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February 14, 2025

Consolidated Financial Results for the Nine Months Ended December 31, 2024 (Under Japanese GAAP)



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 Scheduled date to commence dividend payments: -
 Preparation of supplementary material on annual financial results: Yes
 Holding of financial results briefing: Yes (for institutional investors and analysts)

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

1. Consolidated financial results for nine month ended December 31, 2024 (from April 1 to December 31, 2024)

(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	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Nine months ended December 31, 2024	7,010	(1.6)	(106)	—	(985)	—	(1,044)	—	(971)	—
December 31, 2023	7,126	66.3	559	(24.5)	(319)	—	(367)	—	(204)	—

Note: Comprehensive income For nine months ended December 31, 2024: (912)million yen [(—)%]
 For nine months ended December 31, 2023: (203)million yen [(—)%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Nine months ended December 31, 2024	(64.81)	-
December 31, 2023	(13.63)	-

Notes:

- The diluted net income per share for nine months ended December, 2023, as well as the diluted net income per share for nine months ended December, 2024 is not provided, as there is a net loss per share despite the existence of potential shares.
- EBITDA (Operating Income + Depreciation + Amortization of Goodwill)

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Book value per share
	Million yen	Million yen	%	Yen
December 31, 2024	14,080	4,884	34.6	325.12
March 31, 2024	14,838	6,184	41.6	411.81

Reference: Equity

As of December 31, 2024: 4,872million yen
 As of March 31, 2024: 6,170million yen

2. Dividends

	Annual dividends per share				
	End of first quarter	End of second quarter	End of third quarter	End of fiscal year	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2024	-	0.00	-	26.00	26.00
Fiscal year ending March 31, 2025	-	0.00	-		
Fiscal year ending March 31, 2025 (Forecast)				0.00	0.00

Notes:

- Revisions to the forecast of cash dividends most recently announced: Yes
- For details, please refer to the announcement titled "Revision of Dividend Forecast (No Dividend)" on February 14, 2025.

3. Earnings Forecast of Consolidated Financial Results for Fiscal Year Ending March 31, 2025 (From April 1, 2024 to March 31, 2025)

(% indicates changes from the previous corresponding period.)

	Net sales		EBITDA		Operating profit		Ordinary profit		Net income attributable to owners of the parent		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%	yen
Full year	10,600	6.9	(740)	-	(1,930)	-	(2,030)	-	-	-	-

Notes:

- Revisions to the forecast of consolidated financial results for the fiscal year ending March 31, 2025 most recently announced: Yes
- EBITDA is calculated as 'Operating profit + Depreciation + Amortization of goodwill'
- For details, please refer to the announcement titled "Revision of Consolidated Performance Forecast and Withdrawal of Medium-Term Management Plan" on February 14, 2025.

Notes

- (1) Significant changes in the scope of consolidation during the nine-months period between April 1, 2024 and December 21, 2024: Yes

Newly established: Contents Monster, Inc.

Excluded: SEESAW GAME, Inc.

For details, please refer to the attached materials on page 15, “(3) Notes to Quarterly Consolidated Financial Statements (Changes in major subsidiaries during the period)” under the “2. Quarterly Consolidated Financial Statements and Principal Notes” section.

- (2) Adoption of accounting treatment specific to the preparation of quarterly consolidated financial statements: Yes

For details, please refer to the attached materials on page 15, “(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.

- (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 December 31, 2024	14,985,800 shares
As of March 31, 2024	14,983,000 shares

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

As of December 31, 2024	23 shares
As of March 31, 2024	23 shares

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

Nine months ended December 31, 2024	14,983,332 shares
Nine months ended December 31, 2023	14,978,084 shares

*Quarterly financial results are exempt from the audit conducted by certified public accountants or an auditing firm.

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

1. The forward-looking statements, including performance forecasts presented in this report are based on the information currently available to the Company, and on certain assumptions that the management believes them reasonable, and they are not meant to be a commitment by the Company. Actual results may differ materially from forecasts due to various factors. For assumptions underlying the earnings forecasts and precautions regarding the use of forecasts, please refer to “(3) Explanation of future forecast information such as consolidated performance forecast” under the “1. Summary of Business Results” section on page 4.

2. On February 14, 2025, we held a financial result briefing for institutional investors and securities analysts. The recorded briefing and presentation material will be available promptly after the meeting on our website.

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1. Overview of Business Performance

(1) Overview of business performance for the nine-months period this fiscal year

Financial results for the third quarter ended December 31, 2024 was as follows: sales amounted to 7,010,975 thousand yen (a decrease of 1.6% year-on-year), operating loss was 985,713 thousand yen (compared to that of 319,747 thousand yen for the same period of the previous fiscal year), ordinary loss was 1,044,928 thousand yen (compared to that of 367,342 thousand yen for the same period of the previous fiscal year), and net loss attributable to owners of the parent was 971,046 thousand yen (compared to that of 204,207 thousand yen for the same period of the previous fiscal year). Additionally, EBITDA (operating income + depreciation + amortization of goodwill) was -106,697 thousand yen (compared to that of 559,271 thousand yen for the same period of the previous fiscal year).

During the nine months ended December 31, 2024, the Media Business experienced continuous decline in sales mainly in display advertising and affiliate advertising, due to a slow recovery in the advertising market. In addition to this, the content business in the media business promoted as a part of revenue diversification, recorded a large loss in event revenue. In the solutions business, monthly subscription business was firm, but sales fell below year-on-year mainly due to a decrease in spot revenue.

The business performance by reportable segment is as follows:

(Media Business)

The media business, with the livedoor business at its core, includes user-generated content (UGC) media centered on “livedoor Blog,” professional generated content (PGC) media centered on “livedoor News,” and sports information media such as “Ultra WORLD Soccer!” “SOCCERKING”, “BASEBALLKING”, “BASKETBALLKING” and “totoONE”, and vertical media such as “MINKABU Choice”, an asset building information media “MINKABU”, and Korean Wave media “Kstyle”, MINKABU Choice, an affiliate site, and livedoor Choice, a comprehensive media business with an average of 100 million unique users per month.

