



Consolidated Financial Results for the First Quarter of the Fiscal Year Ending March 31, 2021 (IFRS)

August 12, 2020

Company name	Asteria Corporation		Tokyo Stock Exchange
Code number	3853	URL	https://www.asteria.com/
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Filing date of financial statements	August 12, 2020	Scheduled date of payment of cash dividends	—
Supplemental materials prepared for financial results	Yes		
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 First Quarter of the Fiscal Year Ending March 31, 2021 (April 1, 2020 to June 30, 2020)

(1) Consolidated Financial Results

(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	
First Quarter of the Fiscal Year Ending March 31, 2021	674	0.9	158	—	163	—	114	—	114	—	74	—
First Quarter of the Fiscal Year Ended March 31, 2020	668	-15.8	-72	—	-47	—	-60	—	-70	—	-172	—

(Yen, %)

	Basic net income per share	Diluted net income per share
First Quarter of the Fiscal Year Ending March 31, 2021	6.95	6.95
First Quarter of the Fiscal Year Ended March 31, 2020	-4.31	-4.31

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
First Quarter of the Fiscal Year Ending March 31, 2021	8,212	4,885	4,732	57.6%
Fiscal Year Ended March 31, 2020	8,061	4,872	4,720	58.6%

2. Cash Dividends

(Yen, %)

	Annual cash dividends				
	End-Q1	End-Q2	End-Q3	Year-end	Total
Fiscal Year Ended March 31, 2020	—	0.00	—	4.00	4.00
Fiscal Year Ending March 31, 2021	—				
Fiscal Year Ending March 31, 2021 (Forecast)		0.00	—	—	—

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

Year-end dividend for the fiscal year ending March 31, 2021 currently undetermined.

3. Forecast of Consolidated Results for Fiscal Year Ending March 31, 2021 (April 1, 2020 to March 31, 2021)

Owing to the current difficulty of assessing the impact on the Group's earnings of disruption to global economic activity and domestic production from COVID-19, the Company intends to monitor conditions closely and disclose its forecast of consolidated results for the fiscal year ending March 31, 2021 as soon as a reasonable estimation is possible.

* Notes

(1) Changes in significant subsidiaries during the fiscal period

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

Newly included: — company (name) —, Excluded: — company (name)

(2) Changes in accounting policies, changes in accounting estimation

a) Changes in accounting policies due to IFRS requirements: None

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)

Q1 Fiscal Year Ending March 31, 2021	17,491,265 shares	Fiscal Year Ended March 31, 2020	17,491,265 shares
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b) Number of shares of treasury stock at the end of the period

Q1 Fiscal Year Ending March 31, 2021	721,757 shares	Fiscal Year Ended March 31, 2020	721,757 shares
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c) Average number of shares during the period
(cumulative)

Q1 Fiscal Year Ending March 31, 2021	16,458,704 shares	Q1 Fiscal Year Ended March 31, 2020	16,367,459 shares
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* 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 Wednesday, August 12, 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 business results

(1) Explanation of quarterly business results

Consolidated group results for the first quarter of the fiscal year ended March 31, 2021 (April 1, 2020-June 30, 2021, hereinafter Q1 FY2020) saw YoY increase in both net sales and income despite the global impact of COVID-19.

Sales of mainstay product ASTERIA Warp grew strongly, and there was also a solid rise in sales of Handbook, with limited impact from COVID-19. As a consequence, net sales increased YoY in the Enterprise and Internet Services business units. However, despite acquisition of orders from new clients, there was a YoY fall in net sales in the Design business unit, which operates the This Place brand, and this owed mainly to the effects of COVID-19 overseas.

At the income level, thanks in part to cost structure reforms driving at turn to profit at wholly-owned design services subsidiary This Place, there were increases of Yen 230mn in operating income, Yen 210mn in pre-tax income, and Yen 185mn in net income attributable to the owners of the parent, enabling a turn to profit at all levels.
<Group business initiatives>

The Group is proactively implementing measures to prevent the spread of COVID-19, which first began to have a global impact in Q4 FY2019. At all subsidiaries, we have moved decisively to teleworking in line with conditions in each operating region to ensure both the smooth running of business and the safety of our employees.

