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MULTEX COM INC  
Form 10-Q  
August 14, 2001

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U.S. SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES  
EXCHANGE ACT OF 1934

FOR THE QUARTERLY PERIOD ENDED JUNE 30, 2001

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES  
EXCHANGE ACT OF 1934

FOR THE TRANSITION PERIOD FROM \_\_\_\_\_ TO \_\_\_\_\_

COMMISSION FILE NUMBER: 0-24559

MULTEX.COM, INC.

-----  
(Exact name of registrant as specified in its charter)

DELAWARE

22-3253344

-----  
(State of Incorporation)

-----  
(I.R.S. Employer  
Identification Number)

100 WILLIAM STREET, 7TH FLOOR  
NEW YORK, NEW YORK 10038  
(212) 607-2400

-----  
(Address, including zip code, and telephone number,  
including area code, of registrant's principal executive offices)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes

No

As of August 7, 2001, there were 32,374,032 shares of the registrant's common stock outstanding.

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QUARTERLY REPORT ON FORM 10-Q  
MULTEX.COM, INC. AND SUBSIDIARIES

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## CONDENSED CONSOLIDATED BALANCE SHEETS

(IN THOUSANDS)

	JUNE 30, 2001	DECEMBER 31, 2000
	(unaudited)	(audited)
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 37,734	\$ 20,237
Marketable securities	6,732	25,493
Accounts receivable, net	20,825	27,497
Other current assets	6,967	6,542
<b>Total current assets</b>	<b>72,258</b>	<b>79,769</b>
Property and equipment, net	37,937	37,909
Goodwill, net	6,476	33,704
Intangibles, net	16,822	17,649
Other	8,004	5,490
<b>Total assets</b>	<b>\$ 141,497</b>	<b>\$ 174,521</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities:		
Accounts payable	\$ 2,309	\$ 4,805
Accrued expenses	5,060	9,742
Current portion of capital lease obligations	78	110
Deferred revenues	10,116	10,533
<b>Total current liabilities</b>	<b>17,563</b>	<b>25,190</b>
Long term liabilities:		
Capital lease obligations	46	84
Deferred rent	3,250	3,119
Other	3	3
<b>Total long term liabilities</b>	<b>3,299</b>	<b>3,206</b>
Stockholders' equity:		
Preferred stock - \$.01 par value:		
Authorized - 5,000,000 shares;		
none issued and outstanding	--	--
Common stock - \$.01 par value:		
Authorized - 200,000,000 shares;		
issued and outstanding 32,060,000 shares		
at June 30, 2001 and 31,741,000 at		
December 31, 2000	321	317
Additional paid-in capital	223,856	216,683
Accumulated deficit	(92,061)	(61,336)
Deferred equity consideration	(11,389)	(9,671)
Accumulated other comprehensive income (loss)	(92)	132
<b>Total stockholders' equity</b>	<b>120,635</b>	<b>146,125</b>
<b>Total liabilities and stockholders' equity</b>	<b>\$ 141,497</b>	<b>\$ 174,521</b>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE  
CONDENSED CONSOLIDATED FINANCIAL STATEMENTS.

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MULTEX.COM, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS  
(UNAUDITED; IN THOUSANDS, EXCEPT PER SHARE DATA)

	THREE MONTHS ENDED		SIX MONTHS ENDED	
	JUNE 30, 2001	JUNE 30, 2000	JUNE 30, 2001	JUNE 30, 2000
Gross revenues	\$ 23,522	\$ 19,167	\$ 53,026	\$ 35,250
Performance-based warrants	(1,075)	--	(1,075)	--
Net revenues	22,447	19,167	51,951	35,250
Cost of revenues	7,187	3,936	12,900	7,904
Gross profit	15,260	15,231	39,051	27,346
Operating expenses:				
Sales and marketing	7,738	5,917	14,454	12,157
Research and development	1,961	2,767	4,567	5,022
General and administrative	13,691	8,288	25,621	14,635
Impairment charge	25,641	--	25,641	--
Total operating expenses	49,031	16,972	70,283	31,814
Loss from operations	(33,771)	(1,741)	(31,232)	(4,468)
Other income (expense):				
Interest income	497	626	1,078	1,336
Interest expense	(3)	(10)	(18)	(23)
Other	(173)	--	(173)	--
Loss before income taxes	(33,450)	(1,125)	(30,345)	(3,155)
Income tax expense	290	48	380	95
Net loss	\$ (33,740)	\$ (1,173)	\$ (30,725)	\$ (3,250)
Basic and diluted net loss per share	\$ (1.05)	\$ (0.04)	\$ (0.96)	\$ (0.11)
Number of shares used in basic and diluted loss per share	31,994	29,842	31,905	29,076

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE  
CONDENSED CONSOLIDATED FINANCIAL STATEMENTS.

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MULTEX.COM, INC. AND SUBSIDIARIES

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## CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(UNAUDITED; IN THOUSANDS)

	SIX MONTHS ENDED	
	JUNE 30, 2001	JUNE 30, 2000
Operating activities		
Net loss from operations	\$ (30,725)	\$ (3,250)
Adjustments to reconcile net loss from operations to net cash provided by (used in) operating activities:		
Amortization of equity consideration	2,071	1,203
Depreciation and amortization	4,859	2,804
Amortization of goodwill and intangibles	2,714	805
Performance-based warrant charges	1,075	--
Bad debt expense	1,346	430
Impairment charges	25,641	--
Changes in operating assets and liabilities:		
Accounts receivable	5,326	(7,589)
Other current assets	(425)	(829)
Other assets	1,392	(624)
Accounts payable	(2,756)	(3,386)
Accrued expenses	(4,876)	668
Deferred revenue	(417)	2,266
Deferred rent	131	339
Other liabilities	--	(14)
	5,356	(7,177)
Net cash provided by (used in) operating activities from operations		
	5,356	(7,177)
 INVESTING ACTIVITIES		
Purchase of marketable securities	(24,569)	(19,197)
Proceeds from sale of marketable securities	43,050	26,262
Acquisition of Sage Online and BuzzCompany, net of cash acquired	--	(6,724)
Purchase of property and equipment	(8,639)	(11,811)
	9,842	(11,470)
Net cash provided by (used in) investing activities		
	9,842	(11,470)
 FINANCING ACTIVITIES		
Proceeds from issuances of stock	2,313	23,368
Repayment of long-term debt and capital leases	(70)	(117)
	2,243	23,251
Net cash provided by financing activities		
	2,243	23,251
Effect of exchange rate changes on cash	56	(10)
	17,497	4,594
Increase in cash and cash equivalents		
Cash and cash equivalents, beginning of year	20,237	6,089
	\$ 37,734	\$ 10,683
Cash and cash equivalents, end of period		
	\$ 37,734	\$ 10,683

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE  
CONDENSED CONSOLIDATED FINANCIAL STATEMENTS.

