

## UZABASE (3966)

Consolidated Fiscal Year		Sales	EBITDA	Operating Profit	Recurring Profit	Profit Attributable to Owners of Parent	EPS (Yen)	DPS (Yen)	BPS (Yen)
(Million Yen)									
FY12/2018		9,340	1,187	830	533	610	20.42	0.00	170.33
FY12/2019		12,521	(411)	(1,236)	(1,429)	(1,620)	(51.35)	0.00	178.20
FY12/2020CoE		15,500	-	-	-	-	-	0.00	-
FY12/2019	YoY	34.1%	-	-	-	-	-	-	-
FY12/2020CoE	YoY	23.8%	-	-	-	-	-	-	-
Consolidated Half Year		Sales	EBITDA	Operating Profit	Recurring Profit	Profit at. to Owners of Parent	EPS (Yen)	DPS (Yen)	BPS (Yen)
(Million Yen)									
Q1 to Q2 FY12/2019		5,665	(528)	(931)	(1,007)	(965)	-	-	-
Q3 to Q4 FY12/2019		6,856	117	(305)	(422)	(655)	-	-	-
Q1 to Q2 FY12/2020		6,354	(104)	(551)	(665)	(1,110)	-	-	-
Q3 to Q4 FY12/2020CoE		9,146	-	-	-	-	-	-	-
Q1 to Q2 FY12/2020	YoY	12.2%	-	-	-	-	-	-	-
Q3 to Q4 FY12/2020CoE	YoY	33.4%	-	-	-	-	-	-	-

Source: Company Data, WRJ Calculation (CoE: median)

### 1.0 Executive Summary (18 September 2020)

#### Arrival of Turning Point

UZABASE, which has a mission of "we guide business people to insights that change the world", appears to have reached a turning point with its business performance. Deficit in the United States, stemming from Quartz, which had been a major risk factor for the Company, is now steadily cut back on. Meanwhile, the Company has successfully implemented equity financing with an objective of raising funds to further enhance the mainstay business intelligence services such as SPEEDA and NewsPicks, while a part of the funds raised would be used to repay the borrowings. In the United States, advertising revenue related to Quartz has declined significantly, but decreased expenses driven by business structure reform had a more significant impact. With respect to SPEEDA, which was launched just after the Company's inception, the Company saw segment EBITDA margin of 39.7% (up 1.3% points YoY) or fairly high level in Q1 to Q2 FY12/2020. Recurring revenue on billing for SPEEDA, accounting for the majority of the segment sales, increases consistently, which is the key background. For NewsPicks, the Company is seeing rapid growth in recurring revenue on billing. This is partly due to intensive spending on promotions, but a high probability is spotted that earnings should rise steadily for the future. Over a longer term horizon, the same also applies to recurring revenue on billing for Quartz, which has continued taking off nicely.

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

## 2.0 Company Profile

We Guide Business People to Insights that Change the World

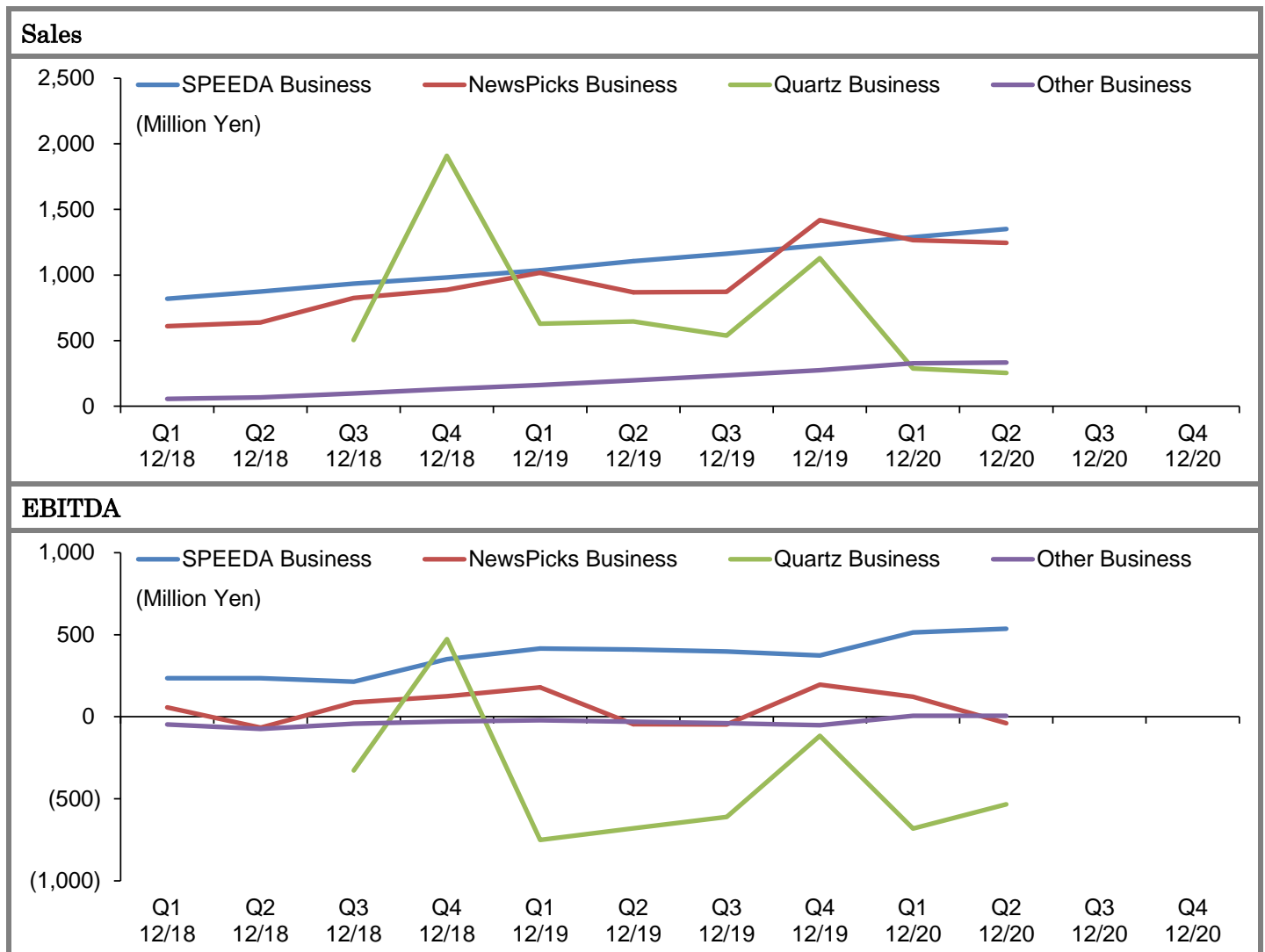
<b>Company Name</b>	Uzabase, Inc. <a href="#">Company Website</a> <a href="#">IR Information</a> <a href="#">Share price (Japanese)</a>	<b>UZABASE</b>
<b>Established</b>	1 April 2008	
<b>Listing</b>	21 October 2016: Tokyo Stock Exchange Mothers (ticker: 3966)	
<b>Capital</b>	¥4,604m (as of the end of June 2020)	
<b>No. of Shares</b>	33,709,014 shares, including 258 treasury shares (as of the end of June 2020)	
<b>Main Features</b>	<ul style="list-style-type: none"><li>● Providing a foundation of intelligence that supports the needs of business and business people</li><li>● Analyzing, organizing and creating global information so you can make the right decisions at the right time</li><li>● Unleashing your creative and innovative potential</li></ul>	
<b>Business Segments</b>	I . SPEEDA Business II . NewsPicks Business III. Quartz Business IV. Other Business	
<b>Top Management</b>	Chief Executive Officer: Yusuke Umeda, Chief Operating Officer: Yusuke Inagaki	
<b>Shareholders</b>	Ryosuke Niino 21.4%, Yusuke Umeda 17.9%, Yusuke Inagaki 7.4%, SSBTC Client Omnibus Account 4.4% (as of the end of June 2020, but for treasury shares)	
<b>Headquarters</b>	Minato-ku, Tokyo, JAPAN	
<b>No. of Employees</b>	Consolidated: 704, Parent: 181 (as of the end of December 2019)	

Source: Company Data

### 3.0 Recent Trading and Prospects

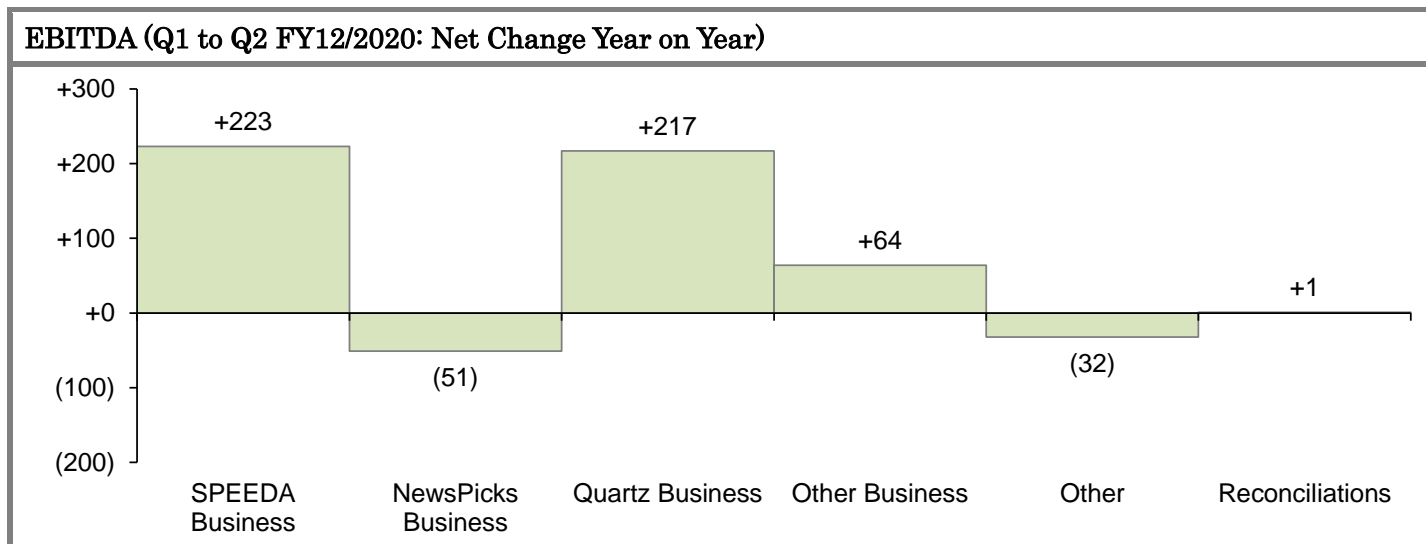
#### Q1 to Q2 FY12/2020 Results

In Q1 to Q2 FY12/2020, sales came in at ¥6,354m (up 12.2% YoY), EBITDA minus ¥104m (versus minus ¥528m during the same period of the previous year), operating profit minus ¥551m (minus ¥931m), recurring profit minus ¥665m (minus ¥1,007m) and profit attributable to owners of parent minus ¥1,110m (minus ¥965m), while EBITDA margin minus 1.6% (up 7.7% points).



