

# UZABASE

## **Uzabase, Inc.**

2022 Q3 Financial Results Transcript

November 9, 2022

## Event Summary

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|                      |   |
|----------------------|---|
| [Company Name]       | Uzabase, Inc.   |
| [Company ID]         | 3966-QCODE  |
| [Event Language]     | JPN   |
| [Event Type]         | Earnings Announcement   |
| [Event Name]         | Q3 FY2022 Financial Results Briefing  |
| [Fiscal Period]      | FY2022 Q3   |
| [Date]               | November 9, 2022  |
| [Number of Pages]    | 27  |
| [Time]               | 16:00 – 16:53<br>(Total: 53 minutes, Presentation: 28 minutes, Q&A: 25 minutes)     |
| [Venue]              | Webcast   |
| [Venue Size]         |   |
| [Participants]       |   |
| [Number of Speakers] | 3   |
|                      | Yusuke Inagaki<br>Taira Sakuma<br>Daisuke Chiba                                     |
|                      | Representative Director and Co-CEO/CTO<br>Representative Director and Co-CEO<br>CFO |

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# Presentation

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**Moderator:** Thank you very much for joining us here online despite your busy schedule. Now, it is time for us to commence Uzabase, Inc.'s financial results briefing for the Q3 of 2022. I would like to now explain as to how you can address your questions.

Now, I would like to introduce the members of management who are here with us today. Uzabase, Inc.'s Co-CEO/CTO Yusuke Inagaki. Co-CEO Taira Sakuma. Chief Financial Officer, Daisuke Chiba. These are the three members of the management who are here with us today.

I will now hand over to Sakuma-san.

## Tender Offer by Carlyle

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- **Details:** The following resolutions were made at today's Board of Directors meeting and disclosed externally.
  - Uzabase expresses its opinion in support of the tender offer by THE SHAPER Co. and becoming its wholly owned subsidiary.
  - Uzabase recommends that its shareholders tender their shares in the tender offer.
- **Reasons:** Uzabase believes that it will receive the following support as a wholly owned subsidiary of THE SHAPER Co., increasing its chances to achieve its Purpose, realize sustainable growth, and enhance long-term corporate value.
  - Accelerated investments with a long-term perspective of enhancing Uzabase's business insights and other core assets
  - Expertise and execution capability in establishing a management system that balances entrepreneurship with business expansion
  - Access to global management expertise and network of the Carlyle Group portfolio companies, such as Zoominfo and Dealogic

\*For details, please refer to the "Announcement of Opinion Supporting the Tender Offer by THE SHAPER Co. and Recommendation of Tender" released on November 9, 2022.
- **To Our Shareholders**
  - Letters will be sent out to all shareholders indicated or recorded in the shareholder registry as of September 30, 2022.
  - Please contact Mitsubishi UFJ Morgan Stanley Securities or au Kabucom Securities for details on share tendering procedures.

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**Sakuma:** Before we explain the financial results, I would like to announce that we passed a resolution to support the tender offer by Carlyle. I would like to talk about this first. To all users of our services, including SPEEDA, NewsPicks, FORCAS INITIAL, Incubation Suite, and other services, regardless of the outcome of this tender offer, we will continue to deliver our services in a way that delivers value to our customers. There are no changes planned to take place as a result of this tender.

In terms of the details of the tender offer, please refer to the press release announced today. This time, the tender offer price is JPY1,500. We have established an independent special committee that has negotiated and settled to a price that we believe is valuable enough to recommend our shareholders to tender their shares.

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## *Our Purpose*

**Awaken a world of play in business, with our insights.**

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Our purpose is “Awaken a world of play in business, with our insights.” I believe that partnering with Carlyle and delisting our shares at this point is a best step towards realizing our purpose.

For example, there is Zoominfo, a company that I have been very much interested in. This is a company that was founded around the same time as Uzabase. From the time it was named Discover Org, we have had some communication with this company to discuss data partnerships. Carlyle is an early investor in Zoominfo. Over the same period, Zoominfo has grown into a very large company in comparison with Uzabase, now reaching the 1 trillion yen mark. In the background, there has been an active M&A strategy and support by Carlyle.

Carlyle has been supporting the high growth of global software companies, and it has the know-how and network to make this possible. Uzabase is aiming to awaken a world of play in business, not only in Japan, but for the whole world.

At the end of the year 2020, we withdrew from the Quartz business. That was a step back from our global expansion efforts. We decided to focus our efforts in our businesses in Japan to make them more profitable to drive the overall growth and then continuously invest in overseas markets, through which we are aiming to increase users around the world.

We believe that the best option for us to pursue our purpose is to partner with Carlyle and to delist Uzabase shares at this point in time. This is why I support this tender offer.

I'd like to move on to the financial results. During the Q&A session following the presentation, we would like to answer your questions regarding the tender offer as well as financial results.

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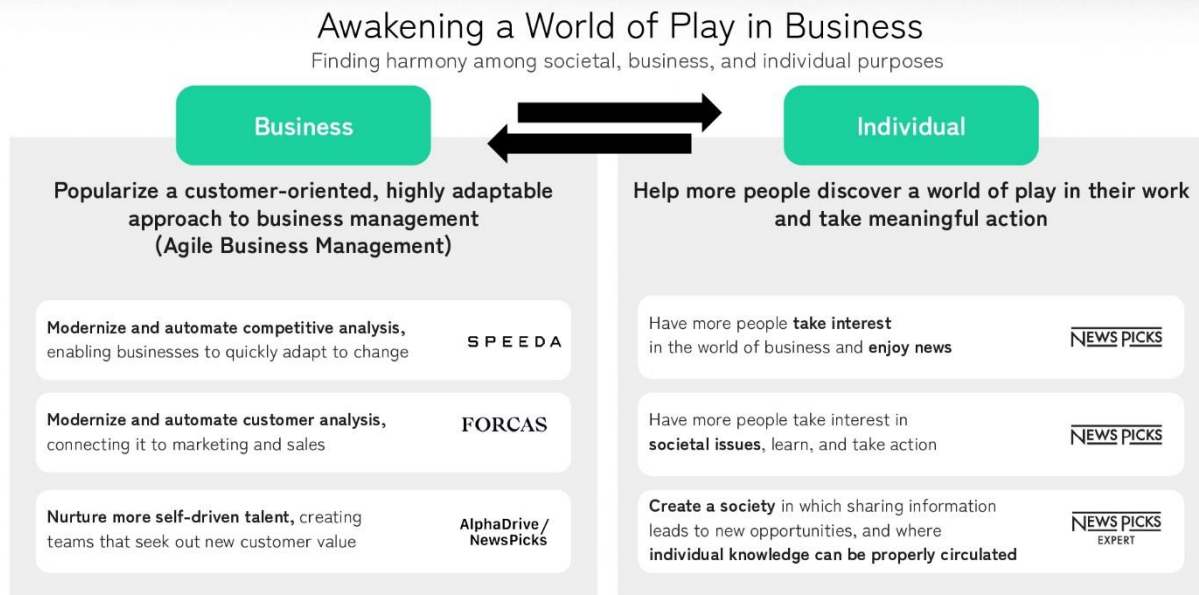
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## How Do Our Products Tie Into Our Purpose?

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Last year, Uzabase announced its purpose “Awaken a world of play in business, with our insights.” Uzabase exists to realize this purpose.

We provide services to both businesses and individuals. For businesses, we offer tools to enable customer-oriented agile management, namely SPEEDA, FORCAS, and AlphaDrive/NewsPicks, and others.

For individuals, we are striving to help more people discover a world play in their work and take meaningful action. NewsPicks is a media platform to support that, and we have NewsPicks Expert to circulate individual knowledge and solve social issues.

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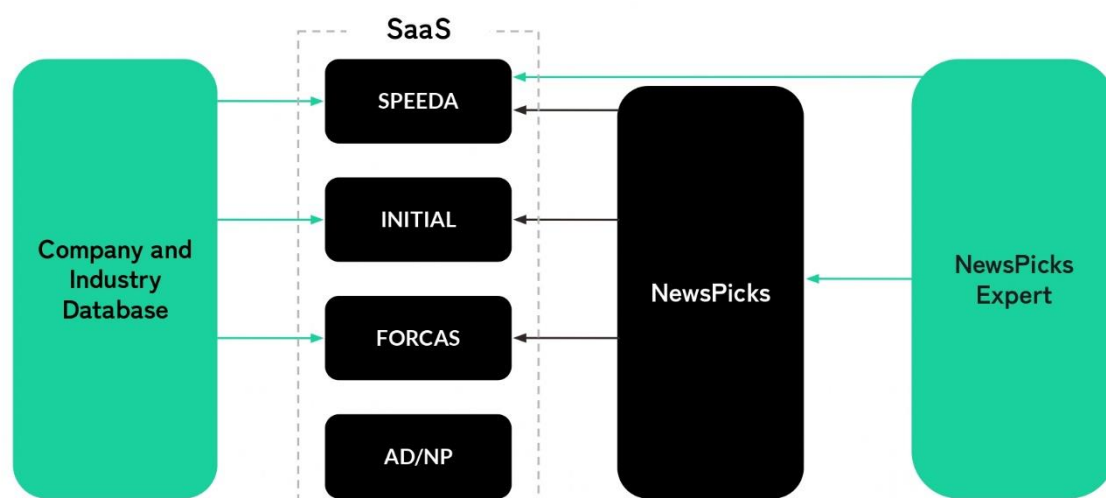
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## Collaborative Use of Business Insights

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The collaborative use of business insights across the Group serves as a strong competitive edge for Uzabase.



