

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) | | | | | | | | | |
| FY12/2020 | | 13,650 | 895 | 81 | (304) | (6,491) | - | 0.00 | - |
| FY12/2021 | | 15,724 | 1,870 | 1,428 | 1,543 | 570 | - | 0.00 | - |
| FY12/2022CoE | | 18,200 | 1,000 | 300 | 400 | 500 | 13.55 | 0.00 | - |
| FY12/2021 | YoY | 15.2% | 108.9% | - | - | - | - | - | - |
| FY12/2022CoE | YoY | 15.7% | (46.6%) | (79.0%) | (74.1%) | (12.4%) | - | - | - |
| Consolidated Quarter | | Sales | EBITDA | Operating Profit | Recurring Profit | Profit At. to Owners of Parent | EPS (Yen) | DPS (Yen) | BPS (Yen) |
| (Million Yen) | | | | | | | | | |
| Q1 FY12/2022 | | 4,305 | 658 | 517 | 700 | 418 | - | - | - |
| Q2 FY12/2022 | | 4,345 | (3) | (175) | (181) | (268) | - | - | - |
| Q3 FY12/2022 | | 4,473 | 141 | (92) | (115) | 560 | - | - | - |
| Q4 FY12/2022CoE | | 5,076 | 205 | 51 | (3) | (209) | - | - | - |
| Q1 FY12/2022 | YoY | 11% | (20%) | (29%) | 5% | (12%) | - | - | - |
| Q2 FY12/2022 | YoY | 15% | - | - | - | - | - | - | - |
| Q3 FY12/2022 | YoY | 18% | (58%) | - | - | - | - | - | - |
| Q4 FY12/2022CoE | YoY | 18% | 49% | 240% | - | - | - | - | - |

Source: Company Data, WRJ Calculation

1.0 Results Update (11 November 2022)

Starting Over

On 9 November 2022, UZABASE, leveraging own data, content and knowledge as core assets, released its Q3 FY12/2022 results. It has been revealed that the Company's performance is rather below expectations due mainly to advertising revenue below expectations for NewsPicks. More importantly, it has been also revealed that the Company is now starting over for a long-term growth by means of going private with Carlyle as the partner. Carlyle has announced that it will conduct a tender offer to make the Company its wholly owned subsidiary, while the Company has expressed its support for the offer. At the same time, the Company has recommended that existing shareholders tender their shares held in the said tender offer at ¥1,500 per share. According to the Company, the delisting will enable the Company to invest in the enhancement of its economic intelligence over the long term ahead of schedule, while at the same time acquiring the expertise and operational capabilities to build a management system that combines entrepreneurship and business expansion. Further, Carlyle will be able to utilize the global management expertise and networks of its portfolio companies (such as Zoominfo and Dealogic), which is also cited as a reason for the delisting.

- Q3 FY12/2022 Results: [Presentation Slideshow](#) / [Briefing Video](#) / [Financial Results Transcript](#)
- [Announcement of Opinion Supporting the Tender Offer by THE SHAPER Co. \(9 November 2022\)](#)
- The Company's business model, etc.: [UZABASE \(3966\) CAGR of 30% \(24 January 2022\)](#)