Source: Company Data, WRJ Calculation

Compared with assumptions of initial Company forecasts (announced on 12 February) , sales were worse, but the Company saw cost control to have made progress more than initially anticipated, having resulted in earnings better. Meanwhile, full-year initial Company forecasts have remained unchanged. As has been expected from the beginning of the period, the Company is going for EBITDA to return to profitability in FY12/2020.



Source: Company Data, WRJ Calculation

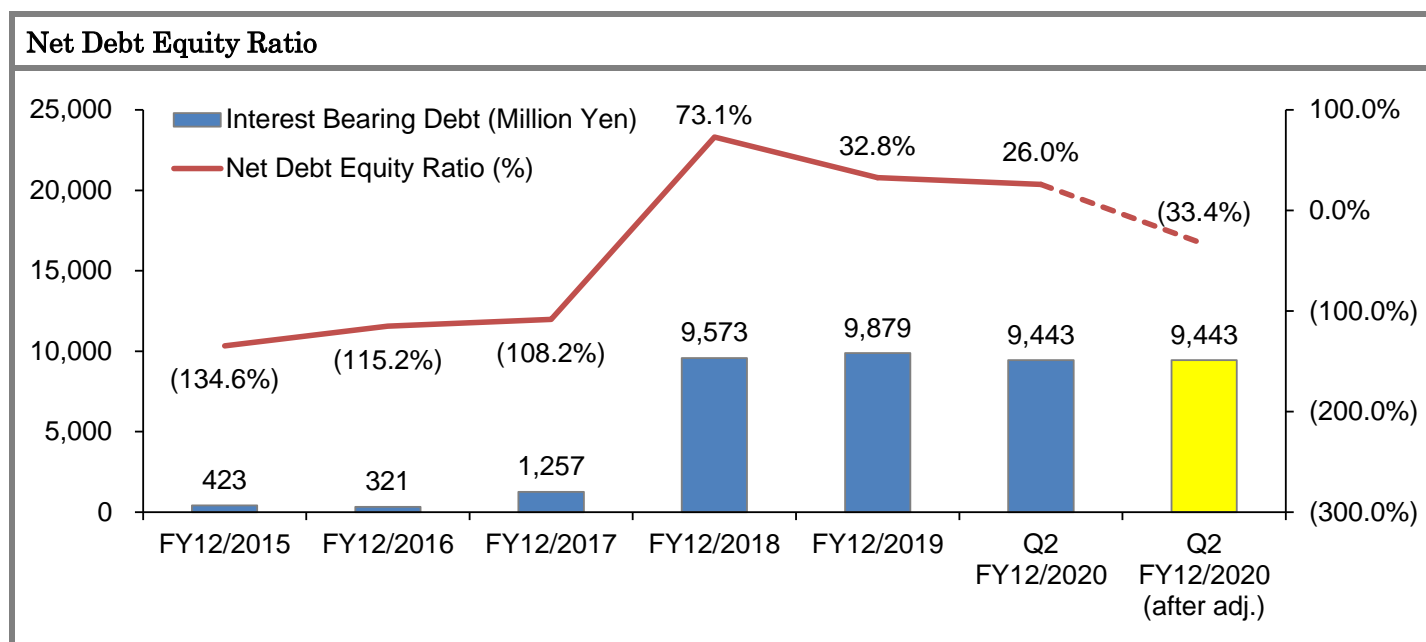
The Company uses EBITDA as the indicator to explain earning trends. In Q1 to Q2, the Company saw net increase of ¥424m in EBITDA over the same period of the previous year and substantially improved EBITDA margin. By business segment, SPEEDA Business saw net increase of ¥223m and Quartz Business net increase of ¥217m, having collectively accounted for majority of net increase in EBITDA as a whole for the Company.

In SPEEDA Business, the Company provides services of SPEEDA, which was launched in May 2009 or the earliest stage after the Company was founded. In Q1 to Q2, sales have continued to steadily and consistently increased while expenses roughly in line, having resulted in a marginal improvement for EBITDA margin. In the first place, this business carries high EBITDA margin, which has become even higher, albeit not much.

In Quartz Business, the Company reflects the performance of Quartz, Inc. (Quartz Media, Inc.), i.e., the Company's subsidiary based in the United States. In fact, this business segment was established in Q3 FY12/2018 in order to do so, given the acquisition of Quartz, Inc. implemented then. In Q1 to Q2, advertising revenue related to Quartz in the United States, accounting for most of segment sales, came down more than initially expected due mainly to the impacts stemming from COVID-19. This is the key negative issue in Q1 to Q2, according to the Company. More importantly, however, the Company saw deficit from here reduced over the same period of the previous year, as business structure reform has made progress more than initially expected, having cut back on expenses likewise. This has more than compensated for decreased sales. At the same time, this has favorably contributed to net increase of EBITDA as a whole for the Company as above-mentioned. Meanwhile, recurring revenue on billing for Quartz has continued taking off nicely.

## Debt to Equity

The Company is investing aggressively to achieve the mission it advocates, i.e., “we guide business people to insights that change the world”. In particular, the acquisition of Quartz, Inc., which is in charge of Quartz Business, is a remarkably large-scale historical transaction. As of the end of Q2 FY12/2020, total assets stood at ¥21,083m versus fixed assets of ¥11,444m, while the bulk of the latter was of goodwill as much as ¥8,794m. The Company suggests it will amortize some ¥600m each year for some 15 years, the bulk of which is of Quartz, Inc.



Source: Company Data, WRJ Calculation

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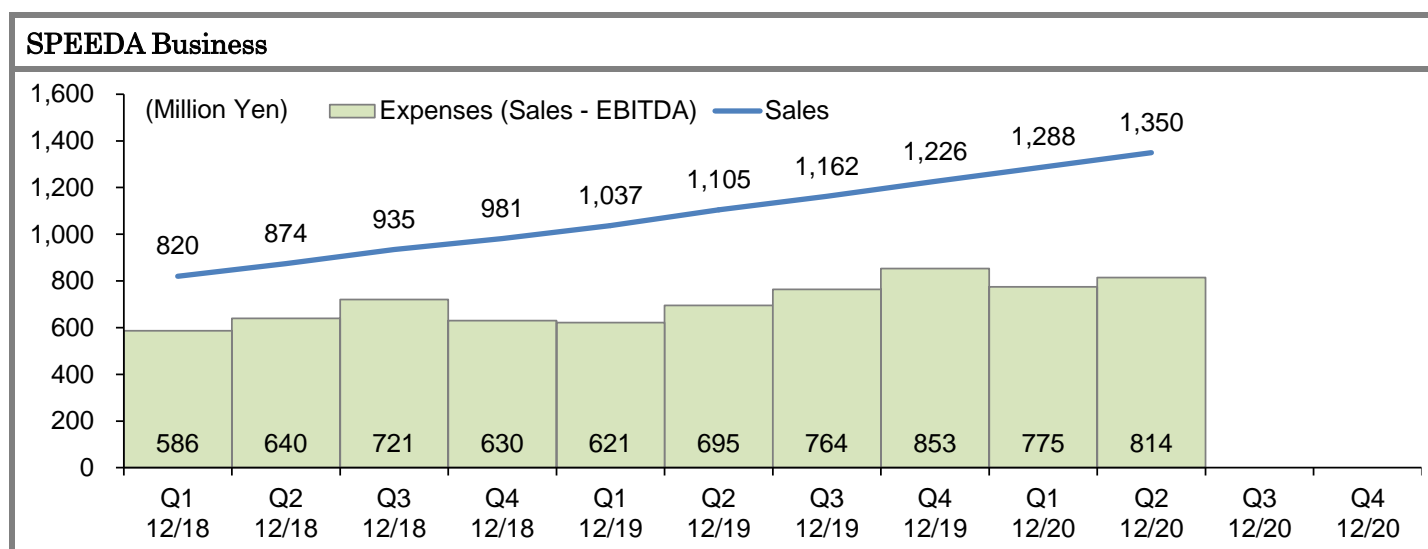
Interest-bearing debt rapidly expanded during the period from the end of FY12/2017 to the end of FY12/2018, basically in line with fund raising for acquiring Quartz, Inc. Meanwhile, the Company suffered from massive deficit in Quartz Business for FY12/2019, but net debt equity ratio came down, given a factor that the Company conducted a third-party allocation of new shares to TOKYO BROADCASTING SYSTEM HOLDINGS, INC. towards the end of the fiscal year. Then, so far in FY12/2020, the Company has been seen reduced deficit in Quartz Business, while the Company conducted a third-party allocation of new shares to Mitsubishi Estate Company, Limited, having resulted in further decline in net debt equity ratio. As of the end of Q2 FY12/2020, TOKYO BROADCASTING SYSTEM HOLDINGS, INC. held 2.9% of shares outstanding (but for treasury shares) and 2.0% for Mitsubishi Estate Company, Limited.

Then, what has followed so far in Q3 is that the Company issued new shares to overseas institutional investors, having raised some ¥5,000m. As of the end of Q2, cash and deposit stood at ¥7,983m and equity capital ¥5,613m. When just simply adding ¥5,000m to both as the exclusive factor for adjustments, net debt equity ratio would be minus 33.4%. That is to say, the Company's financial position seems to have gone back to net cash in the process of arriving at the current situation. Not as much as the situations prior to the acquisition of Quartz, Inc., but the Company has objectively regained financial stability.

The impacts stemming from COVID-19 remain uncertain, but the Company is now convinced that it has built a solid financial structure that can respond to any environmental changes through the issuance of new shares this time. As for the attributes of subscribing investors in the issuance of new shares, so-called "long only", basically investing on a long-term horizon, accounted for 51% of total, while hedge funds for the remaining 49%, according to the Company.

