



FULL REPORT

UZABASE

Key Indicators

Share price (10/12)	2,213
YH (2/10)	3,975
YL (8/20)	2,049
10YH (20/10/12)	4,445
10YL (16/11/4)	637.5
Shrs out. (mn shrs)	36.687
Mkt cap (¥ bn)	81.189
EV (¥ bn)	77.667
Current ratio	169.0%
Avg val traded (22d, ¥ mn)	295
Shr equity ratio	37%
21.12 P/E (CE)	117.46x
20.12 P/B (act)	12.36x
20.12 ROE (act)	-110.9%
21.12 DY (CE)	—

Share price chart (1Y)



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This report was prepared by Sessa Partners on behalf of Uzabase, Inc. Please refer to the legal disclaimer at the end for details.

Business Information Platform Company

With the mission of “changing the world through business information,” creating new value through information X people X technology

EXECUTIVE SUMMARY

Four Key Focus Points:

1. After withdrawing from Quartz business in North America, the company has focused on Japan business, but can it meet investor growth expectations mainly focused on domestic business? What is the likelihood of achieving the target of +30% growth for 2028 net sales of ¥100bn? After founder and president Yusuke Umeda, who was highly trusted by investors in terms of leadership, stepped down, will management be able to articulate a new growth story that can meet the expectations of investors?
2. In recent years, the company has been focusing on expanding marketplace-type services such as expert research in order to increase service value-added. This service will be a new source of revenue and can be differentiated from other providers, but there are concerns about it being labor intensive. What is the specific roadmap for future business, including the success or failure of investment in human resources?
3. Potential for future overseas expansion. BtoC business in North America has been repositioned once, but is there potential for new overseas expansion including BtoB business? We remain hopeful for new efforts based on lessons learned from the failure of the Quartz acquisition.
4. The stock price has been in a downward trend since it marked the high since listing of 4,445 on October 12, 2020. Is that because the growth story from this term onward is insufficient to meet investor expectations? At the same time, it remains at a very cheap level on price-to-sales ratio (PSR) compared to other Software as a Service (SaaS) companies. We intend to follow closely whether revaluation of the stock price proceeds going forward.

► Business information platform company. With the corporate mission of “changing the world through business information,” Uzabase supports business decision-making by organizing, analyzing, and creating all types of business information with the power of people and technology. The goal is to increase the productivity of businesspeople and to contribute to improving the quality of their creativity. It is a professional organization with an open and transparent corporate culture. In recent years, it has rapidly expanded the lineup of services provided, aiming to create new customer value as ‘One Uzabase,’ aiming for further growth.

► The company acquired Quartz Media, Inc. (US) in July 2018 with the aim of expanding into the global market, but the US economy was severely impacted due to the spread of the Novel Coronavirus pandemic (hereinafter COVID-19). As a result, the company decided to sell the business in November 2020 because it could not expect a recovery in business performance as planned. Management decided to focus on the domestic market for the time being.



*MRR: monthly recurring revenue (subscription business monthly sales)

- ▶ SPEEDA, a service offered since the company's founding, mainly consists of providing a quantitative business data service to financial institution professionals and enterprise customers (BtoB). It has achieved rapid growth by filling a market need for obtaining business information not easy to acquire which is required for corporate management decision-making, without the full functionality of specialist financial information services like Bloomberg. Monthly recurring revenue (*MRR) as of the end of June 2021 was ¥512mn. Medium-term growth outlook: +20-30%.
- ▶ NewsPicks qualitative information service (BtoC) provides not only curation of business news, but also SNS and original content realized by using the company's advanced technology. Also, in recent years, the company has actively invested in staff to enhance its editorial capability in order to strengthen originality. Total registered members reached 6.4 million as of the end of June 2021, of which paid subscribers were 172,000. MRR as of the end of March 2021 was ¥252mn. Medium-term growth outlook: +40-50%.
- ▶ In addition to the two main divisions above, other BtoB Businesses include "FORCAS," a BtoB marketing support tool, and "INITIAL," a database intelligence service for startup firms. FORCAS in particular is growing rapidly, and MRR of this business has grown from virtually zero over the past 3 years to ¥119mn as of the end of June 2021. By reinforcing new resources from both within and outside the company to the business information platform developed so far, the business portfolio is being enhanced and growth is being further accelerated.
- ▶ **Financial results for FY12/20: Despite withdrawal from Quartz, domestic business was firm, resulting in a 10% increase in sales (¥13.8bn) and OP returning to profit.** Consolidated financial results for the fiscal year ending December 2020 were net sales of ¥13,809mn (+10.3% YoY), operating income of ¥104mn (operating loss of ¥1,236mn the previous year), an ordinary loss of ¥281mn (ordinary loss of ¥1,429mn the previous year) and loss attributable to owners of the parent company of ¥6,472mn (loss of ¥1,620mn the previous year) due to recording impairment losses such as goodwill for the Quartz business. As a result of strong domestic business, sales increased by 34% excluding Quartz business (Quartz contributed to sales through October). Company-wide MRR at the end of December 2020 was ¥842mn, reaching the ¥10bn/year for recurring income alone.
- ▶ **FY12/21 full-term forecast: Net sales ¥15.6bn (+13.0% YoY), and operating income ¥1.38bn.** Excluding Quartz in the previous fiscal year, sales are forecast to increase by 21.5%. Plans to aggressively invest in new domestic businesses and engineer organization structure will put top-line growth, which had been declining since the Quartz acquisition, back on track. Results for the cumulative 2Q were net sales ¥7.86bn (+23.8% YoY, +35% excluding Quartz in the previous year), and operating income was ¥1.23bn (operating loss of ¥550mn the previous 1H). The achievement rate relative to full-term plan was 50% for net sales, 80% for EBITDA, and 89% for operating income. The full-year forecast was left unchanged, the company saying it will continue to make growth investments in the 2H of the year.
- ▶ The stock price has been in a downward trend since it marked the high since listing of 4,445 on October 12, 2020. Although the burden and uncertainties related to Quartz business have disappeared with the withdrawal, the likely cause of poor performance is observed to be difficulty in projecting a growth story going forward. At the same time, it remains at a very cheap level on price-to-sales ratio (PSR) compared to other Software as a Service (SaaS) companies. We intend to follow closely whether revaluation of the stock price proceeds going forward.

① Uzabase Consolidated Earnings Trend

[Japan GAAP] JPY mn, %	Net Sales	YoY	Oper. Income	YoY	Ord. Income	YoY	Income ATOP	YoY	EPS (¥)	DPS (¥)
FY12/17 A	4,565	48.2	545	117.5	518	130.0	438	63.8	15.13	0.00
FY12/18 A	9,340	104.6	830	52.1	533	2.9	610	39.5	20.42	0.00
FY12/19 A	12,521	34.1	(1,236)	–	(1,429)	–	(1,620)	–	(51.35)	0.00
FY12/20 A	13,809	10.3	104	–	(281)	–	(6,472)	–	(186.58)	0.00
FY12/21 CE	15,600	13.0	1,380	13.3x	1,240	–	600	–	19.89	0.00
FY12/20 1H A	6,354	12.2	(551)	–	(665)	–	(1,110)	–	(33.36)	0.00
FY12/21 1H A	7,863	23.8	1,231	–	1,141	–	743	–	20.29	0.00

Source: compiled by Sessa Partners from company materials.

ATOP: attributable to owners of parent.

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Note: In the text, “the company” refers to Uzabase regardless of the context. With regard to the figures in tables, there may be some discrepancies due to the handling of the original data, rounding, etc.

② Corporate Profile

1. Business Overview and Characteristics

1) Services Overview: strength in providing both BtoB and BtoC business info services

The company is a business information platform company whose corporate mission is to “change the world through business information.” It provides various business information services for BtoB and BtoC. Unlike existing media and information companies such as newspapers, broadcasters, and financial information services, Yusuke Inagaki, CEO (co-founder), Yusuke Umeda (co-founder: current non-executive Director), and Ryosuke Shinno (co-founder, retired as a Director due to receiving medical treatment) built a business information service business from scratch from the perspective of users. With the development and spread of the internet, the amount of information that can be processed by businesses has increased dramatically, and the speed of change in the world is accelerating, so it is a matter of vital importance for companies to efficiently obtain, process, and analyze business information. In the past, various business information has been consumed on a daily basis in financial institutions, etc., but there are high hurdles in terms of usability and cost for use by general business enterprises, and existing media and information companies cannot adequately meet those needs. The platform provided by the company is the answer to such new requirements in society.

Services currently provided by the company are as shown in the table below. After its founding, the company started provision of SPEEDA business, which is BtoB. In 2013, with the growth of social media, the BtoC NewsPicks service was launched. From 2017, BtoB services were expanded one after another. High value-added services such as venture information database entrepedia (the predecessor of INITIAL, which became a subsidiary in 2016), FORCAS (ABM tool, service started in 2017), expert research by MIMIR, and consulting services by AlphaDrive were introduced. The company is working on securing new revenue resources targeting the existing customer base. In 2018, as a step toward full-scale entry into the global market, it acquired the US emerging business news media Quartz. However, due to the pandemic, it was determined that a near-term profit recovery was not feasible, and management decided to withdraw from the business in November 2020, for the time being concentrating on domestic business.

List of Services Provided by Uzabase

Service	Start	Description	Revenue Model	Main Market	Main Clients	No. of clients/IDs	MRR JPY mn	Business Segment	Net sales JPY mn	YoY
SPEEDA SPEEDA	2009	Information platform that bundles co./industry info and statistical data	BtoB Fees + pay as you go	Japan / (overseas)	Financial institutions, business enterprises	3,299 JP 2,928 Asia 371	512	SPEEDA	5,509	21.3
MIMIR Expert Research	2017	Expert platform for expert insights		Japan						
 NewsPicks	2013	Economic and business news media / curation	BtoC Fees + ads	Japan	Business people	181k	252	NewsPicks	5,950	42.0
AlphaDrive AlphaDrive	2019	NewsPicks for corporates. Consulting for orgs, new business develop	BtoB Fees	Japan	Business enterprises					
FORCAS FORCAS	2017	Customer strategy platform for B2B business	BtoB Fees	Japan	Business enterprises	—	119	Others	1,421	63.1
INITIAL INITIAL	2017	Largest database in Japan for startups	BtoB Fees	Japan	Fin'l instit., business enterprises	—	—			

Note: Number of clients / IDs: SPEEDA is the number at the end of September 2020, NewsPicks is the number at the end of December 2020 (the company will not disclose it in the future). Sales are in the fiscal year ended December 2020, and MRR is at the end of June 2021. Quartz business is included in the fiscal year ended December 2020, but it is not included in the table above because the business was transferred in November 2020.

Source: Compiled by SESSA Partners from company materials .

Going forward, in addition to the services shown in the table on the previous page, plans call for further expanding business through active investment in new businesses such as “FORCAS Sales” (sales research platform) and “SPEEDA Edge” (growth industry analysis platform specialized for the North American market).

2) Unique corporate culture

The company features an open and transparent culture under the leadership of young but proven leaders in various fields, including the co-founders. “The 7 Values” are a direct representation of the company's corporate culture.



#1 *Be free & own it*

We are a community of self-starters. Each one of us has the freedom to think beyond the norm and make our best decisions. That kind of freedom comes with responsibility. We inspire each other to be bold, and we hold each other to the highest standards.



#2 *Unleash ingenuity*

Is this fresh? Will our users be excited? Are we excited? If the answer to those questions is no, then we don't do it. We use our strengths as a team, fusing our technological skill with sharp business prowess to deliver original products and services that radiate creativity and outpace the zeitgeist.



#3 *Thrill the user*

Approach every situation with the user in mind. Anticipate their needs. We listen—with open ears, hearts, and minds—to understand what they want. And then we give them more. We capture their imagination, and we strip away anything that doesn't make their experience better.



#4 *How fast? Wow fast.*

Surprise users (and yourself) with the speed of our results. Think faster. Develop faster. Speed is our culture. From decision making and product evolution to how we respond to our users, we want to be first. Scrap obstacles or inefficiencies that get in the way so we can create amazing things quickly.



#5 *Don't know? Choose brave.*

If there's a challenge, chase it. Find the point of difficulty and push. If it means making mistakes—that's fine. Failure is a master teacher. We'll learn. We'll get smarter. And we'll do it over and over. In our world, success only comes from trying something new then learning how to do it better than anyone else.



#6 *In it together. No matter what.*

When an elite athlete feels pain, they don't ignore it. They get help. We're the same. We rely on each of you, so if you're feeling down or stuck or exhausted, raise your hand. Say something. Your team will help—always. And you'll be ready when it's someone else's turn to ask for help. Ignoring an issue makes it worse. Get help when the problem is the easiest to fix: now.



#7 *We need what you bring*

We communicate openly—expressing ourselves honestly and listening with respect turning our differences into strength. The unique way you see the world makes all of us smarter. The way you express yourself inspires us to be more creative. Speak your mind. Share from the heart. Express your talents and be yourself. We celebrate diversity of experience, thought, ethnicity, gender, religion, sexual orientation, and culture. Whatever your path, we need your point of view.

During the start-up and development period of a venture company, members from the start of the business who share common values often resist mutual understanding with employees entering later. In order to avoid falling into such a crisis, the company established these '7 values' in order to align employee vectors.

In addition, as "three promises to shareholders and investors," the company has stated it will 1) act faithfully toward achievement of the mission of "changing the world through business information," 2) communicate honestly in good times and bad times, and 3) gain trust by accumulating 'walk the talk' execution. Originally, while the management team came from financial institutions, they are familiar with the various KPIs and management information required by investors, always openly disclosing business progress, etc., and explaining the background sincerely. It can be said that they have been faithfully fulfilling the three promises. In addition, through its own media, the company actively disseminates messages from the management team, including posting the transcript of the financial results briefing on the Web, including Q&A. The company's disclosure stance can be highly evaluated from the perspective of IR, and the management team has a high degree of credibility with investors among emerging venture companies.



The 3 Co-founders on founding:

- Yusuke Inagaki
- Yusuke Umeda
- Ryosuke Niino

2. Corporate History

The company was established in April 2008 by co-founders Yusuke Umeda, Yusuke Inagaki, and Ryosuke Niino. In May 2009, SPEEDA service was launched. Focusing on the fact that Mr. Umeda and Mr. Niino, who worked at foreign investment banks, required a great deal of labor to collect business data when creating proposals for customers (often the case at the workplace of investment bankers), they were convinced that there was a need for an efficient way to obtain business data from a user's point of view. Adding Mr. Inagaki, a prominent software engineer, to the team made it possible to design services with new ideas from a user's perspective.

NewsPicks BtoC news media service for the age of social media was launched in July 2013. Later, functionality of both SPEEDA and NewsPicks was enhanced, and overseas offices were expanded. The company successfully listed on TSE Mothers in Oct-2016. The next step for NewsPicks was international expansion by establishing a JV with Dow Jones & Co. in May 2017. The US edition of NewsPicks was officially released in November 2017. In addition, an in-house version of NewsPicks was launched in July 2017 as a measure to expand the market. The company also has a corporate service for enterprises of NewsPicks which is a BtoC media.

