

UZABASE

Uzabase, Inc.

2021 3rd Quarter Financial Results Briefing

November 4, 2021

Event Summary

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[Participants]		
[Number of Speakers]	3	
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Presentation

Chiba: Thank you very much for joining us here online today.

I would like to announce the commencement of Uzabase, Inc.'s financial results briefing for Q3 2021. Your questions can be addressed using the Q&A service called Slido. So please kindly access the service and post your questions.

Now allow me to introduce the members of the management joined here online. Our Chief Executive Officer, Yusuke Inagaki.

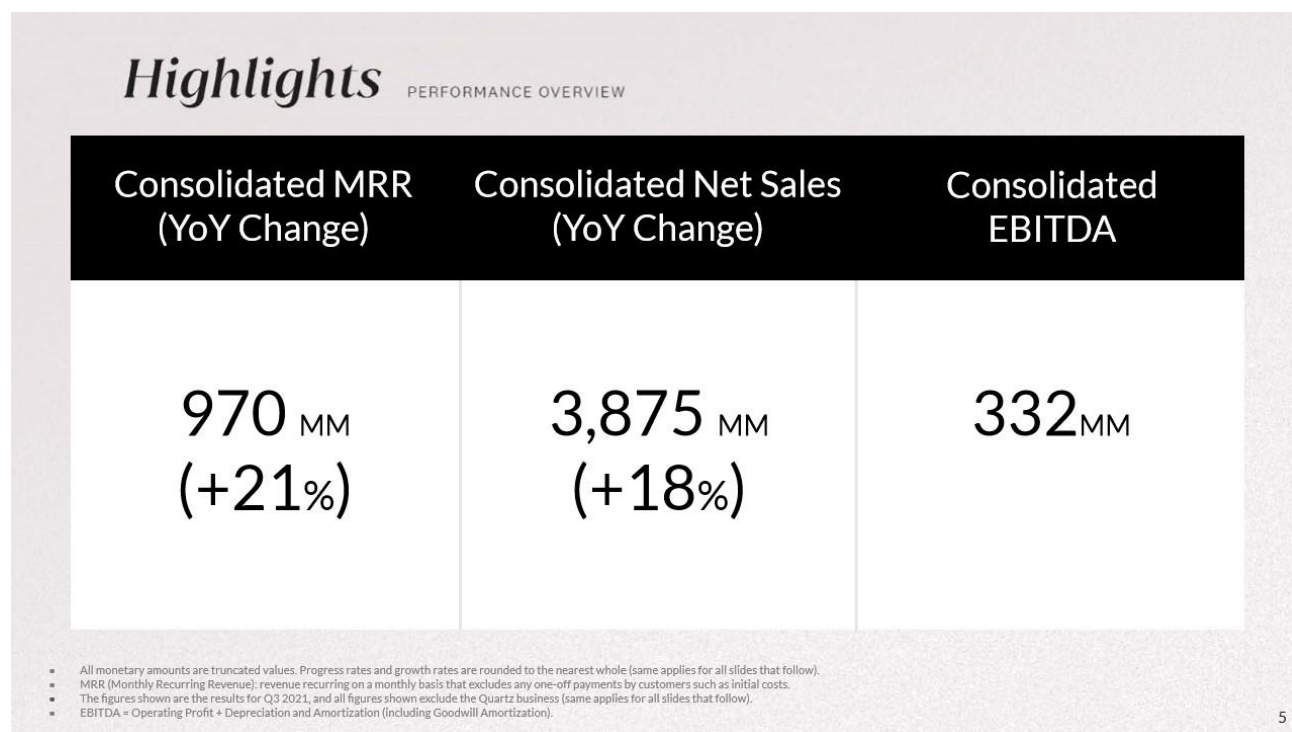
Inagaki: Hello. I would like to make a short announcement. We normally have Sakuma as the main speaker at our financial results briefings, but he has suffered appendicitis. He is already out of hospital, but since he is still in recovery, he is absent today. He will come back to regular work next week, but today myself and the other members will speak at this briefing.

Chiba: Now I would like to introduce NewsPicks, Inc.'s Chief Executive Officer, Daisuke Sakamoto.

Sakamoto: I'm Sakamoto. Pleasure to meet you.

Chiba: I am Chief Financial Officer, Daisuke Chiba. The 3 of us will be joining you here online.

Now I would like to go ahead and speak about the consolidated results for Q3.



MRR is JPY970 million, up 21% YoY.

Net sales in the third quarter was JPY3.875 billion, up 18%, and EBITDA was JPY332 million.

By business, for SPEEDA and other B2B businesses, both MRR growth and sales growth have been heightened with very good momentum continuing.

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Highlights PERFORMANCE OVERVIEW

Segment	Q3 Summary	MRR (YoY Change)	Net Sales (YoY Change)	EBITDA
SPEEDA	MRR growth rate continued to increase. Churn rate improved by 0.1%.	534 MM (+19%)	1,707 MM (+23%)	513 MM
Other B2B	FORCAS's MRR growth rate remained at a high level.	176 MM (+45%)	521 MM (+47%)	-12 MM
NewsPicks	Recovered to once again post net increase in MRR. Temporary decline in advertising net sales due to shift of revenues from 3Q to 4Q.	262 MM (+12%)	1,653 MM (+7%)	-32 MM

- MRR for Other B2B is a total of MRR for FORCAS, FORCAS Sales, and INITIAL
- MRR (Monthly Recurring Revenue): revenue recurring on a monthly basis that excludes any one-off payments by customers such as initial cost.
- All figures shown are the actuals for Q3 2021.

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On the other hand, with the NewsPicks, the cumulative results are proceeding in line with our plan, but looking at the third quarter alone, there were several issues such as the shift of revenues to the next quarter.

In the SPEEDA business, there was the concern of the churn rate, which is finally improving and down to 1.2%. And for other B2B businesses, we continue to achieve high growth. For the SaaS business overall, we believe this quarter saw very good performance.

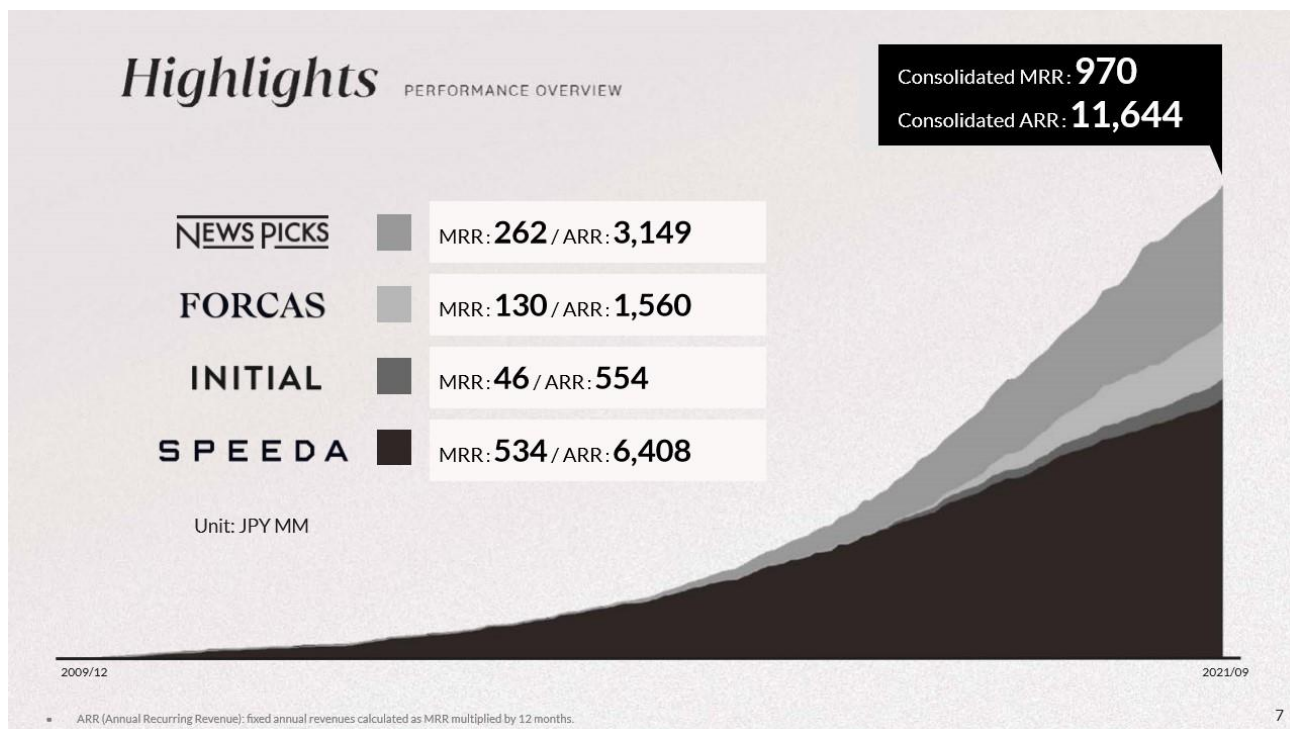
In the NewsPicks business, as I mentioned, there have been some unexpected factors regarding ad revenue due to seasonal factors and delays in recognition. On the other hand, in Q2, the last quarter, we saw the first QoQ decrease for subscription revenue, but this has come back to growing trend. Overall, apart from the ad business of NewsPicks, the quarterly performance was in line with our assumptions.

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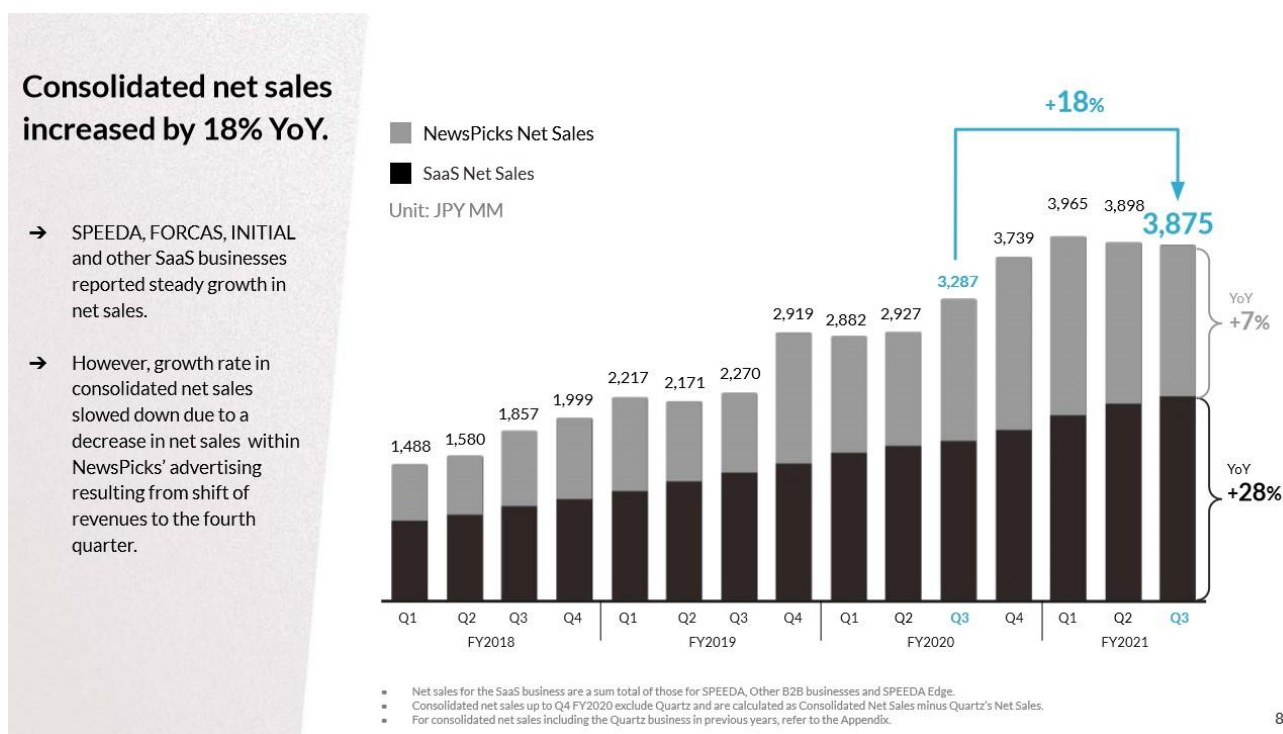
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Next, I would like to go on to the consolidated MRR. So, as you can see, as of the end of September, it is JPY970 million. And 12 times that, the ARR is JPY11.6 billion. We believe is very good in terms of scale and growth pace.