Moreover, in order to prevent the spread of the virus at client companies, we have moved all events and seminars for our products and services online, while promptly implementing the following initiatives for individual software products:

- Handbook: releasing mobile services and illustrative examples to support schools during closure
- Platio: releasing a mobile temperature check app and apps and illustrative examples to support users in adapting to new lifestyles
- Gravio: releasing solutions and illustrative examples of how automation through sensor usage can help users avoid the three main conditions that facilitate the transmission of COVID-19.

In the near term, in a bid to grow amid the tough business conditions created by COVID-19, the Group will focus its investments on the “cloud”, “automation”, and “remote” domains, areas we believe offer significant expansion prospects in the “new normal” era.

Consolidated results for Q1 FY2020 were as follows.

(Millions of yen)

	Q1 FY2019	Q1 FY2020	YoY growth
Net sales	667.949	674.113	0.9%
Operating income (Figures in negative represent loss)	-71.707	158.003	—%
Pre-tax income (Figures in negative represent loss)	-46.657	162.867	—%
Net income attributable to owners of parent (Figures in negative represent loss)	-70.489	114.418	—%

Net sales by business unit were as follows.

Enterprise business unit (Millions of yen)

	Q1 FY2019	Q1 FY2020	YoY growth
Net sales	398.742	457.642	14.8%

<Sales performance>

Our established telework-based marketing structure enabled proactive online marketing activities even during the conditions created by the national state of emergency, resulting in large orders from major corporations both to replace the products of our competitors and to expand overseas offices. As a result, sales of ASTERIA Warp grew by 27% YoY.

CO2 sensors were added to the available device lineup for AI-equipped IoT integration edgware Gravio. This helped in strengthening our ability to assist companies in adjusting to the new normal, such as through features including measurement of the concentration of carbon dioxide in a room to help assess the three main conditions that facilitate the transmission of COVID-19, and the provision of an “integrated system for CO2 concentration visibility and notification.”

Internet Services business unit (Millions of yen)

	Q1 FY2019	Q1 FY2020	YoY growth
Net sales	76.464	78.058	2.1%

<Sales performance>

Owing to educational institutions being affected by temporary closures and companies in a wide range of industries switching to teleworking, there was a rise in inquiries for tools to assist in areas such as educational content sharing platforms and a shift to paperless meetings. This created solid increase in Handbook sales. We also made progress in attracting new customers for mobile app creation tool Platio by expanding the number of templates adapted to new lifestyles, such as a temperature measuring app, and holding a limited-time free download campaign.

Design business unit (Millions of yen)

	Q1 FY2019	Q1 FY2020	YoY growth
Net sales	191.177	136.402	-28.7%

<Sales performance>

Despite progress in attracting new customers, particularly in the US, the impact of COVID-19 forced a reassessment of customer projects in tourism-related industries. Nevertheless, we were able to minimize the impact of COVID-19 lockdowns, and were able to record sales of roughly the same level as in Q4 FY2019 (Yen 136.464mn).

Other business unit (Millions of yen)

	Q1 FY2019	Q1 FY2020	YoY growth
Net sales	1.567	2.012	28.4%

<Sales performance>

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

(2) Explanation of quarterly financial situation

① Explanation of assets and liabilities

(Assets)

Total assets as of the end of the first quarter of the FY2020 consolidated account period were Yen 8,212.361mn, up Yen 151.352mn from end-FY2019. Current assets increased Yen 221.965mn to Yen 3,171.568mn, and noncurrent assets decreased Yen 70.614mn to Yen 5,040.793mn. This owed mainly to increase of Yen 263.527mn in cash and cash equivalents within current assets, and to decreases of Yen 30.824mn in tangible fixed assets (mainly right-of-use assets) and Yen 23.755mn in other financial assets within noncurrent assets.

(Liabilities)

Total liabilities as of the end of the first quarter of the FY2020 consolidated account period were Yen 3,327.254mn, up Yen 137.780mn from end-FY2019. Current liabilities increased Yen 51.370mn to Yen 1,359.740mn, and noncurrent liabilities increased Yen 86.410mn to Yen 1,967.514mn. This owed mainly to increase of Yen 221.446mn in other current liabilities.

