

UZABASE (3966)

Consolidated Fiscal Year		Sales	EBITDA	Operating Profit	Recurring Profit	Profit Attributable 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	-
FY12/2019	YoY	34.1%	-	-	-	-	-	-	-
FY12/2020CoE	YoY	23.8%	-	-	-	-	-	-	-
Consolidated Quarter		Sales	EBITDA	Operating Profit	Recurring Profit	Profit Attributable to Owners of Parent	EPS (Yen)	DPS (Yen)	BPS (Yen)
(Million Yen)									
Q1 FY12/2019		2,847	(179)	(380)	(395)	(296)	-	-	-
Q2 FY12/2019		2,818	(349)	(551)	(612)	(669)	-	-	-
Q3 FY12/2019		2,808	(304)	(505)	(551)	(606)	-	-	-
Q4 FY12/2019		4,048	421	200	129	(49)	-	-	-
Q1 FY12/2020		3,171	(42)	(263)	(317)	(473)	-	-	-
Q1 FY12/2020	YoY	11.4%	-	-	-	-	-	-	-

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

1.0 Results Update (21 May 2020)

Positive Turnaround for Quartz Media

On 14 May 2020, UZABASE, advocating “We guide business people to insights that change the world” as own mission, released its Q1 FY12/2020 results. It has been revealed that advertising revenue in the United States are plummeting but local expenses even more. As result, Quartz Media (Quartz Media, Inc.) in charge of advertising in the United States and in some other regions has seen reduced loss and thus as a whole for the Company at the same time. In the United States, demand for advertising is coming down sharply, generating excess human resources with Quartz Media. In light of this, the Company has decided to cut back on the number personnel with Quartz Media (headcounts of 187) by some 40%. In other words, the Company is now keen on persuading early retirement mainly for those who are writing free of charge contents for the sake of gaining advertising revenue. In the first place, meanwhile, demand for advertising is coming down and thus for free of charge contents, resulting in a situation that those who are to leave has hardly contributed to advertising revenue for some time. The Company is to suffer from extraordinary loss in Q2 stemming from here. More importantly, however, sales with the Company are effectively immune to this workforce reduction, while personnel expenses of those who are to leave will be gone in Q2 and thereafter. With all those measures, the Company is trying to get at positive turnaround for Quartz Media as soon as possible.

For information: [UZABASE \(3966\) A Turnaround \(13 April 2020\)](#)

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2.0 Company Profile

“We Guide Business People to Insights that Change the World”

