



Consolidated Financial Results for the Second Quarter of the Fiscal Year Ending March 31, 2020 (IFRS)

November 8, 2019

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 Filing date of financial statements November 8, 2019 Scheduled date of payment of cash dividends -
 Supplemental materials prepared for financial results Yes
 Earnings announcement for financial results Yes (for institutional and individual investors)

(Figures are rounded to the nearest million yen)

1. Consolidated Financial Results for the First Quarter of the Fiscal Year Ending March 31, 2020 (April 1, 2019 to September 30, 2019)

(1) Consolidated Financial Results (cumulative) (% of change from same quarter in previous year)

	Net sales		Operating income		Pre-tax income		Net income		Net income attributable to owners of parent		Comprehensive net income	
	Yen mn	%	Yen mn	%	Yen mn	%	Yen mn	%	Yen mn	%	Yen mn	%
Second Quarter of the Fiscal Year Ending March 31, 2020	1,312	-18.1	21	8.7	31	-57.5	14	146.0	6	5.8	-212	-
Second Quarter of the Fiscal Year Ended March 31, 2019	1,601	8.7	19	-94.1	72	-67.1	6	-95.6	6	-95.6	-56	-

	Basic net income per share		Diluted net income per share	
	Yen		Yen	
Second Quarter of the Fiscal Year Ending March 31, 2020	0.37		0.36	
Second Quarter of the Fiscal Year Ended March 31, 2019	0.35		0.34	

(2) Consolidated Financial Position

	Total assets		Total equity		Total equity attributable to owners of parent		Ratio of equity attributable to owners of parent	
	Yen mn		Yen mn		Yen mn		%	
Second Quarter of the Fiscal Year Ending March 31, 2020	7,730		5,108		5,073		65.6	
Fiscal Year Ended March 31, 2019	7,117		5,389		5,382		75.6	

2. Cash Dividends

	Annual cash dividends				
	End-Q1	End-Q2	End-Q3	Year-end	Total
Fiscal Year Ended March 31, 2019	Yen -	Yen 0.00	Yen -	Yen 4.00	Yen 4.00
Fiscal Year Ending March 31, 2020	-	0.00			
Fiscal Year Ending March 31, 2020 (Forecast)			-	-	-

(Note) Revisions to the forecast of cash dividends since the latest announcement: None

3. Forecast of Consolidated Results for Fiscal Year Ending March 31, 2020 (April 1, 2019 to March 31, 2020)

(% of change from previous year)

	Net sales		Operating income		Pre-tax income		Net income attributable to owners of parent		Basic net income per share	
	Yen mn	%	Yen mn	%	Yen mn	%	Yen mn	%	Yen	
Full-year	3,000	-13.8	200	-48.6	200	-56.8	140	-48.3	8.51	

(Note) Revisions to the forecast of consolidated results since the latest announcement: Yes

※ Notes

(1) Changes in significant subsidiaries during the current fiscal year

(Changes in specified subsidiaries that caused a change in the scope of consolidation): None

Newly included: 1 company (name) -- Excluded: 1 company (name) --

(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)

Q2 Fiscal Year Ending March 31, 2020	17,491,265 shares	Fiscal Year Ended March 31, 2019	17,491,265 shares
Q2 Fiscal Year Ending March 31, 2020	516,963 shares	Fiscal Year Ended March 31, 2019	735,756 shares
Q2 Fiscal Year Ending March 31, 2020	16,459,775 shares	Q2 Fiscal Year Ended March 31, 2019	16,550,956 shares

b) Number of shares of treasury stock at the end of the period

c) Average number of shares during the period

※ These consolidated quarterly financial results are not subject to audit.

※ 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 quarterly results, (3) Explanation of forward-looking statements for consolidated business results, etc.

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

The company plans to hold an online results briefing from 6.00pm-7.00pm on Friday, 8 November 2019. The material used in the briefing will be posted on our official website, and the briefing video itself will also be available on our website at a later date.

○Index of attached materials

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1. Qualitative information for quarterly results

(1) Explanation of business results

Consolidated group results for the second quarter of the fiscal year ending March 31, 2020 (April 1 2019-September 30 2019, hereinafter Q2 FY2019) saw a YoY decrease in sales but a YoY increase in profits.

