



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

February 14, 2020

Company name Asteria Corporation Tokyo Stock Exchange  
 Code number 3853 URL <https://www.asteria.com/>  
 Representative Yoichiro Hirano President & CEO  
 Contact person Yasuhisa Saitoh VP, Corporate Affairs Phone: 81-3-5718-1655  
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 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 Third Quarter of the Fiscal Year Ending March 31, 2020 (April 1, 2019 to December 31, 2019)

#### (1) Consolidated Financial Results (cumulative) (Millions of yen, % 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	
	2020	% change	2020	% change	2020	% change	2020	% change	2020	% change	2020	% change
Third Quarter of the Fiscal Year Ending March 31, 2020	1,991	-21.1%	40	-75.2%	35	-83.7%	-7	—	-18	—	19	—
Third Quarter of the Fiscal Year Ended March 31, 2019	2,521	4.9%	163	-67.4%	214	-44.0%	100	-45.4%	100	-45.4%	-53	—

(Yen)

	Basic net income per share	Diluted net income per share
Third Quarter of the Fiscal Year Ending March 31, 2020	-1.11	-1.11
Third Quarter of the Fiscal Year Ended March 31, 2019	6.06	5.86

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

#### (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
Third Quarter of the Fiscal Year Ending March 31, 2020	8,971	5,345	5,181	57.8%
Fiscal Year Ended March 31, 2019	7,117	5,389	5,382	75.6%

### 2. Cash Dividends

(Yen)

	Annual cash dividends				
	End-Q1	End-Q2	End-Q3	Year-end	Total
Fiscal Year Ended March 31, 2019	—	0.00	—	4.00	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)

(Millions of yen, % of change from previous year)

	Net sales		Operating income		Pre-tax income		Net income attributable to owners of parent		Basic net income per share
	2020	% change	2020	% change	2020	% change	2020	% change	2020
Full-year	3,000	-13.8%	200	-48.6%	200	-56.8%	140	-48.3%	Yen 8.51

(Note) Revisions to the forecast of consolidated results since the latest announcement: None

\* Notes

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

(Changes in specified subsidiaries that caused a change in the scope of consolidation): Yes

Newly included: — company (name) —, Excluded: 1 company (name) Infoteria Hong Kong Limited

(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)	Q3 Fiscal Year Ending March 31, 2020	17,491,265 shares	Fiscal Year Ended March 31, 2019	17,491,265 shares
b) Number of shares of treasury stock at the end of the period	Q3 Fiscal Year Ending March 31, 2020	719,963 shares	Fiscal Year Ended March 31, 2019	735,756 shares
c) Average number of shares during the period	Q3 Fiscal Year Ending March 31, 2020	16,483,403 shares	Q3 Fiscal Year Ended March 31, 2019	16,527,038 shares

\* 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, 14 February 2020. 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.

○Index of attached materials

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## 1. Qualitative information for quarterly results

### (1) Explanation of business results

Consolidated group results for the third quarter of the fiscal year ending March 31, 2020 (April 1 2019-December 31 2019, hereinafter Q3 FY2019) saw YoY decrease in both sales and 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, respectively. However, there was a large fall in net sales in the Design business unit owing mainly to delays to projects the company is involved with resulting from operational issues at two key client companies, and despite acquisition of orders from new clients in the quarter. As a consequence, the rises in Enterprise and Internet Services were insufficient to offset the drop in Design, and net sales decreased YoY on an all-company basis. At the profit level, in spite of ongoing reduction in expenses from streamlining measures in the Design business unit, there were YoY decreases in operating income, pre-tax income, and net income attributable to owners of the parent, mostly because of decline in net sales.

Consolidated results for Q3 FY2019 were as follows.

(Millions of yen)

	Q3 FY2018	Q3 FY2019	YoY growth
Net sales	2,521.442	1,990.531	-21.1%
Operating income	163.079	40.396	-75.2%
Pre-tax income	214.290	35.025	-83.7%
Net income attributable to owners of parent	100.093	-18.368	-

Net sales by business unit were as follows.

