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.

Asteria

Consolidated Financial Results for the Six Months Ended September 30, 2024 (IFRS)

November 7, 2024

Company name: Asteria Corporation — Tokyo Stock Exchange
Code number: 3853 URL: https://en.asteria.com/
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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 Six Months Ended September 30, 2024 (April 1, 2024 to September 30, 2024)

(1) Consolidated Operating Results(Cumulative)

(% indicates year-on-year changes.)

	Revenue		Adjusted EBITDA		Operating profit		Profit before income tax		Net profit		Net profit attributable to owners of the parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Six Months ended September 30, 2024	1,546	8.3	489	30.8	72	—	(88)	—	(155)	—	(126)	—
Six Months ended September 30, 2023	1,427	—	374	—	(3,546)	—	(3,222)	—	(2,345)	—	(1,997)	—

	Comprehensive net profit	
	Million yen	%
Six Months ended September 30, 2024	(142)	—
Six Months ended September 30, 2023	(1,987)	—

(yen)

	Basic earnings per share	Diluted earnings per share
Six Months ended September 30, 2024	(7.49)	(7.49)
Six Months ended September 30, 2023	(118.90)	(118.90)

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

2. Adjusted EBITDA＝Operating profit＋Depreciation expense ± Other adjustment items (Goodwill impairment, Unrealized acquisition consideration, Unrealized gains and losses related to investment business, etc.)

3. Due to changes in consolidated subsidiaries during the fourth quarter of the fiscal year ended March 31, 2024, the design business has classified as discontinued operations. As a result, revenue, adjusted EBITDA, operating profit and profit before income taxes are presented only in the amounts of continuing operations, which exclude discontinued operations, and net profit and net profit attributable to owners of the parent are presented the total amount of continuing operations and discontinued operations. Therefore, changes from the same period of the previous year are not presented.

(2) Consolidated Financial Position

	Total assets	Total equity	Total equity attributable to owners of the parent	Ratio of equity attributable to owners of the parent
	Million yen	Million yen	Million yen	%
As of September 30, 2024	7,484	5,524	5,421	72.4
As of March 31, 2024	7,587	5,757	5,582	73.6

2. Dividends

(Yen)

	Annual dividends per share				
	End-Q1	End-Q2	End-Q3	Year-end	Total
Fiscal Year Ended March 31, 2024	—	2.00	—	4.50	6.50
Fiscal Year Ending March 31, 2025	—	0.00			
Fiscal Year Ending March 31, 2025 (Forecast)			—	5.00	5.00

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

Regarding the cash dividends for second quarter of the fiscal year ended March 31,2024 (interim dividends), we implemented a commemorative dividend to mark the 25th anniversary of founding.

3. Forecast of Consolidated Results for Fiscal Year Ending March 31, 2025 (April 1, 2024 to March 31, 2025)

（% indicate year-on-year changes）

	Revenue		Operating profit	
	Millions of yen	%	Millions of yen	%
Full year	3,200	10.0	400-550	—

Note: Revisions to the forecast of consolidated results most recently announced: Yes
For details on the revision of the Forecast of Consolidated Results, please refer to the "Notice of Revisions to Consolidated Earnings Forecast" announced today (November 7, 2024).

* 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: None
c) Changes in accounting estimation: None

(3) Number of issued shares (Common Stock)

a) Total number of issued shares at the end of the period (including treasury stock)	As of September 30, 2024	17,491,265 shares	As of March 31, 2024	17,491,265 shares
b) Number of shares of treasury stock at the end of the period	As of September 30, 2024	683,921 Shares	As of March 31, 2024	683,921 shares
c) Average number of shares during the period	Six Months ended September 30, 2024	16,807,344 shares	Six Months ended September 30, 2023	16,795,506 shares

* Review of the attached consolidated quarterly financial statements by certified public accountants or an audit firm: None

* 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. Overview of Business Results, (3) Outlook for consolidated business results, etc.”

(Access to supplementary materials for results and content from the results briefing)
The company plans to hold an online result briefing from 6.00 pm (JST) on Thursday, November 7, 2024. The materials used in the briefing will be posted on our official website, and the briefing video itself will be streamed live on YouTube Live and will also be available on our website later.