The Company recognizes advertising sales from the operation of these media sites and billing sales from paid services as revenues.

In the third quarter of the current consolidated fiscal year, in addition to a prolonged and worse-than-though deterioration of the display advertising market from the second quarter of the current consolidated fiscal year, and decrease in PV in livedoor Brog service, we saw a decline in revenue from affiliate advertising for securities accounts, and earnings deteriorated on a scale that exceeded the effects of ongoing cost reductions. Going forward, we will strive to further reduce costs by increasing revenues from new commercial products such as pure advertising and Creator's Economy related revenues, efficiently increasing the number of articles by utilizing “livedoor ECHOES” (a service that converts videos into news articles using generative AI), and improving operational efficiency.

Additionally, a large-scale K-POP event, "Golden Wave in Tokyo 2024," on October 12 and 13, 2024 held by a Contents Monster Inc., a wholly owned subsidiary established in April 2024, as part of a strategy to acquire paid users for its monthly subscription service, "Oshi Pass", expanded segment loss due to a short of expectations of attendance while contributed some to user acquisition for "Oshi Pass" and generated revenue.

As a result, sales for the consolidated accounting period of this third quarter were 3,602,148 thousand yen which is a decrease of 487,916 thousand yen from 4,090,065 thousand yen in the same period of the previous year (a decrease of 11.9% year-on-year). Sales for the third quarter of the current consolidated cumulative period include the payment of 679,750 thousand yen in operational management fees, etc. under the holding company structure, and after reversing this amount, sales were 4,281,898 thousand yen, a decrease of 117,071 thousand yen (a decrease of 2.7%) on the same basis compared to the same period of the previous fiscal year. Similarly, the segment loss was 1,285,024 thousand yen (segment loss of 327,727 thousand yen in the previous consolidated cumulative third quarter), but the segment loss before considering operational management fees, etc. was 605,274 thousand yen, a deterioration of 586,452 thousand yen compared to the same period of the previous fiscal year.

In addition, on October 1, 2024, we merged our wholly owned subsidiaries, livedoor Co., Ltd. and SEESAW GAME, Inc. (an absorption-type merger with livedoor Co., Ltd. as the surviving company).

(Solution Business)

The Solution Business develops information solutions primarily for financial institutions by converting and customizing content and applications originally developed for the media business. It provides B2B and B2B2C solutions, expanding its customer base and acquiring solution expertise. The company also develops proprietary applications and APIs (Application Programming Interface) to enhance financial institutions' internal systems through SI (system integration) and package solutions. Additionally, it operates the stock information media "Kabutan."

Revenue sources for information solutions include initial setup fees and recurring subscription income based on monthly fees or ID-based usage. SI and package solutions generate revenue from system planning, consulting, contract-based system development, and maintenance operations. "Kabutan" records revenue from its paid subscription services.

During the third quarter, the individual subscription service "Kabutan Premium" experienced steady growth in membership, and revenue increased due to a rise in monthly fees. In information solution sector, while recurring revenue from monthly usage fees remained strong, one-time/initial revenue underperformed due to large-scale system updates such as the Tokyo Stock Exchange (arrowhead4.0). Lower-than-expected deal acquisition in SI and package solutions sector as a result to focus on maintaining profit margins also lead revenue pressure.

As a result, sales for the cumulative consolidated third quarter were 2,526,492 thousand yen, down 5.5% year-on-year from 2,674,567 thousand yen. Adjusted for management fees of 411,957 thousand yen, sales stood at 2,938,450 thousand yen, marking a year-on-year increase of 2.3%. However, segment loss was 103,829 thousand yen, deteriorating by 253,092 thousand yen compared to the previous year's segment profit of 149,262 thousand yen. Excluding management fees, segment profit was 308,127 thousand yen, down 11.2% year-on-year. The decline in profitability was attributed to lower margins in contracted projects, resulting in revenue growth but reduced profit compared to the previous year.

(2) Summary of financial position for the quarter under review

(Assets)

Current assets at the end of the third quarter of this consolidated fiscal year were 3,108,723 thousand yen, a decrease of 1,023,311 thousand yen from the end of the previous consolidated fiscal year. This decrease was primarily due to a reduction in cash and deposits by 1,429,621 thousand yen and a decrease in accounts receivable by 579,505 thousand yen, while advances for event management contracts, among other factors, increased by 911,930 thousand yen.

Fixed assets were 10,971,686 thousand yen, an increase of 264,856 thousand yen from the end of the previous consolidated fiscal year. This was primarily due to an increase of 639,224 thousand yen in software and software in progress due to software development investments, while goodwill and customer-related assets decreased by a total of 383,440 thousand yen due to depreciation, and deferred tax assets decreased by 25,267 thousand yen.

As a result, total assets were 14,080,410 thousand yen, a decrease of 758,454 thousand yen from 14,838,864 thousand yen at the end of the previous consolidated fiscal year.

(Liabilities)

Current liabilities at the end of the third quarter of this consolidated fiscal year were 3,858,038 thousand yen, an increase of 1,123,874 thousand yen from the end of the previous consolidated fiscal year. This increase was mainly due to an increase in short-term borrowings by 1,492,000 thousand yen and This was mainly due to a decrease of 258,750 thousand yen in long-term borrowings due for repayment within one year.

Fixed liabilities were 5,338,089 thousand yen, a decrease of 581,757 thousand yen compared to the end of the previous consolidated fiscal year. This was due to a decrease of 492,500 thousand yen in long-term borrowings due to scheduled repayment, and a decrease of 89,257 thousand yen in deferred tax liabilities.

As a result, total liabilities amounted to 9,196,128 thousand yen, an increase of 542,116 thousand yen from 8,654,011 thousand yen at the end of the previous consolidated fiscal year.

(Net Assets)

Total net assets at the end of the third quarter of this consolidated fiscal year were 4,884,282 thousand yen, a decrease of 1,300,571 thousand yen from 6,184,853 thousand yen at the end of the previous consolidated fiscal year. This was mainly due to an increase in valuation difference on available-for-sale securities of 60,911 thousand yen, while capital stock and capital surplus decreased by a combined total of 387,927 thousand yen due to the transfer of the reduction in capital to capital surplus and the payment of ordinary dividends funded by capital surplus, resulting in a decrease in retained earnings of 971,045 thousand yen.

