November 13, 2020

# Non-Consolidated Financial Results for the Third Quarter of the Fiscal Year Ending December 31, 2020 [Japanese GAAP]


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Date for commencement of dividend payments: –
Supplementary notes to quarterly financial statements: None
Briefing on quarterly financial statements: None

(Rounded down to nearest million yen)

## 1. Financial Results for the Third Quarter of the Fiscal Year Ending December 31, 2020 (January 1 to September 30, 2020)

(1) Operating Results (cumulative) (Percentages represent year-on-year changes)

| | Net sales | | Operating profit | | Ordinary profit | | Profit | |
|---|---|---|---|---|---|---|---|---|
| | Millions of yen | % | Millions of yen | % | Millions of yen | % | Millions of yen | % |
| Third quarter of the fiscal year ending December 31, 2020 | 8,324 | 7.5 | 747 | 21.7 | 643 | 5.4 | 306 | (15.6) |
| Third quarter of the fiscal year ending December 31, 2019 | 7,742 | 12.1 | 614 | 102.5 | 610 | 116.2 | 362 | 114.7 |

| | Net income per share | Net income per share fully diluted |
|---|---|---|
| | Yen | Yen |
| Third quarter of the fiscal year ending December 31, 2020 | 51.87 | 51.06 |
| Third quarter of the fiscal year ending December 31, 2019 | 61.75 | 61.04 |

(2) Financial Position

| | Total assets | Net assets | Shareholders' capital ratio |
|---|---|---|---|
| | Millions of yen | Millions of yen | % |
| As of September 30, 2020 | 9,923 | 5,058 | 51.0 |
| As of December 31, 2019 | 7,753 | 4,736 | 61.1 |

For reference: Shareholders' equity
As of September 30, 2020 5,058 million yen
As of December 31, 2019 4,735 million yen

## 2. Dividends

| | Annual dividends | | | | |
|---|---|---|---|---|---|
| | End of 1st quarter | End of 2nd quarter | End of 3rd quarter | Year-end | Full year |
| | Yen | Yen | Yen | Yen | Yen |
| Fiscal year ended December 31, 2019 | – | 0.00 | – | 0.00 | 0.00 |
| Fiscal year ending December 31, 2020 | – | 0.00 | – | | |
| Fiscal year ending December 31, 2020 (Forecast) | | | | – | – |

Note: Revisions from the most recently announced dividend forecast: None

## 3. Earnings Forecast for the Fiscal Year Ending December 31, 2020 (January 1 to December 31, 2020)

The Company will transition to consolidated accounting from the fourth quarter of the fiscal year ending December 31, 2020. For the Company's full-year consolidated earnings forecast for the fiscal year ending December 31, 2020, please see "Notification of Consolidated Earnings Forecast Associated with the Start of Consolidated Accounting" published today (November 13, 2020) and page 4 of the attachment entitled "1. Qualitative Information on the Quarterly Financial Results (3) Explanation of Forward Looking Information including Earnings Forecast."

* Notice

(1) Application of special accounting treatment for the preparation of the quarterly financial statements: Yes

(2) Changes in accounting policy and changes and restatements of accounting estimates
  (a) Changes in accounting policy accompanying the revision of accounting standards: None
  (b) Changes in accounting policy other than those listed in (a): None
  (c) Changes in accounting estimates: None
  (d) Restatements: None

(3) Number of shares issued (common stock)
  (a) Number of shares issued at end of period (including treasury shares)

| | | | |
|---|---|---|---|
| September 30, 2020 | 6,171,159 shares | December 31, 2019 | 6,150,198 shares |

  (b) Number of treasury shares at end of period

| | | | |
|---|---|---|---|
| September 30, 2020 | 246,723 shares | December 31, 2019 | 250,223 shares |

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

| | | | |
|---|---|---|---|
| September 30, 2020 | 5,909,981 shares | September 30, 2019 | 5,878,710 shares |

* The Company's quarterly financial statements are not subject to quarterly review by a certified public accountant or audit corporation.

