

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 Six Months Ended September 30, 2022 (IFRS)

November 10, 2022

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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, 2022 (April 1, 2022 to September 30, 2022)

(1) Consolidated Operating Results

(% indicate year-on-year changes)

	Revenue		Operating profit		Profit before income taxes		Profit for the period		Profit attributable to owners of the parent		Total comprehensive income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six Months ended September 30, 2022	1,711	25.0	4,685	443.5	5,198	484.5	3,758	509.7	3,349	499.3	4,800	574.0
Six Months ended September 30, 2021	1,368	2.1	862	155.6	889	172.5	616	160.6	559	134.7	712	218.3

	Basic earnings per share		Diluted earnings per share	
	Yen		Yen	
Six Months ended September 30, 2022	199.44		199.44	
Six Months ended September 30, 2021	33.93		33.93	

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

(2) Consolidated Financial Position

	Total assets		Total equity		Total equity attributable to owners of parent		Ratio of equity attributable to owners of parent	
	Millions of yen		Millions of yen		Millions of yen		%	
As of September 30, 2022	18,916		13,708		12,541		66.3	
As of March 31, 2022	12,595		8,981		8,357		66.3	

2. Dividends

	Annual dividends per share				
	End-Q1	End-Q2	End-Q3	Year-end	Total
Fiscal Year Ended March 31, 2022	—	0.00	—	4.50	4.50
Fiscal Year Ending March 31, 2023	—	0.00			
Fiscal Year Ending March 31, 2023 (forecast)			—	—	—

Note: Revisions to the forecast of dividends since the last announcement: None
 Year-end dividend for the fiscal year ending March 31, 2023 currently undetermined.

3. Forecast of Consolidated Results for Fiscal Year Ending March 31, 2023 (April 1, 2022 to March 31, 2023)

(% indicate year-on-year changes)

	Revenue		Operating profit		Profit before income taxes		Profit 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	3,700	24.7	1,400	-59.4	1,400	-64.9	800	-68.1	47.64	
			~5,100	~48.0	~5,100	~28.0	~3,200	~27.5	~190.56	

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: 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, 2022	17,491,265 shares	As of March 31, 2022	17,491,265 shares
b) Number of shares of treasury stock at the end of the period	As of September 30, 2022	696,548 shares	As of March 31, 2022	699,092 shares
c) Average number of shares during the period	Six Months ended September 30, 2022	16,792,694 shares	Six Months ended September 30, 2021	16,468,734 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 Thursday, November 10, 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 six months ended September 30, 2022 (April 1, 2022 - September 30, 2022, hereinafter Q2 FY2022) saw year-over-year (hereinafter YoY) 25.0% increase to ¥1,710.6mn in revenue. This was due to a 14.7% YoY increase in the Software Business and a 96.6% YoY increase in the Design Business.

Regarding profits, in addition to the strong performance of the Software Business, which has a high gross profit margin, the company recognized an unrealized gain of ¥4,534.1mn in the Investment Business via Asteria Vision Fund I, L.P. (AVF-1).

As a result, operating profit amounted to ¥4,685.3 mn (YoY +443.5%), profit before income taxes to ¥5,198.2 mn (YoY +484.5%) and profit attributable to owners of the parent to ¥3,349.2 mn (YoY +499.3%).

<Group business initiatives>

The Group flexibly switches between office work and telework, in line with the situation of COVID-19 infection in each operating region and ensure both the smooth running of the business and the safety of our employees.

In addition, satellite offices have been established in Japan to promote new work styles with multiple workplace options.

As we see the rapid shift toward digitalization caused by the global pandemic as an irreversible trend, we will focus our investments in the "D4G" (Data, Device, Decentralized, Design for Green) domain which is believed to grow significantly over the next few years. In September, a decision was made to form a second fund through investment subsidiary Asteria Vision Fund to strengthen investment in this domain. In the same month, the company established the "No Code Promotion Association" as one of the founding companies for the purpose of transforming the software culture through no-code. It will promote DX, that contributes to improving the productivity of companies and society through awareness-raising activities.

