



Financial Results for the Year Ended October 31, 2019 (J-GAAP)

December 16, 2019

Name of listed company: Prored Partners CO., LTD.

Stock Exchange Listing: TSE Mothers

Securities code: 7034

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Date of ordinary general shareholders' meeting: January 29, 2020

Annual securities report filing date:

January 30, 2020

Dividend payable date (as planned):

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Supplemental material of financial results: Yes

Convening briefing of financial results: Yes (for institutional investors and analysts)

(Rounded down to nearest million yen)

1. Financial results for the year ended October 31, 2019 (November 1, 2018 - October 31, 2019)

(1) Operating results (cumulative)

(% indicates year-on-year changes)

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Year ended October 31, 2019	2,641	60.0	1,065	73.2	1,046	76.8	682	79.2
Year ended October 31, 2018	1,651	62.9	614	124.4	591	111.9	380	91.7

	Net income per share	Diluted net income per share	Capital stock Net income ratio	Total assets Ordinary income ratio	Net sales Operating income ratio
	Yen	Yen	%	%	%
Year ended October 31, 2019	132.66	127.56	20.5	25.7	40.3
Year ended October 31, 2018	114.42	107.04	22.9	28.5	37.2

(Reference) Share of (profit) loss of entities accounted for using equity method

Year ended October 31, 2019: - million yen

Year ended October 31, 2018: - million yen

(Notes) 1. The Company performed share splits at the ratio of 1,000 shares per common share on March 31, 2018, and two shares per common share on June 12, 2019. Net income per share and diluted net income per share are calculated based on the assumption that the share splits took place at the start of the previous fiscal year.

2. The Company's shares were listed on Tokyo Stock Exchange Mothers on July 27, 2018, and diluted net income per share for the fiscal year ended October 31, 2018 was calculated by deeming the average share price from the listing date until the final day of the fiscal year ended October 31, 2018 to be the average share price during the period.

(2) Financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
Year ended October 31, 2019	4,718	3,670	77.8	706.56
Year ended October 31, 2018	3,424	2,977	86.9	581.88

(Reference) Capital stock Year ended October 31, 2019 3,670 Million yen Year ended October 31, 2018 2,976 Million yen

(Note) The Company performed share splits at the ratio of 1,000 shares per common share on March 31, 2018, and two shares per common share on June 12, 2019. Net assets per share are calculated based on the assumption that the share splits took place at the start of the previous fiscal year.

(3) 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
	Million yen	Million yen	Million yen	Million yen
Year ended October 31, 2019	747	297	387	4,154
Year ended October 31, 2018	448	(491)	2,201	2,722

2. Dividends

	Annual dividend					Total dividends	Dividends payout ratio	Ratio of dividends to net assets
	1 Q-end	2 Q-end	3 Q-end	Year-end	Total			
Year ended October 31, 2018	Yen —	Yen 0.00	Yen —	Yen 0.00	Yen 0.00	Million yen 0	% 0.0	% 0.0
Year ended October 31, 2019	—	0.00	—	0.00	0.00	0	0.0	0.0
Year ending October 31, 2020 (forecast)	—	0.00	—	0.00	0.00		0.0	

3. Financial forecasts for the year ending October 31, 2020 (November 1, 2019 - October 31, 2020)

(% indicates year-on-year changes)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	3,468	31.3	1,235	16.0	1,233	17.9	766	12.2	147.47

* Notes

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

- 1) Changes in accounting policies associated with accounting standards, etc.: None
- 2) Changes in accounting policies other than those in 1): None
- 3) Changes in accounting estimates: None
- 4) Restatements: None

(2) Number of issued and outstanding shares (common shares)

1) Number of issued and outstanding shares (including treasury shares)

As of October 31, 2019	5,194,600 shares	As of October 31, 2018	5,116,000 shares
As of October 31, 2019	68 shares	As of October 31, 2018	68 shares
Year ended October 31, 2019	5,145,910 shares	Year ended October 31, 2018	3,329,397 shares

2) Number of treasury shares at the end of period

3) Average number of shares during the period

(Note) The Company performed share splits at the ratio of 1,000 shares per common share on March 31, 2018, and two shares per common share on June 12, 2019. The "number of issued and outstanding shares," the "number of treasury shares at the end of period," and the "average number of shares during the period" are calculated based on the assumption that the share splits took place at the start of the previous fiscal year.

