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November 11, 2021

Consolidated Financial Results for the First Six-Months Period of the Fiscal Year Ending March 31, 2022 (Under Japanese GAAP)



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 Listing: Tokyo Mothers
 Securities code: 4436
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 Scheduled date to file quarterly securities report: November 11, 2021
 Scheduled date to commence dividend payments: -
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results briefing: Yes (for institutional investors and analysts)

(Yen amounts are rounded down to millions, unless otherwise noted.)

1. Consolidated financial results for the six months ended September 30, 2021 (from April 1, 2021 to September 30, 2021)

(1) Consolidated operating results (cumulative) (% indicates changes from the previous corresponding period.)

	Net sales		EBITDA		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Six months ended										
September 30, 2021	2,427	37.4	623	24.5	304	15.8	265	7.1	149	13.9
September 30, 2020	1,766	-	501	-	262	-	247	-	131	-

Note: Comprehensive income For the six months ended September 30, 2021: ¥161 million (3.0)%
 For the six months ended September 30, 2020: ¥166 million -%

	Basic earnings per share	Diluted earnings per share
Six months ended	Yen	Yen
September 30, 2021	10.28	10.08
September 30, 2020	9.54	9.36

Notes:

- Since the quarterly consolidated financial statements have been prepared from the third quarter of the fiscal year ended March 31, 2020, the change in the second quarter of the fiscal year ended March 31, 2021 from the previous corresponding period is not stated. The Company has established a consolidated subsidiary, MINKABU ASSET PARTNERS, Inc., on September 1, 2021.
- EBITDA is calculated as 'Operating profit + Depreciation + Amortization of goodwill'

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Book value per share
	Million yen	Million yen	%	Yen
September 30, 2021	9,669	7,533	75.2	487.54
March 31, 2021	6,989	4,215	56.0	283.42

Reference: Equity

As of September 30, 2021: ¥7,266 million
 As of March 31, 2021: ¥3,916 million

2. Dividends

	Annual dividends per share				
	End of first quarter	End of second quarter	End of third quarter	Fiscal year end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2021	-	0.00	-	18.00	18.00
Fiscal year ending March 31, 2022	-	0.00			
Fiscal year ending March 31, 2022 (Forecast)			-	18.00	18.00

Note: Revisions to the forecast of cash dividends most recently announced: None

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

(% indicates changes from the previous corresponding period.)

	Net sales		EBITDA		Operating profit		Ordinary profit		Net income attributable to owners of parent		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%	yen
Full year	5,300	27.4	1,680	31.2	1,000	31.7	900	22.6	700	24.0	48.12

Notes:

1. Revisions to the forecast of financial results most recently announced: None
2. EBITDA is calculated as 'Operating profit + Depreciation + Amortization of goodwill'

Notes

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): None

(2) Adoption of accounting treatment specific to the preparation of quarterly consolidated financial statements: Yes

The details are described in “(4) Notes to Quarterly Consolidated Financial Statements (Adoption of accounting treatment specific to the preparation of quarterly consolidated financial statements)” under the “2. Quarterly Consolidated Financial Statements and Principal Notes” section on page 10.

(3) Changes in accounting policies, changes in accounting estimates, and restatement

(i) Changes in accounting policies due to revisions to accounting standards and other regulations: Yes

(ii) Changes in accounting policies due to other reasons: None

(iii) Changes in accounting estimates: None

(iv) Restatement: None

(4) Number of issued shares (common shares)

(i) Total number of issued shares at the end of the period (including treasury shares)

As of September 30, 2021	14,905,100 shares
As of March 31, 2021	13,819,700 shares

(ii) Number of treasury shares at the end of the period

As of September 30, 2021	23 shares
As of March 31, 2021	- shares

(iii) Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year)

Six months ended September 30, 2021	14,546,760 shares
Six months ended September 30, 2020	13,754,039 shares

* Quarterly financial results reports are exempt from quarterly review conducted by certified public accountants or an audit corporation.

* Proper use of earnings forecasts, and other special matters:

The statements regarding forecast of financial results in this report are based on the information that is available to the Company, as well as certain assumptions that are deemed to be reasonable by management, and they are not meant to be a commitment by the Company. Therefore, there might be cases in which actual results differ materially from forecast values due to various factors.

