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Having livedoor Co., Ltd. a consolidated subsidiary spun out from LINE Corporation

Going forward to the leading internet media group with 80 million sizes users

Tokyo, Japan – MINKABU THE INFONOID, Inc., (hereinafter “Minkabu”, Representative: Ken Uryu, Founder and CEO/CFO) is pleased to announce today that Minkabu and LINE Corporation (hereinafter “LINE”, President and Representative Director: Takeshi Idezawa) reached an agreement which Minkabu acquires “livedoor Blog”, “livedoor NEWS” and “Kstyle” (hereinafter “Livedoor Business”) operated by LINE. The acquisition will be executed with the process that LINE establishes livedoor Co., Ltd., (hereinafter “Livedoor”) a fully owned subsidiary, and transfers its Livedoor Business to livedoor Co., Ltd. by absorption-type company split, and then Minkabu purchases all shares of Livedoor. The two companies signed the Share Transfer Agreement dated September 28th, 2022.

As a result of the consolidation of Livedoor whose monthly users for its service are 70 million (*1) and SNS followers are 24 million (*2), Minkabu becomes a leading internet media group with 80 million sizes (*3) user base along with existing Minkabu users.



(*1) Total average users in “livedoor Blog”, “livedoor NEWS”, and “Kstyle” for the fiscal year ended March 2022. More specifically, for “livedoor Blog”, yearly average figures of daily visitors, and for “livedoor NEWS” and “Kstyle”, average figures of monthly users.

- (*2) Total SNS (LINE, Twitter, Facebook, YouTube) followers in “livedoor Blog”, “livedoor NEWS”, and “Kstyle” as of September 2022.
- (*3) The figures are the sum of 8.75 million, the average monthly UU for the fiscal year ended March 2022 in Minkabu’s media (“MINKABU” and “Kabutan”), and the figures described in (*1) above.

1. About Livedoor Business

Livedoor Business, which Livedoor takes over from LINE, provides one of the largest blogging platforms, and news sites that achieve top-class traffic in the industry, etc. The business consists of the following three services with monthly unique users (hereinafter “UU”) and daily visitors reaching about 70 million (*1) in total.

(1) livedoor Blog



Since 2003. One of the largest blogging platforms which support bloggers and creators who are actively posting picture diaries, parenting, cooking, recipe, lifestyle, pets, etc.

In addition to standard blog services, it consists of partners’ blogs such as official blogs, curation sites, and local blogs with about 31 million daily visitors (*4).

(2) livedoor NEWS



Since 2004. News sites that cover domestic politics, international affairs, subculture, and gourmet. It characterizes itself with 3 lines of news summaries based on the news delivered from various media. Its monthly UU is about 33 million (*5).

(3) Kstyle



One of the largest Korean entertainment news sites in Japan. By the alliance with major Korean entertainment content providers, it provides one-of-a-kind content. Its monthly UU is 5.8 million (*6).

(*4) Daily average visitors in “livedoor Blog” for the fiscal year ended March 2022.

(*5) Monthly average users in “livedoor NEWS” for the fiscal year ended March 2022.

(*6) Monthly average users in “Kstyle” for the fiscal year ended March 2022.

Note: The above information is from LINE Corporation.

2. The purpose of the acquisition

Minkabu's corporate philosophy is to provide the mechanisms that embody the value of information. The philosophy is shared throughout the Minkabu group and currently, Minkabu is developing the business mainly in the fields of financial and economic information. Based on the core assets such as AI engine which automatically generates contents, crowd input posted and browsed data of large-sized user base, and big data of domestic and global financial/economic/corporate information, and by utilizing the unique technology to create a technology-based information provision system in services, Minkabu realizes comprehensiveness, accuracy, and timeliness of information in services and repeatability, efficiency and scalability in business.

Starting from the media business with "Minna no Kabushiki", a social media platform for investors, Minkabu has achieved stable growth by entering the solutions business for financial institutions by diversifying the revenue sources and stabilization of revenue, and by rebranding the media business for the expansion of the target from individual investors to asset-building population.

As an information service provider, Minkabu realizes the responsibility to address the issues in modern society with more diversified and complicated values and philosophy, such as low birthrate and longevity, shortage of retirement funds, and necessity of efficiency in enterprises resulting from the reduction of the productive population. To achieve accelerated growth, Minkabu believes in the necessity of expanding its business area and user base. By making Livedoor a fully owned subsidiary, Minkabu pursues the obsession with information and embodies its value, not only in the field of financial and economic information but also in various other fields to realize a new way of providing information by leveraging technology, which contributes to creating an enriched society.

As a result of having Livedoor as a subsidiary, Minkabu takes the following growth opportunities in addition to the existing growth scenario.