### SPEEDA Business

In SPEEDA Business (B2B business intelligence platform services offered mainly in Japan), sales came in at ¥2,638m (up 23.2%), EBITDA ¥1,049m (up 27.0%) and EBITDA margin 39.7% (up 1.3% points). While having continued to perform well, the Company plans to make a strategic investment for further growth by contributing some ¥2,350m out of some ¥5,000m procured through the issuance of new shares. Similarly, the Company will contribute some ¥650m to NewsPicks Business, while the remaining some ¥2,000m will be appropriated for repayment of borrowings that have surged in line with the acquisition of Quartz, Inc.



Source: Company Data, WRJ Calculation

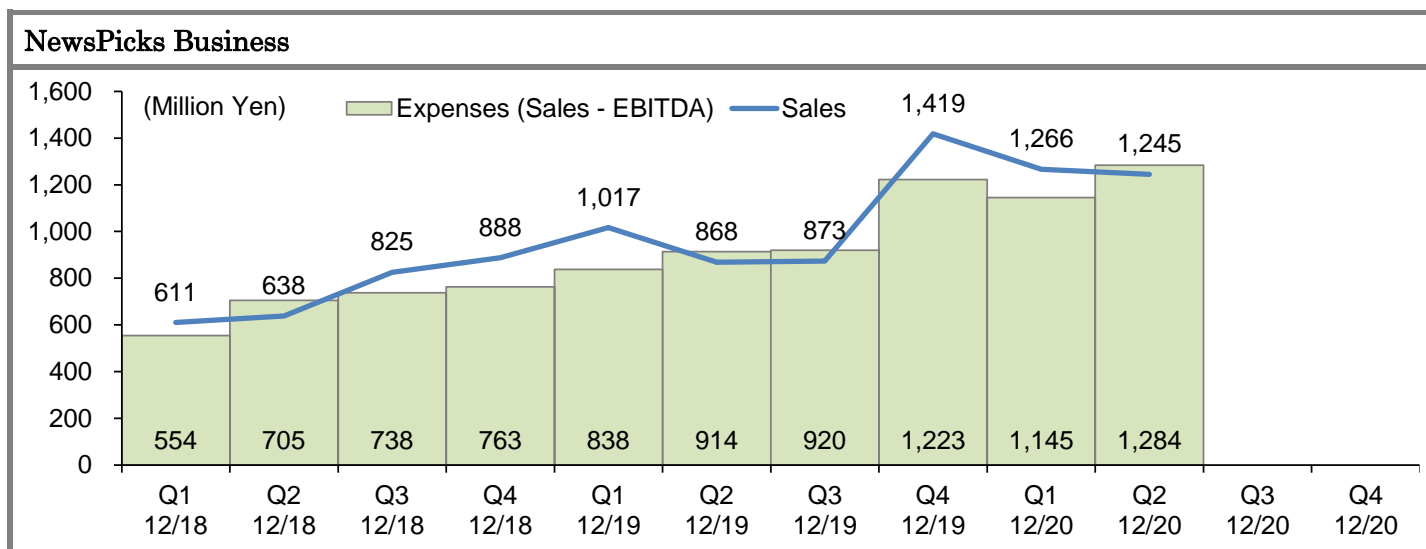
Segment sales comprise recurring revenue on billing for SPEEDA and temporary sales such as initial fees, etc., while it appears the former is the majority. It has been disclosed that so-called MRR (Monthly Recurring Revenue), representing recurring revenue on billing on a monthly basis came in at ¥435m in June 2020 versus ¥373m in June 2019, implying MRR in June 2020 increased by 16.6% over the same month of the previous year and thus demand from users for SPEEDA is trending firmly. In fact, the Company reveals its idea that MRR is the most important management indicator in that it reflects the underlying demand on a monthly basis for own business intelligence services in terms of comprehensive values, mainly comprising those of the number of users and ARPU (Average Revenue Per User).

EBITDA margin has edged up due to the situation that steadily increased MRR has been achieved with relatively smaller increase of expenses (=sales minus EBITDA or the indicator to explain earning trends with the Company). Meanwhile, it has been announced that the Company will actively make investment to further drive MRR going forward. The Company reveals its plan to implement strategical investment measures to beef up ARPU in a long-term view, within the limit of sustainably maintaining EBITDA margin of some 40% for the future. As the contents of the above-mentioned strategic investment amount of some ¥2,350m, the Company cites investment in developments and operations of expert network services and strengthening of sales and marketing, including customer success measures.

For this issue, the Company has disclosed further details as follows. The Company had completed the acquisition of Mimir, Inc. (holding an expert network of some 7,000 people in Japan) for some time, while it has more recently formed a capital and business alliance with GlobalWorks, Inc. (holding an expert network of some 10,000 people overseas), based in the United States, for the sake of starting up new services to provide "knowledge of experts on a global basis" to users of SPEEDA by the end of FY12/2020. Additional fees are expected to be charged for all those new services, with which it is suggested that the Company is planning to raise ARPU.

### NewsPicks Business

In NewsPicks Business (B2C social business news media services in Japan), sales came in at ¥2,511m (up 33.2%), EBITDA ¥82m (down 38.3%) and EBITDA margin 3.6% (down 3.5% points). In Q1 to Q2, the Company spots that it saw the most positive results in this business segment, i.e., recurring revenue on billing for NewsPicks has surged in line with rapidly increased number of paid subscribers, which appears to be highly appreciated.



Source: Company Data, WRJ Calculation

Most of segment sales comprise advertising revenue related to NewsPicks and recurring revenue on billing for NewsPicks, while it appears that each has the size of sales roughly the same. Meanwhile, the Company suggests that the remaining sales in this business segment are often of external sale of video and/or contents production related to NewsPicks, which have started to take off on a full-fledged basis in Q4 FY12/2019. On top of this, advertising revenue had remained so high in the quarter past, prior to the impacts stemming from COVID-19, having had resulted in fairly high level of sales as a whole for this business segment then.

As the underlying trends in media across the board in both Japan and overseas, advertising revenue in Q1 to Q2 has dropped dramatically because of the impacts stemming from COVID-19. However, advertising revenue related to NewsPicks, which aggregates 100 domestic and overseas media specializing in business intelligence, has remained relatively firm. Although the Company was forced to suffer from decrease in Q2 over Q1, it is revealed that the advertising revenue in Q1 to Q2 has favorably increased over the same period of the previous year.

With respects to recurring revenue on billing, the Company has disclosed that MRR came in at ¥229m in June 2020 versus ¥150m in June 2019, implying MRR in June 2020 increased by no less than 52.7% over the same month of the previous year. This was driven by the fact that the number of paid subscribers was surging, while such growth is unlikely to persist in Q3 as this was partly due to one-off factor. Still, the level of MRR in June 2020 was almost as high as the level originally anticipated towards the end of the fiscal year. Thus, the general situation is that the target was achieved ahead of schedule.

The reason why the number of paid subscribers, which has a lot to do with the trends of MRR, is increasing fast, is that the need for business intelligence reliable and insightful, provided by NewsPicks, is greatly expanding amongst general consumers or individuals. With the increasing uncertainty associated with anything due to the impacts stemming from COVID-19, the need for additional and unique intelligence to deal with the impacts stemming from COVID-19 is particularly growing, according to the Company.

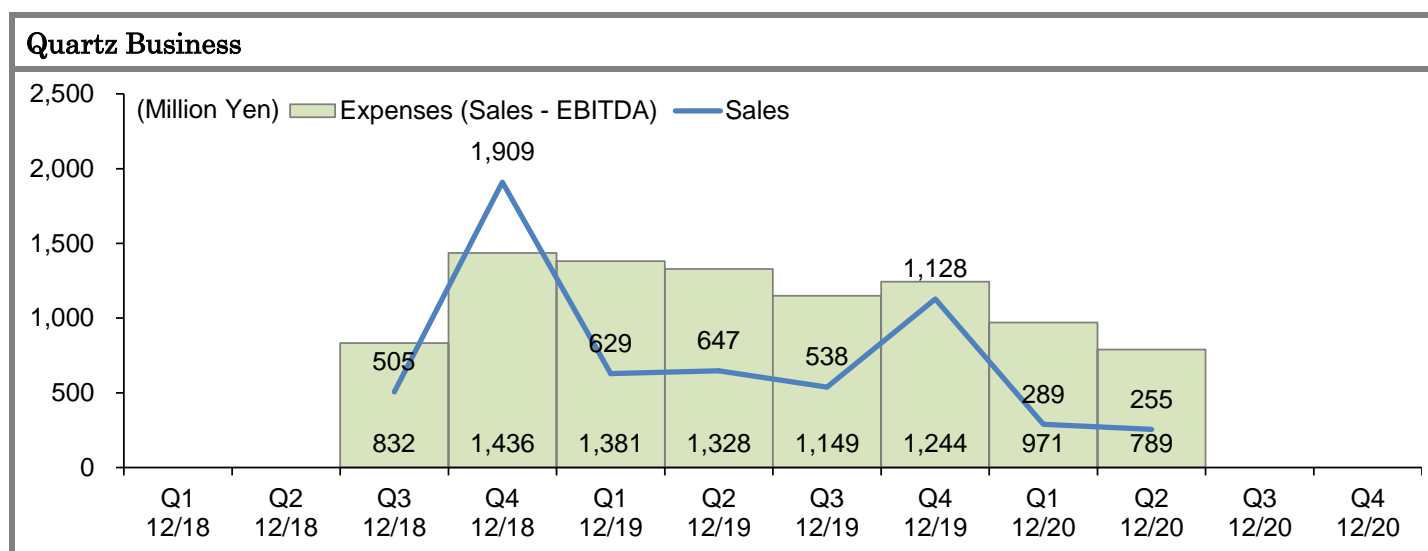
Meanwhile, in Q2 over Q1, segment sales have marginally declined partly due to a slowdown in advertising revenue, while expenses have increased. As a result, the Company saw EBITDA turning negative in Q2 over Q1, albeit not much, while EBITDA in Q1 to Q2 lower than the same period of the previous year. In Q2, the Company intensively spent expenses on promotion to increase the number of paid subscribers. For example, the Company said it focused on video ads featuring celebrities, having seen the results to commensurate with this as above-noted. On top of this, the Company also incurred upfront expenses for launching new services related to NewsPicks (NewsPicks NewSchool). Meanwhile, both of the issues will not reappear in Q3, which will make an improvement in earnings. The Company suggests a target of achieving EBITDA margin of 20% by FY12/2022.

With respect to the contents of above-mentioned strategic investment of some ¥650m, the Company plans to spend on that of developments for improving product on a large scale with an objective to consistently see high growth of MRR and that of marketing aimed at raising awareness of NewsPicks.