* These financial results do not fall within the scope of review procedures by certified public accountants or an auditing firm.

* Explanation regarding the appropriate use of financial forecast and other special remarks

(Note concerning forward-looking statements, etc.)

Any information contained in this document pertaining to future financial performance etc. is based on the information currently available to the Company and certain other assumptions judged to be reasonable, and the Company does not promise the achievement of this performance. Actual financial performance may vary significantly from the forecasts contained herein. Please refer to "1. Overview of Operating Results (4) Forecast" on page 3 of the attached materials for the assumptions on which the financial forecast is based and precautionary statements concerning their use.

(How to obtain the supplemental material of financial results and the content of the briefing of financial results)

The Company intends to hold a briefing for institutional investors and analysts on Tuesday, December 17, 2019.

The content of the briefing will be made available on the Company's website shortly after the briefing is held.

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1. Overview of Operating Results

(1) Overview of operating results

During the year ended October 31, 2019, Japanese economy continued to face uncertain conditions as the expansion of earnings in domestic companies was seen to come to a halt due to uncertainty in economic trends arising from the risk of a downswing in the global economy associated with the trade dispute between the U.S. and China, and prolongation of issues surrounding Brexit.

Under such conditions, the consulting service market in which the Company does business underwent growth of 6.4% year-on-year to 765.9 billion yen in 2018. Within the consulting service market, the business consulting market achieved particularly high growth of 7.8% year-on-year to 422.7 billion yen. Growth exceeded 6% year-on-year in strategy, finance & accounting, operations, organization & reform, governance, risk, compliance and all five other segments, with the particularly highest growth of 8.9% in operations consulting. Furthermore, as major firms continue to actively strengthen personnel aimed at DX support and service providers are gradually increasing their ability to provide support, high growth will continue from 2019, and the digital consulting market is forecast to expand with a compound annual growth rate (CAGR) of 29.3% from 2018 to 2023, reaching 256.8 billion yen in 2023. As a result, the domestic consulting service market is forecast to have a CAGR of 5.4% from 2018 to 2023, reaching a market size of 996.9 billion yen in 2023. (Note 1)

In such an economic environment, the Company has proceeded to conclude agreements by expanding sales partners, strengthening relations and increasing the number of sales personnel. In addition, while continuing to conduct a wide range of cost management spanning from BPO to BPR, the Company has conducted business activities enabling the efficient and effective provision services through the standardization of tasks and the implementation of systems such as RPA (Note 2), OCR (Note 3) and AI (Note 4). Furthermore, the Company is promoting further expansion of business areas such as starting the provision of completely performance-based fees in SALES GROWTH and BPR where there are significant market needs. As a result, during the year ended October 31, 2019, net sales totaled 2,641 million yen (up 60.0% year-on-year), operating income was 1,065 million yen (up 73.2% year-on-year), ordinary income was 1,046 million yen (up 76.8% year-on-year) and net income was 682 million yen (up 79.2% year-on-year).

Segment information is not shown because the Company's operations are limited to the single segment of consulting business.

(Notes) 1. Based on the forecast for the “domestic consulting service market” announced by International Data Corporation Japan on April 2, 2019.

2. RPA (Robotic Process Automation) refers to efforts aimed at the automation of operations using robots.

3. OCR (Optical Character Recognition/Reader) refers to a system for reading handwritten or printed text, determining the characters by referring to data and converting them into electronic text.

4. AI (Artificial Intelligence) refers to technology in which a computer performs intellectual tasks such as understanding of language, deduction and problem solving in place of humans.