Consolidated results for Q2 FY2022 were as follows:

(Millions of yen)

	Q2 FY2021	Q2 FY2022	YoY growth
Revenue	1,368.5	1,710.6	25.0%
Operating profit	862.0	4,685.3	443.5%
Profit before income taxes	889.4	5,198.2	484.5%
Profit attributable to owners of the parent	558.8	3,349.2	499.3%

<<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 Asteria Vision Fund (AVF)-1, which was launched in 2019.

<<Software Business segment>>

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

<Software>

(Millions of yen)

	Q2 FY2021	Q2 FY2022	YoY growth
Revenue	1,197.0	1,373.4	14.7%

Revenue of data integration middleware "Warp" was strong in all series due to the expansion of new demand for connecting cloud services and in-house systems in various industries and the continued expansion of IT investments in response to the revised electronic books preservation act. Notably, revenue of its licensed version increased by approximately 20% YoY due to the new customer acquisition and additional orders from existing customers as a result of promotional activities emphasizing no-code benefits with sales partners and companies that are strengthening product collaboration.

AI-equipped IoT integration edgware "Gravio" focused on sales promotion and marketing activities in collaboration with domestic and overseas partner companies. Recently, due to the review of workplaces accompanying the return to the office, there is an increasing need to introduce a system that realizes efficient operations to visualize the flow of people and avoid the 3Cs (Closed spaces, Crowded places and Close-contact settings). In response to this need, inquiries for solutions using "Gravio", which integrates camera, AI, and IoT management, have increased.

Mobile app building tool "Platio" is attracting attention as a no-code tool that enables on-site DX and in-house production of various apps and receiving strong inquiries about workplace safety measures, making apps for various inspection works and from tourism businesses. Collaboration with sales partners is actively developed to increase orders.

Business negotiation support app "Handbook X", which was launched in February 2022, has received wide range of needs, particularly from sales staff, and has been highly evaluated for its ease of introduction and access to various content.

<Design>

(Millions of yen)

	Q2 FY2021	Q2 FY2022	YoY growth
Revenue	171.5	337.2	96.6%

Revenue increased YoY due to the acquisition of new customers in the U.S. and additional orders from existing customers in the U.K. and the U.S.

<<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 in the "D4G" (Data, Device, Decentralized, Design for Green) domain, and the results of its operations on investment valuation change is booked in accordance with IFRS.

(Millions of yen)

	Q2 FY2021	Q2 FY2022	YoY growth
Investment valuation change	655.7	4,534.1	691.4%

The increase was mainly due to an increase in the valuation of AI development company Gorilla Technology Group Inc.(Taiwan) and space venture Space X (U.S.).

"Investment valuation change" is included in "Other Income" or "Other Expenses" 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 September 30, 2022, were Yen 18,915.6mn, up Yen 6,320.9mn compared to March 31, 2022. This owed mainly to increase of Yen 6,060.5mn in other financial assets (mainly investment securities).

(Liabilities)

Total liabilities were Yen 5,207.8mn, up Yen 1,594.4mn compared to March 31, 2022. This owed mainly to increase of Yen 1,613.4mn in deferred tax liabilities against decreases of Yen 305.7mn in trade and other payables.

(Equity)

Total equity was Yen 13,707.8mn, up Yen 4,726.5mn compared to March 31, 2022. This owed mainly to an increase of Yen 933.6mn in other equity components, Yen 3,248.4mn in retained earnings and 542.5 mn in non-controlling interests.

[2] Explanation of cash flows

The balance of cash and cash equivalents (hereafter "cash") as of September 30, 2022, was Yen 1,774.4mn, down Yen 41.7mn compared to March 31, 2022.

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 141.7mn (compared to cash created of Yen 196.1mn in the same period in FY2021). This was due mainly to the booking of Yen 5,198.2mn in profit before income taxes against the booking of Yen 4,541.3mn in other income (mainly investment valuation change) and decrease of Yen 307.6mn in trade and other payables.