In July 2018, the company acquired the reputable US business media "Quartz" as a first step in entering the global market (total investment ¥8.25bn). It was integrated with NewsPicks USA, and the plan was to shift from an ad revenue-based business model to a paid fees-based business model. However, the rapid spread of the pandemic severely affected the US economy, and in November 2020, management decided to withdraw from the business because it could not be expected to turn around profits within a short period of time.

From the beginning of 2019, agile management decisions to realize the corporate mission of "changing the world through business information," such as strengthening corporate business through the acquisition of AlphaDrive and forming a capital and business tie-up with Tokyo Broadcasting System Holdings, were made one after another.

Uzabase, Inc. Corporate History

Date	Description
Apr-2008	Uzabase, Inc. established in Konan, Minato-Ku, Tokyo
May-2009	SPEEDA service launched
Dec-2010	Took an equity stake in Pitchness, Inc., making it an equity-method affiliate
Feb-2012	Commenced providing information on overseas companies
Jul-2012	Formulated the "7 Values" as action guidelines
Jan-2013	Shanghai Representative Office established
Jul-2013	Established Uzabase Asia Pacific Pte. Ltd. and Uzabase Hong Kong Limited
	NewsPicks iPad version launched
	NewsPicks iPhone version launched
Sep-2013	SPEEDA English service launched
Oct-2013	NewsPicks paid subscription plan introduced
Feb-2014	NewsPicks Android version launched
Mar-2014	NewsPicks Web version launched
Jun-2014	NewsPicks Editorial Dept. inaugurated
Jul-2014	SPEEDA global M&A data service launched
Aug-2014	Shanghai Representative Office incorporated, established Uzabase China Ltd.
Mar-2015	SPEEDA begins providing data on unlisted companies by TOKYO SHOKO RESEARCH
Apr-2015	NewsPicks, Inc. established through company split (incorporation-type split)
Jan-2016	Established Sri Lanka Representative Office as a global research base for SPEEDA
Oct-2016	Uzabase, Inc. listed on TSE Mothers
Jan-2017	Acquired Japan Venture Research, Inc., making it a subsidiary, adding "entrepedia" service to the Group's service lineup
	NewsPicks user members top 2 million
Apr-2017	Took an equity stake in MIMIR Co., Ltd., making it an equity-method affiliate
May-2017	JV established with Dow Jones & Co. in preparation of launching NewsPicks US version
	FORCAS service launched
Aug-2017	Established FORCAS Co., Ltd. through company split
Feb-2018	UB Ventures Co., Ltd. forms "UBV Fund-I Investment Partnership"
Jul-2018	Head office moved to Roppongi, Minato-ku, Tokyo
	Acquired all equity interests of Quartz Media, Inc. making it a consolidated subsidiary
Sep-2018	NewsPicks in-house edition launched for business enterprises
Oct-2018	Japan Venture Research releases "ami" service
	Acquired the equity stake in NewsPicks USA from Dow Jones, making it a wholly owned subsidiary
Nov-2018	New platform service QUARTZ and paid membership service QUARTZ launched
Mar-2019	SPEEDA Chinese language service launched
	NewsPicks launches NewsPicks Corporate Premium Plan
	Transition to a company with an Audit and Supervisory Committee
Apr-2019	NewsPicks launches book publishing business
Jul-2019	NewsPicks inaugurates new book label "NewsPicks Publishing"
Nov-2019	Japan Venture Research changed its name to INITIAL Co., Ltd.
	"entrepedia" and "ami" services integrated and service name changed to INITIAL
	Acquired all shares of Alpha Drive Co., Ltd., making it a consolidated subsidiary, with the aim of strengthening "NewsPicks for Business"
Dec-2019	Concluded a capital and business tie-up with Tokyo Broadcasting System Holdings (currently TBS Holdings, Inc.)
Mar-2020	Concluded a capital and business tie-up with Mitsubishi Estate Co., Ltd.
Apr-2020	Acquired additional shares of MIMIR Co., Ltd., making it a wholly owned subsidiary
May-2020	Underwrote CBs issued by US GlobalWonks Inc., forming a capital tie-up
	FORCAS launches new project "FORCAS Sales" to identify customer issues by collecting information prior to sales
Nov-2020	Transferred all shares of Quartz Intermediate Holdings, Inc., which owns Quartz Media, Inc., NewsPicks USA LLC (and 2 others) as wholly owned subs, withdrawing from the Quartz business
Apr-2021	In order to realize "One Uzabase," with the aim of strengthening B2B SaaS business, wholly owned subsidiaries FORCAS Co., Ltd. and INITIAL Co., Ltd. were absorbed by Uzabase

Source: compiled by Sessa Partners from company materials.

3. Group Overview

The Uzabase Group is comprised of 13 subsidiaries (8 domestic and 5 overseas) that that are engaged in providing each service. The major subsidiaries are as follows.

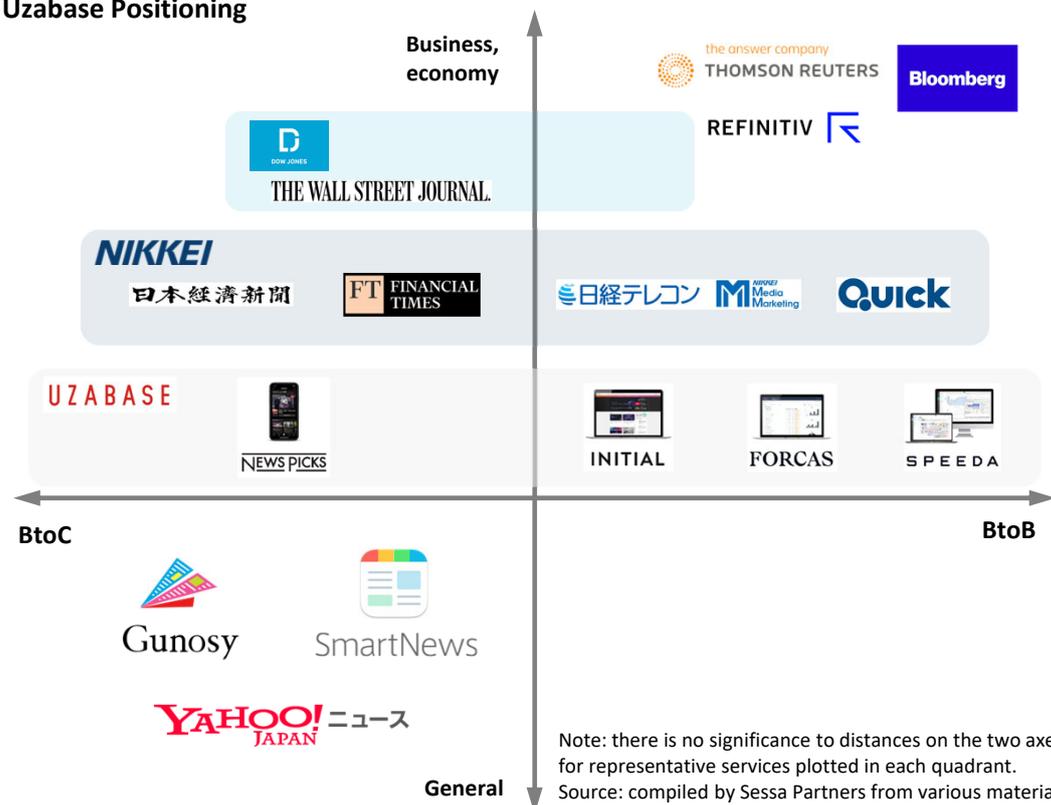
Uzabase Group Major Subsidiaries

Company Name	Main Business Description	Stake	Notes
Mimir, Inc.	Development/management of "SPEEDA EXPERT RESEARCH" for corporate cusyomers, "NewsPicks Expert" expert database	100.0%	Took equity stake in 2017, made a wholly owned subsidiary in 2019
NewsPicks, Inc.	Development/management of "NewsPicks"	100.0%	Established 2015
NewsPicks Studios	Prodution and sales of video content	66.7%	Established 2018 JV with Dentsu
AlphaDrive Co., Ltd.	Management consulting services mainly to support new business development for companies	100.0%	Made a consolidated subsidiary in 2019

Source: compiled by Sessa Partners from company materials.

Among the company's services, SPEEDA is provided by the parent, and other services are provided by wholly owned subsidiaries. By making business operations flexible according to the development stage of each service and clarifying management responsibilities, each business has grown significantly. At the same time, the issue of not being able to fully leverage synergies between businesses due to different corporate customers became apparent, and FORCAS Co., Ltd. and INITIAL Co., Ltd. were absorbed by Uzabase in April 2021 in order to establish an integrated management structure for B2B SaaS business. As "One Uzabase," the company is aiming to strengthen corporate sales.

Uzabase Positioning



4. Industry Positioning and Comparison with Peers

Services provided by the company specialize in business information, as stated in the corporate mission. Business information is basically BtoB due to the nature of its use, but the fact that the company provides a wide range of services to BtoC through its NewsPicks business is a major point of differentiation with others and a key feature. Traditional European and US business information services such as Thomson Reuters, Refinitiv, Bloomberg, Dow Jones, etc. basically provide specialized information for professionals such as those in financial institutions, and do not focus on the BtoC field. At the same time, the Nikkei Group and Dow Jones also offer both BtoB and BtoC, which excel in news media coverage and editing capabilities, but the company is one step ahead in terms of interactive new media such as SNS.

As BtoC news curation sites, Yahoo! News, Gunosy, SmartNews, etc. are listed as leading sites in Japan, but these widely cover and provide general news. As a curation site specializing in the business news, NewsPicks occupies a unique position. (See the figure on the previous page)

The table below compares the business description of each company in more detail. News curation sites for general readers rely on advertising revenue based on a large number of users, but in the case of business information services, they basically employ paid business models. Uzabase can be said to be unique in that it established a hybrid revenue model of advertising revenue + paid subscriptions through providing both BtoC and BtoB.

Internet News Distribution, Business News Peer Comparison

Company Name	YAHOO! (Z Holdings)	Gunosy	SmartNews	UZABASE		Bloomberg	Thomson Reuters
Service name	YAHOO! News	Gunosy/News Pass	SmartNews	NewsPicks	SPEEDA	Bloomberg various plans	Reuters
News type	general	general	general	business	business	business	business
Target customers	BtoC	BtoC	BtoC	BtoC / BtoB	BtoB	BtoB	BtoB
Revenue model	ads	ads	ads, etc.	ads + paid subscription fees	paid subscription fees	paid subscription fees	paid subscription fees
Active users/IDs*	23.18 mn	10.24 mn	16.86 mn	6.41 mn	17.64 mn	—	53.0 mn
Market	Japan	Japan	Japan + ovrseas	Japan	Japan	global	global
Content type	Curation	Curation	Curation	Curation + unique stories	Content supplier + unique content	Market info + unique content	Market info + unique content
Net sales**	¥339.6bn	¥9.0bn	unlisted	¥5.9bn	¥5.6bn	unlisted	—
Notes***	No.1 usage rate of mobile news apps. Expanded market share by integrating with LINE NEWS	4th highest usage rate of mobile news apps. Delivering optimal news to users with a unique algorithm	2nd highest usage rate of mobile news apps. Also focused on N. America and opened a devpt. base in the US. No. of users is rapidly expanding in N. America, and has 20mn+ users in Japan/overseas.	Specialized in business news, strengthening original content production. Ads + subscription revenues are equally divided. Paying members as of the end of Mar-2021 were 181k. Also provides BtoC.	Unique as a financial information service conscious of use by more general users. Introduced not only by fin'l institutions but also by business enterprises. Expanding to expert services and M&A, etc.	The default service for financial professionals. In particular, it is indispensable for real-time market watchers such as traders. Full communication tools	Information service company centered on British finance with a history of 170 years. Disseminates information to world media with proprietary info network

Active users/IDs*: Yahoo! News, Gunosy, and SmartNews as of Aug-2019 by "Nielsen Mobile NetView." UZABASE as of the end of Jun-2021. SPEEDA is No. of customers.

Reuters relies on company materials

Net sales**: Yahoo! is media business revenue for FY3/21. Gunosy is for FY5/20. UZABASE is for FY12/20.

Notes***: Usage rate share of mobile news apps is data from Aug-2019 by "Nielsen Mobile NetView." Others from respective company materials

Source: compiled by Sessa Partners.

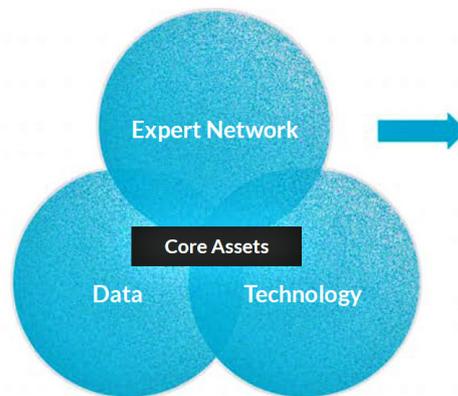
3 Key Services and Revenue Model Analysis

1. Core assets and products

Since its establishment in 2008, the company has accumulated a diverse range of data. It also developed technology to make the data easier for users to use. These unique assets accumulated over the past 10 years are one of the company's major strengths. In recent years, it has been focusing on providing expert knowledge in order to differentiate the shift to higher value-added services. Based on the company's three core assets, it is providing optimal products that meet customer needs.

Relationship between core assets and products

These 3 Core Assets are leveraged to provide the optimum product to match client needs.



Source: company materials.

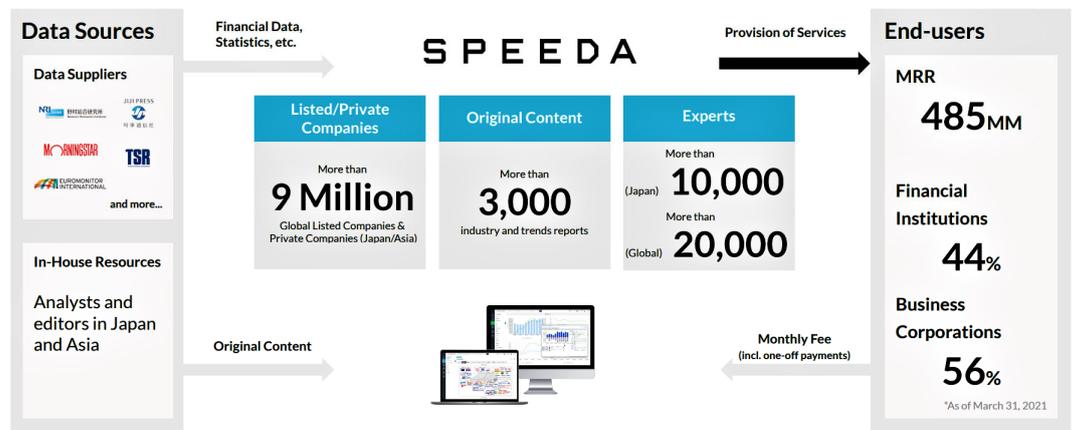
Products	Customer Needs
SPEEDA	Financial and business management strategy
FORCAS FORCAS Sales	Sales and marketing
INITIAL	Startup investment and partnerships
incubation suite	Development of new businesses
NEWS PICKS	Business news
NEWS PICKS Enterprise	Organizational strategy
New services	New customer needs

2. SPEEDA

1) SPEEDA Business Model

SPEEDA is an information platform that comprehensively and systematically organizes various information necessary for company / industry analysis, providing a one-stop solution from data collection / analysis to document creation. It supports decision-making in corporate management strategy.