○Index of attached materials

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1. Overview of Business Results

(1) Quarterly overview of business results

(Millions of yen)

	Q1 FY2023	Q1 FY2024	YoY growth
Revenue	1,427	1,546	8.3%
Adjusted EBITDA	374	489	30.8%
Operating profit or loss	(3,546)	(72)	－%
Profit or loss before income taxes	(3,222)	(88)	－%
Net profit or loss attributable to owners of the parent	(1,997)	(126)	－%

<Overview of revenue and profit>

The consolidated results for the Six months ended September 30, 2024 (April 1, 2024 - September 30, 2024, hereinafter Q2 FY2024) saw year-over-year (hereinafter YoY) 8.3% increase to ¥1,546mn in revenue.

Regarding profits, although the company recorded a loss due to the sale of all shares of Gorilla Technology Group in the Investment Business, the steady growth of the software business contributed to an operating profit of 72 million yen. Outside of operating activities, the loss before income taxes was 88 million yen due to the impact of exchange rate fluctuations, and the net loss attributable to owners of the parent was 126 million yen.

In addition, due to changes in consolidated subsidiaries in the fiscal year ended March 31, 2024, the design business has been classified as discontinued operations for the purpose of preparing the consolidated financial statements for the same period of the previous year. Based on this accounting treatment, revenue, adjusted EBITDA, operating profit, and profit before income taxes are stated to the amounts for continuing operations excluding discontinued operations.

<Reportable segments>

The company splits its businesses into two reportable segments: the “Software Business segment” and the “Investment Business segment”.

<<Software Business segment>>

(Millions of yen)

	Q2 FY2023	Q2 FY2024	YoY growth
Revenue	1,427	1,546	8.3%

<Overview of revenue>

Data integration middleware “Warp” saw an accelerated shift from license to subscription (monthly billing) products, and the subscription ratio in the Warp business during this interim period was 22% (115% compared to the same period last year). In addition to the continuing increase in needs for integration with human resources and accounting systems, there was an increase in inquiries for no-code tools to overcome the IT system "2025 Cliff", and there was also an increase in demand for system replacement due to the SAP 2027 problem, resulting in a 10% increase in revenue compared to the same period last year.

Mobile app building tool “Platio” has seen an expansion in the scale of usage among clients and a shift to higher-level plans in addition to new orders. In addition, the need to connect on-site data with in-house systems has accelerated, resulting in a 40% increase in revenue compared to the same period last year.

AI/IoT platform “Gravio”, we are making efforts to develop promotional activities for jointly developed AI and IoT services through business collaboration with Malaysian AI company Tapway.

<<Investment Business segment>>

The Investment Business segment invests through Asteria Vision Fund I, L.P. (AVF-1) to D4G (Data, Device, Decentralized, Design) domain, the same as Software Business segment, and the results of its operations on investment valuation change is booked in accordance with IFRS.

(Millions of yen)

	Q2 FY2023	Q2 FY2024	YoY growth
Investment valuation change and gain or loss on sale	(3,803)	(271)	－%

A loss on sale was incurred following the completion of the sale of all shares in Gorilla Technology Group, an AI development company (listed on the NASDAQ in the United States).

(2) Quarterly explanation of financial position

Overview of Assets, Liabilities and Equity

(Assets)

Total assets as of September 30, 2024, were Yen 7,484mn, down Yen 104mn compared to March 31, 2024. This owed mainly to an increase of Yen 1,150mn in cash and cash equivalents against the decrease of Yen 1,167mn in other financial assets (mainly investment securities).

(Liabilities)

Total liabilities were Yen 1,960mn, up Yen 129mn compared to March 31, 2024. This owed mainly to an increase of Yen 170mn in other current liabilities.

(Equity)

Total equity was Yen 5,524mn, down Yen 233mn compared to March 31, 2024. This owed mainly to a decrease of Yen 186mn in retained earnings in Q2 FY2024.

(3) Outlook for consolidated business results, etc.

In light of recent performance trends, the company have revised the Forecast of Consolidated Results for the full fiscal year ending March 2025 (April 1, 2024 to March 31, 2025) announced on June 20, 2024. For details, please refer to the "Notice of Revisions to Consolidated Earnings Forecast" announced today (November 7, 2024).

