

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, 2021 (IFRS)**

February 14, 2022

Company name:	Asteria Corporation		Tokyo Stock Exchange
Code number:	3853	URL: https://www.asteria.com/	
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Filing date of financial statements:	February 14, 2022		
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 Nine Months Ended December 31, 2021 (April 1, 2021 to December 31, 2021)

(1) Consolidated Operating Results

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

	Net sales		Operating income		Income before income tax		Net income		Net income attributable to owners of the parent		Comprehensive net income
Nine Months ended December 31, 2021	2,127	6.7	973	110.9	1,067	154.9	740	153.5	680	131.6	885 190.4
Nine Months ended December 31, 2020	1,994	0.1	461	—	419	—	292	—	294	—	305 —
(yen)											
	Basic earnings per share			Diluted earnings per share							
Nine Months ended December 31, 2021	41.31			41.31							
Nine Months ended December 31, 2020	17.83			17.83							

Note: Basic earnings per share and diluted earnings 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
As of December 31, 2021	9,290	6,553	6,282	67.6%
As of March 31, 2021	7,907	5,721	5,544	70.1%

2. Dividends

(Yen)

	Annual dividends per share					
	End-Q1	End-Q2	End-Q3	Year-end	Total	
Fiscal Year Ended March 31, 2021	—	0.00	—	4.50	4.50	4.50
Fiscal Year Ending March 31, 2022	—	0.00	—	—	—	—
Fiscal Year Ending March 31, 2022 (forecast)	—	—	—	—	—	—

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

Year-end dividend for the fiscal year ending March 31, 2022 currently undetermined.

3. Forecast of Consolidated Results for Fiscal Year Ending March 31, 2022 (April 1, 2021 to March 31, 2022)

(% indicate year-on-year changes)

	Net sales		Operating income		Income before income tax		Net income 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	2,900	7.9	3,400	314.8	3,400	231.5	2,000	147.7	121.44

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: None

b) Changes in accounting policies other than (2) a) above: Yes

c) Changes in accounting estimation: Yes

(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, 2021	17,491,265 shares	As of March 31, 2021	17,491,265 shares
b) Number of shares of treasury stock at the end of the period	As of December 31, 2021	704,445 Shares	As of March 31, 2021	704,611 shares
c) Average number of shares during the period	Nine Months ended December 31, 2021	16,469,019 shares	Nine Months ended December 31, 2020	16,468,244 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 p.m. (JST) on Monday, February 14, 2022. 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 Business Results

(1) Explanation of Business Results

The consolidated results for the nine months ended December 31, 2021 (April 1, 2021 - December 31, 2021, hereinafter Q3 FY2021) saw year-over-year (hereinafter YoY) 6.7% increase in net sales, 110.9% increase in operating income, 154.9% increase in income before income tax and 131.6% increase in net income attributable to owners of the parent.

The increase in consolidated net sales was due to the growth of the Software business (The main product being ASTERIA Warp), while the net sales of the Design business decreased as the COVID-19 pandemic lingers on in the West, especially the United States and the United Kingdom, where it operates.

The increase in consolidated net income was due to income from the Investment business while selling, general and administrative expenses increased in the Software business due to the expansion of hiring and marketing activities in line with the Mid-term Management Plan "STAR".

<Group business initiatives>

The Group continues to proactively implement measures to prevent the spread of COVID-19. At all our offices excluding those in China, we continue company-wide teleworking in line with conditions in each operating region and promote diverse workstyles to ensure both the smooth running of the business and the safety of our employees.

In addition, we have moved all of our events and seminars for our products and services online to prevent the spread of the virus at client companies, while implementing initiatives for individual products and services to support these companies in cloud migration, automation, and remoteization.

Consolidated results for Q3 FY2021 were as follows: (Millions of yen)

	Q3 FY2020	Q3 FY2021	YoY growth
Net sales	1,993.5	2,126.9	6.7%
Operating income	461.3	972.9	110.9%
Income before income tax	418.6	1,066.9	154.9%
Net income attributable to owners of parent	293.7	680.3	131.6%

<<Reportable segments>>

For the purposes of deciding the allocation of Group resources and appraising performance, the Group split its businesses into two reportable segments: the “Software Business segment” and the “Investment Business segment”. The “Software Business segment” is made up of the corporate software product businesses the Group has been developing since its establishment as well as the design services business provided by This Place, which was acquired in 2017. The “Investment Business segment” is focused on corporate investments via AVF-1, which was launched in 2019.

