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Consolidated Financial Results for the Nine Months Ended September 30, 2021 [Japanese GAAP]

November 4, 2021

Company name: Uzabase, Inc.
(herein referred as the "Company," and together with its consolidated subsidiaries, the "Group")

Stock exchange listing: Tokyo

Code number: 3966

URL: http://www.uzabase.com

Representative: Yusuke Inagaki Representative Director and Co-CEO
Taira Sakuma Representative Director and Co-CEO

Contact: Daisuke Chiba Executive Officer, Chief Financial Officer

Phone: +81-3-4533-1999

Scheduled date of filing quarterly securities report: November 4, 2021

Scheduled date of commencing dividend payments: Not applicable

Supplementary material on quarterly financial results: https://www.uzabase.com/investors/library/

Scheduled date of quarterly financial results briefing session: November 4, 2021

(Amounts less than one million yen are rounded down)

1. Consolidated financial results as of and for the nine months ended September 30, 2021 (from January 1, 2021 to September 30, 2021)

(1) Consolidated operating results

(% indicates changes from the previous corresponding period)

	Net sales		EBITDA*		Operating income (loss)		Ordinary income (loss)		Income (loss) attributable to owners of the parent	
Nine months ended:	¥Million	%	¥Million	%	¥Million	%	¥Million	%	¥Million	%
September 30, 2021	11,738	18.1	1,767	347.4	1,447	−	1,321	−	495	−
September 30, 2020	9,938	17.3	395	−	(309)	−	(488)	−	(6,063)	−

*EBITDA is calculated by adding depreciation and amortization of intangible assets including goodwill to operating income (loss).

(Notes)

Comprehensive income (loss): Nine months ended September 30, 2021: ¥ 476 million [- %]
Nine months ended September 30, 2020: ¥ (6,197) million [- %]

	Basic net income (loss) per share	Diluted net income per share
Nine months ended:	¥	¥
September 30, 2021	13.51	12.85
September 30, 2020	(177.85)	–

(Note)
Diluted net income per share for the nine months ended September 30, 2020 is not disclosed, as it is anti-dilutive, given the Group's net loss position.

(2) Consolidated financial position

	Total assets	Equity	Capital-to-asset ratio*
	¥ Million	¥ Million	%
As of September 30, 2021	18,042	8,863	35.1
As of December 31, 2020	15,915	7,118	36.3

*Capital-to-asset ratio is defined as capital divided by total assets. Capital represents the total of shareholders' equity and accumulated other comprehensive income.

(For reference)
Capital: As of September 30, 2021: ¥ 6,339 million
As of December 31, 2020: ¥ 5,772 million

2. Dividends

	Dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
	¥	¥	¥	¥	¥
Fiscal year ended December 31, 2020	–	0.00	–	0.00	0.00
Fiscal year ended December 31, 2021	–	0.00	–		
Fiscal year ending December 31, 2021 (Projected)				0.00	0.00

(Note)
Revision to the dividend projection announced: Not applicable

3. Consolidated Financial Forecasts for the Fiscal Year ending December 31, 2021 (from January 1, 2021 to December 31, 2021)

The forecasts announced on February 10, 2021 have been revised as in the table below. For details, please refer to " Notice on Closure of NewsPicks GINZA, Recording of Extraordinary Losses and Deferred Tax Benefit, and Revision of Earnings Forecast " announced on November 4, 2021 (today).

(% indicates changes from the previous corresponding period)

	Net sales		EBITDA		Operating income		Ordinary income		Profit attributable to owners of the parent		Net income per share
	¥ million	%	¥ million	%	¥ million	%	¥ million	%	¥ million	%	¥
Full year	15,900	15.1	1,850	101.6	1,456	–	1,366	–	500	–	13.64

(Note)
Revisions to the most recent announced forecasts: See above

Notes

(1) Changes in the scope of significant subsidiaries during the period: None
(Changes in specified subsidiaries resulting in changes in the scope of consolidation)
Newly included: None Excluded: None

(2) Simplified or particular accounting treatment for quarterly consolidated financial statements: Not applicable

(3) Changes in accounting policies, estimates and restatements
(a) Changes in accounting policies due to the revision of accounting standards: Not applicable
(b) Changes in accounting policies other than (a) above: Not applicable
(c) Changes in accounting estimates: Not applicable
(d) Restatement: Not applicable

(4) Number of issued shares of outstanding common stock
(a) Number of common stock issued, including treasury stock, as of:

September 30, 2021	36,724,758 shares
December 31, 2020	36,533,502 shares

(b) Number of treasury stock as of:

September 30, 2021	258 shares
December 31, 2020	258 shares

(c) Average number of common stock for the nine months ended:

September 30, 2021	36,652,254 shares
September 30, 2020	34,090,396 shares

*This quarterly financial report is not subject to review by certified public accountants or auditors.