1. AD/NP is also planning to release a new product that leverages the Company and Industry Database.
2. For details on "Company and Industry Database" and "NewsPicks Expert", refer to Appendix on page 5.

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In our purpose, we say "with our insights." Our unique strength is the common utilization of business insights and data. As you can see on the left of this slide, the SaaS businesses tap into a common pool of company and industry data. Contents of NewsPicks are also utilized in the SaaS business as well.

We also have NewsPicks Expert, which is a pool of individual talent that is used both in NewsPicks and the SaaS services. This business model enables us to efficiently invest in business data, and this has been our unique strength.

## Revision of Consolidated Earnings Forecast for FY2022

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| Unit: JPY MM                                       | Previous Forecast | Revised Forecast | Reasons for Revision   |
|--|-------------------|------------------|--|
| <b>Net Sales</b>                                   | 19,500–20,000     | <b>18,200</b>    | Mainly due to the NewsPicks business falling behind plan.<br>(See the following page for details.)   |
| <b>EBITDA</b>                                      | 1,000–1,500       | <b>1,000</b>     | Expected within the original forecast range thanks to effective cost-cutting measures mainly in the NewsPicks business despite weak net sales.   |
| <b>Operating Profit</b>                            | 400–900           | <b>300</b>       | Higher-than-expected software amortization costs due to changes in the scope of asset recognition for software in the NewsPicks business   |
| <b>Ordinary Profit</b>                             | 400–900           | <b>400</b>       | Expected within the original forecast range thanks to the gain from the sale of shares owned by UB Ventures  |
| <b>Net Profit Attributable to Owners of Parent</b> | Profitability     | <b>500</b>       | Expected significantly above the original forecast mainly thanks to recording of an additional 634 MM JPY of deferred tax assets related to net operating loss carryforwards based on the approval of the Company's business adaptation plan (business adaptation plan for growth and development) |

1. The new accounting method for revenue recognition is applied retroactively to FY2021 figures.
2. For details, see the "Notice Regarding a Revision of Consolidated Earnings Forecast for FY2022" released on November 9, 2022.

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Next, I'd like to talk about our revision of the performance forecast.

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Due to the shortfall of NewsPicks net sales, the net sales forecast for this year used to be JPY19.5 billion to JPY20 billion, but this will be reduced to JPY18.2 billion.

For EBITDA, operating profit, ordinary profit, and net profit, we are revising them to JPY1 billion, JPY300 million, JPY400 million, and JPY500 million, respectively. I apologize for the fact that we were not able to achieve what we committed to achieve.

Talking about the details, while the net sales was revised downward, due to cost reduction, mainly with NewsPicks, the EBITDA reduction is still within the range of our previous forecast.

We also made a downward revision of operating profit mainly due to changes in the scope of recognizing software as assets.

The ordinary profit forecast is JPY400 million, within the range that we previously disclosed, due to positive contribution from the sale of shares owned by UB Ventures.

For the net profit attributable to owners of the parent, we are expecting JPY500 million. This is a major upswing due to the certification of our plan under the COVID tax treatment program.

| Key Factors in NewsPicks' Weak Performance and Related Measures |          |  |   | UZABASE |
|---|----------|--|---|---------|
|   |          | Factors  | Measures  |         |
| Paid Subscriptions  | Internal | <ul style="list-style-type: none"> <li>Decline in subscribership due to lack of popular content in Q2, which resulted in cancellations outnumbering new acquisitions</li> </ul>                          | <ul style="list-style-type: none"> <li>Leverage new acquisition channels (YouTube, TikTok, etc.)</li> <li>Create an acquisition funnel for paid subscriptions independent from content success</li> </ul>   |         |
|   | Internal | <ul style="list-style-type: none"> <li>Delay in hiring (advertising sales and production personnel)</li> <li>Average revenue per account behind target</li> </ul>  | <ul style="list-style-type: none"> <li>Vacancies filled, resource issues resolved</li> <li>Train sales personnel by modeling the expertise of top performers in making high-priced proposals (e.g., annual contracts instead of one-time ones)</li> </ul> |         |
| Advertising   | External | <ul style="list-style-type: none"> <li>Inflationary pressure on B2C companies and deteriorating funding environment for startups make some target customers reluctant to place advertisements</li> </ul> | <ul style="list-style-type: none"> <li>Identify customer groups by advertising product that are likely to use it on an ongoing basis and create a structure for tailored approach to these groups (implement account-based marketing)</li> </ul>          |         |
| Other (Publishing)  | Internal | <ul style="list-style-type: none"> <li>Lack of blockbusters vs. last year and fewer publications due to shortage of editors</li> </ul>   | <ul style="list-style-type: none"> <li>Adopt a conservative plan for the next year onward and maintain a lean structure adjustable to high uncertainties of the Publishing business</li> </ul>  |         |

**In addition to the above-stated measures, we shall focus all efforts on achieving a return to profitability for the NewsPicks Business in FY2023.**

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Next, I would like to talk about the key factors in NewsPicks performance-related measures. As external factors, there was the impact of inflation. For the start-up companies who are our main advertising clients, there was a decrease in the amount of advertising being launched.

As internal factors, in the subscription business in Q2, there was a shortage of hit content, and that resulted in the number of cancellations exceeding new subscriber acquisitions.

In the advertising business, advertising sales and production fell short due to delays in recruitment. Unit price by customer was also below expectations.

In the publishing business, we were not able to publish a major hit as we achieved last year. Also, there were fewer publications due to the shortage of editors.

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We will strengthen user acquisition channels with YouTube and TikTok, where we are seeing an increased inflow of users. Also, we are creating a funnel model so that we do not have to depend heavily on hit content.

The issue of recruitment in the ad business has been resolved. For top sales, we are establishing successful sales patterns so that we can drive up unit sales.

With each advertising product, we are capturing repeater clients. We have identified such important clients with which to work closely with, and we are stepping up our account-based marketing in advertising as well.

In publishing, since there is a high level of uncertainty, we are changing the way we plan on our results. We will be adopting a conservative plan and aim to make a lean structure that will be profitable on its own.

The NewsPicks business has been committing to becoming profitable by 2023, which we promise again. We will also manage the business in a way that prioritizes profitability over growth.

| Sustainability: Uzabase's Initiatives to Address Material Issues |  |  | UZABASE |
|--|--|--|---------|
| Material Issue   |  | Main Initiatives   |         |
| Social   | 1 Circulating Human Knowledge                | <ul style="list-style-type: none"> <li>No major updates in Q3</li> </ul>   |         |
|  | 2 "We Need What You Bring"                   | <ul style="list-style-type: none"> <li>Released Maternity &amp; Paternity Leave Handbooks for employees at Singapore, China, and Sri Lanka offices to drive D&amp;I across the Group</li> <li>Held an event for Uzabase Group male employees to promote the use of paternity leave in line with amendments to Japan's Act on Child and Family Care Leave (effective from October 1)</li> </ul> |         |
|  | 3 A World of Play in Business, for Everyone  | <ul style="list-style-type: none"> <li>NewsPicks held various in-person events for children aimed at facilitating family communication on business topics and encouraging diversity in children's interests</li> </ul>   |         |
|  | 4 Becoming a Technology Company              | <ul style="list-style-type: none"> <li>Held Okinawa's largest tech event <a href="#">Tech BASE Okinawa for Students</a> (Date: Oct 2) to invigorate the market for engineering and boost recruiting efforts for engineering talent in Okinawa</li> </ul>   |         |
| Governance   | 5 Sustainable Management of Data and Content | <ul style="list-style-type: none"> <li>Established and publicized internally "Guidelines for Data Compilation" to prevent infringement of third-party rights as a step in accelerating in-house data compilation</li> </ul>  |         |
|  | 6 New Business Model Fusing SaaS and Media   | <ul style="list-style-type: none"> <li>Enable login with NewsPicks IDs for all FORCAS accounts by year-end to maximize NewsPicks value delivered through our SaaS products</li> </ul>  |         |
| Environment  | 7 Addressing Climate Change                  | <ul style="list-style-type: none"> <li>NewsPicks and SPEEDA both published a number of articles on issues surrounding climate change to provide detailed coverage and initiate changes in corporate and individual actions</li> </ul>  |         |

1. All figures and other information presented above cover the period of May 15, 2022 to July 31, 2022.

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Next is about materiality of issues and the major policies for 2022. The material issues are the priority issues that we are addressing in order to achieve our purpose. We have seven material issues that we are reporting on. I would like to pick up two of these activities.

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## Material Issue: A World of Play in Business, for Everyone

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NewsPicks for Kids offers events that let children see the world from new angles, different from what their families see. It aims to set up a new type of community for children and their parents both by sparking discussions at home through its newspapers and offering experiences that go beyond the printed word.

### Design



#### 1. Pixel Picture Workshop

Held in collaboration with Tsutaya Roppongi Bookstore. Drawing pixel pictures in limited squares **requires the ability to observe an object and express it abstractly**. At this workshop, the children experienced the **process of balancing abstraction and concretization**, a routine task for designers.

### Programming



#### 2. Programming for Families

Held in collaboration with Uzabase's "Play Engineering Project," this workshop offered the children a chance to **experience a world of engineering and business as they learned programming skills from real engineers and solved puzzles related to the NewsPicks for Kids newspaper**.