<<Software Business segment>>

Software Business segment consists of two businesses, and the net sales of each were as follows:

<Software>

(Millions of yen)

	Q3 FY2020	Q3 FY2021	YoY growth
Net sales	1,592.7	1,821.3	14.4%

Sales of “ASTERIA Warp” were strong in all series due to continued expansion of new data coordination needs that emerged after the introduction of the revised electronic books preservation act as well as such demands from the construction of an in-house system compatible with telework. Notably, sales of its licensed version, our flagship product, increased by over 30% YoY, leading overall the software business.

Sales of AI equipped IoT integration edgeware “Gravio” nearly doubled due to continued strong demands for devices and software that help visualize CO2 and avoid 3Cs (Closed spaces, Crowded places and Close-contact settings), and capture of new business opportunities through collaboration with sales partners.

Mobile app building tool “Platio” is receiving strong inquiries from a wide range of industries and local governments as a result of various promotional activities which touted the product as a no-code apps building tool that helps promote on-site digital transformation (DX) and in-house production of various apps. In addition, in December 2021, “Platio Connect”, which is equipped with data coordination functions to expand its application, was added to the lineup.

Handbook performed steadily due to the growing need for paperless internal operations, expanded use by existing customers, and usage in online meetings, among other purposes.

<Design>

(Millions of yen)

	Q3 FY2020	Q3 FY2021	YoY growth
Net sales	400.8	305.7	-23.7%

Due to the COVID19 pandemic, project orders have been decreasing. Although we were able to win additional orders from some existing customers and reinforced our efforts to acquire new customers, sales decreased compared to the same period of the previous year. On a quarterly basis, however, there were signs of recovery in the Q3.

<<Investment Business segment>>

The Investment Business segment includes corporate investments via AVF-1 (in the U.S.), which was established in 2019. AVF-1 invests based on a “4D strategy” (Data, Device, Decentralized, Design), and the results of its operations on investment valuation change is booked in accordance with IFRS.

(Millions of yen)

	Q3 FY2020	Q3 FY2021	YoY growth
Investment valuation change	—	694.8	—

In addition to the increase in the valuation of Gorilla Technology (Taiwan) and the decrease in the valuation of Imagine Intelligent Material (Australia) that recorded during the Q2, an increase in the valuation of JPYC (Japan) was recorded during the Q3. The valuation of Gorilla Technology's NASDAQ listing plan, announced during the Q3, is not included.

“Investment valuation change” is included in “Other Income” in the Condensed Quarterly Consolidated Statement of Profit or Loss.

(2) Explanation of financial position

[1] Explanation of Financial Position (Assets)

Total assets as of December 2021 were Yen 9,289.5mn, up Yen 1,382.1mn compared to March 31, 2021. This owed mainly to increase of Yen 868.4.6mn in other financial assets and Yen 324.4mn in property, plant, and equipment (mainly right-of-use assets).

(Liabilities)

Total liabilities as of December 31, 2021, were Yen 2,736.5mn, up Yen 550.4mn compared to March 31, 2021. This owed mainly to increases of Yen 215.1mn in deferred tax liabilities, Yen 216.2mn in trade and other payables and Yen 160.9mn in other financial liabilities (mainly lease liabilities).

(Equity)

Total equity as of December 31, 2021, was Yen 6,553.0mn, up Yen 831.7mn compared to March 31, 2021. This owed mainly to an increase of Yen 154.3mn in other equity components and Yen 586.3mn in retained earnings.

[2] Explanation of cash flows

The balance of cash and cash equivalents (hereafter "cash") as of December 31, 2021, was Yen 2,486.3mn, up Yen 34.9mn compared to March 31, 2021.

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 304.3mn (compared to cash created of Yen 591.0mn in the same period in FY2020). This was due mainly to the booking of Yen 1,066.9mn in income before income tax and an increase of Yen 734.0mn in other income (mainly investment valuation change).

(Cash flow from investment activities)

Net cash used by investment activities was Yen 47.5mn (compared to cash used of Yen 431.1mn in the same period in FY2020). This owed mainly to Yen 333.4mn used for payments for loan receivables and Yen 111.1mn used for payments for investment purchases against Yen 400.1mn provided from redemption of investment.

(Cash flow from financial activities)

Net cash used by financial activities was Yen 233.5mn (compared to cash used of Yen 294.7mn in the same period in FY2020). This owed mainly to Yen 75.3mn used for payment of dividends and Yen 143.0mn used for repayment of long-term borrowings.

(3) Outlook for consolidated business results, etc.

As stated in the "Notice of Revisions to Consolidated Earnings Forecast Due to Valuation Gains on Securities" disclosed on January 13, 2022, the company expects to record a gain of approximately Yen 3.8bn on valuation of securities in the fiscal year ending March 31, 2022 due to the listing of Gorilla Technology on NASDAQ.