(Cash flow from investment activities)

Net cash used by investment activities was Yen 34.1mn (compared to cash used of Yen 374.6mn in the same period in FY2021). This owed mainly to Yen 310.9mn used for purchase of property, plant, and equipment and Yen 147.9mn used for payments for investment purchases.

(Cash flow from financial activities)

Net cash used by financial activities was Yen 173.7mn (compared to cash used of Yen 209.8mn in the same period in FY2021). This owed mainly to Yen 75.5mn used for payment of dividends and Yen 71.4mn used for repayment of long-term borrowings.

(3) Outlook for consolidated business results, etc.

There is no change from the consolidated performance forecasts announced on Aug. 12, 2022.

2. Condensed Quarterly Consolidated Financial Statements and Main Notes

(1) Condensed Quarterly Consolidated Statement of Financial Position

(Thousands of yen)

	As of March 31, 2022	As of September 30, 2022
Assets		
Current assets		
Cash and cash equivalents	1,816,106	1,774,369
Trade and other receivables	391,602	448,555
Inventories	4,211	5,122
Other financial assets	375,804	10,134
Other current assets	234,898	140,223
Total current assets	<u>2,822,621</u>	<u>2,378,403</u>
Non-current assets		
Property, plant and equipment	503,157	789,047
Goodwill	449,860	452,096
Intangible assets	94,117	120,439
Investments accounted for using the equity method	352,009	371,170
Other financial assets	8,217,730	14,643,906
Other non-current assets	155,224	160,534
Total non-current assets	<u>9,772,098</u>	<u>16,537,193</u>
Total assets	<u>12,594,718</u>	<u>18,915,596</u>

(Thousands of yen)

	As of March 31, 2022	As of September 30, 2022
Liabilities and Equity		
Liabilities		
Current liabilities		
Borrowings	242,800	242,800
Trade and other payables	530,308	224,582
Income taxes payable	—	189,196
Other financial liabilities	43,510	47,472
Other current liabilities	656,093	840,726
Total current liabilities	1,472,711	1,544,775
Non-current liabilities		
Provisions	9,341	9,354
Borrowings	500,200	428,800
Deferred tax liabilities	1,240,632	2,854,080
Other financial liabilities	385,824	366,488
Other non-current liabilities	4,648	4,256
Total non-current liabilities	2,140,646	3,662,978
Total liabilities	3,613,357	5,207,754
Equity		
Common stock	2,275,343	2,275,343
Capital surplus	2,457,037	2,458,996
Treasury stock	-538,012	-538,012
Other equity components	258,934	1,192,567
Retained earnings	3,903,237	7,151,665
Total equity attributable to owners of the parent	8,356,539	12,540,559
Non-controlling interests	624,823	1,167,283
Total equity	8,981,362	13,707,842
Total liabilities and equity	12,594,718	18,915,596

(2) Condensed Quarterly Consolidated Statement of Profit or Loss

(Thousands of yen)

	Six Months ended September 30, 2021	Six Months ended September 30, 2022
Revenue	1,368,473	1,710,618
Cost of goods sales	225,879	299,620
Gross income	1,142,594	1,410,998
Selling, general and administrative expenses	965,398	1,266,980
Other income	688,275	4,541,340
Other expenses	3,477	64
Operating profit	861,995	4,685,294
Finance income	35,601	564,140
Finance costs	4,327	52,907
Equity in earnings of affiliates (Figures in negative represent loss)	-3,907	1,649
Profit before income taxes	889,361	5,198,175
Income tax expense	272,886	1,439,766
Profit for the period	616,475	3,758,410
Profit for the period attributable to		
Owners of the parent	558,825	3,349,174
Non-controlling interests	57,650	409,235
Profit for the period	616,475	3,758,410
Earnings per share		
Basic earnings per share (Yen)	33.93	199.44
Diluted earnings per share (Yen)	33.93	199.44

(3) Condensed Quarterly Consolidated Statement of Comprehensive Income

(Thousands of yen)

