October 30, 2018

Company name: DENTSU INC.
Representative: Toshihiro Yamamoto,
Representative Director,
President and CEO
(Securities Code 4324,
First Section of the Tokyo
Stock Exchange)

Notice Regarding Conclusion of Capital and Business Alliance Agreement with SEPTENI HOLDINGS, Commencement of Tender Offer for Shares of SEPTENI HOLDINGS (Securities Code 4293) and Subscription for Its Disposal of Treasury Shares and Issuance of New Shares in Third-Party Allotment

DENTSU INC. (the "Tender Offeror") hereby announces that it has determined on October 30, 2018 to acquire the common stock (the "Target Company Shares") of SEPTENI HOLDINGS CO., LTD. (listed on the JASDAQ Standard of the Tokyo Stock Exchange (the "TSE"); securities code 4293; the "Target Company") through a tender offer (the "Tender Offer") pursuant to the Financial Instruments and Exchange Act (Act No. 25 of 1948, as amended; the "Act"), as described below.

Description

1. Purpose, etc. of Purchase, Etc.

(1) Overview of the Tender Offer

As of today, the Tender Offeror engages primarily in the provision of solutions, not only in Japan but also in the global market, for resolving, through the communications domain, managerial and business issues faced by clients such as advertisers, and media and content holders. The common shares of the Tender Offeror have been listed on the first section of the TSE since November 30, 2001.

Recently, the Tender Offeror executed a capital and business alliance agreement (the "Capital and Business Alliance Agreement"; for the outline of the Capital and Business Alliance Agreement, please refer to "(3) Important Agreements Etc. Pertaining to the Tender Offer" below) with the Target Company, under which on October 30, 2018 the

Tender Offeror has decided (i) to launch the Tender Offer for the Target Company Shares listed on the TSE's JASDAQ (Standard) and (ii) after first making the Target Company an equity-method affiliate of the Tender Offeror through subscription for the Target Company Shares that the Target Company disposes of or issues to the Tender Offeror by way of a third-party allotment (such disposal and issuance of the Target Company Shares are collectively referred to as the "Third-Party Allotment", and the Tender Offer and the Third-Party Allotment are collectively referred to as the "Transaction"), depending on the results of the Tender Offer, to carry out a business alliance with the Target Company. As of today, the Tender Offeror owns one Target Company Share.

Considering that it is planned that the Target Company will become an equity-method affiliate of the Tender Offeror in the Transaction and that it is intended that following the Transaction, the Target Company Shares will continue to be listed, the Tender Offeror, based on the results of consultation with the Target Company, has set the maximum number of Share Certificates, Etc. to be purchased in the Tender Offer at 26,895,000 shares (Ownership ratio (Note 1) of 20.99%).

For this reason, if the total number of Share Certificates, Etc. tendered in the Tender Offer ("Tendered Share Certificates, Etc.") exceeds the maximum number of Share Certificates, Etc. to be purchased (26,895,000 shares), all or part of the Tendered Share Certificates, Etc. exceeding such number will not be purchased, and the Tender Offeror will implement the delivery and other settlement for purchasing the excess Tendered Share Certificates, Etc. on a pro rata basis as provided for in Article 27-13, Paragraph 5 of the Act and Article 32 of the Cabinet Office Ordinance on Disclosure Required for Tender Offer for Share Certificates, Etc. by Person Other Than Issuer (Ministry of Finance Ordinance No. 38 of 1990, as amended; "TOB Ordinance").

Meanwhile, in the Transaction, as indicated in "(2) Purpose and Background of the Tender Offer, and Post-Tender Offer Management Policy" and "(5) Planned Additional Acquisition of Shares Etc. after the Tender Offer" below, from the fact that it is intended to provide an opportunity to the Target Company's shareholders to sell their Target Company Shares through the Tender Offer, as well as, through the Target Company's disposal of treasury shares and issuance of new shares, even in the case where the total number of Tendered Share Certificates, Etc. is less than the maximum number of Share Certificates, Etc. to be purchased, (i) to increase the Target Company's profitability and thus enhance both corporate value and shareholder value of the Target Company by making it possible to satisfy the Target Company's capital needs in whole or in part, while strengthening the financial foundation of the Target Company, and (ii) to make the