As of February 14, 2022, Gorilla Technology announced that it plans to list its shares in the second quarter of 2022 (April to June 2022). However, the forecast disclosed on January 13, 2022 incorporates a certain amount of assumed risks, including the delay in listing plan, and therefore the forecast remains unchanged.

2. Condensed Quarterly Consolidated Financial Statements and Main Notes

(1) Condensed Quarterly Consolidated Statement of Financial Position

(Thousands of yen)

	As of March 31, 2021	As of December 31, 2021
Assets		
Current assets		
Cash and cash equivalents	2,451,427	2,486,296
Trade and other receivables	256,185	307,415
Inventories	—	438
Other financial assets	—	345,060
Other current assets	79,766	138,887
Total current assets	<u>2,787,378</u>	<u>3,278,096</u>
Non-current assets		
Property, plant and equipment	180,934	505,286
Goodwill	1,014,556	1,035,092
Intangible assets	69,088	81,820
Investments accounted for using the equity method	332,498	335,029
Other financial assets	3,380,190	3,903,504
Other non-current assets	142,800	150,676
Total non-current assets	<u>5,120,065</u>	<u>6,011,408</u>
Total assets	<u>7,907,443</u>	<u>9,289,504</u>

(Thousands of yen)

	As of March 31, 2021	As of December 31, 2021
Liabilities and Equity		
Liabilities		
Current liabilities		
Borrowings	242,800	242,800
Trade and other payables	182,417	398,644
Income taxes payable	99,305	68,987
Other financial liabilities	64,400	45,354
Other current liabilities	624,462	724,406
Total current liabilities	<hr/> 1,213,385	<hr/> 1,480,191
Non-current liabilities		
Provisions	16,500	9,335
Borrowings	643,000	535,900
Deferred tax liabilities	101,370	316,459
Other financial liabilities	210,165	390,090
Other non-current liabilities	1,737	4,535
Total non-current liabilities	<hr/> 972,773	<hr/> 1,256,318
Total liabilities	<hr/> 2,186,157	<hr/> 2,736,508
Equity		
Common stock	2,275,343	2,275,343
Capital surplus	2,452,226	2,455,485
Treasury stock	-532,437	-537,643
Other equity components	-138,219	16,073
Retained earnings	1,486,814	2,073,151
Total equity attributable to owners of the parent	<hr/> 5,543,727	<hr/> 6,282,409
Non-controlling interests	177,559	270,587
Total equity	<hr/> 5,721,286	<hr/> 6,552,995
Total liabilities and equity	<hr/> 7,907,443	<hr/> 9,289,504

(2) Condensed Quarterly Consolidated Statement of Profit or Loss

(Thousands of yen)

	Nine Months ended December 31, 2020	Nine Months ended December 31, 2021
Net sales	1,993,512	2,126,931
Cost of goods sales	373,524	342,258
Gross income	1,619,988	1,784,674
Selling, general and administrative expenses	1,206,424	1,539,197
Other income	48,212	734,018
Other expenses	493	6,551
Operating income	461,282	972,944
Finance income	39,540	105,395
Finance costs	83,429	6,201
Equity in earnings of affiliates (Figures in negative represent loss)	1,193	-5,256
Income before income tax	418,586	1,066,883
Income tax expense	126,605	326,595
Net income	291,981	740,287
Attributable net income		
Net income attributable to owners of the parent	293,701	680,325
Attributable to non-controlling interests	-1,720	59,962
Net income	291,981	740,287
Earnings per share		
Basic earnings per share (Yen)	17.83	41.31
Diluted earnings per share (Yen)	17.83	41.31

(3) Condensed Quarterly Consolidated Statement of Comprehensive Income

(Thousands of yen)

	Nine Months ended December 31, 2020	Nine Months ended December 31, 2021
Net income	291,981	740,287
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Financial assets assessed by fair value from other comprehensive income	-31,472	71,419
Total items not transferrable to net income	-31,472	71,419
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	44,216	73,128
Total items transferrable to net income	44,216	73,128
Total other comprehensive income	12,744	144,547
Net comprehensive income	304,725	884,834
Attributable comprehensive net income		
Attributable to owners of the parent	312,814	815,978
Attributable to non-controlling interests	-8,089	68,856
Net comprehensive income	304,725	884,834

