

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)	(49.78)	0.00	-
	FY12/2018	YoY	104.6%	99.5%	52.1%	2.9%	39.5%	-	-
	FY12/2019CoE	YoY	44.5%	-	-	-	-	-	-
Consolidated Half Year		Sales	EBITDA	Operating Profit	Recurring Profit	Profit at. to Owners of Parent	EPS (Yen)	DPS (Yen)	BPS (Yen)
(Million Yen)									
	Q1 to Q2 FY12/2018	3,068	324	292	204	67	-	-	-
	Q3 to Q4 FY12/2018	6,271	863	537	329	543	-	-	-
	Q1 to Q2 FY12/2019	5,665	(528)	(931)	(1,007)	(965)	-	-	-
	Q3 to Q4 FY12/2019CoE	7,835	28	(379)	(333)	(595)	-	-	-
	Q1 to Q2 FY12/2019	YoY	84.6%	-	-	-	-	-	-
	Q3 to Q4 FY12/2019CoE	YoY	24.9%	(96.8%)	-	-	-	-	-

Source: Company Data, WRJ Calculation

1.0 Results Update (16 August 2019)

Investment in Contents


On 13 August 2019, UZABASE, advocating “Business Intelligence to Change Your World” as own mission, released its Q1 to Q2 FY12/2019 results. Meanwhile, it has been revealed that recent trading is in line with assumptions of initial Company forecasts in the results meeting held on the next day. The number of IDs with SPEEDA remains buoyant as well as advertising revenue of NewsPicks. With respect to the number of paid subscribers, NewsPicks sees rate of increases rather decelerating at the moment, but the rate of increases is to accelerate again in Q3 and thereafter, which will be driven by conclusion of the first B2B contract on a lump up basis. The Company suggests a probability for another contract like this or more to be concluded in the near future. With respect to operations in the United States where the Company is currently investing in with the utmost emphasis, it appears that system to create appealing contents to cultivate paid subscribers for own B2C economic and business news media is on the verge of being set up. With limited number of paid subscribers at the moment, expenses stemming from investment will remain larger than sales for the time being. Nevertheless, after some three-year investment phase, the Company will obtain the third earnings pillar with favorably increased number of paid subscribers, on top of SPEEDA and NewsPicks at the moment.

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

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2.0 Company Profile

Business Intelligence to Change Your World

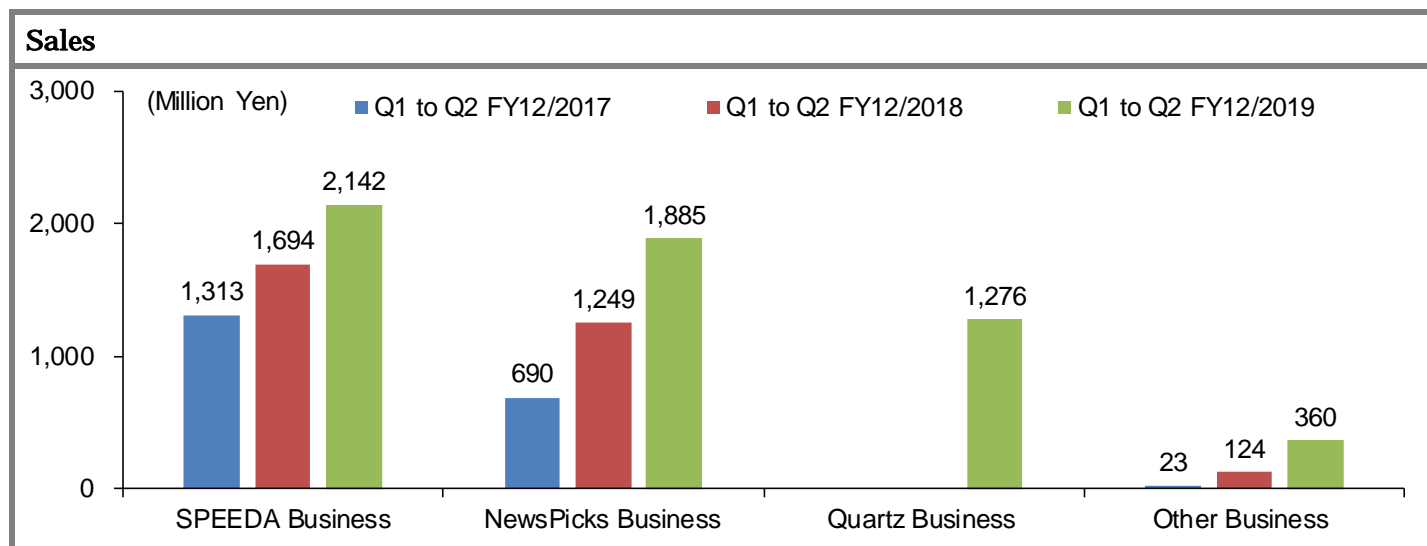
Company Name	Uzabase, Inc. Company Website IR Information Share price (Japanese)	
Established	1 April 2008	
Listing	21 October 2016: Tokyo Stock Exchange: Mothers (ticker: 3966)	
Capital	¥2,896m (as of the end of June 2019)	
No. of Shares	31,655,382 shares, including 156 treasury shares (as of the end of June 2019)	
Main Features	<ul style="list-style-type: none">● Combining technological innovation with human ingenuity to organize and analyze business information● Reshaping world with a service that improves productivity and unleash creativity● Building platform to support decision making around the globe with economic and business information	
Business Segments	<ul style="list-style-type: none">. SPEEDA Business. NewsPicks Business. Quartz Business. Other Business	
Top Management	Co-Chief Executive Officer: Yusuke Inagaki, Yusuke Umeda	
Shareholders	Ryosuke Niino 21.7%, Yusuke Umeda 19.0%, Yusuke Inagaki 7.8% (as of the end of June 2019)	
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 to Q2 FY12/2019 Results

