

UZABASE (3966)

Consolidated Fiscal Year (Million Yen)	Sales	EBITDA	Operating Profit	Recurring Profit	Profit at. to Owners of Parent	EPS (Yen)	DPS (Yen)	BPS (Yen)
FY12/2017	4,565	595	545	518	438	15.13	0.00	61.86
FY12/2018	9,340	1,187	830	533	610	20.42	0.00	170.33
FY12/2019CoE	13,500	(500)	(1,310)	(1,340)	(1,560)	(50.50)	0.00	-
FY12/2017	YoY	48.2%	109.5%	117.5%	130.0%	63.8%	-	-
FY12/2018	YoY	104.6%	99.5%	52.1%	2.9%	39.5%	-	-
FY12/2019CoE	YoY	44.5%	-	-	-	-	-	-

Source: Company Data, WRJ Calculation

1.0 Executive Summary (10 April 2019)


Investment and Growth

UZABASE, advocating “Business Intelligence to Change Your World” as own mission, currently sees surging sales. Meanwhile, the Company is to suffer from loss for EBITDA in FY12/2019 due to investment (strategic spending of expenses) to vertically start up operations in the United States. Still, investment like this used to drive growth with the Company so far and thus the Company is likely to see accelerating growth potential longer term with investment this time around too. Specifically, the Company is trying to get at growth on a global basis by means of launching services in the United States, equating to NewsPicks, which is economic/business news media provided as B2C services available in Japan, consistently seeing sales increasing by more than 70% over the previous year in recent trading. The number of paid subscribers is increasing so fast and thus paid subscription revenue while advertising revenue even faster, resulting in above-mentioned high growth rate of sales with NewsPicks. Meanwhile, the Company does not find any equivalent based on the same business model overseas, including the United States. Given situation like this, the Company has decided to carry out “rigorous-discipline-based investment” in order to vertically start up operations in the United States based on business model to collect subscription fees by means of integrating services between those of existing local bridgehead and of Quartz Media (Quartz Media, Inc.) locally running economic/business news media. Having had fully consolidated Quartz Media on 31 July 2018, the Company has launched *Quartz* or new platform services based on those of Quartz Media integrated with those of local bridgehead, i.e., United-States-edition of NewsPicks on 14 November 2018. At the end of the day, the Company is to run services in all the English-speaking regions, including the United States, with *Quartz* as the integrated brand name.

IR Representative: Executive Officer / CFO, Daisuke Chiba (+81 3 4533 1999 ir@uzabase.com)

2.0 Company Profile

“Business Intelligence to Change Your World”

Company Name	Uzabase, Inc. Company Website IR Information Share price (Japanese)	
Established	1 April 2008	
Listing	21 October 2016: Mothers of Tokyo Stock Exchange (ticker: 3966)	
Capital	¥2,731m (as of the end of December 2018)	
No. of Shares	30,892,303 shares, including 72 treasury shares (as of the end of December 2018)	
Main Features	<ul style="list-style-type: none"> ● Providing services to create new added value for economic/business information in Japan and overseas ● Combining technological innovation with human ingenuity to organize and analyze business information around the globe ● Reshaping your world with services to improve your productivity and unleash your creativity 	
Businesses	<ul style="list-style-type: none"> . SPEEDA Business (“SPEEDA”, “New Services”) . NewsPicks Business (“NewsPicks”, “Quartz”) 	
Top Management	Co-Chief Executive Officer: Yusuke Inagaki Co-Chief Executive Officer: Yusuke Umeda	
Shareholders	Ryosuke Niino 23.45%, Yusuke Umeda 19.49%, Yusuke Inagaki 8.04% (as of the end of December 2018, the ratio of holdings against the number of shares outstanding but for treasury shares)	
Headquarters	Minato-ku, Tokyo, JAPAN	
No. of Employees	Consolidated: 567, Parent: 130 (as of the end of December 2018)	

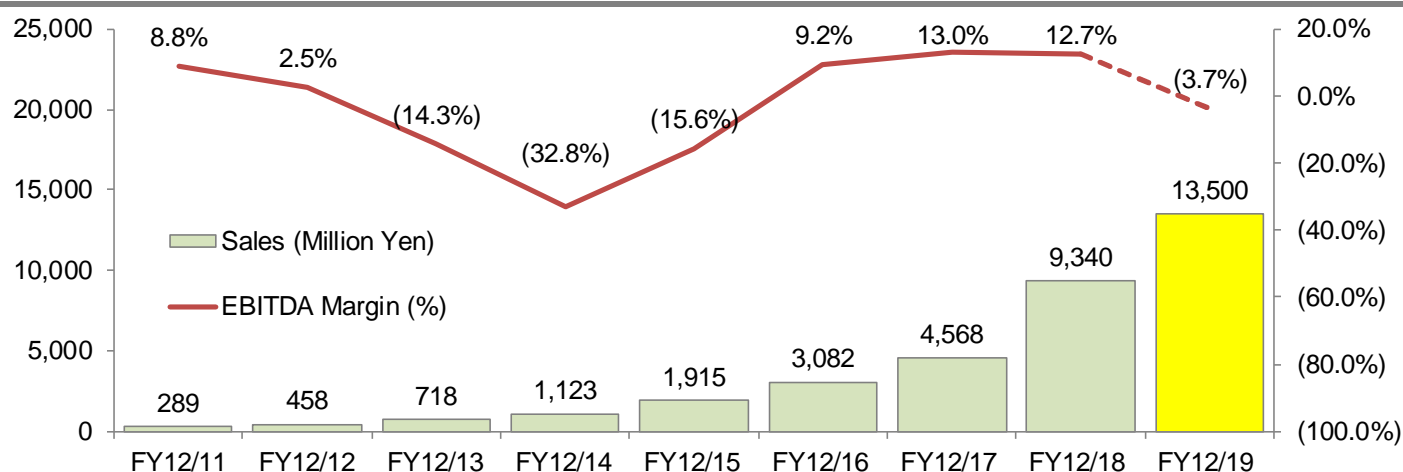
Source: Company Data

3.0 Recent Trading and Prospects

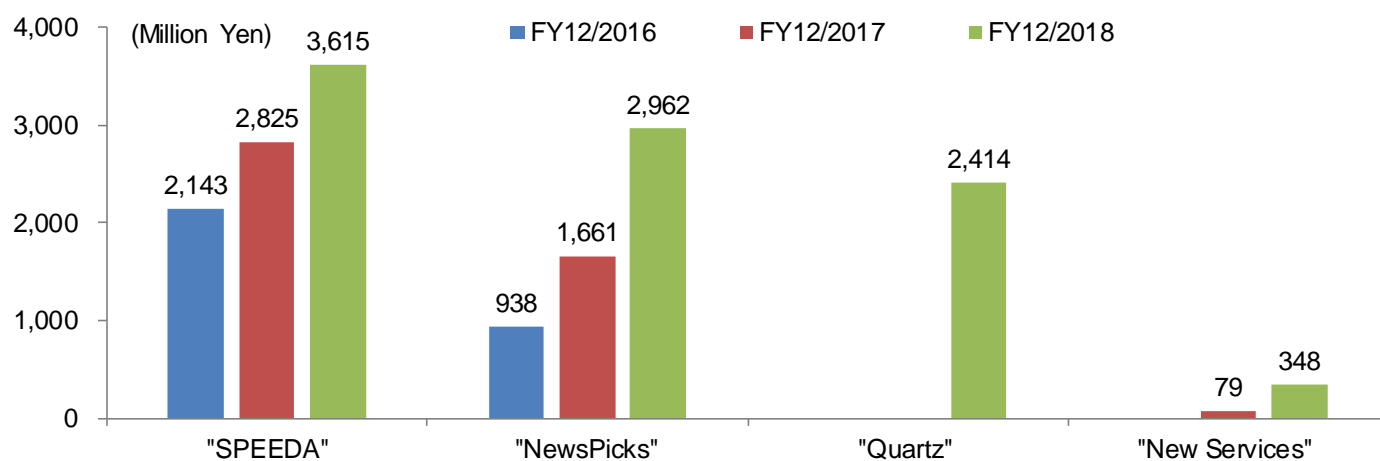
FY12/2018 Results

In FY12/2018, sales came in at ¥9,340m (up 104.6% YoY), EBITDA ¥1,187m (up 99.5%), operating profit ¥830m (up 52.1%), recurring profit ¥533m (up 2.9%) and profit attributable to owners of parent ¥610m (up 39.5%), while EBITDA margin 12.7% (down 0.3% points). The Company, heavily involved with aggressive merger and acquisition, places the utmost emphasis on EBITDA (to put together operating profit, depreciation and amortization) as the key indicator for management.

