

3966 Uzabase

Sponsored Research
March 30, 2020

Sessa Investment Research

Initiation Report

UZABASE

Key Indicators

Share price (3/30)	1,275
YH (19/4/9)	3,310
YL (20/3/13)	1,152
10YH (19/4/9)	3,310
10YL (16/11/4)	637.5
Mkt cap (¥ bn)	47.00
EV (¥ bn)	50.10
Shares out. (mn)	32.95
Current ratio	199.30
ADVT (mon avg, ¥ mn)	496
Equity ratio	28.1%
FY12/19 ROE (act)	-27.6%
FY12/19 ROA (act)	-8.1%
FY12/19 ROIC (act)	-11.3%
FY12/20 P/E (CE)	—
FY12/19 P/B (act)	7.15x
FY12/20 DY (CE)	0.00%

Share price/vol 52 weeks



Source: SPEEDA

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Business Information Platform Company

Creating a new business media in the age of SNS with the mission of 'We guide business people to insights that change the world'

EXECUTIVE SUMMARY

- Business information platform company. With a corporate mission statement of 'We guide business people to insights that change the world,' Uzabase is creating a new business media for the age of SNS. Under the leadership of its co-founders, it is a professional media organization with an open and transparent corporate culture.
- The company's share price continued to rise since listing on TSE Mothers, but has declined sharply after repeated volatile swings following the announcement of its acquisition of Quartz Media LLC in Jul-2018. While briefly recovering the 3,000 level in early 2019, it has yet to recover the level prior to that announcement. While management has made efforts to carefully explain the business development of Quartz, the increased risk of investing in Quartz business has become a factor weighing on the company. Change in the current share price valuation will likely depend on how much of management's vision can be shared, as well as investor risk tolerance.
- SPEEDA, a service offered since the company's founding, mainly consists of providing a quantitative data service to financial institution professionals and enterprise customers (BtoB) including major stock price indices, economic indicators, corporate earnings figures etc., achieving rapid growth by filling a market need for obtaining business information not easy to acquire which is required for corporate management decision-making, even without the full functionality of specialist financial information services like Bloomberg. 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. In recent years, the company has actively invested in staff to enhance its editorial capability in order to strengthen originality. Total members reached 4.6 million as of the end of 2019, of which paid subscribers were 100,000. Medium-term growth outlook: +40–50%.

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

① Uzabase Consolidated Earnings Trend

JPY mn, %	Net Sales	YoY (%)	Operating Profit	YoY (%)	Ordinary Profit	YoY (%)	Profit ATOP	YoY (%)	EPS (¥)
FY2015/12	1,915	—	(333)	—	(339)	—	111	—	17.1
FY2016/12	3,082	60.9	251	—	225	—	267	140.5	40.1
FY2017/12	4,566	48.2	546	117.5	518	130.2	438	64.0	15.1
FY2018/12	9,340	104.6	830	52.0	533	2.9	611	39.5	20.4
FY2019/12	12,521	34.1	(1,236)	—	(1,429)	—	(1,620)	—	(51.4)

- In addition to the previous 2 business segments, other BtoB Businesses includes FORCAS, a BtoB marketing tool, and INITIAL, a database intelligence service for startup firms. The company is working to expand its business portfolio and to enhance its structure to meet customer needs.

- Also, in order to realize its corporate mission of global expansion, the company acquired US global news outlet Quartz. In order to further expand services similar to NewsPicks in the US, CEO Umeda himself is stationed in New York, and is investing diligently in changing the revenue model from the existing advertising business model to a fee charging service business.

FY12/19 actual results

- FY12/19 actual results: financial results for FY12/19 were net sales ¥12,521mn (+34.1% YoY), operating loss (¥1,236mn), versus operating profit of ¥830mn the previous year, ordinary loss (¥1,429mn), versus ordinary profit of ¥533mn the previous year, and loss attributable to owners of parent (¥1,620mn), versus profit attributable to owners of parent ¥610mn the previous year.

- In addition to steady growth of existing business, Quartz which was acquired in 2018 contributed on a full-term basis, however, net sales posted a 7% shortfall to initial plan. The main factor for this was advertising sales for Quartz and NewsPicks failing to reach targets. At the same time, fee charging business maintained high growth, and as a result of controlling costs, both EBITDA and EBITDA of existing business came in ahead of guidance.

FY12/20 initial guidance

- FY12/20 initial guidance: the company indicates an initial forecast range for net sales of ¥15,000mn – ¥16,000mn (+19.6%–27.8% YoY). While the company is forecasting profits to turn into the black due to EBITDA of existing business expanding along with contribution of the effect of structural reforms for Quartz Business, in addition to advertising business earnings volatility risk from the changing business environment, taking into consideration the impact of the spread of coronavirus, this time the company has decided to omit disclosure of all profit guidance citing a lack of reasonable basis to make forecasts.

② Key Questions

- What is the future image of the business information platform company envisioned by management? The company is sketching out a new form as a media company. As this unfolds, how does it see the power/influence matrix for the media industry changing in several years, and what will the company's position be? For example, just like data has surpassed voice in telecommunications, or how battery electric vehicles (BEV) may someday replace internal combustion engines in automobiles, can the company's information service become a winner in the age of social media, shaking up the media industry before the internet?
- Chances of success of the fee charging business model. Internet services are generally open and free, and it is not easy to charge for contents provided. How can you expand the user base through free member service and then convert them to paid members, or put another way, can you provide high quality information for which people are willing to pay fees? The company is implementing various measures such as strengthening editorial capability and providing original content etc., but from a cost / benefits perspective, will you be able to continue to provide high quality information to satisfy paying customers? Since fee charging business can expect recurring income, interest among investors is high.
- Securing advertising revenue. Many companies which put forward business plans for advertising business models miss their revenue targets. It is not easy to accumulate online traffic and raise value as an advertising medium. For this company as well, the main reason for the shortfall in FY12/19 topline revenue was advertising revenue failing to reach initial targets. In addition to raising media value, to what extent can you maximize securing advertising revenue through devising ways to leverage marketing capability and advertising related technologies etc.? Expanding advertising revenue is also an important point for maintaining profitability of BtoC business going forward.
- Success or failure of Quartz business. As part of realizing the mission of 'We guide business people to insights that change the world,' the company acquired Quartz in Jul-2018. Success or failure of Quartz business is a test of the company's ability to become a world-class information media company. Japanese companies have had limited success in overseas acquisitions, and there are no good example success cases in the field of telecommunications and IT. Management is well aware of this, making it clear to investors that it will pursue disciplined investment regarding investment in this business, and CEO Umeda has committed himself to reforming Quartz business. In the US market which has a different corporate culture and customer attributes, can the company achieve becoming a rare success case? The competence of the management team is being tested.
- Other overseas business development in the future. When considering management resources, the first step is to get Quartz business on track, however, on a medium-term view, developing other overseas business in Asia including China as well as Europe likely presents the need for a long-term roadmap.

③ Company Overview

1. Business Overview and Features

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

The company is a business information platform company with a corporate mission statement of 'We guide business people insights that change the world.' It provides various business information services for the BtoB and BtoC markets. Different from traditional media companies until now such as newspaper, broadcast and financial information service providers, this information service business was built completely from the ground up from the perspective of users by Representative Director and CEO Yusuke Umeda (co-founder), Representative Director and COO Yusuke Inagaki (co-founder), and Adviser Ryosuke Niino (co-founder, temporarily resigned from the Board of Directors to recuperate from illness).

With the development and spread of the internet, the amount of information that can be processed by business has increased exponentially, and the speed of business has accelerated rapidly. Efficiently obtaining, processing and analyzing business information has become a matter of vital importance for companies, however it is difficult for existing media companies to precisely respond to these needs.

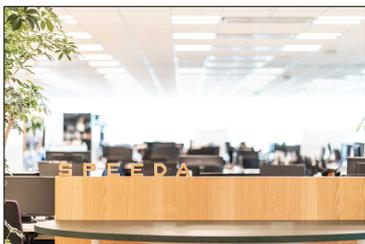
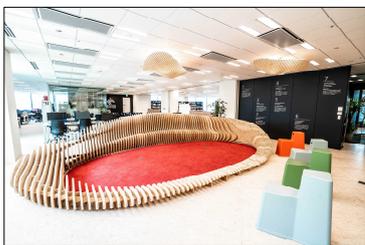
The table below summarizes the services provided by the company. After founding, the company commenced providing BtoB SPEEDA service, and in 2012, against the backdrop of growth in social media, the company commenced BtoC NewsPicks service. Later, the company enhanced BtoB service offerings, launching venture information database Entrepedia (predecessor of INITIAL, made a subsidiary in 2016), and FORCAS (an ABM account-based marketing tool, commencing service in 2017). In 2018, the company acquired US business news media company Quartz Media LLC.

List of Services Provided by Uzabase

Service	Description	Profit model	Mkt	Main customers	Customer IDs	MRR* (¥ mn)	Segment	FY12/19 Sales (¥ mn)	YoY
SPEEDA	BtoB Business intelligence platform that bundles corporate and industry data, macro statistics etc.	subscription	JP	Financial institutions, enterprises	3,129	407	SPEEDA	4,543	25.6%
NEWS PICKS	BtoC Business news media	subscription + ads	JP	Business people	147,156	170	NewsPicks	4,190	40.4%
QUARTZ	BtoC Business news media	subscription + ads	OS	Business people	12,802	11	QUARTZ	2,943	—
FORCAS	BtoB Marketing platform	subscription	JP	Enterprises	—	75	Other BtoB Business	871	140.6%
INITIAL	BtoB Venture startup database (largest in Japan)	subscription	JP	Financial institutions, enterprises	—	—	Other BtoB Business		

Source: compiled by Sessa Partners from company materials. *Note: MRR = monthly recurring revenue. Customer IDs and MRR as of 2019 year-end

Tokyo office



2) Unique corporate culture

Under the co-founder's leadership, the company features an open and transparent culture. The '7 Values' can be considered as an easy-to-understand 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 providing its various services, separate companies were established for each service other than SPEEDA. In addition to making the business operation flexible according to the development process of each service, it also has the role of clarifying management responsibility. At the same time, a flexible management stance that pursues optimal solutions, such as establishing a cross-selling system among services for corporate sales, can be observed.

