

UZABASE (3966)

Consolidated Fiscal Year		Sales	EBITDA	Operating Profit	Recurring Profit	Profit at. to Owners of Parent	EPS (Yen)	DPS (Yen)	BPS (Yen)
(Million Yen)									
FY12/2018		9,340	1,187	830	533	610	20.42	0.00	170.33
FY12/2019		12,521	(411)	(1,236)	(1,429)	(1,620)	(51.35)	0.00	178.20
FY12/2020CoE		15,500	-	-	-	-	-	0.00	-
FY12/2018	YoY	104.6%	99.5%	52.1%	2.9%	39.5%	-	-	-
FY12/2019	YoY	34.1%	-	-	-	-	-	-	-
FY12/2020CoE	YoY	23.8%	-	-	-	-	-	-	-

Source: Company Data, WRJ Calculation (CoE: median)

1.0 Results Update (17 February 2020)


Dawn to Harvest

On 12 February 2020, UZABASE, advocating “Business Intelligence to Change Your World” as own mission, released its FY12/2019 results. It has been revealed that paid service on the Quartz Business side currently in the stage of dawn is steadily taking off and that SPEEDA Business has entered into the stage of harvest. Meanwhile, the Company is to see a return to profitability for EBITDA in FY12/2020. This is expected to be driven by consistent increases in the number of contract IDs on the SPEEDA Business side (B2B service, mainly operated in Japan, of information platform providing company and industry analyses with statistical data) which has achieved EBITDA margin of 30.5% in FY12/2019. This business has marginal profit ratio pretty high and the Company is to see effects of higher sales also pretty high. Meanwhile, on the Quartz Business side (B2C service, operated in ex-Japan countries represented by the United States, of business and economic news media), the Company is to cut back on losses in line with agenda of its target to move into profitability in FY12/2022. We are to interview with management to pursue all those issues more in depth so that we should be able to update [UZABASE \(3966\) Investment and Growth \(10 April 2019\)](#) and release anew.

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2.0 Company Profile

Business Intelligence to Change Your World

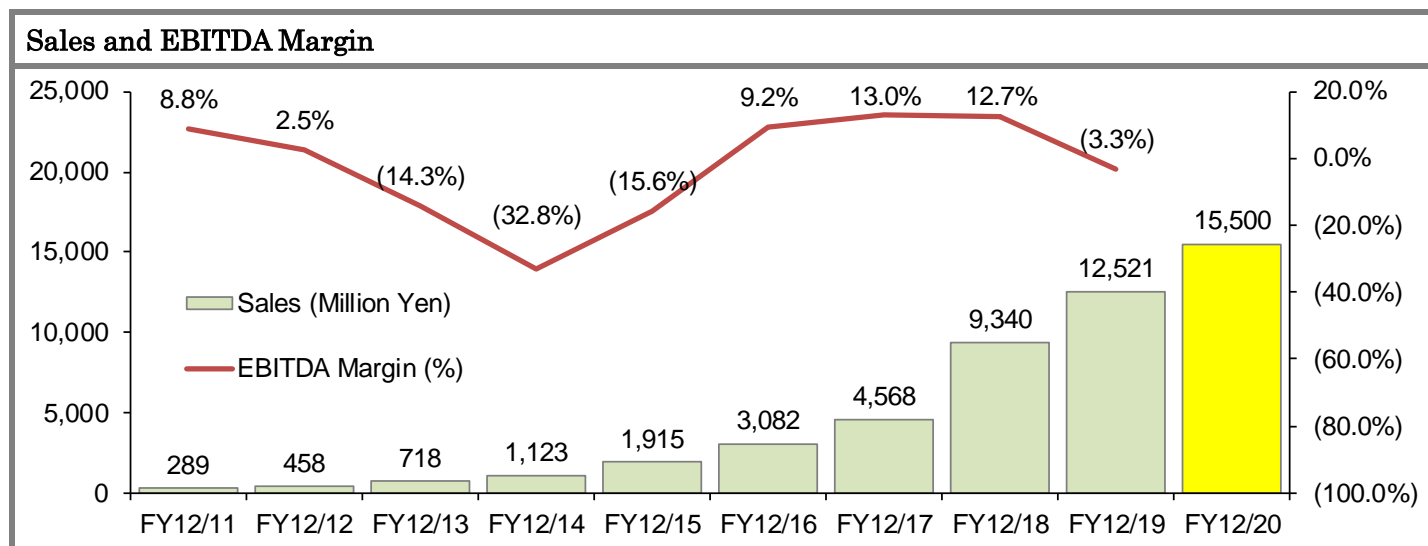
Company Name	Uzabase, Inc. Company Website IR Information Share price (Japanese)	
Established	1 April 2008	
Listing	21 October 2016: Tokyo Stock Exchange Mothers (ticker: 3966)	
Capital	¥4,096m (as of the end of December 2019)	
No. of Shares	32,949,578 shares, including 258 treasury shares (as of the end of December 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	Chief Executive Officer: Yusuke Umeda, Chief Operating Officer: Yusuke Inagaki	
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