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MULTEX.COM, INC. AND SUBSIDIARIES  
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(UNAUDITED; IN THOUSANDS)

	SIX MONTHS ENDED	
	JUNE 30, 2001	JUNE 30, 2000
	-----	-----
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION NONCASH INVESTING AND FINANCING ACTIVITY:		
Accrued purchases of fixed assets	\$ 260	\$ 838
	=====	=====
Unrealized (loss) gain on marketable securities	\$ (280)	\$ 59
	=====	=====
Issuance of restricted stock	\$ 4,005	\$ --
	=====	=====
Stock issued for acquisition of Sage Online	\$ --	\$ 11,037
	=====	=====
Stock issued for acquisition of BuzzCompany	\$ --	\$ 22,801
	=====	=====
Stock issued for acquisition of software	\$ --	\$ 5,400
	=====	=====
Stock issued for exercise of warrants	\$ --	\$ 3
	=====	=====
Fair market value of warrants issued	\$ 1,075	\$ 9,809
	=====	=====
Taxes paid	\$ 101	\$ 2
	=====	=====
Interest paid	\$ 18	\$ 20
	=====	=====

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE  
CONDENSED CONSOLIDATED FINANCIAL STATEMENTS.

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NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
(UNAUDITED)

JUNE 30, 2001

NOTE 1 -- BASIS OF PRESENTATION

Multex.com, Inc. (the "Company" or "Multex.com") is a global provider of investment information and technology solutions to the financial services industry, including brokerage firms, professional money management firms, hedge funds, venture capital firms, mutual funds, investment banks, corporations, and individual investors. Headquartered in New York, the Company also has offices in London, San Francisco, Edinburgh and Hong Kong.

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments (consisting

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of normal recurring adjustments) considered necessary for a fair presentation have been included. Operating results for the three and six month periods ended June 30, 2001 are not necessarily indicative of the results that may be expected for the year ending December 31, 2001. The disclosure of segment information was not required as the Company operates in only one business segment.

The balance sheet at December 31, 2000 has been derived from audited financial statements but does not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements.

The interim financial information contained herein should be read in conjunction with the consolidated financial statements and notes thereto for the year ended December 31, 2000 included in the Company's Annual Report on Form 10-K.

In June 2001, the Financial Accounting Standards Board issued Statements of Financial Accounting Standards No. 141, Business Combinations, and No. 142, Goodwill and Other Intangible Assets, effective for fiscal years beginning after December 15, 2001. Under the new rules, goodwill (and intangible assets deemed to have indefinite lives) will no longer be amortized but will be subject to annual impairment tests in accordance with the Statements. Other intangible assets will continue to be amortized over their useful lives.

The Company will apply the new rules on accounting for goodwill and other intangible assets beginning in the first quarter of 2002. Application of the non-amortization provisions of the Statement is expected to result in an increase in net income of approximately \$700,000 (\$0.02 per share) per year. During 2002, the Company will perform the first of the required impairment tests of goodwill and indefinite lived intangible assets as of January 1, 2002 and has not yet determined what the effect of these tests will be on the earnings and financial position of the Company.

### NOTE 2 -- STOCKHOLDERS' EQUITY

During the three months ended June 30, 2001, the Company issued 144,000 shares of its common stock in connection with the exercise of stock options to employees and the employee stock purchase plan.

During the three months ended March 31, 2001, the Company issued 174,000 shares of its common stock to employees in connection with the exercise of stock options and granted rights to receive an additional 301,000 shares to employees in connection with its restricted stock program. The restricted stock rights vest in four equal semi-annual installments beginning July 31, 2001, with stock issuance occurring on each vesting date.

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### NOTE 3 -- EARNINGS PER SHARE

The following table sets forth the computation of basic and diluted earnings per share for the periods indicated (in thousands, except per share data):

THREE MONTHS ENDED  
JUNE 30,

SIX

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	2001 -----	2000 -----	2001 -----
Numerator:			
Numerator for basic and diluted net loss per share - net loss available for common stockholders	\$ (33,740) =====	\$ (1,173) =====	\$ (30,72) =====
Denominator:			
Denominator for basic and diluted net loss per share - weighted average shares	31,994 -----	29,842 -----	31,90 -----
Basic and diluted net loss per share	\$ (1.05) =====	\$ (0.04) =====	\$ (0.9) =====

NOTE 4 -- COMPREHENSIVE INCOME (LOSS)

Total comprehensive loss was \$33.7 million and \$1.1 million for the three months ended June 30, 2001 and June 30, 2000, respectively. Total comprehensive loss was \$30.9 million and \$3.2 million for the six months ended June 30, 2001 and June 30, 2000, respectively.

NOTE 5 -- IMPAIRMENT OF LONG-LIVED ASSETS

During the quarter ended June 30, 2001, the Company recorded an impairment charge of \$25.6 million related to two of its acquisitions. There were two components to this special charge.

The first component reflects the Company's decision to exit the Sage business, resulting in a \$15.3 million (comprised of goodwill) special charge. The majority of this charge relates to the write-down of net intangible assets associated with the Sage acquisition.

The second component relates to exiting the Buzz software product line. Management performed an evaluation of the Buzz intangible assets, as described in Financial Accounting Standards No. 121, "Accounting for the Impairment of Long-Lived Assets" and concluded from the results of this evaluation that an impairment of intangible assets had occurred. An impairment charge of \$10.3 million (comprised of goodwill) was required because estimated fair value was less than the carrying value of the assets.

NOTE 6 -- SUBSEQUENT EVENTS

In July 2001, the Company instituted a 15% workforce reduction resulting in estimated annualized cost savings of approximately \$6.0 million. The Company anticipates recording a third quarter restructuring charge of approximately \$1.0 million for expenses relating to severance and other costs associated with exiting the Sage business.



