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To whom it may concern,

(Update on disclosure items) About individual contract etc. regarding TimeCoin IEO

On April 1, 2020, in “Concluding a Basic Contract with a Crypto-currency Exchange (update on disclosure items)”, we announced that we had concluded a basic agreement with BitForex.com (headquartered in Hong Kong, referred to as BitForex), a crypto-currency exchange, regarding an Initial Exchange Offering.

We are pleased to announce that we signed an individual agreement regarding the IEO with BitForex and to disclose the plans on the offering through private sale.

Regarding the token sale, we are currently targeting individuals and companies residing overseas. Individuals and companies residing in Japan are not allowed to participate in the token sale.

1. About the token sales plan

(1) About the IEO

In the individual agreement, we agreed to implement the IEO with the following terms:

The administration expense of the IEO shall be \$100,000 US (10,700 thousand yen) (Note 1).

(Note 1) Exchange rate used: 1 US dollar = 107 yen (as of May 17, 2020)

The sale conditions were decided in consultation with BitForex considering the market conditions of major crypto assets such as Bitcoin and Ethereum as well as the demand from investors.

Before the IEO, \$112,000 US (11,984 thousand yen) shall be deposited (Note 1) as a deposit.

The deposit is used for market making to match the demand and supply of investors. Market making will be implemented by the company nominated by BitForex.

The funds will be raised in Bitcoin by the sale of TimeCoins facilitated through market making using the deposit.

Market making will take place for up to 3 days after the opening price formation in order to match the demand and supply of investors. After market making is completed, the unused portion of Bitcoin and the purchased TimeCoins can be withdrawn freely by TimeTicket GmbH.

The amount procured by the IEO (up to \$112,000 US (11,984 thousand yen) (Note 1) worth of Bitcoin) shall be locked up for 3 days and will then be returned to TimeTicket GmbH.

If the investor demand is low, the expected sales figures from the IEO can be lower than the planned figures.

In addition, if the price falls below the IEO's expected sales price or the trading volume is significantly reduced for 3 days after the opening price is formed, there is a possibility of being delisted.

- a. Expected sale price: 1 Time Coin (TMCN) = 0.14 USD
- b. Maximum number available for sale: 800,000 TMCN
- c. Maximum amount available for sale: US \$112,000 (11,984 thousand yen) (Note 1)

The IEO will be held after the private sale.

(2) About the private sale

Before the IEO, we will look for investors for the private sale of TimeCoin.

If the investor demand is low, the expected sales figures from the private sale can be lower than the planned figures.

Investors can use crypto assets such as Bitcoin and Ethereum in addition to legal currencies such as US dollars and Euros when purchasing TimeCoins. After the IEO, a lock-up period of several months shall apply to the investors who purchased TimeCoins in the private sale.

- a. Scheduled date: June 23, 2020 - August 31, 2020
- b. Estimated sale price: 1 time coin (TMCN) = 0.1 USD
- c. Maximum number available for sale: 50,000,000 TMCN
- d. Maximum amount available for sale: 5,000,000 USD (535,000 thousand yen) (Note 1)

(3) Total number of TimeCoins to be issued and sales in secondary market

The total number of TimeCoins to be issued will be 100,000,000 TMCN, of which 58,000,000 TMCN (58% of the total issue) is planned to be sold externally. We are planning to sell the portion that is apart from the private sale and the IEO considering the demand accordingly on BitForex.

If the investor demand is low, the figures may fall short of the planned figures. Investors will be able to use crypto assets such as Bitcoin and Ethereum in addition to legal currencies such as US dollars and Euros when purchasing Timecoins.

2. Impact on our business performance

(1) Impact of the IEO on our business performance and accounting treatment regarding the IEO

① Impact of the IEO on our business performance

As we disclosed in the Notice of Announcement regarding the TimeCoin White Paper on December 27, 2019, this IEO is a sale of the crypto asset, TimeCoin. After consultation with an auditing firm, it is confirmed that the consideration received should be recognized and recorded as revenue when it is received. If the consideration received is a crypto asset, we plan to cash the crypto asset immediately.

② Accounting treatment regarding the IEO

As for accounting regarding the IEO, we are currently considering the following treatment at each stage.

a. This IEO is a sale of the crypto asset, Timecoin, and the consideration received shall be recognized and recorded as revenue when it is received.

b. The accounting treatment for the period end valuation of crypto assets received from this IEO shall be based on the Business Response Report No. 38 “Current Treatment of Cryptocurrency Accounting etc. under the Fund Settlement Law,” issued by the Accounting Standards Board of Japan on March 14, 2018 (Note 2).

(Note 2) “Current Treatment of Cryptocurrency Accounting etc. under the Fund Settlement Law”

I. Accounting for cryptocurrencies held by cryptocurrency exchanges or cryptocurrency users

I. Accounting for cryptocurrency valuation at the end of the period

5. If there is an active market for the cryptocurrency held, the value based on the market price shall be used for the balance sheet and the difference from the book value shall be treated as profit or loss for the current period.

6. Cryptocurrency exchanges and cryptocurrency users shall use the acquisition cost for the balance sheet for the crypto currency they hold when there is no active market.

If the expected disposal value at the end of the period (including zero or residual value) is less than the acquisition cost, the expected disposal value shall be used for the balance sheet and the difference between the acquisition cost and the expected disposal value shall be treated as a loss for the current period.

7. If the difference between the acquisition cost of the crypto currency and the expected disposal value was treated as a loss for previous periods based on the preceding paragraph, the loss shall not be carried forward to the current period.

c. As the book value of TimeCoins owned by the company is zero, it shall not be recorded on the balance sheet and the breakdown of the balance of crypto assets shall be disclosed as a note to the balance sheet.

In addition, as TimeCoin is a crypto asset that does not have an active trading market, it shall not be valued at the end of the period.

d. When using the crypto assets procured by the IEO for payments for the contents described in the purpose of the funds, we plan to record the difference between the book value and the invoice amount as profit or loss.

e. When selling the crypto assets procured by the IEO, the difference between the book value and the fair value (sale price) on the transaction date shall be recorded as profit or loss. The fair value is calculated based on the market price from major crypto asset exchanges.

f. If the TimeCoin is given to outside parties other than the purchaser, it shall not be recorded in the profit and loss statement nor in the balance sheet as the book value is zero.

(2) Impact of business conducted with the raised funds on our business performance

The details of the sale of crypto assets and the details of use of the funds such as the amount to be used for the following purposes and the timing of the use, etc. will be promptly announced.

Although the raised funds will be temporarily recorded as revenue, we are planning to use about the same amount of the funds raised in the fiscal year ending March 2021 for development costs to acquire users and to promote services in English-speaking countries and Chinese-speaking countries. If the planned procurement amount is not reached, our global expansion plan may be suspended.

• Use of funds

The funds procured by the IEO shall be used for the following:

- Marketing expenses (advertising expenses) to increase the number of TimeTicket users in Japan, in English-speaking countries and in Chinese-speaking countries.

- Development costs of TimeTicket in English-speaking countries and Chinese-speaking countries.
- TimeTicket operation costs and recruitment and labour costs associated with team expansion.
- Administrative costs necessary for TimeTicket business operation.
- TimeTicket community management costs.