(2) Overview of financial position

(Assets)

Assets stood at 4,718 million yen as of the end of the current fiscal year, an increase of 1,294 million yen from the previous fiscal year. This was mainly attributable to an increase of 1,431 million yen in cash and deposits.

(Liabilities)

Liabilities stood at 1,048 million yen as of the end of the current fiscal year, an increase of 600 million yen from the end of the previous fiscal year. This was mainly attributable to an increase of 400 million yen in bonds payable.

(Net assets)

Net assets stood at 3,670 million yen as the end of the current fiscal year, an increase of 693 million yen from the end of the previous fiscal year. This was mainly attributable to an increase of 682 million yen in retained earnings from net income.

(3) Overview of cash flows

Cash and cash equivalents (net cash) during the year ended October 31, 2019, increased by 1,431 million yen from the end of the previous fiscal year to 4,154 million yen due to 1,046 million yen in profit before income taxes (up 76.9% year-on-year). Cash flows and the factors contributing thereto during the year ended October 31, 2019 were as follows.

(Cash flows from operating activities)

Net cash provided by operating activities was 747 million yen (448 million yen provided during the same period of the previous year). This was mainly attributable to 1,046 million yen in profit before income taxes, partially offset by 272 million yen in income taxes paid.

(Cash flows from investing activities)

Net cash provided by investing activities was 297 million yen (491 million yen used during the same period of the previous year). This was mainly attributable to 400 million yen in proceeds from redemption of securities, which was partially offset by 118 million yen spent on the purchase of investment securities.

(Cash flows from financing activities)

Net cash provided by financing activities was 387 million yen (2,201 million yen provided during the same period of the previous year). This was mainly attributable to 395 million yen in proceeds from issuance of bonds.

(4) Forecast

Looking ahead, the Japanese economy is expected to continue a gradual recovery, but conditions remain uncertain due to concerns about overseas political and economic trends such as the United States' protectionist external economic policies and the prolongation of issues surrounding Brexit.

As a result, the forecast for the year ending October 31, 2020 is for net sales of 3,468 million yen (up 31.3% year-on-year), operating income of 1,235 million yen (up 16.0% year-on-year), ordinary income of 1,233 million yen (up 17.9% year-on-year) and net income of 766 million yen (up 12.2% year-on-year).

Furthermore, the above earnings forecast was prepared using information available as of the date of the publication of these materials, and actual performance may differ from the forecast figures due to a variety of factors.

2. Basic Stance Regarding the Selection of Accounting Policies

The Company has prepared its financial statements based on Japanese accounting standards considering the burden required for establishing a system for preparing financial statements based on International Accounting Standards because it does not prepare consolidated financial statements.

3. Financial Statements and Significant Notes

(1) Balance sheet

(thousand yen)

	As of October 31, 2018	As of October 31, 2019
Assets		
Current assets		
Cash and deposits	2,722,937	4,154,725
Accounts receivable - trade	113,558	277,804
Securities	399,720	-
Work in process	7,066	1,683
Supplies	274	321
Prepaid expenses	27,728	33,923
Other	951	3,004
Total current assets	3,272,237	4,471,462
Non-current assets		
Property, plant and equipment		
Facilities attached to buildings	49,398	67,157
Accumulated depreciation	(17,640)	(21,806)
Facilities attached to buildings, net	31,758	45,351
Tools, furniture and fixtures	2,041	8,073
Accumulated depreciation	(1,468)	(3,194)
Tools, furniture and fixtures, net	572	4,879
Total property, plant and equipment	32,331	50,230
Intangible assets		
Software	5,427	5,722
Total intangible assets	5,427	5,722
Investments and other assets		
Investment securities	26,491	94,627
Investments in capital	30	30
Long-term prepaid expenses	202	75
Deferred tax assets	16,952	24,173
Leasehold and guarantee deposits	71,084	72,436
Total investments and other assets	114,760	191,343
Total non-current assets	152,519	247,296
Total assets	3,424,757	4,718,758