Sales and EBITDA Margin

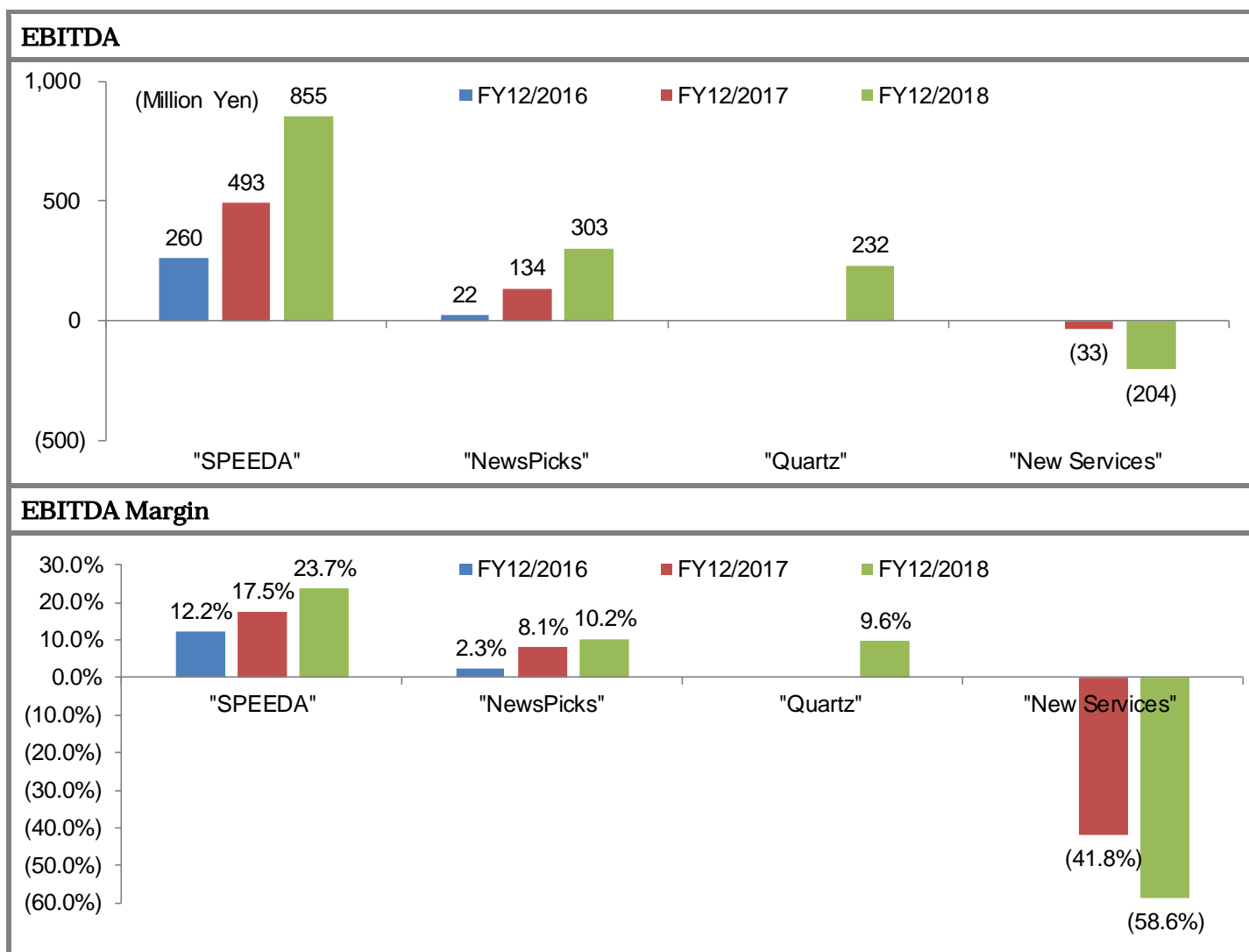


Sales Breakdown



Source: Company Data, WRJ Calculation

In FY12/2018, sales of SPEEDA increased by 28.0% over the previous year and 78.3% for NewsPicks, implying sales for both of existing services are increasing fast. In regards to Quartz in charge of by Quartz Media fully consolidated as subsidiary on 31 July 2018, sales during 5-month period (August to December) after the deal are booked. Meanwhile, sales of New Services increased a lot, albeit not much as constituent for sales as a whole for the Company, comprising those of entrepedia and of FORCAS, providing services exclusively associated with information on unlisted companies and those of tool for sales promotions, respectively. Sales of entrepedia tend to be rather stable, while those of FORCAS are increasing fast. In order to materialize the latter, the Company has been keen on investment (strategic spending of expenses) for some time, resulting in increased loss for EBITDA in New Services.

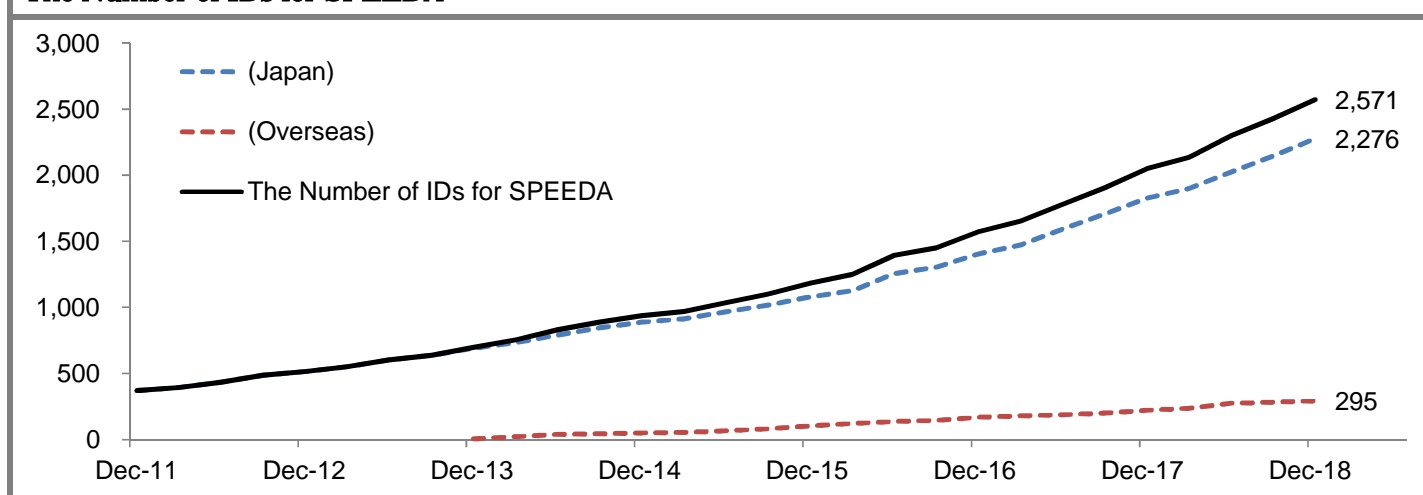


Source: Company Data, WRJ Calculation

In regards to SPEEDA, sales came in at ¥3,615m (up 28.0% YoY), EBITDA ¥855m (up 73.4%) and EBITDA margin 23.7% (up 6.2% points). The Company has launched SPEEDA in May 2009 as own original services and this is an information platform comprising comprehensive company and industry analyses with statistical data provided as B2B services. As of December 2018, the number of IDs stood at 2,571 (up 25.5%), comprising 2,276 (up 24.6%) in Japan and 295 (up 32.9%) overseas. SPEEDA is of subscription-based business model where sales are determined by the number of IDs multiplied by unit subscription prices and steady increases of the number of IDs are directly driving sales and earnings. At the same time, SPEEDA is currently the key earnings pillar with the Company, having accounted for 38.7% of sales as a whole for the Company and 72.0% of EBITDA.

More importantly, the Company finds an ample room for increases for the number of IDs going forward, while suggesting a tendency for recurring revenue from all those services based on subscription-based business model to persist at the same time. The Company is going for normal returns target of 30% in terms of EBITDA margin (23.7% in FY12/2018) for SPEEDA and it appears being achievable as early as in FY12/2019. The number of IDs is expected to be driven mainly by ongoing new subscriptions with operational companies in Japan and overseas, while existing users are likely to additionally increase the number of IDs at the same time.

The Number of IDs for SPEEDA



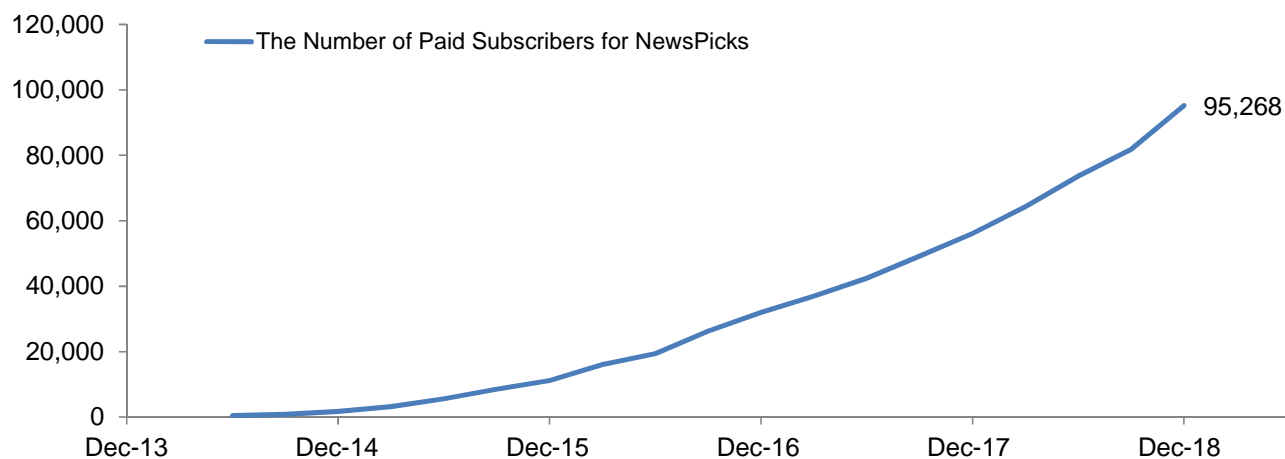
Source: Company Data, WRJ Calculation

In regard to NewsPicks, sales came in at ¥2,695m (up 78.3%), EBITDA ¥303m (up 126.1%) and EBITDA margin 10.2% (up 2.2% points). The Company has allocated returns from own original services of SPEEDA on investment (strategic spending of expenses) to accelerate own growth for the future. The key objective with this was NewsPicks or economic/business news media provided as B2C services launched in July 2013. In regards to NewsPicks heavily featuring characteristics as subscription-based business model like SPEEDA, sales at the initial stage inevitably remained insignificant, while the Company had to spend on fixed cost to more than a certain extent from scratch. The Company discloses NewsPicks made loss over several years after startup as a result of this.

