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August 14, 2024

Consolidated Financial Results for the Three Months Ended June 30, 2024 (Under Japanese GAAP)



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 Listing: Growth Market, Tokyo
 Securities code: 4436
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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 three month ended June 30, 2024 (from April 1 to June 30, 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	%
Three months ended June 30, 2024	2,154	(3.9)	3	(97.6)	(283)	—	(300)	—	(237)	—
June 30, 2023	2,242	62.5	144	(47.4)	(157)	—	(175)	—	(164)	—

Note: Comprehensive income For three months ended June 30, 2024: (223)million yen [(-)%]
 For three months ended June 30, 2023: (161)million yen [(-)%]

	Basic earnings per share	Diluted earnings per share
Three months ended	Yen	Yen
June 30, 2024	(15.84)	-
June 30, 2023	(10.99)	-

Notes:

- The diluted net income per share for three months ended June, 2023, as well as the diluted net income per share for three months ended June, 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
June 30, 2024	14,468	5,561	38.3	370.30
March 31, 2024	14,838	6,184	41.6	411.81

Reference: Equity

As of June 30, 2024: 5,548million yen
 As of March 31, 2024: 6,170 million 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	-				
Fiscal year ending March 31, 2025 (Forecast)		0.00	-	26.00	26.00

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

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	15,000	51.2	2,300	366.7	1,200	-	1,100	-	700	-	46.72

Notes:

- Revisions to the forecast of consolidated financial results for the fiscal year ending March 31, 2025 most recently announced: None
- 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): Yes

Newly established: Contents Monster, Inc.

The details are described in “(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 on page 9.

- (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 9.

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

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

As of June 30, 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)

Three months ended June 30, 2024	14,982,977 shares
Three months ended June 30, 2023	14,976,177 shares

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

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

1. The statements regarding the forecasts of financial results in this report are based on the information that is available to the Company, as well as certain assumptions that the management believes them reasonable, 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) Future outlook” under the “1. Overview of Financial Results” section on page 3.

2. On August 14, 2024, 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. Qualitative Information on Quarterly Financial Results

(1) Consolidated business performance for the first quarter of the fiscal year ending March 31, 2025

Financial results for the first quarter ended June 30, 2024 was as follows: sales amounted to 2,154,684 thousand yen (a decrease of 3.9% year-on-year), operating loss was 283,861 thousand yen (compared to an operating loss of 157,459 thousand yen in the same period of the previous year), ordinary loss was 300,182 thousand yen (compared to an ordinary loss of 175,201 thousand yen in the same period of the previous year), and net loss attributable to owners of the parent was 237,323 thousand yen (compared to a net loss of 164,562 thousand yen in the same period of the previous year). Additionally, EBITDA (operating profit + depreciation + amortization of goodwill), which is a key indicator of continuous growth for our group, was 3,436 thousand yen (a decrease of 97.6% year-on-year).

During the first quarter of the consolidated accounting period, FromOne, Inc., which became a wholly owned subsidiary on September 1, 2023 (and subsequently merged with CWS Brains, Ltd., which became a wholly-owned subsidiary on March 31, 2023, on November 1, 2023, changing its name to SEESAW GAME, Inc), contributed to the performance. On the other hand, sales slightly decreased year-on-year due to sluggish recovery in the advertising market within the media business and a decline in orders in the solutions business compared to the previous fiscal year's large-scale contracts, and operating profit narrowed due to an increase of expenses associated with upfront investments made in the previous fiscal year to capture growth opportunities. These factors and their impact were largely in line with initial expectations.

The business performance by reportable segment is as follows:

(Media Business)

The media business, with the livedoor business at its core, operates a comprehensive internet media business with a monthly average of 100 million unique users. This includes UGC (User Generated Content) media centered around "livedoor Blog," PGC (Professional Generated Content) media centered around "livedoor News," sports information media such as "Ultra WORLD Soccer!," "SOCCERKING," "BASEBALLKING," "BASKETBALLKING," "totoONE," asset formation information media "MINKABU," women-targeted information media "Peachy," Korean wave information media "Kstyle," and lifestyle information sites "MINKABU Choice" and "livedoor Choice", as well as lifestyle services such as livedoor MOBILE, livedoor Shopping, and livedoor Bank. Revenues are generated from advertising sales through these media operations, subscription sales from paid services, and fee income from lifestyle services, also business sales such as content planning and production, facility management, and event management.

