021 Forecast	Rate of Change
Sales	5,367	6,608	23.1%
Operating Income	886	1,100	24.1%
Operating Rate of Return	16.5%	16.7%	—
Ordinary Income	926	1,153	24.5%
Net Income	804	983	22.3%

Sales forecast

Sales forecast for FY 12/2020
6,608 Million Yen
(+23.1% year-on-year)

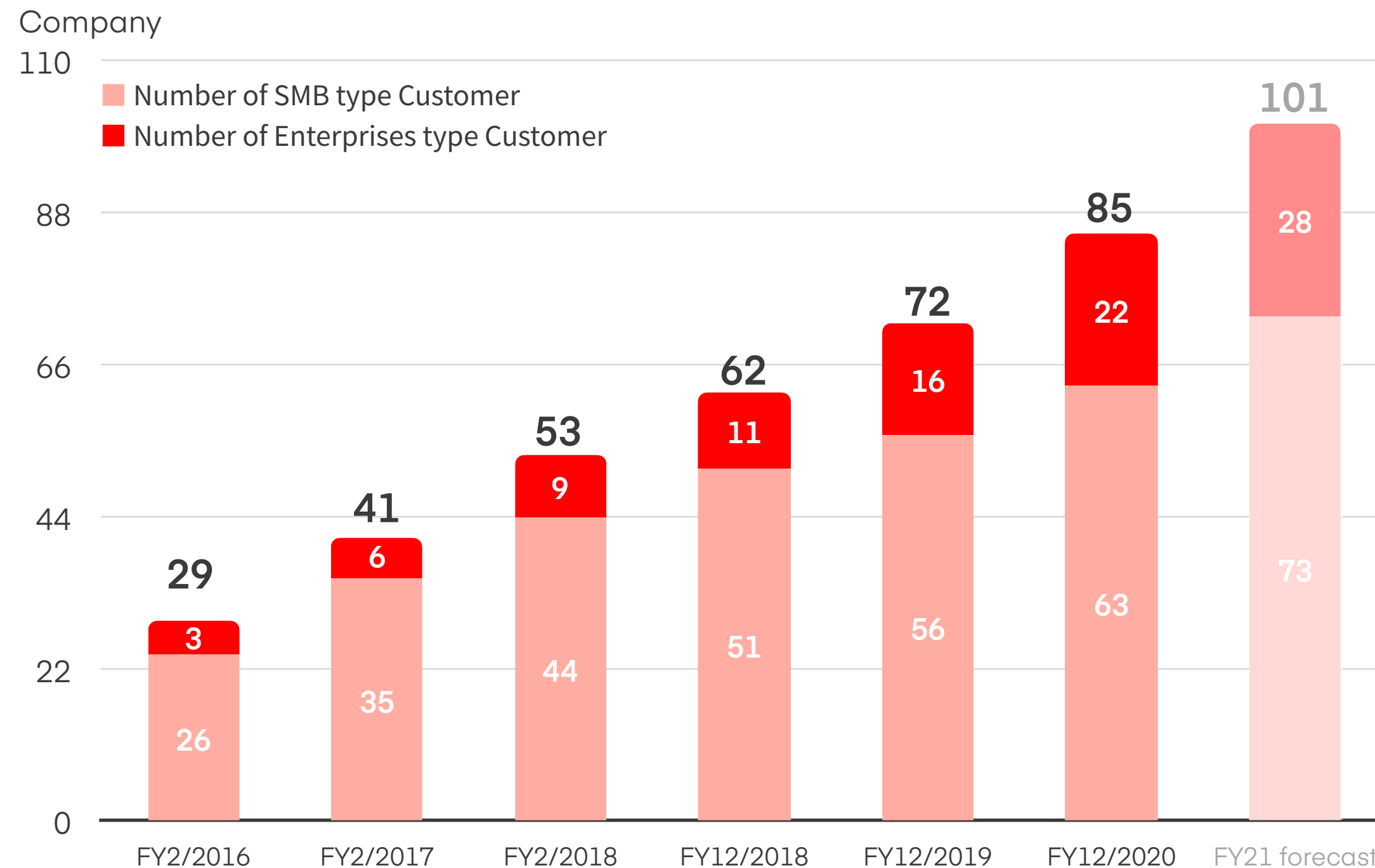
Creative & Engineering: **+26.5% year-on-year**
Talent platform: **+9.0% year-on-year**