*Explanation regarding the appropriate use of earnings forecasts and other special notes

The forward-looking statements in this report, such as forecasts, are based on information currently available and certain assumptions that the Company believes to be reasonable. Therefore, actual results may differ from the aforementioned forecasts depending on various factors. Please refer to "1. Qualitative Information on Quarterly Operating Results, (3) Forecasts for the Fiscal Year Ending December 31, 2021" of the attached materials for the assumptions used in the forecasts of financial results and cautions concerning the use of the forecasts.

1. Qualitative Information on Quarterly Operating Results

(1) Operating Results (from January 1, 2021 to September 30, 2021)

Revenue in the IT service industry in Japan had increased for nine consecutive years and amounted to ¥12.9 trillion in 2020, up 7% year-over-year (source: Survey of Selected Service Industries, the Ministry of Economy, Trade and Industry, Japan [February 2021]). The SaaS (Software as a Service) market in Japan also recorded a compound annual growth rate of 13%, whereas DX (Digital Transformation) initiatives are accelerating towards 2025 and the needs for transition from packaged software to SaaS are increasing in various business categories. In addition, work from home is becoming more widespread due to the impact of COVID-19 and small-to-medium-sized companies, which used to be reluctant to make IT investments, are now adopting software. As a result, the SaaS market in Japan is expected to grow to approximately ¥1.1 trillion in market size by 2024 (source: 2020 New Market of Software Business, Fuji Chimera Research Institute, Inc.). Personal smartphone ownership rate reached 69.3% in 2020, up by 1.7 percentage points year-over-year (source: Communications Usage Trend Survey, Ministry of Internal Affairs and Communications, Japan [June 18, 2021]). Furthermore, the market size of the internet advertisement exceeded ¥2 trillion for the first time in 2019 and reached ¥2.2 trillion in 2020, an increase by 5.9% year-over-year, overtaking the TV media advertisement (source: 2020 Advertising Expenditures in Japan, DENTSU INC. [February 25, 2021]).

On the other hand, the COVID-19 pandemic, which started around March 2020, has been affecting various industries. In April 2020, the state of emergency was declared in Japan for the first time, and subsequently the second, third and fourth declarations were made in January, April and July 2021, respectively. Although the number of infected people is on the decline, the severe economic situation caused by the COVID-19 pandemic is still continuing.

In the new society coexisting with COVID-19, the Group recognizes that the needs and expectations for the Group's services, such as introduction of cloud services and high-quality media content, are expected to increase even further. Under such circumstances, the Group's businesses were continuously expanding in the nine months ended September 30, 2021 ("9M21").

SPEEDA business has steadily accumulated the number of new orders and succeeded in upselling to existing customers. As a result, the year-over-year growth rate of MRR (Monthly Recurring Revenue, which does not include any one-off payments by customers such as initial costs) has continued to increase and marked 19.1% at the end of 9M21.

NewsPicks achieved a significant increase in the number of annual subscription users during the second quarter period ended June 30, 2020 ("2Q20"). In reaction to the significant increase in 2Q20, the growth rate of the number of paying users slowed down in the second quarter period ended June 30, 2021 ("2Q21"). However, because the effect of the slowdown was temporary and the subscription business for corporate customers that the Group has been focusing on since 2019 was robust, MRR has recovered its increasing trend. As a result, MRR at the end of 9M21 increased by 12.0% year-over-year. Advertisement sales are also expanding continuously.

In Other B2B businesses, MRR of both FORCAS and INITIAL also have been steadily expanding and recorded high growth rates exceeding 40% year-over-year.

The withdrawal from the loss-making Quartz business in November 2020 has resulted in a significant improvement in EBITDA and other line items of profitability.

As a result, for 9M21, the Group recorded net sales of ¥11,738 million (up 18.1% year-over-year), EBITDA of ¥1,767 million (up 347.4% year-over-year), operating income of ¥1,447 million (operating loss of ¥309 million a year earlier), and ordinary income of ¥1,321 million (ordinary loss of ¥488 million a year earlier). Net income attributable to owners of the parent for 9M21 was ¥495 million (net loss attributable to owners of the parent of ¥6,063 million a year earlier). This was primarily due to impairment loss of ¥289 million and provision for loss on facility closure of ¥210 million that were recorded in relation to the decision to close NewsPicks GINZA, a facility of NewsPicks business located in Japan, and income taxes of ¥386 million.

