

Sun*

Financial Results Explanatory Materials for the
Fiscal Year Ended December 2023

Sun Asterisk Inc. | Securities code : 4053

Feb 9, 2024

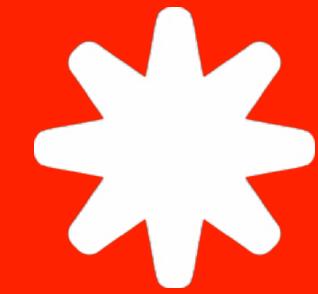
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1

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.

About Sun*

Company Profile

Company	Management	Financial (Previous period)	KPIs
Founded 2013	CEO Co-founder, Director Director Director Director: an Audit and Supervisory Committee member Outside director Outside director Outside director	Sales (2) 12.5 Billion Operating Income (2) 1.77 Billion Sales CAGR (3) 39.7 %	Stock Type Client (4) 121 Clients ARPU (5) 5.18 million Churn Rate (6) 3.58 %
Employees (1) 1,950+ Sun Asterisk : 350+ Sun Asterisk Vietnam : 1,380+ Sun terras : 100+ NEWh : 15+ Trys : 110+	Taihei Kobayashi Makoto Hirai Yusuke Hattori Takuya Umeda Ken Nihonyanagi Toshihiro Ozawa Eriko Ishii MAKIKO ISHIWATARI		

(1) As of Dec, 2023 (including temporary hirings)

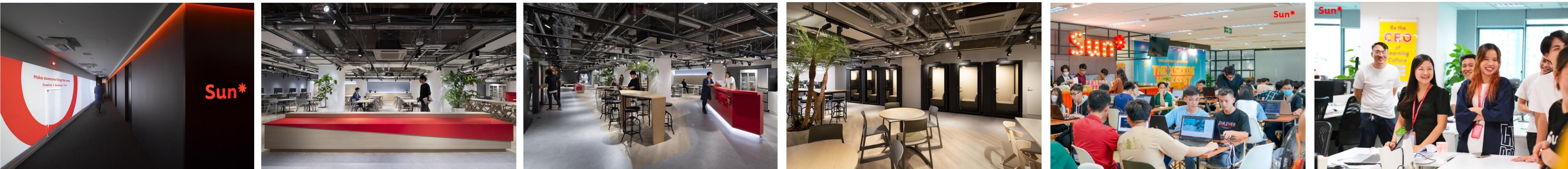
(2) FY12/2023

(3) Average Annual Growth Rate from FY2/2016 to FY12/2023

(4) 12/2023

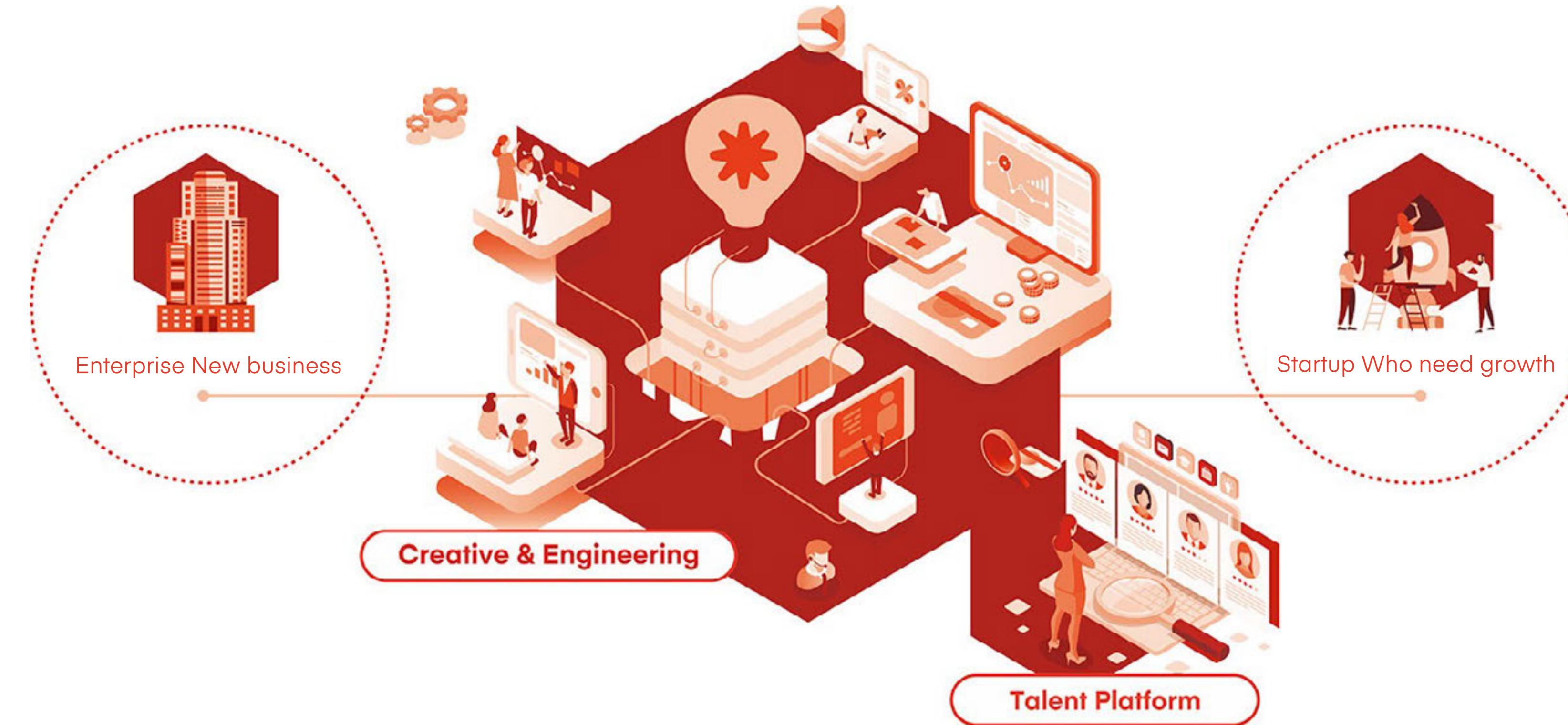
(5) FY12/2023

(6) Calculated based on Jan. 2015 to Dec, 2023, 108 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.

Business Summary

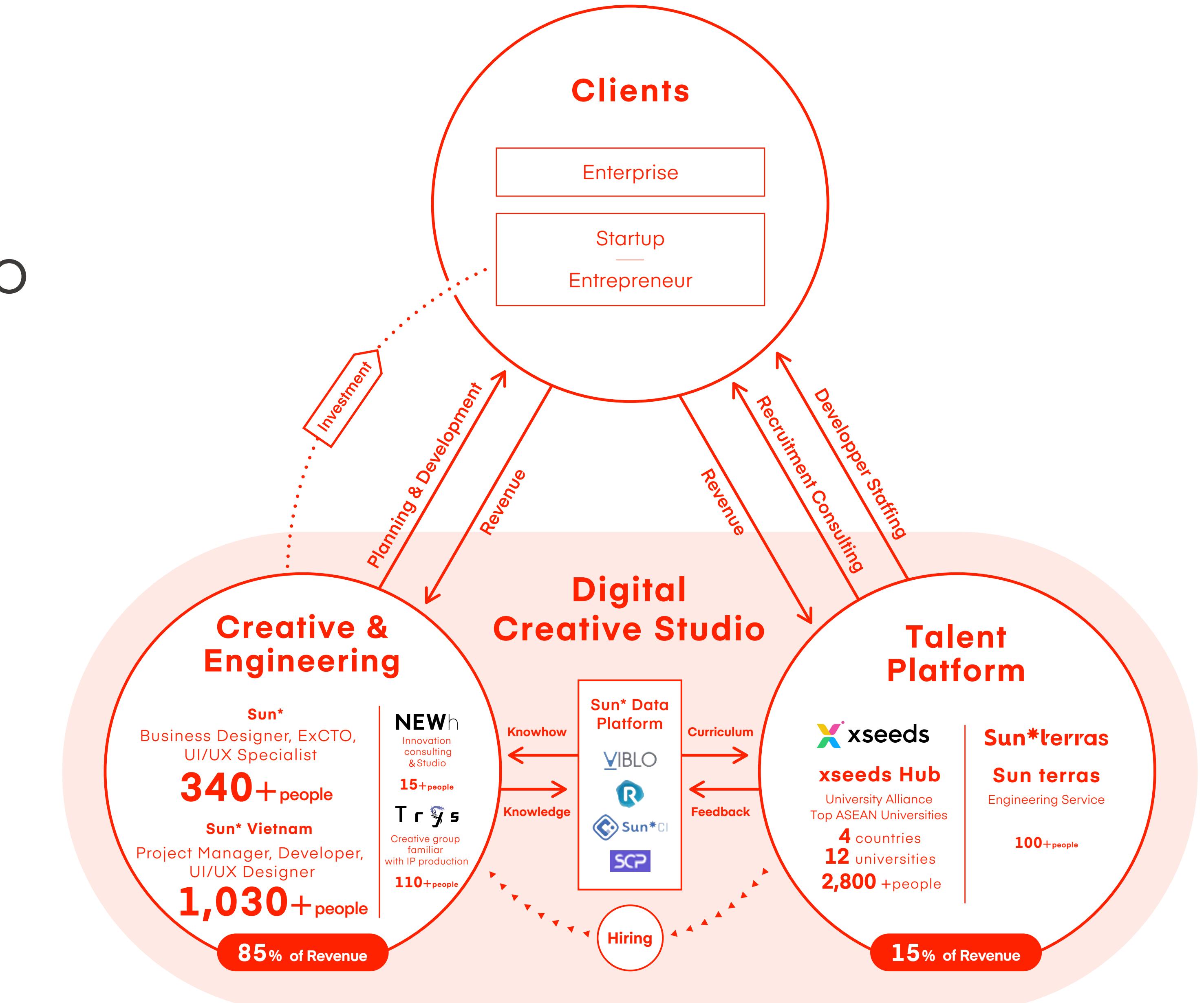
Supporting from business creation to service growth.

Creative & Engineering

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

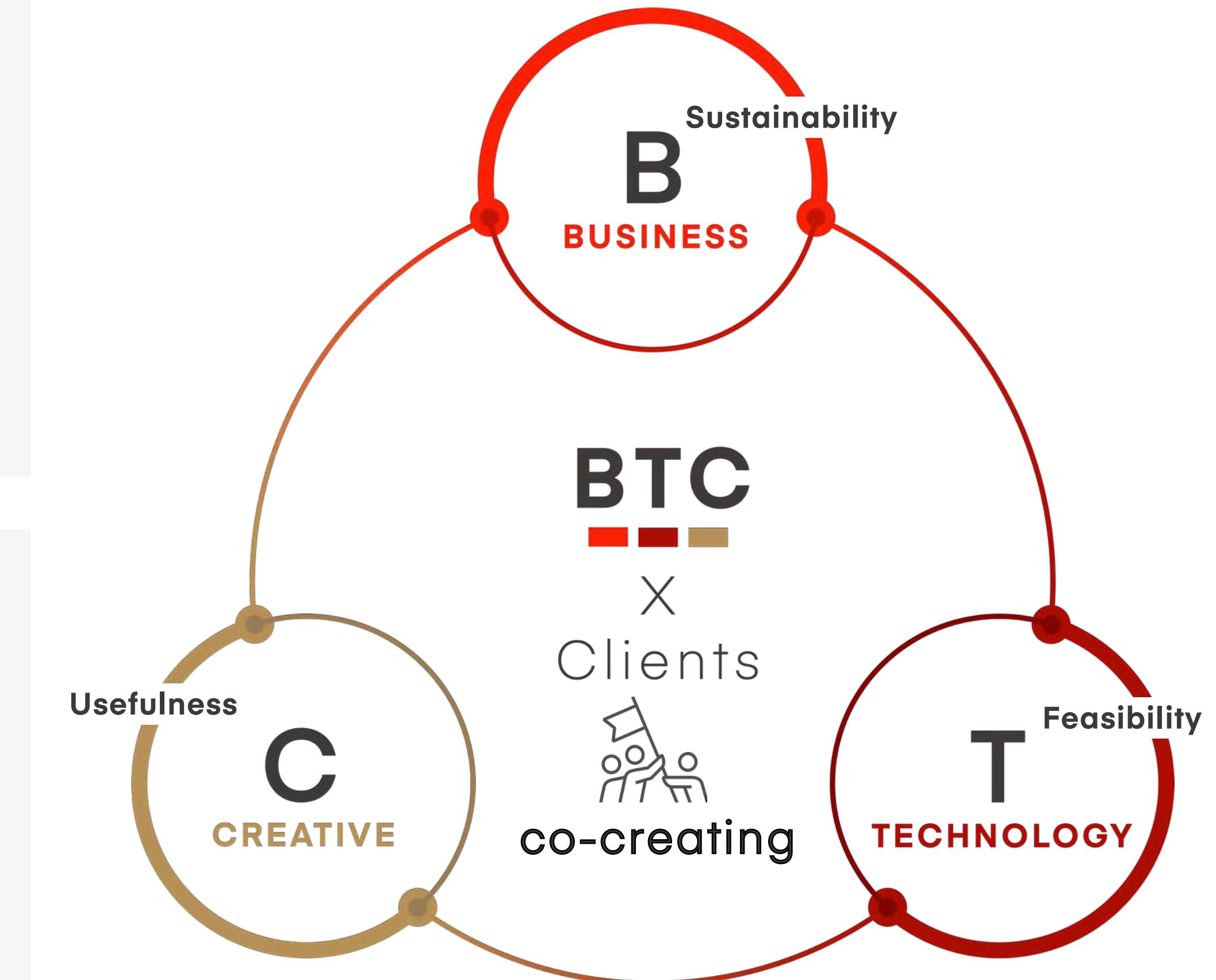
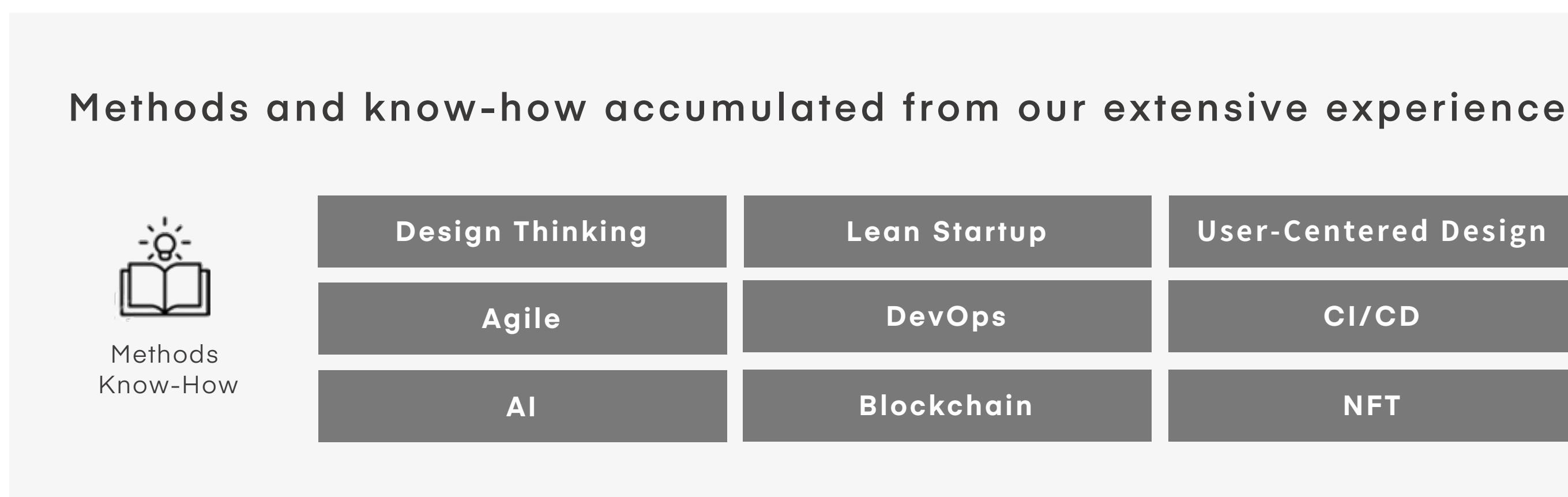
Talent Platform

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



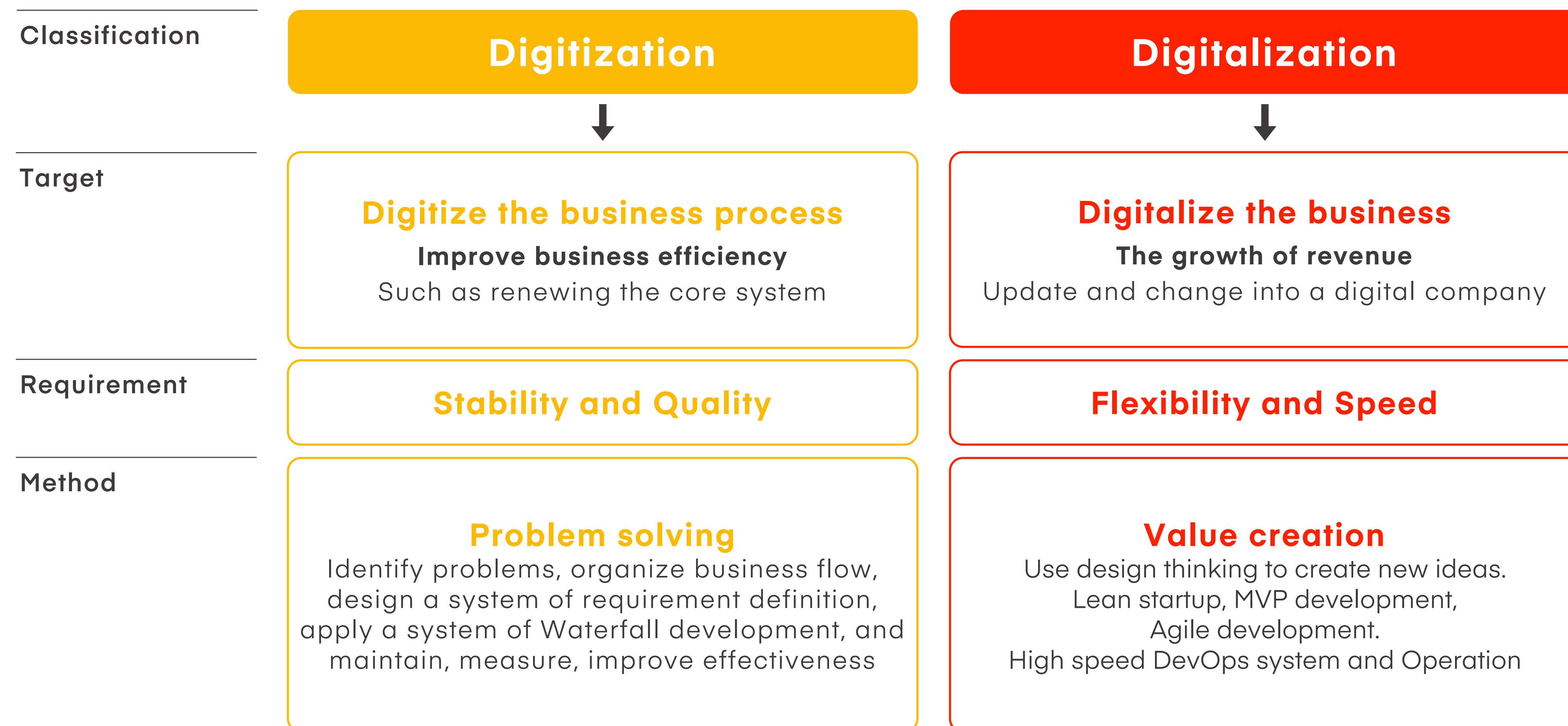
Functions of the Digital Creative Studio

A team of B, T, C professionals with multinational and diverse backgrounds
Co-creating businesses with clients by utilizing value-creating methods and know-how



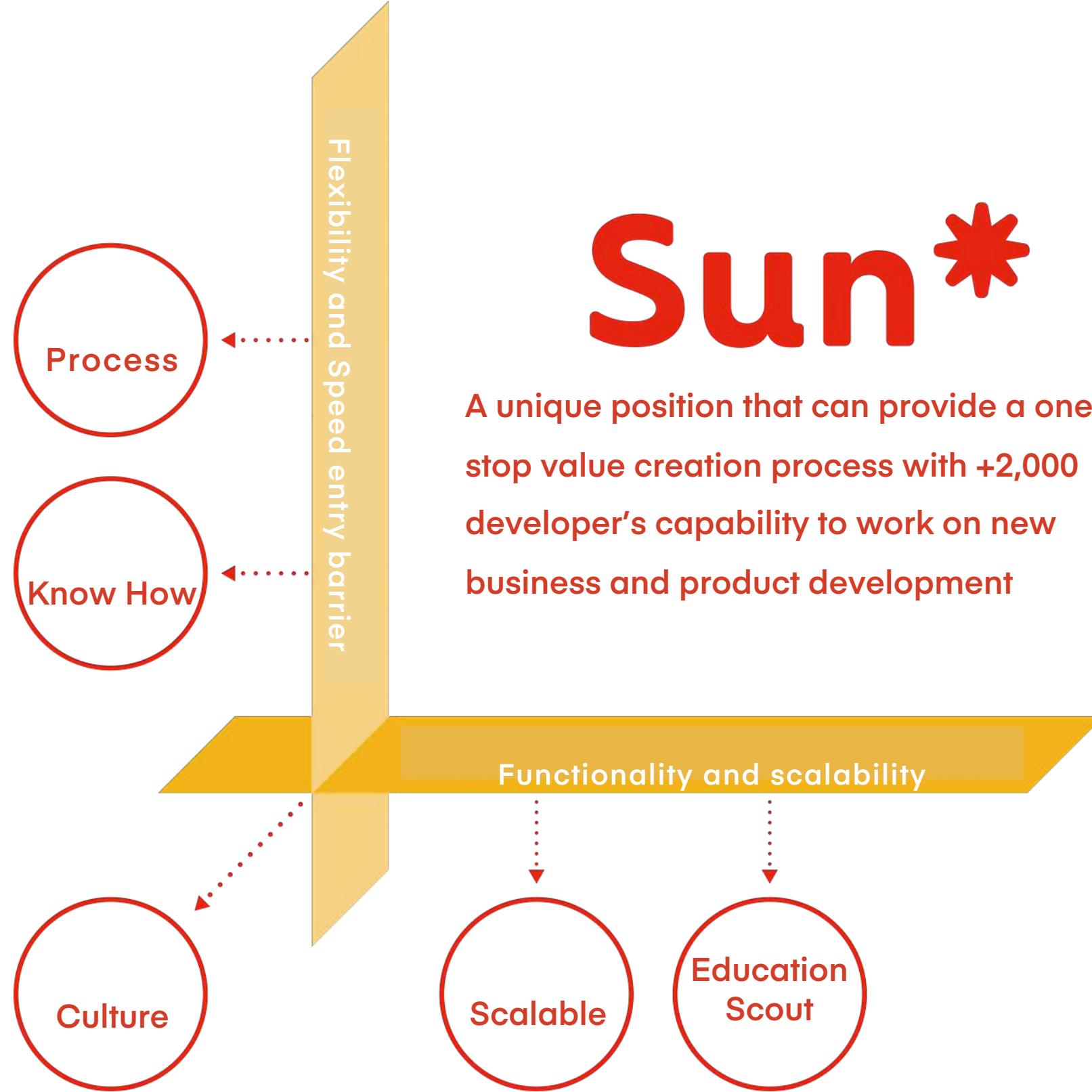
The Two Types of DX Proposed by Sun*

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



Sun* Uniqueness in DX Market

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



Process • Know-how

Value creation processes that have been repeatedly refined through development using design thinking, Lean Startup, and agile approaches, and reproducibility through a data platform that has accumulated know-how from more than 400 development projects, mainly for new businesses and products.

Culture

Accelerate collaboration with people, products, and things that seriously tackle social issues, and create an open and strong culture where people can immerse themselves in value creation.

Scalability

More than 1,500 B, T, and C professionals in our organization. Ability to identify and develop human resources by leveraging value creation processes and know-how, and building training ecosystems in collaboration with educational institutions.

Case Study : Ultra FreakOut, inc.