(4) Condensed Quarterly Consolidated Statement of Changes in Equity

Attributable to owners of the parent

	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	Total
	Thousands of yen	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	—	—	—	—	—	—
Other comprehensive income	—	—	—	50,585	-31,472	19,112
Total net comprehensive income	—	—	—	50,585	-31,472	19,112
Dividends paid	—	—	—	—	—	—
Purchase of treasury stock	—	—	-6,032	—	—	—
Disposal of treasury stock	—	-3,443	12,857	—	—	—
Share-based payment transactions	—	2,357	—	—	—	—
Transactions with non-controlling interests	—	-12,219	—	—	—	—
Change from transactions with owners	—	-13,305	6,824	—	—	—
Balance as of December 31, 2020	<u>2,275,343</u>	<u>2,461,395</u>	<u>-530,821</u>	<u>-19,951</u>	<u>-211,250</u>	<u>-231,201</u>
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		
	758,336	4,720,420	151,115	4,871,535		
Balance as of April 1, 2020	293,701	293,701	-1,720	291,981		
Net income	—	19,112	-6,369	12,744		
Other comprehensive income	—	—	—	—		
Total net comprehensive income	293,701	312,814	-8,089	304,725		
Dividends paid	-67,166	-67,166	—	-67,166		
Purchase of treasury stock	—	-6,032	—	-6,032		
Disposal of treasury stock	—	9,413	—	9,413		
Share-based payment transactions	—	2,357	—	2,357		
Transactions with non-controlling interests	-11,704	-23,923	-2,107	-26,030		
Change from transactions with owners	-78,870	-85,351	-2,107	-87,458		
Balance as of December 31, 2020	<u>973,167</u>	<u>4,947,883</u>	<u>140,919</u>	<u>5,088,802</u>		

Attributable to owners of the parent

	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	Total
				Thousands of yen	Thousands of yen	
Balance as of April 1, 2021	2,275,343	2,452,226	-532,437	119,415	-257,634	-138,219
Net income	—	—	—	—	—	—
Other comprehensive income	—	—	—	64,234	71,419	135,653
Total net comprehensive income	—	—	—	64,234	71,419	135,653
Dividends paid	—	—	—	—	—	—
Purchase of treasury stock	—	—	-4,971	—	—	—
Disposal of treasury stock	—	63	-234	—	—	—
Share-based payment transactions	—	3,196	—	—	—	—
Transactions with non-controlling interests	—	—	—	—	—	—
Transfer from other equity components to retained earnings	—	—	—	-643	19,281	18,639
Others	—	—	—	—	—	—
Change from transactions with owners	—	3,259	-5,206	-643	19,281	18,639
Balance as of December 31, 2021	2,275,343	2,455,485	-537,643	183,007	-166,934	16,073

	Attributable to owners of the parent		Non-controlling interests	Total equity
	Retained earnings	Total		
	Thousands of yen	Thousands of yen		
Balance as of April 1, 2021	1,486,814	5,543,727	177,559	5,721,286
Net income	680,325	680,325	59,962	740,287
Other comprehensive income	—	135,653	8,894	144,547
Total net comprehensive income	680,325	815,978	68,856	884,834
Dividends paid	-75,639	-75,639	—	-75,639
Purchase of treasury stock	—	-4,971	—	-4,971
Disposal of treasury stock	—	-171	—	-171
Share-based payment transactions	—	3,196	—	3,196
Transactions with non-controlling interests	—	—	24,171	24,171
Transfer from other equity components to retained earnings	-18,639	—	—	—
Others	290	290	—	290
Change from transactions with owners	-93,988	-77,296	24,171	-53,125
Balance as of December 31, 2021	2,073,151	6,282,409	270,587	6,552,995

(5) Condensed Quarterly Consolidated Statement of Cash Flows

(Thousands of yen)

	Nine Months ended December 31, 2020	Nine Months ended December 31, 2021
Cash flow from operating activities		
Income before income tax	418,586	1,066,883
Depreciation and amortization	139,005	131,040
Finance income	-39,540	-105,395
Finance expenses	83,386	6,201
Earnings from equity in affiliates (Figures in negative represent profit)	-1,193	5,256
Other income	-48,212	-734,018
Other expenses	493	6,551
Change in operating receivables and other claims (Figures in negative represent increase)	15,206	-47,121
Change in operating payables and other payables (Figures in negative represent decrease)	-15,063	75,566
Others	<u>104,277</u>	<u>61,030</u>
Subtotal	656,946	465,992
Interest and dividends received	12,681	12,085
Interest paid	-3,125	-5,537
Corporate taxes paid	<u>-75,476</u>	<u>-168,229</u>
Cash flow from operating activities	591,026	304,310
Cash flow from investment activities		
Purchase of property, plant, and equipment	-14,482	-62,529
Proceeds from property, plant, and equipment sales	365	108
Payments for loan receivables	—	-333,390
Purchase of Intangible assets	-318	—
Payments for investment purchases	-406,930	-111,140
Proceeds from sales of shares of affiliated company	—	33,667
Proceeds from redemption of investment	—	400,063
Others	<u>-9,696</u>	<u>25,743</u>
Cash flow from investment activities	-431,060	-47,477
Cash flow from financial activities		
Income from incorporation of non-controlling interests	2,132	23,541
Repayment of long-term borrowings	-107,100	-143,039
Acquisition of interests in subsidiaries from non-controlling interests	-22,029	—
Repayment of lease liabilities	-100,813	-38,733
Dividends paid	-66,864	-75,277
Cash flow from financial activities	<u>-294,673</u>	<u>-233,508</u>
Net change in cash and cash equivalents (Figures in negative represent decrease)	-134,707	23,325
Cash and cash equivalents at beginning of period	2,477,322	2,451,427
Effect of exchange rate changes on cash and cash equivalents	44,807	11,543
Cash and cash equivalents at end of period	<u>2,387,421</u>	<u>2,486,296</u>