During this consolidated accounting period of the first quarter, while SEESAW GAME, Inc. contributed to the consolidated performance, the recovery in the advertising market remained sluggish, and user-traffic on some sites the Company operates trended weakly.

As a result, sales for the consolidated accounting period of this first quarter were 1,128,176 thousand yen which is a decrease of 176,251 thousand yen from 1,304,428 thousand yen in the same period of the previous year (a decrease of 13.5% year-on-year). However, it should be noted that the sales revenue for this first quarter of the consolidated accounting period includes 226,500 thousand yen as management fees and other payments under the holding company structure, which has been applied since the second quarter of the fiscal year ending March 2024, and therefore, the adjusted sales revenue excluding these fees is 1,354,676 thousand yen, representing an increase of 50,248 thousand yen (an increase of 3.9% year-on-year) compared to the same period of the previous year on the same basis, i.e., management fees were not collected. Similarly, the segment loss was 287,952 thousand yen (a decrease of 196,991 thousand yen compared to the loss of 90,961 thousand yen in the same period of the previous year), but the adjusted loss excluding management fees and etc. was 61,452 thousand yen, showing an improvement of 29,508 thousand yen compared to the same period of the previous year. This indicates that, despite the challenging environment with a weakening advertising market, the performance remained relatively resilient.

(Solution Business)

The solutions business provides information solutions for B2B and B2B2C use by converting information content and applications originally created for the media business into solutions for various financial institutions. These solutions are further customized to meet the differentiated needs of these institutions. Additionally, to expand our customer base and acquire solution expertise in the financial sector, we utilize applications and APIs (Application Programming Interfaces) developed uniquely by our group. We provide SI (System Integration) and package-based solutions aimed at enhancing and streamlining internal systems for financial institutions. The solution business also operates the stock information media "Kabutan."

The information solution services generate revenue primarily from initial installation and monthly usage fees or usage-based fees per ID for our cloud-based ASP services, while the SI and package-based solution services generate revenue from consulting, initial installation, and subsequent maintenance fees. The solution business also includes

the stock information media “Kabutan,” earning subscription revenue mainly from the paid service “Kabutan Premium.”

During this consolidated accounting period of the first quarter, in the information solutions segment, there was expansion in monthly usage fees due to price increases for some services and an increase in monthly usage fees, and the paid service 'Kabutan Premium' performed steadily. However, SI and package-based solution segment was affected by a reactionary decrease in large-scale development project orders from the previous first quarter of the consolidated cumulative period.

As a result, sales for this consolidated accounting period of the first quarter were 732,684 thousand yen, which was a decrease of 205,759 thousand yen from 938,443 thousand yen in the same period of the previous year and a decrease of 21.9% year-on-year. It should be noted however, the sales revenue for the first quarter of the consolidated cumulative period includes 136,673 thousand yen in management fees and other payments under the holding company structure, which has been applied since the second quarter of the fiscal year ending March 2024, and the adjusted sales revenue excluding these fees is 869,357 thousand yen, representing a decrease of 69,085 thousand yen (a decrease of 7.4% year-on-year) compared to the same period of the previous year on the same basis, when management fees were not collected. Similarly, the segment loss was 106,124 thousand yen (a decrease of 282,935 thousand yen compared to the profit of 176,810 thousand yen in the same period of the previous year), but the profit was 30,548 thousand yen before considering management fees and etc, which was a decrease of 146,262 thousand yen compared to the same period of the previous year or a decrease of 82.7% year-on-year. Both revenue and profit ended up generally within the range of initial expectations.

