

UZABASE (3966)

Consolidated Fiscal Year		Sales	EBITDA	Operating Profit	Recurring Profit	Profit At. 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		13,700	660	(150)	(610)	(6,760)	(198.30)	0.00	-
FY12/2019		YoY	34.1%	-	-	-	-	-	-
FY12/2020CoE		YoY	9.4%	-	-	-	-	-	-
Consolidated Q1 to Q3		Sales	EBITDA	Operating Profit	Recurring Profit	Profit At. to Owners of Parent	EPS (Yen)	DPS (Yen)	BPS (Yen)
(Million Yen)									
Q1 to Q3 FY12/2019		8,473	(832)	(1,436)	(1,558)	(1,571)	-	-	-
Q1 to Q3 FY12/2020		9,938	395	(309)	(488)	(6,063)	-	-	-
Q1 to Q3 FY12/2019		YoY	56.0%	-	-	-	-	-	-
Q1 to Q3 FY12/2020		YoY	17.3%	-	-	-	-	-	-

Source: Company Data, WRJ Calculation)

1.0 Executive Summary (5 January 2021)

Toward a New Phase

UZABASE, which has a mission of "we guide business people to insights that change the world", has pulled out of Quartz Business it has developed in the United States with the aim of concentrating management resources on operations with high growth potential for the future. To clarify management responsibilities, Yusuke Umeda, who led the launch and development of Quartz Business as the representative director and CEO, has resigned on 31 December 2020, having drawn away from the execution of operations, while simultaneously assigned as non-executive director to continue being involved with management of the Company from the standpoint of supervising (governing) operations under the new administration with Yusuke Inagaki and Taira Sakuma serving as the Co-CEO. Meanwhile, for FY12/2021, the Company is going for substantial improvement in earnings as a whole as it will no further suffer from deficit at EBITDA level as well as goodwill amortization (some ¥600m pa) associated with Quartz Business. At the same time, the Company is likely to see steady increase of continued billing revenue for both of the B2B and B2C domains. FY12/2020 Company forecasts (announced on 17 December 2020) are going for prospective sales of ¥13,700m versus almost ¥10,000m (in terms of estimated ARR) for continued billing revenue in September 2020, while the latter showing a growth rate of 30% or more. The Company has cut off its involvement with advertising revenue in the United States, which is largely dependent on external conditions, while aggressively trying to pursue growth as a SaaS company from a long term perspective.

IR Representative: Daisuke Chiba, Executive Officer and CFO (81-(0)3 4533 1999 / ir@uzabase.com)

2.0 Company Profile

We Guide Business People to Insights that Change the World

Company Name	Uzabase, Inc. Company Website IR Information Share price (Japanese)	UZABASE
Established	1 April 2008	
Listing	21 October 2016: Tokyo Stock Exchange Mothers (ticker: 3966)	
Capital	¥7,154m (as of the end of September 2020)	
No. of Shares	36,422,418 shares, including 258 treasury shares (as of the end of September 2020)	
Main Features	<ul style="list-style-type: none">● Providing a foundation of intelligence that supports the needs of business and business people● Analyzing, organizing and creating global information so you can make the right decisions at the right time● Unleashing your creative and innovative potential	
Business Segments	I . SPEEDA Business II . NewsPicks Business III . Quartz Business IV . Other Business	
Representatives	Representative Director and CEO: Yusuke Umeda Representative Director and COO: Yusuke Inagaki	
Shareholders	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)	
Headquarters	Minato-ku, Tokyo, JAPAN	
No. of Employees	Consolidated: 704, Parent: 181 (as of the end of December 2019)	