Next is the quarterly trend of net sales. In Q3, on a YoY basis, we achieved 18% growth at JPY3.875 billion. In the SaaS business, which is the black part of the bar chart, it grew 28% YoY. From next year, we are aiming for 30% growth, and we believe that is well in line of our possibilities. On the other hand, with NewsPicks, the ad revenue was affected. And due to that impact, the YoY growth was limited to 7%.

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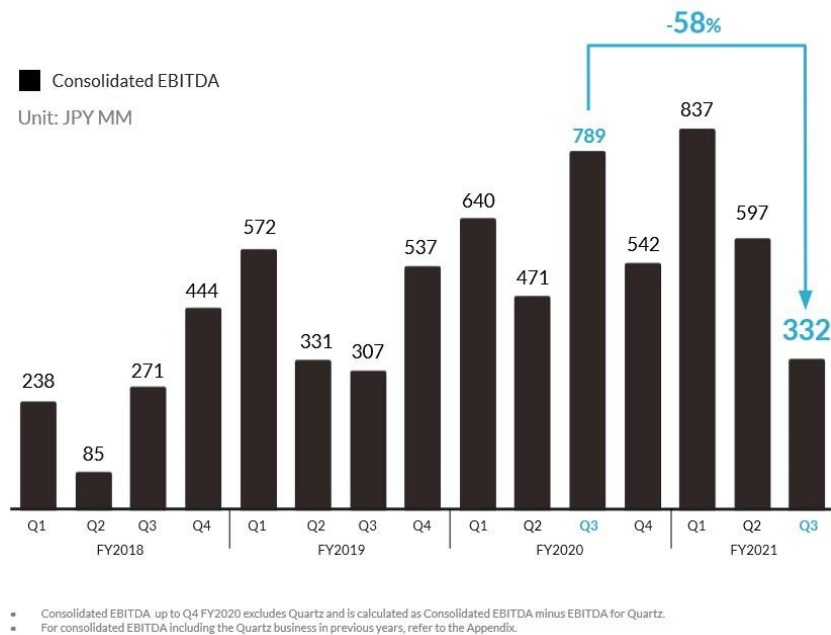
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I would like you to take note that the recurring part of our revenue is maintaining favorable performance.

Planned investments for business growth in the next fiscal year and beyond led to a YoY decrease in Consolidated EBITDA.



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Next is the quarterly trend of EBITDA. As we have been saying, this year, we are executing investments towards growth from next year. So as a result of executing our investments according to plan, EBITDA was JPY332 million.

In the last financial briefing, there were questions about the specific investments. So, we have prepared this graph in order to explain that. The focus investments are in engineers, and that is the labor cost related to product development and also outsourcing costs. Those are shown in this bar chart.

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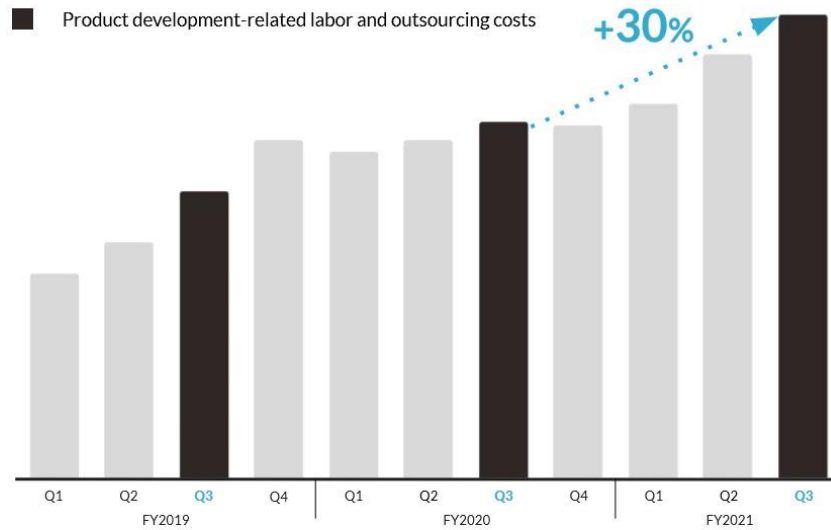
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Highest-priority investments into the engineering team are progressing steadily. Increased by 30% YoY.

- Hiring of engineers progressing well against plan.
- Established a flexible system that also incorporates outsourcing depending on the nature of the development tasks.



• These figures are totals of internal engineering labor costs and expenditure on outsourced development work.

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Compared to the last Q3, this year, it has grown about 30% YoY. And this is as a result of making investments in our product development capacities. And in the last briefing, we had a comment that it was a bit difficult to see the cost structure. So that is disclosed in the Appendix part of this deck. Please refer to it.

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Revised forecast in consideration of current progress and withdrawal from Ginza location.

- Upward revision for net sales, EBITDA, operating profit, and ordinary profit in consideration of current progress.
- The company is withdrawing from its Ginza location and consolidating operations in Marunouchi from the next fiscal year. Due to the extraordinary loss and tax effect associated with this withdrawal, net profit is projected to be JPY 500 million.



- Pre-revision full-year forecast refers to the figures announced on February 10, 2021.
- For information on the company's withdrawal from its Ginza location, refer to "Notice on Closure of NewsPicks GINZA, Recording of Extraordinary Losses and Deferred Tax Benefit, and Revision of Earnings Forecast" announced on November 4, 2021. The revised forecast is outlined in the same document.
- "Progress Rate" here refers to the progress against the revised forecast.

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Next is the full year forecast, which has been revised today.

First, we had a location called the NewsPicks Ginza, and we made the decision to withdraw from this location. So, in accordance with this withdrawal, we have the internal depreciation and amortization of our cost and related expenses that are recorded as extraordinary loss. Meanwhile, this results in a tax benefit. So, a tax benefit, again, will be recorded at the same time. And today is November 4, and we are getting closer to the end of the year.

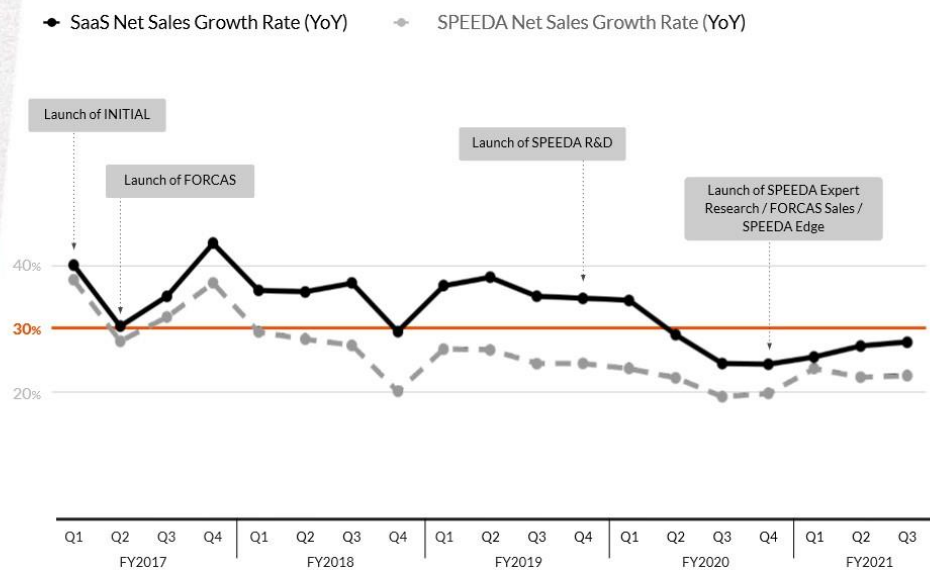
So as far as we can predict and considering the plan for Q4, we have updated our full-year forecast. We are taking a somewhat conservative stance for sales, but this is our best prediction as of now for the full year results. That was about the consolidated results.

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SaaS net sales growth rate is expected to recover to 30%. Going forward, in addition to further developing existing products, Uzabase will work on continuously launching new products as well, with a goal of maintaining a growth rate of over 30%.



The "SaaS Net Sales Growth Rate" refers to the overall net sales growth rate of SPEEDA, FORCAS, FORCAS Sales, INITIAL and SPEEDA Edge.

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Next, I will go on to the business performance. From this quarter, the SaaS business, which includes 4 products, is going to be reported. And the SPEEDA business and other B2B businesses will be broken down into segments.

First of all, in terms of the revenue growth. So far, we have been maintaining close to 30% growth centering on SPEEDA. After that, we have been launching several other products, and we are regaining our growth towards 30% level again. And currently, it is back to 28%. So, from next year, we are well on track to achieve 30% growth from next year.

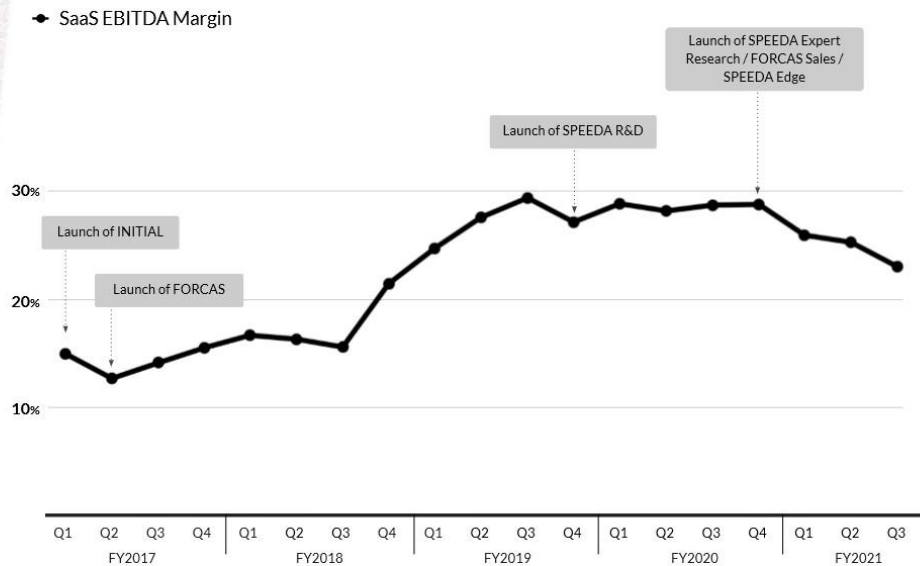
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EBITDA margin across the entire SaaS business continued to exceed 20% despite the release of new products.



- EBITDA margins are calculated based on business results over the preceding 12-month period.
- The "SaaS EBITDA Margin" refers to the overall EBITDA margin of SPEEDA, FORCAS, FORCAS Sales, INITIAL and SPEEDA Edge.

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Next is the profit margin. Our policy is to generate profits while growing sales. This is a 12-month rolling average of our EBITDA margin. On a quarterly basis, there are some ups and downs, so that is why we are disclosing the 12-month average.

Recently, there is a declining trend as a result of investing in the expert research service as well as FORCAS Sales. So, there is a declining trend recently, but nevertheless, we are still above 20%. We will continue to grow our top line while maintaining EBITDA-margin levels as well.