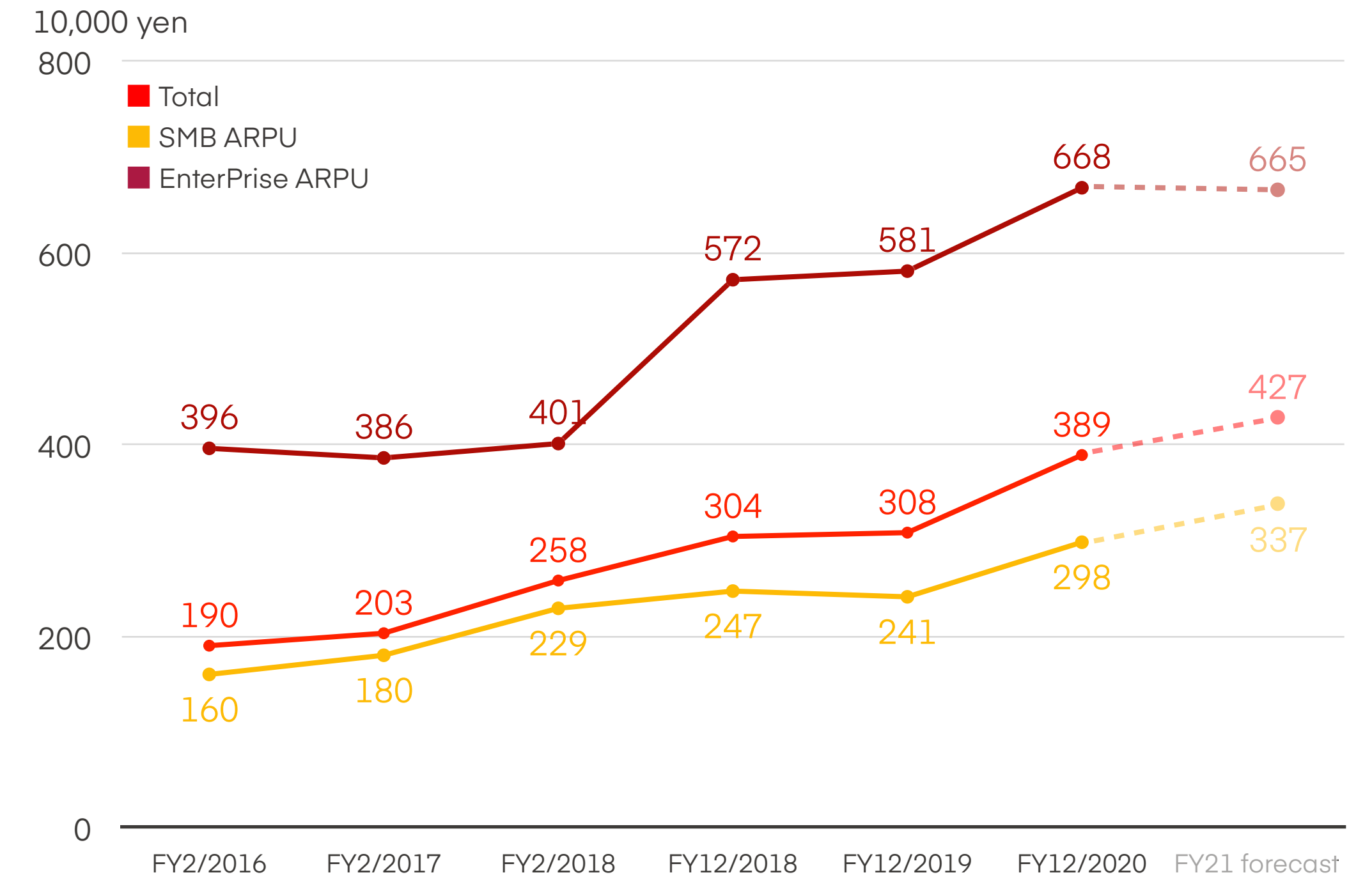
important KPIs forecast

As of the end of December 2021, the number of stock-type clients is expected to increase by 16 to 101. The average annual ARPU for all customers is expected to increase by 0.38 million Yen to 4.27 million Yen.

Changes in the number of stock-type clients



Changes in average monthly revenue per user



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.