Enterprise business unit

(Millions of yen)

	Q3 FY2018	Q3 FY2019	YoY growth
Net sales	1,157.805	1,190.233	2.8%

<Sales performance>

There was a solid increase in product support sales to existing clients in line with a rise in the number of client companies installing the ASTERIA Warp series. Sales of the subscription-version of ASTERIA Warp Core approximately doubled YoY thanks to strong appetite for installation of RPA in a wide variety of industries. These trends boosted recurring sales, producing a more robust business base. Performance for this business unit also includes sales of AI-equipped IoT integration edgware Gravio.

Internet Services business unit

(Millions of yen)

	Q3 FY2018	Q3 FY2019	YoY growth
Net sales	214.732	230.008	7.1%

<Sales performance>

Sales in this business unit were driven by contract upgrades to the high-spec versions of Handbook, as growing user trust in this mostly subscription-based product saw it applied in a growing range of areas. There was also continued growth in new orders for Sales Tech, which helps to increase marketing capabilities through the use of IT and cutting-edge technologies, as well as being applicable to paperless meetings. There was a rise in use of Platío at hotels and medical institutions due to a promotional strategy of publicizing installation cases and pilot trials at hotels using AI cameras.

Design business unit

(Millions of yen)

	Q3 FY2018	Q3 FY2019	YoY growth
Net sales	1,141.851	565.336	-50.5%

<Sales performance>

Despite acquisition of orders from new clients, there was a large fall in net sales owing to ongoing impact on projects the company is involved with resulting from operational issues at two key client companies.

Other business unit	(Millions of yen)		
	Q3 FY2018	Q3 FY2019	YoY growth
Net sales	7.054	4.954	-29.8%

<Sales performance>

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

Sales declined YoY owing to the end of sales of ExtenXLS in the previous accounting period.

## (2) Explanation of financial situation

### ① Assets, liabilities, and capital

#### (Assets)

Total assets as of the end of the Q3 FY2019 consolidated account period were Yen 8,971.270mn, up Yen 1,854.560mn from end-FY2018. Current assets declined Yen 1,078.679mn to Yen 3,031.170mn, and noncurrent assets increased Yen 2,933.239mn to Yen 5,940.100mn. This owed mainly to decreases of Yen 666.442mn in cash and cash equivalents and Yen 379.513mn in operating receivables and other claims within current assets, and to increases of Yen 1,151.956mn in tangible fixed assets (mainly right-of-use assets) and Yen 1,631.261mn in other financial assets (mainly stocks in affiliates) within noncurrent assets.

#### (Liabilities)

Total liabilities as of the end of the Q3 FY2019 consolidated account period were Yen 3,626.727mn, up Yen 1,899.470mn from end-FY2018. Current liabilities increased Yen 183.261mn to Yen 1,276.662mn, and noncurrent liabilities increased Yen 1,716.210mn to Yen 2,350.065mn. This owed mainly to increases of Yen 142.800mn in loans (short-term) and Yen 255.290mn in other financial liabilities (mainly lease liabilities) against decreases of Yen 149.371mn in corporate income tax payable and Yen 129.567mn in other current liabilities within current liabilities, and to increases of Yen 821.500mn in loans (long-term) and Yen 882.371mn in other financial liabilities (mainly lease liabilities) within noncurrent liabilities.

#### (Capital)

Capital as of the end of the Q3 FY2019 consolidated account period was Yen 5,344.544mn, down Yen 44.909mn from end-FY2018. This owed mainly to decreases of Yen 77.154mn in capital surplus and Yen 191.270mn in retained earnings against an increase of Yen 155.449mn in non-controlling interests.

### ② Cash flow

The balance of cash and cash equivalents (hereafter "cash") as of the end of the Q3 FY2019 consolidated account period was Yen 2,610.906mn, down Yen 666.442mn from end-FY2018.

Cumulative change in each cash flow item through Q3 and the reasons for the changes were as follows.

#### (Cash flow from operating activities)

As a result of operating activities, cash of Yen 402.508mn was created (compared to cash used of Yen 187.463mn in Q3 FY18). This owed mainly to the booking of Yen 206.289mn in depreciation and amortization expenses, decline of Yen 358.141mn in operating receivables and other claims, and the booking of Yen 132.665mn in corporate taxes paid.