Net sales increased in the Enterprise and Internet Services business units on the back of solid sales of mainstay products ASTERIA Warp and Handbook. However, there was a large fall in net sales in the Design business unit owing to delays to projects the company is involved with resulting from operational issues at two key client companies. As a consequence, the rises in Enterprise and Internet Services were insufficient to offset the drop in Design, and net sales decreased YoY at the all-company level. Operating income, net income, and net income attributable to owners of the parent all increased YoY thanks to reduction in expenses from headcount reduction and other streamlining measures in the Design business unit.

Consolidated results for Q2 FY2019 were as follows.

	Q2 FY2018	Q2 FY2019	YoY growth
Net sales	Yen 1,601.177 mn	Yen 1,311.908 mn	-18.1%
Operating income	Yen 18.945 mn	Yen 20.600 mn	+8.7%
Pre-tax income	Yen 72.017 mn	Yen 30.585 mn	-57.5%
Net income attributable to owners of parent	Yen 5.775 mn	Yen 6.113 mn	+5.8%

Net sales by business unit were as follows.

Enterprise business unit

	Q2 FY2018	Q2 FY2019	YoY growth
Net sales	Yen 774.707 mn	Yen 790.058 mn	+2.0%

<Sales performance>

Thanks to a second successive quarter of strong appetite for installation of RPA in a wide variety of industries, sales of the subscription-version of ASTERIA Warp Core trended strong. We also launched a new version of AI-equipped IoT integration edgware Gravio in August 2019, which features greatly enhanced functionality from image recognition AI and in-house developed block chain technology.

Internet Services business unit

	Q2 FY2018	Q2 FY2019	YoY growth
Net sales	Yen 142.784 mn	Yen 152.698 mn	+6.9%

<Sales performance >

Against the backdrop of increasing use across a range of industries of marketing-focused IT and Sales Tech, operations to increase marketing capabilities through the use cutting-edge technologies, sales of Handbook continued to grow. We also saw an increase in inquiries for Platío and other services as part of efforts to reform working styles and boost the efficiency of staff division in response to labor shortages.

Design business unit

	Q2 FY2018	Q2 FY2019	YoY growth
Net sales	Yen 677.304 mn	Yen 365.827 mn	-46.0%

<Sales performance >

There was a sharp drop in sales owing to delays to projects the company is involved with resulting from operational issues at two key client companies.

Other business unit

	Q2 FY2018	Q2 FY2019	YoY growth
Net sales	Yen 6.381 mn	Yen 3.324 mn	-47.9%

<Sales performance>

Sales in this business unit come from a variety of service areas, including block chain technology consulting, SnapCal, and lino.

(2) Explanation of financial situation

① Assets, liabilities, and capital

(Assets)

Total assets as of the end of the Q2 FY2019 consolidated account period were Yen 7,729.944mn, up Yen 613.234mn from end-FY2018. Current assets declined Yen 619.635mn to Yen 3,490.214mn, and noncurrent assets increased Yen 1,232.869mn to Yen 4,239.730mn. This owed mainly to decreases of Yen 180.158mn in cash and cash equivalents and Yen 413.057mn in operating receivables and other claims within current assets, and an increase of Yen 1,192.156mn in tangible fixed assets (mainly right-of-use assets) within noncurrent assets.

(Liabilities)

Total liabilities as of the end of the Q2 FY2019 consolidated account period were Yen 2,621.939mn, up Yen 894.682mn from end-FY2018. Current liabilities decreased Yen 65.739mn to Yen 1,027.662mn, and noncurrent liabilities increased Yen 960.422mn to Yen 1,594.277mn. This owed mainly to an increase of Yen 190.664mn in other financial liabilities against decreases of Yen 115.641mn in corporate income tax payable and Yen 158.662mn in other current liabilities within current liabilities, and to an increase of Yen 958.530mn in other financial liabilities (mainly lease liabilities) within noncurrent liabilities.

(Capital)

Capital as of the end of the Q2 FY2019 consolidated account period was Yen 5,108.005mn, down Yen 281.448mn from end-FY2018. This owed mainly to a rise of Yen 170.980mn in income from sales of treasury stock against declines of Yen 163.210mn in retained earnings and Yen 226.337mn in other capital components.

