Notice on Completion of Business Restructuring at Subsidiary Quartz Media, Inc. and Recognition of Extraordinary Losses

Uzabase, Inc. ("Uzabase") hereby announces that it has undertaken a fundamental reform of Quartz Media, Inc. ("Quartz") with a view to comprehensively restructure its businesses, with a particular focus on the advertising business, which was originally announced in the "Notice on Business Restructuring at Subsidiary Quartz Media, Inc." (May 14, 2020). As a result of this reform, Uzabase projects an extraordinary loss to be recorded as part of the cumulative 2Q FY12/2020 consolidated statement (January 1, 2020 – June 30, 2020), as set forth below.

1. Implementation of Business Restructuring

Uzabase has completed the necessary readjustments to the headcount of its advertising business, as disclosed in the "Notice on Business Restructuring at Subsidiary Quartz Media, Inc." (May 14, 2020).

With this reform, Quartz has been able to reduce its annual fixed costs by around USD 12.5 million (JPY 1,337 million), transitioning to a leaner structure towards the next term. Meanwhile, the subscription business launched following the acquisition of Quartz continues to grow according to plan. As such, future strategies will continue to promote growth in this segment, while prioritising the achievement of stable profitability for the entire business at an early stage.

Note: Monetarly figures are rounded down. The same applies below.
Note: An approximated conversion rate of USD 1 = JPY 107 (June 9, 2020) used for calculations.

2. Recognition of Extraordinary Losses

Following a rational assessment of all expenses and losses incurred as part of the above restructuring processes, Uzabase projects an extraordinary loss of around USD 2.5 million (JPY 267 million) in restructuring costs to be recorded as part of the cumulative 2Q FY12/2020 consolidated financial statement.

3. Future Outlook
Although this extraordinary loss is expected to affect the net profit attributable to owners of parent, any full-year projections for FY2020 for the net profit attributable to shareholders of the parent company are difficult to make at this point in time. Uzabase has decided not to disclose the exact figure for this item, and there are currently no plans to re-estimate and disclose this figure at a later date.

(For Reference) Forecast for FY2020 (January 1, 2020–December 31, 2020)

(% indicates changes from the previous corresponding period.)

<table>
<thead>
<tr>
<th></th>
<th>Net Sales</th>
<th>EBITDA</th>
<th>Operating Profit</th>
<th>Ordinary Profit</th>
<th>Net Profit Attributable to Shareholders of the Parent Company</th>
<th>Net Profit per Share</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>JPY Million</td>
<td>%</td>
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<td>JPY Million</td>
<td>%</td>
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<tr>
<td>FY2020</td>
<td>15,000</td>
<td>19.8</td>
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