#### (Cash flow from investment activities)

As a result of investment activities, cash of Yen 1,854.263mn was used (compared to cash used of Yen 376.774mn in Q3 FY18). This owed mainly to Yen 1,538.664mn used for purchase of stock in affiliates and Yen 215.500mn used for purchase of investment securities.

#### (Cash flow from financial activities)

As a result of financial activities, cash of Yen 799.713mn was created (compared to cash used of Yen 460.262mn in Q3 FY18). The main factor was income of Yen 1,000.000mn from long-term loans.

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

There are no changes to the full-year consolidated business results forecasts issued on November 8, 2019 as part of "Consolidated Financial Results for the Second Quarter of the Fiscal Year Ending March 31, 2020 (IFRS)".

## 2. Outline quarterly consolidated financial statements and main notes

### (1) Outline quarterly consolidated financial statement

(Thousands of yen)

	End-FY2018 (March 31, 2019)	End-Q3 FY2019 (December 31, 2019)
Assets		
Current assets		
Cash and cash equivalents	3,277,348	2,610,906
Operating receivables and other claims	709,205	329,692
Inventory assets	33,690	7,711
Other current assets	89,606	82,862
Total current assets	4,109,849	3,031,170
Noncurrent assets		
Tangible fixed assets	191,030	1,342,986
Goodwill	1,347,026	1,332,998
Intangible assets	143,892	91,744
Investments treated as equity method investment	114,092	328,429
Other financial assets	1,084,045	2,715,306
Other noncurrent assets	126,776	128,636
Total noncurrent assets	3,006,861	5,940,100
Total assets	7,116,710	8,971,270

(Thousands of yen)

	End-FY2018 (March 31, 2019)	End-Q3 FY2019 (December 31, 2019)
Liabilities and capital		
Liabilities		
Current liabilities		
Borrowings	100,000	242,800
Operating payables and other payables	92,241	156,349
Corporate income tax payable	152,096	2,725
Other financial liabilities	—	255,290
Other current liabilities	749,064	619,497
Total current liabilities	1,093,401	1,276,662
Noncurrent liabilities		
Borrowings	—	821,500
Provisions	19,365	19,385
Deferred income taxes	74,411	86,541
Other financial liabilities	538,275	1,420,646
Other noncurrent liabilities	1,805	1,993
Total noncurrent liabilities	633,855	2,350,065
Total liabilities	1,727,257	3,626,727
Capital		
Shareholders' equity	2,275,343	2,275,343
Capital surplus	2,577,710	2,500,556
Treasury stock	-578,558	-537,645
Other equity components	423	27,576
Retained earnings	1,106,763	915,493
Total equity attributable to owners of parent	5,381,681	5,181,322
Non-controlling interests	7,772	163,221
Total capital	5,389,453	5,344,544
Total liabilities and capital	7,116,710	8,971,270

## (2) Outline quarterly consolidated income statement

(Thousands of yen)

	Q3 FY2018 (April 1 2018-December 31, 2018)	Q3 FY2019 (April 1 2019-December 31, 2019)
Net sales	2,521,442	1,990,531
Cost of goods sales	1,078,447	636,410
Gross income	1,442,994	1,354,120
Selling, general and administrative expenses	1,279,485	1,310,568
Other income	5,152	4,510
Other expenses	5,582	7,666
Operating income	163,079	40,396
Financial income	43,227	14,989
Financial expenses	416	23,409
Equity in earnings of affiliates	8,400	3,050
Pre-tax income	214,290	35,025
Provision for corporate income taxes	114,197	41,738
Net income (Figures in negative represent loss)	100,093	-6,713
Attributable net income		
Net income attributable to owners of parent (Figures in negative represent loss)	100,093	-18,368
Attributable to non-controlling interests	-	11,655
Net income (Figures in negative represent loss)	100,093	-6,713
Net income per share		
Basic net income per share (Yen) (Figures in negative represent loss)	6.06	-1.11
Diluted net income per share (Yen) (Figures in negative represent loss)	5.86	-1.11



## (3) Outline quarterly consolidated comprehensive income statement

(Thousands of yen)