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### OF OPERATIONS

THE FOLLOWING DISCUSSION OF THE FINANCIAL CONDITION AND RESULTS OF OPERATIONS OF THE COMPANY CONTAINS FORWARD-LOOKING STATEMENTS WITHIN THE MEANING OF SECTION 27A OF THE SECURITIES ACT OF 1933, AS AMENDED, AND SECTION 21E OF THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED. STATEMENTS CONTAINED HEREIN THAT ARE NOT STATEMENTS OF HISTORICAL FACT MAY BE DEEMED TO BE FORWARD-LOOKING STATEMENTS. WITHOUT LIMITING THE FOREGOING, THE WORDS "BELIEVES", "ANTICIPATES", "PLANS", "EXPECTS" AND SIMILAR EXPRESSIONS ARE INTENDED TO IDENTIFY FORWARD-LOOKING STATEMENTS. THE COMPANY'S ACTUAL RESULTS AND THE TIMING OF CERTAIN EVENTS COULD DIFFER MATERIALLY FROM THOSE ANTICIPATED IN THESE FORWARD-LOOKING STATEMENTS AS A RESULT OF CERTAIN FACTORS, INCLUDING, BUT NOT LIMITED TO, THOSE SET FORTH UNDER "RISK FACTORS THAT MAY AFFECT FUTURE RESULTS."

#### OVERVIEW

Multex.com is a global provider of investment information and technology solutions for the financial services industry, including brokerage firms, professional money management firms, hedge funds, venture capital firms, mutual funds, investment banks, corporations and individual investors. We offer four main products, as follows:

- o MultexNET, launched in June 1996, provides access to real-time, commingled equity and fixed income research, global estimates and company fundamental information to buy-side investors, sell-side institutions, public and private corporations and libraries of professional service firms;
- o MultexEXPRESS, launched in January 1997, offers development, hosting and real-time distribution of research and other investment information on customized web sites to buy-side investment firms, sell-side institutions and other financial services companies;
- o Multex Investor, launched in November 1998, is the Company's financial destination web site that provides financial data and access to free research in return for permission-based leads to brokerage firms and pay-per-view research on an embargoed basis; and
- o Market Guide, acquired in September 1999, provides investment information products to financial institutions and web sites, institutional investors, corporations and professional vendors.

MultexNET is offered either on a one- to three-year subscription basis or on a transactional basis through Multex OnDemand. The product allows entitled institutional investors, corporations, financial institutions and advisors to access full-text investment research reports on a real-time basis from investment banks, brokerage firms and other third-party research providers over the Internet or through other distribution channels.

MultexEXPRESS is also provided pursuant to one- to three-year subscriptions, generating revenue from professional services, hosting, and license fees. MultexEXPRESS enables financial institutions to distribute their proprietary financial research, as well as other corporate documents, over the Internet, through intranets and other private networks.

Multex Investor provides individual investors who register as members access to a range of financial reports and services online from a majority of the contributors to MultexNET. These reports are available either free of charge, or for a fee determined by the research provider. Multex Investor generates revenues from transactions, email and banner advertising, and contractual, lead-generating sponsorships. Sponsors on Multex Investor include full-service brokerage firms and other financial institutions interested in attracting individual investors to their products, services and brands.

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Market Guide acquires, integrates, condenses and publishes accurate, timely and objective financial, descriptive and other information on publicly-traded companies. Market Guide generates revenue primarily by licensing its database in single or multi-year contracts.

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Revenue from MultexNET subscriptions is recognized in equal installments over the term of the subscription. Revenue from transactions on MultexNET and Multex Investor are recognized upon sale. Some of the transactional users of MultexNET pay a flat annual fee for the service, which entitles them to receive research and other reports at a discounted rate. Revenues from these users are recognized in equal installments over the term of the subscription. Revenue from professional service fees related to Multex EXPRESS is recognized upon completion of relevant service, whereas the hosting and license fees are recognized over the term of the agreement. Revenue from sponsorships on Multex Investor is recognized in equal installments over the term of the sponsorship. Market Guide license fees are recognized over the term of the agreement.

The majority of costs associated with revenues from MultexNET, MultexEXPRESS, Multex Investor and Market Guide are expensed as and when incurred.

### RESULTS OF OPERATIONS

QUARTER ENDED JUNE 30, 2001 COMPARED TO QUARTER ENDED JUNE 30, 2000

#### Revenues

Multex.com's gross revenues consist of subscription fees for MultexNET, sales of investment research on a pay-per-view basis through Multex OnDemand, subscription, development, hosting and license fees for MultexEXPRESS, license and redistribution fees for the Market Guide database, and sales of sponsorships, advertising and investment research through the Multex Investor web site. We also provide professional services to select MultexEXPRESS clients, including software development, customization and integration services.

Gross revenues increased 22.7% to \$23.5 million for the quarter ended June 30, 2001 from \$19.2 million for the quarter ended June 30, 2000. The increase in revenues reflects growth in MultexExpress, MultexNET and Market Guide, partially offset by a reduction in revenue related to Multex Investor. Gross revenues in the second quarter of 2001 totaled \$23.5 million, compared with \$29.5 million in the first quarter of 2001, representing a decrease of 20.3%.

On a quarter over quarter basis (June 2001 compared to June 2000), MultexEXPRESS revenue benefited from an increase in the number of Express sites in operation and additional customization work. On a sequential basis, the June 2001 quarter declined significantly from the March 2001 quarter reflecting the absence of any termination charges in the second quarter, a reduction in development work for one of the Company's largest customers, and delays in new and expanded business resulting from continuing weakness in the global financial markets.

MultexNET sales benefited from an increased number of users accessing the MultexNET service and an increase in the number of reports purchased through the OnDemand product on a quarter over quarter basis. When compared on a sequential basis, the second quarter showed a slight decline versus the first quarter, reflecting a decline in revenues from the OnDemand product line. This was primarily attributable to a decline in investment banking activities resulting from the global slowdown in the financial markets.

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Multex Investor experienced sharp revenue declines on both a quarter over quarter and sequential basis, each of which reflects the downturn in the financial markets. Advertising, sponsorships and transactions were all adversely impacted by the global slowdown in the financial markets and from dramatic curtailments of corporate advertising budgets.