For notes on using earnings projections and assumptions for premises thereof, please refer to “(3) Explanation of Forecast of Consolidated Financial Results and Other Forward-Looking Information” under the “1. Qualitative Information on Quarterly Financial Results” section on page 3.

We plan to hold a financial result briefing for institutional investors and analysts on November 11, 2021. Supplementary materials for financial results will be published on our website on the day of the event.

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1. Qualitative Information on Quarterly Financial Results

(1) Explanation of Results of Operations

On a consolidated basis, the Company raised 2,427,292 thousand yen in sales (37.4% increase YoY), 304,312 thousand yen in operating profit (15.8% increase YoY), 265,166 thousand yen in ordinary profit (7.1% increase YoY), and 149,539 thousand yen in net profit attributable to shareholders of the parent company (13.9% increase YoY), for the second quarter of the current fiscal year. The Company also raised 623,943 thousand yen (24.5% increase YoY) in EBITDA (operating profit + depreciation and amortization + amortization of goodwill), which is one of important measurements the Company thinks for its continuous growth. Both the media segment and solution segment showed steady growth and sales and profits increased year on year, offsetting the temporary inherent expenses (acceleration depreciation of existing facilities associated with the relocation of the new office in general and administrative expenses and financing costs for the capital and business alliance with QUICK Corp. and Nikkei Inc. in non-operating expenses).

Performance by business segment is as follows. The Company acquired shares of Robot Fund Co., Ltd., a SaaS-based information vendor specializing in investment trusts and made it a consolidated subsidiary in the first quarter of the previous fiscal year. Since the acquisition of shares was at the end of the first quarter of the previous fiscal year, the income statement of Robot Fund Co., Ltd. has been consolidated since July 1, 2020. In addition, the Company established MINKABU ASSET PARTNERS, Inc. on September 1, 2021, as a preparation company for registration of financial instruments intermediary service provider for the purpose of developing IFA business for asset builders.

(Media)

The media business records advertisement revenue from information media of “MINKABU,” an asset building information media, “Kabutan,” a stock information specialized media, and those services which the Company operates through business alliances. The media business also records billing services revenue. For the second quarter of the current fiscal year, the total monthly average unique users of media sites the Company operates increased by 330 thousand YoY to 9.1 million, and visitors increased by 2.29 million and to reach 28.44 million. Following the rebranding of “MINKABU,” and the release of the U.S. stock version of “Kabutan” during the first quarter of the current fiscal year, asset management tool “MINKABU ASSET PLANNER,” the first subscription service of “MINKABU,” was released in this second quarter.

In advertising revenue, pure advertising remained firm and continuous use of listing advertising (advertising promotion) contributed to the expansion of sales. As for billing revenue, “Kabutan Premium,” two new services added U.S. stock version and bundled version of Japanese and U.S. stocks on June 2021, contributed to earnings, with an increase of the number of subscribers and shift of users to the bundled version, which has a higher monthly usage fee. The “MINKABU ASSET PLANNER” released on August 28, 2021, records revenue from September.

As a result, consolidated sales of six-months cumulative period of the current fiscal year was 1,034,795 thousand yen (58.0% increase YoY), and segment profit was 322,298 thousand yen (28.5% increase YoY).

(Solution)

The solution business includes revenues from AI driven software content utilized the know-how of the media business and initial and monthly fee of ASP services providing information based fintech solution content assembled from crowd inputs of media sites the Company operates. During the second quarter of the current fiscal year, revenues expanded due to the continuous organic growth, including initial/temporary sales of installation projects.

As a result, consolidated sales of six-months cumulative period of the current fiscal year was 1,399,668 thousand yen (25.4% increase YoY), and segment profit was 300,103 thousand yen (21.8% increase YoY).

(2) Explanation of Financial Position

Assets, Liabilities and Net Assets

(Assets)

Current assets at the end of the second quarter of the current fiscal year was 5,050,682 thousand yen with an increase of 2,175,471 thousand yen from the end of the previous fiscal year. This was mainly due to a decrease of accounts receivable by 226,382 thousand yen, while cash and deposits increased 2,407,249 thousand yen with new shares being issued through the third-party allotment to QUICK Corp. and Nikkei Inc.

