

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		13,000	400	(410)	(840)	(6,890)	(202.11)	0.00	-
FY12/2019		YoY	34.1%	-	-	-	-	-	-
FY12/2020CoE		YoY	3.8%	-	-	-	-	-	-
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 FY12/2019		8,473	(832)	(1,436)	(1,558)	(1,571)	-	-	-
Q1 to Q3 FY12/2020		9,938	395	(309)	(488)	(6,063)	-	-	-
Q1 to Q3 FY12/2019		YoY	56.0%	-	-	-	-	-	-
Q1 to Q3 FY12/2020		YoY	17.3%	-	-	-	-	-	-

Source: Company Data, WRJ Calculation)

1.0 Results Update (16 November 2020)

ARR of ¥10,000m in Scale

On 12 November 2020, UZABASE, which has a mission of "we guide business people to insights that change the world", released its Q1 to Q3 FY12/2020 results. It has been revealed that ARR as a whole for the Company has reached ¥10,000m in scale and that the Company implements the policy to pursue long-term growth as a player of SaaS by means of concentrating management resources upon further expansion of ARR driven by pullout from loss-making operations. On the Quartz Business side, which was created in Q3 FY12/2018 in line with the acquisition of Quartz Media in the United States, the Company tried to maintain advertising business and launch business of continued billing. With respect to continued billing in the United States, the Company saw steady launch, but the local advertising market has deteriorated considerably due to the impacts stemming from COVID-19 and made it difficult for the Company to "achieve profitability in three years", the target set at the time of the acquisition. Meanwhile, it has become clear that the degree of reliance on the external environment for advertising business in the United States is inevitably large, so it was judged that the value of concentrating management resources was not found even from a long-term perspective. As a consequence, the Company decided to pull out of Quartz Business. We are to interview with management through a web conference to gain a more detailed picture. so that we should be able to update [UZABASE \(3966\) Arrival of Turning Point \(18 September 2020\)](#) and release anew.

IR Representative: Daisuke Chiba, Executive Officer, CFO (81-(0)3 4533 1999 / ir@uzabase.com)

