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August 14, 2023

# Consolidated Financial Results for the Three Months Ended June 30, 2023 (Under Japanese GAAP)

Company name: MINKABU THE INFONOID INC.
Listing: Growth Market, Tokyo
Securities code: 4436
URL: https://minkabu.co.jp/
Representative: Ken Uryu, President and CEO/CFO
Inquiries: Junko Yaguchi , Senior Executive Officer
Telephone: +81-3-6274-6490
Scheduled date to file quarterly securities report: August 14, 2023
Scheduled date to commence dividend payments: -
Preparation of supplementary material on quarterly financial results: Yes
Holding of quarterly financial results briefing: Yes (for institutional investors and analysts)

(Yen amounts are rounded down to millions, unless otherwise noted.)

## 1. Consolidated financial results for three months ended June 30, 2023 (from April 1, 2023 to June 30, 2023)

### (1) Consolidated operating results (cumulative)

(% indicates changes from the previous corresponding period.)

| | Net sales | | EBITDA | | Operating profit | | Ordinary profit | | Profit attributable to owners of the parent | |
|---|---|---|---|---|---|---|---|---|---|---|
| Three months ended | Million yen | % | Million yen | % | Million yen | % | Million yen | % | Million yen | % |
| June 30, 2024 | 2,242 | 62.5 | 144 | (47.4) | (157) | − | (175) | − | (164) | − |
| June 30, 2023 | 1,380 | 22.4 | 274 | 1.3 | 98 | (11.6) | 25 | (68.8) | 1 | (98.6) |

Note: Comprehensive income For the three months ended June 30, 2024: \(161) million [ (−)% ]
For the three months ended June 30, 2023: \44 million [ 23.8% ]

| | Basic earnings per share | Diluted earnings per share |
|---|---|---|
| Three months ended | Yen | Yen |
| June 30, 2024 | (10.99) | − |
| June 30, 2023 | 0.09 | 0.09 |

Notes:
1. For the first quarter of the fiscal year ending in March 2024, information regarding the quarterly net income per share after latent share adjustment is not stated, as there are latent shares, but it is a quarterly net loss per share
2. 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 |
| June 30, 2023 | 15,593 | 7,304 | 46.2 | 481.14 |
| March 31, 2023 | 16,534 | 7,855 | 47.0 | 518.45 |

Reference: Equity
As of June 33, 2023: \7,205 million
As of March 31, 2023: \7,764 million

## 2. Dividends

| | Annual dividends per share | | | | |
|---|---|---|---|---|---|
| | End of first quarter | End of second quarter | End of third quarter | Fiscal year end | Total |
| | Yen | Yen | Yen | Yen | Yen |
| Fiscal year ended March 31, 2023 | - | 0.00 | - | 26.00 | 26.00 |
| Fiscal year ending March 31, 2024 | - | | | | |
| Fiscal year ending March 31, 2024 (Forecast) | | 0.00 | - | 26.00 | 26.00 |

Note: Revisions to the forecast of cash dividends most recently announced: None

## 3. Earnings Forecast of Consolidated Financial Results for Fiscal Year Ending March 31, 2024 (From April 1, 2023 to March 31, 2024)

(% indicates changes from the previous corresponding period.)

| | Net sales | | EBITDA | | Operating profit | | Ordinary profit | | Net income attributable to owners of parent | | Net income per share |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Million yen | % | Million yen | % | Million yen | % | Million yen | % | Million yen | % | yen |
| Full year | 11,000 | 60.9 | 2,200 | 115.8 | 1,000 | 795.4 | 940 | — | 900 | 23.9 | 60.10 |

Notes:
1. Revisions to the forecast of financial results most recently announced: None
2. 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) Adoption of accounting treatment specific to the preparation of quarterly consolidated financial statements: Yes

The details are described in "(3) Notes to Quarterly Consolidated Financial Statements (Adoption of Accounting Treatment Specific to Quarterly Consolidated Financial Statements)" under the "2. Quarterly Consolidated Financial Statements and Principal Notes" section on page 8.

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

(i) Changes in accounting policies due to revisions to accounting standards and other regulations: None

(ii) Changes in accounting policies due to other reasons: None

(iii) Changes in accounting estimates: None

(iv) Restatement: None

(4) Number of issued shares (common shares)

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

| | |
|---|---|
| As of June 30, 2023 | 14,976,200 shares |
| As of March 31, 2023 | 14,976,200 shares |

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

| | |
|---|---|
| As of June 30, 2023 | 23 shares |
| As of March 31, 2023 | 23 shares |

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

| | |
|---|---|
| Three months ended June30, 2023 | 14,976,177 shares |
| Three months ended June30, 2022 | 14,907,699 shares |

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

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

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 "(3) Explanation of Forecast of Consolidated Financial Results and Other Forward-Looking Information" under the "1. Qualitative Information on Quarterly Financial Results" section on page3.