Expanded distribution platform for Japan's largest cab signage media

DOOH system "Maroon" for centralized management of digital signage distribution

Ultra FreakOut is the technology provider for Japan's largest cab signage media "Tokyo Prime", which is deployed in more than 67,000 cab signage units in 32 prefectures in Japan. Sun * has accompanied the project from PoC to service launch. Maroon utilizes the company's expertise to deliver content not only for advertisements, but also for in-house promotions, public transportation, and more. Distribution to multiple devices is centrally managed in the cloud, and intuitive operation is achieved through a UI/UX that is easy for even beginners to use.

UI/UX Design

Basic Design

Development & implementation

infrastructure building

DevOps

Startup

Ad Delivery

ISSUE

The company has been manually managing the ad submission system, and wants to streamline management by converting it to a CMS with a view to business expansion. The company lacked the resources of engineers and designers to expand its functions, and there were concerns about collaboration with external partners.

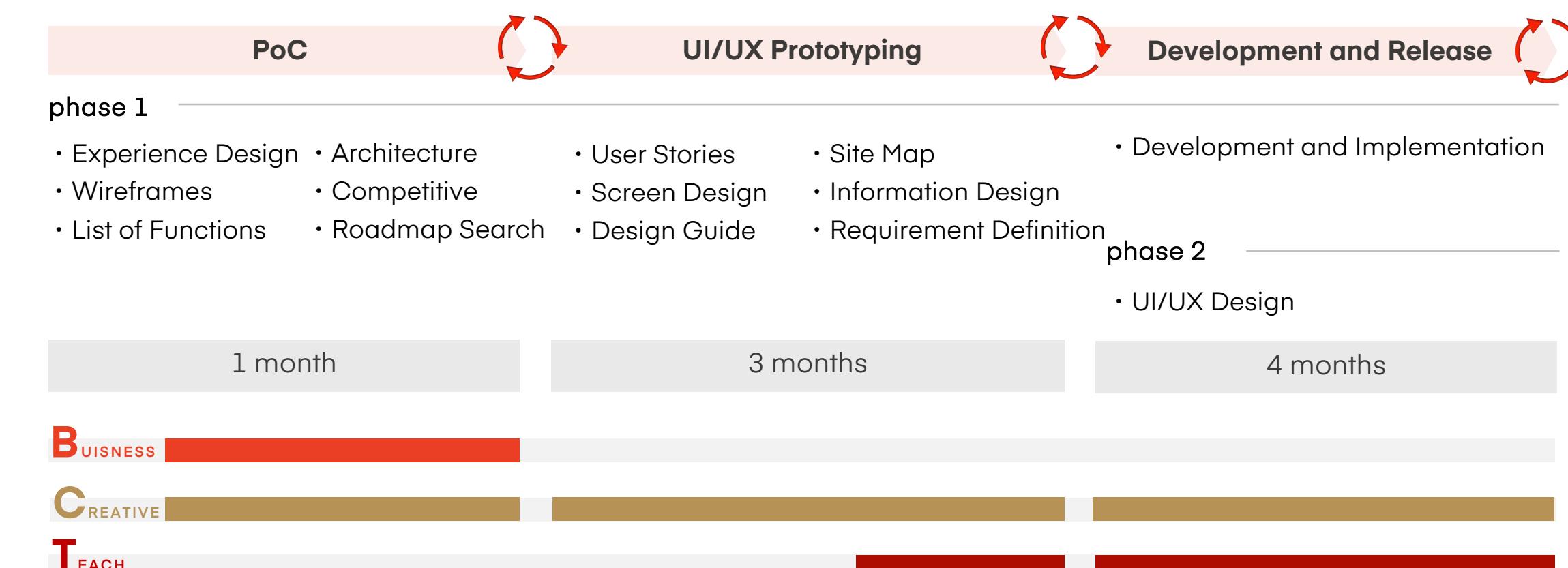
SOLUTION

For the PoC, we created a mockup of the UI in a short period of one month. In parallel with screen design, competitive research, experience design, roadmap, and list of functions are created. Utilizing the collaborative design tools Figma and Miro, the project was executed by consolidating to make quick decisions and prevent gaps in perception.

Sun*



Main Flow



Case Study : FINATEXT

FINATEXT

Digital insurance attracts attention as a next-generation model

Boosting DX in the Insurance Business SaaS-based Insurance Core System "Inspire"

"Inspire", Finetext's SaaS-type digital insurance system, is a cloud service that allows various insurance products to be easily integrated and sold on the web and smartphone applications. This innovative system can start offering insurance products in a few weeks at a significantly reduced cost compared to conventional system development. To meet the challenges of building a flexible development system that can adapt to changes in demand and maintaining development quality, we have built a dedicated development team at Sun*.

Basic Design

Development & implementation

PM / PMO Support

DevOps

Startup

Insurance

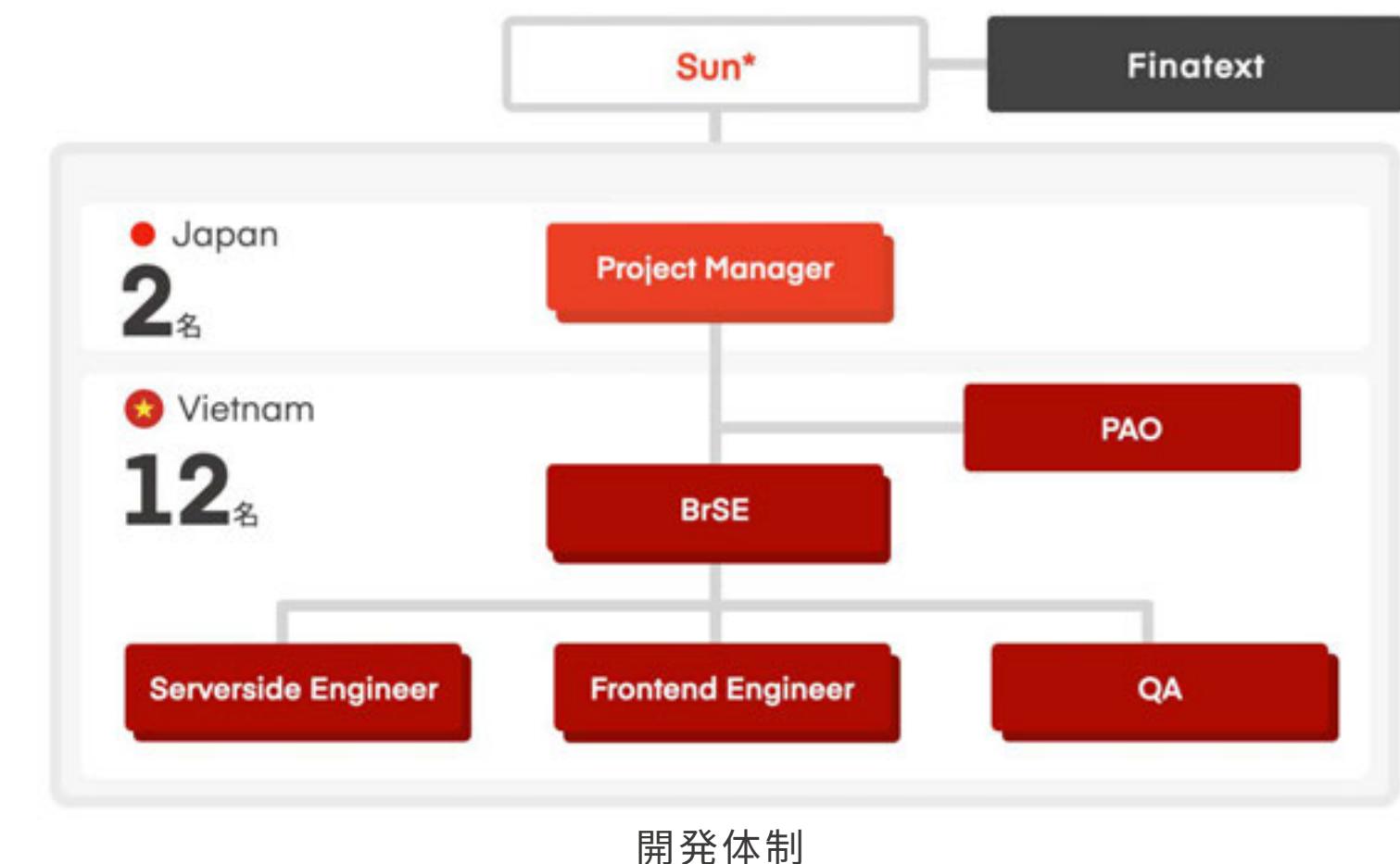
ISSUE

With demand for Inspire increasing, the challenge was to build a flexible development structure that could respond to fluctuations in demand and maintain development quality.

For this reason, they were looking for an external partner that could build a flexible structure and maintain high development quality.

SOLUTION

A PM was assigned to the Japanese side, and a development system of 12 people was established in Vietnam. As a result, Sun* has provided full-scale PJ support for more than 10 projects, and consultations for other projects are increasing.



Client's Voice

"The reason we chose Sun* was the high quality of their development and their reliability as a partner. They also responded to unexpected developments and made suggestions for improvements that took our business into consideration, giving us complete confidence in them as a partner."

Sun*

Case Study : SBI Sumishin Net Bank, Ltd. / Japan Airlines Co., Ltd.



"JAL Mileage Life" Pioneering a New Revenue Model in the Non-Airline Domain

"JAL Mileage Bank Application" a membership service that integrates miles and payment

SBI Sumishin Net Bank was commissioned by JAL to develop the "JAL Mileage Bank Application (JMB Application)" for JAL, which is expanding its financial products and promoting a cashless society, and Sun* provided support. The "JMB App" extends the functionality of "JAL Pay" and allows users to "accumulate" and "spend" miles by easily using the app for everything from booking airline tickets, redeeming award tickets, shopping at the JAL Mall, and paying hometown taxes.

requirement definition

External Design

Development & implementation

Enterprise

Airline industry

ISSUE

As the core application for JAL Mileage Life, which focuses on frequent flyer miles, want to integrate the authentication system and optimize the UI while inheriting the functions of the existing payment application. Need an experienced partner to lead the project management.

SOLUTION

50-person team was built around a development base in Vietnam. In defining requirements, we proceeded with development quickly and completed the project ahead of schedule. On the technical side, the functions, security, etc. of the SDKs developed by each vendor were evaluated and integrated while maintaining technical consistency.

Sun*



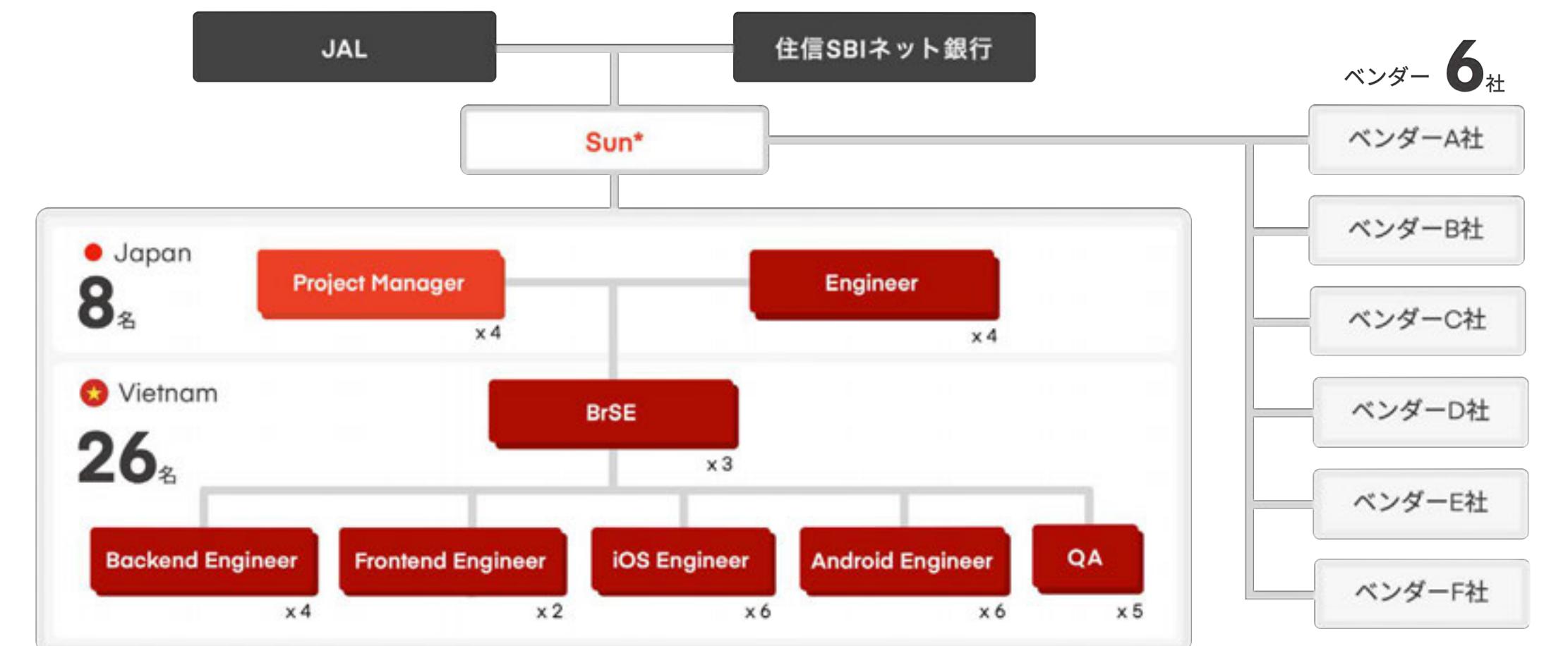
Digital membership card



Convenient JAL Pay



Expanded mileage functionality



Our Works

Case Study of DX Promotion and New Business Development



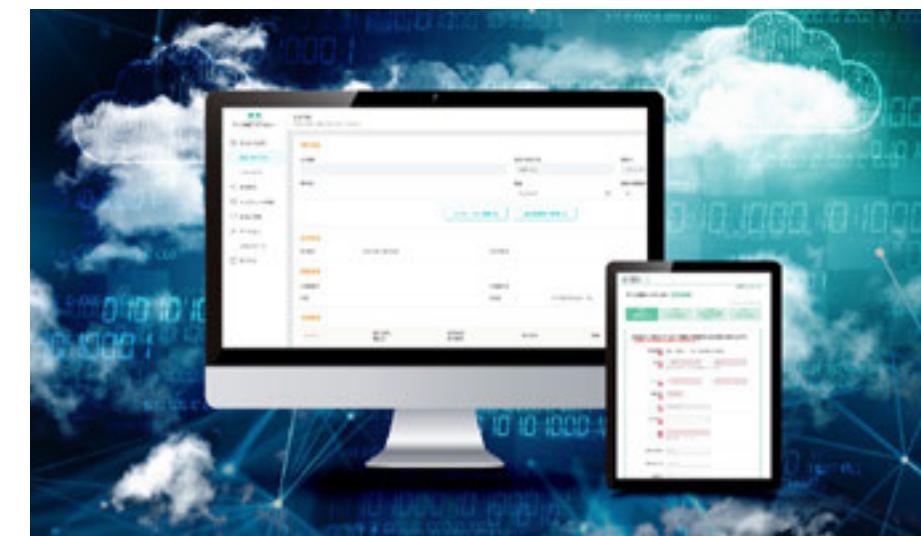
MeeTruck
SoftBank Corp./MeeTruck K. K.



Smart League
SSK CORPORATION



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



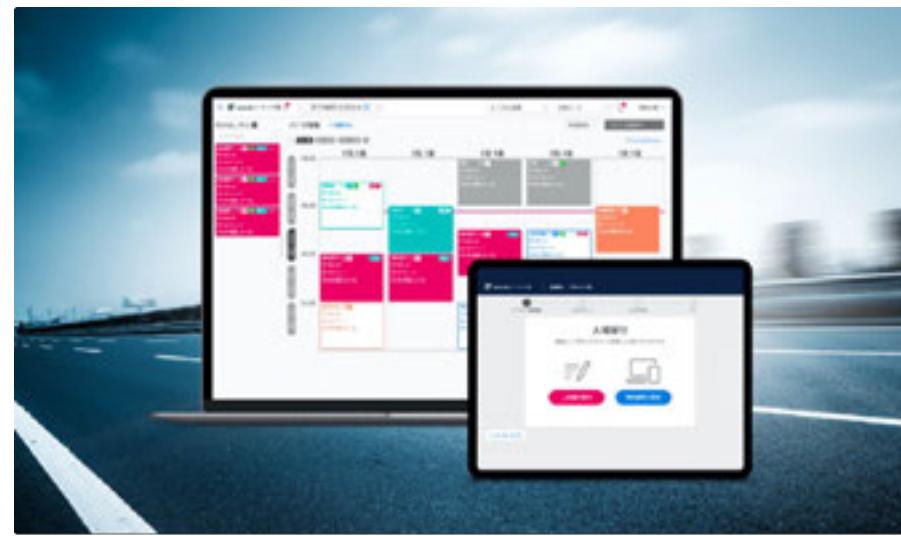
Core systems related to the
"KUMONO UCYUSEN" NIPPON GAS CO.,LTD.



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/>



2

FY2023 Financial Highlights

Financial Results Summary

Both sales and income increased on a year-on-year basis due to strong orders in the mainstay Creative & Engineering business.

Both sales and profit almost achieved the full-year forecast.

Unit : Million Yen	FY2022	FY2023	Rate of Change	Financial Forecast	Progress Rate
Sales	10,745	12,516	16.5%	12,494	100.2%
Gross profit	5,076	6,545	29.0%	6,692	97.9%
Gross profit margin	47.2%	52.3%	—	53.6%	—
EBITDA (1)	1,012	1,968	94.5%	1,894	103.7%
Operating income	902	1,775	96.8%	1,700	104.4%
Operating margin	8.4%	14.2%	—	13.6%	—
Ordinary income	1,144	2,279	99.2%	1,993	114.4%
Net income	823	1,569	90.4%	1,460	107.5%

Average exchange rate
(per 1 Vietnamese Dong)

0.00562yen

0.00590yen

0.00582yen

(1) **EBITDA** : Operating income + Depreciation and amortization + Amortization of goodwill

Key Points

Sales

- Both Creative & Engineering and Talent Platform performed well, with sales growing 16.5% YoY.
- Flow-type sales reached a record high level in 4Q due to the expansion of the sales organization throughout the year.

Gross profit

- Gross margin improved significantly from 47.2% in the previous year to 52.3% due to the penetration of new prices for Vietnamese personnel in Creative & Engineering and higher per-employee billing rates.

Operating income

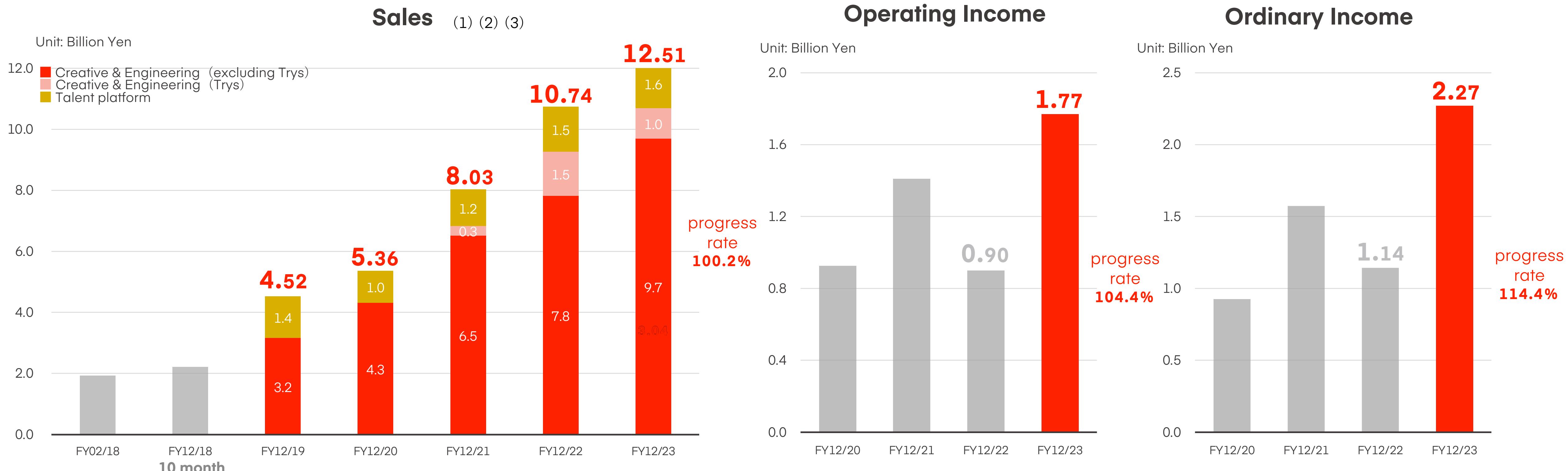
- The ratio of selling, general and administrative expenses to net sales remained unchanged from the previous year, while the operating margin improved significantly from 8.4% to 14.2%.

Exchange impact

- The yen remained weak in 4Q, with an average exchange rate of 0.00590 yen/VND in FY 23.
- Compared to the previous year's rate of 0.00562 yen/VND, the yen's depreciation increased costs by 179 million yen.

Changes in Sales and Net Income

High progress in both operating income and ordinary income compared to initial plan



(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) 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

Sales (quarterly change)

Sales in FY23Q4
3.23 billion Yen (YoY+17.2%)

Creative and Engineering (excluding Trys)

+31.8% YoY

Talent Platform

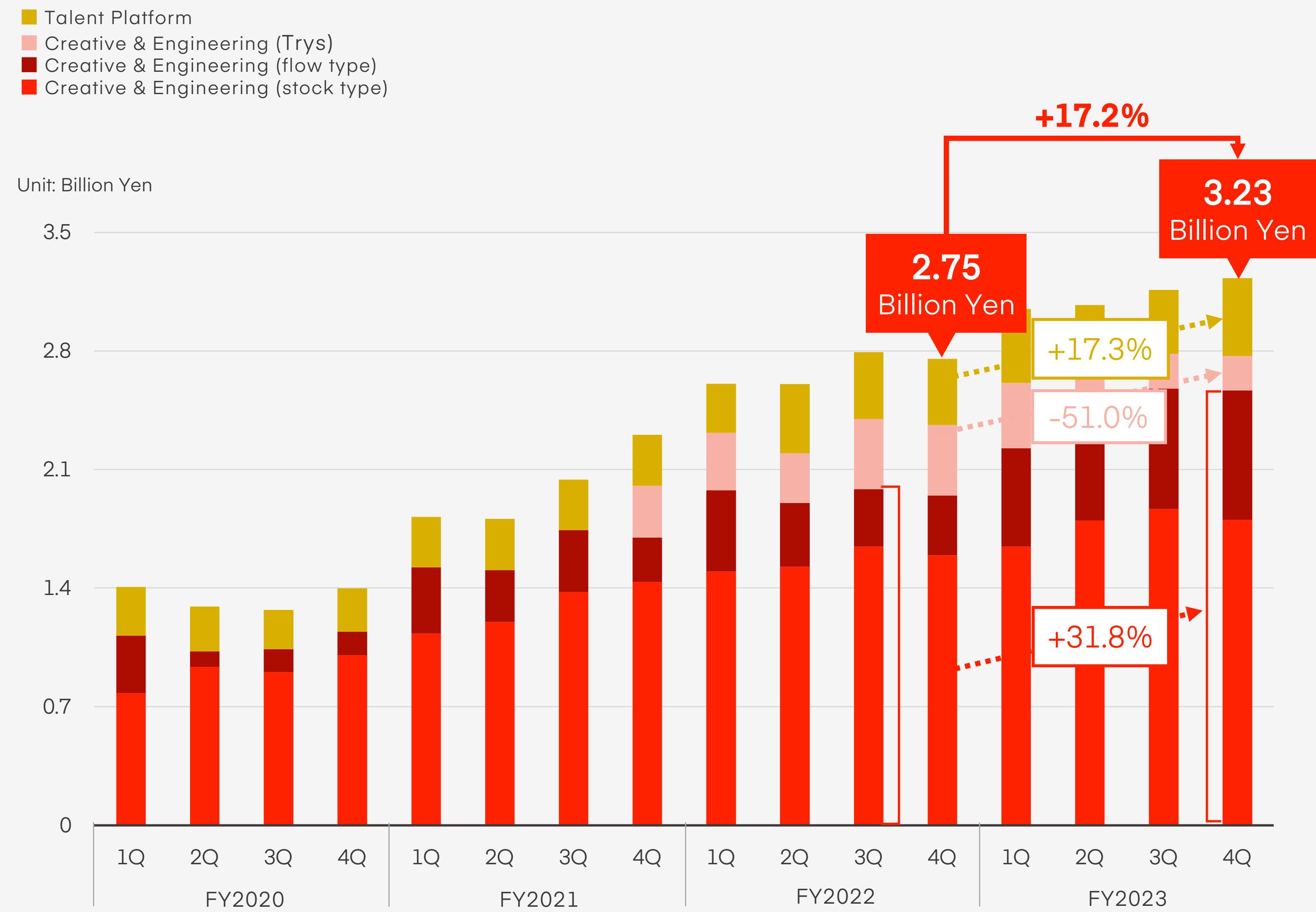
+17.3% YoY

Trys

-51.0% YoY

※ Decrease in sales due to the transition to a contracted game development model after the transfer of game titles.

