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Consolidated Financial Results for the Six Months Ended June 30, 2021 [Japanese GAAP]

August 13, 2021

Company name: MEDLEY, INC.

Stock exchange listing: Tokyo

Code number: 4480

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Scheduled date of filing quarterly securities report: August 13, 2021

Scheduled date of commencing dividend payments: -

Availability of supplementary briefing material on quarterly financial results: Yes

Schedule of quarterly financial results briefing session: Yes

President and Chief Executive Officer
Director and Head of Corporate Division

(Amounts of less than one million yen are rounded down)

1. Consolidated Financial Results for the Six Months Ended June 30, 2021 (January 01, 2021, to June 30, 2021)

(1) Consolidated Operating Results

(% 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 June 30, 2021	5,538	55.4	1,036	98.6	824	81.9	836	84.3	555	46.5
June 30, 2020	3,564	-	522	-	452	-	453	-	379	-

(Note) Comprehensive income: Six months ended June 30, 2021: ¥ 559 million [47.6%]
Six months ended June 30, 2020: ¥ 379 million [-%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended June 30, 2021	17.74	17.02
June 30, 2020	13.41	12.24

(Note) EBITDA = Operating profit / loss + depreciation and amortization of goodwill + share-based compensation
Because the Group has posted no amortization of goodwill during consolidated Q2 FY2020, it was not included in the calculation of EBITDA. However, starting from consolidated Q1 FY2021, amortization of goodwill by newly consolidated subsidiaries is included in the calculation of EBITDA. Also, because there were no share-based compensation expenses during consolidated Q2 FY2020, such expenses are not included in the calculation of EBITDA.

(2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio
	Million yen	Million yen	%
As of June 30, 2021	21,530	15,663	72.7
December 31, 2020	15,519	9,717	62.6

(Reference) Equity: As of June 30, 2021: ¥ 15,648 million
As of December 31, 2020: ¥ 9,715 million

2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
Fiscal year ended December 31, 2020	Yen -	Yen 0.00	Yen -	Yen 0.00	Yen 0.00
Fiscal year ending December 31, 2021	-	0.00			
Fiscal year ending December 31, 2021 (Forecast)			-	0.00	0.00

(Note) Revision to the forecast for dividends announced most recently: No

3. Consolidated Financial Results Forecast for the Fiscal Year Ending December 31, 2021(January 01, 2021, to December 31, 2021)

(% indicates changes from the previous corresponding period)

	Net sales		EBITDA		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	10,770	57.7	670	23.5	160	(59.6)	180	(57.4)	20	(95.6)	0.62
	11,270	65.0	1,170	115.6	660	66.6	680	60.9	480	5.3	14.93

(Note) Revision to the financial results forecast announced most recently: No

* Notes:

(1) Changes in significant subsidiaries during the six months ended June 30, 2021

(changes in specified subsidiaries resulting in changes in scope of consolidation): Yes

New 2 (Company names: Pacific Medical, Inc., MEDiPASS Co., Ltd.)

(Note) As of April 01, 2021, consolidated subsidiary Pacific System Co., Ltd. changed its name to Pacific Medical, Inc.

(2) Accounting policies adopted specially for the preparation of quarterly consolidated financial statements: Yes

(Note)

For details, please refer to 2. Quarterly Consolidated Financial Statements and Important Notes (4) Important notes regarding quarterly consolidated financial statements (Application of special accounting methods in preparation for quarterly consolidated financial statements) on page 12.

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

1) Changes in accounting policies due to the revision of accounting standards: No

2) Changes in accounting policies other than 1) above: No

3) Changes in accounting estimates: No

4) Retrospective restatement: No

(4) Total number of issued shares (common shares)

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

June 30, 2021: 32,145,700 shares

December 31, 2020: 30,889,100 shares

2) Total number of treasury shares at the end of the period:

June 30, 2021: - shares

December 31, 2020: - shares

3) Average number of shares during the period:

Six months ended June 30, 2021: 31,312,829 shares

Six months ended June 30, 2020: 28,285,986 shares

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

* Cautionary statements with respect to forward-looking statements and other notes

This preliminary earnings report contains forward-looking statements such as earnings forecasts which are based on information currently available to the Group and certain assumptions deemed to be reasonable. The Group makes no guarantee regarding the accuracy of the forecasts contained herein. Because of variable factors, actual results may differ from the forecast figures. For information regarding assumptions upon which the Group's results forecasts are based and notes regarding the use of results forecasts, please refer to (3) Explanation regarding consolidated forecasts and forward-looking statements under 1. Qualitative information regarding quarterly results" on page 6.