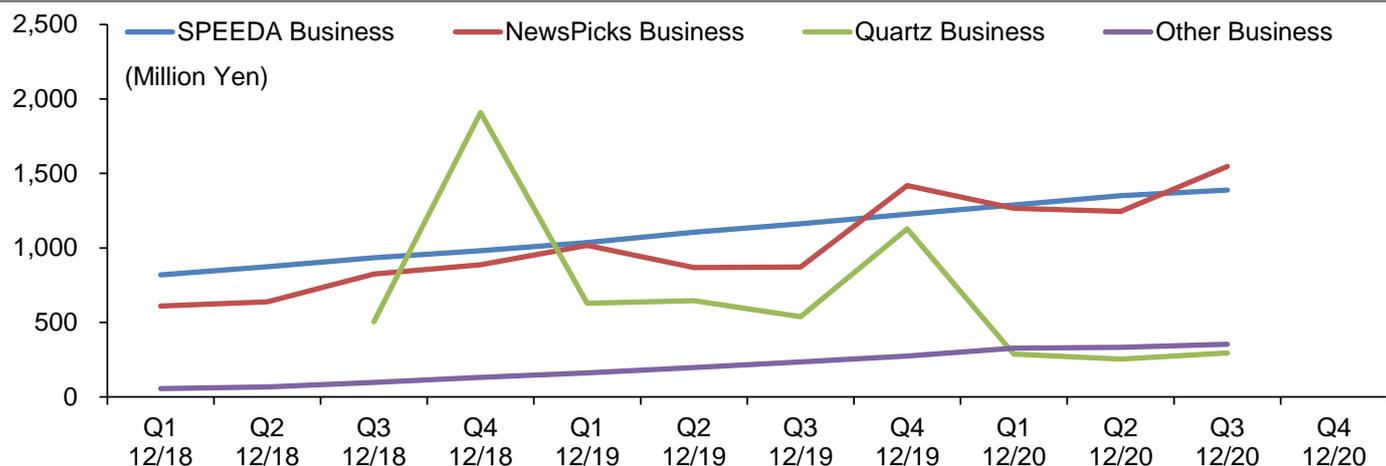
Source: Company Data

3.0 Recent Trading and Prospects

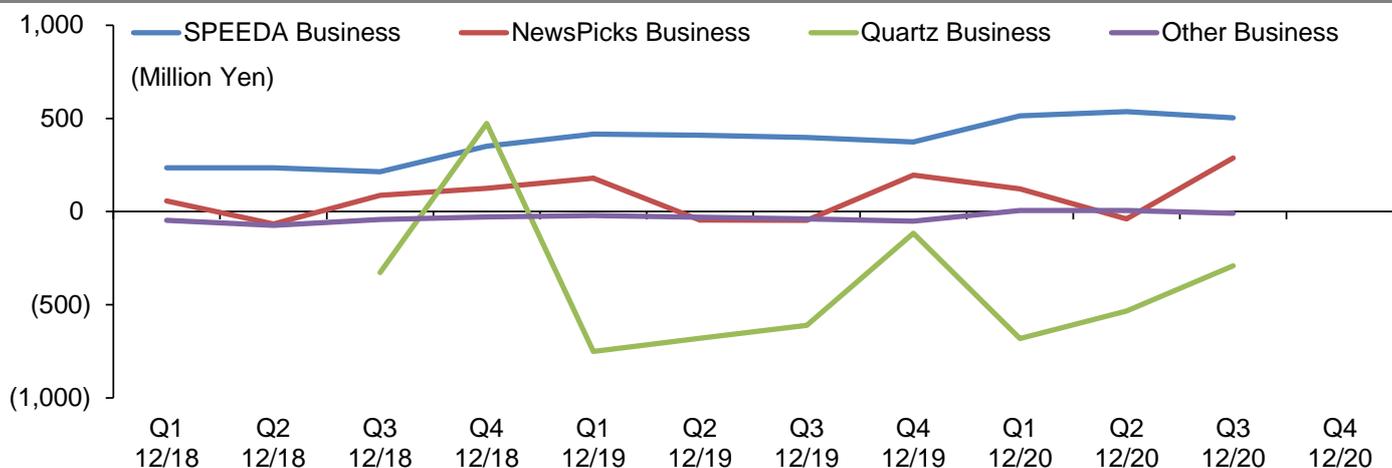
Q1 to Q3 FY12/2020

In Q1 to Q3 FY12/2020, sales came in at ¥9,938m (up 17.3% YoY), EBITDA ¥395m (versus minus ¥832m during the same period of the previous year), operating profit minus ¥309m (minus ¥1,436m), recurring profit minus ¥488m (minus ¥1,558m) and profit attributable to owners of parent minus ¥6,063m (minus ¥1,571m), An impairment loss of ¥7,827m was booked at the extraordinary level, while EBITDA margin came in at 4.0% (up 13.7% points).

Segment Sales



Segment EBITDA



Source: Company Data, WRJ Calculation

For the overview of performance by business segment, it is suggested that strengths were recognized for SPEEDA Business, which is the key earnings pillar for the Company. The impacts stemming from COVID-19 have been smaller than initially expected. Still, it cannot be denied that the rate of growth is marginally decelerating. Meanwhile, “FORCAS”, the mainstay of Other Business, has recovered its growth trends in its continued billing revenue after a slowing for some time. More importantly, “FORCAS” is said to have a high growth potential from a long-term perspective, because the size of sales has remained small to date in spite of the fact that the size of so-called TAM (Total Addressable Market) it is faced is so large. With respect to NewsPicks Business, the Company sees ongoing high growth due mainly to surging advertising revenue to have renewed record high. The other pillar of the operations here, i.e., paid services, the Company saw a back action in Q3, stemming from high growth in Q2.

As described above, the short-term sentiment has been rather mixed for each of all those operations to continue after having pulled out of Quartz Business, but it appears the strengths are persisting as a whole. According to the Company, sales in Q1 to Q3, excluding those of Quartz Business, increased by some 37% over the same period of the previous year. Going forward, it will remain unavoidable that the short-term sentiment could be mixed for each, but the Company is determined to continue its management efforts to achieve sustainable high growth as a whole.

On 9 November 2020, the Company decided to pull out of Quartz Business and announced it without delay. Quartz Business was set up in Q3 FY12/2018 as business segment to reflect the performance of Quartz Inc. (Quartz Media, Inc.) based in the United States in line with the acquisition by the Company. Meanwhile, it had turned out to be the case that the target at the time of the acquisition to move into profit in three years became difficult. Due mainly to the impacts stemming from COVID-19, it was inevitable that Quartz Inc. saw its conventional advertising revenue to have roughly halved in Q1 to Q3 over the same period of the previous year. Given the benefit as expected due to the Company’s measures to reorganize the operations, Quartz Business did have contributed to increase of earnings as a while for the Company, but below expectations made at the time of the said measures implemented, according to the Company, presumably attributable to shortfall of advertising revenue.

In other words, it was effectively revealed that the Company’s measures had only limited impacts as the advertising revenue in the United States for the Company depends on external conditions to a considerable extent. This is another factor why the Company had decided to pull out of Quartz Business. In paid services that allow the Company to utilize its knowhow and other resources, a smooth startup was recognized, but the size of the operations was no more than ¥16m in terms of MRR in September 2020. According to the terms by the Company, it was possible to make progress as planned in paid services, which were “tangible” for the Company even under the impacts stemming from COVID-19, but an aspect was found that the Company was just wishing for a recovery in market conditions for its advertising operations in the United States, which were “intangible” for the Company. Going forward, the Company claims to make business decision based on the lessons learned from this collapse.

The Company has announced that it would book extraordinary loss of ¥8,850m in FY12/2020, stemming from withdraw from Quartz Business. Following the booking of impairment loss of ¥7,827m on goodwill and other assets related to Quartz Inc. in Q3, the Company is to book loss of ¥1,023m on the sale of subsidiaries related to Quartz Inc. in Q4. At the same time, the Company is to see income taxes-deferred of minus ¥3,040m as a consequence. Thus, the net impacts will be minus ¥5,810m on profit attributable to owners of parent and net assets will decline by the same extent.

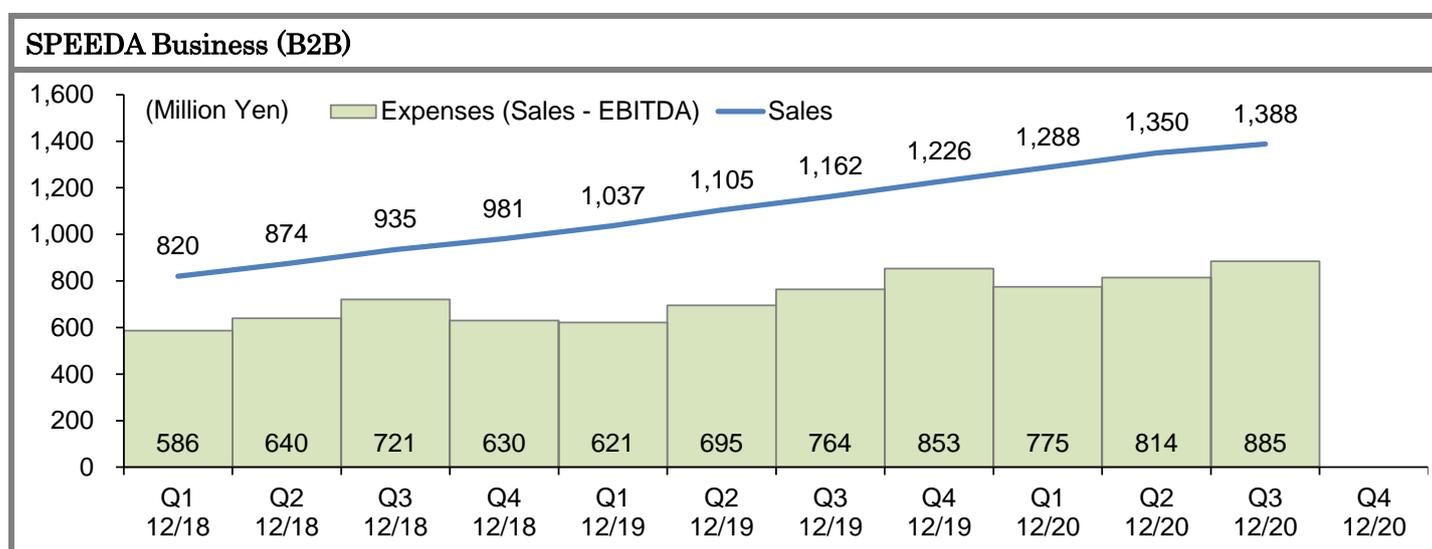
However, even after the above-mentioned decline in net assets, the Company's financial base is said to be able to maintain stability above a certain level and the Company does not need to raise funds in the short term. As of the end of Q3 FY12/2020, net assets stood at ¥7,264m versus total assets of ¥18,536m while equity capital ¥5,855m, implying capital ratio of 31.6%. Meanwhile, on the basis of this state as of the end of Q3, the Company estimates that capital ratio would be 37.3%, when incorporating the impacts stemming from the above-mentioned decline in net assets and early repayment of ¥2,846m in borrowings implanted on 9 November 2020. In the first place, net cash stood at ¥3,199m versus equity capital of ¥5,855m as of the end of Q3 FY12/2020 for the Company where equity financing has continued to be successful. Going forward, for FY12/2021, the Company is to see substantially improved earnings due to the withdrawal from Quartz Business, steadily driving the increase of net assets as well as equity capital.

