

UZABASE (3966)

Consolidated FY		Sales	EBITDA	Operating Profit	Recurring Profit	Profit at. to Owners of Parent	EPS (Yen)	DPS (Yen)	BPS (Yen)
(Million Yen)									
FY12/2017		4,565	595	545	518	438	15.13	0.00	61.86
FY12/2018		9,340	1,187	830	533	610	20.42	0.00	170.33
FY12/2019CoE		13,500	(500)	(1,310)	(1,340)	(1,560)	(50.50)	0.00	-
FY12/2018	YoY	104.6%	99.5%	52.1%	2.9%	39.5%	-	-	-
FY12/2019CoE	YoY	44.5%	-	-	-	-	-	-	-
Consolidated Quarter		Sales	EBITDA	Operating Profit	Recurring Profit	Profit at. to Owners of Parent	EPS (Yen)	DPS (Yen)	BPS (Yen)
(Million Yen)									
Q1 FY12/2018		1,488	238	226	167	117	-	-	-
Q2 FY12/2018		1,580	86	66	36	(49)	-	-	-
Q3 FY12/2018		2,363	(57)	(186)	(344)	(661)	-	-	-
Q4 FY12/2018		3,908	920	724	674	1,205	-	-	-
Q1 FY12/2019		2,847	(179)	(380)	(395)	(296)	-	-	-
Q1 FY12/2019	YoY	91.3%	-	-	-	-	-	-	-

Source: Company Data, WRJ Calculation

1.0 Results Update (17 May 2019)

Recouping Investments


On 14 May 2019, UZABASE, advocating “Business Intelligence to Change Your World” as own mission, released its Q1 FY12/2019 results. It has been revealed that recent trading is line with assumptions of initial Company forecasts. Sales have remained buoyant for existing segments, i.e., SPEEDA and NewsPicks, persistently driving EBITDA margin with them. On top of this, sales are surging in the segment of Other, mainly comprising FORCAS adopted as business support system, while EBITDA margin here is substantially improving. As far as we could see, the Company has been well recouping investments aggressively enforced to date. Meanwhile, the Company suffers from major deficit in the segment of Quartz, which is currently at the stage of initial investments to start up paid subscriptions in the Unites States. Still, this is as expected. Going forward, the Company is likely recouping investments as time goes by as in existing operations, benefiting from consistently improved EBITDA margin. The Company firmly believes “discipline is a must for investments”, while having enforced investments consistently and aggressively based on this idea. As a result, the Company has seen growth exceptionally high, while this is likely to persist in the foreseeable future, when looking at recent investments in the United States.

For your information: [UZABASE \(3966\) Investment and Growth \(10 April 2019\)](#)

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2.0 Company Profile

“Business Intelligence to Change Your World”