An open and transparent corporate culture has been demonstrated not only internally but also in communication with external parties and investors. The management team comes from financial institution backgrounds, and the management team adheres to open disclosure of various KPIs, management information and business progress required by investors, diligently explaining the background, which is praiseworthy from an IR perspective. In addition, the management team actively disseminates management messaging through its own media, such as results briefing content. Even among venture startups, there is a high sense of reliability and stability regarding the management team.



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 October 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 US global business news media Quartz Media LLC for a total investment cost of ¥8.25bn. Quartz business was merged with NewsPicks USA, and is currently in the process of changing the business model from one based on advertising revenue to one based on charging subscription fees.

Then continuing in 2019, toward achieving the corporate mission 'We guide business people to insights that change the world,' the company acquired Alphadrive Co., Ltd. in order to strengthen corporate business, and concluded a capital and business tie-up with Tokyo Broadcasting System Holdings for producing video content and developing media for the 5G era, displaying management decision-making with a sense of speed.

UZABASE 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 rep 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 spilt (incorporation-type split)
Jan-2016	Established Sri Lanka Representative Office as a global research base for SPEEDA business
Oct-2016	Uzabase, Inc. listed on TSE Mothers
Dec-2016	Acquired Japan Venture Research, Inc., making it a subsidiary
Jan-2017	NewsPicks user members top 2 million
May-2017	SPEEDA business opens Western Japan office
Jul-2017	JV est. with Dow Jones & Co. in preparation of launching NewsPicks US ver.
Nov-2017	NewsPicks in-house edition launched for enterprises
Mar-2018	NewsPicks US Edition officially released
May-2018	NewsPicks Roppongi opened
	NewsPicks Studio JV established with Dentsu
	NewsPicks Editorial Dept., Silicon Valley Bureau opened
Jul-2018	Acquired US global business news media QUARTZ
Nov-2018	New platform service QUARTZ and paid membership service QUARTZ launched
Mar-2019	SPEEDA Chinese service launched
Nov-2019	Acquired Alphadrive Co., Ltd., making it a subsidiary
Dec-2019	Concluded a capital and business tie-up with TBS Holdings

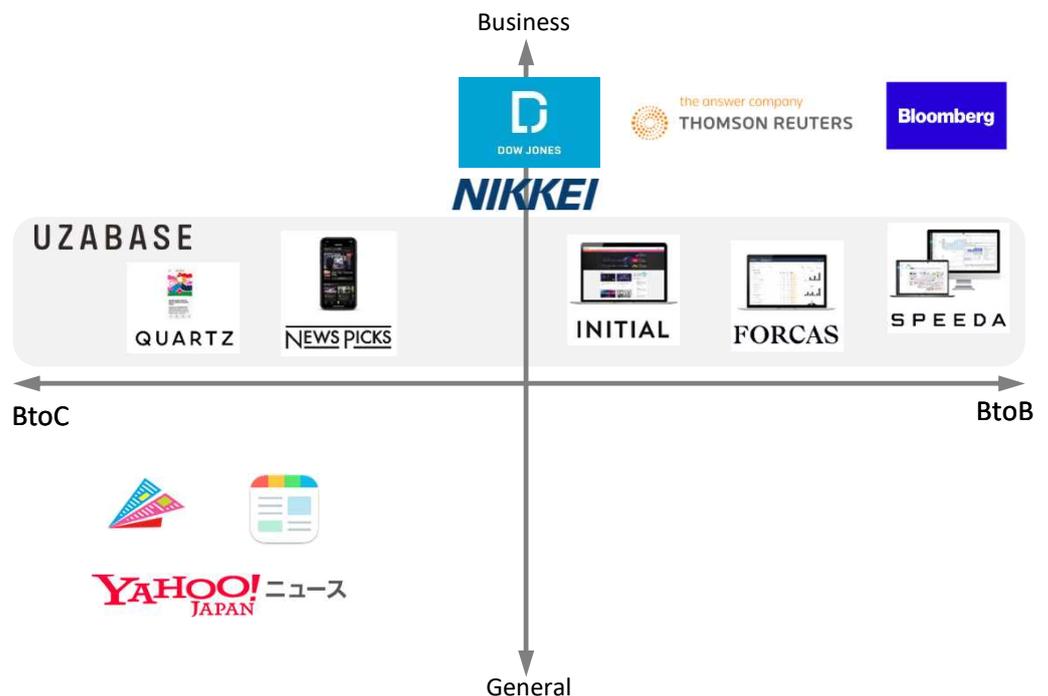
Source: compiled by Sessa Partners from company materials

3. Industry Positioning and Comparison with Competitors

Services provided by the company are specialized in business information, as stated in its corporate mission. Use of business information by its very nature is BtoB in principal, however, the fact that the company has expanded service offerings in the BtoC market, namely NewsPicks and QUARTZ, is a major differentiating factor and competitive strength. Traditional European and American business information services such as Thomson Reuters, Bloomberg, and Dow Jones have been providing specialized information to professionals such as in financial institutions, and they are not focused on services in the BtoC field.

At the same time, in Japan, Yahoo! News, Gunosy, Smart News, etc. are often cited as leading sites, but they widely cover and provide general news, and NewsPicks is uniquely positioned as specializing in the business field.

Uzabase Services Positioning



Source: compiled by Sessa Partners

Note: there is no special significance to distances from the center of representative media providers

Comparison with Competing News and Data Services

Co. name	Yahoo! Japan (Z Holdings)	Gunosy	SmartNews	Uzabase			Bloomberg	Thomson Reuters
Service name	Yahoo! News	Gunosy	SmartNews	NewPicks	QUARTZ	SPEEDA	Various Bloomberg services	Reuters
Coverage	General news	General news	General news	Business news	Business news	Business data	Business data	Business data
Customers	BtoC	BtoC	BtoC	BtoC	BtoC	BtoB	BtoB	BtoB
Revenue model	Ads	Ads	Ads etc.	Ads + subscriptions	Ads + subscriptions	Subscriptions	Subscriptions	Subscriptions
Active users/IDs*	23.18mn	10.24mn	16.86mn	4.68mn	20.0mn	3,129	—	53.0mn
Market	Japan	Japan	JP + overseas	Japan	Overseas	Japan	Global	Global
Content	Curation	Curation	Curation	Curation + original	Curation + original	Content providers + original	Market data + original	Market data + original
Sales revenue**	(¥303.4bn)	¥15.0bn	unlisted	¥4.1bn	¥2.9bn	¥4.5bn	unlisted	—
Notes***	No.1 mobile news app by usage rate. Increasing market share after integrating with LINE NEWS	No.4 mobile news app by usage rate. Disseminates news optimized for individual users through a proprietary algorithm	No.2 mobile news app by usage rate. Also focusing on North American business, opening a development office in the US. Also rapidly expanding North American users, with total JP + overseas users topping 20.0mn	Specialized in business news, strengthening original content production. Revenue is evenly split between ads and subscriptions. Paid subscribers reached 147k by end of 2019. Using BtoC as a gateway to BtoB business	Recognized as a high-quality business news media focused on the North American market. Migrating to a subscription fee model, with 12k paid subscribers at the end of 2019	A unique presence as a financial information service that is conscious of use by more general users. It is being introduced not only by financial institutions, but also by enterprises. Expanding derived BtoB services	Default data service for financial professionals. In particular, it is essential for real-time market watchers such as traders. Enhanced communication tools	UK Information service company with a 170-year history, focusing on finance. Disseminating information to global media through its own information network

Source: compiled by Sessa Partners. *Active users/IDs: data for Yahoo! News, Gunosy and SmartNews from Nielsen Mobile NetView in August 2019, Uzabase as of the end of Dec-2019, Reuters company data. **Sales revenue: Yahoo! Japan FY3/19 Media segment, Gunosy FY5/19 sales, Uzabase FY12/19 results. ***Mobile news app usage rate shares from Nielsen Mobile NetView in August 2019, others from respective company materials.

The table above compares the business details for each competing service. In general, news curation sites for general readers rely on advertising revenues based on a large number of users, while business information services are basically paid subscription business models. Uzabase has a unique presence in that it has established a hybrid revenue model of advertising revenue plus paid subscriptions by providing both BtoC and BtoB services.

4. Principal Services and Profit Model Analysis

1) SPEEDA

a. SPEEDA Product Concept

SPEEDA is an information platform that comprehensively and systematically organizes and provides various information and data required for company and industry analysis (please see the tables on the following page).

SPEEDA: One of the largest Asia-focused financial databases

COMPANY (4.0 mn+)	Financial Data	<ul style="list-style-type: none"> Historical financial data (P/L, B/S, CF)
	Company Disclosures	<ul style="list-style-type: none"> Annual reports Company filings Company annual accounts
	Market Data	<ul style="list-style-type: none"> Stock price, multiples, forecast, consensus data
	Credit Reports	<ul style="list-style-type: none"> Pay-per-view
	Others	<ul style="list-style-type: none"> Affiliates/segments information Board of directors, shareholders M&A deals Company news
INDUSTRY (560)	Analysis Reports	Comprehensive industry reports on competitive trends and market shares by country & region across 560 industries, provided by our professional analysts
	Statistics Data	Macro and industrial statistics data released by government, industry associations, and private research institutes
	Others	<ul style="list-style-type: none"> Peer comparison across 560 industries Industry news
M&A DEALS (1.5 mn+)	Deal Overview	<ul style="list-style-type: none"> Deal parties & profiles Deal rationale & timeline Deal values Deal multiples Comparable transactions

Selected SPEEDA Features

Find Companies	Screen targets and generate relevant leads by defining parameters, such as geographic location, industry, and financials.
Find M&A Deals	Create a list of relevant deals by defining parameters, such as the deal type, status, value, and party financials, amongst others.
Financial Comparison	Compare financial metrics and share prices of multiple companies.
Industry Overview	Grasp a market's size and compare market shares in selected industries.
Historical Price Data	Download share price, stock index and currency data for multiple companies.
Find Filings	Find various company filings of public companies effortlessly.
Find Stats	Find statistics data of various industries and regions in one place.
Find Report	Search and download industry reports, including industry trend reports for niche markets.
M&A Alerts	Receive email notifications for updates on M&A deals.
Report Builder	Create company reports and summaries with overview, financial statements and competitive landscape information.
Excel Plug-in	Import SPEEDA data to Excel.

