

English Translation

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Financial Results for the Fiscal Year Ended September 30, 2020 (Japanese GAAP)

December 25, 2020

Company Name: PLAID, Inc.
 Listing: Tokyo Stock Exchange
 Securities code: 4165
 URL: <https://plaid.co.jp>
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Scheduled date of ordinary general meeting of shareholders: December 25, 2020
 Scheduled date to commence dividend payment: -
 Scheduled date to file annual securities report: December 25, 2020
 Preparation of supplementary materials on financial results: No
 Holding of financial results meeting: No

(Millions of yen with fractional amounts rounded down, unless otherwise noted)

1. Non-consolidated financial results for the fiscal year ended September 30, 2020 (from October 1, 2019 to September 30, 2020)

(1) Non-consolidated operating results

(Percentages indicate year-on-year changes.)

	Net sales		Operating income (loss)		Ordinary income (loss)		Net income (loss)	
Fiscal year ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
September 30, 2020	4,007	36.4	(1,079)	-	(1,205)	-	(1,207)	-
September 30, 2019	2,937	84.1	(534)	-	(678)	-	(840)	-

	Net income (loss) per share	Diluted income (loss) per share	Return on shareholders' equity	Ordinary income (loss) to total assets	Operating income (loss) to net sales
Fiscal year ended	Yen	Yen	%	%	%
September 30, 2020	(34.24)	-	(86.5)	(45.7)	(26.9)
September 30, 2019	(25.05)	-	(53.9)	(26.3)	(18.2)

(2) Non-consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
September 30, 2020	3,068	1,604	52.3	△78.17
September 30, 2019	2,202	1,188	54.0	△45.91

Reference: Equity
 As of September 30, 2020: 1,604 million yen
 As of September 30, 2019: 1,188 million yen

(3) Non-consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
Fiscal year ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
September 30, 2020	(1,012)	(167)	(1,897)	2,091
September 30, 2019	(718)	(15)	(53)	1,374

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2. Cash dividends

	Annual dividends					Total dividends	Payout ratio	Dividends to net assets
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Fiscal year ended September 30, 2019	—	0.00	—	0.00	0.00	—	—	—
Fiscal year ended September 30, 2020	—	0.00	—	0.00	0.00	—	—	—
Fiscal year ending September 30, 2021 (forecast)	—	0.00	—	0.00	0.00		—	

3. Non-consolidated earnings forecast for the fiscal year ending September 30, 2021 (from October 1, 2020 to September 30, 2021)

(Percentages indicate year-on-year changes.)

	Net sales		Operating income (loss)		Ordinary income (loss)		Net income (loss)		Net income (loss) per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Fiscal year ending September 30, 2021	5,211	30.0	25	—	(235)	—	(238)	—	(6.51)

* Notes

(1) Changes in accounting policies, changes in accounting estimates, and restatements

- Changes in accounting policies due to revisions to accounting standards and other regulations: None
- Changes in accounting policies due to other reasons: None
- Changes in accounting estimates: None
- Restatements: None

(2) Number of issued shares (Common shares)

a. Total number of issued shares at the end of the period (including treasury shares)

As of September 30, 2020	35,408,900 shares
As of September 30, 2019	33,988,000 shares

b. Number of treasury shares at the end of the period

As of September 30, 2020	-
As of September 30, 2019	-

a. Average number of outstanding shares during the period

As of September 30, 2020	35,265,267 shares
As of September 30, 2019	33,576,106 shares

* This financial results report is out of scope from audit conducted by certified public accountants or audit firms.

* Proper use of earnings forecasts, and other special matters

The earnings forecasts and other forward-looking statements presented in this document are based on information currently available to the Company and certain assumptions deemed reasonable. Results may differ materially from the non-consolidated forecasts due to various factors.

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1. Overview of operating results

(1) Overview of operating results

The digital marketing services market, which the SaaS business of the Company belongs to, continues to grow. On the other hand, as a result of the introduction of various marketing tools by each company, the marketing industry is facing the challenge of "fragmented customer experience" which makes it difficult for companies to consider what experiences make the customer happy from the customer's point of view. This challenge has been accelerated by a current marketing trend in which the existence of customers is recognized only as a mass of data and numbers.