To clarify management responsibilities, Yusuke Umeda, who led the launch and development of Quartz Business as the representative director and CEO, has resigned on 31 December 2020, having drawn away from the execution of operations, while simultaneously assigned as non-executive director to continue being involved with management of the Company from the standpoint of supervising (governing) operations under the new administration with Yusuke Inagaki and Taira Sakuma serving as the Co-CEO. In principle, non-executive director tends to mean a position taken by founder, etc. after retirement, leaving management up to the current management team. In the context of the Company, however, non-executive director means a director who literally does not execute operations, while concentrating on supervising (governing) operations. In fact, Umeda announced that he would like to actively enhance the value of the Company as non-executive director at the financial results briefing (website conference) held on 12 November 2020.

Inagaki to serve as the representative director and Co-CEO is the current representative director and COO, who built the foundation of the Company together with Umeda, etc. Taira Sakuma to also serve as the representative director and Co-CEO is the current director (B2B SaaS business CEO), who will continue to be in charge of the B2B domain even after this appointment. Meanwhile, Daisuke Sakamoto, the representative director and COO in NewsPicks, Inc. will be responsible for the B2C domain.

SPEEDA Business (B2B)

In SPEEDA Business (B2B), the Company runs B2B services to provide financial institutions and general business companies with the information they need for business strategy development and market analysis, including global corporate data, industry reports, market data, M&A deals and expert insights, i.e., services of a business intelligence platform “SPEEDA”. By region, the operations are run basically in Japan, while being exposed mainly to ex-Japan Asian countries represented by China for those of overseas.



Source: Company Data, WRJ Calculation

In Q1 to Q3, sales came in at ¥4,026m (up 21.9%), EBITDA ¥1,552m (up 26.8%) and EBITDA margin 38.5% (up 1.5% points). In Q1, sales increased by 24.2% over the same period of the previous year, by 22.2% in Q2 and by 19.4% in Q3. Surging sales are persisting, while EBITDA margin in Q1 to Q3 has further edged up from a very high level during the same period of the previous year. However, it is spotted that the rate of growth in sales on a quarterly time-series basis has marginally decelerated.

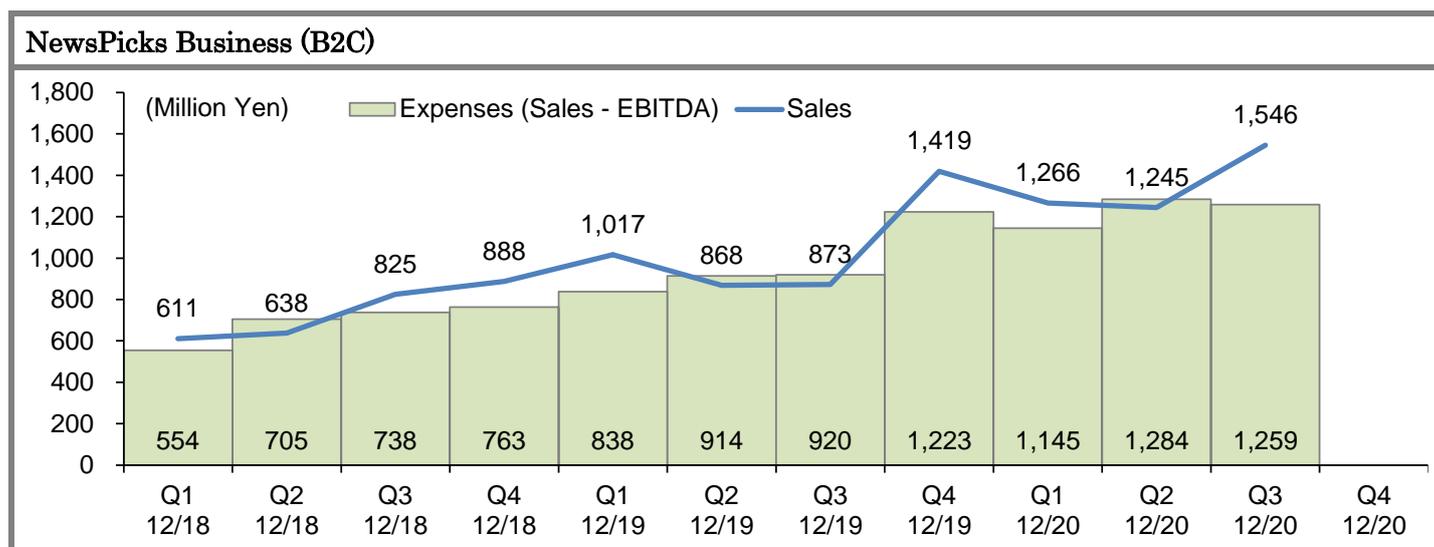
It is suggested that a considerable part of sales in this business segment is accounted for by continued billing revenue. In light of this, the above-mentioned deceleration appears to be largely due to that of continued billing revenue. Due to the impacts stemming from COVID-19, there were constraints related to the development of corporate sales in spring of 2020, while churn rate rose. At the beginning of the fiscal year, it was anticipated that all those impacts would be larger, but having turned out to be smaller and led to the above-mentioned actual results. It appears that such trends have persisted in Q4.

On the other hand, for FY12/2021, the Company suggests that steady increase in sales are to further persist, while EBITDA margin to rather decline. The former is expected to be driven by focus on so-called upselling and the latter by increased Expenses (Sales – EBITDA) in line with investments to focus on upselling. The Company will try to maximize the impacts to sales from this focus in order to minimize those to EBITDA margin.

The Company has integrated “Expert Research” of acquired MIMIR, Inc. into “SPEEDA”, which is to revamp “SPEEDA” into a comprehensive economic intelligence platform that includes the provision of expertise from frontline professionals. At the stage of autumn 2020, a new feature FLASH Opinion has been added to “SPEEDA”. By using this new feature, "SPEEDA" users are able to ask questions to professionals in a variety of domains, while responding to questions can be obtained in texts from 5 or more professionals within 24 hours. When wishing to deepen the contents of their responses, users are able to interview with specific professionals. At the end of the day, when users take advantage of all those services, additional fees are incurred successively at each stage and thus the progress here will make progress in upselling for the Company.