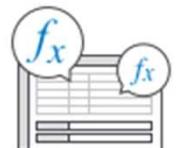
Selected SPEEDA data providers



• find

• compare

• export



Source: SPEEDA website and company IR materials

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. Features and Strengths

SPEEDA features and strengths could be summarized in the following 3 points:

i. One-stop platform for company and industry information and data

Until now, when trying to find information about a certain company and the industry to which it belongs, one had to wade through said company's home page, providers of financial data, industry association and government statistics, and reports by market research companies, collecting information and data manually. This was followed by spending an extraordinary amount of time and effort analyzing the data and preparing documents. SPEEDA allows you to efficiently gather the required information and data in one place, freeing up your time to devote to more important analysis and decision-making.

ii. Intuitive and easy-to-use immediately 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.

iii. 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.

Industry	(Unit:JPY Million)	Sales Growth	Net Profit Margin (Attribute to parent company shareholders)	P/E
Construction and Engineering	3.7 %	1.9 %	16.5 x	
Real Estate	7.2 %	10.8 %	17.0 x	
Energy	10.2 %	-3.7 %	19.2 x	
Coal/Mineral Mining	7.7 %	-2.1 %	20.1 x	
Materials/Processed Materials	6.6 %	3.0 %	20.8 x	
Machinery/Electrical Products	3.4 %	3.2 %	27.5 x	
Transportation Equipment	3.8 %	3.5 %	19.2 x	
Food Products	3.2 %	3.5 %	26.0 x	
Consumer Products	3.7 %	2.5 %	23.8 x	
Healthcare/Pharmaceuticals	9.9 %	2.5 %	32.3 x	
Distribution	2.2 %	1.7 %	17.9 x	
Retail	3.3 %	1.9 %	21.5 x	
Restaurants/Prepared Food	4.0 %	0.8 %	35.4 x	
Finance	1.0 %	17.4 %	19.0 x	
Transportation Services	6.4 %	3.3 %	18.0 x	
Media/Info-Communications Services	6.8 %	0.3 %	35.1 x	
Consumer Services	4.2 %	4.1 %	20.0 x	
Corporate Services	6.8 %	5.6 %	24.3 x	
Public Services	7.1 %	7.0 %	18.2 x	

- Analysis Tools**
 - Financial Comparison: Compare financial metrics and share prices of multiple companies.
 - Segment Comparison: Compare business and regional segments of multiple companies.
 - Market Data: Download stock prices, stock market indices, exchange rates and interest rates.
 - Historical Multiples: Download data for a select number of multiples such as P/E Ratio and P/B Ratio.
- Search Tools**
 - Find Filings: Search reports on various industries and companies.
 - Find Stats: Search company and industry statistics, and company IR data.
 - Find Report: Search reports on various industries and companies.
- Report Tools**
 - Report Builder: Create a company report with an overview, and financial and competitive information.
 - Chart Builder: Chart company financial data, statistics, management indicators, and IR data.
- Optional Service**
 - Excel Plug-in: Import SPEEDA data to Excel using original functions.
- Mail Alerts**
 - M&A: Receive email notifications for updates on M&A deals.

COMPANY PROFILING

HUAWEI
Tencent 腾讯
Alibaba Group 阿里巴巴集团
Baidu 百度

Xiaomi: Company Profiling
Apr 3, 2020

China- Macro and Business Briefing
Spotlight - Apr 8, 2020

Asia ex Japan M&A Report - February 2020
M&A Report - Mar 19, 2020

Source: selected actual SPEEDA website screen shots

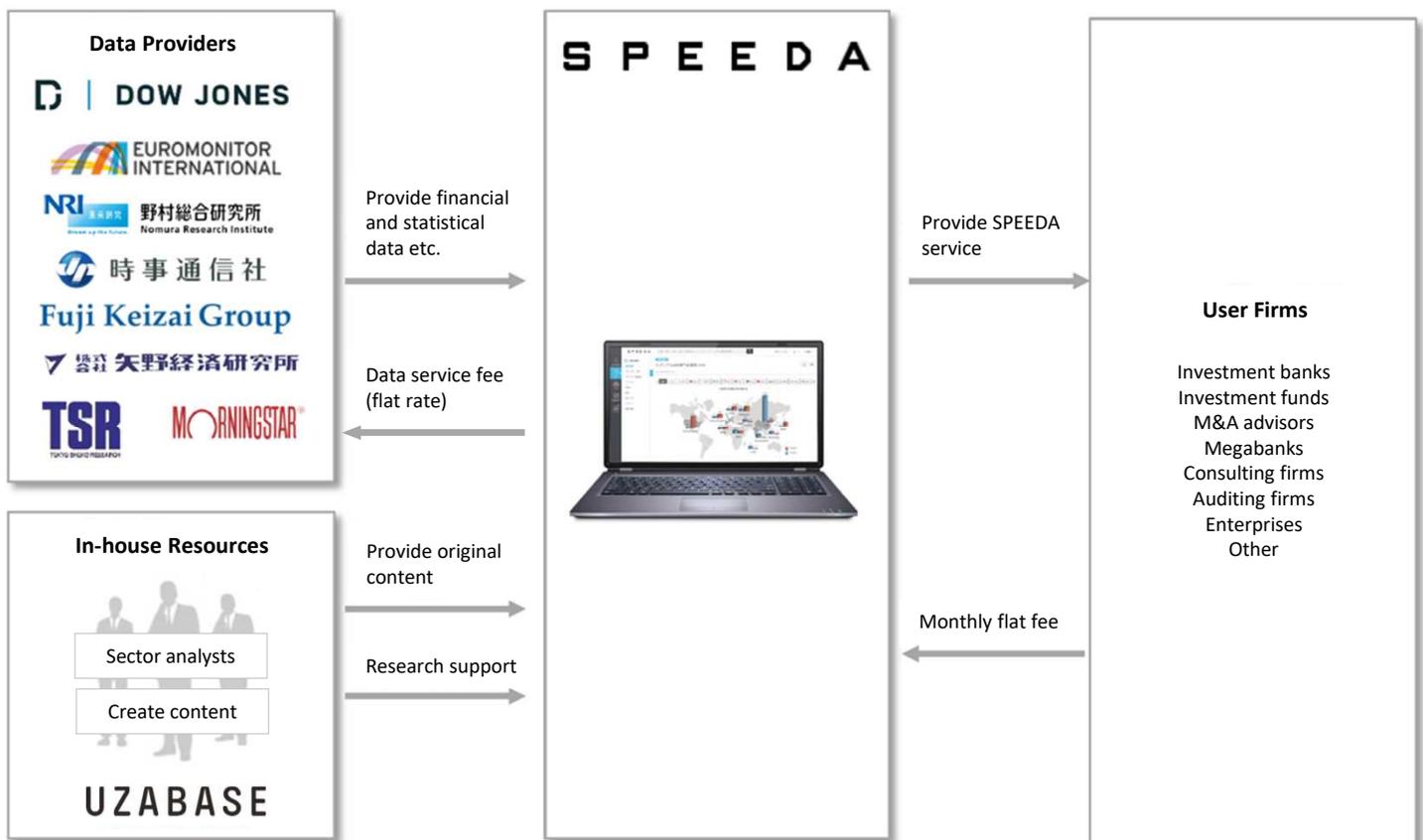
c. Earnings model

SPEEDA's revenue model is BtoB paid subscribers. Contracts are made by user ID units, with an average monthly unit price of ¥140,000. It is common for enterprise users to start with 1 ID, and for financial institution professionals etc. to start with 3 IDs, with discounts available for multiple contracts.

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.

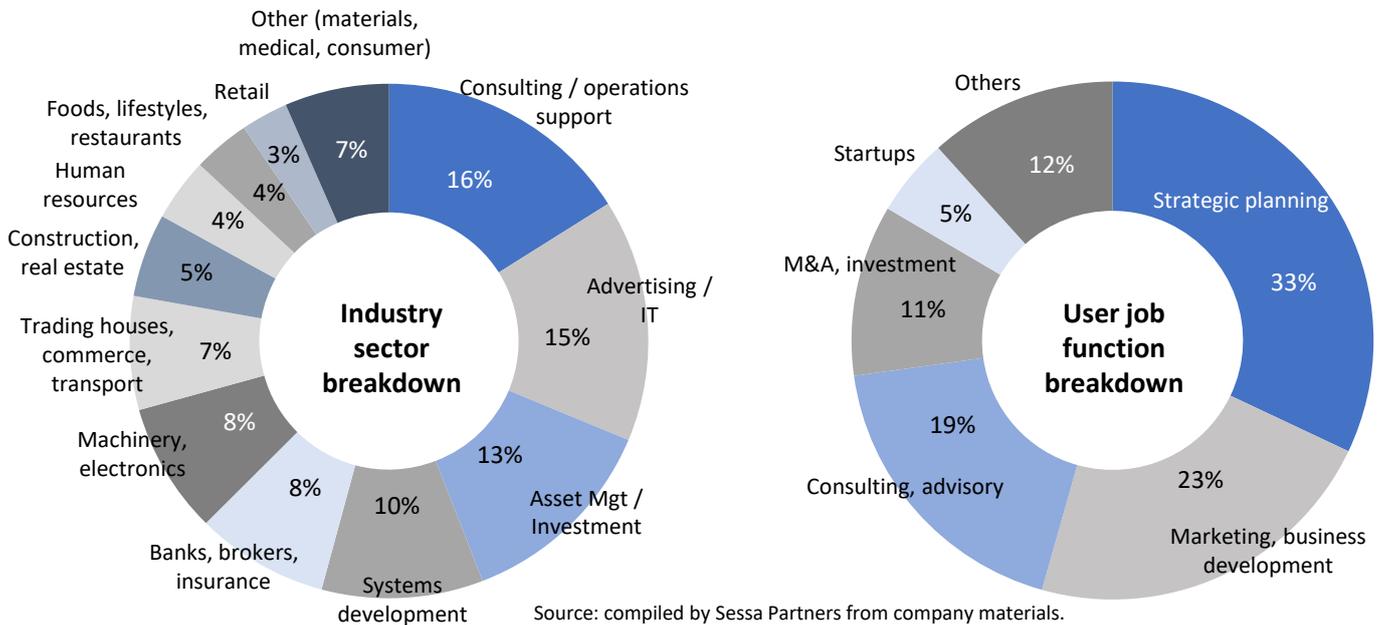
The company has set a normal rate of return at an EBITDA margin of 30%, however, SPEEDA business has shown profitability in excess of 30%, and the company is reinvesting the portion over 30%, targeting further growth. Going forward, the company has set an internal 50% rule (sales growth rate + EBITDA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

SPEEDA Earnings Model



Source: compiled by Sessa Partners from company materials

Trend of Companies Introducing SPEEDA



d. Customer Trends

In terms of using business information / data on a daily basis, an important customer base for SPEEDA is the original users of such data, who are financial specialists working in investment banks, banks and consulting firms. However, the goal is not to serve as a replacement of services such as Bloomberg which is indispensable for those specialists at financial institutions, rather the target is introduction to more general use-type users.