### Art



#### 3. Ultimate Red

Held in collaboration with Kodomo Ellie Gakuen, this workshop featured its principal and artist Ellie Omiya as instructor. With "Ultimate Red" as the topic, the children were challenged to paint the sea with a single color, red. **Breaking the stereotype** that the sea should be painted blue, **they experienced the process of producing something new through creativity within set limits**.

1. [NewsPicks for Kids](#) is an optional plan available for NewsPicks Premium members and NewsPicks Learning members.

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For the materiality issue of making economic issues familiar to everyone, in summer we started publishing NewsPicks for Kids, which is a paper-based newspaper and also comes with design, programming, and art activities that parents and children can enjoy together. We have been taking efforts to increase the readership of NewsPicks Kids.

## Material Issue: Addressing Climate Change

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### Examples of Original Content on Climate Change Issues

#### SPEEDA

##### Trends Report: Carbon-Neutral Materials

Focusing on materials that are critical to achieving carbon neutrality (cement, concrete, steel, and others), the report introduces processes and technologies that promote the transition to a net-zero economy.



##### Practitioners Speak:

##### What We Learned Through TCFD Disclosure

The report presents opinions and findings by various experts on TCFD disclosure, a hot topic triggered by the new TSE market classification. It targets managers and professionals in charge of future disclosures as well as those who are considering inclusion of response to climate change into their management strategies.



1. TCFD stands for the Task force on Climate-related Financial Disclosures.

#### NewsPicks

##### GREEN Innovation Journey to the Earth's Limits

NewsPicks' first documentary series featuring comedian Satoshi Mukai as the narrator, this travelog follows extraordinary people tackling global issues that affect the very survival of humanity, including climate change and war-inflicted energy and food crises, through innovations beyond our imagination.



#### Other Contents

[NewsPicks: \[New\] Secrets of a great leap forward through carbon-neutral management](#)

[NewsPicks: Climate change and wine](#)

[SPEEDA Trends Report: EV Charging Infrastructure](#)

[SPEEDA Insights: Scope 3 in Decarbonization: Best Trends and Measures](#)

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The next material issue is addressing climate change. We operate a media platform, and we are deepening our involvement in content related to climate change.

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On SPEEDA, we have published a trends report called Carbon-Neutral Materials, and also Practitioners Speak on what was learned through TCFD disclosure.

At NewsPicks related contents have been issued from time to time. For example, we have a documentary series called *GREEN Innovation Journey to the Earth's Limit*, and we will continue to publish content that will communicate the importance of issues to tackle climate change.

| Progress on Major Policies for 2022  |  | UZABASE |
|--|--|---------|
| Major Policy   | Main Initiatives   |         |
| 1 Continued investment in high-growth SaaS businesses: SPEEDA Expert Research, FORCAS, and AD/NP | <ul style="list-style-type: none"> <li>Recruitment is progressing steadily, with nearly all positions for 2022 filled.</li> </ul>  |         |
| 2 Investment in data shared across SaaS  | <ul style="list-style-type: none"> <li>Employee and executive transfer information, segment data, KPI data, etc. are being steadily enhanced.</li> </ul>   |         |
| 3 Continued investment in NewsPicks marketing to accelerate growth                               | <ul style="list-style-type: none"> <li>Effective patterns of TV advertisements identified in H1 are run in the Kanto and Kansai regions between October 15 and November 13.</li> <li>Significantly reduced investment in light of NewsPicks' sales performance.</li> </ul> |         |
| 4 Synergy between SaaS & NewsPicks: Finalize shared user IDs                                     | <ul style="list-style-type: none"> <li>Started the transition to enable login with NewsPicks IDs for existing SPEEDA accounts and all FORCAS accounts.</li> </ul>  |         |
| 5 Synergy between SaaS & NewsPicks: Make NewsPicks a marketing channel for SaaS                  | <ul style="list-style-type: none"> <li>Formed a capital and business alliance with EventHub Co., Ltd. (See the following slide for details.)</li> </ul>  |         |

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Next, I'd like to talk about the progress on major policies for 2022.

First, continued investment in high-growth SaaS businesses. This is going on track. The largest investment is in recruitment, and we have filled up most of the year's recruitment slots.

Next is investment in data shared across SaaS. The personnel transfer information feature has been released, and we are steadily enhancing our database, including KPI data and segment data, which is quite difficult to obtain from other companies. We have been generating such data in-house so that we can deliver such data to our customers.

Number three is about investment in NewsPicks marketing to accelerate growth. For this measure, as I mentioned, the net sales of NewsPicks has fallen short of our plan. Reflecting this, we made a major reduction in the amount of investment.

Number four, synergy between SaaS and NewsPicks, finalizing shared user IDs. This is well on track. The FORCAS user IDs are interchangeable with NewsPicks IDs. The development has mostly been complete, so that SPEEDA and FORCAS accounts can be used together with NewsPicks. That's the fifth synergy between SaaS and NewsPicks, making NewsPicks a marketing channel.

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## Capital and Business Alliance with EventHub, Inc.

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Core  
strength

No. 1 event marketing platform in Japan\*1

- One-stop management of all processes related to event and webinar organization—online, hybrid, or offline
- Numerous communication functions maximizing customer contacts and encounters that lead to new business creation, including web-based negotiation and data analysis functions
- Support of marketing and sales activities through highly engaging events and webinars that generate leads and negotiations conducive to sales

Core  
strengths

- Company data and content creation capabilities
- Expertise in planning & running high-quality events
- Group-wide network of human knowledge

- A massive track record of planning and running both online and offline B2B events
- Emphasis on B2B events as the largest marketing channel for the SaaS business and a contributor to sustainable growth of the NewsPicks Advertising business
- End-2021: Launch of NewsPicks Stage., a video distribution business that leverages our know-how in events and content creation, to promote the fusion of SaaS and NewsPicks

As a result of this capital and business alliance agreement and the subsequent acquisition by Uzabase of EventHub's shares issued through a third-party allotment, accompanied by partial acquisition of EventHub's shares held by Sansan, Inc., EventHub will become an equity-method affiliate of Uzabase.

\*1 Based on competitive survey for online events by the Japan Marketing Research Organization (September 2020–August 2021)

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We formed a capital and business alliance with a company called EventHub. EventHub, some of you might know, is Japan's number one event marketing platform. With EventHub, we have had a long-term relationship. Together with the EventHub, we have been holding large-scale off-line events and online trade shows. We have been experimenting various events.

We know each other very well. EventHub's platform to connect people can be combined with Uzabase, especially NewsPicks with excellent planning and attraction capabilities. We believe we can create a de facto event service in the Japanese market.

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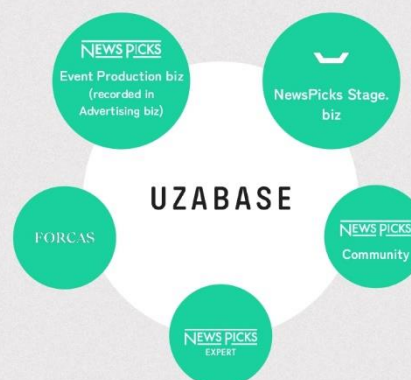
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## Accelerate B2B Event Marketing Development by Fusing the Strengths of Both Companies



- ▶ The business alliance will focus on NewsPicks Stage. and the Event Production business in NewsPicks (with sales recorded in the Advertising business), promoting cooperation in events and collaboration in data and content. It will also help to expand intent data in FORCAS, increase opportunities for NewsPicks Expert members, and enhance NewsPicks community value, maximizing value delivered to users.
- ▶ By fusing EventHub's unique event marketing platform with the data, content, and creative capabilities of Uzabase, we will accelerate the development of event marketing and leverage events to realize our purpose: "Awaken a world of play in business, with our insights."

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Aside from the event production business of NewsPicks, the alliance provides more direct collaboration with NewsPicks Stage. With regards to FORCAS, event marketing is a major measure in executing ABM. So we can collaborate in event marketing at FORCAS, and also link intent data in targeting activities. I believe there will be synergies not only with NewsPicks, but also many other products of Uzabase.

In the context of our purpose, content itself may not be sufficient to move people. People are actually impacted by other people's actions. Therefore, events are an essential part of our activities. I think this alliance with EventHub is extremely significant in our effort to achieve our purpose.

Chiba will speak now regarding the highlights of consolidated results.

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## Q3 2022 Highlights

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| Segment      | Q3 Summary   | ARR<br>(YoY Change)    | Net Sales<br>(YoY Change) | EBITDA<br>(Margin) |
|--------------|--|------------------------|---------------------------|--------------------|
| Consolidated | <ul style="list-style-type: none"> <li>EBITDA moved into the black from the loss in Q2 mainly thanks to cost reductions in the NewsPicks business</li> </ul>                     | 14,324MM<br>(YoY +23%) | 4,473MM<br>(YoY +18%)     | 141MM<br>(3.2%)    |
| SaaS         | <ul style="list-style-type: none"> <li>Achieved nearly 30% growth rate for ARR and Net Sales</li> <li>EBITDA flat QoQ</li> </ul>   | 11,765MM<br>(YoY +29%) | 3,240MM<br>(YoY +29%)     | 344MM<br>(10.6%)   |
| NewsPicks    | <ul style="list-style-type: none"> <li>ARR grew QoQ</li> <li>EBITDA loss improved QoQ due to cost reductions and the postponement of TV advertisement campaigns to Q4</li> </ul> | 2,657MM<br>(YoY +3%)   | 1,244MM<br>(YoY -2%)      | -188MM<br>(—)      |

1. All monetary amounts are truncated values. Progress rates and growth rates are rounded to the nearest whole (same applies for all slides that follow).
2. ARR (Annual Recurring Revenue) refers to the total amount of recurring revenue generated over a year, calculated as MRR (Monthly Recurring Revenue) multiplied by 12.
3. SaaS ARR is the sum total of ARRs for SPEEDA, INITIAL, SPEEDA EDGE, FORCAS, FORCAS Sales, and AD/NP.
4. NewsPicks ARR is ARR from NewsPicks Premium and NewsPicks Learning (individual) subscriptions.
5. EBITDA = Operating Profit + Depreciation and Amortization (including Goodwill Amortization) + Stock Compensations.