2.0 Company Profile

We Guide Business People to Insights that Change the World

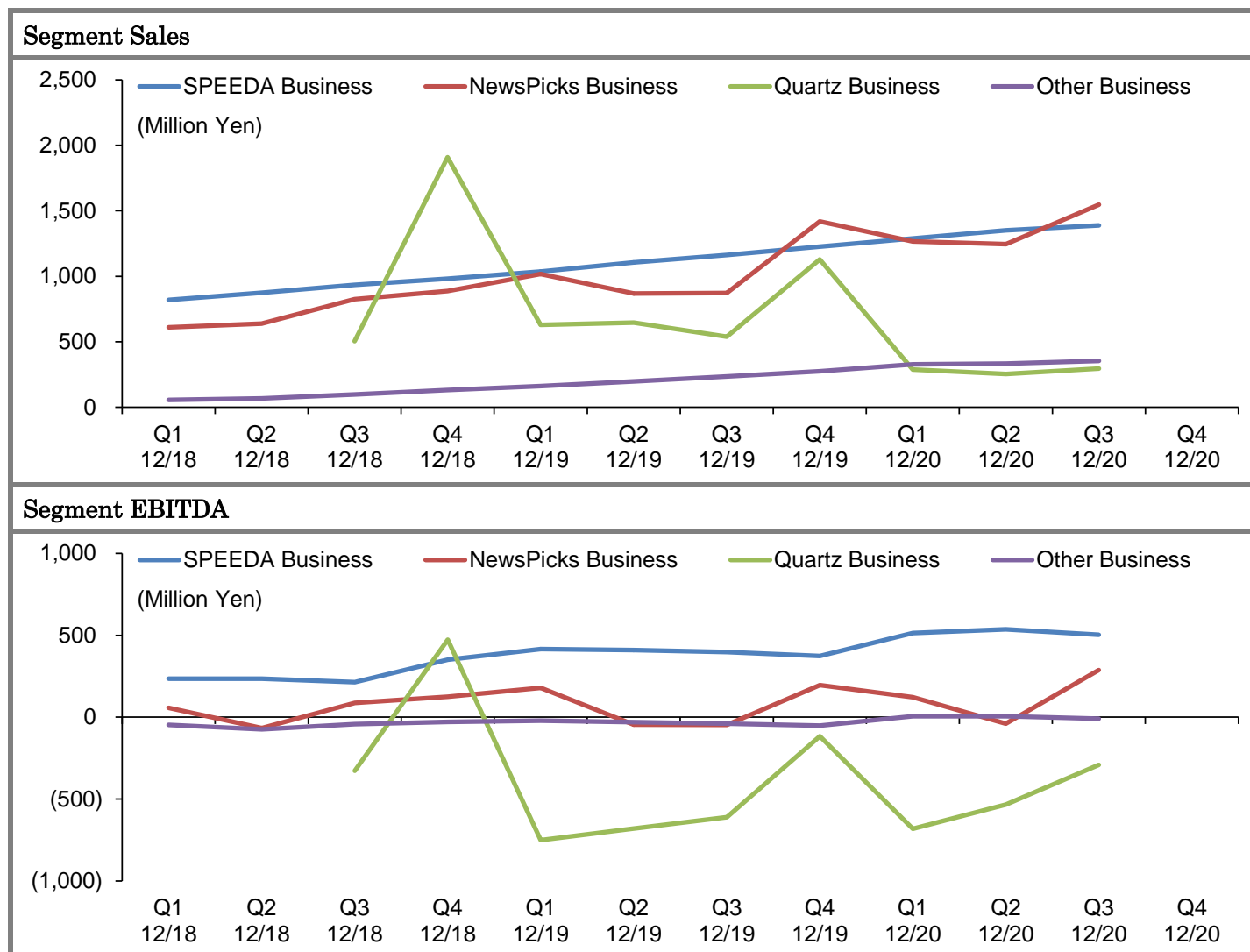
Company Name	Uzabase, Inc. Company Website IR Information Share price (Japanese)	UZABASE
Established	1 April 2008	
Listing	21 October 2016: Tokyo Stock Exchange Mothers (ticker: 3966)	
Capital	¥7,154m (as of the end of September 2020)	
No. of Shares	36,422,418 shares, including 258 treasury shares (as of the end of September 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 you can make the right decisions at the right time● Unleashing your 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 21.4%, Yusuke Umeda 17.9%, Yusuke Inagaki 7.4%, SSBTC Client Omnibus Account 4.4% (as of the end of June 2020, but for 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 to Q3 FY12/2020 Results

In Q1 to Q3 FY12/2020, sales came in at ¥9,938m (up 17.3% YoY), EBITDA ¥395m (versus minus ¥832m during the same period of the previous year), operating profit minus ¥309m (minus ¥1,436m), recurring profit minus ¥488m (minus ¥1,558m) and profit attributable to owners of parent minus ¥6,063m (minus ¥1,571m), while EBITDA margin 4.0% (up 13.7% points).



Source: Company Data, WRJ Calculation

SPEEDA Business (B2B business intelligence platform service mainly in Japan)