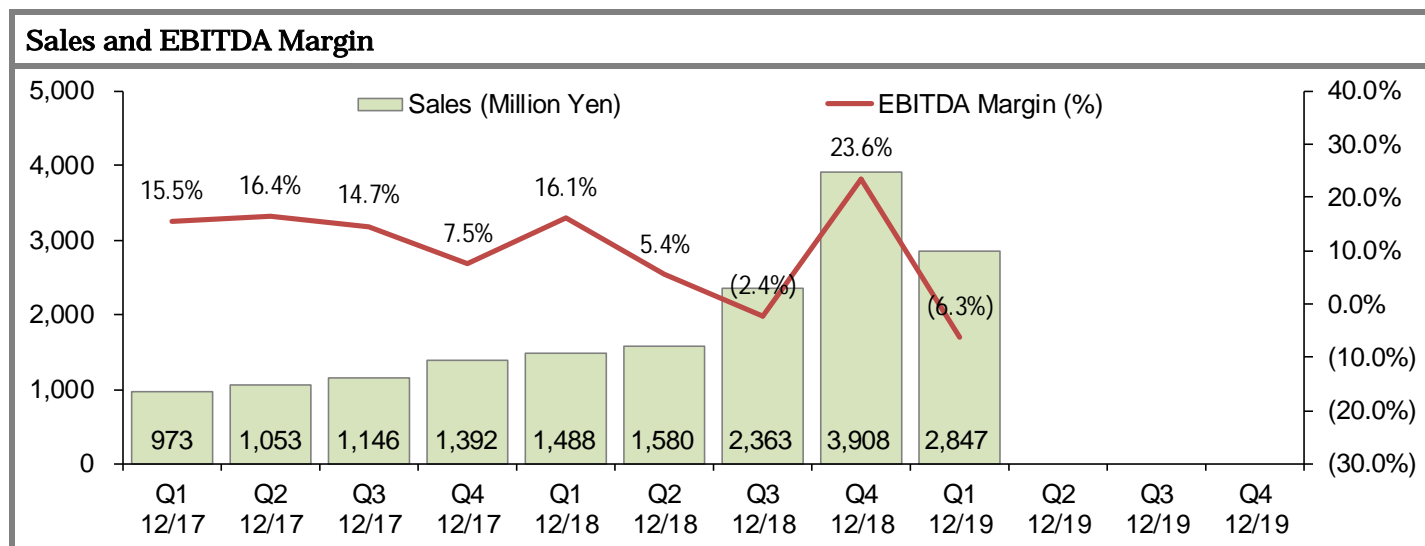
Company Name	Uzabase, Inc. Company Website IR Information Share price (Japanese)	
Established	1 April 2008	
Listing	21 October 2016: Mothers of Tokyo Stock Exchange (ticker: 3966)	
Capital	¥2,751m (as of the end of March 2019)	
No. of Shares	31,188,859 shares, including 72 treasury shares (as of the end of March 2019)	
Main Features	<ul style="list-style-type: none"> ● Providing services to create new added value for economic/business information in Japan and overseas ● Combining technological innovation with human ingenuity to organize and analyze business information around the globe ● Reshaping your world with services to improve your productivity and unleash your creativity 	
Business Segments	<ul style="list-style-type: none"> . SPEEDA Business . NewsPicks Business . Quartz Business . Other Business (Business segmentation realigned for better focus on each service since FY12/2019)	
Top Management	Co-Chief Executive Officer: Yusuke Inagaki, Yusuke Umeda	
Shareholders	Ryosuke Niino 23.45%, Yusuke Umeda 19.49%, Yusuke Inagaki 8.04% (as of the end of December 2018, the ratio of holdings against the number of shares outstanding but for treasury shares)	
Headquarters	Minato-ku, Tokyo, JAPAN	
No. of Employees	Consolidated: 567, Parent: 130 (as of the end of December 2018)	

Source: Company Data

3.0 Recent Trading and Prospects

Q1 FY12/2019 Results

In Q1 FY12/2019, sales came in at ¥2,847m (up 91.3% YoY), EBITDA negative ¥179m (versus ¥238m during the same period in the previous year), operating profit negative ¥380m (¥226m), recurring profit negative ¥395m (¥167m) and profit attributable to owners of parent negative ¥296m (¥117m), while EBITDA margin negative 6.3% (down 22.4% points).