	Six Months ended September 30, 2021	Six Months ended September 30, 2022
Profit for the period	616,475	3,758,410
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Financial assets measured at fair value through other comprehensive income	98,631	195,378
Total items that will not be reclassified to profit or loss	98,631	195,378
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	-2,875	846,367
Total items may be reclassified to profit or loss	-2,875	846,367
Total other comprehensive income	95,756	1,041,745
Total comprehensive income	712,232	4,800,155
Comprehensive income attributable to		
Owners of the parent	651,877	4,257,694
Non-controlling interests	60,355	542,461
Total comprehensive income	712,232	4,800,155

(4) Condensed Quarterly Consolidated Statement of Changes in Equity

Attributable to owners of the parent

	Attributable to owners of the parent			Other equity components		Total
	Capital stock	Capital surplus	Treasury stock	Translation difference for overseas business units	Financial assets measured at fair value through 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, 2021	2,275,343	2,452,226	-532,437	119,415	-257,634	-138,219
Profit for the period	—	—	—	—	—	—
Other comprehensive income	—	—	—	-5,580	98,631	93,052
Total net comprehensive income	—	—	—	-5,580	98,631	93,052
Dividends paid	—	—	—	—	—	—
Purchase of treasury stock	—	—	-4,971	—	—	—
Share-based payment transactions	—	1,474	—	—	—	—
Transfer from other equity components to retained earnings	—	—	—	-643	19,281	18,639
Others	—	—	—	—	—	—
Change from transactions with owners	—	1,474	-4,971	-643	19,281	18,639
Balance as of September 30, 2021	2,275,343	2,453,700	-537,409	113,193	-139,722	-26,529

	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
Balance as of April 1, 2021	1,486,814	5,543,727	177,559	5,721,286
Profit for the period	558,825	558,825	57,650	616,475
Other comprehensive income	—	93,052	2,705	95,756
Total net comprehensive income	558,825	651,877	60,355	712,232
Dividends paid	-75,639	-75,639	—	-75,639
Purchase of treasury stock	—	-4,971	—	-4,971
Share-based payment transactions	—	1,474	—	1,474
Transfer from other equity components to retained earnings	-18,639	—	—	—
Others	290	290	—	290
Change from transactions with owners	-93,988	-78,846	—	-78,846
Balance as of September 30, 2021	1,951,651	6,116,757	237,914	6,354,671

Attributable to owners of the parent

	Attributable to owners of the parent					
	Capital stock	Capital surplus	Treasury stock	Other equity components		
				Translation difference for overseas business units	Financial assets measured at fair value through other comprehensive income	Total
Thousands of yen	Thousands of yen	Thousands of yen	Thousands of yen	Thousands of yen	Thousands of yen	Thousands of yen
Balance as of April 1, 2022	2,275,343	2,457,037	-538,012	414,921	-155,986	258,934
Profit for the period	—	—	—	—	—	—
Other comprehensive income	—	—	—	713,142	195,378	908,520
Total net comprehensive income	—	—	—	713,142	195,378	908,520
Dividends paid	—	—	—	—	—	—
Purchase of treasury stock	—	—	—	—	—	—
Share-based payment transactions	—	1,959	—	—	—	—
Transfer from other equity components to retained earnings	—	—	—	—	25,113	25,113
Transactions with non-controlling interests	—	—	—	—	—	—
Others	—	—	—	—	—	—
Change from transactions with owners	—	1,959	—	—	25,113	25,113
Balance as of September 30, 2022	2,275,343	2,458,996	-538,012	1,128,063	64,504	1,192,567

	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
Balance as of April 1, 2022	3,903,237	8,356,539	624,823	8,981,362
Profit for the period	3,349,174	3,349,174	409,235	3,758,410
Other comprehensive income	—	908,520	133,226	1,041,745
Total net comprehensive income	3,349,174	4,257,694	542,461	4,800,155
Dividends paid	-75,633	-75,633	—	-75,633
Purchase of treasury stock	—	—	—	—
Share-based payment transactions	—	1,959	—	1,959
Transfer from other equity components to retained earnings	-25,113	—	—	—
Transactions with non-controlling interests	—	—	—	—
Others	—	—	—	—
Change from transactions with owners	-100,746	-73,675	—	-73,675
Balance as of September 30, 2022	7,151,665	12,540,559	1,167,283	13,707,842