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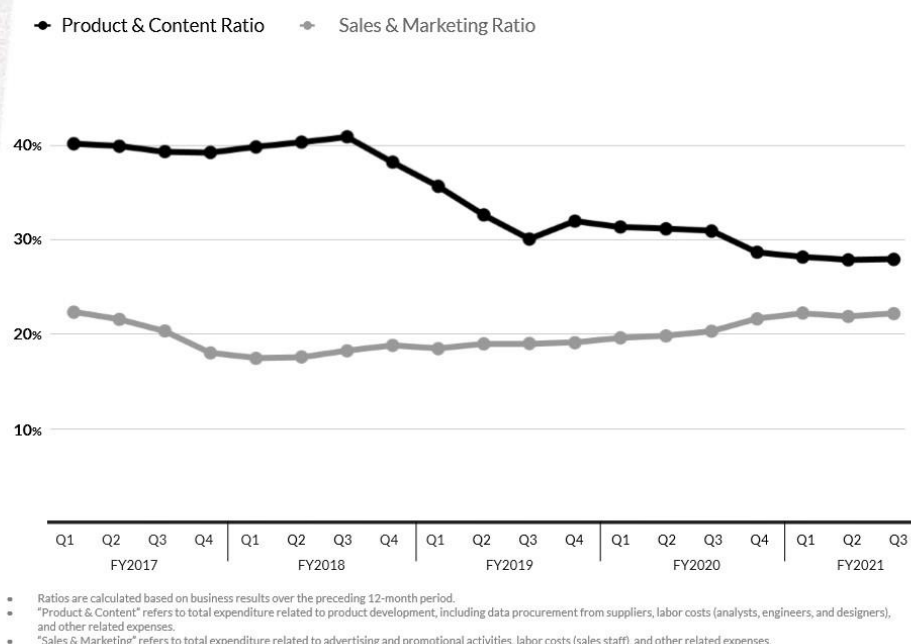
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High EBITDA margin across the SaaS business is made possible by sharing and optimizing software development, design, and content creation resources.

→ We will continue to expand the sales team, while also looking to boost sales efficiency through cross-selling across SPEEDA's customer base.



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Lastly, why we have been able to achieve this.

On the other side of profit, we have been increasing efficiency of cost spending. In our SaaS business, all of the businesses have common shared assets, including data, development, and design capabilities. So that results in a highly efficient cost structure through. And that is why we have been able to maintain a certain level of profit margin while growing our top line.

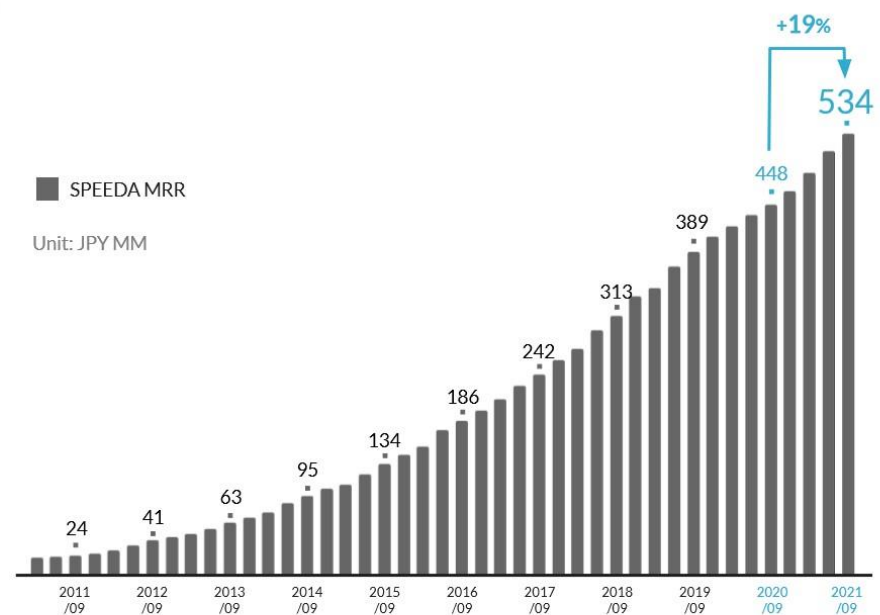
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MRR growth continued to accelerate, rising by 19% YoY.



▪ MRR (Monthly Recurring Revenue): revenue recurring on a monthly basis that excludes any one-off payments by customers such as initial costs.
 ▪ MRR figure includes both the domestic and the overseas businesses.

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From here, I'd like to focus on the SPEEDA business.

The SPEEDA business, again, the MRR has been growing at an accelerating pace. It was 13% growth in the last quarter, and it is up to 19%. And we would like to accelerate this further.

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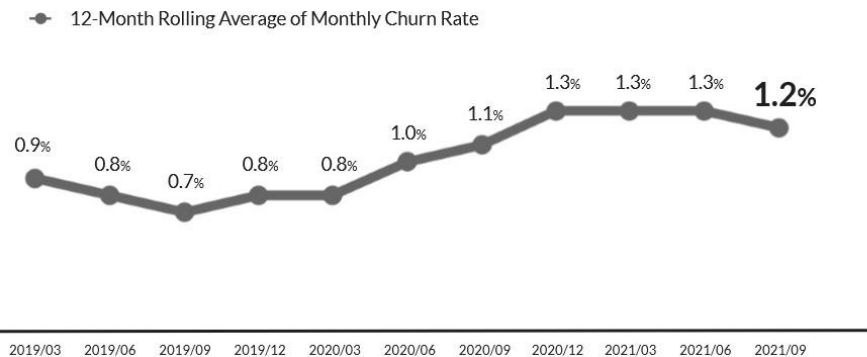
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Churn rate improved by 0.1% QoQ. Steady progress towards end of year target of 1.0%.

- Customer targeting by using FORCAS is demonstrating tangible results.
- Structural improvements in the customer success team, onboarding for new customers, and customer support based on the analysis of SPEEDA usage logs have also contributed greatly to improvement.

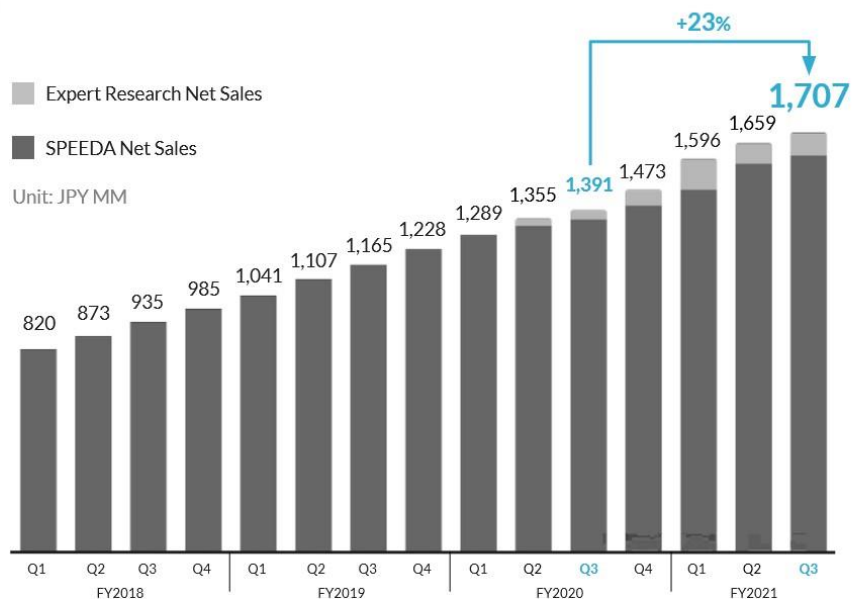


The Churn Rate shown refers to Gross Revenue Churn Rate.

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Next is the churn rate. So, this has finally been going down to 1.2%, and this is one highlight of this quarter's financial performance. We have been improving on a monthly basis and on a more detailed level, but that hadn't been clearly shown in this chart, but we have finally been able to clearly show a decline in the churn rate. And by the end of the year, we are aiming for 1%, which is fully within our reach. So, we will continue to deliver value to our customers in order to achieve that.

Net sales increased by 23% YoY.



Internal transactions between segments are included.
Financials for MIMIR, acquired in 2020, are included as part of SPEEDA since May 2020.

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As a result, the sales growth is 23% at JPY1.7 billion due to the high growth of MRR, so we have been able to create very good momentum. And the expert research revenue has been also going well in line with our plan.

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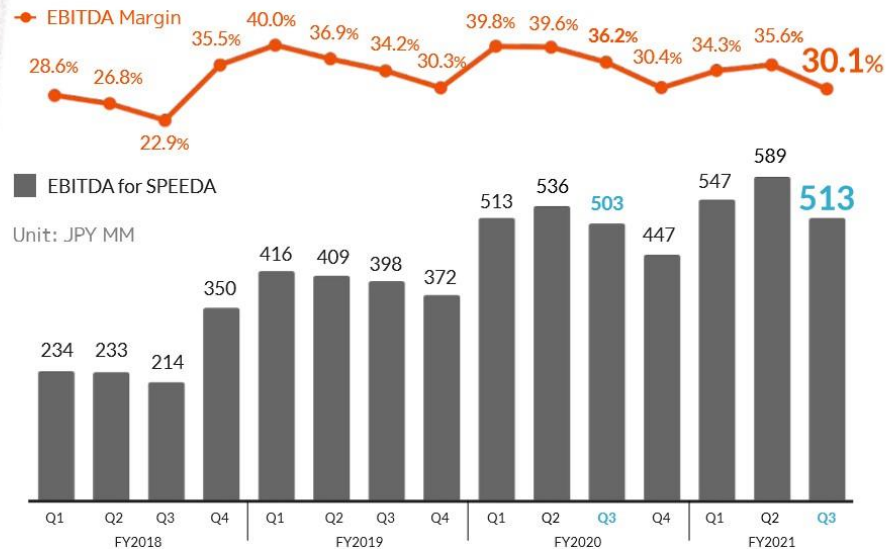
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Investments in growth of Expert Research progressing as planned.

- EBITDA margin declined by 5.5% QoQ due to efforts to bolster team structure and marketing activities in order to drive growth of Expert Research.



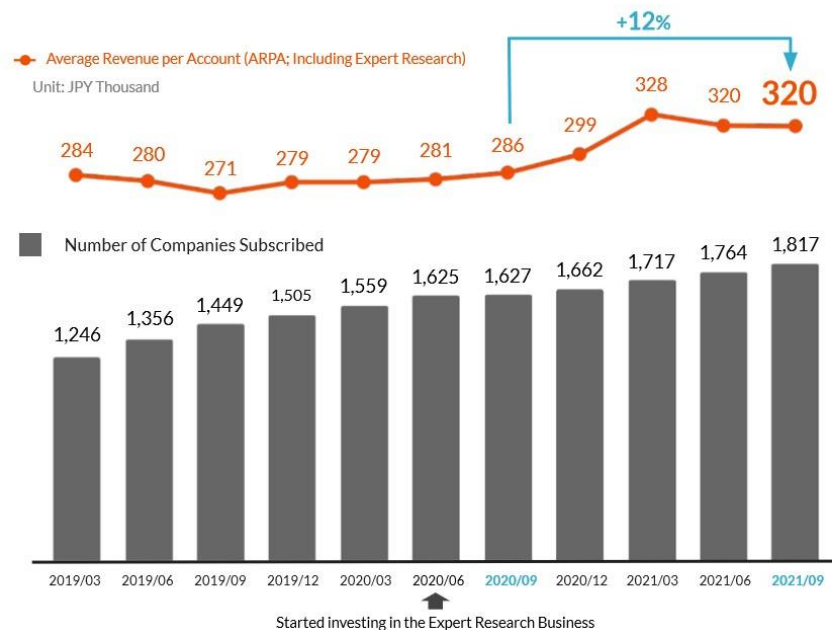
Financials for MIMIR, acquired in 2020, are included as part of SPEEDA since May 2020.

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Next is the EBITDA of the SPEEDA business. Sowards 30% at the end of the year, we are executing investments. So, it is down about 5.5% from the last quarter, but this is in line with our plan.

SPEEDA's ARPA increased by 12% YoY.

- In order to ensure the continued growth of SPEEDA, Uzabase aims to drive an increase in ARPA by improving the value provided to customers, including through Expert Research.