2. Cash flow

The balance of cash and cash equivalents (hereafter "cash") as of the end of the Q2 FY2019 consolidated account period was Yen 3,097.190mn, down Yen 180.158mn from end-FY2018.

Cumulative change in each cash flow item through Q2 and the reasons for the changes were as follows.

(Cash flow from operating activities)

As a result of operating activities, cash of Yen 362.707mn was created (compared to cash used of Yen 239.734mn in Q2 FY18). This owed mainly to the booking of Yen 141.729mn in depreciation and amortization expenses, decline of Yen 372.683mn in operating receivables and other claims, and the booking of Yen 132.927mn in corporate taxes paid.

(Cash flow from investment activities)

As a result of investment activities, cash of Yen 304.418mn was used (compared to cash used of Yen 373.353mn in Q2 FY18). This owed mainly to Yen 219.029mn used for purchase of stock in affiliates and Yen 67.580mn in settlement of the unpaid portion for purchase of stock in subsidiaries in previous fiscal years.

(Cash flow from financial activities)

As a result of financial activities, cash of Yen 118.905mn was used (compared to cash used of Yen 460.190mn in Q2 FY18). The main factors were income of Yen 20.000mn from non-controlling interests against use of Yen 66.774mn for payment of dividends and Yen 72.161mn in repayment of lease liabilities.

(3) Explanation of forward-looking statements for consolidated business results, etc.

In light of Q2 FY2019 results, the Asteria Group issued revisions to the initial full-year forecasts for FY2019 announced on May 10, 2019 as follows:

Net sales	Yen 3,000mn
Operating income	Yen 200mn
Pre-tax income	Yen 200mn
Net income attributable to owners of the parent	Yen 140mn

Please refer to our Notice Concerning Revision of Full-Year Forecasts for the Year Ending March 2020, issued on November 8, 2019, for more details.

(Note on forward-looking statements)

These earnings forecasts are based on information currently available to the company and certain reasonable assumptions. They 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 forecasts, including but not limited to economic conditions in the domestic and main overseas markets and foreign exchange fluctuation. We will make timely notification of any material changes.

2. Outline quarterly consolidated financial statements and main notes

(1) Outline quarterly consolidated financial statement

(Thousands of yen)

	End-FY2018 (March 31, 2019)	End-Q2 FY2019 (September 30, 2019)
Assets		
Current assets		
Cash and cash equivalents	3,277,348	3,097,190
Operating receivables and other claims	709,205	296,148
Inventory assets	33,690	12,979
Other current assets	89,606	83,897
Total current assets	4,109,849	3,490,214
Noncurrent assets		
Tangible fixed assets	191,030	1,383,186
Goodwill	1,347,026	1,196,521
Intangible assets	143,892	102,879
Investments treated as equity method investment	114,092	323,710
Other financial assets	1,084,045	1,107,401
Other noncurrent assets	126,776	126,032
Total noncurrent assets	3,006,861	4,239,730
Total assets	7,116,710	7,729,944

(Thousands of yen)

	End-FY2018 (March 31, 2019)	End-Q2 FY2019 (September 30, 2019)
Liabilities and capital		
Liabilities		
Current liabilities		
Borrowings	100,000	100,000
Operating payables and other payables	92,241	110,141
Corporate income tax payable	152,096	36,455
Other financial liabilities	—	190,664
Other current liabilities	749,064	590,402
Total current liabilities	1,093,401	1,027,662
Noncurrent liabilities		
Provisions	19,365	19,378
Deferred income taxes	74,411	75,648
Other financial liabilities	538,275	1,496,805
Other noncurrent liabilities	1,805	2,446
Total noncurrent liabilities	633,855	1,594,277
Total liabilities	1,727,257	2,621,939
Capital		
Shareholders' equity	2,275,343	2,275,343
Capital surplus	2,577,710	2,487,556
Treasury stock	-578,558	-407,578
Other equity components	423	-225,914
Retained earnings	1,106,763	943,553
Total equity attributable to owners of parent	5,381,681	5,072,960
Non-controlling interests	7,772	35,045
Total capital	5,389,453	5,108,005
Total liabilities and capital	7,116,710	7,729,944

