



-Having livedoor Co., Ltd. a consolidated subsidiary

-Growth strategy after the acquisition

Going forward to a full-lineup internet media group with 80 million monthly users

September 28, 2022



Disclaimer

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01 · Introduction : Main topic

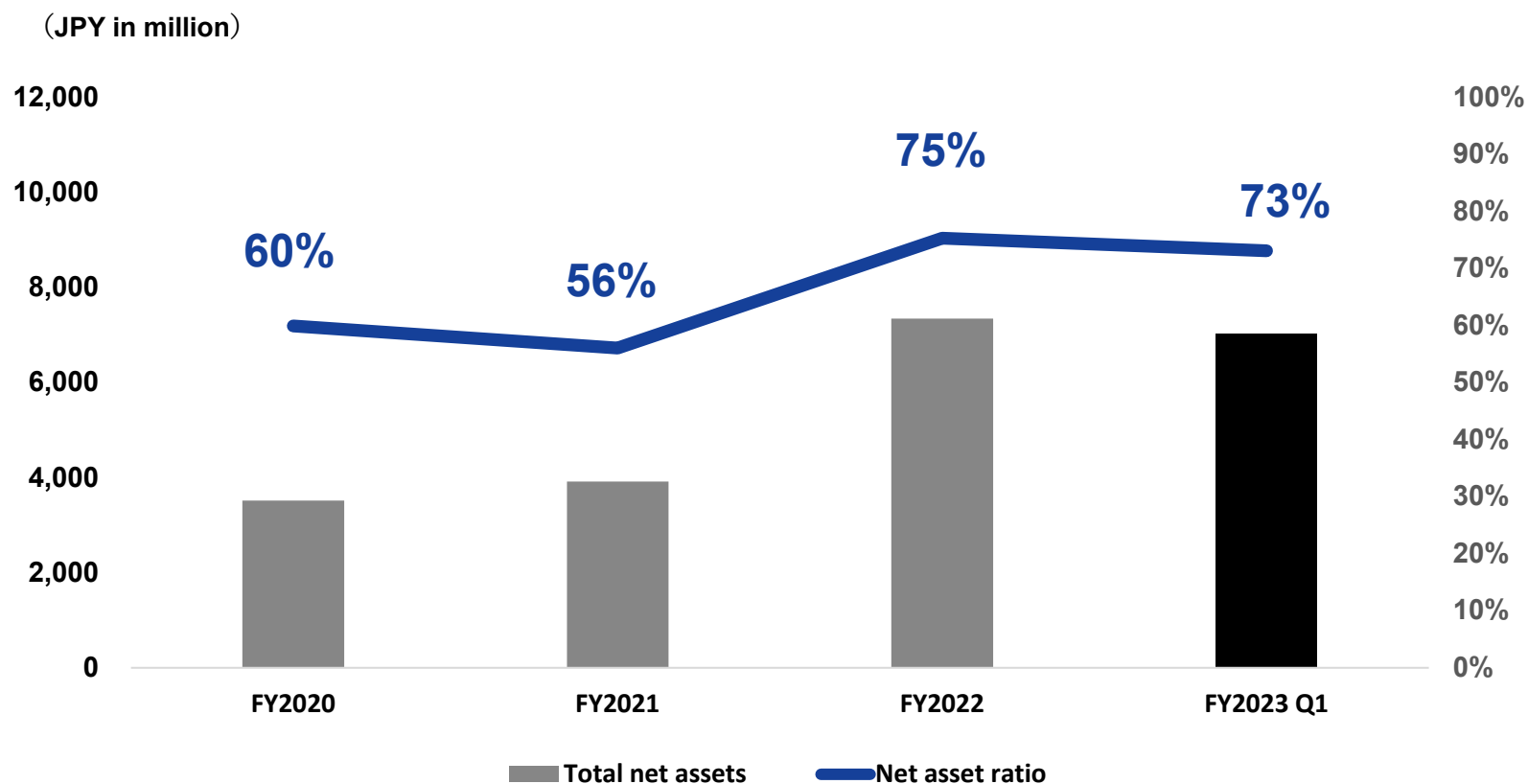
5 years after the IPO with JPY 2 billion of net sales in March 2019, Minkabu
Assures over JPY 10 billion of net sales,
Enters new growth phase



01 Introduction : Equity ratio

(Per presentation material for Earnings Results Q1 FY2023)