On a quarter over quarter basis, Market Guide benefited from the inclusion of the Multex Global Estimates (formerly Barra Global Estimates) business, which was acquired in December 2000, and from modest increases in vendor revenues. On a sequential basis, the Market Guide business was negatively impacted by continued bankruptcies and cancellations as many of its customers are dependent on the financial markets and advertising, both of which have experienced sharp declines.

All of the Company's product lines were effected by continued weakness in

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the global financial markets resulting in a slowdown in new business, reductions in customer spending, postponement of customer decisions, and increases in bankruptcy filings.

PERFORMANCE-BASED WARRANT CHARGES. In the second quarter ended June 30, 2001, the Company recorded performance-related charges associated with warrants issued to Merrill Lynch & Co., Inc. totaling \$1.1 million. The Company has classified this non-cash expense as contra-revenue. The performance-based warrant charges will continue to be recorded by the Company in each period that warrants are earned.

### Cost of Revenues

Cost of revenues consist primarily of fees payable to distributors of MultexNET and Multex OnDemand, royalties payable to the authors of investment research and content offered through Multex OnDemand, and the Multex Investor and Market Guide web sites, internal and external development costs incurred for MultexEXPRESS customers, research department costs related to the collection and processing of financial data and global earnings estimates, and data communications costs.

Cost of revenues increased 82.6% to \$7.2 million in the quarter ended June 30, 2001 from \$3.9 million for the quarter ended June 30, 2000. As a percentage of gross revenues, cost of revenues increased to 30.6% for the quarter ended June 30, 2001 from 20.5% for the quarter ended June 30, 2000. The increase in cost of revenues was primarily due to increased royalty payments to third party contributors resulting from additional report sales through the Multex OnDemand platform, the inclusion of data collection costs related to the Global Estimates business, higher telecommunication costs resulting from data center redundancies, and costs associated with increased customization work related to development and enhancements of Express sites.

### Operating Expenses

SALES AND MARKETING. Sales and marketing expenses consist primarily of salaries, commissions, advertising, public relations, tradeshow expenses and costs of marketing materials. Sales and marketing expenses increased 30.8% to \$7.7 million in the quarter ended June 30, 2001 from \$5.9 million for the quarter ended June 30, 2000. As a percentage of gross revenues, sales and marketing expenses increased to 32.9% for the quarter ended June 30, 2001 from 30.9% for the quarter ended June 30, 2000. The increase in sales and marketing expenses

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was due to an increase in sales personnel and was partially offset by a reduction in advertising and marketing expenses. The Company has reduced its marketing expenditures with the majority of its marketing dollars in the current quarter spent on generating qualified leads to the Multex Investor platform. Management anticipates marketing expenses to decline over the next two quarters as the Company reviews its online marketing and carriage fee contracts.

RESEARCH AND DEVELOPMENT. Research and development expenses consist primarily of salaries and benefits. Research and development expenses decreased 29.1% to \$2.0 million for the quarter ended June 30, 2001 from \$2.8 million for the quarter ended June 30, 2000. As a percentage of gross revenues, research and development expenses decreased to 8.3% for the quarter ended June 30, 2001 from 14.4% for the quarter ended June 30, 2000. The decrease in research and development expenses in dollar terms was primarily attributable to an increase in the number of internally developed software projects being capitalized in accordance with SOP 98-1, ACCOUNTING FOR THE COSTS OF COMPUTER SOFTWARE DEVELOPED OR OBTAINED FOR INTERNAL USE.

GENERAL AND ADMINISTRATIVE. General and administrative expenses consist primarily of salaries and benefits, fees for professional services and facility expenses, including depreciation and amortization of equipment, software and leasehold improvements, and amortization of identifiable intangible assets and goodwill. General and administrative expenses increased 65.2% to \$13.7 million for the quarter ended June 30, 2001 from \$8.3 million for the quarter ended June 30, 2000. As a percentage of gross revenues, general and administrative expenses increased to 58.2% for the quarter ended June 30, 2001 from 43.2% for the quarter ended June 30, 2000. Growth in general and administrative expenses reflects an increase in the number of employees and offices worldwide, higher bad debt reserves, and increased professional fees related to development, legal and tax services. Additionally, the second quarter ended June 2001 included recognition of operating expenses related to Buzz and the BARRA Global Estimates business. The Buzz and BARRA Global estimates acquisitions were consummated subsequent to March 2000.

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Management expects general and administrative expenses to decrease in aggregate dollars for the remainder of this year as the cost savings from the impairment charge, recorded in the second quarter, and anticipated restructuring charge, to be recorded in the third quarter, materialize. The majority of these cost savings will be attributable to a 15% reduction in personnel and the benefit costs associated with these employees, the elimination of operating losses associated with Sage, and a reduction in amortization charges associated with prior period acquisitions.

IMPAIRMENT CHARGE. In the second quarter ended June 30, 2001, the Company recorded an impairment charge of \$25.6 million reflecting the decision to exit the Sage business and the Buzz product line. Management also anticipates recording a restructuring charge in the third quarter related to severance costs associated with a fifteen percent payroll reduction and other expenses related to exiting the Sage business and Buzz product line. The Company expects the full impact of these charges to take effect in the fourth quarter of 2001 and to realize annual cost savings of approximately \$10.0 million from the 15% personnel reduction, lower employee benefits costs, reduced amortization charges, lower marketing carriage fees, and the absence of other costs related to Sage and the Buzz product line.

Loss from Operations

Loss from operations totaled \$33.8 million for the quarter ended June 30, 2001

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compared to a loss from operations of \$1.7 million for the quarter ended June 30, 2000. Loss from operations reflects the global slowdown in the financial marketplace, the impairment charge related to exiting the Sage business and Buzz product line, and higher operating expenses.

### Interest Income (Expense)

Net interest income decreased 19.8% to \$494,000 for the quarter ended June 30, 2001 from \$616,000 for the quarter ended June 30, 2000. The decrease in net interest income is primarily attributable to a decline in interest rates.

### Other

Other expense relates to a \$173,000 loss the Company recognized on the disposition of the Company's equity investment in Financial Data Concepts in the second quarter of this year.

### Income Taxes

Income taxes increased to \$290,000 for the quarter ended June 30, 2001 from \$48,000 for the quarter ended June 30, 2000 reflecting estimated taxable income for 2001 associated with employee stock option deductions and profitable foreign operations for which the Company's net operating loss carryforwards are not available.