1. Qualitative information regarding quarterly results

(1) Explanation regarding operating results

During the second quarter of the consolidated fiscal year ending December 31, 2021 (consolidated Q2 FY2021), the Japanese medical and nursing industry continued to face human resource shortages and issues related to financial resources, and the ratio of job offers to applicants therefore trended at a level higher than the average for all industries. In addition, in response to the resumption of the spread of COVID-19, the Japanese government promulgated its third state of emergency in April 2021, mainly focusing on major cities such as Tokyo and Osaka. However, after a period of extension, the state of emergency was lifted in June 2021 except in Okinawa Prefecture. Also, vaccinations have begun nationwide, and this is expected to reduce the onset and progression of COVID-19.

Amid this business environment, although vaccinations resulted in hiring process delays in the medical and nursing care fields at the recruitment system JobMedley, sales in the Medical Platform Business grew owing to factors including the consolidation of the online training business of MEDiPASS Co., Ltd.

Although the Medical Platform Business also saw an impact from the administration of vaccinations by medical institutions, sales in this business rose owing to steady sales of all products and the consolidation of Pacific Medical, Inc. and some of the businesses of MEDiPASS Co., Ltd. While the Group achieved sales growth, it also conducted investments aimed at expanding the scale of its business operations including continued investment in growth in the Recruitment Platform Business to develop systems functionality and increase the number of employees. The Group also made proactive investments in growth in the Medical Platform Business, such as strengthening its development teams.

Under these conditions, in consolidated Q2 FY2021, the Group posted net sales of ¥5,538,700 thousand (up 55.4% YoY), an EBITDA of ¥1,036,978 thousand (up 98.6% YoY), an operating profit of ¥824,087 thousand (up 81.9% YoY), an ordinary profit of ¥836,146 thousand (up 84.3% YoY), and a quarterly net profit attributable to owners of the parent company of ¥555,391 thousand (up 46.5% YoY).

The Recruitment Platform Business posts sales based on the hiring dates of persons using the Group's services to find employment at companies seeking employees. The posting of sales therefore tends to be concentrated in April, when Japanese companies tend to hire more employees (because this is often the beginning of Japanese companies' fiscal years). The posting of the Group's net sales therefore tends to be concentrated in Q2 (April-June) of its consolidated fiscal year (ending on December 31).

Earnings by business segment are as follows.

Intersegment eliminations and unallocated group-wide shared costs totaled ¥883,440 thousand (up 27.8% YoY).

1. Recruitment Platform Business

During consolidated Q2 FY2021, the recruiting system JobMedley saw some impact from delays in hiring processes associated with the administration of COVID-19 vaccines. However, the Group continuously improved the functionality of its service websites with the aim of improving user convenience, which resulted in growth in the number of job applicants. The number of customer offices grew 8.8% compared with the end of consolidated FY2020, surpassing 235,000, and the number of job offers listed rose by 2.7% over the same period, to over 220,000.

The online training business of MEDiPASS Co., Ltd., which was consolidated (converted to a wholly owned subsidiary) in March 2021, was also integrated into the Recruitment Platform Business segment.

As a result of the above, consolidated Q2 FY2021 segment net sales were ¥4,143,705 thousand (up 37.7% YoY) and segment profit before allocation of group-wide shared costs (operating profit) was ¥1,962,440 thousand (up 36.5% YoY).

2. Medical Platform Business

During consolidated Q2 FY2021, the Medical Platform Business saw some impact associated with the administration of COVID-19 vaccines by medical institutions. However, sales of all products remained firm. In addition, owing to the consolidation in January 2021 of Pacific Medical, Inc., which develops and provides the electronic medical record system MALL to small and medium-sized hospitals, the number of customers served by the Medical Platform Business remained on the rising trend seen in the previous consolidated fiscal year, rising by 125.3% compared with the end of consolidated FY2020 and reaching 7,033.

Also, NaCl Medical, Inc., which was converted into a consolidated (wholly owned) subsidiary in March 2019, is entrusted with the development of Online Receipt Computer Advantage (ORCA) medical accounting software. The Group also continued to update and expand content for MEDLEY, an online medical encyclopedia.

