

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)	(49.60)	0.00	-
FY12/2018	YoY	104.6%	99.5%	52.1%	2.9%	39.5%	-	-	-
FY12/2019CoE	YoY	44.5%	-	-	-	-	-	-	-
Consolidated Q1 to Q3		Sales	EBITDA	Operating Profit	Recurring Profit	Profit at. to Owners of Parent	EPS (Yen)	DPS (Yen)	BPS (Yen)
(Million Yen)									
Q1 to Q3 FY12/2017		3,173	491	457	445	389	-	-	-
Q1 to Q3 FY12/2018		5,431	267	105	(140)	(594)	-	-	-
Q1 to Q3 FY12/2019		8,473	(832)	(1,436)	(1,558)	(1,571)	-	-	-
Q1 to Q3 FY12/2018	YoY	71.2%	(45.5%)	(76.9%)	-	-	-	-	-
Q1 to Q3 FY12/2019	YoY	56.0%	-	-	-	-	-	-	-

Source: Company Data, WRJ Calculation

1.0 Results Update (15 November 2019)

Prospects are Good


On 12 November 2019, UZABASE, advocating “Business Intelligence to Change Your World” as own mission, released its Q1 to Q3 FY12/2019 results. At the result meeting held on 13 November, the following day, it has been revealed that SPEEDA Business and Other Business continue to perform well, while NewsPicks Business and Quartz Business show a slight weakness, when compared with assumptions of Company forecasts. However, the prospects for FY12/2020 and beyond is positive. On the NewsPicks Business side, the rate of growth in paid subscribers saw a recovery in Q3, while it is expected that large-scale corporate contracts will be launched in earnest in FY12/2020, partly driven by the acquisition of Alphadrive Co., Ltd. as a subsidiary. With respect to Quartz Business run in the United States, advertising revenue is under pressure because of the Company’s strategy to rapidly shift its allocation of resources from advertising operations to billing operations. Still, more importantly, the number of paid subscribers stood at 10,438 as of October 2019 or in 11 months after the startup of services to provide paid contents, implying that the Company is acquiring paid subscribers faster than expected earlier. In the same way, when compared with NewsPicks in Japan, having seen the number of paid subscribers as many as 109,810 (ARPPU: ¥1,347) as of the end of Q3, the equivalent in the United States sees takeoff faster, according to the Company.