(2) Outline quarterly consolidated income statement

(Thousands of yen)

	Q2 FY2018 (April 1 2018-September 30, 2018)	Q2 FY2019 (April 1 2019-September 30, 2019)
Net sales	1,601,177	1,311,908
Cost of goods sales	757,658	388,697
Gross income	843,518	923,211
Selling, general and administrative expenses	824,484	899,429
Other income	3,449	3,058
Other expenses	3,537	6,240
Operating income	18,945	20,600
Financial income	49,427	18,931
Financial expenses	216	9,277
Equity in earnings of affiliates	3,860	331
Pre-tax net income	72,017	30,585
Provision for corporate income taxes	66,241	16,376
Net income	5,775	14,210
Attributable net income		
Attributable to owners of parent	5,775	6,113
Attributable to non-controlling interests	—	8,097
Net income	5,775	14,210
Net income per share		
Basic net income per share (Yen)	0.35	0.37
Diluted net income per share (Yen)	0.34	0.36

(3) Outline quarterly consolidated comprehensive income statement

(Thousands of yen)

	Q2 FY2018 (April 1 2018-September 30, 2018)	Q2 FY2019 (April 1 2019-September 30, 2019)
Net income	5,775	14,210
Other comprehensive income		
Items not transferrable to net income		
Financial assets assessed by fair value from other comprehensive income	-89,151	12,829
Total items not transferrable to net income	-89,151	12,829
Items transferrable to net income		
Translation difference for overseas business units	27,369	-239,167
Total items transferrable to net income	27,369	-239,167
Total other comprehensive income	-61,781	-226,338
Net comprehensive income	-56,006	-212,128
Attributable comprehensive net income		
Attributable to owners of parent	-56,006	-220,225
Attributable to non-controlling interests	—	8,097
Net comprehensive income	-56,006	-212,128

(4) Outline quarterly consolidated statement of changes in equity

	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	
As of April 1, 2018	2,268,414	2,492,725	-247,084	159,456	22,266	181,722
Net income	—	—	—	—	—	—
Other comprehensive income	—	—	—	27,369	-89,151	-61,781
Total net comprehensive income	—	—	—	27,369	-89,151	-61,781
Issue of new shares (exercise of share options)	6,930	6,930	—	—	—	—
Treasury stock purchased	—	—	-499,902	—	—	—
Treasury stock sold	—	81,067	43,682	—	—	—
Dividends paid	—	—	—	—	—	—
Share-based payment transactions	—	23,304	—	—	—	—
Change from transactions with owners	6,930	111,301	-456,219	—	—	—
As of September 30, 2018	<u>2,275,343</u>	<u>2,604,026</u>	<u>-703,303</u>	<u>186,825</u>	<u>-66,885</u>	<u>119,941</u>

	Attributable to owners of the parent		Total capital
	Retained earnings	Total	
	Thousands of yen	Thousands of yen	
As of April 1, 2018	937,838	5,633,615	5,633,615
Net income	5,775	5,775	5,775
Other comprehensive income	—	-61,781	-61,781
Total net comprehensive income	5,775	-56,006	-56,006
Issue of new shares (exercise of share options)	—	13,859	13,859
Treasury stock purchased	—	-499,902	-499,902
Treasury stock sold	—	124,750	124,750
Dividends paid	-101,670	-101,670	-101,670
Share-based payment transactions	—	23,304	23,304
Change from transactions with owners	-101,670	-439,659	-439,659
As of September 30, 2018	<u>841,943</u>	<u>5,137,950</u>	<u>5,137,950</u>

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	
As of April 1, 2019	2,275,343	2,577,710	-578,558	124,081	-123,658	423
Cumulative effect of changes in accounting policies	—	—	—	—	—	—
Balances at the beginning of period restated for changes in accounting policies	2,275,343	2,577,710	-578,558	124,081	-123,658	423
Net income	—	—	—	—	—	—
Other comprehensive income	—	—	—	-239,167	12,829	-226,338
Total net comprehensive income	—	—	—	-239,167	12,829	-226,338
Treasury stock sold	—	-110,615	170,981	—	—	—
Dividends	—	—	—	—	—	—
Share-based payment transactions	—	19,925	—	—	—	—
Transactions with non-controlling interests	—	536	—	—	—	—
Incorporation of a new subsidiary	—	—	—	—	—	—
Change from transactions with owners	—	-90,154	170,981	—	—	—
As of September 30, 2019	<u>2,275,343</u>	<u>2,487,556</u>	<u>-407,578</u>	<u>-115,086</u>	<u>-110,829</u>	<u>-225,914</u>