*Appropriate use of earnings forecasts and other pertinent information

These materials contain various forward-looking statements and other forecasts regarding performance and other matters. Such statements are based on information available at the time of preparation as well as certain reasonable assumptions. Actual results may differ materially from those expressed or implied by forward-looking statements due to a range of factors. For notices concerning underlying assumptions of the earnings forecast and the use of the earnings forecast, refer to page 4 of the attachment entitled "1. Qualitative Information on the Quarterly Financial Results (3) Explanation of Forward Looking Information including Earnings Forecast."

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## 1. Qualitative Information on the Quarterly Financial Results

(1) Explanation of Operating Results

During the third quarter cumulative period under review, Japan's economy showed signs of a recovery as the restrictions on economic activities caused by the impacts of the COVID-19 pandemic have been removed in stages, but the future outlook remains one of uncertainty.

The e-book market, mainly comics, continues to see an increase in customer traffic and higher average purchases. The e-book and e-comic markets are expected to continue growing. Furthermore, the COVID-19 pandemic has spurred on consumption at home, and it is expected to increase user numbers further and contribute to the retention of users. (Source: Impress Corporation estimates, "eBook Marketing Report 2020")

However, the e-book market is expected to gradually become saturated as e-book business models diversify and mature.

Given this market climate, the Company is working to shore up its product lineup and strengthen its editing functions by creating original content and being the first to distribute exclusive titles. The Company has also worked to differentiate contents. In addition, the Company focused on strengthening its brand, including holding campaigns marketing service improvements and a sense of value, in order to increase subscribers and customer spending by promoting the flow of visit, retention and purchase.

Moreover, in light of the growing COVID-19 pandemic, as with the previous quarter, the Company continued to implement countermeasures for preventing the occurrence and spread of infections and secure the safety of suppliers, employees and other stakeholders, and strived to balance these initiatives with business growth.

As a result, net sales in the third quarter cumulative period under review increased 582 million yen year over year to 8,324 million yen.

The following section discusses the main activities of the Company's Contents Platform Business in the third quarter cumulative period of the year under review.

Through the comic distribution service "Manga Kingdom," a mainstay service in the e-book business, the Company has uploaded a cumulative total of 108 original titles while promoting differentiation of content, including distribution of original labels such as exclusive first-release titles. As for the Manga Kingdom website, the Company actively carried out sales promotion activities for acquiring a broad range of users and appealing a sense of value, including a loyalty points program that rebates up to 50% of spending every day for both the purchase of points and works and regularly implementing various promotional campaigns. Also, the Company received the distinction of "No. 1 Value" (number one ranking in services with the greatest sense of value) in a survey of e-comic services conducted by a third-party research institution in April 2020. In August 2020, as a collaborative projects with "Manga Kingdom," we carried out a "#live broadcast of Manga for everyone led by actress Tsubasa Honda presented by Manga Kingdom" in which the actress performed an online reading with viewers at the "Niconico Net Chokaigi 2020 Summer Edition," Japan's largest online summer festival. Furthermore, from August, the Company began broadcasting its own new radio program called "The world is made from Manga presented by Manga Kingdom." In this manner, the Company is implementing a wide range of advertising activities aimed at increasing visibility of its services.

Through these initiatives, the Company has recorded sustained growth, as the number of registered members broke through the 4-million mark in July 2020 and cumulative downloads broke through the 1.3-billion mark in September 2020 (cumulative total downloads include free titles and titles in comic strip format converted to books).

As for free manga app called “Comic every,” the Company began distribution of works from Kodansha Ltd. in July 2020. From a broad offering of contents, spanning from new releases to previously released works, including popular works taken up in the media, the number of titles that can be read for free were expanded to 1,800 covering more than 55,000 stories in September 2020. In the same month, the service broke through the one-million mark for cumulative downloads. The Company will continue working to improve services so that more customers can enjoy more works.

In “novelba,” an e-novel service, from April 2020, the Company jointly held a love novel contest with Publishing Link, Ltd. that guarantees publication of an e-novel with Takeshobo Co., Ltd. as the grand prize. This is helping to invigorate the site and providing support to author debuts. Furthermore, the Company focused not only on posted works, but also obtaining the copyrights to commercial works in an effort to expand contents across a wide range of genre. This included beginning distribution in August 2020 of works from MICRO MAGAZINE, INC., including highly popular light novel “That Time I Got Reincarnated as a Slime.”

In the games business, the Company actively worked to expand various content and improve services, including hosting events and adding in-app main stories, after beginning development, operations and distribution in August 2020 for proprietary interactive smartphone game “RenCa:A/N.”