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

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2.0 Company Profile

Business Intelligence to Change Your World

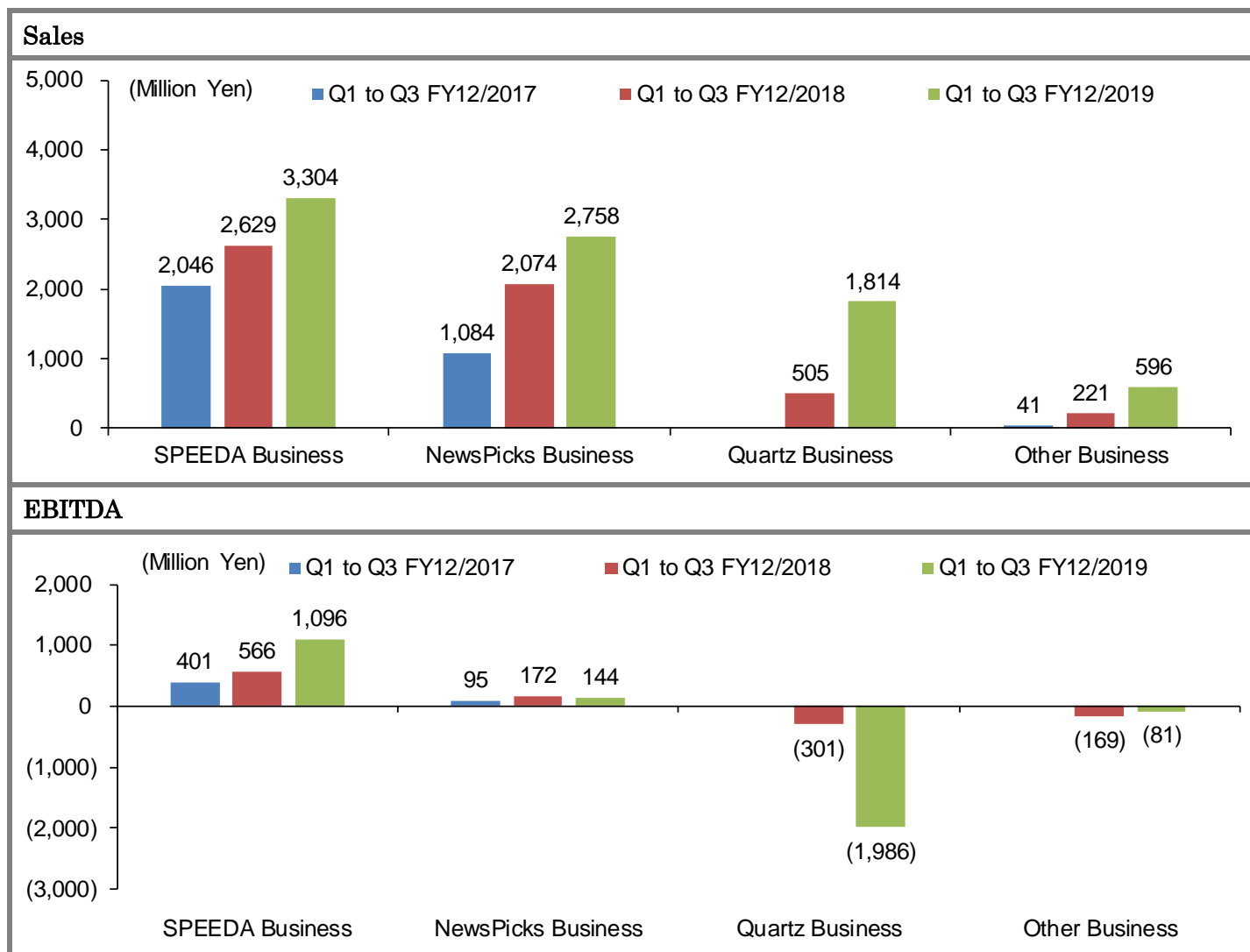
Company Name	Uzabase, Inc. Company Website IR Information Share price (Japanese)	
Established	1 April 2008	
Listing	21 October 2016: Tokyo Stock Exchange Mothers (ticker: 3966)	
Capital	¥2,901m (as of the end of September 2019)	
No. of Shares	31,694,682 shares, including 231 treasury shares (as of the end of September 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	I . SPEEDA Business II . NewsPicks Business III. Quartz Business IV. Other Business	
Top Management	Co-Chief Executive Officer: Yusuke Inagaki / Yusuke Umeda	
Shareholders	Ryosuke Niino 21.76%, Yusuke Umeda 19.02%, Yusuke Inagaki 7.84% (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 Q3 FY12/2019 Results

In Q1 to Q3 FY12/2019, sales came in at ¥8,473m (up 56.0% YoY), EBITDA minus ¥832m (versus ¥267m during the same period of the previous year), operating profit minus ¥1,436m (¥105m), recurring profit minus ¥1,558m (minus ¥140m) and profit attributable to owners of parent minus ¥1,571m (minus ¥594m), while EBITDA margin minus 9.8% (down 14.7% points).



Source: [“USABASE 3Q 2019 Financial Results”](#) (page 11 and 12); the data available here is the basis for the rate of changes and EBITDA margin in the text and they are rounded off to the first decimal place.

In regards to SPEEDA Business, sales came in at ¥3,304m (up 25.7%), EBITDA ¥1,096m (up 93.7%) and EBITDA margin 33.2% (up 11.6% points). SPEEDA, the Company's corporate and business intelligence platform, continues to perform well, with subscription IDs increasing to 3,005 (up 23.8%). For example, as the Company has released new functions such as “SPEEDA Trends”, existing subscribers are adding the number of IDs and new installations by non-financial companies are progressing. On the other hand, since fixed costs do not increase in tandem with sales, the Company currently sees EBITDA margin higher than the target for normal earnings, i.e., 30%. In Q4, the Company will aggressively invest in developing new functions further in order to further increase the value of SPEEDA.