Subscription-based revenue model



• Financial Institutions include banks and brokerage firms, audit firms, and M&A advisory firms.
 • Business Corporations include general electrical manufacturers, general contractors, as well as firms in real estate, pharmaceuticals, biotechnology, infrastructure, telecom, and IT industries.

Source: company materials.

SPEEDA Contents

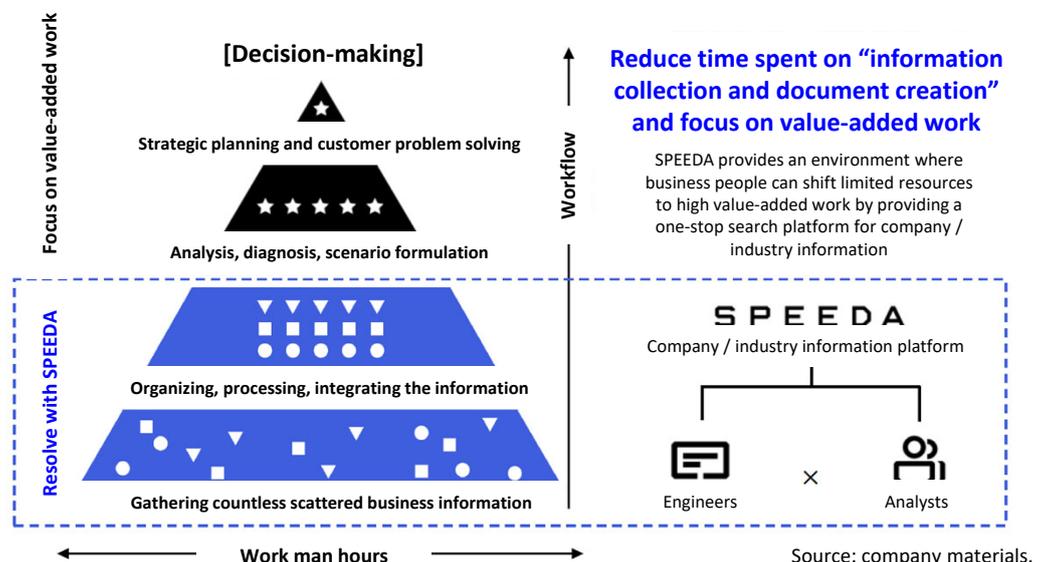
Category	Coverage	Main items available		
Companies		Company profile	Market data (share prices)	Disclosures / filings
Japan listed (100%)	3,890	Financial statements	Segment comparison	IR data
		Trend of patents	M&A / investment	News / HR info
Japan private	1,440,000	Company profile Financial statements* (only some companies) Optional TSR credit reports (TOKYO SHOKO RESEARCH)		
Global listed (99%+)	57,000	Company profile	Market data (share prices)	Disclosures / filings
		Financial statements	Valuation multiples	IR data
		Earnings estimates	Beta values	News / HR info
Private (mainly Asia)	7,870,000	Company profile Basic financial data* (only some companies)		
Trend reports	over 90	Next-generation batteries	Hydrogen energy	5G components / materials
		Flying cars	Smart factories	VR / MR/ AR, etc.
Industries	560	Over 3,000 SPEEDA industry reports Global (200), Japan (500), China (300), India (300), US (300), ASEAN countries (over 1,000) Manual industry ranking by analysts, by standard industrial classification (SIC) codes Roughly 2,500 free industry / product reports (EUROMONITOR)		
News		Business media (NewsPicks Editorial Dept., Wall Street Journal, Newsweek, etc.)		
Japanese media	over 200	Industry / professional media		
English media	over 2,300	Others, overseas information, HR information etc.		
Macro data		Basic macro data: country level (UN, World Bank, IMF, etc.)		
Countries	over 200	Detailed macro data: Japan (Statistics Bureau), China (National Bureau of Statistics)		
M&A deals		Deal overview (format, date observed, date announced)	Adviser, investors, underwriter	
Deals	2,190,000	Participants (target, buyer, seller)	History	
		Transaction price	Email alerts	

Source: compiled by Sessa Partners from company materials

2) SPEEDA features and strengths

a) One-stop platform for companies and industries

Until now when trying to find out about a certain company and the industry to which it belongs, the data was collected manually by searching the home page of the company itself, a financial data provider, websites of industry groups, the government, research companies, etc. Then, a great deal of time and effort were often spent on analysis and document creation. At the same time, SPEEDA can acquire various data and information in one place, streamline the inefficient information gathering work in the past, and make possible allocating limited time to more important analysis and decision making.



User friendly UI / usability

Search, browse

Companies, industries, M&A deals, statistics, industry reports, market data, etc.



Create

One-click output to PDF, doc, ppt, xls, etc.

Analyze

Organize results in tables and graphs



What used to take 7 days → now only takes an hour or two

b) Intuitive and easy-to-use right away without special training

Business information databases available until now have required specialized skills, such as engineers and analysts, analogous to operating a legacy computer database from a terminal. SPEEDA functionality is intuitively easy-to-use even by inexperienced, ordinary users without requiring special training courses.

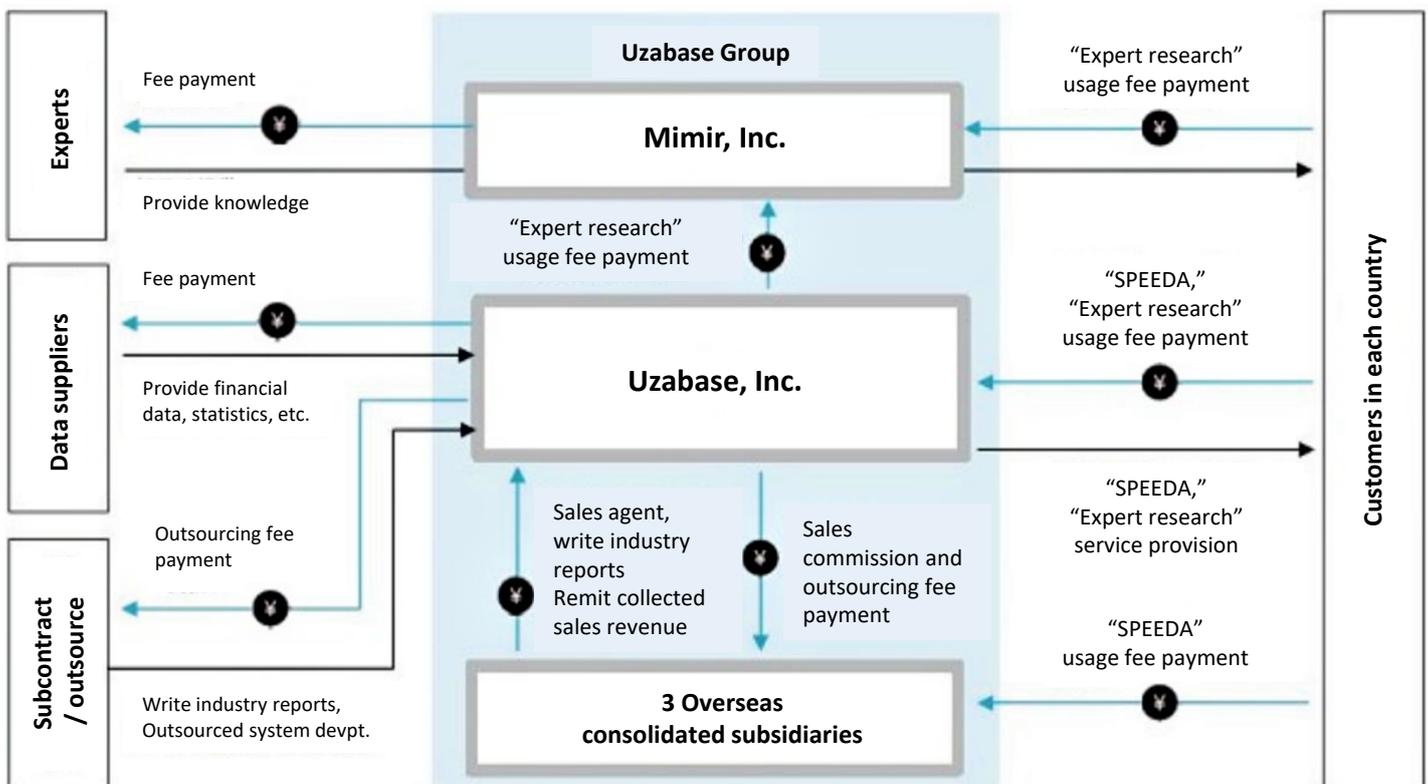
c) Extensive consulting services

No matter how user-friendly functionality is developed, various questions and problems arise during use. Strong support is provided by dedicated consultants and industry analysts. SPEEDA users can ask support staff for research/analysis including niche markets and industries, and they get an initial response within 30 minutes without any additional cost. Further, Expert Research of MIMIR, which became a subsidiary in 2020, was integrated into SPEEDA. Separately, it provides professional knowledge on a paid fee basis.

3) Revenue model

SPEEDA's revenue model is BtoB user paid subscription fees. Contracts are made per ID units, and the average monthly unit price is 140,000 yen (business income divided by the number of contracted IDs). It is common for business enterprises to start from 1 ID, and for financial professionals to start from 3 IDs, and pricing is set to provide discounts for a higher number of subscription contracts. Since 2020, the price has been raised mainly for small customers, leading to an increase in profits.

SPEEDA business block diagram



Source: FY12/20 YUHO financial statements (Annual Securities Report)

At the same time, costs include data procurement and maintaining in-house resources. The company procures data from just under 100 providers, and since almost all are on a flat fixed-rate system, an increase in users translates into sharply higher profits. In-house resources include the analyst and maintenance teams, and the company is targeting to raise efficiency through automation.

The company has set a normal rate of return at an EBITDA margin of 35%, however, SPEEDA business has shown profitability in excess of 30%, and the company is reinvesting the portion over 35%, targeting further growth. Going forward, the company has set an internal 50% rule (sales growth rate + EBITDA margin → 50%), and it aims to achieve 25-30% growth in sales and 30-35% EBITDA margin.

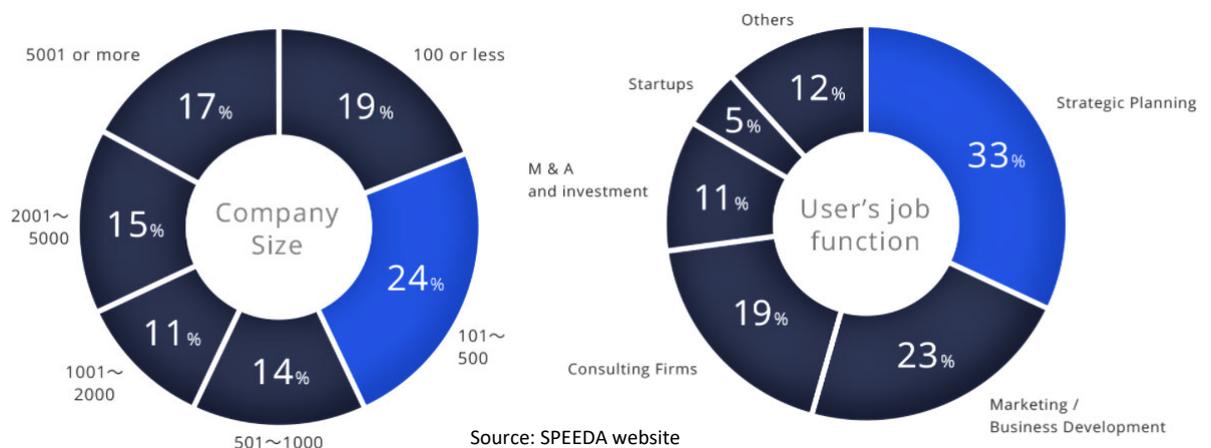
4) Customer Trends

Financial specialists working in investment banks, banks and consulting firms who use business information on a daily basis are an important customer base for SPEEDA. However, the goal is not to serve as a replacement for services such as Bloomberg which is indispensable for financial institution traders, rather, the target is introduction to more general use-type users.

The company is particularly focused on developing enterprise customers. For enterprise customers who had not required sites specialized in business information in the past, the company has lowered the hurdle for introduction by making an easy-to-use user interface. Introduction by corporate planning departments of enterprises had accounted for the majority in the past, but in recent years introduction by R&D departments is progressing, and going forward, expanded sales to enterprise customers is a key for growth.

The number of customer firms exceeded 1,500 at the end of 2020. While there are many enterprise customers, professionals in financial industries effectively account for half based on the number of login IDs. Financial institutions sign contracts from 3 IDs up to several dozen. The figure below shows SPEEDA User’s Profile by Company Size and User’s Job Function. (Please see the appendix for key introduction cases)

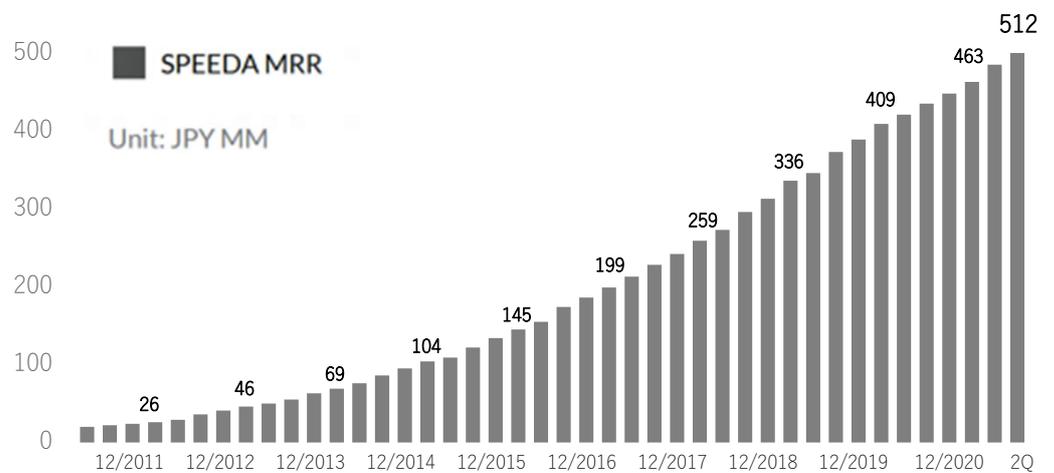
SPEEDA User’s Profile by Company Size and User’s Job Function



5) Competitor Analysis

One might imagine that competitors for SPEEDA include NIKKEI, Dow Jones, Thomson Reuters, Bloomberg, etc., however as mentioned earlier, those services mainly target financial institution professionals. SPEEDA’s target customers are businesspeople in general. In the past when new products / services were introduced to the market, they often required time for customers to understand their utility, but in a sense, this is an

Trend of SPEEDA Monthly Recurring Revenue (MRR: paid subscription revenue)



Source: compiled by Sessa Partners from company IR materials

untapped market, and likely represents a significant earnings opportunity for the company as customer penetration grows.