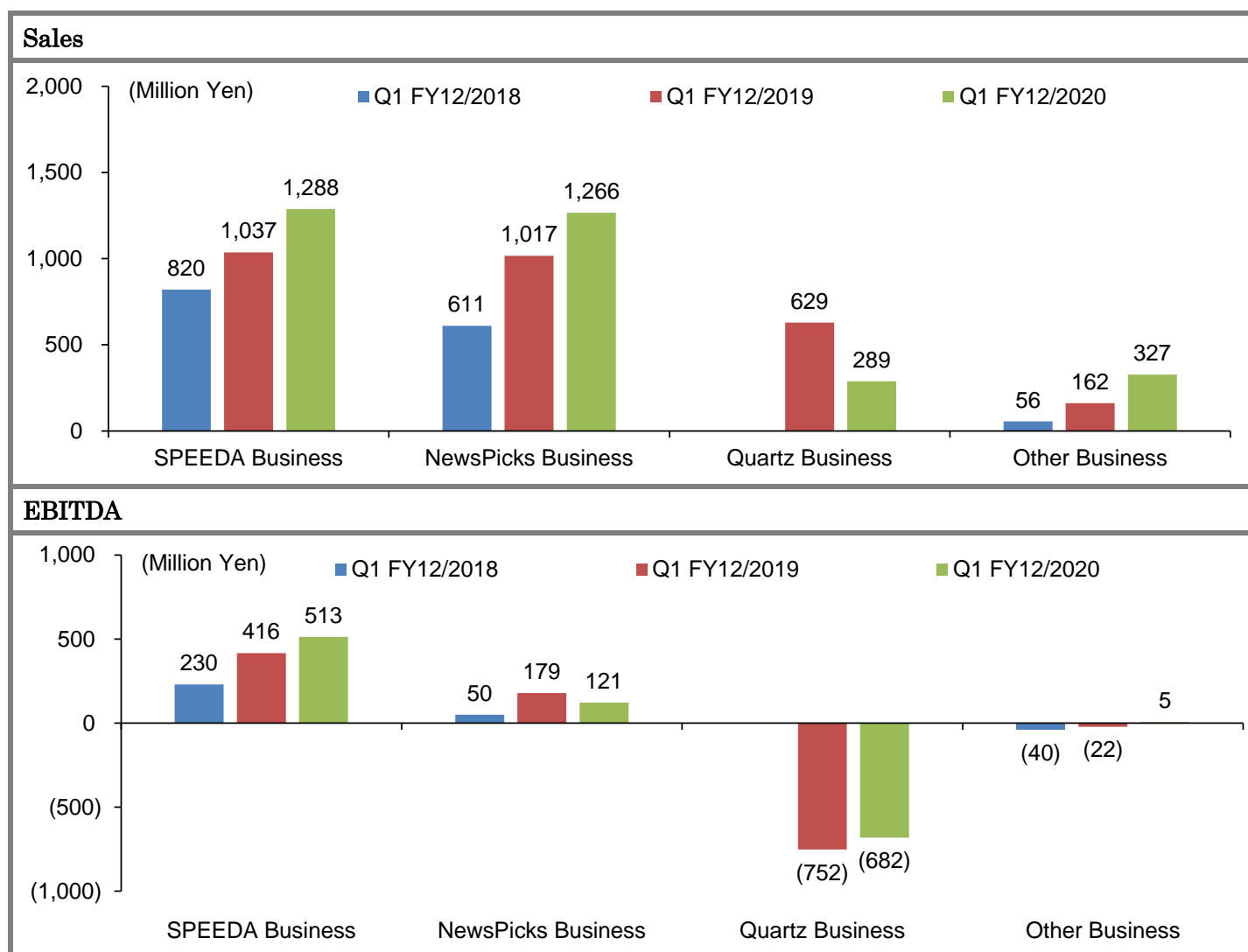
Company Name	Uzabase, Inc. Company Website IR Information Share price (Japanese)	UZABASE
Established	1 April 2008	
Listing	21 October 2016: Tokyo Stock Exchange Mothers (ticker: 3966)	
Capital	¥4,104m (as of the end of March 2020)	
No. of Shares	33,040,334 shares, including 258 treasury shares (as of the end of March 2020)	
Main Features	<ul style="list-style-type: none">● Providing a foundation of intelligence that supports the needs of business and business people● Analyzing, organizing and creating global information so one can make the right decisions at the right time● Unleashing one’s creative and innovative potential	
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 21.9%, Yusuke Umeda 18.3%, Yusuke Inagaki 7.5% (as of the end of December 2019, excluding treasury shares)	
Headquarters	Minato-ku, Tokyo, JAPAN	
No. of Employees	Consolidated: 704, Parent: 181 (as of the end of December 2019)	

Source: Company Data

3.0 Recent Trading and Prospects

Q1 FY12/2020 Results

In Q1 FY12/2020, sales came in at ¥3,171m (up 11.4% YoY), EBITDA minus ¥42m (versus minus ¥179m during the same period of the previous year), operating profit minus ¥263m (minus ¥380m), recurring profit minus ¥317m (minus ¥395m) and profit attributable to owners of parent minus ¥473m (minus ¥296m), while EBITDA margin minus 1.3% (up 5.0% points). Compared with assumptions of FY12/2020 Company forecasts, sales are rather worse but EBITDA rather better, according to the Company.



Source: Company Data, WRJ Calculation

EBITDA, which the Company cites as the key management indicator, saw net increases by ¥137m over the same period of the previous year. Expect NewsPicks Business currently suffering from increased burden from frontloaded investment in line with frontloaded hiring, all the business segments, i.e., SPEEDA Business, Quartz Business and Other Business saw some improvements in EBITDA. From Q1 FY12/2020, the Company has classified Corporate Cost into Direct Cost and Indirect Cost and has begun disclosing information for all those business segments more appropriate than before. The above EBITDA trends over the same period of the previous year are based on retroactively adjusted figures.

In SPEEDA Business (B2B business intelligence platform services), MRR (Monthly Recurring Revenue: consistent billing revenue on a monthly basis) is trending steadily and sales increased by 24.2% over the same period of the previous year. MRR came in at ¥420m in March 2020. Sales in this business segment are roughly equal to the aggregate of MRR during the specified period and it appears that MRR is increasing in line with the rate of increases in sales. Meanwhile, the Company has acquired Mimir, Inc. in order to get at an evolution for this business intelligence platform by adding human expertise. This is expected to realize by means of integrating Mimir's expert research services with SPEEDA. The Company is looking to further differentiation with this and trying to further enhance MRR over the long term.