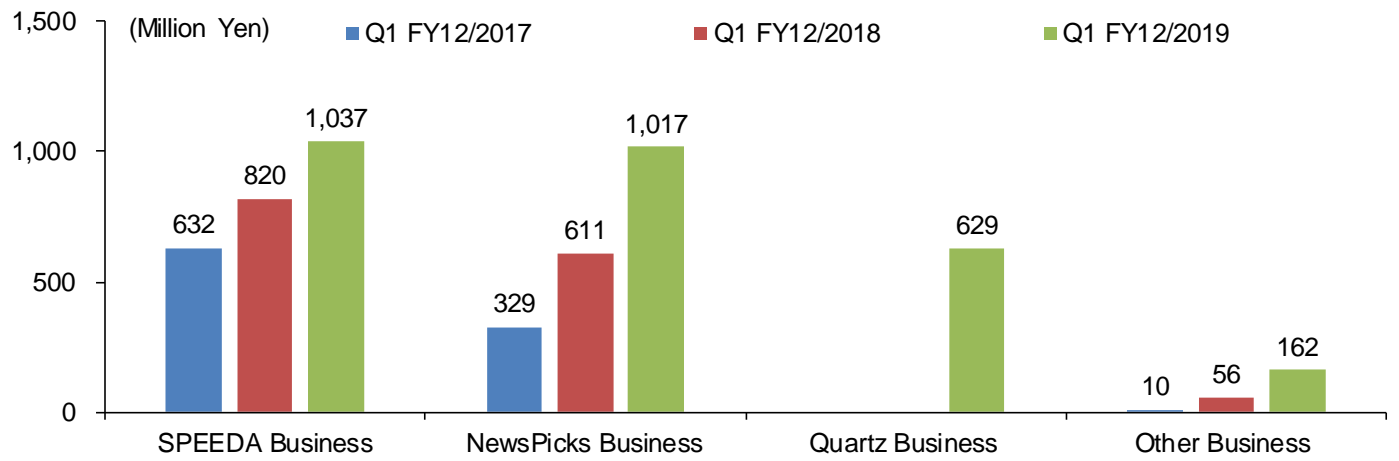


Source: Company Data, WRJ Calculation

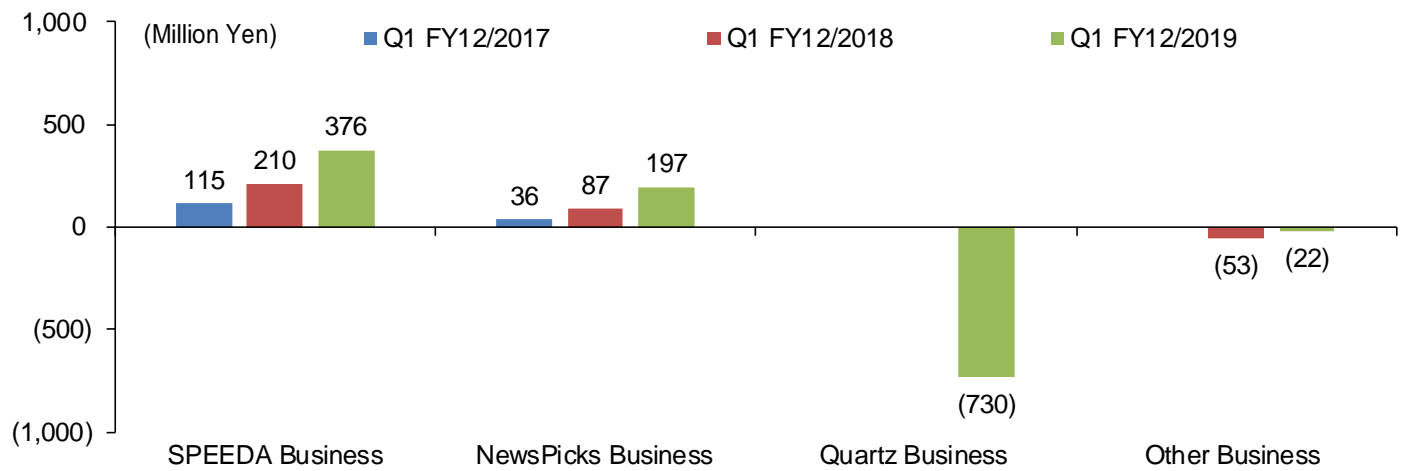
In regards to SPEEDA, provided as B2B services since May 2009 or the earliest stage of the Company's history, sales came in at ¥1,037m (up 26.5%), EBITDA ¥376m (up 79.0%) and EBITDA margin 36.3% (up 10.6% points). The number of IDs or KPI for this segment came in at 2,677 (up 25.4% and/or up 4.1% QoQ), suggesting steady rise continuing.