	Attributable to owners of the parent		Non-controlling interests	Total capital
	Retained earnings	Total		
	Thousands of yen	Thousands of yen		
As of April 1, 2019	1,106,763	5,381,681	7,772	5,389,453
Cumulative effect of changes in accounting policies (Figures in negative represent loss)	-102,221	-102,221	—	-102,221
Balances at the beginning of period restated for changes in accounting policies	1,004,542	5,279,461	7,772	5,287,233
Net income	6,113	6,113	8,097	14,210
Other comprehensive income	—	-226,338	—	-226,338
Total net comprehensive income	6,113	-220,225	8,097	-212,128
Treasury stock sold	—	60,365	—	60,365
Dividends	-67,102	-67,102	—	-67,102
Share-based payment transactions	—	19,925	—	19,925
Transactions with non-controlling interests	—	536	-824	-288
Incorporation of a new subsidiary	—	—	20,000	20,000
Change from transactions with owners	-67,102	13,725	19,176	32,900
As of September 30, 2019	<u>943,553</u>	<u>5,072,960</u>	<u>35,045</u>	<u>5,108,005</u>

(5) Outline quarterly consolidated cash flow statement

(Thousands of yen)

	Q2 FY2018 (April 1 2018-September 30, 2018)	Q2 FY2019 (April 1 2019-September 30, 2019)
Cash flow from operating activities		
Pre-tax net income	72,017	30,585
Depreciation and amortization	70,836	141,729
Financial income	-37,371	-11,717
Financial expenses	216	60,889
Earnings from equity in affiliates (Figures in negative represent profit)	-3,860	-331
Change in operating receivables and other claims (Figures in negative represent increase)	-200,237	372,683
Change in operating payables and other payables (Figures in negative represent decrease)	-31,126	21,662
Other	7,875	-136,491
Subtotal	-121,651	479,008
Interest and dividends received	22,674	17,937
Interest paid	-284	-1,313
Corporate taxes paid	-140,473	-132,927
Cash flow for operating activities	-239,734	362,707
Cash flow from investment activities		
Payments for tangible fixed asset purchases	-119,028	-10,965
Income from tangible fixed asset sales	239	—
Payments for intangible fixed asset purchases	-620	—
Income from intangible fixed asset sales	816	—
Payments for purchases of investment assets	-171,608	—
Income from investment asset sales	25,645	—
Payments for purchase of stock in affiliates	-	-219,029
Payments for purchase of stock in subsidiaries	-74,260	-67,580
Others	-34,537	-6,843
Cash flow from investment activities	-373,353	-304,418
Cash flow from financial activities		
Income from issue of new shares (exercise of share options)	138,359	—
Income from non-controlling interests	-	20,000
Income from issue of other financial liabilities	6,410	—
Repayment of other financial liabilities	-1,884	—
Repayment of lease liabilities	-	-72,161
Payments for purchases of treasury stock	-502,152	-
Dividends paid	-100,776	-66,744
Others	-148	—
Cash flow from financial activities	-460,190	-118,905
Net change in cash and cash equivalents (Figures in negative represent decrease)	-1,073,277	-60,616
Cash and cash equivalents at beginning of period	4,219,277	3,277,348
Effect of exchange rate changes on cash and cash equivalents	122,617	-119,541
Cash and cash equivalents at end of period	3,268,617	3,097,190

(6) Main notes to outline quarterly consolidated financial statements

(Going concern assumption)

No matters to report.

(Change in accounting policies)

Aside from the item detailed below, the accounting policies applied in the Q2 FY2019 consolidated financial statements were the same as those applied in the previous consolidated accounting period.

Corporate taxes for Q2 FY2019 were calculated based on the estimated annual effective tax rate.

(Change in accounting policy)

The Group applied the following standard from the Q1 FY2019 consolidated accounting period.