NewsPicks Business (B2C)

In NewsPicks Business (B2C), the Company is developing B2C services related to “NewsPicks”, a business news media operated by the Company through its subsidiary NewsPicks, Inc. On top of news articles from over 100 media in Japan and overseas, NewsPicks’ Editorial Team distributes its own original articles and video content, which can be viewed in conjunction with comments from business professionals and experts. A chart disclosed by the Company suggests that the segment sales comprise advertising revenue (some 40% of total), paid services (some 43%) and other operations (some 17%).



Source: Company Data, WRJ Calculation

In Q1 to Q3, sales came in at ¥4,057m (up 47.1%), EBITDA ¥369m (up 329.1%) and EBITDA margin 9.1% (up 6.0% points). In Q1, sales increased by 24.5% over the same period of the previous year, by 43.4% in Q2 and by 77.1% in Q3.

In Q3, the Company saw advertising revenue having renewed its record high, while the Company cites the growing media power of “NewsPicks” as the primary factor. The number of so-called national clients is increasing, while the unit price of advertising is rising, according to the Company. Another contributing factor is the success of the introduction of new advertising products utilizing video. At the beginning of the fiscal year, it was feared that all those operations would be significantly affected by COVID-19. In fact, as is well known, demand for advertising in both Japan and overseas markets has actually fallen significantly. In other words, there is a tendency for advertising demand to concentrate on "NewsPicks", where the media power is increasing. It appears that the Company has seen further expansion for its advertising revenue here in Q4.

The Company suggests that paid services, which are other pillar in this business segment, saw limited growth in continued billing revenue for Q3 over Q2. In Q2, the Company contributed aggressive marketing expenses to appeal to individuals, resulting in a significant increase in the number of paid members and thus continued billing revenue, while the Company inevitably suffered from a back action in Q3, stemming from here. That is to say, the Company suggests that the increase in the number of paid members slowed for individuals in Q3. Meanwhile, with respect to corporate demand, which were sluggish in both of Q1 and Q2 due to the impacts stemming from COVID-19, the Company suggests that demand was heading for a recovery for Q4 over Q3.

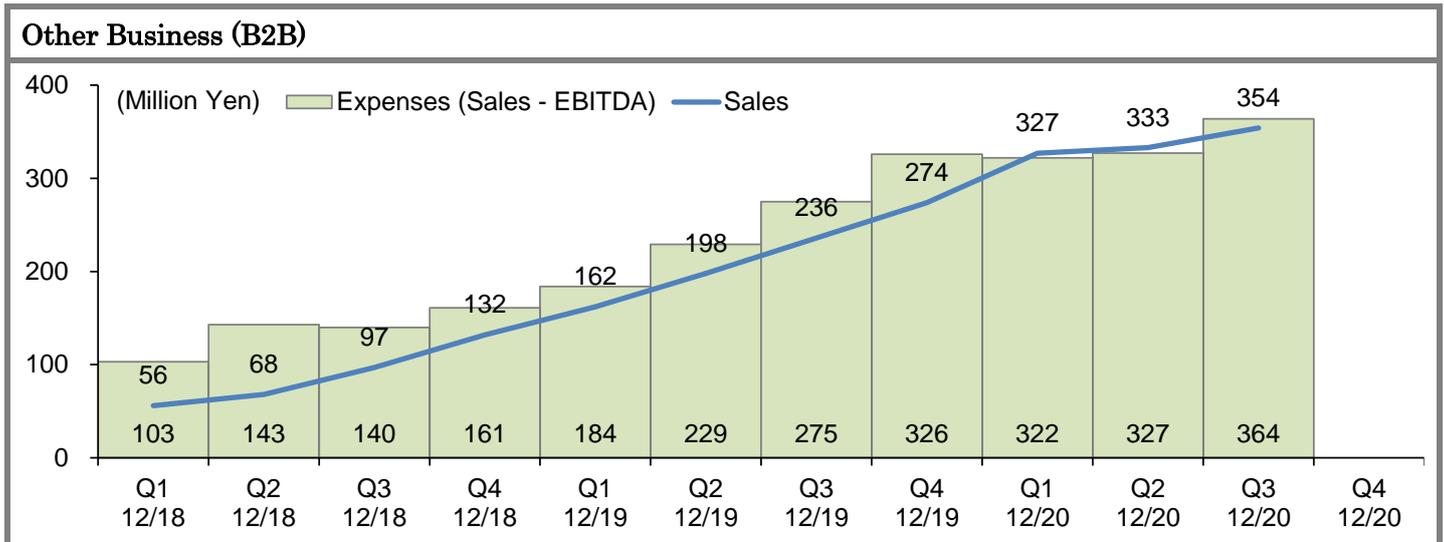
With respect to other operations, new services such as NewSchool have taken off nicely, contributing to the rise in segment sales. At the end of the day, all those factors have resulted in substantial increase on sales and EBITA margin as a whole for this business segment. According to the Company, the growth is due mainly to upfront spending made previously, e.g., frontloaded hiring of personnel implemented in FY12/2019 and investments to develop new services.

Meanwhile, as the measures to further enhance growth for the future, the Company has renewed UI (User Interface) of “NewsPicks” app in Q3, which had been effectively unchanged over the past 6 years or so. With this renewal, the Company has adopted so-called dynamic interface with objectives to further drive community-building, which is one of the strengths with “NewsPicks”, as well as cultivate light users.

That is to say, it has become possible to choose the one most suitable for each user out of a number of UI prepared for the users. The current situation is that the first phase has started, which will be followed by the second and third, implying that the content of this dynamic interface is in the direction of enjoying sustainable enhancement. The Company is to continue proactively implementing all those growth-oriented measures, for the sake of achieving its target to achieve EBITDA margin of 20% in FY12/2022 for NewsPicks Business.

Other Business (B2B)

In Other Business (B2B), the Company is developing B2B services, mainly of “FORCAS”, a platform for streamlining marketing by users through integrating the Company’s corporate information database on a group basis with each customer's internal data. Based on in-depth analysis of the integrated data, it is possible to identify prospects with a high probability of closing, i.e., providing support for implementing practices of so-called Account Based Marketing. A chart disclosed by the Company suggests that “FORCAS” accounts for some 72% of sales in this business segment, while the remainder or some 28% of sales is of “INITIAL”, a startup information platform that provides a one-stop information source for general data, financing, investors and business partners as well as original articles on related topics.



Source: Company Data, WRJ Calculation

In Q1 to Q3, sales came in at ¥1,014m (up 70.1%), EBITDA ¥1m (versus minus ¥92m during the same period of the previous year) and EBITDA margin 0.1% (up 15.5% points). When focusing on the trend of quarterly sales on a time-series basis, segment sales have remained at around the same level for Q2 over Q1. It appears that this was due mainly to limited increase in continued billing revenue of the mainstay “FORCAS”. However, the trend from Q2 to Q3 shows that the growth is recovering. The Company also suggests that it sees steady growth also on “INITIAL”.

