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August 27, 2021

For Immediate Release

Company name: PLAID, Inc.
Representative: Representative Director and CEO Kenta Kurahashi
(Code: 4165, Tokyo Stock Exchange Mothers)
Contact: Executive Officer and CFO Kentaro Muto
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Announcement regarding Acquisition of Emotion Tech, Inc. as a Subsidiary through Acquisition of Shares and Underwriting Capital Increase by Third Party Allotment and Notice of Posting an Extraordinary Income (Gain on Step Acquisitions) and a Non-operating Expense (Other Acquisition Expenses)

PLAID, Inc. (the "Company") announces that the Company has made a resolution at the Board of Directors held on August 27, 2021, to acquire Emotion Tech, Inc. (hereafter referred to as "Emotion Tech") as a subsidiary by acquisition of shares and underwriting capital increase by third party allotment. Details are as follows.

1. Reason for the Additional Acquisition of Shares

Emotion Tech provides SaaS products and consulting services to help companies acquire, analyze, and improve their NPS® (Net Promoter Score)*, based on the NPS® , which has been developed in Europe and the United States as an indicator with a high correlation to business performance, and is being increasingly adopted by companies in Japan. eNPS (Employee Net Promoter Score) is a similar product diverted toward company employees from NPS®. This service aims to improve business performance and to prevent employee resignation by converting loyalty and recommendation of customer and service user to data.

*Net Promoter®, NPS®, NPS Prism®, and the NPS-related emoticons are registered trademarks of Bain & Company, Inc., Satmetrix Systems, Inc., and Fred Reichheld

Against the background of changing consumer environments such as digitization of information, the survey market including NPS® is rapidly growing in Europe and the United States, with noteworthy companies such as Qualtrics and Medallia experiencing rapid sales growth, and continuing to grow after being listed and acquired.

Based on the expectation and the development potential of NPS® markets, the Company invested in Emotion Tech in May 2020. Ever since forming a strategic partnership, we have both moved forward in linking our products, jointly developing business, creating sales opportunities, and offering the Simple CX Survey as a simplified diagnostic tool for CX (customer experience). Collaboration between products is an example of Company's platform concept of expanding the area of value provision by linking and incorporating the products of other companies that specialize in the specific field with Company's own products that have been developed to be highly versatile so that customers can handle all kinds of data related to their customers.

After a verification and run-up period of more than one year for the above activities, acquiring Emotion Tech as a subsidiary allows the Company and Emotion Tech to work together more closely, and then they aim to accelerate business development in the survey market.

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2. Transfer Method

As of September 28, 2021, the Company plans to acquire 54,904 shares of Emotion Tech issued stocks (18,615 shares of common stock, 36,289 shares of Class A preferred stock). Also, on the same date, the Company plans to underwrite 10,235 shares of Class C preferred stock in response to the third party allotment of new shares conducted by Emotion Tech. This process will grant the Company 64.0%* voting rights in Emotion Tech, which will be the consolidated subsidiary of the Company.
*On the same date, two employees of the Company plan to underwrite Class C preferred stock (total of 1,576 shares) in response to the third party allotment of new shares conducted by Emotion Tech. The above ratio of voting rights are calculated using the total number of issued shares (108,543 shares) with all Class C preferred stock, including those underwritten by the company, as the denominator.

3. Overview of the Subsidiary Being Transferred (Emotion Tech, Inc.)

(1)	Name	Emotion Tech Inc.	
(2)	Location	Nagata-cho GRID 4F, 2-5-3 Hirakawa-cho, Chiyoda-ku, Tokyo	
(3)	Name and position of representative	Yoshimitsu Imanishi, CEO / Co-founder	
(4)	Description of business	Developments and operations of Customer experience (CX) management cloud “EmotionTech CX” and employee experience (EX) management cloud “EmotionTech EX”	
(5)	Capital	25 million yen	
(6)	Established	March 8, 2013	
(7)	Major shareholders and their shareholding ratio	Yoshimitsu Imanishi: 18.7% AT-I Investment Limited Partnership Fund: 17.7% MIC Innovation III Limited Liability Fund: 16.0% Reiji Iio: 15.4%	
(8)	Relationship between the Company and Emotion Tech	Capital relationship	The Company holds 4,329 shares of Class B preferred stock issued by Emotion Tech.
		Personal relationship	One employee of the Company also serves as a director of Emotion Tech.
		Business relationship	The business relationship is based on a referral partner contract and distributor contract, etc.

(9) Operating results and financial position over the past 3 years (not audited)

Fiscal year	Fiscal year ended December 2018	Fiscal year ended December 2019	Fiscal year ended December 2020
Net assets	3 million yen	(61 million yen)	85 million yen
Total assets	163 million yen	159 million yen	380 million yen
Net assets per share	(7,615.09 yen)	(8,921.51 yen)	(10,995.91 yen)
Net Sales	359 million yen	491 million yen	487 million yen
Operating income (loss)	(88 million yen)	(68 million yen)	(101 million yen)
Ordinary income (loss)	(89 million yen)	(64 million yen	(102 million yen)
Net income (loss)	(89 million yen)	(64 million yen	(102 million yen)
Net income (loss) per share	(1,872.75 yen)	(1,306.42 yen)	(1,124.97 yen)
Dividends per share	– yen	– yen	– yen

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4. Overview of the Sellers of the Shares

An overview of shareholders with a shareholding ratio of 10% or more before acquisition is listed below, and shareholders with a shareholding ratio of less than 10% at the same point in time are included in Other all at once.