## Quartz Business

In Quartz Business (B2C business news media services for ex-Japan, mainly in the United States), sales came in at ¥544m (down 57.4%) and EBITDA minus ¥1,216m (versus minus ¥1,433m during the same period of the previous year). Sales declined significantly and this was the main reason why sales as a whole for the Company have fallen short of. Advertising revenue related to Quartz, which accounts for the majority of sales, appears to have halved year-on-year. On the other hand, recurring revenue on billing for Quartz has been firm against a backdrop of continued steady growth in the number of paid subscribers. In terms of ARR (Annual Recurring Revenue), the Company suggests that the scale currently equates to some ¥200m.



Source: Company Data, WRJ Calculation

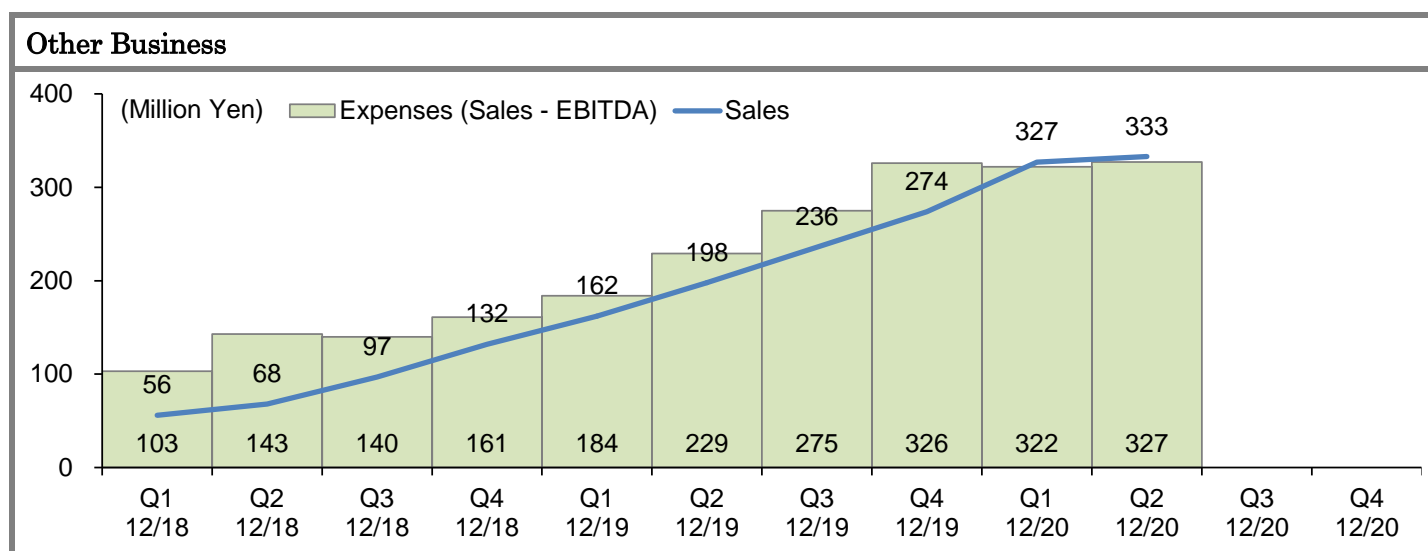
Advertising revenue, which accounts for most of segment sales, tends to concentrate in Q4 due to seasonal factors. This tendency was observed in both FY12/2018 and FY12/2019. Meanwhile, when segment sales of each Q4 are compared, there is a substantial decline in FY12/2019 over FY12/2018. This was in line with the trends in advertising revenue.

Since entering FY12/2020, advertising revenue has remained sluggish, due mainly to the impacts stemming from COVID-19. Consequently, in May 2020, the Company implemented a large-scale early retirement program for personnel involved with the advertising business. Thus, while a resulting decline in expenses has begun to occur from mid-Q2, this will make a full contribution in Q3 and thereafter. From Q3 to Q4, while expenses will remain at low level, advertising revenue will increase due to seasonal factors, so it is expected that EBITDA will return to profitability. The Company suggests that it does secure and maintain personnel who can respond to the increase in advertising revenue that it expects here. Workforce as a whole for Quartz, Inc. has been reduced roughly from 180 to 100 in terms of the number of personnel. Another issue to mention is that, if advertising revenue is significantly below expectations and EBITDA is unable to return to profitability, it is suggested that the Company will implement further restructuring of its business.

For FY12/2021, while the scale of ARR related to Quartz will increase further, the savings from above-mentioned early retirement will be generated on a full-year basis. Given such two factors, the Company is going for a turnaround for profitability in Quartz Business.

## Other Business

In Other Business (FORCAS and INITIAL), sales came in at ¥660m (up 83.3%), EBITDA ¥11m (versus minus ¥53m during the same period of the previous year) and EBITDA margin 1.7% (up 16.4% points). For FORCAS (B2B marketing platform services), which accounts for some 80% of segment sales, although sales have hardly increased in Q2 over Q1, sales in Q1 to Q2 have increased significantly over the same period of the previous year and thus segment sales likewise. Meanwhile, INITIAL (B2B startup information platform services), which accounts for the rest of segment sales or some 20%, also saw increased sales, according to the Company.



Source: Company Data, WRJ Calculation

In the performance by the end of FY12/2019, both sales and expenses in this business segment had basically continued increasing on a quarter on quarter basis and so had continued a situation of expenses larger than sales. As a consequence, EBITDA had continued to post deficit, albeit not much. Meanwhile, from Q4 FY12/2019 to Q1 FY12/2020, sales have continued to increase, while expenses have marginally come down and EBITDA moved to profitability, albeit not much. In Q2 over Q1, sales and expenses have remained almost unchanged and the same applies to EBITDA. In Q3, the Company says it is likely that the trends in segment sales will be demodulated. In Q2, sales of FORCAS were sluggish, given a temporary increase in the churn rate due to the impacts stemming from COVID-19, etc. For Q3, it is suggested that all those factors are unlikely to persist.

## 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.
	12/2019	12/2019	12/2019	12/2019	12/2020	12/2020	12/2020	12/2020		
<b>Sales</b>	<b>2,847</b>	<b>5,665</b>	<b>8,473</b>	<b>12,521</b>	<b>3,171</b>	<b>6,354</b>	-	-	-	<b>+689</b>
Cost of Sales	1,216	2,495	3,695	5,321	1,549	3,127	-	-	-	+632
Gross Profit	1,630	3,170	4,777	7,200	1,621	3,226	-	-	-	+56
SG&A Expenses	2,010	4,101	6,214	8,437	1,885	3,778	-	-	-	(323)
<b>Operating Profit</b>	<b>(380)</b>	<b>(931)</b>	<b>(1,436)</b>	<b>(1,236)</b>	<b>(263)</b>	<b>(551)</b>	-	-	-	<b>+380</b>
Non Operating Balance	(15)	(76)	(122)	(193)	(54)	(114)	-	-	-	(38)
<b>Recurring Profit</b>	<b>(395)</b>	<b>(1,007)</b>	<b>(1,558)</b>	<b>(1,429)</b>	<b>(317)</b>	<b>(665)</b>	-	-	-	<b>+342</b>
Extraordinary Balance	311	311	311	299	0	(179)	-	-	-	(490)
Profit before Income Taxes	(84)	(696)	(1,247)	(1,130)	(317)	(844)	-	-	-	(148)
Total Income Taxes	247	345	447	619	185	317	-	-	-	(28)
NP Belonging to Non-Controlling SHs	(34)	(76)	(124)	(130)	(29)	(50)	-	-	-	+26
<b>Profit Attributable to Owners of Parent</b>	<b>(296)</b>	<b>(965)</b>	<b>(1,571)</b>	<b>(1,620)</b>	<b>(473)</b>	<b>(1,110)</b>	-	-	-	<b>(145)</b>
Sales YoY	+91.3%	+84.6%	+56.0%	+34.1%	+11.4%	+12.2%	-	-	-	-
Operating Profit YoY	-	-	-	-	-	-	-	-	-	-
Recurring Profit YoY	-	-	-	-	-	-	-	-	-	-
Profit Attributable to Owners of Parent YoY	-	-	-	-	-	-	-	-	-	-
Gross Profit Margin	57.3%	56.0%	56.4%	57.5%	51.1%	50.8%	-	-	-	(5.2%)
Sales to SG&A Expenses Ratio	70.6%	72.4%	73.3%	67.4%	59.4%	59.5%	-	-	-	(12.9%)
Operating Profit Margin	(13.3%)	(16.4%)	(16.9%)	(9.9%)	(8.3%)	(8.7%)	-	-	-	+7.8%
Recurring Profit Margin	(13.9%)	(17.8%)	(18.4%)	(11.4%)	(10.0%)	(10.5%)	-	-	-	+7.3%
Profit Attributable to Owners of Parent Margin	(10.4%)	(17.0%)	(18.5%)	(12.9%)	(14.9%)	(17.5%)	-	-	-	(0.4%)
Tax Charges etc./Pretax Profit	-	-	-	-	-	-	-	-	-	-
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.
	12/2019	12/2019	12/2019	12/2019	12/2020	12/2020	12/2020	12/2020		
<b>Sales</b>	<b>2,847</b>	<b>2,818</b>	<b>2,808</b>	<b>4,048</b>	<b>3,171</b>	<b>3,183</b>	-	-	-	<b>+365</b>
Cost of Sales	1,216	1,279	1,200	1,626	1,549	1,578	-	-	-	+299
Gross Profit	1,630	1,540	1,607	2,423	1,621	1,605	-	-	-	+65
SG&A Expenses	2,010	2,091	2,113	2,223	1,885	1,893	-	-	-	(198)
<b>Operating Profit</b>	<b>(380)</b>	<b>(551)</b>	<b>(505)</b>	<b>200</b>	<b>(263)</b>	<b>(288)</b>	-	-	-	<b>+263</b>
Non Operating Balance	(15)	(61)	(46)	(71)	(54)	(60)	-	-	-	+1
<b>Recurring Profit</b>	<b>(395)</b>	<b>(612)</b>	<b>(551)</b>	<b>129</b>	<b>(317)</b>	<b>(348)</b>	-	-	-	<b>+264</b>
Extraordinary Balance	311	0	0	(12)	0	(179)	-	-	-	(179)
Profit before Income Taxes	(84)	(612)	(551)	117	(317)	(527)	-	-	-	+85
Total Income Taxes	247	98	102	172	185	132	-	-	-	+34
NP Belonging to Non-Controlling SHs	(34)	(42)	(48)	(6)	(29)	(21)	-	-	-	+21
<b>Profit Attributable to Owners of Parent</b>	<b>(296)</b>	<b>(669)</b>	<b>(606)</b>	<b>(49)</b>	<b>(473)</b>	<b>(637)</b>	-	-	-	<b>+32</b>
Sales YoY	+91.3%	+78.3%	+18.8%	+3.6%	+11.4%	+13.0%	-	-	-	-
Operating Profit YoY	-	-	-	(72.4%)	-	-	-	-	-	-
Recurring Profit YoY	-	-	-	(80.9%)	-	-	-	-	-	-
Profit Attributable to Owners of Parent YoY	-	-	-	-	-	-	-	-	-	-
Gross Profit Margin	57.3%	54.6%	57.2%	59.9%	51.1%	50.4%	-	-	-	(4.2%)
Sales to SG&A Expenses Ratio	70.6%	74.2%	75.2%	54.9%	59.4%	59.5%	-	-	-	(14.7%)
Operating Profit Margin	(13.3%)	(19.6%)	(18.0%)	4.9%	(8.3%)	(9.0%)	-	-	-	+10.5%
Recurring Profit Margin	(13.9%)	(21.7%)	(19.6%)	3.2%	(10.0%)	(10.9%)	-	-	-	+10.8%
Profit Attributable to Owners of Parent Margin	(10.4%)	(23.7%)	(21.6%)	(1.2%)	(14.9%)	(20.0%)	-	-	-	+3.7%
Tax Charges etc./Pretax Profit	-	-	-	147.0%	-	-	-	-	-	-