At December 31, 2000, Multex had net operating loss carryforwards of approximately \$50.0 million and research and development credits of approximately \$1.5 million for income tax purposes that expire in 2009 through 2020. The utilization with regard to timing and amount of the Company's net operating loss carryforwards may be limited due to changes in the Company's ownership pursuant to Section 382 of the Internal Revenue Code.

### Net loss

The Company recorded a net loss of \$33.7 million, or a net loss per share of \$1.05, for the quarter ended June 30, 2001 compared to a net loss of \$1.2 million, or a net loss per share of \$0.04, for the quarter ended June 30, 2000. The net loss reflects the global slowdown in the financial marketplace, the impairment charge related to exiting the Sage business and Buzz product line, and higher operating expenses.

SIX MONTHS ENDED JUNE 30, 2001 COMPARED TO SIX MONTHS ENDED JUNE 30, 2000

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### Revenues

Gross revenues increased 50.4% to \$53.0 million for the six months ended June 30, 2001 from \$35.3 million for the six months ended June 30, 2000. The increase in revenues reflects growth in MultexExpress, MultexNET and Market Guide, partially offset by a reduction in revenue related to Multex Investor. MultexEXPRESS revenue benefited from an increase in the number of Express sites in operation, additional customization work and an early termination charge associated with one customer who decided to exit the retail marketplace in the first quarter of 2001. MultexNET sales benefited from an increased number of users accessing the MultexNET service and an increase in the number of reports purchased through the OnDemand product. Multex Investor experienced a revenue decline reflecting the downturn in the financial markets partially offset by

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cancellation fees related to two sponsors exiting the retail marketplace in the first quarter of 2001. Advertising, sponsorships and transactions were all adversely impacted by the global slowdown in the financial markets and from dramatic curtailments of corporate advertising budgets. Market Guide benefitted from the inclusion of the Multex Global Estimates (formerly Barra Global Estimates) business that was acquired in December 2000 and from modest increases in vendor revenues partially offset by several smaller internet distributors canceling their contracts and/or declaring bankruptcy in the first half of 2001.

For the six month period ended June 30, 2001, the Company incurred performance-related charges associated with warrants issued to Merrill Lynch & Co., Inc. totaling \$1.1 million. The Company has classified this non-cash expense as a contra-revenue account. The performance-based warrant charges will continue to be recorded by the Company in each period that warrants are earned.

### Cost of Revenues

Cost of revenues increased 63.2% to \$12.9 million during the six months ended June 30, 2001 from \$7.9 million for six months ended June 30, 2000. As a percentage of gross revenues, cost of revenues increased to 24.3% for the six months ended June 30, 2001 from 22.4% for the six months ended June 30, 2000. The increase in cost of revenues in dollar terms was primarily due to increased royalty payments to third party contributors resulting from additional report sales through the Multex OnDemand platform, the inclusion of data collection costs related to the Global Estimates business, and costs associated with increased customization work related to development and enhancements of Express sites.

### Operating Expenses

**SALES AND MARKETING.** Sales and marketing expenses consist primarily of salaries, commissions, advertising, public relations, tradeshow expenses and costs of marketing materials. Sales and marketing expenses increased 18.9% to \$14.5 million during the six months ended June 30, 2001 from \$12.2 million for the six months ended June 30, 2000. As a percentage of gross revenues, sales and marketing expenses decreased to 27.3% for the six months ended June 30, 2001 from 34.5% for the six months ended June 30, 2000. The increase in sales and marketing expenses was due to an increase in sales personnel partially offset by a reduction in advertising and marketing expenses. The Company has reduced its marketing expenditures with the majority of its marketing dollars spent on generating qualified leads to the Multex Investor platform.

**RESEARCH AND DEVELOPMENT.** Research and development expenses consist primarily of salaries and benefits. Research and development expenses decreased 9.1% to \$4.6 million during the six months ended June 30, 2001 from \$5.0 million for the six months ended June 30, 2000. As a percentage of gross revenues, research and development expenses decreased to 8.6% for the six months ended June 30, 2001 from 14.3% for the six months ended June 30, 2000. The decrease in research and development expenses in dollar terms was primarily due to an increase in the number of internally developed software projects being capitalized.

**GENERAL AND ADMINISTRATIVE.** General and administrative expenses consist primarily of salaries and benefits, fees for professional services and facility expenses, including depreciation and amortization of equipment, software and leasehold improvements, and amortization of identifiable intangible assets and goodwill. General and administrative expenses increased 75.1% to \$25.6 million during the six months ended June 30, 2001 from \$14.6 million for the six months ended June 30, 2000. As a percentage of gross revenues, general and administrative expenses increased to

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48.3% for the six months ended June 30, 2001 from 41.5% for the six months ended June 30, 2000. Growth in general and administrative expenses reflects an increase in the number of employees and offices worldwide, higher bad debt reserves, and increased professional fees related to development, legal and tax services. Additionally, the six months ended June 2001 included full recognition of expenses related to Sage, Buzz and the BARRA Global Estimates business.

**IMPAIRMENT CHARGE.** For the six month period ended June 30, 2001, the Company recorded an impairment charge of \$25.6 million reflecting the decision to exit the Sage business and the Buzz product line. Management also anticipates recording a restructuring charge in the third quarter related to severance costs associated with a fifteen percent payroll reduction and other expenses related to exiting the Sage business and Buzz product line. The Company expects the full impact of these charges to take effect in the fourth quarter of 2001 and to realize annual cost savings of approximately \$10.0 million from the 15% personnel reduction, lower employee benefits costs, reduced amortization charges, lower marketing carriage fees, and the absence of other costs related to Sage and the Buzz product line.

### Loss from Operations

Loss from operations totaled \$31.2 million for the six months ended June 30, 2001 compared to a loss from operations of \$4.5 million for the six months ended June 30, 2000. Loss from operations reflects the global slowdown in the financial marketplace, the impairment charge related to exiting the Sage business and Buzz product line, and higher operating expenses.

### Interest Income (Expense)

Net interest income decreased 19.3% to \$1.1 million during the six months ended June 30, 2001 from \$1.3 million for the six months ended June 30, 2000. The decrease in net interest income is primarily attributable to a decline in interest rates.