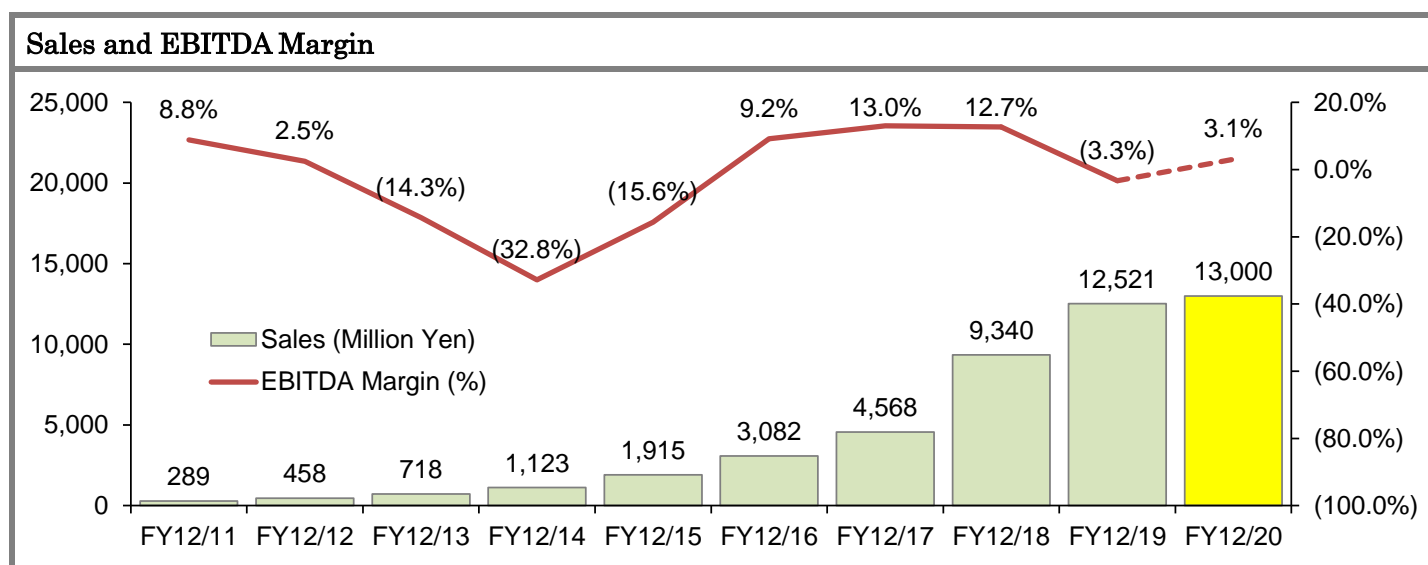
Sales came in at ¥4,026m (up 21.9%), EBITDA ¥1,552m (up 26.8%) and EBITDA margin 38.5% (up 1.5% points). Continued billing revenue, accounting for the majority of sales, has generally persisted to trend steadily and thus steady increase in sales and high level of EBITDA margin have also persisted. Meanwhile, for FY12/2021, the Company is to increase sales through measures to raise ARPU (Average Revenue Per User) over the long term. This measure refers to the introduction of an additional service called "FLASH Opinion", with which the provision of "knowledge of global experts" to SPEEDA users has begun this fall and additional charges are incurred for the use of this service. Still, as the Company will see some burden of investment from here, EBITDA margin will be rather under pressure, albeit not much, for FY12/2021.

NewsPicks Business (B2C social business media service in Japan)

Sales came in at ¥4,057m (up 47.1%), EBITDA ¥369m (up 329.1%) and EBITDA margin 9.1% (up 6.0% points). Continued billing revenue rose almost 50% over the same period of the previous year, while the Company suggests a high potential to further rise in the future, for example, in light of the number of subscribers to the digital version of the Nihon Keizai Shimbun, etc. With respect another business pillar for this business segment, i.e., advertising revenue, the Company has been seeing firm demand backed by the overwhelming media power as much as having renewed record high in Q3.

FY12/2020 Company Forecasts

FY12/2020 Company forecasts (announced on 9 November 2020) are going for prospective sales of ¥13,000m (up 3.8% YoY), EBITDA of ¥400m (versus minus ¥411m in the previous year), operating profit of minus ¥410m (minus ¥1,236m), recurring profit of minus ¥840m (minus ¥1,429m) and profit attributable to owners of parent of minus ¥6,890m (minus ¥1,620m), while EBITDA margin of 3.1% (up 6.4% points).



Source: Company Data, WRJ Calculation

The Company has announced that it will book extraordinary loss of ¥8,850m in FY12/2020, stemming from the pullout from Quartz Business. On top of having booked impairment loss of ¥7,827m on goodwill and other assets related to Quartz Media (Quartz Media, Inc.) in Q3, the Company is to suffer from loss on sales of shares in subsidiaries of ¥1,023m in Q4. Meanwhile, Company forecasts assume income taxes-deferred of minus ¥3,040m, stemming from here.

Quartz Media will be no longer included in the scope of consolidation from November 2020, which will make the Company no longer bear amortization cost of goodwill as much as some ¥600m per year. As a result, the Company will see improved earnings at the operating level to this extent in FY12/2021 over FY12/2020.

As of September 2020, the Company saw MRR (Monthly Recurring Revenue, excluding one-time sales like those of collecting initialization costs, etc.) as much as ¥821m, mainly comprising that of SPEEDA Business and NewsPicks Businesses. In Q3, MRR accounted for 68% of sales as a whole for the Company, while having shown the rate of increase by more than 30%, according to the Company. In terms of ARR (Annual Recurring Revenue: 12 times the MRR), the amount equates to ¥9,855m.

In FY12/2021 and beyond, the Company will no longer see loss from Quartz Business, while contribution from continued billing to earnings will further increase, which is expected to realize consistently steady growth for the Company's performance. At present, if Quartz Business is excluded, the Company's exposure to continued billing as a whole for the Company is some 73% in terms of sales, implying that the Company's coloring as a player of SaaS is increasing more than in the past.