FY12/2019 Results

In FY12/2019, sales came in at ¥12,521m (up 34.1% YoY), EBITDA minus ¥411m (versus ¥1,187m in the previous year), operating profit minus ¥1,236m (¥830m), recurring profit minus ¥1,429m (¥533m) and profit attributable to owners of parent minus ¥1,620m (¥610m), while EBITDA margin minus 3.3% (down 16.0% points).



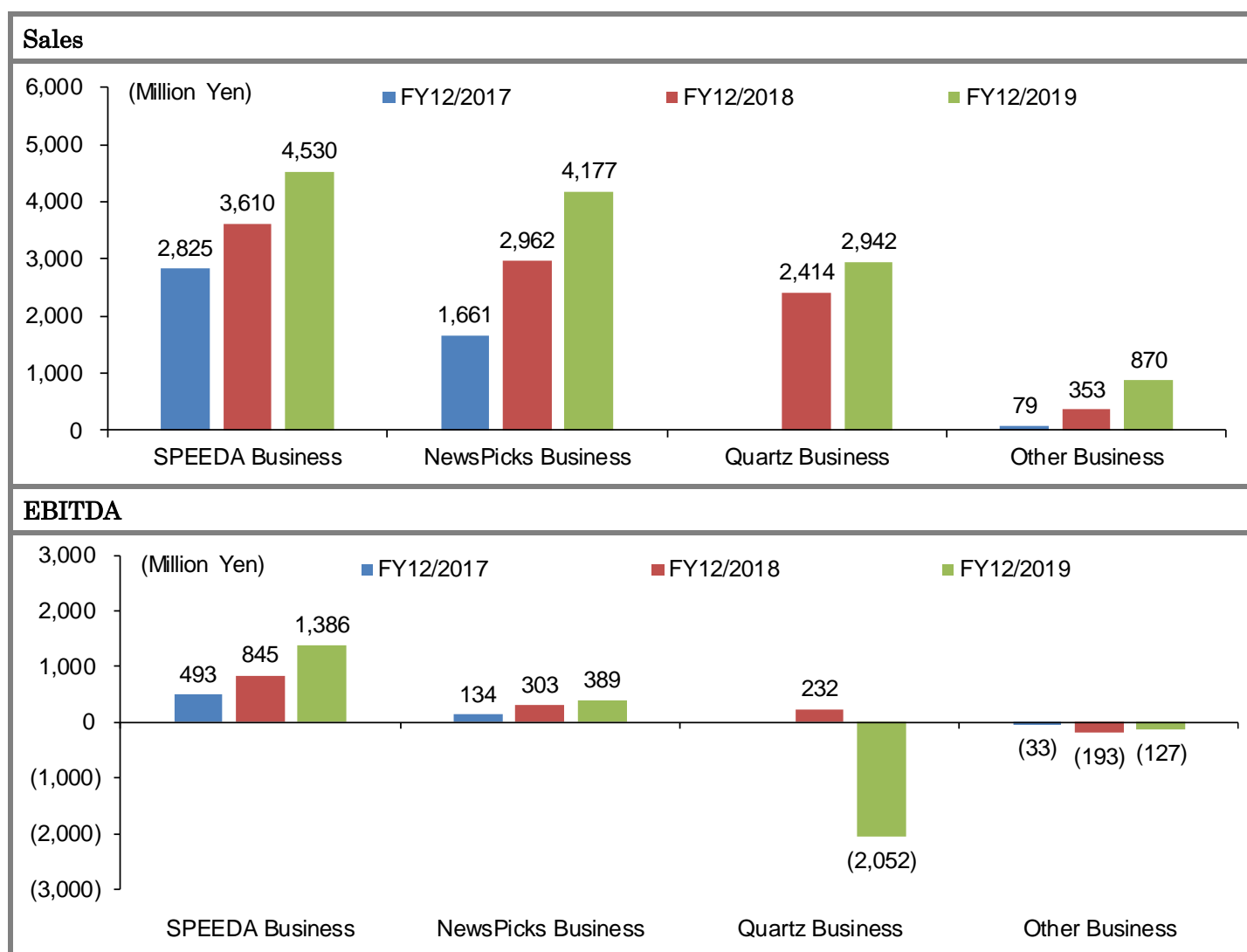
Source: Company Data, WRJ Calculation (Company forecasts: median)