* Number of Companies Subscribed and Net Sales also include those of MIMIR starting from June 2020.
 * Number of Companies Subscribed for MIMIR includes all companies that had a confirmed transaction with MIMIR within the past one year (starting from the month when the data was aggregated) and excludes any companies that are also SPEEDA customers.
 * SPEEDA's Number of Companies Subscribed includes customers both in Japan and overseas. A corporate entity that has a subscription both in Japan and abroad is counted only once.
 * ARPA is calculated by dividing monthly net sales by the number of companies subscribed as of the end of each month.

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Next is the ARPA of our SPEEDA business. We have been showing this metric from last quarter, and it has improved by 12% YoY, and we are also increasing the number of our customers, so this is a very good performance. And going forward, we will continue a cross-selling of the expert research service as well as the R&D plan, which we will explain later in order to further increase the revenue per account.

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New R&D Plan launched featuring specialized IP and R&D functions.



200+ customers in R&D domain

About R&D Plan

- The need for analysis from a business perspective, including information on competitors, markets, and industries, in the IP and R&D departments of companies when planning technology strategies, engaging in IP landscaping, and searching for new research topics and applications has accelerated in recent years.
- In response to these market needs, SPEEDA has developed a function that integrates technological and business information. Providing value tailored specifically to the technology market, the R&D Plan is offered **at a roughly 50% higher ARPA** than the regular SPEEDA plan.

What does the R&D Plan offer?

- Benchmark companies and researchers that are actively investing in patents and research across a wide range of advanced technological fields in the global market.
- Identify the recent developments among companies within a particular industry in relation to specific technologies by combining industry and patent classification data.
- Access data on patents and dissertation topics, as well as the pioneering research and analysis of notable companies, the latest news, and information on the markets for related trends.
- Formulate strategies to differentiate from competitors and search for partners, from both a technological and business perspective.

- Patent search function originally launched in November 2019 (for more details, refer to this [press release](#) - Japanese only).
- For more details, refer to this [press release](#) (Japanese only).

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This time, one topic is the new R&D plan for SPEEDA.

We issued a press release in October, which I would like you to refer to. Simply put, in addition to SPEEDA's functions, this covers patent and academic and technical information that is organized in a very understandable way to help research and analysis activities. And this is provided through a separate plan. Of course, this is typically delivered to R&D divisions of business corporations, mainly in Japan.

As of the content, the details are listed here, so I would like you to refer to them. But this is not simply to show the patent and academic paper information, but it also provides insights on how it is linked to business development.

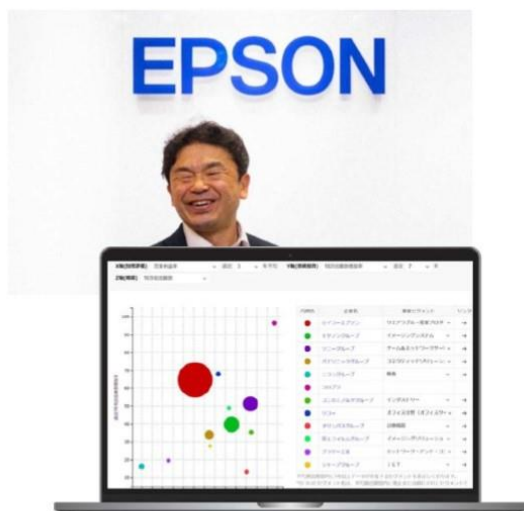
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Seiko Epson: Used SPEEDA to significantly reduce the time spent on industry and competitive research and analysis.



• For details, refer to the "[Cases](#)" section of SPEEDA's official website (Japanese only)

Before

- Required **one week to analyze one competitor** using economic, industry, and technical information.
- Organizing data and creating charts took so long that people **could not find enough time to process the findings or dig deeper into the information.**
- Most employees busy with responding to requests from the R&D department, simply **creating and applying for patents.**

After

- **Analysis and visualization of results are completed in an instant**, leaving **more time** to process the findings and dig deeper into the information.
- Ability to access the right information right from the beginning has **improved the quality of work** considerably.
- More employees focused on **formulating proposals** based on a broad range of technical data and business intelligence.



Working on creating a new type of IP department by shifting from only "mass producing" patents towards **formulating proposals** that are in line with management strategy.

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Originally, some customers at R&D divisions had been using SPEEDA from before. So, in November 2019, first, we added patent information on SPEEDA. That is the start of this function. And rather than an optional function, we have been establishing an R&D plan that can be offered as a separate service. One customer case is Seiko Epson, and this is the slide that describes their outcome.

Before introducing the service, they were aiming to reduce the time spent for research, and that has been delivered as value to them. The new time created by the raised efficiency is now spent on considering the Company's strategy and how to utilize their capabilities. So, the positioning of the R&D division itself has risen within the Company. That is very encouraging feedback that we received.

And of course, with regard to SPEEDA going forward, we will continue to enhance our general arena and make sure that we will fully convey our value to our customers so that the unit price paid by each customer will be increased.

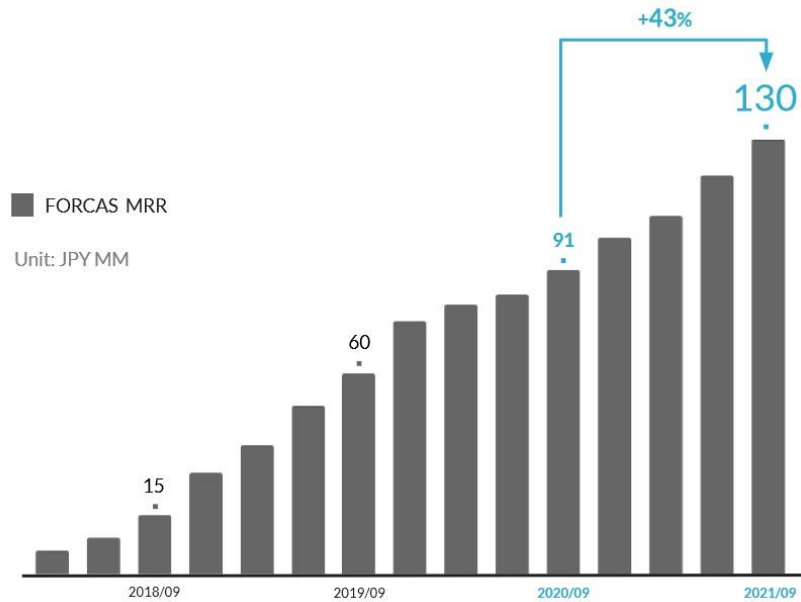
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**FORCAS's MRR
increased by 43% YoY.**

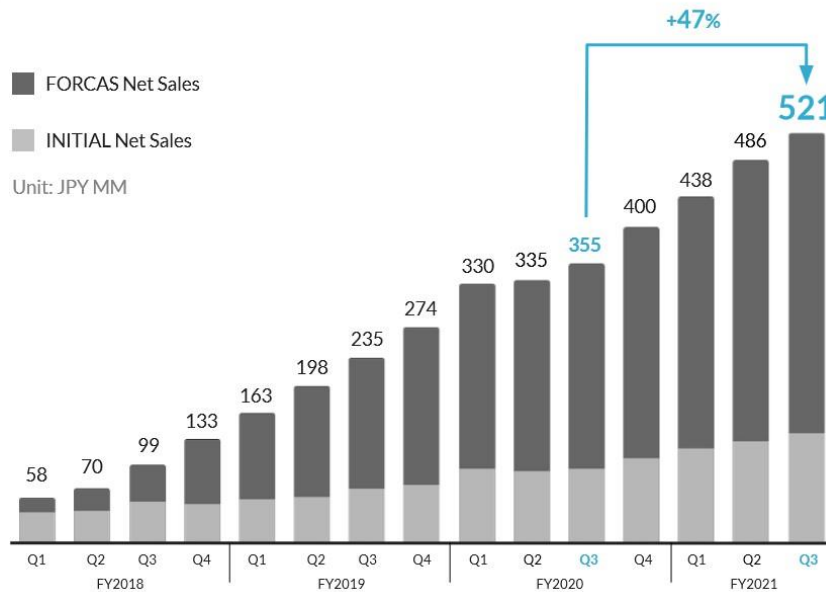


- MRR (Monthly Recurring Revenue): revenue recurring on a monthly basis that excludes any one-off payments by customers such as initial costs.
- MRR from December 2020 onwards includes FORCAS Sales' MRR.

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Now I would like to go on to the next pillar of business. FORCAS's MRR had achieved JPY130 million, and that is increased by 43% YoY, which we consider to be a high growth rate.

**Overall net sales in
Other B2B Businesses
increased by 47% YoY.**



- Internal transactions between segments are included.

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And then when it comes to B2B business as a whole, you can see that it continues on with the trend of growth, plus 47%, as you see here on this slide.

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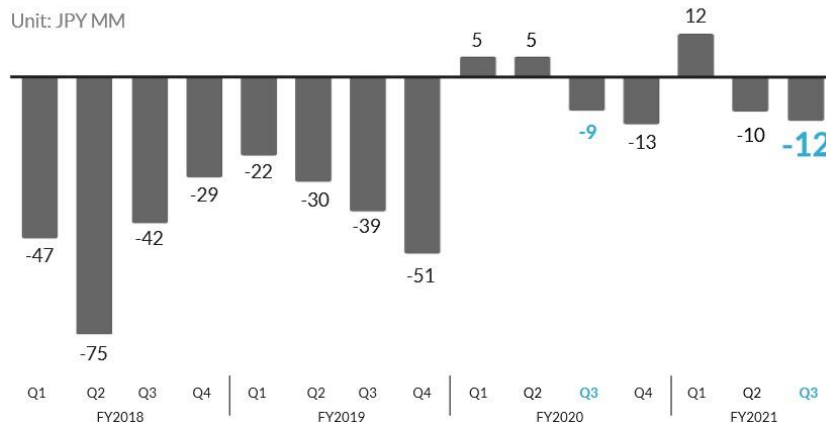
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EBITDA decreased YoY due to growth investments in FORCAS Sales.

→ INITIAL is already profitable and is seeing steady earnings growth. FORCAS is currently in phase where it can generate profits by controlling costs.

■ EBITDA for Other B2B Businesses

Unit: JPY MM



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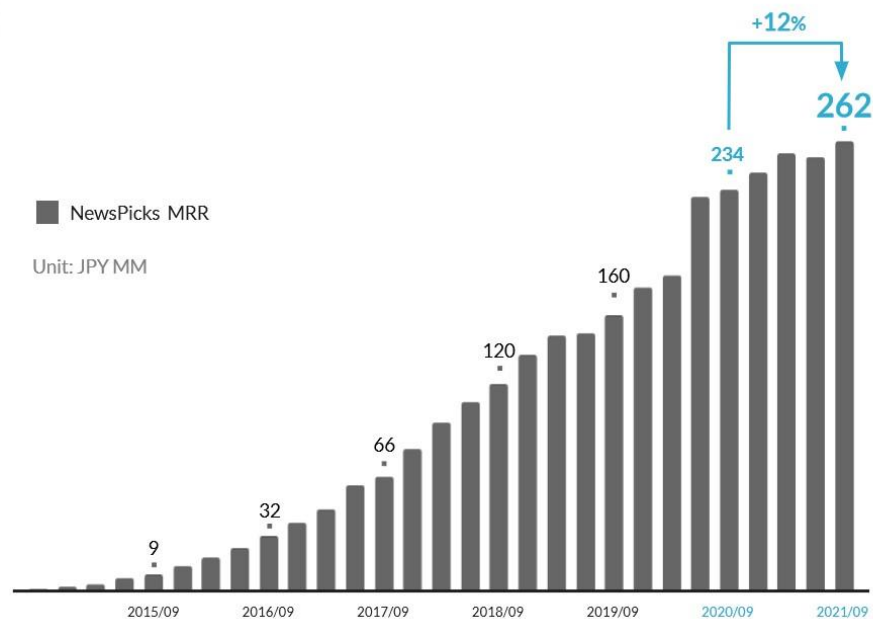
And when it comes to EBITDA, you can see that there are pluses and minuses as per each quarter. But if you were to look at the overall trend, it's a strong firm trend in place.