As a result, the equity ratio was 34.8% (compared to 41.6% at the end of the previous consolidated fiscal year).

(3) Explanation of consolidated earnings forecasts and other forward-looking information

The company aims to establish a business model that ensures stable growth without relying heavily on the financial market or the internet advertising market, in response to changing market environments. In the Media Business, the company has actively pursued M&A, including the largest integration of livedoor into the group in December 2022. In the Solution Business, the company has expanded into SI and package solutions while implementing various restructuring and rationalization measures, culminating in the formulation of a three-year mid-term plan in May 2023. Since then, in response to the unexpected and rapid deterioration of the display advertising market, which was a key pillar of stable revenue, the company has actively promoted revenue diversification by expanding non-advertising revenue sources while also focusing on cost reduction, particularly in the Media Business.

However, as a result, the aggressive revenue diversification measures led to significant deficits, and from the fiscal year ended March 2023 onward, the company has made three consecutive downward revisions to its earnings forecasts and recorded losses. Consequently, the mid-term plan has been withdrawn. We sincerely apologize to our shareholders and stakeholders for this situation.

Given these results, the company has decided to shift from its previous expansion-oriented business strategy, which focused on high revenue growth rates. Instead, it will implement cost reductions exceeding 2 billion yen by completely withdrawing from businesses that require significant time and additional investment before contributing to profits. By the beginning of the fiscal year ending March 2026, the company aims to transition into a business structure capable of generating immediate profit and cash flow, and to rebuild a business foundation that can achieve record-high profits within the next three years.

I Factors Contributing to Performance Deterioration for the Fiscal Year Ending March 2025

i. Deterioration of the Advertising Market Beyond Expectations

In an effort to achieve high growth despite the prolonged downturn in the display advertising market, we have promoted (i) proactive revenue diversification strategies to reduce reliance on advertising revenue and (ii) cost reduction measures anticipating a decline in display advertising revenue. However, these diversification strategies resulted in losses. Additionally, the negative impact of the display advertising market exceeded the Company's thoughts, along with a decline in page views of "livedoor Blog" and a decrease in new securities account openings, which led to a deterioration in the affiliate advertising market. These factors outweighed the cost reduction efforts following the acquisition of livedoor Co., Ltd. contributing to the worsening performance.

ii. Losses, Delays of Large-Scale Projects in the Solutions Business

In the information solutions sector, a large-scale project expected in the second half of the fiscal year for a mid-sized face-to-face securities firm did not materialize. Additionally, some expected projects were lost due to the poor performance of certain online securities companies. Furthermore, in the SI and package solutions segment, the loss of a major DX project from an existing client in the second half of the fiscal year contributed to the deterioration of performance.

iii. Losses in the Content Business

The K-POP content business managed by Contents Monster Inc., leveraging "Kstyle," one of Japan's largest Korean entertainment media platforms operated by livedoor, contributed to some revenue. However, efforts to acquire monthly subscription users, which were the primary objective, were insufficient. Additionally, multiple promotional events conducted as part of the marketing strategy resulted in uncontrolled revenues and costs, leading to substantial losses.

iv. Delayed Expansion of Revenue Diversification Strategies

Although revenue diversification strategies beyond the content business, which were key elements of the mid-term plan, showed some effectiveness in both the media and solutions businesses, many of these initiatives did not grow at the expected pace. Consequently, they became a factor in the expansion of losses.

II Earnings Outlook for the Fiscal Year Ending March 2025

For the current consolidated fiscal year, performance generally progressed as planned until the second quarter. However, as mentioned earlier, the expected recovery of core businesses in the second half has not proceed as anticipated. Additionally, delays in the expected revenue contributions from revenue diversification measures, increased costs, and significant losses recorded in the Content Business led to results falling substantially below the initial forecast.

Furthermore, to transition to a business structure capable of generating immediate profit and cash flow from the beginning of the fiscal year ending March 2026, the fourth quarter of the fiscal year ending March 2025 will include recording special losses related to the withdrawal from the Content Business, costs associated with terminating various businesses and services that require time and additional investment before contributing to

profits, as well as costs related to the evaluation and restructuring of some assets, including office spaces. In addition, special income from the sale of subsidiaries and certain services is also expected.

However, given that the verification and evaluation of these adjustments, such as cost reductions due to office downsizing and the valuation of business assets including subsidiaries, will require time, we have decided not to disclose the net loss attributable to owners of the parent at this stage. This decision is intended to prevent the need for further revisions following the current earnings forecast correction. We aim to complete the evaluation process by late March 2025 and will promptly disclose the results.

As a result, for the consolidated fiscal year (April 1, 2024 – March 31, 2025), consolidated revenue is expected to be 106 billion yen, consolidated operating loss to be 19.3 billion yen, consolidated ordinary loss to be 20.3 billion yen, and EBITDA to be negative 7.4 billion yen.

For details regarding the revision of the consolidated earnings forecast and the cancellation of the mid-term plan, please refer to today's announcement titled "Notice Regarding the Revision of the Consolidated Earnings Forecast and the Cancellation of the Mid-Term Plan."

III Review of the Mid-Term Plan

i. General Overview

The company aimed to establish a business model that is not heavily dependent on the financial market, which is expected to undergo structural changes, or the advertising market, which is susceptible to economic fluctuations. In the Media Business, the company pursued proactive M&A activities, leveraging the user base of livedoor Co., Ltd., while in the Solutions Business, it focused on expanding its customer base and business scope. Additionally, various restructuring and rationalization measures were implemented to enable swift action. As a result, consolidated sales surpassed 100 billion yen for the first time since the company's inception.

In the Media Business, efforts were made to expand life services utilizing a user base of approximately 100 million people and to diversify revenue sources through creator collaborations. In the Solutions Business, investments were actively made to diversify services and products to leverage a customer base exceeding 400 companies (including 170 financial institutions in the Solutions segment).