	Q3 FY2018 (April 1 2018- December 31, 2018)	Q3 FY2019 (April 1 2019- December 31, 2019)
Net income (Figures in negative represent loss)	100,093	-6,713
Other comprehensive income		
Items not transferrable to net income		
Financial assets assessed by fair value from other comprehensive income	-73,763	48,366
Total items not transferrable to net income	-73,763	48,366
Items transferrable to net income		
Translation difference for overseas business units	-79,309	-22,351
Total items transferrable to net income	-79,309	-22,351
Total other comprehensive income	-153,072	26,014
Net comprehensive income	-52,979	19,301
Attributable comprehensive net income		
Attributable to owners of parent	-52,979	5,205
Attributable to non-controlling interests	-	14,097
Net comprehensive income	-52,979	19,301

## (4) Outline quarterly consolidated statement of changes in equity

## Attributable to owners of the parent

	Attributable to owners of the parent					Total
	Capital stock	Capital surplus	Treasury stock	Other equity components		
				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	-	-	-	-79,309	-73,763	-153,072
Total net comprehensive income	-	-	-	-79,309	-73,763	-153,072
Issue of new shares (exercise of share options)	6,930	6,930	-	-	-	-
Treasury stock purchased	-	-	-499,902	-	-	-
Treasury stock disposals	-	143,572	267,659	-	-	-
Dividends paid	-	-	-	-	-	-
Share-based payment transactions	-	82,051	-	-	-	-
Change from transactions with owners	6,930	232,552	-232,243	-	-	-
As of December 31, 2018	<u>2,275,343</u>	<u>2,725,277</u>	<u>-479,326</u>	<u>80,147</u>	<u>-51,497</u>	<u>28,650</u>

## Attributable to owners of the parent

	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	100,093	100,093	100,093
Other comprehensive income	-	-153,072	-153,072
Total net comprehensive income	100,093	-52,979	-52,979
Issue of new shares (exercise of share options)	-	13,859	13,859
Treasury stock purchased	-	-499,902	-499,902
Treasury stock disposals	-	411,231	411,231
Dividends paid	-101,670	-101,670	-101,670
Share-based payment transactions	-	82,051	82,051
Change from transactions with owners	-101,670	-94,431	-94,431
As of December 31, 2018	<u>936,261</u>	<u>5,486,205</u>	<u>5,486,205</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	-	-	-	-24,793	48,366	23,573
Total net comprehensive income	-	-	-	-24,793	48,366	23,573
Treasury stock purchased	-	-	-129,980	-	-	-
Treasury stock disposals	-	-110,615	170,893	-	-	-
Dividends	-	-	-	-	-	-
Share-based payment transactions	-	33,678	-	-	-	v
Transactions with non-controlling interests	-	-217	-	-	-	-
Incorporation of a new subsidiary	-	-	-	-	-	-
Other	-	-	-	3,988	-409	3,580
Change from transactions with owners	-	-77,154	40,913	3,988	-409	3,580
As of December 31, 2019	<u>2,275,343</u>	<u>2,500,556</u>	<u>-537,645</u>	<u>103,277</u>	<u>-75,701</u>	<u>27,576</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	-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	-18,368	-18,368	11,655	-6,713
Other comprehensive income	-	23,573	2,442	26,014
Total net comprehensive income	-18,368	5,205	14,097	19,301
Treasury stock purchased	-	-129,980	-	-129,980
Treasury stock disposals	-	60,277	-	60,277
Dividends	-67,102	-67,102	-	-67,102
Share-based payment transactions	-	33,678	-	33,678
Transactions with non-controlling interests	-	-217	-824	-1,041
Incorporation of a new subsidiary	-	-	142,177	142,177
Other	-3,580	-	-	-
Change from transactions with owners	-70,681	-103,343	141,353	38,010
As of December 31, 2019	<u>915,493</u>	<u>5,181,322</u>	<u>163,221</u>	<u>5,344,544</u>

## (5) Outline quarterly consolidated cash flow statement

(Thousands of yen)