We plan to hold a financial result briefing for institutional investors and analysts on August 14, 2023. Supplementary materials for financial results will be published on our website on the day of the event.

**Table of Contents of Attached Material**

## 1. Qualitative Information on Quarterly Financial Results

(1) Explanation of Results of Operations

On a consolidated basis, MINKABU THE INFONOID, Inc. (hereinafter "the Company") raised 2,242,871 thousand yen in sales (62.5% increase YoY,) 157,459 thousand yen in operating loss (operating profit of 98,801 thousand yen for the three months ended June 30, 2022,) 175,201 thousand yen in ordinary loss (ordinary profit of 25,759 thousand yen for the three months ended June 30, 2022,) and 164,562 thousand yen in net loss attributable to shareholders of the parent company (net profit of 1,352 thousand yen for the three months ended June 30, 2022,) for the first quarter of the current fiscal year. The Company also raised 144,269 thousand yen (47.4% decrease YoY) in EBITDA (operating profit + depreciation and amortization + amortization of goodwill,) which is one of important measurements the Company thinks for its continuous growth. For the three months ended June 30, 2023, consolidated sales increased significantly compared to the previous first quarter contributed by livedoor, the Company acquired on December 28, 2022 (with the deemed acquisition date being December 31, 2022). On the other hand, in terms of profit, a loss has been recorded. This is due to factors such as the speed of revenue recovery in the media business, seasonality in both business, and one-time expenses incurred for office expansion along with an increase of business capacity. However, for the period of the current first quarter on a consolidated basis, the Company was in the stage of performance recovery aimed at achieving a V-shaped recovery from the short-term profit suppression factors that occurred in the previous fiscal year, and due to the performance outlook being weighted towards the latter half of the fiscal year, the progress was almost as planned.

Performance by business segment is as follows. Furthermore, during the period of the current first quarter on a consolidated basis, under the basic policy of group reorganization, the Company completed company split to transfer media business to livedoor Co., Ltd on April 1, 2023, and solution business to MINKABU SOLUTION SERVICES, Inc., on July 1, 2023. As a result, the media and solution businesses are to be developed with each operating company taking the lead, enhancing the agility for promoting group business strategies, and the Company transitioned mainly to a business promotion system that oversees these. Additionally, with the aim of expanding the vertical media in the sports field and expanding the revenue base of the media business, we concluded a share transfer agreement and other agreements with shareholders of From One co., Ltd., including the Dentsu Group, on August 10, 2023, to acquire all shares issued by From One co., Ltd, which operates web, publishing, and video businesses in this field, and make it a wholly-owned subsidiary on September 1, 2023 scheduled.

(Media)

The media business operates a comprehensive media business with an average monthly unique user base of approximately 90 million, centered around the business that livedoor, Co., Ltd., a newly joined subsidiary in the previous fiscal year, has been operated (hereafter referred to as "Livedoor business".) This includes UGC (User Generated Content) media, centered around "Livedoor Blog", PGC (Professionally Generated Content) media, centered around "Livedoor News", sports information media "Ultra WORLD Soccer!", asset formation information media "MINKABU (Min Kabu)", women's information media "Peachy", Korean information media "Kstyle", and other vertical media, "MINKABU Choice" and "livedoor Choice" affiliate sites. Revenue is recognized from advertising sales obtained through the operation of these media sites and from sales of paid services.

During the cumulative period of the current first quarter on a consolidated basis, despite the negative impact from the segment change of "Kabutan Premium", there was a substantial increase in revenue due to the contribution of the Livedoor business. Regarding the cannibalization impact related to performance-based advertising that occurred in the previous consolidated fiscal year, the Company has taken measures to transfer affiliate sites that were in competition to "livedoor Choice." Although it is still in the recovery phase, the Company is gradually seeing the effects of this. Furthermore, as the trend of declining unit prices for network advertising continues during the cumulative period of the current first quarter on a consolidated basis, the Company is actively working towards expanding sports vertical media and increasing advertising revenue, as well as acquiring new revenue sources.

As a result, sales for the cumulative period of the current first quarter on a consolidated basis were 1,304,428 thousand yen (132.2% increase YoY), and the segment loss was 90,961 thousand yen (the segment profit for the previous first quarter's cumulative period on a consolidated basis was 137,320 thousand yen).

(Solution)

The solutions business provides a wide range of information solution services to financial institutions, including a variety of software automatically generated by AI using know-how cultivated mainly in the asset building media and processed crowd input data collected on websites, as well as system solution services that utilize the Company's assets to its clients, mainly financial companies. The information solution services business generates revenue from initial installation and monthly usage fees as ASP services, while the system solution services business generates revenues from consulting, initial installation, and monthly usage fees for subsequent maintenance and other services.