In the production business, the Company engaged in support activities for various contents production and promotions, including hosting an online workshop led by instructors sourced utilizing connections unique to Manga Kingdom, under the sponsorship of Tombow Pencil Co., Ltd.

As a result, net sales for the third quarter cumulative period totaled 8,324,863 thousand yen (up 7.5% over the previous year), operating profit came at 747,705 thousand yen (up 21.7%), ordinary profit was 643,326 thousand yen (up 5.4%) and profit totaled 306,540 thousand yen (down 15.6%).

The Company engages in the Contents Platform Business only; therefore, there are no individual segments to report.

(2) Explanation of Financial Condition

(Assets)

Total assets at the end of third quarter amounted to 9,923,312 thousand yen, up 2,170,238 thousand yen compared to the previous fiscal year end.

Current assets totaled 5,600,999 thousand yen, up 2,308,967 thousand yen over the previous fiscal year end. This is mainly attributable to a decrease in securities of 300,000 thousand yen, while cash and deposits increased by 2,192,435 thousand yen and accounts receivable - trade increased by 394,767 thousand yen.

Non-current assets totaled 4,322,313 thousand yen, down 138,728 thousand yen compared to the previous fiscal year end. This is mainly attributable to an increase in investments and other assets of 42,504 thousand yen, while intangible assets declined 176,157 thousand yen.

(Liabilities)

Total liabilities at the end of third quarter amounted to 4,865,031 thousand yen, up 1,848,401 thousand yen compared to the previous fiscal year end.

Current liabilities totaled 4,685,031 thousand yen, up 2,028,401 thousand yen over the previous fiscal year end. This is mainly attributable to decreases in accounts payable - other of 55,472 thousand yen, income taxes payable of 128,074 thousand yen, deferred revenue of 109,960 thousand yen, and provision for bonuses of 45,783 thousand yen, while accounts payable - trade increased by 386,552 thousand yen and short-term loans payable increased by 2,000,000 thousand yen.

Non-current liabilities totaled 180,000 thousand yen, down 180,000 thousand yen compared to the previous fiscal year end. This is attributable to a decrease in long-term loans payable of 180,000 thousand yen.

(Net assets)

Net assets at the end of the third quarter totaled 5,058,281 thousand yen, up 321,837 thousand yen compared to the previous fiscal year end. This is mainly attributable to an increase in retained earnings of 305,776 thousand yen.

As a result, the shareholders' capital ratio came to 51.0%.

(3) Explanation of Forward-Looking Information including Earnings Forecast

Following the share acquisition announced on September 18, 2020, the Company will transition to consolidated accounting from non-consolidated accounting from the fourth quarter of the fiscal year ending December 31, 2020. For details about the Company's full-year consolidated earnings forecast for the fiscal year ending December 31, 2020, please see "Notification of Consolidated Earnings Forecast Associated with the Start of Consolidated Accounting" published today (November 13, 2020).

## 2. Quarterly Financial Statements and Notes

(1) Quarterly Balance sheet

(Unit: thousands of yen)

| | End of Previous Fiscal Year (As of December 31, 2019) | Third Quarter (As of September 30, 2020) |
|---|---|---|
| Assets | | |
| Current assets | | |
| Cash and deposits | 1,664,528 | 3,856,963 |
| Accounts receivable - trade | 1,279,639 | 1,674,406 |
| Securities | 300,000 | – |
| Merchandise | 2,987 | 3,094 |
| Supplies | 1,323 | 1,218 |
| Advance payments - trade | 19,728 | 10,888 |
| Prepaid expenses | 25,263 | 40,130 |
| Other | 404 | 16,788 |
| Allowance for doubtful accounts | (1,843) | (2,491) |
| Total current assets | 3,292,031 | 5,600,999 |
| Non-current assets | | |
| Property, plant and equipment | | |
| Buildings | 14,662 | 14,662 |
| Facilities attached to buildings | 11,655 | 11,835 |
| Tools, furniture and fixtures | 131,853 | 134,141 |
| Accumulated depreciation | (110,579) | (118,122) |
| Accumulated impairment loss | (9,426) | (9,426) |
| Total property, plant and equipment | 38,165 | 33,089 |
| Intangible assets | | |
| Goodwill | 3,717,017 | 3,497,905 |
| Trademark right | 432 | 362 |
| Software | 188,135 | 222,251 |
| Contents assets | 403,767 | 291,604 |
| Software in progress | 8,264 | – |
| Content assets in progress | 34,371 | 163,707 |
| Total intangible assets | 4,351,988 | 4,175,830 |
| Investments and other assets | | |
| Leasehold deposits | 43,919 | 83,988 |
| Deferred tax assets | 26,968 | 26,968 |
| Other | 0 | 2,435 |
| Total investments and other assets | 70,888 | 113,392 |
| Total non-current assets | 4,461,042 | 4,322,313 |
| Total assets | 7,753,074 | 9,923,312 |