(5) Condensed Quarterly Consolidated Statement of Cash Flows

(Thousands of yen)

	Six Months ended September 30, 2021	Six Months ended September 30, 2022
Cash flow from operating activities		
Profit before income taxes	889,361	5,198,175
Depreciation and amortization	100,544	64,215
Finance income	-35,601	-564,140
Finance expenses	4,327	52,907
Earnings from equity in affiliates (Figures in negative represent profit)	3,907	-1,649
Other income	-688,275	-4,541,340
Other expenses	3,477	64
Change in operating receivables and other claims (Figures in negative represent increase)	-91,279	-48,057
Change in operating payables and other payables (Figures in negative represent decrease)	-17,806	-307,641
Others	116,911	187,560
Subtotal	285,566	40,096
Interest and dividends received	30,671	39,920
Interest paid	-3,787	-3,611
Corporate taxes paid	-116,301	65,256
Cash flow from operating activities	196,149	141,662
Cash flow from investment activities		
Purchase of property, plant, and equipment	-31,504	-310,948
Proceeds from property, plant, and equipment sales	43	—
Payments for loans receivable	-333,390	—
Purchase of Intangible assets	—	-218
Proceeds from collection of loans receivable	—	431,590
Payments for investment purchases	-109,810	-147,933
Proceeds from sales and redemption of investment	100,000	—
Others	98	-6,555
Cash flow from investment activities	-374,563	-34,065
Cash flow from financial activities		
Repayment of long-term borrowings	-107,339	-71,400
Repayment of lease liabilities	-27,301	-26,844
Dividends paid	-75,196	-75,453
Cash flow from financial activities	-209,837	-173,697
Net change in cash and cash equivalents (Figures in negative represent decrease)	-388,250	-66,101
Cash and cash equivalents at beginning of period	2,451,427	1,816,106
Effect of exchange rate changes on cash and cash equivalents	-12,208	24,364
Cash and cash equivalents at end of period	2,050,969	1,774,369

(6) Main Notes to Condensed Quarterly Consolidated Financial Statements

(Going concern assumption)

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.

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 revenue, profits and losses, and assets by reportable segment

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)	(Thousands of yen)	(Thousands of yen)
Revenue					
Sales to external customers	1,368,473	—	1,368,473	—	1,368,473
Inter-segment transactions	33	13,177	13,210	-13,210	—
Total	1,368,506	13,177	1,381,683	-13,210	1,368,473
Segment profit (Figures in negative represent loss) *2	192,051	640,684	832,735	210	832,945
Other income and expenses					29,050
Finance income					35,601
Finance expenses					4,327
Equity in earnings of affiliates (Figures in negative represent loss)					-3,907
Profit before income taxes					889,361
Other items					
Depreciation and amortization expenses	100,370	174	100,544	—	100,544

(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 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 FY2022 (April 1, 2022- September 30, 2022)

	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	1,710,618	—	1,710,618	—	1,710,618
Inter-segment transactions	80	16,081	16,161	-16,161	—
Total	<u>1,710,699</u>	<u>16,081</u>	<u>1,726,779</u>	<u>-16,161</u>	<u>1,710,618</u>
Segment profit (Figures in negative represent loss) ^{*2}	<u>158,913</u>	<u>4,519,713</u>	<u>4,678,626</u>	<u>-470</u>	<u>4,678,156</u>
Other income and expenses					7,138
Finance income					564,140
Finance expenses					52,907
Equity in earnings of affiliates (Figures in negative represent loss)					1,649
Profit before income taxes					<u>5,198,175</u>
Other items					
Depreciation and amortization expenses	64,003	212	64,215	—	64,215

(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 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.

(Significant subsequent events)

No matters to report.