Fixed assets totaled 4,618,755 thousand yen with an increase of 504,211 thousand yen from the end of the previous fiscal year. This was mainly due to an increase of 379,408 thousand yen in investment securities as a result of the implementation of capital and business alliances, and an increase of 153,604 thousand yen in total in software and software in progress due to investments in software development.

As a result, total assets amounted to 9,669,438 thousand yen, an increase of 2,679,683 thousand yen from 6,989,754 thousand yen at the end of the previous fiscal year.

(Liability)

Current liabilities at the end of the second quarter of the current fiscal year were 705,544 thousand yen with a decrease of 545,784 thousand yen compared to the end of the previous fiscal year. This was mainly due to a decrease of 500,000 thousand yen in short-term debt as a result of repayment of borrowing under a commitment line agreement used for working capital, a decrease of 20,000 thousand yen in current portion of bond payable, a decrease of 23,372 thousand yen in current portion of long-term borrowings.

Fixed liabilities decreased by 93,089 thousand yen to 1,430,014 thousand yen from the end of the previous fiscal year. This was due to a decrease of 84,908 thousand yen in long-term debt, a decrease of 8,181 thousand yen in deferred tax liabilities.

As a result, total liabilities amounted to 2,135,559 thousand yen, a decrease of 638,873 thousand yen from 2,774,433 thousand yen at the end of the previous fiscal year.

(Net Assets)

Total equity at the end of the second quarter of the current fiscal year were 7,533,878 thousand yen, an increase of 3,318,557 thousand yen from the previous fiscal year at 4,215,321 thousand yen. This was mainly due to an increase of 1,749,762 thousand yen in capital stock and capital surplus, respectively, as a result of the issuance of new shares through third-party allotment to QUICK Corp. and Nikkei Inc. In addition, retained earnings increased by 149,539 thousand yen with 149,539 thousand yen in net income attributable to owners of the parent company recorded in the second quarter of the current fiscal year, while capital surplus decreased by 248,754 thousand yen due to the payment of ordinary dividends from capital surplus, and by 50,767 thousand yen due to the changes in the parent company's equity related to transactions with non-controlling interests due to the additional acquisition of shares of the consolidated subsidiary Prop Tech plus Co., Ltd.

As a result, the equity ratio was 75.2% (56.0% at the end of the previous consolidated fiscal year.)

Cash Flow

Cash and cash equivalents at the end of second quarter of the current fiscal year were 4,254,291 thousand yen, an increase of 2,407,249 thousand yen at the end of previous fiscal year. The status of each category of cash flow and the main reasons are described below.

(Cash Flow from operating activities)

Net cash inflow from operating activities amounted 691,184 thousand yen. In addition to 265,135 thousand yen in profit before income taxes, 274,337 thousand yen in total depreciation, mainly software depreciation associated with growth, and an increase in cash flow due to a decrease in trade receivable of 226,382 thousand yen.

(Cash Flow from investment activities)

Net cash used in investment activities totaled 787,598 thousand yen. This was mainly due to 368,111 thousand yen in purchase of intangible asset, mainly software development investment, and 385,088 thousand yen in purchase of investment securities due to the execution of capital and business alliance.

(Cash Flow from financial activities)

Net cash raised from financial activities amounted 2,503,664 thousand yen. This was mainly due to an increase of 3,476,200 thousand yen from issuance of new shares for the third-party allotment to QUICK Corp. and Nikkei Inc., while decreases of 500,000 thousand yen for short-term debt repayment of borrowing under a commitment line agreement used for working capital, 108,280 thousand yen for long-term borrowings repayment, 248,162 thousand yen for dividend payment, and 96,000 thousand yen for additional acquisition of shares of Prop Tech plus, Co., Ltd. without changes in scope of consolidation.

(3) Explanation of Forecast of Consolidated Financial Results and Other Forward-Looking Information

Based on the recognition of continuous economic uncertainty due to the prolonged spread of Covid-19 for the fiscal year ending March 31, 2022, the Company forecasts that, in addition to the stable growth of existing business lines, the media business will increase billing revenue from introducing new subscription based services of Kabutan U.S. Stock Premium (launched in June 2021) and MINKABU ASEET PLANNER, an asset building management tool, (launched in August 2021), and solutions business will expand initial fee revenue for product installation and recurring revenue from the existing lineup including an expansion of earnings contribution from our subsidiaries of Prop Tech plus Inc., and Robot Fund Co., Ltd.