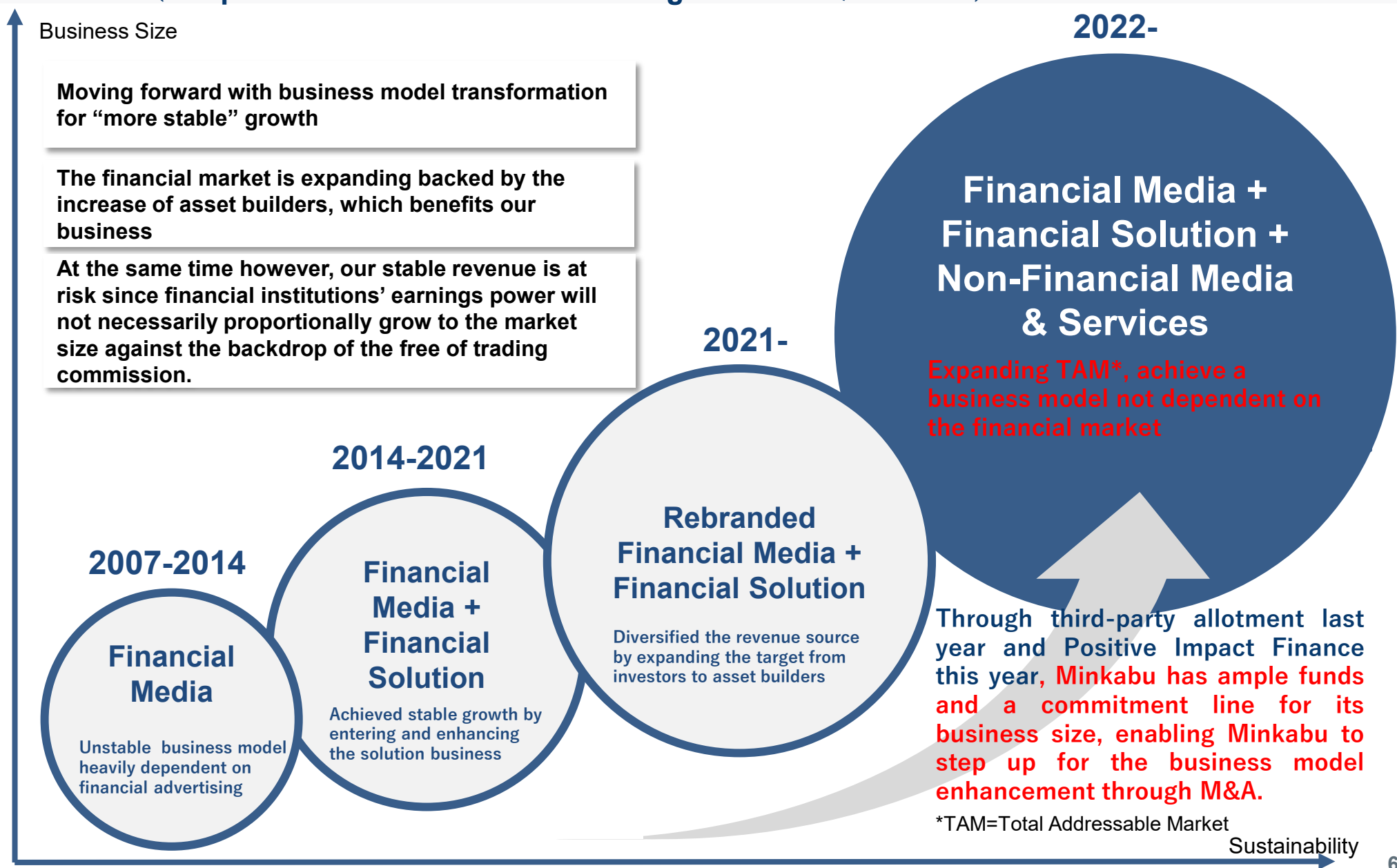
Keep a high equity ratio*
Expand scale by utilizing debt such as PIF etc.



* Equity Ratio=Net Assets (excl. non-controlling interests)/Total Assets

02 · Introduction: Change of business model

(Per presentation material for Earnings Results Q1 FY2023)



02 · Summary of the deal

Company	livedoor Co., Ltd.
Scheme	Minkabu purchases all shares of livedoor Co., Ltd which is a newly established 100% subsidiary of LINE having livedoor business transferred by absorption-type company split
Business scale	JPY 4 bill. of net sales and JPY 1 bill. of operating profit (Minkabu's estimates based on DD) *Minkabu's consolidated results for the FY March 2022 were 5.48 billion of net sales, and 870 million of operating profit
Acquisition Price	JPY 7.1 billion
Finance	Mostly or all the cash for the acquisition is to be funded by bank loan
Closing date	December 28th,2022 (deemed acquisition date : Oct. 7 th , 2022, business transfer date : Dec. 1 st , 2022 (scheduled for both))