2. Condensed Quarterly Consolidated Financial Statements and Main Notes

(1) Condensed Quarterly Consolidated Statement of Financial Position

(Thousands of yen)

	As of March 31, 2024	As of September 30, 2024
Assets		
Current assets		
Cash and cash equivalents	1,731,347	2,880,974
Trade and other receivables	176,719	180,814
Inventories	2,643	3,343
Other financial assets	454,200	—
Other current assets	141,630	73,797
Total current assets	2,506,539	3,138,927
Non-current assets		
Property, plant and equipment	938,202	838,669
Intangible assets	241,420	288,098
Investments accounted for using the equity method	133,205	124,510
Deferred tax assets	292,907	325,654
Other financial assets	3,295,411	2,582,692
Other non-current assets	179,657	185,076
Total non-current assets	5,080,801	4,344,699
Total assets	7,587,340	7,483,626

(Thousands of yen)

	As of March 31, 2024	As of September 30, 2024
Liabilities and Equity		
Liabilities		
Current liabilities		
Borrowings	242,800	242,800
Trade and other payables	113,125	112,247
Income taxes payable	–	115,257
Other financial liabilities	64,542	41,631
Other current liabilities	827,910	997,903
Total current liabilities	1,248,377	1,509,837
Non-current liabilities		
Provisions	9,393	9,406
Borrowings	214,600	143,200
Other financial liabilities	357,999	297,376
Total non-current liabilities	581,992	449,982
Total liabilities	1,830,369	1,959,819
Equity		
Common stock	2,275,343	2,275,343
Capital surplus	2,522,045	2,522,045
Treasury stock	(505,334)	(505,334)
Other equity components	746,648	770,997
Retained earnings	543,361	357,856
Total equity attributable to owners of the parent	5,582,064	5,420,908
Non-controlling interests	174,907	102,900
Total equity	5,756,971	5,523,807
Total liabilities and equity	7,587,340	7,483,626

(2) Condensed Quarterly Consolidated Statement of Profit or Loss

(Thousands of yen)

	Six Months ended September 30, 2023	Six Months ended September 30, 2024
Continuing operations		
Revenue	1,427,242	1,545,977
Cost of sales	120,785	167,753
Gross income	1,306,457	1,378,225
Selling, general and administrative expenses	1,053,419	1,038,578
Other income	3,377	4,215
Other expenses	3,802,813	271,440
Operating profit or loss	(3,546,399)	72,422
Finance income	337,051	10,882
Finance costs	7,549	165,536
Equity in earnings of affiliates	(5,217)	(5,960)
Profit or loss before income tax	(3,222,114	(88,192)
Income tax expense	(715,762)	66,669
Net profit or loss from continuing operations	(2,506,351)	(154,861)
Discontinued operations		
Net profit or loss from discontinued operations	161,329	—
Net profit or loss	(2,345,023)	(154,861)
Attributable net profit or loss		
Net profit attributable to owners of the parent	(1,996,924)	(125,874)
Attributable to non-controlling interests	(348,099)	(28,987)
Net profit or loss	(2,345,023)	(154,861)
Earnings per share		
Basic earnings per share (Yen)		
Continuing operations	(128.50)	(7.49)
Discontinued operations	9.61	—
Total	(118.90)	(7.49)
Diluted earnings per share (Yen)		
Continuing operations	(128.50)	(7.49)
Discontinued operations	9.61	—
Total	(118.90)	(7.49)

(3) Condensed Quarterly Consolidated Statement of Comprehensive Income

(Thousands of yen)

	Six Months ended September 30, 2023	Six Months ended September 30, 2024
Profit or loss for the period	(2,345,023)	(154,861)
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Financial assets measured at fair value through other comprehensive income	136,798	(113)
Total items that will not be reclassified to profit or loss	136,798	(113)
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	221,568	13,074
Total items may be reclassified to profit or loss	221,568	13,074
Total other comprehensive profit or loss	358,365	12,960
Total comprehensive income	(1,986,657)	(141,901)
Comprehensive income attributable to		
Owners of the parent	(1,673,774)	(69,893)
Non-controlling interests	(312,883)	(72,007)
Total comprehensive income	(1,986,657)	(141,901)

(4) Condensed Quarterly Consolidated Statement of Cash Flows

(Thousands of yen)

