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May 12, 2022

Consolidated Financial Results for the Fiscal Year Ended March 31, 2022 (Under Japanese GAAP)



Company name: MINKABU THE INFONOID, Inc.
 Listing: Growth Market, Tokyo
 Securities code: 4436
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 Scheduled date for the ordinary general meeting of shareholders: June 24, 2022
 Scheduled date for payment of dividend: June 8, 2022
 Scheduled date for submission of annual securities report: June 24, 2022
 Preparation of supplementary material on annual financial results: Yes
 Holding of annual 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 fiscal year ended March 31, 2022 (from April 1, 2021 to March 31, 2022)

(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	%
Fiscal year ended March 31, 2022	5,482	31.8	1,539	20.3	874	15.2	828	12.8	696	23.3
March 31, 2021	4,158	49.0	1,280	48.6	759	45.1	734	45.6	564	26.1

Note: Comprehensive income Fiscal year ended March 31, 2022: ¥733 million [17.2%]
 Fiscal year ended March 31, 2021: ¥626 million [31.5%]

	Basic earnings per share	Diluted earnings per share	Return on equity	Ratio of ordinary income to total assets	Ratio of operating income to gross operating income
Fiscal year ended	Yen	Yen	%	%	%
March 31, 2022	47.26	46.40	12.4	9.9	16.0
March 31, 2021	40.97	40.12	15.2	11.4	18.3

Reference: Share of profit of entities accounted for using equity method
 Fiscal year ended March 31, 2022 None
 Fiscal year ended March 31, 2021 None

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
March 31, 2022	9,757	7,443	75.2	492.54
March 31, 2021	6,989	4,215	56.0	283.42

Reference: Equity As of March 31, 2022: 7,342 million yen
As of March 31, 2021: 3,916 million yen

(3) Consolidated Cash Flows

	Net cash provided by operating activities	Net cash used in investing activities	Net cash provided by (used in) financing activities	Cash and cash equivalents at end of period
Fiscal year ended	Million yen	Million yen	Million yen	Million yen
March 31, 2022	1,290	(1,361)	1,750	3,526
March 31, 2021	913	(1,115)	(15)	1,847

2. Dividends

	Annual dividends per share					Total dividends for the year	Payout Ratio (consolidated)	Ratio of dividends to shareholders' equity (consolidated)
	End of first quarter	End of second quarter	End of third quarter	End of fiscal year	Total			
Fiscal year ended March 31, 2021	Yen -	Yen 0.00	Yen -	Yen 18.00	Yen 18.00	Million yen 248	% 43.9	% 6.7
Fiscal year ending March 31, 2022	-	0.00	-	24.00	24.00	357	50.8	6.2
Fiscal year ending March 31, 2023 (Forecast)	-	0.00	-	24.00	24.00		47.7	

Notes:

- Breakdown of dividends for the fiscal year ended March 31, 2022: ordinary dividends 24.00 yen
- Payment of dividends for the fiscal year ended March 31, 2022 to be paid from capital surplus is scheduled to be resolved at the board meeting on May 20, 2022.
- For more details of the forecast of cash dividends for the fiscal year ended March 31, please refer to "1. Qualitative Information on Financial Results (5) Basic Policy of Earnings Distribution and Dividends of Current and Next Fiscal Year" section on page 4 in the attached material.

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

(% indicates changes from the previous corresponding period)

	Net sales		EBITDA		Operating profit		Ordinary profit		Net income attributable to owners of parent		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%	yen
Full year	7,500	36.8	2,150	39.6	1,250	42.9	1,120	35.2	750	7.8	50.31

Note: 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) 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

Note: For more details, please refer to “3. Consolidated Financial Statements and Principal Notes (5) Notes to Consolidated Financial Statements (Changes in Accounting Policies)” section.

(3) Number of issued shares (common shares)

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

As of March 31, 2022	14,907,700 shares
As of March 31, 2021	13,819,700 shares

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

As of March 31, 2022	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)

Fiscal year ended March 31, 2022	14,725,769 shares
Fiscal year ended March 31, 2021	13,776,908 shares

Reference: Non-consolidated financial results

1. Non-consolidated financial results for the fiscal year ended March 31, 2022 (from April 1, 2021 to March 31, 2022)

(1) Non-consolidated operating results (% indicates changes from the previous corresponding period)

Fiscal year ended	Net sales		Operating profit		Ordinary profit		Net profit	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
March 31, 2022	4,304	38.7	736	19.8	693	15.8	662	19.0
March 31, 2021	3,104	24.6	614	35.7	598	35.7	557	29.3

Fiscal year ended	Basic earnings per share	Diluted earnings per share
	Yen	Yen
March 31, 2022	45.02	44.20
March 31, 2021	40.45	39.62

(2) Non-consolidated financial position

Fiscal year ended	Total assets	Net assets	Equity ratio	Book value per share
	Million yen	Million yen	%	Yen
March 31, 2022	9,528	7,820	82.1	524.61
March 31, 2021	6,069	3,893	64.1	281.71

Reference: Equity As of March 31, 2022: 7,820 million yen
As of March 31, 2021: 3,893 million yen

* Financial results reports are exempt from the review conducted by certified public accountants or an audit corporation.