(6) Main Notes to Condensed Quarterly Consolidated Financial Statements

(Going concern assumption)

No matters to report.

(Change in accounting policies)

The material accounting policies applied in the quarterly consolidated financial statements are the same as those applied in the consolidated financial statements for the previous fiscal year.

Corporate income tax for the Q3 FY2021 is calculated based on the estimated annual effective tax rate.

The Group applied the following standard from the Q1 FY2021.

IFRS	Summary of addition or change
IFRS 16 Leases	Change in account policies for Covid-19-related rent concessions after June 30,2021

This change permits the selection of simplified accounting procedures related to rent concessions provided to lessees as a direct result of the COVID-19 pandemic. The application period has been extended due to the revision in March 2021.

For COVID-19-related rent concessions which meet the prescribed requirements, this change allows for the selection of simplified accounting procedures for practical purposes without the necessity to assess whether this equates to a modification of the terms of the lease as defined by IFRS 16.

The Group has continued to apply this change for rent concessions which meeting the conditions outlined above.

The impact of the application of this practical expedient is limited.

(Changes in accounting estimation)

During Q1 FY2021, the Group decided to cancel contracts for some of the offices it leases to reduce office space as it transitions to work styles based around remote work shift patterns.

Owing to changes in the evaluation of future lease fees and the execution of cancellation options resulting from notification of contract cancellations, the Group reassessed its lease liabilities. As a result, there were decreases of Yen 58.0mn in lease liabilities and Yen 33.9mn in right-of-use assets, and an increase of Yen 24.1mn in both operating income and income before income tax.

(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.

The "Software Business segment" is made up of the corporate software product businesses the Group has been developing since its establishment as well as the design services business provided by This Place, which was acquired in 2017. The "Investment Business segment" is focused on corporate investments via AVF-1, which was launched in 2019.

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

Q2 FY2020 (April 1, 2020- September 30, 2020)

	Reportable segment			Adjustments ^{*1}	Consolidated
	Software Business	Investment Business	Total		
	(Thousands of yen)	(Thousands of yen)	(Thousands of yen)		
Net sales					
Sales to external customers	1,993,512	-	1,993,512	-	1,993,512
Inter-segment transactions	48	19,102	19,149	-19,149	-
Total	1,993,560	19,102	2,012,661	-19,149	1,993,512
Segment profit (Figures in negative represent loss) ^{*2}	426,239	-13,074	413,166	398	413,564
Other income and expenses					47,718
Finance income					39,540
Finance expenses					83,429
Equity in earnings of affiliates (Figures in negative represent loss)					1,193
Income before income tax					418,586
Other items					
Depreciation and amortization expenses	138,852	153	139,005	-	139,005

(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.

Q2 FY2021 (April 1, 2021- September 30, 2021)

	Reportable segment			Adjustments ^{*1}	Consolidated
	Software Business	Investment Business	Total		
	(Thousands of yen)	(Thousands of yen)	(Thousands of yen)		
Net sales					
Sales to external customers	2,126,931	-	2,126,931	-	2,126,931
Inter-segment transactions	50	20,000	20,050	-20,050	-
Total	2,126,981	20,000	2,146,981	-20,050	2,126,931
Segment profit (Figures in negative represent loss) ^{*2}	266,904	673,233	940,136	158	940,295
Other income and expenses					32,650
Finance income					105,395
Finance expenses					6,201
Equity in earnings of affiliates (Figures in negative represent loss)					-5,256
Income before income tax					1,066,883
Other items					
Depreciation and amortization expenses	130,776	264	131,040	-	131,040

(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. 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.