The Company launched NewsPicks during the period of FY12/2013, which was followed by FY12/2014 when EBITDA margin came down to as low as negative 32.8% as a whole for the Company. Meanwhile, it is also disclosed that this was due to increased loss from NewsPicks. Still, more importantly, the FY12/2018 results imply that NewsPicks is now the largest earnings pillar second only to SPEEDA with the Company. In other words, the Company has successfully made a changeover to growth phase from investment phase for NewsPicks in three years or so from scratch. The Company does not find any factor for growth to decelerate in regards to NewsPicks even in a long-term view, going for ongoing increases of sales in the foreseeable future and thus benefiting from higher sales, resulting in consistent increases of EBITDA margin. The Company is going for normal returns target of 30% in terms of EBITDA margin (10.2% in FY12/2018) also for NewsPicks.

While the number of IDs being KPI for SPEEDA, the number of paid subscribers is KPI for NewsPicks. As of December 2018, the number of paid subscribers stood at 95,268 (up 69.7% YoY). This economic/business news media provided as B2C services has been increasingly well known and recognized, sharply driving the number of paid subscribers. On top of this, proprietary contents internally compiled have been highly appreciated as well as moving image contents and/or attractive contents delivered from external media. Eventually, NewsPicks accounted for 31.7% of sales as a whole for the Company and 25.5% of EBITDA, implying that the Company is on the verge of securing the second earnings pillar in addition to SPEEDA as above-mentioned.

The Number of Paid Subscribers for NewsPicks



Source: Company Data, WRJ Calculation

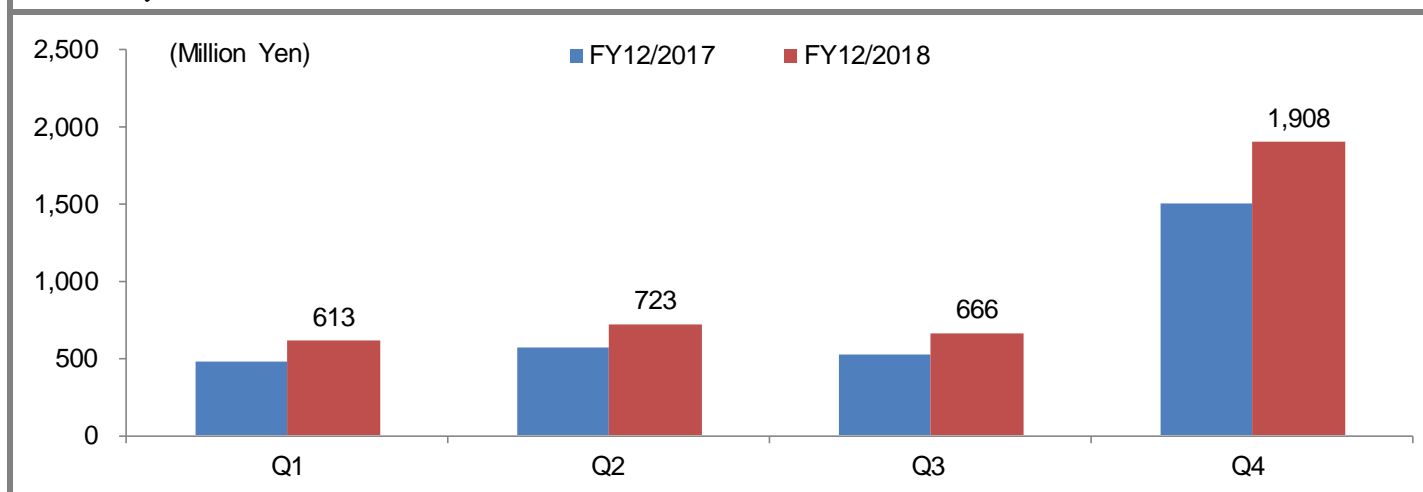
While SPEEDA is of subscription-based business model where the number of IDs multiplied by unit prices equates to sales, NewsPicks sees advertising revenue from ads on NewsPicks by advertisers as well as other revenue on top of paid subscription revenue based on the number of paid subscribers multiplied by unit prices. In FY12/2018 results, advertising revenue increased faster than paid subscription revenue, having resulted in sales of each roughly equating one another. This is ideal situation held up at the startup stage of NewsPicks and this has materialized to date, according to the Company. Meanwhile, other revenue is of the Company's proprietary contents, etc. Still, as sales stemming from here have remained insignificant, the bulk of sales with NewsPicks comprises those of paid subscription revenue and advertising revenue.

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In regard to Quartz, sales came in at ¥2,414m, EBITDA ¥232m and EBITDA margin 9.6%. Quartz Media fully consolidated as of 31 July 2018 saw sales of ¥3,096m in FY12/2017 and sales of ¥3,909m in FY12/2018, having seen sales up 26.3% over the previous year in FY12/2018. Sales in Q4 (October to December) came in at ¥1,908m, having accounted for no less than 49% of sales on a full-year basis, while those of other quarters, i.e., Q1, Q2 and Q3, equated to no more than 16% to 18% out of sales on a full-year basis. Concentration of sales in Q4 like this is due to seasonal factors and this has been the case over the past several years. The situation will remain unchanged going forward as far as existing operations of Quartz Media are concerned.

Meanwhile, Quartz Media fully consolidated as subsidiary during 5-month period (August to December 2018) saw sales of ¥2,413m, recurring profit of ¥117m and profit attributable to owners of parent of ¥177m during the same period, according to the Company's Yuho securities report. It is also disclosed that net assets stood at ¥3,857m versus total assets of ¥4,379m. During the same period, i.e., 5-month period including three months of Q4 when sales were so concentrated, it appears that recovery of fixed cost was well achievable. However, it is suggested that sales through Q1 to Q3 were not enough to recover fixed cost and that Quartz Media inevitably made loss on a full-year basis.

Sales of Quartz Media



Source: Company Data, WRJ Calculation (while applying average forex rate of ¥112.34 per US dollar during August to December 2018 across the board for the sake of convenience, quarterly sales in FY12/2017 are presumed with application of sales composition ratio for each quarter in FY12/2018 against sales of US\$ 27.56m in FY12/2017)

Quartz represents operations of economic/business news media provided as B2C services in the United States. Meanwhile, digital media industry to which Quartz Media in charge of Quartz is exposed suffers from slowing growth most recently, according to the Company. Still, Quartz Media saw sales increased by 26.3% in FY12/2018 as mentioned earlier.

The Company argues that digital media industry in the United States experienced a dramatic change over the past several months, for emerging media in particular. All those emerging media including BuzzFeed, Inc. and Vice Media LLC or HuffPost by Oath Inc., supposed to be known even in Japan, used to see steady growth over the past 5 years or so, while having failed to do so most recently. They have business model in common where they obtain advertising revenue on creating traffic by means of spreading own contents delivered to external behemoth platforms represented by Facebook and Twitter, which does not work as used to now. As far as this business model is concerned, the number of views on ads depends on traffic and thus also for sales. For example, when traffic comes down by 30%, sales come down by 30% at the same time, according to the Company.

Main factors behind “a dramatic change” raised by the Company are as follows: It has remained unchanged that external behemoth platforms represented by Facebook and Twitter absorb the bulk of advertising revenue, constraining opportunities for media to enhance own advertising revenue. Another one is of change for algorithm with Facebook. In CY2018, the Company mentions that this change has lowered traffic a lot. The same situation did come out in the past due to change of algorithm for search engine with Google, etc., while it has been revealed once again that they have business model hinging on algorithm, etc. with external behemoth platforms this time around. As a result, above-mentioned emerging media, etc. suffered from earnings correction, having led to large-scale early redundancies.

Meanwhile, Quartz Media hardly suffered from “lowered traffic”, heavily involved with creative ads immune to traffic in a sense as well as with providing advertisers with solutions. According to the Company, creative ads, also provided by NewsPicks, are of those where advertisers pay for capability to create attractive contents and they account for the bulk of advertising revenue with NewsPicks and with Quartz as far as we could gather. On top of this, Quartz Media also provides advertisers with solutions in the form of extension of all those creative ads.

For example, Quartz Media set up system for HBO (Home Box Office Inc.) to run Cinemax or cable TV channel, etc. in the United States. This system is of in-house communication tool developed with Internet bot to carry out automated task on Internet, while being highly appreciated by this advertiser. With this system, mechanism to rejuvenate in-house communication is provided, which is triggered by delivery of in-house contents produced by Quartz Media.

Now, Quartz Media is keen on providing advertisers other than HBO also with similar systems, resulting in increased opportunities to obtain large-scale contracts worth more than ¥100m per annum. Thus, Quartz Media is on the verge of establishing stable business model with own strengths or capability not only spotting problems with operations of own advertisers but also providing them with solutions at the same time. In other words, Quartz Media has both technology to cope with this and capability to create suitable contents. Still, excess concentration of sales in Q4 due to seasonal factors inevitably remains for the time being. For example, the Company suggests that sales of Quartz in Q1 FY12/2019 will not be large enough to compensate for fixed cost. Much more like, the Company is currently going for large loss for EBITDA during the same period for Quarts due to one-off increases of fixed cost.

Still, the Company is going for breaking even for existing operations of Quartz on a full-year basis in FY12/2019. By July 2018, Quartz Media used to pay for Atlantic Media (Atlantic Media, Inc.) or ex-parent company in order to compensate for its services to take care of own headquarter/corporate operations. Meanwhile, after the merger or after August 2018, Quartz Media pays for Atlantic Media in order to compensate for its provision of transfer services, while paying for gradually setting up in-house equivalents for the said servicers at the same time. As a result, Quartz Media suffered from expenses on both transfer and self-operations during 5-month period in FY12/2018, having been a key negative factor for loss on a full-year basis as far as we could gather. The Company is to see situation not changed in Q1 FY12/2019, suffering from loss a lot for EBITDA due to increased fixed cost over the same period in the previous year. More importantly, however, the Company is going for gradually diminishing negative impacts stemming from double-sided expenses like this towards Q4, while sales in Q4 are to surge as in the past years for EBITDA to increase over the same period in the previous year and thus breaking even on a full-year basis.

