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February 14, 2023

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 Listing: Growth Market, Tokyo (4436)
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Notice of Revision of Consolidated Earnings Forecasts

Tokyo, Japan – MINKABU THE INFONOID, Inc., (hereinafter “Minkabu”, Chiyoda-ku, Representative: Ken Uryu, Founder and CEO/CFO) announces that the Board of Directors meeting held today resolved not to disclose the consolidated financial forecasts for the fiscal year ending March 31, 2023 (April 1, 2022 to March 31, 2023) as follows, which was disclosed at the time of financial results announcement for the fiscal year ended March 31, 2023 on May 12, 2022.

1. Revision of consolidated financial forecasts (April 1, 2022 to March 31, 2023)

	Net sales	EBITDA	Operating profit	Ordinary profit	Net income attributable to owners of the parent	Net income per share
Previous forecast (A)	7,500	2,150	1,250	1,120	750	50.31
Current forecast (B)	—	—	—	—	—	—
Difference (B – A)	—	—	—	—	—	—
Ratio (%)	—	—	—	—	—	—
(Reference) Consolidated financial results for the fiscal year ended March 31, 2022	5,482	1,539	874	828	696	47.26

2. The reason for the revision

For the fiscal year ending March 31, 2023, the solution business showed stable growth with an increase of stock revenue from the existing information solutions, the commencement of large sized general information solution service, entries of value-added system solution fields which expand work-scope with scalability, and the healthy growth of Prop Tech Plus Inc. of which shares we acquired additionally during the previous fiscal year.

However, for the nine months ended December 31, 2022, the profitability temporarily lowered due to worsen sales mix, i.e., while the system solution pushes the total net sales of the solution business, its profitability is lower than that of the information solution. Information solution had a burden of the upfront investments such as the depreciation of new services including US stock solution, data/license fees and outsourcing expenses, while the launch of service to financial clients delayed than expected due to their performance deterioration.

In the media business, in addition to the slowdown in the growth of the global advertising market, we experienced cannibalization between the two core affiliate sites (minkabu.co.jp and mikabu.jp) which lowered search ranking for both sites and affect the performance of high-margin affiliate advertising revenue.

In addition, although billing revenues from subscription-type services, such as “Kabutan Premium,” remained steady compared to the same period of the previous fiscal year, the various user acquisition measures have not yet produced the initially anticipated results. The Company anticipated expansion of the business through aggressive user acquisition policies, but in addition to the sluggish stock market conditions, the global rise in prices of raw materials, fuel, and other commodities has had a negative impact on the domestic market.

Considering the situation so far the third quarter of the current fiscal year, the Company is taking swift and steady steps to reduce the temporary impact of changes in the business environment, including eliminating cannibalism in affiliate sites, breaking away from financial dependency and strengthening services, and reducing expenses by utilizing the expanding group's assets.

In the fourth quarter, the Company is assessing the effects of these various measures, seasonal factors, and the progress of various measures related to the reorganization of the Group for future sustainable growth, as well as the accounting treatment of these measures. At this point however, it is difficult to estimate precisely and therefore the Company is not disclosing the results of the current fiscal year at this time but will disclose them by late March.

livedoor Co., Ltd., which became a subsidiary of the Company on December 28, 2022, with the deemed acquisition date of December 31, 2022, is expected to contribute to the consolidated performance with an amount of 940 million yen in net sales and 70 million yen on operating profit.

The year-end dividend forecast for the fiscal year ending March 31, 2023 (24 yen per share) remains unchanged.

END