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

1. 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 “(4) Future Outlook” under the “1. Overview of Financial Results” section on page 3.

2. We plan to hold a financial result briefing for institutional investors and analysts on May 12, 2022. Supplementary materials for financial results will be published on our website on the day of the event.

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1. Overview of Financial Results for the Fiscal Year ended March 31, 2022

(1) Explanation of Results of Operations for the Fiscal Year Ended March 31, 2022

On a consolidated basis, MINKABU THE INFONOID, Inc. (hereinafter “the Company”) raised 5,482,410 thousand yen in sales (31.8% increase YoY), 874,684 thousand yen in operating profit (15.2% increase YoY), 828,614 thousand yen in ordinary profit (12.8% increase YoY), and 696,004 thousand yen in net profit attributable to shareholders of the parent company (23.3% increase YoY), for the fiscal year ended March 31, 2022. The Company also raised 1,539,596 thousand yen (20.3% 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.

The Company recorded 60,833 thousand yen of income tax deferred resulting from the reassessment of the recoverability of deferred tax assets due to the expectation of continuous future taxable profits.

Performance by business segment is as follows. The Company established MINKABU ASSET PARTNERS, Inc. on September 1, 2021, as a preparation company for the registration of financial instruments intermediary service provider for the purpose of developing IFA business for asset builders.

(Media Business)

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 fiscal year ended March 31, 2022, the Company released major new services such as “MINKABU” an information site for asset builders rebranded from “Minna no kabushiki” for investors, start of US equity version of “Kabutan”, an information media specializing in stocks, and “MINKABU ASSET PLANNER” (“Asepura”), an asset management tool. With these, the numbers of total monthly average unique users and visitors of media sites the Company operates remained firm at 8.76 million (decreased by 460 thousand or 5.0% decrease YoY), and 27.51 million (decreased by 380 thousand or 1.4% decrease YoY), respectively, despite the effect of rapid market deterioration in the 4th 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, the Company promoted greater awareness through collaboration with Nikkei Inc. and QUICK Corp. which are capital/business tie-up partners, as well as marketing, in addition to development 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 the fiscal year ended March 31, 2022 was 2,353,927 thousand yen (53.3% increase YoY), and segment profit was 747,487 thousand yen (40.8% increase YoY).

(Solution Business)

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 fiscal year ended March 31, 2022, in addition to the continuous organic growth on recurring revenue such as monthly usage fee, one-time projects also contributed to the increase of the revenue.

As a result, consolidated sales of the fiscal year ended March 31, 2022 was 3,148,641 thousand yen (19.5% increase YoY), and segment profit was 786,129 thousand yen (6.5% increase YoY).

(2) Overview of Financial Position as of March 31, 2022

(Assets)

Current assets at the end of fiscal year was 4,825,732 thousand yen with an increase of 1,950,521 thousand yen from the end of the previous fiscal year. This was mainly due to a increase of accounts receivable by 254,253 thousand yen and increase of cash and deposits increased 1,679,124 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 4,932,104 thousand yen with an increase of 817,560 thousand yen from the end of the previous fiscal year. This was mainly due to an increase of 409,931 thousand yen in investment securities as a result of the implementation of capital and business alliances, and an increase of 434,516 thousand yen in total in software and software in progress due to investments in software development.

As a result, total assets amounted to 9,757,836 thousand yen, an increase of 2,768,082 thousand yen from 6,989,754 thousand yen at the end of the previous fiscal year.

(Liability)

Current liabilities at end of the fiscal year ended March 31, 2022 were 942,162 thousand yen with a decrease of 309,166 thousand yen compared to the end of the previous fiscal year. This was mainly due a decrease of 500,000 thousand yen in short-term borrowing 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 38,372 thousand yen in current portion of long-term borrowings, partially offset by an increase of 158,865 thousand yen in account payables and an increase of 88,017 thousand yen in income tax payable.