4

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

Lead generation



Referral from existing client



Alliances



Web Marketing

ARPU Improvements



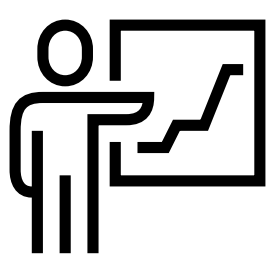
ARPU growth by increasing enterprise projects

Main Factor

Lead nurturing



Strengthening community formation



Strengthening business incubation system



Obtain new high ARPU projects



ARPU growth for existing projects

Started collaboration with Deloitte Tohmatsu in the area of new business development support

Deloitte Tohmatsu Venture Support Co., Ltd. Deloitte Tohmatsu Venture Support Co., Ltd. In the new business development support digital tool "Startup Compass" under development, Sun * supports the hypothesis verification in the business creation of customers and enhances the feasibility of new business development.

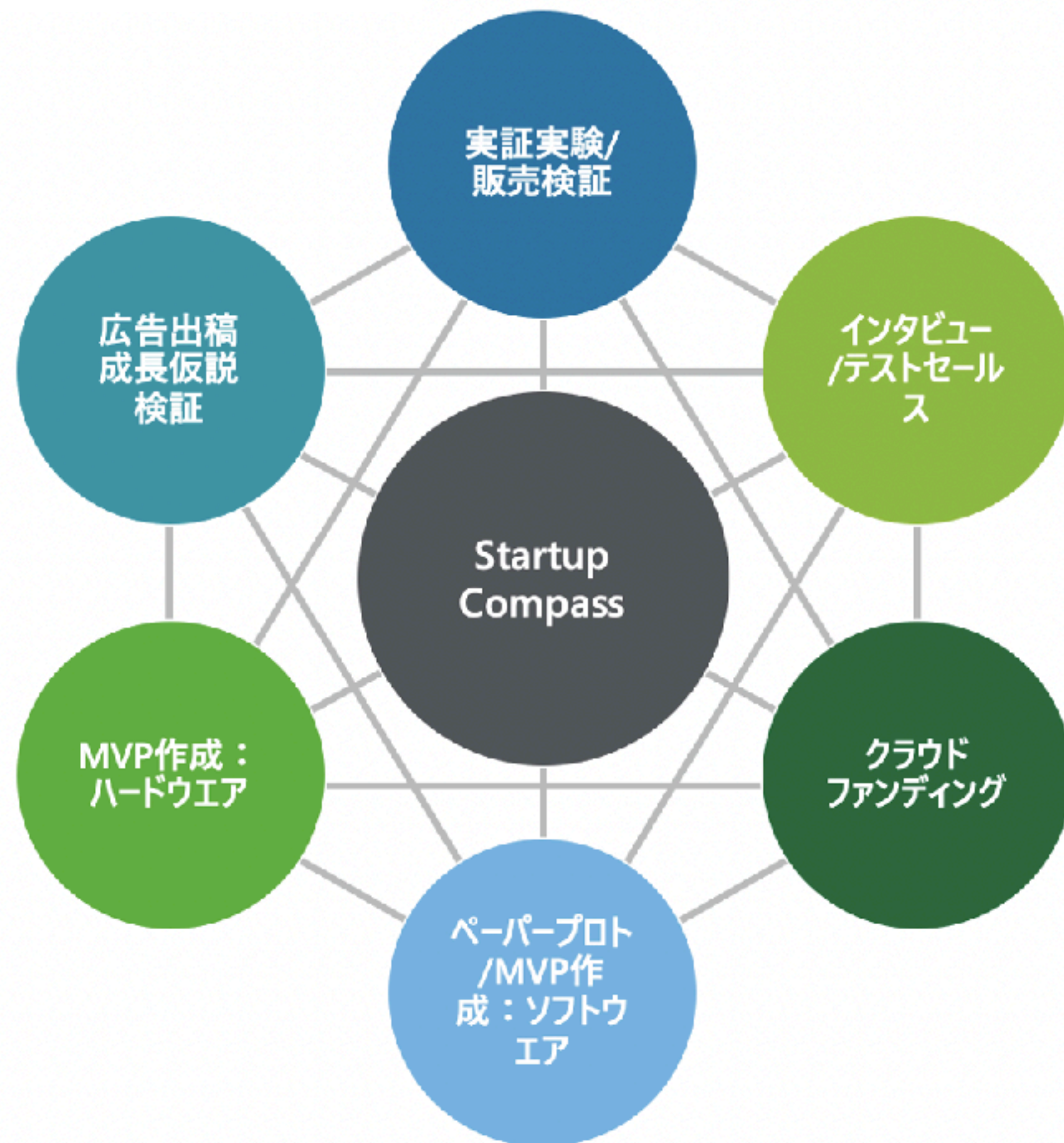


Startup Compass

It is a business development tool that can be widely used from new business managers and managers of large companies to people involved in start-up business development. The process of new business development is divided into five phases: "idea creation", "customer / issue verification", "product / solution verification", "PMF (market suitability) verification", and "growth verification". We will provide specific items to be confirmed / verified and points to be emphasized, and guide users to confirm / verify them one by one without fail and move forward. In addition, in each phase, we will not only support the construction of hypotheses to be verified, but also present concrete methods for verifying hypotheses, and introduce specialized companies that can cooperate in such hypothesis verification.

DTVS Deloitte Tohmatsu Venture Support Co., Ltd.

With the mission of "opening the future with those who challenge," DTVS is working toward a world where venture companies, major companies, government agencies / local governments, etc. collaborate to create numerous innovations. The main activities are venture company support, major company innovation consulting, and policy proposal / execution support for government agencies. We have a network with 5,000 venture companies in Japan and overseas, and we are utilizing the knowledge we have gained to support major companies.