6) MRR Trend

See the graph above for the MRR trend of this business. It has posted consistent growth. From 2014 to 2019, CAGR was 30%, but in 2020, the growth rate decreased to 13% YoY. This is because the churn rate increased for small customers such as venture companies under the pandemic and companies belonging to industries directly affected by COVID-19. For subscription-based revenue models, the key is how to keep the churn rate low, and while SPEEDA's churn rate was below 1% in the past, it exceeded 1% since 2Q 2020. The company says lowering the churn rate is the biggest theme in 2021.

3. NewsPicks

1) NewsPicks Business Model

Launched in Jul-2013, a BtoC news curation site dedicated to business news. It is a unique service that skillfully incorporates the needs of the social media and smartphone eras. One-stop browsing of news from over 100 sites, and social network-

Business model with two revenue streams: Subscriptions plus Advertising



Source: company materials.

• The content includes both articles and video feeds.
• All figures shown are as of end-June 2021.

• The number of Paid Subscribers is the sum of individual and corporate members.

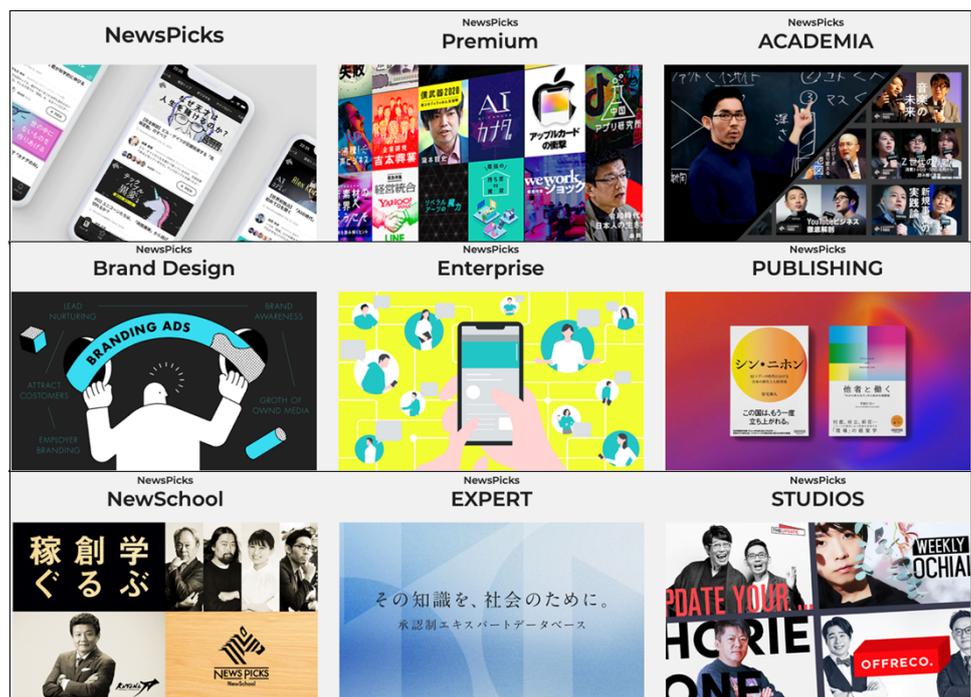
ing features allow you to share information and to use it as a community. In addition, paid members are offered a variety of services, including the ability to view original content from the Editorial Department.

2) Features and Strengths

NewsPicks offers unique customer value that goes beyond existing media or traditional online media. As a news media, NewsPicks not only provides curation of business news, but also has a community functionality so that users can experience connections between users. NewsPicks Academia also offers a place to learn and meet. News curation includes services such as Yahoo! News, Gunosy and SmartNews etc., and while there are SNS services like Facebook which offer community functionality, NewsPicks service is unique in offering news, community and a place to meet and learn such as Academia.

Features of articles provided by NewsPicks compared with other curation sites or traditional media platforms such as newspapers include: a) there are many articles related to the latest technologies including from overseas, b) articles are tailored with an awareness toward the many young executive users, and c) content production including graphics and videos assume viewing on smartphones.

NewsPicks’ versatile service based on 6 million members

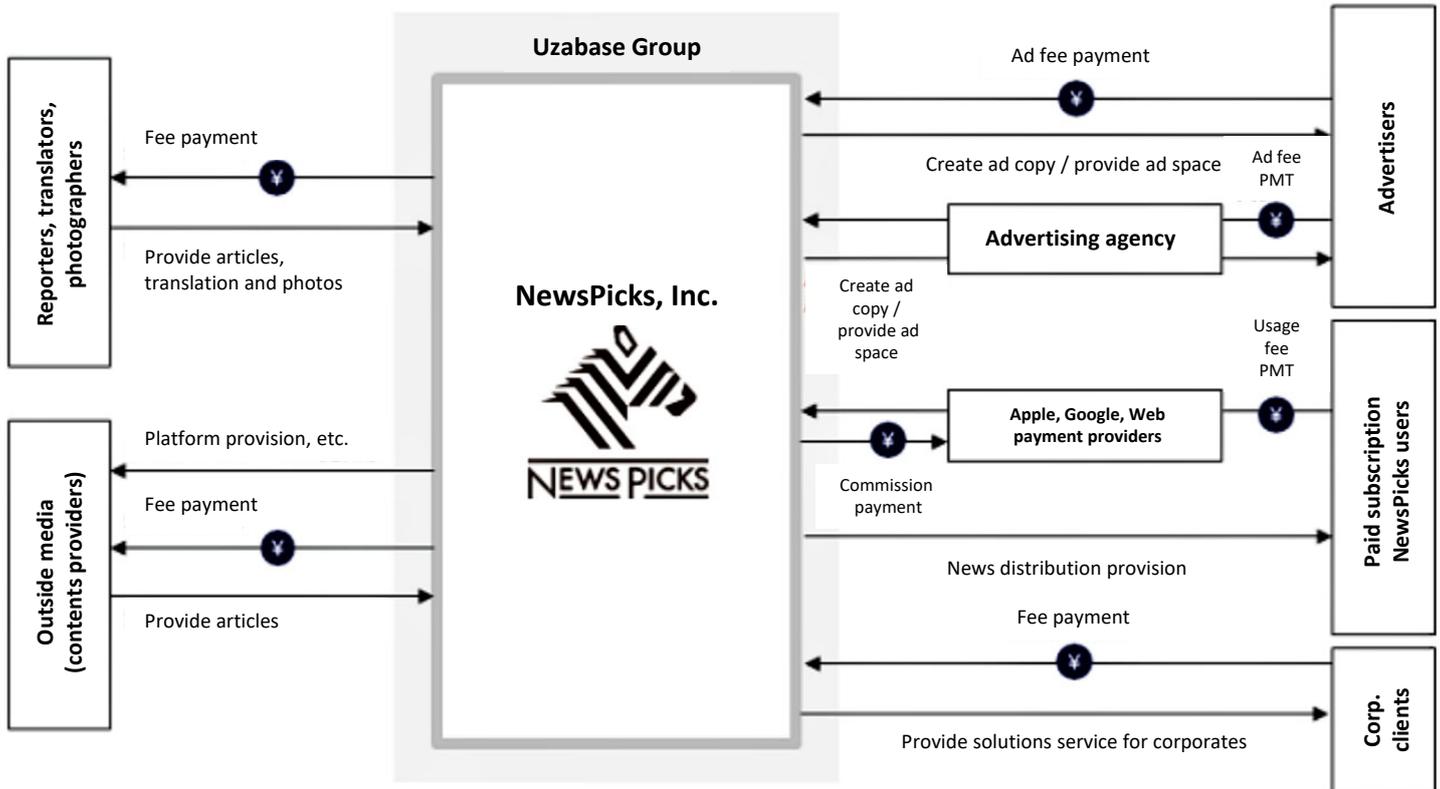


Source: company materials.

3) Revenue model

NewsPicks revenue model is based on advertising fees from ad sponsors plus monthly subscription fees from paid members, currently split basically evenly. In recent years, value as a media evaluation has risen and video distribution has been favorable, and sales of the advertising business have increased significantly even during the pandemic. Paid sales correspond to MRR, and advertising business sales are not included in MRR.

NewsPicks business block diagram



Source: FY12/20 YUHO financial statements (Annual Securities Report)

Premium services to paid subscribers include the two categories of Premium Members and Academia Members, and in addition to news curation and viewing of comments available for free to ordinary members, Premium Members who pay a flat monthly fee of ¥1,600 can also view original articles by the Editorial Dept. Academia members (¥5,000/month) can also use online video distribution, events, seminars, books, etc., providing a place for deeper learning.

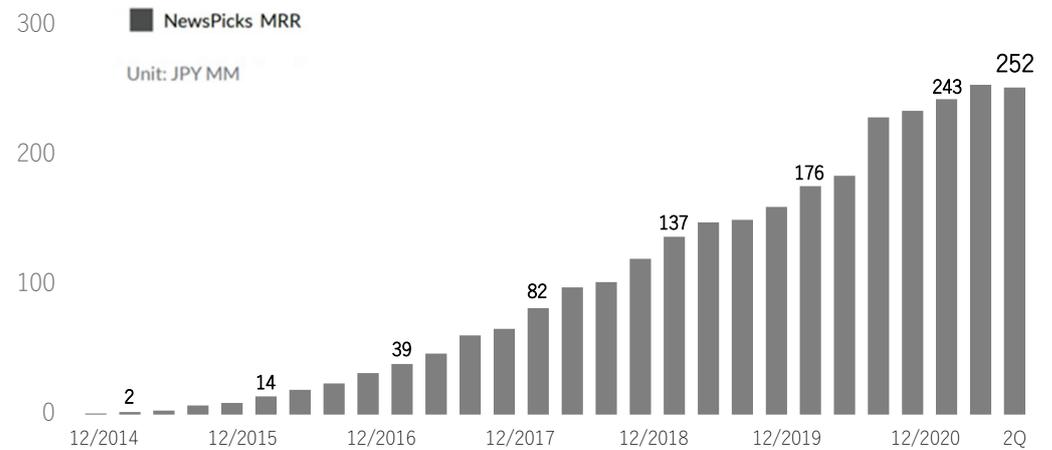
Costs include payment to outside content providers, personnel expense required to produce in-house contents, as well as commissions paid to advertising agencies related to ad revenue, ad-related operating expenses, and commissions paid to Web payment service providers.

Two things necessary in order to expand NewsPicks revenue include: a) raising value as an advertising media to boost ad revenue by increasing all members including free members, and b) migrating free members to Premium and Academia memberships to boost subscription revenue. In either case, the point is to enhance the brand power of NewsPicks for users and potential users with NewsPicks' unique content, planning, etc., and to convey sufficient satisfaction in terms of cost effectiveness.

4) New initiatives to expand revenue

As a new initiative to expand NewsPicks earnings, the company is focusing efforts on NewsPicks for enterprise customers. By modifying NewsPicks for enterprise users, in addition to functionality available until now, new functionality allows enterprises to share information internally through a community feature. NewsPicks for Business is considered to be useful for increasing the informed literacy of employees, and the company plans to put further effort into boosting NewsPicks for enterprise customers in the future.

Trend of NewsPicks Monthly Recurring Revenue (MRR)



Source: compiled by Sessa Partners from company IR materials

5) MRR Trend

The graph above shows the MRR trend for NewsPicks business. This business has also grown consistently since service was launched in 2013. In 2020, when declarations of a state of emergency were issued restricting going out during the pandemic, demand for high-quality media increased further, and the number of paying members increased significantly. In the future, the company plans to leverage AlphaDrive, which became a subsidiary in 2019, to expand sales of NewsPicks for enterprises and to grow MRR.

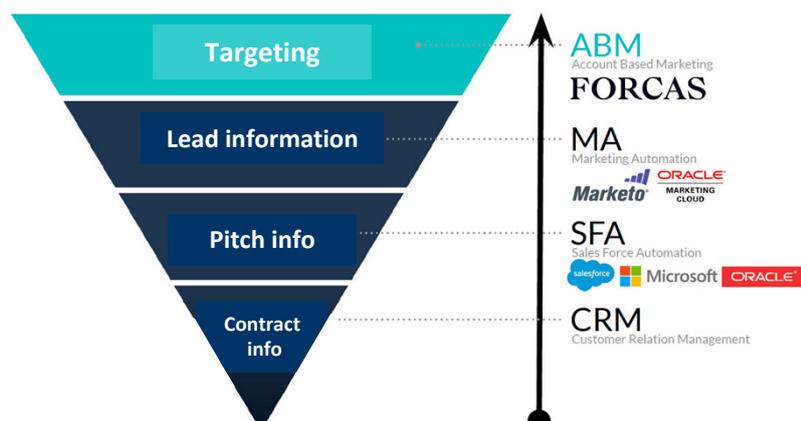
4. FORCAS

1) Service Description and Features

FORCAS is a BtoB marketing service launched in May-2017. It provides a more efficient marketing approach based on ABM (Account-Based Marketing). ABM is defined as “strategic marketing that integrates firmwide customer information and aims to maximize sales from defined target accounts by linking marketing and sales.” (Source: as defined in ‘Ultimate BtoB Marketing ABM’ by NIKKEI BP). In the past, marketing was generally based on a marketing strategy for each product or service, but ABM proposes marketing potential products and services based on customer account information

Value of FORCAS

- We analyze "what kind of value is delivered to which customer" using the power of technology, and we provide an analysis base that forms the basis of customer strategy



Source: company materials

from a company-wide perspective. Marketing tools until now which leverage IT include MA (marketing automation), SFA (sales force automation), CRM (client relationship management) etc., and ABM does not conflict with them, but rather it is a new approach to use them more effectively. Originally, while expanding sales of SPEEDA to enterprises, it was begun to provide an independent service “FORCAS” that broadens the needs of customers regarding sales and marketing and specializes in that area.