The company is also 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 it has been increasingly adopted by sales and marketing departments. In the sense that it can be directly linked to earnings, expanding sales to the sales and marketing departments, which are profit centers, can be said to be a key customer segment for SPEEDA's growth.

The number of customer firms exceeded 1,300 at the end of 2019. Enterprise companies consist most of the customers, but looking at the number of user IDs, traditional financial institution professional still account for roughly half of the over 3,100 user IDs at the end of 2019. Contracts with financial institutions tend to range between 3 IDs – several dozen IDs. The graph above shows the trend of companies introducing SPEEDA.

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

2) NewsPicks
 a. Service Content

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 networking 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.

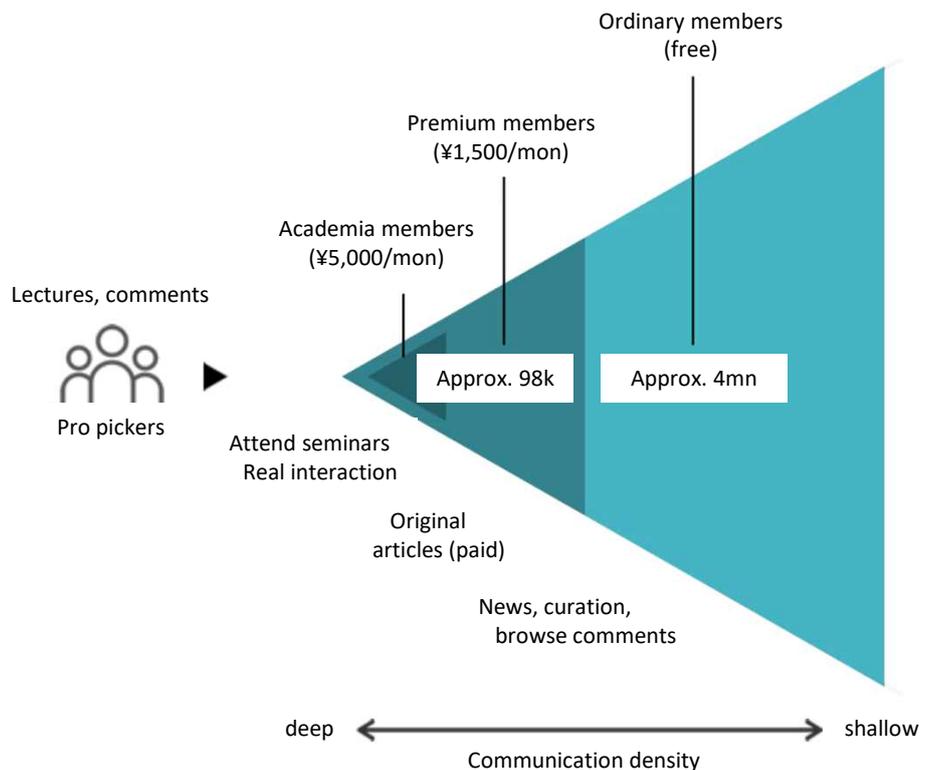
b. Features and Strengths

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:

- i. There are many articles related to the latest technologies including from overseas
- ii. Articles are tailored with an awareness toward the many young executive users
- iii. Content production including graphics and videos assume viewing on smartphones

NewsPicks Member Breakdown



Source: company materials

New customer value provided by NewsPicks



Source: compiled by Sessa Partners from company materials.

c. Earnings model

NewsPicks revenue model is based on advertising fees from ad sponsors plus monthly subscription fees from paid members, currently split basically evenly.

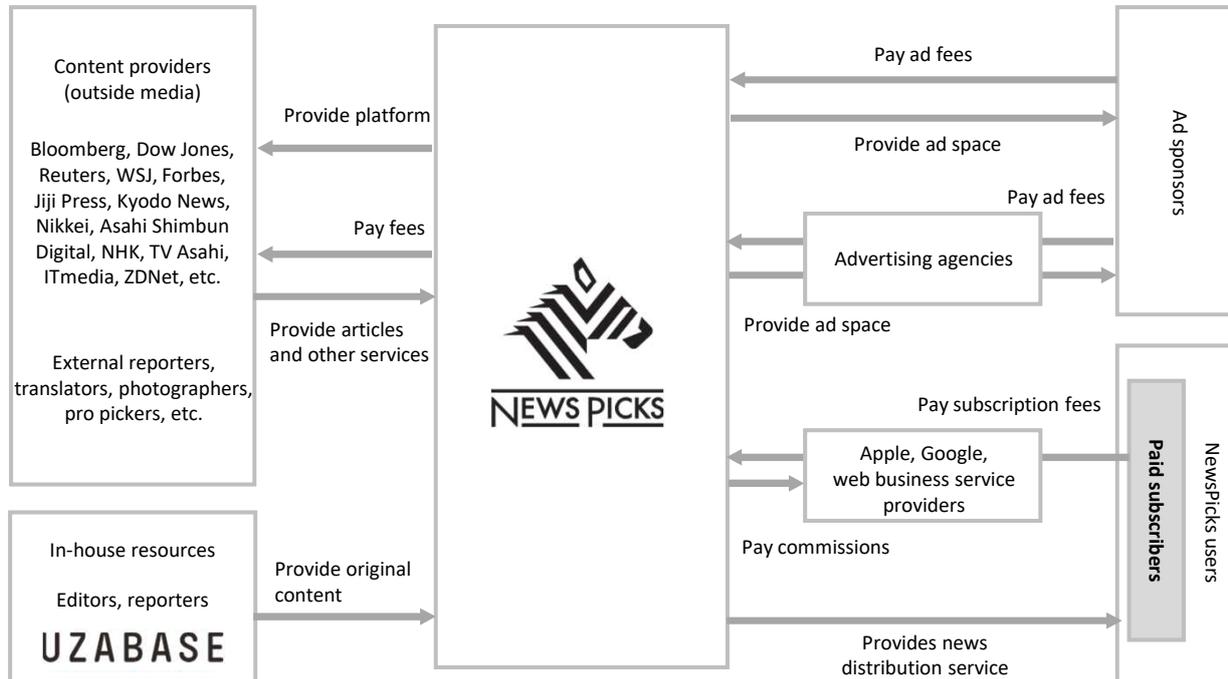
Premium services to paid subscribers include the two categories of Premium Members and Academia Members, and in addition to news curation and viewing of comments available for free to ordinary members, Premium Members who pay a flat monthly fee of ¥1,500 can also view original articles by the Editorial Dept. Academia members 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 etc.

Two things necessary in order to expand NewsPicks revenue include:

- i. Raising the value as an advertising media to boost ad revenue by increasing all members including free members
- ii. Migrating free members to Premium and Academia memberships to boost subscription revenue

NewsPicks Earnings Model



Source: compiled by Sessa Partners from company materials.

In both cases, the point is whether NewsPicks original content and planning can enhance NewsPicks brand power for users and potential users, and whether it can provide sufficient satisfaction in terms of cost effectiveness.

d. New measures for earnings expansion

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. While customer results are still limited (started booking revenue from Ricoh from 4Q FY12/19), the company believes that approaching enterprises as a business media is important, and it plans to step up sales efforts to enterprises going forward.

3) Quartz

a. Acquired a US-based high-quality global business media

Quartz was founded in 2012 as a new business intelligence media. Similar to NewsPicks, it targets a relatively younger segment and has earned a high reputation by blending its superior UI (user interface), UX (user experience) and content with mobile technology.

As is described in the mission statement of Uzabase, 'We guide business people to insights that change the world,' the company is aiming to provide services that are valid globally, irrespective of borders. In 2017, through a JV with Dow Jones & Co., it launched NewsPicks US Edition. While NewsPicks US Edition exhibited a favorable startup, in order to accelerate growth in not just the North American market but the entire global market, management decided that it needed to build a team which excelled in content, technology and business, and in Jul-2018, it acquired Quartz Media LLC with its established track record for \$75 million (¥8.25bn). The sales contribution from making Quartz a subsidiary was ¥2.41bn in FY12/18 and ¥2.94bn in FY12/19.

b. Features and Strengths

Quartz was founded by media professionals from the Wall Street Journal and WIRED. After launching service, the company gained a strong reputation, receiving various awards in a short period, boasting 20 million readers in 2017.

Strengths of Quartz include:

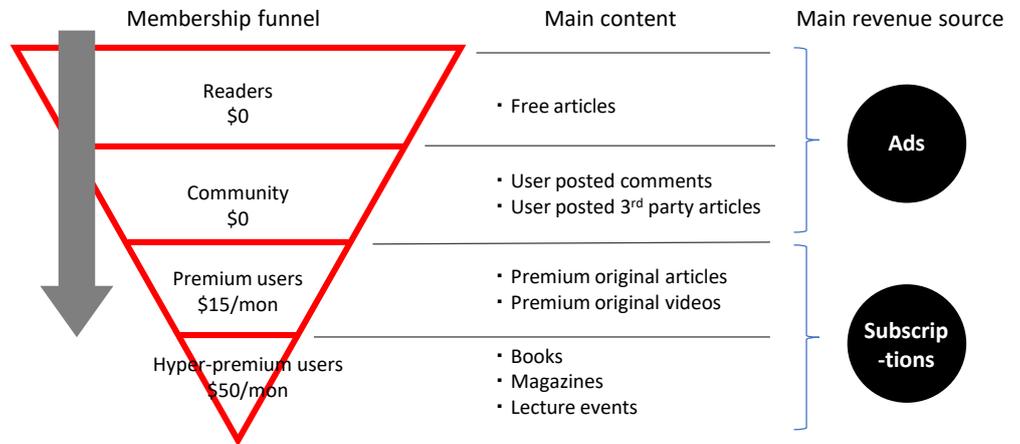
- i. Primary readers include young global business leaders
- ii. It has a global coverage network with reporters on the ground
- iii. Articles are written by globally recognized journalists
- iv. Simple yet smart design tailored for mobile terminals
- v. High-quality brand content

c. Migrating the earnings model under the direction of Uzabase

The business model of Quartz was based on ad sales in the past, and the challenge was to introduce a paid subscription service. Uzabase has already succeeded in the paid subscription model with NewsPicks, and going forward, by taking lessons from this experience with NewsPicks, the company is promoting the migration of the earnings model of Quartz while also responding to the North American market, aiming for early profitability of Quartz business (see the exhibit on the following page).