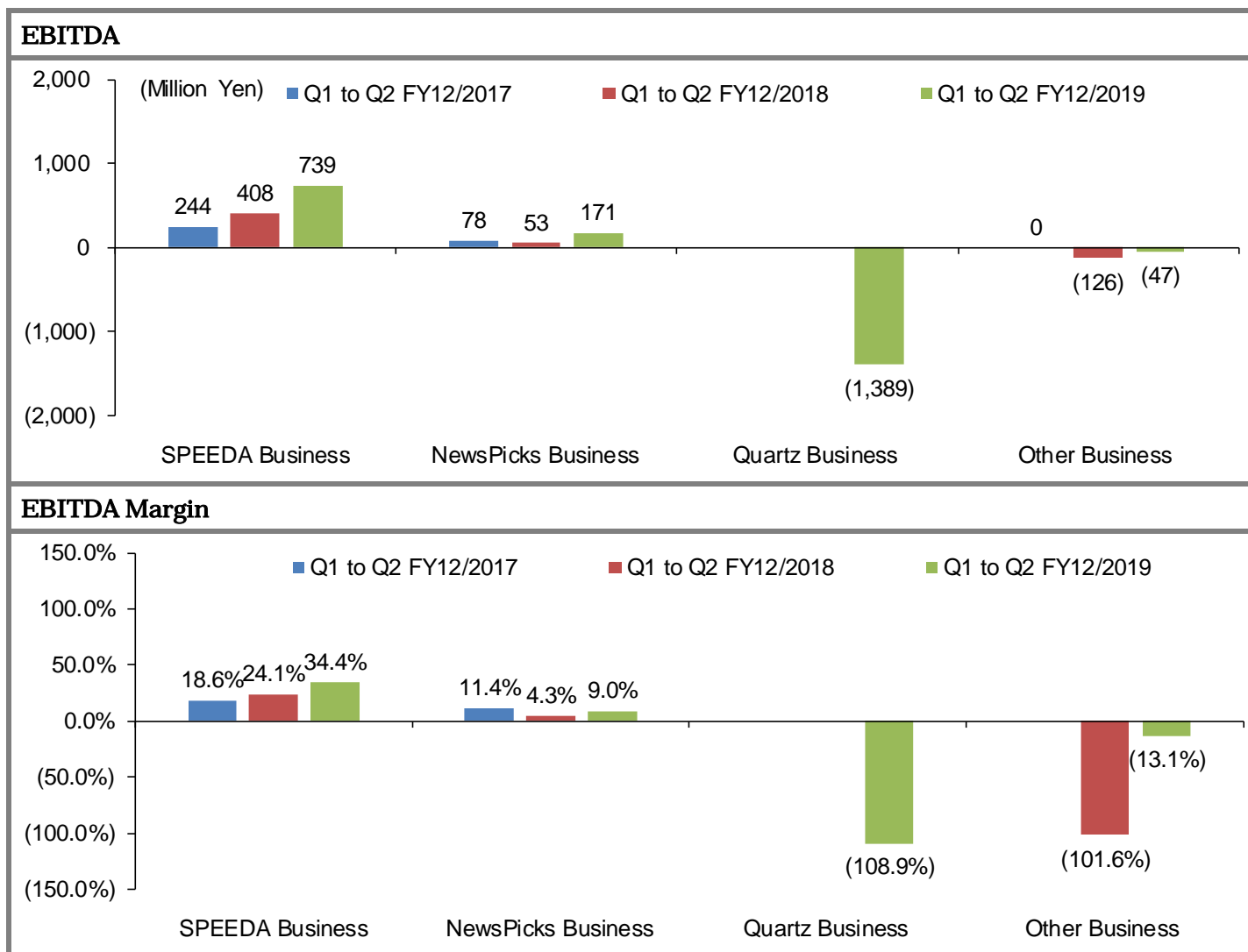
In Q1 to Q2 FY12/2019, sales came in at ¥5,665m (up 84.6% YoY), EBITDA negative ¥582m (versus ¥324m during the same period of the previous year), operating profit negative ¥931m (¥292m), recurring profit negative ¥1,007m (¥204m) and profit attributable to owners of parent negative ¥965m (¥67m), while EBITDA margin negative 9.3% (down 19.9% points).