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**Chiba:** This is Chiba, CFO. I would like to talk about the Q3 quarterly results. First, regarding the highlights of the consolidated results, ARR was JPY14.32 billion, up 23% YoY. Net sales was about 4.5 billion, up 18% YoY. EBITDA was JPY141 million. The growth rate of net sales was higher than in Q2. Also, as I explained in the Q2 briefing, we had initially expected EBITDA to be negative, but as a result of cost reduction, we landed in the black.

In the SaaS business, we were very close to 30% YoY in terms of ARR and net sales. Then EBITDA was close to the results in Q2.

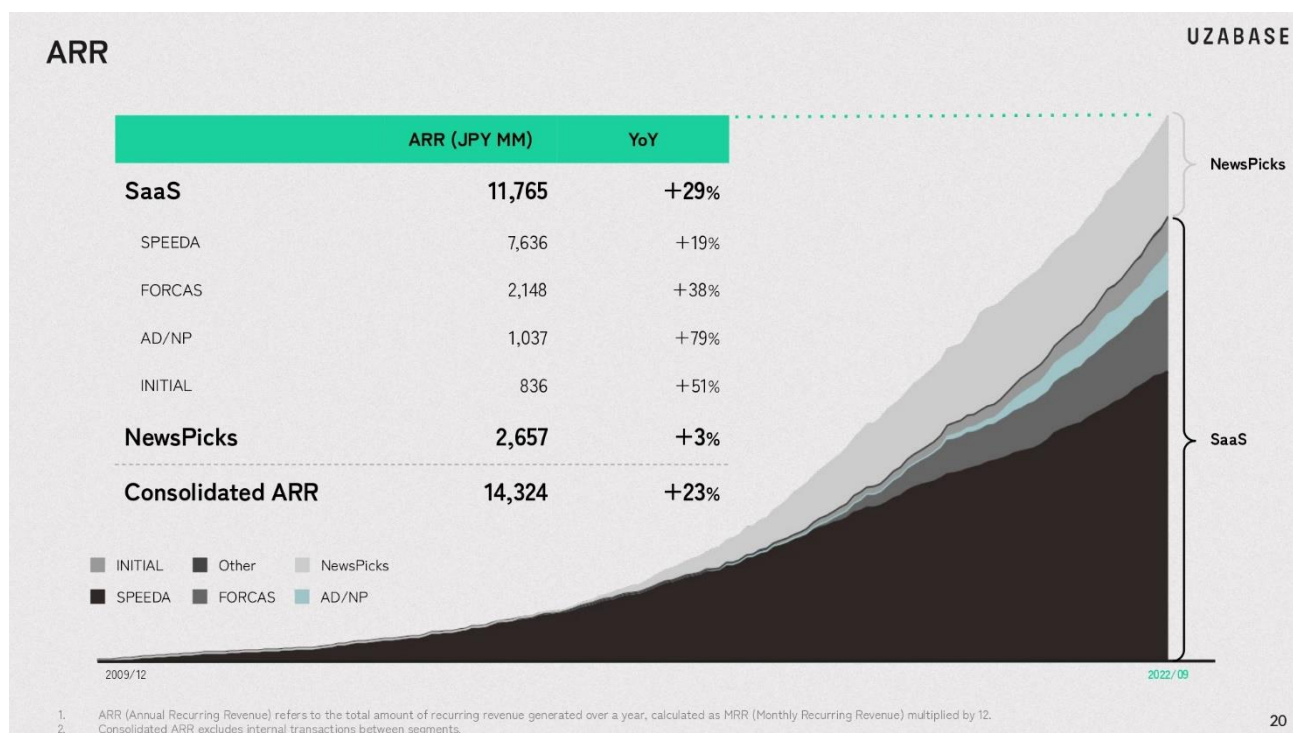
When we look at NewsPicks, ARR and net sales were pretty much flat YoY. Due to cost reduction and postponement of TV advertisement campaign to the Q4, the loss was smaller than initially expected, at JPY180 million.

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In terms of ARR trend, these are the actual numbers by product. FORCAS, AD/NP, and INITIAL continued robust growth.

**Actuals vs Revised Forecast** UZABASE

| Progress on each item against the revised forecast | Unit: JPY MM                                | Actuals for Nine Months 2022 | Revised Full-Year Forecast | Progress Rate |
|--|---|------------------------------|----------------------------|---------------|
|  | Net Sales                                   | 13,124                       | 18,200                     | 72%           |
|  | EBITDA                                      | 795                          | 1,000                      | 80%           |
|  | Operating Profit                            | 249                          | 300                        | 83%           |
|  | Ordinary Profit                             | 403                          | 400                        | 101%          |
|  | Net Profit Attributable to Owners of Parent | 709                          | 500                        | 142%          |
|  |   |                              |                            |               |

1. Revised Full-Year Forecast refers to figures disclosed in the "Notice Regarding a Revision of Consolidated Earnings Forecast for FY2022" on November 9, 2022.

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Next is our progress against the forecast, which has been revised this time as shown here. As Sakuma explained earlier, we are very sorry for the fact that our performance required this revision.

We would like to make sure that we exceed this revised plan to end fiscal 2022. I am hoping to report this at the Q4 financial results briefing.

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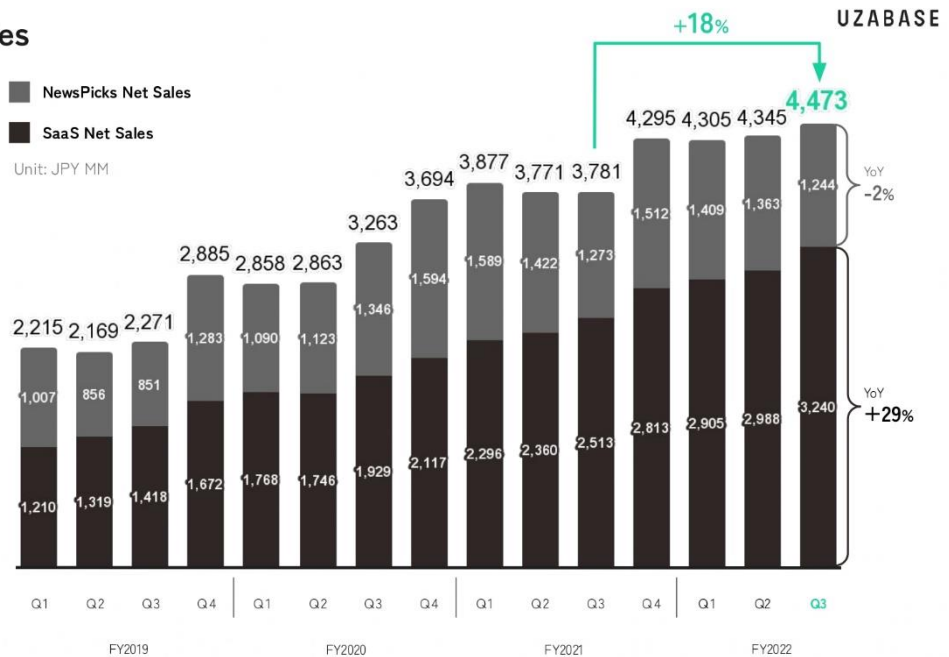
## Consolidated Net Sales

Record-high quarterly Net Sales

NewsPicks Net Sales

SaaS Net Sales

Unit: JPY MM



1. Consolidated net sales up to Q4 FY2020 exclude Quartz and are calculated as Consolidated Net Sales minus Quartz's Net Sales.
2. For consolidated net sales including the Quartz business in previous years, refer to the Appendix.
3. Net Sales for SaaS and NewsPicks include internal transactions between segments, hence their sum total does not match the Consolidated Net Sales.

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In terms of consolidated net sales, please see this bar graph. We have been able to achieve about JPY4.5 billion, up 18% YoY, a record high.

## Consolidated EBITDA

Investments into TV advertisements for NewsPicks were postponed to Q4, hence EBITDA moved into the black.