Quartz Strategy Going Forward

Membership Funnel Strategy



Source: compiled by Sessa Partners from company materials

4) FORCAS

a. Service Details and Features

FORCAS is a BtoB marketing service launched in 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 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 method to use them more effectively.

Originally provided as an optional service to SPEEDA customers, it can now be provided as an independent service FORCAS to non-SPEEDA customers.

FORCAS strengths include:

- i. Database analysis ability cultivated by SPEEDA
- ii. Compatibility with existing marketing tools such as Salesforce
- iii. Pioneer position in ABM in Japan, receiving high marks from customers for progress in refining the analysis logic

b. Revenue Model and Revenue 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 to marketing strategies, it is likely to be higher than SPEEDA.

It has a strong reputation among clients, and it plays a leading role in driving other BtoB business. FY12/19 sales were ¥600mn, up roughly 3.5x YoY, posting high growth.

FORCAS Features



Source: company materials

5) INITIAL

a. Service Details and Features

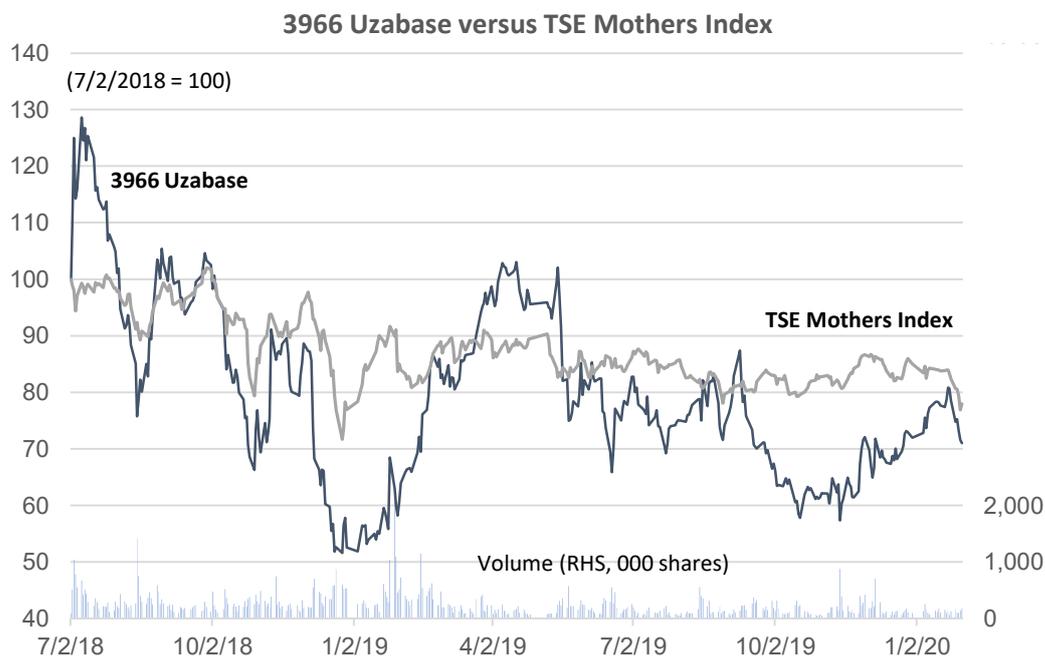
INITIAL is a database service for venture startups. Unlike listed companies and large enterprises, venture companies are young, small, and numerous, so it is not easy to understand the actual situation. At the same time, there are many venture companies that are active in cutting-edge fields related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

INITIAL has been developing as one of the other BtoB business services by Uzabase, which acquired the platform service of venture trends 'Entrepedia' provided by Japan Venture Research in 2016. Along with the enhancement and expansion of the service, it has been integrated with the related live app 'ami' business (linking entrepreneurs with supporters), and it changed its name to INITIAL from November 2019.

b. Revenue Model and Revenue Trend

INITIAL could be thought of as the venture startup version of NewsPicks, and like NewsPicks, it offers a free service INITIAL, as well as INITIAL Enterprise, which allows you to subscribe to more detailed and original brand stories for a fee. With sales of just under ¥300mn in FY12/19, the business was able to turn profitable.

④ Share Price Trend



Since the company announced on July 2, 2018 the acquisition of Quartz Media LLC and associated financing, the share price has declined over the course of repeated volatile swings. As of December 25, 2018, the share price posted a low of 1,631, nearly half the level prior to the announcement. This was likely due to concerns over and negative reaction to the high acquisition price relative to the current scale of Quartz net sales, deterioration of the B/S from loans procured to fund the acquisition, requirement for additional annual investment of roughly ¥1–2bn also hitting the P/L, as well as scarcity of successful overseas M&A transactions by Japanese companies to date. Subsequently, the company released its ‘disciplined investment’ policy toward Quartz business, and clear criteria for measuring the progress of Quartz business, and at the same time, through maintaining the high profitability and growth of domestic business other than Quartz, the share price returned to virtually the same level prior to the announcement in mid-2019.

However, FY12/19 earnings trends included ad revenue falling short of targets both in Japan and in Quartz business, and in particular for Quartz business (company maintains a shortfall was expected as it migrates the business model toward paid subscriptions), ad revenue declined sharply YoY, and as investors recognized that the Quartz acquisition can not be ignored as having a short-term impact on the company’s earnings, the share price has struggled since 2H 2019. (The effects on the global market since Feb-2020 from spread of the coronavirus are not taken into consideration).

At the same time, looking closely at FY12/19 earnings results, both firmwide and existing business, EBITDA cleared initial guidance. Also, as can be seen in the table on the following page, the company published management yardsticks for each business, and for Quartz business in particular, the company assumes Quartz business will turn profitable in FY12/22, with EBITDA turning positive this term in FY12/20. (However, this does not include greater than expected unknown negative impacts from coronavirus.)

Uzabase Progress on Monetization Policy Goals by Business

	Monetization Policy Target in 2018	Current progress status
S P E E D A	30% EBITDA margin by 2020	Achieved 1-year early
FORCAS	Turn profitable by 2020	Changed to profitable on a single month by 2020
INITIAL	Turn profitable by 2019	Achieved as planned
NEWS PICKS	<ul style="list-style-type: none"> • Turn new biz NPS profitable by 2021 • 30% EBITDA margin for NewsPicks business unit excl. NPS by 2020 	Changed to 20% EBITDA margin for NewsPicks consol. by 2022
QUARTZ	Turn profitable by 2022 (goal at time of 2018 acquisition)	No change in turn profitable by 2022

Source: company materials

It is natural for management to take risks (uncertainty) and take on the challenge of growth. As described on P6, the company always discloses information to investors in an open manner and strives to prevent negative surprises. At the same time, from an investor's point of view, the extent to which risk can be tolerated over time differs depending on the investment stance. In addition, during the process of valuation, there are only a few indicators that can be used as a growth venture company posting losses. The valuation of the current stock price will vary depending on how much of management's vision can be shared, and the risk tolerance of investors.

⑤ Earnings Trend

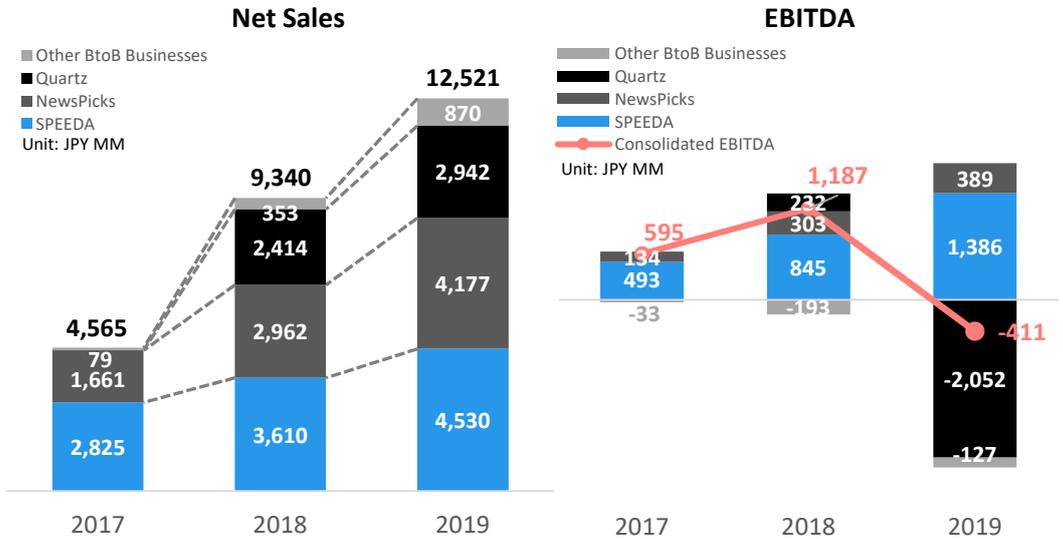
1. FY12/19 financial results

1) Net sales rose +34% YoY to ¥12.5bn, however the company booked an operating loss due to investment in Quartz business

Financial results for FY12/19 were net sales ¥12,521mn (+34.1% YoY), operating loss (¥1,236mn), versus operating profit of ¥830mn the previous year, ordinary loss (¥1,429mn), versus ordinary profit of ¥533mn the previous year, and loss attributable to owners of parent (¥1,620mn), versus profit attributable to owners of parent ¥610mn the previous year.

In addition to steady growth of existing business, Quartz which was acquired in 2018 contributed on a full-term basis. Net sales posted a 7% shortfall to initial plan. The main factor for this was advertising revenues for Quartz and NewsPicks failing to reach targets. At the same time, fee charging business maintained high growth, and as a result of controlling costs, both EBITDA and EBITDA of existing business came in ahead of guidance.