Compared with initial Company forecasts, sales fell short of by ¥979m (7.3%), while EBITDA was better by ¥89m. Given shortfall of sales, it appears that the Company cut back on expenses. Meanwhile, the Company suggests that sales of advertising on the Quartz Business side to run operations mainly in the United States came in at ¥2,944m (US\$26.9m), down 22% on a Japanese currency basis from equivalent of ¥3,798m (US\$34.8m) in the previous year.

On the Quartz Business side, the number of paid subscribers stood at 12,802 as of the end of FY12/2019, while MRR of ¥11m (Monthly Recurring Revenue or a metric that allows for the evaluation of a business's monthly income stream) was achieved. Given concentration of resources for startup of this new paid service, existing operations of advertising suffered from sales lower than initially expected, according to the Company. More importantly, however, the Company has reconstructed the system to beef up sales of advertising to date and currently going for increased sales here in FY12/2020. Meanwhile, the Company suggests that the breakeven point with operations of advertising has come down drastically due to the success of cost structure reform. At the end of the day, the Company is very likely to see a major improvement of earnings for the existing operations of advertising in FY12/2020.

Meanwhile, in FY12/2019, the Company saw surging sales and earnings on the SPEEDA Business side as this business segment was entering into the stage of harvest on a full-fledged basis, but this was far more than offset by losses on the Quartz Business side which was set up in Q3 FY12/2018, having resulted in a substantial deterioration of earnings as a whole for the Company. The Company suggests that losses from existing operations of advertising have got smaller than in the era of management under Quartz Media, Inc. due to impacts from cost structure reform to have more than compensated for decreased sales of advertising.

However, the Company was investing heavily in the startup of new paid service (contribution of expenses to enrich contents and to enhance marketing), having resulted in booking of substantial expenses. In other words, as far as the Company's business model is concerned, there is a large investment burden in the stage of dawn, despite the fact that sales are inevitably limited.



Source: Company Data, WRJ Calculation

On the NewsPicks Business side to run the operations of NewsPicks (B2C service, operated in Japan, of business and economic news media), it appear that the Company had left the stage of dawn behind, having started to reach the stage of harvest and thus calling for EBITDA margin of 20% in FY12/2022 versus 9.3% in the results of FY12/2019. Meanwhile, on the Other Business side, comprising FORCAS (B2B services of marketing platform) and INITIAL (B2B service of Japan's largest startup database), it appears that the Company is on the verge of terminating the stage of dawn.

FY12/2020 Company Forecasts

FY12/2020 Company forecasts are going for prospective sales of ¥15,000m to ¥16,000m, implying ¥15,500m (up 23.8% YoY) in the median value, as well as for a return to profitability for EBITDA. The background why the Company does not disclose specific amounts for any earnings is that the Company pays respect to “the risks of fluctuations in sales of advertising due to changes in the business environment, the impacts of the suspension of operations in China on the SPEEDA Business side due to the spread of coronaviruses and the realization of investments swift and flexible in line with business progress during the term.”

