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Notice Regarding the Revision of Consolidated Financial Forecasts and the Withdrawal of the Mid-Term Plan

Based on recent performance trends and other factors, at the Board of Directors meeting held on February 14, 2025, The Company has decided to revise the consolidated financial forecast for the fiscal year ending March 31, 2025 (from April 1, 2024, to March 31, 2025), which was disclosed during the announcement of the financial results for the fiscal year ended March 31, 2024, on May 20 last year. Additionally, The Company has decided to withdraw the mid-term plan with the fiscal year ending March 2026 as the final year. Please be informed as follows.

1. Revision of consolidated financial forecast

(1) Revision of the consolidated financial forecast figures for the current period (from April 1, 2024, to March 31, 2025).

	Net Sales	EBITDA	Operating Profit(loss)	Ordinary Profit(loss)	Net income Attributable to owners of the parent	Net income Per share
	in millions of yen	in millions of yen	in millions of yen	in millions of yen	in millions of yen	yen
Previous forecasts(A) (Disclosed on March 20, 2024)	15,000	2,300	1,200	1,100	700	46.72
Revised forecasts(B)	10,600	(740)	(1,930)	(2,030)	—	—
Change (B - A)	(4,400)	(3,040)	(3,130)	(3,130)	—	—
Percentage change(%)	(29.3)	—	—	—	—	—
(Reference) Actual result (Fiscal year ended March 31, 2024)	9,920	492	(699)	(790)	(1,180)	(78.84)

(2) Reason for the revision

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."

2. Regarding the withdrawal of the mid-term plan

I 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.

II 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.

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.

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