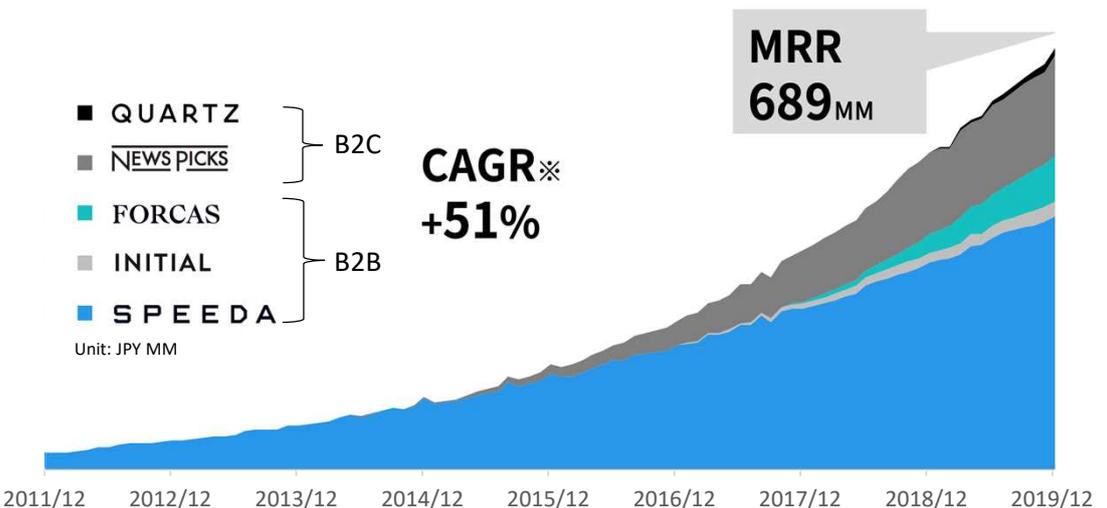
Trend of Net Sales and EBITDA for the past 3 years



Source: company results briefing materials

Meanwhile, paid subscription revenue has been steadily growing. Looking at the indicator of MRR (Monthly Recurring Revenue), which the company introduced as a KPI from the previous term: in addition to SPEEDA, other BtoB businesses FORCAS and INITIAL, and BtoC businesses NewsPicks and Quartz have been steadily increasing, with high CAGR over the past eight years of +51%.

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



Source: company results briefing materials. *8-year CAGR from FY12/11 – FY12/19

2) Trends by Business

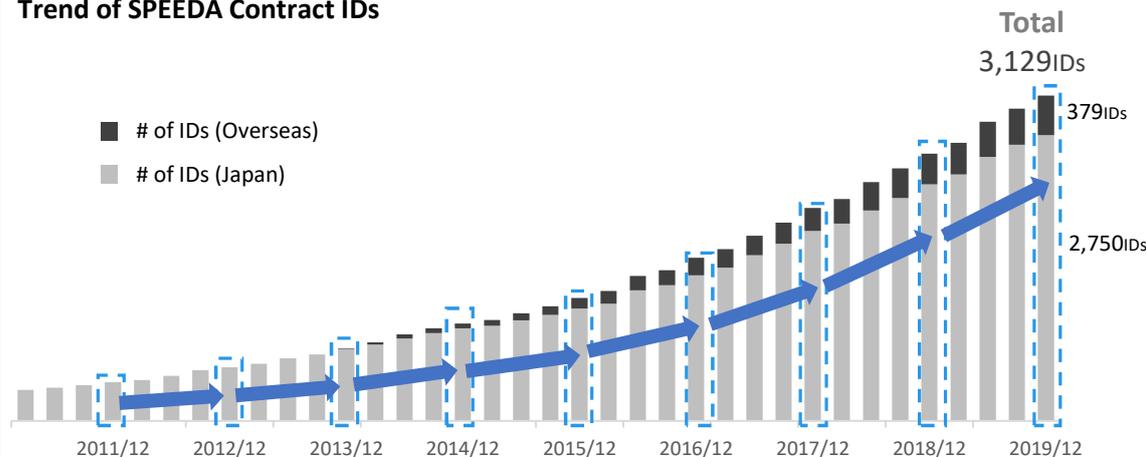
a. SPEEDA

Net sales ¥4,583mn, +25.6% YoY, and segment OP ¥1,295mn, +67.1% YoY

SPEEDA Business which is paid subscription revenue business achieved an increase in existing customer contract IDs as well as making progress with introduction to enterprise customers, posting a record increase in contract IDs. Total contract IDs for both Japan and overseas reached 3,129 IDs as of the end of 2019, posting a YoY increase of +558 IDs.

Also, in order to enhance the service, information on overseas startup companies is recorded through a tie-up with Crunchbase, Inc. among others. In addition, as new functionality the company launched a search feature for patent trends, enabling cross-referencing of patent data with financial data within SPEEDA.

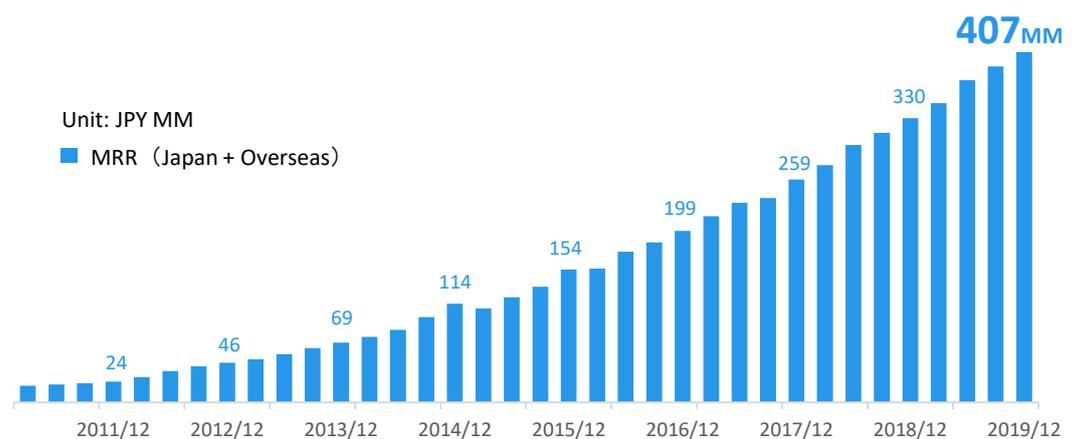
Trend of SPEEDA Contract IDs



Source: company results briefing materials

As a result, SPEEDA net sales were ¥4,583mn, +25.6% YoY, and segment OP was ¥1,295mn, +67.1% YoY. MRR (monthly recurring revenue) reached ¥407mn.

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



Source: company results briefing materials

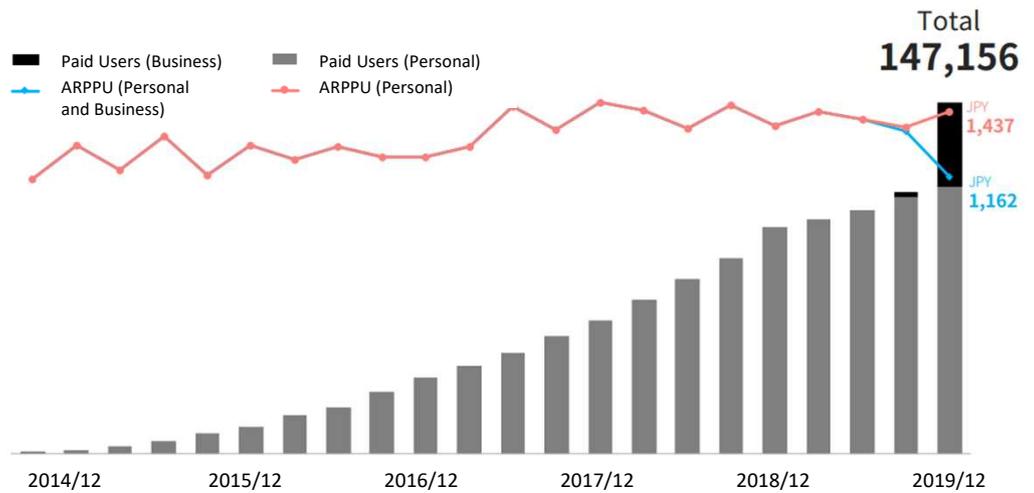
At the same time, looking at the trend of key performance indicators for evaluating progress of the business: EBITDA and the EBITDA margin, the trend has been FY12/17 ¥0.49bn, 17.5% → FY12/18 ¥0.84bn, 23.4% and → FY12/19 ¥1.38bn, 30.5%, achieving the target for EBITDA margin of 30% by 2020 one year early.

b. NewsPicks

Net sales ¥4,190mn, +40.4% YoY, and segment OP ¥342mn, +19.8% YoY.

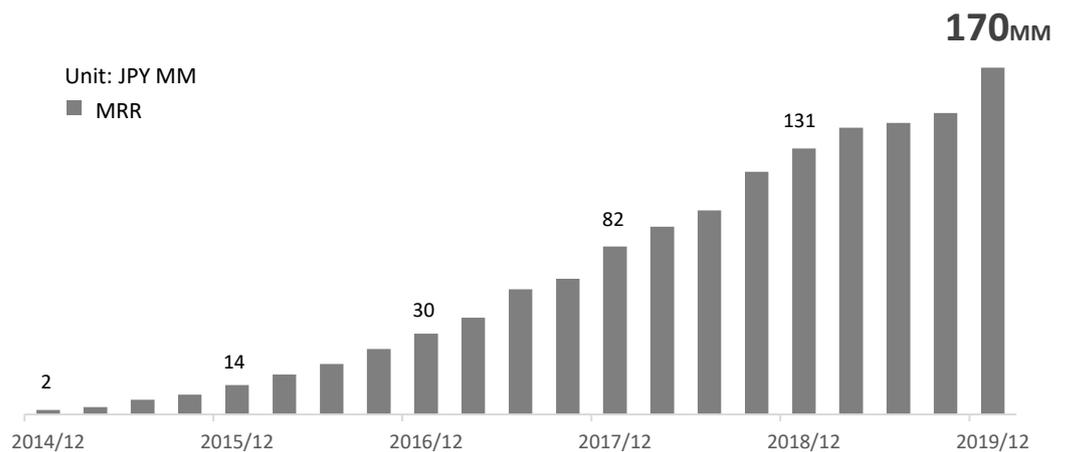
In addition to continuing to focus on strengthening content, efforts until now toward corporate customers contributed to booking sales in the 4Q. As of the end of 2019, user members were 4.68mn, paid users were 147k and MRR (monthly recurring revenue) was ¥170mn. Advertising revenue fell short of the full-year budget due to sluggishness in the 2Q and 3Q, but ads recovered in the 4Q. As a result, NewsPicks net sales were ¥ 4,190mn, +40.4% YoY, and segment OP was ¥ 342mn, +19.8% YoY.