Example of Startup Compass hypothesis testing function

Enterprise acquisition alliance (cooperation) and organizational expansion

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

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

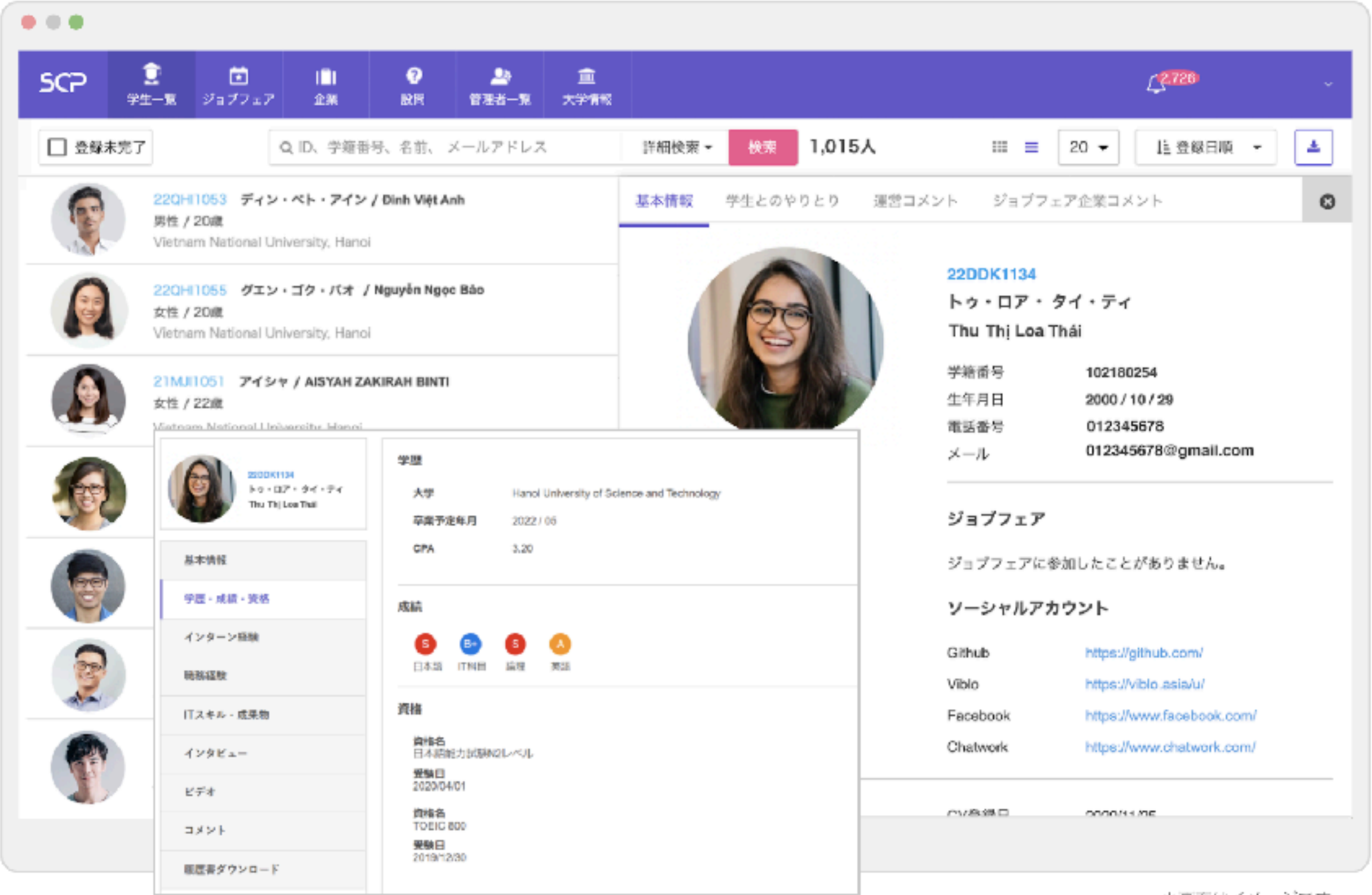
Sun* proprietary data platform

				
Viblo	Rubato	Sun* CI	Schooler	SCP (Sun* consulting Platform)
Knowledge Sharing Platform	Optimal Talent Allocation Platform	DevOps Platform	Learning Management System	Employment Support System
Posting and sharing	Skill Management	Automated Code Review	Class Management	Corporate Information
AI Recommendation	Portfolio Management	Automated Security Check	Schedule Management	Student Information
Clipping Articles	Talent Evaluation Management	Automated Testing	Attendance / Grade Management	Student Follow Function
Discussion	Talent Operation Management	Automated Building Code	Class Content Management	Job Hunting Event Information
Q&A	AI Recommendation(In dev)	Simply Releasing Operation	Report Creation / Output	Matching / Scout Function
Public Average 330,000 MAU	In House Only	Clients Only	Introduced at 8 universities in 3 countries More than 1,800 students	Public Over 1,000 student resumes