(1) Quasi-delegated contracts lasting more than three months are classified as stock-type contracts, while quasi-delegated contracts lasting less than three months and subcontracted contracts are classified as flow-type contracts.



Flow-type sales (quarterly)

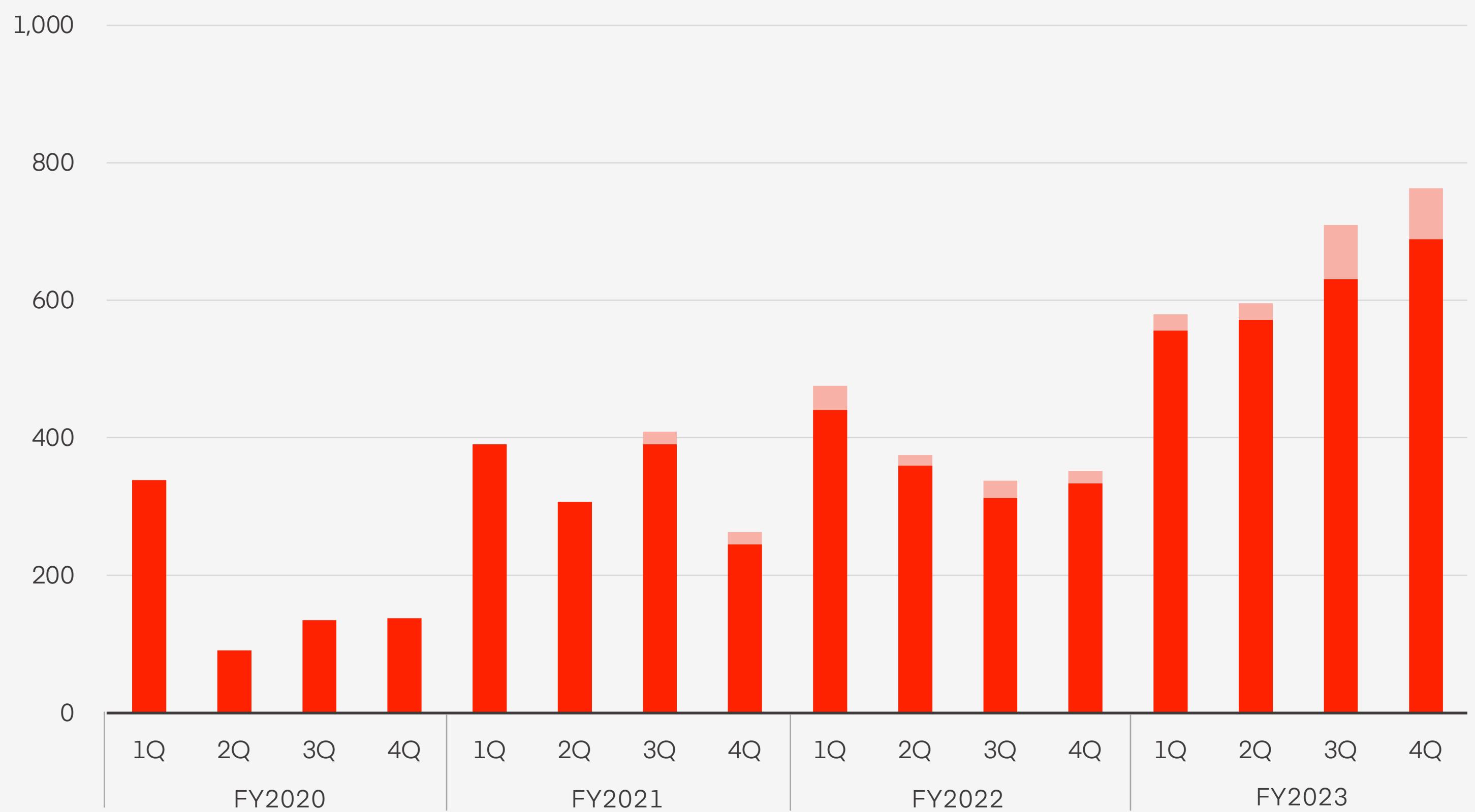
Flow-type sales grew significantly in FY23. This was mainly due to an increase in large projects from enterprise customers.

The characteristics of flow-type sales are explained on the next page.

- (1) Other flow type: Sales other than contracted business such as MOOOS
- (2) Flow type(contract development): Sales of quasi-contracts that are not stock, and sales of contracted

■ Other Flow type sales
■ Flow type(entrusted development) sales

Unit : million yen



Expand flow-type sales in Sun*.

Significant increase in flow-type sales, a pool of potential stock customers, following the launch of the Customer Experience team at the end of FY22

Launch and expansion of the Customer Experience team

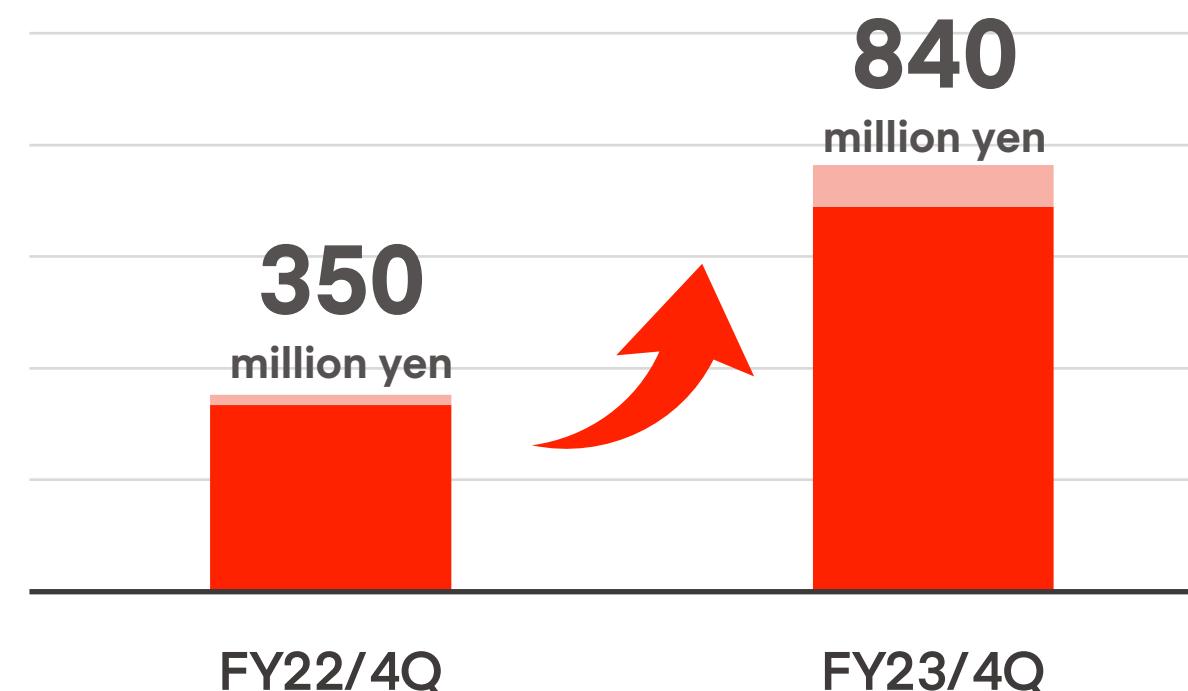
FY22/4Q

The establishment of an 8-person new client development organization has Accelerated acquisition of new clients

FY24

Plans to double new client acquisition organization
+ Plans to double account management organization

Significant increase
in flow sales



Types of flow-type sales

1

Potential stock project sales

Projects prior to becoming a stock client
(quasi-contract expected to last more than 3 months)

2

Spot project sales

Short-term spot projects

3

Other flow sales

MOOOS, Bouncy bunny, and other services of our own publishing, including

Status of each service line

Creative & Engineering

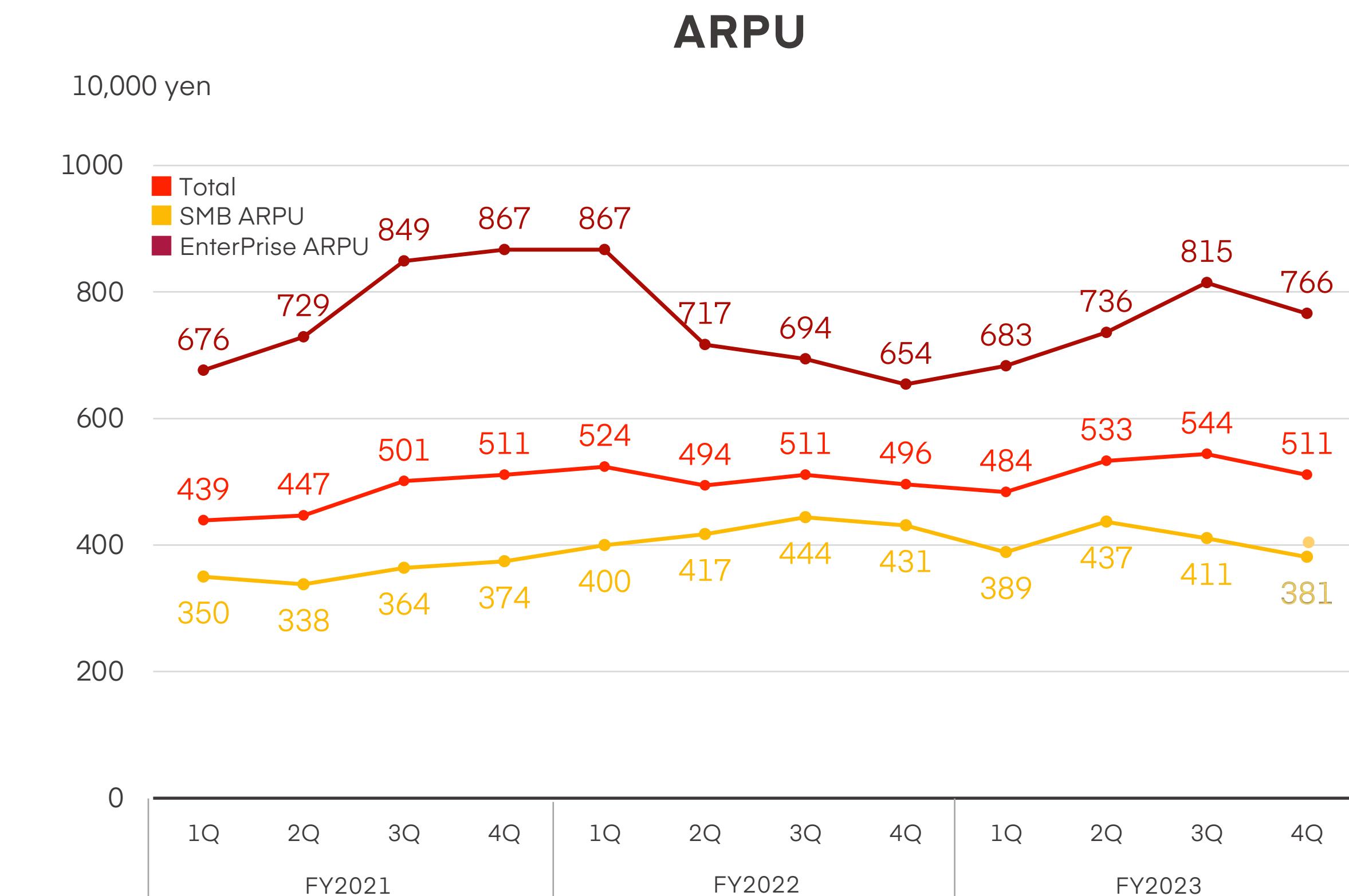
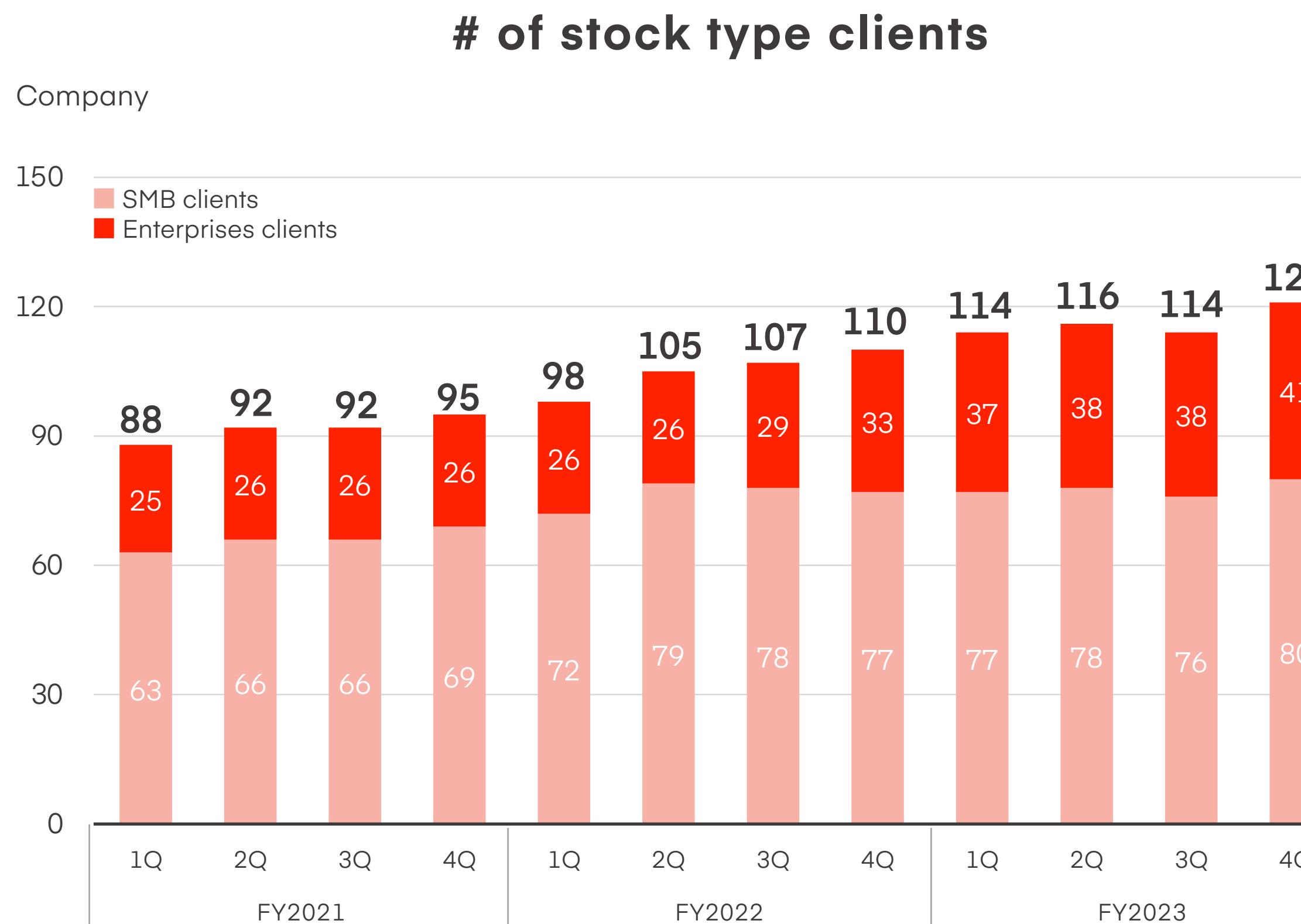
- Both 4Q only and full year sales increased significantly YoY due to an increase in orders for flow-type projects, mainly from enterprise customers.

Talent Platform

- In 4Q, xseeds Hub and group company Sun terras (renamed from Groove Gear) continued to perform well, recording record quarterly sales.
- Full year sales grew +14.0% from FY22 to FY23.

Changes in Important KPIs (quarterly)

The number of stock-type customers increased by 7 QoQ.
ARPU declined QoQ due to a reduction in the size of existing stock-type customers.

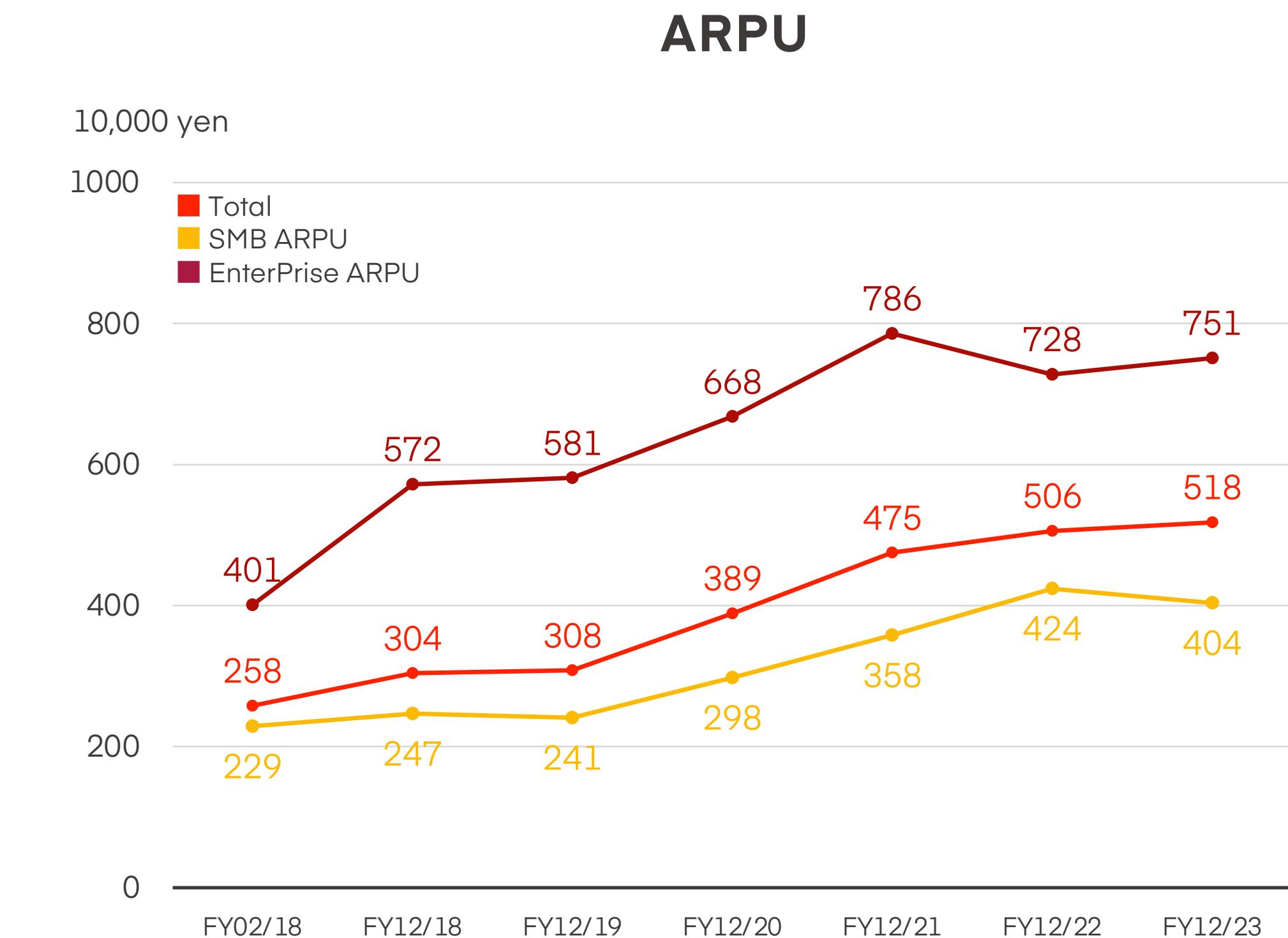
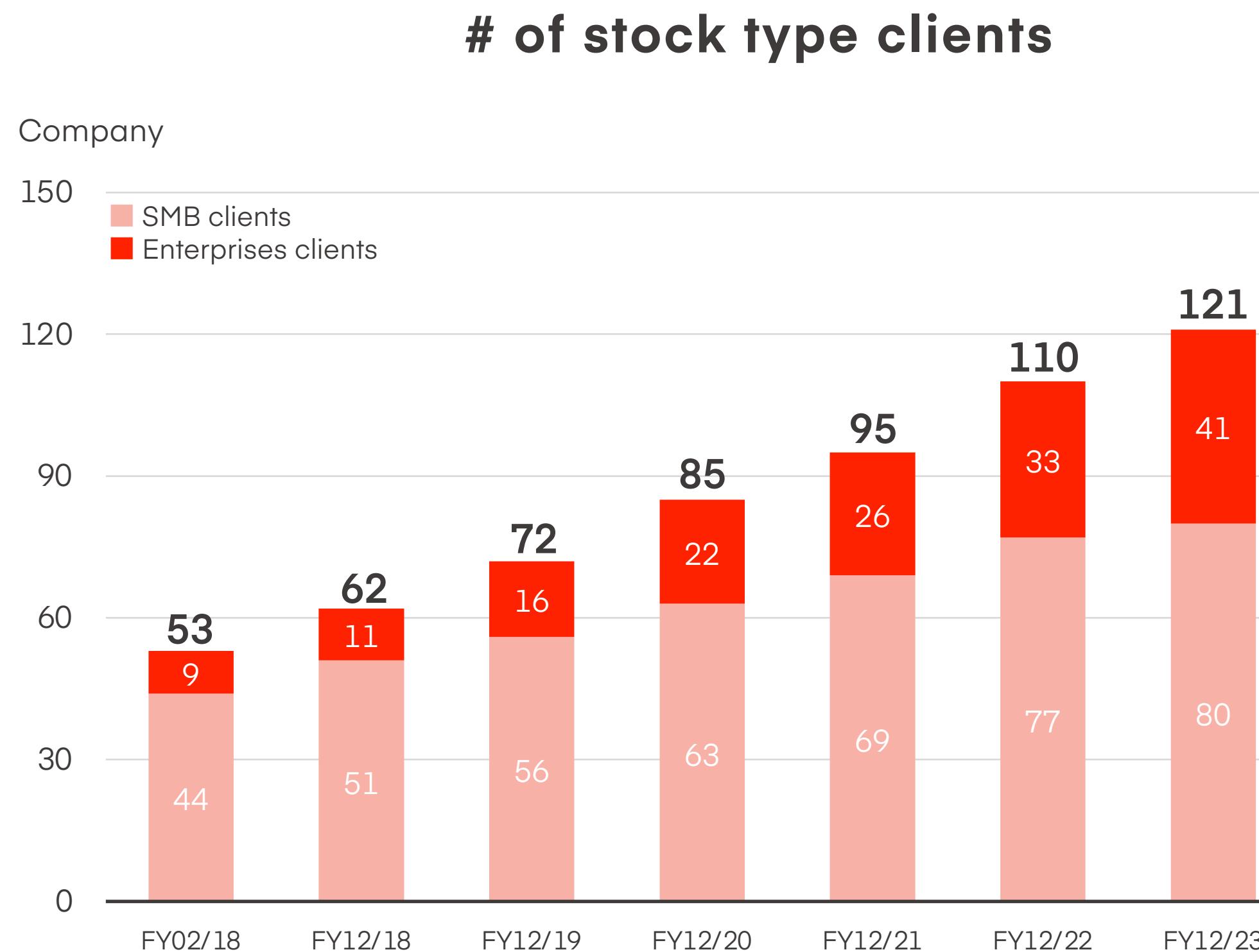


Enterprise: Listed companies that are included in the Nikkei 225, Nikkei 400, or Nikkei 500, or companies in the same group or companies with market capitalization, sales, or number of employees equivalent to the above companies.

SMB: Abbreviation for Small and Midsize Business. All companies other than those we define as Enterprise.