(2) Overview of Financial Position as of June 30, 2024

(i) Assets, Liabilities, and Net Assets

(Assets)

Current assets at the end of this consolidated accounting period were 3,825,452 thousand yen, a decrease of 306,582 thousand yen from the end of the previous consolidated fiscal year. This decrease was primarily due to a reduction in cash and deposits by 476,937 thousand yen and a decrease in accounts receivable by 544,826 thousand yen, while advances for event management contracts, among other factors, increased by 655,434 thousand yen.

Fixed assets were 10,643,481 thousand yen, a decrease of 63,348 thousand yen from the end of the previous consolidated fiscal year. This was primarily due to an increase of 155,484 thousand yen in software and software development costs resulting from software development investments. On the other hand, goodwill and customer-related assets decreased by a total of 129,366 thousand yen due to depreciation, and investment securities decreased by 78,254 thousand yen due to the sale of shares in minority investees, among other factors. As a result, total assets amounted to 14,468,933 thousand yen, a decrease of 369,931 thousand yen from 14,838,864 thousand yen at the end of the previous consolidated fiscal year.

(Liabilities)

Current liabilities at the end of this cumulative consolidated accounting period were 3,206,257 thousand yen, an increase of 472,092 thousand yen from the end of the previous consolidated fiscal year. This increase was mainly due to an increase in short-term borrowings by 700,000 thousand yen and an increase in accounts payable by 14,043 thousand yen, while a decrease of 77,214 thousand yen in accrued expenses, a decrease of 54,744 thousand yen in accrued corporate taxes, and a decrease of 61,024 thousand yen in accrued consumption taxes, among other factors.

Fixed liabilities were 5,700,950 thousand yen, a decrease of 218,896 thousand yen from the end of the previous consolidated fiscal year. This decrease was primarily due to a reduction in long-term borrowings by 183,750 thousand yen due to scheduled repayments.

As a result, total liabilities amounted to 8,907,207 thousand yen, an increase of 253,196 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 this cumulative consolidated accounting period were 5,561,725 thousand yen, a decrease of 623,127 thousand yen from 6,184,853 thousand yen at the end of the previous consolidated fiscal year. This decrease was primarily due to a reduction of 389,557 thousand yen in both capital stock and capital surplus following the transfer of the capital reduction amount to capital surplus and the payment of ordinary dividends from capital surplus, as well as a decrease of 237,322 thousand yen in retained earnings, among other factors.

As a result, the equity ratio was 38.3% (compared to 41.6% at the end of the previous consolidated fiscal year).

(3) Future Outlook

Currently, our group perceives significant growth opportunities for the Next Step, utilizing group business assets. Despite a weaker outlook for existing business sales due to external factors in the fiscal year ending March 2024, we have proactively advanced investments to capture growth opportunities, including the diversification of revenue into mobile, e-commerce, and banking sectors, creating achievements in the content field for further monetization

of customer touchpoints, and entering financial services like investment advisory and financial product brokerage with our solution business assets packaged for new business opportunities with financial institutions. These initiatives have enabled us to achieve revenue diversification results over a year ahead of schedule.

For the fiscal year ending March 2025, we anticipate substantial growth in consolidated sales, expecting a 51% increase to 15 billion yen, driven by both the sustained growth of existing businesses in the media and solution segments and the full-fledged revenue contributions from upfront investment projects. We forecast a significant increase in consolidated operating profit to 1,200 million yen, consolidated ordinary profit to 1,100 million yen, net profit attributable to owners of the parent to 700 million yen, and EBITDA to 2,300 million yen compared to the fiscal year ending March 2024. Given that major new revenue opportunities from upfront investments will concentrate in the second half of the fiscal year, resulting in fixed costs leading to losses in the first half of the fiscal year, we also anticipate a back-end loaded profit structure in the fiscal year ending March 2025.

In the fiscal year ended March 2024, the initial fiscal year of our mid-term plan, under challenging external business conditions, we have driven transformation, rationalization, and value creation through revenue diversification initiatives and PMI. For the fiscal year ending March 2025, we continue to implement these measures to aim to realize these initiatives' early results and catch up to our mid-term plan.