Operating results in each reportable segment are presented as follows.

As the Group is expanding its businesses in Japan and overseas, corporate costs are becoming increasingly complex. As such, the Company has allocated a portion of such corporate costs to the reportable segments, based on a reasonable method given the nature and status of each reportable segment in order to better present the operating results of each reportable segment.

More specifically, the Company classifies such corporate costs into two categories: Direct Costs and Indirect Costs. Direct Costs are allocated to each reportable segment based on a reasonable method given the nature and status of each cost whereas Indirect Costs are allocated to each reportable segment based on net sales of each reportable segment.

・Direct Costs: corporate costs that are directly attributable to the service and business of each reportable segment

・Indirect Costs: company-wide expenses that are not directly attributable to the service and business of each reportable segment, including costs of being a listed company, audit fees, and executive remuneration.

Further, in order to present the profitability of each reportable segment more appropriately, the Group has disclosed two key performance indicators: Direct EBITDA and Segment EBITDA. The details are as follows:

- Segment profit or loss: In calculating segment profit or loss, only Direct Costs are allocated to each reportable segment.
- Direct EBITDA: Direct EBITDA is calculated by adding depreciation and amortization of intangible assets including goodwill to segment profit or loss (before allocating Indirect Costs).
- Segment EBITDA: Segment EBITDA is calculated by allocating Indirect Costs to Direct EBITDA.

(a) SPEEDA business

SPEEDA business has steadily accumulated new orders in Japan and succeeded in upselling to existing customers by strengthening its operating organization including the customer success team. The Group also has made progress in acquiring new orders in Asian markets, mainly in China, where the impact of the COVID-19 pandemic has calmed down. The average churn rate for the most recent 12 months at the end of the third quarter period ended September 30, 2021 ("3Q21") improved by 0.1% to 1.2% as compared to that at the end of 2Q21. The Group aims to lower the average churn rate to 1% or less by the end of the fiscal year. In addition, the Group has set the launch of Expert Research as a key investment area and has been reinforcing its human resource especially in marketing and sales functions in 2021. The investments in Expert Research have been proceeding steadily and Flash Opinion, a new feature of SPEEDA which allows users to submit questions to and receive responses from five or more experts within 24 hours, also contributed to expansion of net sales.

In such a situation, MRR at the end of 3Q21 amounted to ¥534 million and the growth rate continued to rise to 19.1% year-over-year. Since the launch of Expert Research has been running smoothly, segment sales amounted to ¥4,963 million, up 23.0% year-over-year, which means that the growth rate is on an increasing trend as well. As to the line items of profitability, the Group maintained high profitability even after the aforementioned investments to Expert Research and recorded segment income of ¥1,905 million (up 9.1% year-over-year), Direct EBITDA of ¥1,977 million (up 10.7% year-over-year), and Segment EBITDA of ¥1,651 million (up 6.3% year-over-year).

(b) NewsPicks business

NewsPicks achieved a significant increase in the number of annual subscription users during 2Q20. In reaction to the significant increase in 2Q20, the growth rate of the number of paying users slowed down in 2Q21, resulting in the first-time net decrease in MRR on a quarterly basis. However, because the effect of the slowdown was temporary and the subscription business for corporate customers that the Group has been focusing on since 2019 was robust, MRR has recovered its increasing trend and amounted to ¥262 million, up 12.0% year-over-year. Despite seasonality of each quarter period, advertisement sales are continuously expanding since NewsPicks is establishing its position as a reliable media trusted by business people. The key investment areas of NewsPicks business for 2021 are development of recruitment and marketing to further strengthen business expansion and reinforcement of the communities including NewsPicks Expert.

As a result, segment net sales of NewsPicks business amounted to ¥5,364 million for 9M21, up 31.9% year-over-year. The Group recorded segment income of ¥578 million (up 13.5% year-over-year), Direct EBITDA of ¥735 million (up 21.6% year-over-year), and Segment EBITDA of ¥382 million (up 3.4% year-over-year).

(c) Other B2B businesses

In the Other B2B businesses segment, INITIAL, a startup database, and FORCAS, a B2B marketing platform, made steady progress in acquiring new customers. In addition, the Group launched FORCAS Sales, a sales research platform that improves the productivity of the customer's sales organization, in the fourth quarter period ended December 31, 2020. The Group has set FORCAS Sales as a key investment area for the year ending December 31, 2021 and has made proactive investments. FORCAS Sales successfully acquired new customers during 9M21 and has contributed to the growth of net sales of Other B2B businesses.