In addition, some of the businesses of MEDiPASS Co., Ltd., which was consolidated (converted to a wholly owned subsidiary) in

March 2021, were also integrated into the Medical Platform Business segment.

As a result of the above, consolidated Q2 FY2021 segment net sales were ¥1,276,961 thousand (up 153.8% YoY) and segment loss before allocation of group-wide shared costs (operating loss) was ¥223,541 thousand (compared with an operating loss of ¥253,421 thousand in Q2 FY2020).

Factors behind the posting of an operating loss in the segment included 1) investments in growth aimed at securing new medical institution users and expanding the functionality of family pharmacy support system Pharms and increasing the functionality available to patients using CLINICS telemedicine system and 2) the amortization of goodwill associated with the consolidation of Pacific Medical, Inc. and MEDiPASS Co., Ltd.

3. New Services Segment

During consolidated Q2 FY2021, we continued to proactively conduct operations to expand content and to increase the number of facilities that can be introduced using our Kaigo-no Honne service. In addition, some of the businesses of MEDiPASS Co., Ltd. were also integrated into the New Services Segment.

As a result of the above, consolidated Q2 FY2021 segment net sales were ¥118,152 thousand (up 127.6% YoY) and the segment posted a loss before allocation of group-wide shared costs (operating loss) of ¥31,369 thousand (compared with an operating loss of ¥40,600 thousand in Q2 FY2020).

Factors behind the posting of an operating loss in the segment included investments in optimizing the earnings structure of our Kaigo-no Honne service.

(2) Outline of financial position

Assets

Current assets as of end-consolidated Q2 FY2021 totaled ¥18,464,119 thousand, an increase of ¥3,918,455 thousand compared with the end of the previous consolidated fiscal year. This increase was mainly attributable to an increase of ¥3,299,810 thousand in cash and deposits and an increase of ¥482,121 thousand in accounts receivable (trade). Non-current assets as of end-consolidated Q2 FY2021 totaled ¥2,983,184 thousand, an increase of ¥2,049,714 thousand compared with the end of the previous consolidated fiscal year. This increase was mainly attributable to an increase of ¥98,613 thousand in tangible non-current assets and an increase of ¥1,716,174 thousand in intangible non-current assets including goodwill.

As a result of the above, total assets as of end-consolidated Q2 FY2021 totaled ¥21,530,966 thousand, an increase of ¥6,010,973 thousand compared with the end of the previous consolidated fiscal year.

Liabilities

Current liabilities as of end-consolidated Q2 FY2021 totaled ¥3,094,843 thousand, an increase of ¥151,014 thousand compared with the end of the previous consolidated fiscal year. This increase was mainly attributable to increases of ¥261,360 thousand in income taxes payable, ¥116,686 thousand in the current portion of long-term borrowings, ¥87,532 thousand in accounts payable, ¥83,769 thousand in advances received, ¥49,026 in the provision for bonuses, and ¥22,063 thousand in accounts payable (trade) and a decrease of ¥500,000 thousand in short-term borrowings. Non-current liabilities as of end-consolidated Q2 FY2021 totaled ¥2,772,723 thousand, a decrease of ¥85,845 thousand compared with the end of the previous consolidated fiscal year. This decrease was mainly attributable to a decrease of ¥277,601 thousand in long-term borrowings.

As a result of the above, total liabilities as of end-consolidated Q2 FY2021 totaled ¥5,867,566 thousand, an increase of ¥65,168 thousand compared with the end of the previous consolidated fiscal year.

Net assets

Net assets as of end-consolidated Q2 FY2021 totaled ¥15,663,399 thousand, an increase of ¥5,945,804 thousand compared with the end of the previous consolidated fiscal year. This increase was mainly attributable to increases of ¥2,688,873 thousand each in capital and capital surplus and an increase of ¥555,391 thousand in retained earnings.

Cash flows

Cash and cash equivalents (hereinafter, net cash) as of end-consolidated Q2 FY2021 totaled ¥17,089,079 thousand, an increase of ¥3,037,045 thousand compared with the end-FY2020. Cash flows during the six months ended June 30, 2021, were as follows.

