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February 14, 2022

Consolidated Financial Results for the Nine-Months Period Ended December 31, 2021 (Under Japanese GAAP)



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 Listing: Tokyo Mothers
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 Scheduled date to file quarterly securities report: February 14, 2022
 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 nine-months period ended December 31, 2021 (from April 1, 2021 to December 31, 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	%
Nine months ended										
December 31, 2021	3,614	31.2	897	18.2	409	5.1	367	(1.2)	203	11.6
December 31, 2020	2,754	59.8	759	71.4	389	78.9	371	74.7	182	30.1

Note: Comprehensive income For the nine months ended December 31, 2021: ¥231 million [(3.1)%]
 For the nine months ended December 31, 2020: ¥239 million [26.8%]

	Basic earnings per share	Diluted earnings per share
Nine months ended	Yen	Yen
December 31, 2021	13.89	13.63
December 31, 2020	13.26	12.99

Notes:

- 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
December 31, 2021	9,509	7,346	75.8	483.26
March 31, 2021	6,989	4,215	56.0	283.42

Reference: Equity
 As of December 31, 2021: ¥7,203 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	47.73

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 “(3) Notes to Quarterly Consolidated Financial Statements (Adoption of Accounting Treatment Specific to Quarterly Consolidated Financial Statements)” under the “2. Quarterly Consolidated Financial Statements and Principal Notes” section on page 9.

(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 December 31, 2021	14,906,100 shares
As of March 31, 2021	13,819,700 shares

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

As of December 31, 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)

Nine months ended December 31, 2021	14,666,673 shares
Nine months ended December 31, 2020	13,765,453 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 4.

We plan to hold a financial result briefing for institutional investors and analysts on February 14, 2022. 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 3,614,338 thousand yen in sales (31.2% increase YoY,) 409,555 thousand yen in operating profit (5.1% increase YoY,) 367,314 thousand yen in ordinary profit (1.2% decrease YoY,) and 203,757 thousand yen in net profit attributable to shareholders of the parent company (11.6% increase YoY,) for the third quarter of the current fiscal year. The Company also raised 897,179 thousand yen (18.2% 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 media segment and solution segment showed steady expansion of sales and maintain strong growth momentum. In addition, for acceleration of midterm growth, the Company actively invested in human resource (recruitment) and upfront investments in development of new products, services and data. Moreover, the Company integrated headquarters of group companies for the purpose of improving the efficiency of organizational cooperation and implemented the capital and business alliance with QUICK Corp. and Nikkei Inc., which have resulted in temporary inherent 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 third quarter of the current fiscal year, the total monthly average unique users of media sites the Company operates increased by 294 thousand YoY to 8.9 million, and visitors increased by 1.85 million and to reach 27.73 million. Adding to continual addition of features to existing websites, the Company rebranded “MINKABU,” and released U.S. stock version of “Kabutan” and asset management tool “MINKABU ASSET PLANNER” during the nine-months period of the third quarter of the current fiscal year.

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, the Company promoted various measures such as addition of new functions for full-scale expansion for “Kabutan Premium,” U.S. stock version, US-Japan bundling version and “MINKABU ASSET PLANNER,” which were launched in the first half of the current fiscal year.

As a result, consolidated sales of nine-months cumulative period of the current fiscal year was 1,548,671 thousand yen (57.7% increase YoY,) and segment profit was 474,320 thousand yen (42.5% 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 third quarter of the current fiscal year, the Company continued to increase revenue due to the continuous organic growth on recurring revenue stock sales such as monthly subscription fees compared to in the same period of the previous fiscal year. On the other hand, there was a partial reaction from the large spot project with a high profit ratio as well as changes in the introduction timing of new projects in the initial and one-time sales of newly introduced projects.

As a result, consolidated sales of nine-months cumulative period of the current fiscal year was 2,079,420 thousand yen (16.8% increase YoY,) and segment profit was 409,190 thousand yen (2.0% decrease YoY).