Impacts from the alliance with QUICK Corp., and Nikkei Inc. are factored in to the extent that can be appropriately expected,

In terms of expenses, the Company estimates amortization of goodwill due to M&A, an increase of depreciation related to growth investment mainly for software, an increase of personnel expenses for continuous growth of business, fixed costs including data acquisition costs related to new services such as "Kabutan U.S. Stock," and advertisement costs to improve service recognition among a wide range of users.

Reflecting these above, the Company forecast consolidated sales of 5,300 million yen (27.4% increase YoY), operating profit of 1,000 million yen (31.7% increase YoY), ordinary profit of 900 million yen (22.6% increase YoY). As for the net income attributable to owners of the parent company, the Company expect 700 million yen (24.0% increase YoY) based on an assumption of estimating tax effects as deferred tax assets for one year in the following fiscal year. In addition, EBITDA is expected to be 1,680 million yen (31.2% increase YoY) after adding depreciation and amortization and goodwill amortization to operating profit. In view of the continuous growth of media traffic and upsells of solution products, initial installation timing, as well as some seasonality of business, business plan for the fiscal year ending March 31, 2022 is heavily weighted toward the second half as the previous fiscal year.

As for the Covid-19 impact, easing of restrictions are underway as the number of infected people decreases, but the Company recognize the necessity to continue to deal with the effects of it and develop a system that can flexibly respond to various changes. In our Group Companies, the elective telework system introduced for all group employees has been established, and we have been able to promote smoothly the continued operation of existing services and the introduction of new services while utilizing IT technology.

2. Quarterly Consolidated Financial Statements and Principal Notes

(1) Quarterly Consolidated Balance Sheets

(Thousands of yen)

	As of March 31, 2021	As of September 30, 2021
ASSETS		
Current Assets:		
Cash and deposit	1,847,041	4,254,291
Account receivables	873,592	647,209
Work in process	16,153	19,559
Supplies	1,419	1,078
Others	140,657	131,253
Allowance for doubtful accounts	(3,652)	(2,709)
Total current assets	2,875,210	5,050,682
Non-current Assets:		
Property, plant and equipment	70,063	89,682
Intangible assets:		
Goodwill	1,022,338	977,044
Clients asset	472,820	452,453
Technology assets	78,833	73,240
Software	1,286,225	1,373,365
Software in progress	258,930	325,394
Others	34,282	33,140
Total intangible assets	3,153,429	3,234,639
Investments and other assets:		
Investments securities	697,083	1,076,492
Guarantee deposits	103,970	131,583
Deferred tax assets	95,870	92,658
Others	9,495	9,066
Allowance for doubtful accounts	(15,367)	(15,367)
Total investment and other assets	891,051	1,294,434
Total fixed assets	4,114,544	4,618,755
Total assets	6,989,754	9,669,438

Note: Amounts are rounded down to the nearest thousand yen.

(Thousands of yen)

	As of March 31, 2021	As of September 30, 2021
LIABILITIES		
Current liabilities:		
Accounts payables	225,025	212,043
Short-term borrowings	500,000	—
Current portion of bond payable	20,000	—
Current portion of long-term borrowings	198,188	174,816
Income tax payable	70,350	135,857
Other allowances	16,165	1,862
Others	221,597	180,964
Total current liabilities	1,251,328	705,544
Non-current liabilities:		
Long-term borrowings	1,456,019	1,371,111
Deferred tax liabilities	67,085	58,903
Total non-current liabilities	1,523,104	1,430,014
Total liabilities	2,774,433	2,135,559
NET ASSETS		
Shareholders' equity		
Share capital	1,762,268	3,513,370
Capital surplus	3,565,598	5,017,178
Retained earnings	(1,441,038)	(1,291,499)
Treasury share	-	(93)
Total shareholders' equity	3,886,827	7,238,955
Accumulated other comprehensive income (loss):		
Valuation difference on available-for-sale securities	29,914	27,870
Total accumulated other comprehensive income (loss)	29,914	27,870
Non-controlling interests	298,579	267,053
Total net assets	4,215,321	7,533,878
Total liabilities and net assets	6,989,754	9,669,438

Note: Amounts are rounded down to the nearest thousand yen.