Over the past two years or so, the Company has been investing in “FORCAS” and “INITIAL”. To date, sales of “INITIAL” are reaching a stage of exceeding break-even point, likely to contributing to earnings, starting in FY12/2021. Meanwhile, the Company is continuing to be investing in “FORCAS” for launching new services, etc., likely to lead to a significant increase in sales for FY12/2021. Meanwhile, the Company has announced that it would absorb both of wholly-owned subsidiary in charge of “FORCAS” and another one of “INITIAL” on 1 April 2021. At the moment, there is almost no synergy amongst “SPEEDA”, “FORCAS” and “INITIAL”, although they are all of B2B services. According to the Company, this has a lot to do with a factor that each is run by different legal entities. The decision made this time around is expected to solve this problem, further driving the Company’s growth potentials for the future.

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		
Sales	2,847	5,665	8,473	12,521	3,171	6,354	9,938	-		+1,465
Cost of Sales	1,216	2,495	3,695	5,321	1,549	3,127	4,629	-		+934
Gross Profit	1,630	3,170	4,777	7,200	1,621	3,226	5,308	-		+531
SG&A Expenses	2,010	4,101	6,214	8,437	1,885	3,778	5,618	-		(596)
Operating Profit	(380)	(931)	(1,436)	(1,236)	(263)	(551)	(309)	-		+1,127
Non Operating Balance	(15)	(76)	(122)	(193)	(54)	(114)	(179)	-		(57)
Recurring Profit	(395)	(1,007)	(1,558)	(1,429)	(317)	(665)	(488)	-		+1,070
Extraordinary Balance	311	311	311	299	-	(179)	(8,005)	-		(8,316)
Profit before Income Taxes	(84)	(696)	(1,247)	(1,130)	(317)	(844)	(8,493)	-		(7,246)
Total Income Taxes	247	345	447	619	185	317	(2,367)	-		(2,814)
NP Belonging to Non-Controlling SHs	(34)	(76)	(124)	(130)	(29)	(50)	(63)	-		+61
Profit Attributable to Owners of Parent	(296)	(965)	(1,571)	(1,620)	(473)	(1,110)	(6,063)	-		(4,492)
Sales YoY	+91.3%	+84.6%	+56.0%	+34.1%	+11.4%	+12.2%	+17.3%	-		-
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%	53.4%	-		(3.0%)
Sales to SG&A Expenses Ratio	70.6%	72.4%	73.3%	67.4%	59.4%	59.5%	56.5%	-		(16.8%)
Operating Profit Margin	(13.3%)	(16.4%)	(16.9%)	(9.9%)	(8.3%)	(8.7%)	(3.1%)	-		+13.8%
Recurring Profit Margin	(13.9%)	(17.8%)	(18.4%)	(11.4%)	(10.0%)	(10.5%)	(4.9%)	-		+13.5%
Profit Attributable to Owners of Parent Margin	(10.4%)	(17.0%)	(18.5%)	(12.9%)	(14.9%)	(17.5%)	(61.0%)	-		(42.5%)
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		
Sales	2,847	2,818	2,808	4,048	3,171	3,183	3,584	-		+776
Cost of Sales	1,216	1,279	1,200	1,626	1,549	1,578	1,502	-		+302
Gross Profit	1,630	1,540	1,607	2,423	1,621	1,605	2,082	-		+475
SG&A Expenses	2,010	2,091	2,113	2,223	1,885	1,893	1,840	-		(273)
Operating Profit	(380)	(551)	(505)	200	(263)	(288)	242	-		+747
Non Operating Balance	(15)	(61)	(46)	(71)	(54)	(60)	(65)	-		(19)
Recurring Profit	(395)	(612)	(551)	129	(317)	(348)	177	-		+728
Extraordinary Balance	311	-	-	(12)	-	(179)	(7,826)	-		(7,826)
Profit before Income Taxes	(84)	(612)	(551)	117	(317)	(527)	(7,649)	-		(7,098)
Total Income Taxes	247	98	102	172	185	132	(2,684)	-		(2,786)
NP Belonging to Non-Controlling SHs	(34)	(42)	(48)	(6)	(29)	(21)	(13)	-		+35
Profit Attributable to Owners of Parent	(296)	(669)	(606)	(49)	(473)	(637)	(4,953)	-		(4,347)
Sales YoY	+91.3%	+78.3%	+18.8%	+3.6%	+11.4%	+13.0%	+27.6%	-		-
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%	58.1%	-		+0.9%
Sales to SG&A Expenses Ratio	70.6%	74.2%	75.2%	54.9%	59.4%	59.5%	51.3%	-		(23.9%)
Operating Profit Margin	(13.3%)	(19.6%)	(18.0%)	4.9%	(8.3%)	(9.0%)	6.8%	-		+24.7%
Recurring Profit Margin	(13.9%)	(21.7%)	(19.6%)	3.2%	(10.0%)	(10.9%)	4.9%	-		+24.6%
Profit Attributable to Owners of Parent Margin	(10.4%)	(23.7%)	(21.6%)	(1.2%)	(14.9%)	(20.0%)	(138.2%)	-		(116.6%)
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	4,026	-	-	+722
NewsPicks Business	1,017	1,885	2,758	4,177	1,266	2,511	4,057	-	-	+1,299
Quartz Business	629	1,276	1,814	2,942	289	544	840	-	-	(974)
Other Business	162	360	596	870	327	660	1,014	-	-	+418
Other	-	-	-	-	-	-	-	-	-	-
Sales	2,847	5,665	8,473	12,521	3,171	6,354	9,938	-	-	+1,465
SPEEDA Business	416	826	1,224	1,597	513	1,049	1,552	-	-	+328
NewsPicks Business	179	133	86	282	121	82	369	-	-	+283
Quartz Business	(752)	(1,433)	(2,044)	(2,160)	(682)	(1,216)	(1,507)	-	-	+537
Other Business	(22)	(53)	(92)	(144)	5	11	1	-	-	+93
Other	-	-	-	-	-	(32)	(21)	-	-	(21)
Reconciliations	-	(1)	-	-	-	-	-	-	-	-
EBITDA	(179)	(528)	(823)	(411)	(42)	(104)	395	-	-	+1,218
SPEEDA Business	40.1%	38.4%	37.0%	35.3%	39.8%	39.7%	38.5%	-	-	+1.5%
NewsPicks Business	17.6%	7.1%	3.1%	6.8%	9.6%	3.6%	9.1%	-	-	+6.0%
Quartz Business	(119.6%)	(112.3%)	(112.7%)	(73.4%)	(236.0%)	(223.5%)	(179.4%)	-	-	(66.7%)
Other Business	(13.6%)	(14.7%)	(15.4%)	(16.6%)	1.5%	1.7%	0.1%	-	-	+15.5%
Other	-	-	-	-	-	-	-	-	-	-
EBITDA Margin	(6.3%)	(9.3%)	(9.7%)	(3.3%)	(1.3%)	(1.6%)	4.0%	-	-	+13.7%