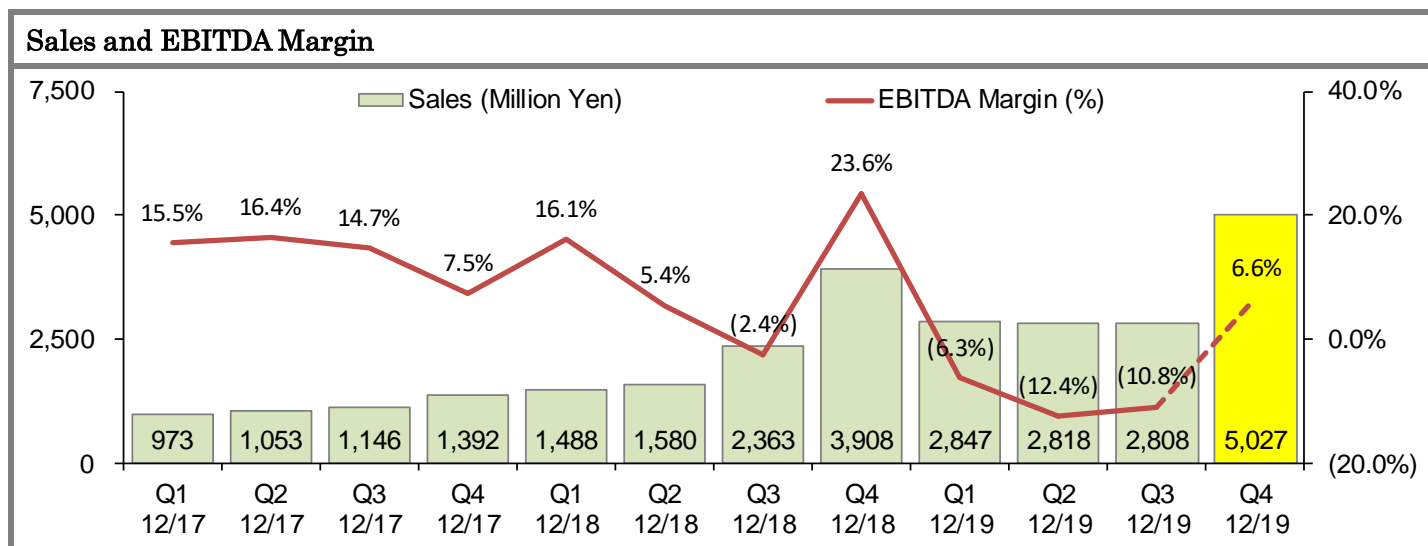
In regards to NewsPicks Business, sales came in at ¥2,758m (up 33.0%), EBITDA ¥144m (down 16.3%) and EBITDA margin 5.2% (down 3.1% points). The number of paid subscribers stood at 109,810 (up 34.2%) and of registered users 4,418,000 (up 23.1%), both of which increased over the previous year. In Q1 and Q2, the Company struggled to enhance the number of paid subscribers, while having seen a trend of recovery in Q3. Nevertheless, it appears that there is a delicate question as to whether the number will achieve its initial assumptions on a full-year basis or not. Meanwhile, the Company moved aggressively to hire new employees ahead of schedule in Q3, having resulted in EBITDA declining temporarily.

In regards to Quartz Business, sales came in at ¥1,814m and EBITDA minus ¥1,986m. This business segment, which was established in line with the acquisition of Quartz Media, Inc. completed on 31 July 2018, involves with the existing business based on conventional advertising revenue and new businesses based on billing revenue being newly developed and led by the Company. Existing business accounts for almost everything with sales and roughly half of losses in EBITDA. The Company is rapidly expanding its allocation of resources to new business on the expense of existing business, having resulted in sales lower than those of Quartz Media, Inc. during the same period of the previous year for existing business. Still, the Company spots that the effects of reducing fixed costs have been more significant and the extent of losses has declined. Meanwhile, the Company is going for profitability here in Q4, when half of full-year sales will be booked, which could lead to break even on a full-year basis for this business, according to the Company. Meanwhile, new business sees sales very insignificant at the moment, despite the flying start with the number of paid subscribers, while accounting for the remaining half of losses in EBITDA due to expenses associated with investments in paid contents.