(Unit: thousands of yen)

| | End of Previous Fiscal Year (As of December 31, 2019) | Third Quarter (As of September 30, 2020) |
|---|---|---|
| Liabilities | | |
| Current liabilities | | |
| Accounts payable - trade | 1,087,702 | 1,474,254 |
| Short-term loans payable | – | 2,000,000 |
| Current portion of long-term loans payable | 240,000 | 240,000 |
| Accounts payable - other | 284,377 | 228,904 |
| Accrued expenses | 21,648 | 17,952 |
| Income taxes payable | 216,586 | 88,512 |
| Accrued consumption taxes | 30,927 | 28,572 |
| Deferred revenue | 710,192 | 600,231 |
| Deposits received | 7,850 | 6,125 |
| Provision for bonuses | 45,783 | – |
| Other | 11,561 | 477 |
| Total current liabilities | 2,656,630 | 4,685,031 |
| Non-current liabilities | | |
| Long-term loans payable | 360,000 | 180,000 |
| Total non-current liabilities | 360,000 | 180,000 |
| Total liabilities | 3,016,630 | 4,865,031 |
| Net assets | | |
| Shareholders' equity | | |
| Capital stock | 1,868,930 | 1,874,592 |
| Capital surplus | 1,868,430 | 1,874,092 |
| Retained earnings | 1,371,988 | 1,677,765 |
| Treasury shares | (373,392) | (368,169) |
| Total shareholders' equity | 4,735,957 | 5,058,281 |
| Share acquisition rights | 486 | – |
| Total net assets | 4,736,443 | 5,058,281 |
| Total liabilities and net assets | 7,753,074 | 9,923,312 |

(2) Quarterly Statement of Income

Third Quarter Cumulative Period

(Unit: thousands of yen)

| | Previous Third Quarter Cumulative Period (January 1 to September 30, 2019) | Current Third Quarter Cumulative Period (January 1 to September 30, 2020) |
|---|---|---|
| Net sales | 7,742,759 | 8,324,863 |
| Cost of sales | 4,317,798 | 5,126,417 |
| Gross profit | 3,424,961 | 3,198,445 |
| Selling, general and administrative expenses | 2,810,703 | 2,450,740 |
| Operating profit | 614,258 | 747,705 |
| Non-operating income | | |
| Interest income | 550 | 16 |
| Dividend income | 65 | 68 |
| Reversal of provision for bonuses | 408 | – |
| Interest on refund | 508 | – |
| Reimbursement receivables | 1,231 | 13,769 |
| Penalty income | 1,000 | – |
| Other | 787 | 48 |
| Total non-operating income | 4,551 | 13,903 |
| Non-operating expenses | | |
| Interest expenses | 3,730 | 2,555 |
| Borrowing expenses | 3,354 | 115,376 |
| Other | 1,580 | 350 |
| Total non-operating expenses | 8,665 | 118,281 |
| Ordinary profit | 610,145 | 643,326 |
| Extraordinary income | | |
| Gain on reversal of share acquisition rights | – | 486 |
| Total extraordinary income | – | 486 |
| Extraordinary losses | | |
| Impairment loss | – | 126,516 |
| Total extraordinary losses | – | 126,516 |
| Profit before income taxes | 610,145 | 517,295 |
| Income taxes | 247,147 | 210,755 |
| Profit | 362,997 | 306,540 |

(3) Notes to Quarterly Financial Statements

(Notes on the Going-Concern Assumption)

N/A

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

The Company disposed of 3,500 treasury shares based on a resolution at the meeting of the board of directors held on April 23, 2020 as restricted share compensation paid to the Company's directors. As a result, retained earnings decreased by 763 thousand yen and treasury shares decreased by 5,222 thousand yen to 1,677,765 thousand yen and 368,169 thousand yen respectively at the end of the third quarter.