As a result, segment net sales of Other B2B businesses has continued high growth and amounted to ¥1,447 million for 9M21, up 41.8% year-over-year. In addition, while the Group was making investments in FORCAS Sales and FORCAS, INITIAL is already in the black and stably expanding its profitability. Segment income and Direct EBITDA for 9M21 were ¥55 million (up 40.2% year-over-year) and ¥85 million (up 40.0% year-over-year), respectively. However, the Group recorded a negative segment EBITDA of ¥9 million (positive segment EBITDA of ¥1 million a year earlier).

(Note) Effective from the first quarter period ended March 31, 2021, the reportable segment "Other businesses" was renamed "Other B2B Businesses." This change does not have any effect on the Group's segment information as it was just a change of the name of the reportable segment.

(2) Financial Position (as of and for the nine months ended September 30, 2021)

(Total assets)

Total assets stood at ¥18,042 million, ¥2,127 million more than the previous year-end, due mainly to increase in cash and deposits by ¥1,660 million.

(Total liabilities)

Total liabilities stood at ¥9,179 million, ¥382 million more than the previous year-end, due mainly to a combined effect of increase in unearned revenue by ¥846 million, increase in income taxes payable by ¥204 million, and decrease in long-term bank loans by ¥768 million.

(Equity)

Equity stood at ¥8,863 million, ¥1,744 million more than the previous year-end, due mainly to increase in retained earnings by ¥495 million resulting from net income attributable to owners of the parent for 9M21 and increase in noncontrolling interests by ¥1,182 million attributable to proceeds from external investors paid into a fund managed by UB Ventures, Inc., a consolidated subsidiary of the Company.

(3) Forecasts for the Fiscal Year Ending December 31, 2021

The forecasts for the year ending December 31, 2021 announced on February 10, 2021 have been revised. For details, please refer to " Notice on Closure of NewsPicks GINZA, Recording of Extraordinary Losses and Deferred Tax Benefit, and Revision of Earnings Forecast " announced on November 4, 2021 (today).

2. Quarterly Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheets

(Millions of Yen)

	As of December 31, 2020	As of September 30, 2021
Assets		
Current assets		
Cash and deposits	7,584	9,245
Trade notes and accounts receivable	984	1,006
Other current assets	676	570
Allowance for doubtful accounts	(19)	(16)
Total current assets	9,226	10,805
Non-current assets		
Property and equipment	554	195
Intangible assets		
Goodwill	811	741
Other	402	592
Total intangible assets	1,214	1,333
Investments and other assets		
Investment securities	1,219	2,041
Deferred tax assets	3,226	3,224
Other	385	380
Total investments and other assets	4,831	5,646
Total non-current assets	6,600	7,176
Deferred assets	87	61
Total assets	15,915	18,042

(Millions of Yen)

	As of December 31, 2020	As of September 30, 2021
Liabilities		
Current liabilities		
Trade accounts payable	370	357
Current portion of bonds	102	102
Current portion of long-term bank loans	761	1,003
Income taxes payable	141	345
Unearned revenue	1,962	2,809
Other current liabilities	1,884	1,804
Total current liabilities	5,222	6,423
Non-current liabilities		
Bonds	174	93
Long-term bank loans	3,270	2,501
Other	129	161
Total non-current liabilities	3,573	2,756
Total liabilities	8,796	9,179
Equity		
Shareholders' equity		
Common stock	7,170	7,185
Capital surplus	6,105	6,120
Accumulated deficit	(7,478)	(6,983)
Treasury stock	(0)	(0)
Total shareholders' equity	5,796	6,321
Accumulated other comprehensive income (loss)		
Unrealized gain (loss) on available-for-sale securities	(2)	0
Foreign currency translation adjustments	(21)	17
Total accumulated other comprehensive loss	(23)	17
Stock acquisition rights	14	10
Noncontrolling interests	1,330	2,513
Total equity	7,118	8,863
Total liabilities and equity	15,915	18,042

(2) Quarterly Consolidated Statements of Income and Quarterly Consolidated Statements of Comprehensive Income

Quarterly Consolidated Statements of Income

(Millions of Yen)