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.
	12/2019	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	6,354	9,938	-	-	+1,465
Cost of Sales	1,216	2,495	3,695	5,321	1,549	3,127	4,629	-	-	+934
Gross Profit	1,630	3,170	4,777	7,200	1,621	3,226	5,308	-	-	+531
SG&A Expenses	2,010	4,101	6,214	8,437	1,885	3,778	5,618	-	-	(596)
Operating Profit	(380)	(931)	(1,436)	(1,236)	(263)	(551)	(309)	-	-	+1,127
Non Operating Balance	(15)	(76)	(122)	(193)	(54)	(114)	(179)	-	-	(57)
Recurring Profit	(395)	(1,007)	(1,558)	(1,429)	(317)	(665)	(488)	-	-	+1,070
Extraordinary Balance	311	311	311	299	-	(179)	(8,005)	-	-	(8,316)
Profit before Income Taxes	(84)	(696)	(1,247)	(1,130)	(317)	(844)	(8,493)	-	-	(7,246)
Total Income Taxes	247	345	447	619	185	317	(2,367)	-	-	(2,814)
NP Belonging to Non-Controlling SHs	(34)	(76)	(124)	(130)	(29)	(50)	(63)	-	-	+61
Profit Attributable to Owners of Parent	(296)	(965)	(1,571)	(1,620)	(473)	(1,110)	(6,063)	-	-	(4,492)
Sales YoY	+91.3%	+84.6%	+56.0%	+34.1%	+11.4%	+12.2%	+17.3%	-	-	-
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%	50.8%	53.4%	-	-	(3.0%)
Sales to SG&A Expenses Ratio	70.6%	72.4%	73.3%	67.4%	59.4%	59.5%	56.5%	-	-	(16.8%)
Operating Profit Margin	(13.3%)	(16.4%)	(16.9%)	(9.9%)	(8.3%)	(8.7%)	(3.1%)	-	-	+13.8%
Recurring Profit Margin	(13.9%)	(17.8%)	(18.4%)	(11.4%)	(10.0%)	(10.5%)	(4.9%)	-	-	+13.5%
Profit Attributable to Owners of Parent Margin	(10.4%)	(17.0%)	(18.5%)	(12.9%)	(14.9%)	(17.5%)	(61.0%)	-	-	(42.5%)
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		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	3,183	3,584	-	-	+776
Cost of Sales	1,216	1,279	1,200	1,626	1,549	1,578	1,502	-	-	+302
Gross Profit	1,630	1,540	1,607	2,423	1,621	1,605	2,082	-	-	+475
SG&A Expenses	2,010	2,091	2,113	2,223	1,885	1,893	1,840	-	-	(273)
Operating Profit	(380)	(551)	(505)	200	(263)	(288)	242	-	-	+747
Non Operating Balance	(15)	(61)	(46)	(71)	(54)	(60)	(65)	-	-	(19)
Recurring Profit	(395)	(612)	(551)	129	(317)	(348)	177	-	-	+728
Extraordinary Balance	311	-	-	(12)	-	(179)	(7,826)	-	-	(7,826)
Profit before Income Taxes	(84)	(612)	(551)	117	(317)	(527)	(7,649)	-	-	(7,098)
Total Income Taxes	247	98	102	172	185	132	(2,684)	-	-	(2,786)
NP Belonging to Non-Controlling SHs	(34)	(42)	(48)	(6)	(29)	(21)	(13)	-	-	+35
Profit Attributable to Owners of Parent	(296)	(669)	(606)	(49)	(473)	(637)	(4,953)	-	-	(4,347)
Sales YoY	+91.3%	+78.3%	+18.8%	+3.6%	+11.4%	+13.0%	+27.6%	-	-	-
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%	50.4%	58.1%	-	-	+0.9%
Sales to SG&A Expenses Ratio	70.6%	74.2%	75.2%	54.9%	59.4%	59.5%	51.3%	-	-	(23.9%)
Operating Profit Margin	(13.3%)	(19.6%)	(18.0%)	4.9%	(8.3%)	(9.0%)	6.8%	-	-	+24.7%
Recurring Profit Margin	(13.9%)	(21.7%)	(19.6%)	3.2%	(10.0%)	(10.9%)	4.9%	-	-	+24.6%
Profit Attributable to Owners of Parent Margin	(10.4%)	(23.7%)	(21.6%)	(1.2%)	(14.9%)	(20.0%)	(138.2%)	-	-	(116.6%)
Tax Charges etc./Pretax Profit	-	-	-	147.0%	-	-	-	-	-	-