Changes in Important KPIs (fiscal year)

Continued increase in average ARPU for all customers due to growth in the number of enterprise customers



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Status of important KPIs

stock-type clients

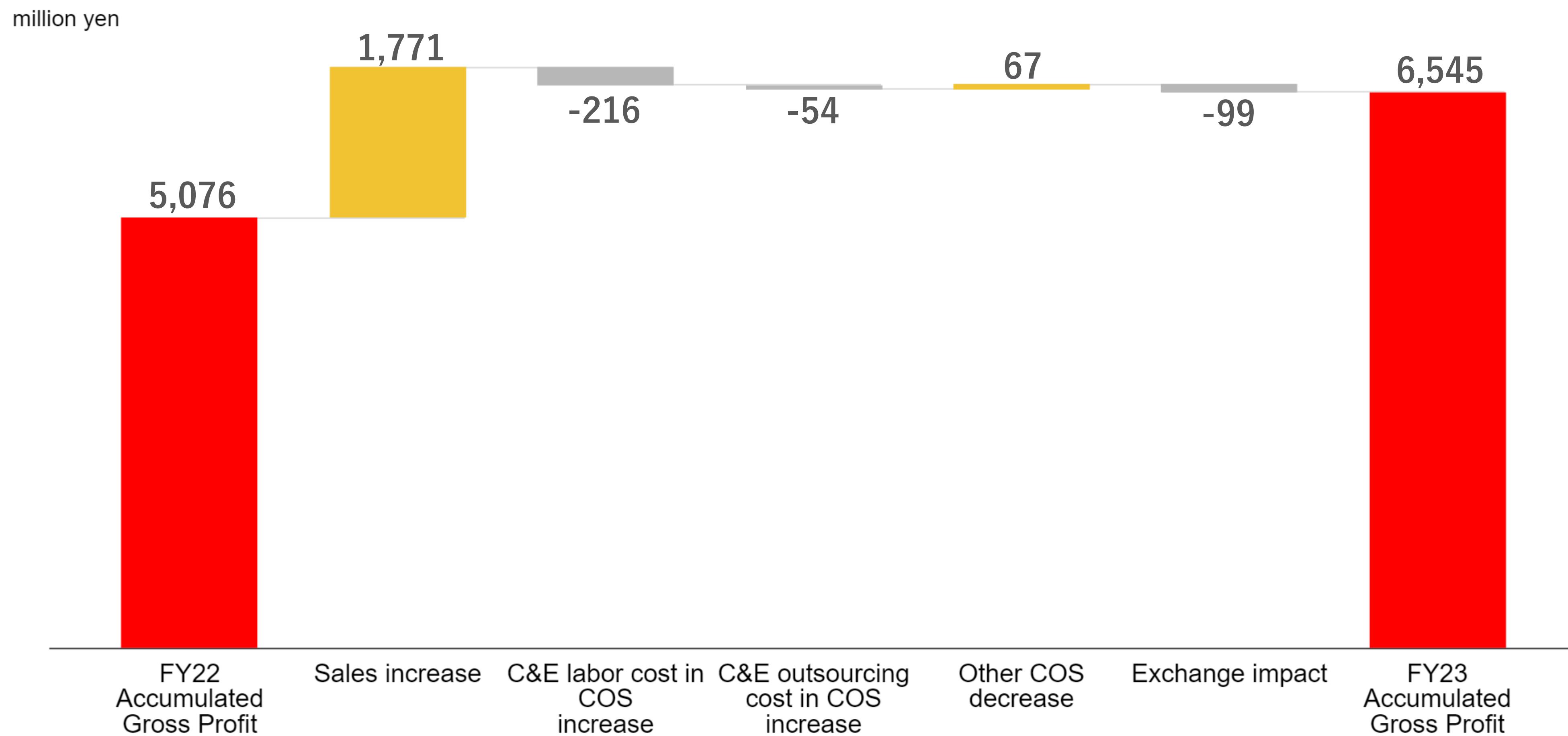
- Steady progress in converting projects to stock, with an increase in both enterprise and SMB in 4Q.
- Full year, the number of companies increased by 11 compared to the end of the previous period.

ARPU

- Both Enterprise and SMB declined in 4Q due to scale-down of existing stock-type clients.
- Full-year ARPU increased ¥120,000 YoY.

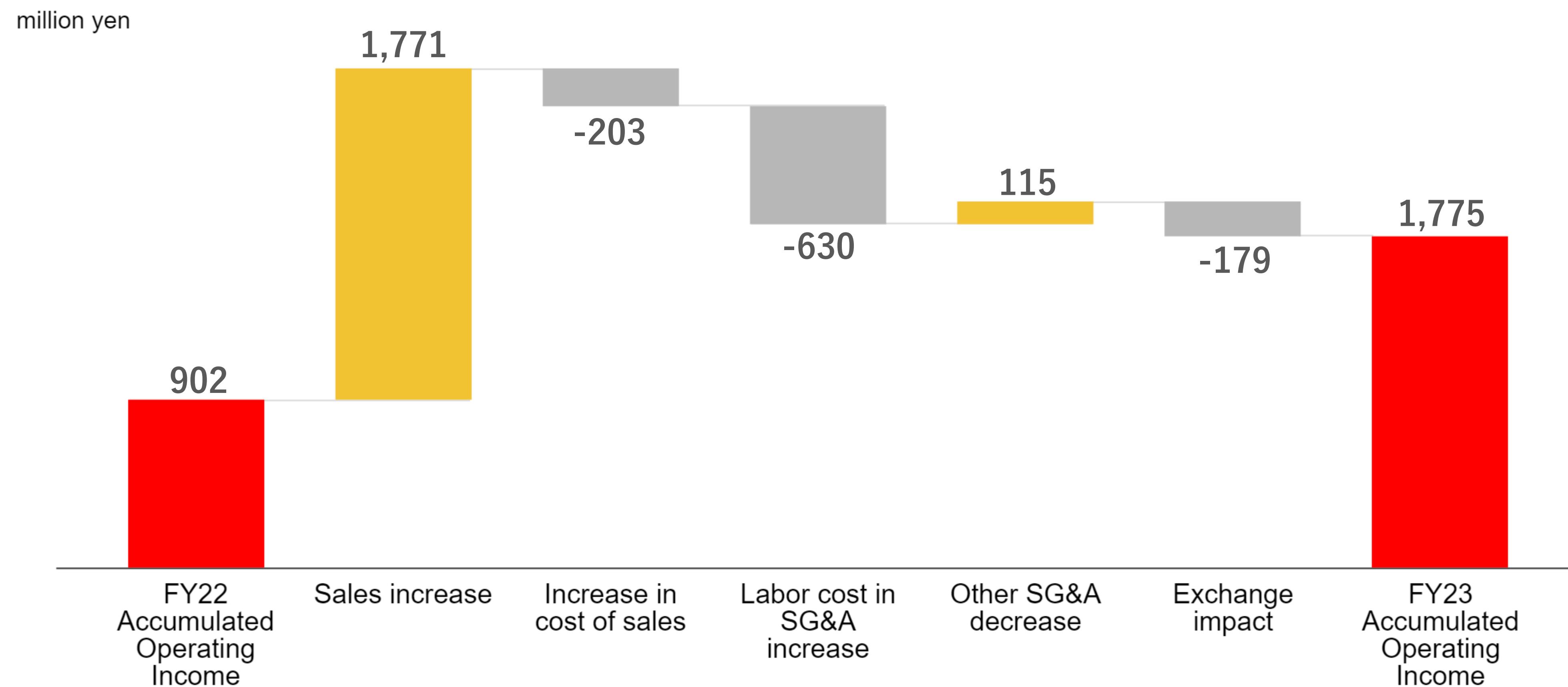
Factors of Gross Profit Increase/Decrease (YoY)

Gross margin improvement trend in the first half of the year continued. Due to higher unit labor costs per employee in Creative & Engineering, The increase in unit labor cost per employee in Creative & Engineering absorbed the increase in labor costs accompanying the expansion of the workforce, resulting in a significant increase in profit over the same period of the previous year.



Factors of Operating income Increase/Decrease (YoY)

Continued the trend of the first half of the year. Despite an increase in SG&A expenses due to personnel expansion and the impact of yen depreciation, Despite an increase in SG&A expenses due to headcount expansion and the impact of the yen's depreciation, the company posted a significant year-on-year increase in income due to the significant effect of increased sales.



Balance Sheet Comparison

Capital adequacy ratio remains high, ensuring stability of financial base

Unit: Million Yen	9/2023	12/2023	Amount of change	Main Factors
Current Asset	11,065	10,047	-1,018	
Cash & Bank	9,075	7,946	-1,129	Decrease due to repayment of short-term borrowings
Fixed Assets	1,668	1,811	+143	
Total Assets	12,734	11,859	-875	
Current Liabilities	3,018	2,035	-983	Decrease due to repayment of short-term borrowings
Fixed Liabilities	418	324	-94	
Net Asset	9,297	9,499	+202	
Total Liabilities and Equity	12,734	11,859	-875	
Equity Ratio	73.0%	80.1%	—	



3

FY2024 Earnings Forecast

Our Stance on Disclosure of Earnings Forecasts

Since our founding, we have always been engaged in our business with high ideals, We have achieved high growth by taking risks at times to avoid missing the best opportunities, and by flexibly adapting to various changes in the external environment.

Going forward, we will continue to strive to realize "a world where everyone can be absorbed in value creation, We will continue to achieve dramatic growth from a medium- to long-term perspective without making any major changes to our stance to date. We intend to achieve dramatic growth from a medium- to long-term perspective.

The forecasts are based on information available at the time of disclosure and are subject to risks and uncertainties, They are based on information available at the time of disclosure and involve a high degree of risk and uncertainty. Actual results may differ significantly from the forecasts due to various uncertainties and other factors.

Earnings Forecast

FY2024 Earnings Forecast

Since non-operating income, such as interest income and foreign exchange gains, is expected to decrease by a total of slightly more than 400 million yen from the previous year, ordinary income growth is expected to be modest. However, due to the strong performance of both C&E and TPF, sales and operating income are expected to grow by more than 20%.

Unit : Million yen	FY2023	FY2024 Forecast	Progress Rate
Sales	12,516	15,061	20.3%
Gross profit	6,545	7,970	21.8%
Gross profit margin	52.3%	52.9%	—
EBITDA (1)	1,968	2,367	20.3%
Operating income	1,775	2,162	21.8%
Operating margin	14.2%	14.4%	—
Ordinary income	2,279	2,299	0.8%
Net income	1,569	1,780	13.4%

Average exchange rate
(per 1 Vietnamese Dong)

0.00590 yen

0.00600 yen

(1) **EBITDA** : Operating income + Depreciation and amortization + Amortization of goodwill

Earnings Forecast

Sales Forecast

Sales forecast for the FY2024
15.0 Billion yen (YoY +20.3%)

Creative & Engineering (excluding Trys)

YoY **+23.1%**

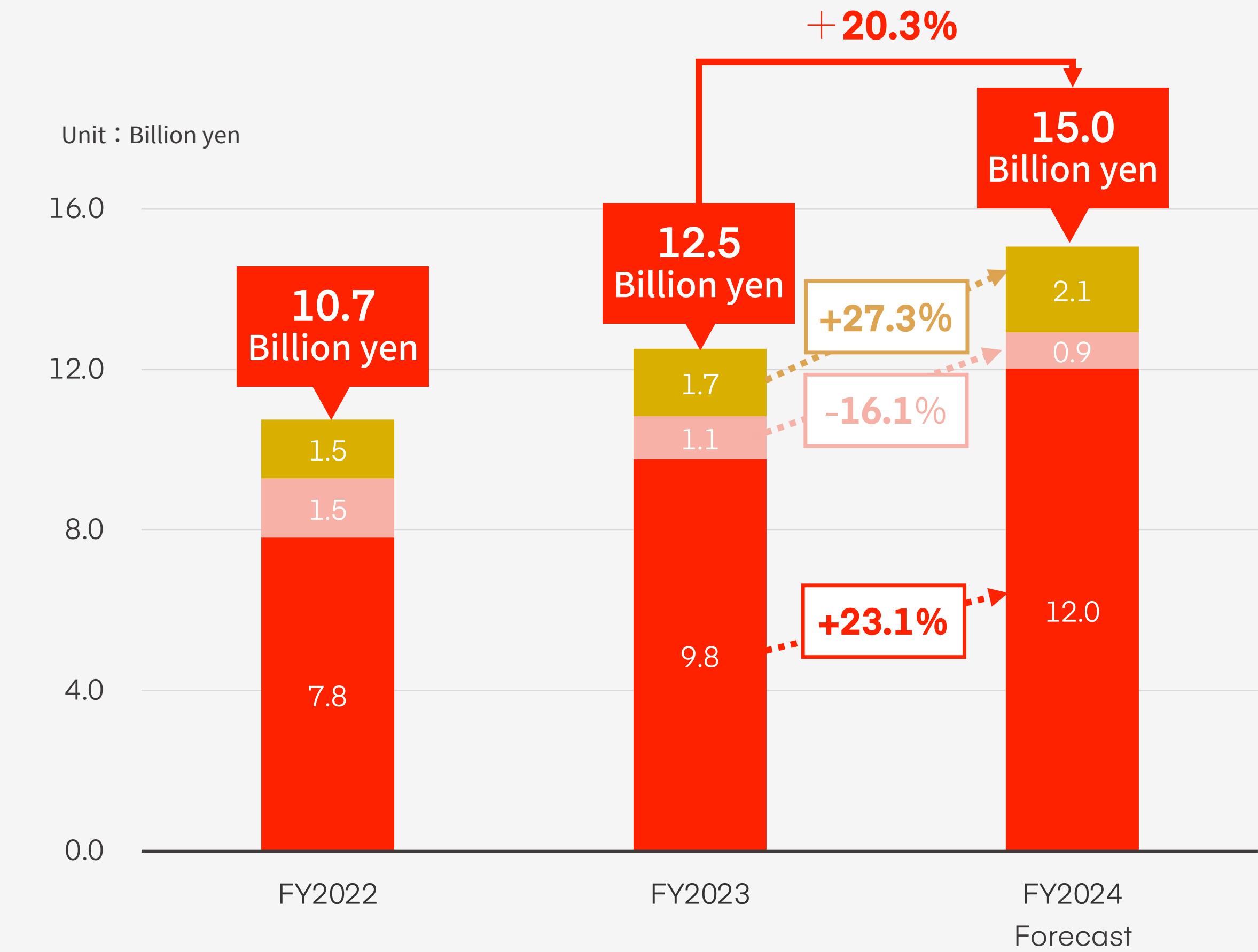
Talent Platform

YoY **+27.3%**

Trys

YoY **-16.1%**

- Talent Platform
- Creative & Engineering (Trys)
- Creative & Engineering (excluding Trys)



C&E (excl. Trys) Sales Trends

In the current fiscal year, the company plans to accelerate growth, especially in flow-type sales, due in part to the expansion of the customer experience team.

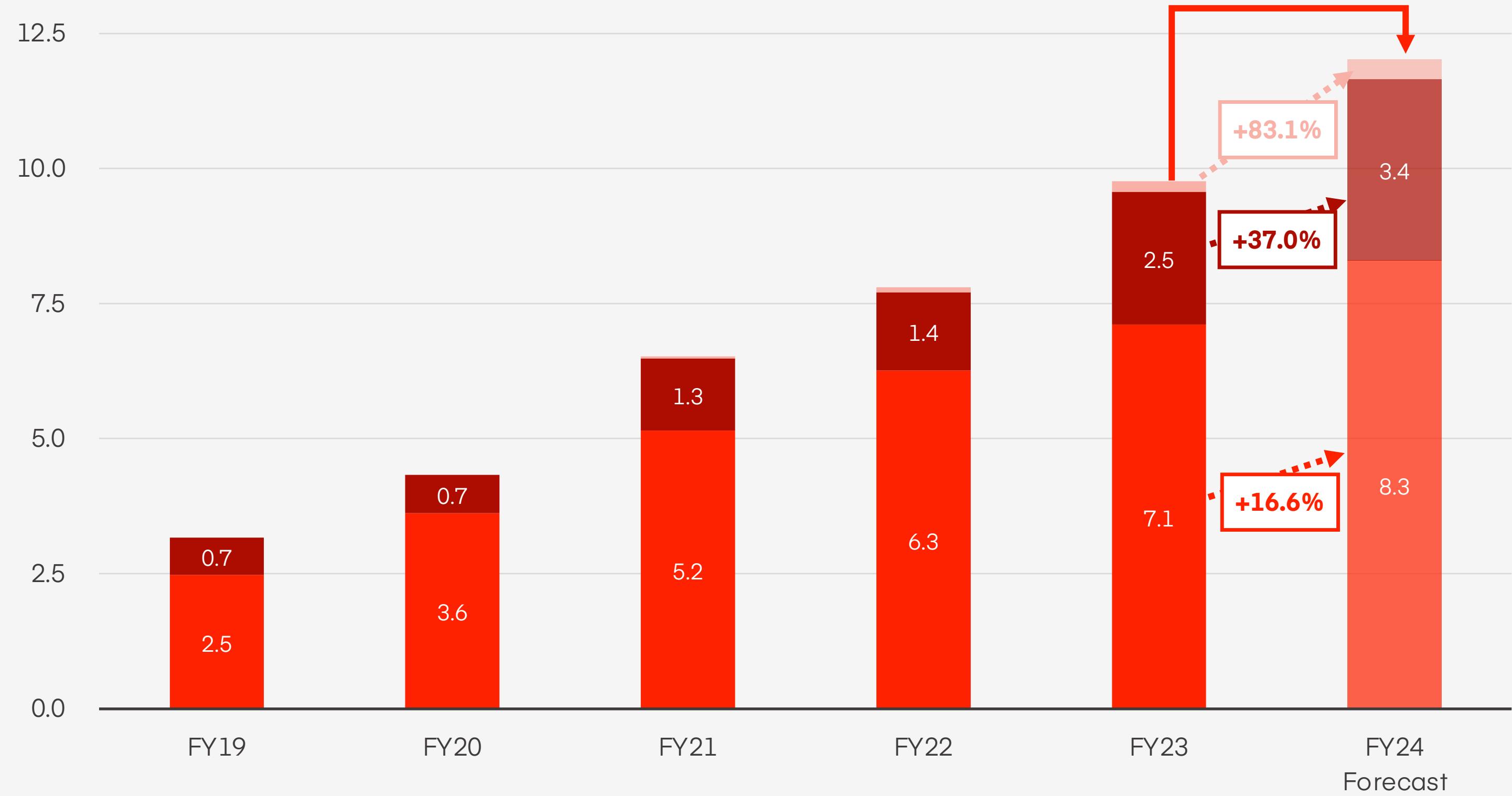
Stock type sales
YoY +16.6%

Flow type(entrusted development) sales
YoY +37.0%

Other Flow type sales
YoY +83.1%

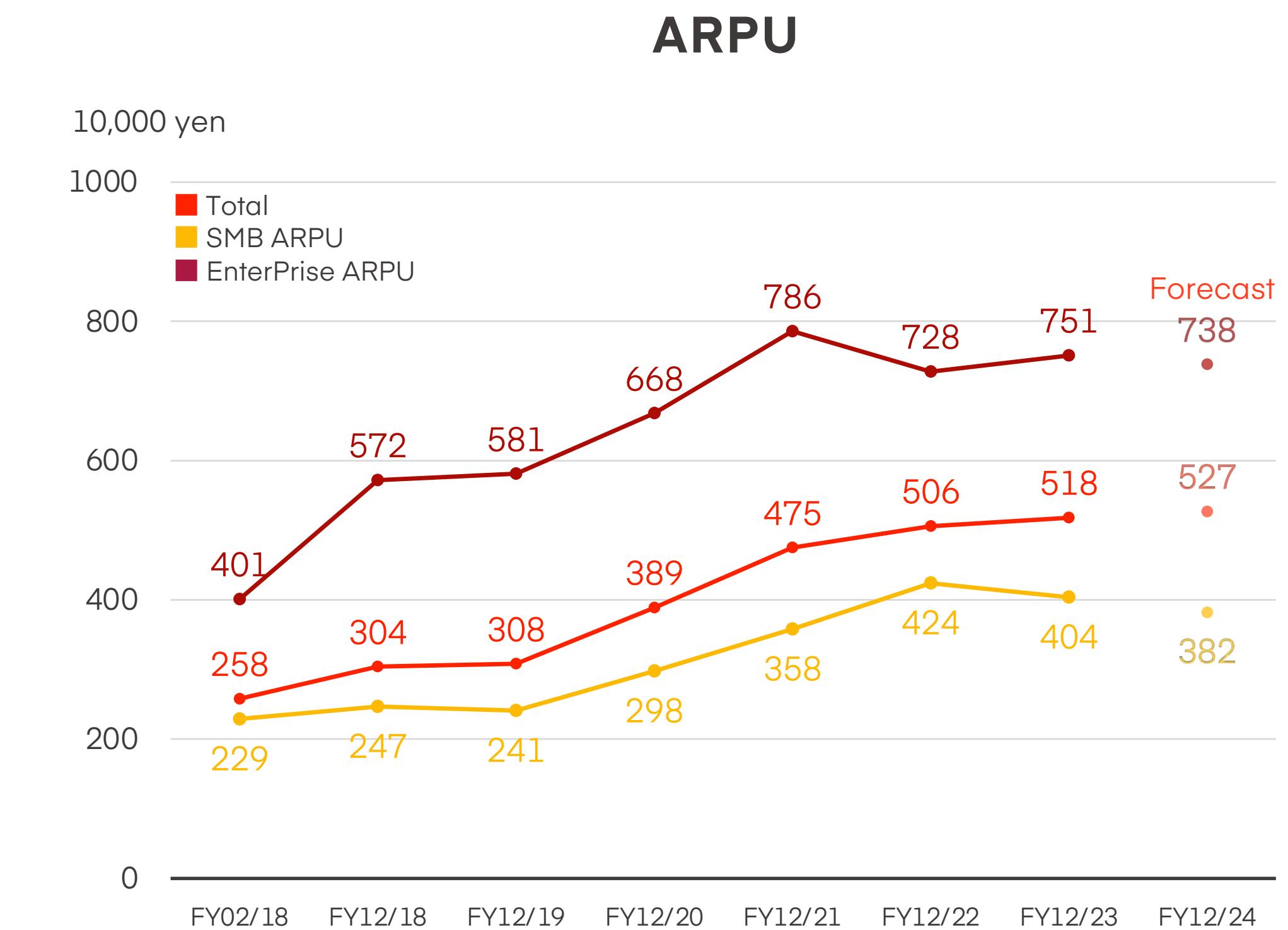
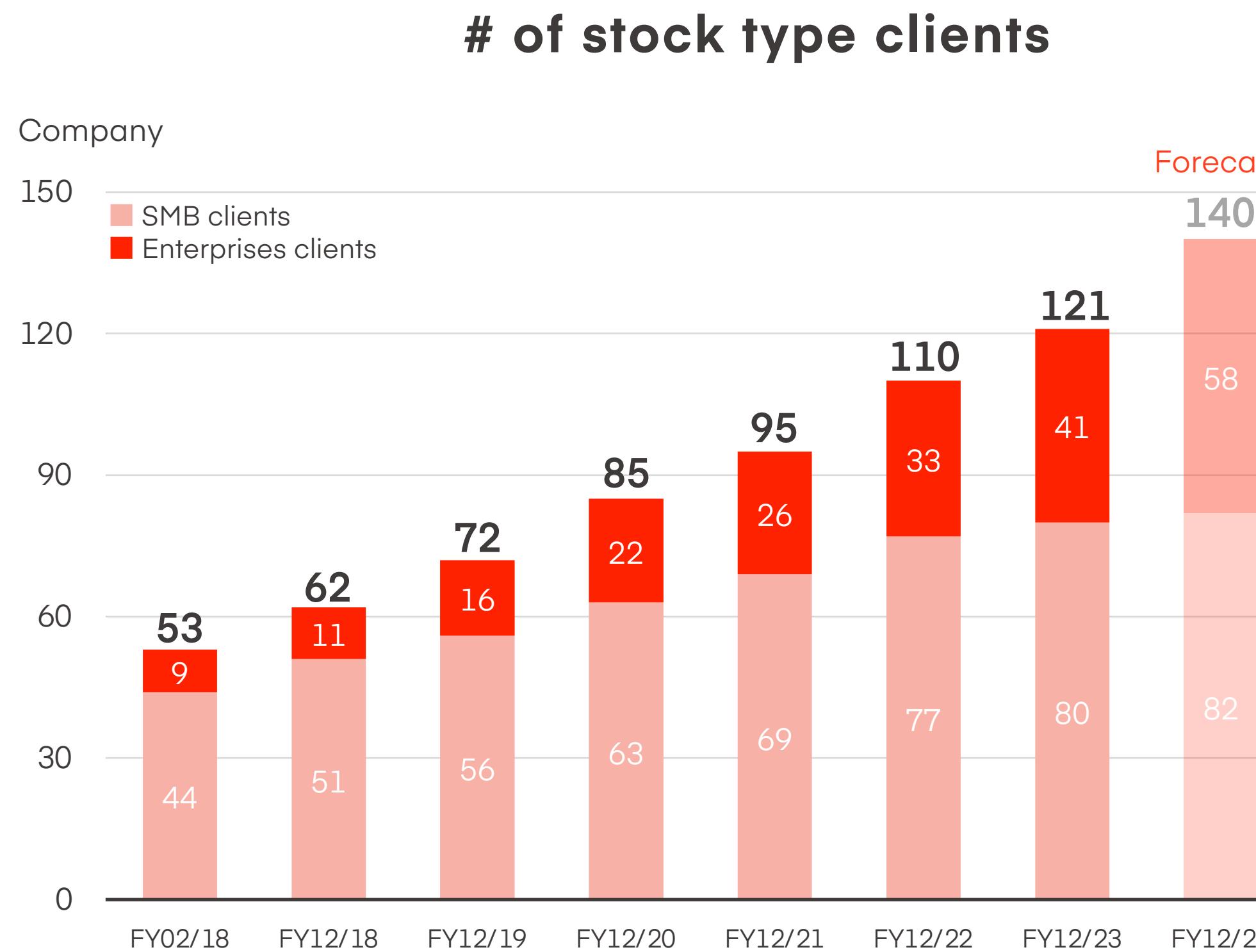
- Other Flow type sales
- Flow type(entrusted development) sales
- Stock type sales

Unit : Billion yen



Changes in Important KPIs (fiscal year)

The number of stock customers in 2024 is planned to increase significantly for enterprise customers. The total ARPU for all customers for the full year is also expected to increase YoY.