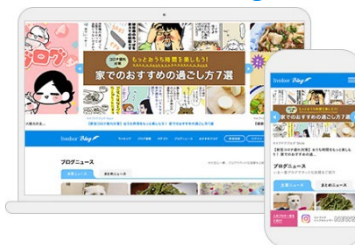
03 · Business of livedoor

Operates Leading Internet Media Services in Japan

about 70 mil. users* and 24 mil. SNS followers**, together with overwhelming brand recognition



livedoor® *Blog*



One of the largest blogging platforms in Japan
“livedoor Blog”

livedoor® NEWS



Top-class traffic and SNS followers in the industry
“livedoor NEWS”

Kstyle



One of the largest Korean entertainment news sites in Japan
“Kstyle”

*Total average users of “livedoor Blog”, “livedoor NEWS”, and “Kstyle” for the FY ended March 2022. More specifically, figures for “livedoor Blog” is yearly average of daily visitors, and for “livedoor NEWS” and “Kstyle” are average of monthly users.

**Total SNS (LINE, Twitter, Facebook, YouTube) followers in “livedoor Blog”, “livedoor NEWS”, and “Kstyle” as of September 2022.

03 · Business of livedoor : livedoor Blog

livedoor® Blog



- Since 2003. **One of the largest blogging platforms in Japan which support bloggers and creators who are actively posting picture diaries, parenting, cooking, recipe, lifestyle, pets, etc.**
- 6.69 million blogs (PC and smartphone total as of August 2022)
- 688 blogs joined (as of the end of August 2022) to the “livedoor Blog official blog” which supports bloggers and creators that create good posts, launched in September 2015, and a wide variety of articles are posted.
- **It has many popular blogger influencers with over 10 million monthly PV.**



Monthly UU*
31 million



Followers**
48 thousand



Followers**
9.34 million

Blog system		Summary
Partners' Blogs	Official blog (Influencer)	<ul style="list-style-type: none"> • Supports bloggers who achieve 500 thousand monthly PV for three consecutive months (Revenue sharing with bloggers since September 2015) • Covers picture diaries, lifestyle, beauty, fashion, etc. • It has many popular influencers with over 10 million monthly PV. 
	LBP* (Local blog)	<ul style="list-style-type: none"> • The system supports bloggers and local media such as restaurants, medical institutions, and retail stores who are posting local information about each district. (Revenue sharing with bloggers since July 2021) • in December 2021, ran an article on Yahoo! JAPAN's top page timeline from LBP joined media for the first time. (The first direct agreement between Yahoo and bloggers) 
	PBP* (Summary blog)	<ul style="list-style-type: none"> • The system which systematically and economically supports bloggers with over 1 million monthly PV (Revenue sharing with bloggers since April 2013)
Standard blog		<ul style="list-style-type: none"> • General users can post the blogs (No revenue sharing with bloggers)

*Average of daily visitors for the fiscal year ended March 2022

**As of September 2022

***LBP : Local blogger program, PBP : Professional blogger plan

03 · Business of livedoor : livedoor NEWS

livedoor NEWS



- Since 2004. News sites that widely cover domestic politics, international affairs, subculture, and gourmet.
- It characterizes itself with 3 lines of news summaries (“Zakkuri iuto” meaning *briefly speaking*) based on the news selected by editors which are delivered from various media such as newspaper companies and news services.
- Delivers 3,000 articles per day. Twitter impressions with 2 billion monthly imp (as of August 2020)



Monthly UU*
33 million



Followers**
1.46 million



Followers**
9.61 million

特長	概要
Abundant information	<ul style="list-style-type: none"> • Procures news from about 250-300 contents providers which cover various information such as articles from nationwide newspapers, sports, entertainment, weekly magazines
Easy information	<ul style="list-style-type: none"> • 3 lines of news summaries (“Zakkuri iuto”) for picked-up articles • Obtained support from a wide range of users since even busy users can understand the news article in a short time.
AI utilization	<ul style="list-style-type: none"> • Providing services in which AI picks up recommended news for each user by browsing information of users (Cookie basis).
Multilateral deliveries of information	<ul style="list-style-type: none"> • Optimized for PC, web app and native app for smartphone, it provides information from SNS mainly consisting of Twitter and LINE • By optimizing user contact on various devices, it works in every scene in users' life • Operation staff picks up 200-300 outstanding articles from an average of 3,000 information deliveries per day, which enables users to catch up on hot topics efficiently.