Source: Company Data, WRJ Calculation

### Segmented Information (Cumulative/Quarterly)

Segmented Information	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.
	12/2019	12/2019	12/2019	12/2019	12/2020	12/2020	12/2020	12/2020		
SPEEDA Business	1,037	2,142	3,304	4,530	1,288	2,638	-	-		+496
NewsPicks Business	1,017	1,885	2,758	4,177	1,266	2,511	-	-		+626
Quartz Business	629	1,276	1,814	2,942	289	544	-	-		(732)
Other Business	162	360	596	870	327	660	-	-		+300
Other	-	-	-	-	-	-	-	-		-
<b>Sales</b>	<b>2,847</b>	<b>5,665</b>	<b>8,473</b>	<b>12,521</b>	<b>3,171</b>	<b>6,354</b>	-	-		<b>+689</b>
SPEEDA Business	416	826	1,224	1,597	513	1,049	-	-		+223
NewsPicks Business	179	133	86	282	121	82	-	-		(51)
Quartz Business	(752)	(1,433)	(2,044)	(2,160)	(682)	(1,216)	-	-		+217
Other Business	(22)	(53)	(92)	(144)	5	11	-	-		+64
Other	-	-	-	-	-	(32)	-	-		(32)
Reconciliations	-	(1)	-	-	-	-	-	-		+1
<b>EBITDA</b>	<b>(179)</b>	<b>(528)</b>	<b>(823)</b>	<b>(411)</b>	<b>(42)</b>	<b>(104)</b>	-	-		<b>+424</b>
SPEEDA Business	40.1%	38.4%	37.0%	35.3%	39.8%	39.7%	-	-		+1.3%
NewsPicks Business	17.6%	7.1%	3.1%	6.8%	9.6%	3.6%	-	-		(3.5%)
Quartz Business	(119.6%)	(112.3%)	(112.7%)	(73.4%)	(236.0%)	(223.5%)	-	-		(111.2%)
Other Business	(13.6%)	(14.7%)	(15.4%)	(16.6%)	1.5%	1.7%	-	-		+16.4%
Other	-	-	-	-	-	-	-	-		-
<b>EBITDA Margin</b>	<b>(6.3%)</b>	<b>(9.3%)</b>	<b>(9.7%)</b>	<b>(3.3%)</b>	<b>(1.3%)</b>	<b>(1.6%)</b>	-	-		<b>+7.7%</b>

Segmented Information	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.
	12/2019	12/2019	12/2019	12/2019	12/2020	12/2020	12/2020	12/2020		
SPEEDA Business	1,037	1,105	1,162	1,226	1,288	1,350	-	-		+245
NewsPicks Business	1,017	868	873	1,419	1,266	1,245	-	-		+377
Quartz Business	629	647	538	1,128	289	255	-	-		(392)
Other Business	162	198	236	274	327	333	-	-		+135
Other	-	-	-	-	-	-	-	-		-
<b>Sales</b>	<b>2,847</b>	<b>2,818</b>	<b>2,808</b>	<b>4,048</b>	<b>3,171</b>	<b>3,183</b>	-	-		<b>+365</b>
SPEEDA Business	416	410	398	373	513	536	-	-		+126
NewsPicks Business	179	(46)	(47)	196	121	(39)	-	-		+7
Quartz Business	(752)	(681)	(611)	(116)	(682)	(534)	-	-		+147
Other Business	(22)	(31)	(39)	(52)	5	6	-	-		+37
Other	-	-	-	-	-	(32)	-	-		(32)
Reconciliations	-	(1)	-	-	-	-	-	-		+1
<b>EBITDA</b>	<b>(179)</b>	<b>(349)</b>	<b>(295)</b>	<b>412</b>	<b>(42)</b>	<b>(62)</b>	-	-		<b>+287</b>
SPEEDA Business	40.1%	37.1%	34.3%	30.4%	39.8%	39.7%	-	-		+2.6%
NewsPicks Business	17.6%	(5.3%)	(5.4%)	13.8%	9.6%	(3.1%)	-	-		+2.2%
Quartz Business	(119.6%)	(105.3%)	(113.6%)	(10.3%)	(236.0%)	(209.4%)	-	-		(104.2%)
Other Business	(13.6%)	(15.7%)	(16.5%)	(19.0%)	1.5%	1.8%	-	-		+17.5%
Other	-	-	-	-	-	-	-	-		-
<b>EBITDA Margin</b>	<b>(6.3%)</b>	<b>(12.4%)</b>	<b>(10.5%)</b>	<b>10.2%</b>	<b>(1.3%)</b>	<b>(1.9%)</b>	-	-		<b>+10.4%</b>

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 12/2019	Q2 12/2019	Q3 12/2019	Q4 12/2019	Q1 12/2020	Q2 12/2020	Q3 12/2020	Q4 12/2020		
Cash and Deposit	5,512	6,929	6,259	7,954	7,331	7,983	-	-	+1,054	
Accounts Receivables	1,804	1,248	1,285	1,916	1,518	1,294	-	-	+46	
Other	384	307	301	354	390	362	-	-	+55	
<b>Current Assets</b>	<b>7,700</b>	<b>8,484</b>	<b>7,845</b>	<b>10,224</b>	<b>9,239</b>	<b>9,639</b>	-	-	<b>+1,155</b>	
Tangible Assets	406	378	363	344	522	701	-	-	+323	
Intangible Assets	9,103	8,685	8,618	9,001	8,807	9,028	-	-	+343	
Investments and Other Assets	572	744	1,005	1,388	1,370	1,714	-	-	+970	
<b>Fixed Assets</b>	<b>10,082</b>	<b>9,809</b>	<b>9,988</b>	<b>10,733</b>	<b>10,700</b>	<b>11,444</b>	-	-	<b>+1,635</b>	
<b>Total Assets</b>	<b>17,783</b>	<b>18,293</b>	<b>17,833</b>	<b>20,958</b>	<b>19,940</b>	<b>21,083</b>	-	-	<b>+2,790</b>	
Accounts Payables	215	203	190	319	250	237	-	-	+34	
Corporate Bond (Less than 1 year)	102	102	102	102	102	102	-	-	0	
Short-Term Debt	607	679	820	1,123	1,408	1,636	-	-	+957	
Other	2,424	2,754	2,897	3,587	3,175	4,241	-	-	+1,487	
<b>Current Liabilities</b>	<b>3,348</b>	<b>3,738</b>	<b>4,009</b>	<b>5,131</b>	<b>4,935</b>	<b>6,216</b>	-	-	<b>+2,478</b>	
Corporate Bond	348	327	297	276	246	225	-	-	(102)	
Long-Term Debt	8,337	9,116	8,828	8,378	7,929	7,480	-	-	(1,636)	
Other	41	41	41	41	41	126	-	-	+85	
<b>Fixed Liabilities</b>	<b>8,726</b>	<b>9,484</b>	<b>9,166</b>	<b>8,695</b>	<b>8,216</b>	<b>7,831</b>	-	-	<b>(1,653)</b>	
<b>Total Liabilities</b>	<b>12,075</b>	<b>13,223</b>	<b>13,175</b>	<b>13,826</b>	<b>13,151</b>	<b>14,048</b>	-	-	<b>+825</b>	
<b>Shareholders' Equity</b>	<b>4,776</b>	<b>4,374</b>	<b>3,778</b>	<b>6,118</b>	<b>5,663</b>	<b>6,026</b>	-	-	<b>+1,652</b>	
Other	931	696	880	1,013	1,125	1,009	-	-	+313	
<b>Net Assets</b>	<b>5,707</b>	<b>5,070</b>	<b>4,658</b>	<b>7,131</b>	<b>6,788</b>	<b>7,035</b>	-	-	<b>+1,965</b>	
<b>Total Liabilities and Net Assets</b>	<b>17,783</b>	<b>18,293</b>	<b>17,833</b>	<b>20,958</b>	<b>19,940</b>	<b>21,083</b>	-	-	<b>+2,790</b>	
Equity Capital	4,695	3,973	3,391	5,871	5,349	5,613	-	-	+1,640	
Interest Bearing Debt	9,394	10,224	10,047	9,879	9,685	9,443	-	-	(781)	
Net Debt	3,882	3,295	3,788	1,925	2,354	1,460	-	-	(1,835)	
Capital Ratio	26.4%	21.7%	19.0%	28.0%	26.8%	26.6%	-	-	-	
Net Debt Equity Ratio	82.7%	82.9%	111.7%	32.8%	44.0%	26.0%	-	-	-	
ROE (12 months)	6.0%	(14.3%)	(9.6%)	(29.1%)	(35.8%)	(36.8%)	-	-	-	
ROA (12 months)	(0.2%)	(5.3%)	(5.1%)	(7.2%)	(7.2%)	(5.5%)	-	-	-	
Quick Ratio	219%	219%	188%	192%	179%	149%	-	-	-	
Current Ratio	230%	227%	196%	199%	187%	155%	-	-	-	