Fixed liabilities decreased by 150,934 thousand yen to 1,372,170 thousand yen from the end of the previous fiscal year. This was due to a decrease of 159,816 thousand yen in long-term borrowings, partially offset by an increase of 8,881 thousand yen in deferred tax liabilities.

As a result, total liabilities amounted to 2,314,332 thousand yen, a decrease of 460,100 thousand yen from 2,774,433 thousand yen at the end of the previous fiscal year.

(Net Assets)

Total equity at end of fiscal year were 7,443,504 thousand yen, an increase of 3,228,182 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 the third-party allotment to QUICK Corp. and Nikkei Inc. during the first quarter of fiscal year ended March 31, 2022. In addition, retained earnings increased by 696,004 thousand yen with 696,004 thousand yen in net income attributable to owners of the parent company, while capital surplus decreased by 248,754 thousand yen due to the payment of ordinary dividends from capital surplus, and by 534,747 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 Inc. and Robot Fund Co., Ltd.

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

(3) Overview of Cashflow for the Fiscal Year Ended March 31, 2022

Cash and cash equivalents at March 31, 2022 was 3,526,165 thousand yen, increased by 1,679,124 thousand yen from the end of the previous fiscal year. The cashflow results and its reason by each activity was as follows.

(Cash Flows from Operating Activities)

Net cash provided by operating activities was 1,290,250 thousand yen (provided by 913,971 thousand yen for the previous fiscal year). This was mainly due to 829,044 thousand yen of profit before income taxes, 574,325 thousand yen of depreciation mainly consisting of depreciation of software investment for our growth, 90,587 thousand yen of amortization of goodwill, partially offset by 254,253 thousand yen of increase in trade receivables.

(Cash Flows from Investing Activities)

Net cash used in investing activities was 1,361,562 thousand yen (used in 1,115,437 thousand yen for the previous fiscal year). This was mainly due to 907,376 thousand yen of acquisition of intangible assets mainly consisting of investment in software development, 501,283 thousand yen of purchase of investment securities mainly consisting of capital and business alliances.

(Cash Flows from Financing Activities)

Net cash provided by financing activities was 1,750,436 thousand yen (used in 15,269 thousand yen for the previous fiscal year). This was mainly due to 3,477,337 thousand yen of proceeds from issuance of shares resulted from the third-party allotment to QUICK Corp. and Nikkei Inc., partially offset by 500,000 thousand yen of decrease in short-term borrowing as a result of repayment of borrowing under a commitment line agreement used for working capital, 198,188 thousand yen of repayments of long-term borrowings, 248,205 thousand yen of dividends paid, and 760,414 thousand yen of purchase of shares of subsidiaries not resulting in change in scope of consolidation caused by the additional acquisition of Prop Tech plus Co., Ltd and Robot Fund Co., Ltd.

(4) Future Outlook

For the fiscal year ending March 31, 2023, the Company expects, in addition to the stable growth of existing business lines, the media business will increase of billing revenue from introducing new subscription based services of "Kabutan U.S. Stock Premium" and "MINKABU ASEET PLANNER," an asset building management tool, and the solutions business will expand recurring revenue from the existing lineup, revenue by entering the new business area, the system solution business with high profitability and scalability. The company also expects the contribution of earnings from our subsidiaries, Prop Tech plus

Co., Ltd and Robot Fund Co., Ltd, which the Company made additional acquisition not resulting in change in scope of consolidation.

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.

Given the above expectation, the Company currently forecast consolidated sales of 7,500 million yen (36.8% increase YoY), operating profit of 1,250 million yen (42.9% increase YoY), ordinary profit of 1,120 million yen (35.2% increase YoY). As for the net income attributable to owners of the parent company, the Company expects 750 million yen (7.8% increase YoY). In addition, EBITDA is expected to be 2,150 million yen (39.6% 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, 2023 is heavily weighted toward the second half which is same as the previous fiscal year.

As for the Covid-19 impact, we acknowledge the necessity of continuous countermeasures given the prolongation of the pandemic. we established the selective telework system for all group employees. Also, we have been able to promote smoothly the continued operation of existing services and the introduction of new services by utilizing IT technology.

(5) Basic Policy of Earnings Distribution and Dividends of Current and Next Fiscal year

As we see the Company is still in growth stage, we mainly focus on the increase of the value of the Company by retaining internal reserve and making growth investment by leveraging the internal reserve, while aiming to the growth and distribution to our shareholders at the same time by providing stable dividend. Under this profit distribution policy, we plan the ordinary dividend of 24 yen per share (consolidated payout ratio of 50.8%) thanks to the strong business results, achievement of revenue expansion mainly due to the subscription type sales, and expectation of continuous sale growth for next fiscal year.