1. Quarterly Consolidated Financial Statements and Principal Notes

(1) Quarterly Consolidated Balance Sheets

(Thousands of yen)

	As of March 31, 2024	As of June 30, 2024
ASSETS		
Current Assets:		
Cash and deposit	2,047,745	1,570,807
Account receivables	1,596,775	1,051,949
Merchandise	517	1,061
Work in process	34,226	68,126
Supplies	13,818	12,916
Others	448,809	1,127,413
Allowance for doubtful accounts	(9,858)	(6,822)
Total current assets	4,132,034	3,825,452
Non-current Assets:		
Property, plant and equipment	824,868	806,178
Intangible assets:		
Goodwill	3,497,481	3,429,251
Clients asset	3,138,453	3,077,317
Technology assets	45,275	42,479
Software	1,389,456	1,559,283
Software in progress	476,008	461,666
Others	42,491	41,202
Total intangible assets	8,589,166	8,611,199
Investments and other assets:		
Investments securities	560,518	482,264
Guarantee deposits	410,879	410,469
Deferred tax assets	289,647	297,897
Others	36,370	40,093
Allowance for doubtful accounts	(4,621)	(4,621)
Total investment and other assets	1,292,794	1,226,103
Total fixed assets	10,706,829	10,643,481
Total assets	14,838,864	14,468,933

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

(Thousands of yen)

	As of March 31, 2024	As of June 30, 2024
LIABILITIES		
Current liabilities:		
Accounts payables	298,504	312,547
Short-term borrowings	608,000	1,308,000
Current portion of long-term borrowings	935,000	935,000
Income tax payable	64,331	9,586
Other allowances	51,134	18,562
Others	777,194	622,560
Total current liabilities	2,734,164	3,206,257
Non-current liabilities:		
Long-term borrowings	5,640,000	5,456,250
Asset retirement obligations	114,409	114,409
Others	165,437	130,291
Total non-current liabilities	5,919,846	5,700,950
Total liabilities	8,654,011	8,907,207
NET ASSETS		
Shareholders' equity		
Share capital	3,534,975	320,000
Capital surplus	3,806,635	6,632,052
Retained earnings	(1,199,528)	(1,436,850)
Treasury share	(93)	(93)
Total shareholders' equity	6,141,988	5,515,108
Accumulated other comprehensive income (loss):		
Valuation difference on available-for-sale securities	28,202	33,049
Total accumulated other comprehensive income (loss)	28,202	33,049
Non-controlling interests	14,662	13,568
Total net assets	6,184,853	5,561,725
Total liabilities and net assets	14,838,864	14,468,933

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, 2023 to June 30, 2023	From April 1, 2024 to June 30, 2024
Net Sales	2,242,871	2,154,684
Cost of Sales	1,294,010	1,277,571
Gross Profit	948,861	877,112
Selling, general and administrative expenses	1,106,321	1,160,973
Operating loss	(157,459)	(283,861)
Non-operating income		
Interest income	0	0
Reversal of allowance for doubtful accounts	722	1,127
Others	1,334	2,166
Total non-operating income	2,057	3,294
Non-operating expenses		
Interest expense	14,933	18,434
Guarantee Commission	550	243
Financing expenses	301	-
Foreign exchange losses	1,409	937
Others	2,604	0
Total non-operating expenses	19,798	19,615
Ordinary loss	(175,201)	(300,182)
Extraordinary income		
Gain on sale of investment securities	-	20,000
Total extraordinary income	-	20,000
Extraordinary losses		
Loss on retirement of non-current assets	2,960	3
Total extraordinary losses	2,960	3
Loss before income taxes	(178,161)	(280,185)
Income taxes (Corporate, residential, enterprise taxes)	(21,365)	(41,767)
Quarterly Loss	(156,795)	(238,417)
Quarterly profit attributable to non-controlling interests	7,766	(1,094)
Quarterly Loss attributable to owners of parent	(164,562)	(237,323)

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

(Quarterly Consolidated Statements of Comprehensive Income)

(Thousands of yen)