Source: Company Data, WRJ Calculation

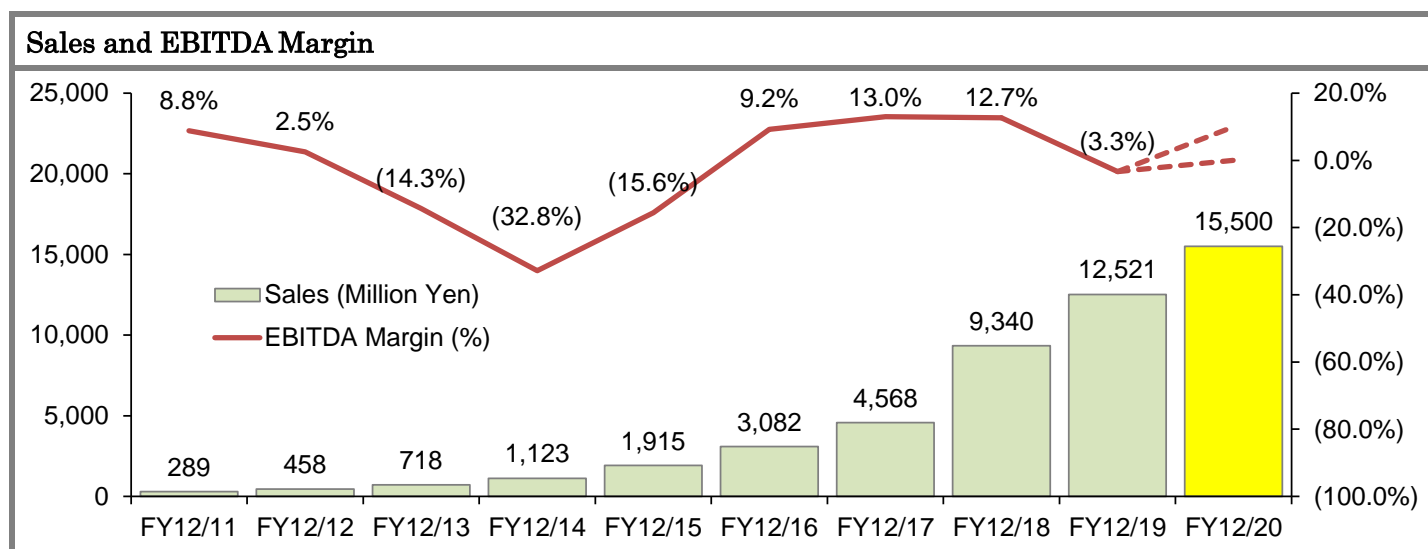
### Cash Flow Statement (Cumulative)

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 12/2019	Q1 to Q2 12/2019	Q1 to Q3 12/2019	Q1 to Q4 12/2019	Q1 12/2020	Q1 to Q2 12/2020	Q1 to Q3 12/2020	Q1 to Q4 12/2020		
Operating Cash Flow	-	358	-	60	-	265	-	-	(93)	
Investing Cash Flow	-	(258)	-	(851)	-	(931)	-	-	(673)	
<b>Operating CF and Investing CF</b>	-	<b>100</b>	-	<b>(791)</b>	-	<b>(666)</b>	-	-	<b>(766)</b>	
Financing Cash Flow	-	1,390	-	3,282	-	722	-	-	(668)	

Source: Company Data, WRJ Calculation

### FY12/2020 Company Forecasts

FY12/2020 initial Company forecasts (announced on 12 February 2020) are going for prospective sales of ¥15,000m to ¥16,000m (up 19.8% to up 27.8% YoY), implying ¥15,500m (up 23.8%) in the median value, while for a turnaround of EBITDA to surplus from deficit despite no specification for the amounts. As the risks associated with COVID-19 are uncertain, the Company has disclosed sales in a range format and it has refrained from disclosing specific amounts for prospective earnings across the board. There is no change for this even now, i.e., after the announcement of Q1 to Q2 results and initial Company forecasts have remained unchanged to date. The background is the same as in the initial stage, while it appears there is a particular concern on advertising revenue in the United States.



Source: Company Data, WRJ Calculation (Company forecasts: median)

A turnaround of prospective EBITDA is attributable to “increased earnings of existing business” and “effects on reform of operations in the United States”, according to the Company. With respect to “increased earnings of existing business”, it appears that SPEEDA Business plays the most important role. On the other hand, “effects on reform of operations in the United States”, the story is as previously stated. When initial Company forecasts were announced, the Company stated that it would avoid disclosing prospective earnings in amounts at this point (as of 12 February 2020), including EBITDA, in view of the risks of fluctuations in advertising revenue due to changes in the business climate, the suspension of sales activities of SPEEDA in China due to the impacts stemming from COVID-19 and the need to invest flexibly in line with the progress of the business during the period.

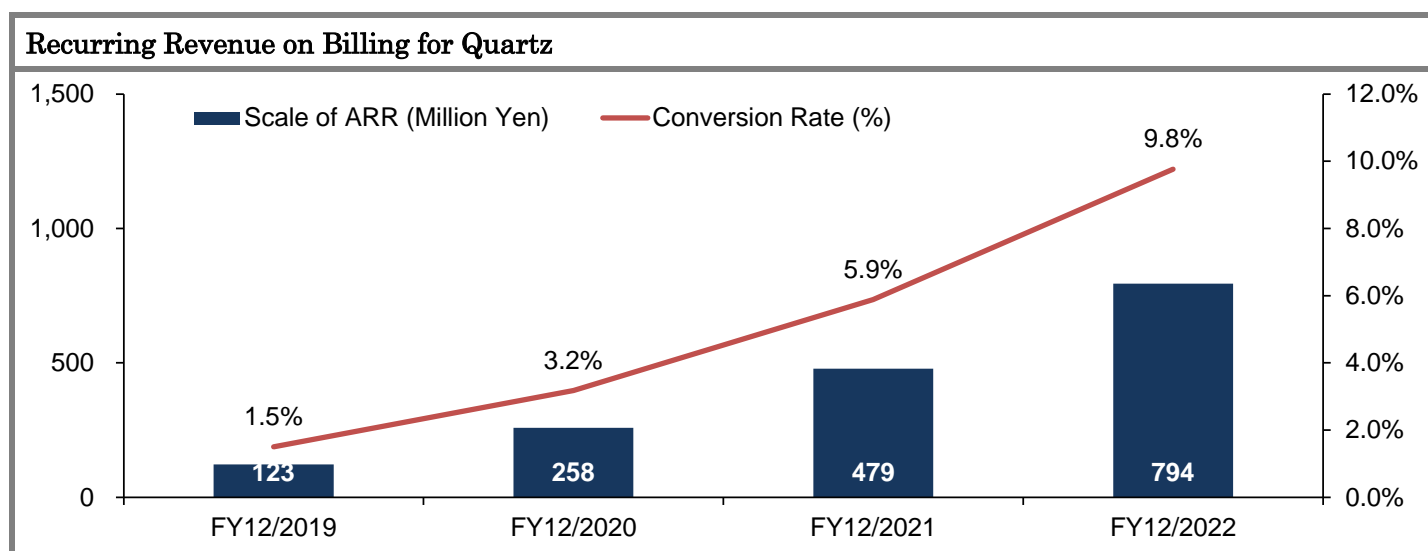
## FY12/2020 Company Forecasts and Results

Consolidated Fiscal Year (Million Yen)	Date	Event	Sales	EBITDA	Operating Profit	Recurring Profit	Profit Attributable to Owners of Parent
FY12/2020CoE	12-Feb-20	Q4 Results	15,500	-	-	-	-
FY12/2020CoE	14-May-20	Q1 Results	15,500	-	-	-	-
FY12/2020CoE	13-Aug-20	Q2 Results	15,500	-	-	-	-
		Amount of Gap	0	-	-	-	-
		Rate of Gap	0.0%	-	-	-	-
FY12/2020CoE	12-Feb-20	Q4 Results	15,500	-	-	-	-
FY12/2020CoE	13-Aug-20	Q2 Results	15,500	-	-	-	-
		Amount of Gap	0	-	-	-	-
		Rate of Gap	0.0%	-	-	-	-
Consolidated Fiscal Year (Million Yen)	Date	Event	Sales	EBITDA	Operating Profit	Recurring Profit	Profit Attributable to Owners of Parent
Q1 to Q2 FY12/2020CoE	12-Feb-20	Q4 Results	-	-	-	-	-
Q1 to Q2 FY12/2020CoE	14-May-20	Q1 Results	-	-	-	-	-
Q1 to Q2 FY12/2020Act	13-Aug-20	Q2 Results	6,354	(104)	(551)	(665)	(1,110)
		Amount of Gap	-	-	-	-	-
		Rate of Gap	-	-	-	-	-
Q1 to Q2 FY12/2020CoE	12-Feb-20	Q4 Results	-	-	-	-	-
Q1 to Q2 FY12/2020Act	13-Aug-20	Q2 Results	6,354	(104)	(551)	(665)	(1,110)
		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 FY12/2020CoE	12-Feb-20	Q4 Results	-	-	-	-	-
Q3 to Q4 FY12/2020CoE	14-May-20	Q1 Results	-	-	-	-	-
Q3 to Q4 FY12/2020CoE	13-Aug-20	Q2 Results	9,146	-	-	-	-
		Amount of Gap	-	-	-	-	-
		Rate of Gap	-	-	-	-	-
Q3 to Q4 FY12/2020CoE	12-Feb-20	Q4 Results	-	-	-	-	-
Q3 to Q4 FY12/2020CoE	13-Aug-20	Q2 Results	9,146	-	-	-	-
		Amount of Gap	-	-	-	-	-
		Rate of Gap	-	-	-	-	-

Source: Company Data, WRJ Calculation (Company forecasts: median)

## Long-Term Prospects

The Company indicates that EBITDA will return to profitability for FY12/2020 and that EBITDA will continue to expand steadily for the future over a long term. With respect to the mainstay SPEEDA Business and NewsPicks Business, prospective directions are as stated earlier, while Other Business has remained insignificant to date in terms of the impacts to earnings as whole for the Company. With respect to Quartz Business, the key issue is prospective performance of recurring revenue on billing. Prospects for advertising revenue related to Quartz remains uncertain, but the Company's measure to flexibly control expenses have begun to work as noted earlier.