In NewsPicks Business (B2C social business media services in Japan), sales also increased fast, i.e., by 24.5%. It appears that both advertising revenue and billing revenue or the two mainstay constituents of sales are doing well and sales of books, etc. are also trending strongly. Billing revenue comes from MRR of NewsPicks and is now entering a new growth phase, having had corrected for some time, according to the Company. MRR came in at ¥184m in March 2020, while the Company is currently going for a surge in Q2.

In Quartz Business (B2C social business media for ex-Japan, mainly, the United States), sales came down by 54.1% over the same period of the previous year in line with plummeting advertising revenue, currently accounting for the bulk of sales as a whole in this business segment. Still, it should be noted that the Company is seeing a steady takeoff for its new billing operations. MRR here came in at ¥12m in March 2020.

In Other Business, sales increased by 101.9%, to which FORCAS (B2B marketing platform services), accounting for the majority of sales in this business segment, has contributed significantly.

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 advertising business due to changes in the business environment, the impacts of the suspension of operations in China in SPEEDA Business due to the spread of coronavirus infections 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	Q1 to Q4	Net Chg.
	12/2019	12/2019	12/2019	12/2019	12/2020	12/2020	12/2020	12/2020	12/2020	
Sales	2,847	5,665	8,473	12,521	3,171	-	-	-	-	+324
Cost of Sales	1,216	2,495	3,695	5,321	1,549	-	-	-	-	+333
Gross Profit	1,630	3,170	4,777	7,200	1,621	-	-	-	-	(9)
SG&A Expenses	2,010	4,101	6,214	8,437	1,885	-	-	-	-	(125)
Operating Profit	(380)	(931)	(1,436)	(1,236)	(263)	-	-	-	-	+117
Non Operating Balance	(15)	(76)	(122)	(193)	(54)	-	-	-	-	(39)
Recurring Profit	(395)	(1,007)	(1,558)	(1,429)	(317)	-	-	-	-	+78
Extraordinary Balance	311	311	311	299	0	-	-	-	-	(311)
Profit before Income Taxes	(84)	(696)	(1,247)	(1,130)	(317)	-	-	-	-	(233)
Total Income Taxes	247	345	447	619	185	-	-	-	-	(62)
NP Belonging to Non-Controlling SHs	(34)	(76)	(124)	(130)	(29)	-	-	-	-	+5
Profit Attributable to Owners of Parent	(296)	(965)	(1,571)	(1,620)	(473)	-	-	-	-	(177)
Sales YoY	+91.3%	+84.6%	+56.0%	+34.1%	+11.4%	-	-	-	-	-
Operating Profit YoY	-	-	-	-	-	-	-	-	-	-
Recurring Profit YoY	-	-	-	-	-	-	-	-	-	-
Profit Attributable to Owners of Parent YoY	-	-	-	-	-	-	-	-	-	-
Gross Profit Margin	57.3%	56.0%	56.4%	57.5%	51.1%	-	-	-	-	(6.1%)
Sales to SG&A Expenses Ratio	70.6%	72.4%	73.3%	67.4%	59.4%	-	-	-	-	(11.2%)
Operating Profit Margin	(13.3%)	(16.4%)	(16.9%)	(9.9%)	(8.3%)	-	-	-	-	+5.1%
Recurring Profit Margin	(13.9%)	(17.8%)	(18.4%)	(11.4%)	(10.0%)	-	-	-	-	+3.9%
Profit Attributable to Owners of Parent Margin	(10.4%)	(17.0%)	(18.5%)	(12.9%)	(14.9%)	-	-	-	-	(4.5%)
Tax Charges etc./Pretax Profit	-	-	-	-	-	-	-	-	-	-
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.
	12/2019	12/2019	12/2019	12/2019	12/2020	12/2020	12/2020	12/2020	12/2020	
Sales	2,847	2,818	2,808	4,048	3,171	-	-	-	-	+324
Cost of Sales	1,216	1,279	1,200	1,626	1,549	-	-	-	-	+333
Gross Profit	1,630	1,540	1,607	2,423	1,621	-	-	-	-	(9)
SG&A Expenses	2,010	2,091	2,113	2,223	1,885	-	-	-	-	(125)
Operating Profit	(380)	(551)	(505)	200	(263)	-	-	-	-	+117
Non Operating Balance	(15)	(61)	(46)	(71)	(54)	-	-	-	-	(39)
Recurring Profit	(395)	(612)	(551)	129	(317)	-	-	-	-	+78
Extraordinary Balance	311	0	0	(12)	0	-	-	-	-	(311)
Profit before Income Taxes	(84)	(612)	(551)	117	(317)	-	-	-	-	(233)
Total Income Taxes	247	98	102	172	185	-	-	-	-	(62)
NP Belonging to Non-Controlling SHs	(34)	(42)	(48)	(6)	(29)	-	-	-	-	+5
Profit Attributable to Owners of Parent	(296)	(669)	(606)	(49)	(473)	-	-	-	-	(177)
Sales YoY	+91.3%	+78.3%	+18.8%	+3.6%	+11.4%	-	-	-	-	-
Operating Profit YoY	-	-	-	(72.4%)	-	-	-	-	-	-
Recurring Profit YoY	-	-	-	(80.9%)	-	-	-	-	-	-
Profit Attributable to Owners of Parent YoY	-	-	-	-	-	-	-	-	-	-
Gross Profit Margin	57.3%	54.6%	57.2%	59.9%	51.1%	-	-	-	-	(6.1%)
Sales to SG&A Expenses Ratio	70.6%	74.2%	75.2%	54.9%	59.4%	-	-	-	-	(11.2%)
Operating Profit Margin	(13.3%)	(19.6%)	(18.0%)	4.9%	(8.3%)	-	-	-	-	+5.1%
Recurring Profit Margin	(13.9%)	(21.7%)	(19.6%)	3.2%	(10.0%)	-	-	-	-	+3.9%
Profit Attributable to Owners of Parent Margin	(10.4%)	(23.7%)	(21.6%)	(1.2%)	(14.9%)	-	-	-	-	(4.5%)
Tax Charges etc./Pretax Profit	-	-	-	147.0%	-	-	-	-	-	-