Enterprise: Listed companies that are included in the Nikkei 225, Nikkei 400, or Nikkei 500, or companies in the same group or companies with market capitalization, sales, or number of employees equivalent to the above companies.

SMB: Abbreviation for Small and Midsize Business. All companies other than those we define as Enterprise.

Outlook of each service line

Creative & Engineering

- Targeted increase in the number of stock-type enterprise customers by 19 year-on-year.
- Companywide ARPU slightly increased to 5.27 million yen from 5.18 million yen in the previous year.

Talent Platform

- xseeds Hub and group company Sun terras both accelerate growth.
- Sales growth target is +27.3% year-on-year.



4

Growth Strategy Topics

Group company GROOVE GEAR changes its name to "Sun terras".



Rebranding to Strengthen Synergy with Sun* Group Rebranding with the aim of strengthening synergies with the Sun* Group

GROOVE GEAR, Inc. (headquartered in Chiyoda-ku, Tokyo; Kenji Onishi, President; hereinafter "GROOVE GEAR") announces that it has renewed its corporate identity and changed its name to "Sun terras, Inc." effective February 1, 2024. In conjunction with the name change, the brand design, including the corporate logo, has been fully renewed.

<https://sun-terras.com>

Background of the Company Name Change

Since its establishment, GROOVE GEAR has been developing its business with a focus on engineering services under the mission of "updating people and organizations that learn by themselves and create new value. In 2018, we joined the Sun* Group, and in order to strengthen the synergy and collaboration between our existing business and the Sun* Group, we have shared and clarified our vision and mission with Sun*, as well as renewed our company name and corporate logo.

Representative Comment

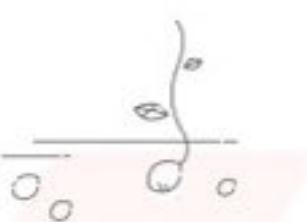
We were founded in 2008 as GROOVE GEAR and joined the Sun* Group in 2018. In 2024, we will start anew as Sun terras. Our surroundings are changing at a tremendous pace. How will we respond to these changes by utilizing digital technology? How do we increase the number of people who can take charge of these changes? Our desire is to be like the "Sun" and the "terra" that promote the growth of organizations and people.



LOGO DESIGN CONCEPT

terra

Expresses the role of DX in preparing the ground for DX within the Sun* group.



Growth / positivity

Expressing growth and positivity to "illuminate" society with light



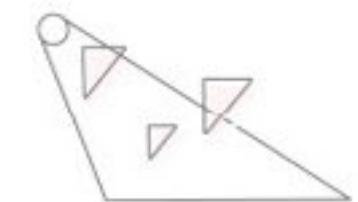
Relationship to Sun*

The name evokes light, and promotes the association of the Sun* motif with the sun.



Naming and form

The triangular shape expressing light matches the naming and meaning.



Topics

Launched "UI*UX Review" to evaluate and improve product experience and usability in a short period of time.



Evaluate and improve product experience and usability in a short period of time

Utilizing the UI/UX design support know-how we have developed to date, we will begin offering "UI*UX Review," a service that evaluates and improves product experience and usability in a short period of time. Professionals who have been involved in numerous digital product design projects will identify areas for improvement and link them to the enhancement of the product's value by providing a one-stop service from the identification of product issues to the proposal of improvement plans, focusing on the perspectives of information architecture (IA), UI/UX, visuals, and others.

Sun*

Step1: 調査・課題の抽出

デジタルプロダクトのデザインを数多く手がけてきた専門家が、情報設計(IA)・UI/UX・ビジュアルなどの観点を中心に、プロダクトの課題抽出から改善案の提案までを一気通貫でおこなうサービスです。改善点を発見し、プロダクトの価値向上につなげます。



Step2: レポートティング

情報設計・UI UX・ビジュアル観点での評価や要点、具体的な改善画面案などと合わせて本格的な改善に向けたプロセスや体制案などもご提案いたします。

レビューした画面数 総評 具体的な改善案 プロセス・体制案

Two screenshots of the UI*UX Review report interface. The left screenshot shows a summary page with three main sections: Information Architecture (IA) with a triangle icon, UI UX with a cross icon, and Visual with a circle icon. Each section has a table with three columns: Low, Middle, and High. The right screenshot shows a detailed view of a specific issue, titled "改善案: 保育士の在籍状況" (Improvement Case: Status of Nannies). It compares "before" and "after" versions of a screen showing nanny profiles, with a red arrow indicating changes and a list of specific improvement points.

○×△による総評
情報設計、UIUX、ビジュアルの評価が一目でわかるように○×△で明記

改善案
課題に対し改善後の画面と改善ポイントを明記

Several works produced by Trys are now available on Rakuten Group's platform "R-TOON".



©「アリスに囁く」プロジェクト



©2016 Thunderbolt Fantasy Project
Created by TOON CRACKER / Trys



©「心の声」プロジェクト



©リアコイ! (原作: 畑下はるこ/ テラーノベル)
Created by TOON CRACKER / Trys

R-TOON

Rakuten Group, Inc. provides a service that allows users to read a variety of digital comics, including original vertical-reading digital comics. The service offers a function that allows users to read an episode of a comic for free every day and to purchase comics by the episode.

骨董魔法具は令嬢アリスに囁く -王室古物商の事件録

Synopsis.

Alice, a magical antiquities dealer, is caught up in a secret murder at the royal castle where a tea party is held. The suspect is Tetra Heart, a princess with the right to inherit the throne. She has long been suspected of being a "witch who destroys the world. If you are suspected, you must be punished. That is the main principle of the "witch trials. Not only the clarification of the secret room trick, but also the proof of witchcraft involved is not necessary to determine the guilt.

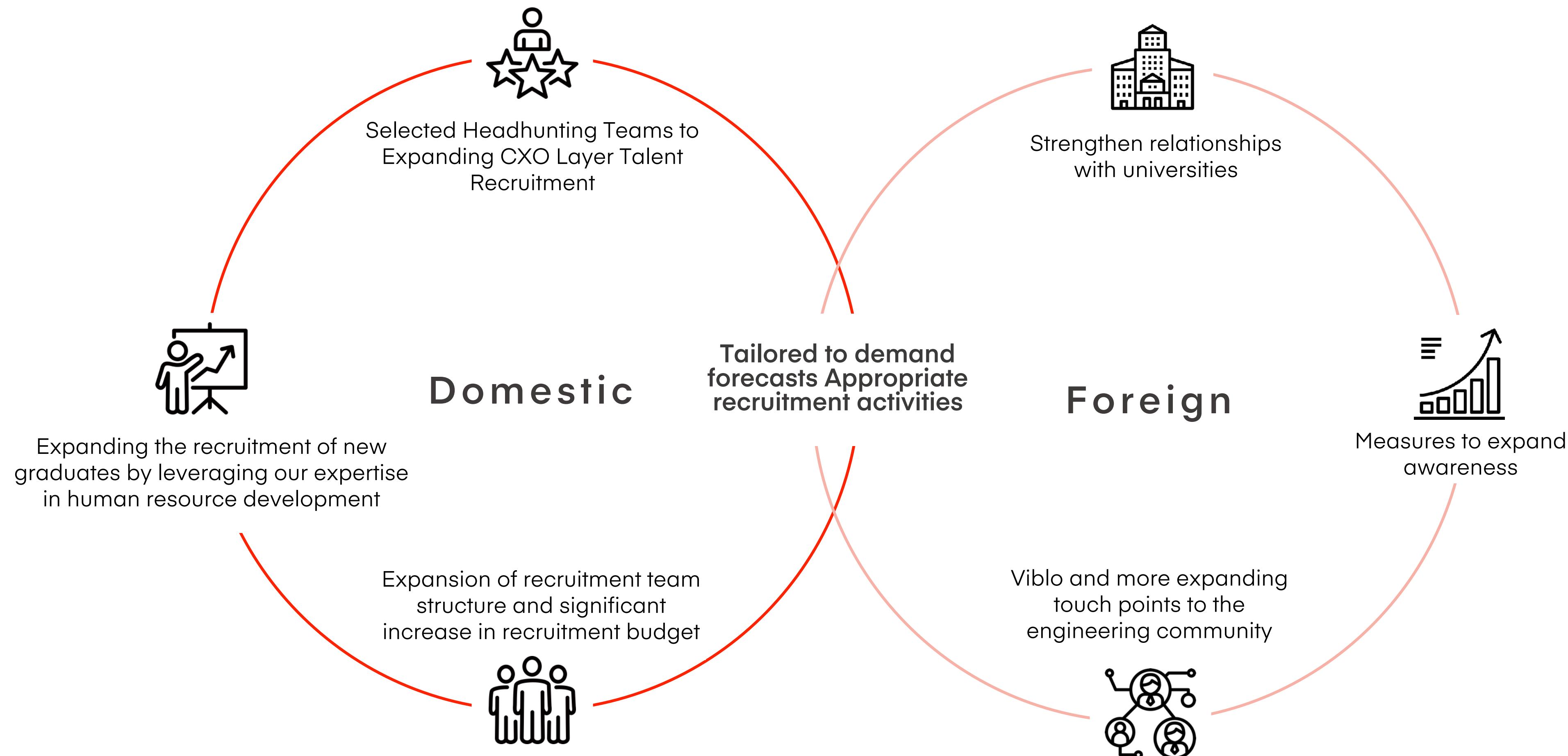
My reasoning will destroy such absurdity! Alice, whose life was once saved by the princess, takes on the case to prove the innocence of the "witch. Unravel the whispers of the antique magical tools and save the princess from execution for witchcraft--a magical suspense story begins!

Distribution of own IP content on Rakuten Group platforms

Trys has produced several works for R-TOON, a service provided by Rakuten Group that allows users to read a variety of digital comics, including original vertical-reading digital comics, and began distribution on January 25, 2024.

Recruitment Strategy

Appropriate recruiting activities in line with demand forecasts by an organized recruiting team
Plans to further accelerate hiring this fiscal year against a backdrop of strong orders



Customer Strategy

Expanding the sales team to acquire new customers and Strengthening relationships with existing customers by increasing the number of customer account representatives.

Stock-type customer acquisition measures

Lead Generation



Strengthen inflow from existing customers

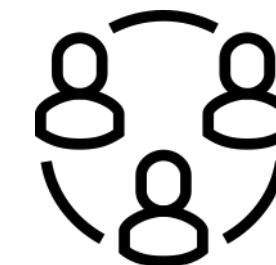


Inflow by alliances

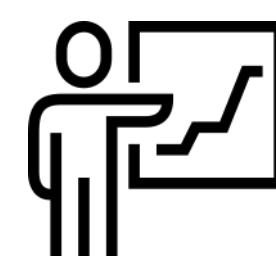


Strengthen web-based inflow

Lead Nurturing



Strengthen community building



Strengthen business incubation system

Increase per customer

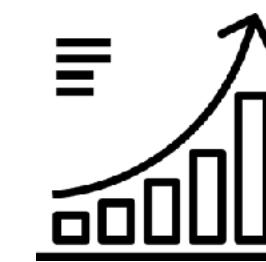


Increase in average unit price
due to increase in ratio of enterprise

Main factors



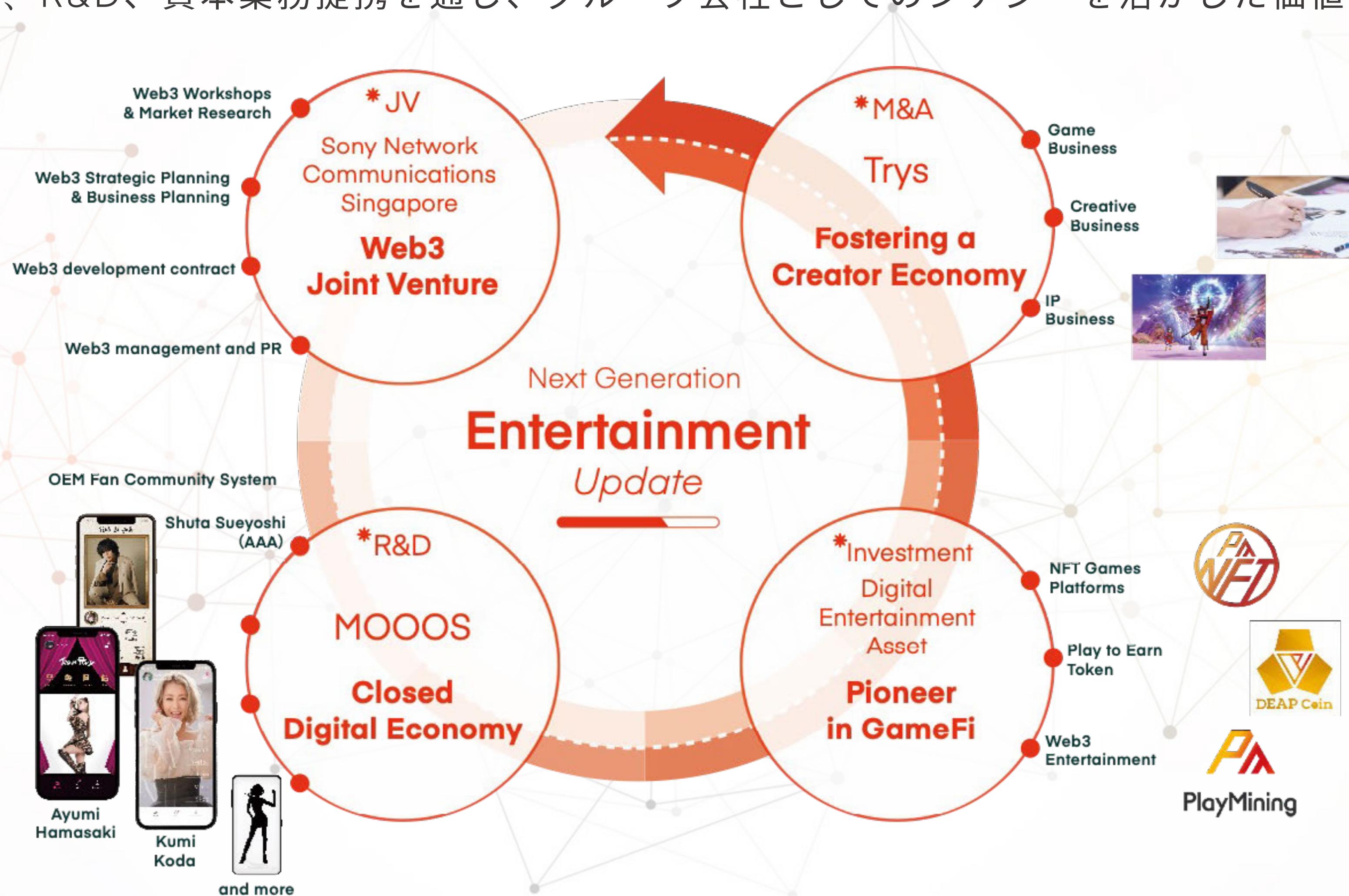
Increase in unit price due
to new acquisition of
high unit price projects



Unit price increase due to
growth of existing
projects

メタバース、NFTなどWeb3時代の次世代エンターテイメントを生み出す

JV、M&A、R&D、資本業務提携を通じ、グループ会社としてのシナジーを活かした価値創造を展開



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.

Realization of capital gain model

Realization of revenue sharing model

Further enhancement of the Talent platform

NOW

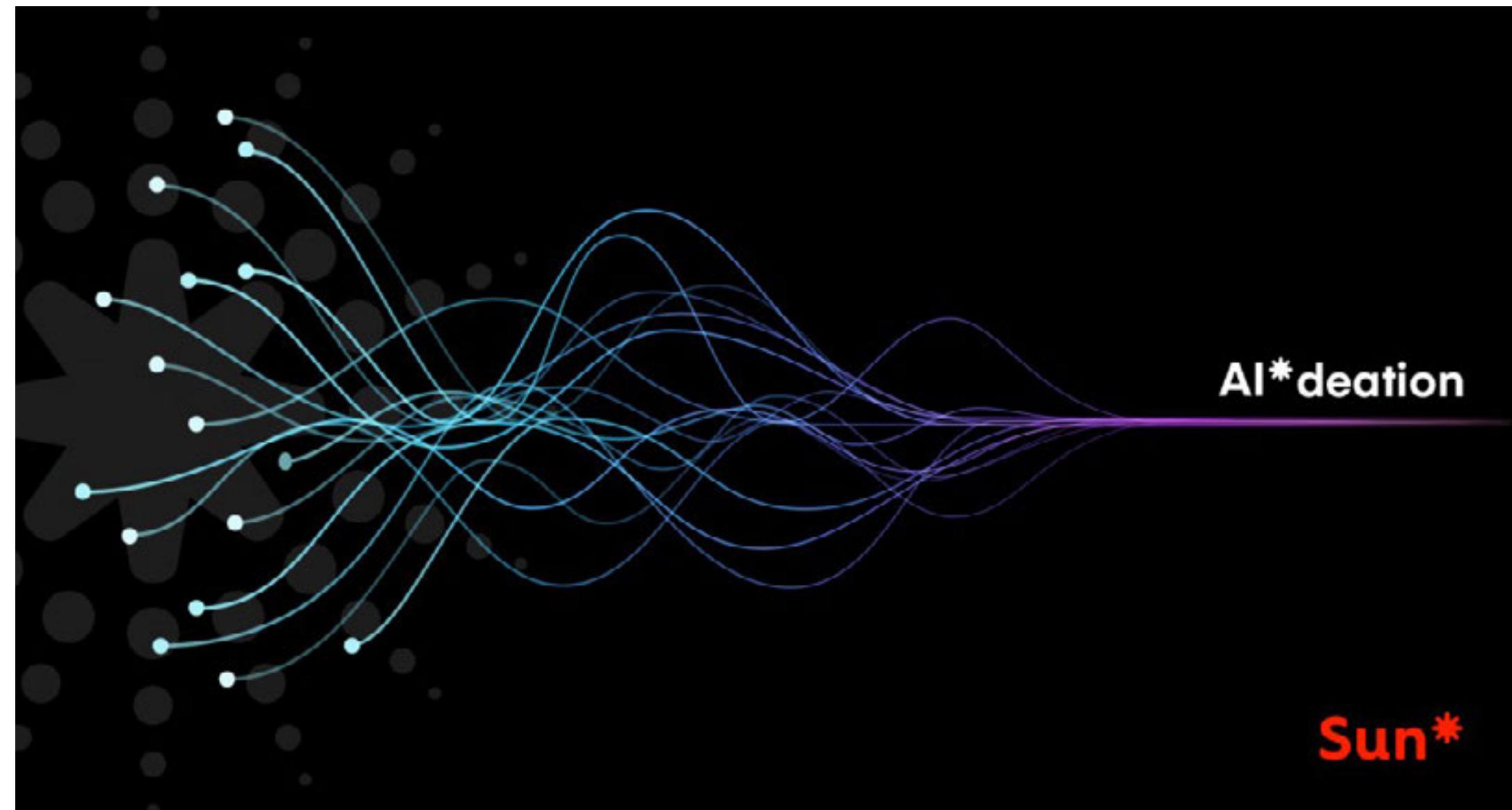
Expand Creative & Engineering



5

FY2023 Topics

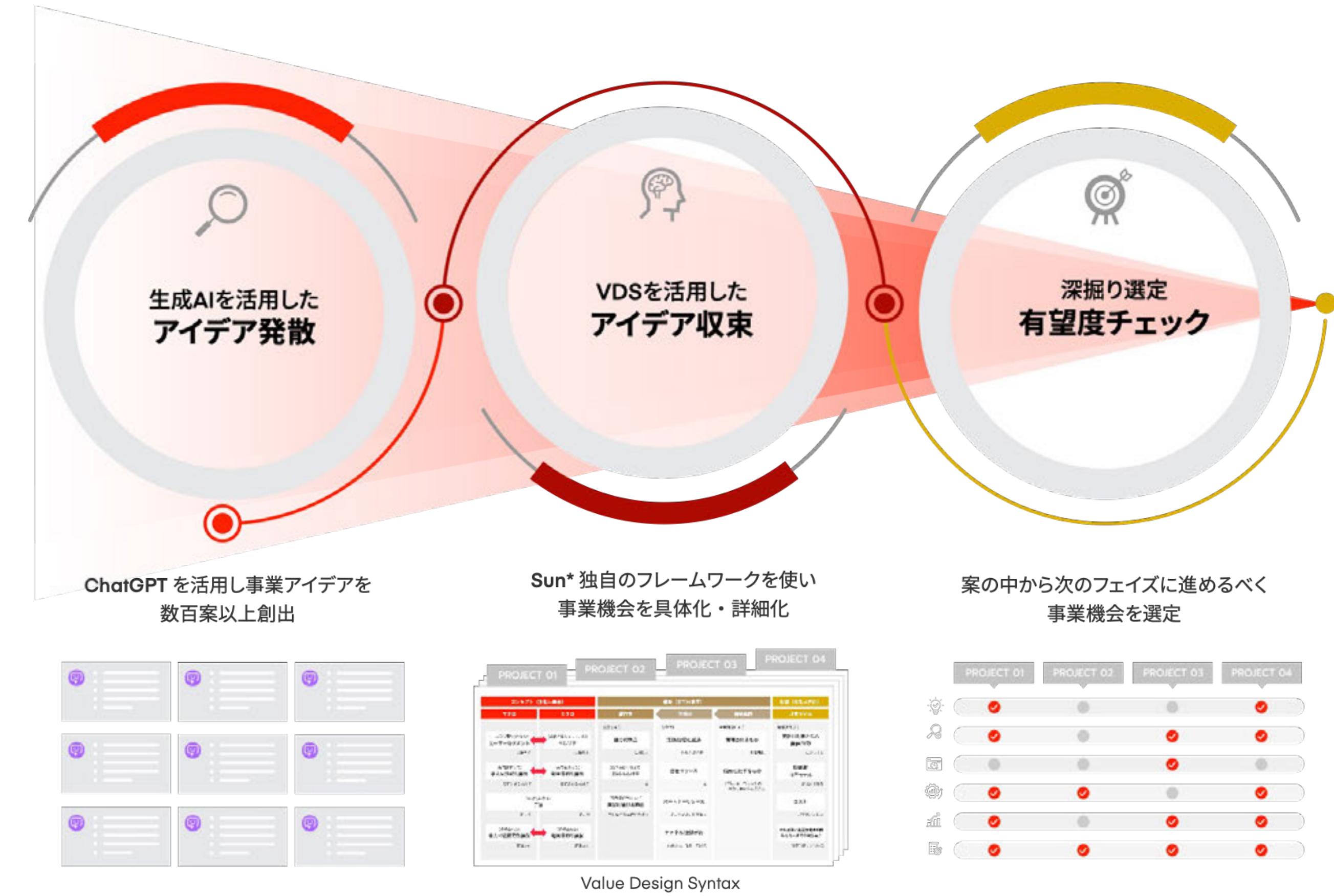
Launched "AI* deation," a new business ideation support service using generative AI.