We provide KARTE as a customer experience SaaS platform. We are continuously enhancing the functions of KARTE to "understand each and every customer" in a multifaceted manner including both quantitative and qualitative aspects, and reinforcing its analysis and action functions. KARTE is being used by not only in the domain of digital marketing services, but also in various departments such as customer support and sales because it can lead every department to the customer's point of view. The number of companies using KARTE is expanding among various industries.

As a result, results for the financial year ended September 30, 2020, were net sales of 4,007,850 thousand yen (up 36.4% from the previous fiscal year), an operating loss of 1,079,316 thousand yen (compared with 534,218 thousand yen in the previous fiscal year) by reason of upfront investment for the expansion of KARTE business, an ordinary loss of 1,205,095 thousand yen (678,663 thousand yen in the previous fiscal year), and a net loss of 1,205,095 thousand yen (840,993 thousand in the previous fiscal year).

In addition, segment information is omitted as the Company operates a single SaaS business segment.

(2) Overview of financial position

(Assets)

Current assets as of September 30, 2020, were 2,642,361 thousand yen, up 749,768 thousand yen from September 30, 2019.

This was mainly due to a net loss of 1,207,388 thousand yen by reason of up-front investments in advertising and personnel costs to expand new customers, and an increase of 717,262 thousand yen in cash and deposits due to the issuance of Class D preferred stock to Google International LLC through a third-party allotment. Fixed assets were 426,631 thousand yen, up 117,207 thousand yen from September 30, 2019. This is mainly due to an increase of 104,492 thousand yen in investments and other assets due to the acquisition of investment securities.

As a result, total assets as of September 30, 2020, were 3,068,993 thousand yen, up 866,975 thousand yen from September 30, 2019.

(Liabilities)

Current liabilities as of September 30, 2020, were 1,084,858 thousand yen, up 469,416 thousand yen from September 30, 2019. This is mainly due to an increase of 200,000 thousand yen in short-term debt by reason of borrowing in order to secure liquidity on hand to prepare for the prolonged impact of COVID-19, an increase of 206,600 thousand yen in the current portion of long-term debt, and an increase in accounts payable of 46,046 thousand yen by reason of an increase in server utilization fees in conjunction with the expansion of services. Long-term liabilities as of September 30, 2020, were 380,040 thousand yen, down 17,720 thousand yen from September 30, 2019. This is due to the repayment of long-term debt.

As a result, total liabilities as of September 30, 2020, were 1,464,898 thousand yen, up 451,696 thousand yen from September 30, 2019.

(Net assets)

Total net assets as of September 30, 2020, were 1,604,094 thousand yen, up 415,278 thousand yen from September 30, 2019.

This was due to an increase of 811,333 thousand yen in common stock and capital reserve by 811,333 thousand yen each by reason of the issuance of Class D preferred stock to Google International LLC through a third-party allotment, and a net loss of 1,207,388 thousand yen.

As a result, the equity-to-asset ratio was 52.3% as of September 30, 2020. (54.0% as of September 30, 2019).

(3) Cash flows during the period

Cash and cash equivalents as of September 30, 2020, were 2,091,698 thousand yen, up 717,262 thousand yen from September 30, 2019. This was due to proceeds such as issuance of shares, short-term debt and long-term debt, despite outflows such as a loss before income taxes, an increase in notes and accounts receivable, trade, acquisition of investment securities and repayment of long-term loans payable.

The following is a summary of each cash flow situation and its factors during the current fiscal year.

The status of each cash flow and factors associated therewith in the fiscal year are stated below.

(Cash flows from operating activities)

Net cash used in operating activities was 1,012,751 thousand yen. This was mainly due to a loss before taxes of 1,205,095 thousand yen for reasons such as upfront investment in advertising and personnel expenses for new customer acquisition and includes listing-related expenses of 107,813 thousand yen, and an expenditure due to an increase in accounts receivable of 106,553 thousand yen, despite proceeds from a decrease in prepaid expenses of 73,312 thousand yen.

(Cash flows from investing activities)

Net cash used in investing activities was 167,437 thousand yen. This was mainly due to purchase of investment securities of 104,492 thousand yen and purchase of property and equipment of 62,946 thousand yen for the purchase of PCs and office equipment for employees.