*Average monthly users for the fiscal year ended March 2022

**As of September 2022

03 - Business of livedoor : Kstyle



- One of the largest Korean entertainment news sites in Japan providing articles, videos, and LINE LIVE.
- Deriver unique content (primary information), with an alliance of major Korean entertainment content providers
- **200 thousand average audiences** in streaming of talk shows and events (average audience per delivery as of September 2022)






Monthly average UU
5.8 million



Followers
0.98 million



Followers
2.28 million

主なコンテンツ	概要
 <p>News articles</p>	<ul style="list-style-type: none"> • Mainly from 5 popular Korean entertainment media articles, about 70-100 contents delivered per day • Delivery of Kstyle original articles <ul style="list-style-type: none"> – Interviews – Coverage of event and concert – Original columns
 <p>Videos</p>	<ul style="list-style-type: none"> • Delivery of Kstyle original videos <ul style="list-style-type: none"> – Making videos at interviews – Video interviews and comments • Delivery of videos provided by Korean media <ul style="list-style-type: none"> – Show case from Korea – Announcement of production of dramas, TV shows, and movies in Korea – Interview videos created by Kstyle • Delivery of preview videos of dramas and movies
 <p>LINE LIVE</p>	<ul style="list-style-type: none"> • Streaming of talk show to celebrate the CD release, lives & events, and fan meetings, etc. <ul style="list-style-type: none"> – Average audience: 200 thousand people (Average audience per delivery as of September 2022)

*Average monthly users for the fiscal year ended March 2022

**As of September 2022

04 · Purpose of the acquisition : What is livedoor for Minkabu?

The **Most Powerful Weapon** for Minkabu's growth
The **Best of the Best** with potential to shine more



04 Purpose of the acquisition : Expansion, enhancement, and overcoming

Reaching to ordinary citizens from investors

Step to establish further growth basis

Free from SEO-dependent, appeal to various services by own media

Drastic expansion of TAM*

Improve the value of assets & knowledge

Strengthening the marketing capabilities

UU in FY March 2022

8.75 million UU**



UU post the acquisition

80 million sizes***, equivalent to 10 times current scale

AI

NFT

Digital Marketing

Token

etc.

One of the largest user basis in Japan

24 million SNS followers**

Attracting customers by utilizing videos

Well known brand as Internet service

etc.

*Total Addressable Market

**The average monthly UU for the FY ended March 2022 in Minkabu's media ("MINKABU" and "Kabutan")

***The sum of the Minkabu's UU above and total average users in "livedoor Blog", "livedoor NEWS", and "Kstyle" for the FY ended March 2022.

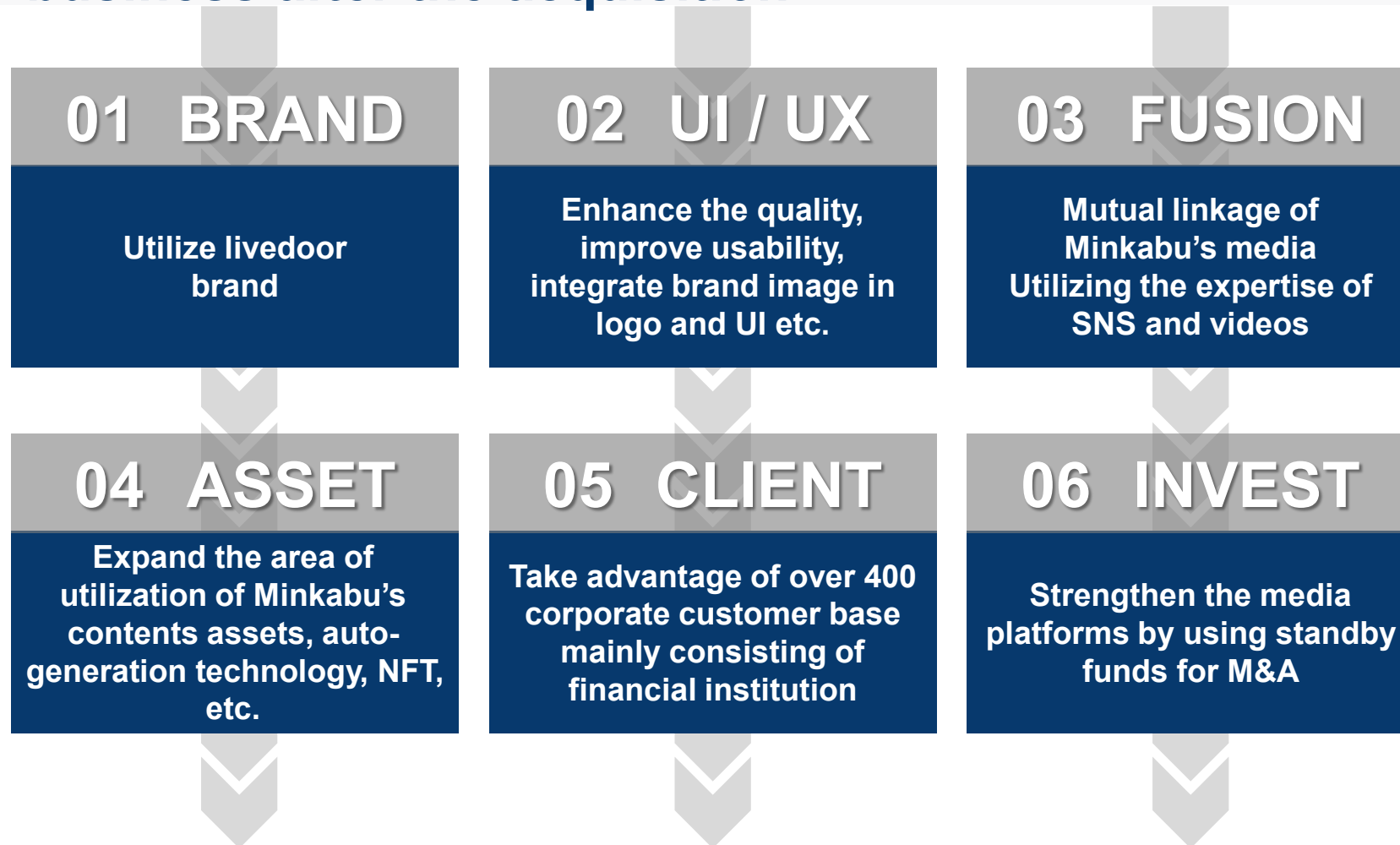
04 Purpose of the acquisition : Business complementary and synergy of the acquisition