Explore unprecedented business opportunities using Sun* proprietary framework and generative AI

This service utilizes generative AI to generate more than several hundred business ideas during the divergence phase of new business development, where the "seeds" of ideas output by the AI are scrutinized by professional members of the Sun* team, and then put into Sun*'s proprietary framework, Value Design Syntax, to carefully select ideas with high business potential. By increasing the quantity and speed of idea generation through the use of AI, combined with an integrated pursuit of quality that includes the creativity, sensitivity, and intuition unique to humans.

Sun*



Companies that have used this service in the past have utilized it not only for the purpose of obtaining business ideas through ideation, but also for in-house training to enhance the verbalization skills necessary for business development through prompt engineering. Sun*, with its strength in business, tech, and creative trinity, has assisted in the development of more than 600 businesses. Based on prompt engineering that incorporates our accumulated knowledge, we are now able to provide a large volume of ideation support in a short period of time. By speeding up the cycle of idea creation and consideration, we create a situation where the probability of success can be easily increased by concentrating more on service design and product development, which people should focus on.

Participation in Sapporo Holdings' co-creation platform "DX Innovation★Lab"

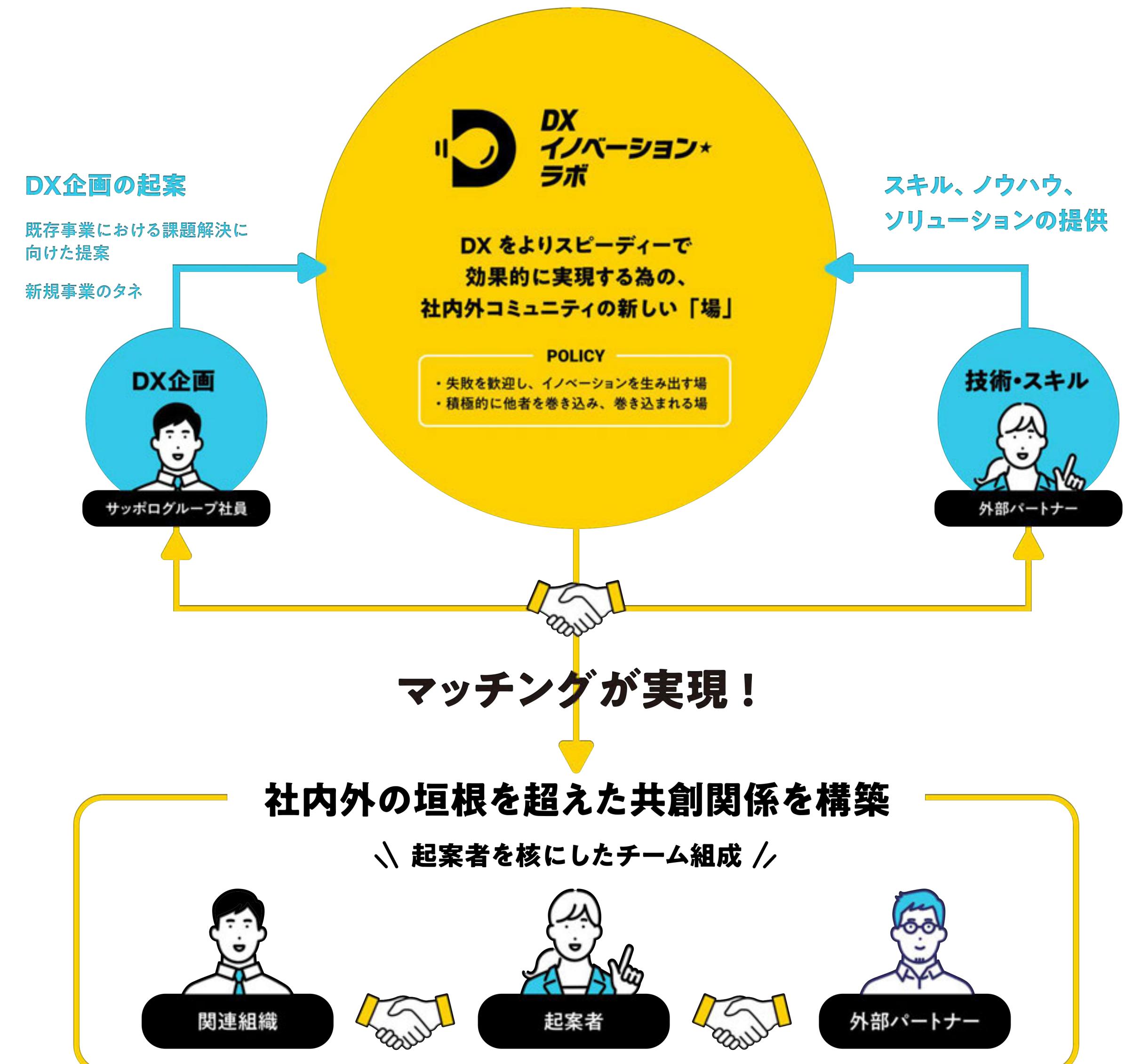


Support for DX projects and new businesses voluntarily proposed by Sapporo Group employees

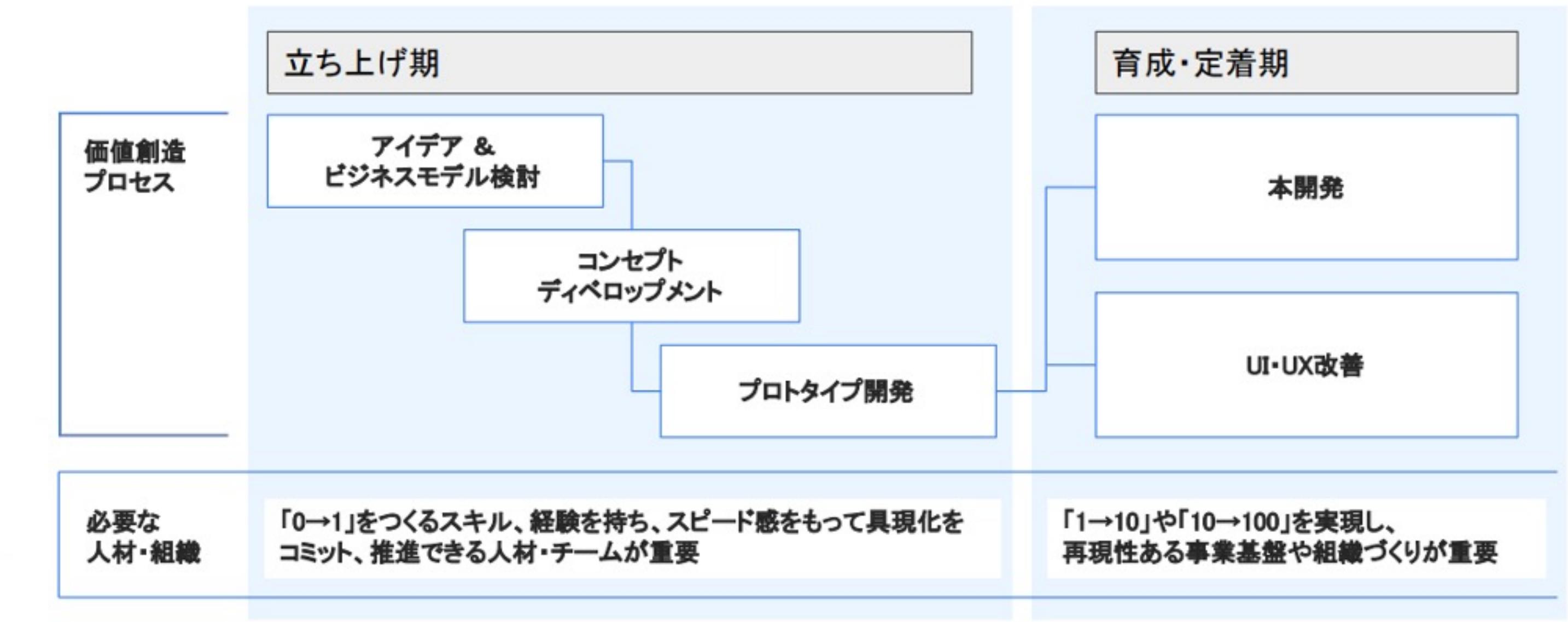
Based on the Group's DX policy, Sapporo Holdings is committed to continuing to grow together with all stakeholders and to maximize the value of customers and the company. As part of these efforts, we have been operating the DX/IT Human Resource Development Program (hereinafter referred to as "DXP") since last year to provide basic education to all Group employees and to develop DX/IT key human resources who will lead DX promotion in the field.

The "DX Innovation★Lab," which will be launched this time, is a scheme that has been conceived and established since last year in cooperation with Microsoft Japan with the aim of reforming business models and creating new businesses by supporting human resources activities.

In addition to Sapporo Group employees, companies from various industries participate in the DX Innovation★Lab as lab partners, and through a dedicated portal site opened for this purpose, they can share issues in existing businesses, proposals for solutions, and seeds of new businesses as "DX plans" with each other. Sun* has a strong track record in business development, combining the three elements of business, technology, and creativity, and has provided support for the development of more than 600 services to date. In this project, Sun* will support the Sapporo Group's new business by providing its expertise in new business development and business development professionals to accompany the project.



Collaborating with Kobayashi Pharmaceutical as a DX partner to support enhanced digital transformation



Reinventing all stakeholder contact points and experiences with DX to improve "customer experience" and "employee experience"

Sun* will collaborate with Kobayashi Pharmaceutical Co., Ltd. as a DX partner to promote digital human resource support and new business development utilizing digital technology. Kobayashi Pharmaceutical is promoting DX throughout the company to lay the foundation for its three DX strategies of development, human resources, and productivity improvement, as well as its mid- to long-term management strategy of 280 billion yen in consolidated group sales by 2030 (including 90 billion yen in international business). In the healthcare industry, the most significant change in the environment is the rapid growth of digitally-enabled services. Kobayashi Pharmaceutical is also focusing on new business development utilizing digital technology, but in order to create a foundation for further growth, we are reforming the contact points and experiences with all stakeholders through DX in order to improve the "customer experience" and "employee experience".

Sony Network Communications Singapore (Sun*-funded) exhibit at Blockchain Expo



Proposal to create new value with Sony using blockchain technology in the Web3 area

Sony Network Communications Singapore Pte. Ltd., a group company of Sony Network Communications, exhibited at Blockchain EXPO held at Makuhari Messe. And Sun*'s members also participated. Also in September, Sun* members participated in TOKEN2049 Singapore, a crypto event where leaders from around the world gathered for Web3, exhibited by Sony Network Communications Labs Pte.

SNCS provided visitors with information on consulting and contract development tailored to their business phases and needs using Web3, business support and infrastructure to build their own Web3 services, and a marketing support platform using NFT.

About Sony Network Communications Singapore Pte. Ltd.

A Web3 business company established in Singapore by Sony Network Communications Corporation and Sun Asterisk Corporation to provide contract development and consulting services in the Web3 domain.



多种多様な業界・サービスにおけるソリューション設計

特定の業界に限らず幅広い領域でご支援可能
金融、エンタメ、教育など、幅広い領域におけるブロックチェーン活用ソリューションをサポート



Release of "TeamAyu", the official fan community app for Ayumi Hamasaki from MOOOS



Interactive fun with fans Provides talk entertainment

Ayumi Hamasaki, who celebrated the 25th anniversary of her debut this year as one of Japan's most popular female vocalists both in Japan and abroad, has relaunched her web fan club as an application to create a more active fan community. In addition to photos and videos that cannot be seen on SNS, a timeline where fan blogs can be read and Ayumi Hamasaki herself and dancers can appear in a closed space for fans only, providing interactive and fun talk entertainment that can be enjoyed together with fans.

Sun*



"ayumi hamasaki 25th Anniversary Live Tour" starts in July.
Please look forward to "TeamAyu" getting more and more exciting!

Contents



TeamAyu限定で配信してきた
むらayuチャンネルやSTAGE PHOTO等
の人気コンテンツを提供！

Timeline



アプリ限定でここでしか読めない
ayuのブログをお届け！さらには
スタッフによる舞台裏写真等も！？

Community



全国のTA会員と楽曲やライブの
チャットで盛り上がろう！
ときにはayuや一座、スタッフが
コミュニティに登場するかも！？

MOOOS is a Sun* proprietary system that provides artists and fans with the ability to interact with each other as a new form of fan club on an OEM basis. It enables the provision of core content as an individual artist's application. By eliminating trend marketing and anti-trend marketing within the platform, it provides enhanced value to the original fans. It is a cooperative business model where revenue from the paid content provided is shared between the artist side and Sun*.



FY2023 project Topic

Case Study : H2O RETAILING CORP.

"Machi Uma Takatsuki" provides the value of the experience of "eating delicious food at a restaurant in town."

New customer service business challenge for the Kansai region

H2O RETAILING CORP's "Long-Term Business Plan 2030" calls for the development of a "customer service business" that goes completely beyond existing businesses to build connections with all 20 million people in the Kansai region through a new application service. This application, which collects information on local restaurants, conducts searches, and provides functions to use points and coupons, was first launched in Takatsuki City, Osaka Prefecture. The plan is to expand the application to the entire Kansai region in the future.

UI/UX Design

PdM

Requirement Definition

Development & implementation

Enterprise

Retail trade

ISSUE

Looking for a vendor that could complete the development process in a single integrated manner with full responsibility, and that had excellent in-house development staff to flexibly change the development system in response to changes in circumstances and environment.

SOLUTION

We design projects with flexible and speedy responses to changes in priorities and contents of development projects due to changes in circumstances and environments, such as collaborations with local community organizations. Responding sincerely to client issues, such as proposing mini-waterfall from agile development or changing the project structure based on trade-off sliders.



Exchange meeting with Ho Chi Minh City development team through workshops

Client's Voice

"We chose Sun* because they have a large number of engineers in Vietnam and we could expect flexible and flexible development. Also, Sun* promotes agile development, so we had a sense of security in knowing that they would respond to any sudden addition of features or changes in the application specifications as they arose. Above all, we felt that Sun* was a trustworthy company, including its members, which was a major deciding factor in our decision to select them as our partner."

Case Study : wevnal



Utilizing ChatGPT, which is now provided by Microsoft's Azure OpenAI Service

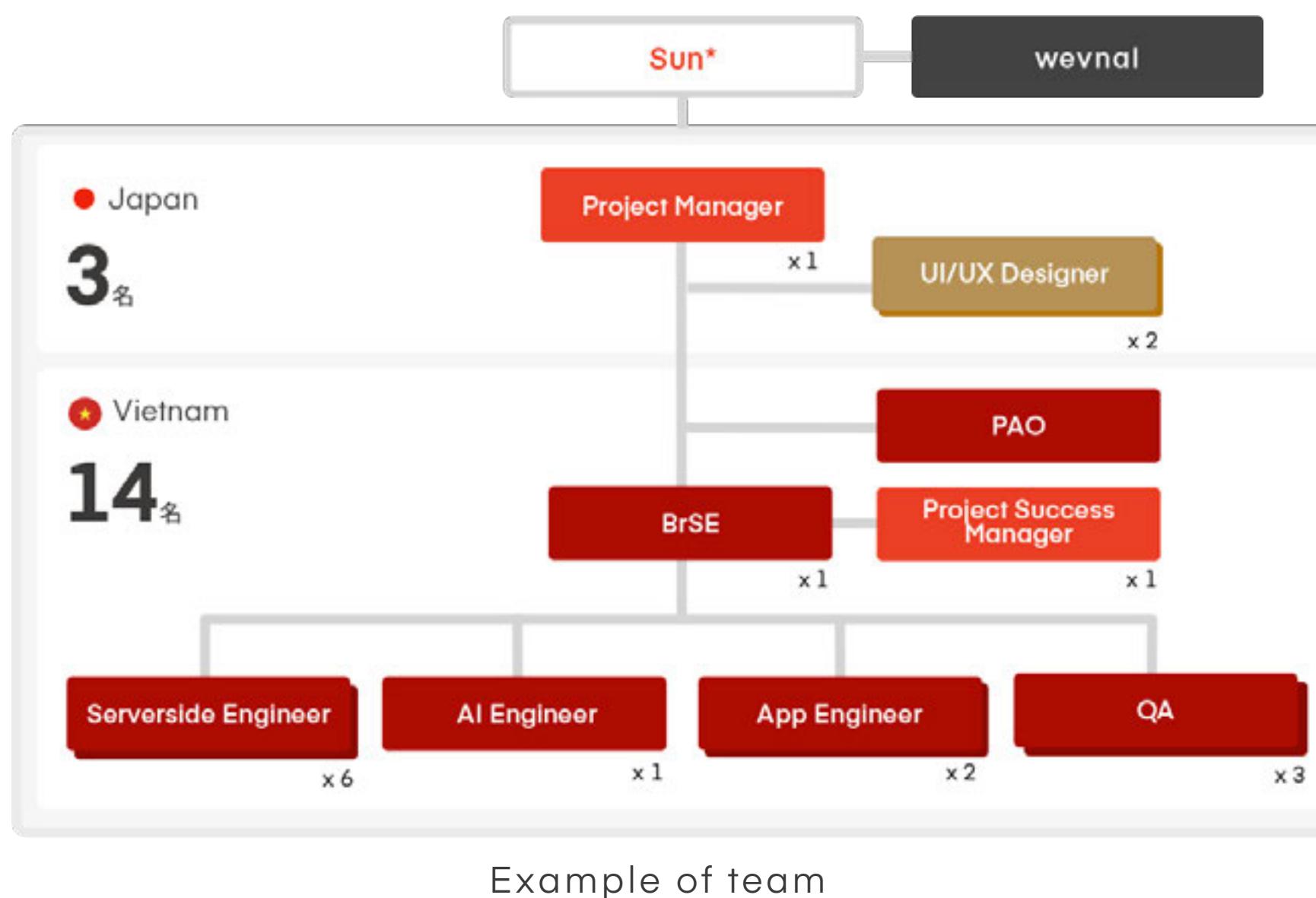
Implemented AI with ChatGPT with enhanced security for enterprises

In 2023, ChatGPT by OPEN AI will be widely used around the world, and the need for companies to utilize AI is increasing every day. BOTCHAN AI is designed with information security in mind, which is a concern for companies using AI. It is designed with information security concerns in mind, and can refer to internal company data to solve company-specific questions through interactive communication with the user. Sun* has been supporting the development of the company's core business with a dedicated team in Vietnam since March 2020.

Team proposal-based development

CLIENT VOICE

We are developing six AIs with Sun* members, including one with a high degree of difficulty. I think we have accumulated the most knowledge of Azure OpenAI Service as a development company in Vietnam.



Sun*



Enhanced security features as an enterprise AI solution

Prompt Injection Countermeasures

Rigorously validates user input and prevents unauthorized command execution. Applies input checking and escaping to ensure safe operation.

Content Filtering

Using a predefined list of prohibited words, inappropriate expressions in the generated sentences are detected and dealt with appropriately.

Halcination Measures

Detect and correct erroneous information generated by AI. Enhance model training and output monitoring to improve accuracy and reliability.

Case Study : Onomichi City Office / NTT WEST

Provided support to young employees of Onomichi City Office in creating new service ideas that would benefit the community.

New business idea generation using design thinking in local government

Many local governments are currently facing challenges due to the concentration of people in one area, and there is a need to "increase the attractiveness of the region and create a region that can adapt to a declining population". To address these issues, Sun* implemented a new business creation program to generate ideas through design thinking. Finally, the teams made a presentation to the mayor and received positive comments from the mayor, who said, "We would like to start considering the idea for commercialization.

Service Design

Design Thinking

Mentor Support

Key Visual Creation

Workshop Design

Local government

ISSUE

- In response to issues such as the declining birthrate, aging population, and shrinking workforce, we would like to create ideas with the rich sensitivities and ideas of our young employees to lead the way to a sustainable future.

PURPOSE

- Want to create new business ideas using design thinking and aim to commercialize them
- Want young employees to learn design thinking and apply it to their work in the town.

GOAL

- Young staff members will gain successful experience in creating new business ideas on their own
- Acquire the thinking process of design thinking

Create key visuals from issues and ideas identified by each team



One month immigration experience service



Onomichi's lifestyle-related information website



E-application experience space for the elderly



Childcare Information Aggregation and Sharing App



Workshops

Participant's voice

"I learned how to make proposals from the standpoint of citizens, avoiding the viewpoint of the government, and I gained new perspectives and clues that will lead the discussion in the right direction."



6

Appendix

Trys' Business Transformation

Currently transforming its business to make its own IP into entertainment and content.

Past Issues and Future Policies

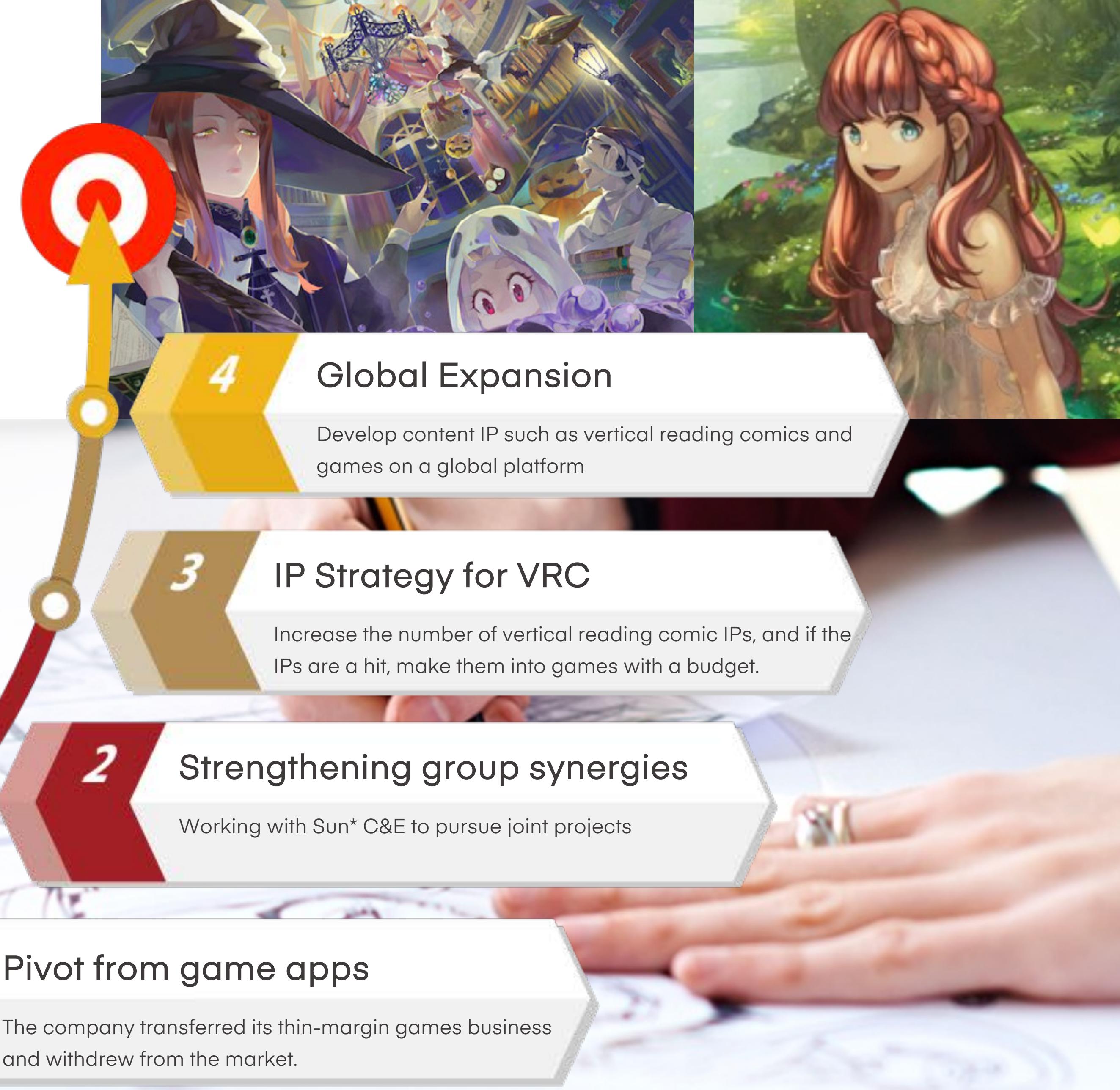
The game app market is saturated, and huge development costs and time are required to produce a hit title. In order to increase Trys' potential in the market, the company aims to strengthen cooperation among departments and groups, create IP in the rapidly growing vertical comic market, and transform Trys into a company that can generate high profits through a media mix. The goal is to transform Trys into a company that can generate high profits through a mix of media.