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

2.0 Company Profile

Awaken a World of Play in Business, with Our Insights

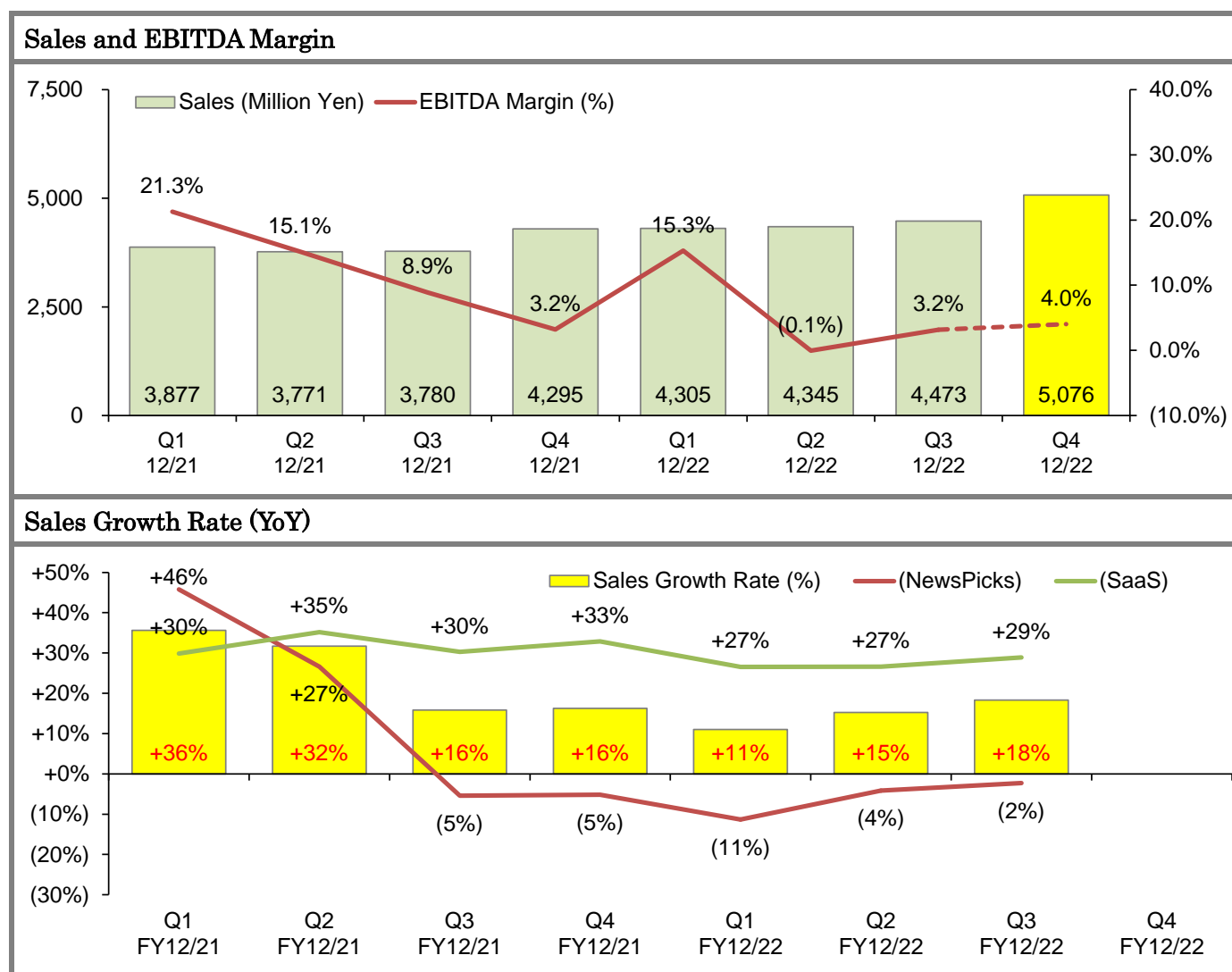
| | | |
|-------------------------|---|------------------|
| Company Name | Uzabase, Inc. Company Website IR Information Share price (Japanese) | <h1>UZABASE</h1> |
| Established | 1 April 2008 | |
| Listing | 4 April 2022: Tokyo Stock Exchange Growth Market (ticker: 3966) 21 October 2016: Tokyo Stock Exchange Mothers | |
| Capital | ¥7,210m (as of the end of September 2022) | |
| No. of Shares | 37,067,757 shares, including 304 treasury shares (as of the end of September 2022) | |
| Main Features | <ul style="list-style-type: none"> ● Leveraging own data, content and knowledge ● Business intelligence / customer strategy platforms and social business media ● Taking on the challenges of changing the world | |
| Segments | I . SaaS Business II . NewsPicks Business | |
| Representatives | Representative director and group Co-CEO / CTO: Yusuke Inagaki Representative director and group Co-CEO: Taira Sakuma | |
| Shareholders | Ryosuke Niino 16.3%, Yusuke Umeda 12.3%, Yusuke Inagaki 6.7%, PERSHING-DIV. Of DLJ SECS. CORPs 5.6%, Custody Bank of Japan, T. 5.0% (as of the end of June 2022, but for treasury shares) | |
| Head Office | Chiyoda-ku, Tokyo, JAPAN | |
| No. of Personnel | Consolidated: 779, Parent: 373 (as of the end of December 2021) | |