However, the Company misjudged the strength of connections with users and customers, as well as the competitive environment for achieving upselling. As a result, new businesses failed to deliver the expected results in both the Media and Solutions businesses. The Media Business suffered a significant revenue and profit decline due to the deterioration of the advertising market, which outweighed the countermeasures. The Solutions Business, while maintaining a certain level of growth, did not achieve the anticipated expansion of large-scale client acquisitions, leading to a significant underperformance relative to the mid-term plan.

ii. Media Business

The mid-term plan for the Media Business aimed to maximize advertising revenue while expanding non-advertising revenue, such as business sales and subscription sales, by leveraging the group's expertise and business assets, including user engagement, content distribution capabilities, and specialized media features. The Company particularly focused on launching life service businesses such as mobile, gourmet, banking, and shopping, with the goal of building a highly profitable and scalable revenue model using its group media for cost-efficient promotion without excessive customer acquisition costs.

The following are the major factors behind the failure to achieve the mid-term plan in the Media Business:

a. Decline in Advertising Revenue and Failure of Revenue Diversification Strategies

Following the acquisition of livedoor Co., Ltd., internet advertising prices began to decline across the market. The Company anticipated the recovery would be limited, but did not expect the prolonged low levels to persist. The mid-term plan was based on stable advertising revenue, with the aim of achieving high growth through revenue diversification strategies such as mobile, shopping, and banking services, leveraging one of the largest user bases in Japan. However, the expected stable revenue base from advertising did not materialize due to a greater decline than the Company thought in advertising prices, a prolonged decrease in page views of "livedoor Blog" and a sharp downturn in affiliate advertising revenue following the reaction to the new NISA scheme. Consequently, additional cost-cutting measures were insufficient, leading to a significant shortfall in both revenue and profit.

The Company analyzed that the proliferation of SNS platforms has exponentially increased the amount of available content, surpassing the overall growth rate of the internet advertising market. Initially, the company considered the price decline to be a cyclical fluctuation, which led to an inaccurate assessment of necessary cost reductions.

Regarding the non-advertising revenue model in life services, despite livedoor's large user base of approximately 100 million, the Company's engagement with individual users was not as strong as anticipated. Consequently, expected user acquisition for life services did not materialize. Additionally, as advertising revenue deteriorated, the Company faced challenges in allocating sufficient resources for product differentiation and marketing enhancements, which led to increased upfront investment and fixed costs, ultimately putting pressure on profitability.

On the other hand, collaborations with creators, a key component of media development, performed well in areas such as e-book publishing, content commerce, and branded advertising. Although the profitability of these revenue streams is lower compared to advertising due to revenue-sharing arrangements with creators, they are expected to serve as a future countermeasure against declining network advertising revenue.

b. Significant Losses in the Content Business

As part of the revenue diversification strategy using media assets, the Company developed a subscription service targeting fan engagement users under "Kstyle," Japan's largest Korean entertainment information platform. This included a mobile service and "Oshi Pass," a monthly subscription service, with large-scale K-POP events conducted as promotional incentives for new memberships.

However, the Company undertook multiple large-scale events within a short period, leading to operational challenges such as event preparation and negotiations with external vendors. As a result, the primary objective of acquiring monthly subscription users was not achieved. Additionally, revenue and costs for these events became unmanageable, and the company misjudged downside risks when deciding on event feasibility. This resulted in unexpectedly large losses.

To mitigate the impact of this business failure, the Company will immediately withdraw from this segment. Additionally, the Company decided not to organize the scheduled "Kstyle PARTY 2025" in March 2025, and instead, the event rights will be transferred to another entity in a way that prevents further negative financial impact on the company.

iii. Solutions Business

In the Solutions Business, the mid-term plan aimed to shift from an investment phase to a profit improvement phase in information solutions, securing multiple large-scale projects to drive profit growth (expanding market share as a core business). In SI and package solutions, the Company sought to deepen its solution offerings and expand its customer base by leveraging trends such as Web3 (establishing a new growth foundation in the DX sector). Additionally, through its group company MINKABU ASSET PARTNERS, Inc., the Company planned to develop new financial services for asset-building customers in collaboration with existing financial institution clients by obtaining registrations for financial instruments brokerage and investment advisory businesses (expanding partnership models to enhance financial institution profitability).

The following are the major factors behind the failure to achieve the mid-term plan in the Solutions Business:

a. Failure to Acquire Large Clients in Information Solutions

The mid-term plan expected profit growth to be driven by large client acquisitions. However, replacement of existing competitive services did not progress as anticipated. Although information solutions revenue gradually expanded, additional functionality and content enhancements targeted at large clients did not yield the expected return on investment. Consequently, the anticipated improvement in business-wide profitability was not realized.

b. Balancing Profitability and Scale in SI and Package Solutions

While DX demand remained high across the financial industry, maintaining optimal pricing for engineering resources while ensuring project profitability remained a challenge due to client-driven negotiations. In the previous fiscal year, the Company avoided losses from misjudged demand forecasts by prioritizing high-margin projects over rapid scale expansion. However, this approach led to missed project opportunities, creating a new challenge where revenue scale could not be expanded as planned.

c. Delays in Monetizing New Revenue Diversification Businesses

New financial services launched through MINKABU ASSET PARTNERS, Inc. required significantly more time than expected to obtain regulatory approvals. Even after securing licenses for brokerage and advisory businesses, additional time is needed for revenue generation. Similarly, new services such as "MINKABU Academy," a corporate investment education service, and "toku-chain," a Web3-powered coupon benefits platform, were developed to enhance efficiency and revenue diversification for financial institutions.

However, "MINKABU Academy" faced personnel allocation delays, and "toku-chain" encountered implementation delays due to client-side readiness issues. As with brokerage and advisory services, these delays postponed the expected revenue contributions. Nonetheless, these services have now been launched, and future revenue contributions are anticipated.

IV Future Business Promotion Policy (Transition to a Profit-Generating Structure)

i. Basic Policy

To prevent further deterioration of shareholder equity, the Company has established a fundamental policy to transition to a profit- and cash-generating structure from the beginning of the fiscal year ending March 2026. To achieve this, by the end of the fiscal year ending March 2025, the Company will rigorously implement business selection and concentration, immediately withdrawing from the loss-making content business to ensure that its impact remains temporary.