(thousand yen)

	As of October 31, 2018	As of October 31, 2019
Liabilities		
Current liabilities		
Accounts payable - trade	4,117	17,722
Current portion of bonds	18,000	80,000
Accounts payable - other	32,368	58,692
Accrued expenses	109,477	163,559
Income taxes payable	186,448	285,215
Accrued consumption taxes	53,434	74,262
Advances received	7,405	4,672
Deposits received	6,948	5,329
Other	-	24
Total current liabilities	418,200	689,479
Non-current liabilities		
Bonds payable	-	320,000
Asset retirement obligations	29,013	38,646
Total non-current liabilities	29,013	358,646
Total liabilities	447,213	1,048,125
Net assets		
Shareholders' equity		
Share capital	1,134,890	1,140,333
Capital surplus		
Legal capital surplus	1,124,890	1,130,333
Total capital surplus	1,124,890	1,130,333
Retained earnings		
Other retained earnings		
Retained earnings brought forward	717,294	1,399,968
Total retained earnings	717,294	1,399,968
Treasury shares	-	(380)
Total shareholders' equity	2,977,074	3,670,255
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	(194)	-
Total valuation and translation adjustments	(194)	-
Share acquisition rights	664	378
Total net assets	2,977,544	3,670,633
Total liabilities and net assets	3,424,757	4,718,758

(2) Statement of income

(thousand yen)

	Year ended October 31, 2018 (November 1, 2017 - October 31, 2018)	Year ended October 31, 2019 (November 1, 2018 - October 31, 2019)
Net sales	1,651,527	2,641,817
Cost of sales	379,371	595,678
Gross profit	1,272,155	2,046,139
Selling, general and administrative expenses	657,165	980,811
Operating income	614,989	1,065,327
Non-operating income		
Interest income	46	409
Subsidy income	2,000	1,440
Writing and speaking fees	138	140
Other	2	-
Total non-operating income	2,186	1,990
Non-operating expenses		
Interest expenses	93	15
Going public expenses	13,718	-
Bond issuance cost	-	4,532
Share issuance cost	11,433	-
Loss on investments in investment partnerships	-	16,108
Other	77	14
Total non-operating expenses	25,324	20,670
Ordinary income	591,852	1,046,647
Extraordinary income		
Gain on sales of non-current assets	30	-
Total extraordinary income	30	-
Extraordinary losses		
Loss on retirement of non-current assets	244	-
Total extraordinary losses	244	-
Profit before income taxes	591,638	1,046,647
Income taxes - current	212,155	371,280
Income taxes - deferred	(1,476)	(7,306)
Total income taxes	210,678	363,973
Net income	380,960	682,674

(3) Statement of changes in equity

Year ended October 31, 2018 (November 1, 2017 - October 31, 2018)

(thousand yen)

	Shareholders' equity						
	Share capital	Capital surplus		Retained earnings		Treasury shares	Total shareholders' equity
		Legal capital surplus	Total capital surplus	Other retained earnings Retained earnings brought forward	Total retained earnings		
Balance at beginning of current period	10,000	-	-	336,334	336,334	-	346,334
Changes in items during period							
Issuance of new shares	1,124,890	1,124,890	1,124,890				2,249,780
Issuance of new shares - exercise of share acquisition rights	-	-	-				-
Purchase of treasury shares						-	-
Net income				380,960	380,960		380,960
Net changes in items other than shareholders' equity							
Total changes in items during period	1,124,890	1,124,890	1,124,890	380,960	380,960	-	2,630,740
Balance at end of current period	1,134,890	1,124,890	1,124,890	717,294	717,294	-	2,977,074

	Valuation and translation adjustments		Share acquisition rights	Total net assets
	Valuation difference on available-for-sale securities	Total valuation and translation adjustments		
Balance at beginning of current period	-	-	664	346,998
Changes in items during period				
Issuance of new shares				2,249,780
Issuance of new shares - exercise of share acquisition rights				-
Purchase of treasury shares				-
Net income				380,960
Net changes in items other than shareholders' equity	(194)	(194)	-	(194)
Total changes in items during period	(194)	(194)	-	2,630,545
Balance at end of current period	(194)	(194)	664	2,977,544