	Nine months ended September 30, 2020	Nine months ended September 30, 2021
Net sales	9,938	11,738
Cost of sales	4,629	4,563
Gross profit	5,308	7,175
Selling, general and administrative expenses	5,618	5,727
Operating income (loss)	(309)	1,447
Non-operating income		
Interest income	6	4
Subsidy income	5	17
Other	18	22
Total non-operating income	30	43
Non-operating expenses		
Interest expenses	82	14
Loss on write-down of investment securities	–	45
Investment partnership management fees	48	65
Other	78	45
Total non-operating expenses	209	169
Ordinary income (loss)	(488)	1,321
Extraordinary gains		
Gain on step acquisitions	104	–
Total extraordinary gain	104	–
Extraordinary losses		
Impairment losses	7,827	289
Business restructuring expenses	282	–
Provision for loss on facility closure	–	210
Total extraordinary losses	8,109	499
Income (loss) before income taxes	(8,493)	821
Income taxes - current	458	384
Income taxes - deferred	(2,826)	1
Total income taxes	(2,367)	386
Net income (loss)	(6,126)	435
Net loss attributable to noncontrolling interests	(63)	(59)
Net income (loss) attributable to owners of the parent	(6,063)	495

Quarterly Consolidated Statements of Comprehensive Income

(Millions of Yen)

	Nine months ended September 30, 2020	Nine months ended September 30, 2021
Net income (loss)	(6,126)	435
Other comprehensive income (loss)		
Unrealized gain (loss) on available-for-sale securities	(1)	2
Foreign currency translation adjustments	(69)	38
Total other comprehensive income (loss)	(70)	41
Comprehensive income (loss)	(6,197)	476
Total comprehensive income (loss) attributable to:		
Owners of the parent	(6,131)	528
Noncontrolling interests	(65)	(51)

(3) Notes to Quarterly Consolidated Financial Statements

(Going Concern Assumptions)
Not applicable

(Significant change in the amount of shareholders' equity)
Not applicable

(Segment Information)
For the nine months ended September 30, 2020 (January 1, 2020 to September 30, 2020)

1) Net sales and operating profit (loss) by reportable segment

(Millions of Yen)

	Reportable Segments					Other (Note 1)	Total	Reconciliation (Note 2)	Consolidated (Note 3)
	SPEEDA Business	NewsPicks Business	Quartz Business	Other B2B Businesses	Total				
Net Sales:									
Sales to external customers	4,026	4,057	840	1,014	9,938	−	9,938	-	9,938
Intersegment sales or transfers	9	10	0	6	27	−	27	(27)	-
subtotal	4,035	4,067	841	1,021	9,965	−	9,965	(27)	9,938
Segment profit (loss)	1,747	509	(1,954)	39	342	(21)	321	(630)	(309)

(Notes)

1. Other comprises businesses that are not included in the reportable segments such as a new business managed by the corporate division.

2. Reconciliations of segment profit or loss mainly consisted of ¥(0) million of eliminations of intersegment transactions and ¥(630) million of corporate expenses that primarily consisted of general and administrative expenses that are not allocable to the reportable segments.

3. Segment profit or loss equals to operating income or loss in the quarterly consolidated statement of income.

4. Direct EBITDA and Segment EBITDA in each reportable segment are as follows:

	SPEEDA Business	NewsPicks Business	Quartz Business	Other B2B Businesses	Other	Reconciliation	Total
Segment profit (loss)	1,747	509	(1,954)	39	(21)	(630)	(309)
Depreciation and amortization	21	64	42	11	-	54	193
Amortization of goodwill	16	30	453	9	-	-	510
Direct EBITDA (Note 5)	1,785	604	(1,458)	60	(21)	(576)	395
Allocation of company-wide expenses (Note 6)	(233)	(235)	(48)	(59)	-	575	-
Segment EBITDA (Note 6)	1,552	369	(1,507)	1	(21)	(0)	395

5. Direct EBITDA is calculated by adding depreciation and amortization of intangible assets including goodwill to segment profit or loss, which is equivalent to net sales less the total of operating costs (except for depreciation and amortization of intangible assets including goodwill) and Direct Costs (*1).

   (*1) Direct Costs are defined as corporate costs that are directly attributable to services and business of each reportable segment.

6. Segment EBITDA is calculated by allocating Indirect Costs (*2) to Direct EBITDA of each reportable segment. The allocation of Indirect Costs is based on net sales of each reportable segment.

   (*2) Indirect Costs are defined as company-wide expenses that are not directly attributable to services and business of each reportable segment. Indirect Costs include costs of being a listed company, audit fees, and executive remuneration.

