

Note: This is an English translation of the Quarterly Financial Summary in Japanese and is for reference purposes only. In the event of any discrepancy between the translation and the original Japanese text, the latter will prevail.



Consolidated Financial Results for the Nine Months Ended December 31, 2023 (IFRS)

February 9, 2024

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 Earnings briefing for financial results: Yes (for institutional and individual investors)

(Figures are rounded to the nearest million yen)

1. Consolidated Financial Results for the Nine Months Ended December 31, 2023 (April 1, 2023 to December 31, 2023)

(1) Consolidated Operating Results

(Millions of yen, % indicate year-on-year changes)

	Revenue		Operating profit		Profit before income tax		Net profit		Net profit attributable to owners of the parent		Comprehensive net profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Nine Months ended December 31, 2023	3,115	22.3	(3,396)	—	(3,243)	—	(2,645)	—	(2,264)	—	(2,316)	—
Nine Months ended December 31, 2022	2,547	19.8	1,291	32.7	1,520	42.5	1,039	40.3	938	37.9	1,546	74.7

(yen)

	Basic earnings per share		Diluted earnings per share	
	Millions of yen	%	Millions of yen	%
Nine Months ended December 31, 2023	(134.81)		(134.81)	
Nine Months ended December 31, 2022	55.88		55.88	

Note: 1. Basic earnings per share and diluted earnings per share based on net profit attributable to owners of the parent.

2. Due to the application of IAS 12 "Income Taxes" (amended in May 2021), figures after the retrospective application are stated for the nine months ended December 31, 2022.

(2) Consolidated Financial Position

(Millions of yen)

	Total assets		Total equity		Total equity attributable to owners of parent		Ratio of equity attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	%	%
As of December 31, 2023	7,403		5,200		5,056		68.3%	
As of March 31, 2023	10,618		7,629		7,134		67.2%	

2. Dividends

(Yen)

	Annual dividends per share				
	End-Q1	End-Q2	End-Q3	Year-end	Total
Fiscal Year Ended March 31, 2023	—	0.00	—	4.50	4.50
Fiscal Year Ending March 31, 2024	—	2.00	—		
Fiscal Year Ending March 31, 2024 (Forecast)				—	—

Note: Revisions to the forecast of dividends since the last announcement: None

The forecast for the year-end dividends is unprovided at this time.

3. Forecast of Consolidated Results for Fiscal Year Ending March 31, 2024 (April 1, 2023 to March 31, 2024)

(% indicate year-on-year changes)

	Revenue		Operating profit		Profit before income tax		Net profit attributable to owners of the parent		Basic earnings per share	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen	%
Full year	4,500	33.2	—	—	—	—	—	—	—	—

Note: Revisions to the forecast of consolidated results most recently announced: None

* Notes

(1) Changes in significant subsidiaries during the fiscal period
(Changes in specified subsidiaries that caused a change in the scope of consolidation): None

(2) Changes in accounting policies/changes in accounting estimation
a) Changes in accounting policies due to IFRS requirements: Yes
b) Changes in accounting policies other than (2) a) above: None
c) Changes in accounting estimation: None

(3) Number of issued shares (Common Stock)

a) Total number of issued shares at the end of the period (including treasury stock)	As of December 31, 2023	17,491,265 shares	As of March 31, 2023	17,491,265 shares
b) Number of shares of treasury stock at the end of the period	As of December 31, 2023	695,582 Shares	As of March 31, 2023	695,942 shares
c) Average number of shares during the period	Nine Months ended December 31, 2023	16,795,565 shares	Nine Months ended December 31, 2022	16,793,371 shares

* This release is outside the scope of the quarterly review by certified public accountants and audit firms.

* Cautionary statement on appropriate use of business results forecasts and other matters.

(Note on forward-looking statements)

This report contains forward-looking statements on future performance and other matters that are based on information currently available to the company and certain reasonable assumptions. These forward-looking statements are not guarantees of future performance. A variety of factors may cause actual performance to be materially different from that expressed or implied by these forward-looking statements. For notes on the assumptions used in business forecasts and use of these forecasts, please refer to "1. Qualitative Information for Business Results, (3) Outlook for consolidated business results, etc."

(Access to supplementary materials for results and content from the results briefing)

The company plans to hold an online result briefing from 6.00 pm (JST) on Friday, February 9, 2024. The materials used in the briefing will be posted on our official website, and the briefing video itself will be streamed live on YouTube Live and will also be available on our website at a later date.