(Application of Special Accounting Treatment for Preparation of Quarterly Financial Statements)

Calculation of Tax Costs

Tax costs are calculated by reasonably estimating the effective tax rate for each business year's profit before income taxes, including this third quarter under review, after application of tax effect accounting and then multiplying this estimated effective tax rate by profit before income taxes.

However, in cases where the calculation of tax costs using the estimated effective tax rate yields a result that is notably lacking rationality, then tax expenses are calculating using the statutory effective tax rate.

(Segment Information, etc.)

The Company has only one business segment, the Contents Platform Business. Due to the insignificance of segments, segment information has been omitted.

(Additional Information)

Change in Presentation Method

(Quarterly Balance Sheet Related)

"Leasehold deposits" presented in "Other" of "Investments and other assets" in the previous fiscal year will be restated as a standalone item from the first quarter of the fiscal year because it has become significant in terms of amount. The financial statements for the previous fiscal year have been restated in order to reflect this change in presentation method.

As a result, the amount of 43,919 thousand yen presented in "Other" of "Investments and other assets" in the balance sheet of the previous fiscal year has been restated as "Leasehold deposits" of 43,919 thousand yen and "Other" of 0 thousand yen.

(Significant Subsequent Events)

Business Combination through Acquisition

A resolution was passed at the meeting of the board of directors held on September 18, 2020 to acquire all of the shares of NSSK-CC Co., Ltd., a holding company, and NSSK-C Co., Ltd., a holding company of Bunkasha Co., Ltd. and its Group companies Kaiohsha Co., Ltd., Shin Apollo Publishing Co., Ltd., Bunyusha Co., Ltd., and Rakuraku Publishing Co., Ltd. (hereinafter, "the Target Group") and make them a wholly-owned subsidiary. The Company acquired the shares on October 8, 2020.

1. Overview of business combinations

(1) Name of acquired companies and details of their businesses

| | |
|---|---|
| Name of acquired company | NSSK-CC Co., Ltd.<br>NSSK-C Co., Ltd.<br>Bunkasha Co., Ltd.<br>Kaiohsha Co., Ltd.<br>Shin Apollo Publishing Co., Ltd.<br>Bunyusha Co., Ltd.<br>Rakuraku Publishing Co., Ltd. |
| Details of businesses | Integrated publishing of comic magazines, comic books, and general books |

(2) Main reason for the business combination

The Company provides services and projects for the distribution of creators' works mainly through Manga Kingdom, recognized as the No. 1 Value comic distribution service in Japan. The Company defines activities that identify contents and market these contents using the most appropriate methods as "content production." To bring fans and content close together on an emotional level, the Company engages in business utilizing the three values of "create," "select" and "deliver," focusing on the expansion of original works and quality assurance.

The Target Group is an integrated publishing company that excels at manga genre geared toward women and owns a large number of excellent works including "Stepmom and Daughter Blues", a work that was made into a television drama series. In recent years, the Target Group has actively promoted digital publishing and now digital sales account for a majority of its sales. The Target Group has a strength in creating works that follow the trends of Internet users which are subject to intense changes.

Through this acquisition of stock, the Company will accelerate the enhancement of the Target Group's creative works by utilizing its multiple connections with authors and creators as well as its big data and know-how accumulated through Manga Kingdom and its other services. In terms of the Company's services, the Company will be able to enhance its services by differentiating itself using original works and contents proposals utilizing the Target Group's judgement. The tangible and intangible assets of both parties will be utilized with the aim of the further growth of both parties and the creation of new value.

The Company will accelerate the enhancement of its functions as a contents production company from this acquisition of shares based on the mutual synergistic effects and affinity of business strategies of both companies, as outlined above. The Company will also reinforce its business portfolio compatible with the e-book market, which continues to grow, by expanding content sales, in addition to the Contents Platform Business centered on Manga Kingdom. The Company also determined that it would make major forward progress toward the achievement of the Medium-Term Management Plan. For these reasons, the Company decided to complete this acquisition of shares.