Additionally, the Company withdraw from new businesses that require significant time to contribute to profits, and focus on two types of businesses: those that are expected to be future growth drivers, such as SaaS-based and subscription services, and those that can function as stable revenue engines by eliminating inefficiencies.

The Company has historically provided information infrastructure that directly and indirectly supports the investment activities of individual investors in Japan. Its customer base consists of approximately 10 million individual investors, with more than 170 financial institutions serving as indirect information providers. In addition to this solid position in Japan's financial market, the Company also distributes information to approximately 100 million internet users in Japan. Even after withdrawing from some new businesses, the company will retain a revenue base of approximately 10 billion yen. By concentrating on profit-contributing businesses and implementing cost reductions and efficiency improvements, the company aims to generate profits and cash flow from the beginning of the fiscal year ending March 2026. Additionally, it plans to execute cost reductions exceeding 2 billion yen during this period, solidifying a stable profit-generating structure and achieving record-high profits within three years.

ii. Media Business

So far under the mid-term plan, the Company had actively invested in revenue diversification strategies centered around its user base of approximately 100 million. Despite declining advertising unit prices and decreasing traffic, investment recovery has progressed annually. While there is continued potential for revenue growth, most of it will be absorbed through the optimization of the system migration development of "livedoor News" and "livedoor Blog" from LINE Yahoo Corporation. The Company does not plan for significant revenue growth but will instead focus on curbing cost increases in the medium term and improving profitability, positioning the Media Business as a stable revenue engine within the company's cash flow framework.

For revenue diversification strategies implemented so far, except for successful initiatives such as the creator economy, the company has determined that continued aggressive investment would be required to achieve meaningful revenue contributions. Therefore, aggressive investments will be halted, and fundamental cost reductions, including service terminations, will be implemented. As a result, an additional cost reduction of approximately 800 million yen will be executed (300 million yen in the first year of acquisition, 400 million yen in the current fiscal year, totaling nearly 1.5 billion yen in cost reductions post-acquisition). This will establish a stable EBITDA level in the mid-1 billion yen range. Development investments will focus on three areas: (i) the system migration development from LINE Yahoo Corporation agreed upon at the time of livedoor's acquisition, (ii) development that directly leads to operational efficiency and cost reductions, and (iii) the development of subscription services as future growth drivers. The total annual development budget will be capped at 300 million yen. By controlling total costs and capital investments, the company aims to establish a stable free cash flow foundation.

The Media Business holds several competitive advantages, including "MINKABU," Japan's largest asset formation media, multiple industry-leading specialized information media, one of Japan's largest news media platforms with strong information dissemination capabilities, and a vast creator network and social media following. While there is room for further revenue growth through problem-solving initiatives, the Company will prioritize stabilizing the revenue engine by optimizing system migration development, rather than pursuing aggressive revenue growth.

iii. Solutions Business

The Solutions Business provides information services supporting the investment activities of individual investors through B2C and B2B models. By leveraging its strong position in financial information, the Company has redefined this segment as a growth driver. To achieve this, resources will be focused on recognizing existing challenges and implementing corrective measures.

In terms of short-term revenue outlook, the company will limit forecasts to highly probable deals, such as already secured orders and those in contract negotiations. Regarding "Kabutan Premium," a conservative market outlook has been adopted, projecting an annual growth rate of 10% from the next fiscal year onward, with revenue acceleration from multilingual expansion expected after March 2027.

Additionally, the Company had launched new businesses such as MINKABU ASSET PARTNERS, Inc. and MINKABU Web3 Wallet, Inc. along with subsidiary acquisitions and minority investments in multiple startups, as part of revenue diversification strategies targeting upselling to existing customers. However, these initiatives have not delivered the expected revenue contributions. Consequently, the Company will sell subsidiaries and implement cost-cutting measures, including reductions in promotional and outsourcing costs and asset disposals, to achieve cost savings exceeding 200 million yen and streamline operations.

For SI and package solutions, the Company will maintain a policy of handling only high-margin projects, as the current structure requires retaining standby personnel for immediate customer response, which strains working capital. Consequently, revenue for the next fiscal year is expected to decline by 20% compared to the current fiscal year. However, the company will establish a new framework to return to revenue growth by the fiscal year ending March 2027.

Capital investment in this segment will focus primarily on SaaS-based information solutions and "Kabutan Premium," a paid subscription service for individual investors. The total annual investment for the Solutions Business will be approximately 300 million yen, three times the regular development investment budget of the Media Business.

iv. Transition to a Profit-Generating Structure and Future Revenue Model

In addition to cost reductions in both business segments, company-wide measures will include reductions in executive compensation and some management personnel costs, as well as office downsizing to significantly cut rent expenses, resulting in an estimated cost reduction of 300 million yen. By combining these with cost reductions of approximately 800 million yen in the Media Business, 200 million yen in the Solutions Business, and approximately 1.2 billion yen from the withdrawal from the Content Business, total cost reductions will exceed 2 billion yen. This will ensure profitability even with the remaining 9 billion yen revenue base after withdrawing from certain businesses. The company aims to achieve record-high profits within three years.

Notably, there are no plans for workforce reductions among general employees. Given the rising cost of living and talent retention considerations, general employees will receive base salary increases. Cost reductions will primarily target executive and managerial salaries at the director and department head levels.

While cash and deposits are expected to decline significantly by the end of the fiscal year, the Company will ensure financial stability by executing the planned 2 billion yen cost reductions, monetizing assets through subsidiary sales, controlling capital investments, temporarily revising the dividend policy, and coordinating with financial lenders.

v. Business Promotion Structure

a. Promotion of Efficiency through Business Consolidation

In July 2023, the Company transitioned to a holding company structure to facilitate the rapid expansion of each business under the assumption of high growth. However, given the recent shift in business policy, the focus is now on ensuring profitability and accumulating net assets rather than business scale expansion. To simplify internal transactions, reduce costs, and unite the workforce in a collective effort to restore performance, the company will integrate MINKABU THE INFONOID, Inc., livedoor Co., Ltd., and MINKABU SOLUTION SERVICES, Inc. into a single entity by July 1, 2025 (planned). Additionally, the company plans to sell Contents Monster, Inc., MINKABU ASSET PARTNERS, Inc., and MINKABU Web3 Wallet, Inc., which are subsidiaries of MINKABU SOLUTION SERVICES.

b. Review of Management Structure

Ken Uryu, the Chairman and CEO, has taken responsibility for three consecutive years of downward earnings revisions and losses. As of today, he resigns from his role as President of the company, as well as from his positions as Chairman and CEO of livedoor Co., Ltd., MINKABU SOLUTION SERVICES, Inc., and Contents Monster, Inc.. He also steps down from his positions on the Company's Nomination and Compensation Committees.