(Capital)

Capital as of the end of the first quarter of the FY2020 consolidated account period was Yen 4,885.107mn, up Yen 13.572mn from end-FY2019. This owed mainly to increases of Yen 5.340 million in capital surplus and Yen 45.502 million in retained earnings against a decrease of Yen 38.925mn in other equity components.

② Explanation of cash flows

The balance of cash and cash equivalents (hereafter "cash") as of the end of the first quarter of the FY2020 consolidated account period was Yen 2,740.849mn, up Yen 263.527mn from end-FY2019.

Change in each cash flow item during the quarter and the reasons for the changes were as follows.

(Cash flow from operating activities)

As a result of operating activities, cash of Yen 408.263mn was created (compared to cash created of Yen 506.701mn in Q1 FY2019). This owed mainly to the booking of Yen 162.867mn in quarterly pre-tax profit, decline of Yen 54.326mn in operating receivables and other claims, and increase of Yen 182.440mn in **advanced receivables**.

(Cash flow from investment activities)

As a result of investment activities, cash of Yen 8.948mn was used (compared to cash used of Yen 232.823mn in Q1 FY2019). This owed mainly to Yen 5.836mn used for purchase of tangible fixed assets.

(Cash flow from financial activities)

As a result of financial activities, cash of Yen 129.418mn was used (compared to cash used of Yen 81.611mn in Q1 FY2019). This owed mainly to Yen 61.126 million used for the payment of dividends, Yen 35.700 million used for the repayment of long-term debt, and Yen 33.678 million used for the repayment of lease liabilities.

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

Owing to the current difficulty of assessing the impact on the Group's earnings of disruption to global economic activity and domestic production from COVID-19, the Company intends to monitor conditions closely and disclose its forecast of consolidated results for the fiscal year ending March 31, 2021 as soon as a reasonable estimation is possible.

2. Outline quarterly consolidated financial statements and main notes

(1) Outline quarterly consolidated financial statement

(Thousands of yen)

	End-FY2019 (March 31, 2020)	End-Q1 FY2020 (June 30, 2020)
Assets		
Current assets		
Cash and cash equivalents	2,477,322	2,740,849
Operating receivables and other claims	342,701	286,438
Inventory assets	20,619	—
Other current assets	108,962	144,281
Total current assets	<u>2,949,603</u>	<u>3,171,568</u>
Noncurrent assets		
Tangible fixed assets	1,082,509	1,051,685
Goodwill	889,870	883,336
Intangible assets	75,994	72,155
Investments treated as equity method investment	331,092	322,808
Other financial assets	2,599,818	2,576,063
Other noncurrent assets	132,124	134,746
Total noncurrent assets	<u>5,111,407</u>	<u>5,040,793</u>
Total assets	<u><u>8,061,009</u></u>	<u><u>8,212,361</u></u>

(Thousands of yen)

	End-FY2019 (March 31, 2020)	End-Q1 FY2020 (June 30, 2020)
Liabilities and capital		
Liabilities		
Current liabilities		
Borrowings	242,800	242,800
Operating payables and other payables	169,137	137,727
Corporate income tax payable	31,702	56,145
Other financial liabilities	284,241	121,132
Other current liabilities	580,490	801,936
Total current liabilities	1,308,370	1,359,740
Noncurrent liabilities		
Provisions	19,393	19,400
Borrowings	785,800	750,100
Deferred income taxes	42,804	34,417
Other financial liabilities	1,032,413	1,162,645
Other noncurrent liabilities	694	953
Total noncurrent liabilities	1,881,104	1,967,514
Total liabilities	3,189,474	3,327,254
Capital		
Shareholders' equity	2,275,343	2,275,343
Capital surplus	2,474,701	2,480,040
Treasury stock	-537,645	-537,645
Other equity components	-250,314	-289,239
Retained earnings	758,336	803,838
Total equity attributable to owners of parent	4,720,420	4,732,338
Non-controlling interests	151,115	152,769
Total capital	4,871,535	4,885,107
Total liabilities and capital	8,061,009	8,212,361