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1. Qualitative Information for Business Results

(1) Explanation of Business Results

(Millions of yen)

	Q3 FY2022	Q3 FY2023	YoY growth
Revenue	2,547	3,115	22.3%
Operating profit or loss	1,291	(3,396)	-%
Profit or loss before income taxes	1,520	(3,243)	-%
Net profit or loss attributable to owners of the parent	938	(2,264)	-%

<Overview of revenue and profit>

The consolidated results for the nine months ended December 31, 2023 (April 1, 2023 - December 31, 2023, hereinafter Q3 FY2023) saw year-over-year (hereinafter YoY) 22.3% increase to ¥3,115mn in revenue. This was due to a strong performance in the Software and Design Business.

Regarding profits, the company recognized an unrealized loss of ¥4,145mn in the Investment Business due to a fall in the share price of investee Gorilla Technology Group Inc. (hereinafter Gorilla Technology).

As a result, operating loss amounted to ¥3,396mn, loss before income taxes to ¥3,243mn and net loss attributable to owners of the parent to ¥2,264mn.

<<Reportable segments>>

For the purposes of deciding the allocation of Group management resources and appraising performance, the Group split its businesses into two reportable segments: the "Software Business segment" which consists of software business and design business, and the "Investment Business segment".

<<Software Business segment>>

Software

(Millions of yen)

	Q3 FY2022	Q3 FY2023	YoY growth
Revenue	2,081	2,121	1.9%

<Overview of revenue>

Data integration middleware "Warp" saw the continued expansion of demand for data integration between existing systems and newly introduced human resources / accounting systems and cloud services. Through nationwide promotional activities in collaboration with sales partners, we expanded the acquisition of new customers in the SMB (Small and Medium-sized Business) market, as a result, sales of its subscription version grew by 40% YoY. Regarding product support, we also announced that a new plan with expanded support content will be added from February 2024.

Inquiries for mobile app building tool "Platio" are steadily increasing from the logistics and construction industries in response to "the 2024 issue", a new regulation regarding working hours that will be enforced in April 2024. The adoption of high value-added services such as Platio Connect, which utilizes on-site data at a higher level, and the switch to a large-scale plan that can be used company-wide, has expanded, as a result, its revenue rose by 60% YoY.

Digital content platform "Handbook X" has been highly evaluated for its ease of introduction and access to various content and adopted by a major railway company, and we are making efforts to develop markets including use by companies. Node integration platform "Gravio", we announced a new version that is compatible with cloud environments in July 2023, and is expanding new sales channels.

Design

(Millions of yen)

	Q3 FY2022	Q3 FY2023	YoY growth
Revenue	466	994	113.3%

<Overview of revenue>

The Design Business provides consulting services mainly in the United Kingdom and the United States to improve customer experience, in addition to supporting the formulation and execution of customer companies' DX strategies. We have also started business in Japan.

Revenue increased YoY due to continued and additional orders from big US IT companies, our main customers.

<<Investment Business segment>>

The Investment Business segment invests based on a "4D strategy" (Data, Device, Decentralized, Design), the same as Software Business segment, and the results of its operations on investment valuation change is booked in accordance with IFRS.

	(Millions of yen)		
	Q3 FY2022	Q3 FY2023	YoY growth
Investment valuation change	1,156	(4,145)	-%

The decrease was mainly due to a decrease in the valuation of AI development company Gorilla Technology (listed on NASDAQ in the United States).

<<Group business initiatives>>

As we see the shift toward digitalization as an irreversible trend, we will continue to focus our business operations and strategic investments in the "D4G" (Data, Device, Decentralized, Design for Green) domain, which is believed to grow significantly over the next few years.

In our business domain, we are strengthening our efforts in the "no-code" related area, which is a strength we have developed with our software products. "No Code Promotion Association", which we established as one of the founding companies for the purpose of transforming the software culture through no-code, has grown into a consortium with a membership of more than 150 companies and local governments in just one year after its establishment. In May of last year, we started the "No Code Declaration City" program to advance digital transformation (DX) in local government, and in June of last year, we established the "Japan No Code Award" to recognize excellent no-code use cases. Through these broad awareness-raising activities for no-code technology, we are promoting DX that will lead to increase productivity in business and society, and resolve the shortage of human resources.

In terms of work-style reform, we have redefined office space with the aim of realizing diverse work styles at a higher level, and pushing for new work styles with multiple workplace options that employees can choose from at their discretion. In July of last year, we opened a new office in Karuizawa Town, Nagano Prefecture, and are working to create a more fulfilling work environment.