	Six Months ended September 30, 2023	Six Months ended September 30, 2024
Cash flow from operating activities		
Profit or loss before income tax	(3,222,114)	(88,192)
Depreciation and amortization	88,787	114,611
Finance income	(337,051)	(10,882)
Finance expenses	7,549	165,536
Earnings from equity in affiliates (Figures in negative represent profit)	5,217	5,960
Other income	(3,377)	(4,215)
Other expenses	3,802,813	271,440
Change in accounts receivable and other claims (Figures in negative represent increase)	(4,397)	(4,095)
Change in accounts payable and other payables (Figures in negative represent decrease)	(149,832)	(907)
Others	5,908	5,584
Subtotal	193,503	454,841
Interest and dividends received	2,115	68,113
Interest paid	(2,354)	(2,822)
Corporate taxes paid or refund	(66,528)	37,609
Net cash provided by (used in) operating activities from discontinued operations	(97,130)	―
Cash flow for operating activities	29,606	557,740
Cash flow from investment activities		
Purchase of property, plant, and equipment	(93,031)	(4,670)
Proceeds from property, plant, and equipment sales	―	62
Purchase of intangible assets	(284)	―
Proceeds from collection of loans receivable	―	470,760
Proceeds from redemption and sales of investment	―	336,771
Payments for investment purchases	(64,050)	―
Others	(6,822)	(6,267)
Net cash provided by (used in) investment activities from discontinued operations	(355)	―
Cash flow from investment activities	(164,542)	796,657
Cash flow from financial activities		
Repayment of long-term borrowings	(71,400)	(71,400)
Repayment of lease liabilities	(24,145)	(25,000)
Dividends paid	(75,155)	(75,299)
Income from incorporation of non-controlling interests	2,670	3,062
Distributions to non-controlling interests	―	(15,629)
Net cash provided by (used in) financial activities from discontinued operations	(6,203)	―
Cash flow from financial activities	(174,232)	(184,266)
Net change in cash and cash equivalents (Figures in negative represent decrease)	(309,168)	1,170,130
Cash and cash equivalents at beginning of period	1,743,642	1,731,347
Effect of exchange rate changes on cash and cash	66,630	(20,504)

equivalents		
Cash and cash equivalents at end of period	1,501,103	2,880,974

(5) Main Notes to Condensed Quarterly Consolidated Financial Statements

(Going concern assumption)

No matters to report.

(Change in accounting policies)

No matters to report.

(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.

At a Board of Directors meeting held on March 8, 2024, our Group resolved to transfer all shares of its consolidated subsidiary, This Place Limited. On March 22, 2024, the shares were transferred to This Place Holdings Limited, which is not an affiliated company. As a result, the design business, previously included in the Software Business Segment, has been classified as a discontinued operation and removed from segment information. Accordingly, the segment information for the previous interim consolidated accounting period has been restated to reflect only the amounts of continuing operations, excluding the discontinued operations.

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

Q2 FY2023 (April 1, 2023- September 30, 2023)

	Reportable segment			Adjustments*1	Consolidated
	Software Business	Investment Business	Total		
	(Thousands of yen)	(Thousands of yen)	(Thousands of yen)	(Thousands of yen)	(Thousands of yen)
Revenue					
Sales to external customers	1,427,242	—	1,427,242	—	1,427,242
Inter-segment transactions	—	—	—	—	—
Total	1,427,242	—	1,427,242	—	1,427,242
Segment profit or loss*2	284,852	(3,834,536)	(3,549,684)	—	(3,549,684)
Other income and expenses					3,286
Finance income					337,051
Finance expenses					7,549
Equity in earnings of affiliates (Figures in negative represent loss)					(5,217)
Profit or loss before income tax					(3,222,114)
Other items					
Depreciation and amortization expenses	88,680	107	88,787	—	88,787

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

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

Q2 FY2024 (April 1, 2024- September 30, 2024)

	Reportable segment			Adjustments[*1]	Consolidated
	Software Business	Investment Business	Total		
	(Thousands of yen)	(Thousands of yen)	(Thousands of yen)	(Thousands of yen)	(Thousands of yen)
Revenue					
Sales to external customers	1,545,977	—	1,545,977	—	1,545,977
Inter-segment transactions	—	—	—	—	—
Total	1,545,977	—	1,545,977	—	1,545,977
Segment profit or loss[*2]	374,110	(305,901)	68,209	—	68,209
Other income and expenses					4,213
Finance income					10,882
Finance expenses					165,536
Equity in earnings of affiliates (Figures in negative represent loss)					(5,960)
Profit or loss before income tax					(88,192)
)Other items					
Depreciation and amortization expenses	114,521	90	114,611	—	114,611

(Notes) *1 “Adjustments” indicates mainly elimination of inter-segment transactions.
*2 Segment profit or loss calculated by deducting Cost of goods sales and Sales, general and administrative expenses from revenue. Of other income and expenses, valuation gains / losses on investments measured at fair value through profits / losses held by AVF-1 are transferred to segment profits of the Investment Business.

(Notes on significant changes in shareholders’ equity)
None

(Significant subsequent events)
None