Trend of NewsPicks Paid Users



Source: company results briefing materials

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



Source: company results briefing materials

The trend of NewsPicks EBITDA and EBITDA margin has been: FY12/17 ¥0.13bn, 8.1% → FY12/18 ¥0.30bn, 10.2% and → FY12/19 ¥0.38bn, 9.3%, dipping slightly in 2019. According to the company, this was due to frontloading hiring of editorial staff in order to strengthen content. Results from this investment can be expected to appear from FY12/20 onward.

c. Quartz

Net sales ¥2,943mn, and segment operating loss (¥2,721mn)

Since acquiring Quartz in Jul-2018, the company has proceeded with migrating the business model. Quartz business had been mainly advertising revenue, but the current restructuring is undertaking major reforms including the internal company structure, and disciplined investment to achieve that objective is continuing. As a result, over the last year, paid members grew from virtually non-existent to 12,802, achieving a rapid startup.

At the same time, the method of creating content differs between the traditional mainly ad revenue model and paid subscription model. For the ad revenue model, the first priority is generating page views (PV = traffic volume), while the paid subscription model questions content details (content = quality). The same as for NewsPicks, the company is targeting a future sales mix of roughly 50:50 for ad revenue and paid subscriptions. For this reason, even if ad revenues decline before paid subscription revenues reach a sufficient level, the company will continue to invest in order to migrate the business model.

Due to a temporary decline in advertising-related capability during the process to migrate the business model, FY12/19 net sales came in at ¥2,943mn. In LC terms, this was \$26.9mn, -22.7% from the 2018 unaudited figure of \$34.8mn, coming in below initial guidance. EBITDA was a loss of (¥2,052mn). Out of which, the EBITDA loss for advertising business apparently shrank from 2018 (¥1.17bn) to roughly (¥0.6bn). The company lowered the breakeven point through structural reform of costs, however it was unable to turn into the black due to the decline in ad revenue. At the same time, the EBITDA loss for paid subscription business apparently came in at (¥1.0bn) due to ongoing investments in strengthening content and marketing etc.

d. Other BtoB Business

Net sales ¥871mn (+140.6% YoY), and segment operating loss (¥146mn), shrinking from (¥209mn) the previous year.

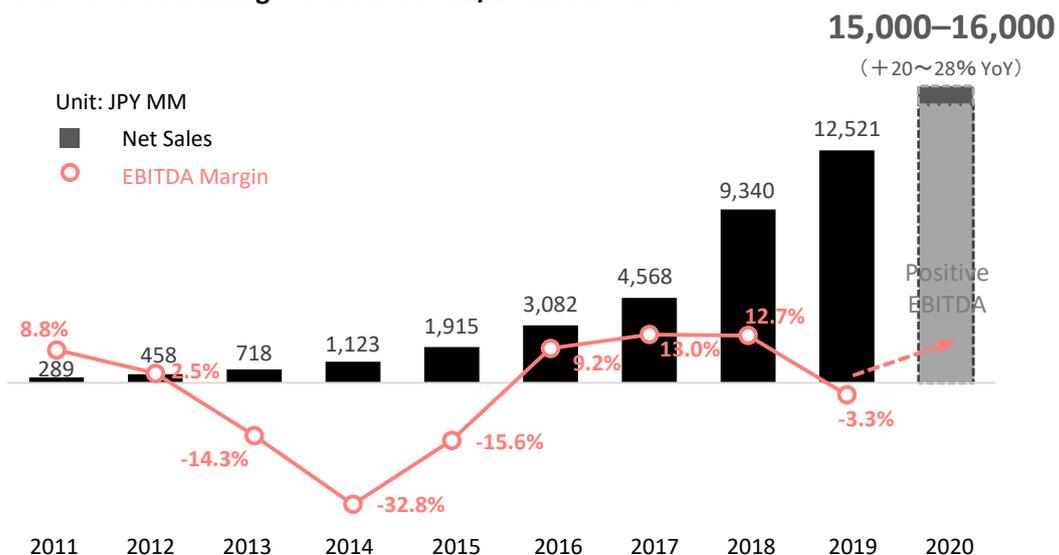
The number of customers for both FORCAS and INITIAL included in Other BtoB Business increased steadily. FORCAS MRR (monthly recurring revenue) increased to ¥75mn, making a large contribution to the increase in segment net sales. INITIAL sales also increased steadily, bringing total net sales to ¥871mn (+140.6% YoY). While INITIAL achieved turning into the black, since FORCAS is still in an ongoing investment phase, the trend of EBITDA for Other BtoB Business has been: FY12/17 (¥0.03bn) → FY12/18 (¥0.19bn) and → FY12/19 (¥0.12bn). Increased sales and delays in staff hiring resulted in the loss shrinking YoY in 2019.

2. FY12/20 Initial Guidance

The company will likely continue its ongoing investment plan over the last 2–3 years. It plans to increase MRR (monthly recurring revenue) for its paid subscription business model, the base for stable growth. In order to organically link sales of its BtoB SaaS (software as a service) businesses, SPEEDA, FORCAS and INITIAL, the company is currently in the process of rebuilding its domestic marketing and sales structure. In addition, it will continue to migrate the revenue model of Quartz to paid subscriptions.

As a result, it is indicating an initial guidance range for net sales of ¥15,000mn–¥16,000mn (+19.8%–27.8% YoY). The company is forecasting EBITDA to return to profitability through revenue expansion of existing business and the effect of structural reforms for Quartz Business. For the profit side, however, in addition to increased revenue volatility risk from change in the business environment, taking into consideration impact from spread of the coronavirus, the company decided to omit initial profit guidance for operating profit, ordinary profit and profit attributable to owners of parent, citing lack of reasonable basis to make forecasts.

Consolidated Earnings Trend and FY12/20 Initial Guidance



Source: company results briefing materials

⑥ Key Questions – Answers?

Strength as a latecomer

- Existing business information services are generally closed systems because they were created before the spread of the Internet. On the other hand, the amount of information available to people has dramatically increased due to growth of the Internet. In addition, it became possible to easily access the information source via TCP/IP without installing a dedicated terminal. However, traditional media companies are investing heavily in existing systems, and at the same time tend to respect preferences of existing customers, making it difficult to listen to the opinions of new customers in the internet age. This is the so-called innovator's dilemma. It can be said that Uzabase is in an advantageous position to provide such an economic information platform of the new era without any hesitation.

Challenge moving to content billing

- It depends on whether it is possible to expect utility commensurate with the price (or beyond that) in order to migrate free service members to paid subscriptions. A general business person in Japan pays ¥4,900 per month for subscribing to the Nihon Keizai Shimbun, but he or she believes that this has a corresponding benefit. Whether or not a NewsPicks Premium member's ¥1,500 per month is considered reasonable depends on the person. In order for more potential customers to become actual customers, in addition to enriching the content, an experience unique to NewsPicks is essential. As a historical trend, the paid membership ratio has been rising, and the company has invested a lot in NewsPicks editorial capability. NewsPicks is a major pioneer in the sense that its mobile-based news curation site specializes in business information and that it provides a wide variety of content. In the future, the challenge will be to put more effort into marketing and to establish the NewsPicks brand even further (or potentially change the brand name of NewsPicks, to unify it with Quartz globally?). Once readers have earned their trust, the barrier to converting to paid subscriptions is not as high as it seems, as evidenced by the New York Times growing number of paid online subscribers..

Value as an advertising media

- As with the migration to paid subscribers, increasing NewsPicks brand value is key to increasing advertising revenue. It is important to broaden the base of the number of subscribers including free members, but in the case of paid members, it is possible for advertisers to launch more effective targeting ads based on information at the time of billing. The readership base of NewsPicks will also be attractive to advertisers in terms of both purchasing power (current and future) and influence.

Quartz acquisition a milestone for global success

- Until now, overseas acquisitions by Japanese IT companies have faced difficulty in producing results, including cases of venture companies. It is also possible that many overseas M&A deals were implemented by large companies in the era of cheap money, or encouraged by investors as a vehicle to park funds procured through IPOs, and were executed without a clear strategy. At the same, the company's acquisition of Quartz can be said to be an extension of a clear business strategy in line with its corporate mission. It is also that the management team is hungry to succeed. However, in the end, success of the management is based on the people. It remains to be seen to what extent it can integrate corporate value together with Quartz staff to achieve a result of $1 + 1 = 3$. We will continue to follow this company, which has many young talented business professionals with experience in foreign capital companies who can easily communicate with different cultures.

Next global strategy moves

- Considering the future growth potential of the global economy, strategies for regions other than Europe and the US will also become important. However, considering limited management resources, making Quartz a success is currently the highest priority. Business integration with Quartz = hopefully the first step of Uzabase's global strategy will succeed without delay, and that it will promptly move to a structure that will take action in the next region. While emerging internet service companies in China and Southeast Asia are achieving high growth, the presence of Japanese high-tech ventures in the global market is scarce. Fortunately, there is little competition outside the US and Europe in the field of business information services provided by the company, so it will be necessary to closely watch the timing of entry.