Source: Company Data, WRJ Calculation

According to the Company, recurring revenue on billing for Quartz equated to some ¥200m in terms of the scale of ARR as of the end of Q2 FY12/2020. Meanwhile, the number of paid subscribers stood at 20,896 after some 20 months since the launch on 14 November 2018. The Company suggests that the acquisition of all those paid subscribers was driven overwhelmingly by the promotions for e-mail-enregistered subscribers. Quartz, Inc. in charge of Quartz Business has obtained some 850,000 subscribers who have enregistered their e-mail addresses through its traditional operations to pursue advertising revenue, data of which has been well utilized to acquire paid subscribers. The conversion rate currently stands at 2.5%, simply considering the above-mentioned number of paid subscribers and the number of e-mail-enregistered subscribers.

Meanwhile, APRU is ¥9,571, when it is presumed simply in light of the scale of ARR at the moment. On top of this, it is presumed that the scale of ARR will reach ¥794m and the conversion rate 9.8% as of the end of FY12/2022, if we assume that the number of e-mail-enregistered subscribers and ARPU are stable, while taking the prospective number of paid subscribers expected by the Company as the only variable. Nevertheless, the critical point of the conversion rate is suggested to be 5%.



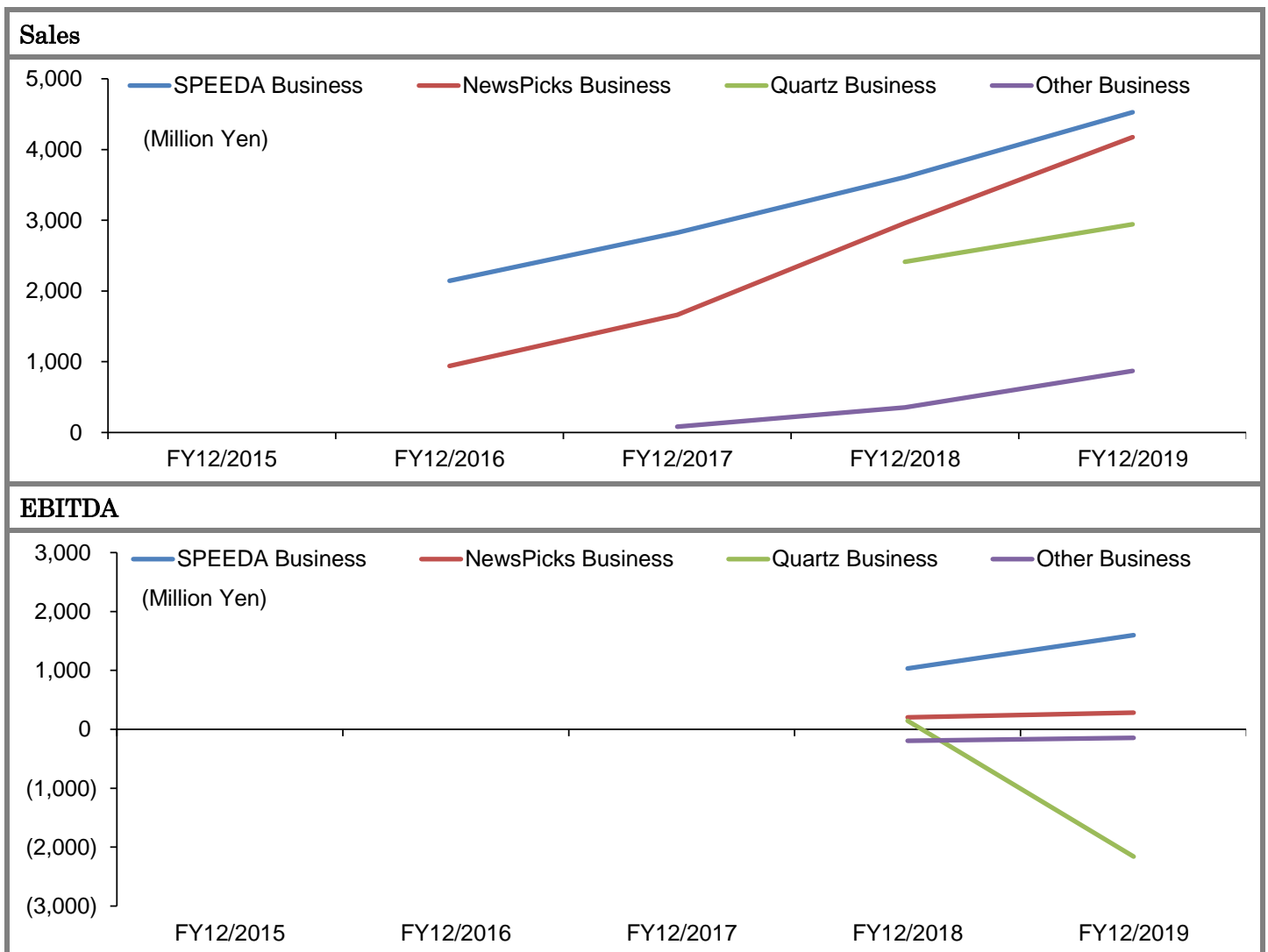
Conversely, until the conversion rate reaches 5%, the number of paid subscribers will continue to grow even without additional marketing expenses, while it will be required to spend on additional marketing expenses to further increase the number of paid subscribers. For example, the Company currently considers spending on expenses to increase the number of e-mail-enregistered subscribers, which is the denominator of the conversion rate. Meanwhile, Quartz Business is expected to turn into profitability in FY12/2021. One of the factors raised is that the number of paid subscribers will increase without additional marketing expenses for the time being. In our preliminary calculation above-described, the conversion rate is 3.2% as of the end of FY12/2020 and 5.9% for the end of FY12/2021.

The pattern of spending on expenses is similar to that of the pursuit of recurring revenue on billing for NewsPicks, while Quartz Business and NewsPicks Business are similar each other in a respect that both are exposed to advertising revenue. In the first place, Quartz is thought to be the overseas version of NewsPicks that is being developed in Japan. In light of this, what will be followed by prospective monetization on a full-fledged basis for NewsPicks Business is likely to be progressing monetization for Quartz Business. There will be a time lag for the monetization due to a gap in the time of the launches between the two, while Quartz Business has a potential to become larger in size than NewsPicks Business in a long-term view, because the former represents services in English which is universally spoken versus Japanese which is innate in Japan for the latter.

## 4.0 Business Model

### We Guide Business People to Insights that Change the World

The Company, advocating “we guide business people to insights that change the world” as own mission, reveals its intention to develop operations with exclusive focus on the said mission for the future. It goes as follows: We provide a foundation of intelligence that supports the needs of business and business people. We analyze, organize, and create global information so you can make the right decisions at the right time unleashing your creative and innovative potential.



Source: Company Data, WRJ Calculation

Meanwhile, sales as a whole for the Company also include advertising revenue on top of recurring revenue on billing for the business intelligence services represented by SPEEDA and NewsPicks as well as those of initial fees with them. The scale of recurring revenue on billing as a whole for the Company is currently estimated at some ¥9,500m in terms of ARR. Meanwhile, advertising revenue is included in sales of NewsPicks Business and Quartz Business. Advertising revenue related to NewsPicks has remained relatively firm even given the impacts stemming from COVID-19, while advertising revenue related to Quartz has come down sharply. More importantly, however, the Company has rapidly and boldly implemented measures to compensate for this, having resulted in expenses decreased more than advertising revenue decreased in Q1 to Q2 for Quartz Business as mentioned earlier.

## 5.0 Financial Statements

### Income Statement

Income Statement (Million Yen)	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.CoE	
	FY 12/2015	FY 12/2016	FY 12/2017	FY 12/2018	FY 12/2019	FY 12/2020	YoY Net Chg.
<b>Sales</b>	<b>1,915</b>	<b>3,081</b>	<b>4,565</b>	<b>9,340</b>	<b>12,521</b>	<b>15,500</b>	<b>+2,979</b>
Cost of Sales	1,204	1,377	2,091	3,567	5,321	-	-
Gross Profit	710	1,703	2,474	5,772	7,200	-	-
SG&A Expenses	1,043	1,452	1,928	4,942	8,437	-	-
<b>Operating Profit</b>	<b>(332)</b>	<b>250</b>	<b>545</b>	<b>830</b>	<b>(1,236)</b>	-	-
Non Operating Balance	(5)	(25)	(27)	(296)	(193)	-	-
<b>Recurring Profit</b>	<b>(338)</b>	<b>225</b>	<b>518</b>	<b>533</b>	<b>(1,429)</b>	-	-
Extraordinary Balance	423	0	0	354	299	-	-
Profit before Income Taxes	84	225	519	888	(1,130)	-	-
Total Income Taxes	1	(43)	77	325	619	-	-
NP Belonging to Non-Controlling SHs	(27)	1	3	(48)	(130)	-	-
<b>Profit Attributable to Owners of Parent</b>	<b>110</b>	<b>267</b>	<b>438</b>	<b>610</b>	<b>(1,620)</b>	-	-
Sales YoY	+70.5%	+60.9%	+48.2%	+104.6%	+34.1%	+23.8%	-
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	37.1%	55.3%	54.2%	61.8%	57.5%	-	-
Sales to SG&A Expenses Ratio	54.5%	47.1%	42.2%	52.9%	67.4%	-	-
Operating Profit Margin	(17.4%)	8.1%	12.0%	8.9%	(9.9%)	-	-
Recurring Profit Margin	(17.7%)	7.3%	11.4%	5.7%	(11.4%)	-	-
Profit Attributable to Owners of Parent Margin	5.8%	8.7%	9.6%	6.5%	(12.9%)	-	-
Tax Charges etc./Pretax Profit	1.8%	-	15.0%	36.7%	-	-	-

Source: Company Data, WRJ Calculation (Company forecasts: median)

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### Segmented Information

Segmented Information (Million Yen)	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.CoE	
	FY 12/2015	FY 12/2016	FY 12/2017	FY 12/2018	FY 12/2019	FY 12/2020	YoY Net Chg.
SPEEDA Business	-	2,143	2,825	3,610	4,530	-	-
NewsPicks Business	-	938	1,661	2,962	4,177	-	-
Quartz Business	-	-	-	2,414	2,942	-	-
Other Business	-	-	79	353	870	-	-
Other	-	-	-	-	-	-	-
<b>Sales</b>	<b>1,915</b>	<b>3,081</b>	<b>4,565</b>	<b>9,340</b>	<b>12,521</b>	<b>15,500</b>	<b>+2,979</b>
SPEEDA Business	-	-	-	1,033	1,597	-	-
NewsPicks Business	-	-	-	202	282	-	-
Quartz Business	-	-	-	146	(2,160)	-	-
Other Business	-	-	-	(194)	(144)	-	-
Other	-	-	-	-	-	-	-
Reconciliations	-	-	-	-	-	-	-
<b>EBITDA</b>	-	-	-	<b>1,187</b>	<b>(411)</b>	-	-
SPEEDA Business	-	-	-	28.6%	35.3%	-	-
NewsPicks Business	-	-	-	6.8%	6.8%	-	-
Quartz Business	-	-	-	6.0%	(73.4%)	-	-
Other Business	-	-	-	(55.0%)	(16.6%)	-	-
Other	-	-	-	-	-	-	-
<b>EBITDA Margin</b>	-	-	-	<b>12.7%</b>	<b>(3.3%)</b>	-	-