Source: Company Data, WRJ Calculation

Segmented Information (Cumulative/Quarterly)

Segmented Information	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	Cons.Act Q1 12/2020	Cons.Act Q1 to Q2 12/2020	Cons.Act Q1 to Q3 12/2020	Cons.Act Q1 to Q4 12/2020	YoY Net Chg.
SPEEDA Business	1,037	2,142	3,304	4,530	1,288	2,638	4,026	-	+722
NewsPicks Business	1,017	1,885	2,758	4,177	1,266	2,511	4,057	-	+1,299
Quartz Business	629	1,276	1,814	2,942	289	544	840	-	(974)
Other Business	162	360	596	870	327	660	1,014	-	+418
Other	-	-	-	-	-	-	-	-	-
Sales	2,847	5,665	8,473	12,521	3,171	6,354	9,938	-	+1,465
SPEEDA Business	416	826	1,224	1,597	513	1,049	1,552	-	+328
NewsPicks Business	179	133	86	282	121	82	369	-	+283
Quartz Business	(752)	(1,433)	(2,044)	(2,160)	(682)	(1,216)	(1,507)	-	+537
Other Business	(22)	(53)	(92)	(144)	5	11	1	-	+93
Other	-	-	-	-	-	(32)	(21)	-	(21)
Reconciliations	-	(1)	-	-	-	-	-	-	-
EBITDA	(179)	(528)	(823)	(411)	(42)	(104)	395	-	+1,218
SPEEDA Business	40.1%	38.4%	37.0%	35.3%	39.8%	39.7%	38.5%	-	+1.5%
NewsPicks Business	17.6%	7.1%	3.1%	6.8%	9.6%	3.6%	9.1%	-	+6.0%
Quartz Business	(119.6%)	(112.3%)	(112.7%)	(73.4%)	(236.0%)	(223.5%)	(179.4%)	-	(66.7%)
Other Business	(13.6%)	(14.7%)	(15.4%)	(16.6%)	1.5%	1.7%	0.1%	-	+15.5%
Other	-	-	-	-	-	-	-	-	-
EBITDA Margin	(6.3%)	(9.3%)	(9.7%)	(3.3%)	(1.3%)	(1.6%)	4.0%	-	+13.7%

Segmented Information	Cons.Act Q1 12/2019	Cons.Act Q2 12/2019	Cons.Act Q3 12/2019	Cons.Act Q4 12/2019	Cons.Act Q1 12/2020	Cons.Act Q2 12/2020	Cons.Act Q3 12/2020	Cons.Act Q4 12/2020	YoY Net Chg.
SPEEDA Business	1,037	1,105	1,162	1,226	1,288	1,350	1,388	-	+226
NewsPicks Business	1,017	868	873	1,419	1,266	1,245	1,546	-	+673
Quartz Business	629	647	538	1,128	289	255	296	-	(242)
Other Business	162	198	236	274	327	333	354	-	+118
Other	-	-	-	-	-	-	-	-	-
Sales	2,847	2,818	2,808	4,048	3,171	3,183	3,584	-	+776
SPEEDA Business	416	410	398	373	513	536	503	-	+105
NewsPicks Business	179	(46)	(47)	196	121	(39)	287	-	+334
Quartz Business	(752)	(681)	(611)	(116)	(682)	(534)	(291)	-	+320
Other Business	(22)	(31)	(39)	(52)	5	6	(10)	-	+29
Other	-	-	-	-	-	(32)	11	-	+11
Reconciliations	-	(1)	-	-	-	-	-	-	-
EBITDA	(179)	(349)	(295)	412	(42)	(62)	499	-	+794
SPEEDA Business	40.1%	37.1%	34.3%	30.4%	39.8%	39.7%	36.2%	-	+2.0%
NewsPicks Business	17.6%	(5.3%)	(5.4%)	13.8%	9.6%	(3.1%)	18.6%	-	+23.9%
Quartz Business	(119.6%)	(105.3%)	(113.6%)	(10.3%)	(236.0%)	(209.4%)	(98.3%)	-	+15.3%
Other Business	(13.6%)	(15.7%)	(16.5%)	(19.0%)	1.5%	1.8%	(2.8%)	-	+13.7%
Other	-	-	-	-	-	-	-	-	-
EBITDA Margin	(6.3%)	(12.4%)	(10.5%)	10.2%	(1.3%)	(1.9%)	13.9%	-	+24.4%