During the cumulative period of the current first quarter on a consolidated basis, increased monthly usage fees due to the progress of becoming a main vendor from the previous consolidated fiscal year, and new acquisitions of consulting and development projects in the system solutions contributed to an increase in revenue. This resulted in surpassing the decrease in revenue due to the sale of Prop Tech plus, Inc,. at the end of the previous consolidated fiscal year, and progressed as planned. In addition, through our group company MINKABU Web3 Wallet Inc., the Company has started a new NFT solution service utilizing blockchain technology, as well as participating in demonstration experiments for the NFTization of carbon credits, starting a new solution offering for the Web3 era. Furthermore, from the cumulative period of the current first quarter on a consolidated basis, from the perspective of strengthening collaboration with the solution business, the Company handles the "Kabutan (Stock Search)" business as an asset of the segment and also recognize revenue related to the paid subscription service "Kabutan Premium" in the same segment.

As a result, the sales for the cumulative period of the current first quarter on a consolidated basis were 938,443 thousand yen (13.1% increase YoY), and the segment profit was 176,810 thousand yen (11.3% increase YoY).

(2) Explanation of Financial Position

Assets, Liabilities and Net Assets

(Assets)

Current assets at the end of the first quarter of the current fiscal year was 4,826,649 thousand yen with an increase of 1,741,022 thousand yen from the end of the previous fiscal year. This was mainly due to a decrease of cash and deposits by 1,147,369 thousand yen and a reduction of 617,357 thousand yen in advance paid for purposes such as office relocation.

Fixed assets totaled 10,767,257 thousand yen with an increase of 800,043 thousand yen from the end of the previous fiscal year. This was primarily due to an increase of 353,318 thousand yen in tangible fixed assets associated with office relocation, an increase of 269,318 thousand yen in investments and other assets due to related security deposits and deferred tax asset increases, and an increase of 177,406 thousand yen in intangible fixed assets due to goodwill recorded in connection with the subsidiary acquisition of Synchrolife,Inc. by livedoor Co., Ltd., as of April 1, 2023.

As a result, total assets amounted to 15,593,906 thousand yen, a decrease of 940,979 thousand yen from 16,534,886 thousand yen at the end of the previous consolidated fiscal year."

(Liability)

Current liabilities at the end of the first quarter of the current fiscal year were1,720,219 thousand yen with a decrease of 206,255 thousand yen compared to the end of the previous fiscal year. This was mainly due to 200,000 thousand yen decrease in short-term borrowings and decrease of 128,547 thousand yen in unpaid corporate taxes, offset by an increase of 93,702 thousand yen in unpaid expenses.

Fixed liabilities amounted to 6,568,750 thousand yen, a decrease of 183,750 thousand yen compared to the end of the previous consolidated fiscal year. This was attributable to a reduction of 183,750 thousand yen due to scheduled repayment of long-term borrowings.

As a result, total liabilities amounted to 8,288,969 thousand yen, a decrease of 390,005 thousand yen from 8,678,974 thousand yen at the end of the previous consolidated fiscal year.

(Net Assets)

Total net assets at the end of the first quarter of the current fiscal year were 7,304,937 thousand yen, a decrease of 550,974 thousand yen compared to the end of the previous consolidated fiscal year. This was mainly due to a reduction of 389,380 thousand yen in ordinary dividends payment resulting from capital surplus and other factors, along with a decrease of 164,561 thousand yen in retained earnings.

As a result, the equity ratio was 46.2% (47.0% at the end of the previous consolidated fiscal year.

(3) Explanation of Forecast of Consolidated Financial Results and Other Forward-Looking Information

For the consolidated financial forecast for the fiscal year ending March 2024, the Company anticipates robust growth due to the full-year contribution from Livedoor,Co., Ltd . in the media business, steady revenue increase in the solution business supported by strong market needs, and various rationalization measures for a V-shaped recovery in operating profit and ordinary profit, as well as optimization of resources within the group. The Company expects sales of 11 billion yen (a 60.9% increase YoY), operating profit of 1 billion yen (a 795.4% increase), ordinary profit of 940 million yen (an ordinary loss of 207 million yen in the fiscal year ending March 2023), and a net profit attributable to the parent company's shareholders of 900 million yen (a 23.9% increase YoY). This expectation includes adjustments for corporate taxes related to the recoverability review of goodwill for tax purposes of Livedoor, Co., Ltd Additionally, the forecast of EBITDA, including depreciation and amortization expenses and goodwill amortization, is expected to be 2.2 billion yen (a 115.8% increase), and these figures are all planned to be record highs. While the Company is working on various rationalization measures for a V-shaped recovery, considering the speed of profitability recovery in the media business, seasonality in the solution business, and one-time expenses related to office expansion, the Company is planning for a second-half weighted performance for the fiscal year ending March 2024.