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	12/2019	
Sales	1,488	3,068	5,431	9,340	2,847	5,665	8,473	12,521		+3,180
Cost of Sales	673	1,344	2,443	3,567	1,216	2,495	3,695	5,321		+1,753
Gross Profit	815	1,724	2,987	5,772	1,630	3,170	4,777	7,200		+1,427
SG&A Expenses	588	1,431	2,881	4,942	2,010	4,101	6,214	8,437		+3,494
Operating Profit	226	292	105	830	(380)	(931)	(1,436)	(1,236)		(2,066)
Non Operating Balance	(58)	(88)	(246)	(296)	(15)	(76)	(122)	(193)		+103
Recurring Profit	167	204	(140)	533	(395)	(1,007)	(1,558)	(1,429)		(1,962)
Extraordinary Balance	0	(5)	(262)	354	311	311	311	299		(55)
Profit before Income Taxes	167	199	(403)	888	(84)	(696)	(1,247)	(1,130)		(2,018)
Total Income Taxes	50	135	211	325	247	345	447	619		+293
NP Belonging to Non-Controlling SHs	0	(3)	(20)	(48)	(32)	(76)	(124)	(130)		(81)
Profit Attributable to Owners of Parent	117	67	(594)	610	(296)	(965)	(1,571)	(1,620)		(2,230)
Sales YoY	+52.9%	+51.4%	+71.2%	+104.6%	+91.3%	+84.6%	+56.0%	+34.1%		-
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%	57.5%		(4.3%)
Sales to SG&A Expenses Ratio	39.6%	46.7%	53.1%	52.9%	70.6%	72.4%	73.3%	67.4%		+14.5%
Operating Profit Margin	15.2%	9.5%	1.9%	8.9%	(13.3%)	(16.4%)	(16.9%)	(9.9%)		(18.8%)
Recurring Profit Margin	11.2%	6.7%	(2.6%)	5.7%	(13.9%)	(17.8%)	(18.4%)	(11.4%)		(17.1%)
Profit Attributable to Owners of Parent Margin	7.9%	2.2%	(10.9%)	6.5%	(10.4%)	(17.0%)	(18.5%)	(12.9%)		(19.5%)
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	12/2019	
Sales	1,488	1,580	2,363	3,908	2,847	2,818	2,808	4,048		+139
Cost of Sales	673	671	1,099	1,124	1,216	1,279	1,200	1,626		+501
Gross Profit	815	909	1,263	2,784	1,630	1,540	1,607	2,423		(361)
SG&A Expenses	588	843	1,449	2,060	2,010	2,091	2,113	2,223		+162
Operating Profit	226	66	(186)	724	(380)	(551)	(505)	200		(524)
Non Operating Balance	(58)	(29)	(158)	(50)	(15)	(61)	(46)	(71)		(20)
Recurring Profit	167	36	(344)	674	(395)	(612)	(551)	129		(545)
Extraordinary Balance	0	(5)	(257)	616	311	0	0	(12)		(628)
Profit before Income Taxes	167	31	(602)	1,291	(84)	(612)	(551)	117		(1,174)
Total Income Taxes	50	84	76	113	247	98	102	172		+58
NP Belonging to Non-Controlling SHs	0	(3)	(17)	(27)	(32)	(44)	(48)	(6)		+21
Profit Attributable to Owners of Parent	117	(49)	(661)	1,205	(296)	(669)	(606)	(49)		(1,254)
Sales YoY	+52.9%	+49.9%	+106.1%	+180.7%	+91.3%	+78.3%	+18.8%	+3.6%		-
Operating Profit YoY	+61.1%	(59.0%)	-	+717.2%	-	-	-	(72.4%)		-
Recurring Profit YoY	+24.3%	(78.3%)	-	+828.5%	-	-	-	(80.9%)		-
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%	59.9%		(11.4%)
Sales to SG&A Expenses Ratio	39.6%	53.3%	61.4%	52.7%	70.6%	74.2%	75.2%	54.9%		+2.2%
Operating Profit Margin	15.2%	4.2%	(7.9%)	18.5%	(13.3%)	(19.6%)	(18.0%)	4.9%		(13.6%)
Recurring Profit Margin	11.2%	2.3%	(14.6%)	17.2%	(13.9%)	(21.7%)	(19.6%)	3.2%		(14.1%)
Profit Attributable to Owners of Parent Margin	7.9%	(3.2%)	(28.0%)	30.8%	(10.4%)	(23.7%)	(21.6%)	(1.2%)		(32.0%)
Tax Charges etc./Pretax Profit	30.0%	267.8%	-	8.8%	-	-	-	147.0%		+138.2%