(2) Quarterly Consolidated Statements of Income and Comprehensive Income
(Quarterly Consolidated Statements of Income)

(Thousands of yen)

	From April 1, 2020 to September 30, 2020	From April 1, 2021 to September 30, 2021
Net Sales	1,766,883	2,427,292
Cost of Sales	977,655	1,316,658
Gross Profit	789,228	1,110,634
Selling, general and administrative expenses	526,491	806,321
Operating profit	262,736	304,312
Non-operating income		
Interest income	10	15
Reversal of allowance for doubtful accounts	—	943
Others	692	58
Total non-operating income	702	1,016
Non-operating expenses		
Interest expense	7,048	5,995
Financing expenses	—	25,729
Acquisition expense	7,000	—
Foreign exchange losses	168	183
Others	1,642	8,254
Total non-operating expenses	15,860	40,162
Ordinary profit	247,579	265,166
Extraordinary income		
Gain on sale of fixed assets	90	—
Subsidiary liquidation gain	4,270	—
Total extraordinary profit	4,360	—
Extraordinary losses		
Loss on retirement of non-current assets	—	31
Loss related to infectious disease	2,050	—
Total extraordinary losses	2,050	31
Profit before income taxes	249,890	265,135
Income taxes (Corporate, residential, enterprise taxes)	100,972	101,889
Quarterly Profit	148,917	163,245
Quarterly profit attributable to non-controlling interests	17,666	13,706
Quarterly profit attributable to owners of parent	131,251	149,539

Note: Amounts are rounded down to the nearest thousand yen.

(Quarterly Consolidated Statements of Comprehensive Income)

(Thousands of yen)

	From April 1, 2020 to September 30, 2020	From April 1, 2021 to September 30, 2021
Quarterly profit	148,917	163,245
Other comprehensive income		
Valuation difference on available-for-sale securities	17,293	(2,044)
Total other comprehensive income	17,293	(2,044)
Quarterly comprehensive income	166,210	161,201
Quarterly comprehensive income attributable to;		
Owners of parent	148,544	147,495
Non-controlling interests	17,666	13,706

Note: Amounts are rounded down to the nearest thousand yen.

(3) Quarterly Consolidated Statement of Cash Flows

(Thousands of yen)

	From April 1, 2020 to September 30, 2020	From April 1, 2021 to September 30, 2021
Cash flows from operating activities		
Profit before income taxes	249,890	265,135
Depreciation	199,745	274,337
Amortization of goodwill	38,534	45,293
Increase (decrease) in allowance for doubtful accounts	1,598	(943)
Interest and dividend income	(10)	(15)
Interest expenses	7,048	5,995
Share issuance costs	242	274
Financing expenses	—	25,729
Loss (gain) on sale and retirement of non-current assets	308	31
Decrease (increase) in Operating Guarantee Deposit	(2,948)	—
Decrease (increase) in trade receivables	104,167	226,382
Decrease (increase) in inventories	(28,330)	(3,065)
Decrease (increase) in other current assets	(7,391)	(40,323)
Increase (decrease) in trade payables	(14,604)	(12,982)
Increase (decrease) in other current liabilities	(11,010)	(27,420)
Increase (decrease) in other provisions	12,226	(14,303)
Other	6,820	1,523
Subtotal	556,286	745,650
Interest and dividends received	10	15
Interest paid	(6,956)	(5,939)
Income taxes paid	(89,713)	(48,541)
Cash flows from operating activities	459,626	691,184
Cash flows from investing activities		
Purchases of property and equipment	(14,833)	(51,892)
Purchases of intangible assets	(306,692)	(368,111)
Purchases of investment securities	(55,875)	(385,088)
Proceeds from sale of investment securities	—	45,594
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	124,292	—
Payments of leasehold and guarantee deposits	(6,287)	(28,100)
Other	410	—
Cash flows from investing activities	(258,986)	(787,598)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(100,000)	(500,000)
Repayments of long-term loans	(147,104)	(108,280)
Payments for redemption of bonds	(25,000)	(20,000)
Proceeds from issuance of new shares	17,507	3,476,200
Purchase of treasury shares	—	(93)
Dividends paid	(219,910)	(248,162)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	—	(96,000)
Cash flows from financing activities	(474,507)	2,503,664
Net increase in cash and cash equivalents	(273,866)	2,407,249
Cash and cash equivalents, beginning of period	2,063,777	1,847,041
Cash and cash equivalents, end of period	1,789,910	4,254,291