(2) Explanation of financial position

[1] Explanation of Financial Position

(Assets)

Total assets as of December 31, 2023, were Yen 7,403mn, down Yen 3,215mn compared to March 31, 2023.

This owed mainly to a decrease of Yen 3,497mn in other financial assets (mainly investment securities) against the increase of Yen 407mn in trade and other receivables.

(Liabilities)

Total liabilities as of December 31, 2023, were Yen 2,203mn, down Yen 786mn compared to March 31, 2023.

This owed mainly to a decrease of Yen 850mn in deferred tax liabilities.

(Equity)

Total equity as of December 31, 2023, was Yen 5,200mn, down Yen 2,429mn compared to March 31, 2023.

This owed mainly to a decrease of Yen 2,373mn in retained earnings.

[2] Explanation of cash flows

The balance of cash and cash equivalents (hereafter "cash") as of December 31, 2023, was Yen 1,429mn, down Yen 315mn compared to March 31, 2023.

Change in each cash flow item during the period and the reasons for the changes were as follows:

(Cash flow from operating activities)

Net cash provided by operating activities was Yen 231mn (compared to cash provided of Yen 378mn in the same period in FY2022). This was due mainly to a decrease of Yen 3,243mn in loss before income taxes, a decrease of Yen 174mn in financial income and an increase of Yen 407mn in trade and other receivables against an increase of Yen 4,147mn in other expense (mainly unrealized losses on investments).

(Cash flow from investment activities)

Net cash used by investment activities was Yen 324mn (compared to cash provided of Yen 71mn in the same period in FY2022). This owed mainly to Yen 96mn used for purchase of property, plant, and equipment and Yen 217mn used for purchase of investment.

(Cash flow from financial activities)

Net cash used by financial activities was Yen 256mn (compared to cash used of Yen 219mn in the same period in FY2022). This owed mainly to Yen 108mn used for payment of dividends, Yen 107mn used for repayment of long-term borrowings and Yen 46mn used for repayment of lease liabilities.

(3) Outlook for consolidated business results, etc.

There is no change in the consolidated financial results forecast announced on May 15, 2023.

2. Condensed Quarterly Consolidated Financial Statements and Main Notes

(1) Condensed Quarterly Consolidated Statement of Financial Position

(Thousands of yen)

	As of March 31, 2023	As of December 31, 2023
Assets		
Current assets		
Cash and cash equivalents	1,743,642	1,428,894
Trade and other receivables	182,641	589,923
Inventories	4,348	2,773
Other financial assets	410,012	425,460
Other current assets	91,470	100,199
Total current assets	2,432,114	2,547,249
Non-current assets		
Property, plant and equipment	812,927	867,157
Intangible assets	151,030	222,925
Investments accounted for using the equity method	348,850	385,235
Other financial assets	6,705,345	3,193,226
Other non-current assets	167,597	175,662
Deferred tax assets	—	11,427
Total non-current assets	8,185,748	4,855,633
Total assets	10,617,862	7,402,881

(Thousands of yen)

	As of March 31, 2023	As of December 31, 2023
Liabilities and Equity		
Liabilities		
Current liabilities		
Borrowings	242,800	242,800
Trade and other payables	281,886	127,684
Income taxes payable	75,126	188,913
Other financial liabilities	53,860	52,017
Other current liabilities	771,037	1,017,952
Total current liabilities	<u>1,424,709</u>	<u>1,629,366</u>
Non-current liabilities		
Provisions	9,367	9,387
Borrowings	357,400	250,300
Deferred tax liabilities	849,507	—
Other financial liabilities	343,198	314,047
Other non-current liabilities	5,133	239
Total non-current liabilities	<u>1,564,605</u>	<u>573,972</u>
Total liabilities	<u>2,989,313</u>	<u>2,203,338</u>
Equity		
Common stock	2,275,343	2,275,343
Capital surplus	2,481,831	2,478,423
Treasury stock	(538,012)	(538,012)
Other equity components	692,067	990,914
Retained earnings	2,222,293	(151,096)
Total equity attributable to owners of the parent	<u>7,133,522</u>	<u>5,055,573</u>
Non-controlling interests	<u>495,027</u>	<u>143,970</u>
Total equity	<u>7,628,549</u>	<u>5,199,543</u>
Total liabilities and equity	<u>10,617,862</u>	<u>7,402,881</u>

(2) Condensed Quarterly Consolidated Statement of Profit or Loss

(Thousands of yen)