In regard to NewsPicks, provided as B2C services in Japan where paid subscriptions started up in February 2014, sales came in at ¥1,017m (up 66.4%), EBITDA ¥197m (up 126.4%) and EBITDA margin 19.4% (up 5.1% points). The number of both membership users and paid subscribers has continued rising steadily, driving capability to appeal as economic and business news media. As a result, it appears that advertising revenue is currently accelerating. In March, when advertising revenue is concentrated given that the bulk of advertisers see fiscal yearend, the levels reached the upper limit of ad spot and no further advertising was able to get posted, according to the Company. Meanwhile, sales stemming from paid subscriptions are also increasing fast. The number of paid subscribers or KPI for this came in at 98,334 (up 52.8% and/or up 3.2% QoQ), suggesting ongoing strengths. On a quarter on quarter basis, the rise is rather limited, but this is attributable to one-off factors, according to the Company.

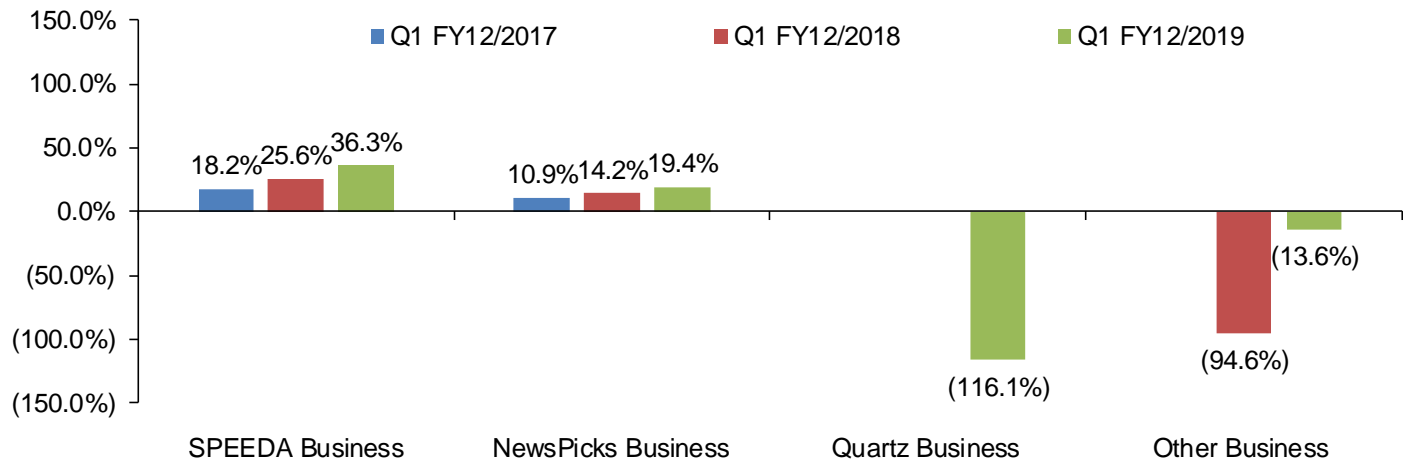
Sales



EBITDA



EBITDA Margin



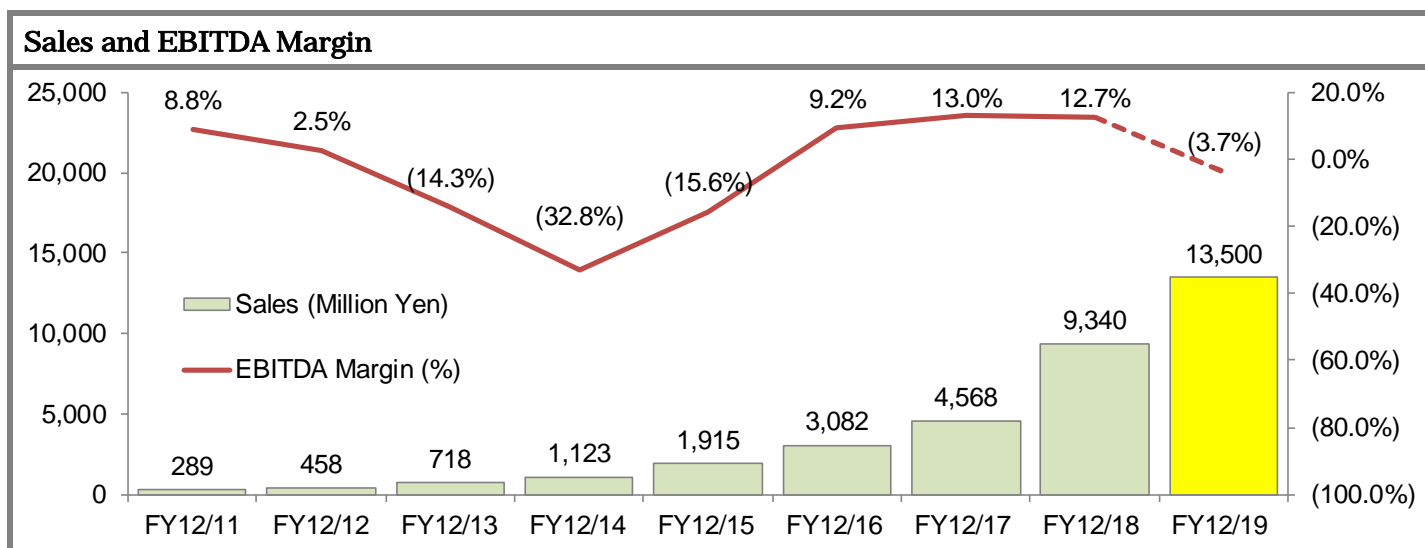
Source: Company Data, WRJ Calculation

In regards to Quartz, where the Company develops operations acquired from Quartz Media, Inc. fully consolidated in July 2018, sales came in at ¥629m, EBITDA negative ¥730m and EBITDA margin negative 116.1%. Existing advertising revenue as operator of economic and business news media based in the United States are on the rise, but not as much as fully compensating for fixed cost. However, advertising revenue here is