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	1,388	-	-	+226
NewsPicks Business	1,017	868	873	1,419	1,266	1,245	1,546	-	-	+673
Quartz Business	629	647	538	1,128	289	255	296	-	-	(242)
Other Business	162	198	236	274	327	333	354	-	-	+118
Other	-	-	-	-	-	-	-	-	-	-
Sales	2,847	2,818	2,808	4,048	3,171	3,183	3,584	-	-	+776
SPEEDA Business	416	410	398	373	513	536	503	-	-	+105
NewsPicks Business	179	(46)	(47)	196	121	(39)	287	-	-	+334
Quartz Business	(752)	(681)	(611)	(116)	(682)	(534)	(291)	-	-	+320
Other Business	(22)	(31)	(39)	(52)	5	6	(10)	-	-	+29
Other	-	-	-	-	-	(32)	11	-	-	+11
Reconciliations	-	(1)	-	-	-	-	-	-	-	-
EBITDA	(179)	(349)	(295)	412	(42)	(62)	499	-	-	+794
SPEEDA Business	40.1%	37.1%	34.3%	30.4%	39.8%	39.7%	36.2%	-	-	+2.0%
NewsPicks Business	17.6%	(5.3%)	(5.4%)	13.8%	9.6%	(3.1%)	18.6%	-	-	+23.9%
Quartz Business	(119.6%)	(105.3%)	(113.6%)	(10.3%)	(236.0%)	(209.4%)	(98.3%)	-	-	+15.3%
Other Business	(13.6%)	(15.7%)	(16.5%)	(19.0%)	1.5%	1.8%	(2.8%)	-	-	+13.7%
Other	-	-	-	-	-	-	-	-	-	-
EBITDA Margin	(6.3%)	(12.4%)	(10.5%)	10.2%	(1.3%)	(1.9%)	13.9%	-	-	+24.4%

Source: Company Data, WRJ Calculation

Balance Sheet (Quarterly)

Balance Sheet (Million Yen)	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	10,334	-	-	+4,075
Accounts Receivables	1,804	1,248	1,285	1,916	1,518	1,294	1,121	-	-	(164)
Other	384	307	301	354	390	362	380	-	-	+79
Current Assets	7,700	8,484	7,845	10,224	9,239	9,639	11,835	-	-	+3,990
Tangible Assets	406	378	363	344	522	701	595	-	-	+232
Intangible Assets	9,103	8,685	8,618	9,001	8,807	9,028	1,184	-	-	(7,434)
Investments and Other Assets	572	744	1,005	1,388	1,370	1,714	4,824	-	-	+3,819
Fixed Assets	10,082	9,809	9,988	10,733	10,700	11,444	6,603	-	-	(3,385)
Deferred Assets	-	-	-	-	-	-	96	-	-	+96
Total Assets	17,783	18,293	17,833	20,958	19,940	21,083	18,536	-	-	+703
Accounts Payables	215	203	190	319	250	237	223	-	-	+33
Corporate Bond (Less than 1 year)	102	102	102	102	102	102	102	-	-	0
Short-Term Debt	607	679	820	1,123	1,408	1,636	1,734	-	-	+914
Other	2,424	2,754	2,897	3,587	3,175	4,241	3,787	-	-	+890
Current Liabilities	3,348	3,738	4,009	5,131	4,935	6,216	5,846	-	-	+1,837
Corporate Bond	348	327	297	276	246	225	195	-	-	(102)
Long-Term Debt	8,337	9,116	8,828	8,378	7,929	7,480	5,104	-	-	(3,724)
Other	41	41	41	41	41	126	126	-	-	+85
Fixed Liabilities	8,726	9,484	9,166	8,695	8,216	7,831	5,425	-	-	(3,741)
Total Liabilities	12,075	13,223	13,175	13,826	13,151	14,048	11,271	-	-	(1,904)
Shareholders' Equity	4,776	4,374	3,778	6,118	5,663	6,026	6,173	-	-	+2,395
Other	931	696	880	1,013	1,125	1,009	1,091	-	-	+211
Net Assets	5,707	5,070	4,658	7,131	6,788	7,035	7,264	-	-	+2,606
Total Liabilities and Net Assets	17,783	18,293	17,833	20,958	19,940	21,083	18,536	-	-	+703
Equity Capital	4,695	3,973	3,391	5,871	5,349	5,613	5,855	-	-	+2,464
Interest Bearing Debt	9,394	10,224	10,047	9,879	9,685	9,443	7,135	-	-	(2,912)
Net Debt	3,882	3,295	3,788	1,925	2,354	1,460	(3,199)	-	-	(6,987)
Capital Ratio	26.4%	21.7%	19.0%	28.0%	26.8%	26.6%	31.6%	-	-	-
Net Debt Equity Ratio	82.7%	82.9%	111.7%	32.8%	44.0%	26.0%	(54.6%)	-	-	-
ROE (12 months)	6.0%	(14.3%)	(9.6%)	(29.1%)	(35.8%)	(36.8%)	(132.2%)	-	-	-
ROA (12 months)	(0.2%)	(5.3%)	(5.1%)	(7.2%)	(7.2%)	(5.5%)	(2.0%)	-	-	-
Quick Ratio	219%	219%	188%	192%	179%	149%	196%	-	-	-
Current Ratio	230%	227%	196%	199%	187%	155%	202%	-	-	-

Source: Company Data, WRJ Calculation

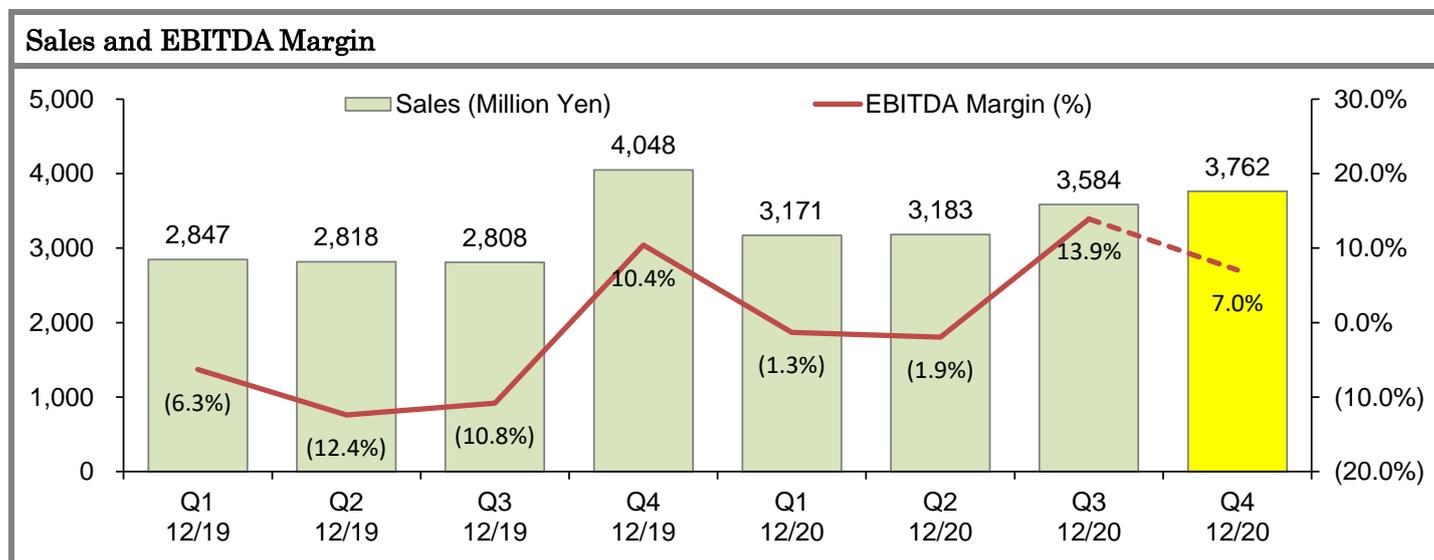
Cash Flow Statement (Cumulative)