Source: Company Data

3.0 Recent Trading and Prospects

Q3 FY12/2022

For Q3 FY12/2022, sales came in at ¥4,473m (up 18% YoY), EBITDA ¥141m and EBITDA margin 3.2%. Meanwhile, ARR for the Company as a whole came in at ¥14,324m (up 23%). By segment, sales growth rate over the same period of the previous year has shown a gradual recovery on the SaaS Business side and thus the Company as a whole too. However, on the NewsPicks Business side, sales have been lower on a year-on-year basis for the five consecutive quarters. Sales here have been also lower than assumptions of initial Company forecasts (announced on 9 February 2022), having resulted in a downgrade for full-year Company forecasts.



Source: Company Data, WRJ Calculation

SaaS Business

Sales came in at ¥3,240m (up 29%), EBITDA ¥344m and EBITDA margin 10.6%, while ARR came in at ¥11,765m (up 29%). On the SaaS Business side, recurring revenue from the use of SaaS solutions represented by SPEEDA (a business intelligence platform provided since the Company's formation in April 2008) and FORCAS (a customer strategy platform for the B2B customers) accounts for a significant part of sales of the segment as a whole. Meanwhile, ARR (Annual Recurring Revenue) is used to imply the scale of recurring revenue here on an annual basis.

ARR for Q3 comprised ¥7,636m (up 19%) for SPEEDA, ¥2,148m (up 38%) for FORCAS, ¥1,037m (up 79%) for AlphaDrive/NewsPicks and ¥836m (up 51%) for INITIAL. The growth rate of SPEEDA, which is considered to be in the stable growth phase (estimated growth rate of 30% or less), is in line with assumptions made here, while the same is also true of AlphaDrive/NewsPicks, which is considered to be in the new business startup phase (estimated growth rate of 50% or more). Similarly, FORCAS, which is considered to be in the high-growth phase (estimated growth rate of some 40%) close to the new business startup phase, is seeing the growth rate in line with assumptions made here and the same is also true of INITIAL, which is considered to be in the high-growth phase close to the stable growth phase. Consequently, on the SaaS Business side, the Company has almost achieved the growth rate of 30%, which is advocated by the Company as the target to consistently achieve from a long-term perspective. Still, the EBITDA margin has not yet reached 15%, which is also the Company's target.

NewsPicks Business

Sales came in at ¥1,244m (down 2%) and EBITDA minus ¥188m. Meanwhile, sales comprised ¥611m (up 5%) for revenue of paid subscriptions, ¥570m (up 11%) for revenue of advertising and ¥62m (down 65%) for revenue of other operations. At the same time, paid subscriptions saw ARR of ¥2,657m (up 3%). According to the Company, the increase in the number of paying members has been limited, forcing a similar trend in ARR. Meanwhile, the rate of increase in advertising revenue has been lower than initially expected and this is the main reason for the downgrade of Company forecasts, according to the Company. The Company has cited delays in hiring personnel of sales representatives and/or those of production for advertising as a reason behind the shortfall, while also having cited lower-than-expected spend per client and a decline in the willingness in some of target clients to place advertisements due to changes in the economic climate. Meanwhile, the Company says that it has made a significant progress in hiring human resources to date. On top of this, the Company is looking to a major contribution stemming from a real event being held in November, currently going for advertising revenue for Q4 to renew record high.