Cash flows from operating activities

Net cash provided by operating activities during the six months ended June 30, 2021, was ¥795,165 thousand (compared with ¥398,251 thousand in Q2 FY2020). This increase was mainly attributable to ¥859,245 thousand in profit before income taxes, adjusted for ¥100,705 thousand in amortization of goodwill, ¥95,007 thousand in depreciation costs, an increase of ¥151,374 thousand in trade receivables, an increase of ¥56,482 thousand in advances received, a decrease of ¥24,280 thousand in accounts payable, and ¥85,029 thousand in income taxes paid.

Cash flows from investing activities

Net cash used in investing activities during the six months ended June 30, 2021, was ¥2,104,203 thousand (compared with ¥107,800 thousand in consolidated Q2 FY2020). This was mainly attributable to ¥1,888,751 thousand from the purchase of shares of subsidiaries resulting in change in scope of consolidation, ¥107,863 thousand from payments of leasehold and guarantee deposits, and ¥91,572 thousand from purchase of intangible fixed assets.

Cash flows from financing activities

Net cash provided by financing activities during the six months ended June 30, 2021, was ¥4,346,083 thousand (compared with ¥712,664 thousand in consolidated Q2 FY2020). This was mainly attributable to ¥5,323,169 thousand in proceeds from issuance of shares, ¥540,000 thousand in repayments of short-term borrowings, and ¥437,086 thousand in repayments of long-term borrowings.

(3) Explanation regarding consolidated forecasts and forward-looking statements

The Group has revised its forecast for consolidated FY2021, and its forecast now differs from the forecast included in Consolidated Financial Results for the Year Ended December 31, 2020 [Japanese GAAP] released on February 12, 2021. For details regarding these changes, please refer to “Notice Regarding Revision to Consolidated Financial Results Forecast for the Fiscal Year Ending December 2021” released on March 17, 2021. In consolidated Q2 FY2021, an operating profit, an ordinary profit, and a quarterly net profit attributable to owners of the parent company exceeded the upper bounds of the revised forecast, but the Group leaves the forecasts unchanged due to the continued aggressive investment in growth in Q3 and beyond.

2. Quarterly Consolidated Financial Statements and Important Notes

(1) Quarterly Consolidated Balance Sheets

(Thousand yen)

	As of December 31, 2020	As of June 30, 2021
Assets		
Current assets		
Cash and deposits	14,052,034	17,351,845
Accounts receivable - trade	300,272	782,393
Merchandise and finished goods	11,657	32,108
Work in process	4,338	4,801
Prepaid expenses	71,963	150,882
Accrued income	2,134	373
Other	134,327	179,572
Allowance for doubtful accounts	(31,065)	(37,857)
Total current assets	14,545,664	18,464,119
Non-current assets		
Property, plant and equipment	67,520	166,134
Intangible assets		
Goodwill	80,828	1,769,811
Other	282,419	309,611
Total intangible assets	363,247	2,079,422
Investments and other assets	502,702	737,628
Total non-current assets	933,470	2,983,184
Deferred assets	40,858	83,661
Total assets	15,519,992	21,530,966

(Thousand yen)

	As of December 31, 2020	As of June 30, 2021
Liabilities		
Current liabilities		
Accounts payable - trade	57,287	79,350
Short-term borrowings	500,000	-
Current portion of long-term borrowings	825,826	942,512
Accounts payable - other	587,056	674,588
Accrued expenses	72,609	71,826
Advances received	421,392	505,162
Deposits received	141,492	152,242
Income taxes payable	112,300	373,660
Accrued consumption taxes	193,866	195,885
Provision for bonuses	-	49,026
Provision for refund of sales	10,656	16,673
Provision for continuous service bonuses	19,368	28,608
Other allowance	1,971	1,310
Other	-	3,996
Total current liabilities	2,943,829	3,094,843
Non-current liabilities		
Long-term borrowings	2,858,569	2,580,968
Other	-	191,755
Total non-current liabilities	2,858,569	2,772,723
Total liabilities	5,802,398	5,867,566
Net assets		
Shareholders' equity		
Share capital	3,968,433	6,657,306
Capital surplus	5,790,380	8,479,253
Retained earnings	(43,151)	512,240
Total shareholders' equity	9,715,662	15,648,800
Share acquisition rights	1,932	878
Non-controlling interests	-	13,720
Total net assets	9,717,594	15,663,399
Total liabilities and net assets	15,519,992	21,530,966