(Cash flow from financing activities)

Net cash provided by financing activities was 1,897,450 thousand yen. This was mainly due to proceeds such as issuance of shares of Class D preferred stock to Google International LLC in a third-party allotment of 1,614,161 thousand yen, proceeds from short-term debt of 200,000 thousand yen and proceeds from long-term debt of 300,000 thousand yen by reason of borrowing in order to secure liquidity on hand to prepare for the prolonged impact of COVID-19, despite outflows such as the expenditure of 105,590 thousand yen for listing-related expenses and the repayment of long-term debt of 111,120 thousand yen.

(4) Future outlook

The Company will continue to invest in marketing activities to raise awareness of customer experience, branding of the Company, and acquisition of new customers, while assessing the efficiency of such investments, and plans to expand the number of customers using KARTE. Under these circumstances, for the fiscal year ending September 30, 2021, the Company forecasts net sales of 5,211 million yen (up 30.0% from the previous fiscal year), operating income of 25 million yen (operating loss of 1,079 thousand yen in the previous fiscal year), ordinary loss of 235 million yen (ordinary loss of 1,205 million yen in the previous year), and net loss of 238 million yen (net loss of 1,207 million yen in the previous year).

These forecasts are based on information currently available to the Company and certain assumptions deemed reasonable, and the Company does not guarantee the achievement of these forecasts. There may be significant differences between these forecasts and actual results, depending on various factors in the future, such as changes in economic conditions, changes in customer needs and user preferences, competition with other companies, and changes in laws and regulations.

2. Basic concept regarding selection of accounting standards

As the Company does not prepare consolidated financial statements, the Company prepares its non-consolidated financial statements in accordance with Japanese GAAP, taking into account the burden of preparing the financial statements in accordance with International Financial Reporting Standards.

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3. Non-consolidated financial statements and significant notes thereto

(1) Non-consolidated balance sheets

(Thousands of yen)

	As of September 30, 2019	As of September 30, 2020
Assets		
Current assets:		
Cash and deposits	1,374,435	2,091,698
Notes receivable, trade	7,869	1,918
Accounts receivable, trade	360,726	473,230
Prepaid expenses	146,105	72,792
Other	3,455	4,222
Allowance for doubtful receivables	—	(1,501)
Total current assets	1,892,592	2,642,361
Non-current assets:		
Property and equipment		
Buildings	25,732	25,992
Accumulated depreciation	(25,732)	(25,797)
Buildings, net	0	194
Tools, furniture and fixtures	78,099	115,157
Accumulated depreciation	(54,052)	(78,590)
Tools, furniture and fixtures, net	24,047	36,566
Property and equipment, net	24,047	36,761
Investments and other assets		
Lease and guarantee deposits	285,377	285,377
Investment securities	—	104,492
Total investments and other assets	285,377	389,870
Total non-current assets	309,424	426,631
Total assets	2,202,017	3,068,993

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(Thousands of yen)

	As of September 30, 2019	As of September 30, 2020
Liabilities		
Current liabilities:		
Short-term debt	—	200,000
Current portion of long-term debt	111,120	317,720
Accounts payable, other	377,982	424,028
Accrued expenses	11,360	17,711
Income taxes payable	21,423	9,953
Deposits received	24,620	37,801
Deferred revenue	18,877	28,869
Allowance for losses on order received	6,332	2,634
Other	43,726	46,139
Total current liabilities	615,442	1,084,858
Long-term liabilities:		
Long-term debt	397,760	380,040
Total long-term liabilities	397,760	380,040
Total liabilities	1,013,202	1,464,898
Net assets		
Shareholders' equity		
Common stock	149,987	961,321
Capital surplus		
Additional paid-in capital	2,109,990	2,921,324
Total capital surplus	2,109,990	2,921,324
Retained earnings		
Other retained earnings		
Retained earnings(Accumulated deficit)	(1,071,162)	(2,278,551)
Total retained earnings	(1,071,162)	(2,278,551)
Total shareholders' equity	1,188,815	1,604,094
Total net assets	1,188,815	1,604,094
Total liabilities and net assets	2,202,017	3,068,993

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(2) Non-consolidated statement of income