Year ended October 31, 2019 (November 1, 2018 - October 31, 2019)

(thousand yen)

	Shareholders' equity						
	Share capital	Capital surplus		Retained earnings		Treasury shares	Total shareholders' equity
		Legal capital surplus	Total capital surplus	Other retained earnings Retained earnings brought forward	Total retained earnings		
Balance at beginning of current period	1,134,890	1,124,890	1,124,890	717,294	717,294	-	2,977,074
Changes in items during period							
Issuance of new shares	-	-	-				-
Issuance of new shares - exercise of share acquisition rights	5,443	5,443	5,443				10,886
Purchase of treasury shares						(380)	(380)
Net income				682,674	682,674		682,674
Net changes in items other than shareholders' equity							
Total changes in items during period	5,443	5,443	5,443	682,674	682,674	(380)	693,180
Balance at end of current period	1,140,333	1,130,333	1,130,333	1,399,968	1,399,968	(380)	3,670,912

	Valuation and translation adjustments		Share acquisition rights	Total net assets
	Valuation difference on available-for-sale securities	Total valuation and translation adjustments		
Balance at beginning of current period	(194)	(194)	664	2,977,544
Changes in items during period				
Issuance of new shares				-
Issuance of new shares - exercise of share acquisition rights				10,886
Purchase of treasury shares				(380)
Net income				682,674
Net changes in items other than shareholders' equity	194	194	(286)	(91)
Total changes in items during period	194	194	(286)	693,088
Balance at end of current period	-	-	378	3,670,633

(4) Statement of cash flows

(thousand yen)

	Year ended October 31, 2018 (November 1, 2017 - October 31, 2018)	Year ended October 31, 2019 (November 1, 2018 - October 31, 2019)
Cash flows from operating activities		
Profit before income taxes	591,638	1,046,647
Depreciation	4,502	7,496
Interest income	(46)	(409)
Interest expenses	93	15
Bond issuance cost	-	4,532
Loss (gain) on investments in investment partnerships	-	16,108
Loss (gain) on sales of non-current assets	(30)	-
Loss on retirement of non-current assets	244	-
Share issuance cost	11,433	-
Decrease (increase) in trade receivables	(21,737)	(164,245)
Decrease (increase) in inventories	(6,794)	5,336
Decrease (increase) in prepaid expenses	(19,895)	(7,674)
Increase (decrease) in accounts payable - trade	(21,307)	13,604
Increase (decrease) in accounts payable - other	(25,857)	26,324
Increase (decrease) in accrued expenses	17,606	54,081
Increase (decrease) in accrued consumption taxes	19,752	21,834
Other	12,250	(4,537)
Subtotal	561,852	1,019,114
Interest received	7	449
Interest paid	(81)	(15)
Income taxes paid	(112,816)	(272,513)
Net cash provided by (used in) operating activities	448,962	747,034
Cash flows from investing activities		
Purchase of securities	(400,000)	-
Proceeds from redemption of securities	-	400,000
Purchase of property, plant and equipment	(9,238)	(14,431)
Purchase of intangible assets	(3,052)	(1,900)
Purchase of investment securities	(26,491)	(118,522)
Proceeds from withdrawal of investment securities	-	33,271
Payments of leasehold deposits	(53,040)	(1,352)
Other	264	-
Net cash provided by (used in) investing activities	(491,557)	297,065
Cash flows from financing activities		
Proceeds from issuance of bonds	-	395,467
Redemption of bonds	(16,000)	(18,000)
Repayments of long-term borrowings	(14,526)	-
Proceeds from issuance of shares	2,231,846	-
Proceeds from issuance of shares resulting from exercise of share acquisition rights	-	10,600
Purchase of treasury shares	-	(380)
Net cash provided by (used in) financing activities	2,201,320	387,687
Net increase (decrease) in cash and cash equivalents	2,158,725	1,431,787
Cash and cash equivalents at beginning of period	564,212	2,722,937
Cash and cash equivalents at end of period	2,722,937	4,154,725

(5) Notes to financial statements

(Notes on ongoing concern)

Not applicable.