FY12/2022 Company Forecasts

FY12/2022 Company forecasts (announced on 9 November 2022) are going for prospective sales of ¥18,200m (up 15.7% YoY), EBITDA of ¥1,000m (down 46.6%), operating profit of ¥300m (down 79.0%), recurring profit of ¥400m (down 74.1%) and profit attributable to owners of the parent of ¥500m (down 12.4%), while EBITDA margin of 5.5% (down 6.4% points). Compared with initial Company forecasts (going for prospective sales of ¥19,500m to ¥20,000m and EBITDA of ¥1,000m to ¥1,500m), the Company is to suffer from a shortfall of prospective sales by ¥1,300m (6.7%) versus the lower end of the range, while meeting the lower end for EBITDA. According to the Company, cost reductions on the NewsPicks Business side will be a major contributor to this.

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. |
| | 12/2021 | 12/2021 | 12/2021 | 12/2021 | 12/2022 | 12/2022 | 12/2022 | 12/2022 | | |
| Sales | 3,877 | 7,649 | 11,430 | 15,725 | 4,305 | 8,650 | 13,124 | - | - | +1,694 |
| Cost of Sales | 1,398 | 2,787 | 4,288 | 5,976 | 1,400 | 2,994 | 4,644 | - | - | +356 |
| Gross Profit | 2,479 | 4,862 | 7,142 | 9,749 | 2,904 | 5,656 | 8,479 | - | - | +1,337 |
| SG&A Expenses | 1,752 | 3,667 | 5,727 | 8,319 | 2,386 | 5,314 | 8,230 | - | - | +2,503 |
| Operating Profit | 726 | 1,194 | 1,414 | 1,429 | 517 | 342 | 249 | - | - | (1,165) |
| Non Operating Balance | (61) | (90) | (126) | (367) | 183 | 177 | 154 | - | - | +280 |
| Recurring Profit | 665 | 1,104 | 1,288 | 1,544 | 700 | 519 | 403 | - | - | (885) |
| Extraordinary Balance | - | - | (500) | - | (5) | (75) | (82) | - | - | +418 |
| Profit before Income Taxes | 665 | 1,104 | 788 | - | 695 | 444 | 321 | - | - | (467) |
| Total Income Taxes | 233 | 424 | 372 | - | 108 | 172 | (505) | - | - | (877) |
| NP Belonging to Non-Controlling SHs | (40) | (41) | (59) | - | 168 | 122 | 117 | - | - | +176 |
| Profit Attributable to Owners of Parent | 472 | 721 | 475 | 570 | 418 | 149 | 709 | - | - | +234 |
| Sales YoY | +23% | +22% | +16% | +15% | +11% | +13% | +15% | - | - | - |
| Operating Profit YoY | - | - | - | - | (29%) | (71%) | (82%) | - | - | - |
| Recurring Profit YoY | - | - | - | - | +5% | (53%) | (69%) | - | - | - |
| Profit Attributable to Owners of Parent YoY | - | - | - | - | (12%) | (79%) | +49% | - | - | - |
| Gross Profit Margin | 63.9% | 63.6% | 62.5% | 62.0% | 67.5% | 65.4% | 64.6% | - | - | +2.1% |
| Ratio of SG&A Expenses to Sales | 45.2% | 47.9% | 50.1% | 52.9% | 55.4% | 61.4% | 62.7% | - | - | +12.6% |
| Operating Profit Margin | 18.7% | 15.6% | 12.4% | 9.1% | 12.0% | 4.0% | 1.9% | - | - | (10.5%) |
| Recurring Profit Margin | 17.2% | 14.4% | 11.3% | 9.8% | 16.3% | 6.0% | 3.1% | - | - | (8.2%) |
| Profit Attributable to Owners of Parent Margin | 12.2% | 9.4% | 4.2% | 3.6% | 9.7% | 1.7% | 5.4% | - | - | +1.2% |
| Charges / Pretax Profit | 35.0% | 38.4% | 47.2% | - | 15.5% | 38.7% | - | - | - | - |