### Other

Other expense relates to a \$173,000 loss the Company recognized on the disposition of the Company's equity investment in Financial Data Concepts in the second quarter of this year.

### Income Taxes

Income taxes increased to \$380,000 for the six months ended June 30, 2001 from \$95,000 for the six months ended June 30, 2000.

At December 31, 2000, Multex.com had net operating loss carryforwards of approximately \$50.0 million and research and development credits of approximately \$1.5 million for income tax purposes that expire in 2009 through 2020. The utilization with regard to timing and amount of the Company's net operating loss carryforwards may be limited due to changes in the Company's ownership pursuant to Section 382 of the Internal Revenue Code.

### Net loss

The Company recorded a net loss of \$30.7 million, or a net loss per share of \$0.96, for the six months ended June 30, 2001 compared to a net loss of \$3.3 million, or a net loss per share of \$0.11, for the six months ended June 30, 2000. The net loss reflects the global slowdown in the financial marketplace, the impairment charge related to exiting the Sage business and Buzz product line, and higher operating expenses.

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### LIQUIDITY AND CAPITAL RESOURCES

At June 30, 2001, we had \$44.5 million of cash, cash equivalents and marketable securities. Our principal commitments consist of obligations under operating leases.

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Net cash provided by operating activities was \$5.4 million in the six months ended June 30, 2001, and net cash used in operating activities was \$7.2 million in the equivalent period in 2000. The increase in cash provided by operating activities reflects higher non-cash charges (including depreciation and amortization), the impairment charge (non-cash), and improved accounts receivable balances, partially offset by a reduction in accrued expenses and accounts payables.

Net cash provided by investing activities was \$9.8 million in the six months ended June 30, 2001, and net cash used in investing activities was \$11.5 million in the equivalent period in 2000. The improvement in cash provided by investing activities was primarily related to marketable securities transactions, a reduction in purchases of property and equipment, and the acquisitions of Sage Online and Buzz in the first half of 2000, for which there were no comparable transactions in 2001.

Net cash provided by financing activities was \$2.2 million in the six months ended June 30, 2001, and \$23.3 million for the equivalent period in 2000. The sharp decline in cash provided by financing activities was due to the private placement of stock issued to Merrill Lynch in the first quarter of 2000. There was no comparable transaction during the six month period ended June 30, 2001.

We believe that our existing cash, cash equivalents and marketable securities, will be sufficient to meet our anticipated cash needs for working capital and capital expenditures at least for the next twelve months.

### RISK FACTORS THAT MAY AFFECT FUTURE RESULTS

MULTEX.COM'S BUSINESS COULD BE MATERIALLY AND ADVERSELY AFFECTED BY A DOWNTURN IN THE FINANCIAL SERVICES INDUSTRY

We are dependent upon the continued demand for the distribution of investment research and other information over the Internet, making our business susceptible to a downturn in the financial services industry. In addition, U.S. financial institutions are continuing to consolidate, increasing the leverage of our information providers to negotiate prices and decreasing the overall potential market for some of our services. Weakness in the financial services industry could also adversely impact our subscription renewal rates. These factors, as well as other changes occurring in the financial services industry, could have a material and adverse effect on our business, results of operations and financial condition.

MULTEX.COM'S BUSINESS WOULD BE MATERIALLY AND ADVERSELY AFFECTED IF THE MARKET FOR ONLINE INVESTMENT RESEARCH DOES NOT CONTINUE TO GROW

In order to be successful, we must increase our revenues from subscription fees for MULTEXNET, from development, hosting and subscription fees for MULTEXEXPRESS, generate additional sales of investment research on a pay-per-view basis through MULTEX OnDemand, attract more users to and generate



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more leads for our sponsors from MULTEX INVESTOR and increase the total license fees generated from the MARKET GUIDE database. We face risks in accomplishing these objectives, among others, relating to our ability to:

- o anticipate and adapt to the changing Internet market;
- o attract and retain more subscribers, research and data contributors, and technology and business partners;
- o implement our sales, marketing, and branding strategies, both domestically and internationally;
- o attract, retain and motivate qualified personnel;
- o respond to actions taken by our competitors;
- o continue to build an infrastructure to effectively manage our growth and handle any future increased usage; and
- o integrate acquired businesses, technologies, products and services.

If we are unsuccessful in addressing these risks or in executing our business strategy, our business, results of operations, and financial condition would be materially and adversely affected.

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### THE MARKETS FOR OUR PRODUCTS AND SERVICES ARE RAPIDLY CHANGING

The market for the distribution of investment research and other information over the Internet is rapidly evolving, and demand and market acceptance for these services continue to be subject to a high level of uncertainty.

Because the market for our services is still relatively new and rapidly evolving, it is difficult to predict with any assurance the growth rate, if any, and the ultimate size, of this market. We cannot assure you that the market for our services will continue to develop or that our services will ever achieve broad market acceptance. If the market for our services weakens, develops more slowly than expected, or becomes saturated with competitors; if our services do not achieve broad market acceptance; or if pricing becomes subject to significant competitive pressures, our business, results of operations and financial condition would be materially and adversely affected.

### MULTEX.COM'S BUSINESS COULD BE MATERIALLY AND ADVERSELY AFFECTED BY PRESSURES OF COMPETITION

The market for the distribution of investment research and other information over the Internet is intensely competitive. Increased competition could result in price reductions, reduced gross margins and loss of market share, any of which could have a material and adverse effect on our business, results of operations and financial condition. We currently face direct and indirect competition, for contributors of investment research and other reports and for subscribers, from large and well-established distributors of financial information, such as Thomson Financial Services. Some of our competitors enjoy exclusive distribution arrangements with major financial institutions. We also compete with:

- o companies that provide investment research, including investment banks and brokerage firms, many of whom have their own Web sites;

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- o other providers of either free or subscription research services on the Internet;
- o services provided by some of our strategic distributors, which are competitive in one or more respects with our service offerings;
- o numerous prospective competitors, including Standard & Poor's, Moody's, and Zacks Investment Research, that offer investment research-based services;
- o various written publications, including traditional media, investment newsletters, personal financial magazines and industry research appearing in financial periodicals;
- o services provided by in-house management information services personnel and independent systems integrators;
- o providers of annual reports and other filings with the Securities and Exchange Commission;
- o Standard & Poor's company-specific reports; and
- o Value Line investment research reports.