FORCAS strengths include: a) database analysis capability cultivated through SPEEDA, b) compatibility with existing marketing tools such as Salesforce, and c) a pioneer position in ABM in Japan, receiving high marks from customers for progress in refining the analysis logic.

In July 2020, the company began offering “FORCAS Sales.” Whereas traditional FORCAS analyzes marketing, FORCAS Sales enables more efficient sales by providing a sales research platform for sales activities. Since it is a service that is directly linked to sales, it is likely easy to measure cost effectiveness, and it is expected that the incentive for customers to introduce it will be high. The company plans to develop it as a priority investment field from this term onward.

2) Revenue Model and Earnings Trend

The same as SPEEDA, the revenue model for FORCAS is a BtoB fee-charging model. Although the company does not disclose the average unit price to customers, considering the concrete benefits for marketing strategies, it is likely to be higher than SPEEDA. It is highly evaluated by customers and is the driving force of the company's other B2B business, and it is estimated that sales in FY2020 / 12 were about ¥1.0bn, growth of about +70% YoY. MRR of this business is also growing steadily, and MRR in 1H June 2021 increased 43% YoY to ¥119mn.

5. INITIAL

1) Service Description and Features

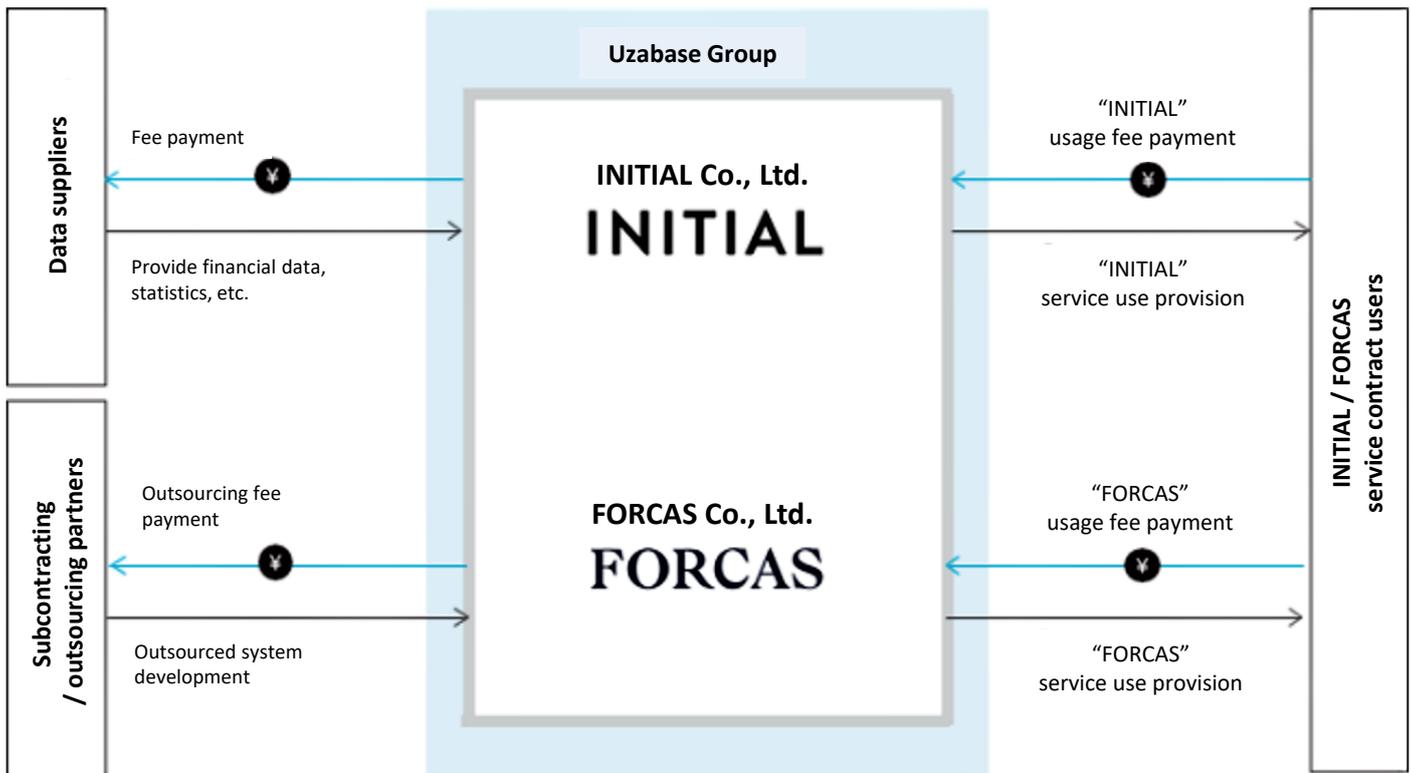
INITIAL is a startup database service. Unlike listed companies and large companies, startups have relating short histories, and are small and numerous, so it is not easy to grasp the actual situation. At the same time, many startups are active in cutting-edge fields related to high-tech, and it is believed that they will greatly drive future economic growth. It is extremely important to be able to efficiently obtain and analyze information about startups.

INITIAL has been developing as one of Other B2B business services by acquiring in 2016 the platform service "entrepedia" for venture trends provided by Japan Venture Research. With the enhancement and expansion of this service, it was integrated with the related live application “ami” business and renamed “INITIAL” from Nov-2019.

2) Revenue Model and Earnings Trend

It is a service that has been likened to a startup version of SPEEDA, but in recent years it has been enriched with various article content surrounding startups, and it also has certain media functions. It offers a free service “INITIAL” and “INITIAL enterprise” that allows you to access more detailed and unique brand stories for a subscription fee. Net sales in 2020 were apparently about ¥400mn.

FORCAS and INITIAL business block diagram



Source: FY12/20 YUHO financial statements (Annual Securities Report)

6. Other Services

In addition to the main services above, the company is developing the following businesses.

1) UB Ventures

Established in February 2018 as a fund management company specializing in early-stage SaaS and media-related startups from seed funding. The “UBF Fund-I Investment Partnership” manages a fund with assets of ¥1.53bn (the investment period is through December 31, 2027). In addition to Uzabase, Dentsu, Ricoh, The Bank of Fukuoka, Tokyu Land Corporation, etc. have invested in the limited partnership (LP). Currently, the portfolio has 20 investments.

This business supports venture companies that will lead the next generation by providing effective management support that makes use not only of funds but also the business development experience of the Uzabase Group.

2) SPEEDA EDGE

A newly launched growth industry analysis platform specializing in the North American market. Provides English content on startups tied to specific themes, chaos maps, market size forecasts, financing, news, etc. Started as a step toward overseas expansion after the withdrawal from Quartz business. The company plans to make a priority investment as a new business during FY12/21.

*ARR: Annual Recurring Revenue (subscription business annual net sales)

④ Earnings Trend

1. FY2020/12 Financial Results (see also P3 earnings trend summary table)

1) Net sales 10% increase from the previous fiscal year (¥13.8 bn, +34% excluding Quartz business), operating income: ¥100mn (¥1.2bn loss the previous year).

Existing businesses in Japan performed well, both in B2B (SPEEDA, FORCAS, INITIAL) and B2C (NewsPicks). Excluding the Quartz business in the U.S., sales increased by 34.1%. MRR (excluding Quartz) grew +23% YoY to ¥842mn, and annual recurring revenue (ARR*) expanded to ¥10.1bn.

EBITDA was ¥917mn, a significant improvement from ¥411mn loss in the previous year; EBITDA excluding Quartz was ¥2,444mn, up 39.7% from ¥1,749mn in the previous year. Operating income was ¥104mn, returning to profitability from an operating loss of ¥1,236mn in the previous year.

Net income attributable to parent company shareholders was a loss of ¥6,472mn (¥1,620mn loss the previous year) due to expenses related to the restructuring of Quartz (¥279mn), impairment losses on goodwill and other assets of this business (¥7.81bn), losses on sales of shares in affiliates (¥1,042mn), and income taxes (¥2,771mn). Net loss was ¥6,472mn (¥1,620mn loss the previous year).

2) Trends by Segment

a) SPEEDA Business: 21% revenue growth (¥5,509mn), MRR ¥463mn (+13.1% YoY), EBITDA ¥2,000mn (+25.2% YoY), EBITDA margin 36.3% (+1.1 points).

Although the acquisition of subscriber IDs in Japan progressed steadily (number of subscriber IDs in Japan at the end of December: 2,956, compared to 2,750 in the previous year), the acquisition of subscriber IDs in China and other Asian countries slowed down due to COVID-19. In addition, the churn rate worsened, especially in 2Q, due to COVID impacts, and the company has identified cutting the churn rate as a future issue (quarterly churn rate: 1Q 0.8% → 2Q 1.0% → 3Q 1.1% → 4Q 1.3%). However, since the figures are based on 12-month averages, the high churn rate in 2Q will have an impact on subsequent quarters. EBITDA and EBITDA margins both progressed in line with the increase in sales. As previously announced, the company will also focus on expert research services, taking advantage of the integration of MIMIR and the alliance with GlobalWonks, etc.

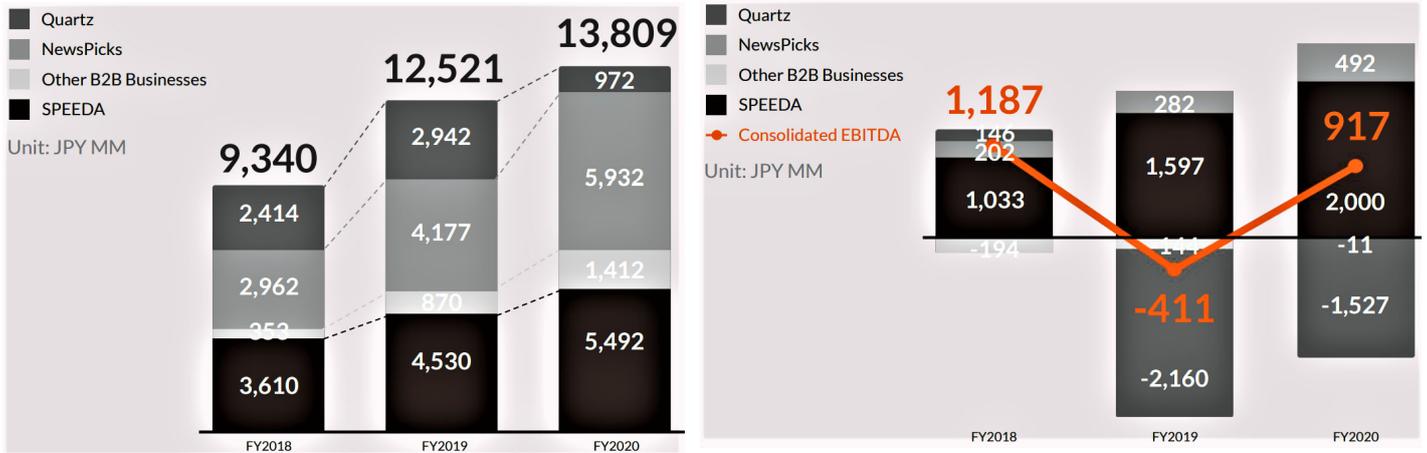
b) Other B2B Business - Sales increased by 63% YoY, EBITDA was (¥11mn), an improvement of ¥133mn YoY.

Both FORCAS and INITIAL grew steadily. Sales in this business were ¥1.421bn (+63.1%), EBITDA was (¥11mn) (¥144mn) the previous year), and segment profit was ¥46mn (¥122mn segment loss the previous year). MRR for FORCAS was ¥100mn, an increase of 33%.

c) NewsPicks Business - Segment sales surpassed SPEEDA's to become the largest.

In addition to a significant increase in the number of paying subscribers in 2Q, the acquisition of corporate subscribers in 4Q drove sales. MRR for this business was ¥243mn, up 37.8% from ¥176mn a year earlier. In addition, advertising expenses remained strong even as COVID-19 spread, and advertising sales grew significantly by 40.4%. In addition to increasing the value of media by disseminating high-quality media content, the growth of video advertising, which has been a focus since 2018, contributed to this growth. Sales in this segment increased by 42.0% to ¥5,905mn, surpassing SPEEDA to become the largest segment in terms of sales. Segment EBITDA was ¥492mn (+74.4%), and segment profit was ¥711mn (+65.9%).

3-Year Trend of Consolidated Net Sales and EBITDA



	FY12/19	FY12/20	FY3/18	FY12/19	FY12/20
	% YoY	% YoY	JPY mn	JPY mn	JPY mn
Consolidated net sales	34.1	10.3	1,187	(411)	917
• ex-Quartz	38.3	34.0	1,041	1,749	2,444

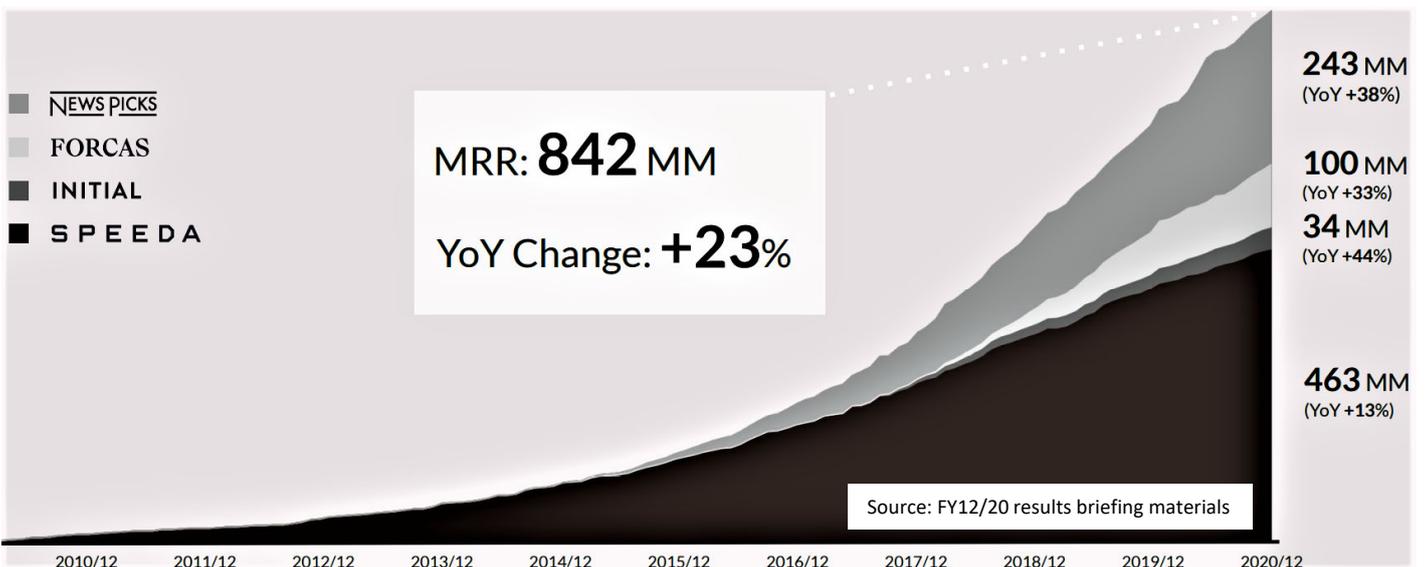
Source: compiled by Sessa Partners from FY12/20 results briefing materials

NewsPicks renewed its application in October 2020. The Company plans to further enhance its value as a media outlet by continuously introducing new features such as a simple and dynamic interface.

d) Quartz Business - Advertising revenue declined significantly due to COVID-19 impacts. No contribution to sales from November.