MRR recorded a net increase once again following temporary decline in Q2.

→ Recovery in MRR from individual users towards a net increase. Expected to further increase in Q4 together with MRR from corporate users.

■ NewsPicks MRR

Unit: JPY MM



■ MRR (Monthly Recurring Revenue): revenue recurring on a monthly basis that excludes any one-off payments by customers such as initial cost.
■ MRR is a total for individual and corporate users.

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Now lastly, from my end, I would like to talk about NewsPicks. When it comes to NewsPicks' MRR, at the end of Q3, JPY262 million was the result. Of course, compared to the same quarter the previous year, it's 12%-plus. As I mentioned at the very beginning, in Q2, we had experienced negative QoQ results, but it was a one-off event as we explained at the time. Now Q3 result is evidence to the fact that what we saw as a drop was only a temporary one-off event. If you would please look at the overall trend of growth that we are continuing, that will be so appreciated.

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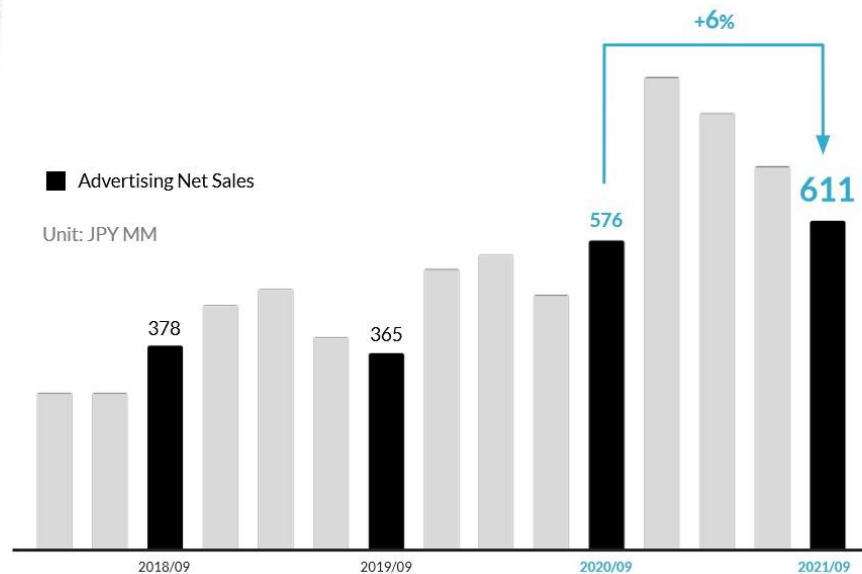
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Advertising net sales grew by 6% YoY due to shift of revenues from Q3 to Q4.

→ Cumulative net sales until Q3 increased by a steady 34% YoY.

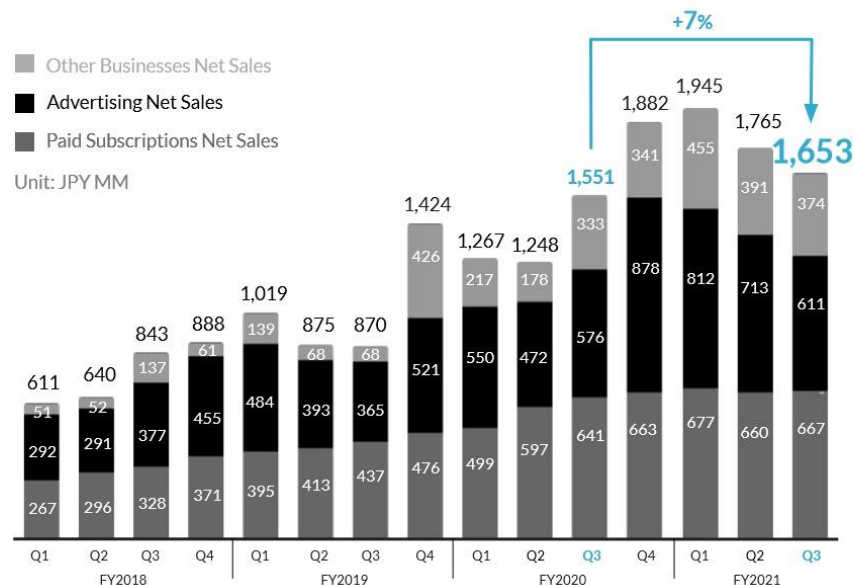


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What was somewhat unexpected was advertisement sales. As you can see in the description, it was up 34% compared to the same quarter the previous year. However, there is a timing difference. Some of the captured revenue is going to be posted in Q4, so the effects of that is surfacing. And there are some other issues such as living and continuing business with the ongoing pandemic. So those are some of the negative impacts that we had experienced. However, in Q4, there will be such a time difference benefit coming from Q3 as well as the fact that it's a seasonally strong quarter, we will be performing well in Q4.

Total net sales increased by 7% YoY.

→ Cumulative net sales growth until 3Q was up 32% YoY, in line with forecast.



* Internal transactions between segments are included.
* Other Businesses include publishing, NewsPicks Newschool, and consulting.

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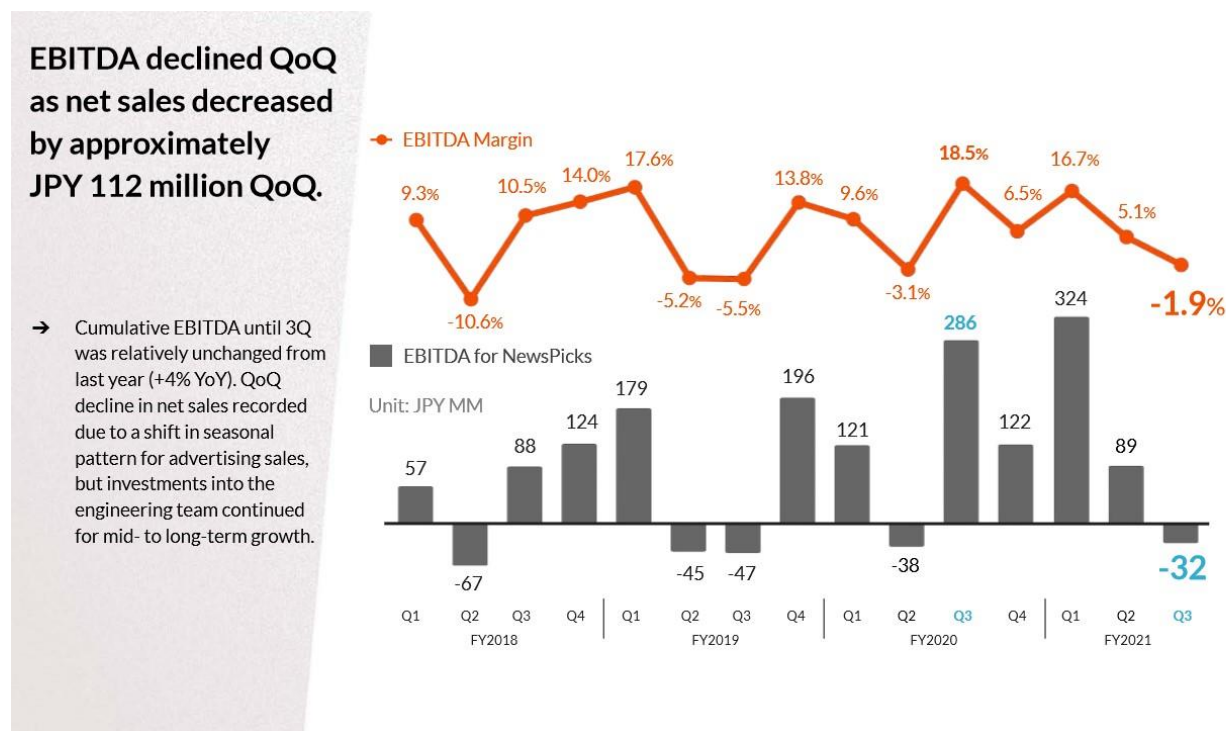
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And then when it comes to NewsPicks as a whole, it is 7% on the plus side YoY at JPY1.65 billion. And of course, here again, tracing the trend is quite important. There are some volatilities QoQ, but as a whole, there is a strong trend in place.

Of course, when it comes to NewsPicks, it's not just recurring revenue, but also flow. So, you will be seeing some volatility QoQ, but we will stay on track of strong mid-term to long-term growth trend.



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And this is a slide that explains EBITDA. I have mentioned the highlights already. Q2, Q3, compared to the previous year, NewsPicks has recorded strong results, and we are investing for growth for the future. And that's the reason why you're seeing some negative impacts, as I explained earlier.

When it comes to NewsPicks, we are on course of further growth in the future. And with NewsPicks, we have this new challenge that we have set forth for ourselves and Sakamoto will explain.

Sakamoto: Okay. So, I would like to talk about new initiatives for NewsPicks.

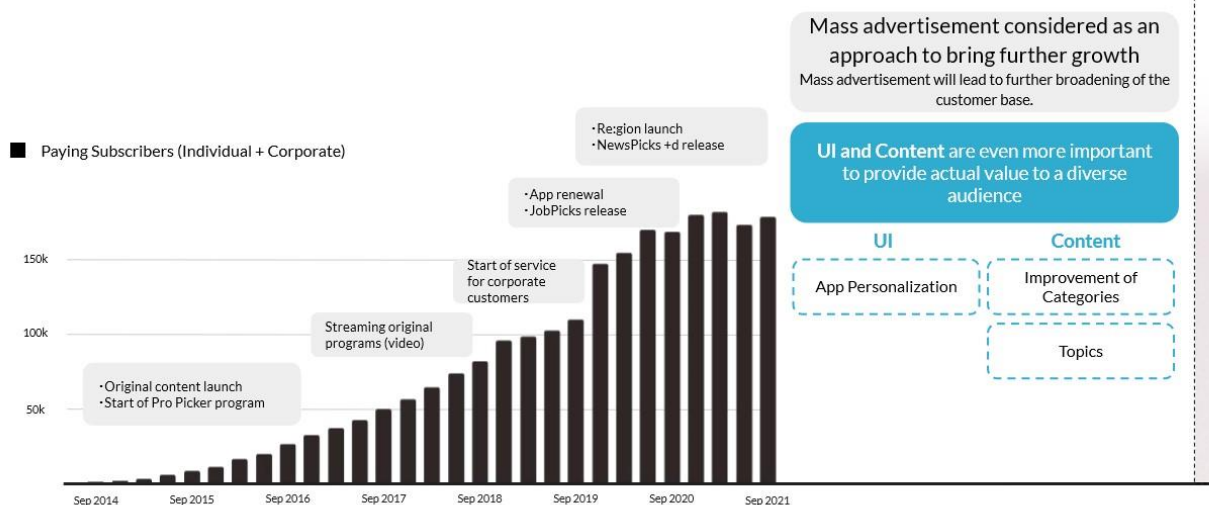
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**Strategy so far has produced results in terms of growing subscribership.
Now we aim to provide new value that would broaden our users' horizons.**



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As you see on this slide, this shows our paying customers. And earlier in the highlights of our results, you have heard that advertisement revenue had been having some negative impact. I would like to explain that. But if you take a look at the overall trend, Q1 as well as Q2 results were high.

So, although you saw some temporary drop in Q3, our fiscal year target would be fully met. So, it is not such a case that we have concerns about advertisement revenue. When it comes to corporate accounts, we are seeing strength and such strength is expected to continue in Q4.

The bottleneck that we have now is with regard to individual account customers. And in order for us to tackle such area, pull it to further growth, we have some measures that we have set forth, so I would like to explain that.

In the earlier financial results briefing, we talked about NewsPicks not being able to be fully recognizable on the part of the customers. We have further examined the reasons why. Of course, we have this app and customers come in and will analyze LTV. And we calculate as to how much advertisement will make financial soundness.

We've done such a very fine-tuning detailed analysis for over a year and starting to generate some fruit. It's not simply going for the mass advertisement. We need to continue to focus upon UI and content at the same time. What I mean is when we receive access from various users, NewsPicks needs to be delivered to each and every diverse user in a more suitable way instead of being just one standard mass way.