(2) Outline quarterly consolidated income statement

(Thousands of yen)

	Q1 FY2019 (April 1 2019-June 30, 2019)	Q1 FY2020 (April 1 2020-June 30, 2020)
Net sales	667,949	674,113
Cost of goods sales	259,756	124,860
Gross income	408,193	549,253
Selling, general and administrative expenses	476,569	395,540
Other income	1,844	4,470
Other expenses	5,175	180
Operating income (Figures in negative represent loss)	-71,707	158,003
Financial income	31,314	19,163
Financial expenses	4,685	9,648
Equity in earnings of affiliates	-1,579	-4,650
Pre-tax income (Figures in negative represent loss)	-46,657	162,867
Provision for corporate income taxes	13,228	48,605
Net income (Figures in negative represent loss)	-59,885	114,263
Attributable net income		
Net income attributable to owners of parent	-70,489	114,418
Attributable to non-controlling interests	10,604	-156
Net income (Figures in negative represent loss)	-59,885	114,263
Net income per share		
Basic net income per share (Figures in negative represent loss) (Yen)	-4.31	6.95
Diluted net income per share (Figures in negative represent loss) (Yen)	-4.31	6.95

(3) Outline quarterly consolidated comprehensive income statement

(Thousands of yen)

	Q1 FY2019 (April 1 2019-June 30, 2019)	Q1 FY2020 (April 1 2020-June 30, 2020)
Net income (Figures in negative represent loss)	-59,885	114,263
Other comprehensive income		
Items not transferrable to net income		
Financial assets assessed by fair value from other comprehensive income	60,683	-13,830
Total items not transferrable to net income	60,683	-13,830
Items transferrable to net income		
Translation difference for overseas business units	-172,444	-26,121
Total items transferrable to net income	-172,444	-26,121
Total other comprehensive income	-111,761	-39,951
Net comprehensive income	-171,646	74,311
Attributable comprehensive net income		
Attributable to owners of parent	-182,250	75,493
Attributable to non-controlling interests	10,604	-1,182
Net comprehensive income	-171,646	74,311

(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	
Balance 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 (figures in negative represent loss)	-	-	-	-	-	-
Other comprehensive income	-	-	-	-172,444	60,683	-111,761
Total net comprehensive income	-	-	-	-172,444	60,683	-111,761
Dividends paid	-	-	-	-	-	-
Share-based payment transactions	-	15,358	-	-	-	-
Incorporation of a new subsidiary	-	-	-	-	-	-
Change from transactions with owners	-	15,358	-	-	-	-
Balance as of June 30, 2019	2,275,343	2,593,067	-578,558	-48,363	-62,975	-111,338

	Attributable to owners of the parent		Non-controlling interests Thousands of yen	Total capital Thousands of yen
	Retained earnings	Total		
	Thousands of yen	Thousands of yen		
Balance 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 (figures in negative represent loss)	-70,489	-70,489	10,604	-59,885
Other comprehensive income	-	-111,761	-	-111,761
Total net comprehensive income	-70,489	-182,250	10,604	-171,646
Dividends paid	-67,102	-67,102	-	-67,102
Share-based payment transactions	-	15,358	-	15,358
Incorporation of a new subsidiary	-	-	20,000	20,000
Change from transactions with owners	-67,102	-51,744	20,000	-31,744
Balance as of June 30, 2019	866,952	5,045,466	38,376	5,083,842

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	
Balance as of April 1, 2020	2,275,343	2,474,701	-537,645	-70,536	-179,778	-250,314
Net income (figures in negative represent loss)	-	-	-	-	-	-
Other comprehensive income	-	-	-	-25,095	-13,830	-38,925
Total net comprehensive income	-	-	-	-25,095	-13,830	-38,925
Dividends paid	-	-	-	-	-	-
Share-based payment transactions	-	5,340	-	-	-	-
Transactions with non-controlling interest	-	-1,750	-	-	-	-
Transfer from retained earnings to capital surplus	-	1,750	-	-	-	-
Change from transactions with owners	-	5,340	-	-	-	-
Balance as of June 30, 2020	<u>2,275,343</u>	<u>2,480,040</u>	<u>-537,645</u>	<u>-95,631</u>	<u>-193,608</u>	<u>-289,239</u>