Masayuki Ban, previously the Director in charge of the Solutions Business and President & COO of MINKABU SOLUTION SERVICES, Inc., assumes the role of President and CEO of the Company, overseeing overall business planning and execution.

Ken Uryu remains as representative Chairman but primarily focuses on executing the planned cost reductions and investment restraints, improving the company's financial structure, fulfilling obligations to financial institutions, and ensuring a smooth transition of business leadership to Masayuki Ban.

vi. Shareholder Return Policy

The Company has maintained a policy of balancing high growth with high returns, delivering stable dividends for five consecutive years since the fiscal year ending March 2020. However, for the time being, priority will be given to restoring shareholder equity and strengthening internal reserves. Consequently, for the fiscal year ending March 2025, the Company plans to revise its dividend forecast from the initial estimate of 26 yen per share to 0 yen.

While the Company remains committed to its long-standing policy of balancing high growth with high returns, it will first prioritize building a profit-generating business structure. The company aims to establish a strong financial foundation and a sustainable high-growth business as soon as possible.

Following the acquisition of livedoor in December 2022, the Company has had to revise its earnings downward for three consecutive fiscal years and has recorded losses. As a result, the mid-term plan has been withdrawn before reaching its final year. We sincerely apologize for this situation.

As mentioned earlier, the Company will shift away from its previous approach of expanding reach and aggressively investing in business scale growth. Instead, the Company will focus on avoiding shareholder equity deterioration through management restructuring, immediate withdrawal from unprofitable businesses, business selection and concentration, and cost reductions exceeding 2 billion yen. These measures will enable a rapid transition to a profit-generating business structure.

We acknowledge the concerns and inconveniences this may have caused our shareholders and stakeholders. However, we remain committed to enhancing corporate value and sincerely appreciate your continued guidance and support.

1. Quarterly Consolidated Financial Statements and Principal Notes

(1) Quarterly Consolidated Balance Sheets

(Thousands of yen)

	As of March 31, 2024	As of December 31, 2024
Assets		
Current assets		
Cash and deposits	2,047,745	618,123
Accounts receivable - trade	1,596,775	1,017,270
Merchandise	517	893
Work in process	34,226	79,136
Supplies	13,818	10,631
Other	448,809	1,389,733
Allowance for doubtful accounts	(9,858)	(7,065)
Total current assets	4,132,034	3,108,723
Non-current assets		
Property, plant and equipment	824,868	830,589
Intangible assets		
Goodwill	3,497,481	3,296,261
Customer related assets	3,138,453	2,956,232
Technical assets	45,275	38,599
Software	1,389,456	1,542,686
Software in progress	476,008	962,002
Other	42,491	41,621
Total intangible assets	8,589,166	8,837,405
Investments and other assets		
Investment securities	560,518	554,961
Guarantee deposits	410,879	424,062
Deferred tax assets	289,647	264,379
Other	36,370	64,909
Allowance for doubtful accounts	(4,621)	(4,621)
Total investments and other assets	1,292,794	1,303,692
Total non-current assets	10,706,829	10,971,686
Total assets	14,838,864	14,080,410

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

(Thousands of yen)

	As of March 31, 2024	As of December 31, 2024
Liabilities		
Current liabilities		
Accounts payable - trade	298,504	308,712
Short-term borrowings	608,000	2,100,000
Current portion of long-term borrowings	935,000	676,250
Income taxes payable	64,331	41,079
Other provisions	51,134	7,193
Other	777,194	724,803
Total current liabilities	2,734,164	3,858,038
Non-current liabilities		
Long-term borrowings	5,640,000	5,147,500
Asset retirement obligations	114,409	114,409
Other	165,437	76,179
Total non-current liabilities	5,919,846	5,338,089
Total liabilities	8,654,011	9,196,128
Net assets		
Shareholders' equity		
Share capital	3,534,975	320,815
Capital surplus	3,806,635	6,632,867
Retained earnings	(1,199,528)	(2,170,573)
Treasury shares	(93)	(93)
Total shareholders' equity	6,141,988	4,783,015
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	28,202	89,113
Total accumulated other comprehensive income	28,202	89,113
Non-controlling interests	14,662	12,153
Total net assets	6,184,853	4,884,282
Total liabilities and net assets	14,838,864	14,080,410

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)

	Nine months ended December 31, 2023	Nine months ended December 31, 2024
Net sales	7,126,263	7,010,975
Cost of sales	3,868,425	4,435,782
Gross profit	3,257,838	2,575,193
Selling, general and administrative expenses	3,577,585	3,560,907
Operating loss	(319,747)	(985,713)
Non-operating income		
Interest income	633	159
Dividend income	1,330	1,410
Investment securities lending fee	—	2,033
Reversal of allowance for doubtful accounts	3,549	1,904
Other	2,809	4,403
Total non-operating income	8,322	9,913
Non-operating expenses		
Interest expenses	45,674	62,293
Guarantee commission	1,600	745
Financing expenses	301	—
Foreign exchange losses	1,016	998
Other	7,324	5,090
Total non-operating expenses	55,917	69,128
Ordinary loss	(367,342)	(1,044,928)
Extraordinary income		
Gain on sale of non-current assets	—	509
Gain on sale of investment securities	1,038	20,000
Gain on bargain purchase	16,197	—
Total extraordinary income	17,236	20,509
Extraordinary losses		
Loss on retirement of non-current assets	2,960	2,285
Total extraordinary losses	2,960	2,285
Loss before income taxes	(353,066)	(1,026,704)
Income taxes	(147,613)	(53,148)
Loss	(205,453)	(973,555)
Loss attributable to non-controlling interests	(1,246)	(2,509)
Loss attributable to owners of parent	(204,207)	(971,046)

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

(Quarterly Consolidated Statements of Comprehensive Income)

(Thousands of yen)

	Nine months ended December 31, 2023	Nine months ended December 31, 2024
Loss	(205,453)	(973,555)
Other comprehensive income		
Valuation difference on available-for-sale securities	1,469	60,911
Total other comprehensive income	1,469	60,911
Comprehensive income	(203,984)	(912,644)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(202,737)	(910,134)
Comprehensive income attributable to non-controlling interests	(1,246)	(2,509)
Note: Amounts are rounded down to the nearest thousand yen.		