And now let me explain this further. Last year, we went through a renewal. And at the time, what we examined by trial and error was to basically gauge the soundness of giving a standard page format to each and every user. We wanted to see how the algorithm of providing a suitable setup to each and every diverse user would work. And we have actually done so, and it has shown some success. And on the long-tail front, we wanted to further enhance this engagement. And we've made some announcement this autumn.

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First step towards enhancing news categories offered on the platform: “NewsPicks Startup”, a startup-focused module, released on October 11.



A startup-focused media built on three types of content:

Original Articles

“Pickers” Who Provide Comments

Curated Feed with Articles from Other Media and Individuals

By focusing on a specific subject (startups), we can increase the value provided by a community and create a space for deeper discussions, making the service more valuable to the user.

Within each specific subject, NewsPicks will continue to co-create new value together with users based around its Platform, Community, and Media.

• See this [press release](#) for more details.

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When it comes to the actual engagement, we launched on October 11 what's called NewsPicks Startup. Basically, this is a product where information useful to those who work in startups or those who are interested in learning about startups can go to the site and all the key information that can be found. Of course, there will be original articles as well as comments by the pickers and also curated articles vis-a-vis coverage of media and whatnot. So, these are just examples of enhancing our categories so that we can face the various needs of our customers. And that's a way of enhancing value.

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A new feature that allows individuals to monetize their expertise and experience, “NewsPicks Topics” launched on November 1st.



16 Topic Owners regularly posting their thoughts in the form of articles on NewsPicks

Examples of Topics



From CTO to CEO
Kazuki Ohta, CEO of Treasure Data, Inc.



Energy Shift: Our Choice to Survive the Next Generation
Yuki Ono, CEO of Hachidori Denryoku, Borderless Japan



Next Billion: A New Industry from the Streets of Africa
Satoshi Shinada, General Partner at Kepple Africa Ventures



Startups and Management from a Finance Perspective
Takafumi Murakami, Co-Founder and Co-CEO of Signifiant Inc.

- This feature is only available to paying subscribers.
- Refer to this [press release](#) for more details.

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And another way of enhancing value is by the way of NewsPicks Topics, which was just launched on the 1st of November. We have touched upon this concept several times in our previous financial results briefings. This is basically a place where all the experts or individuals can talk about what they have their expertise in. They can create their own content, they can communicate such content using NewsPicks Topics, and they can create the community as a result. We start with 16 owners, and you can see case-in-point example of topics 1, 2, 3, 4 on the right side of the slide.

You can see here our challenge goes beyond the 16 topic owners. We are inviting other experts into the community that's already set up. And we would like to cultivate such communities to further grow. And next year, we will be launching charge systems for each topic. And such fees generated will be pushed back to the topic owners and such circulation will lead to further growth of this product.

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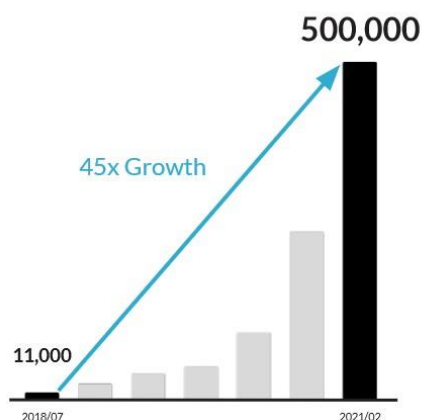
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(For Reference) Services such as Substack are exhibiting strong growth in the global market, and the creator economy in the US is projected to expand significantly.

Paying Subscribers on Substack



Total Addressable Market of Creator Economy in the US



- Substack is a service that allows users to create email newsletters and earn revenue via monthly subscription fees from their readers. (<https://substack.com>)
- The Creator Economy refers to an ecosystem formed by the content and actions produced by individual creators.
- Number of paid subscribers on Substack based on Uzabase's own research (Sources: [Nielsen Lab](#), [Tech Crunch](#), [Axios](#), [Substack](#))
- Total Addressable Market is calculated by Uzabase's analysts based on various sources of information; a simplified exchange rate of [USD 1 = JPY 105] is used. (<https://sp-edge.com/industry/42>)

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Now we are seeing the success of Substack overseas. We think this market will grow in a similar way here in Japan as well. And we see many of the notable content creators on Substack are being headhunted by other media services. And I think such trends will also occur here in Japan.

We would like to become the platform that will be the first choice by the people who are interested in such community or exchange of information.

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Topics expected to provide impetus to the NewsPicks community, its strong point, leading to dynamic business growth.

NewsPicks' Competitive Edge

- 1 A solid user base of 180,000 paying subscribers
- 2 The community of Pickers, who share business information under their real names
- 3 Ability to create new business opportunities jointly with the SaaS business, not limited to paid subscriptions

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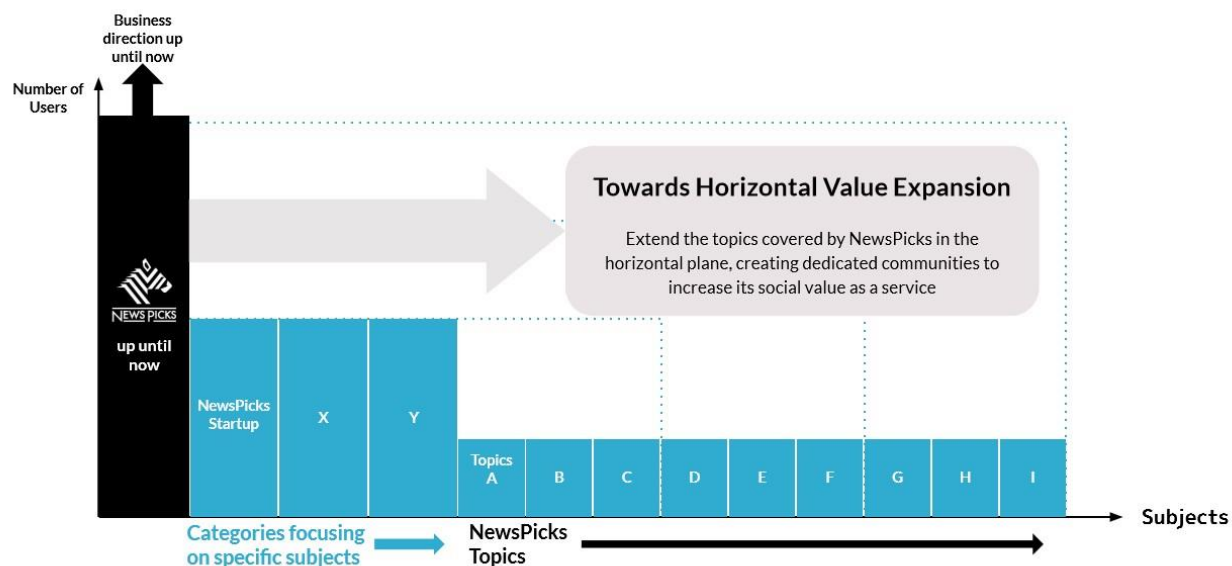
Now when it comes to content, there is some competitive edge that I would like to explain. A solid user base, which is already there, is definitely our strength, 180,000 paying subscribers. And the second is the community of pickers, and also in combination with the SaaS business as a whole, that is ability to create new business opportunities on our part. Of course, there are more than 300 experts who are active by the name of pro pickers. I think that their contribution is quite strong, and we would like to go on with the development of new content and a way of conveying such new contents to the business society.

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Improving news categories and launching Topics as part of the ongoing effort to provide content that better suits each user's needs, broadening the user base.



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When it comes to the enhancement of the categories and the add-on of the topics, we will be evolving. Of course, NewsPicks in the future will have more customized, more horizontal value expansion will take place. So of course, there's mass marketing. But out of there, we would like to have the derivatives of content, which are suitable to each and every user that we have.

I feel a very strong future for this NewsPicks Topics. It has just been released a few days ago, but I have been watching the very active communication going back and forth on NewsPicks Topics. And I feel confident this will be a very strong asset of Uzabase.

I am going to fully commit to making NewsPicks Topics a strong pillar in our Group. In order to focus on this NewsPicks Topics business for the time being, it has been decided that I will hand over the position of NewsPicks CEO to Sakuma and Inagaki. This may seem sudden, but within Uzabase, we have these kind of management changes as a common way of handover. Inagaki has been the CEO of NewsPicks before, and we believe that this change will take place smoothly without internal disruption, and by dividing the roles among the three of us, we will be able to grow NewsPicks at even higher speed. I'd like to hand over to Inagaki if he would like to comment.

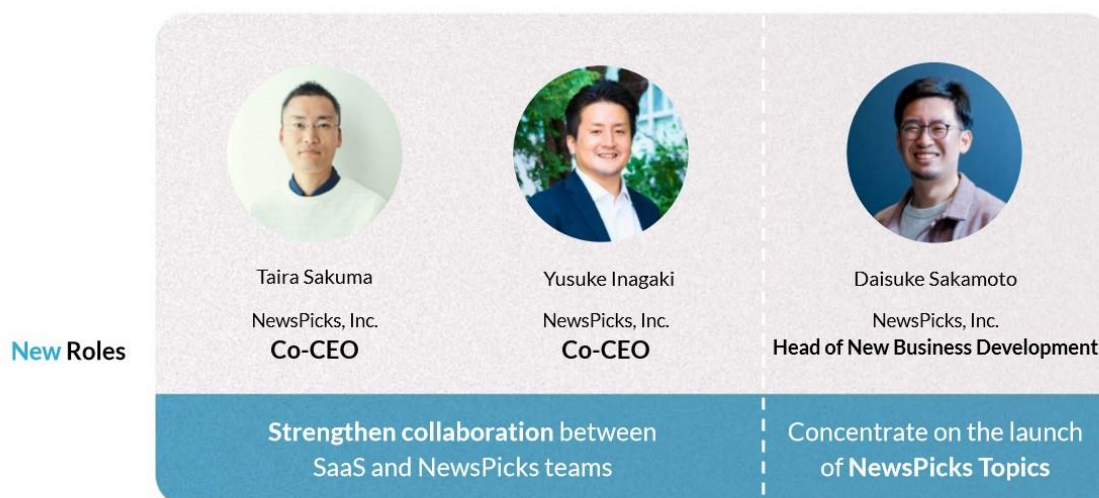
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Change in management structure to enable Daisuke Sakamoto to focus on the launch of Topics. Taira Sakuma and Yusuke Inagaki will become Co-CEOs and accelerate the shift towards “One Uzabase”.



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Inagaki: With Sakuma, I will be serving as Co-CEO of NewsPicks. At Uzabase, as Sakamoto explained, we started business with Umeda and Nino. We have always taken this flexible management formation and such a flexibility at Uzabase is unique and is a strength to us. And we think that this new management formation will be the best for what we want to achieve, and I'm very eager to work hard for the fulfillment of this new role.

Back in 2017-2018, I have worked on NewsPicks together with Sakamoto. Sakamoto has a very strong drive in launching and aggressively pushing the potential of such new businesses, and he is capable of creating networks with people outside the company, establish a trusting relationship, and build a good community. I believe he has an outstanding talent in this regard among the members of our group.

When talking with new counterparts outside the company, I have often heard them mention Sakamoto's name before Umeda or myself. Based on this background, in order to launch this NewsPicks Topics service, we have decided to change the structure in this way in the belief that Sakamoto is the best person to lead this effort.

Lastly, talking about the future, I would like to give an introduction of our briefing session on our long-term strategy.

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Four key points regarding future growth that we would like to share.



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I have already seen some questions on Slido about the sluggish stock price, etc. Uzabase now has a 13-year history, and expanding B2B, B2C, and globally, there are many seeds sown for growth. And we have become a company with JPY10 billion in revenue, our dream at the time of founding, deliver various products to business people. But this has resulted in a complicated structure of the Company itself, and it has become a bit unclear about what is our main policy and the strategy and profit quality. So, because of the lack of full explanation, we haven't been able to fully convey what our value is and how we will grow going forward. That is a lesson that we have learned and want to improve at this timing. So, we would like to fully communicate on those points and clear up any of the uncertainties or ambiguities that you might be feeling. This long-term strategy session will be held separately, so I appreciate your participation in that session.