2) Information on impairment losses of non-current assets and goodwill by each reporting segment

(Significant impairment loss on non-current assets)

Following the resolution made at its Board Meeting held on November 9, 2020, the Group decided to withdraw from the Quartz business.

In association with this decision, the Group recorded an impairment loss on non-current assets, including goodwill, in 3Q20. The amount of the impairment loss recorded for the nine months ended September 30, 2020 was ¥7,827 million ($72,742 thousand).

(Significant changes in the amount of goodwill)

Following the resolution made at its Board Meeting held on November 9, 2020, the Group decided to withdraw from the Quartz business.

In association with this decision, the Group recorded an impairment loss on non-current assets, including goodwill, in 3Q20. The amount of decrease in goodwill as a result of this withdrawal was ¥7,923 million ($72,250 thousand) for the nine months ended September 2020.

For the nine months ended September 30, 2021 (from January 1, 2021 to September 30, 2021)

1) Net sales and operating profit (loss) by reportable segment

(Millions of Yen)

	Reportable Segments				Other (Note 1)	Total	Reconciliation (Note 2)	Consolidated (Note 3)
	SPEEDA Business	NewsPicks Business	Other B2B Businesses	Total				
Net Sales:								
Sales to external customers	4,943	5,345	1,440	11,729	9	11,738	−	11,738
Intersegment sales or transfers	19	18	6	45	−	45	(45)	−
subtotal	4,963	5,364	1,447	11,775	9	11,784	(45)	11,738
Segment profit (loss)	1,905	578	55	2,540	(261)	2,278	(831)	1,447

(Notes)

1. Other comprises businesses that are not included in the reportable segments such as a new business managed by the corporate division.

2. Reconciliations of segment profit or loss mainly consisted of ¥0 million of eliminations of intersegment transactions and ¥(831) million of corporate expenses that primarily consisted of general and administrative expenses that are not allocable to the reportable segments.

3. Segment profit or loss equals to operating income or loss in the quarterly consolidated statement of income.

4. Direct EBITDA and Segment EBITDA in each reportable segment are as follows:

	SPEEDA Business	NewsPicks Business	Other B2B Businesses	Other	Reconciliation	Total
Segment profit (loss)	1,905	578	55	(261)	(831)	1,447
Depreciation and amortization	41	125	19	5	56	249
Amortization of goodwill	29	30	9	−	−	70
Direct EBITDA (Note 5)	1,977	735	85	(255)	(774)	1,767
Allocation of company-wide expenses (Note 6)	(326)	(352)	(95)	−	774	−
Segment EBITDA (Note 6)	1,651	382	(9)	(255)	0	1,767

5. Direct EBITDA is calculated by adding depreciation and amortization of intangible assets including goodwill to segment profit or loss, which is equivalent to net sales less the total of operating costs (except for depreciation and amortization of intangible assets including goodwill) and Direct Costs (*1).

   (*1) Direct Costs are defined as corporate costs that are directly attributable to services and business of each reportable segment.

6. Segment EBITDA is calculated by allocating Indirect Costs (*2) to Direct EBITDA of each reportable segment. The allocation of Indirect Costs is based on net sales of each reportable segment.

   (*2) Indirect Costs are defined as company-wide expenses that are not directly attributable to services and

business of each reportable segment. Indirect Costs include costs of being a listed company, audit fees, and executive remuneration.

7. The Group withdrew from Quartz business during the fourth quarter period in the previous fiscal year.

2) Change in reportable segments

Effective from the first quarter period in the current fiscal year, the reportable segment "Other businesses" was renamed "Other B2B Businesses." This change does not have any effect on the Group's segment information as it was just a change of the name of the reportable segment. The segment information for the nine months ended September 30, 2020 as disclosed in the preceding page have been retrospectively adjusted to reflect this change.

3) Information on impairment losses of non-current assets and goodwill by each reporting segment

(Significant impairment loss on non-current assets)
During the nine months period in the current fiscal year, the Group recorded ¥289 million of impairment loss on non-current assets in relation to the decision to close NewsPicks GINZA, a facility of NewsPicks business located in Japan.

(Additional Information―Accounting estimates on the effect of the novel coronavirus)

There are no significant changes in the assumptions regarding the COVID-19 pandemic, including how it will spread in future and how long it will take time to subside, from the information disclosed in "Information on Accounting Estimate Regarding the COVID-19 Pandemic" in the Company's Securities Report for the year ended December 31, 2020 (Japanese version only).