(Profit or loss under equity method)

Not applicable because the Company does not have any affiliates accounted for using the equity method.

(Segment information, etc.)

Year ended October 31, 2018 (November 1, 2017 - October 31, 2018)

This information has been omitted because the Company's operations are limited to the single segment of consulting business.

Year ended October 31, 2019 (November 1, 2018 - October 31, 2019)

This information has been omitted because the Company's operations are limited to the single segment of consulting business.

(Per-share information)

	Year ended October 31, 2018 (November 1, 2017 - October 31, 2018)	Year ended October 31, 2019 (November 1, 2018 - October 31, 2019)
Net assets per share	581.88 yen	706.56 yen
Net income per share	114.42 yen	132.66 yen
Diluted net income per share	107.04 yen	127.56 yen

(Notes) 1. As the Company's shares were listed on Tokyo Stock Exchange Mothers on July 27, 2018, diluted net income per share for the fiscal year ended October 31, 2018 was calculated by deeming the average share price from the listing date until the final day of the fiscal year to be the average share price during the period.

2. The Company performed share splits at the ratio of 1,000 shares per common share on March 31, 2018, and two shares per common share on June 12, 2019. Net assets per share, net income per share and diluted net income per share are calculated based on the assumption that the share splits took place at the start of the previous fiscal year.

3. The basis for calculation of net income per share is as follows.

	Year ended October 31, 2018 (November 1, 2017 - October 31, 2018)	Year ended October 31, 2019 (November 1, 2018 - October 31, 2019)
Net income per share		
Net income (thousands of yen)	380,960	682,674
Amount not attributable to common shareholders (thousands of yen)	-	-
Net income pertaining to common shares (thousands of yen)	380,960	682,674
Average number of shares during the period (shares)	3,329,397	5,145,910
Diluted net income per share		
Net income adjustment (thousands of yen)	-	-
Increase in the number of common shares (shares)	229,583	206,026
(Share acquisition rights (shares))	229,583	206,026
Overview of potential shares not included in the calculation of diluted net income per share due having little dilutive effect	-	-

(Significant subsequent events)

(Share split)

The Company passed a resolution to perform a share split in the meeting of the Board of Directors held on December 16, 2019.

1. Purpose of the share split

The purpose of the share split was to lower the amount required per investment unit of the Company's shares and expand the pool of potential investors.

2. Overview of the share split

(1) Method of split

Common shares held by shareholders listed or recorded in the final shareholder registry of January 10, 2020 will be split at a ratio of two shares per share with this day as the record date.

(2) Number of shares increased due to the split

Total number of issued and outstanding shares before the share split: 5,220,400 shares

Number of shares increased due to this split: 5,220,400 shares

Total number of issued and outstanding shares after the share split: 10,440,800 shares

Total number of authorized shares after the share split: 16,000,000 shares

(3) Schedule of the share split

Announcement date: December 23, 2019

Record date: January 10, 2020

Effective date: January 11, 2020

(4) Adjustment of strike price of share acquisition rights

Due to this share split, the strike price per share for share acquisition rights will also be adjusted as follows from January 11, 2020.

Name of share acquisition rights	Strike price before adjustment	Strike price after adjustment
2nd series share acquisition rights	135 yen	68 yen
3rd series share acquisition rights	135 yen	68 yen

(5) Impact on per share information

Per share information based on the assumption that the share split took place at the start of the fiscal year is as follows.