If we fail to successfully compete with these entities or information sources, our business, results of operations, and financial condition may be materially adversely affected. It is also possible that new competitors may emerge and rapidly acquire significant market share.

### RAPID GROWTH IN MULTEX.COM'S FUTURE OPERATIONS COULD STRAIN OUR MANAGERIAL, OPERATIONAL AND FINANCIAL RESOURCES

We have experienced rapid growth in our operations. This rapid growth has placed, and our anticipated future growth will continue to place, a significant strain on our managerial, operational and financial resources, that if not properly managed, could materially adversely affect our business, results of operations, and financial condition.

### THE LOSS OF ANY OF MULTEX.COM'S KEY PERSONNEL COULD HAVE A MATERIAL AND ADVERSE EFFECT

Our future success will depend, in substantial part, on the continued service of our senior management, including Mr. Isaak Karaev, our Chairman, President and Chief Executive Officer, and key technical and sales personnel, none of whom has entered into an employment agreement with us other than a non-competition/non-

disclosure agreement. We maintain a key person life insurance policy in the amount of \$2.0 million on the life of Mr. Karaev. The loss of the services of one or more of our key personnel could have a material and adverse effect on our business, results of operations and financial condition. We have from time to time in the past experienced, and we expect to continue to experience in the future, difficulty in hiring and retaining highly skilled employees with appropriate qualifications.

MULTEX.COM'S INTERNATIONAL OPERATIONS ARE NEW AND MAY NOT BE SUCCESSFUL. WE HAVE ONLY LIMITED BUSINESS EXPERIENCE OUTSIDE OF THE UNITED STATES

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A key component of our strategy is to continue to expand our international operations. To date, we have only limited experience in developing and obtaining research and other financial information relating to companies whose securities are traded on foreign markets and in marketing, selling and distributing our services internationally. The failure to gain the necessary experience, hire appropriate personnel, and enter into key business relationships in these markets could have a material and adverse effect on our business, results of operations and financial condition.

### DOING BUSINESS INTERNATIONALLY SUBJECTS US TO ADDITIONAL REGULATORY REQUIREMENTS, TAX LIABILITIES AND OTHER RISKS

There are risks inherent in doing business in international markets, including unexpected changes in regulatory requirements, potentially adverse tax consequences, export restrictions and controls, tariffs and other trade barriers, difficulties in staffing and managing foreign operations, political instability, fluctuations in currency exchange rates, and seasonal reductions in business activity during the summer months in Europe and various other parts of the world, any of which could have a material and adverse effect on the success of our international operations and, consequently, on our business, results of operations and financial condition. Furthermore, we cannot assure you that governmental regulatory agencies in one or more foreign countries will not determine that the services provided by us constitute the provision of investment advice, which could result in our having to register in these countries as an investment advisor or in our having to cease selling our services in these countries, either of which could have a material and adverse effect on our business, results of operations and financial condition.

### BECAUSE MULTEX.COM'S BUSINESS IS DEPENDENT UPON NETWORK AND COMPUTER SYSTEMS LOCATED IN ONE AREA, WE ARE SUSCEPTIBLE TO PROBLEMS CAUSED BY NATURAL DISASTERS, POWER FAILURES, SYSTEM FAILURES, SECURITY BREACHES OR OTHER DAMAGE TO OUR SYSTEM

Our electronic distribution of investment research utilizes proprietary technology that resides principally in New York City. The continued and uninterrupted performance of our network and computer systems is critical to our success. Any disaster, power outage or system failure that causes interruptions in our ability to provide our services to our customers, including failures that affect our ability to collect research from our information providers or provide electronic investment research to our users, could reduce customer satisfaction and, if sustained or repeated, would reduce the attractiveness of our services. An increase in the volume of research reports handled by our systems, or in the rate of requests for this research, could strain the capacity of our software or hardware, which could lead to slower response times or system failures. Furthermore, we face the risk of a security breach of our systems that could disrupt the distribution of research and other reports and information. Our business, results of operations and financial condition could be materially and adversely affected if any of these problems occur.

Our operations are dependent on our ability to protect our network and computer systems against damage from computer viruses, fire, power loss, data communications failures, vandalism and other malicious acts, and similar unexpected adverse events. In addition, a failure of our communications providers to provide the data communications capacity in the time frame required by us for any reason could cause interruptions in the delivery of our services. Despite precautions we have taken, unanticipated problems affecting our systems have from time to time in the past caused, and in the future could cause, delays and interruptions in the delivery of our services. Although we carry general liability insurance, our insurance may not cover any claims by dissatisfied customers or subscribers or may not be adequate to indemnify us for any liability that may be imposed in the event that claims were brought against us.

THE MARKET PRICE OF OUR SHARES MAY EXPERIENCE EXTREME PRICE AND VOLUME FLUCTUATIONS

The stock market has, from time to time, experienced extreme price and volume fluctuations. The market prices of the securities of Internet-related companies have been especially volatile, including fluctuations that are often unrelated to the operating performance of the affected companies. Broad market fluctuations of this type may adversely affect the market price of our common stock. The market price of our common stock could be subject to significant fluctuations due to a variety of factors, including:

- o public announcements concerning us or our competitors, or the Internet industry;
- o fluctuations in operating results;
- o a downturn in the financial services industry generally or the market for securities trading in particular;
- o introductions of new products or services by us or our competitors;
- o changes in analysts' earnings estimates; and
- o announcements of technological innovations.

In the past, companies that have experienced volatility in the market price of their stock have been the object of securities class action litigation. If we were the object of securities class action litigation, it could result in substantial costs and a diversion of our management's attention and resources and have a material adverse effect on our business, results of operation and financial condition.

OUR EXECUTIVE OFFICERS, DIRECTORS AND 5% OR GREATER STOCKHOLDERS SIGNIFICANTLY INFLUENCE ALL MATTERS REQUIRING A STOCKHOLDER VOTE

Our executive officers, directors and existing stockholders who each own greater than 5% of the outstanding common stock and their affiliates, in the aggregate, beneficially own approximately 50% of our outstanding common stock. As a result, our executive officers, directors and 5% or greater stockholders will be able to significantly influence the outcome of all matters requiring approval by our stockholders, including the election of directors and approval of significant corporate transactions. This concentration of ownership may also have the effect of delaying or preventing a change in control.