What is Vertical Reading Comics (VRC) ?

Vertical-reading comics is a comic that is read while scrolling vertically across the screen, and has become increasingly popular around the world in recent years. It is characterized by vivid colors and a unique style of expression that takes advantage of the vertical format. The global market for vertically-read comic is projected to grow at a compound annual growth rate (CAGR) of 30.9% through 2029, to reach US\$27,510 million (approximately 4 trillion yen).

Reference : Global Webtoons Market Size, Status and Forecast 2022-2028



Sustainability Initiatives

Ten materialities were identified and grouped into five categories.

Category	Materiality	ESG
DX and business co-creation	DX promotion in all industries	Social
	Developing a value chain with various partners	
	Improve customer experience and service quality	
Human resources and teams	Finding, nurturing, and promoting the success of value-creating human resources and teams	Governance
	Diversity and Inclusion promotion	
Community	Contribute to the local community and various communities	Environment
Corporate Governance	Enhancement of corporate governance and risk management	
	Thorough implementation of corporate ethics, compliance, and anti-corruption	
	Thorough privacy and information security management	
Environment	Contributing to global environmental issues such as climate change and environmental pollution	

We have systematically organized our sustainability promotion activities, which had been conducted sensitively until now, and analyzed, evaluated, and determined the materiality (key issues) that will become the foundation for Sun* to create value over the long term through its business activities from the company's and stakeholders' perspectives.



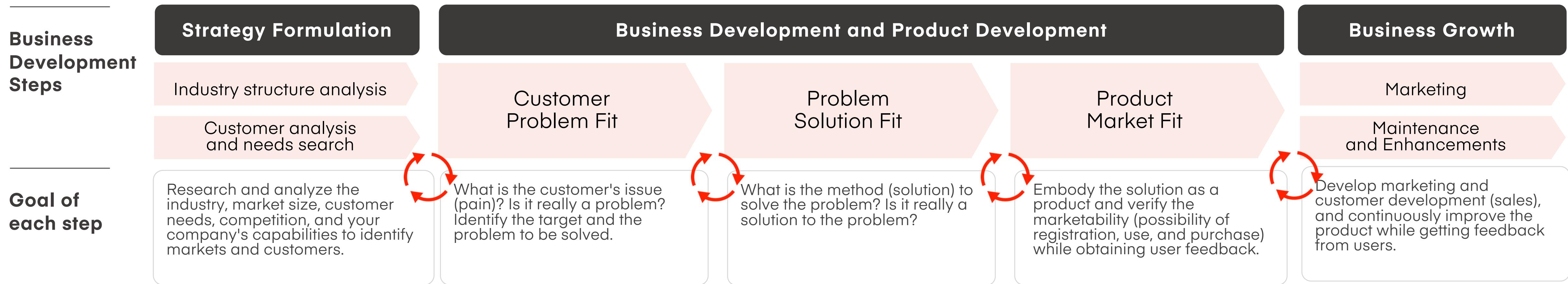
Details are available on the
Sustainability Now available
on our website!

<https://sun-asterisk.com/sustainability>

Common Business Development Processes and Key Sun* Solutions

Expand Creative & Engineering

Sun*'s studio model is to run alongside the entire process and provide continuous support for business growth even after release.



Solutions of Creative & Engineering

1. Short Project (Issue identification)

2. MVP development · PoC

3. Development · DevOps (Continuous Improvement)

Solutions of Talent Platform

1. Executive Search

1. Executive Search

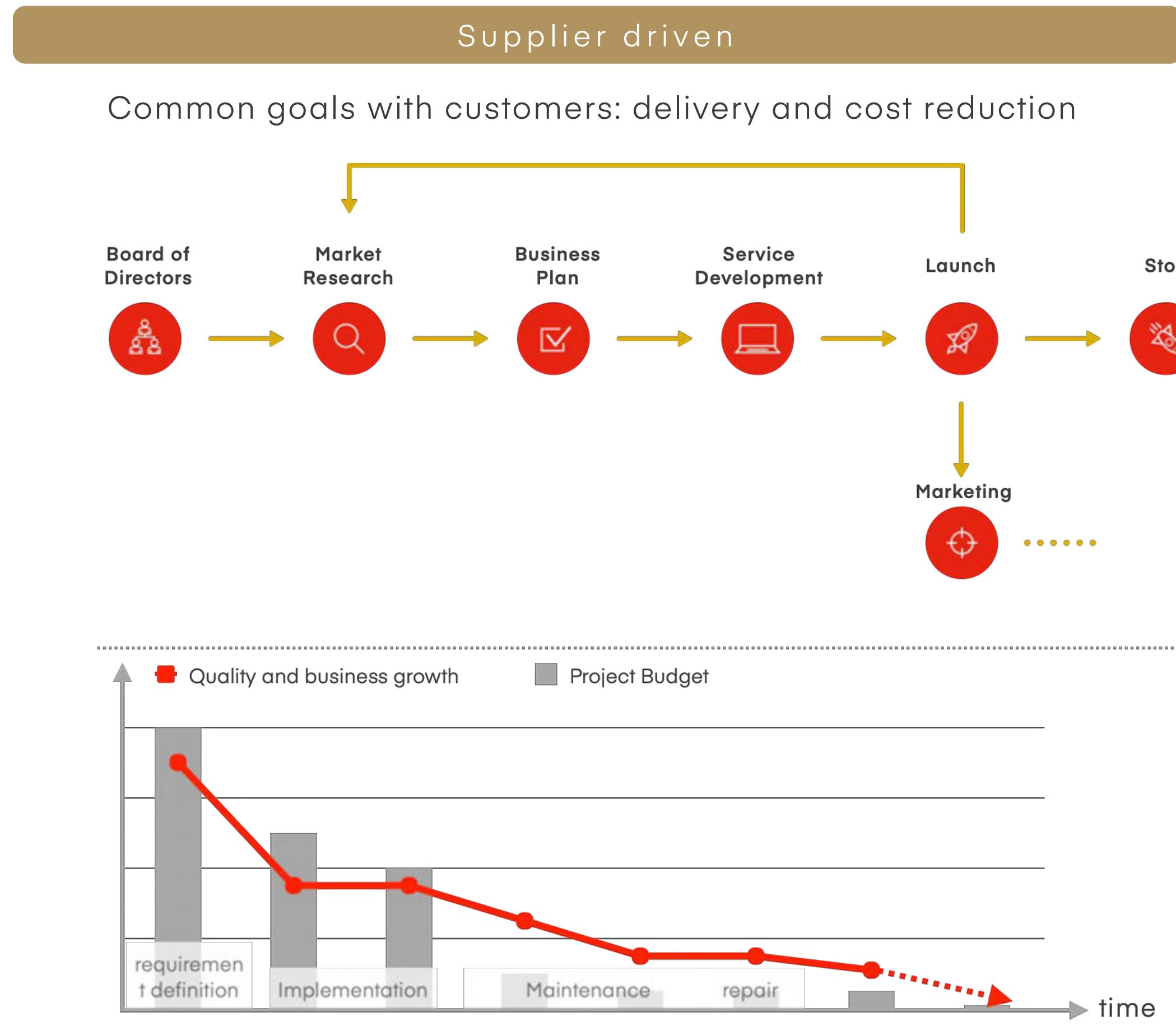
2. Professional Recruitment / 3. GEEK JOB / 4. RPO

5. x seeds Hub (Training and introduction of overseas TOP engineers)

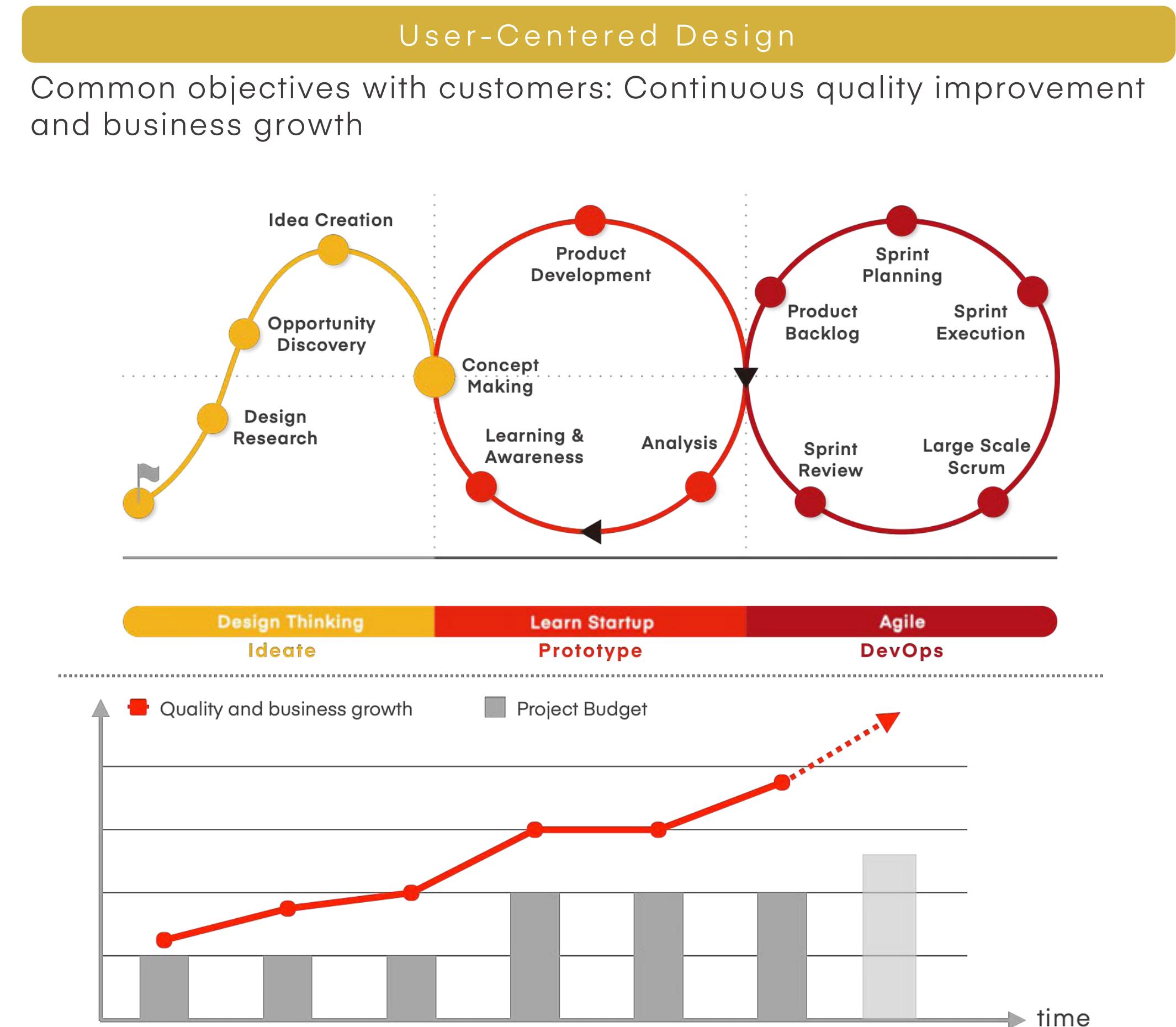
Features of the Business Model

Expand Creative & Engineering

Many of the projects are user-centered design projects, which means that as the product or service grows, the development team structure is enhanced and the revenue increases.



High development costs are required in the early stages, and estimates are made for each modification. After the release of a product, it tends to be maintained and repair only, and the quality deteriorates over time.



A system that can be started with a small budget and is easy to scale up. A system that can continuously expand its functionality as the service grows, improving quality and adapting to the market.

Achieve service growth and expansion through rapid service releases with a fast-paced, value-creating process and a scalable team

Project period

about 6 months

Period of time based on service growth

method

①idea

Strategy Thinking

②form

Design Thinking

③prototype

Lean Startup

④Growth and functional expansion

Agile Development
UI/UX Improvement

Other players

Consulting firm

Design firm

Freelance, etc.

Software Development Company

Sun* Capacity

340 people+

Rapid service development through user-centered design

1,030 people+

Optimal team design and scalability

Enterprise Acquisition Alliance (cooperation) and Organizational Expansion

Expand 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)



Azure and various other services



Multilingual solution



Advanced security services



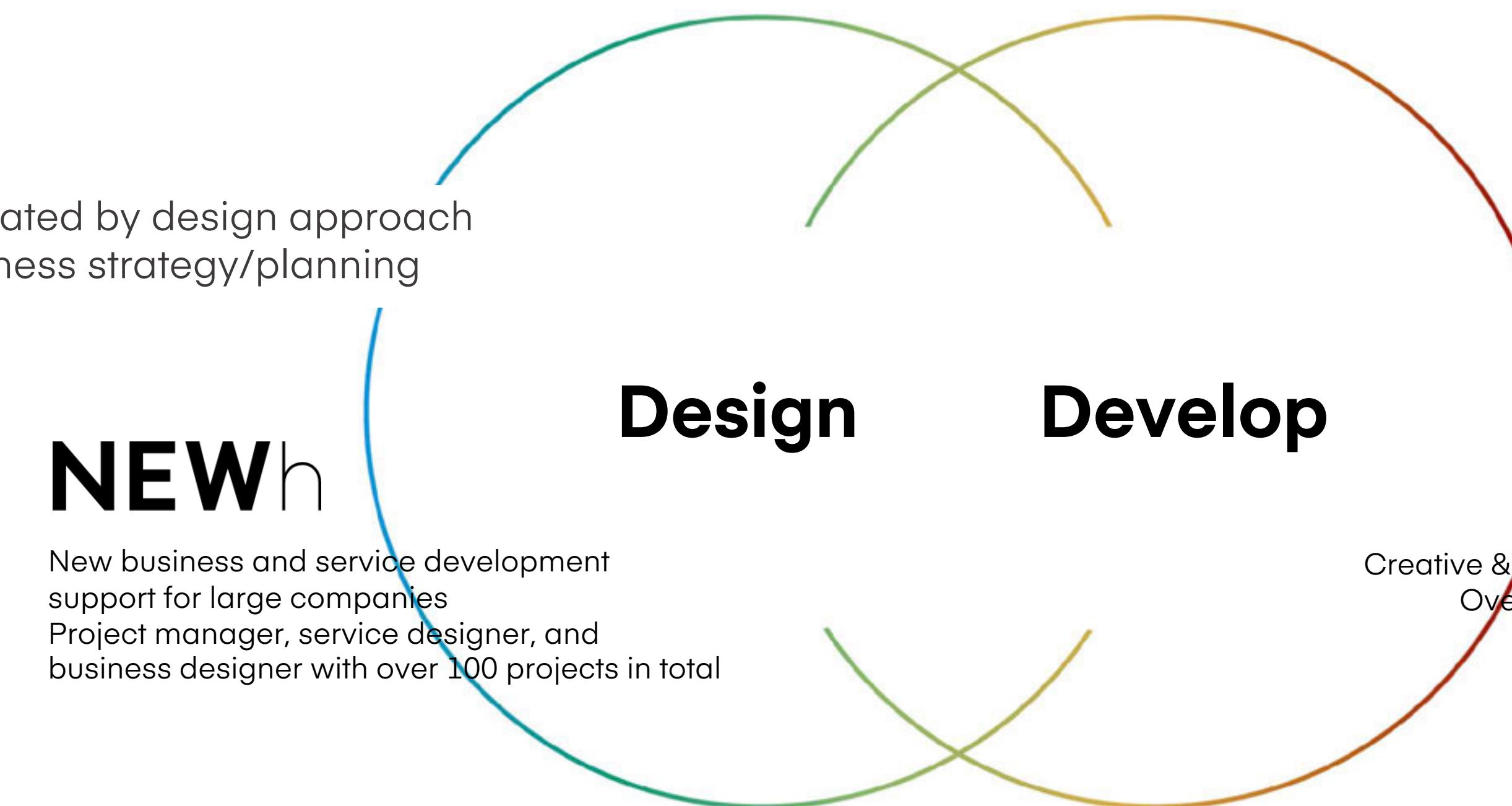
Engagement marketing

Results of Consolidated Subsidiary NEWh (Innovation Consulting Studio)

Expand Creative & Engineering

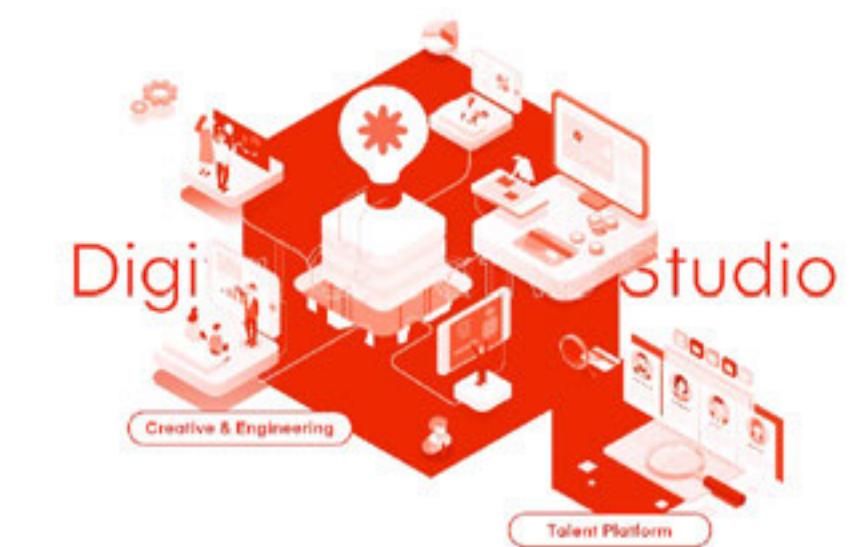
Development of the design x business field

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



Strengthen collaboration with Sun*

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



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

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

Creative & Engineering

Investment



Investment Execution



Providing resources and knowledge for growth

Talent Platform



Internal Production Support

Ecosystem for Digitalization

Further enhancement of the Talent platform

Unique 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

**Monthly Average
330,000+ MAU
3,000,000+ PV**



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 12 universities
in 4 countries
More than 2,800 students**



xseeds Hub

Employment Support System

Corporate Information

Student Information

Student Follow Function

Job Hunting Event Information

Matching / Scout Function

**Public
Over 1,000 student resumes**

xseeds Hub, an exclusive recruitment and selection platform for top overseas science universities

xseeds Hub

海外トップ大学の優秀層があつまる
エンジニア採用プラットフォーム

これまでの参加企業173社以上 内定者数 490名以上

※2022/06時点

JFE システムズ LIXIL LINKBAL Net Protections afterFIT TRACOM NTT DATA



xseeds Hub

Sun* trains IT engineers with its unique curriculum for students selected from challenging universities overseas. As a direct recruiting service, you can recruit online while in Japan.

下記フォームにご記入ください。（1分）

会社名*
test

姓*
test

名*
test

登録メール*
mazaya.kitaoki@sun-asterisk.com

お問い合わせにあたり、個人情報を取り扱いに同意する
※CAPTCHAで保護されています

お問い合わせ

The Output of Innovative Human Resources Through Education and Training

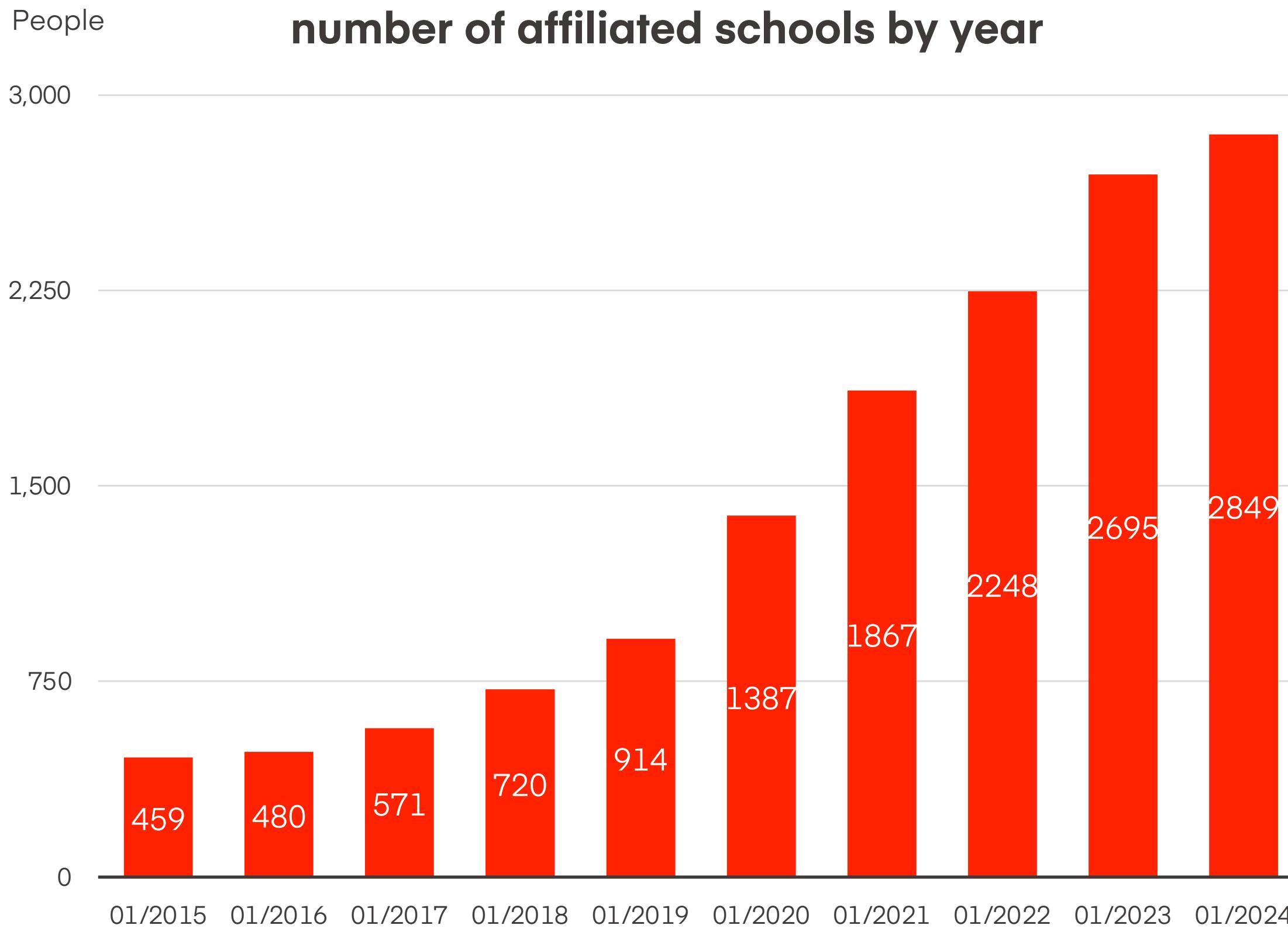
Further enhancement of the Talent platform

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, the program is offered to three universities in South America, with plans to expand in the future.

Number of Sun*'s educational program students enrolled and

number of affiliated schools by year



9 universities

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
8. University of Indonesia

Malaysia

9. Malaysia-Japan International Institute of Technology

3 universities

Universities that offer the program

Brazil

10. University of Campinas
11. Federal University of Minas Gerais
12. University of São Paulo

Investment in Startup Studio

Realization of capital gain model

Number of startups invested in

24

companies

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

Established an operating company in Singapore for NFT with Sony Network Communications

Expand Creative & Engineering

Aiming to contribute to the ever-expanding NFT market and the diverse economic sphere created in the Web 3.0 world.

Web3 NFT Blockchain INFRASTRUCTURE for a NEW ERA

Creating new value for customers with Web3 technology.
Together with creators, we are moving toward a new infrastructure for a new era.

Company

Sony Network Communications Singapore Pte. Ltd.