(2) Quarterly Consolidated Statements of Income and Comprehensive Income

Quarterly Consolidated Statements of Income (For the six months)

(Thousand yen)

	For the six months ended June 30, 2020	For the six months ended June 30, 2021
Net sales	3,564,832	5,538,700
Cost of sales	1,000,120	1,781,372
Gross profit	2,564,712	3,757,327
Selling, general and administrative expenses	2,111,719	2,933,239
Operating profit	452,992	824,087
Non-operating income		
Interest income	12	90
Settlement received	3,750	14,000
Subsidy income	-	13,478
Miscellaneous income	1,226	6,385
Other	1,253	2,009
Total non-operating income	6,242	35,963
Non-operating expenses		
Interest expenses	4,012	10,448
Amortization of share issuance costs	1,541	10,969
Other	-	2,485
Total non-operating expenses	5,554	23,904
Ordinary profit	453,681	836,146
Extraordinary income		
Gain on sale of businesses	-	23,195
Total extraordinary income	-	23,195
Extraordinary losses		
Loss on abandonment of non-current assets	-	96
Total extraordinary losses	-	96
Profit before income taxes	453,681	859,245
Income taxes	74,495	299,598
Profit	379,185	559,647
Profit attributable to non-controlling interests	-	4,255
Profit attributable to owners of parent	379,185	555,391

Quarterly Consolidated Statements of Comprehensive Income (For the six months)

(Thousand yen)

	For the six months ended June 30, 2020	For the six months ended June 30, 2021
Profit	379,185	559,647
Other comprehensive income		
Total other comprehensive income	-	-
Comprehensive income	379,185	559,647
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	379,185	555,391
Comprehensive income attributable to non-controlling interests	-	4,255

(3) Quarterly Consolidated Statements of Cash Flows

(Thousand yen)

	For the six months ended June 30, 2020	For the six months ended June 30, 2021
Cash flows from operating activities		
Profit before income taxes	453,681	859,245
Depreciation	69,278	95,007
Amortization of goodwill	-	100,705
Amortization of security deposit	2,933	3,973
Increase (decrease) in allowance for doubtful accounts	16,132	6,792
Increase (decrease) in provision for bonuses	(1,461)	40,026
Interest and dividend income	(12)	(90)
Interest expenses	4,012	10,448
Amortization of share issuance costs	1,541	10,969
Settlement received	(3,750)	(14,000)
Loss on abandonment of non-current assets	-	96
Loss (gain) on sale of businesses	-	(23,195)
Decrease (increase) in trade receivables	(166,926)	(151,374)
Decrease (increase) in inventories	(538)	11,928
Increase (decrease) in trade payables	137	15,060
Increase (decrease) in accounts payable - other	(71,307)	(24,280)
Increase (decrease) in advances received	161,491	56,482
Other, net	(5,726)	(115,600)
Subtotal	459,486	882,196
Interest and dividends received	12	90
Interest paid	(4,505)	(10,620)
Settlement package received	10,596	8,528
Income taxes paid	(67,337)	(85,029)
Net cash provided by (used in) operating activities	398,251	795,165
Cash flows from investing activities		
Payments into time deposits	-	(200,000)
Proceeds from withdrawal of time deposits	-	200,000
Purchase of property, plant and equipment	(16,569)	(24,569)
Purchase of intangible fixed assets	(91,230)	(91,572)
Payments of leasehold and guarantee deposits	-	(107,863)
Proceeds from refund of leasehold and guarantee deposits	-	7,815
Purchase of shares of subsidiaries resulting in change in scope of consolidation	-	(1,888,751)
Other, net	-	737
Net cash provided by (used in) investing activities	(107,800)	(2,104,203)
Cash flows from financing activities		
Repayments of short-term borrowings	-	(540,000)
Proceeds from long-term borrowings	500,000	-
Repayments of long-term borrowings	(102,928)	(437,086)
Proceeds from issuance of shares	315,592	5,323,169
Net cash provided by (used in) financing activities	712,664	4,346,083
Net increase (decrease) in cash and cash equivalents	1,003,115	3,037,045
Cash and cash equivalents at beginning of period	4,477,395	14,052,034
Cash and cash equivalents at end of period	5,480,511	17,089,079

(4) Important notes regarding quarterly consolidated financial statements

(Notes related to going concern assumptions)

Not applicable

(Notes in the event of significant changes in the amount of shareholders' equity)

Significant change in shareholders' equity

On May 11, 2021, the Group received increases of ¥2,688,873 thousand each in capital and capital surplus resulting from the payment for the issuance of new shares through a third-party allotment by NTT DOCOMO, INC., and the exercise of subscription rights during the six months ended June 30, 2021. As a result of these, as of end-consolidated Q2 FY2021, share capital was ¥6,657,306 thousand and capital surplus were ¥8,479,253 thousand.