Meanwhile, Quartz Media has started up new operations based on business model to collect subscription fees by means of integrating own services and those of the Company’s local bridgehead. On 14 November 2018, Quarts Media launched *Quarts* or new platform services integrated with United-States-edition of NewsPicks which was in charge of by the Company’s bridgehead locally set up. In FY12/2019, the Company is going for aggressive investment (strategic spending of expenses) to vertically start up the said services.

The above-mentioned results of FY12/2018 were better than initial Company forecasts (released on 13 February 2018). Sales were better by ¥2,577m (38.1%) and EBITDA by ¥285m (31.6%). Initial Company forecasts were exceeded to a large extent, due mainly to unexpected impacts stemming from consolidation of Quartz Media as subsidiary taken place during the period of the fiscal year. Meanwhile, the Company firmly believes it is the primary issue to steadily meet with Company forecasts in order to build reliable and solid relationship with investors and/or shareholders across the board. The Company mentions that it “always releases Company forecasts after full-scale examination” on what sort of figures the Company could commit. At the same time, the Company also mentions that it “releases prospective figures only with conviction after analyses on diverse risks and other factors”.

FY12/2018 initial Company forecasts were going for prospective sales of ¥6,763m and EBITDA of ¥902m. Meanwhile, the Company came up with revision for Company forecasts on 2 July 2018, going for sales between ¥8,850m and ¥9,150m and EBITDA between ¥902m and ¥1,130m in FY12/2018, i.e., ¥9,000m and ¥1,016m, respectively, in terms of median. Due to unexpected impacts stemming from consolidation of Quartz as subsidiary, Company forecasts were revised and were displayed with ranges. When based on median, sales were upgraded by ¥2,237m (33.1%) and EBITDA by ¥114m (12.6%). Eventually, the results are better than the median and even better than the upper end. Compared with upper end for sales of ¥9,150m and EBITDA of ¥1,130m, they are ¥9,340m and ¥1,187m, respectively, with the results.

FY12/2018 Company Forecasts and Results

Consolidated Fiscal Year (Million Yen)	Date	Event	Sales	EBITDA	Operating Profit	Recurring Profit	Profit Attributable to Owners of Parent
FY12/2018CoE	13-Feb-18	Q4 Results	6,763	902	827	389	176
FY12/2018CoE	11-May-18	Q1 Results	6,763	902	827	389	176
FY12/2018CoE	2-Jul-18	Revision	9,000	1,016	610	215	(270)
		Amount of Gap	2,237	114	(217)	(174)	(446)
		Rate of Gap	33.1%	12.6%	(26.2%)	(44.7%)	-
FY12/2018CoE	13-Aug-18	Q2 Results	9,000	1,016	610	215	(270)
FY12/2018CoE	8-Nov-18	Q3 Results	9,000	1,000	650	350	350
		Amount of Gap	0	(16)	40	135	620
		Rate of Gap	0.0%	(1.6%)	6.6%	62.8%	-
FY12/2018CoE	24-Jan-19	Revision	9,300	1,150	800	500	500
		Amount of Gap	300	150	150	150	150
		Rate of Gap	3.3%	15.0%	23.1%	42.9%	42.9%
FY12/2018Act	13-Feb-19	Q4 Results	9,340	1,187	830	533	610
		Amount of Gap	40	37	30	33	110
		Rate of Gap	0.4%	3.2%	3.8%	6.6%	22.0%
FY12/2018CoE	13-Feb-18	Q4 Results	6,763	902	827	389	176
FY12/2018Act	13-Feb-19	Q4 Results	9,340	1,187	830	533	610
		Amount of Gap	2,577	285	3	144	434
		Rate of Gap	38.1%	31.6%	0.4%	37.0%	246.6%
Consolidated Fiscal Year (Million Yen)	Date	Event	Sales	EBITDA	Operating Profit	Recurring Profit	Profit Attributable to Owners of Parent
Q1 to Q2 FY12/2018CoE	13-Feb-18	Q4 Results	-	-	-	-	-
Q1 to Q2 FY12/2018CoE	11-May-18	Q1 Results	-	-	-	-	-
Q1 to Q2 FY12/2018CoE	2-Jul-18	Revision	-	-	-	-	-
Q1 to Q2 FY12/2018Act	13-Aug-18	Q2 Results	3,068	324	292	204	67
		Amount of Gap	-	-	-	-	-
		Rate of Gap	-	-	-	-	-
Q1 to Q2 FY12/2018CoE	13-Feb-18	Q4 Results	-	-	-	-	-
Q1 to Q2 FY12/2018Act	13-Aug-18	Q2 Results	3,068	324	292	204	67
		Amount of Gap	-	-	-	-	-
		Rate of Gap	-	-	-	-	-
Consolidated Fiscal Year (Million Yen)	Date	Event	Sales	EBITDA	Operating Profit	Recurring Profit	Profit Attributable to Owners of Parent
Q3 to Q4 FY12/2018CoE	13-Feb-18	Q4 Results	-	-	-	-	-
Q3 to Q4 FY12/2018CoE	11-May-18	Q1 Results	-	-	-	-	-
Q3 to Q4 FY12/2018CoE	2-Jul-18	Revision	-	-	-	-	-
Q3 to Q4 FY12/2018CoE	13-Aug-18	Q2 Results	5,932	692	318	11	(337)
		Amount of Gap	-	-	-	-	-
		Rate of Gap	-	-	-	-	-
Q3 to Q4 FY12/2018CoE	8-Nov-18	Q3 Results	5,932	676	358	146	283
		Amount of Gap	0	(16)	40	135	620
		Rate of Gap	0.0%	(2.3%)	12.6%	-	-
Q3 to Q4 FY12/2018CoE	24-Jan-19	Revision	6,232	826	508	296	433
		Amount of Gap	300	150	150	150	150
		Rate of Gap	5.1%	22.2%	41.9%	102.7%	53.0%
Q3 to Q4 FY12/2018Act	13-Feb-19	Q4 Results	6,272	863	538	329	543
		Amount of Gap	40	37	30	33	110
		Rate of Gap	0.6%	4.5%	5.9%	11.1%	25.4%
Q3 to Q4 FY12/2018CoE	13-Feb-18	Q4 Results	-	-	-	-	-
Q3 to Q4 FY12/2018Act	13-Feb-19	Q4 Results	6,272	863	538	329	543
		Amount of Gap	-	-	-	-	-
		Rate of Gap	-	-	-	-	-

Source: Company Data, WRJ Calculation

Income Statement (Cumulative, Quarterly)

Income Statement	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	YoY
(Million Yen)	Q1	Q1 to Q2	Q1 to Q3	Q1 to Q4	Q1	Q1 to Q2	Q1 to Q3	Q1 to Q4		Net Chg.
	12/2017	12/2017	12/2017	12/2017	12/2018	12/2018	12/2018	12/2018		
Sales	973	2,027	3,173	4,565	1,488	3,068	5,431	9,340		+4,774
Cost of Sales	429	895	1,423	2,091	673	1,344	2,443	3,567		+1,476
Gross Profit	543	1,131	1,749	2,474	815	1,724	2,987	5,772		+3,298
SG&A	403	830	1,292	1,928	588	1,431	2,881	4,942		+3,013
Operating Profit	140	301	457	545	226	292	105	830		+284
Non Operating Balance	(5)	2	(11)	(27)	(58)	(88)	(246)	(296)		(269)
Recurring Profit	134	303	445	518	167	204	(140)	533		+14
Extraordinary Balance	-	-	-	-	-	(5)	(262)	354		+353
Profit before Income Taxes	134	303	445	519	167	199	(403)	888		+368
Total Income Taxes	10	52	53	77	50	135	211	325		+247
NP Belonging to Non-Controlling SHs	3	3	3	3	-	(3)	(20)	(48)		(51)
Profit Attributable to Owners of Parent	121	247	389	438	117	67	(594)	610		+172
Sales YoY	-	+47.0%	+45.6%	+48.2%	+52.9%	+51.4%	+71.2%	+104.6%		-
Operating Profit YoY	-	+107.9%	+93.0%	+117.5%	+61.1%	(3.1%)	(76.9%)	+52.1%		-
Recurring Profit YoY	-	+129.9%	+108.4%	+130.0%	+24.3%	(32.8%)	-	+2.9%		-
Profit Attributable to Owners of Parent YoY	-	+121.4%	+113.9%	+63.8%	(3.4%)	(72.8%)	-	+39.5%		-
(Costs of Sales / Sales)	44.1%	44.2%	44.9%	42.2%	45.2%	43.8%	45.0%	52.9%		+10.7%
Gross Profit Margin	55.9%	55.8%	55.1%	54.2%	54.8%	56.2%	55.0%	61.8%		+7.6%
(SG&A / Sales)	41.5%	41.0%	40.7%	42.2%	39.6%	46.7%	53.1%	52.9%		+10.7%
Operating Profit Margin	14.4%	14.9%	14.4%	12.0%	15.2%	9.5%	1.9%	8.9%		(3.1%)
Recurring Profit Margin	13.8%	15.0%	14.0%	11.4%	11.2%	6.7%	(2.6%)	5.7%		(5.6%)
Profit Attributable to Owners of Parent Margin	12.5%	12.2%	12.3%	9.6%	7.9%	2.2%	(10.9%)	6.5%		(3.1%)
Tax Charges etc. / Pretax Profit	7.5%	17.3%	12.0%	15.0%	30.0%	67.9%	-	36.7%		+21.7%