	From April 1, 2023 to June 30, 2023	From April 1, 2024 to June 30, 2024
Quarterly loss	(156,795)	(238,417)
Other comprehensive income		
Valuation difference on available-for-sale securities	(4,798)	15,393
Total other comprehensive income	(4,798)	15,393
Quarterly comprehensive income	(161,594)	(223,024)
Quarterly comprehensive income attributable to;		
Owners of parent	(169,360)	(221,929)
Non-controlling interests	7,766	(1,094)

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, 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

II. For the three-months period ended June 30, 2024 (From April 1, 2024 to June 30, 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 first quarter of the current fiscal year stands at 320,000 thousand yen, and the capital surplus at 6,632,052 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.

(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)

[Segment Information]

I. For the three- 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.

II. For the nine- months period ended June 30, 2024 (From April 1, 2024 to June 30, 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	1,039,901	—	1,039,901	—	1,039,901
Subscription	27,328	—	27,328	—	27,328
Media and Others	266,969	—	266,969	—	266,969
Recurring Revenue	—	666,199	666,119	—	666,119
Initial/one-time revenue	—	154,365	154,365	—	154,365
Revenue from contracts with customers	1,334,199	820,485	2,154,684	—	2,154,684
Other revenue	—	—	—	—	—
Net sales to external customers	1,334,199	820,485	2,154,684	—	2,154,684
Intersegment net sales and transfer	△206,022	△87,800	△293,823	293,823	—
Total	1,128,176	732,684	1,860,861	293,823	2,154,684
Segment loss	△287,952	△106,124	△394,077	110,216	△283,861

Notes:

- The adjustment amount of 110,216 thousand yen for segment loss (△) includes corporate revenue and corporate expenses not allocated to each reportable segment. Corporate revenue mainly consists of management fees from each business segment, while corporate expenses are mainly general and administrative expenses not attributable to the reportable segments. Additionally, from the second quarter of the previous consolidated fiscal period, management fees have been collected from each group company, and the segment losses (△) of each business segment are presented after deducting these management fees. The segment loss of 287,952 thousand yen for the Media Business includes management fees of 226,500 thousand yen, resulting in a segment loss of 61,452 thousand yen before this expense deduction. The segment loss of 106,124 thousand yen for the Solution Business includes management fees of 136,673 thousand yen, resulting in a segment profit of 30,548 thousand yen before this expense deduction.
- 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)

None.

(Significant gain on negative goodwill)

None

3. Matters Concerning Changes in Reporting Segments

None

(Notes to the Consolidated Cash Flow Statement)

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

(Thousands of yen)

	From April 1, 2023 to June 30, 2023	From April 1, 2024 to June 30, 2024
Depreciation	224,102	219,067
Amortization of goodwill	77,626	68,230

(Additional Information)

(Establishment of a Subsidiary)

At the Board of Directors meeting held on March 15, 2024, the decision was made to establish the following subsidiary, which was subsequently established on April 1, 2024.

1. Purpose of Establishment

The Company has established a new subsidiary Contents Monster, Inc., (hereinafter "the new company"), with the following objectives:

- i)To enhance the content supply capacity aimed at further increasing the media value of our group.
- ii)To expand the merchandising business using content as a hook.
- iii)To diversify our revenue sources through revenue contributions from the created content itself.

Additionally, all operations related to the provision of "Oshi Pass," which we have been offering, as well as the large-scale K-POP event "Kstyle PARTY," which is scheduled to be held regularly, will be transferred to the new company to further develop these businesses.

2. Overview of the Subsidiary

(1) Trade Name: Contents Monster, Inc

(2) Head office: 1-9-1 Higashi-Shinbashi, Minato-ku, Tokyo

(3) Representatives:

Chairman & CEO: Ken Uryu

President & COO: Jeonghwan Choi

(4) Business Activities:

Membership service (Oshi Pass) business

Various content production, operation, and distribution businesses

(5) Share Capital: 10 million yen

(6) Establishment Date: April 1, 2024

(7) Number of Shares Issued: 100 shares

(8) Ownership of the Company: 100%