Source: Company Data, WRJ Calculation (Company forecasts: median)

### Balance Sheet

Balance Sheet (Million Yen)	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.CoE	
	FY 12/2015	FY 12/2016	FY 12/2017	FY 12/2018	FY 12/2019	FY 12/2020	YoY Net Chg.
Cash and Deposit	1,269	3,096	3,217	5,725	7,954	-	-
Accounts Receivables	149	202	320	2,486	1,916	-	-
Other	80	146	194	381	354	-	-
<b>Current Assets</b>	<b>1,499</b>	<b>3,444</b>	<b>3,732</b>	<b>8,592</b>	<b>10,224</b>	-	-
Tangible Assets	55	54	50	426	344	-	-
Intangible Assets	4	7	127	9,291	9,001	-	-
Investments and Other Assets	130	112	497	494	1,388	-	-
<b>Fixed Assets</b>	<b>190</b>	<b>173</b>	<b>676</b>	<b>10,211</b>	<b>10,733</b>	-	-
<b>Total Assets</b>	<b>1,689</b>	<b>3,618</b>	<b>4,408</b>	<b>18,804</b>	<b>20,958</b>	-	-
Accounts Payables	74	88	183	284	319	-	-
Corporate Bond (Less than 1 year)	-	-	-	102	102	-	-
Short-Term Debt	102	104	202	592	1,123	-	-
Other	531	765	1,146	2,588	3,587	-	-
<b>Current Liabilities</b>	<b>708</b>	<b>958</b>	<b>1,532</b>	<b>3,566</b>	<b>5,131</b>	-	-
Corporate Bond	-	-	-	378	276	-	-
Long-Term Debt	321	217	1,054	8,501	8,378	-	-
Other	4	3	2	41	41	-	-
<b>Fixed Liabilities</b>	<b>325</b>	<b>220</b>	<b>1,056</b>	<b>8,920</b>	<b>8,695</b>	-	-
<b>Total Liabilities</b>	<b>1,033</b>	<b>1,179</b>	<b>2,589</b>	<b>12,487</b>	<b>13,826</b>	-	-
<b>Shareholders' Equity</b>	<b>630</b>	<b>2,409</b>	<b>1,807</b>	<b>5,313</b>	<b>6,118</b>	-	-
Other	25	29	12	1,003	1,013	-	-
<b>Net Assets</b>	<b>656</b>	<b>2,439</b>	<b>1,819</b>	<b>6,316</b>	<b>7,131</b>	-	-
<b>Total Liabilities and Net Assets</b>	<b>1,689</b>	<b>3,618</b>	<b>4,408</b>	<b>18,804</b>	<b>20,958</b>	-	-
Equity Capital	628	2,409	1,812	5,261	5,871	-	-
Interest Bearing Debt	423	321	1,257	9,573	9,879	-	-
Net Debt	(845)	(2,774)	(1,960)	3,848	1,925	-	-
Capital Ratio	37.2%	66.6%	41.1%	28.0%	28.0%	-	-
Net Debt Equity Ratio	(134.6%)	(115.2%)	(108.2%)	73.1%	32.8%	-	-
ROE (12 months)	26.2%	17.6%	20.7%	17.3%	(29.1%)	-	-
ROA (12 months)	(27.9%)	8.5%	12.9%	4.6%	(7.2%)	-	-
Quick Ratio	200%	344%	231%	230%	192%	-	-
Current Ratio	212%	359%	244%	241%	199%	-	-

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 12/2015	FY 12/2016	FY 12/2017	FY 12/2018	FY 12/2019	FY 12/2020	YoY Net Chg.
Operating Cash Flow	(217)	474	817	145	60	-	-
Investing Cash Flow	(1)	(40)	(547)	(6,592)	(851)	-	-
<b>Operating CF and Investing CF</b>	<b>(219)</b>	<b>433</b>	<b>270</b>	<b>(6,447)</b>	<b>(791)</b>	-	-
Financing Cash Flow	1,081	1,395	(152)	8,968	3,282	-	-

Source: Company Data, WRJ Calculation

### Per Share Data

Per Share Data (Before Adjustments for Split) (Yen)	Cons.Act FY 12/2015	Cons.Act FY 12/2016	Cons.Act FY 12/2017	Cons.Act FY 12/2018	Cons.Act FY 12/2019	Cons.CoE FY 12/2020	YoY Net Chg.
No. of Shares FY End (thousand shares)	6,542	7,203	29,300	30,892	32,950	-	-
Net Profit/ EPS (thousand shares)	6,487	6,663	28,951	29,918	31,548	-	-
Treasury Shares FY End (thousand shares)	-	-	0	0	0	-	-
Earnings Per Share	17.07	40.14	15.13	20.42	(51.35)	-	-
Earnings Per Share (Fully Diluted)	-	36.62	13.84	19.07	-	-	-
Book Value Per Share	44.71	338.65	61.86	170.33	178.20	-	-
Dividend Per Share	0.00	0.00	0.00	0.00	0.00	0.00	-
Per Share Data (After Adjustments for Split) (Yen)	Cons.Act FY 12/2015	Cons.Act FY 12/2016	Cons.Act FY 12/2017	Cons.Act FY 12/2018	Cons.Act FY 12/2019	Cons.CoE FY 12/2020	YoY Net Chg.
Share Split Factor	4	4	1	1	1	1	-
Earnings Per Share	4.27	10.04	15.13	20.42	(51.35)	-	-
Book Value Per Share	11.18	84.66	61.86	170.33	178.20	-	-
Dividend Per Share	0.00	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

### Be Free & Own It

The Company set up in April 2008 launched SPEEDA in May 2009, which was followed by formulation of course of action as The 7 Values in July 2012, comprising “Be free & own it”, “Unleash ingenuity”, etc. With this course of action, the Company launched NewsPicks in July 2013. Then, having been listed on Mothers of Tokyo Stock Exchange in October 2016, the Company now enjoys favorable earnings from SPEEDA,

Meanwhile, on 14 November 2018, the Company launched Quartz in the United States, representing business intelligence media services to see billing revenue collected from paid subscribers just like NewsPicks operated in Japan. Thus, this is an equivalent of NewsPicks for the English-speaking world, represented by the United States, England, etc. Meanwhile, the launch of Quartz had gone through events as follows:

In May 2017, the Company locally set up NewsPicks USA (NewsPicks USA, LCC) as the bridgehead to enter the market of the United States, which was a joint company between Dow Jones (Dow Jones & Company, Inc.) and the Company’s subsidiary NewsPicks, Inc. in charge of services of NewsPicks and it was included as equity-accounted affiliate with the Company’s consolidated financial accounts. Meanwhile, in July 2018, the Company acquired Quartz, Inc. locally running business intelligence media, which was followed by breakup of co-operations with Dow Jones in October of the same year. The Company acquired all the equity interests of NewsPicks USA from Dow Jones and fully consolidated it as subsidiary. At the end of the day, operations of NewsPicks USA have been merged with those of Quartz, Inc. and it launched Quartz.

## Company History

Date	Events
April 2008	Uzabase, Inc., founded in Kohnan, Minato-ku, Tokyo
May 2009	Launched SPEEDA
February 2012	Started up provision of information on companies overseas
July 2012	Formulated course of action as The 7 Values
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 SPEEDA English-edition
February 2014	Started up services to bill on NewsPicks
August 2014	Started up provision of M&A data on a global basis on SPEEDA
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 Mothers of Tokyo Stock Exchange
January 2017	Acquired all the shares and fully consolidated Japan Venture Research (Japan Venture Research Co., LTD.) and added “entrepedia” of Japan Venture Research as own services of the Company’s group
April 2017	Consolidated Mimir, Inc. as equity-accounted affiliate by capital injection
May 2017	Set up NewsPicks USA (NewsPicks USA, LLC) in the United States as joint company of NewsPicks, Inc. and Dow Jones (Dow Jones & Company, Inc.), having consolidated as equity-accounted affiliate in the Company’s group
May 2017	Launched FORCAS
February 2018	Set up UB Ventures (UB Ventures, Inc.)
June 2018	Set up NewsPicks Studios (NewsPicks Studios, Inc.) as joint company between NewsPicks, Inc. and DENTSU INC.
June 2018	UB Ventures composed UBV Fund - I Investment Limited Partnership
July 2018	Head office, moved to Roppongi, Minato-ku, Tokyo
July 2018	Acquired all the shares and fully consolidated Quartz, Inc. (Quartz Media, Inc.) as subsidiary to start up operations on a global basis
October 2018	Acquired all the equity interests of NewsPicks USA held by Dow Jones and consolidated it as fully-owned subsidiary
November 2018	Quartz, Inc. launched Quartz or new platform services, starting up provision of Quartz Membership or services for paid subscribers
March 2019	Started up provision of SPEEDA Chinese-edition
March 2019	NewsPicks, Inc. launched premium plan for corporate contracts for NewsPicks
March 2019	Shifted to company with an auditing committee
April 2019	NewsPicks, Inc. started up book publishing operations
July 2019	NewsPicks, Inc. published new book label NewsPicks Publishing

November 2019 Japan Venture Research changed its name to INITIAL Co., Ltd.  
Integrated services of "entrepedia" and "ami" and identified as INITIAL

November 2019 Acquired all shares of AlphaDrive (AlphaDrive Co., Ltd.) and made it a consolidated subsidiary with the aim of strengthening NewsPicks for Business of NewsPicks, Inc.

#### **Disclaimer**

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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.

Company name: Walden Research Japan Incorporated

Head office: 4F Hulic Ginza 1-chome Building, 1-13-1 Ginza, Chuo-ku, Tokyo 104-0061 JAPAN

URL: [www.walden.co.jp](http://www.walden.co.jp)

E-mail: [info@walden.co.jp](mailto:info@walden.co.jp)

Phone : +81 3 3553 3769