	Q3 FY2018 (April 1 2018-December 31, 2018)	Q3 FY2019 (April 1 2019-December 31, 2019)
Cash flow from operating activities		
Pre-tax income	214,290	35,025
Depreciation and amortization	107,848	206,289
Financial income	-29,419	-14,584
Financial expenses	416	16,163
Earnings from equity in affiliates (Figures in negative represent profit)	-8,400	-3,050
Change in operating receivables and other claims (Figures in negative represent increase)	-346,339	358,141
Change in operating payables and other payables (Figures in negative represent decrease)	-58,308	124,798
Other	67,338	-201,846
Subtotal	-52,574	520,935
Interest and dividends received	23,302	17,705
Interest paid	-415	-3,467
Corporate taxes paid	-157,776	-132,665
Cash flow for operating activities	-187,463	402,508
Cash flow from investment activities		
Payments for tangible fixed asset purchases	-138,649	-22,192
Income from tangible fixed asset sales	728	-
Payments for intangible fixed asset purchases	-1,000	-
Income from intangible fixed asset sales	828	-
Payments for investment asset purchases	-171,608	-215,500
Income from investment asset sales	25,645	1,000
Payments for purchase of stock in affiliates	-	-1,538,664
Payments for purchase of stock in subsidiaries	-74,260	-67,580
Others	-18,459	-11,327
Cash flow from investment activities	-376,774	-1,854,263
Cash flow from financial activities		
Income from issue of new shares (exercise of share options)	138,359	-
Income from non-controlling interests	-	142,177
Income from long-term loans	-	1,000,000
Repayment of long-term loans	-	-35,700
Income from issue of other financial liabilities	6,410	-
Repayment of other financial liabilities	-1,884	-
Repayment of lease liabilities	-	-109,486
Payments for purchases of treasury stock	-502,152	-130,623
Dividends paid	-100,848	-66,818
Others	-148	-
Cash flow from financial activities	-460,262	799,550
Net change in cash and cash equivalents (Figures in negative represent decrease)	-1,024,499	-652,205
Cash and cash equivalents at beginning of period	4,219,277	3,277,348
Effect of exchange rate changes on cash and cash equivalents	61,051	-14,238
Cash and cash equivalents at end of period	3,255,829	2,610,906

(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 Q3 FY2019 consolidated financial statements were the same as those applied in the previous consolidated accounting period.

Corporate taxes for Q3 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)

(1) Overview of reportable segments

The Group’s reportable segments are those for which separate financial information is available and regular evaluation by the Company’s management is being performed in order to decide how resources are allocated

among the Group and to appraise performance.

Owing to the start of the Investment Business from this consolidated account period, the Group's organizational structure is now split into two basic components "Software Business" and "Investment Business" as reportable segments.

"Software Business" is made up of three business units: Enterprise, Internet Services, and Design.

"Investment Business" is comprised of investments managed by our US-based wholly-owned subsidiary Asteria Vision Fund Inc.

(2) Information on net sales, profits and losses, and assets by reportable segment

Q3 FY2018 (April 1 2018-December 31, 2018)

Owing to the start of the Investment Business in 3Q FY2019, figures for Q3 FY2018 were available for one segment only.

Q3 FY2019 (April 1 2019-December 31, 2019)

	Reportable segment			Adjustments* <sup>1</sup>	Consolidated
	Software business	Investment business	Total		
	(Thousands of yen)	(Thousands of yen)	(Thousands of yen)	(Thousands of yen)	(Thousands of yen)
Net sales					
Sales to external customers	1,990,531	-	1,990,531	-	1,990,531
Inter-segment transactions	49	39,116	39,165	-39,165	-
Total	1,990,580	39,116	2,029,696	-39,165	1,990,531
Segment profit (minus figures equal loss) * <sup>2</sup>	43,853	14	43,867	-314	43,552
Other income and expenses					-3,157
Financial income					14,989
Financial expenses					23,409
Equity in earnings of affiliates					3,050
Pre-tax income					35,025
Other items					
Depreciation and amortization expenses	206,187	102	206,289	-	206,289

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

\*2 Segment profit calculated by deducting Cost of goods sales and Sales, general and administrative expenses from Net sales.

(3) Important changes in segment assets

Owing to the start of the Investment Business from Q3 FY2019, there was an increase in segment assets in this business of Yen 1,811.389mn YoY.

(Subsequent events)

No matters to report.