THE FUTURE SALE OF SHARES OF OUR COMMON STOCK MAY NEGATIVELY AFFECT OUR STOCK PRICE

If our stockholders sell substantial amounts of our common stock, including shares issuable upon the exercise of outstanding options and warrants in the public market, the market price of our common stock could fall. These sales also might make it more difficult for us to sell equity securities in the future at a time and price that we deem appropriate.

DISTRIBUTION AND OTHER FEES TO RESEARCH PROVIDERS AND STRATEGIC PARTNERS INCREASE MULTEX.COM'S COSTS

Royalties and distribution fees payable to our information providers and

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strategic partners to obtain distribution rights to research reports included in MULTEX ONDEMAND constitute a significant portion of our cost of revenues. If we are required to increase the royalties or fees payable to these information providers or strategic partners, these increased payments could have a material and adverse effect on our business, results of operations and financial condition.

THE INADVERTENT DISTRIBUTION OF RESEARCH REPORTS COULD RESULT IN A CLAIM FOR DAMAGES AGAINST MULTEX.COM OR HARM OUR REPUTATION

Under certain of our contracts we are required to restrict distribution of financial information to those users who have been authorized or entitled to access the report by the information provider. We might inadvertently distribute a particular report to a user who is not so authorized or entitled, which could subject us to a claim for damages by the information provider or which could harm our reputation in the marketplace, either of which could have a material and adverse effect on our business, results of operations and financial condition.

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WE MAY BE SUBJECT TO LEGAL CLAIMS IN CONNECTION WITH THE CONTENT WE PUBLISH AND DISTRIBUTE ON THE INTERNET

As a publisher and distributor of online content, we face potential direct and indirect liability for claims of defamation, negligence, copyright, patent or trademark infringement, violation of the securities laws and other claims based upon the reports and data that we publish. For example, by distributing a negative investment research report, we may find ourselves subject to defamation claims, regardless of the merits of such claims. Computer failures or human error may also result in incorrect data being published and distributed widely. In these and other circumstances, we might be required to engage in protracted and expensive litigation, which could have the effect of diverting management's attention and require us to expend significant financial resources. Our general liability insurance may not cover any of these claims or may not be adequate to protect us against all liability that may be imposed. Any claims or resulting litigation could have a material and adverse effect on our business, results of operations and financial condition.

IF THE INTERNET INFRASTRUCTURE IS NOT ADEQUATELY MAINTAINED, WE MAY BE UNABLE TO PROVIDE INVESTMENT RESEARCH AND INFORMATION SERVICES IN A TIMELY MANNER

Our future success will depend, in substantial part, upon the maintenance of the Internet infrastructure, including a reliable network backbone with the necessary speed, data capacity and security, and the timely development of enabling products for providing reliable and timely Internet access and services. We cannot assure you that the Internet infrastructure will continue to be able to support the demands placed on it or that the performance or reliability of the Internet will not be adversely affected. Furthermore, the Internet has experienced a variety of outages and other delays as a result of damage to portions of its infrastructure or otherwise, and these outages or delays could adversely affect the web sites of our contributors, subscribers or distributors. In addition, the Internet could lose its viability as a form of media due to delays in the development or adoption of new standards and protocols that can handle increased levels of activity. We cannot assure you that the infrastructure and complementary products and services necessary to maintain the Internet as a viable commercial medium will be developed or maintained.

WE MAY BECOME SUBJECT TO BURDENSOME GOVERNMENT REGULATION AND LEGAL

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### UNCERTAINTIES

The laws governing the Internet remain largely unsettled, even in areas where there has been some legislative action. Legislation could dampen the growth in the use of the Internet generally and decrease the acceptance of the Internet as a communications and commercial medium, which could have a material and adverse effect on our business, results of operations and financial condition. In addition, due to the global nature of the Internet, it is possible that, although transmissions relating to our services originate mainly in the State of New York, governments of other states, the United States or foreign countries might attempt to regulate our services or levy sales or other taxes on our activities. We cannot assure you that violations of local or other laws will not be alleged or charged by local, state, federal or foreign governments, that we might not unintentionally violate these laws or that these laws will not be modified, or new laws enacted, in the future. Any of these developments could have a material and adverse effect on our business, results of operations and financial condition.

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### PART II. OTHER INFORMATION

#### ITEM 1. LEGAL PROCEEDINGS

On and after May 8, 2001, three securities class action lawsuits were filed against the Company, certain of our current and former officers and directors, and a number of investment banks, including some of the underwriters of our initial public offering. The lawsuits were filed in the United States District Court for the Southern District of New York. The lawsuits assert claims against us pursuant to Sections 11 and 15 of the Securities Act of 1933, and pursuant to Sections 10(b) and 20(a) of the Securities Exchange Act of 1934, as well as Rule 10b-5 promulgated thereunder. Plaintiffs allege that the underwriter defendants agreed to allocate stock in our initial public offering to certain investors in exchange for excessive and undisclosed commissions and agreements by those investors to make additional purchases of stock in the aftermarket at pre-determined prices. Plaintiffs allege that the prospectus for our initial public offering was false and misleading in violation of the securities laws because it did not disclose these arrangements. We and our current and former officers and directors intend to vigorously defend the actions. We expect that the lawsuits will be consolidated and that plaintiffs will file a consolidated complaint. We intend to file a motion to dismiss that complaint. We are aware that approximately 110 other companies have been named in nearly identical lawsuits.

While the outcome of the claims against us cannot be predicted with certainty, management does not believe that the outcome of these legal matters will have a material adverse effect on our results of operations or financial condition.

#### ITEM 2. CHANGES IN SECURITIES AND USE OF PROCEEDS

NONE

#### ITEM 3. DEFAULTS UPON SENIOR SECURITIES

NONE

#### ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

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NONE

ITEM 5. OTHER INFORMATION

NONE

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits: NONE  
(b) Reports on Form 8-K: NONE

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ITEM 7. SIGNATURES

Pursuant to the requirements of the Securities Exchange Act, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

MULTEX.COM, INC.  
(Registrant)

Date: August 14, 2001

/s/ Isaak Karaev

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Name: Isaak Karaev  
Title: Chief Executive Officer

Date: August 14, 2001

/s/ John J. McGovern

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Name: John J. McGovern  
Title: Chief Financial Officer

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