Income Statement	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	YoY
(Million Yen)	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4		Net Chg.
	12/2017	12/2017	12/2017	12/2017	12/2018	12/2018	12/2018	12/2018		
Sales	973	1,053	1,146	1,392	1,488	1,580	2,363	3,908		+2,516
Cost of Sales	429	466	528	668	673	671	1,099	1,124		+455
Gross Profit	543	587	618	724	815	909	1,263	2,784		+2,060
SG&A	403	426	462	635	588	843	1,449	2,060		+1,424
Operating Profit	140	161	155	88	226	66	(186)	724		+635
Non Operating Balance	(5)	7	(13)	(16)	(58)	(29)	(158)	(50)		(34)
Recurring Profit	134	168	142	72	167	36	(344)	674		+601
Extraordinary Balance	-	-	-	-	-	(5)	(257)	616		+616
Profit before Income Taxes	134	168	142	73	167	31	(602)	1,291		+1,217
Total Income Taxes	10	42	-	24	50	84	76	113		+89
NP Belonging to Non-Controlling SHs	3	-	-	-	-	(3)	(17)	(27)		(27)
Profit Attributable to Owners of Parent	121	126	141	48	117	(49)	(661)	1,205		+1,156
Sales YoY	-	-	+43.3%	+54.3%	+52.9%	+49.9%	+106.1%	+180.7%		-
Operating Profit YoY	-	-	+69.4%	+533.6%	+61.1%	(59.0%)	-	+717.2%		-
Recurring Profit YoY	-	-	+73.7%	+534.3%	+24.3%	(78.3%)	-	+828.5%		-
Profit Attributable to Owners of Parent YoY	-	-	+101.8%	(42.9%)	(3.4%)	-	-	-		-
(Costs of Sales / Sales)	44.1%	44.2%	46.1%	48.0%	45.2%	42.5%	46.5%	28.8%		(19.2%)
Gross Profit Margin	55.9%	55.8%	53.9%	52.0%	54.8%	57.5%	53.5%	71.2%		+19.2%
(SG&A / Sales)	41.5%	40.5%	40.3%	45.7%	39.6%	53.3%	61.4%	52.7%		+7.1%
Operating Profit Margin	14.4%	15.3%	13.6%	6.4%	15.2%	4.2%	(7.9%)	18.5%		+12.2%
Recurring Profit Margin	13.8%	16.0%	12.4%	5.2%	11.2%	2.3%	(14.6%)	17.2%		+12.0%
Profit Attributable to Owners of Parent Margin	12.5%	12.0%	12.3%	3.5%	7.9%	(3.2%)	(28.0%)	30.8%		+27.3%
Tax Charges etc. / Pretax Profit	7.5%	25.0%	0.7%	33.4%	30.0%	267.8%	-	8.8%		(24.6%)

Source: Company Data, WRJ Calculation

Segmented Information (Cumulative, Quarterly)

Segmented Information	Cons.Act Q1 12/2017	Cons.Act Q1 to Q2 12/2017	Cons.Act Q1 to Q3 12/2017	Cons.Act Q1 to Q4 12/2017	Cons.Act Q1 12/2018	Cons.Act Q1 to Q2 12/2018	Cons.Act Q1 to Q3 12/2018	Cons.Act Q1 to Q4 12/2018	YoY Net Chg.
SPEEDA Business	643	1,336	2,088	2,904	876	1,818	2,851	3,963	+1,059
NewsPicks Business	329	690	1,084	1,661	611	1,249	2,579	5,376	+3,715
Sales	973	2,027	3,173	4,565	1,488	3,068	5,431	9,340	+4,774
SPEEDA Business	-	+34.9%	+34.8%	+35.5%	+36.2%	+36.1%	+36.5%	+36.5%	-
NewsPicks Business	-	+77.9%	+72.2%	+77.0%	+85.6%	+81.0%	+137.8%	+224.8%	-
Sales (YoY)	-	+47.0%	+45.6%	+48.2%	+52.9%	+51.4%	+71.2%	+104.6%	-
SPEEDA Business	66.2%	65.9%	65.8%	63.6%	58.9%	59.3%	52.5%	42.4%	-
NewsPicks Business	33.8%	34.1%	34.2%	36.4%	41.1%	40.7%	47.5%	57.6%	-
Sales (Composition)	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	-
SPEEDA Business	104	223	364	415	140	244	344	565	+150
NewsPicks Business	36	77	92	130	85	47	(238)	264	+133
Segment Profit	140	301	457	545	226	292	105	830	+284
Elimination	0	0	0	0	0	0	0	(0)	(0)
Operating Profit	140	301	457	545	226	292	105	830	+284
SPEEDA Business	-	+27.2%	+40.0%	+79.8%	+34.9%	+9.2%	(5.4%)	+36.2%	-
NewsPicks Business	-	-	-	+551.2%	+136.0%	(38.4%)	-	+102.4%	-
Segment Profit (YoY)	-	+107.9%	+93.0%	+117.5%	+61.1%	(3.1%)	(76.9%)	+52.1%	-
SPEEDA Business	74.1%	74.2%	79.7%	76.1%	62.1%	83.6%	325.7%	68.1%	-
NewsPicks Business	25.9%	25.8%	20.3%	23.9%	37.9%	16.4%	(225.7%)	31.9%	-
Segment Profit (Composition)	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	-
SPEEDA Business	16.2%	16.8%	17.4%	14.3%	16.0%	13.4%	12.1%	14.3%	(0.0%)
NewsPicks Business	11.0%	11.3%	8.6%	7.9%	14.0%	3.8%	(9.3%)	4.9%	(2.9%)
Operating Profit Margin	14.4%	14.9%	14.4%	12.0%	15.2%	9.5%	1.9%	8.9%	(3.1%)

Segmented Information	Cons.Act Q1 12/2017	Cons.Act Q2 12/2017	Cons.Act Q3 12/2017	Cons.Act Q4 12/2017	Cons.Act Q1 12/2018	Cons.Act Q2 12/2018	Cons.Act Q3 12/2018	Cons.Act Q4 12/2018	YoY Net Chg.
SPEEDA Business	643	692	752	815	876	941	1,033	1,112	+296
NewsPicks Business	329	361	394	576	611	638	1,329	2,796	+2,219
Sales	973	1,053	1,146	1,392	1,488	1,580	2,363	3,908	+2,516
SPEEDA Business	-	-	+34.8%	+37.3%	+36.2%	+35.9%	+37.4%	+36.3%	-
NewsPicks Business	-	-	+63.0%	+86.9%	+85.6%	+76.8%	+237.3%	+385.0%	-
Sales (YoY)	-	-	+43.3%	+54.3%	+52.9%	+49.9%	+106.1%	+180.7%	-
SPEEDA Business	66.2%	65.7%	65.6%	58.6%	58.9%	59.6%	43.7%	28.5%	-
NewsPicks Business	33.8%	34.3%	34.4%	41.4%	41.1%	40.4%	56.3%	71.5%	-
Sales (Composition)	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	-
SPEEDA Business	104	119	140	50	140	103	100	221	+170
NewsPicks Business	36	41	15	37	85	(37)	(286)	503	+465
Segment Profit	140	161	155	88	226	66	(186)	724	+635
Elimination	0	0	0	0	0	0	0	(0)	(0)
Operating Profit	140	161	155	88	226	66	(186)	724	+635
SPEEDA Business	-	-	+66.6%	-	+34.9%	(13.2%)	(28.6%)	+334.8%	-
NewsPicks Business	-	-	+100.9%	(13.0%)	+136.0%	-	-	+1,231.7%	-
Segment Profit (YoY)	-	-	+69.4%	+533.6%	+61.1%	(59.0%)	-	+717.3%	-
SPEEDA Business	74.1%	74.3%	90.2%	57.4%	62.1%	157.3%	-	30.5%	-
NewsPicks Business	25.9%	25.7%	9.8%	42.6%	37.9%	(57.3%)	-	69.5%	-
Segment Profit (Composition)	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	-	100.0%	-
SPEEDA Business	16.2%	17.3%	18.7%	6.2%	16.0%	11.0%	9.7%	19.9%	+13.6%
NewsPicks Business	11.0%	11.4%	3.9%	6.6%	14.0%	(5.9%)	(21.6%)	18.0%	+11.4%
Operating Profit Margin	14.4%	15.3%	13.6%	6.4%	15.2%	4.2%	(7.9%)	18.5%	+12.2%

Source: Company Data, WRJ Calculation

Balance Sheet (Quarterly)

Balance Sheet (Million Yen)	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	YoY Net Chg.
	Q1 12/2017	Q2 12/2017	Q3 12/2017	Q4 12/2017	Q1 12/2018	Q2 12/2018	Q3 12/2018	Q4 12/2018		
Cash and Deposit	2,887	3,044	3,242	3,217	5,162	5,654	5,522	5,725	+2,508	
Accounts Receivables	238	226	233	320	326	368	1,536	2,486	+2,166	
Other	196	167	235	194	190	230	223	407	+212	
Current Assets	3,321	3,437	3,712	3,732	5,679	6,253	7,282	8,619	+4,887	
Tangible Assets	58	55	53	50	143	289	412	426	+375	
Intangible Assets	136	133	131	127	123	126	8,352	9,291	+9,164	
Investments and Other Assets	122	284	273	497	802	790	629	476	(21)	
Fixed Assets	317	472	458	676	1,069	1,206	9,394	10,194	+9,518	
Total Assets	3,639	3,910	4,170	4,408	6,749	7,459	16,676	18,814	+14,405	
Accounts Payables	101	89	156	183	195	301	258	284	+100	
Corporate Bond (Less than 1 year)	-	-	-	-	60	60	60	102	+102	
Short-Term Debt	212	206	205	202	500	498	496	592	+390	
Other	673	876	947	1,146	1,100	1,564	2,315	2,587	+1,441	
Current Liabilities	986	1,172	1,309	1,532	1,855	2,423	3,130	3,566	+2,033	
Corporate Bond	-	-	-	-	240	240	210	378	+378	
Long-Term Debt	1,204	1,153	1,104	1,054	2,679	2,555	7,932	8,501	+7,447	
Other	3	2	2	2	15	76	51	51	+49	
Fixed Liabilities	1,207	1,156	1,106	1,056	2,934	2,871	8,194	8,931	+7,874	
Total Liabilities	2,194	2,328	2,415	2,589	4,790	5,295	11,324	12,497	+9,908	
Shareholders' Equity	1,442	1,571	1,743	1,807	1,935	1,901	4,054	5,313	+3,506	
Other	2	9	11	12	22	263	1,298	1,003	+990	
Net Assets	1,445	1,581	1,755	1,819	1,958	2,164	5,352	6,316	+4,496	
Total Liabilities and Net Assets	3,639	3,910	4,170	4,408	6,749	7,459	16,676	18,814	+14,405	
Equity Capital	1,445	1,574	1,748	1,812	1,947	1,902	4,270	5,261	+3,449	
Interest Bearing Debt	1,416	1,360	1,309	1,257	3,479	3,353	8,699	9,574	+8,317	
Net Debt	(1,470)	(1,683)	(1,933)	(1,960)	(1,682)	(2,300)	3,176	3,848	+5,809	
Capital Ratio	39.7%	40.3%	41.9%	41.1%	28.8%	25.5%	25.6%	28.0%	-	
Net Debt Equity Ratio	(101.8%)	(107.0%)	(110.6%)	(108.2%)	(86.4%)	(121.0%)	74.4%	73.2%	-	
ROE (12 months)	-	34.7%	36.9%	20.7%	25.6%	14.8%	(18.1%)	17.3%	-	
ROA (12 months)	-	13.7%	15.1%	12.9%	10.6%	7.4%	(0.7%)	4.6%	-	
Quick Ratio	317%	279%	266%	231%	296%	248%	226%	230%	-	
Current Ratio	337%	293%	284%	244%	306%	258%	233%	242%	-	