## 2. Quarterly Consolidated Financial Statements and Principal Notes

(1) Quarterly Consolidated Balance Sheets

(Thousands of yen)

| | As of March 31, 2023 | As of June 30, 2023 |
|---|---|---|
| ASSETS | | |
| Current Assets: | | |
| Cash and deposit | 4,463,954 | 3,316,585 |
| Account receivables | 1,247,809 | 1,249,411 |
| Work in process | 10,928 | 10,961 |
| Supplies | 6,154 | 4,081 |
| Others | 845,064 | 250,426 |
| Allowance for doubtful accounts | (6,238) | (4,816) |
| Total current assets | 6,567,652 | 4,826,649 |
| Non-current Assets: | | |
| Property, plant and equipment | 97,680 | 450,999 |
| Intangible assets: | | |
| Goodwill | 3,564,368 | 3,777,310 |
| Clients asset | 3,382,999 | 3,321,862 |
| Technology assets | 56,461 | 53,664 |
| Software | 1,581,490 | 1,559,374 |
| Software in progress | 209,350 | 258,303 |
| Others | 29,901 | 31,460 |
| Total intangible assets | 8,824,570 | 9,001,976 |
| Investments and other assets: | | |
| Investments securities | 773,591 | 766,675 |
| Guarantee deposits | 129,949 | 336,134 |
| Deferred tax assets | 136,743 | 206,789 |
| Others | 9,299 | 9,302 |
| Allowance for doubtful accounts | (4,621) | (4,621) |
| Total investment and other assets | 1,044,962 | 1,314,280 |
| Total fixed assets | 9,967,214 | 10,767,257 |
| Total assets | 16,534,886 | 15,593,906 |

Note: Amounts are rounded down to the nearest thousand yen.

(Thousands of yen)

| | As of March 31, 2023 | As of June 30, 2023 |
| --- | --- | --- |
| LIABILITIES | | |
| Current liabilities: | | |
| Accounts payables | 290,163 | 349,829 |
| Short-term borrowings | 200,000 | - |
| Current portion of long-term borrowings | 567,428 | 562,424 |
| Income tax payable | 186,088 | 57,540 |
| Other allowances | 27,891 | 13,097 |
| Others | 654,904 | 737,327 |
| Total current liabilities | 1,926,474 | 1,720,219 |
| Non-current liabilities: | | |
| Long-term borrowings | 6,752,500 | 6,568,750 |
| Total non-current liabilities | 6,752,500 | 6,568,750 |
| Total liabilities | 8,678,974 | 8,288,969 |
| | | |
| NET ASSETS | | |
| Shareholders' equity | | |
| Share capital | 3,533,120 | 3,533,120 |
| Capital surplus | 4,194,160 | 3,804,780 |
| Retained earnings | (18,653) | (183,215) |
| Treasury share | (93) | (93) |
| Total shareholders' equity | 7,708,533 | 7,154,590 |
| Accumulated other comprehensive income (loss): | | |
| Valuation difference on available-for-sale securities | 55,860 | 51,061 |
| Total accumulated other comprehensive income (loss) | 55,860 | 51,061 |
| Non-controlling interests | 91,518 | 99,284 |
| Total net assets | 7,855,911 | 7,304,937 |
| Total liabilities and net assets | 16,534,886 | 15,593,906 |

Note: Amounts are rounded down to the nearest thousand yen.

(2) Quarterly Consolidated Statements of Income and Comprehensive Income

(Quarterly Consolidated Statements of Income)

(Thousands of yen)

| | From April 1, 2022 to June 30, 2022 | From April 1, 2023 to June 30, 2023 |
|---|---|---|
| Net Sales | 1,380,359 | 2,242,871 |
| Cost of Sales | 762,547 | 1,294,010 |
| Gross Profit | 617,812 | 948,861 |
| Selling, general and administrative expenses | 519,011 | 1,106,321 |
| Operating profit | 98,901 | (157,459) |
| Non-operating income | | |
| Interest income | 0 | 0 |
| Dividend income | 2,430 | - |
| Reversal of allowance for doubtful accounts | 2,188 | 722 |
| Others | 23 | 1,334 |
| Total non-operating income | 4,641 | 2,057 |
| Non-operating expenses | | |
| Interest expense | 2,351 | 14,933 |
| Guarantee Commision | - | 550 |
| Financing expenses | 72,417 | 301 |
| Foreign exchange losses | 287 | 1,409 |
| Others | 2,627 | 2,604 |
| Total non-operating expenses | 77,683 | 19,798 |
| Ordinary profit | 25,759 | (175,201) |
| Extraordinary losses | | |
| Loss on retirement of non-current assets | 56 | 2,960 |
| Total extraordinary losses | 56 | 2,960 |
| Profit before income taxes | 25,702 | (178,161) |
| Income taxes (Corporate, residential, enterprise taxes) | 24,030 | (21,365) |
| Quarterly Profit | 1,671 | (156,795) |
| Quarterly profit attributable to non-controlling interests | 319 | 7,766 |
| Quarterly profit attributable to owners of parent | 1,352 | (164,562) |

Note: Amounts are rounded down to the nearest thousand yen.