(2) Explanation of Financial Position

Assets, Liabilities and Net Assets

(Assets)

Current assets at the end of the third quarter of the current fiscal year was 4,658,958 thousand yen with an increase of 1,783,747 thousand yen from the end of the previous fiscal year. This was mainly due to a

decrease of accounts receivable by 283,837 thousand yen, while cash and deposits increased 2,077,799 thousand yen with new shares being issued through the third-party allotment to QUICK Corp. and Nikkei Inc. during the first quarter of the current fiscal year.

Fixed assets totaled 4,850,475 thousand yen with an increase of 735,931 thousand yen from the end of the previous fiscal year. This was mainly due to an increase of 461,322 thousand yen in investment securities as a result of the implementation of capital and business alliances, and an increase of 347,993 thousand yen in total in software and software in progress due to investments in software development.

As a result, total assets amounted to 9,509,434 thousand yen, an increase of 2,519,679 thousand yen from 6,989,754 thousand yen at the end of the previous fiscal year.

(Liability)

Current liabilities at the end of the third quarter of the current fiscal year were 776,549 thousand yen with a decrease of 474,778 thousand yen compared to the end of the previous fiscal year. This was mainly due to 54,959 thousand yen increase in income taxes payable while 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 33,372 thousand yen in current portion of long-term borrowings.

Fixed liabilities decreased by 136,308 thousand yen to 1,386,796 thousand yen from the end of the previous fiscal year. This was due to a decrease of 126,119 thousand yen in long-term debt, a decrease of 10,189 thousand yen in deferred tax liabilities.

As a result, total liabilities amounted to 2,163,346 thousand yen, a decrease of 611,086 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 third quarter of the current fiscal year were 7,346,087 thousand yen, an increase of 3,130,765 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. during the first quarter of the current fiscal year. In addition, retained earnings increased by 203,757 thousand yen with 203,757 thousand yen in net income attributable to owners of the parent company recorded in the third 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 179,664 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 75.8% (56.0% at the end of the previous consolidated fiscal year.)

(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 formulated a business plan at the beginning of the fiscal year 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" and "MINKABU ASEET PLANNER," an asset building management tool, and solutions business formulated expand initial fee revenue for product installation and recurring revenue from the existing lineup including an expansion of earnings contribution from our subsidiaries.

In terms of expenses, the Company incorporates 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 Premium," and advertisement costs to improve service recognition among a wide range of users.

As things have progressed almost in line with the initial plan so far while there are partial changes in product-mix and measures, the Company currently 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, watching for protracted spread of infection and various changes in risk such as rapidly spreading by Omicron variant etc., the Company is promoting the flexible response which continuously utilize the telework system introduced for all group employees. 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 December 31, 2021
ASSETS		
Current Assets:		
Cash and deposit	1,847,041	3,924,840
Account receivables	873,592	589,754
Work in process	16,153	30,036
Supplies	1,419	914
Others	140,657	115,665
Allowance for doubtful accounts	(3,652)	(2,253)
Total current assets	2,875,210	4,658,958
Non-current Assets:		
Property, plant and equipment	70,063	87,414
Intangible assets:		
Goodwill	1,022,338	954,397
Clients asset	472,820	442,269
Technology assets	78,833	70,443
Software	1,286,225	1,507,676
Software in progress	258,930	385,472
Others	34,282	33,730
Total intangible assets	3,153,429	3,393,991
Investments and other assets:		
Investments securities	697,083	1,158,406
Guarantee deposits	103,970	130,708
Deferred tax assets	95,870	87,853
Others	9,495	7,467
Allowance for doubtful accounts	(15,367)	(15,367)
Total investment and other assets	891,051	1,369,069
Total fixed assets	4,114,544	4,850,475
Total assets	6,989,754	9,509,434

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

(Thousands of yen)