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Briefing Session on Long-Term Strategy (Up to 2025)

By Uzabase

Time and Date: December 16, 6:00–7:00 PM JST (Zoom accessible from 5:50 PM)

Speakers: Yusuke Inagaki (Co-CEO), Taira Sakuma (Co-CEO)

Daisuke Chiba (CFO)

Agenda: Announcement of business strategy towards 2025, incl. numerical targets

Format: Online (similar to the Financial Results Briefing sessions)

(*) Specific details to be published on Uzabase's website and TDnet at a later date.

UZABASE

This is the description of the session. I look forward to your participation

Chiba: That concludes our presentation. And now we would like to move on to the Q&A session.

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Question & Answer

Chiba: We would like to start from the earlier questions accepted, and we would like to go one by one. Thank you for your cooperation.

The first question is: How do you analyze the sluggish stock price? Please explain, including the fact that you fell short of the criteria for being listed on the prime market.

Inagaki and I will explain about the stock price, and I will talk about the prime market criteria. As Inagaki touched upon, how to be understood by the investors about the complexity of the Group itself is an issue. And our growth rate of the top line has not achieved an expected level yet.

We have an overall target of 30% growth, and we have to keep showing performance towards this target. And when talking with many investors, high predictability and continuity of business growth tends to be the main area of interest. So, in our IR activities, we would like to disclose information and also show results in our actual performance.

Next, about being listed on the prime market, as mentioned, we are not yet at the threshold of a market cap of JPY100 billion, which we have to reach in order to meet the criteria. And TSE has issued some notifications based on certain standards. So, we will continue to aim to be listed on the prime market as early as possible, but we will also keep watching our stock price and consider our next move.

Inagaki: What was already mentioned are the main points, but I believe that it is important for us to fully communicate our stance. Our rationale and our direction going forward, and our main purpose has to be communicated clearly. And we largely have the SaaS side and NewsPicks side in our businesses, so it is essential to communicate the solid growth of the SaaS business and how NewsPicks is going to evolve going forward, and how this combination will not result in a conglomerate discount but to create positive synergy.

And about our profit policy, I think fully communicating that will give assurance to our potential investors. So, we would like to fully explain that at the next timing.

Chiba: The next question: With regard to the SPEEDA business, it seems that in order to reboot the weakening sales growth rate, you are planning to release new products. How often do you plan to release those products? And do you have the human resources to develop new products?

I will first answer the question and Inagaki will add comments on engineering resources.

When it comes to the lowering growth rate of SPEEDA's net sales, we would like to bring it back up to the previous level. We are looking to bring MRR-based net sales growth to at least 20%, and by adding expert research revenue, we would like to go back to the 30% growth rate level.

Of course, as the business grows in scale, it would make it more difficult for us to continue to have a high level of growth, so we would like to manage that by developing and providing new products.

I will hand over to Inagaki to add comments on resources.

Inagaki: I would like to add a little about the first point. This year, we have put in place several new systems for launching new businesses. We have established a cycle of considering several new businesses and going through a thorough examination before selecting those that are actually worth making investments in. This cycle will continue to be maintained from next year onwards.

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And when it comes to new product development, engineering resources is a direct resource backing that up. I would say we are pretty much on track with hiring. We are creating a very strong engineering team as a result of new hires, and the investment is giving us increased competitiveness in attracting talent.

So, with confidence, I would say that we have the engineers to back up the cycle of new product releases, and we will have the capacity to do so from next year as well. We are committed to creating good products while maintaining the level set in our profit policy.

Chiba: Moving on to the next question: The number of subscribers of NewsPicks Topics is about 3,500, and this is just around 2% of the 177,000 paid subscribers. It's still 4 days since the release, but it seems to lack momentum. So, what are the strategies that you think are necessary in order to grow NewsPicks Topics?

Sakamoto: Thank you for counting the number of subscribers. Regarding Topics, what I'm watching the most closely is not the number of followers, but what kind of communication is taking place in the communities. Actually, after the release of the topics, the topic owner and pro pickers are engaging in discussions about the topics. Increasing that kind of interaction is our current top priority.

Without that interaction, even if users suddenly increase, they will lose the direction of the community. So, we would like to first establish the concept and direction of the topic before boosting the number of users. Looking at the communication taking place so far, I have growing confidence of its success.

Chiba: I will skip 1 question and pick up on this question regarding creator economy because it's a related topic: When it comes to creator economy, it can involve real-time communication with live webcast between creators and followers. In order to enhance the community, do you have plans for such products?

Sakamoto: We don't have anything concrete per se, but such thinking is of course a part of the grand concept. When it comes to the service, we would like to come to face-to-face with the owners -- the topic owners that I have mentioned earlier.

We are communicating with the owners via Slack, and it's a co-creation by all of us. We would like to work with them to gradually release various features.

Chiba: Next question: The number of paid subscribers of NewsPicks is going flat. And you said that you are considering mass advertisement, but you said before that you will running TV commercials because the cost does not pay off in the short term. What kinds of mass advertisements are you planning for?

And below that: You say NewsPicks is planning to launch mass advertisement, but I'm concerned because Uzabase is failing and drawing accusations every time it tries mass advertising. Sakamoto will give an answer.

Sakamoto: About the criticism drawn to our advertisements, I apologize for the concern that we are causing. So first about cost -- as of last year, we believed that it would not pay off. But at this point, we have come to a level that it will pay off.

That is because we have been improving the app. As we watch user LTV in the app on a monthly basis, the level is improving this year, and the partnership with DOCOMO included, we are expanding our corporate sales force, so that we can deliver results in sales once we gain recognition. So, we now believe that the cost will pay off. So from next year, we will be considering commercials as an option.

Regarding the criticism, we are very sorry to have what caused this trouble unexpectedly. Going forward, we would like to test users' reactions in advance of mass marketing. And in addition to internal checking, we will also involve external experts to discuss in advance in order to avoid such incidents from next time.

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Chiba: The next question has to do with the advertisement revenue of NewsPicks being shifted from Q3 to Q4. Sakamoto will first comment on the overview, and I will add the detailed numbers.

Sakamoto: When it comes to this period shift, it's case-by-case depending upon the circumstances of each client. Those factors happened to occur at the same time in Q3.

The advertising business of NewsPicks is managed on a full-year basis, and when it comes to Q4, advertisement sales are growing favorably, but compared to Q4 of the previous year, we would like to aim to achieve the full-year budget while considering growth from next year onwards.

Chiba: I would like to quickly add some numbers. NewsPicks advertising revenue in Q4 2020 was JPY870 million. This was a record level, and there is possibility that we won't reach that level this quarter. That is the assumption of the latest upward revision of the forecast.

This means that if we go beyond our expectation for advertisement sales, of course, we may overperform our revised forecast. But we will talk with our clients and make judgements on whether to take orders next year or within this year, so what I have aforementioned is our current outlook.

Chiba: Going on to the next question: In the forecast, you will hardly generate any profit in Q4, but what are you investing in?

Basically, we will execute our initial investment plan.

This year, the main part is for engineering capacity including hiring engineers, and also for strengthening the sales and marketing force of the SaaS business. So mainly the cost will be labor and personnel cost. So, there will be a tail-heavy trend from the actual hiring to actually recognizing the cost.

And in Q3 and Q4, there are some timings to record temporary costs. So as a result, we do not think that we will generate much profit in Q4, but this is in line with our initial plan.

We would like to elaborate on these costs and next year's plan, as well as our investment and profit balance, at the long-term strategy briefing that we will hold on December 16.

The next question: The sales volume of SPEEDA expert research doesn't seem like it's increasing. How do you assess the situation?

As cited in this question, we saw the largest sales in Q1, that was a big strong quarter and after that, it's only slight increases. But compared to last year and our original plan, we are performing well on track.

Of course, we will put in efforts for Q4 to make sure that expert research sales will make a strong contribution to the SPEEDA business as a whole. There is no change that this is a major point in our growth investments.

The next question is about the situation of global expansion of SPEEDA and other businesses.

Inagaki: Regarding overseas expansion, we have not changed our main policy, and we are expanding in Asian markets, especially focusing on China, and we are continuously investing in our China business.

Chiba: In addition, we are developing a product called SPEEDA Edge, which is one of our investment items. This is focused on emerging industries in the US. Because of visa issues and other factors, there was a delay in the launch, but we have been picking up speed with this development. So, there is SPEEDA Edge mainly in the USA and SPEEDA Service in Asian markets, especially in China.

The next question: Is it safe to assume that profit will bottom out in Q4 this year?

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As for this fiscal year, certainly it is the bottom. And looking forward to the coming fiscal year, we are not going to use the Q4 landing point as a basis of our next fiscal year performance when it comes to formulating a plan. We will talk about our long-term profit policy for each segment and on a consolidated basis in the session on December 16, and present our next-year plan at the full-year financial briefing in February of next year.

I would like to emphasize that it is not that our underlying profit is declining, but this drop in the quarterly profit is a result of our growth investments.

Next question: Aren't you going to separate FORCAS into its own segment?

We have not decided yet. This time, we have talked about the overall SaaS business and then on respective businesses. But we are still considering how to disclose this. For the session in December, we will be talking about where our SaaS businesses are heading to and our target customers and target markets. So, as we discussed with our investors, we would like to search and keep improving on the way that we cut out our businesses and show information.

The next question is with regard to investment for recruiting engineers. In terms of accounting process, is it that you post the amount as expenditure rather than under the asset column? Is that why it's affecting your PL?

I would answer this question as it is related to accounting matters. My short answer is that it's case by case, depending upon the content of investment. We consider whether it's something that generates revenue through the developed product or function, or something that fundamentally enhances our system. If so, it will be booked as assets and undergo amortization. Otherwise, it's on PL as human resources directly.

I will not touch upon the details, there is a guideline in place that we follow.

Next question: is there an impact on ad revenue from the restriction on tracking on Apple?

This is about NewsPicks, so Sakamoto will answer the question.

Sakamoto: NewsPicks currently does not use this function from Apple. So, there's no impact on advertisement. And so, with these increasing restrictions, I believe content-based advertisement will gain popularity. So, I believe this is a positive trend for us.

Chiba: The next question is with regard to our office: I hear that you are moving to Marunouchi. What does this enable you to do?

We have a collaboration with Mitsubishi Estate, for which Inagaki has been the contact person. He will explain.

Inagaki: We have talked about moving to the Marunouchi area since the time we got engaged with Mitsubishi Estate. Of course, Marunouchi is a wonderful business district where great major companies have their offices, but it remains somewhat closed to startups and venture businesses.

Our move to Marunouchi could become a symbol of a place of co-creation by big corporations and startup companies. We are also hoping to open studios and event spaces. We would like to build a co-creating relationship with various companies, distribute information, and encourage the creation of new business values.

Chiba: Next: How will next year's investment amount compare to this year?

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We are currently in discussion for next year's budget. In February, at the financial briefing, we will disclose our plan, but the assumptions for the profit and our cost will be explained in the session on December 16.

With SaaS, we are finalizing our plan. But with NewsPicks' advertisement and marketing, well, that is a variable factor. So, we are discussing this towards the end of this year.

The next two questions are related to NewsPicks. Sakamoto will elaborate on them. The first part is: Please talk about the price increase. The second part, I think this points the advertisement in Shinagawa. What is your take on that experience?

Sakamoto: When it comes to the price increase, I believe NewsPicks has room for flexibility, and this time we raised the price only for new subscribers. The price will be the same for those on annual sign-ups, while new monthly subscribers will be subject to the price increase. By doing that, we are hoping to raise the portion of annual subscribers and grow MRR.

Regarding the failure and withdrawal of the advertisement in Shinagawa, first of all, at the point of deciding to withdraw the advertisement, we fully own our mistakes.