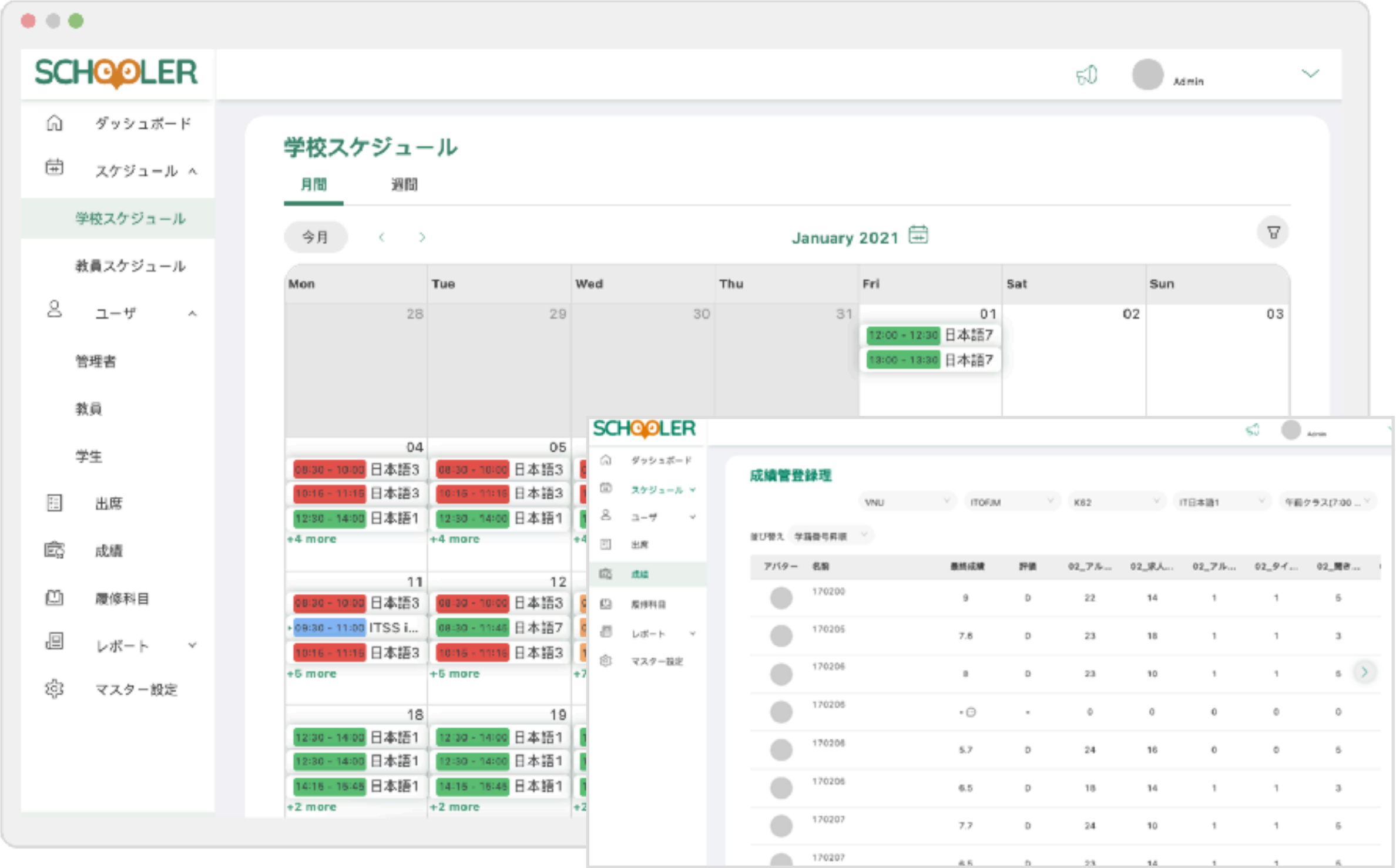
Data management system launched in 2020



Web system that manages student resumes in a database and supports employment