In regards to Other Business, sales came in at ¥596m (up 169.7%), EBITDA minus ¥81m (minus ¥169m) and EBITDA margin minus 13.6% (up 62.9% points). The Company is steadily acquiring customers with its mainstay operations here or FORCAS, i.e., B2B marketing platform.

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 minus ¥500m (versus ¥1,187m in the previous year), operating profit of minus ¥1,310m (¥830m), recurring profit of minus ¥1,340m (¥533m) and profit attributable to owners of parent of minus ¥1,560m (¥610m), while EBITDA margin of minus 3.7% (down 16.4% points).



Source: Company Data, WRJ Calculation

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		Net Chg.
	12/2018	12/2018	12/2018	12/2018	12/2019	12/2019	12/2019	12/2019		
Sales	1,488	3,068	5,431	9,340	2,847	5,665	8,473	-	-	+3,041
Cost of Sales	673	1,344	2,443	3,567	1,216	2,495	3,695	-	-	+1,251
Gross Profit	815	1,724	2,987	5,772	1,630	3,170	4,777	-	-	+1,789
SG&A Expenses	588	1,431	2,881	4,942	2,010	4,101	6,214	-	-	+3,332
Operating Profit	226	292	105	830	(380)	(931)	(1,436)	-	-	(1,541)
Non Operating Balance	(58)	(88)	(246)	(296)	(15)	(76)	(122)	-	-	+124
Recurring Profit	167	204	(140)	533	(395)	(1,007)	(1,558)	-	-	(1,417)
Extraordinary Balance	0	(5)	(262)	354	311	311	311	-	-	+573
Profit before Income Taxes	167	199	(403)	888	(84)	(696)	(1,247)	-	-	(843)
Total Income Taxes	50	135	211	325	247	345	447	-	-	+235
NP Belonging to Non-Controlling SHs	0	(3)	(20)	(48)	(32)	(76)	(124)	-	-	(103)
Profit Attributable to Owners of Parent	117	67	(594)	610	(296)	(965)	(1,571)	-	-	(976)
Sales YoY	+52.9%	+51.4%	+71.2%	+104.6%	+91.3%	+84.6%	+56.0%	-	-	-
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%	56.4%	-	-	+1.4%
Sales to SG&A Expenses Ratio	39.6%	46.7%	53.1%	52.9%	70.6%	72.4%	73.3%	-	-	+20.3%
Operating Profit Margin	15.2%	9.5%	1.9%	8.9%	(13.3%)	(16.4%)	(16.9%)	-	-	(18.9%)
Recurring Profit Margin	11.2%	6.7%	(2.6%)	5.7%	(13.9%)	(17.8%)	(18.4%)	-	-	(15.8%)
Profit Attributable to Owners of Parent Margin	7.9%	2.2%	(10.9%)	6.5%	(10.4%)	(17.0%)	(18.5%)	-	-	(7.6%)
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		Net Chg.
	12/2018	12/2018	12/2018	12/2018	12/2019	12/2019	12/2019	12/2019		
Sales	1,488	1,580	2,363	3,908	2,847	2,818	2,808	-	-	+444
Cost of Sales	673	671	1,099	1,124	1,216	1,279	1,200	-	-	+100
Gross Profit	815	909	1,263	2,784	1,630	1,540	1,607	-	-	+343
SG&A Expenses	588	843	1,449	2,060	2,010	2,091	2,113	-	-	+663
Operating Profit	226	66	(186)	724	(380)	(551)	(505)	-	-	(318)
Non Operating Balance	(58)	(29)	(158)	(50)	(15)	(61)	(46)	-	-	+112
Recurring Profit	167	36	(344)	674	(395)	(612)	(551)	-	-	(206)
Extraordinary Balance	0	(5)	(257)	616	311	0	0	-	-	+257
Profit before Income Taxes	167	31	(602)	1,291	(84)	(612)	(551)	-	-	+51
Total Income Taxes	50	84	76	113	247	98	102	-	-	+25
NP Belonging to Non-Controlling SHs	0	(3)	(17)	(27)	(32)	(44)	(48)	-	-	(30)
Profit Attributable to Owners of Parent	117	(49)	(661)	1,205	(296)	(669)	(606)	-	-	+55
Sales YoY	+52.9%	+49.9%	+106.1%	+180.7%	+91.3%	+78.3%	+18.8%	-	-	-
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%	57.2%	-	-	+3.8%
Sales to SG&A Expenses Ratio	39.6%	53.3%	61.4%	52.7%	70.6%	74.2%	75.2%	-	-	+13.9%
Operating Profit Margin	15.2%	4.2%	(7.9%)	18.5%	(13.3%)	(19.6%)	(18.0%)	-	-	(10.1%)
Recurring Profit Margin	11.2%	2.3%	(14.6%)	17.2%	(13.9%)	(21.7%)	(19.6%)	-	-	(5.0%)
Profit Attributable to Owners of Parent Margin	7.9%	(3.2%)	(28.0%)	30.8%	(10.4%)	(23.7%)	(21.6%)	-	-	+6.4%
Tax Charges etc. / Pretax Profit	30.0%	267.8%	-	8.8%	-	-	-	-	-	-