	As of March 31, 2021	As of December 31, 2021
LIABILITIES		
Current liabilities:		
Accounts payables	225,025	295,212
Short-term borrowings	500,000	-
Current portion of bond payable	20,000	-
Current portion of long-term borrowings	198,188	164,816
Income tax payable	70,350	125,310
Other allowances	16,165	205
Others	221,597	191,005
Total current liabilities	1,251,328	776,549
Non-current liabilities:		
Long-term borrowings	1,456,019	1,329,900
Deferred tax liabilities	67,085	56,896
Total non-current liabilities	1,523,104	1,386,796
Total liabilities	2,774,433	2,163,346
NET ASSETS		
Shareholders' equity		
Share capital	1,762,268	3,513,620
Capital surplus	3,565,598	4,888,532
Retained earnings	(1,441,038)	(1,237,281)
Treasury share	-	(93)
Total shareholders' equity	3,886,827	7,164,776
Accumulated other comprehensive income (loss):		
Valuation difference on available-for-sale securities	29,914	38,757
Total accumulated other comprehensive income (loss)	29,914	38,757
Non-controlling interests	298,579	142,553
Total net assets	4,215,321	7,346,087
Total liabilities and net assets	6,989,754	9,509,434

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 December 31, 2020	From April 1, 2021 to December 31, 2021
Net Sales	2,754,198	3,614,388
Cost of Sales	1,529,479	1,984,643
Gross Profit	1,224,718	1,629,745
Selling, general and administrative expenses	834,855	1,220,189
Operating profit	389,863	409,555
Non-operating income		
Interest income	10	15
Dividend income	700	805
Reversal of allowance for doubtful accounts	-	1,399
Others	1,590	58
Total non-operating income	2,301	2,277
Non-operating expenses		
Interest expense	10,596	8,506
Financing expenses	-	25,729
Acquisition expense	7,000	-
Foreign exchange losses	294	160
Others	2,559	10,121
Total non-operating expenses	20,451	44,518
Ordinary profit	371,714	367,314
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	-	369
Loss related to infectious disease	25,927	-
Total extraordinary losses	25,927	369
Profit before income taxes	350,147	366,945
Income taxes (Corporate, residential, enterprise taxes)	143,143	144,007
Quarterly Profit	207,003	222,937
Quarterly profit attributable to non-controlling interests	24,486	19,180
Quarterly profit attributable to owners of parent	182,517	203,757

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

(Quarterly Consolidated Statements of Comprehensive Income)

(Thousands of yen)

	From April 1, 2020 to December 31, 2020	From April 1, 2021 to December 31, 2021
Quarterly profit	207,003	222,937
Other comprehensive income		
Valuation difference on available-for-sale securities	32,161	8,842
Total other comprehensive income	32,161	8,842
Quarterly comprehensive income	239,164	231,780
Quarterly comprehensive income attributable to;		
Owners of parent	214,678	212,599
Non-controlling interests	24,486	19,180

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

(3) 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 nine-months period ended December 31, 2020 (From April 1, 2020 to December 31, 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 nine-months period ended December 31, 2021 (From April 1, 2021 to December 31, 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 1,749,762 thousand yen respectively. In addition, capital surplus decreased by 179,664 thousand yen during the nine-month period 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 third quarter of December 31, 2021, capital stock was 3,513,620 thousand yen and capital surplus was 4,888,532 thousand 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 third 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.

(Segment Information)

[Segment Information]

I. For the nine- months period ended December 31, 2020 (From April 1, 2020 to December 31 ,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	982,185	1,772,013	2,754,198	—	2,754,198
Intersegment net sales and transfer	53	8,561	8,614	(8,614)	—
Total	982,238	1,780,574	2,762,813	(8,614)	2,754,198
Segment profit	332,962	417,542	750,504	(360,640)	389,863

Notes:

1. Segment profit adjustment of (360,640) 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 nine- months period ended December 31, 2021 (From April 1, 2021 to December 31, 2021)

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 (Note 2)
	Media	Solution	Total		
Net sales					
Revenue from contracts with customers	1,548,671	2,065,717	3,614,388	—	3,614,388
Other revenue	—	—	—	—	—
Net sales to external customers	1,548,671	2,065,717	3,614,388	—	3,614,388
Intersegment net sales and transfer	—	13,702	13,702	(13,702)	—
Total	1,548,671	2,079,420	3,628,091	(13,702)	3,614,388
Segment profit	474,320	409,190	883,510	(473,954)	409,555

Notes:

1. Segment profit adjustment of (473,954) 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