As for the dividend forecast for the next fiscal year, we plan to keep the same amount as the dividend for the fiscal year ended March 31, 2022 at this time, while it is subject to our business results and development of investment. We aim to the increase of the value of the Company by retaining continuous business growth, our priority, and distribution to our shareholders at the same time.

2. Basic Approach to Selection of Accounting Standards

Since most of our stakeholders comprise of Japanese shareholders, customers and suppliers, and most of our businesses are operated in Japan, we prepare consolidated financial statements based on Japanese Generally Accepted Standards. For the adoption of International Financial Reporting Standards ("IFRS"), we will take suitable actions by considering the development of our business and spread of IFRS in Japan and other countries.

3. Consolidated Financial Statements and Principal Notes

(1) Consolidated Balance Sheets

(Thousands of yen)

	As of March 31, 2021	As of March 31, 2022
ASSETS		
Current Assets:		
Cash and cash equivalents	1,847,041	3,526,165
Account receivables	873,592	1,127,845
Work in process	16,153	15,218
Supplies	1,419	4,338
Others	140,657	156,836
Allowance for doubtful accounts	(3,652)	(4,672)
Total current assets	2,875,210	4,825,732
Non-current Assets:		
Tangible assets:		
Facilities attached to buildings	44,622	28,762
Accumulated Depreciation	(26,995)	(1,382)
Facilities attached to buildings, net	17,626	27,379
Tools, furniture and fixtures	163,524	176,428
Accumulated Depreciation	(111,087)	(117,187)
Tools, furniture and fixtures, net	52,436	59,241
Construction in progress	-	150
Total tangible assets	70,063	86,771
Intangible assets:		
Goodwill	1,022,338	931,751
Client assets	472,820	432,086
Technology assets	78,833	67,647
Software	1,286,225	1,592,391
Software in progress	258,930	387,280
Others	34,282	33,419
Total intangible assets	3,153,429	3,444,576
Investments and other assets:		
Investments securities	697,083	1,107,015
Guarantee deposits	103,970	130,472
Deferred tax assets	95,870	161,411
Others	9,495	6,479
Allowance for doubtful accounts	(15,367)	(4,621)
Total investment and other assets	891,051	1,400,756
Total fixed assets	4,114,544	4,932,104
Total assets	6,989,754	9,757,836

(Thousands of yen)

	As of March 31, 2021	As of March 31, 2022
LIABILITIES		
Current liabilities:		
Accounts payables	225,025	383,890
Short-term borrowing	500,000	-
Current portion of bond payable	20,000	-
Current portion of long-term borrowings	198,188	159,816
Income tax payable	70,350	158,368
Other allowances	16,165	21,610
Others	221,597	218,476
Total current liabilities	1,251,328	942,162
Non-current liabilities:		
Long-term borrowings	1,456,019	1,296,203
Deferred tax liabilities	67,085	75,967
Total non-current liabilities	1,523,104	1,372,170
Total liabilities	2,774,433	2,314,332
NET ASSETS		
Shareholders' equity		
Share capital	1,762,268	3,514,020
Capital surplus	3,565,598	4,533,849
Retained earnings	(1,441,038)	(745,034)
Treasury share	-	(93)
Total shareholders' equity	3,886,827	7,302,741
Accumulated other comprehensive income (loss):		
Valuation difference on available-for-sale securities	29,914	39,841
Total accumulated other comprehensive income	29,914	39,841
Non-controlling interests	298,579	100,922
Total net assets	4,215,321	7,443,504
Total liabilities and net assets	6,989,754	9,757,836

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

(Thousands of yen)

	From April 1, 2020 to March 31, 2021	From April 1, 2021 to March 31, 2022
Net Sales	4,158,862	5,482,410
Cost of Sales	2,194,346	2,908,096
Gross Profit	1,964,516	2,574,314
Selling, general and administrative expenses	1,205,013	1,699,630
Operating profit	759,502	874,684
Non-operating income		
Interest income	22	35
Dividend income	700	905
Gain on investments in investment partnerships	-	538
Reversal of allowance for doubtful accounts	-	3
Others	1,707	119
Total non-operating income	2,429	1,601
Non-operating expenses		
Interest expense	13,530	10,864
Guarantee commission	4,241	6,698
Financing expenses	-	25,729
Acquisition expense	7,000	-
Foreign exchange losses	265	221
Others	2,618	4,157
Total non-operating expenses	27,656	47,670
Ordinary profit	734,276	828,614
Extraordinary income		
Gain on sale of fixed assets	90	-
Subsidiary liquidation gain	4,270	-
Gain on sale of investment securities	39,237	1,350
Total extraordinary profit	43,598	1,350
Extraordinary losses		
Loss on retirement of non-current assets	-	779
Impairment losses	11,223	140
Loss related to infectious disease	25,927	-
Total extraordinary losses	37,151	920
Profit before income taxes	740,723	829,044
Income taxes (Corporate, residential, enterprise taxes)	99,698	166,003
Income taxes - refund	-	(140)
Income taxes - deferred	34,291	(60,833)
Total income taxes	133,990	105,029
Profit	606,733	724,014
Profit attributable to non-controlling interests	42,235	28,010
Profit attributable to owners of parent	564,497	696,004