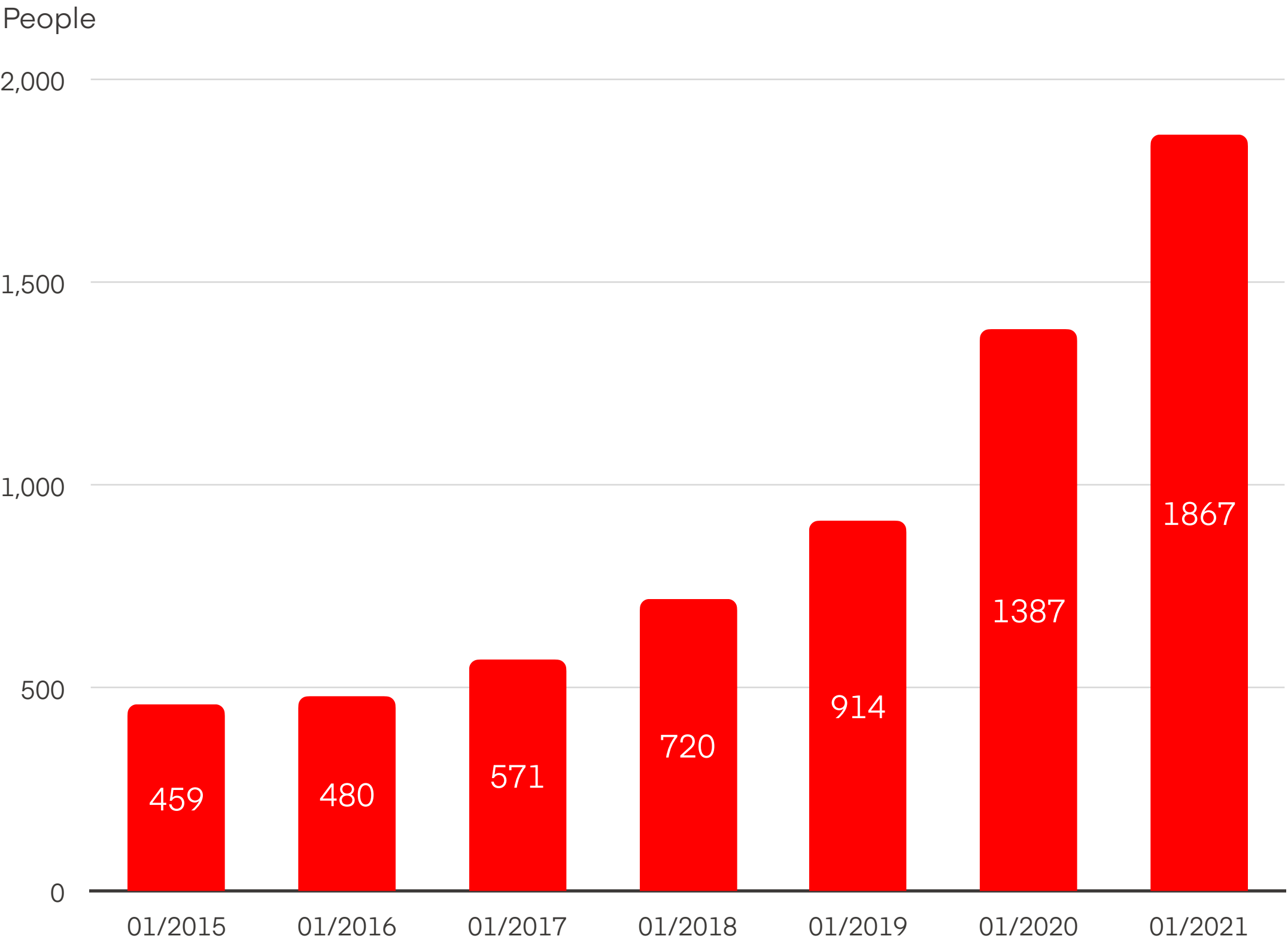
Learning management system that enables systematization and visualization of education