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 12/2019	Q1 to Q2 12/2019	Q1 to Q3 12/2019	Q1 to Q4 12/2019	Q1 12/2020	Q1 to Q2 12/2020	Q1 to Q3 12/2020	Q1 to Q4 12/2020		
SPEEDA Business	1,037	2,142	3,304	4,530	1,288	-	-	-	-	+251
NewsPicks Business	1,017	1,885	2,758	4,177	1,266	-	-	-	-	+249
Quartz Business	629	1,276	1,814	2,942	289	-	-	-	-	(340)
Other Business	162	360	596	870	327	-	-	-	-	+165
Sales	2,847	5,665	8,473	12,521	3,171	-	-	-	-	+324
SPEEDA Business	459	696	1,031	1,295	580	-	-	-	-	+121
NewsPicks Business	218	157	121	342	168	-	-	-	-	(50)
Quartz Business	(892)	(1,726)	(2,488)	(2,721)	(833)	-	-	-	-	+59
Other Business	(19)	(56)	(94)	(146)	18	-	-	-	-	+37
Segment Profit	(234)	(929)	(1,430)	(1,229)	(67)	-	-	-	-	+167
Elimination	(145)	(1)	(5)	(6)	(196)	-	-	-	-	(51)
Operating Profit	(380)	(931)	(1,436)	(1,236)	(263)	-	-	-	-	+117
SPEEDA Business	44.3%	32.5%	31.2%	28.6%	45.0%	-	-	-	-	+0.8%
NewsPicks Business	21.4%	8.3%	4.4%	8.2%	13.3%	-	-	-	-	(8.2%)
Quartz Business	(141.8%)	(135.3%)	(137.2%)	(92.5%)	(288.2%)	-	-	-	-	(146.4%)
Other Business	(11.7%)	(15.6%)	(15.8%)	(16.8%)	5.5%	-	-	-	-	+17.2%
Operating Profit	(13.3%)	(16.4%)	(16.9%)	(9.9%)	(8.3%)	-	-	-	-	+5.1%

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 12/2019	Q2 12/2019	Q3 12/2019	Q4 12/2019	Q1 12/2020	Q2 12/2020	Q3 12/2020	Q4 12/2020		
SPEEDA Business	1,037	1,105	1,162	1,226	1,288	-	-	-	-	+251
NewsPicks Business	1,017	868	873	1,419	1,266	-	-	-	-	+249
Quartz Business	629	647	538	1,128	289	-	-	-	-	(340)
Other Business	162	198	236	274	327	-	-	-	-	+165
Sales	2,847	2,818	2,808	4,048	3,171	-	-	-	-	+324
SPEEDA Business	459	237	335	264	580	-	-	-	-	+121
NewsPicks Business	218	(61)	(36)	221	168	-	-	-	-	(50)
Quartz Business	(892)	(834)	(762)	(233)	(833)	-	-	-	-	+59
Other Business	(19)	(37)	(38)	(52)	18	-	-	-	-	+37
Segment Profit	(234)	(695)	(501)	201	(67)	-	-	-	-	+167
Elimination	(145)	144	(4)	(1)	(196)	-	-	-	-	(51)
Operating Profit	(380)	(551)	(505)	200	(263)	-	-	-	-	+117
SPEEDA Business	44.3%	21.4%	28.8%	21.5%	45.0%	-	-	-	-	+0.8%
NewsPicks Business	21.4%	(7.0%)	(4.1%)	15.6%	13.3%	-	-	-	-	(8.2%)
Quartz Business	(141.8%)	(128.9%)	(141.6%)	(20.7%)	(288.2%)	-	-	-	-	(146.4%)
Other Business	(11.7%)	(18.7%)	(16.1%)	(19.0%)	5.5%	-	-	-	-	+17.2%
Operating Profit	(13.3%)	(19.6%)	(18.0%)	4.9%	(8.3%)	-	-	-	-	+5.1%