There are several points that we acknowledge. First is the message, the second is the location, and the third is the fact that we shared the advertisement in the form of a photo, despite it being meant to be video content. The incident is a result of such multiple factors, but overall, we regret that we didn't extend enough thought for the public sentiment including of those who are suffering from the pandemic.

Given the consistent nature of members engaged in internal discussion, it had not generated any opposing views towards this advertisement beforehand. Therefore going forward, we are looking to involve external members and establish a system to prevent anything like this happening again.

Chiba: Next: Isn't there any change in your policy for 30% top line growth? Inagaki will answer this question.

Inagaki: There's no change. Towards 2028, we have been making disclosures to aim for an average of 30% top line growth, and we stick with that.

Chiba: The next question is in English: When can we expect NewsPicks subscription revenue to start accelerating growth again?

Sakamoto: Regarding subscription revenue, when it comes to corporate accounts, we expect to see strong growth in Q4 and into the next fiscal year. And when it comes to individuals, it will depend upon our kind of marketing measures that we will take in Q2 and the next fiscal year. We are currently considering advertising campaign starting from Q2 next year, so we assume it will pick up after that.

Chiba: Next is about the personnel change. Mr. Sakuma is leading the SPEEDA business and Mr. Inagaki is leading the engineering organization, and you'll be wearing the double caps as Co-CEOs of NewsPicks, so doesn't that cause a concern that you will lose focus?

Inagaki: I believe this will actually accelerate our growth. As representatives of Uzabase, Sakuma has been constantly overseeing NewsPicks, and I have also been involved in investments together with the NewsPicks engineering team.

We have also been taking care of launching new businesses. But this time, we clearly will assign Sakamoto to focus on the NewsPicks Topics, and we will be able to focus on our respective areas of strength. So, I believe this will accelerate our business.

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Chiba: The next comment is with regard to our disclosure: Please release QoQ MRR performance in addition to YoY.

Thank you for the comment. We will try to improve that going forward.

Next: You said you're going to consider measures with securities firms for being listed on the prime market, but do you have any measures at all?

From the previous financial results briefing, we have the same plan in place regarding being listed on the prime market. But given the fact that we are short of the amount of market cap required at JPY100 billion, we are discussing with securities firms on what is the required timing to reach this threshold in order to be listed in line with our schedule.

This timing will probably be a little later than what you may be assuming, so that may have caused a gap between who asked this question and our understanding. We will make necessary disclosure when it's suitable, so we appreciate your patience.

Next, there's a question about expert research: It doesn't seem to be scaling as much as similar services, so what are the issues and your outlook?

We are proceeding in line with our plan, and we consider the growth rate is very high. However, the scale of the service is much smaller than the other services. First, we cannot deny that the number of experts itself is smaller than our competitors. So we would like to create synergies with NewsPicks in order to boost the number of experts.

And our advantage is our user foundation from SPEEDA and the platform and also a group of engineers that are developing the service. So, we are looking to create a differentiated added value in order to create sales

The next question is with regard to the reason why Sakuma is not attending this briefing. Sakuma had recently experienced appendicitis and was hospitalized. He is now out of the hospital, but to be on the safe side, he's taking a leave for today. He will be back to business from next week. Apologies for causing concern.

Next: For SPEEDA, the quarterly new account growth is around 50, in the past was close to 100 at times. Why has this slowed even though you have a bigger company?

Regarding the breakdown of SPEEDA customers, we have the mega enterprises or big companies as a category. We have actually opened accounts for most of those companies, but there are multiple divisions and teams and members that we can issue IDs to. So, in terms of the penetration, in that sense, we still have room to grow.

As for SMEs and startups, we haven't been able to grow our penetration as much, so we continue to take efforts to reach more companies and also the revenue per account.

The next question is with regard to paid subscribers of NewsPicks: It seems like you're already hitting the ceiling with regard to the acquisition of early adopters.

I think a similar question have been addressed, but I think there's perhaps further comments by Sakamoto.

Sakamoto: In order to keep the media's edge, my view is that we need to build the categories and topics that I talked about earlier.

Of course, if everyone is looking at the same content, we will cater to the mass interest too much and will certainly be losing such edge. In order to address that, for instance, we created the startup category, where

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NewsPicks has had a strong edge from the beginning. And we are gathering entrepreneurs and VCs and the people who watch startups working in large enterprises.

This has reactivated the community with a strong edge. By expanding such experiences into other categories and topics, we would like to keep increasing contents with an edge.

Chiba: Let's go on to the next question regarding the creator economy. Sakamoto will answer this question.

Sakamoto: Of course, I understand that the service now has a great system. And the strength of NewsPicks is something different. Earlier, I explained in the slide that, we have subscribers who are paying JPY1,600 on a monthly basis and seeing content, and also, there are pickers that are not sharing content on any other platform.

And there's the culture of commenting and discussing the topics in NewsPicks, and I believe that can be established as a new value. So, with NewsPicks Topics it is not one-way information, but the idea is that experts with similar strengths and capabilities will communicate with each other and strengthen and grow the community. So, I believe we can establish a completely different concept. And in terms of the contribution to revenue, I cannot say that we have a clear path visible right now, but I am confident that we'll be able to establish and strengthen such communities.

Chiba: And I will go on to answer the next question, which has to do with the users who are not Pro-pickers.

Sakamoto: NewsPicks in the last several years has been focusing on increasing the number of pro pickers and creating a community of such pro pickers.

Going forward, we would like to further expand the scope of such communities. In the effort to do so, we sometimes intentionally stay away from the word pro-picker. In other words, we would like to widely open our doors to those who are not pro-pickers but have expertise, so that they feel comfortable sharing their insights in the community. And we are starting this from Topics.

Chiba: The next question: Why is the price revision of the premium plan not included in this disclosure?

Sakamoto: The price revision is for new subscribers and just for monthly subscribers, so it does not have a significant additional impact on the business performance in the short term. However, of course, in terms of MRR, we are expecting a gradual increase over the long term.

Chiba: Next: It seems like you're keeping a good control of COGS. At the same time, your sales are strong. Is that the result of withdrawal from Quartz?

By withdrawing from Quartz, of course, our sales volume has decreased. But in terms of cost in control and improving gross margin, the withdrawal from Quartz is a major factor.

But the other SaaS businesses have the structure to keep improving gross margin, so let me note that Quartz is not the only factor.

And next is a question about the structural change and the NewsPicks Topics business.

Inagaki: Regarding this point, based on our experience of launching new businesses, focus and drive is most important. As managing overall NewsPicks while launching a new service is very challenging, we believe that we should divide the roles.

Sakamoto: In my view, NewsPicks business is quite diverse. And so, if I continue to lead the entire business, it would be very challenging to have a strong focus on one service. So that is why we have decided roles with

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Inagaki and Sakuma so that I can fully commit to the vertical launch of the Topics service in a speedy manner. We decided that this is the best structure to do that.

Chiba: The next comment is with regard to the advertisement in Shinagawa Station. And the opinion, I understand, also relates to how we take stance with our communication. Inagaki will comment on this.

Inagaki: When it comes to the Shinagawa advertisement, I believe Sakamoto has fully conveyed our stance. We would like to learn from our experience and make sure that we will stay away from trouble going forward. Thank you for this comment.

Chiba: We have 12 questions left. You gave an estimate of the potential market of the USA-creator economy. So, do you have that for Japan?

Sakamoto: For this market, the USA is leading the way. So, in Japan, there isn't sufficient data to indicate the potential market scale. But once we have that available, we would like to include that in our disclosures.

Chiba: The next question is with regard to the sharing of our long-term strategy: It seems like something that you should touch upon in this financial results briefing. With regard to the revenue policy especially, is there a reason why you cannot share that with investors until December 16?

Inagaki: Well, quite frankly spoken, I would like to simply say that we weren't fully prepared to convey everything in detail. We think that this long-term strategy needs ample time for us to fully convey our intentions and measures in place. So please wait until December 16.

Chiba: Next is about some accounting figures. The total of the EBITDA of each business and the consolidated EBITDA is not the same.

I would like to explain this discrepancy. Referring to the period after withdrawal from Quartz, this reflects an elimination for consolidation. We have the segment EBITDA, and we disclose the consolidated number after eliminating intra-group transactions. The elimination is included in the adjustments item. So, we disclosed the consolidated EBITDA as a result of that calculation.

And the next question is also with regard to the financial summary. In the Others section, you have sales of JPY9 billion. Is that SPEEDA Edge?

Yes, indeed, it includes SPEEDA Edge.

Next question: While some of the sales of the advertisement has been delayed to Q4 from Q3, the Q4 forecast it is lower than last year. So, doesn't this mean that the ad business is not performing very well?

Sakamoto: So, as I mentioned, for Q4 figures, we look at the full year target. And in order to achieve the sales and profit targets we plan to make further investments. So, in that sense, we are not aiming for the same level as last year, but we would like to exceed that of Q3.

Chiba: We have 10 more questions remaining: The MRR growth rate of INITIAL is on the increase. Please give a segment-by-segment focus and initial disclosures.

We have received this request from investors, as well as to separate FORCAS as another segment. We will consider this going forward in the context of disclosing the SaaS products from next year.

And next is about the revision of our earnings forecast. As mentioned, this time the range of the revision is below the requirement of the disclosure criteria for TSE. And at this timing, November 4, this is not a

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downward revision, but it includes a significant amount of extraordinary loss. We decided that we should disclose our latest forecast.

Now the next question is regarding FORCAS. It seems like this is the star of hope among your businesses. Why is it that it's so strong?

With regard to FORCAS, indeed, its business has grown very strongly, including some of the new product services under FORCAS umbrella, we are seeing strength. I think it's a fruit as a result of collaborating with our customers. Such collaboration had been characteristic of FORCAS. We have basically brought all the users on board and created a community and thought together last year, how we can make this business even stronger. Such is the reason for the success. And of course, we have other SaaS businesses. FORCAS is now ready to go on to the next phase. What we have learned from SPEEDA can be the learning point for FORCAS so that we can continue to have a good spiral effect of a SaaS business. Of course, as a product, FORCAS is evaluated highly being able to extend solutions to the customers. At the same time, Uzabase' strength comes from the fact that we have several SaaS business pillars.

The next question, when are you going to change the world with business intelligence?

Inagaki: Well, this this is our mission, so this will be a perpetual target for us. And this world means for each company, each person in the world, and we pursue satisfaction for each of them, and we will continue our efforts in anticipation of them to tell us that their world has changed.

Chiba: The next question is, what is the rent increase as you move to the new office venue? We are not disclosing such information as of now. Next February, when we release our fiscal year outlook, we would like to give you the specific number set when it comes to rent payments.

I believe this is the last question. What is your top management issue? Inagaki will answer this question.

Inagaki: Sakuma is formally leading the business side, and I am leading the organizational side. So, talking about the organization, because of the pandemic, members are not always able to have a clear separation of work and private life. There are some members who are struggling, including mental problems, which I believe is the most serious issue. And while discussing with other companies, we understand that this is not just us, but with other companies across Japan and worldwide.

In the future, there might be something like the pandemic happening or resurging. So while basically encouraging online work, we want to have a clear on/off system for our employees and also create an atmosphere where people can feel comfortable and support each other. So how to design that kind of environment is what I am trying to lead.

We would like to keep making efforts in order to create a good place to work in, which is essential in creating a better business.

Chiba: And thank you so much for your kind comments.

Now I would like to close this Q&A session. And especially with regards to what's on the slide now, I really would like to extend our full appreciation for the fact that you are supporting us. And we always have our ears open for your candid opinion. Thank you so very much for the words of cheer. Now I would like to close the financial results briefing for Q3 2021.

We will be following up on our platform as to what we have conveyed to you today. And for the Q4 and full fiscal year report, we are planning to hold a briefing on February 9, 2022. So please schedule that event on

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your calendar, if you would. And regarding our long-term strategy, again, in mid-December, we would like to set aside time in the evening time zone in Japan standard time. I hope you will join us again at that time.

Now once again, let me extend to you the full appreciation for your attendance today. Thank you so very much.

[END]

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