| 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 | Q4 | Net Chg. |
| | 12/2021 | 12/2021 | 12/2021 | 12/2021 | 12/2022 | 12/2022 | 12/2022 | 12/2022 | 12/2022 | |
| Sales | 3,877 | 3,772 | 3,781 | 4,295 | 4,305 | 4,345 | 4,474 | - | - | +693 |
| Cost of Sales | 1,398 | 1,389 | 1,501 | 1,688 | 1,400 | 1,594 | 1,650 | - | - | +149 |
| Gross Profit | 2,479 | 2,383 | 2,280 | 2,607 | 2,904 | 2,752 | 2,823 | - | - | +543 |
| SG&A Expenses | 1,752 | 1,915 | 2,060 | 2,592 | 2,386 | 2,928 | 2,916 | - | - | +856 |
| Operating Profit | 726 | 468 | 220 | 15 | 517 | (175) | (93) | - | - | (313) |
| Non Operating Balance | (61) | (29) | (36) | (241) | 183 | (6) | (23) | - | - | +13 |
| Recurring Profit | 665 | 439 | 184 | 256 | 700 | (181) | (116) | - | - | (300) |
| Extraordinary Balance | - | - | (500) | - | (5) | (70) | (7) | - | - | +493 |
| Profit before Income Taxes | 665 | 439 | (316) | - | 695 | (251) | (123) | - | - | +193 |
| Total Income Taxes | 233 | 191 | (52) | - | 108 | 64 | (677) | - | - | (625) |
| NP Belonging to Non-Controlling SHs | (40) | (1) | (18) | - | 168 | (46) | (5) | - | - | +13 |
| Profit Attributable to Owners of Parent | 472 | 249 | (246) | 95 | 418 | (268) | 560 | - | - | +806 |
| Sales YoY | +23% | +21% | +6% | +12% | +11% | +15% | +18% | - | - | - |
| Operating Profit YoY | - | - | (11%) | (96%) | (29%) | - | - | - | - | - |
| Recurring Profit YoY | - | - | +1% | +24% | +5% | - | - | - | - | - |
| Profit Attributable to Owners of Parent YoY | - | - | - | - | (12%) | - | - | - | - | - |
| Gross Profit Margin | 63.9% | 63.2% | 60.3% | 60.7% | 67.5% | 63.3% | 63.1% | - | - | +2.8% |
| Ratio of SG&A Expenses to Sales | 45.2% | 50.8% | 54.5% | 60.3% | 55.4% | 67.4% | 65.2% | - | - | +10.7% |
| Operating Profit Margin | 18.7% | 12.4% | 5.8% | 0.3% | 12.0% | (4.0%) | (2.1%) | - | - | (7.9%) |
| Recurring Profit Margin | 17.2% | 11.6% | 4.9% | 6.0% | 16.3% | (4.2%) | (2.6%) | - | - | (7.5%) |
| Profit Attributable to Owners of Parent Margin | 12.2% | 6.6% | (6.5%) | 2.2% | 9.7% | (6.2%) | 12.5% | - | - | +19.0% |
| Tax Charges / Pretax Profit | 35.0% | 43.5% | - | - | 15.5% | - | - | - | - | - |

Source: Company Data, WRJ Calculation

Balance Sheet (Quarterly)