supposed to concentrate in Q4 (October to December) to a large extent due to seasonal factors. Taking this into account, the Company suggests some positive EBITDA could be possible on a full-year basis. It appears that full-year Company forecasts assume breaking even for EBITDA on this side.

Meanwhile, this segment suffers from additional deficit, stemming from investment burden and fixed cost associated with the Company’s plan to start up B2C services based on paid subscriptions in the United States. Still, the Company, convinced with an idea that “discipline is a must for investments”, says that full-year deficit will not be larger than a fixed limited level in FY12/2019. Investment burden is mainly of aggressive marketing for improved recognition to vertically start up paid subscriptions, while fixed cost is mainly of enhanced capability to create contents, according to the Company. At the end of the day, it appears that full-year Company forecasts assume EBITDA of negative ¥2,000m on this side.

FY12/2019 Company Forecasts

FY12/2019 Company forecasts (released on 13 February 2019) have remained unchanged, going for prospective sales of ¥13,500m (up 44.5% YoY), EBITDA of negative ¥500m (versus ¥1,187m in the previous year), operating profit of negative ¥1,310m (¥830m), recurring profit of negative ¥1,340m (¥533m) and profit attributable to owners of parent of negative ¥1,560m (¥610m), while EBITDA margin of negative 3.7% (down 16.4% points).



Source: Company Data, WRJ Calculation /Estimates

4.0 Financial Statements

Income Statement (Cumulative, Quarterly)