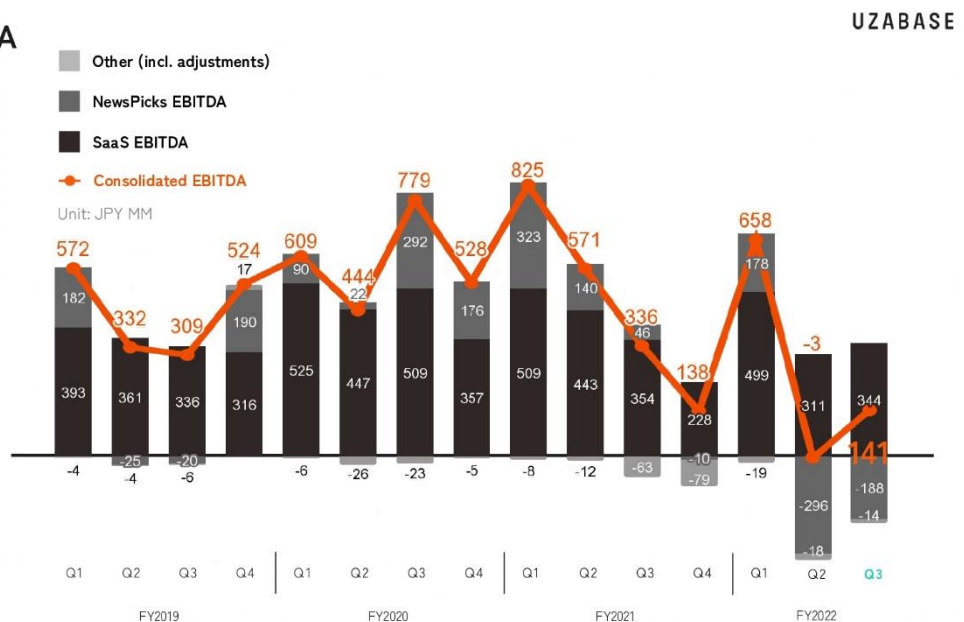
Other (incl. adjustments)

NewsPicks EBITDA

SaaS EBITDA

Consolidated EBITDA

Unit: JPY MM



1. Consolidated EBITDA up to Q4 FY2020 excludes Quartz and is calculated as Consolidated EBITDA minus EBITDA for Quartz.
2. For consolidated EBITDA including the Quartz business in previous years, refer to the Appendix.
3. Other (incl. adjustments) refers to business segments outside of SaaS and NewsPicks, such as new businesses administered by Corporate, as well as SG&A expenses related to the entire Uzabase Group and not attributable to any particular business, and eliminations of internal transactions.

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This is consolidated EBITDA. At the time of Q2, we expected that Q3 will see the EBITDA bottom, but given the lower-than-expected net sales, we conducted stringent cost control based on our investment discipline. This allowed us to end at a positive EBITDA. You can see the breakdown by segment here.

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## SaaS Segment: Product Portfolio Management Policy

Recap

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We will continue achieving both high growth and stable earnings as a SaaS business.

In FY2022, we will continue our selective investments into SPEEDA Expert Research, FORCAS, and AD/NP.

|                               | Business Launch                     | High Growth Phase | Stable Growth Phase            |
|-------------------------------|-------------------------------------|-------------------|--------------------------------|
| Growth Rate Reference         | 50% or more                         | Around 40%        | Up to 30%                      |
| Profitability Reference       | Still unprofitable or breaking even | 0-20%             | 20-35%                         |
| Business Strategy Field       | SPEEDA Expert Research              |                   | SPEEDA (excl. Expert Research) |
|                               | SPEEDA EDGE                         | INITIAL           |                                |
| Customer Strategy Field       |                                     | FORCAS            |                                |
| Organizational Strategy Field | AD/NP                               |                   |                                |

1. Growth Rate refers to net sales growth rate; Profitability refers to EBITDA margin.

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Now I would like to talk about segment highlights. First, SaaS segment. If I may repeat, the SaaS segment consists of several products. We have implemented a portfolio management policy shown here. We distinguish between the phase of prioritizing revenue growth and the phase of prioritizing the balance between growth and profitability. Please refer to the plot chart for the positioning of each product.

## SaaS Segment: Q3 FY2022 Highlights

UZABASE

| Category                                       |                        | Q3 Summary  | ARR<br>(YoY Change)    | Net Sales<br>(YoY Change) | EBITDA<br>(Margin) |
|--|------------------------|---|------------------------|---------------------------|--------------------|
| SaaS Overall                                   |                        | <ul style="list-style-type: none"> <li>Achieved growth rates of nearly 30% for both ARR and Net Sales</li> <li>EBITDA remained nearly flat QoQ</li> </ul> | 11,765MM<br>(YoY +29%) | 3,240MM<br>(YoY +29%)     | 344MM<br>(10.6%)   |
| SPEEDA   |                        | <ul style="list-style-type: none"> <li>Maintained stable growth rate and high profitability</li> </ul>  | 7,636MM<br>(YoY +19%)  | 2,083MM<br>(YoY +22%)     | 540MM<br>(26.0%)   |
| INITIAL  |                        | <ul style="list-style-type: none"> <li>Maintained high growth rate paired with stable profitability</li> </ul>  | 836MM<br>(YoY +51%)    | 206MM<br>(YoY +46%)       | 28MM<br>(13.9%)    |
| High-Growth Businesses Targeted for Investment | SPEEDA Expert Research | <ul style="list-style-type: none"> <li>Maintained high growth rate</li> </ul>   | —                      | —                         | —                  |
|  | FORCAS                 | <ul style="list-style-type: none"> <li>Maintained high growth rate</li> </ul>   | 2,148MM<br>(YoY +38%)  | 523MM<br>(YoY +35%)       | -53MM<br>(—)       |
|  | AD/NP                  | <ul style="list-style-type: none"> <li>Maintained high growth rate</li> </ul>   | 1,037MM<br>(YoY +79%)  | 418MM<br>(YoY +49%)       | -86MM<br>(—)       |

1. Figures for SPEEDA include SPEEDA Expert Research.

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Now, the highlights for SaaS segment. Both ARR and net sales, we want to achieve 30% growth. That is the number that we have been repeatedly saying, and we came very close to it in Q3 at 29% growth. It took us a bit of time, but in Q3 we are finally able to achieve this.

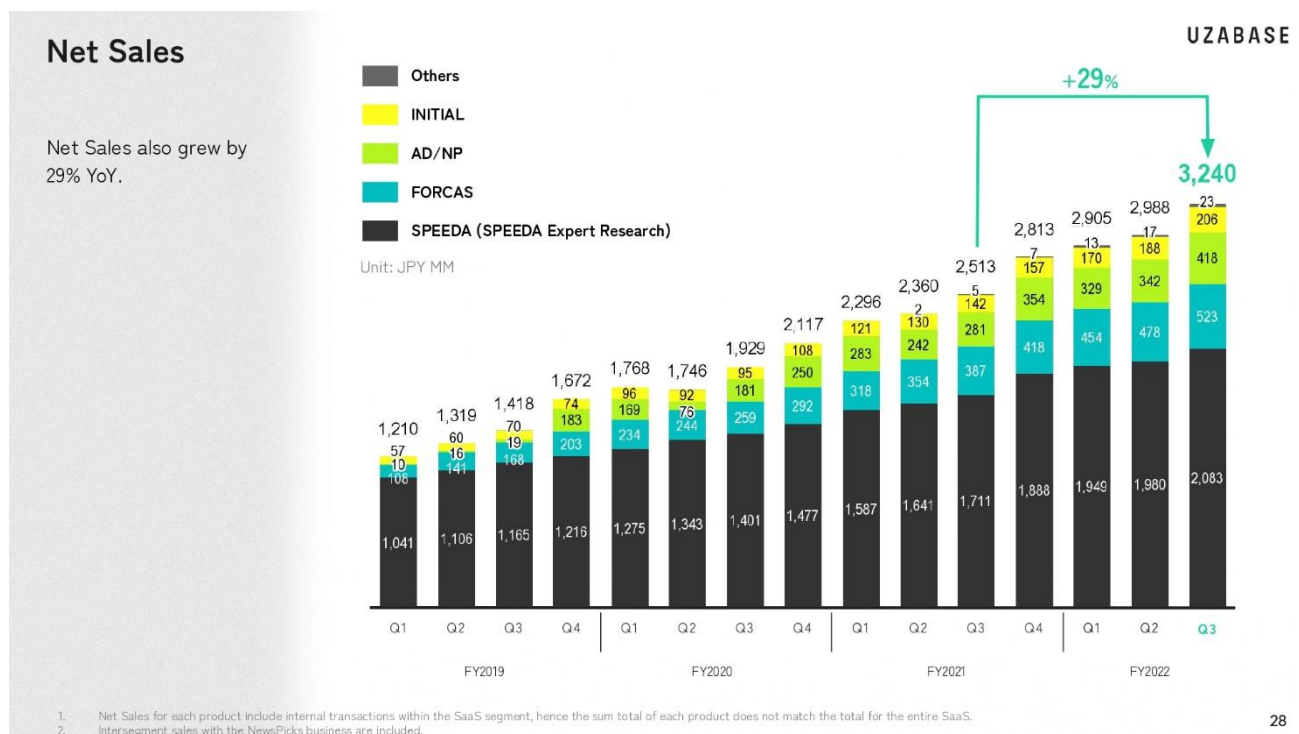
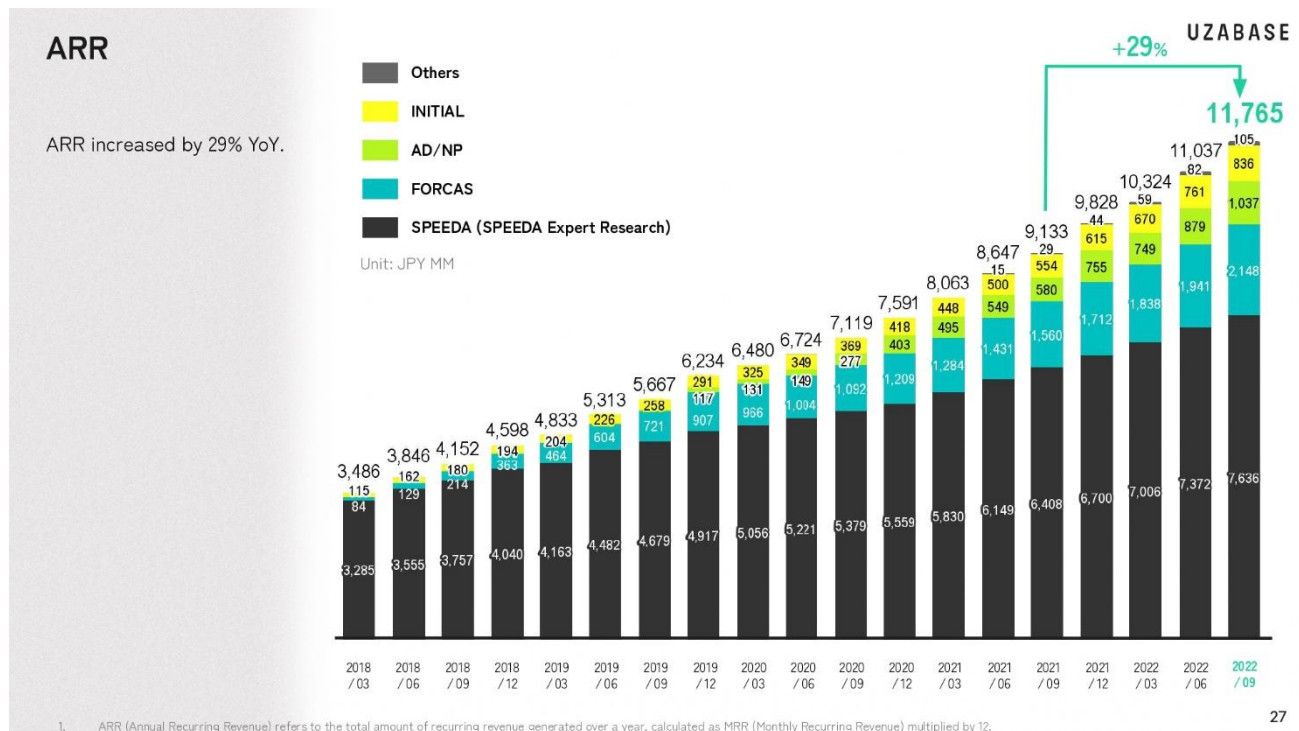
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EBITDA was 10.6%, JPY344 million. As you have seen on the earlier page, we have followed our portfolio management plans. AD/NP, for example, focuses upon net sales expansion, and that's why we inject our investment money. Then for INITIAL, they have actually come to a stage where they contribute both in terms of ARR and net sales. Then SPEEDA has been a very robust, stable source of income as well as other KPI strength.