Quartz has been focusing on the pay-per-view business, but its mainstay advertising revenue declined sharply YoY due to the impact of the economic downturn caused by COVID-19. Sales in this segment decreased significantly by 67.0% YoY to ¥972mn. Segment EBITDA was (¥1,527mn) ((¥2,160mn) the previous year), and the segment loss was (¥1,961mn) ((¥2,693mn) the previous year). Due to the sale of the business in November, FY2020/12 consolidation covered January to October.

Consolidated MRR ex-Quartz



2. Full-year forecast for FY2021/12

1) Full-year forecast for FY2021/12: 13% increase in sales (¥15.6bn), 13 times increase in operating income of ¥1.38bn.

Withdrawal from the Quartz business will eliminate ¥900mn of sales from last fiscal year (Jan-Oct), and the Company will concentrate on domestic business. Full year sales guidance is ¥15.6bn (up 13%). In terms of profits, the company is guiding for EBITDA of ¥1.8bn (up 96%), operating income of ¥1.38bn (up 13.3 times), ordinary income of ¥1.24bn ((¥280mn) loss the previous year), and net income attributable to shareholders of the parent company of ¥690mn ((¥6.47bn) loss the previous year) due to the withdrawal from loss-making businesses and the elimination of amortization of goodwill related to Quartz (¥600mn). Relative to FY2020/12 sales ex-Quartz, net sales this term are forecast to rise +21.5%.

In the current fiscal year, with the weight of Quartz business removed, the company can concentrate on its domestic business. Thus far subsidiaries have been established for each business to delegate decision-making authority, clarify management responsibility, and ensure flexible and swift execution. But as each service has been growing steadily, the firm has been unable to fully leverage business synergies. In order to promote the "One Uzabase" concept to customers, subsidiaries were integrated into the parent in December. The company plans to accelerate the collaboration and growth of each business, and it aims to create new customer value by linking NewsPicks with B2B SaaS businesses such as SPEEDA, FORCAS, and INITIAL.

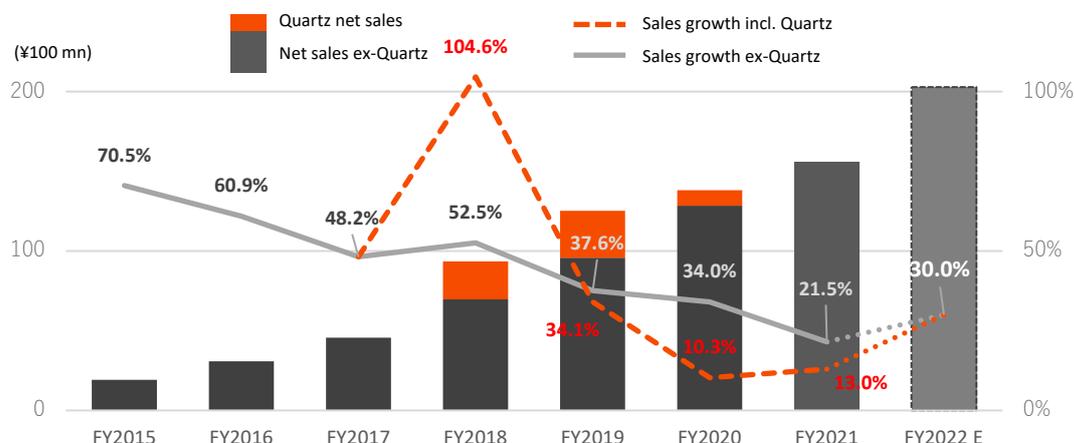
The Company's top-line growth rate has been high due to the growth of its SPEEDA and NewsPicks businesses, but it slowed down after the Quartz acquisition. As a result of taking more time and management resources than expected for the turn around after the acquisition, the growth rate of sales excluding Quartz is also on a downward trend (graph on the following page). The company has positioned this year as a year of investment to achieve + 30% growth from 2022 onward.

Specific priority investment areas include the following: approximately ¥350mn in SPEEDA (investment in recruitment and marketing to launch the expert research business), approx. ¥170mn for NewsPicks (investment in recruitment and marketing to launch the corporate business, investment in development to strengthen communities including NewsPicks Expert), and up to approximately ¥630mn for new businesses (investment in FORCAS Sales and SPEEDA Edge). This includes milestone investments in line with business progress, and about ¥500mn for the engineering organization (hiring more than 50 engineers plus system introduction costs).

In particular, investment in the engineering organization is the most important investment area, and the Company has established a new "Fellow" position to lead engineers with high technical skills. Furthermore, the Company plans to accelerate the development of its business by expanding the number of engineering positions to deepen existing businesses, accelerate the launch of new businesses, and realize the value of integration after M&A. The Company plans to strengthen the linkage between core assets and products through the power of technology, and to realize its "One Uzabase" vision.

As a result, the Company's growth policy is to achieve sales growth of 30% annually from FY2022/12 onwards, aiming for sales of ¥100bn by 2028.

Growth Direction



Source: compiled by Sessa Partners from company materials

2) 2021/12 2Q consolidated financial results (1H cumulative): 24% increase in sales and returned to profitability

Sales of ¥7,863mn (+23.8% YoY), operating income of ¥1,231mn (operating loss of (¥551mn) in the same period the previous year), ordinary income of ¥1,141mn (ordinary loss of (¥665mn)), net income attributable to owners of the parent was ¥743mn (net loss of (¥1,110mn)).

In each business, both net sales and MRR are steadily expanding. Sales growth rate on an ex-Quartz basis was 35%, posting a high growth rate. The progress (achievement) rate against the full-year 2021/12 guidance is 50% for sales, 80% for EBITDA, and 89% for operating income. In the 2H of the year, the aforementioned investments for growth are expected to increase and put some pressure on profits, so the full-year outlook was left unchanged at present.

Consolidated MRR was 924 million yen, +19% YoY. MRR for each service was: SPEEDA ¥512mn (+18% YoY), NewsPicks ¥252mn (+10%), and Other B2B ¥161mn (+43%). All posting YoY increases. At SPEEDA, Expert Research, which is a priority initiative, is growing steadily. At NewsPicks, corporate business expanded and led MRR. In addition, sales in the advertising business continues to grow significantly.

Quarterly Trend of Net Sales and Profits by Reporting Segments

JPY mn, %	FY2018/12				FY2019/12				FY2020/12				FY2021/12	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q
Net sales	1,488	1,580	2,363	3,908	2,847	2,818	2,808	4,048	3,171	3,183	3,583	3,871	3,965	3,898
YoY	52.9%	49.9%	106.1%	180.6%	91.3%	78.4%	18.8%	3.6%	11.4%	13.0%	27.6%	15.0%	25.0%	22.5%
• SPEEDA	820	873	935	985	1,041	1,107	1,165	1,228	1,289	1,355	1,391	1,473	1,587	1,654
YoY	-	-	-	-	26.5%	27.2%	23.6%	24.2%	24.3%	22.6%	19.7%	20.2%	23.8%	22.1%
% total	55.1%	55.0%	39.8%	25.3%	36.4%	39.2%	41.4%	30.3%	40.6%	42.6%	38.8%	38.1%	40.0%	42.4%
MRR	273	295	313	332	346	373	389	407	420	435	448	463	485	512
• NewsPicks	611	640	843	888	1,019	875	870	1,424	1,267	1,248	1,551	1,882	1,938	1,756
YoY	-	-	-	-	66.4%	36.1%	5.8%	59.8%	24.6%	43.9%	77.7%	32.7%	53.5%	40.7%
% total	41.1%	40.4%	34.9%	22.7%	35.7%	30.8%	31.1%	35.1%	40.0%	39.2%	43.3%	48.6%	48.9%	45.0%
MRR	98	100	119	131	141	143	148	170	184	229	234	243	254	252
• Quartz	-	-	505	1,909	629	647	538	1,128	289	255	297	131	-	-
YoY	-	-	-	-	-	-	6.5%	-40.9%	-54.1%	-60.6%	-44.8%	-88.4%	-	-
% total	-	-	21.4%	48.8%	22.1%	23.0%	19.2%	27.9%	9.1%	8.0%	8.3%	3.4%	-	-
MRR	-	-	-	0	3	5	8	11	12	15	16	16	-	-
• Other B2B	58	70	99	133	163	198	235	274	330	335	355	400	436	489
YoY	-	-	-	-	188.3%	190.5%	141.8%	117.2%	103.7%	69.2%	51.1%	46.0%	32.9%	46.0%
% total	3.8%	4.3%	4.1%	3.2%	5.7%	7.0%	8.4%	6.8%	10.4%	10.5%	9.9%	10.3%	11.0%	12.5%
FORCAS MRR	7	12	17	30	40	50	60	75	80	83	91	100	107	119
Total MRR	371	398	433	461	494	523	609	689	725	793	821	842	883	924
Net sales ex-Quartz	1,488	1,580	1,857	1,999	2,217	2,171	2,270	2,919	2,882	2,927	3,287	3,739	3,965	3,898
YoY	52.9%	49.9%	62.1%	43.5%	49.1%	37.4%	22.2%	46.1%	29.9%	34.9%	44.8%	28.1%	37.6%	33.2%
EBITDA														
Total	238	85	(56)	919	(179)	(349)	(304)	421	(42)	(61)	499	522	837	597
• SPEEDA	234	233	214	350	416	409	398	372	513	536	503	447	547	589
• NewsPicks	57	(67)	88	124	179	(45)	(47)	196	121	(38)	286	122	324	89
• Quartz	-	-	(327)	473	(752)	(681)	(611)	(116)	(682)	(534)	(291)	(20)	-	-
• Other B2B	(47)	(75)	(42)	(29)	(22)	(30)	(39)	(51)	5	5	(9)	(13)	12	(10)
Ex-Quartz	238	85	271	444	572	331	307	537	640	471	789	542	837	597
EBITDA margin	16.4%	5.8%	-2.9%	23.5%	-6.3%	-12.3%	-10.6%	9.9%	-1.3%	-1.9%	13.9%	13.5%	21.1%	15.3%
Ex-Quartz	16.4%	5.8%	13.9%	22.3%	25.9%	15.3%	13.7%	17.7%	22.1%	17.1%	23.6%	14.5%	21.1%	15.3%
Operating Income	226.0	66.0	(186.0)	724.0	(380.0)	(551.0)	(505.0)	200.0	(263.0)	(288.0)	242.0	261.0	739.0	492.0
YoY	61.1%	-59.0%	-	717.2%	-	-	-	-72.4%	-	-	-	30.7%	-	-
OPM	15.2%	4.2%	-7.9%	18.5%	-13.3%	-19.6%	-18.0%	4.9%	-8.3%	-9.0%	6.8%	10.7%	18.6%	12.6%
Ordinary Income	167	37	(345)	674	(395)	(612)	(551)	129	(317)	(348)	177	191	677	464
YoY	24.3%	-78.3%	-	828.5%	-	-	-	-80.9%	-	-	-	48.2%	-	-
margin	15.2%	4.2%	-7.9%	18.5%	-13.3%	-19.6%	-18.0%	4.9%	-8.3%	-9.0%	4.9%	5.3%	17.1%	11.9%
Net Income ATOP	117	(49)	(661)	1,205	(296)	(669)	(606)	(49)	(473)	(637)	(4,953)	(409)	482	261
YoY	-3.4%	-	-	24X	-	-	-	-	-	-	-	-	-	-
margin	7.9%	-3.1%	-28.0%	30.8%	-10.4%	-23.7%	-21.6%	-1.2%	-14.9%	-20.0%	-138.2%	-10.6%	12.2%	6.7%

Note: Prior to 2017, the year-on-year comparison is not calculated because the segment standards are different.

MRR includes some estimated figures. EBITDA is based on the new standard applied from the previous quarter. Due to rounding, there may be some discrepancies with the company's reported financial results. In addition, the YoY value is a reference value if the original number is small.

Source: compiled by Sessa Partners from company IR materials.

5 Stock Information, etc.



1. Share price trend

The company's stock price declined under repeated volatile swings since the acquisition of Quartz on July 2, 2018 and accompanying announcement of equity finance. By December 25, 2018, the share price declined to 1,631 yen, almost half the price on July 2. After that, Quartz-related costs weighed heavily, and the stock price continued to fluctuate around the 2,000 yen level. In 2020, after bottoming out at 1,152 yen on March 13 due to concerns about the spread of COVID-19, it surged as the market reversed. When the company announced its withdrawal from Quartz business on November 9, there was a positive aspect of associated goodwill being eliminated, mixed with expectations for growth, including overseas business, disappearing, and the stock price remained flat. Upon announcement of financial results for FY2020/12, the full-year forecast for FY2021/12 came in below market consensus, and the stock price has remained weak.

Looking at the relative trend with the TSE Mothers Index, the share price has underperformed the index for the past several years. In line with the announcement of financial results for FY2020/12, the company announced that it will target achieving +30% sales growth every year in the future as a growth policy, aiming for sales of ¥100bn by 2028. For the time being, the future trend of the stock price will likely be influenced by whether growth measures mainly in Japan can produce concrete results.

2. Comparison of stock prices and financial data with peers in Japan

The table on the next page compares stock prices, valuations, etc. with domestic listed companies that provide similar services and have similar revenue models. Since SaaS companies are in the investment stage during growth and it is difficult to compare by P/E ratios, P/B and P/S offer alternative metrics. The comparison with SaaS companies is on the top, and the comparison with financial information service companies is on the bottom.