(Quarterly Consolidated Statements of Comprehensive Income)

(Thousands of yen)

| | From April 1, 2022 to June 30, 2022 | From April 1, 2023 to June 30, 2023 |
|---|---|---|
| Quarterly profit | 1,671 | (156,795) |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | 43,185 | (4,798) |
| Total other comprehensive income | 43,185 | (4,798) |
| Quarterly comprehensive income | 44,857 | (161,594) |
| Quarterly comprehensive income attributable to; | | |
| Owners of parent | 44,538 | (169,360) |
| Non-controlling interests | 319 | 7,766 |

Note: Amounts are rounded down to the nearest thousand yen.

(3) Notes to Quarterly Consolidated Financial Statements

(Notes to Going Concern Assumption)

None

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

I. For the three-months period ended June 30, 2022 (From April 1, 2023 to June 30 ,2022)

1. Dividend payment amount

| Resolutions | Type of stock | 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, 2022 | common stock | 357,784 | 24 | 31 March 2022 | June 8, 2022 | Capital surplus |

2. Significant Changes in the Amount of Shareholders' Equity

None

II. For the three-months period ended June 30, 2023 (From April 1, 2023 to June 30, 2023)

1. Dividend payment amount

| Resolutions | Type of stock | Total amount of dividends (Thousands of JPY) | Dividends per share (JPY) | Record date | Effective Date | Source of dividends |
|---|---|---|---|---|---|---|
| Board of Directors meeting on May 30, 2023 | common stock | 389,380 | 26 | 31 March 2023 | June 16, 2023 | Capital surplus |

2. Significant Changes in the Amount of Shareholders' Equity

None

(Changes in major subsidiaries during the period)

Not applicable.

There are no applicable changes related to specific subsidiaries; however it should be mentioned that during the first quarter of the consolidated accounting period, Syncrolife Inc.has been included in the scope of consolidation because it was made a subsidiary through stock acquisition by the Company's wholly-owned subsidiary, livedoor, Co., Ltd., and newly established MINKABU SOLUTION SERVICES, Inc., has been also included from the first quarter of the consolidated accounting period. MINKABU SOLUTION SERVICES, Inc., was established as a preparatory company to inherit our solution business through a company split and completed the inheritance of the said business on July 1, 2023.

Additionally, ALIS Co., Ltd., which was a consolidated subsidiary, has been excluded from the scope of consolidation as it was extinguished due to absorption-type merger with livedoor Co., Ltd., which is as the surviving company.

(Adoption of Accounting Treatment Specific to Quarterly Consolidated Financial Statements)

(Calculation of tax expenses)

We reasonably estimate an effective tax rate after applying tax effect accounting to income before income taxes for the consolidated fiscal year under review, and adopt a method to calculate tax expenses by multiplying quarter income before taxes by the estimated effective tax rate.

(Changes in Accounting Policies)

None

(Additional Information)

(Establishment of Subsidiary)

Based on the basic policy of reorganization resolved at the Board of Directors meeting held on February 14, 2023, the Company established a subsidiary on April 3, 2023, as a preparatory company for the succession of our solution business. Please note that the succession of this business was completed on July 1, 2023.

1.Purpose of Establishment

Under the basic policy of group reorganization, in the solution business, the Company has positioned a deeper strategy, such as further evolution in information solution services and system solution services, and the deployment of new financial information solutions to contribute to the expansion of the asset formation layer, as the basic growth strategy going forward. The aim is to dynamically promote this strategy by rebuilding the group structure and advancing organizational consolidation and delegation of authority.

Under this policy, the Company established the subsidiary to consolidate our group solution business.

3.Summary of Subsidiary

| | |
|---|---|
| (1)Name | MINKABU SOLUTION SERVICES, Inc. |
| (2)Location | 1-9-1, Higashi Shinbashi Minato-ku,Tokyo |
| (3)Representative | Representative Director and CEO: Masakatsu Saito |
| (4)Description of Business | Solution Business |
| (5)Common Stock | 10 mil yen |
| (6)Date of Incorporation | April, 3, 2023 |
| (7)Number of shares outstanding | 100 shares |
| (8)Investment Ratio | 100%(the Company) |

(Segment Information)

[Segment Information]

I. For the three- months period ended June 30, 2022 (From April 1, 2022 to June 30 ,2022)

1. Information regarding net sales and operating profit or loss by the reportable segments

(Thousands of yen)

| | Reportable segments | | | Adjusted amounts (Notes 1) | Posted amount to the quarterly consolidated statements of income (Notes 2) |
|---|---|---|---|---|---|
| | Media | Solution | Total | | |
| Net sales | | | | | |
| Advertising | 548,285 | — | 548,285 | — | 548,285 |
| Subscription | 754 | — | 754 | — | 754 |
| Media and Others | 12,693 | — | 12,693 | — | 12,693 |
| Recurring Revenue | — | 685,107 | 685,107 | — | 685,107 |
| Initial/one-time revenue | — | 133,517 | 133,517 | — | 133,517 |
| Revenue from contracts with customers | 561,734 | 818,625 | 1,380,359 | — | 1,380,359 |
| Other revenue | — | — | — | — | — |
| Net sales to external customers | 561,734 | 818,625 | 1,380,359 | — | 1,380,359 |
| Intersegment net sales and transfer | — | 11,445 | 11,445 | (11,445) | — |
| Total | 561,734 | 830,070 | 1,391,804 | (11,445) | 1,380,359 |
| Segment profit | 137,320 | 158,837 | 296,157 | (197,356) | 98,801 |