(1) The drastic expansion of TAM (*7)

- Significantly expand Minkabu's business domain from "Finance", led by the development of a larger user base.
- Expanding the reach rapidly from individual investors to ordinary citizens, placing Minkabu in a position that takes a role of increasing asset building population described in "Basic Policy 2022" (*8) released by the Japanese government.

(2) Improvement of the value of assets and expertise

- Establishing mutual links with Minkabu's existing media services and acquiring the opportunities to utilize Minkabu's content assets, AI technology, NFT technology, and technology and knowledge to be acquired in the future.

(3) Strengthening the marketing capabilities

- By leveraging the Livedoor's recognized brand, about 70 million user bases, 24 million SNS followers, one of the strongest social marketing expertise, expertise in attracting customers by way of video distribution such as LINE LIVE and YouTube, etc., being free from SEO dependent and strengthening the marketing capabilities.

(*7) Total Addressable Market: The maximum size of the market that goods and services can achieve

(*8) ” Basic Policy on Economic and Fiscal Management and Reform 2022 For a New Form of Capitalism —Achieving a Sustainable Economy by Harnessing Processes to Overcome Challenges to Drive Growth—” released by the Cabinet Office on June 7th, 2022 (“ Basic Policy 2022”)

By making Livedoor a subsidiary, Minkabu will achieve a mid-term goal of 10 billion net sales ahead of forecasted and will establish a structure that aims further business scale by utilizing the growth opportunities described above.

3. The process of the acquisition

The acquisition will be executed with the process that LINE establishes Livedoor, a fully owned subsidiary, and transfers Livedoor Business to Livedoor by absorption-type company split and then Minkabu purchases all shares of Livedoor

Note: Since the acquisition is not a tax-qualified split, the part of the purchase price that exceeds fair value net assets is deemed as asset adjustment accounts (goodwill for tax purposes) under Japanese tax law. The asset adjustment accounts are amortized for 5 years as tax losses.

4. The detail of the subsidiary (Livedoor) to be transferred

(1)	Name	livedoor Co., Ltd.	
(2)	Location	Yotsuya 1-6-1, Shinjuku-ku, Tokyo	
(3)	Representative	Representative Director: Naoto Miyamoto	
(4)	Description of business	Operation of blogging platforms and news sites etc.	
(5)	Common stock	10 thousand yen (scheduled)	
(6)	Date of incorporation	October 7th, 2022 (scheduled)	
(7)	Major shareholders and their rate of shareholding	LINE Corporation 100%	
(8)	Relationship between the concerned corporate entities	Capital relationship	None
		Human resource relationship	None
		Business relationship	None
(9)	Operating results and financial positions for the last 3 years	<p>Since Livedoor will be established by an absorption-type company split on October 7th, 2022, there is no applicable information. While the latest net sales and operating profit of Livedoor Business in LINE Corporation are not disclosed, Minkabu estimates the business scale as 4 billion yen of net sales and 1 billion yen of operating profit based on the due diligence performed.</p> <p>There are no material assets and liabilities that will be transferred to Livedoor(*9)</p>	

(*9) Trade receivable arising from the ordinary business of livedoor blog, livedoor News, and Kstyle will be transferred to Livedoor

5. The detail of the seller of Livedoor

(1)	Name	LINE Corporation	
(2)	Location	1-6-1 Yotsuya, Shinjuku-ku, Tokyo	
(3)	Representative	President and Representative Director: Takeshi Idezawa	
(4)	Description of business	The advertising business, sale of LINE stamp, game business, etc. based on “LINE”, communication application as a core business and strategic business such as FinTech, AI and e-Commerce.	
(5)	Common stock	34,201 million yen (As of March 31, 2021)	
(6)	Date of incorporation	December 13 th , 2019	
(7)	Major shareholders and their rate of shareholding	Z Holdings Corporation 100%	
(8)	Relationship between concerned corporate entities	Capital relationship	None
		Human resource relationship	None
		Business relationship	None
		Applicability to related parties	Not applicable

6. Shares to be transferred, acquisition costs, and number of voting rights before and after the transfer

(1)	Number of shares held before the transfer	None (Number of voting rights : None) (Percentage of voting rights : 0 %)	
(2)	Number of shares to be transferred	100 shares (Number of voting rights : 100)	
(3)	Acquisition costs	Ordinary shares of Livedoor	7,100 million yen
		Advisory fee (Estimated)	100 million yen
		Total (Estimated)	7,200 million yen
(4)	Number of shares held after the transfer	100 shares (Number of voting rights : 100) (Percentage of voting rights : 100%)	

7. How to raise funds for the acquisition

Since Livedoor Business is profitable and estimated to generate continuous free cash flow as described in “4. The detail of subsidiary (Livedoor) to be transferred”, a major part or all of the cash for the acquisition is planned to be funded by debt finance. For debt finance, MUFG Bank, Ltd. issued the certificate to commit to providing 1-year bridge loan covering most of the acquisition costs. By the acquisition date, the refinance to syndicated loan organized by MUFG Bank, Ltd. is planned.