Synergies

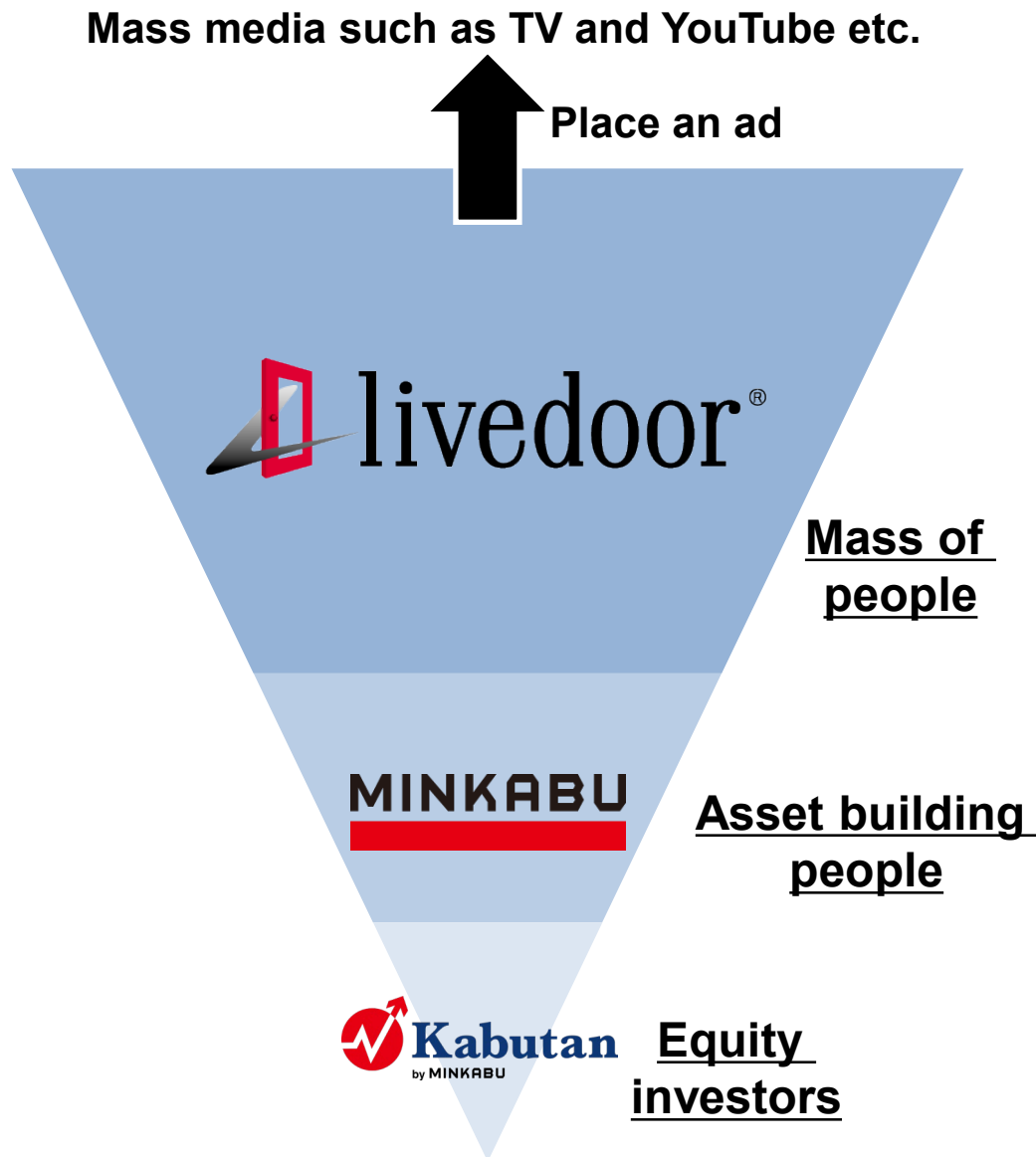
Main route of user acquisition	SNS	SEO	Enhance the ability to attract users by being free from SEO-dependent of Minkabu and strengthen the SEO of livedoor
Main users	Ordinary citizens	Investors	Expand the business area by sharing the user base of both companies.
News contents	Curation	Auto generation/ Original contents	Significant expansion of livedoor's information coverage, by providing Minkabu's investment/asset building news, financial/economic and sports news generated by AI,
Blog contents	Lifestyle	Investment/ Asset building	Strengthen the financial and asset building area of livedoor Blog, by making Minkabu users of individual investors influencers
Commonality (Affinity)	Knowledge of the information (PGC) media operation Knowledge of the social (UGC) media operation		Effective use of the resources, by the collaboration of both companies in advertising sales, system, customer services, etc.,