Source: Company Data, WRJ Calculation

Segmented Information (Cumulative, Quarterly)

Segmented Information (Million Yen)	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	YoY
	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	Net Chg.	
SPEEDA Business	820	1,694	2,629	-	1,037	2,142	3,304	-	+675	
NewsPicks Business	611	1,249	2,074	-	1,017	1,885	2,758	-	+684	
Quartz Business	-	-	505	-	629	1,276	1,814	-	+1,309	
Other Business	56	124	221	-	162	360	596	-	+375	
Sales	1,488	3,068	5,431	9,340	2,847	5,665	8,473	-	+3,042	
SPEEDA Business	203	388	525	-	355	696	1,031	-	+506	
NewsPicks Business	85	47	162	-	190	157	121	-	(41)	
Quartz Business	-	-	(401)	-	(899)	(1,726)	(2,488)	-	(2,087)	
Other Business	(57)	(133)	(180)	-	(26)	(56)	(94)	-	+86	
Segment Profit	231	303	105	-	(379)	(929)	(1,430)	-	(1,535)	
Elimination	(5)	(11)	0	-	0	(1)	(5)	-	(5)	
Operating Profit	226	292	105	830	(380)	(931)	(1,436)	-	(1,541)	
SPEEDA Business	24.8%	22.9%	20.0%	-	34.2%	32.5%	31.2%	-	+11.2%	
NewsPicks Business	13.9%	3.8%	7.8%	-	18.7%	8.3%	4.4%	-	(3.4%)	
Quartz Business	-	-	(79.4%)	-	(142.9%)	(135.3%)	(137.2%)	-	(57.7%)	
Other Business	(101.8%)	(107.3%)	(81.4%)	-	(16.0%)	(15.6%)	(15.8%)	-	+65.7%	
Operating Profit	15.2%	9.5%	1.9%	8.9%	(13.3%)	(16.4%)	(16.9%)	-	(18.9%)	