Net assets per share: 353.28 yen

Net income per share: 66.33 yen

(Issuance of share acquisition rights)

The Company passed a resolution for the issuance of 4th series share acquisition rights (with a strike price revision clause and an exercise approval clause; hereinafter referred to as "Share Acquisition Rights") by third-party allotment in the meeting of the Board of Directors held on December 16, 2019. The resolution on matters such as the conditions of issuance of Share Acquisition Rights is scheduled to be passed in a meeting of the Board of Directors to be held on December 20, 2019 or December 23, 2019.

Overview of the Share Acquisition Rights

(1) Allotment date	January 8, 2020
(2) Number of share acquisition rights	2,500
(3) Issue price	2,945 yen per Share Acquisition Right (Total amount to be paid in for the Share Acquisition Rights: 7,362,500 yen)
(4) Number of potential shares arising from this issuance	Number of potential shares: 250,000 shares (100 shares per Share Acquisition Right)
(5) Amount of funds procured (Estimated net amount obtained)	2,004,962,500 yen (Note)

(6) Share capital and legal capital surplus in the event of issuance of shares due to the exercise of the Share Acquisition Rights	The increase in share capital in the event of issuance of shares due to the exercise of the Share Acquisition Rights shall be the amount obtained by multiplying the maximum amount of increase of share capital calculated in accordance with Article 17 of the Regulation on Corporate Accounting by 0.5, and amounts of less than one yen resulting from the calculation shall be rounded up to the nearest yen. The amount of legal capital surplus shall be amount after subtracting the amount of share capital increased from the maximum amount of increase of share capital.
(7) Strike price and conditions for revision of strike price	Initial strike price: 8,020 yen There is no maximum strike price. The minimum strike price is 6,416 yen (hereinafter referred to as “Minimum Strike Price”). The strike price will be revised to an amount equivalent to 90.5% of the closing price on the Tokyo Stock Exchange on the trading day immediately preceding the effective date of the request to exercise the Share Acquisition Rights, rounded down to the nearest yen. However, if the revised strike price is less than the Minimum Strike Price, the Minimum Strike Price shall be the revised strike price.
(8) Method of offering or allotment	Third-party allotment
(9) Allottee	Mizuho Securities Co., Ltd.
(10) Exercise period	From January 9, 2020 until July 8, 2020.
(11) Other	The allotment agreement states that ① the Company may designate (hereinafter referred to as “Designation of Suspension”) a period in which the allottee may not exercise the share acquisition rights (hereinafter referred to as “Designated Suspension Period”). The Designated Suspension Period shall be any period during the period from January 9, 2020 until May 27, 2020 and shall be from the trading day following the day the Company notifies the allottee of the Designation of Suspension (including that day) until the date designated by the Company (including that day). Furthermore, if the Company performs Designation of Suspension, it may cancel this at any time (Designation of Suspension and cancellation thereof shall be disclosed by press release). The allotment agreement also states that ② the allottee may not assign the Share Acquisition Rights to a third party without the approval of the Company.

(Note) The amount of funds procured is the amount obtained by deducting the estimated amount of expenses pertaining to the issuance of the Share Acquisition Rights from the sum of the total amount of the issue price of the Share Acquisition Rights and the total amount of property contributed at the exercise of the Share Acquisition Rights. The total amount of the issuance of the Share Acquisition Rights is the expected amount calculated assuming figures such as the closing price on the Tokyo Stock Exchange on the day immediately preceding the date of the resolution of the issuance. Furthermore, the total value of the property contributed when exercising the Share Acquisition Rights is the amount assuming exercise of all of the Share Acquisition Rights at the initial strike price assuming that the closing price on the Tokyo Stock Exchange on the day immediately preceding the date of the resolution of the issuance is the initial strike price, but the final issue price and the initial strike price are determined on the date of the determination of conditions, and the amount of funds actually procured may increase depending on the level of the strike price. The amount of funds procured will change if the strike price is revised or adjusted. Furthermore, the amount of funds procured will decrease if all or part of the Share Acquisition Rights are not exercised or Share Acquisition Rights acquired by the Company are retired during the exercise period.