Source: Company Data, WRJ Calculation

In regards to SPEEDA Business, sales increased by 26.4% versus the number of IDs 2,878 (up 25.2% YoY and/or up 7.5% QoQ). Sales increased in line with the number of IDs or KPI to overwhelming drive business performance here, while EBITDA margin improved a lot due to enhanced benefits from increased sales. Still, the Company, trying to see steadily increased number of IDs over the long term, is keen on spending expenses on purchase of data and improvement of the services in H2, resulting in EBITDA margin on a full-year basis lower than that of Q1 to Q2. In other words, the Company suggests EBITDA margin in Q1 to Q2 was too high in a sense.

In regards to NewsPicks, sales increased by 50.9%. Advertising revenue has remained buoyant, while the number of paid subscribers came in at 102,334 (up 39.1% YoY and/or up 4.1% QoQ). According to an article posted on *Kohokaigi*, the counterparty of the first B2B contract on a lump up basis, mentioned earlier, is RICOH (7752), holding the number of personnel on a consolidated basis almost as many as the number of paid subscribers at the moment. It could be the case that all the personnel become paid subscribers at the end of the day, when paying respect to a planned customization to launch dedicated site to post in-house newsletters, etc. However, the Company must go through a number of stages to materialize the final target as well as necessarily offering volume discounts, implying that it is too early to go for appropriately presuming prospective earnings from here as far as we could gather.