Then here, ARR and net sales.

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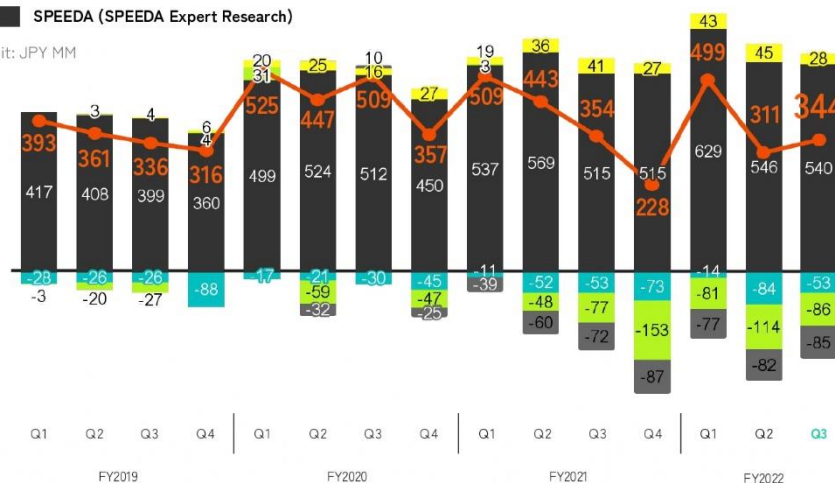
## EBITDA

SaaS continues to generate steady profits amid ongoing investments into business growth.

### SaaS Segment



Unit: JPY MM



1. Transactions within the SaaS segment are included, hence the sum total of each product's EBITDA does not match that of SaaS.

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Now I would like to talk about EBITDA breakdown on this page.

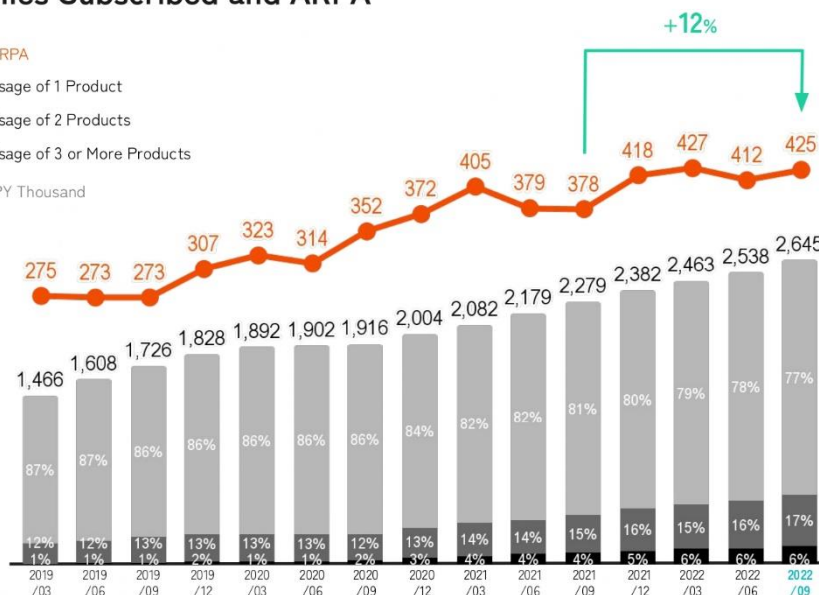
## SaaS: Number of Companies Subscribed and ARPA

ARPA grew steadily.

The ratio of companies that use two or more products also increased by approx. 1 percentage point QoQ.



Unit: JPY Thousand



1. If the same legal entity has contracts for multiple SaaS products, it is counted as 1 company for the purposes of this calculation.  
 2. ARPA is calculated by dividing actual monthly net sales by the number of companies subscribed across the SaaS segment as of the end of each month.  
 3. Monthly net sales figures for SaaS through 2021 are presented according to the previous version of accounting standards for revenue recognition.  
 4. Product usage rate is rounded up to the nearest whole.

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This slide shows the number of customers and the per customer price. We've added 107 companies in Q3, and ARPA also had increased by 12%. The ratio of companies that use two or more of our products increased by one point, which we believe is very promising. We will continue increasing the number of such companies. In the appendix, you can see the same indicators for SPEEDA alone for comparison.

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## NewsPicks Segment: Q3 FY2022 Highlights

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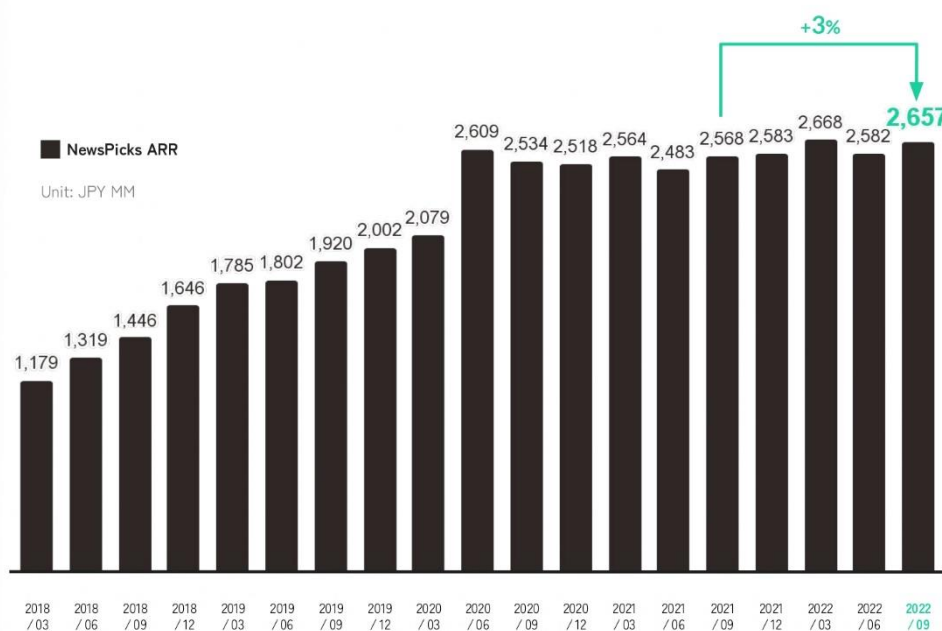
| Business           | Q3 Summary  | ARR<br>(YoY Change)  | Net Sales<br>(YoY Change) | EBITDA<br>(Margin) |
|--------------------|---|----------------------|---------------------------|--------------------|
| NewsPicks Overall  | <ul style="list-style-type: none"> <li>Net Sales saw a slight downtick</li> <li>EBITDA loss improved QoQ due to the postponement of TV advertisement campaigns to Q4</li> </ul> | 2,657MM<br>(YoY +3%) | 1,244MM<br>(YoY -2%)      | -188MM<br>(—)      |
| Paid Subscriptions | <ul style="list-style-type: none"> <li>ARR and Net sales grew also QoQ</li> </ul>   | 2,657MM<br>(YoY +3%) | 611MM<br>(YoY +5%)        | —                  |
| Advertising        | <ul style="list-style-type: none"> <li>Net Sales below expectations</li> </ul>  | —                    | 570MM<br>(YoY +11%)       | —                  |
| Other              | <ul style="list-style-type: none"> <li>Net Sales in Publishing below expectations</li> </ul>  | —                    | 62MM<br>(YoY -65%)        | —                  |

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Now let me talk about the NewsPicks business. In terms of net sales, it's almost flat YoY. EBITDA was better in terms of the amount of loss than Q2. We have done cost-cutting measures which resulted in a smaller EBITDA loss compared to last quarter.