| Balance Sheet | 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. |
| (Million Yen) | 12/2021 | 12/2021 | 12/2021 | 12/2021 | 12/2022 | 12/2022 | 12/2022 | 12/2022 | | |
| Cash and Deposit | - | - | - | 10,613 | 8,400 | 8,677 | 6,950 | - | - | - |
| Accounts Receivables | - | - | - | 1,147 | 1,353 | 948 | 973 | - | - | - |
| Other | - | - | - | 577 | 611 | 688 | 1,006 | - | - | - |
| Current Assets | - | - | - | 12,337 | 10,364 | 10,313 | 8,929 | - | - | - |
| Tangible Assets | - | - | - | 271 | 237 | 235 | 1,550 | - | - | - |
| Intangible Assets | - | - | - | 1,418 | 1,641 | 1,846 | 2,081 | - | - | - |
| Investments and Other Assets | - | - | - | 6,231 | 7,271 | 7,475 | 8,240 | - | - | - |
| Fixed Assets | - | - | - | 7,921 | 9,149 | 9,558 | 11,871 | - | - | - |
| Deferred Assets | - | - | - | 52 | 43 | 35 | 26 | - | - | - |
| Total Assets | - | - | - | 20,312 | 19,557 | 19,907 | 20,827 | - | - | - |
| Accounts Payables | - | - | - | 484 | 426 | 344 | 383 | - | - | - |
| Corporate Bond (less than one year) | - | - | - | 102 | 102 | 102 | 72 | - | - | - |
| Short-Term Debt | - | - | - | 1,218 | 1,128 | 1,093 | 1,158 | - | - | - |
| Other | - | - | - | 5,744 | 5,126 | 6,275 | 5,865 | - | - | - |
| Current Liabilities | - | - | - | 7,548 | 6,782 | 7,814 | 7,478 | - | - | - |
| Corporate Bond | - | - | - | 72 | 42 | 21 | 21 | - | - | - |
| Long-Term Debt | - | - | - | 2,622 | 2,349 | 2,099 | 2,249 | - | - | - |
| Other | - | - | - | 158 | 58 | 64 | 340 | - | - | - |
| Fixed Liabilities | - | - | - | 2,852 | 2,449 | 2,184 | 2,610 | - | - | - |
| Total Liabilities | - | - | - | 10,400 | 9,231 | 9,999 | 10,088 | - | - | - |
| Shareholders' Equity | - | - | - | 6,363 | 6,783 | 6,522 | 7,117 | - | - | - |
| Other | - | - | - | 3,548 | 3,543 | 3,385 | 3,621 | - | - | - |
| Net Assets | - | - | - | 9,911 | 10,326 | 9,907 | 10,738 | - | - | - |
| Total Liabilities and Net Assets | - | - | - | 20,312 | 19,557 | 19,907 | 20,827 | - | - | - |
| Equity Capital | - | - | - | 6,437 | 6,922 | 6,783 | 7,457 | - | - | - |
| Interest Bearing Debt | - | - | - | 4,014 | 3,621 | 3,315 | 3,500 | - | - | - |
| Net Debt | - | - | - | (6,599) | (4,779) | (5,362) | (3,450) | - | - | - |
| Capital Ratio | - | - | - | 31.7% | 35.4% | 34.1% | 35.8% | - | - | - |
| Net Debt Equity Ratio | - | - | - | (102.5%) | (69.0%) | (79.1%) | (46.3%) | - | - | - |
| ROE (12 months) | - | - | - | - | - | - | 11.7% | - | - | - |
| ROA (12 months) | - | - | - | - | - | - | 3.4% | - | - | - |
| Quick Ratio | - | - | - | 156% | 144% | 123% | 106% | - | - | - |
| Current Ratio | - | - | - | 163% | 153% | 132% | 119% | - | - | - |

Source: Company Data, WRJ Calculation

Cash Flow Statement (Cumulative / Quarterly)

| Cash Flow 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. |
| (Million Yen) | 12/2021 | 12/2021 | 12/2021 | 12/2021 | 12/2022 | 12/2022 | 12/2022 | 12/2022 | | |
| Operating Cash Flow | - | 2,057 | - | 2,696 | (390) | 924 | 288 | - | - | - |
| Investing Cash Flow | - | (571) | - | (1,066) | (1,231) | (1,804) | (3,129) | - | - | - |
| Operating CF and Investing CF | - | 1,486 | - | 1,630 | (1,621) | (880) | (2,841) | - | - | - |
| Financing Cash Flow | - | 171 | - | 1,404 | (632) | (1,160) | (964) | - | - | - |
| Cash Flow 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. |
| (Million Yen) | 12/2021 | 12/2021 | 12/2021 | 12/2021 | 12/2022 | 12/2022 | 12/2022 | 12/2022 | 12/2022 | Net Chg. |
| Operating Cash Flow | - | - | - | - | (390) | 1,314 | (636) | - | - | - |
| Investing Cash Flow | - | - | - | - | (1,231) | (573) | (1,325) | - | - | - |
| Operating CF and Investing CF | - | - | - | - | (1,621) | 741 | (1,961) | - | - | - |
| Financing Cash Flow | - | - | - | - | (632) | (528) | 196 | - | - | - |

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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