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	-	-	-	-
Investing Cash Flow	-	(258)	-	(851)	-	(931)	-	-	-	-
Operating CF and Investing CF	-	100	-	(791)	-	(666)	-	-	-	-
Financing Cash Flow	-	1,390	-	3,282	-	722	-	-	-	-

Source: Company Data, WRJ Calculation

FY12/2020 Company Forecasts

FY12/2020 Company forecasts (announced on 17 December 2020) are going for prospective sales of ¥13,700m (up 9.4% YoY), EBITDA of ¥660m (versus minus ¥411m in the previous year), operating profit of minus ¥150m (minus ¥1,236m), recurring profit of minus ¥610m (minus ¥1,429m) and profit attributable to owners of parent of minus ¥6,760m (minus ¥1,620m), while EBITDA margin of 4.8% (up 8.1% points).



Source: Company Data, WRJ Calculation

Initial Company forecasts (announced on 12 February 2020) were going for prospective sales of ¥15,000m to ¥16,000m and EBITDA of some surplus, having had refrained from specifying the amount of the latter. Meanwhile, Company forecasts (announced on 9 November 2020) to have reflected that Quartz Business would be excluded from consolidation from November 2020, were going for prospective sales of ¥13,000m and EBITDA ¥400m. Then, given actual performance better than expected toward the end of the fiscal year. Company forecasts have been revised up without delay as above mentioned.

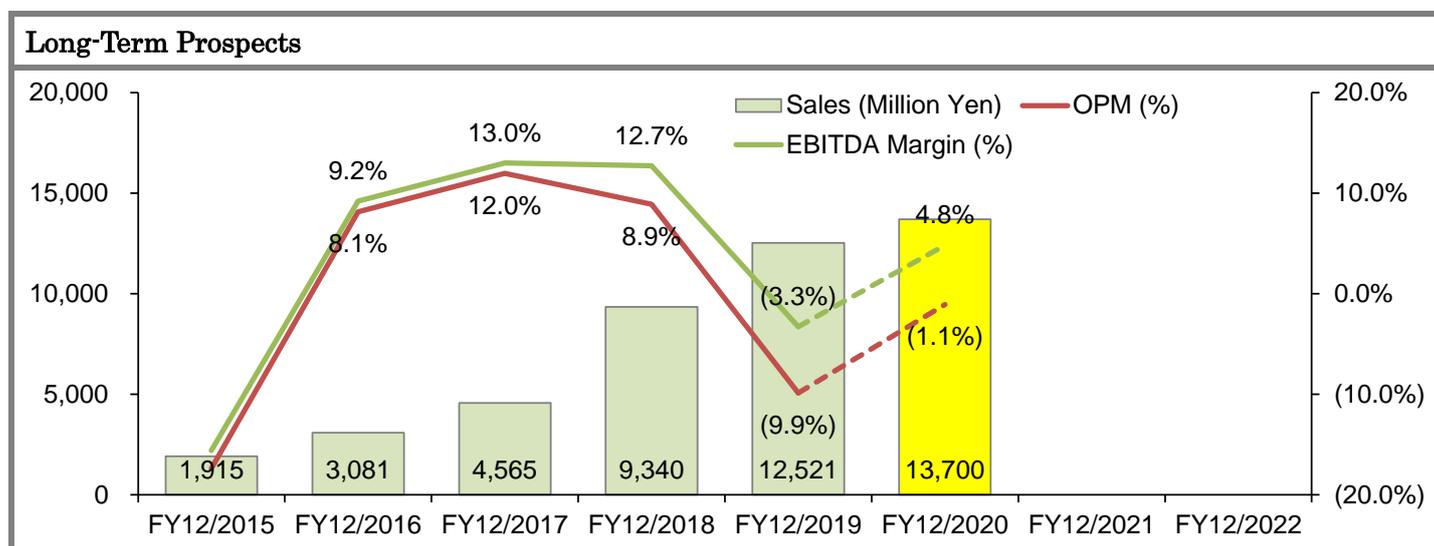
FY12/2020 Company Forecasts and Actual Results

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	-	-	-	-
FY12/2020CoE	9-Nov-20	Revision	13,000	400	(410)	(840)	(6,890)
		Amount of Gap	(2,500)	-	-	-	-
		Rate of Gap	(16.1%)	-	-	-	-
FY12/2020CoE	12-Nov-20	Q3 Results	13,000	400	(410)	(840)	(6,890)
FY12/2020CoE	17-Dec-20	Revision	13,700	660	(150)	(610)	(6,760)
		Amount of Gap	700	260	260	230	130
		Rate of Gap	5.4%	65.0%	-	-	-
FY12/2020CoE	12-Feb-20	Q4 Results	15,500	-	-	-	-
FY12/2020CoE	17-Dec-20	Revision	13,700	660	(150)	(610)	(6,760)
		Amount of Gap	(1,800)	-	-	-	-
		Rate of Gap	(11.6%)	-	-	-	-
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	-	-	-	-
Q3 to Q4 FY12/2020CoE	9-Nov-20	Revision	6,646	504	141	(175)	(5,780)
		Amount of Gap	(2,500)	-	-	-	-
		Rate of Gap	(27.3%)	-	-	-	-
Q3 to Q4 FY12/2020CoE	12-Nov-20	Q3 Results	6,646	504	141	(175)	(5,780)
Q3 to Q4 FY12/2020CoE	17-Dec-20	Revision	7,346	764	401	55	(5,650)
		Amount of Gap	700	260	260	230	130
		Rate of Gap	10.5%	51.6%	184.4%	-	-
Q3 to Q4 FY12/2020CoE	12-Feb-20	Q4 Results	-	-	-	-	-
Q3 to Q4 FY12/2020CoE	17-Dec-20	Revision	7,346	764	401	55	(5,650)
		Amount of Gap	-	-	-	-	-
		Rate of Gap	-	-	-	-	-

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

Long-Term Prospects

The Company suggests that its earnings are likely to surge for FY12/2021 over FY12/2020. The background to this is that burden of goodwill write-off and deficit at the EBITDA level associated with Quartz Business will be gone. The former is some ¥600m pa, corresponding to 4.4% of prospective sales of ¥13,700m as a whole for the Company in FY12/2020 Company forecasts on a simple calculation basis. Meanwhile, the latter came in at minus ¥1,507m in Q1 to Q3, corresponding to minus 11.0% of prospective sales of ¥13,700m as a whole for the Company in FY12/2020 Company forecasts on a simple calculation basis.



Source: Company Data, WRJ Calculation

In other words, through FY12/2020 to FY12/2021, the Company is to see elimination of expenses equivalent to 4.4% of prospective sales as a whole for the Company in FY12/2020 Company forecasts as well as that of deficit equivalent to 11.0%, i.e., collectively 15.4%. Thus, operating profit margin will improve by this amount for FY12/2021 over FY12/2020. As is obvious from definition, EBITDA (Earnings Before Interest Taxes and Amortization) is before amortization, being immune to a factor that goodwill write-off on Quartz Business is gone. However, as is taken for granted, a factor that goodwill write-off on Quartz Business will be gone has impacts to operating profit. As a result, EBITDA margin will improve a lot for FY12/2021 over FY12/2020 and even more for operating profit margin.