(3) Notes to Quarterly Consolidated Financial Statements

(Notes to Going Concern Assumption)

During the third quarter of the current consolidated fiscal year, the Group continued to record operating losses and ordinary losses. Additionally, the amount of borrowings due within one year (2,776 million yen) significantly exceeds the available cash on hand (618 million yen), raising concerns regarding cash flow. Given these circumstances, the company recognizes that there are events or conditions that raise substantial doubts about the going concern assumption.

To improve and resolve this situation, the Group is implementing the following measures to enhance financial stability and improve profitability:

(i) Immediate Withdrawal from the Content (Event) Business

As part of a revenue diversification strategy leveraging media assets, the Company had launched a subscription service for fan engagement users and conducted large-scale events as a promotional initiative. However, these activities incurred significant losses even in the third quarter of the current consolidated fiscal year. To ensure that the impact of these losses remains temporary, the Company immediately withdraws from this business segment.

(ii) Termination and Withdrawal from Businesses and Services Requiring Continued Investment

Under an expansion-oriented business strategy, the Company has pursued multiple investments, including M&A activities. However, the Company will exit or terminate businesses that require additional investments to achieve significant profitability, thereby avoiding further upfront investment burdens. Additionally, the Company will review necessary assets and reduce the depreciation burden on fixed assets in the future.

(iii) Cost Reductions Focused on Fixed Costs

The Company will streamline its organizational structure and operations, which were previously designed for business expansion, by reducing fixed costs, including downsizing office space. Furthermore, the company will strengthen the review of fixed external costs to minimize unnecessary external expenditures.

(iv) Measures to Improve Financial Position

The company is currently negotiating with financial institutions regarding potential modifications to the repayment schedule for borrowings due within one year.

Despite these measures, depending on future business conditions and the progress of discussions with financial institutions, there remains a possibility of significant impacts on future cash flow. Therefore, at present, there exists material uncertainty regarding the going concern assumption.

However, the consolidated financial statements have been prepared under the assumption of a going concern, and the impact of this material uncertainty is not reflected in the consolidated financial statements.

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

I. For the nine-months period ended December 31, 2023 (From April 1, 2023 to December 31, 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

II. For the nine-months period ended December 31, 2024 (From April 1, 2024 to December 31, 2024)

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 28, 2024	common stock	389,557	26	31 March 2024	June 29, 2024	Capital surplus

2. Significant Changes in the Amount of Shareholders' Equity

Based on the resolution of the Annual General Meeting of Shareholders held on June 28, 2024, the effective date of the capital reduction was June 28, 2024, reducing the amount of capital by 3,214,975 thousand yen and the amount of capital reserve by 2,654,975 thousand yen, with the entire amount being transferred to other capital surplus.

As a result, the capital at the end of the third quarter of the current fiscal year stands at 320,815 thousand yen, and the capital surplus at 6,632,867 thousand yen.

There are no significant changes in the total amount of shareholders' equity.

(Changes in major subsidiaries during the period)

During the first quarter of the current consolidated fiscal year, Content Monster, Inc. was newly established and included in the scope of consolidation from the first quarter of the current consolidated fiscal year.

In the third quarter of the current financial year, SEESAW GAME, Inc., a subsidiary of the Company, was excluded from the scope of consolidation as it ceased to exist as a result of an absorption-type merger with livedoor Co., Ltd., a subsidiary of the Company, 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.

(Segment Information)

I. For the nine- months period ended December 31, 2023 (From April 1, 2023 to December 31 ,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	3,940,002	—	3,940,002	—	3,940,002
Subscription	98,897	—	98,897	—	98,897
Media and Others	319,721	—	319,721	—	319,721
Recurring Revenue	—	1,836,193	1,836,193	—	1,836,193
Initial/one-time revenue	—	931,448	931,448	—	931,448
Revenue from contracts with customers	4,358,621	2,767,642	7,126,263	—	7,126,263
Other revenue	—	—	—	—	—
Net sales to external customers	4,358,621	2,767,642	7,126,263	—	7,126,263
Intersegment net sales and transfer	(268,556)	(93,074)	(361,631)	361,631	—
Total	4,090,065	2,674,567	6,764,632	361,631	7,126,263
Segment profit or loss	(327,727)	149,262	(178,465)	(141,282)	(319,747)

Notes:

1. The adjustment amount of segment profit or loss of (141,282) thousand yen represents corporate revenues and expenses not allocated to any reporting segment, with corporate revenues primarily consisting of management fees from each business segment, and corporate expenses mainly comprising general and administrative expenses not attributable to any reporting segment. Starting from the current interim consolidated accounting period, the company has been collecting management fees from each group company, and the segment profit or loss for each business segment is calculated after deducting these management fees. The management fee included in the segment loss of 327,727 thousand yen for the Media Business is 308,905 thousand yen, making the segment loss before this expense deduction 18,822 thousand yen. The management fee included in the segment profit of 149,262 thousand yen for the Solutions Business segment is 197,778 thousand yen, making the segment profit before this expense deduction 347,041 thousand yen.
 2. Segment profit or loss is adjusted against the operating loss in the quarterly consolidated statement of income.
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, as a result of acquiring shares in CWS Brains Co., Ltd. (which changed its corporate name to SEESAW GAME, Inc. on November 1, 2023), the goodwill of 64,876 thousand yen has been recorded as part of the consolidation.