Income Statement	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	YoY
(Million Yen)	Q1	Q1 to Q2	Q1 to Q3	Q1 to Q4	Q1	Q1 to Q2	Q1 to Q3	Q1 to Q4	Q1 to Q4	Net Chg.
	12/2018	12/2018	12/2018	12/2018	12/2019	12/2019	12/2019	12/2019	12/2019	
Sales	1,488	3,068	5,431	9,340	2,847	-	-	-	-	+1,358
Cost of Sales	673	1,344	2,443	3,567	1,216	-	-	-	-	+542
Gross Profit	815	1,724	2,987	5,772	1,630	-	-	-	-	+814
SG&A	588	1,431	2,881	4,942	2,010	-	-	-	-	+1,421
Operating Profit	226	292	105	830	(380)	-	-	-	-	(606)
Non Operating Balance	(58)	(88)	(246)	(296)	(15)	-	-	-	-	+43
Recurring Profit	167	204	(140)	533	(395)	-	-	-	-	(562)
Extraordinary Balance	-	(5)	(262)	354	311	-	-	-	-	+311
Profit before Income Taxes	167	199	(403)	888	(84)	-	-	-	-	(251)
Total Income Taxes	50	135	211	325	247	-	-	-	-	+196
NP Belonging to Non-Controlling SHs	-	(3)	(20)	(48)	(32)	-	-	-	-	(32)
Profit Attributable to Owners of Parent	117	67	(594)	610	(296)	-	-	-	-	(413)
Sales YoY	+52.9%	+51.4%	+71.2%	+104.6%	+91.3%	-	-	-	-	-
Operating Profit YoY	+61.1%	(3.1%)	(76.9%)	+52.1%	-	-	-	-	-	-
Recurring Profit YoY	+24.3%	(32.8%)	-	+2.9%	-	-	-	-	-	-
Profit Attributable to Owners of Parent YoY	(3.4%)	(72.8%)	-	+39.5%	-	-	-	-	-	-
Gross Profit Margin	54.8%	56.2%	55.0%	61.8%	57.3%	-	-	-	-	+2.5%
(SG&A / Sales)	39.6%	46.7%	53.1%	52.9%	70.6%	-	-	-	-	+31.0%
Operating Profit Margin	15.2%	9.5%	1.9%	8.9%	(13.3%)	-	-	-	-	(28.5%)
Recurring Profit Margin	11.2%	6.7%	(2.6%)	5.7%	(13.9%)	-	-	-	-	(25.1%)
Profit Attributable to Owners of Parent Margin	7.9%	2.2%	(10.9%)	6.5%	(10.4%)	-	-	-	-	(18.3%)
Tax Charges etc. / Pretax Profit	30.0%	67.9%	-	36.7%	-	-	-	-	-	-
Income Statement	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	YoY
(Million Yen)	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q4	Net Chg.
	12/2018	12/2018	12/2018	12/2018	12/2019	12/2019	12/2019	12/2019	12/2019	
Sales	1,488	1,580	2,363	3,908	2,847	-	-	-	-	+1,358
Cost of Sales	673	671	1,099	1,124	1,216	-	-	-	-	+542
Gross Profit	815	909	1,263	2,784	1,630	-	-	-	-	+814
SG&A	588	843	1,449	2,060	2,010	-	-	-	-	+1,421
Operating Profit	226	66	(186)	724	(380)	-	-	-	-	(606)
Non Operating Balance	(58)	(29)	(158)	(50)	(15)	-	-	-	-	+43
Recurring Profit	167	36	(344)	674	(395)	-	-	-	-	(562)
Extraordinary Balance	-	(5)	(257)	616	311	-	-	-	-	+311
Profit before Income Taxes	167	31	(602)	1,291	(84)	-	-	-	-	(251)
Total Income Taxes	50	84	76	113	247	-	-	-	-	+196
NP Belonging to Non-Controlling SHs	-	(3)	(17)	(27)	(32)	-	-	-	-	(32)
Profit Attributable to Owners of Parent	117	(49)	(661)	1,205	(296)	-	-	-	-	(413)
Sales YoY	+52.9%	+49.9%	+106.1%	+180.7%	+91.3%	-	-	-	-	-
Operating Profit YoY	+61.1%	(59.0%)	-	+717.2%	-	-	-	-	-	-
Recurring Profit YoY	+24.3%	(78.3%)	-	+828.5%	-	-	-	-	-	-
Profit Attributable to Owners of Parent YoY	(3.4%)	-	-	-	-	-	-	-	-	-
Gross Profit Margin	54.8%	57.5%	53.5%	71.2%	57.3%	-	-	-	-	+2.5%
(SG&A / Sales)	39.6%	53.3%	61.4%	52.7%	70.6%	-	-	-	-	+31.0%
Operating Profit Margin	15.2%	4.2%	(7.9%)	18.5%	(13.3%)	-	-	-	-	(28.5%)
Recurring Profit Margin	11.2%	2.3%	(14.6%)	17.2%	(13.9%)	-	-	-	-	(25.1%)
Profit Attributable to Owners of Parent Margin	7.9%	(3.2%)	(28.0%)	30.8%	(10.4%)	-	-	-	-	(18.3%)
Tax Charges etc. / Pretax Profit	30.0%	267.8%	-	8.8%	-	-	-	-	-	-