(3) Date of business combination

October 8, 2020

(4) Legal format of business combination

Share acquisition using cash as consideration

(5) Name of company after combination

NSSK-CC Co., Ltd., the acquired company, changed its trade name to Bunkasha Holdings Co., Ltd. on the date of the business combination (October 8, 2020). In addition, NSSK-C Co., Ltd., the other acquired company, changed its trade name to Bunkasha Group Co., Ltd. on the date of the business combination (October 8, 2020).

(6) Acquired voting rights ratio

| | |
|---|---|
| Voting rights ratio owned immediately prior to the acquisition | –% |
| Additional voting rights ratio acquired on the date of business combination | 100% |
| Voting rights ratio after acquisition | 100% |

(7) Main basis for determining the acquired company

The acquisition of 100% of the voting rights of NSSK-CC Co., Ltd. from the acquisition of shares by the Company using cash as consideration.

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

| | |
|---|---|
| Consideration for acquisition: Cash | 5,300 million yen |
| Acquisition cost | 5,300 million yen |

3. Details and amount of main acquisition related expenses

Not yet finalized as of the current date.

4. Goodwill amounts, reason for occurrence, amortization method and amortization period

Not yet finalized as of the current date.

5. Assets received on the date of business combination, amount of liabilities succeeded, and main breakdown of each

Not yet finalized as of the current date.

6. Future outlook

Following this acquisition of shares, the Company plans to transition to consolidated accounting from the fourth quarter of the fiscal year ending December 31, 2020.

Borrowing of funds

A resolution was passed at the meeting of the board of directors held on September 18, 2020 regarding the conclusion of the following syndicated loan agreement. The loan was executed on October 8, 2020.

1. Summary of syndicated loan agreement

| | | |
|---|---|---|
| (1) | Arranger and agent | Sumitomo Mitsui Banking Corporation |
| (2) | Loan execution date | October 8, 2020 |
| (3) | Syndicated amount | 7,000 million yen |
| (4) | Loan interest rate | Standard interest rate + spread |
| (5) | Repayment date | September 30, 2025 |
| (6) | Repayment method | Contractual repayment and lump-sum repayment |
| (7) | Use of funds | Acquisition of the shares of the target company indicated above (business combination through acquisition) and related expenses (repayment of borrowings of the target company) |
| (8) | Security | Yes (shares of Bunkasha Holdings Co., Ltd.) |

Merger between consolidated subsidiaries

A resolution was passed at the meeting of the board of directors held on October 30, 2020 regarding the execution of an absorption-type merger involving the Company's consolidated subsidiaries of Bunkasha Holdings Co., Ltd. and Bunkasha Group Co., Ltd.

1. Overview of business combination

(1) Name of combined companies and details of their businesses

A. Company combining

| | |
|---|---|
| Name | Bunkasha Holdings Co., Ltd. |
| Details of business | Holding company |

B. Business being combined

| | |
|---|---|
| Name | Bunkasha Group Co., Ltd. |
| Details of business | Holding company |

(2) Date of business combination

January 1, 2021

(3) Legal format of business combination

Absorption-type merger where Bunkasha Holdings Co., Ltd. is the surviving company and Bunkasha Group Co., Ltd. is the non-surviving company.

(4) Name of company after business combination

Bunkasha Group Co., Ltd.
Note: Bunkasha Holdings Co., Ltd. will change its name to the above trade name effective January 1, 2021.

(5) Other matters concerning the overview of this transaction

The Company decided to merge both companies with the purpose of increasing the efficiencies of Group management as part of the management of the Company's Group.

2. Overview of accounting treatment to be implemented

The transaction will be accounted for as a common control transaction pursuant to the Accounting Standard for Business Combinations and Implementation Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures.

Changes in Segment Classification

A resolution was passed at the meeting of the Board of Directors on November 13, 2020 to change the Company's reporting segment, which had been the single segment of the Contents Platform Business, to the "Platform Segment" and "Contents Segment" from the fourth quarter of the fiscal year ending December 31, 2020 following the acquisition of the Target Companies noted above (business combination through acquisition).

Furthermore, the Company is currently calculating information concerning the amounts of net sales, profits/losses, and other items for each reporting segment for the fiscal year under review using the segment classification post change.