## ARR

ARR grew QoQ thanks to popular video content released in August.



1. ARR (Annual Recurring Revenue) refers to the total amount of recurring revenue generated over a year, calculated as MRR (Monthly Recurring Revenue) multiplied by 12.

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This slide shows the breakdown of sales. First, regarding ARR for the subscription business, in Q2, it was down QoQ. Now we have been able to grow QoQ in Q3. However, the YoY growth rate is just 3%, and we are aware of many still outstanding issues.

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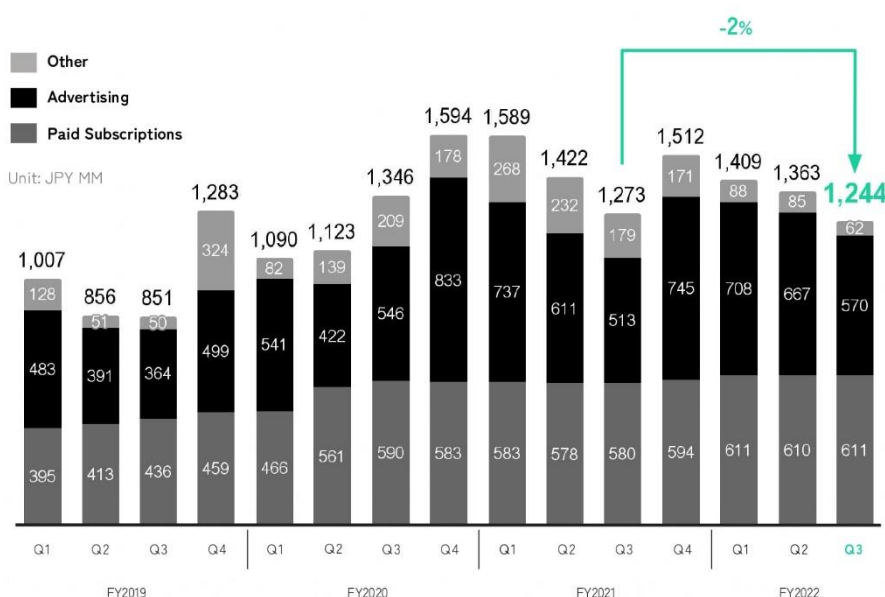
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## Net Sales

Both Paid Subscriptions and Advertising continued to post higher Net Sales YoY, which outweighed the drop in Other businesses.



34

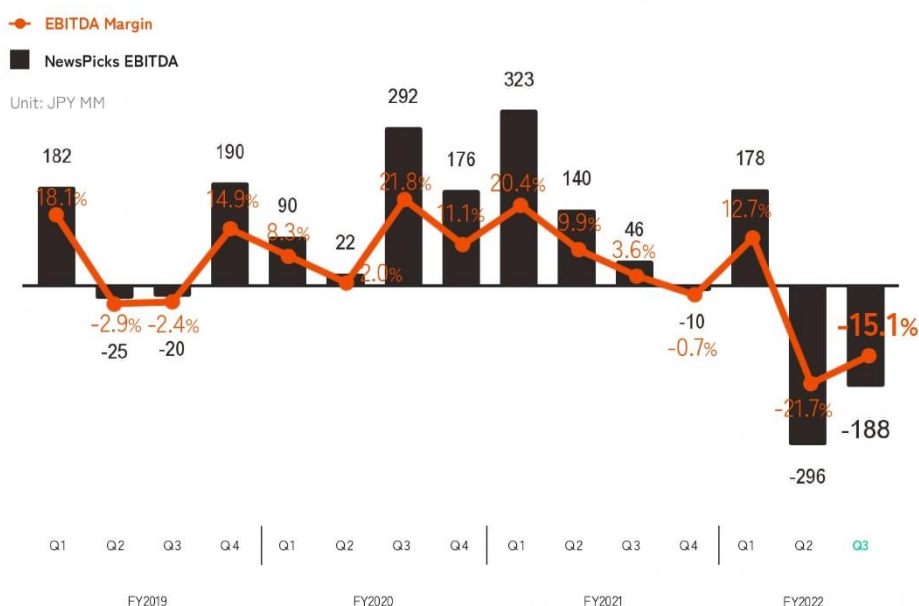
Then this is the net sales breakdown. In terms of advertising, it's better YoY, but lower than the plan. This is a major factor behind this year's shortfall in sales that Sakuma explained.

Regarding internal reasons, we've been able to keep them under control, and we will continue our measures so that we will become profitable by next year.

In terms of other sales, there was a major impact from the publishing business suffering in net sales. The seasonality of sales seems to be normal, so in Q4, we can expect stronger sales, which I will elaborate on later on.

## EBITDA

EBITDA loss improved due to reduced costs and the postponement of investments for TV advertisements to Q4.



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Next is EBITDA. As with SaaS, we have the discipline to manage the balance between sales growth and EBITDA margin.

Our governance discipline dictates that when a certain level of sales growth is not achieved, we need to improve profitability in a robust manner. Since the sales results fell short of the plan, we reduced investments to reduce the amount of EBITDA loss.

As a result, we landed in the black on a consolidated basis, with the largest impact coming from the smaller loss from the NewsPicks business. There is also a certain impact of the TV commercial being postponed to Q4.

| Outlook for Q4 2022 |  | UZABASE |
|---------------------|--|---------|
| Segment             | Outlook for Q4   |         |
| Consolidated        | <ul style="list-style-type: none"><li>• A slight slowdown in growth rates of Net Sales and ARR for SaaS</li><li>• EBITDA to increase QoQ</li></ul>   |         |
| SaaS Segment        | <ul style="list-style-type: none"><li>• A slight slowdown in growth rates of Net Sales and ARR for SPEEDA and FORCAS mainly due to delays in training of new members</li><li>• EBITDA for FORCAS to break even; EBITDA margin for INITIAL to recover</li></ul> |         |
| NewsPicks Segment   | <ul style="list-style-type: none"><li>• Record-high quarterly Net Sales for Advertising business</li></ul>   |         |

Lastly, I would like to turn to the outlook for the Q4, as well as FAQ for Q3 results and the tender offer.

Since we revised the forecast, I think you can get an idea of the Q4 performance when subtracting the results up to Q3.

We expect the SaaS business to continue smoothly. However, due to some delays in onboarding of new hires, we expect a slight slowdown in sales growth on a quarterly basis. In terms of profitability, we expect positive EBITDA including FORCAS Sales, a new product of FORCAS. We also expect that INITIAL will recover its EBITDA margin, which dipped in Q3. Therefore, we expect overall favorable results for SaaS.

In terms of NewsPicks advertising, we think that in Q4 we'll probably see record sales. That is also reflected in the revised forecast.

Next, here are the FAQs we prepared for Q3 results, next year's performance, progress against the mid- to long-term management plan, etc. We also prepared FAQs related to the tender offer, which we disclosed at the same time.

Thank you. We would now like to move on to Q&A.

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## Question & Answer

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**Moderator [Q]:** The first question concerns Carlyle's TOB.

Q1: What will be the management formation going forward?

**Sakuma [A]:** As partly described in the press release, we do not expect any change in management nor are we considering changes in our business portfolio, including the sale of any business.

**Moderator [Q]:**

Q2-1: As an investor who bought in at a price higher than JPY1,500, I am dissatisfied that this deal is taking place close to the bottom of the market. Why this timing?

Q2-2: Although this is a short period after going public and at a premium, the TOB price means that virtually all of the investors who invested up to last year will make a loss. How does management view existing investors? In addition, while the stock price remains low, isn't there a compliance problem for Carlyle to conduct TOB, when Mr. Hirano, one of your external directors, used to work there?

**Sakuma [A]:** First regarding Mr. Masao Hirano, he is not a member of the Special Committee and has been excluded from the Board resolution. Regarding the tender offer price, we believe that this price is the most important factor for the investors. We established an independent special committee and negotiated with Carlyle multiple times to raise it. As a result, we settled on JPY1,500, which we believe is appropriate.

That said, we are fully aware that there are investors who have bought our shares above this price. We are very sorry to those investors.

**Moderator [Q]:**

Q3-1 What do you think about members leaving the Company after this announcement?

Q3-2 As competition over talent is intensifying, what do you think about your reduced capability of hiring as a result of delisting? What are the issues with retention?

**Sakuma [A]:** First of all, with this decision, we will fully communicate with internal members and be sure that we will be facing the same future. After this financial results briefing, we are preparing an overall meeting so that we can fully explain our intention and plans. In the mid-term, together with Carlyle, we believe that employees will be able to come together and create an exciting free future.

In terms of talent recruitment and retaining, thanks to NewsPicks, we do not believe that our brand recognition will be reduced as a result of this transaction. And recently, as competitors of recruiting talent, we are often competing with startups. By becoming private, it will be easier for us to offer stock-based incentives, and we believe that we can turn it into an advantage in recruiting talent.