(Consolidated Statements of Comprehensive Income)

(Thousands of yen)

	From April 1, 2020 to March 31, 2021	From April 1, 2021 to March 31, 2022
Profit	606,733	724,014
Other comprehensive income		
Valuation difference on available-for-sale securities	19,620	9,926
Total other comprehensive income	19,620	9,926
Comprehensive income	626,354	733,941
Comprehensive income attributable to;		
Owners of parent	584,118	705,931
Non-controlling interests	42,235	28,010

(3) Consolidated Statement of Changes in Equity

Fiscal year ended March 31, 2021 (From April 1, 2020 to March 31, 2021)

	Shareholders' equity				
	Share Capital	Capital Surplus	Retained earnings	Treasury share	Total shareholders' equity
Balance at beginning of period	1,742,928	3,766,169	(2,005,536)	—	3,503,560
Changes during period					
Issuance of new shares	19,340	19,340			38,680
Dividends of surplus		(219,910)			(219,910)
Profit attributable to owners of parent			564,497		564,497
Purchase of treasury shares					
Change in ownership interest of parent due to transactions with non-controlling interests					
Net changes in items other than shareholders' equity					
Total changes during period	19,340	(200,570)	564,497	—	383,267
Balance at end of period	1,762,268	3,565,598	(1,441,038)	—	3,886,827

	Accumulated other comprehensive income		Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Total accumulated other comprehensive income		
Balance at beginning of period	10,293	10,293	256,343	3,770,197
Changes during period				
Issuance of new shares				38,680
Dividends of surplus				(219,910)
Profit attributable to owners of parent				564,497
Purchase of treasury shares				—
Change in ownership interest of parent due to transactions with non-controlling interests				—
Net changes in items other than shareholders' equity	19,620	19,620	42,235	61,856
Total changes during period	19,620	19,620	42,235	445,123
Balance at end of period	29,914	29,914	298,579	4,215,321

Fiscal year ended March 31, 2022 (From April 1, 2021 to March 31, 2022)

	Shareholders' equity				
	Share Capital	Capital Surplus	Retained earnings	Treasury share	Total shareholders' equity
Balance at beginning of period	1,762,268	3,565,598	(1,441,038)	—	3,886,827
Changes during period					
Issuance of new shares	1,751,752	1,751,752			3,503,504
Dividends of surplus		(248,754)			(248,754)
Profit attributable to owners of parent			696,004		696,004
Purchase of treasury shares				(93)	(93)
Change in ownership interest of parent due to transactions with non-controlling interests		(534,747)			(534,747)
Net changes in items other than shareholders' equity					
Total changes during period	1,751,752	968,250	696,004	(93)	3,415,913
Balance at end of period	3,514,020	4,533,849	(745,034)	(93)	7,302,741

	Accumulated other comprehensive income		Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Total accumulated other comprehensive income		
Balance at beginning of period	29,914	29,914	298,579	4,215,321
Changes during period				
Issuance of new shares				3,503,504
Dividends of surplus				(248,754)
Profit attributable to owners of parent				696,004
Purchase of treasury shares				(93)
Change in ownership interest of parent due to transactions with non-controlling interests				(534,747)
Net changes in items other than shareholders' equity	9,926	9,926	(197,657)	(187,730)
Total changes during period	9,926	9,926	(197,657)	3,228,182
Balance at end of period	39,841	39,841	100,922	7,443,504