8. How to calculate the acquisition price

The acquisition price is considered reasonable which is determined with thorough discussion and investigation based on the third-party external experts’ valuation taking the latest operating results, financial position, business

plan, and due diligence into account. Given the going concern of Livedoor Business, the discount cash flow method is applied for the valuation.

9. Schedule of the acquisition

(1)	Date of the agreement	September 28 th , 2022
(2)	Date of the acquisition	December 28 th , 2022 (Scheduled)

10. Management set up after the acquisition of Livedoor's share (*10)

Title	Name	Present post
Representative Director, Chairman of the board & CEO	Ken Uryu	Minkabu's Representative Director & CEO/CFO
Representative Director & COO	Naoto Miyamoto	Executive Officer, in charge of Portal and EC business, LINE Corporation
Director	Takeaki Sugimura	Senior Executive Officer in charge of Media Development Division of Minkabu
Director (Part-time)	Ryutaro Takada	Minkabu's director (Part-time)
Auditor (Part-time)	Junko Yaguchi	Senior Executive Officer in charge of Business Management Division of Minkabu

(*10) To be resolved at an extraordinary shareholder's meeting and directors' meeting of Livedoor held by December 28, 2022.

[Supplemental Information] Career summary of the CEO and COO is as follows:

Title	Name	Career summary	
Chairman of the board & CEO	Ken Uryu	July 1997	NTT Mobile Communications Network, Inc. (Currently NTT DOCOMO)
		October 2000	Merrill Lynch Japan Securities Tokyo branch (Currently BofA Securities Japan Co., Ltd.)
		January 2003	Goldman Sachs Securities Tokyo branch (Currently Goldman Sachs Securities Co., Ltd.)
		October 2005	Advisor, Goldman Sachs Securities Tokyo branch
		July 2006	Established MASSTUNE, Inc. (Currently Minkabu) Representative Director
		June 2021	Representative Director & CEO, Minkabu (Present)
		May 2022	Director, MINKABU Web3 Wallet Inc. (Present)
		June 2022	Representative Director & CEO/CFO, Minkabu (Present)
Representative Director & COO	Naoto Miyamoto	April 1991	QUICK Corp.
		August 1999	Merrill Lynch Japan Securities (Currently BofA Securities Japan Co., Ltd.)
		August 2001	Lycos Japan Corporation
		October 2002	Yahoo Japan Corporation
		April 2012	Representative Director, GYAO Corporation
		April 2016	Head of media business division, Yahoo Japan Corporation
		April 2018	Head of CEO business promotion office, Yahoo Japan Corporation
		September 2019	LINE Corporation
		January 2020	Executive officer, in charge of portal business and EC business

11. Forecast

As a result of the acquisition, Livedoor will be a subsidiary of Minkabu on December 28th and the operating results of Livedoor will be reflected by Minkabu from October 7th, the date of Livedoor's establishment, by applying deemed acquisition date. The date of business transfer from LINE Corporation after the establishment of Livedoor is planned to be December 1st, 2022. The impact of the acquisition on consolidated operating results is now under investigation but amortization costs for goodwill, clients' assets, and software assets will be recognized. And capital investment is also expected to strengthen the competitiveness of the services. The impact will be disclosed as soon as the investigation is completed after the acquisition. Minkabu believes the business combination of Minkabu and Livedoor is a strong synergy in the expansion of the user basis from individual investors to ordinary citizens, strengthening the power of the acquisition of new users, expanding of contents for both companies, etc. Synergies are also expected for the effective use of resources such as having a common basis of advertisement marketing, sharing the expertise of internet media operation, content auto generation engine and NFT technology.

By the acquisition of Livedoor, Minkabu group will achieve over 10 billion yen of net sales for the fiscal year ending March 2024 and enter into a new growth phase with the significant expansion of business scale

and diversity of service portfolio.

Please also see “Having Livedoor a consolidated subsidiary, Growth strategy after the acquisition” disclosed today for further detail of the acquisition including the impact on the results.

[Supplemental Information] Earnings forecast of consolidated financial results for the fiscal year ending March 31, 2023 (disclosed on May 12th, 2022) and consolidated results for the fiscal year ended March 2022

(Japanese Yen in million)

	Net sales	EBITDA	Operating profit	Ordinary profit	Net income attributable to owners of the parent
Earnings forecast for the fiscal year ending March 2023	7,500	2,150	1,250	1,120	750
Consolidated results for the fiscal year ended March 2022	5,482	1,539	874	828	696

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