	Nine Months ended December 31, 2022	Nine Months ended December 31, 2023
Revenue	2,547,325	3,115,069
Cost of sales	443,324	526,570
Gross income	2,104,001	2,588,500
Selling, general and administrative expenses	1,976,838	1,842,918
Other income	1,164,403	5,435
Other expenses	376	4,147,363
Operating profit	1,291,189	(3,396,347)
Finance income	299,060	174,114
Finance costs	71,950	15,287
Equity in earnings of affiliates (Figures in negative represent loss)	1,569	(5,361)
Profit before income tax	1,519,868	(3,242,882)
Income tax expense	481,020	(598,098)
Net profit	1,038,849	(2,644,783)
Attributable net profit		
Net profit attributable to owners of the parent	938,400	(2,264,141)
Attributable to non-controlling interests	100,449	(380,643)
Net profit	1,038,849	(2,644,783)
Earnings per share		
Basic earnings per share (Yen)	55.88	(134.81)
Diluted earnings per share (Yen)	55.88	(134.81)

(3) Condensed Quarterly Consolidated Statement of Comprehensive Income

(Thousands of yen)

	Nine Months ended December 31, 2022	Nine Months ended December 31, 2023
Profit or loss for the period	1,038,849	(2,644,783)
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Financial assets measured at fair value through other comprehensive income	172,487	117,031
Total items that will not be reclassified to profit or loss	172,487	117,031
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	334,903	211,403
Total items may be reclassified to profit or loss	334,903	211,403
Total other comprehensive profit or loss	507,390	328,433
Total comprehensive income	1,546,239	(2,316,350)
Comprehensive income attributable to		
Owners of the parent	1,388,137	(1,965,293)
Non-controlling interests	158,102	(351,057)
Total comprehensive income	1,546,239	(2,316,350)

(4) Condensed Quarterly Consolidated Statement of Changes in Equity

Attributable to owners of the parent

	Attributable to owners of the parent			Other equity components		Total
	Capital stock	Capital surplus	Treasury stock	Translation difference for overseas business units	Financial assets assessed by fair value from other comprehensive income	
	Thousands of yen	Thousands of yen	Thousands of yen	Thousands of yen	Thousands of yen	Thousands of yen
Balance as of April 1, 2022	2,275,343	2,457,037	(538,012)	414,921	(155,986)	258,934
Cumulative effects of changes in accounting policies	—	—	—	(452)	—	(452)
Restated balance	2,275,343	2,457,037	(538,012)	414,468	(155,986)	258,482
Net profit	—	—	—	—	—	—
Other comprehensive income	—	—	—	277,251	172,487	449,738
Total net comprehensive income	—	—	—	277,251	172,487	449,738
Dividends paid	—	—	—	—	—	—
Share-based payment transactions	—	13,431	—	—	—	—
Transfer from other components of equity to retained earnings	—	—	—	—	16,391	16,391
Others	—	—	—	—	—	—
Change from transactions with owners	—	13,431	—	—	16,391	16,391
Balance as of December 31, 2022	2,275,343	2,470,468	(538,012)	691,719	32,892	724,611

	Attributable to owners of the parent		Non-controlling interests	Total equity
	Retained earnings	Total		
	Thousands of yen	Thousands of yen	Thousands of yen	Thousands of yen
Balance as of April 1, 2022	3,903,237	8,356,539	624,823	8,981,362
Cumulative effects of changes in accounting policies	(9,141)	(9,594)	—	(9,594)
Restated balance	3,894,096	8,346,946	624,823	8,971,768
Net profit	938,400	938,400	100,449	1,038,849
Other comprehensive income	—	449,738	57,653	507,390
Total net comprehensive income	938,400	1,388,137	158,102	1,546,239
Dividends paid	(75,633)	(75,633)	—	(75,633)
Share-based payment transactions	—	13,431	—	13,431
Transfer from other components of equity to retained earnings	(16,391)	—	—	—
Others	—	—	—	—
Change from transactions with owners	(92,025)	(62,202)	—	(62,202)
Balance as of December 31, 2022	4,740,471	9,672,881	728,924	10,455,805