(4) Consolidated Statement of Cash Flows

	From April 1, 2020 to March 31, 2021	From April 1, 2021 to March 31, 2022
Cash flows from operating activities		
Profit before income taxes	740,723	829,044
Depreciation	436,978	574,325
Impairment losses	11,223	140
Amortization of goodwill	83,827	90,587
Increase in allowance for doubtful accounts	3,751	1,019
Interest and dividend income	(722)	(940)
Interest expense	13,530	10,864
Share issuance costs	730	437
Financing expenses	—	25,729
Gain on sale of non-current assets	5,949	779
Gain on sale of securities	(39,237)	(1,350)
Increase in trade receivables	(327,661)	(254,253)
Decrease (increase) in inventories	10,311	(1,984)
Decrease (increase) in other current assets	3,177	(65,966)
Increase in trade payables	100,324	158,865
Increase in other current liabilities	19,243	22,173
Increase (decrease) in other provisions	(4,731)	5,444
Decrease in guarantee deposits	2,087	544
Others	7,757	2,668
Subtotal	1,067,265	1,398,129
Interest and dividends received	722	940
Interest paid	(13,581)	(10,747)
Income taxes paid	(140,435)	(98,071)
Cash flows from operating activities	913,971	1,290,250
Cash flows from investing activities		
Purchase of property, plant and equipment	(24,880)	(65,336)
Purchase of intangible assets	(643,250)	(907,376)
Purchase of investment securities	(604,725)	(501,283)
Proceeds from sale of investment securities	8,643	140,444
Purchase of shares of subsidiaries resulting in change in scope of consolidation	124,292	—
Payments of leasehold and guarantee deposits	(10,619)	(28,100)
Proceeds from refund of leasehold deposits	34,692	90
Others	410	—
Cash flows from investing activities	(1,115,437)	(1,361,562)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowing	400,000	(500,000)
Proceeds from long-term borrowing	200,000	—
Repayments of long-term borrowings	(383,308)	(198,188)
Redemption of bonds	(50,000)	(20,000)
Proceeds from issuance of shares	37,949	3,477,337
Purchase of treasury shares	—	(93)
Dividends paid	(219,910)	(248,205)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	—	(760,414)
Cash flows from financing activities	(15,269)	1,750,436
Net increase (decrease) in cash and cash equivalents	(216,736)	1,679,124
Cash and cash equivalents at beginning of period	2,063,777	1,847,041
Cash and cash equivalents at end of period	1,847,041	3,526,165

(5) Notes to Consolidated Financial Statements

(Notes to Going Concern Assumption)

None

(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 consolidated fiscal year ended 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.

Note for the revenue recognition for the previous fiscal year is not disclosed in accordance with the transitional treatment prescribed in Paragraph 89-3 of the Accounting Standard for Revenue Recognition.

(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 consolidated fiscal year ended 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.

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

I. Fiscal year ended March 31, 2021 (From April 1, 2020 to March 31, 2021)

1. Dividend payment amount

Resolutions	Type of shares	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. Fiscal year ended March 31, 2022 (From April 1, 2021 to March 31, 2022)

1. Dividend payment amount

Resolutions	Type of shares	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 534,747 thousand yen during the fiscal year ended March 31, 2022 due to additional acquisitions of shares of Prop Tech plus Co., Ltd. and Robot Fund Co., Ltd., consolidated subsidiaries, through a transaction with a non-controlling interest shareholder.

As a result, as of the end of the fiscal year, capital stock was 3,514,020 thousand yen and capital surplus was 4,533,849 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 the fiscal year ended March 31, 2022.

(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 etc.)

(Segment Information)

1. Overview of reportable segment

(1) Determination of reportable segments

Reportable segment of the Company and its consolidated subsidiaries (hereinafter “the Group”) is constituent units for which separate financial information is available and for which Board of Directors performs periodic studies for the purposes of determining the allocation of resources and evaluating performance.

The reportable segment of the Group consists of “Media Business” and “Solution Business” and the item in each business is as follows.

(2) The item in each business

(i) Media Business

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.

(ii) Solution Business

The solution business includes revenues from AI driven software content utilized the know-how of the media business and revenues from ASP services providing information based fintech solution content assembled from crowd inputs of media sites the Company operates. The solution business also includes the revenue from software development and maintenance fee associated with the ASP services.

2. Calculation method for revenue, profit or loss, assets, and other items for each reportable segment

The accounting method used for reportable business segments are generally the same as those described in “Significant Accounting Policies in the Preparation of Consolidated Financial Statements”. Segment profit for reportable business segments is based on operating profit (after amortization of goodwill).

Inter-segment revenue is based on prices used for third-party transactions.