Source: Company Data, WRJ Calculation

Segmented Information (Cumulative, Quarterly)

Segmented Information	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	YoY
(Million Yen)	Q1	Q1 to Q2	Q1 to Q3	Q1 to Q4	Q1	Q1 to Q2	Q1 to Q3	Q1 to Q4		Net Chg.
	12/2018	12/2018	12/2018	12/2018	12/2019	12/2019	12/2019	12/2019		
SPEEDA Business	820	-	-	-	1,037	-	-	-	-	+217
NewsPicks Business	611	-	-	-	1,017	-	-	-	-	+406
Quartz Business	-	-	-	-	629	-	-	-	-	-
Other Business	56	-	-	-	162	-	-	-	-	+106
Sales	1,487	3,068	5,431	9,340	2,845	-	-	-	-	+1,358
SPEEDA Business	203	-	-	-	355	-	-	-	-	+152
NewsPicks Business	85	-	-	-	190	-	-	-	-	+105
Quartz Business	-	-	-	-	(899)	-	-	-	-	-
Other Business	(57)	-	-	-	(26)	-	-	-	-	+31
Segment Profit	231	-	-	-	(379)	-	-	-	-	(610)
Elimination	(5)	-	-	-	0	-	-	-	-	+5
Operating Profit	226	292	105	830	(380)	-	-	-	-	(606)
SPEEDA Business	24.8%	-	-	-	34.2%	-	-	-	-	+9.5%
NewsPicks Business	13.9%	-	-	-	18.7%	-	-	-	-	+4.8%
Quartz Business	-	-	-	-	(142.9%)	-	-	-	-	-
Other Business	(101.8%)	-	-	-	(16.0%)	-	-	-	-	+85.7%
Operating Profit	15.2%	9.5%	1.9%	8.9%	(13.4%)	-	-	-	-	(28.6%)

Segmented Information	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	YoY
(Million Yen)	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4		Net Chg.
	12/2018	12/2018	12/2018	12/2018	12/2019	12/2019	12/2019	12/2019		
SPEEDA Business	820	-	-	-	1,037	-	-	-	-	+217
NewsPicks Business	611	-	-	-	1,017	-	-	-	-	+406
Quartz Business	-	-	-	-	629	-	-	-	-	-
Other Business	56	-	-	-	162	-	-	-	-	+106
Sales	1,487	1,581	2,363	3,908	2,845	-	-	-	-	+1,358
SPEEDA Business	203	-	-	-	355	-	-	-	-	+152
NewsPicks Business	85	-	-	-	190	-	-	-	-	+105
Quartz Business	-	-	-	-	(899)	-	-	-	-	-
Other Business	(57)	-	-	-	(26)	-	-	-	-	+31
Segment Profit	231	-	-	-	(379)	-	-	-	-	(610)
Elimination	(5)	-	-	-	0	-	-	-	-	+5
Operating Profit	226	66	(186)	724	(380)	-	-	-	-	(606)
SPEEDA Business	24.8%	-	-	-	34.2%	-	-	-	-	+9.5%
NewsPicks Business	13.9%	-	-	-	18.7%	-	-	-	-	+4.8%
Quartz Business	-	-	-	-	(142.9%)	-	-	-	-	-
Other Business	(101.8%)	-	-	-	(16.0%)	-	-	-	-	+85.7%
Operating Profit	15.2%	4.2%	(7.9%)	18.5%	(13.4%)	-	-	-	-	(28.6%)

Source: Company Data, WRJ Calculation

Balance Sheet (Quarterly)