Source: Company Data, WRJ Calculation

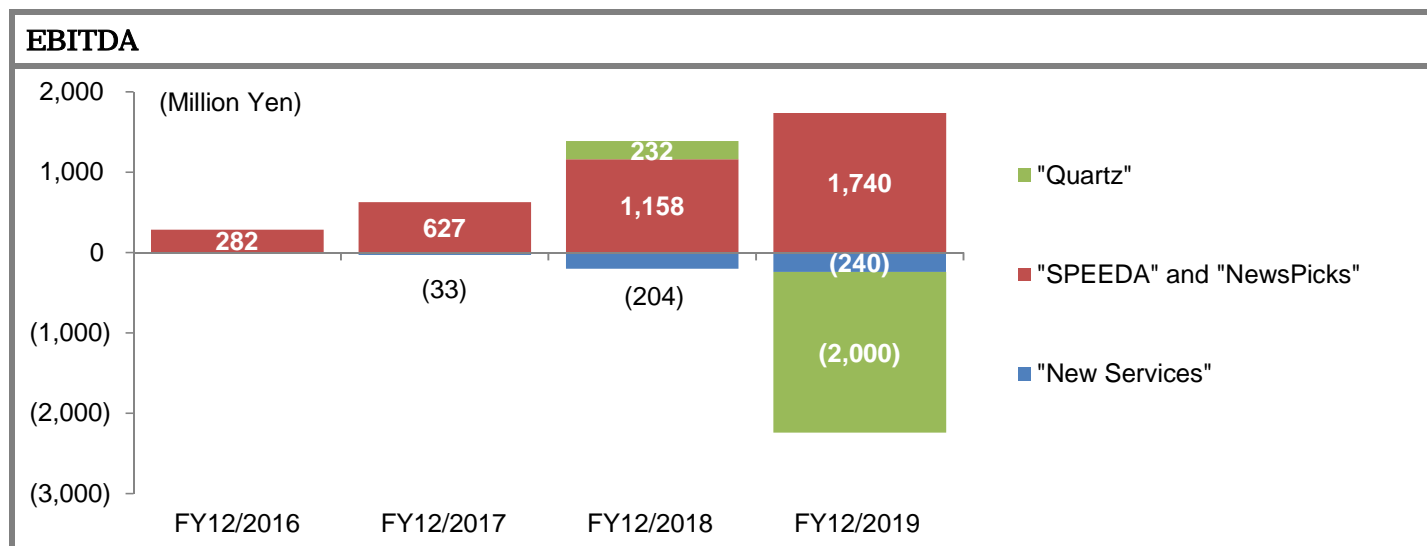
Cash Flow Statement (Cumulative)

Cash Flow Statement (Million Yen)	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	YoY Net Chg.
	Q1 12/2017	Q1 to Q2 12/2017	Q1 to Q3 12/2017	Q1 to Q4 12/2017	Q1 12/2018	Q1 to Q2 12/2018	Q1 to Q3 12/2018	Q1 to Q4 12/2018		
Operating Cash Flow	-	332	-	817	-	575	-	145	(671)	
Investing Cash Flow	-	(289)	-	(547)	-	(513)	-	(6,592)	(6,044)	
Operating CF and Investing CF	-	42	-	270	-	61	-	(6,446)	(6,716)	
Financing Cash Flow	-	(93)	-	(152)	-	2,381	-	8,968	+9,120	

Source: Company Data, WRJ Calculation

FY12/2019 Company Forecasts

FY12/2019 Company forecasts (released on 13 February 2019) are going for prospective sales of ¥13,500m (up 44.5% YoY), EBITDA of negative ¥500m (versus ¥1,187m in the previous year), operating profit of negative ¥1,310m (¥830m), recurring profit of negative ¥1,340m (¥533m) and profit attributable to owners of parent of negative ¥1,560m (¥610m), while EBITDA margin of negative 3.7% (down 16.4% points).

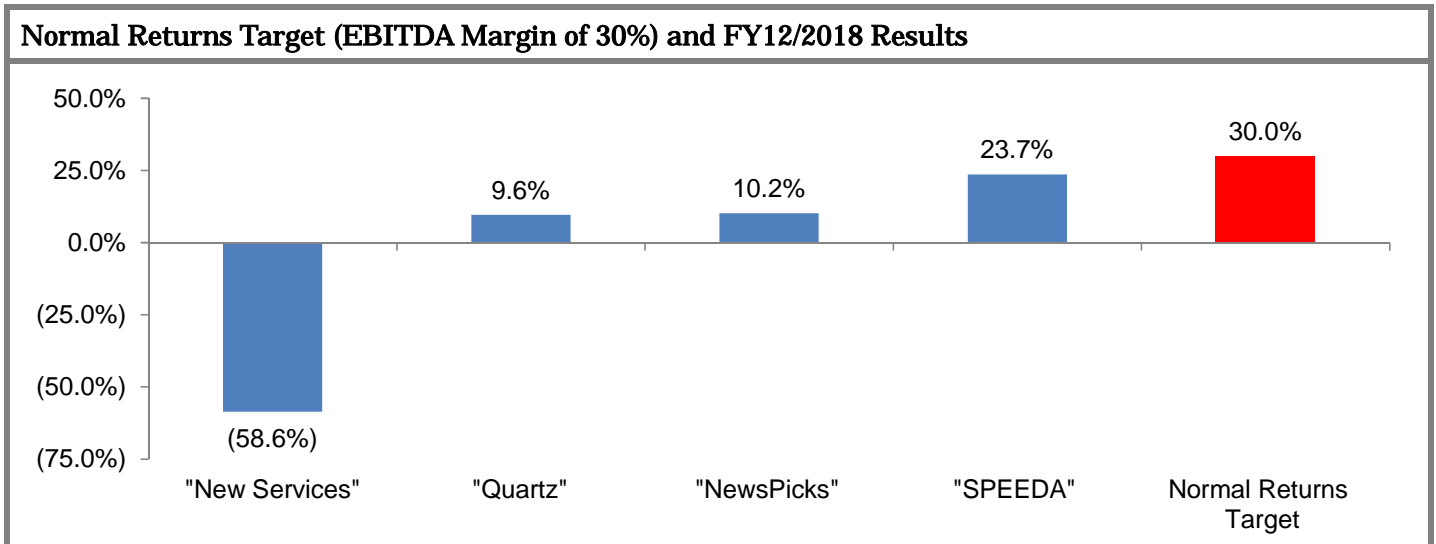


Source: Company Data, WRJ Calculation /Estimates

Sales as a whole for the Company are to be driven by ongoing increases of those with SPEEDA and NewsPicks. Meanwhile, the Company is to see sales on a full-year basis in regards to Quartz for the first time and surging sales of New Services are to persist. Still, Company forecasts are going for EBITDA of negative ¥500m as a whole for the Company, implying net decreases by ¥1,687m over ¥1,187m in the previous year. This is because Company forecasts are going for EBITDA of negative ¥2,000m in regards to Quartz, implying net decreases by ¥2,232m over ¥232m in the previous year. Although Company forecasts are going for increased EBITDA for existing services comprising SPEEDA and NewsPicks in line with increased sales, this is to be more than offset by substantial loss for EBITDA of Quartz with aggressive investment (strategic spending of expenses) in the United States. Specifically, the Company is to strategically spend expenses on establishment of community amongst viewers of *Quartz* or economic/business news media run by Quartz Media, while setting up organization to cope with creation of contents worth paying for compensation.

Long-Term Prospects

The Company's long-term prospects for earnings heavily hinge on outcome of aggressive investment (strategic spending of expenses) in the United States. Just like existing source of earnings, i.e., SPEEDA and NewsPicks, the object of this investment is of subscription-based business model or *Quartz* to provide services extending from United-State-edition NewsPicks. Thus, it requires fixed cost to more than a certain extent to start with, while sales will remain insignificant at the initial stage. As a result, the Company inevitably suffers from substantial loss at early stage. Meanwhile, after changeover to growth phase from investment phase, subscription-based business model offers good opportunities to consistently benefit from stable and high earnings, which is the key feature with it and the key advantage at the same time.



Source: Company Data, WRJ Calculation

In FY12/2018 results, the Company sees EBITDA margin of 23.7% in regards to SPEEDA which has experienced changeover to growth phase since some time ago, implying that the Company is on the verge of achieving its normal returns target, i.e., EBITDA margin of 30% here. Meanwhile, NewsPicks has just done the changeover and the Company sees EBITDA margin of 10.2% in FY12/2018 results. The Company is going for the same normal returns target i.e., EBITDA margin of 30% on this side as well. As far as we could see, the Company is to achieve the normal returns target (EBITDA margin of 30%) with NewsPicks together with prospects that the number of paid subscribers to pay for subscription continues surging going forward, which is to be preceded by the achievement of normal returns target with SPEEDA. The Company is going for EBITDA margin of 30% achievable through FY12/2020 to FY12/2021 in regards to both.