04 . Purpose of the acquisition : Growth strategy of media business after the acquisition



- Add livedoor as a new portal of Minkabu group's media
- Increase the service traffic/diversify the revenue sources and improve revenue structure
- Evolve the platforms by utilizing the latest technologies

04 Purpose of the acquisition : Media marketing strategy after the acquisition



Utilizing livedoor as means to acquiring the mass of people and free from SEO-dependent

- So far, Minkabu has been focusing on MINKABU site in mass advertising. After the acquisition, by focusing on livedoor site in advertising, which addresses a wider user basis, seek more efficient attraction of customers
- By revisiting the highly SEO-dependent structure thus far, restrict the impact on Minkabu's results caused by the change of the Google search algorithms

05 · Management set up after the acquisition of livedoor Co., Ltd.

**Transfer all employees including the division head, making seamless operation
Cooperate with Minkabu's core members, creating synergies rapidly**

- **Most of all members (58 headcounts, incl. 24 permanent employees) including Mr. Miyamoto, head of the division of the livedoor business, will be transferred to livedoor Co., Ltd.**
- **Cooperation with LINE Corporation for a smooth transition of systems and operations**
- **Board members of livedoor Co., Ltd. are planned as follows:**

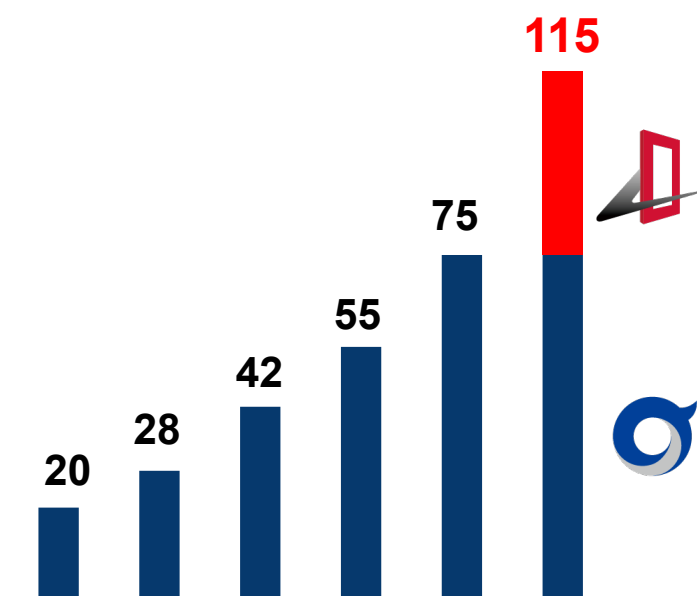
-Representative, Chairman of the board & CEO	Ken Uryu	(Minkabu's Representative Director & CEO/CFO)
-Representative & COO	Naoto Miyamoto*	(Executive Officer, in charge of Portal and EC business, LINE Corporation)
-Director	Takeaki Sugimura	(Senior Executive Officer in charge of Media Development Division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