Notes:

1. Segment profit adjustment of (197,356) thousand yen is corporate expenses that are not allocated to each reporting segment, and is mainly general and administrative expenses that do not belong to the reporting segment.
2. Segment profit is adjusted with operating income on the quarterly consolidated income statement.

2. Information on impairment loss or goodwill of fixed assets by reporting segment

(Significant impairment loss on fixed assets)

None.

(Significant changes in the amount of goodwill)

In the solution business segment, the amount of goodwill was tentatively calculated for the business combination with MINKABU Web3 Wallet, Inc., completed in the first quarter of fiscal year ended March 31, 2022. The allocation of acquisition costs was confirmed during the second quarter of fiscal year ended March 31, 2022, treatment has been finalized, and goodwill of 93,065 thousand yen has been recorded. There is no amendment to the tentatively calculated amount of goodwill associated with the determination.

(Significant gain on negative goodwill)
None

II. For the nine- months period ended June 30, 2023 (From April 1, 2023 to June 30, 2023)

1. Information regarding net sales and operating profit or loss by the reportable segments

(Thousands of yen)

| | Reportable segments | | | Adjusted amounts (Notes 1) | Posted amount to the quarterly consolidated statements of income (Note 2) |
|---|---|---|---|---|---|
| | Media | Solution | Total | | |
| Net sales | | | | | |
| Advertising | 1,250,441 | — | 1,250,441 | — | 1,250,441 |
| Subscription | 35,624 | — | 35,624 | — | 35,624 |
| Media and Others | 18,361 | — | 18,361 | — | 18,361 |
| Recurring Revenue | — | 615,839 | 615,839 | — | 615,839 |
| Initial/one-time revenue | — | 322,603 | 322,603 | — | 322,603 |
| Revenue from contracts with customers | 1,304,428 | 938,443 | 2,242,871 | — | 2,242,871 |
| Other revenue | — | — | — | — | — |
| Net sales to external customers | 1,304,428 | 938,443 | 2,242,871 | — | 2,242,871 |
| Intersegment net sales and transfer | — | — | — | — | — |
| Total | 1,304,428 | 938,443 | 2,242,871 | — | 2,242,871 |
| Segment profit | (90,961) | 176,810 | 85,849 | (243,309) | (157,459) |

Notes:

1. Segment profit adjustment of (243,309) thousand yen is corporate expenses that are not allocated to each reporting segment and is mainly general and administrative expenses that do not belong to the reporting segment.
2. Segment profit is adjusted with operating loss on the quarterly consolidated income statement.

2. Information on impairment loss or goodwill of fixed assets by reporting segment

(Significant impairment loss on fixed assets)
None

(Significant changes in the amount of goodwill)

In the media business segment, during the first quarter of the consolidated fiscal year, the Company's wholly-owned subsidiary, livedoor Co., Ltd. acquired shares of Syncrolife Inc. With this, the Company included Syncrolife Inc. within the scope of consolidation, and to recognize goodwill. The increase in goodwill due to this event amounts to 290,569 thousand yen for the cumulative first quarter of the consolidated fiscal year.

Please note that the amount of goodwill is a provisional figure, as the allocation of the acquisition cost has not been completed at the end of the first quarter of the consolidated fiscal year.

(Significant gain on negative goodwill)
None

3. Matters Concerning Changes in Reporting Segments

During the first quarter of the consolidated fiscal period, the Company carried out the succession of the media business to livedoor Co., Ltd. through a company split to enhance the agility in promoting group business strategies. In this process, the Company reviewed management methods from the perspectives of our group's business development, allocation of management resources, management control systems, etc., and implemented changes to the reporting segments. As a result, we transferred the revenue from subscriptions to Kabutan Premium, previously disclosed under the "Media Business," to the "Solution Business" from the first quarter of the consolidated fiscal period.

Additionally, we changed the method of allocating a portion of sales and administrative expenses from a head-count basis to an adjustment as a company-wide expense.

Please note that the segment information for the previous first quarter of the consolidated cumulative period has been prepared based on this change of classification.

(Business Combination)

(Business Combination through the acquisition of shares)

livedoor Co., Ltd. (hereinafter referred to as "Livedoor"), a 100% subsidiary of the Company, has agreed to acquire all shares of SyncroLife Inc., a split company with Web3 gourmet app business operated by GINKAN, Inc. (headquartered in Chiyoda-ku, Tokyo, CEO: Tomochika Kamiya) spined off, with GINKAN Inc. Livedoor executed a share transfer agreement and completed the acquisition of all the issued shares of SyncroLife, Inc. on April 1, 2023, thereby making it a wholly-owned subsidiary.