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 12/2019	Q2 12/2019	Q3 12/2019	Q4 12/2019	Q1 12/2020	Q2 12/2020	Q3 12/2020	Q4 12/2020		
Cash and Deposit	5,512	6,929	6,259	7,954	7,331	-	-	-	-	+1,819
Accounts Receivables	1,804	1,248	1,285	1,916	1,518	-	-	-	-	(286)
Other	384	307	301	354	390	-	-	-	-	+6
Current Assets	7,700	8,484	7,845	10,224	9,239	-	-	-	-	+1,539
Tangible Assets	406	378	363	344	522	-	-	-	-	+116
Intangible Assets	9,103	8,685	8,618	9,001	8,807	-	-	-	-	(296)
Investments and Other Assets	572	744	1,005	1,388	1,370	-	-	-	-	+798
Fixed Assets	10,082	9,809	9,988	10,733	10,700	-	-	-	-	+618
Total Assets	17,783	18,293	17,833	20,958	19,940	-	-	-	-	+2,157
Accounts Payables	215	203	190	319	250	-	-	-	-	+35
Corporate Bond (Less than 1 year)	102	102	102	102	102	-	-	-	-	0
Short-Term Debt	607	679	820	1,123	1,408	-	-	-	-	+801
Other	2,424	2,754	2,897	3,587	3,175	-	-	-	-	+751
Current Liabilities	3,348	3,738	4,009	5,131	4,935	-	-	-	-	+1,587
Corporate Bond	348	327	297	276	246	-	-	-	-	(102)
Long-Term Debt	8,337	9,116	8,828	8,378	7,929	-	-	-	-	(408)
Other	41	41	41	41	41	-	-	-	-	0
Fixed Liabilities	8,726	9,484	9,166	8,695	8,216	-	-	-	-	(510)
Total Liabilities	12,075	13,223	13,175	13,826	13,151	-	-	-	-	+1,076
Shareholders' Equity	4,776	4,374	3,778	6,118	5,663	-	-	-	-	+887
Other	931	696	880	1,013	1,125	-	-	-	-	+194
Net Assets	5,707	5,070	4,658	7,131	6,788	-	-	-	-	+1,081
Total Liabilities and Net Assets	17,783	18,293	17,833	20,958	19,940	-	-	-	-	+2,157
Equity Capital	4,695	3,973	3,391	5,871	5,349	-	-	-	-	+654
Interest Bearing Debt	9,394	10,224	10,047	9,879	9,685	-	-	-	-	+291
Net Debt	3,882	3,295	3,788	1,925	2,354	-	-	-	-	(1,528)
Capital Ratio	26.4%	21.7%	19.0%	28.0%	26.8%	-	-	-	-	-
Net Debt Equity Ratio	82.7%	82.9%	111.7%	32.8%	44.0%	-	-	-	-	-
ROE (12 months)	6.0%	(14.3%)	(9.6%)	(29.1%)	(35.8%)	-	-	-	-	-
ROA (12 months)	(0.2%)	(5.3%)	(5.1%)	(7.2%)	(7.2%)	-	-	-	-	-
Quick Ratio	219%	219%	188%	192%	179%	-	-	-	-	-
Current Ratio	230%	227%	196%	199%	187%	-	-	-	-	-

Source: Company Data, WRJ Calculation

7

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 12/2019	Q1 to Q2 12/2019	Q1 to Q3 12/2019	Q1 to Q4 12/2019	Q1 12/2020	Q1 to Q2 12/2020	Q1 to Q3 12/2020	Q1 to Q4 12/2020		
Operating Cash Flow	-	358	-	60	-	-	-	-	-	-
Investing Cash Flow	-	(258)	-	(851)	-	-	-	-	-	-
Operating CF and Investing CF	-	100	-	(791)	-	-	-	-	-	-
Financing Cash Flow	-	1,390	-	3,282	-	-	-	-	-	-

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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