Major Shareholders as of June 30, 2019

Name or Company Name	Shares Owned	Percent Owned
Ryosuke Niino	6,887,696	21.76
Yusuke Umeda	6,022,000	19.02
Yusuke Inagaki	2,482,800	7.84
Japan Trustee Services Bank, Ltd. (trust account)	1,695,600	5.36
SSBTC CLIENT OMNIBUS ACCOUNT	1,395,200	4.41
Trust & Custody Services Bank, Ltd. (Securities investment trust account)	840,400	2.65
THE CHASE MANHATTAN BANK, N.A. LONDON SPECIAL ACCOUNT NO.1	834,893	2.64
Japan Trustee Services Bank, Ltd.	671,800	2.12
J.P. MORGAN BANK LUXEMBOURG S.A. 385576	600,356	1.9
The Master Trust Bank of Japan, Ltd.	570,900	1.8
Total	22,001,645	69.5

Source: YUHO financial statements

3966 Uzabase share price / volume chart



Source: SPEEDA (March 30, 2020)

Relative performance



Source: SPEEDA (March 30, 2020)



Source: IR Media kit

Trend of Net Sales and Profits by Business Segments

JPY mn, %	FY2015/12	FY2016/12	FY2017/12	FY2018/12	FY2019/12
Net sales	1,915	3,082	4,566	9,340	12,521
YoY(%)		60.9	48.2	104.6	34.1
SPEEDA				3,617	4,543
YoY(%)					25.6
NewsPicks				2,984	4,190
YoY(%)					40.4
QUARTZ				2,377	2,943
YoY(%)					-
Other BtoB Business				362	871
YoY(%)					140.6
Former segments					
SPEEDA	1,555	2,143	2,904	3,963	
YoY(%)		37.8	35.5	36.5	
NewsPicks	360	953	1,662	5,397	
YoY(%)		164.9	74.3	224.8	
EBITDA	-298	284	595	1,187	-411
YoY(%)		-	109.5	99.5	-
SPEEDA				845	1,386
YoY(%)					64
ratio to sales(%)				23.4	30.5
NewsPicks				303	389
YoY(%)					0.3
ratio to sales(%)				10.2	9.3
QUARTZ				-	-2,052
YoY(%)					-
ratio to sales(%)					-
Other BtoB Business				-193	-127
YoY(%)					-
ratio to sales(%)					-
Operating Profit	-333	251	546	830	-1,236
YoY(%)		-	117.5	52	-
売上比(%)		8.1	12	8.9	-
Former segment profit					
SPEEDA	-7	230	415	565	
YoY(%)		-	79.8	36.2	
ratio to sales(%)		10.7	14.3	14.3	-
NewsPicks	-324	20	130	264	
YoY(%)		-	551.2	102.4	
ratio to sales(%)		2.1	7.8	4.9	-

Note: former segments include Other BtoB Business in SPEEDA, and QUARTZ in NewsPicks

Source: SPEEDA

Consolidated Statements of Income

JPY mn, %	FY2015/12	FY2016/12	FY2017/12	FY2018/12	FY2019/12
Total Revenue	1,915	3,082	4,566	9,340	12,521
Total Cost of Sales	1,204	1,378	2,092	3,568	5,321
Cost of Sales	1,204	1,378	2,092	3,568	5,321
Gross Profit	711	1,704	2,474	5,772	7,200
<i>Gross profit margin (%)</i>	37.1	55.3	54.2	61.8	57.5
SG&A Expenses	1,044	1,453	1,928	4,942	8,437
Operating Profit	-333	251	546	830	-1,236
<i>Operating profit margin</i>	-17.4	8.1	12	8.9	-9.9
Non-operating Income	6	13	11	15	21
Interest and Dividends Income					6
Non-operating Expenses	12	38	39	312	214
Interest expenses	4	6	9	35	97
Income from Equity Method - non-operating	3	5	-24	-185	
Ordinary Profit	-339	225	518	533	-1,429
<i>Ordinary profit margin (%)</i>	-17.7	7.3	11.3	5.7	-11.4
Extraordinary Gains/Losses	423	0	1	354	299
Extraordinary Gain	444	0	1	635	311
Extraordinary Loss	21			281	12
Pretax Profit	85	225	519	888	-1,130
<i>Pretax profit margin (%)</i>	4.4	7.3	11.4	9.5	-9
Income Taxes	2	-44	78	326	620
Income Taxes - current	3	33	80	265	822
Income Taxes - deferred	-1	-77	-2	61	-202
Net Profit attributable to owners of parent	111	267	438	611	-1,620
Net Profit	83	269	441	562	-1,750
Net Profit attributable to non-controlling int	-28	2	3	-49	-130
<i>Net profit margin attrib to owners of parent (%)</i>	5.8	8.7	9.6	6.5	-12.9
Other Comprehensive Income	2	2	6	-49	-196
Net Gain on Revaluation of Available-for-sale Financial Assets (CI)				0	0
Foreign Currency Translation Adjustments (CI)	2	2	3	-45	-195
Share of Other Comprehensive Income of Affil			3	-3	
Comprehensive Income	85	272	447	514	-1,946
CI attributable to owners of parent	112	270	444	562	-1,816

(Supplemental Data)

EBIT	89	231	528	923	-1,039
EBITDA	-298	284	595	1,187	-412
<i>EBITDA margin (%)</i>	-15.6	9.2	13	12.7	-3.3

(Detail of Expenses)

Total payroll	241	331	397	1,256	
Payroll	241	331	397	1,256	
Labor Cost					
Rent Expenses (incl. Lease)					
Advertising Expenses	192	180	210	517	
Packing, Transportation and Warehousing					
Travel and Communication					
R&D Expenses					
Enterprise Taxes, Taxes and Dues					
Depreciation	35	33	36	118	192

Source: SPEEDA

Consolidated Balance Sheets

JPY mn	FY2015/12	FY2016/12	FY2017/12	FY2018/12	FY2019/12
Total Assets	1,690	3,618	4,409	18,814	20,958
Current Assets	1,500	3,445	3,733	8,620	10,224
Cash, Cash Equivalents & ST Investments	1,269	3,096	3,217	5,726	7,954
Cash & Cash Equivalents	1,269	3,096	3,217	5,726	7,954
Accounts Receivables	150	202	320	2,487	1,916
Prepaid expenses	72	66	95		
Deferred Tax Assets - Current		77	69		
Allowance for Doubtful Accounts - CA		(1)	(4)	(8)	(24)
Non-Current Assets	190	174	676	10,194	10,733
Property, Plant & Equipment (PPE)	56	54	51	426	344
Intangible Assets	4	7	127	9,292	9,001
Goodwill			118	9,262	8,870
Investments and Other Assets	131	112	498	476	1,388
Investment Secs (incl. subs/affil)	8	13	2	218	694
Investment Securities	8	13	2	218	694
Long-term Prepaid Expenses	37	16	2		
Deferred Tax Assets - Non-Current			10		221
Total Liabilities	1,034	1,179	2,589	12,498	13,826
Current Liabilities	708	959	1,533	3,567	5,131
Trade Payables	74	89	184	284	319
Accounts Payable – Other, Accrued Exp	232	293	411	1,157	598
Short-Term Debt	104	105	204	696	1,225
Current Portion of Long-term Debt	104	105	204	696	1,225
Current Portion of Long-Term Loans	104	105	204	594	1,123
Current Portion of Straight Bonds				102	102
Deferred Income - Current	205	310	501	773	1,210
Non-Current Liabilities	325	220	1,056	8,931	8,695
Long-Term Debt	325	220	1,056	8,881	8,654
Long-Term Loans (incl. Lease Oblig)	325	220	1,056	8,503	8,378
Straight Bonds				378	276
Deferred Tax Liabilities - Non-Current					
Total Net Assets	656	2,439	1,819	6,316	7,131
Total Shareholders' Equity	628	2,409	1,819	5,878	5,882
Shareholders' Equity	631	2,410	1,807	5,313	6,118
Capital Stock	548	1,303	1,329	2,732	4,096
Capital Surplus	502	1,258	191	1,684	3,029
Retained Earnings	(419)	(151)	287	898	(1,006)
Treasury Stock					
Accumulated Other Comprehensive Income	(3)	0	6	(51)	(247)
Val Difference On Avail-for-Sale Securities					
Foreign Currency Translation Adjustments	(3)	0	6	(51)	(246)
Share Warrants			7	616	10
Non-controlling interest	28	30		438	1,249

Source: SPEEDA

Supplemental Data

JPY mn, %	FY2015/12	FY2016/12	FY2017/12	FY2018/12	FY2019/12
<i>Shareholders' Equity Ratio</i>	37.2	66.6	41.3	31.2	28.1
<i>ROE</i>	26.3	17.6	20.7	15.9	(27.6)
<i>ROA</i>	9.2	10.1	10.9	5.3	(8.1)
<i>ROIC</i>	(47.2)	15.3	16.0	5.3	(11.3)
Interest-bearing Debt	429	325	1,260	9,576	9,879
<i>D/E Ratio</i>	0.68	0.13	0.69	1.63	1.68
<i>Net D/E Ratio</i>	(1.34)	(1.15)	(1.08)	0.65	0.33
<i>Total Interest-Bearing Debt/EBITDA</i>		1.14	2.12	8.07	
<i>Net Interest-Bearing Debt/EBITDA</i>				3.24	
Accumulated Depreciation	56	81	108	265	430
Investments in Affiliates and Loans	6	12	158		
Investments in Affiliates	6	12	158		

Source: SPEEDA

Consolidated Statements of Cash Flows

JPY mn	FY2015/12	FY2016/12	FY2017/12	FY2018/12	FY2019/12
Cash Flows from Operating Activities	(218)	474	818	146	60
Depreciation and Amortization - CF	35	33	49	357	824
Depreciation - CF	35	33	36	118	192
Amortization of Goodwill - CF			13	239	632
Gain/Loss on Sale of PPE	0	0			
Interest and Dividends Received - Oper CF	0	0	0	0	6
Interest Paid - Oper CF	(4)	(6)	(10)	(35)	(97)
Cash Flows from Investing Activities	(2)	(41)	(548)	(6,592)	(851)
Payments for Purchases of Secs & Inv Secs				(218)	(473)
Payments for Purchases of Inv Securities				(218)	(473)
Payments for Purchases of Stocks of Subs/Affil			(183)	(293)	
Purchases/Sales of PPE	(21)	(32)	(38)	(280)	(105)
Payments for Purchases of PPE	(21)	(32)	(38)	(280)	(105)
Proceeds from Sales of PPE	0	0			
Purchases/Sales of Intangible Assets	(2)	(5)			(125)
Payments for Purchases of Intangible Assets	(2)	(5)			(125)
Cash Flows from Financial Activities	1,082	1,396	(152)	8,968	3,282
Increase in Long-Term Debt	350		1,124	8,800	6,500
Proceeds from Long-Term Loans	350		1,124	8,290	6,500
Proceeds from Issuance of Bonds				510	
Repayments of Long-Term Debt	(44)	(103)	(208)	(483)	(6,194)
Repayments of Long-Term Loans	(44)	(103)	(208)	(453)	(6,092)
Redemption of Bonds				(30)	(102)
Proceeds from Issuance of Stock	797	1,500	51	384	2,077
Foreign exchange adjustment	(2)	(3)	3	(13)	(12)
Changes in Cash Flow	861	1,827	121	2,508	2,229
Cash & Cash Equivalent - Beginning	408	1,269	3,096	3,217	5,725
Cash & Cash Equivalent - Ending	1,269	3,096	3,217	5,726	7,954
Free Cash Flow (FCF)	(220)	433	270	(6,446)	(791)

Source: SPEEDA

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