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.” Meanwhile, the Company's management policy for the future is to pursue earnings by promoting business through a focus on continued billing revenue.

According to data disclosed by the Company in [Q3 2020 Financial Results](#), MRR (Monthly Recurring Revenue), which means monthly continued billing revenue, came in at ¥821m in September 2020, showing a growth rate of 30% or more. By type of services, “SPEEDA” saw MRR of ¥448m, “FORCAS” ¥91m, “NewsPicks” ¥234m and “Quartz” ¥16m. Meanwhile, when the size of continued billing revenue as a whole for the Company is compared with sales as a whole for the Company in Q3 FY12/2020, the former accounted for some 68% of the latter (68% for ratio of recurring revenue). Further, when calculated by subtracting Quartz Business, the ratio is some 73%, according to the Company.

Meanwhile, the Company estimates the current size of ARR (Annual Recurring Revenue) to be ¥9,855m, which means annual continued billing revenue, by means of converting (12 times) MRR in September 2020. Now, it is virtually certain that the Company's ARR will exceed ¥10,000m for FY12/2021. Amongst Japanese listed companies, the number of major SaaS companies with ARR exceeding ¥10,000m is rather limited, while the Company is now effectively one of them. Moreover, in light of the substantial improvement in earnings with the withdrawal from Quartz Business for FY12/2021, it appears that the presence of the Company will be even rare amongst the limited number of the major SaaS companies. Most of the major SaaS companies have been forced to book deficit due to the burden of upfront spending and other factors.

5.0 Financial Statements

Income Statement

Income Statement (Million 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.
Sales	1,915	3,081	4,565	9,340	12,521	13,700	+1,179
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	-	-
Operating Profit	(332)	250	545	830	(1,236)	(150)	+1,086
Non Operating Balance	(5)	(25)	(27)	(296)	(193)	(460)	(267)
Recurring Profit	(338)	225	518	533	(1,429)	(610)	+819
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)	-	-
Profit Attributable to Owners of Parent	110	267	438	610	(1,620)	(6,760)	(5,140)
Sales YoY	+70.5%	+60.9%	+48.2%	+104.6%	+34.1%	+9.4%	-
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%)	(1.1%)	+8.8%
Recurring Profit Margin	(17.7%)	7.3%	11.4%	5.7%	(11.4%)	(4.5%)	+7.0%
Profit Attributable to Owners of Parent Margin	5.8%	8.7%	9.6%	6.5%	(12.9%)	(49.3%)	(36.4%)
Tax Charges etc./Pretax Profit	1.8%	-	15.0%	36.7%	-	-	-

Source: Company Data, WRJ Calculation

17

Segmented Information

Segmented Information (Million 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.
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	-	-	-	-	-	-	-
Sales	1,915	3,081	4,565	9,340	12,521	13,700	+1,179
SPEEDA Business	-	-	-	1,033	1,597	-	-
NewsPicks Business	-	-	-	202	282	-	-
Quartz Business	-	-	-	146	(2,160)	-	-
Other Business	-	-	-	(194)	(144)	-	-
Other	-	-	-	-	-	-	-
Reconciliations	-	-	-	-	-	-	-
EBITDA	-	-	-	1,187	(411)	660	+1,071
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	-	-	-	-	-	-	-
EBITDA Margin	(15.6%)	9.2%	13.0%	12.7%	(3.3%)	4.8%	+8.1%

Source: Company Data, WRJ Calculation

Balance Sheet

Balance Sheet (Million Yen)	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.CoE	
	FY 12/2015	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	-	-
Current Assets	1,499	3,444	3,732	8,592	10,224	-	-
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	-	-
Fixed Assets	190	173	676	10,211	10,733	-	-
Total Assets	1,689	3,618	4,408	18,804	20,958	-	-
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	-	-
Current Liabilities	708	958	1,532	3,566	5,131	-	-
Corporate Bond	-	-	-	378	276	-	-
Long-Term Debt	321	217	1,054	8,501	8,378	-	-
Other	4	3	2	41	41	-	-
Fixed Liabilities	325	220	1,056	8,920	8,695	-	-
Total Liabilities	1,033	1,179	2,589	12,487	13,826	-	-
Shareholders' Equity	630	2,409	1,807	5,313	6,118	-	-
Other	25	29	12	1,003	1,013	-	-
Net Assets	656	2,439	1,819	6,316	7,131	-	-
Total Liabilities and Net Assets	1,689	3,618	4,408	18,804	20,958	-	-
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)	-	-
Operating CF and Investing CF	(219)	433	270	(6,447)	(791)	-	-
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)	(198.30)	-
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)	(198.30)	-
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, resignation of Yusuke Umeda as representative director and CEO, following the withdrawal from Quartz Business, also adhered to the Company's course of action, represented by "Be free & own it".

On 12 November 2020, the Company held its financial results briefing (web conference) and discussed the actual results of Q3 FY12/2020 and prospects for the future. Umeda, who served as a presenter, referred to details of the background behind his resignation as representative director and CEO in the form of responding to questions. Umeda's response began with a renewed reference to the fact that "Be free & own it" in “The 7 Values” forms the foundation of the Company's strengths. He said he was just convinced that this was the best course of action to maximize the talents of the Company's human resources.

In other words, the Company respects the culture of freedom more than any other companies and he said he was so proud to love the culture of freedom than anyone else as an individual, while having referred to a trade-off, attributable to the remarkably large degree of flexibility, that outcome accountability is heavy to the extent corresponding to the flexibility at the same time. From a general point of view, he was keenly aware that there was a possibility of such a question why, but he said he firmly believed that the highest priority was to comply with the course of action that forms the foundation of the Company's strengths and to adhere to the culture of freedom in the Company, having decided to resign on his own will.

In response to an argument that he should continue to take leadership in the execution of business with an objective to recover the collapse, he referred to a situation that there had been considerable enhancements to the business execution system in Japan during the past two years or so, i.e., a period for him to have had been stationed in the United States. In other words, this suggests that there is no room for the current business execution system to utilize Umeda's expertise. Meanwhile, the Company's management decision is to use Umeda's expertise for supervising (governing) operations to further enhance the Company's capability in this respect, which is expected to maximize the growth potential for the future. To reiterate, the position of non-executive director that Umeda has assumed is not of part-time (as the Japanese term “非常勤 (hijokin) ” may imply), but of full-time to specialize in supervising (governing) operations, as far as the Company's context is concerned.

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 with respect 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, Inc.
Integrated services of "entrepedia" and "ami" and identified as "INITIAL"

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

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.

Company name: Walden Research Japan Incorporated

Head office: Level 4 Ginza Ishii Building, 6-14-8 Ginza Chuo-ku Tokyo 104-0061, JAPAN

URL: www.walden.co.jp

E-mail: info@walden.co.jp

Tel: 81-(0)3-3553-3769