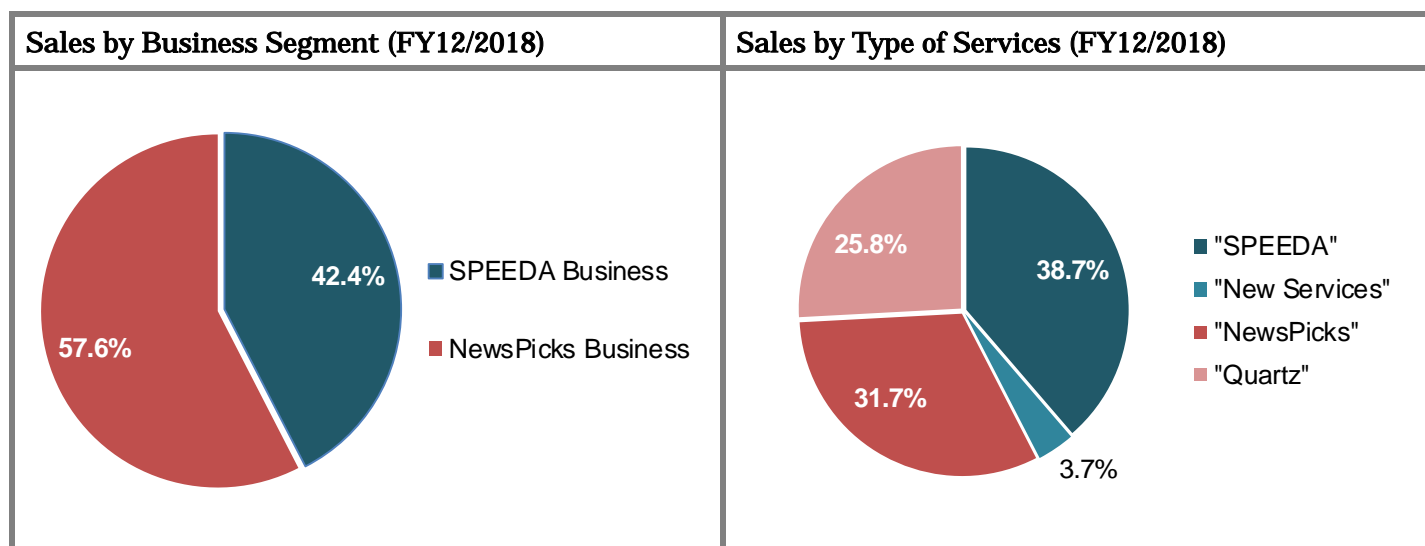
Meanwhile, in order to materialize "Business Intelligence to Change Your World" advocated as own mission on a global basis, the Company has to fully enter operations overseas. The Company is currently trying to get at this with a 10-year span. Quartz in charge of this sees some surplus on EBITDA in FY12/2018 results, but is expected to suffer from EBITDA of negative ¥2,000m in FY12/2019 due to aggressive investment (strategic spending of expenses) in the United States. Still, more importantly, the Company reveals it is going for breaking even or better on EBITDA in FY12/2020 for this.

Starting up new operations of subscription-based business model, the Company sets a discipline that the period of investment phase should not be far longer than three years as found in “discipline” of “rigorous-discipline-based investment” advocated by the Company. As far as we could see, this is based on the fact that it took some three years for NewsPicks to finish up the period of investment phase. In those days, while peers in Japan across the board focused on business model based on advertising revenue to run the business, only the Company was keen on subscription-based model to collect fees from paid subscribers, according to the Company. The Company also argues that current situation is outcome from here. In other words, the Company finds a major resemblance between situation of Japan in those days and that of the United States at the moment, implying a high probability for the operations in the United States to make change over to growth phase after investment phase in the foreseeable future. By FY12/2023, the Company is going for the number of paid subscribers as many as a million on a global basis, collectively, including that of NewsPicks in Japan.

4.0 Business Model

“Business Intelligence to Change Your World”

The Company advocates “Business Intelligence to Change Your World” as own mission and reveals its intention to develop business operations with exclusive focus on the said mission in the foreseeable future. Meanwhile, the Company also goes for “Combining technological innovation with human ingenuity to organize and analyze business information from around the globe. We will reshape your world with a service that improves your productivity and unleashes your creativity.” On top of this, the Company reveals overview and sales composition ratio, etc. of each type of services by business segment as follows:



Source: Company Data, WRJ Calculation

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SPEEDA Business (42.4% of sales) mainly comprises operations provided as B2B services and they are SPEEDA and New Services as disclosed by the Company, accounting for 38.7% of sales and 3.7%, respectively. SPEEDA is an information platform comprising comprehensive company and industry analyses with statistical data. Out of Japan's top 500 market cap companies, 50 companies have adopted SPEEDA to date. Meanwhile, News Services are of entrepedia and FORCAS. While entrepedia is of information exclusively on unlisted companies sold to business operators involved with investment and/or merger & acquisition associated with unlisted companies, FORCAS is of tool to efficiently promote sales to corporates. FORCAS has capability to automatically output list of potential accounts with a high probability to be able to conclude contracts in reality by means of data analyses, strongly supporting “ABM (Account-based Marketing)” or the most recent marketing procedure to focus resources of marketing and sales promotions on target accounts.

NewsPicks Business (57.6% of sales) mainly comprises operations provided as B2C services and they are NewsPicks and Quartz as disclosed by the Company, accounting for 31.7% of sales and 25.8%, respectively. Both of them are economic/business news media. NewsPicks is of Japan and the bulk of sales comprise subscription revenue collected from paid subscribers and advertising revenue. Meanwhile, Quartz is of the United States and the bulk of sales comprise advertising revenue and by providing advertisers with solutions.

5.0 Financial Statements

Income Statement

Income Statement (Million Yen)	Cons. Act	Cons. Act	Cons. Act	Cons. Act	Cons. Act	Cons. CoE	
	FY 12/2014	FY 12/2015	FY 12/2016	FY 12/2017	FY 12/2018	FY 12/2019	YoY Net Chg.
Sales	1,122	1,915	3,081	4,565	9,340	13,500	+4,159
Cost of Sales	811	1,204	1,377	2,091	3,567	-	-
Gross Profit	311	710	1,703	2,474	5,772	-	-
SG&A	707	1,043	1,452	1,928	4,942	-	-
Operating Profit	(395)	(332)	250	545	830	(1,310)	(2,140)
Non Operating Balance	-	(5)	(25)	(27)	(296)	(30)	+266
Recurring Profit	(395)	(338)	225	518	533	(1,340)	(1,873)
Extraordinary Balance	-	423	-	-	354	-	-
Profit before Income Taxes	(395)	84	225	519	888	-	-
Total Income Taxes	1	1	(43)	77	325	-	-
NP Belonging to Non-Controlling SHs	-	(27)	1	3	(48)	-	-
Profit Attributable to Owners of Parent	(397)	110	267	438	610	(1,560)	(2,170)
Sales YoY	+56.5%	+70.5%	+60.9%	+48.2%	+104.6%	+44.5%	-
Operating Profit YoY	-	-	-	+117.5%	+52.1%	-	-
Recurring Profit YoY	-	-	-	+130.0%	+2.9%	-	-
Profit Attributable to Owners of Parent YoY	-	-	+141.5%	+63.8%	+39.5%	-	-
Gross Profit Margin	27.7%	37.1%	55.3%	54.2%	61.8%	-	-
(SG&A / Sales)	63.0%	54.5%	47.1%	42.2%	52.9%	-	-
Operating Profit Margin	(35.3%)	(17.4%)	8.1%	12.0%	8.9%	(9.7%)	(18.6%)
Recurring Profit Margin	(35.3%)	(17.7%)	7.3%	11.4%	5.7%	(9.9%)	(15.6%)
Profit Attributable to Owners of Parent Margin	(35.4%)	5.8%	8.7%	9.6%	6.5%	(11.6%)	(18.1%)
Tax Charges etc. / Pretax Profit	-	1.8%	-	15.0%	36.7%	-	-

Source: Company Data, WRJ Calculation

Segmented Information

Segmented Information (Million Yen)	Cons. Act	Cons. Act	Cons. Act	Cons. Act	Cons. Act	Cons. CoE	
	FY 12/2014	FY 12/2015	FY 12/2016	FY 12/2017	FY 12/2018	FY 12/2019	YoY Net Chg.
SPEEDA Business	1,100	1,555	2,143	2,904	3,963	-	-
NewsPicks Business	22	359	938	1,661	5,376	-	-
Sales	1,122	1,915	3,081	4,565	9,340	13,500	+4,159
SPEEDA Business	+53.4%	+41.3%	+37.8%	+35.5%	+36.5%	-	-
NewsPicks Business	-	-	+160.8%	+77.0%	+224.8%	-	-
Sales (YoY)	+56.5%	+70.5%	+60.9%	+48.2%	+104.6%	+44.5%	-
SPEEDA Business	98.0%	81.2%	69.5%	63.6%	42.4%	-	-
NewsPicks Business	2.0%	18.8%	30.5%	36.4%	57.6%	-	-
Sales (Composition)	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	-
SPEEDA Business	(181)	(7)	230	415	565	-	-
NewsPicks Business	(214)	(324)	20	130	264	-	-
Segment Profit	(395)	(332)	250	545	830	-	-
Elimination	0	0	0	0	(0)	-	-
Operating Profit	(395)	(332)	250	545	830	(1,310)	(2,140)
SPEEDA Business	-	-	-	+79.8%	+36.2%	-	-
NewsPicks Business	-	-	-	+551.2%	+102.4%	-	-
Segment Profit (YoY)	-	-	-	+117.5%	+52.1%	-	-
SPEEDA Business	-	-	92.0%	76.1%	68.1%	-	-
NewsPicks Business	-	-	8.0%	23.9%	31.9%	-	-
Segment Profit (Composition)	-	-	100.0%	100.0%	100.0%	-	-
SPEEDA Business	(16.4%)	(0.5%)	10.8%	14.3%	14.3%	-	-
NewsPicks Business	(971.6%)	(90.3%)	2.1%	7.9%	4.9%	-	-
Operating Profit Margin	(35.3%)	(17.4%)	8.1%	12.0%	8.9%	(9.7%)	(18.6%)