Comparison of stock prices and financial data with peers in Japan

5.62 Code		Price (9/10) yen	Mkt cap (9/10) Mn yen	PER (est) times	PBR (act) times	PSR times	ROE %	ROIC %	Net sales Mn yen	Sales growth* %	EBITDA Mn yen	EBITDA margin %
3966	Uzabase	2,550	91,719	-	15.85	6.64	-110.92	20.23	13,809	44.6	917	6.6
	SaaS											
3923	RAKUS	4,510	817,284	-	104.22	53.11	45.06	42.15	15,388	33.9	4,364	28.4
3994	MONEY FORWARD	8,550	455,038	-	47.06	40.18	-27.55	-18.71	11,318	57.4	-2,314	-20.4
4443	Sansan	12,190	380,153	-	30.21	23.49	1.58	3.58	16,185	40.3	1,443	8.9
4478	freee	8,880	487,243	-	10.40	47.50	-9.08	-8.03	10,258	62.0	-2,146	-20.9
6027	BENGO4.COM	7,630	169,867	-	77.32	31.94	3.00	5.13	5,318	31.9	334	6.3
	Average	-	388,703	-	53.84	39.24	2.60	4.82	11,693	43.1	336	0.4
	Financial Information Service +											
3772	WEALTH MANAGEMENT	2,108	17,973	5.62	2.37	3.38	-13.03	-1.38	5,310	4.9	-617	-11.6
3768	RISKMONSTER	926	6,988	16.1	1.30	1.94	8.69	8.55	3,551	8.1	1,013	28.5
4436	MINKABU THE INFONOID	4,125	61,464	109.0	15.70	14.78	15.18	10.64	4,159	44.8	1,281	30.8
4765	MORNINGSTAR JAPAN	519	46,541	35.3	3.87	6.22	12.61	9.23	7,486	7.9	2,281	30.5
6035	IR JAPAN HOLDINGS	15,670	279,548	99.3	41.88	33.60	47.27	46.06	8,285	26.1	4,313	52.1
6047	Gunosy	711	17,162	44.1	1.48	1.89	3.44	3.88	8,910	-7.3	1,047	11.8
7345	Ai Partners Financial	4,740	3,850	25.2	7.79	0.95	36.47	37.09	4,034	30.2	265	6.6
7833	IFIS JAPAN	725	7,425	15.6	1.61	1.31	10.65	10.49	5,356	2.9	810	15.1
	Average	-	55,119	43.8	9.50	8.01	15.16	15.16	5,886	14.7	1,299	20.5

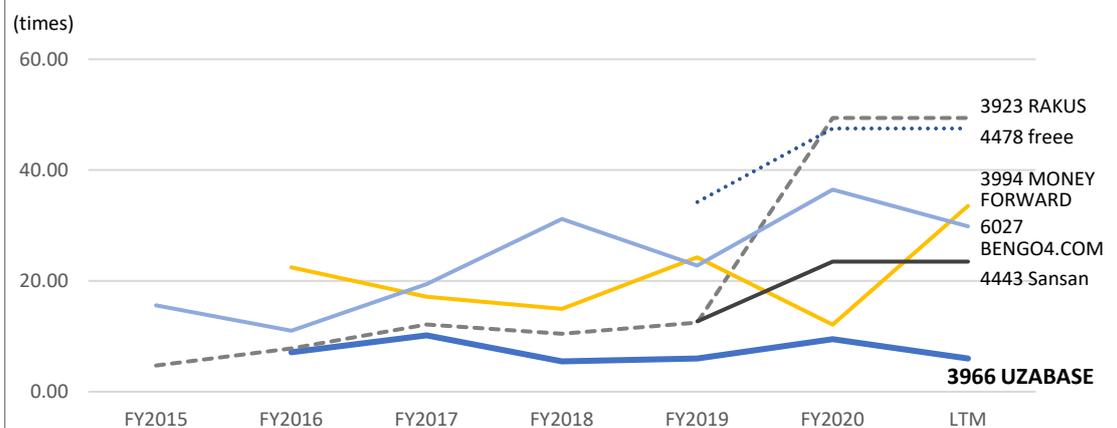
Note: Domestic professional SaaS companies and financial information services classified by SPEEDA (however, 3807 FISCO is excluded due to the large fluctuations in recent business results). Included Gunosy in financial information services. Numerical values based on the latest fiscal year

*Sales growth rate is CAGR for the last 3 years

Source: compiled by Sessa Partners from SPEEDA data.

SaaS companies have high valuations compared to financial information service companies due to high growth expectations. The company has ARR of ¥10bn, and among SaaS companies, Lux, Money Forward, and Sansan have roughly the same scale. Each company is highly valued at 20 to 40 times P/S ratio, but the company's P/S ratio has trended between 5.5 to 10.2 times in the past, and it is currently 6.4 times.

P/S ratio comparison for SaaS companies



Source: compiled by Sessa Partners from SPEEDA data.

Major Shareholders

Rank	Name	No. of shares owned	Ownership (%)
1	Ryosuke Niino	6,219,596	17.0
2	Yusuke Umeda	6,022,000	16.5
3	Yusuke Inagaki	2,482,800	6.8
4	SSBTC CLIENT OMNIBUS ACCOUNT (Standing proxy, HSBC, Tokyo Branch)	1,695,600	5.3
5	Custody Bank of Japan, Ltd. (Trust account)	1,395,200	4.1
6	Custody Bank of Japan, Ltd. (Trust account 9)	840,400	3.5
7	TBS Holdings, Inc.	834,893	2.7
8	J.P. MORGAN BANK LUXEMBOURG S.A. 384513 (Standing proxy Mizuho Bank, Ltd.)	671,800	2.2
9	THE BANK OF NEW YORK MELON 140051 (Standing proxy Mizuho Bank, Ltd.)	600,356	2.0
10	Takahiro Yamaguchi	570,900	1.9
Total		22,650,296	62.0

Note: ownership ratio calculation excludes treasury stock.
Source: compiled by Sessa Partners from company materials.

While the revenue model is SaaS-type, NewsPicks, which is BtoC, is generally familiar, and as a result of attracting attention from the media aspect as seen in the acquisition of Quartz, it may have been assigned a lower valuation of financial information service companies. Going forward, we will pay attention to whether the stock price of the company will be revalued as the weight of the Quartz business is removed and growth of the domestic business, which is promoting a shift to higher value-added services, gets on track.

3. Major Shareholders

The status of major shareholders is shown in the table above. The total ownership ratio of the three founders is 40.3%, and the company's shares are held by capital and business alliances or long-term institutional investors, so the shareholder composition can be characterized as stable.

4. Shareholder Rebate Policy

The company is growing rapidly as a high-tech company, and it views securing competitiveness and strengthening its financial position as important management issues. Therefore, at this point, we believe that enhancing internal reserves as well as actively investing to improve business efficiency and expand business will lead to the maximum return of profits to shareholders, and whether it is possible to pay dividends and said timing are currently undecided.

In addition, a new shareholder benefit program was established in 2020, and gift cards for the company's services are being distributed.

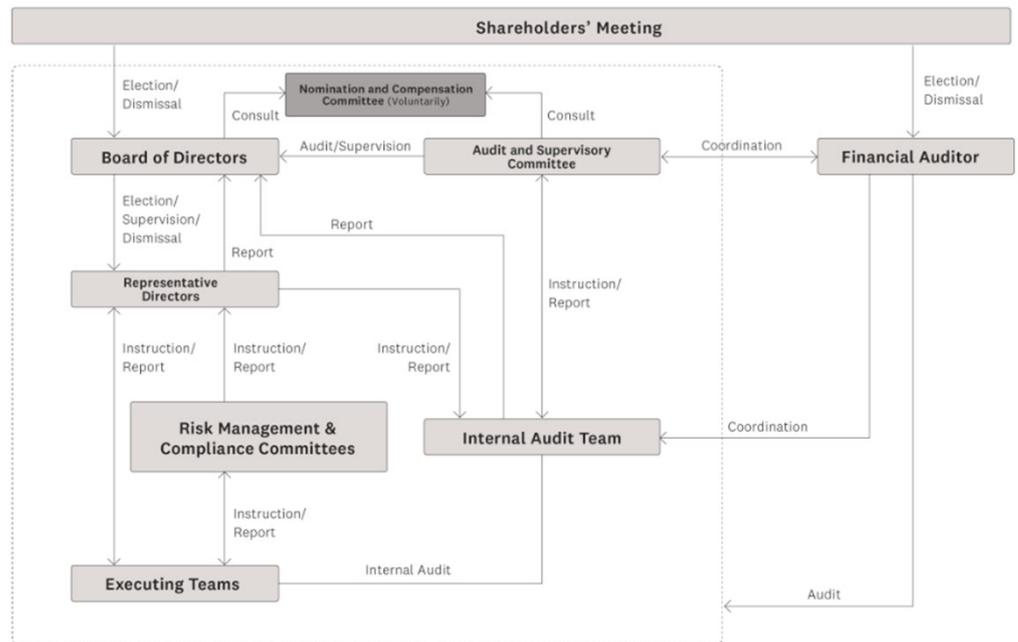
5. Corporate Governance and Top Management

The company has adopted the company system with an Audit and Supervisory Committee. Of the nine Board Directors, five are Outside Directors, accounting for more than half. Of these, there are two female Directors (one each in-house and Outside Director, and the ratio of female officers is 22.2%). All are Japanese nationals. With the transfer of Quartz business, the company will concentrate on domestic business for the time being, but in consideration of future international expansion, further progress in terms of diversity will be an issue. The company also has an executive officer system, with Daisuke Chiba of the Company-wide Management Department, serving as Executive Officer and CFO.

Initiatives to improve corporate governance include: 1) established a Nomination and Compensation Committee (with a majority of independent Outside Directors to promote appointment of outstanding human resources and design fair executive compensation), 2) the Chair of the Board of Directors is not limited to President (Outside Director Shintaro Asako takes office as Chair), 3) Outside Directors participate in each internal project (for the purpose of improving the resolution of Outside Directors' business), and 4) evaluation of the effectiveness of the Board of Directors.

Regarding point 3), there is an issue from the viewpoint of separation of management and execution, but management advice is given to the extent that it is not related to business execution.

Uzabase Corporate Governance Structure



Source: company materials.

From FY2021, the company changed its outside auditor from Deloitte Touche Tohmatsu LLC to Izumi Auditing Corporation. The company has expectations for audits from a new perspective, taking into consideration the company's management structure, business development, and appropriate audit fees after transfer of Quartz business.

The table below lists executive officers. As mentioned above, Mr. Umeda, a co-founder and former representative director (co-owner), became a part-time director at the end of 2020, and Mr. Inagaki and Mr. Sakuma became representative directors (Co-CEOs) from January 2021.



Yusuke INAGAKI
Co-Chief Executive Officer

Mr. Inagaki co-founded Uzabase together with Mr. Niino and Mr. Umeda in 2004, building the SPEEDA business from scratch as a developer. He is mainly in charge of managing the overall organization under the new management structure. His motto is to believe in the potential of people.



Taira SAKUMA
Co-Chief Executive Officer

Mr. Sakuma worked at UBS Securities Japan Co., Ltd. from 2007 before joining Uzabase in 2013. He expanded the SPEEDA service as the head of the business, then took charge of the acquisition of INITIAL and the launch of FORCAS, driving the BtoB SaaS business. Mr. Sakuma became a director of the company in March 2020 and was appointed Co-CEO in January 2021. He is in charge of managing the overall business under the new management structure. His mission in life is to create inspiration and flow.

List of Executive Officers

Title	Name	Date of birth	Background	Shares owned
Rep. Director Co-CEO	Yusuke Inagaki	1981/5/12	2008/4 Founded the company and became a director 2017/4 Became CEO of the company	2,482,800
Rep. Director Co-CEO	Taira Sakuma	1982/1/31	2013/1 Joined the company 2020/3 Became director of the company 2021/1 Appointed as CEO of the company	60,000
Director	Shinobu Matsui	1977/1/27	2014/3 Became auditor of the company 2015/8 Stepped down as auditor and joined the company 2021/3 Became director of the company	6,520
Director	Yusuke Umeda	1981/4/26	2008/4 Founded the company and became a representative director 2021/1 Became director of the company	6,022,000
Outside Director	Masao Hirano	1955/8/30	1980/4 Joined JGC Japan Corporation 1987/11 Joined McKinsey & Company, Inc. 2019/3 Became outside director of the company	—
Outside Director	Shintaro Asako	1974/6/14	1998/8 Joined Arthur Andersen LLP 2017/7 Appointed Executive Officer, CFO, and General Manager of Corporate Planning Division of DeNA Co., Ltd. 2020/3 Became outside director of the company	—
Director (Audit & Super Comm.)	Masahiro Kotosaka	1982/1/14	2004/9 Joined McKinsey & Company, Inc. 2016/4 Became Associate Professor at Keio University, Faculty of Policy Management 2019/3 Appointed outside director (audit and supervisory committee member) of the company	—
Director (Audit & Super Comm.)	Shinsuke Matsumoto	1970/4/17	2005/1 Became partner of Nakamura, Tsunoda & Matsumoto Law Office 2019/3 Appointed outside director (audit and supervisory committee member) of the company	—
Director (Audit & Super Comm.)	Yukari Sakai	1968/6/23	1991/4 Joined Nomura Securities Co. Ltd. 2019/3 Appointed outside director (audit and supervisory committee member) of the company	—

Note: Outside Directors in grey
Source: compiled by Sessa Partners from company materials

⑥ Financial Statements, etc.

Trend of Net Sales and Profits by Reporting Segments

JPY mn, %	FY2015/12	FY2016/12	FY2017/12	FY2018/12	FY2019/12	FY2020/12
Net sales	1,915	3,082	4,566	9,340	12,521	13,809
YoY	70.5	60.9	48.2	104.6	34.1	10.3
• SPEEDA				3,616	4,530	5,509
YoY				—	25.3	21.6
% total				38.7%	36.2%	39.9%
• NewsPicks				2,984	4,177	5,950
YoY				—	40.0	42.4
% total				31.9%	33.4%	43.1%
• Quartz				2,377	2,942	972
YoY				—	23.8	(67.0)
% total				25.4%	23.5%	7.0%
• Other B2B				362	870	1,421
YoY				—	140.3	63.3
% total				3.9%	6.9%	10.3%
Old segments						
• SPEEDA	1,555	2,143	2,904	3,964		
YoY	41.3	37.8	35.5	36.5		
% total	81.2%	69.5%	63.6%	42.4%		
• NewsPicks	360	939	1,661	5,376		
YoY	15.3x	160.8	76.9	223.7		
% total	18.8%	30.5%	36.4%	57.6%		
EBITDA	(298)	284	595	1,187	(412)	917
YoY	—	TB	109.5	99.5	TR	TB
EBITDA mrg	-15.6%	9.2%	13.0%	12.7%	-3.3%	6.6%
• SPEEDA				845	1,597	2,000
YoY				—	89.0	25.2
EBITDA mrg				23.4%	35.3%	36.3%
• NewsPicks				303	282	493
YoY				—	(6.9)	74.8
EBITDA mrg				10.2%	6.8%	8.3%
• Quartz				(2,052)	(2,160)	(1,527)
YoY				—	RE	RS
EBITDA mrg				-86.3%	-73.4%	-157.1%
• Other B2B				(193)	(144)	(11)
YoY				—	RS	RS
EBITDA mrg				-53.3%	-16.6%	-0.8%
Operating Profit	(333)	251	546	830	(1,236)	104
YoY	RS	TB	117.5	52.0	TR	TB
OPM	-17.4%	8.1%	12.0%	8.9%	-9.9%	0.8%
Old segments						
• SPEEDA	(7)	231	415	566		
YoY	—	TB	79.7	36.4		
OPM	-0.5%	10.8%	14.3%	14.3%		
• NewsPicks	(324)	20	131	265		
YoY	—	TB	555.0	102.3		
OPM	-90.0%	2.1%	7.9%	4.9%		

Source: compiled by Sessa Partners from company materials.