Additionally, Livedoor and SyncroLife, Inc. entered into a merger agreement on June 8, 2023, with Livedoor being the surviving company, and integrated on August 1, 2023.

1. Overview of the business combination
   (1) Name of the acquired company and the description of business
   Company name: SyncroLife,Inc
   Description of business: Smart phone application development & management
   (2) The main reason for the business combination

Livedoor media, with 80 million monthly users, is positioned as the core of the Group's media business. The basic strategy of the Group's media business is to develop specialized media such as entertainment, sports, and gourmet food as vertical media based on the information spreading power of livedoor Blog, a UGC (User Generated Content) media, and the content spreading power of livedoor NEWS, a PGC (Professionally Generated Content) media, with over 30 million followers(including the number of LINE Friends) on SNS. The Group has positioned the development of vertical media in specialized media such as financial, entertainment, gourmet, and sports as a basic strategy for its media business. On March 31, 2023, Minkabu will expand the number of monthly users to 90 million through the grouping of CWS Brains, LTD., a soccer information media company, Minkabu will establish a nurturing process for majoring information transmitters, which is indispensable for the creator economy,
through UGC/PGC collaboration and SNS transmission capabilities that do not depend solely on advertising revenue, and develop the business as a creator platform.

“SynchroLife” is an Eat to earn platform where users can earn digital assets by posting reviews and visits to restaurants. “SynchroLife” is characterized by a business model which supports to improve of customers’ loyalty, PR, and digital transformation of visitor promotion through providing member restaurants customer analysis tools(CRM) on a pay-per-performance basis, while almost all the gourmet sites currently apply a business modelto focus on visitor promotion.

Livedoor, as a part of the Minkabu’s group strategy above, acquires “SynchroLife” business, changes the name of the business to “Livedoor Gourmet” as of July, 1, 2023, to expand vertical media service in gourmet and encourages the expansion of the users of “SynchroLife” by making use of the spreading power of “livedoor NEWS” and the cooperation with the other vertical media including “livedoor Blog”. Further, Minkabu group accelerates the Web3 strategy through the acquisition of “SynchroLife” which already realizes the Web3 world close to the view and strategy of Minkabu group media which provides a new customer experience and improvement of customer loyalty by utilizing token economy.

   (3) The date of the business combination:
   April,1,2023
   (4) The legal form of business combination
   Acquisition of shares by cash
   (5) Name of the subsidiary after the business combination
   No change
   (6) Rate of voting rights acquired
   100%
   (7) The basis for determining the acquiring company
   Livedoor acquired the shares in exchange for cash
2. Period of business results of the acquired company in the consolidated statements of income for the three months ended June 30, 2023
   From April 1, 2023 to June 30, 2023

3. Acquisition cost of the acquired company and breakdown by type of consideration
   Payment for the acquisition (Cash): 300,000 thousand yen
   Acquisition cost: 300,000 thousand yen

4. Details of major acquisition-related costs

Remuneration and fee paid to M&A advisor: 12,397 thousand yen

5. Goodwill recognized by acquisition, reason, amortization method, and period

(1) Goodwill recognized

290,569 thousand yen.

While the amount of the goodwill was tentative as of June 2023 because the purchase price allocation was not completed.

(2) The reason for the recognition

Excess earning power to be expected in the future development of the business

(3) Amortization method and period

As of the end of our first quarterly consolidated accounting period, we are still scrutinizing the identification of identifiable assets on the business combination date, and the allocation of acquisition cost has not been completed. Therefore, the amount of goodwill is subject to provisional accounting treatment, and the amortization method and period are also under examination.

6. Amounts of assets received and liabilities assumed on the date of business combination and their breakdown

Not confirmed at this time

(Transaction under common control)

(Business Succession to Consolidated Subsidiaries)

The Company, at the Board of Directors meeting held on February 14, 2023, resolved to succeed our media business to our wholly-owned consolidated subsidiary, Livedoor, Co., Ltd (hereinafter referred to as 'Livedoor'), by way of absorption-type split, and the split was carried out on April 1, 2023

1. Overview of Transaction

(1) Name of the business concerned and the description of business

Name of the business: Media Business(the Company)

Description of the business: Primarily the planning and advertising business of impression-guaranteed type, along with performance-based advertising, in the financial field

(2) The date of the business combination

April,1,2023

(3) The legal form of business combination

A company split with the Company as the splitting company, and Livedoor (our consolidated subsidiary) as the succeeding company

(4) Name of the subsidiary after the business combination

Livedoor Co., Ltd. (our consolidated subsidiary)

(5) Other details regarding transactions

The purpose is to consolidate our media business into Livedoor, which is the core company of the media business within the group, in order to build a business structure that allows for quick and flexible allocation of various resources and efficiency in operations in response to changes in the market environment surrounding the media business, thereby enhancing the agility to promote the business strategy as group.