(Significant gain on negative goodwill)

In the "Media Business" segment, during the current interim consolidated accounting period, we acquired shares of FromOne Co., Ltd. (which, as of November 1, 2023, was merged with CWS Brains, LTD. subsequently renamed to SEESAW GAME, Inc.) and included it in the scope of consolidation, resulting in the recognition of a negative goodwill gain of 16,197 thousand yen. This amount of negative goodwill reflects a significant revision in the initial allocation of the acquisition cost following the finalization of provisional accounting treatment related to the business combination. Furthermore, as the gain on negative goodwill is classified as an extraordinary gain, it is not included in the segment profit or loss (△) above

II. For the nine- months period ended December 31, 2024 (From April 1, 2024 to December 31, 2024)

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	3,159,444	—	3,159,444	—	3,159,444
Subscription	84,739	—	84,739	—	84,739
Media and Others	978,937	—	978,937	—	978,937
Recurring Revenue	—	2,017,161	2,017,161	—	2,017,161
Initial/one-time revenue	—	770,692	770,692	—	770,692
Revenue from contracts with customers	4,223,121	2,787,854	7,010,975	—	7,010,975
Other revenue	—	—	—	—	—
Net sales to external customers	4,223,121	2,787,854	7,010,975	—	7,010,975
Intersegment net sales and transfer	(620,972)	(261,361)	(882,334)	882,334	—
Total	3,602,148	2,526,492	6,128,641	882,334	7,010,975
Segment loss	(1,285,024)	(103,829)	(1,388,854)	403,140	(985,713)

Notes:

1. The adjustment amount of segment loss of 403,140 thousand yen represents corporate revenues and expenses not allocated to any reporting segment, with corporate revenues primarily consisting of management fees from each business segment, and corporate expenses mainly comprising general and administrative expenses not attributable to any reporting segment. Additionally, from the current interim consolidated accounting period, the company has been collecting management fees from each group company, and the segment loss for each business segment is calculated after deducting these management fees. The management fee included in the segment loss of 1,285,024 thousand yen for the Media Business is 679,550 thousand yen, making the segment loss before this expense deduction 605,274 thousand yen. The management fee included in the segment loss of 103,829 thousand yen for the Solutions Business segment is 411,957 thousand yen, making the segment profit before this expense deduction 308,127 thousand yen.
2. Segment loss 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)

None.

(Significant gain on negative goodwill)

None

(Notes to Quarterly Consolidated Cash Flow Statement)

The consolidated cash flow statement for the third quarter of the current fiscal year has not been prepared. However, depreciation (including amortization of intangible assets excluding goodwill) and goodwill amortization for the third quarter of the current fiscal year are as follows:

(Thousands of yen)

	From April 1, 2023 to December 31, 2023	From April 1, 2024 to December 31, 2024
Depreciation	667,348	677,796
Amortization of goodwill	211,670	201,219

(Notes to Business Combinations, etc.)

(Absorption Mergers between Consolidated Subsidiaries)

At the Board of Directors meeting held on July 19, 2024, the decision was made to merge SEESAW GAME, Inc. (hereinafter "SEESAW GAME"), a consolidated subsidiary, with livedoor Co., Ltd. (hereinafter "livedoor"), another consolidated subsidiary, with livedoor as the surviving company. The merger was completed on October 1, 2024.

(1) Overview of the Transaction

(i) Names and Businesses of the Merged Companies

Surviving Company: livedoor Co., Ltd.

Business: Operation of general online media such as livedoor Blog, livedoor News and Kstyle.

Merged Company: SEESAW GAME, Inc.

Business: Operation of media specializing in sports, commissioned production of videos and other materials, operation of facilities, etc.

(ii) Date of Business Combination: October 1, 2024

(iii) Legal Form of the Business Combination: Absorption-type merger with livedoor as the surviving company

(iv) Name of the Company after the Business Combination: livedoor Co., Ltd.

(v) Other Details of the Transaction

In the Group's media business, the Group will not only continue to grow its media business, but also diversify its earnings and effectively take on the challenge of entering new areas, maximize the effects of integration, including cost reductions, and make effective use of management resources.

(2) Overview of Accounting Treatment

The transaction was processed as a transaction under common control in accordance with the "Accounting Standard for Business Combinations" (Accounting Standard No. 21, January 16, 2019) and "Guidance on Accounting Standard for Business Combinations and Business Divestitures" (Guidance No. 10, January 16, 2019).

(Significant subsequent events)

1. Absorption Merger of Consolidated Subsidiaries and Transition to a Single Entity System

In light of a change in business strategy, the company has resolved to carry out an absorption merger, with the company as the surviving entity and its wholly owned subsidiaries, livedoor Co., Ltd. and Minkabu Solution Services Co., Ltd., as the dissolving entities. This will lead to a transition to a single entity management structure and streamline the organizational structure. For more details on this matter, please refer to the announcement titled "Absorption Merger of Wholly Owned Subsidiaries and Transition to a Single Entity System," published on February 14, 2025.

2. Withdrawal from the Content Business

As part of its revenue diversification strategy utilizing media, the company launched a mobile service for fans of Korean entertainment, based on the "Kstyle" platform, and introduced a subscription service called "Oshi Pass." To promote this, several large-scale K-POP events were held as part of the membership benefits. However, due to the significant losses incurred by this business, the company has decided to withdraw from this sector in order to mitigate the adverse effects and treat them as a temporary setback. For more details on this matter, please refer to the announcement titled "Revision of Performance Forecast and Withdrawal of Medium-Term Plan," published on February 14, 2025.

3. Revision of Performance Forecast and Withdrawal of Medium-Term Management Plan

In light of recent performance trends, the company has resolved to revise the consolidated performance forecast for the fiscal year ending March 2025 (April 1, 2024 – March 31, 2025), which was previously disclosed on May 20, 2024. Additionally, the company has decided to withdraw the medium-term management plan, which had set the fiscal year ending March 2026 as the final year. For more details on this matter, please refer to the announcement titled "Revision of Performance Forecast and Withdrawal of Medium-Term Plan," published on February 14, 2025.