3. Information relating to operating revenue, profit and loss, assets and other amounts for reported segments
Fiscal year ended March 31, 2021 (From April 1, 2020 to March 31, 2021)

(Thousands of yen)

	Reportable segments			Adjusted amounts (Note 1, 3,4,5)	Posted amount to the consolidated statements of income (Note 2)
	Media Business	Solution Business	Total		
Net sales					
Net sales to external customers	1,534,967	2,623,894	4,158,862	—	4,158,862
Intersegment net sales and transfer	53	11,425	11,478	(11,478)	—
Total	1,535,020	2,635,319	4,170,340	(11,478)	4,158,862
Segment profit	530,904	738,039	1,268,943	(509,440)	759,502
Segment assets	964,489	3,866,071	4,830,560	2,159,194	6,989,754
Segment liabilities	110,087	795,216	905,303	1,869,129	2,774,433
Others					
Depreciation	122,609	239,543	362,152	74,825	436,978
Amortization of goodwill	3,698	80,128	83,827	—	83,827
Increase in tangible and intangible assets	269,184	385,333	654,518	13,613	668,131

Notes:

1. Segment profit adjustment of (509,440) thousand yen includes (97) thousand yen of deduction of intersegment transactions and (509,343) of corporate expenses that are not allocated to each reporting segment which are mainly general and administrative expenses that do not belong to the reporting segment.
2. Segment profit is adjusted with operating income (after adjustment of amortization of goodwill) on the consolidated income statement.
3. Segment assets adjustment of 2,159,194 thousand yen mainly consists of company-wide assets and back-office assets which are not allocated to reported segments.
4. Depreciation adjustments mainly relates to company-wide and back-office assets.
5. Adjustment of increase in tangible and intangible assets mainly relates to company-wide and back-office assets.

Fiscal year ended March 31, 2022 (From April 1, 2021 to March 31, 2022)

(Thousands of yen)

	Reportable segments			Adjusted amounts (Note 1, 3,4,5)	Posted amount to the consolidated statements of income (Note 2)
	Media Business	Solution Business	Total		
Net sales					
Revenue from contracts with customers	2,353,927	3,128,483	5,482,410	—	5,482,410
Other revenue	—	20,157	20,157	(20,157)	-
Net sales to external customers	2,353,927	3,128,483	5,482,410	—	5,482,410
Intersegment net sales and transfer	—	20,157	20,157	(20,157)	-
Total	2,353,927	3,148,641	5,502,568	(20,157)	5,482,410
Segment profit	747,487	786,129	1,533,617	(658,933)	874,684
Segment assets	1,319,677	4,257,660	5,577,338	4,180,498	9,757,836
Segment liabilities	181,108	887,998	1,069,106	1,245,225	2,314,332
Others					
Depreciation	174,128	318,857	492,985	81,339	574,325
Amortization of goodwill	3,698	86,888	90,587	—	90,587
Increase in tangible and intangible assets	324,666	589,813	914,479	58,232	972,712

Notes:

1. Segment profit adjustment of (658,933) thousand yen includes corporate expenses that are not allocated to each reporting segment which are mainly general and administrative expenses that do not belong to the reporting segment.
2. Segment profit is adjusted with operating income (after adjustment of amortization of goodwill) on the consolidated income statement.
3. Segment assets adjustment of 4,180,498 thousand yen mainly consists of company-wide assets and back-office assets which are not allocated to reported segments.
4. Depreciation adjustments mainly relates to company-wide and back-office assets.
5. Adjustment of increase in tangible and intangible assets mainly relates to company-wide and back-office assets.

(Significant impairment loss on fixed assets by segment)

Fiscal year ended March 31, 2021 (From April 1, 2020 to March 31, 2021)

(Thousands of yen)

	Media Business	Solution Business	Company-wide and elimination	Amount on consolidated financial report
Impairment losses	2,856	8,366	—	11,223

Fiscal year ended March 31, 2022 (From April 1, 2021 to March 31, 2022)

(Thousands of yen)

	Media Business	Solution Business	Company-wide and elimination	Amount on consolidated financial report
Impairment losses	—	0	140	140

(Significant changes in the amount of goodwill by segment)

Fiscal year ended March 31, 2021 (From April 1, 2020 to March 31, 2021)

(Thousands of yen)

	Media Business	Solution Business	Company-wide and elimination	Amount on consolidated financial report
Amortization	3,698	80,128	—	83,827
Balance at end of fiscal year	12,946	1,009,392	—	1,022,338

Fiscal year ended March 31, 2022 (From April 1, 2021 to March 31, 2022)

(Thousands of yen)

	Media Business	Solution Business	Company-wide and elimination	Amount on consolidated financial report
Amortization	3,698	86,888	—	90,587
Balance at end of fiscal year	9,247	922,503	—	931,751

(Significant gain on negative goodwill)

None

(Per Share Information)