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 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		
SPEEDA Business	820	1,694	2,629	3,610	1,037	2,142	3,304	4,530	+920	
NewsPicks Business	611	1,249	2,074	2,962	1,017	1,885	2,758	4,177	+1,215	
Quartz Business	-	-	505	2,414	629	1,276	1,814	2,942	+528	
Other Business	56	124	221	353	162	360	596	870	+517	
Sales	1,488	3,068	5,431	9,340	2,847	5,665	8,473	12,521	+3,181	
SPEEDA Business	203	388	525	775	355	696	1,031	1,295	+520	
NewsPicks Business	85	47	162	285	190	157	121	342	+57	
Quartz Business	-	-	(401)	(21)	(899)	(1,726)	(2,488)	(2,721)	(2,700)	
Other Business	(57)	(133)	(180)	(209)	(26)	(56)	(94)	(146)	+63	
Segment Profit	231	303	105	830	(379)	(929)	(1,430)	(1,229)	(2,059)	
Elimination	(5)	(11)	0	0	0	(1)	(5)	(6)	(6)	
Operating Profit	226	292	105	830	(380)	(931)	(1,436)	(1,236)	(2,066)	
SPEEDA Business	24.8%	22.9%	20.0%	21.5%	34.2%	32.5%	31.2%	28.6%	+7.1%	
NewsPicks Business	13.9%	3.8%	7.8%	9.6%	18.7%	8.3%	4.4%	8.2%	(1.4%)	
Quartz Business	-	-	(79.4%)	(0.9%)	(142.9%)	(135.3%)	(137.2%)	(92.5%)	(91.6%)	
Other Business	(101.8%)	(107.3%)	(81.4%)	(59.2%)	(16.0%)	(15.6%)	(15.8%)	(16.8%)	+42.4%	
Operating Profit	15.2%	9.5%	1.9%	8.9%	(13.3%)	(16.4%)	(16.9%)	(9.9%)	(18.8%)	

Segmented Information (Million Yen)	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	
SPEEDA Business	820	874	935	981	1,037	1,105	1,162	1,226	+245
NewsPicks Business	611	638	825	888	1,017	868	873	1,419	+531
Quartz Business	-	-	505	1,909	629	647	538	1,128	(781)
Other Business	56	68	97	132	162	198	236	274	+142
Sales	1,488	1,580	2,363	3,909	2,847	2,818	2,808	4,048	+139
SPEEDA Business	203	185	137	250	355	341	335	264	+14
NewsPicks Business	85	(38)	115	123	190	(33)	(36)	221	+98
Quartz Business	-	-	(401)	380	(899)	(827)	(762)	(233)	(613)
Other Business	(57)	(76)	(47)	(29)	(26)	(30)	(38)	(52)	(23)
Segment Profit	231	72	(198)	725	(379)	(550)	(501)	201	(524)
Elimination	(5)	(6)	11	-	-	(1)	(4)	(1)	(1)
Operating Profit	226	66	(187)	725	(380)	(551)	(505)	200	(525)
SPEEDA Business	24.8%	21.2%	14.7%	25.5%	34.2%	30.9%	28.8%	21.5%	(4.0%)
NewsPicks Business	13.9%	(6.0%)	13.9%	13.9%	18.7%	(3.8%)	(4.1%)	15.6%	+1.7%
Quartz Business	-	-	(79.4%)	19.9%	(142.9%)	(127.8%)	(141.6%)	(20.7%)	(40.6%)
Other Business	(101.8%)	(111.8%)	(48.5%)	(22.0%)	(16.0%)	(15.2%)	(16.1%)	(19.0%)	+3.0%
Operating Profit	15.2%	4.2%	(7.9%)	18.5%	(13.3%)	(19.6%)	(18.0%)	4.9%	(13.6%)