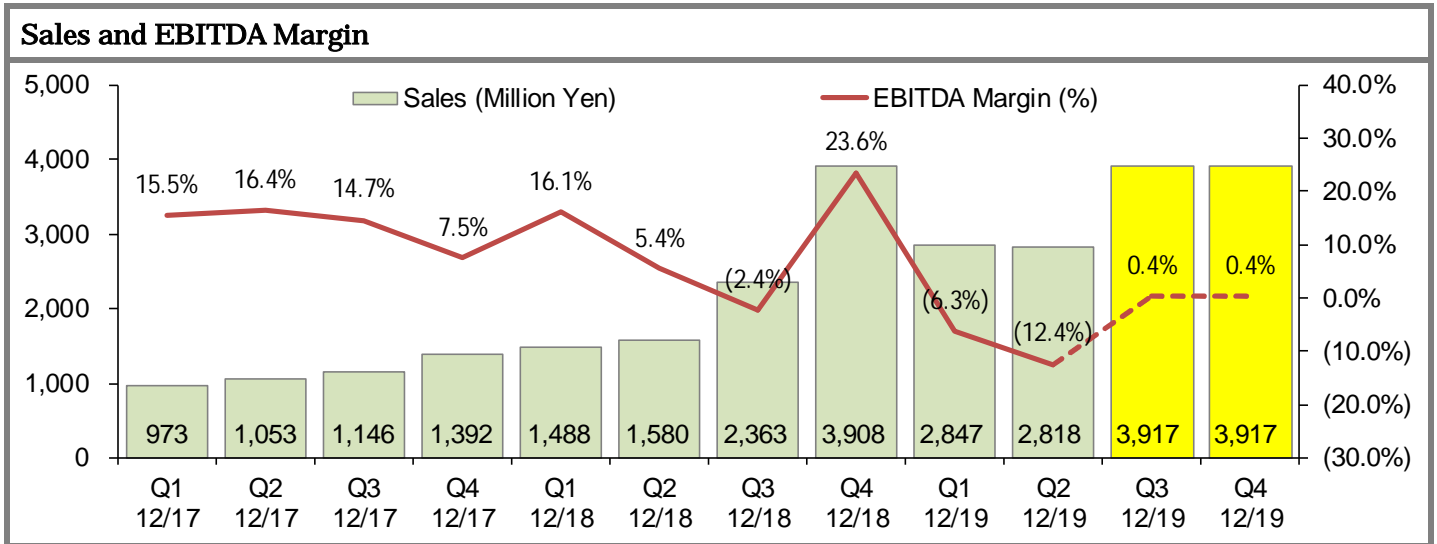


Source: Company Data, WRJ Calculation

Quartz Business comprises operations developed by the Company based on those of Quartz Media, Inc. consolidated in July 2018. Quartz Media, Inc., although having not been consolidated during the same period of the previous year, saw sales of ¥1,276m (down 3%) in Q1 to Q2 and increased loss for EBITDA over the same period of the previous year. The Company suggests sales associated with paid subscribers are now taking off, but effectively all the sales are of advertising revenue from existing operations. At the moment, the Company is intensively investing in capability to create appealing contents to cultivate paid subscribers, resulting in limited allocation of resources on enhancement of advertising revenue of the existing operations. Still, the Company is going for at least breaking even on a full-year basis for the existing operations due to earnings to be gained in Q4 in line with increased sales driven by seasonal factors. Meanwhile, FY12/2019 Company forecasts assume expenses of ¥2,000m stemming from investment to cultivate paid subscribers and thus loss of EBITDA as much as this for the segment of Quartz Business. Elsewhere, Other Business saw sales increased by 190.3% due to surging sales associated with FORCAS or tool to promote marketing activities.

FY12/2019 Company Forecasts

FY12/2019 initial Company forecasts 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 (Q3 and Q4 FY12/2019: H2 Company forecasts, pro rata)

4.0 Financial Statements

Income Statement (Cumulative, Quarterly)