(1)	Name	AT-I Investment Limited Partnership Fund	
(2)	Location	ARK Mori Building 3F, 1-12-32 Akasaka, Minato-ku, Tokyo	
(3)	Basis for establishment	Investment Limited Partnership Fund established based on Limited Partnership Act for Investment	
(4)	Purpose of establishment	To invest in startups	
(5)	Date of establishment	May 15, 2014	
(6)	Total amount of funds	Undisclosed on the request of the seller.	
(7)	Investor, Investment ratio, Investor overview	Undisclosed on the request of the seller.	
(8)	Managing partner overview	Name	STRIVE, Inc.
		Location	ARK Mori Building 3F, 1-12-32 Akasaka, Minato-ku, Tokyo
		Name and position of representative	Yusuke Amano, Representative Director Tatsuo Tsutsumi, Representative Director
		Description of business	Investment
		Capital	100 million yen
(9)	Domestic delegate overview	Name	Not applicable
		Location	−
		Name and position of representative	−
		Description of business	−
		Capital	−

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(10)	Relationship between the Company and the fund	Relationship between the Company and the fund	There are no capital relations, personal relations, or business relations that need to be mentioned.
		Relationship between the Company and managing partner	There are no capital relations, personal relations, or business relations that need to be mentioned. .
		Relationship between the Company and domestic delegate	Not applicable

(1)	Name	MIC Innovation III Limited Liability Fund	
(2)	Location	3-2-5 Kasumigaseki, Chiyoda-ku, Tokyo	
(3)	Basis for establishment	Investment Limited Partnership Fund established based on Limited Partnership Act for Investment	
(4)	Purpose of establishment	To increase the value of invested capital by contributing to the enhancement of corporate value through investment and hands-on support.	
(5)	Date of establishment	July 26, 2011	
(6)	Total amount of funds	Undisclosed on the request of the seller.	
(7)	Investor, Investment ratio, Investor overview	Undisclosed on the request of the seller.	
(8)	Managing partner overview	Name	Mobile Internet Capital, Inc.
		Location	3-2-5 Kasumigaseki, Chiyoda-ku, Tokyo
		Name and position of representative	Kan Ebisawa, President and CEO
		Description of business	Venture capital company
		Capital	100 million yen

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(9)	Domestic delegate overview	Name	Not applicable
		Location	−
		Name and position of representative	−
		Description of business	−
		Capital	−
(10)	Relationship between the Company and the fund	Relationship between the Company and the fund	There are no capital relations, personal relations, or business relations that need to be listed.
		Relationship between the Company and managing partner	There are no capital relations, personal relations, or business relations that need to be listed.
		Relationship between the Company and domestic delegate	Not applicable

(1)	Name	Yoshimitsu Imanishi
(2)	Address	Ota-ku, Tokyo
(3)	Relationship between the Company and the individual	There are no capital relations, personal relations, or business relations that need to be mentioned.

(1)	Name	Reiji Iio
(2)	Address	Koto-ku, Tokyo
(3)	Relationship between the Company and the individual	There are no capital relations, personal relations, or business relations that need to be mentioned.

Other (6 funds, 5 operating companies)	There are no capital relations, personal relations, or business relations that need to be mentioned regarding the Company and the sellers.

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5. Number of Shares to be Acquired, Acquisition Costs, and State of Share Ownership Before and After Acquisition

(1)	Number of shares held before the share transfer	Class B preferred stocks (Number of voting rights) (Voting right holding ratio*1)	4,329 shares (4,329) (4.5%)
(2)	Number of shares to be acquired	Stock acquisition from existing shareholders Common stocks Class A preferred stocks Amount of underwriting capital increase by third party allotment Class C preferred stocks Total number of shares to be acquired (Number of voting rights)	 18,615 shares 36,289 shares 10,235 shares 65,139 shares (65,139)
(3)	Acquisition costs	Acquisition of shares from existing shareholders Underwriting capital increase of third party allotment Advisory expenses, etc. (estimated amount) Total (estimated amount)	1,394 million yen 259 million yen 21 million yen*2 1,676 million yen
(4)	Number of shares held after the share transfer	Common stocks Class A preferred stocks Class B preferred stocks Class C preferred stocks (Number of voting rights) (Voting right holding ratio*1)	18,615 shares 36,289 shares 4,329 shares 10,235 shares (69,468) (64.0%)

*1. The voting right holding ratio mentioned in (1) above is calculated using today's current total number of shares issued by Emotion Tech (97,732) as the denominator. Also, the voting right holding ratio mentioned in (4) above is calculated using the total number of shares issued by Emotion Tech (108,543) including Class C preferred stocks (Including the stocks received by two employees of the Company)as the denominator.
*2.The Company expects to post all advisory fees and other acquisition expenses, etc. as non-operating expenses in the consolidated statement of income for the fiscal year ending September 30, 2021.

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6. Schedule

(1)	Date of resolution of the board of directors	August 27, 2021
(2)	Date of signing of the Contract	August 27, 2021
(3)	Closing date of Stock acquisition	September 28, 2021 (scheduled)

7. Posting a Extraordinary income (gain on step acquisition) and a non-operating expense(other acquisition expenses)

In connection with the additional acquisition of shares, the Company is expected to post an extraordinary income of 75 million yen as a valuation gain (gain on step acquisition) as a result of fair-value revaluation of the shares held before this additional acquisition.

In addition, the Company expects to post a non-operating expense of 21 million yen as other acquisition expenses.

Furthermore, goodwill is expected to be generated as a result of the acquisition of Emotion Tech as a subsidiary of the Company.

8. Future Outlook

The impact of this acquisition on the Company's earnings was disclosed in the "Announcement regarding Transition to the Consolidated Statement and Notice of Consolidated Earnings Forecast for the Fiscal Year Ending September 30, 2021" on August 27, 2021.

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