Consolidated Income Statements

JPY mn, %	FY2014/12	FY2015/12	FY2016/12	FY2017/12	FY2018/12	FY2019/12	FY2020/12
Total Revenue	1,123	1,915	3,082	4,566	9,340	12,521	13,809
Cost of Sales	811	1,204	1,378	2,092	3,568	5,321	6,216
Gross Profit	312	711	1,704	2,474	5,772	7,200	7,592
GPM	27.8%	37.1%	55.3%	54.2%	61.8%	57.5%	55.0%
Selling, General and Admin Expenses	708	1,044	1,453	1,928	4,942	8,437	7,488
Operating Profit	(396)	(333)	251	546	830	(1,236)	104
OPM	-35.3%	-17.4%	8.1%	12.0%	8.9%	-9.9%	0.8%
Non-Operating Income	5	6	13	11	15	21	34
Interest and Dividend Income						6	7
Non-Operating Expenses	5	12	38	39	312	214	420
Interest Expenses	2	4	6	9	35	97	88
Inc. from Equity Method - Non-Oper.	2	3	5	(24)	(185)		
Ordinary Profit	(396)	(339)	225	518	533	(1,429)	(281)
Ord. Profit Margin	-35.3%	-17.7%	7.3%	11.3%	5.7%	-11.4%	-2.0%
Extraordinary Gains/Losses		423	0	1	354	299	(9,085)
Extraordinary Gain		444	0	1	635	311	104
Extraordinary Loss		21			281	12	9,189
Pretax Profit	(396)	85	225	519	888	(1,130)	(9,366)
Pretax Profit Margin	-35.3%	4.4%	7.3%	11.4%	9.5%	-9.0%	-67.8%
Income Taxes	2	2	(44)	78	326	620	(2,772)
Income Taxes - Current	1	3	33	80	265	822	232
Income Taxes - Deferred	1	(1)	(77)	(2)	61	(202)	(3,004)
Net Profit Attrib to Parent Owners	(397)	111	267	438	611	(1,620)	(6,472)
Net Profit	(397)	83	269	441	562	(1,750)	(6,594)
Net Profit Attrib to Minority Int.		(28)	2	3	(49)	(130)	(122)
NPM (Attrib to Parent Owners)	-35.4%	5.8%	8.7%	9.6%	6.5%	-12.9%	-46.9%
Other Comprehensive Income	(4)	2	2	6	(49)	(196)	223
Gain on Reval of Avail-for-Sale Secs					0	0	(1)
Foreign Currency Transl Adj.	(4)	2	2	3	(45)	(195)	225
Share of Other Comp. Inc. of Assocs				3	(3)		
Comprehensive Income	(402)	85	272	447	514	(1,946)	(6,371)
Comp. Inc. Attrib to Parent Owners	(402)	112	270	444	562	(1,816)	(6,244)
(Others)							
EBIT	(394)	89	231	528	923	(1,039)	(9,285)
EBITDA	(372)	(298)	284	595	1,187	(412)	917
EBITDA Margin	-33.1%	-15.6%	9.2%	13.0%	12.7%	-3.3%	6.6%
(Detail of Expenses)							
Total Payroll	147	241	331	397	1,256	2,901	2,375
Advertising Expenses	101	192	180	210	517	794	859
Depreciation	24	35	33	36	118	192	280
(Detail of Sales)							
Overseas Sales					2,829	3,466	1,543
Overseas Sales / Consolidated Sales					30.3%	27.7%	11.2%

Source: compiled by Sessa Partners from SPEEDA data.

Consolidated Balance Sheets

JPY mn, %	FY2014/12	FY2015/12	FY2016/12	FY2017/12	FY2018/12	FY2019/12	FY2020/12
Total Assets	734	1,690	3,618	4,409	18,814	20,958	15,915
Current Assets	495	1,500	3,445	3,733	8,620	10,224	9,226
Cash & Cash Equivalents	408	1,269	3,096	3,217	5,726	7,954	7,584
Accounts Receivables	32	150	202	320	2,487	1,916	984
Prepaid Expenses	50	72	66	95			
Deferred Tax Assets - Current			77	69			
Allowance for Doubtful Accounts			(1)	(4)	(8)	(24)	(19)
Non-Current Assets	239	190	174	676	10,194	10,733	6,600
Property, Plant & Equipment (PPE)	54	56	54	51	426	344	554
Intangible Assets	9	4	7	127	9,292	9,001	1,214
Goodwill				118	9,262	8,870	811
Investments and Other Assets	175	131	112	498	476	1,388	4,831
Investment Securities	5	8	13	2	218	694	1,219
Long-term Prepaid Expenses	60	37	16	2			
Deferred Tax Assets - Non-Current				10		221	3,226
Deferred Assets							87
Total Liabilities	518	1,034	1,179	2,589	12,498	13,826	8,796
Current Liabilities	435	708	959	1,533	3,567	5,131	5,222
Trade Payables	53	74	89	184	284	319	370
Accts Payable - Other, Accrued Exp.	177	232	293	411	1,157	598	543
Short-Term Debt	37	104	105	204	696	1,225	863
Current Portion of LT Borrowings	37	104	105	204	594	1,123	761
Current Portion of Straight Bonds					102	102	102
Deferred Income - Current	134	205	310	501	773	1,210	1,962
Non-Current Liabilities	82	325	220	1,056	8,931	8,695	3,573
Long-Term Debt	81	325	220	1,056	8,881	8,654	3,444
Long-Term Borrowings	81	325	220	1,056	8,503	8,378	3,270
Straight Bonds					378	276	174
Deferred Tax Liab. - Non-Current	1	0	0	0			
Total Net Assets	216	656	2,439	1,819	6,316	7,131	7,118
Total Shareholders' Equity	216	628	2,409	1,819	5,878	5,882	5,788
Shareholders' Equity	220	631	2,410	1,807	5,313	6,118	5,796
Capital Stock	398	548	1,303	1,329	2,732	4,096	7,170
Capital Surplus	352	502	1,258	191	1,684	3,029	6,105
Retained Earnings	(529)	(419)	(151)	287	898	(1,006)	(7,478)
Treasury Stock				0	0	0	0
Accumul. Other Comprehensive Income	(4)	(3)	0	6	(51)	(247)	(23)
Val Difference On Avail-for-Sale Secs					0	0	(2)
Foreign Currency Translation Adj.	(4)	(3)	0	6	(51)	(246)	(21)
Share Warrants				7	616	10	14
Non-controlling interest		28	30		438	1,249	1,330
Total Liabilities and Net Assets	734	1,690	3,618	4,409	18,814	20,958	15,915

Source: compiled by Sessa Partners from SPEEDA data.

Supplemental Information

JPY mn, %	FY2014/12	FY2015/12	FY2016/12	FY2017/12	FY2018/12	FY2019/12	FY2020/12
(Supplemental data)							
Shareholders' Equity Ratio	29.43	37.16	66.58	41.26	31.24	28.07	36.37
ROE		26.30	17.58	20.72	15.88	(27.55)	(110.92)
ROA		9.16	10.06	10.91	5.26	(8.15)	(35.10)
ROIC		(47.22)	15.33	16.02	5.31	(11.28)	20.23
Interest-bearing Debt	118	429	325	1,260	9,576	9,880	4,311
D/E Ratio	0.55	0.68	0.13	0.69	1.63	1.68	0.74
Net D/E Ratio	(1.34)	(1.34)	(1.15)	(1.08)	0.65	0.33	(0.57)
Total Int Bearing Debt/EBITDA			1.14	2.12	8.07		4.70
Net Total Int Bearing Debt/EBITDA					3.24		
Accumulated Depreciation	39	56	81	108	265	430	437
Investments in Affiliates and Loans	3	6	12	158			
(Fair Value Information)							
Book Value - Non mark-to-mkt Secs	5	8	13	159	218	694	1,217
(Company Information)							
Headcount - Year End	106	140	190	241	567	704	611
Number of Consolidated Subsidiaries	2	4	4	6	16	18	15
(Shares Outstanding)							
Number of Shares Year End - Ordinary	1,628,000	1,628,000	7,202,883	14,650,020	30,892,303	32,949,578	36,533,502
Treasury Stock				36	72	258	258
No. of Shares Year End - excl Treas Stk	1,628,000	1,628,000	7,202,883	14,649,984	30,892,231	32,949,320	36,533,244
(Ownership by Investor Type)							
Ownership of Financial Institutions			6.49	11.16	10.26	11.45	12.78
Ownership of Other Institutions			3.53	2.20	1.11	4.03	5.39
Ownership of Foreigners			15.06	13.15	20.40	21.69	30.53
Ownership of Other Individuals			71.57	72.15	66.97	61.49	49.54
(Per Share Information)							
EPS	(64.87)	17.07	40.14	15.13	20.42	(51.35)	(186.58)
EPS - Historical Adjusted			9.41	15.12	20.49	(51.31)	(186.21)
BPS	(25.11)	44.71	338.65	61.86	170.33	178.20	158.01
BPS - Historical Adjusted			84.67	30.94	171.46	178.24	158.01
DPS	0.00	0.00	0.00	0.00	0.00	0.00	0.00

Source: compiled by Sessa Partners from SPEEDA data.

Consolidated Statements of Cash Flows

JPY mn, %	FY2014/12	FY2015/12	FY2016/12	FY2017/12	FY2018/12	FY2019/12	FY2020/12
Cash Flows from Operating Activities	(219)	(218)	474	818	146	60	1,026
Depreciation and Amortization - CF	24	35	33	49	357	824	813
Depreciation - CF	24	35	33	36	118	192	280
Amortization of Goodwill - CF				13	239	632	533
Gain/Loss on Sale of Stocks of Subsid/Affil.							1,042
Interest and Divs Received - Oper CF	0	0	0	0	0	6	7
Interest Paid - Operating CF	(2)	(4)	(6)	(10)	(35)	(97)	(88)
Cash Flows from Investing Activities	(141)	(2)	(41)	(548)	(6,592)	(851)	(2,028)
Payment for Purchase of Investment Secs	(2)				(218)	(473)	(604)
Pmt for Purchase of Stocks of Subsid/Affil.				(183)	(293)		
Payments for Purchases of PPE	(53)	(21)	(32)	(38)	(280)	(105)	(404)
Proceeds from Sales of PPE		0	0				
Payment for Purchase of Intangible Assets	(6)	(2)	(5)			(125)	(330)
Cash Flows from Financial Activities	543	1,082	1,396	(152)	8,968	3,282	613
Increase in Long-Term Debt	95	350		1,124	8,800	6,500	1,500
Proceeds from Long-Term Borrowings	95	350		1,124	8,290	6,500	1,500
Proceeds from Issuance of Bonds					510		
Repayments of Long-Term Debt	(24)	(44)	(103)	(208)	(483)	(6,194)	(7,139)
Repayments of Long-Term Borrowings	(24)	(44)	(103)	(208)	(453)	(6,092)	(7,037)
Redemption of Bonds					(30)	(102)	(102)
Proceeds from Issuance of Stock	472	797	1,500	51	384	2,077	6,043
Foreign exchange adjustment	1	(2)	(3)	3	(13)	(12)	(53)
Changes in Cash Flow	185	861	1,827	121	2,508	2,229	(441)
Cash & Cash Equivalent - Beginning	224	408	1,269	3,096	3,217	5,725	7,954
Cash & Cash Equivalent - Ending	408	1,269	3,096	3,217	5,726	7,954	7,513
Free Cash Flow (FCF)	(360)	(220)	433	270	(6,446)	(791)	(1,002)

Source: compiled by Sessa Partners from SPEEDA data.

7 APPENDIX

SPEEDA Key Introduction Cases: Financial Institutions, Consultants, Trading Houses

Investment banks	MIZUHO みずほ証券 三菱UFJモルガン・スタンレー証券 Deutsche Bank BlackRock
Banking / Insurance	大和証券 NOMURA SMBC日興証券 CREDIT SUISSE UBS Goldman Sachs 三菱UFJ銀行 三井住友銀行 MIZUHO あいおいニッセイ同和損保 SOMPOホールディングス 三井住友信託銀行 リソな銀行 富山第一銀行 ゆうちょ銀行 東京海上日動 三菱UFJ信託銀行 新生銀行 京都銀行 横浜銀行 福岡銀行 DBJ
Consultants	BCG McKinsey&Company BAIN & COMPANY AT Kearney Deloitte pwc NRI 野村総合研究所 ABeam Consulting DI Corporate Directions, Inc. IGPI accenture Roland Berger
Trading Houses	三菱商事 住友商事 豊田通商株式会社 兼松株式会社 sojitz 双日株式会社 丸紅株式会社 Marubeni ITOCHU MITSUI & CO.

SPEEDA Key Introduction Cases: Business Enterprises (Corporate Planning, Marketing)

Industrial Machinery, Electronics	HITACHI Inspire the Next 三菱重工 MITSUBISHI ELECTRIC Changes for the Better SONY OMRON FANUC CASIO KEYENCE RENESAS TOSHIBA Canon NEC FUJITSU SHARP Be Original. TDK YOKOGAWA Nikon muRata JDI Japan Display Inc.
Autos, Autoparts, FA	BRIDGESTONE YAMAHA NISSAN NOX HONDA The Power of Dreams DENSO Crafting the Core ALPSALPINE TOYOTA HINO Logisnext YAZAKI Mitsui Chemicals 三菱ケミカルホールディングス AGC Nitto AsahiKASEI SEKISUI JSR JSR株式会社 SHOWA DENKO 昭和電工マテリアルズ株式会社 三菱マテリアル 古河電工 HOYA
Tele-communications	SoftBank NTT東日本 NTT Communications docomo KDDI TBS HOLDINGS NTT西日本 NTT DATA NS Solutions IBM TIS TIS INTEC Group UNISYS salesforce
Advertising, Printing	dentsu HAKUHODO DNP jeki ADK TOPPAN TOPPAN FORMS FUJIFILM TEC brother FUJI XEROX RICOH KONICA MINOLTA
Energy, Transport, Logistics	JR ヤマトホールディングス株式会社 TEPCO 東京急行 We Find the Way 日本通運 JP 三菱地所 住友不動産 TAKENAKA 住友不動産 住友不動産 野村不動産グループ OBASHI
IT, Internet	RECRUIT CyberAgent. mixi Rakuten Google YAHOO! JAPAN Takeda 小林製薬株式会社 NEVER SAY NEVER astellas 中外製薬 小野薬品工業株式会社 Santen Eisai
Advanced Materials, Chemicals	System Integrators
Office / Business Equip.	Real Estate / Construct.
Pharma, Bio	

Source: company materials

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