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	7,983	10,334	-	-	+4,075
Accounts Receivables	1,804	1,248	1,285	1,916	1,518	1,294	1,121	-	-	(164)
Other	384	307	301	354	390	362	380	-	-	+79
Current Assets	7,700	8,484	7,845	10,224	9,239	9,639	11,835	-	-	+3,990
Tangible Assets	406	378	363	344	522	701	595	-	-	+232
Intangible Assets	9,103	8,685	8,618	9,001	8,807	9,028	1,184	-	-	(7,434)
Investments and Other Assets	572	744	1,005	1,388	1,370	1,714	4,824	-	-	+3,819
Fixed Assets	10,082	9,809	9,988	10,733	10,700	11,444	6,603	-	-	(3,385)
Deferred Assets	-	-	-	-	-	-	96	-	-	+96
Total Assets	17,783	18,293	17,833	20,958	19,940	21,083	18,536	-	-	+703
Accounts Payables	215	203	190	319	250	237	223	-	-	+33
Corporate Bond (Less than 1 year)	102	102	102	102	102	102	102	-	-	0
Short-Term Debt	607	679	820	1,123	1,408	1,636	1,734	-	-	+914
Other	2,424	2,754	2,897	3,587	3,175	4,241	3,787	-	-	+890
Current Liabilities	3,348	3,738	4,009	5,131	4,935	6,216	5,846	-	-	+1,837
Corporate Bond	348	327	297	276	246	225	195	-	-	(102)
Long-Term Debt	8,337	9,116	8,828	8,378	7,929	7,480	5,104	-	-	(3,724)
Other	41	41	41	41	41	126	126	-	-	+85
Fixed Liabilities	8,726	9,484	9,166	8,695	8,216	7,831	5,425	-	-	(3,741)
Total Liabilities	12,075	13,223	13,175	13,826	13,151	14,048	11,271	-	-	(1,904)
Shareholders' Equity	4,776	4,374	3,778	6,118	5,663	6,026	6,173	-	-	+2,395
Other	931	696	880	1,013	1,125	1,009	1,091	-	-	+211
Net Assets	5,707	5,070	4,658	7,131	6,788	7,035	7,264	-	-	+2,606
Total Liabilities and Net Assets	17,783	18,293	17,833	20,958	19,940	21,083	18,536	-	-	+703
Equity Capital	4,695	3,973	3,391	5,871	5,349	5,613	5,855	-	-	+2,464
Interest Bearing Debt	9,394	10,224	10,047	9,879	9,685	9,443	7,135	-	-	(2,912)
Net Debt	3,882	3,295	3,788	1,925	2,354	1,460	(3,199)	-	-	(6,987)
Capital Ratio	26.4%	21.7%	19.0%	28.0%	26.8%	26.6%	31.6%	-	-	-
Net Debt Equity Ratio	82.7%	82.9%	111.7%	32.8%	44.0%	26.0%	(54.6%)	-	-	-
ROE (12 months)	6.0%	(14.3%)	(9.6%)	(29.1%)	(35.8%)	(36.8%)	(132.2%)	-	-	-
ROA (12 months)	(0.2%)	(5.3%)	(5.1%)	(7.2%)	(7.2%)	(5.5%)	(2.0%)	-	-	-
Quick Ratio	219%	219%	188%	192%	179%	149%	196%	-	-	-
Current Ratio	230%	227%	196%	199%	187%	155%	202%	-	-	-

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 12/2019	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	-	265	-	-	-	-
Investing Cash Flow	-	(258)	-	(851)	-	(931)	-	-	-	-
Operating CF and Investing CF	-	100	-	(791)	-	(666)	-	-	-	-
Financing Cash Flow	-	1,390	-	3,282	-	722	-	-	-	-

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.

Company name: Walden Research Japan Incorporated

Head office: Level 4 Ginza Ishii Building, 6-14-8 Ginza Chuo-ku Tokyo 104-0061, JAPAN

URL: www.walden.co.jp

E-mail: info@walden.co.jp

Tel: 81-(0)3-3553-3769