Note: Amounts are rounded down to the nearest thousand yen.

(4) Notes to Quarterly Consolidated Financial Statements
(Notes to Going Concern Assumption)

None

(Notes to Significant Changes in the Amount of Shareholders' Equity)

I. For the six-months period ended September 30, 2020 (From April 1, 2020 to September 30, 2020)

1. Dividend payment amount

Resolutions	Type of stock	Total amount of dividends (Thousands of JPY)	Dividends per share (JPY)	Record date	Effective Date	Source of dividends
Board of Directors meeting on May 22, 2020	common stock	219,910	16	31 March 2020	June 9, 2020	Capital surplus

2. Significant Changes in the Amount of Shareholders' Equity

None

II. For the six-months period ended September 30, 2021 (From April 1, 2021 to September 30, 2021)

1. Dividend payment amount

Resolutions	Type of stock	Total amount of dividends (Thousands of JPY)	Dividends per share (JPY)	Record date	Effective Date	Source of dividends
Board of Directors meeting on May 21, 2021	common stock	248,754	18	31 March 2021	June 8, 2021	Capital surplus

2. Significant Changes in the Amount of Shareholders' Equity

On May 31, 2021, the company received payment from QUICK Corp. and Nikkei Inc. for the third-party allotment of new shares to them, with capital and capital reserve increases of 1,749 million yen respectively. In addition, capital surplus decreased by 50 million yen due to an additional acquisition of shares of Prop Tech plus Co., Ltd., a consolidated subsidiary, through a transaction with a non-controlling interest shareholder.

As a result, as of the end of the second quarter of September 30, 2021, capital stock was 3,513 million yen and capital surplus was 5,017 million yen.

(Changes in major subsidiaries during the period)

Not applicable.

It is noted however, because the Company established MINKABU ASSET PARTNERS, Inc., and has included it to the current consolidated subsidiaries in this second quarter period.

(Adoption of Accounting Treatment Specific to Quarterly Consolidated Financial Statements)

(Calculation of tax expenses)

We reasonably estimate an effective tax rate after applying tax effect accounting to income before income taxes for the consolidated fiscal year under review, and adopt a method to calculate tax expenses by multiplying quarter income before taxes by the estimated effective tax rate.

(Changes in Accounting Policies)

(Application of Accounting Standard for Revenue Recognition, etc.)

The Company has applied the Accounting Standard for Revenue Recognition (ASBJ No.29, March 31, 2020; hereinafter, "Accounting Standard for Revenue Recognition"), etc. effective from the beginning of the first quarter of the current consolidated fiscal year ending March 31, 2022, and to recognize the amount expected to be received in exchange for goods or services as revenue when the control of the promised goods or services has been transferred to the customer. The adoption of this accounting standards has not any impact on the consolidated financial statements.

Information of disaggregated revenue from contracts with customers for the first quarter of the previous fiscal year is not disclosed in accordance with the transitional treatment prescribed in Paragraph 28-15 of the "Accounting Standard for Quarterly Financial Reporting" (ASBJ Statement No. 12, March 31, 2020).

(Application of Accounting Standard for Fair Value Measurement)

The Company has applied Accounting Standard for Fair Value Measurement (ASBJ Statement No. 30, July 4, 2019) since the beginning of the first quarter of the current consolidated fiscal year ending March 31, 2022. In accordance with the transitional treatment stipulated in the provision of paragraph 19 in Accounting Standard for Fair Value Measurement and paragraph 44-2 in Accounting Standard for Financial Instruments (ASBJ Statement No. 10, July 4, 2019), the Company will continue to apply the new accounting policy under Accounting standard for Fair Value Measurement. The adoption of this accounting standards has no impact on the consolidated financial statements.