2. Overview of Implemented Accounting Treatment

Based on the "Accounting Standard for Business Combinations" (Business Accounting Standard No. 21, January 16, 2019) and the "Implementation Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures" (Business Accounting Standard Application Guidance No. 10, January 16, 2019), we have treated it as a transaction under common control.

(Absorption-Type Merger between Consolidated Subsidiaries)

At our Board of Directors meeting held on February 14, 2023, the Company resolved to conduct an absorption-type merger of Livedoor Co., Ltd. (hereinafter "Livedoor"), a 100% owned consolidated subsidiary, into ALIS Co., Ltd. (hereinafter "ALIS"), also a 100% owned consolidated subsidiary, and the absorption-type merger was completed on April 1, 2023.

1. Details of the Transaction

(1) Names and business description of the combined companies

(ⅰ)Name of the combined company: Livedoor Co, Ltd.

(ⅱ) Description of the business: Operation of blog services, news sites, etc.

(ⅲ) Name of the absorbed company: ALIS Co., Ltd.

(ⅳ)Description of the business: Operation of social media platforms, etc.

(2) The date of the business combination:

April 1, 2023

(4) Legal form of the business combination:
Absorption-type merger, with Livedoor as the surviving company and ALIS as the disappearing company
(5) Name of the combined company after the business combination:
Livedoor, Co., Ltd
(6) Other details regarding the transaction:
The purpose is to consolidate the media business provided by ALIS into Livedoor, the core company of our group's media business, to build a business structure that allows for quick and flexible allocation of various resources and efficiency in operations in response to changes in the market environment, and to enhance the agility to promote the group's business strategy.

2. Overview of Implemented Accounting Treatment

Based on the "Accounting Standard for Business Combinations" (Business Accounting Standard No. 21, January 16, 2019) and the "Implementation Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures" (Business Accounting Standard Application Guidance No. 10, January 16, 2019), we have treated it as a transaction under common control.

(Significant Subsequent Event)

(Acquisition by Business Combination)

The Company has resolved at a board meeting held on July 14, 2023, to acquire all of the shares issued by From One Co., Ltd. (hereinafter referred to as "From One", headquarters: Chuo-ku, Tokyo, CEO: Naoto Michiage) and make it a wholly-owned subsidiary. The Company concluded a share transfer agreement with From One shareholders, including Dentsu Group,Inc. (headquarters: Minato-ku, Tokyo, CEO: Hiroshi Igarashi), on August 10, 2023.

1. Overview of Business Combination
(1) Name of the acquired company and the description of the business
Company Name: From One Co., Ltd.
Description of the business: Operation of sports information media sites, etc.
(2) The main reason for the business combination
The Company’s group, through our subsidiaries livedoor Co., Ltd. and grand-subsidiary CWS Brains, Ltd., offers vertical media with high expertise in specific themes such as finance, asset formation, sports, entertainment, and gourmet. The total monthly unique user count reaches approximately 90 million, and the Company, as one of Japan's largest online media operators, aim to enhance the value of information and realize new customer experiences utilizing technology, building a new media economic zone for the Web3 era. This acquisition aims to expand sports vertical media and revenue foundation as part of this basic strategy by incorporating From One, which operates in fields like web business, publishing, video, etc.

From One's web media business consists of domestic soccer media "SOCCERKING", baseball media "BASEBALLKING", and the largest basketball media "BASKETBALLKING", totaling about 9 million monthly unique users. Along with our existing overseas soccer media "Ultra World Soccer!", this acquisition will make us top-class in the soccer domain in Japan, and the monthly user scale of our media business will exceed 100 million.

The Company will utilize these businesses and revenue know-how to enhance the synergistic effects of our group media business and strengthen the revenue base.
(3) The date of the business combination:
September 1, 2023 (Scheduled)
(4) Legal form of the business combination:
Acquisition of shares for cash
(5) Name of the company after business combination:
No change
(6) Rate of voting rights acquired:
100%
(7) The basis for determining the acquiring company
The acquisition is by purchasing shares with cash

2. Cost of Acquiring the Acquired Company and Breakdown by Type of Consideration

| | |
|---|---|
| Payment for the acquisition (Cash): | 0 thousand yen |
| Acquisition cost: | 0 thousand yen |

*Note: Dentsu Group, Inc. and the Company have separately concluded a debt transfer agreement for the 300 million yen transfer of an 880 million yen loan claim that Dentsu Group holds against From One.

3. Details of major acquisition-related costs
Not confirmed at this time

4. Goodwill recognized by acquisition, reason, amortization method, and period
Not confirmed at this time

5. Amounts of assets received and liabilities assumed on the date of business combination and their breakdown
Not confirmed at this time