Income Statement	Cons.Act Q1 12/2018	Cons.Act Q1 to Q2 12/2018	Cons.Act Q1 to Q3 12/2018	Cons.Act Q1 to Q4 12/2018	Cons.Act Q1 12/2019	Cons.Act Q1 to Q2 12/2019	Cons.Act Q1 to Q3 12/2019	Cons.Act Q1 to Q4 12/2019	YoY Net Chg.
Sales	1,488	3,068	5,431	9,340	2,847	5,665	-	-	+2,596
Cost of Sales	673	1,344	2,443	3,567	1,216	2,495	-	-	+1,150
Gross Profit	815	1,724	2,987	5,772	1,630	3,170	-	-	+1,445
SG&A Expenses	588	1,431	2,881	4,942	2,010	4,101	-	-	+2,669
Operating Profit	226	292	105	830	(380)	(931)	-	-	(1,223)
Non Operating Balance	(58)	(88)	(246)	(296)	(15)	(76)	-	-	+12
Recurring Profit	167	204	(140)	533	(395)	(1,007)	-	-	(1,211)
Extraordinary Balance	-	(5)	(262)	354	311	311	-	-	+316
Profit before Income Taxes	167	199	(403)	888	(84)	(696)	-	-	(895)
Total Income Taxes	50	135	211	325	247	345	-	-	+209
NP Belonging to Non-Controlling SHs	-	(3)	(20)	(48)	(32)	(76)	-	-	(72)
Profit Attributable to Owners of Parent	117	67	(594)	610	(296)	(965)	-	-	(1,032)
Sales YoY	+52.9%	+51.4%	+71.2%	+104.6%	+91.3%	+84.6%	-	-	-
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%	56.0%	-	-	(0.2%)
Sales to SG&A Expenses Ratio	39.6%	46.7%	53.1%	52.9%	70.6%	72.4%	-	-	+25.7%
Operating Profit Margin	15.2%	9.5%	1.9%	8.9%	(13.3%)	(16.4%)	-	-	(26.0%)
Recurring Profit Margin	11.2%	6.7%	(2.6%)	5.7%	(13.9%)	(17.8%)	-	-	(24.4%)
Profit Attributable to Owners of Parent Margin	7.9%	2.2%	(10.9%)	6.5%	(10.4%)	(17.0%)	-	-	(19.2%)
Tax Charges etc. / Pretax Profit	30.0%	67.9%	-	36.7%	-	-	-	-	-
Income Statement	Cons.Act Q1 12/2018	Cons.Act Q2 12/2018	Cons.Act Q3 12/2018	Cons.Act Q4 12/2018	Cons.Act Q1 12/2019	Cons.Act Q2 12/2019	Cons.Act Q3 12/2019	Cons.Act Q4 12/2019	YoY Net Chg.
Sales	1,488	1,580	2,363	3,908	2,847	2,818	-	-	+1,237
Cost of Sales	673	671	1,099	1,124	1,216	1,279	-	-	+607
Gross Profit	815	909	1,263	2,784	1,630	1,540	-	-	+630
SG&A Expenses	588	843	1,449	2,060	2,010	2,091	-	-	+1,247
Operating Profit	226	66	(186)	724	(380)	(551)	-	-	(617)
Non Operating Balance	(58)	(29)	(158)	(50)	(15)	(61)	-	-	(31)
Recurring Profit	167	36	(344)	674	(395)	(612)	-	-	(648)
Extraordinary Balance	-	(5)	(257)	616	311	-	-	-	+5
Profit before Income Taxes	167	31	(602)	1,291	(84)	(612)	-	-	(643)
Total Income Taxes	50	84	76	113	247	98	-	-	+13
NP Belonging to Non-Controlling SHs	-	(3)	(17)	(27)	(32)	(44)	-	-	(40)
Profit Attributable to Owners of Parent	117	(49)	(661)	1,205	(296)	(669)	-	-	(619)
Sales YoY	+52.9%	+49.9%	+106.1%	+180.7%	+91.3%	+78.3%	-	-	-
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%	54.6%	-	-	(2.9%)
Sales to SG&A Expenses Ratio	39.6%	53.3%	61.4%	52.7%	70.6%	74.2%	-	-	+20.9%
Operating Profit Margin	15.2%	4.2%	(7.9%)	18.5%	(13.3%)	(19.6%)	-	-	(23.7%)
Recurring Profit Margin	11.2%	2.3%	(14.6%)	17.2%	(13.9%)	(21.7%)	-	-	(24.0%)
Profit Attributable to Owners of Parent Margin	7.9%	(3.2%)	(28.0%)	30.8%	(10.4%)	(23.7%)	-	-	(20.6%)
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	1,694	-	-	1,037	2,142	-	-	-	+448
NewsPicks Business	611	1,249	-	-	1,017	1,885	-	-	-	+636
Quartz Business	-	-	-	-	629	1,276	-	-	-	-
Other Business	56	124	-	-	162	360	-	-	-	+236
Sales	1,488	3,068	5,431	9,340	2,847	5,665	-	-	-	+2,597
SPEEDA Business	203	388	-	-	355	696	-	-	-	+308
NewsPicks Business	85	47	-	-	190	157	-	-	-	+110
Quartz Business	-	-	-	-	(899)	(1,726)	-	-	-	-
Other Business	(57)	(133)	-	-	(26)	(56)	-	-	-	+77
Segment Profit	231	303	-	-	(379)	(929)	-	-	-	(1,232)
Elimination	(5)	(11)	-	-	-	(1)	-	-	-	+10
Operating Profit	226	292	105	830	(380)	(931)	-	-	-	(1,223)
SPEEDA Business	24.8%	22.9%	-	-	34.2%	32.5%	-	-	-	+9.6%
NewsPicks Business	13.9%	3.8%	-	-	18.7%	8.3%	-	-	-	+4.6%
Quartz Business	-	-	-	-	(142.9%)	(135.3%)	-	-	-	-
Other Business	(101.8%)	(107.3%)	-	-	(16.0%)	(15.6%)	-	-	-	+91.7%
Operating Profit	15.2%	9.5%	1.9%	8.9%	(13.3%)	(16.4%)	-	-	-	(26.0%)
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	874	-	-	1,037	1,105	-	-	-	+231
NewsPicks Business	611	638	-	-	1,017	868	-	-	-	+230
Quartz Business	-	-	-	-	629	647	-	-	-	-
Other Business	56	68	-	-	162	198	-	-	-	+130
Sales	1,488	1,580	2,363	3,908	2,847	2,818	-	-	-	+1,238
SPEEDA Business	203	185	-	-	355	341	-	-	-	+156
NewsPicks Business	85	(38)	-	-	190	(33)	-	-	-	+5
Quartz Business	-	-	-	-	(899)	(827)	-	-	-	-
Other Business	(57)	(76)	-	-	(26)	(30)	-	-	-	+46
Segment Profit	231	72	-	-	(379)	(550)	-	-	-	(622)
Elimination	(5)	(6)	-	-	-	(1)	-	-	-	+5
Operating Profit	226	66	(186)	724	(380)	(551)	-	-	-	(617)
SPEEDA Business	24.8%	21.2%	-	-	34.2%	30.9%	-	-	-	+9.7%
NewsPicks Business	13.9%	(6.0%)	-	-	18.7%	(3.8%)	-	-	-	+2.2%
Quartz Business	-	-	-	-	(142.9%)	(127.8%)	-	-	-	-
Other Business	(101.8%)	(111.8%)	-	-	(16.0%)	(15.2%)	-	-	-	+96.6%
Operating Profit	15.2%	4.2%	(7.9%)	18.5%	(13.3%)	(19.6%)	-	-	-	(23.7%)