Attributable to owners of the parent

	Capital stock	Capital surplus	Treasury stock	Other equity components		Total
				Translation difference for overseas business units	Financial assets assessed by fair value from other comprehensive income	
	Thousands of yen	Thousands of yen	Thousands of yen	Thousands of yen	Thousands of yen	Thousands of yen
Balance as of April 1, 2023	2,275,343	2,481,831	(538,012)	716,770	(24,703)	692,067
Net profit or loss	—	—	—	—	—	—
Other comprehensive income	—	—	—	181,816	117,031	298,847
Total net comprehensive income	—	—	—	181,816	117,031	298,847
Dividends paid	—	—	—	—	—	—
Share-based payment transactions	—	(3,408)	—	—	—	—
Transfer from other components of equity to retained earnings	—	—	—	—	—	—
Others	—	—	—	—	—	—
Total transactions with owners	—	(3,408)	—	—	—	—
Balance as of December 31, 2023	2,275,343	2,478,423	(538,012)	898,586	92,328	990,914

	Attributable to owners of the parent		Non-controlling interests	Total equity
	Retained earnings	Total		
	Thousands of yen	Thousands of yen	Thousands of yen	Thousands of yen
Balance as of April 1, 2023	2,222,293	7,133,522	495,027	7,628,549
Net profit or loss	(2,264,141)	(2,264,141)	(380,643)	(2,644,783)
Other comprehensive income	—	298,847	29,586	328,433
Total net comprehensive income	(2,264,141)	(1,965,293)	(351,057)	(2,316,350)
Dividends paid	(109,248)	(109,248)	—	(109,248)
Share-based payment transactions	—	(3,408)	—	(3,408)
Transfer from other components of equity to retained earnings	—	—	—	—
Others	—	—	—	—
Total transactions with owners	(109,248)	(112,656)	—	(112,656)
Balance as of December 31, 2023	(151,096)	5,055,573	143,970	5,199,543

(5) Condensed Quarterly Consolidated Statement of Cash Flows

(Thousands of yen)

	Nine Months ended December 31, 2022	Nine Months ended December 31, 2023
Cash flow from operating activities		
Profit or loss before income tax	1,519,868	(3,242,882)
Depreciation and amortization	103,031	141,006
Finance income	(299,060)	(174,114)
Finance expenses	71,950	15,287
Earnings from equity in affiliates (Figures in negative represent profit)	(1,569)	5,361
Other income	(1,164,403)	(5,435)
Other expenses	376	4,147,363
Change in operating receivables and other claims (Figures in negative represent increase)	122,279	(407,282)
Change in operating payables and other payables (Figures in negative represent decrease)	(288,542)	(154,873)
Others	230,916	40,330
Subtotal	294,847	364,761
Interest and dividends received	41,699	6,260
Interest paid	(5,139)	(3,937)
Corporate taxes paid	46,602	(136,113)
Cash flow from operating activities	378,009	230,972
Cash flow from investment activities		
Purchase of property, plant, and equipment	(386,158)	(95,925)
Proceeds from property, plant, and equipment sales	204	313
Purchase of Intangible assets	(218)	(1,546)
Collection of loans receivable	431,590	—
Proceeds from redemption of investment	186,361	—
Payments for investment purchases	(151,303)	(217,255)
Others	(9,620)	(9,889)
Cash flow from investment activities	70,857	(324,302)
Cash flow from financial activities		
Repayment of long-term borrowings	(107,100)	(107,100)
Repayment of lease liabilities	(40,485)	(46,164)
Dividends paid	(75,510)	(108,307)
Proceeds from issuance of share acquisition rights	3,705	—
Income from incorporation of non-controlling interests	—	5,339
Cash flow from financial activities	(219,390)	(256,232)
Net change in cash and cash equivalents (Figures in negative represent decrease)	229,476	(349,562)
Cash and cash equivalents at beginning of period	1,816,106	1,743,642
Effect of exchange rate changes on cash and cash equivalents	15,727	34,813
Cash and cash equivalents at end of period	2,061,310	1,428,894

- (6) Main Notes to Condensed Quarterly Consolidated Financial Statements
 (Going concern assumption)
 No matters to report.

(Change in accounting policies)

Significant accounting policies applied to the condensed quarterly consolidated financial statements are the same as those applied to the consolidated financial statements for the previous consolidated fiscal year, except for the following items.

Also, income tax expense for Q2 FY2023 is calculated based on the estimated annual effective tax rate.

The Group has applied the following standards from the beginning of the fiscal year.

	IFRS	Description of new standards and amendments
IAS 12	Income Taxes (amended in May 2021)	Clarifying accounting process for deferred taxes on leases and decommissioning obligations

The Group applied IAS 12 "Income Taxes" (amended in May 2021) from the first quarter ended June 30, 2023.