Segmented Information (Million Yen)	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	YoY
	Q1 12/2018	Q2 12/2018	Q3 12/2018	Q4 12/2018	Q1 12/2019	Q2 12/2019	Q3 12/2019	Q4 12/2019	Net Chg.
SPEEDA Business	820	874	935	-	1,037	1,105	1,162	-	+227
NewsPicks Business	611	638	825	-	1,017	868	873	-	+48
Quartz Business	-	-	505	-	629	647	538	-	+33
Other Business	56	68	97	-	162	198	236	-	+139
Sales	1,488	1,580	2,363	3,909	2,847	2,818	2,808	-	+445
SPEEDA Business	203	185	137	-	355	341	335	-	+198
NewsPicks Business	85	(38)	115	-	190	(33)	(36)	-	(151)
Quartz Business	-	-	(401)	-	(899)	(827)	(762)	-	(361)
Other Business	(57)	(76)	(47)	-	(26)	(30)	(38)	-	+9
Segment Profit	231	72	(198)	-	(379)	(550)	(501)	-	(303)
Elimination	(5)	(6)	11	-	-	(1)	(4)	-	(15)
Operating Profit	226	66	(187)	725	(380)	(551)	(505)	-	(318)
SPEEDA Business	24.8%	21.2%	14.7%	-	34.2%	30.9%	28.8%	-	+14.2%
NewsPicks Business	13.9%	(6.0%)	13.9%	-	18.7%	(3.8%)	(4.1%)	-	(18.1%)
Quartz Business	-	-	(79.4%)	-	(142.9%)	(127.8%)	(141.6%)	-	(62.2%)
Other Business	(101.8%)	(111.8%)	(48.5%)	-	(16.0%)	(15.2%)	(16.1%)	-	+32.4%
Operating Profit	15.2%	4.2%	(7.9%)	18.6%	(13.3%)	(19.6%)	(18.0%)	-	(10.1%)

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	6,259	-	-	736
Accounts Receivables	326	368	1,536	2,486	1,804	1,248	1,285	-	-	(251)
Other	190	230	223	381	384	307	301	-	-	77
Current Assets	5,679	6,253	7,282	8,592	7,700	8,484	7,845	-	-	562
Tangible Assets	143	289	412	426	406	378	363	-	-	(49)
Intangible Assets	123	126	8,352	9,291	9,103	8,685	8,618	-	-	265
Investments and Other Assets	802	790	629	494	572	744	1,005	-	-	375
Fixed Assets	1,069	1,206	9,394	10,211	10,082	9,809	9,988	-	-	593
Total Assets	6,749	7,459	16,676	18,804	17,783	18,293	17,833	-	-	1,156
Accounts Payables	195	301	258	284	215	203	190	-	-	(68)
Corporate Bond (Less than 1 year)	60	60	60	102	102	102	102	-	-	42
Short-Term Debt	500	498	496	592	607	679	820	-	-	323
Other	1,100	1,564	2,315	2,588	2,424	2,754	2,897	-	-	581
Current Liabilities	1,855	2,423	3,130	3,566	3,348	3,738	4,009	-	-	878
Corporate Bond	240	240	210	378	348	327	297	-	-	87
Long-Term Debt	2,679	2,555	7,932	8,501	8,337	9,116	8,828	-	-	895
Other	15	76	51	41	41	41	41	-	-	(10)
Fixed Liabilities	2,934	2,871	8,194	8,920	8,726	9,484	9,166	-	-	971
Total Liabilities	4,790	5,295	11,324	12,487	12,075	13,223	13,175	-	-	1,850
Shareholders' Equity	1,935	1,901	4,054	5,313	4,776	4,374	3,778	-	-	(276)
Other	22	263	1,298	1,003	931	696	880	-	-	(418)
Net Assets	1,958	2,164	5,352	6,316	5,707	5,070	4,658	-	-	(694)
Total Liabilities and Net Assets	6,749	7,459	16,676	18,804	17,783	18,293	17,833	-	-	1,156
Equity Capital	1,947	1,902	4,270	5,261	4,695	3,973	3,391	-	-	(879)
Interest Bearing Debt	3,479	3,353	8,699	9,573	9,394	10,224	10,047	-	-	1,347
Net Debt	(1,682)	(2,300)	3,176	3,848	3,882	3,295	3,788	-	-	611
Capital Ratio	28.8%	25.5%	25.6%	28.0%	26.4%	21.7%	19.0%	-	-	-
Net Debt Equity Ratio	(86.4%)	(121.0%)	74.4%	73.1%	82.7%	82.9%	111.7%	-	-	-
ROE (12 months)	25.6%	14.8%	(18.1%)	17.3%	6.0%	(14.3%)	(9.6%)	-	-	-
ROA (12 months)	10.6%	7.4%	(0.7%)	4.6%	(0.2%)	(5.3%)	(5.1%)	-	-	-
Quick Ratio	296%	248%	226%	230%	219%	219%	188%	-	-	-
Current Ratio	306%	258%	233%	241%	230%	227%	196%	-	-	-

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

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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