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	6,929	-	-	+1,274	
Accounts Receivables	326	368	1,536	2,486	1,804	1,248	-	-	+879	
Other	190	230	223	381	384	307	-	-	+76	
Current Assets	5,679	6,253	7,282	8,592	7,700	8,484	-	-	+2,230	
Tangible Assets	143	289	412	426	406	378	-	-	+88	
Intangible Assets	123	126	8,352	9,291	9,103	8,685	-	-	+8,558	
Investments and Other Assets	802	790	629	494	572	744	-	-	(46)	
Fixed Assets	1,069	1,206	9,394	10,211	10,082	9,809	-	-	+8,602	
Total Assets	6,749	7,459	16,676	18,804	17,783	18,293	-	-	+10,833	
Accounts Payables	195	301	258	284	215	203	-	-	(98)	
Corporate Bond (Less than 1 year)	60	60	60	102	102	102	-	-	+42	
Short-Term Debt	500	498	496	592	607	679	-	-	+180	
Other	1,100	1,564	2,315	2,588	2,424	2,754	-	-	+1,189	
Current Liabilities	1,855	2,423	3,130	3,566	3,348	3,738	-	-	+1,314	
Corporate Bond	240	240	210	378	348	327	-	-	+87	
Long-Term Debt	2,679	2,555	7,932	8,501	8,337	9,116	-	-	+6,560	
Other	15	76	51	41	41	41	-	-	(35)	
Fixed Liabilities	2,934	2,871	8,194	8,920	8,726	9,484	-	-	+6,612	
Total Liabilities	4,790	5,295	11,324	12,487	12,075	13,223	-	-	+7,927	
Shareholders' Equity	1,935	1,901	4,054	5,313	4,776	4,374	-	-	+2,472	
Other	22	263	1,298	1,003	931	696	-	-	+432	
Net Assets	1,958	2,164	5,352	6,316	5,707	5,070	-	-	+2,905	
Total Liabilities and Net Assets	6,749	7,459	16,676	18,804	17,783	18,293	-	-	+10,833	
Equity Capital	1,947	1,902	4,270	5,261	4,695	3,973	-	-	+2,071	
Interest Bearing Debt	3,479	3,353	8,699	9,573	9,394	10,224	-	-	+6,870	
Net Debt	(1,682)	(2,300)	3,176	3,848	3,882	3,295	-	-	+5,595	
Capital Ratio	28.8%	25.5%	25.6%	28.0%	26.4%	21.7%	-	-	-	
Net Debt Equity Ratio	(86.4%)	(121.0%)	74.4%	73.1%	82.7%	82.9%	-	-	-	
ROE (12 months)	25.6%	14.8%	(18.1%)	17.3%	6.0%	(14.3%)	-	-	-	
ROA (12 months)	10.6%	7.4%	(0.7%)	4.6%	(0.2%)	(5.3%)	-	-	-	
Quick Ratio	296%	248%	226%	230%	219%	219%	-	-	-	
Current Ratio	306%	258%	233%	241%	230%	227%	-	-	-	

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	-	358	-	-	(217)	
Investing Cash Flow	-	(513)	-	(6,592)	-	(258)	-	-	+255	
Operating CF and Investing CF	-	61	-	(6,446)	-	100	-	-	+38	
Financing Cash Flow	-	2,381	-	8,968	-	1,390	-	-	(991)	

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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