(Thousands of yen)

	Fiscal Year Ended September 30, 2019 (From October 1, 2018 to September 30, 2019)	Fiscal Year Ended September 30, 2020 (From October 1, 2019 to September 30, 2020)
Net sales	2,937,299	4,007,850
Cost of sales	794,017	1,153,096
Gross profit	2,143,282	2,854,754
Selling, general and administrative expenses	2,677,501	3,934,070
Operating income (loss)	(534,218)	(1,079,316)
Non-operating income		
Interest income	19	19
Fee and commission received	—	945
Subsidy income	—	237
Other income	766	629
Total non-operating income	785	1,832
Non-operating expenses		
Interest expenses	10,111	10,922
Listing expenses	134,579	107,813
Other expenses	539	8,875
Total non-operating expenses	145,230	127,612
Ordinary income (loss)	(678,663)	(1,205,095)
Extraordinary expenses		
Impairment loss	160,037	—
Total extraordinary expenses	160,037	—
Income (loss) before income taxes	(838,700)	(1,205,095)
Income taxes – current	2,292	2,292
Total income taxes	2,292	2,292
Net income (loss)	(840,993)	(1,207,388)

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(3) Non-consolidated statement of changes in net assets

Fiscal year ended September 30, 2019 (From October 1, 2018 to September 30, 2019)

(Thousands of yen)

	Shareholders' equity						Total net assets
	Common stock	Capital surplus		Retained earnings		Total shareholders' equity	
		Additional paid-in capital	Total capital surplus	Other retained earnings	Total retained earnings		
				Retained earnings (Accumulated deficit)			
Balance at October 1, 2018	100,000	2,060,002	2,060,002	(230,169)	(230,169)	1,929,833	1,929,833
Changes during year							
Issuance of new shares	49,987	49,987	49,987			99,975	99,975
Net income (loss)				(840,993)	(840,993)	(840,993)	(840,993)
Total changes during year	49,987	49,987	49,987	(840,993)	(840,993)	(741,017)	(741,017)
Balance at September 30, 2019	149,987	2,109,990	2,109,990	(1,071,162)	(1,071,162)	1,188,815	1,188,815

Fiscal year ended September 30, 2020 (From October 1, 2019 to September 30, 2020)

(Thousands of yen)

	Shareholders' equity						Total net assets
	Common stock	Capital surplus		Retained earnings		Total shareholders' equity	
		Additional paid-in capital	Total capital surplus	Other retained earnings	Total retained earnings		
				Retained earnings (Accumulated deficit)			
Balance at October 1, 2019	149,987	2,109,990	2,109,990	(1,071,162)	(1,071,162)	1,188,815	1,188,815
Changes during year							
Issuance of new shares	811,333	811,333	811,333			1,622,667	1,622,667
Net income (loss)				(1,207,388)	(1,207,388)	(1,207,388)	(1,207,388)
Total changes during year	811,333	811,333	811,333	(1,207,388)	(1,207,388)	415,278	415,278
Balance at September 30, 2020	961,321	2,921,324	2,921,324	(2,278,551)	(2,278,551)	1,604,094	1,604,094

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(4) Non-consolidated statement of cash flows

(Thousands of yen)