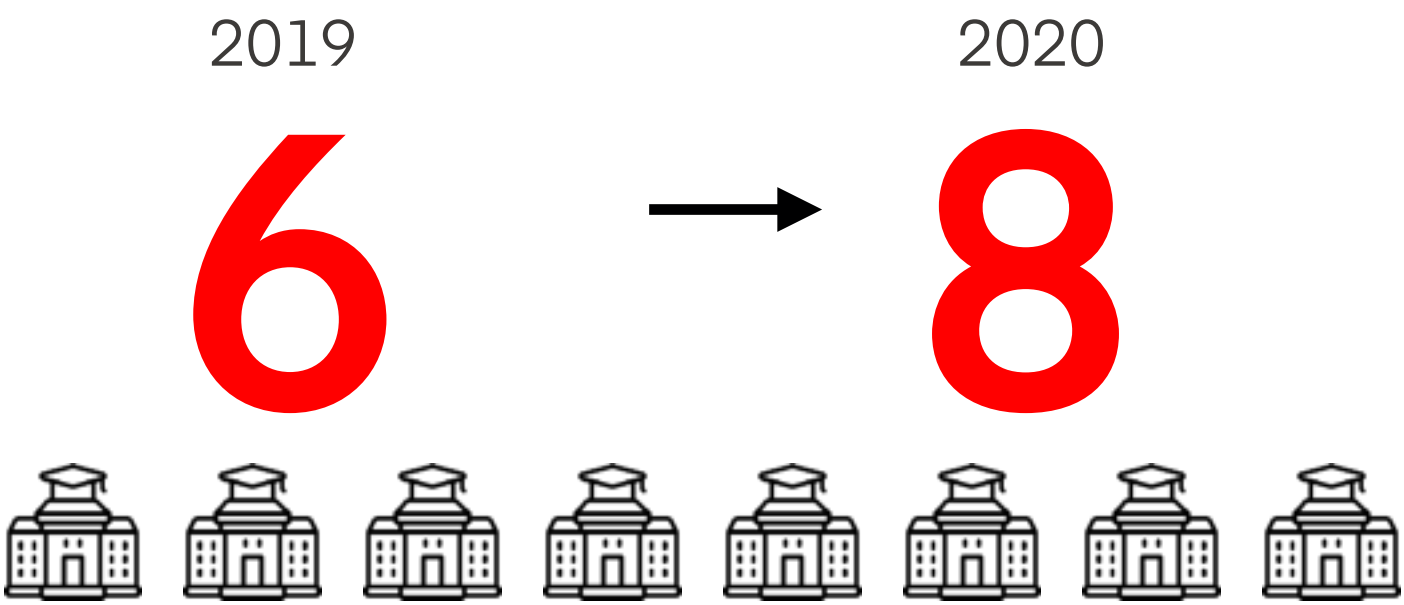
The output of Innovative human resources through education and training

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

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



5

Appendix



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.





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.

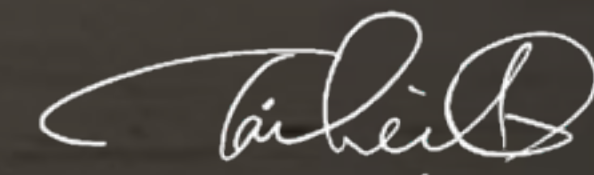
Looking around the world, there are a variety of issues ranging from the major social issues that are mentioned in the SDGs to the issues of everyday life.

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.