(Additional information)
(Establishment of a subsidiary)

The Company resolved to establish a subsidiary at the Board of Directors held on August 12, 2021, which was officially formed on September 1, 2021.

1 Purpose

The Company established a 100% owned subsidiary “MINKABU ASSET PARTNERS, Inc.” to prepare registration of Financial Instruments Intermediary Service Provider. It will provide professionals’ service “MINKABU ASSET MANAGEMENT” under the registration, as a part of asset building service of “MINKABU.”

In the MINKABU ASSET MANAGEMENT, The Company strengthens its revenue base by adopting new means of revenue source, such as a balance-in-custody-based fee and a commission-based fee.

2 Overview of the subsidiary

- (1) Name MINKABU ASSET PARTNERS, Inc.
- (2) Address 1-8-10, Kudan-kita, Chiyoda-ku, Tokyo
- (3) Representative Masakatsu Saito
- (4) Business non-face-to-face consulting on asset building, financial instruments intermediary
(subject to completion of registration to FSA)
- (5) Share Capital 100 million Yen
- (6) Date of establishment September 1, 2021
- (7) Number of shares issue 2,000 shares
- (8) Ownership ratio 100 %

(Segment Information)

[Segment Information]

I. For the six- months period ended September 30, 2020 (From April 1, 2020 to September 30 ,2020)

1. Information regarding net sales and operating profit or loss by the reportable segments

(Thousands of yen)

	Reportable segments			Adjusted amounts (Notes 1)	Posted amount to the quarterly consolidated statements of income (Notes 2)
	Media	Solution	Total		
Net sales					
Net sales to external customers	654,834	1,112,049	1,766,883	—	1,766,883
Intersegment net sales and transfer	53	3,687	3,740	(3,740)	—
Total	654,887	1,115,736	1,770,624	(3,740)	1,766,883
Segment profit	250,898	246,477	497,375	(234,638)	262,736

Notes:

1. Segment profit adjustment of (234,638) thousand yen is corporate expenses that are not allocated to each reporting segment, and is mainly general and administrative expenses that do not belong to the reporting segment.
2. Segment profit is adjusted with operating income on the quarterly consolidated income statement.

2. Information on impairment loss or goodwill of fixed assets by reporting segment
(Significant impairment loss on fixed assets)
None.

(Significant changes in the amount of goodwill)

In the Solution business segment, the amount of goodwill was tentatively calculated for the business combination with Robot Fund Co., Ltd. during the first quarter consolidated fiscal year ended March 31, 2020. However, the allocation of acquisition costs was completed during the second quarter consolidated fiscal year ended March 31, 2020, treatment has been finalized, and goodwill of 270,376 thousand yen has been recorded. There is no amendment to the amount of goodwill associated with the determination.

(Significant gain on negative goodwill)

None

II. For the six- months period ended September 30, 2021 (From April 1, 2021 to September 30, 2021)

1. Information regarding net sales and operating profit or loss by the reportable segments

	Reportable segments			Adjusted amounts (Notes 1)	(Thousands of yen) Posted amount to the quarterly consolidated statements of income (Note 2)
	Media	Solution	Total		
Net sales					
Revenue from contracts with customers	1,034,795	1,392,497	2,427,292	—	2,427,292
Other revenue	—	—	—	—	—
Net sales to external customers	1,034,795	1,392,497	2,427,292	—	2,427,292
Intersegment net sales and transfer	—	7,171	7,171	(7,171)	—
Total	1,034,795	1,399,668	2,434,463	(7,171)	2,427,292
Segment profit	322,298	300,103	622,401	(318,088)	304,312

Notes:

1. Segment profit adjustment of (318,088) thousand yen is corporate expenses that are not allocated to each reporting segment and is mainly general and administrative expenses that do not belong to the reporting segment.
2. Segment profit is adjusted with operating profit on the quarterly consolidated income statement.

2. Information on impairment loss or goodwill of fixed assets by reporting segment

(Significant impairment loss on fixed assets)

None

(Significant changes in the amount of goodwill)

None

(Significant gain on negative goodwill)

None