	Fiscal Year Ended September 30, 2019 (From October 1, 2018 to September 30, 2019)	Fiscal Year Ended September 30, 2020 (From October 1, 2019 to September 30, 2020)
Cash flows from operating activities:		
Income (loss) before income taxes	(838,700)	(1,205,095)
Depreciation and amortization	52,492	25,848
Impairment loss	160,037	—
Increase (decrease) in allowance for doubtful receivables	—	1,501
Increase (decrease) in allowance for losses on order	(2,498)	(3,698)
Interest and dividend income	(19)	(19)
Fees and commission received	—	(945)
Subsidy income	—	(237)
Interest expenses	10,111	10,922
Listing expenses	134,579	107,813
Decrease (increase) in notes and accounts receivables, trade	(135,686)	(106,553)
Decrease (increase) in prepaid expenses	(113,294)	73,312
Increase (decrease) in accounts payable, other	52,952	67,976
Increase (decrease) in accrued consumption taxes	39,066	2,409
Other	29,933	26,026
Sub total	(611,025)	(1,000,738)
Interest and dividend income received	19	19
Fee and commission received	—	945
Subsidy income received	—	237
Interest expenses paid	(10,167)	(10,922)
Income taxes paid	(2,102)	(2,292)
Net cash provided by (used in) operating activities	(623,276)	(1,012,751)
Cash flows from investing activities:		
Purchase of investment securities	—	(104,492)
Purchase of property and equipment	(15,530)	(62,946)
Proceeds from collection of lease and guarantee deposits	35,040	—
Other	344	2
Net cash provided by (used in) investing activities	19,854	(167,437)
Cash flows from financing activities		
Proceeds from short-term debt	—	200,000
Repayment of short-term debt	(41,620)	—
Proceeds from long-term debt	—	300,000
Repayments of long-term debt	(111,120)	(111,120)
Proceeds from issuance of stock	—	1,614,161
Proceeds from issuance of shares resulting from exercise of share acquisition rights	99,625	—
Payments of listing expenses	(130,549)	(105,590)
Net cash provided by (used in) financing activities	(183,663)	1,897,450
Net increase (decrease) in cash and cash equivalents	(787,084)	717,262
Cash and cash equivalents at beginning of year	2,161,520	1,374,435
Cash and cash equivalents at end of year	1,374,435	2,091,698

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(5) Notes on non-consolidated financial statements

(Notes regarding assumption of a going concern)

Not applicable.

(Segment information)

Segment information is omitted as the Company operates a single SaaS business segment.

(Per share information)

	Fiscal Year Ended September 30, 2019 (From October 1, 2018 to September 30, 2019)	Fiscal Year Ended September 30, 2020 (From October 1, 2019 to September 30, 2020)
Net assets per share	(45.91)	(78.17)
Net income (loss) per share	(25.05)	(34.24)

- Note:
- On April 4, 2019, the Company conducted a 1,000-for-1 stock split of its common stock, pursuant to the resolution of the Board of Directors' meeting held on February 13, 2019. Net assets per share and net loss per share were calculated under the assumption that the stock split was conducted at the beginning of the fiscal year ended September 30, 2019.
 - Information on diluted net income per share was omitted since the average market values of the Company's share for the periods were not available as the Company's stock was unlisted, and also since the recorded figures for the fiscal years ended September 30, 2020 and 2019 were net losses.
 - The basis for calculation of net loss per share were as follows: Class A preferred stock, Class B preferred stock, Class C preferred stock and Class D preferred stock have equal rights to common stock in dividends of surplus, therefore the preferred stocks are regarded as common stock as to the calculation of weighted average number of shares.

	Fiscal Year Ended September 30, 2019 (From October 1, 2018 to September 30, 2019)	Fiscal Year Ended September 30, 2020 (From October 1, 2019 to September 30, 2020)
Net loss (Thousands of yen)	(840,993)	(1,207,388)
Amounts not attributable to common shareholders (Thousands of yen)	—	—
Net loss attributable to common stock	(840,993)	(1,207,388)
Weighted average number of shares	33,576,106	35,265,257
Outline of potential common stock excluded from the computation of diluted net income per share due to its non-dilutive effect	4 types of stock acquisition rights (Number of stock acquisition rights: 3,654)	5 types of stock acquisition rights (Number of stock acquisition rights: 4,105)

(Subsequent events)

(Subsequent events)

(1) Acquisition and retirement of preferred stock

On October 2, 2020, the Company acquired all Class A preferred stock, Class B preferred stock, Class C preferred stock and Class D preferred stock as treasury stock, and in exchange issued common stock to the holders of those preferred stock, pursuant to the resolution of the Board of Directors on September 16, 2020, under the acquisition provision set forth in its articles of incorporation. Also, on October 2, 2020, all the Class A preferred stock, Class B preferred stock, Class C preferred stock and Class D preferred stock the Company had acquired were retired, pursuant to Article 178 of the Companies Act.