The amendments clarified that if taxable temporary differences and deductible temporary differences of the same amount arise at the time of the transaction, such as in the case of leases and decommissioning obligations, the entity recognizes deferred tax liabilities and deferred tax assets when they arise due to this.

The amendments have been applied retrospectively and retrospective application is reflected in the condensed consolidated financial statements and consolidated financial statements regarding figures of the nine months ended December 31, 2022 and the fiscal year ended March 31, 2023.

Consequently, in the consolidated statement of financial position as of March 31, 2023, deferred tax liabilities were increased by 178 thousand yen, retained earnings was increased by 462 thousand yen and foreign currency translation reserve was decreased by 639 thousand yen compared with those before the retrospective application. In addition, in the condensed consolidated statement of financial position for the nine months ended December 31, 2023, deferred tax assets were increased by 449 thousand yen, retained earnings were decreased by 283 thousand yen and foreign currency translation reserve was increased by 732 thousand yen. In the condensed consolidated statement of income for the nine months ended December 31, 2022, income tax expense was decreased by 1,827 thousand yen and profit was increased by 1,827 thousand yen.

In addition, earnings per share attributable to owners of the parent (basic) and earnings per share attributable to owners of the parent (diluted), increased by 0.11 yen, respectively for the nine-month period ended December 31, 2022 and decreased by 0.02 yen, respectively for the nine-month period ended December 31, 2023.

Because the cumulative effect was reflected in equity at the beginning of the nine months ended December 31, 2022, the beginning balance after retrospective application of retained earnings in the condensed consolidated statement of changes in equity was decreased by 9,141 thousand yen.

(Segment information)

(1) Overview of reportable segments

The Group's organizational structure is split into two basic components "Software Business segment" and "Investment Business segment" as reportable segments.

(2) Information on revenue, profits and losses, and assets by reportable segment
Q3 FY2022 (April 1, 2022- December 31, 2022)

	Reportable segment			Adjustments* ¹	Consolidated
	Software Business	Investment Business	Total		
	(Thousands of yen)	(Thousands of yen)	(Thousands of yen)	(Thousands of yen)	(Thousands of yen)
Revenue					
Sales to external customers	2,547,325	—	2,547,325	—	2,547,325
Inter-segment transactions	123	24,566	24,689	(24,689)	—
Total	2,547,448	24,566	2,572,014	(24,689)	2,547,325
Segment profit (Figures in negative represent loss) ^{*2}	148,095	1,134,996	1,283,091	(288)	1,282,803
Other income and expenses					8,386
Finance income					299,060
Finance expenses					71,950
Equity in earnings of affiliates (Figures in negative represent loss)					1,569
Profit before income tax					1,519,868
Other items					
Depreciation and amortization expenses	102,707	325	103,031	—	103,031

(Notes) *1 "Adjustments" indicates mainly elimination of inter-segment transactions.

*2 Segment profit (figure in negative represent loss) calculated by deducting Cost of goods sales and Sales, general and administrative expenses from revenue. Of other income and expenses, valuation gains / losses on investments measured at fair value through profits / losses held by AVF-1 are transferred to segment profits of the Investment Business.

Q3 FY2023 (April 1, 2023- December 31, 2023)

	Reportable segment			Adjustments* ¹	Consolidated
	Software Business	Investment Business	Total		
	(Thousands of yen)	(Thousands of yen)	(Thousands of yen)	(Thousands of yen)	(Thousands of yen)
Revenue					
Sales to external customers	3,115,069	—	3,115,069	—	3,115,069
Inter-segment transactions	—	—	—	—	—
Total	<u>3,115,069</u>	<u>—</u>	<u>3,115,069</u>	<u>—</u>	<u>3,115,069</u>
Segment profit (Figures in negative represent loss) ^{*2}	<u>790,868</u>	<u>(4,190,468)</u>	<u>(3,399,600)</u>	<u>—</u>	<u>(3,399,600)</u>
Other income and expenses					3,253
Finance income					174,114
Finance expenses					15,287
Equity in earnings of affiliates (Figures in negative represent loss)					(5,361)
Profit before income tax					<u>(3,242,882)</u>
Other items					
Depreciation and amortization expenses	140,834	171	141,006	—	141,006

(Notes) *1 "Adjustments" indicates mainly elimination of inter-segment transactions.

*2 Segment profit (figure in negative represent loss) calculated by deducting Cost of goods sales and Sales, general and administrative expenses from revenue. Of other income and expenses, valuation gains / losses on investments measured at fair value through profits / losses held by AVF-1 are transferred to segment profits of the Investment Business.

(Subsequent events)

None