Balance Sheet (Million Yen)	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	YoY Net Chg.
	Q1 12/2018	Q2 12/2018	Q3 12/2018	Q4 12/2018	Q1 12/2019	Q2 12/2019	Q3 12/2019	Q4 12/2019		
Cash and Deposit	5,162	5,654	5,522	5,725	5,512	-	-	-	-	+349
Accounts Receivables	326	368	1,536	2,486	1,804	-	-	-	-	+1,477
Other	190	230	223	381	384	-	-	-	-	+193
Current Assets	5,679	6,253	7,282	8,592	7,700	-	-	-	-	+2,020
Tangible Assets	143	289	412	426	406	-	-	-	-	+262
Intangible Assets	123	126	8,352	9,291	9,103	-	-	-	-	+8,979
Investments and Other Assets	802	790	629	494	572	-	-	-	-	(230)
Fixed Assets	1,069	1,206	9,394	10,211	10,082	-	-	-	-	+9,012
Total Assets	6,749	7,459	16,676	18,804	17,783	-	-	-	-	+11,033
Accounts Payables	195	301	258	284	215	-	-	-	-	+19
Corporate Bond (Less than 1 year)	60	60	60	102	102	-	-	-	-	+42
Short-Term Debt	500	498	496	592	607	-	-	-	-	+106
Other	1,100	1,564	2,315	2,588	2,424	-	-	-	-	+1,323
Current Liabilities	1,855	2,423	3,130	3,566	3,348	-	-	-	-	+1,492
Corporate Bond	240	240	210	378	348	-	-	-	-	+108
Long-Term Debt	2,679	2,555	7,932	8,501	8,337	-	-	-	-	+5,657
Other	15	76	51	41	41	-	-	-	-	+25
Fixed Liabilities	2,934	2,871	8,194	8,920	8,726	-	-	-	-	+5,791
Total Liabilities	4,790	5,295	11,324	12,487	12,075	-	-	-	-	+7,284
Shareholders' Equity	1,935	1,901	4,054	5,313	4,776	-	-	-	-	+2,840
Other	22	263	1,298	1,003	931	-	-	-	-	+908
Net Assets	1,958	2,164	5,352	6,316	5,707	-	-	-	-	+3,748
Total Liabilities and Net Assets	6,749	7,459	16,676	18,804	17,783	-	-	-	-	+11,033
Equity Capital	1,947	1,902	4,270	5,261	4,695	-	-	-	-	+2,748
Interest Bearing Debt	3,479	3,353	8,699	9,573	9,394	-	-	-	-	+5,914
Net Debt	(1,682)	(2,300)	3,176	3,848	3,882	-	-	-	-	+5,564
Capital Ratio	28.8%	25.5%	25.6%	28.0%	26.4%	-	-	-	-	-
Net Debt Equity Ratio	(86.4%)	(121.0%)	74.4%	73.1%	82.7%	-	-	-	-	-
ROE (12 months)	25.6%	14.8%	(18.1%)	17.3%	6.0%	-	-	-	-	-
ROA (12 months)	10.6%	7.4%	(0.7%)	4.6%	(0.2%)	-	-	-	-	-
Quick Ratio	296%	248%	226%	230%	219%	-	-	-	-	-
Current Ratio	306%	258%	233%	241%	230%	-	-	-	-	-

Source: Company Data, WRJ Calculation

Cash Flow Statement (Cumulative)

Cash Flow Statement (Million Yen)	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	YoY Net Chg.
	Q1 12/2018	Q1 to Q2 12/2018	Q1 to Q3 12/2018	Q1 to Q4 12/2018	Q1 12/2019	Q1 to Q2 12/2019	Q1 to Q3 12/2019	Q1 to Q4 12/2019		
Operating Cash Flow	-	575	-	145	-	-	-	-	-	-
Investing Cash Flow	-	(513)	-	(6,592)	-	-	-	-	-	-
Operating CF and Investing CF	-	61	-	(6,446)	-	-	-	-	-	-
Financing Cash Flow	-	2,381	-	8,968	-	-	-	-	-	-

Source: Company Data, WRJ Calculation

Disclaimer

Information here is a summary of “IR Information” of the Company, compiled by Walden Research Japan, from a neutral and professional standing point, in the form of a report. “IR Information” of the Company comprises a) contents of our interview with the Company, b) contents of presentations for institutional investors, c) contents of timely disclosed information and d) contents of the homepage etc.

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