(Application of special accounting methods in preparation for quarterly consolidated financial statements)

Tax expenses are calculated by multiplying quarterly net income before income taxes by an effective tax rate reasonably estimated after applying tax effect accounting on net income for the consolidated fiscal year including Q2 FY2021.

(Additional information)

There have been no changes made to the assumptions regarding the impact of the spread of COVID-19 and the duration of the outbreak as stated in Annual Securities Report ("Yukashoken-Houkokusho") for the previous fiscal year.

(Changes in reporting method)

(Regarding Quarterly Consolidated Balance Sheets)

The Group changed an item name previously called "Provision for cashback for newly hired" in "Current liabilities" in its Quarterly Consolidated Balance Sheets until end-consolidated FY2020 to "Provision for continuous service bonuses" in "Current liabilities" starting from consolidated Q1 FY2021.

(Segment information, etc.)

(Segment information)

Consolidated financial results for consolidated Q2 FY2020 (January 01, 2020, to June 30, 2020)

1. Information on net sales and operating profit (loss) by reportable segment

(Thousands of yen)

	Reportable segment				Adjustment (Note)	Amount in the consolidated financial statement
	Recruitment Platform Business	Medical Platform Business	New Services	Total		
Net sales						
Sales to external customers	3,009,876	503,043	51,912	3,564,832	-	3,564,832
Inter-segment sales and transfers	-	-	-	-	-	-
Total	3,009,876	503,043	51,912	3,564,832	-	3,564,832
Segment profit (loss)	1,438,202	(253,421)	(40,600)	1,144,180	(691,187)	452,992

Notes: 1. Segment profit (loss) adjustments of (¥691,187 thousand) include intersegment eliminations and corporate expenses not attributed to any reportable segments.

2. Segment profit (loss) is adjusted under operating profit on the Quarterly Consolidated Statements of Income.

2. Information on impairment losses on non-current assets or amortization of goodwill by reportable segment

(Major impairment losses on non-current assets)

Not applicable

(Significant changes in goodwill values)

Not applicable

(Significant gains in negative goodwill)

Not applicable

Consolidated financial results for consolidated Q2 FY2021 (January 01, 2021, to June 30, 2021)

1. Information on net sales and operating profit (loss) by reportable segment

(Thousands of yen)

	Reportable segment				Adjustment (Note)	Amount in the consolidated financial statement
	Recruitment Platform Business	Medical Platform Business	New Services	Total		
Net sales						
Sales to external customers	4,143,585	1,276,961	118,152	5,538,700	-	5,538,700
Inter-segment sales and transfers	120	-	-	120	(120)	-
Total	4,143,705	1,276,961	118,152	5,538,820	(120)	5,538,700
Segment profit (loss)	1,962,440	(223,541)	(31,369)	1,707,528	(883,440)	824,087

Notes: 1. Segment profit (loss) adjustments of (¥883,440 thousand) include intersegment eliminations and corporate expenses unallocated to reportable segments.

2. Segment profit (loss) is adjusted under operating profit on the Quarterly Consolidated Statements of Income.

2. Information on impairment losses on non-current assets or amortization of goodwill by reportable segment

(Major impairment losses on non-current assets)

Not applicable

(Significant changes in goodwill values)

In consolidated Q1 FY2021, the Group acquired shares of Pacific Medical, Inc. and MEDiPASS Co., Ltd. and integrated them into the scope of consolidated accounting.

As a result, goodwill in the Recruitment Platform Business increased by ¥698,336 thousand and goodwill in the Medical Platform Business increased by ¥1,068,569 thousand. The amount of goodwill is provisionally calculated because the allotment of acquisition costs was not completed as of end-consolidated Q2 FY2021.

(Significant gains in negative goodwill)

Not applicable