	Attributable to owners of the parent		Non-controlling interests	Total capital
	Retained earnings	Total		
	Thousands of yen	Thousands of yen		
Balance as of April 1, 2020	758,336	4,720,420	151,115	4,871,535
Net income (figures in negative represent loss)	114,418	114,418	-156	114,263
Other comprehensive income	-	-38,925	-1,026	-39,951
Total net comprehensive income	114,418	75,493	-1,182	74,311
Dividends paid	-67,166	-67,166	-	-67,166
Share-based payment transactions	-	5,340	-	5,340
Transactions with non-controlling interest	-	-1,750	2,837	1,086
Transfer from retained earnings to capital surplus	-1,750	-	-	-
Change from transactions with owners	-68,916	-63,576	2,837	-60,740
Balance as of June 30, 2020	<u>803,838</u>	<u>4,732,338</u>	<u>152,769</u>	<u>4,885,107</u>

(5) Outline quarterly consolidated cash flow statement

(Thousands of yen)

	Q1 FY2019 (April 1 2019-June 30, 2019)	Q1 FY2020 (April 1 2020-June 30, 2020)
Cash flow from operating activities		
Pre-tax income (Figures in negative represent loss)	-46,657	162,867
Depreciation and amortization	68,065	46,178
Financial income	15,464	-19,163
Financial expenses	4,688	9,648
Earnings from equity in affiliates (Figures in negative represent profit)	1,579	4,650
Change in operating receivables and other claims (Figures in negative represent increase)	268,953	54,326
Change in operating payables and other payables (Figures in negative represent decrease)	60,307	-36,500
Others	212,080	206,798
Subtotal	584,480	428,806
Interest and dividends received	12,332	7,278
Interest paid	-1,315	-2,081
Corporate taxes paid	-88,795	-25,741
Cash flow for operating activities	506,701	408,263
Cash flow from investment activities		
Payments for tangible fixed asset purchases	-7,068	-5,836
Income from tangible fixed asset sales	—	358
Payments for intangible fixed asset purchases	—	-863
Payments for purchase of stock in affiliates	-214,929	—
Payments for investment purchases	-7,385	—
Others	-3,441	-2,606
Cash flow from investment activities	-232,823	-8,948
Cash flow from financial activities		
Income from incorporation of non-controlling interests	20,000	1,086
Repayment of long-term borrowings	—	-35,700
Repayment of lease liabilities	-36,388	-33,678
Dividends paid	-65,223	-61,126
Cash flow from financial activities	-81,611	-129,418
Net change in cash and cash equivalents (Figures in negative represent decrease)	192,268	269,897
Cash and cash equivalents at beginning of period	3,277,348	2,477,322
Effect of exchange rate changes on cash and cash equivalents	-82,132	-6,369
Cash and cash equivalents at end of period	3,387,484	2,740,849

(6) Main notes to outline quarterly consolidated financial statements

(Going concern assumption)

No matters to report.

(Change in accounting policies)

No matters to report.

(Changes in accounting estimation)

No matters to report.

(Segment Information)

(1) Overview of reportable segments

The Group's reportable segments are those for which separate financial information is available and for which the Company's board of directors is performing regular evaluation to decide how Group resources are allocated and to appraise performance.

The Group's organizational structure is 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

Q1 FY2019 (April 1, 2019-June 30, 2019)

Owing to the start of the Investment Business in Q3 FY2019, figures for Q1 FY2019 were available for one segment only.

Q1 FY2020 (April 1, 2020-June 30, 2020)

	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)
Net sales					
Sales to external customers	674,113	—	674,113	—	674,113
Inter-segment transactions	16	6,458	6,474	-6,474	—
Total	674,129	6,458	680,587	-6,474	674,113
Segment profit (Figures in negative represent loss) * ²	155,869	-2,280	153,588	125	153,713
Other income and expenses					4,290
Financial income					19,163
Financial expenses					9,648
Equity in earnings of affiliates					-4,650
Pre-tax income					162,867
Other items					
Depreciation and amortization expenses	46,131	48	46,178	—	46,178

(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 Net sales.