	Fiscal year ended March 31, 2021 (From April 1, 2020 to March 31, 2021)	Fiscal year ended March 31, 2022 (From April 1, 2021 to March 31, 2022)
Net assets per share	283.42 yen	492.54 yen
Basic earnings per share	40.97 yen	47.26 yen
Diluted earnings per share	40.12 yen	46.40 yen

Notes 1. The basis for the calculation of net assets per share is as follows

	Fiscal year ended March 31, 2021 (From April 1, 2020 to March 31, 2021)	Fiscal year ended March 31, 2022 (From April 1, 2021 to March 31, 2022)
Total net assets (thousands of yen)	4,215,321	7,443,504
Amount deducted from total net assets (thousands of yen)	298,579	100,922
(Of which non-controlling interests) (thousands of yen)	(298,579)	(100,922)
Net assets attributable to common stock (thousands of yen)	3,916,742	7,342,582
The number of common stock at end of fiscal year used for the calculation of net assets per share.	13,819,700	14,907,677

2. The basis for the calculation of basic earnings per share and diluted earnings per share is as follows

	Fiscal year ended March 31, 2021 (From April 1, 2020 to March 31, 2021)	Fiscal year ended March 31, 2022 (From April 1, 2021 to March 31, 2022)
Basic earnings per share		
Net income attributable to owners of parents (thousands of yen)	564,497	696,004
Amount not attributable to common shareholders (thousands of yen)	—	—
Net income attributable to owners of parents' common stock (thousands of yen)	564,497	696,004
Average number of common stock during the fiscal year (shares)	13,776,908	14,725,769
Diluted earnings per share		
Net income attributable to owners of parents' adjustment (thousands of yen)	—	—
Increase in number of common shares (shares)	291,883	273,411
(Of which subscription rights to shares)	(291,883)	(273,411)
Summary of diluted shares not included in the calculation of diluted earnings per share as it does not have dilutive effect.	—	—

(Significant Subsequent Event)

(Business combination by corporate acquisition)

On April 11, the Company entered into an investment agreement with BANQ Inc. (Head office: Minato-ku, Tokyo; Representative: Munetaka Takahashi, hereinafter “BANQ”) with respect to BANQ’s incorporation-type company split of its NFT division and the Company acquires majority of the total voting rights of shares issued by new company, WEB3 WALLET, Inc. through the underwriting of the third-party allotment of new shares, thereby making the company as a consolidated subsidiary. And WEB3 WALLET, Inc. was renamed to MINKABU WEB3 WALLET, Inc. in accordance with the resolution of shareholders’ meeting of WEB3 WALLET on May 1, 2022.

1. Overview of business combination

(1) Name of acquired company and its business

Company Name: WEB3 WALLET, Inc.

Business: NFT Marketplace Business, ABC (Activity Based Certificates)

(2) The main reason of the business combination

Web3 is a network based on decentralized blockchain technology. Unlike Web 2.0, where information was centralized in a specific company or government, ownership of information belongs to individuals. User information that was previously limited to specific companies will be converted to NFT and managed by users in their own wallets, enabling a UX where users can receive various benefits not limited to specific companies. In addition, user information can be smoothly utilized in the fields of metaverse and e-sports by linking user information.

As companies adapt to the Web3, information on loyal customers which used to be tied to specific companies and organizations, can now belong to individuals and be utilized across companies and organizational boundaries. This makes it possible to develop services based on information on loyal customers shared among multiple companies and organizations.

Based on Minkabu’s mission of "providing a mechanism that embodies the value of information," we will help companies, organizations, and public institutions respond to the Web3 by uncovering information assets that have been buried within certain companies and creating new value. We made MINKABU WEB3 WALLET, Inc. a consolidated subsidiary to expand our business by leveraging Web3.

(3) Date of the business combination

May 1, 2022

(4) Legal form of the business combination

Acquisition with a cash consideration

(5) Name of the subsidiary after business combination

MINKABU WEB3 WALLET, Inc.

(6) Rate of voting rights acquired

51.2%

(7) Basis for determining the acquiring company

Acquisition of an equity stake through a cash consideration.

2. Acquisition cost of the acquired company and breakdown by type of consideration

Payment for the acquisition (Cash): 199,999 thousand yen

Acquisition cost: 199,999 thousand yen

3. Details of major acquisition-related costs

Not determined at this point of time.

4. Goodwill generated by acquisition, reason, amortization method and period

Not determined at this point of time.

5. Breakdown of assets acquired and liabilities assumed on the acquisition date

Not determined at this point of time.

4. Other

(1) Change in Directors

For the change in directors, please refer to “Notice Concerning New Management Structure” announced on May 12, 2022.