*Biographical information is disclosed in the press release

06 · Impact on the results: Net sales

Growth scenario starting from more than JPY 10 billion of net sales

Minkabu		livedoor		TOTAL
2023/3E 7.5 billion	+	2023/3E 4 billion*	=	<u>11.5 billion**</u>



Changes in Minkabu's net sales (in 100 million yen)

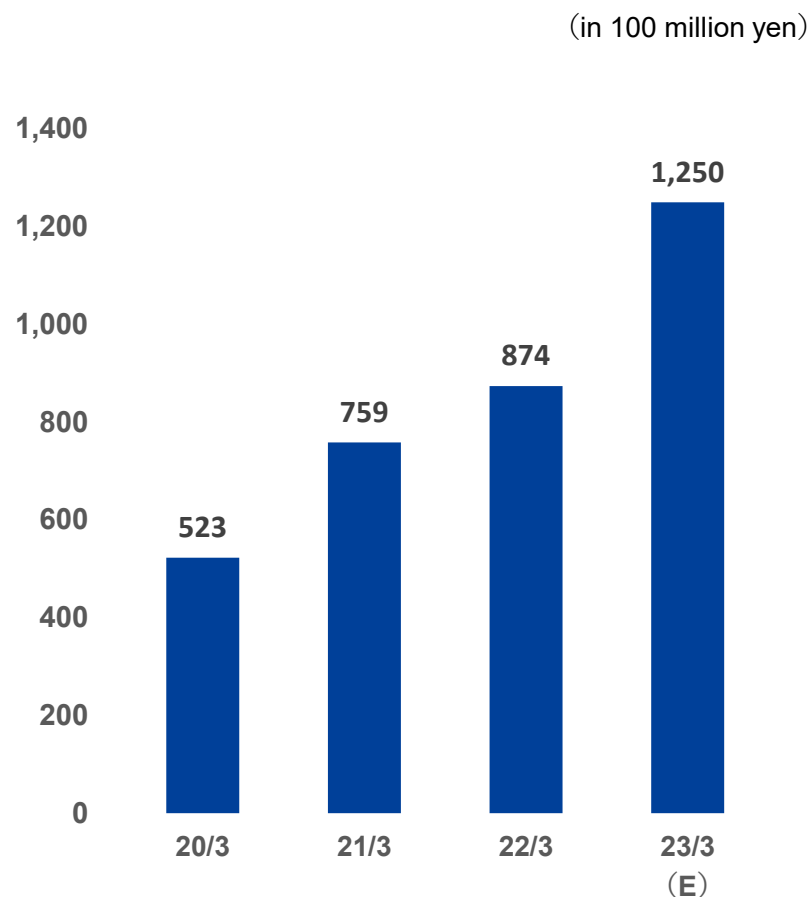
- The forecast of consolidated results is under investigation. Accordingly revised consolidated results will be disclosed after the closing of the acquisition.
- The combined net sales of the companies are estimated to be about 11.5 billion, a steep increase compared to the trends of net sales up to date.
- 40% of CAGR for the coming 3 years is mostly achieved, even with a simple sum of net sales without Minkabu's self-sustaining growth and synergies resulting from the acquisition.
- Looking forward, seek a growth scenario with three cores given the over JPY 10 billion of net sales: 1) Minkabu's self-sustaining growth, 2) growth through the synergies of livedoor Co., Ltd. and Minkabu, and 3) growth through M&A given the large expansion of business domain.

*Estimated figures based on the Minkabu's DD

**Combined figures on an assumption of full year contribution of livedoor Co., Ltd.

06 · Impact on the results: Operating profit

Not a simple sum, but expect over a certain amount of profit contribution to consolidated results

