

22 October 2020

Company name: SHIFT, INC.  
Representative: Masaru Tange  
President and CEO  
(TSE 1<sup>st</sup> Section Code No.3697)  
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### **Announcement Regarding Issuance of New Shares**

SHIFT, INC. (“the Company”) hereby announces that its Board of Directors, at a meeting held on 22 October 2020, has resolved to issue new shares in an international offering (the “International Offering”) as set forth below.

#### **Purpose of the International Offering**

The Company is launching the International Offering to enhance its financial base by expanding foreign investor base and enhancing liquidity of its shares and to actively and flexibly promote M&As for future growth.

#### **The International Offering**

(1) Class and Number of Shares to be Offered	700,000 new shares of common stock of the Company
(2) Method of Pricing	The amount to be paid in will be determined on a date falling in the period from 22 October 2020 to 23 October 2020 (the “Pricing Date”) by a process equivalent to the book building process set out under Article 25 of the Regulations Concerning Underwriting, etc. of Securities provided by the Japan Securities Dealers Association (“JSDA”).
(3) Increases in the Amounts of Capital Stock and Capital Reserve	The amount of capital stock to be increased will be 1/2 of the maximum amount of capital stock increase, as calculated in accordance with Article 14, Paragraph 1 of the Rules of Account Settlement of Corporations, with any fraction of less than one yen resulting from the calculation being rounded up to the nearest yen. The amount of the capital reserve increase shall be the amount obtained by subtracting the amount of capital stock increase from the maximum amount of capital stock increase. Further, as announced by the Company on 8 October 2020, the Company has resolved to submit a proposal at the annual general meeting of shareholders scheduled to be held on 25 November 2020, to reduce capital

Note: This press release does not constitute an offer of any securities for sale. This press release has been prepared for the sole purpose of making a public announcement regarding the International Offering, and not for the purpose of soliciting investment, etc. within or outside Japan. This press release does not constitute or form a part of any offer or solicitation to purchase or subscribe for securities in the United States. The securities referred to in this press release have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the “Securities Act”). The securities may not be offered or sold in the United States absent registration or an exemption from the registration requirements under the Securities Act. Any public offering of securities in the United States will be pursuant to a prospectus that may be obtained from SHIFT, INC. that will contain detailed information about SHIFT, INC. and its management, as well as financial statements of SHIFT, INC. No public offering of the securities will take place in the United States.

	stock and the amount of capital stock increased by the International Offering will also be subject to such proposal to reduce the total amount of capital stock.
(4) Method of Offering	<p>The International Offering will be made in the overseas market (excluding the United States and Canada) mainly in Europe and Asia. The aggregate number of new shares indicated in (1) above will be purchased by the underwriter of the transaction (the “Underwriter”).</p> <p>The issue price (offer price) with regard to the International Offering will be determined based on the provisional range calculated by multiplying the closing price of regular trading of the common stock of the Company on the Tokyo Stock Exchange on the Pricing Date (or, if no closing price is quoted on that date, the closing price of the immediately preceding date) by 0.90 ~ 1.00 (with any fraction less than one yen being rounded down), by a process equivalent to the book building process set out under Article 25 of the Regulations Concerning Underwriting, etc. of Securities provided by JSDA, taking into account market demand and other conditions.</p>
(5) Compensation for the Underwriters	The Company will not pay any underwriting fees to the Underwriter. The aggregate amount of the difference between (a) the issue price (offer price) in the International Offering and (b) the amount to be paid to the Company by the Underwriter will be retained by the Underwriter.
(6) Payment Date	6 November 2020
(7) Delivery Date	9 November 2020
(8) Subscription Unit	100 shares
(9)	The amount to be paid in, the amount of increase in capital stock and capital reserve, the issue price (offer price), and any other matters necessary for the International Offering will be determined at the discretion of Masaru Tange, President and CEO.

### **Secondary Offering by Selling Shareholders**

As part of the International Offering, Masaru Tange, the President and CEO of the Company, shall offer common stock of the Company to finance his taxation liability incurred by the exercise of stock options on 7 October 2020. The Company believes that such secondary offering is in line with the objectives of the International Offering of strengthening the financial base for future growth by expanding foreign investor base and enhancing liquidity of its

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shares.

- (1) Class and Number of Shares to be Sold      530,000 shares of common stock of the Company.
- (2) Selling Shareholder                              Masaru Tange
- (3) Selling Price                                      Undetermined (but shall be the same as the Issue Price (Offer Price) for the new shares as set out above.)
- (4) Delivery Date                                      The delivery date shall be the same day as for the new shares
- (5) If the issuance of new shares is cancelled, the Secondary Offering shall also be cancelled.

(For Reference)

1. Change in Number of Outstanding Shares as a Result of International Offering

Total Number of Outstanding Shares (as of 7 October 2020): 16,940,500 shares

Increase in Number of Shares as a Result of the International Offering: 700,000 shares

Total Number of Outstanding Shares after the International Offering: 17,640,500 shares

Note: These figures do not reflect the increase in the number of issued shares as a result of exercise of stock acquisition rights on or after 7 October 2020.

2. Use of Proceeds

The net proceeds of approximately ¥10,239 million from the International Offering are expected to be applied as follows:

- 1) Approximately ¥3,000 million (to be applied by the end of August 2021) towards the repayment of short-term borrowings incurred for the acquisition of CLUTCH Inc. and Hopes Corporation
- 2) Approximately ¥3,000 million for the repayment of long-term borrowings incurred for financing which includes past mergers and acquisitions to strengthen financial base for M&As in the future
- 3) Approximately ¥4,239 million towards personnel costs and security infrastructure costs for business expansion

The estimated net proceeds amount above was calculated based on the closing price of the Company's shares on 21 October 2020 as reported by the Tokyo Stock Exchange, Inc.

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### 3. Lock-up

With regard to the International Offering, Masaru Tange, the selling shareholder and a shareholder of the Company, has agreed with the Underwriter not to conduct sales, etc. of the shares of common stock of the Company (excluding, among others, the International Offering, the transfer of shares of common stock of the Company to four relatives pursuant to the share transfer agreement entered into today with the relatives of Masaru Tange (the "Transfer") and any lending of the shares of common stock of the Company in relation to the International Offering) for 180 days from the Pricing Date (the "lock-up period").

In connection with the Transfer, such relatives have also agreed with the Underwriter not to conduct sales, etc. of the shares of common stock of the Company during the lock-up period.

The Company has agreed with the Underwriter that it will not carry out certain transactions including the issuance of shares of common stock of the Company, and the issuance of securities convertible into or exchangeable for shares of common stock of the Company (excluding, among others, the International Offering, the sale of the shares of common stock of the Company by request of shareholders of shares less than one unit and issuance or delivery of shares of common stock of the Company upon exercise of existing stock acquisition rights.) during the lock-up period.

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