Business

Contracted development business related to NFT business
Consulting business and related businesses

Investment Ratio

Sony Network Communications : 70%
Sun* : 30%



NFT Business
Strategic Planning
Support



Solutions of Sony Network Communications Singapore



NFT Games
Development Support



Proprietary Tokens
Publication Support



NFT Promotional
Support

The company will promote contract development and consulting business in the ever-expanding NFT market by leveraging Sony Network Communications' knowledge and experience in the telecommunications and service solutions businesses and Sun*'s development and operation resources, know-how, and technical capabilities.

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

Entrepreneurial Concerns

lack of know-how

Inability to identify issues

engineer shortage

lack of funds

Three functions provided by Sun*.

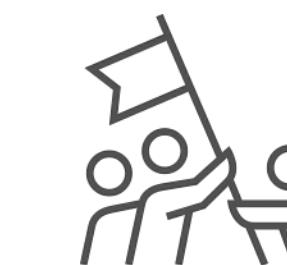
incubation

Talent Asset

Investments and Funds



Provide office and knowledge



Provide the human resources necessary for business creation



Funding for development

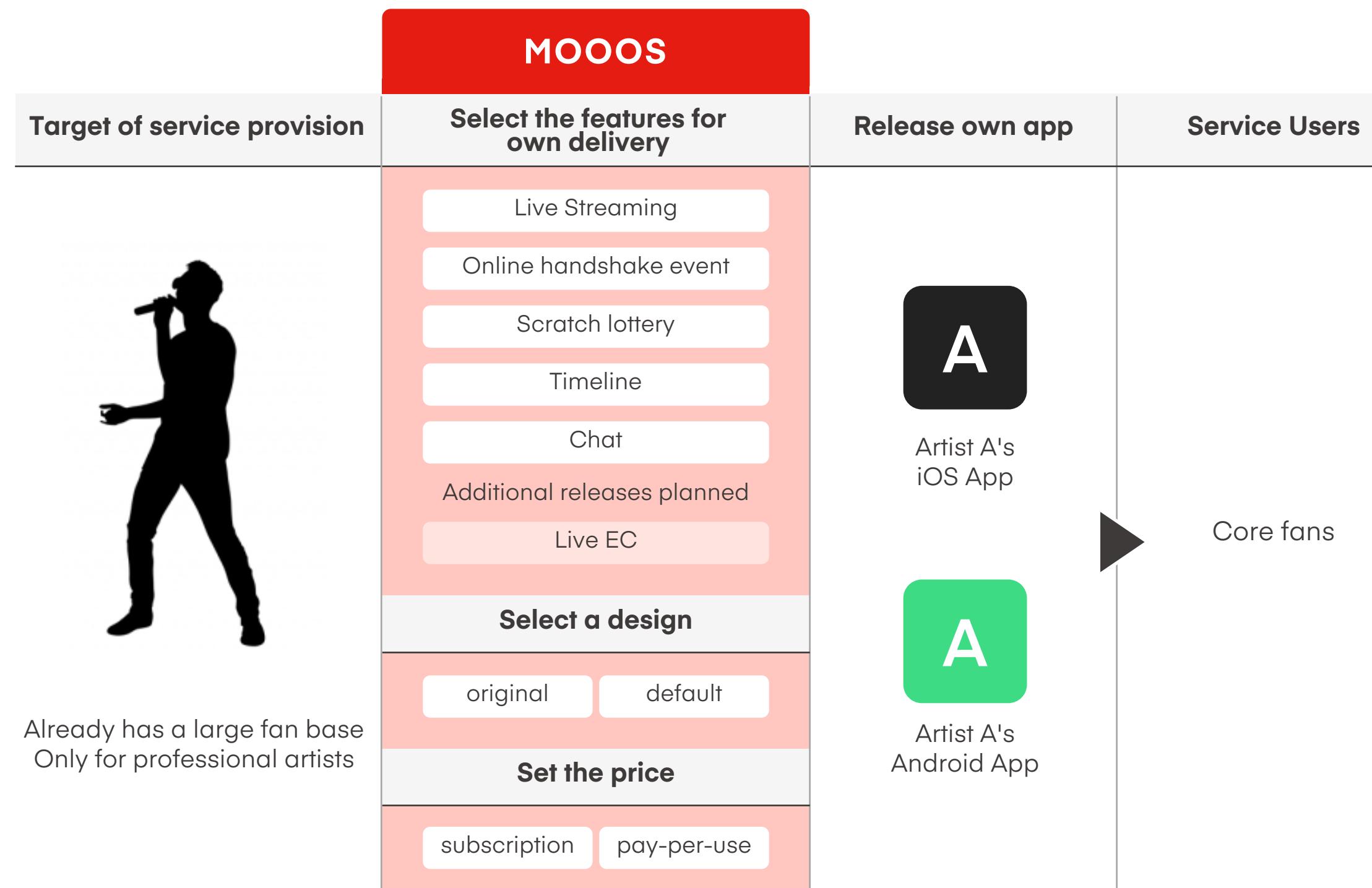
Startup Studio Case Study : MOOOS

OEM-type fan community system that allows artists to express their worldview

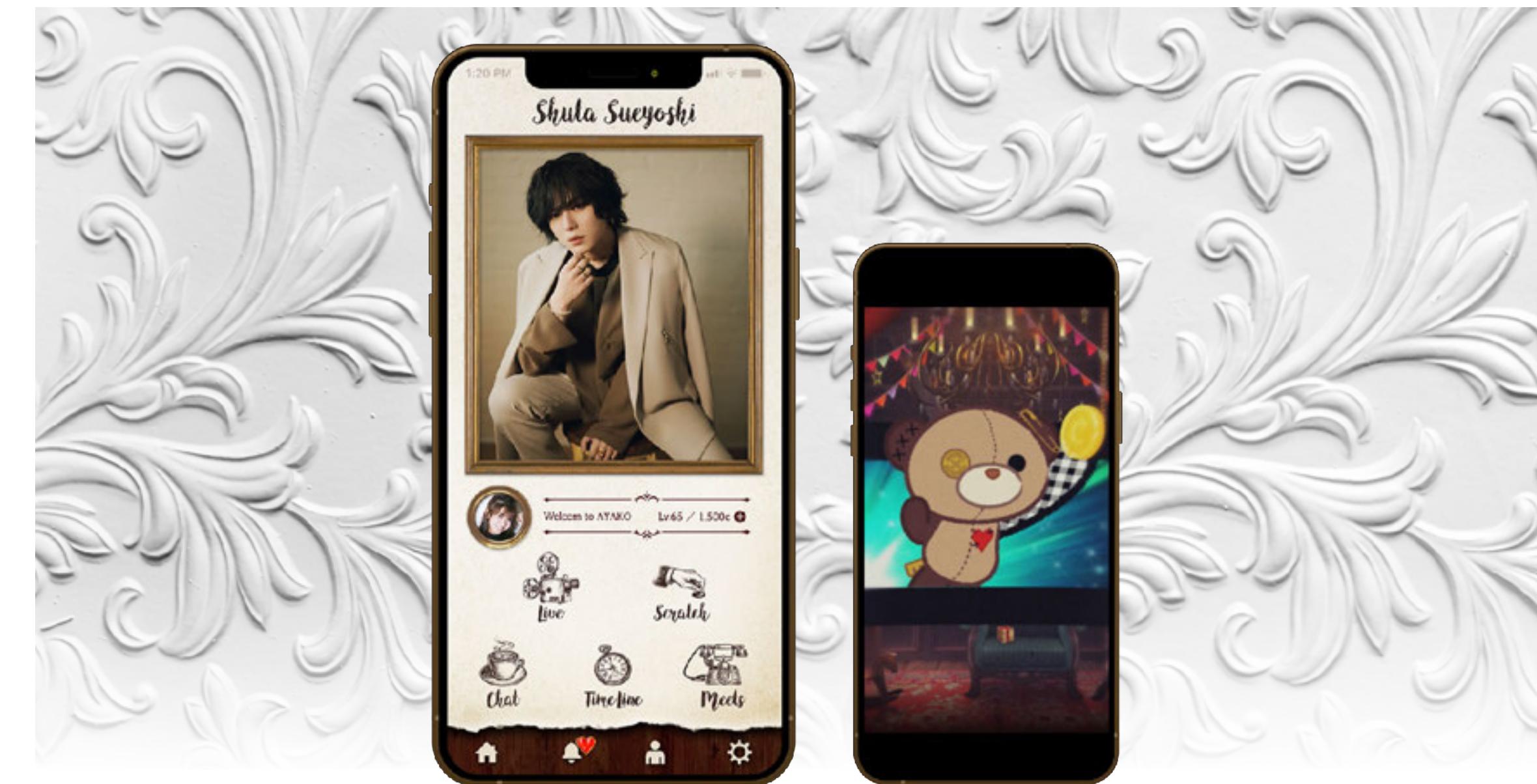
Collaboration with avex management on revenue sharing model

Freedom of MOOOS customization to meet the demands of professional artists

MOOOS is an OEM-type fan community system with highly flexible design, customization, and pricing features that was created to create new value experiences with core fans.



Realization of revenue sharing model



The first release is "SS App" by Shuta Sueyoshi (AAA).

Advantages of using MOOOS for artists

- Independent, build a fan communication and brand that is not influenced by the "trends" and "marketing" of each platform.
- Not limited to live streaming, choose the functions and customize the design to suit EC and usage.
- Because it targets existing core fans, attract customers without spending money on advertising and the risk of flames is low.
- Start your own app with zero development costs.
- Provide high quality services only to your core fans without promotion costs.

Future Plans and Outlook

- Second strong artist confirmed (to be released this fall)
- New project underway through capital alliance with Vector's subsidiary, River Bank
- Expanding business with a view to expanding into global markets and NFT by fully utilizing Sun*'s assets

Features and Strengths of MOOOS

Realization of revenue sharing model

Gain core fans without promotional costs and develop your business with customized and unique apps provided by OEMs.



If it's an open community, it will include anti-social and light people.

Including major SNS and video distribution platforms Open fan communities

Creating new fans

Direct users to proprietary apps

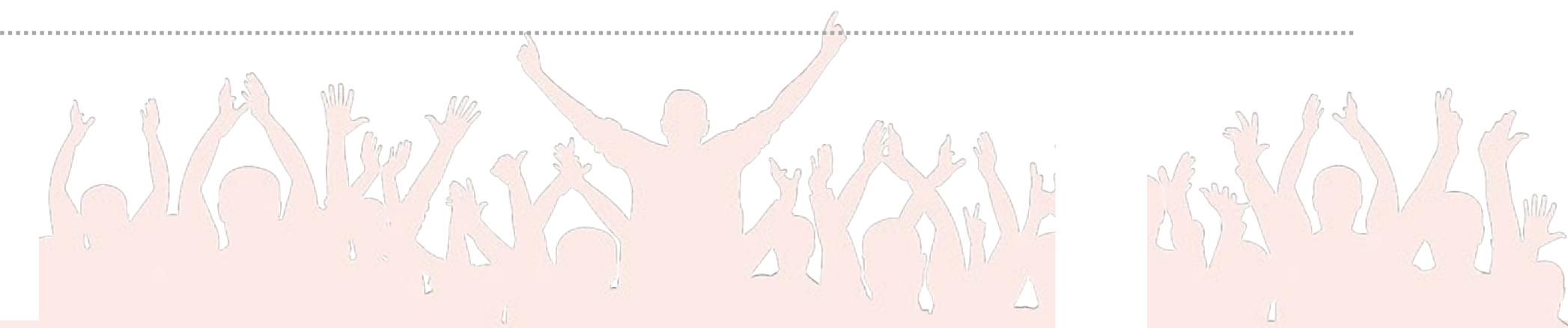
Activation of core fans



Proprietary apps target core fans without promotional costs and generate high engagement and monetization.

Issues of open communities faced by SNS

In major social networking sites and video distribution platforms, it is difficult to design a content marketing strategy for monetization because of the open fan community, including anti and light users, which makes it easy to be compared with competitors. It is necessary to operate under the platform's rules and billing scheme.

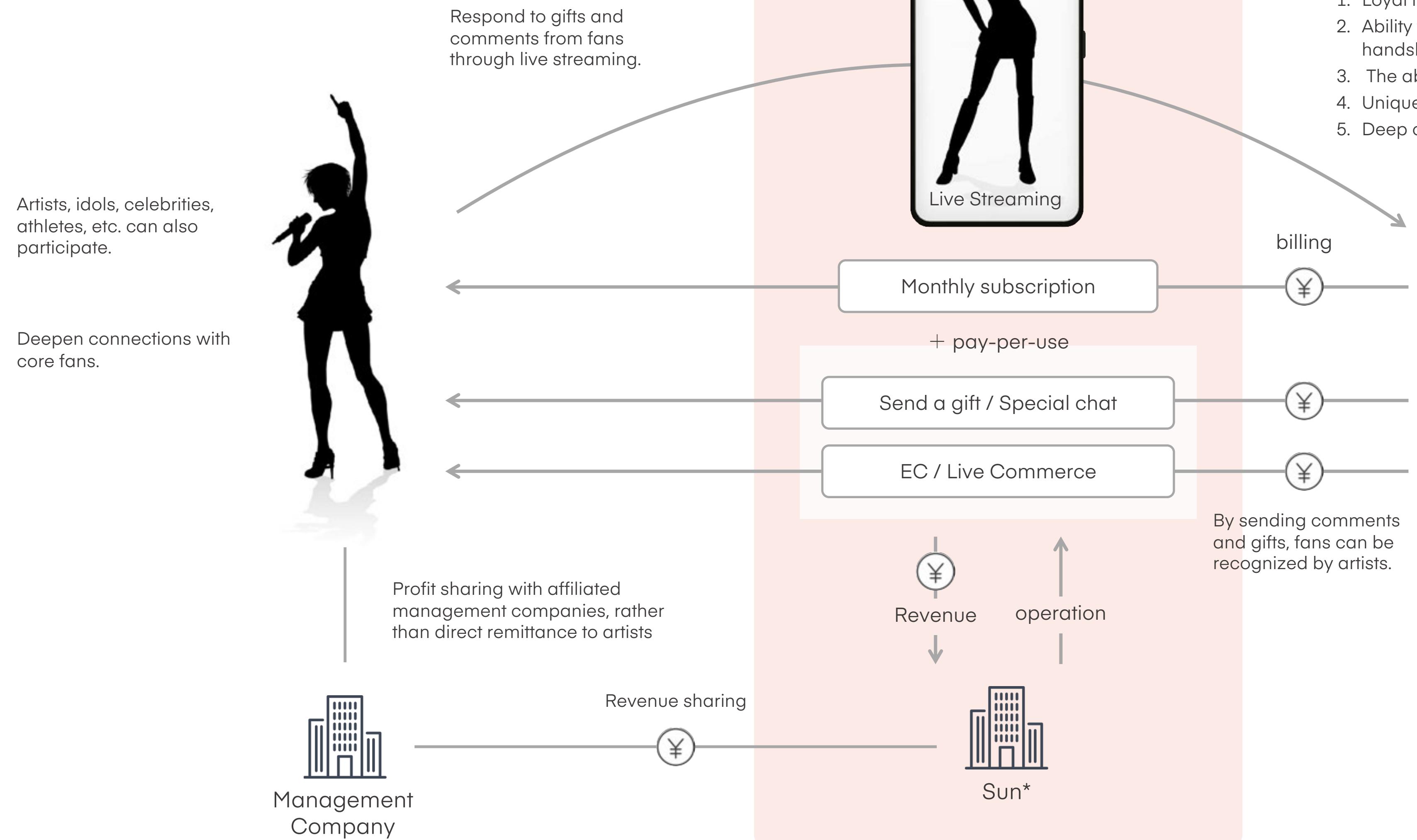


To a dense business that satisfies the fever of core fans

By directing only real fans from SNS to your own app, you can design a highly flexible product with a free billing system. By focusing your business domain on original apps, you can conduct content marketing that is not influenced by the existing environment of major SNS.

MOOOS Business Model

Realization of revenue sharing model



Unique value proposition points unique to the core service

1. Loyal interface designed with the artist's world view
2. Ability to make one-on-one video calls with the person in question in online handshake sessions
3. The ability to make your own comments stand out in special chats
4. Unique and limited edition goods for sale (planned)
5. Deep community building among core fans



want to support idols and artists directly, connect with them, and also connect with other fans who support them.

BouncyBunny, the first blockchain game from Trys, to be released this winter



Provides new ways to enjoy blockchain games, including Play to Earn, which is unique

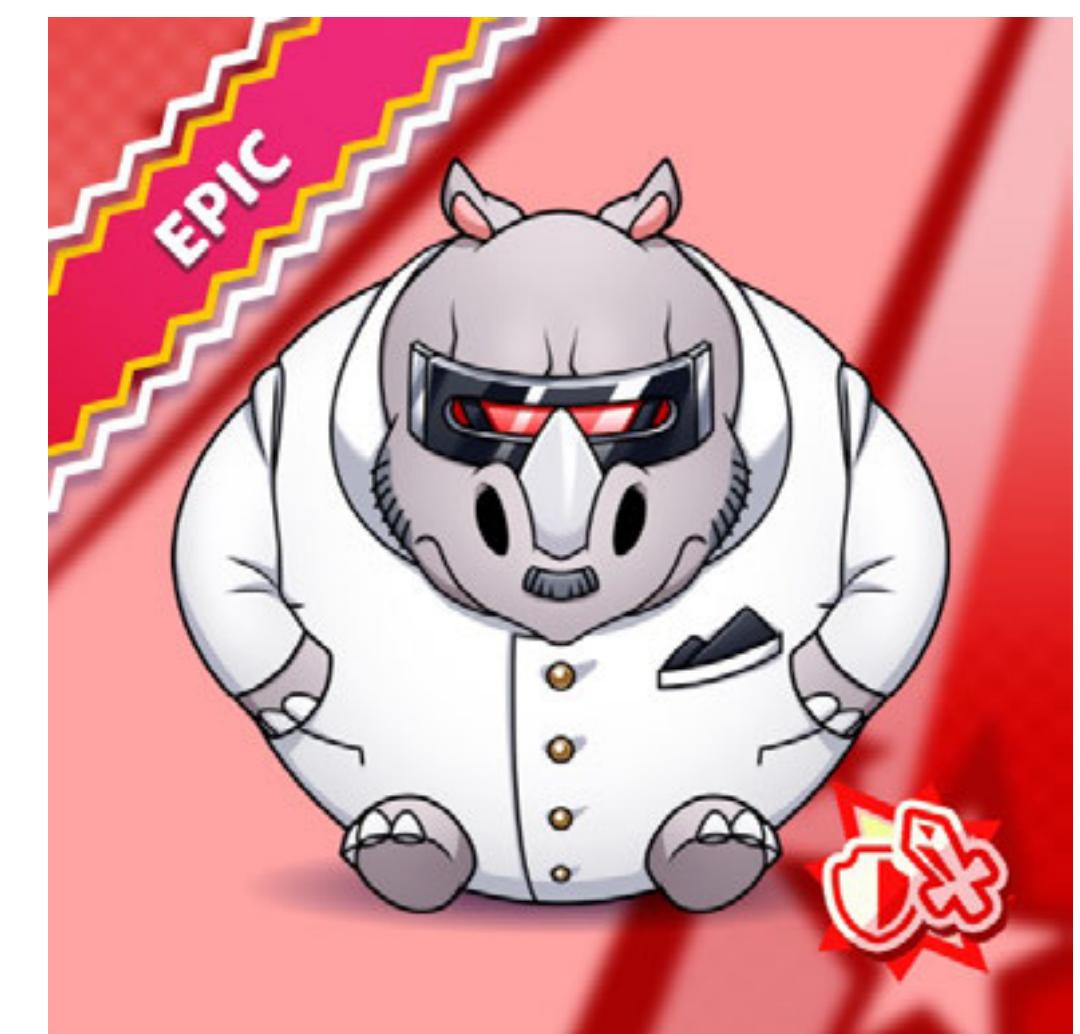
Trys will release its first blockchain game "BouncyBunny" this winter on PlayMining, a GameFi platform operated by Digital Entertainment Asset Pte. Trys is developing a content platform business that specializes in digital content production and application development for the social x smartphone domain. One of its businesses is the game business, which has produced a large number of game titles through both outsourcing and in-house publishing. NFT presales (pre-sales) are conducted prior to launch.



What is BouncyBunny?
It is a multi-action game about animals and comedy. Anyone with a smartphone browser can enjoy the game. Players organize three units of their choice and engage in various real-time blowout battles in 3 vs 3.

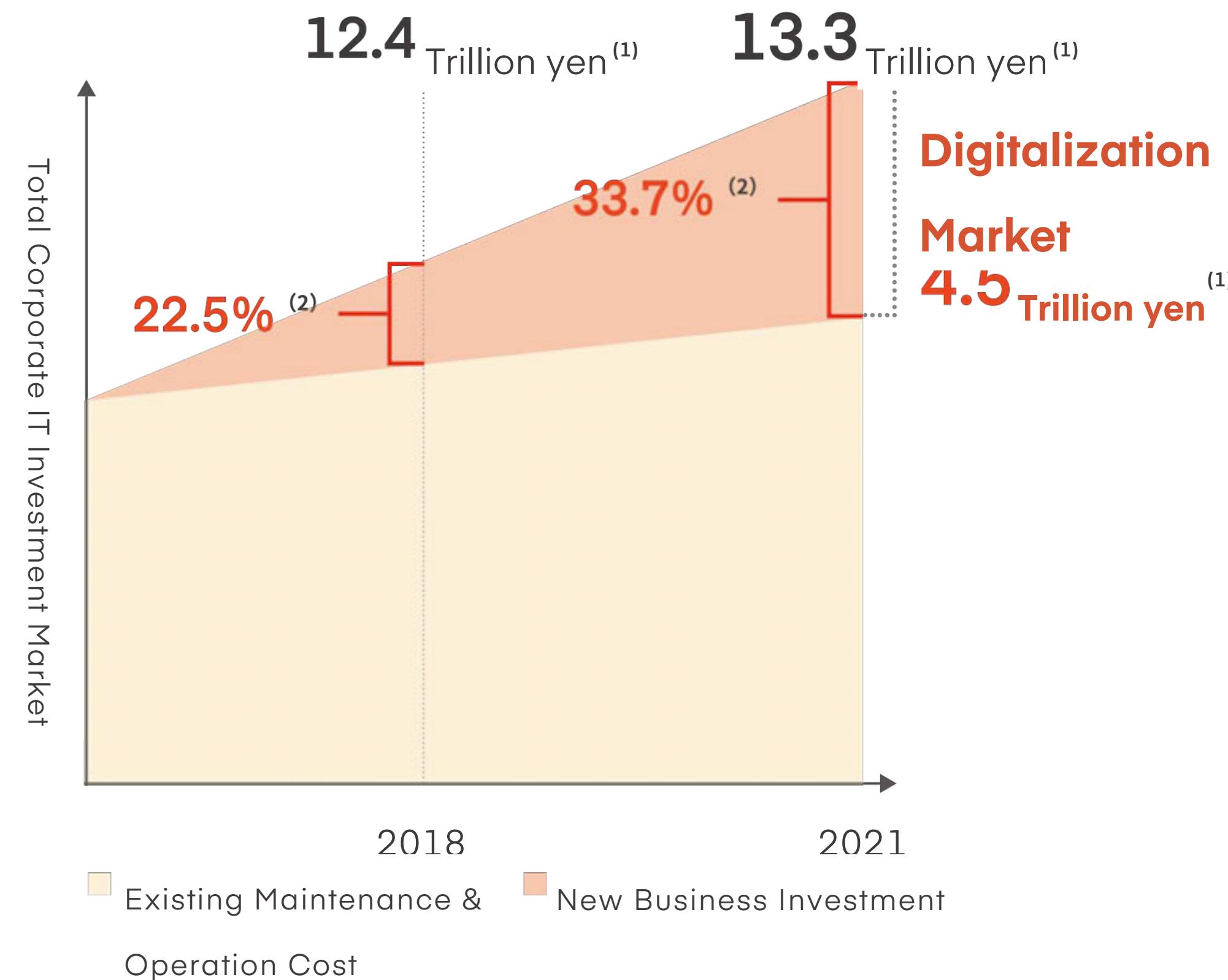
NFT Presale (Pre-sale)

To celebrate the launch, a presale of NFTs available in the game will be held on "PlayMining NFT (NFT trading platform on PlayMining)" on Monday, October 30.



Market Size of Digitalization

Expand Creative & Engineering



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.

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.