	IFRS	Summary of addition or change
IFRS 16	Leases	Revision to accounting policy for leases

The Group implemented IFRS “Leases” (issued in January 2016, hereafter IFRS 16) beginning in the Q1 FY2019 consolidated accounting period.

The Group retroactively applied IFRS 16 in accordance with transitional measures, recognizing the cumulative impact from the start of application by adjusting the balance of retained earnings at the beginning of the Q1 consolidated accounting period. In line with application of IFRS 16, we elected to use the practical expedient in IFRS 16. C3, which does not require reassessment of whether a contract contains a lease or not, and continue to base assessment on IAS 17 “Leases” (hereafter IAS 17) and IFRIC 4 “Determining Whether an Arrangement Contains a Lease.”

The Group recognizes leases previously classified as operating leases under IAS 17 as right-of-use assets or as lease liabilities from the day of application of IFRS 16. Lease liabilities are assessed at discounted current value, applying an additional borrowing interest rate for the borrower on the day of application for the residual lease fees.

The moving average balance for the additional borrowing interest rate for the current borrower applied to leasing liabilities recognized in the consolidated financial statements from the day of application is 1.37%.

The Group recognizes leases in which it was the borrower previously classified as finance leases under IAS 17 as right-of-use assets from the day of application or as leasing liabilities at book value, and calculates their book value at the book value of the lease assets and lease liabilities under IAS 17 on the preceding business day. The Group lists right-of-use assets under “Tangible fixed assets” and lease liabilities under “Other financial liabilities in its outline quarterly consolidated financial statement.

The Group applies the IFRS 16 recognition exemptions for short-term leases of less than 12 months and for leases for which the underlying asset is of low value, and has elected not to recognize them as either right-of-use assets or lease liabilities. The Group recognizes the lease fees related to these leases as expenses on a straight-line basis over the life of the lease.

Compared to under the previous accounting standards, application of IFRS 16 increased the value of right-of-use assets by Yen 1,283.973mn and lease liabilities by Yen 1,388.536mn as of the beginning of the Q1 FY2019 consolidated accounting period. It also reduced retained earnings by Yen 102.221mn.

The Group utilizes the following practical expedients with regard to application of IFRS 16:

Application of a single discount rate to a portfolio of leases with reasonably similar characteristics

Reliance on its own assessment of whether leases are onerous applying IAS 37 Provisions, Contingent Liabilities and Contingent Assets immediately before the date of initial application as an alternative to performing an impairment review

Application of the accounting for short-term leases in IFRS 16 to leases for which the lease term ends within 12 months of the date of initial application

Exclusion of initial direct costs from the measurement of the right-of-use assets at the date of initial application

Use of hindsight, such as in determining the lease term if the contract contains options to extend or terminate the lease.

(Changes in accounting estimation)

None

(Segment Information)

Segment information is abbreviated as the Group’s software product planning, development, sales, support, education and related subsidiary operations are unified segments.

(Subsequent events)

(Borrowing of a large sum of capital)

At a Board of Directors meeting of August 8, 2019, the Company decided to borrow capital for use as investment funds effective October 4, 2019.

Summary of borrowing

(1) Lender	Sumitomo Mitsui Banking Corp.
(2) Amount borrowed	Yen 1,000mn
(3) Borrowing conditions	Variable interest rate
(4) Date of borrowing	October 4, 2019
(5) Repayment deadline	September 30, 2026
(6) Collateral assets	None

(Acquisition of stock in Gorilla Technology Group)

On October 3, 2019, Asteria Vision Fund Inc., a subsidiary of Asteria, concluded a share transfer agreement to acquire 20.0% of the outstanding common stock and 10.2% of the outstanding preferred stock of Gorilla Technology Group, which possesses independently-developed graphics AI technologies through its wholly-owned subsidiary Gorilla Technology, for approximately US\$12.3mn via its investment arm Asteria Vision Fund I. The shares were acquired on October 11 and October 15, respectively.

Through this capital participation, the company hopes to combine the respective technological track records of the partners in AI and edge computing (Asteria's AI-equipped IoT integration edgware Gravio and Gorilla Technology's edge AI-based video analytics system IVAR™) in order to open up a variety of markets, thereby significantly expanding AI and IoT applications across society and industry and further solidifying business development at the two companies.