**Inagaki [A]:** As we made this announcement just now, we will be communicating with the internal members from here. Since individuals will have different feelings, I expect that there would be positive and negative factors, and we will make sure to address them one by one.

In my sense, I do not believe that the decision overall is negative for the employees. Our employees have been attracted to Uzabase's efforts towards our values and purpose. We will communicate closely as to what

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impact this will have, and what future we envision, while respecting individual decisions, and we do not think that there will be a major change in our foundation as management or as a company.

**Moderator [Q]:**

Q4: In the super long vision to realize your purpose, how do you position this delisting in your scenario? As an investor in listed companies, I feel that it's problematic that a company like Uzabase, with long-term growth prospect and a firm shareholder foundation, to choose delisting.

**Sakuma [A]:** This is a difficult question, but needless to say, it's critical for us that the tender offer price is at a level worth recommending to shareholders. Then, in terms of our business performance, we have to say that we are struggling, as reflected in the downward revision of our forecast. Especially with NewsPicks.

This collaboration of SaaS and NewsPicks is a difficult challenge. I don't think there are any other companies in the world that does something like this. It's difficult to try to pave the way for the achievement of this purpose while committing on short-term profits and revenue to the market and shareholders.

Also, the current management team lacks sufficient knowledge to build and execute on a robust strategy for global user acquisition. In addition to our growth through trial and error, we need support from a partner. Regarding this avenue of delisting and partnering with Carlyle, I think will give us a good guiding light, and that's what we decided that we wanted to do.

**Inagaki:** Starting with the issues we had with Quarts, we changed our management structure and revised our businesses, but we haven't been able to recover the stock price. In addition, market conditions have impacted us, as IT stocks are overall down recently. We are not an exception, and given that our stock price is now lower than the starting point, the reality is that we are at a very low level.

We are fully aware that this stock price should basically be the premise on which we continue to operate our businesses. That is also an ideal for us, but it's also true that we are currently in a very risky position.

Although I can't mention all the details, there are various risks associated with a low stock price. When we attempt to build a global platform originating in Japan, the current stock price level does not provide us the capacity to take risks.

The reason we operate our businesses is to pursue our purpose, formerly mission, and make true on our promises to the market that we will keep running our businesses and go forward. When we think about that and the best move we can take given the external conditions, we decided that delisting is the best choice. The largest factor in our decision is how we can manage the company in the best way to increase the value we provide to our users and society.

**Moderator [Q]:**

Q5: Sakuma-san and Inagaki-san, are you going to tender your shares in the TOB?

**Sakuma [A]:** Yes, I am going to.

**Inagaki [A]:** Yes, as I support the decision as representative of the company based on the Board decision, and also as an individual.

**Moderator [Q]:**

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Q6-1: In the employee shareholder associations, I assume the stocks were purchased at above JPY1,500. How are you going to explain this in terms of incentive and motivation?

Q6-2: What happens to the management's shareholding ration? Is Carlyle aiming for 100% ownership, or what's going to happen to the directors' holdings and stock options? It seemed like the management is exiting mid-way.

**Sakuma [A]:** I will start with the first question. The reality is that our stock price has come down greatly. That's the responsibility of management, but at that point, there was potential impact on a part of the employees who had obtained the shares at above 1,500 yen. We are aware that this situation has already existed.

There might be some people who feel that this tender offer price of JPY1,500 is not high enough, but we are looking to reset at this price this time and start designing a new way for employees to gain motivation.

In terms of management's holding ratio, we can't tell yet. Carlyle's tender offer requires that it acquires at least two thirds of all shares, but we don't know exactly to what level they might acquire. In terms of management, I don't have any intention to exit from Uzabase. If Carlyle's policy allows it, I would like to make investments after the company is delisted, to take risks as I continue managing the company. That is my current stance.

**Inagaki:** We have to discuss this with Carlyle going forward, and we can't give a clear answer yet. But as a company, there is no change in our policy to aim to provide optimal motivation and compensation to all of its members. This policy is respected by Carlyle as they offer to partner with us, and we will continue to discuss and take measures accordingly.

Of course, in making this decision, I am determined that I will not give things up in the middle of the way. My responsibility is to manage things so that all stakeholders can ultimately say that this was a great decision. We will do everything possible so that such approval will be granted by everybody.

**Moderator [Q]:**

Q7: Regarding the NewsPicks business, I imagine there were issues of conglomerate discount and also suggestions for selloffs. What did you discuss with Carlyle?

**Sakuma [A]:** Since Carlyle has supported the overall long-term strategy to integrate SaaS and NewsPicks to circulate human knowledge. So there has been no suggestion of selling off NewsPicks.

**Chiba:** The reason of selecting Carlyle is also described in the slide. Carlyle is intending to keep the current businesses while raising their value, so we appreciate your understanding that it is their stance as well.

**Moderator [Q]:**

Q8: Was this TOB first brought up by Uzabase or from Carlyle?

**Chiba [A]:** This time we issued a very long press release, which explains the details and timeline, so I would like you to refer to it.

We first approached Carlyle to discuss our capital policy and governance, and eventually that led to an initial proposal from their side, which triggered a more detailed deliberation. The contents of the negotiation are also described in the press release. Please take a look at it, although it is quite lengthy.

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**Moderator [Q]:**

Q9: I think you have had a very strong will about achieving your performance targets. What do you think are the issues in management that led to the shortfall in this fiscal year?

**Sakuma [A]:** First of all, the main cause of this shortfall was NewsPicks. Regarding NewsPicks, as I mentioned, there were external and internal factors. NewsPicks was able to grow significantly up to now due to individual will and talent, I believe.

Thanks to that, we were able to attract a large number of people who enjoy business, and that was the driving force of growth. However, as an organizational structure of NewsPicks, it has become quite siloed into different departments. That made it more difficult to make swift decisions. I believe that is a reality.

We are changing this organization into a more user-oriented structure, and we are in the process of that. I talked about different factors, but I think at the basis of this is that at NewsPicks, we are in a phase of transition.

**Inagaki [A]:** My answer is similar to that of Sakuma's. Up to now, Uzabase have been valuing freedom and individual talent and uniqueness. That has been the driving force of our businesses. In that sense, do believe that we are a company with high potential.

However, as we are approaching the JPY20 billion level, there has been some shortfalls. For example, systems to nurture new joiners and also systematic measures to ensure our productivity were not sufficient. These factors tended to be highly dependent on individual talent rather than being systemized. We will continue to value individual will and talent, but I believe there was a mistake in failing to set up an efficient system.

By establishing a system and a new structure for Uzabase management, I believe we are able to solve these issues while preserving our positive attributes. We should have fully completed that transition within this fiscal year, but regrettably, we were not able to do that, and we will be committed to driving the organizational change through next year.

**Chiba:** I would also like to answer this question as CFO. One point is that we may have not had the right judgement of risk levels to factor in when devising our business plan. Of course, our sales depends on the decisions of our customers, so there should be a certain discount against our expectations. I believe that the discount rate we had applied was actually not adequate.

Another factor is that as we look at the day-to-day activities, there are some gaps in the KPI and also some changes in the timing of recording figures. Identifying such discrepancies is part of the role of the finance division that I oversee. But some little discrepancies have built up to eventually signal a shortfall. I guess we were late to be alerted to that gap.

I believe that we can establishing a system to issue an early warning with the necessary measure that we should implement. Together with Carlyle, we expect that we will be able to establish a more efficient management system, and we are still in the process of building up an efficient system. I believe that was one major factor.

**Moderator [Q]:**

Q10: In order to increase the number of users for NewsPicks, you have been injecting advisement investment. Are you going to decrease that investment for Q4?

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**Sakuma [A]:** For this fiscal year, as I have explained during the presentation, the net sales didn't reach target, so this investment is reduced. Next fiscal year we will take up the situation again, but the priority is to establish NewsPicks as a profitable business.

**Moderator [Q]:**

Q11: You said that you are planning to expand more globally. What is your strategy for global expansion?

**Sakuma [A]:** At Uzabase, we actually have a long history of global business since 2013; around the same time I joined Uzabase. Evermore than in the past, we are getting a lot more clarity on the global business, especially in China and the US.

However, given the current profitability of the Company, we have not been able to make major investments. We are now focusing on our Japan businesses to become highly profitable so that we can well fund such endeavors in the global market.

**Moderator [Q]:**

Q12: What are some of the disadvantages you expect from the TOB?

**Sakuma [A]:** I think what we need to do first is to engage in thorough communication, as I expect there is anxiety among our employees, as well as our partner companies. We will continue to repeatedly communicate that our business portfolio and service offering will not change. Our way of business will not change. We will make sure that there is no disadvantageous reaction to TOB as a result.

**Inagaki [A]:** Based on the premise that we need to talk a lot more from here, I don't expect actually to see major disadvantageous results on the back of this TOB. We will be delisted as a company, but we can have our strategy aligned to establish a healthy profit-making structure and make efforts in the global market on top of that.

There's no change of management. There is no change of our business portfolio. If we can execute on the strategy that I described, I believe we can benefit everyone without causing negative consequences.

We will make sure to follow through so that everybody can look back and say that this was a great decision.

**Chiba:** Thank you very much for all of your questions.

[END]

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### **Document Notes**

1. Portions of the document where the audio is unclear are marked with [Inaudible].
2. Portions of the document where the audio is obscured by technical difficulty are marked with [TD].
3. Speaker speech is classified based on whether it [Q] asks a question to the Company, [A] provides an answer from the Company, or [M] neither asks nor answers a question.
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