Source: Company Data, WRJ Calculation

Balance Sheet

Balance Sheet (Million Yen)	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.CoE	
	FY 12/2014	FY 12/2015	FY 12/2016	FY 12/2017	FY 12/2018	FY 12/2019	YoY Net Chg.
Cash and Deposit	408	1,269	3,096	3,217	5,725	-	-
Accounts Receivables	31	149	202	320	2,486	-	-
Other	54	80	146	194	407	-	-
Current Assets	495	1,499	3,444	3,732	8,619	-	-
Tangible Assets	54	55	54	50	426	-	-
Intangible Assets	9	4	7	127	9,291	-	-
Investments and Other Assets	175	130	112	497	476	-	-
Fixed Assets	238	190	173	676	10,194	-	-
Total Assets	733	1,689	3,618	4,408	18,814	-	-
Accounts Payables	52	74	88	183	284	-	-
Corporate Bond (Less than 1 year)	-	-	-	-	102	-	-
Short-Term Debt	36	102	104	202	592	-	-
Other	346	531	765	1,146	2,587	-	-
Current Liabilities	435	708	958	1,532	3,566	-	-
Corporate Bond	-	-	-	-	378	-	-
Long-Term Debt	81	321	217	1,054	8,501	-	-
Other	-	4	3	2	51	-	-
Fixed Liabilities	82	325	220	1,056	8,931	-	-
Total Liabilities	517	1,033	1,179	2,589	12,497	-	-
Shareholders' Equity	220	630	2,409	1,807	5,313	-	-
Other	(4)	25	29	12	1,003	-	-
Net Assets	216	656	2,439	1,819	6,316	-	-
Total Liabilities and Net Assets	733	1,689	3,618	4,408	18,814	-	-
Equity Capital	-	628	2,409	1,812	5,261	-	-
Interest Bearing Debt	117	423	321	1,257	9,574	-	-
Net Debt	(290)	(845)	(2,774)	(1,960)	3,848	-	-
Capital Ratio	-	37.2%	66.6%	41.1%	28.0%	-	-
Net Debt Equity Ratio	-	(134.6%)	(115.2%)	(108.2%)	73.2%	-	-
ROE (12 months)	-	26.2%	17.6%	20.7%	17.3%	-	-
ROA (12 months)	-	(27.9%)	8.5%	12.9%	4.6%	-	-
Quick Ratio	101%	200%	344%	231%	230%	-	-
Current Ratio	114%	212%	359%	244%	242%	-	-

Source: Company Data, WRJ Calculation

Cash Flow Statement

Cash Flow Statement (Million Yen)	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.CoE	
	FY 12/2014	FY 12/2015	FY 12/2016	FY 12/2017	FY 12/2018	FY 12/2019	YoY Net Chg.
Operating Cash Flow	(218)	(217)	474	817	145	-	-
Investing Cash Flow	(140)	(1)	(40)	(547)	(6,592)	-	-
Operating CF and Investing CF	(359)	(219)	433	270	(6,446)	-	-
Financing Cash Flow	543	1,081	1,395	(152)	8,968	-	-

Source: Company Data, WRJ Calculation

Per Share Data

Per Share Data (Before Adjustments for Split) (Yen)	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.CoE	
	FY 12/2014	FY 12/2015	FY 12/2016	FY 12/2017	FY 12/2018	FY 12/2019	YoY Net Chg.
No. of Shares FY End (-000 Shares)	-	6,542	7,203	29,300	30,892	-	-
Net Profit / EPS (-000 Shares)	-	6,487	6,663	28,951	29,918	-	-
Treasury Shares FY End (-000 Shares)	-	0	0	0	0	-	-
Earnings Per Share	-	17.07	40.14	15.13	20.42	(50.50)	-
Earnings Per Share (Fully Diluted)	-	-	36.62	13.84	19.07	-	-
Book Value Per Share	-	44.71	338.65	61.86	170.33	-	-
Dividend Per Share	-	0.00	0.00	0.00	0.00	0.00	-

Per Share Data (After Adjustments for Split) (Yen)	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.CoE	
	FY 12/2014	FY 12/2015	FY 12/2016	FY 12/2017	FY 12/2018	FY 12/2019	YoY Net Chg.
Share Split Factor	-	4	4	1	1	1	-
Earnings Per Share	-	4.27	10.04	15.13	20.42	(50.50)	-
Book Value Per Share	-	11.18	84.66	61.86	170.33	-	-
Dividend Per Share	-	0.00	0.00	0.00	0.00	0.00	-
Payout Ratio	-	0.0%	0.0%	0.0%	0.0%	0.0%	-

Source: Company Data, WRJ Calculation

6.0 Other Information

“ Think beyond the norm and take your own initiatives”

The Company set up in April 2008 launched SPEEDA in May 2009, which was followed by formulation of “The 7 Values” as course of action, comprising “Think beyond the norm and take your own initiatives”, “Ingenuity in the industry is essential”, etc. With this course of action, the Company launched NewsPicks in July 2013. Then, having been listed on to Mothers of Tokyo Stock Exchange in October 2016, the Company now enjoys favorable earnings from SPEEDA as well as from NewsPicks.

Meanwhile, on 14 November 2018, the Company has launched *Quartz* or new platform services in the United States, which is economic/business news media provided as B2C services based on subscription revenue from paid subscribers as in NewsPicks in Japan. In other words, the Company is to see takeoff for services extending from United-State-edition of NewsPicks, having gone through events as follows:

In order to enter the market of the United States, the Company locally set up NewsPicks USA (NewsPicks USA, LCC) as own bridgehead in May 2017, which is a joint company between Dow Jones (Dow Jones & Company, Inc.) and the Company’s subsidiary NewsPicks, Inc. in charge of NewsPicks, while being treated as equity-accounted affiliate with the Company’s account. Meanwhile, in July 2018, the Company acquired Quartz Media locally running economic/business news media, which was followed by breakup of the joint management with Dow Jones. The Company acquired all the equity interests of NewsPicks USA from Dow Jones and fully consolidated it as subsidiary. Finally, the Company implemented integration of services between NewsPicks USA after fully consolidated and Quartz Media to date.

Company History

Date	Events
April 2008	Uzabase, Inc., founded in Kohnan, Minato-ku, Tokyo
May 2009	Launched SPEEDA
November 2009	Headquarter office, moved to Akasaka, Minato-ku, Tokyo
November 2010	Headquarter office, moved to Minami-Aoyama, Minato-ku, Tokyo
February 2012	Started up provision of information on companies overseas
July 2012	Formulated course of action as “The 7 Values”
October 2012	Headquarter office, moved to Kita-Aoyama, Minato-ku, Tokyo
January 2013	Set up representative office in Shanghai
July 2013	Set up Uzabase Asia Pacific Pte. Ltd. and Uzabase Hong Kong Limited Launched NewsPicks
October 2013	Started up provision of English-edition SPEEDA
February 2014	Started up plan to charge fees on NewsPicks
August 2014	Started up provision of M&A data on a global basis on SPEEDA
December 2014	Headquarter office, moved to Ebisu, Shibuya-ku, Tokyo
March 2015	Incorporated representative office in Shanghai and set up Uzabase China Limited Started up provision of data from Tokyo Shoko Research in regards to unlisted companies on SPEEDA
April 2015	Set up NewsPicks, Inc. by company split
January 2016	Set up representative office in Sri Lanka as global research base for SPEEDA Business
October 2016	Listed on to Mothers of Tokyo Stock Exchange
January 2017	Acquired all the shares and fully consolidated Japan Venture Research (Japan Venture Research Co., LTD.) and started up entrepedia of Japan Venture Research as own services of the Company’s group
April 2017	Consolidated Mimir, Inc. as equity-accounted affiliate after capital injection
May 2017	Set up NewsPicks USA in the United States as joint company of NewsPicks, Inc. and Dow Jones (Dow Jones & Company, Inc.) and consolidated as equity-accounted affiliate with the Company’s group
May 2017	Launched FORCAS
August 2017	Set up FORCAS, Inc. by company split
February 2018	Set up UB Ventures (UB Ventures, Inc.)
June 2018	Set up NewsPicks Studios, Inc. as joint company between NewsPicks, Inc. and DENTSU INC.
June 2018	UB Ventures composed “UBV Fund - Investment Limited Partnership”
July 2018	Headquarter office, moved to Roppongi, Minato-ku, Tokyo
July 2018	Acquired all the shares and fully consolidated Quartz Media (Quartz Media, Inc.) as subsidiary to start up operations on a global basis
September 2018	NewsPicks, Inc. started up “NewsPicks for Business”
October 2018	Japan Venture Research launched “ami”
October 2018	Acquired all the equity interests of NewsPicks USA from Dow Jones and being fully consolidated as subsidiary

November 2019 Quartz Media launched *Quartz* or new platform services, starting up provision of *Quartz Membership* for paid subscribers

January 2019 Set up representative office in Bangkok, Thailand as bridgehead for global research on SPEEDA Business

Disclaimer

Information here is a summary of “IR Information” of the Company, compiled by Walden Research Japan, from a neutral and professional standing point, in the form of a report. “IR Information” of the Company comprises a) contents of our interview with the Company, b) contents of presentations for institutional investors, c) contents of timely disclosed information and d) contents of the homepage etc.

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