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	5,523	5,725	5,512	6,929	6,259	7,954	+2,229	
Accounts Receivables	327	369	1,536	2,486	1,804	1,248	1,285	1,916	(570)	
Other	190	230	223	381	384	307	301	354	(27)	
Current Assets	5,680	6,253	7,282	8,592	7,700	8,484	7,845	10,224	+1,632	
Tangible Assets	144	290	412	426	406	378	363	344	(82)	
Intangible Assets	123	126	8,352	9,291	9,103	8,685	8,618	9,001	(290)	
Investments and Other Assets	803	791	630	494	572	744	1,005	1,388	+894	
Fixed Assets	1,070	1,207	9,395	10,211	10,082	9,809	9,988	10,733	+522	
Total Assets	6,749	7,460	16,677	18,804	17,783	18,293	17,833	20,958	+2,154	
Accounts Payables	196	301	258	284	215	203	190	319	+35	
Corporate Bond (Less than 1 year)	60	60	60	102	102	102	102	102	0	
Short-Term Debt	500	498	497	592	607	679	820	1,123	+531	
Other	1,100	1,564	2,315	2,588	2,424	2,754	2,897	3,587	+999	
Current Liabilities	1,856	2,424	3,130	3,566	3,348	3,738	4,009	5,131	+1,565	
Corporate Bond	240	240	210	378	348	327	297	276	(102)	
Long-Term Debt	2,680	2,555	7,932	8,501	8,337	9,116	8,828	8,378	(123)	
Other	15	77	52	41	41	41	41	41	0	
Fixed Liabilities	2,935	2,872	8,194	8,920	8,726	9,484	9,166	8,695	(225)	
Total Liabilities	4,791	5,296	11,324	12,487	12,075	13,223	13,175	13,826	+1,339	
Shareholders' Equity	1,936	1,901	4,055	5,313	4,776	4,374	3,778	6,118	+805	
Other	23	263	1,298	1,003	931	696	880	1,013	+10	
Net Assets	1,959	2,164	5,353	6,316	5,707	5,070	4,658	7,131	+815	
Total Liabilities and Net Assets	6,749	7,460	16,677	18,804	17,783	18,293	17,833	20,958	+2,154	
Equity Capital	1,947	1,902	4,270	5,261	4,695	3,973	3,391	5,871	+610	
Interest Bearing Debt	3,480	3,354	8,699	9,573	9,394	10,224	10,047	9,879	+306	
Net Debt	(1,682)	(2,301)	3,176	3,848	3,882	3,295	3,788	1,925	(1,923)	
Capital Ratio	28.8%	25.5%	25.6%	28.0%	26.4%	21.7%	19.0%	28.0%	-	
Net Debt Equity Ratio	(86.4%)	(121.0%)	74.4%	73.1%	82.7%	82.9%	111.7%	32.8%	-	
ROE (12 months)	25.6%	14.8%	(18.1%)	17.3%	6.0%	(14.3%)	(9.6%)	(29.1%)	-	
ROA (12 months)	10.6%	7.4%	(0.7%)	4.6%	(0.2%)	(5.3%)	(5.1%)	(7.2%)	-	
Quick Ratio	296%	248%	226%	230%	219%	219%	188%	192%	-	
Current Ratio	306%	258%	233%	241%	230%	227%	196%	199%	-	

Source: Company Data, WRJ Calculation

8

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	-	60	(85)	
Investing Cash Flow	-	(513)	-	(6,592)	-	(258)	-	(851)	+5,741	
Operating CF and Investing CF	-	61	-	(6,447)	-	100	-	(791)	+5,656	
Financing Cash Flow	-	2,381	-	8,968	-	1,390	-	3,282	(5,686)	

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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