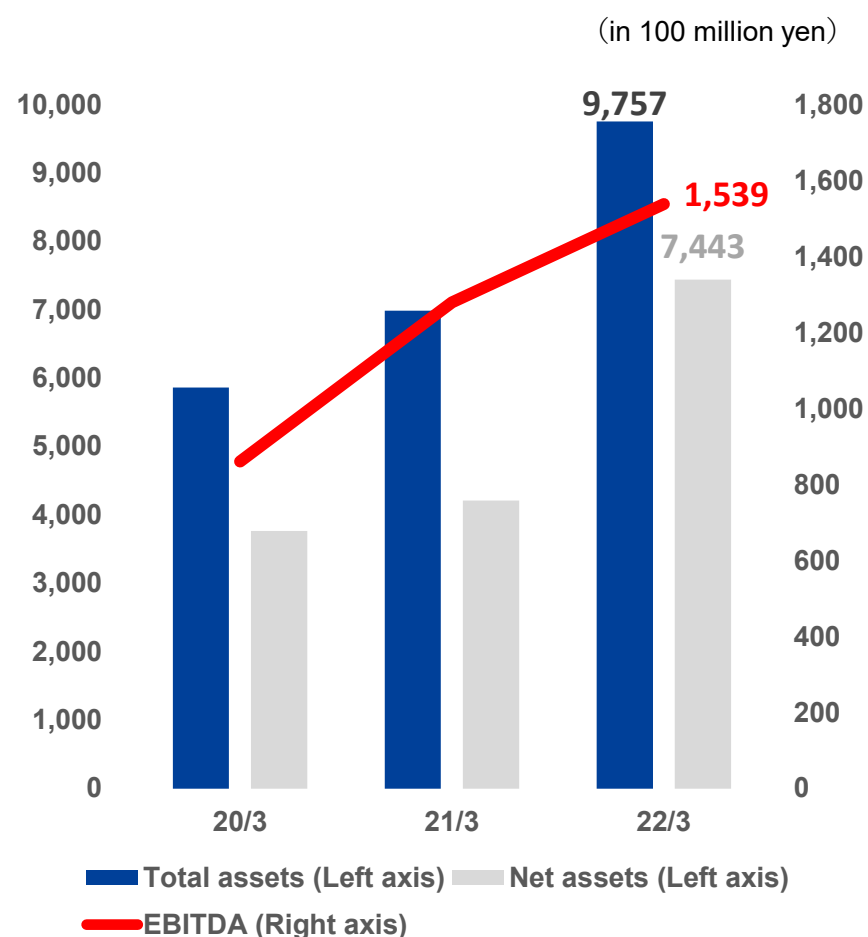


- Not a simple sum mainly due to the following reasons, although a certain contribution to the consolidated operating profit is expected with an estimated operating profit of livedoor Co., Ltd. for the previous fiscal year* at JPY 1 billion*, exceeding Minkabu's consolidated actual results of 0.87 billion
 - Amortization costs for goodwill, clients' assets, and software assets with an amortization period of 5 to 20 years, which will be determined by PPA, will be recognized.
 - Costs and investments for the transition of system and operation will be expected for certain period after the acquisition.
 - A capital investment of 300 million yen per year is expected (including system transition costs) to strengthen the competitiveness of the services.

* Estimated operating profit based on the results of Minkabu's DD

07 · How to raise funds for the acquisition

Take long-term debt finance for the acquisition based on Minkabu's robust financial base and FCF from livedoor Co., Ltd.



A major part or all the funds for the acquisition (JPY 7.1 billion) can be financed by long-term bank debt with 3 reasons as below. Moreover, livedoor Co., Ltd.'s free cash flow enables debt repayment for debt finance as well as investments for growth.

- Minkabu has a robust financial base with an equity ratio of over 70% thanks to stable growth so far
- livedoor Co., Ltd. has a structure to generate stable free cash flow over the long-term from one of the largest media traffic in Japan and also has room for growth after the acquisition.
- Since the acquisition is not a tax-qualified company split, the part of the purchase price that exceeds fair value net assets is deemed as asset adjustment accounts (goodwill for tax purposes) under tax law. The asset adjustment accounts are amortized for 5 years as tax losses.

Accordingly, Minkabu's JPY 2.5 billion of standby funds derived from the third-party allotment shall not be injected into this acquisition deal. Also, equity finance is not planned for this acquisition deal.

08 · Overall summary

By utilizing leverage,
Minkabu evolves into one of the largest general internet media groups
and goes forward to the next phase of growth

01

-Next Stage-

changing the business domain from finance to whole aspects of life

- Reach the monthly users of 80 million* in size, equivalent to 10 times the current scale
- Expand reach-to-users steeply from individual investors to ordinary citizens
- Expand business domain not limited to “finance”

02

-Optimize Resources-

optimizing group resources for further embodiment of the value of information

- Utilize existing technology resources such as AI, blockchains, and NFT
- Optimize the resources of technology and marketing for the further evolution of internet media

03

-Further Milestone-

will achieve over 10 billion of net sales, going forward to further milestone

- Will achieve over 10 billion of net sales for the fiscal year ending March
- Will achieve 40% of CAGR in net sales
- Evolve into new phase of growth and goes forward to new milestone

*The sum of total average users in “livedoor Blog”, “livedoor NEWS”, and “Kstyle” for the FY ended March 2022 and the average monthly UU for the FY ended March 2022 in Minkabu’s media (“MINKABU” and “Kabutan”) – 8.75 million



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