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June 28, 2022

Notice Concerning Acquisition of Shares of TimeTechnologies Ltd. (to Make It a Subsidiary)

Company name: BrainPad Inc.
Listing: Tokyo Stock Exchange
Securities code: 3655
URL: <https://www.brainpad.co.jp/english/>
Representative: Takafumi Kusano CEO/Representative Director/Co-Founder
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BrainPad Inc. (the "Company") hereby announces that it has resolved, at a meeting of the Board of Directors held on June 28, 2022, to acquire all shares of TimeTechnologies Ltd. and make it a subsidiary of the Company. The details are described below.

1. Reason for acquisition of shares

Brainpad Inc. has been developing its SaaS business (product business), which handles a group of products that advance and automate marketing, since the 2000s, when digital marketing began to develop in Japan. Currently, the Company supports the marketing DX of client companies with a strong lineup of unique products, including "Rtoaster," a total solution that integrates and analyzes customer data to realize highly accurate personalization, "Probance," a marketing automation tool for BtoC that enables personalized communication via e-mail, and "Brandwatch," a marketing research tool that excels in SNS analysis. In addition, Brainpad's ongoing medium-term management plan (four years from the fiscal year ending June 30, 2020 to the fiscal year ending June 30, 2023) has positioned the acceleration of growth through business alliances and investments (including M&A) with technology companies, in addition to growth of existing businesses using its own management resources, as an important measure in its business strategy.

Brainpad will add Ligla (tentative name, service name to be changed from the current AutoLine), a LINE-specific marketing automation system developed and provided by Time Technologies, to its product lineup to accelerate the growth of its product business by achieving the following.

(1) Expanding support for LINE, a powerful marketing channel in Japan

The number of monthly active users of the "LINE" application is announced to be over 92 million (*1), and "LINE" is one of the most important channels for marketing in Japan.

Since overseas products, which have been expanding their share of the Japanese digital marketing market in recent years, are limited in their ability to handle marketing initiatives utilizing "LINE," our ability to handle "Ligla" will give us a competitive edge over other products.

(2) Expansion of product lineup centered on "Rtoaster" to cover the full range from customer recognition and acquisition to CRM

The addition of "Ligla" to our product lineup will enable us to implement integrated marketing measures across a wide range of channels, including "LINE" in addition to the Web, applications, and e-mail.

Since measures utilizing "LINE" are also strong in customer acquisition, it will be possible to implement all measures from customer recognition and acquisition to customer retention (*2) by utilizing our product lineup. By linking and integrating with the integrated data management of customer data and outstanding recommendation algorithms, which are the strengths of our "Rtoaster", we will enhance the solution to enable the implementation of finely-tuned marketing measures based on data from a wide range of channels.

(3) Business synergies from combining the customer bases of the two companies

Since its launch in 2019, "Ligla" has specialized in marketing support utilizing "LINE" and has continued to grow steadily through the provision of outstanding functions and strong partnerships with advertising agencies. The number of "LINE" messages delivered per year has reached 220 million, making it one of the top-ranked

enterprise-oriented "LINE" specialized marketing automation services. The customer base of "Ligla" is similar to the main customer base of our product business, so by combining the customer bases of the two companies, the range of services that can be provided to each customer will be further expanded.

(*1) Adapted from "LINE Business Guide," July-September 2022 edition v1.3, Marketing Solution Company, LINE Corporation.

(*2) In marketing, retention refers to the retention of existing customers.

2. Overview of the subsidiary (TimeTechnologies Ltd.) subject to change

(1) Name	TimeTechnologies Ltd.		
(2) Location	WeWork KANDA SQUARE,2-2-1 Kandanishiki-cho, Chiyoda-ku, Tokyo		
(3) Job title and name of representative	Shun Hatosaki, President and Representative Director		
(4) Description of business	Business Automation SaaS Development and Operation		
(5) Share capital	17,077 thousand yen		
(6) Date of establishment	January 23, 2019		
(7) Major shareholders and ownership ratios	Shun Hatosaki	43.4%	
	Atsushi Ishii	41.6%	
	Eriko Hideshima	15.0%	
(8) Relationship between the Company and said company	Capital relationship	Not applicable	
	Personnel relationship	Not applicable	
	Business relationship	Not applicable	
	Related Party Status	Not applicable	
(9) Consolidated operating results and consolidated financial positions of said company for the last three years			
As of / Fiscal year ended	December 2019	December 2020	December 2021
Consolidated net assets	17,078	58,043	97,035
Consolidated total assets	23,138	100,052	154,362
Consolidated net assets per share (Yen)	17,427	59,228	99,016
Consolidated net sales	29,338	200,682	332,647
Consolidated operating profit	9,956	63,878	55,785
Profit attributable to owners of parent	7,278	40,964	38,991
Consolidated earnings per share (Yen)	7,427	41,801	39,788
Dividend per share (Yen)	—	—	—

(Thousand of yen, unless otherwise noted)

3. Overview of the counterparty to the acquisition of shares

(1) Name	Shun Hatosaki
(2) Address	Sumida City, Tokyo
(3) Relationship between the Company and said person	Not applicable

(1) Name	Atsushi Ishii
(2) Address	Kawasaki City, Kanagawa
(3) Relationship between the Company and said person	Not applicable

(1) Name	Eriko Hideshima
(2) Address	Nerima City, Tokyo
(3) Relationship between the Company and said person	Not applicable

4. Number of shares acquired, acquisition costs, and shareholding before and after acquisition

(1) Number of shares held before the change	- shares (Number of voting rights: - units) (Ratio of voting rights held: -%)
(2) Number of shares to be acquired	1,153 shares (Number of voting rights: 1,153 units)
(3) Acquisition costs	Common shares of TimeTechnologies Ltd. ¥1,047 million Advisory fees, etc. (Estimated amount) ¥3 million Total (Estimated amount) ¥1,050 million
(4) Number of shares held after the change	1,153 shares (Number of voting rights: 1,153 units) (Ratio of voting rights held: 100%)

5. Timetable

(1) Date of resolution at the meeting of the Board of Directors	June 28, 2022
(2) Date of conclusion of the agreement	June 28, 2022
(3) Date of commencement of share transfer	July 29, 2022 (scheduled)

6. Future outlook

As a result of this share acquisition, the Company plans to shift to a consolidated accounting from the first quarter of the fiscal year ending June 30, 2023.

The Share Acquisition will have no impact on the Company's business results for the fiscal year ending June 30, 2022. The impact of the Share Acquisition on our consolidated business results for the fiscal year ending June 30, 2023 will be reflected in the consolidated business forecast for the fiscal year ending June 30, 2023, which is scheduled to be announced at the time of the announcement of the financial results for the fiscal year ending June 30, 2022 (scheduled in mid-August 2022).