The overview of exchange of preferred stock to common stock was as follows:

- | | |
|---|--|
| a. Number of shares of preferred stock acquired and retired | Class A preferred stock 4,616,000 shares
Class B preferred stock 6,056,000 shares
Class C preferred stock 3,316,000 shares
Class D preferred stock 1,420,900 shares |
| b. Number of shares of common stock issued as a result of the exchange | Common stock 15,408,900 shares |
| c. Number of shares of issued common stock after the issuance of common stock | Common stock 35,408,900 shares |

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(2) Stock issuance by way of public offering

The Company listed its shares on the Mothers section of the Tokyo Stock Exchange on December 17, 2020. In connection with the listing, the Company resolved at the Board of Directors' meeting held on November 12, 2020 to issue new shares by way of public offering.

As a result, total net assets as of December 17, 2020 were 2,087,601 thousand yen, and total number of issued shares as of December 17, 2020 were 36,930,900 shares.

- | | | |
|----|---|---|
| a. | Method of offering | Domestic offering and international offering will be conducted simultaneously.
(1) Domestic offering
All domestic offering shares shall be underwritten and purchased jointly and severally by Mizuho Securities Co., Ltd. and BofA Securities Japan Co., Ltd., Nomura Securities Co., Ltd., SBI SECURITIES Co., Ltd., Monex, Inc., Rakuten Securities, Inc., CREDIT SUISSE SECURITIES (JAPAN) LIMITED, IwaiCosmo Securities Co., Ltd., OKASAN SECURITIES GROUP INC., Daiwa Securities Co. Ltd., Tokai Tokyo Securities Co., Ltd., Kyokuto Securities Co., Ltd. and Marusan Securities Co., Ltd.
(2) International offering
All international offering shares shall be underwritten and purchased severally by Merrill Lynch International and Mizuho International plc, who are the international joint lead managers. |
| b. | Type and number of shares to be issued | Common stock of the Company: 1,522,000 shares |
| c. | Offer price | 1,600 yen per share |
| d. | Underwriting price (Paid-in amount) | 1,480 yen per share
The Company received this price from the sale of the newly issued shares after deducting underwriting discounts from the underwriters.
The spread between offer price and underwriting price is proceeds for the underwriters. |
| e. | Amount to be paid in per share | 1,190 yen per share
The Company resolved this amount to be paid in per share at the Board of Directors' meeting held on November 30, 2020 to issue new shares by way of public offering under the Companies Act of Japan. |
| f. | Increased amount of capital per share | 740 yen per share |
| g. | Total amount to be paid in | 1,811,180 thousand yen
This amount is calculated based on amount to be paid in per share resolved at the Board of Directors' meeting held on November 30, 2020 under the Companies Act of Japan. |
| h. | Total increased amount of capital | 1,126,280 thousand yen |
| i. | Total increased amount of capital surplus | 1,126,280 thousand yen |
| j. | Total paid-in amount | 2,252,560 thousand yen |
| k. | Payment date | December 16, 2020 |
| l. | Use of proceeds | The Company plans to use the funds mainly for infrastructure costs of functional enhancement and stable operation of our system, recruiting expenses for growth and personnel expenses additionally incurred by an increase in the number of employees. |

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- (3) Stock issuance by way of third-party allotment in connection with the sale of over-allotted shares in the public offering. The Company resolved at the Board of Directors' meeting held on November 12, 2020 and November 30, 2020 to issue new shares of its common stock through a third-party allotment to Mizuho Securities Co., Ltd. in order to facilitate the return of shares borrowed by Mizuho Securities Co., Ltd. from Kenta Kurahashi and used to cover the over-allotment of shares in connection with the public offering.

The overview of stock issuance by way of third-party allotment in connection with the sale of over-allotted shares in the public offering is as follows:

- | | |
|--|---|
| a. Type and number of shares to be issued | Common stock of the Company: 716,000 shares |
| b. Underwriting price (Paid-in amount) | 1,480 yen per share |
| c. Total increased amount of capital (maximum) | 529,840 thousand yen |
| d. Total increased amount of capital surplus (maximum) | 529,840 thousand yen |
| e. Total amount to be paid-in (maximum) | 1,059,680 thousand yen |
| f. Payment date | January 14, 2021 |
| g. Use of proceeds | The Company plans to use the funds mainly for infrastructure costs of functional enhancement and stable operation of our system, recruiting expenses for growth and personnel expenses additionally incurred by an increase in the number of employees. |