Tender Offeror's Ownership ratio reach 20.99%, if the Tender Offeror's Pre-allotment ownership ratio (Note 2) of the Target Company Shares does not reach 20.99%, the Tender Offeror, depending on the results of the Tender Offer, plans to, through subscription for the Third-Party Allotment, acquire the Target Company Shares in a number (rounded up to the nearest 100 shares) sufficient to make the Tender Offeror's Post-allotment ownership ratio (Note 3) of the Target Company Shares reach 20.99%, thereby attaining the goal of making the Target Company an equity-method affiliate of the Tender Offeror; accordingly, no minimum number of Share Certificates, Etc. to be purchased has been set in the Tender Offer, and in the event that the total number of the Tendered Share Certificates, Etc. is less than the maximum number of Share Certificates, Etc. to be purchased (26,895,000 shares), all of the Tendered Share Certificates, Etc. will be purchased.

(Note 1) "Ownership ratio" means the ratio to the Target Company Shares (128,132,340 shares) as calculated by deducting the number of treasury shares (excluding the 1,739,200 Target Company Shares that are held by the Officer Remuneration BIP (Board Inventive Plan) Trust (the "BIP Trust") as of September 30, 2018) (10,724,160 shares) that the Target Company owns as of September 30, 2018, as set forth in the September 2018 Statement of Accounts (IFRS) (consolidated) submitted by the Target Company on October 30, 2018 ("Target Company Statement of Accounts") from the total number of outstanding shares of the Target Company (138,856,500 shares) as of September 30, 2018, as set forth in the Target Company Statement of Accounts (such ratio to be rounded off to the second decimal place; unless otherwise specified, hereinafter the same).

(Note 2) "Pre-allotment ownership ratio" means the ratio as calculated by using the sum of the number of the Target Company Shares owned by the Tender Offeror as of today (one share) and the number of the Target Company Shares that the Tender Offeror acquired through the Tender Offer as the numerator, and the number of the Target Company Shares (128,132,340 shares), as calculated by deducting the number of treasury shares (excluding the 1,739,200 Target Company Shares that are held by the BIP Trust as of September 30, 2018) (10,724,160 shares) owned by the Target Company as of September 30, 2018, as set forth in the Target Company Statement of Accounts from the total number of outstanding shares of the Target Company (138,856,500 shares) as of September 30, 2018, as set forth in the Target Company Statement of Accounts, as the denominator (hereinafter the same).

(Note 3) "Post-allotment ownership ratio" means the ratio as calculated by using the sum of

the number of the Target Company Shares owned by the Tender Offeror as of today (one share) and the number of the Target Company Shares that the Tender Offeror acquired through the Transaction as the numerator, and the number of the Target Company Shares (128,132,340 shares), as calculated by deducting the number of treasury shares (excluding the 1,739,200 Target Company Shares that are held by the BIP Trust as of September 30, 2018) (10,724,160 shares) owned by the Target Company as of September 30, 2018, as set forth in the Target Company Statement of Accounts from the total number of outstanding shares of the Target Company (138,856,500 shares) as of September 30, 2018, as set forth in the Target Company Statement of Accounts, and then adding the number of the Target Company Shares that the Tender Offeror acquired through the Third-Party Allotment, as the denominator (hereinafter the same).

According to the press release entitled "Expression of Opinion Regarding the Tender Offer by Dentsu Inc. for Company Shares; Capital and Business Alliance with Dentsu Inc.; Issue of New Shares and Disposal of Treasury Shares through Third-Party Allotment to Dentsu Inc.; and Changes in Major Shareholders, Largest Shareholder as Major Shareholder, and Other Affiliates" published by the Target Company on October 30, 2018 ("Target Company Press Release"), at its board of directors meeting held on October 30, 2018, the Target Company, in the manner that all directors of the Target Company participated in the deliberations regarding the Tender Offer, and all participating directors unanimously agreed, resolved (i) to express an opinion supporting the Tender Offer; (ii) to take a neutral position regarding whether the Target Company's shareholder should tender their shares in the Tender Offer and to leave the determination to shareholders themselves, because, while in light of the valuation results for the Target Company Shares obtained from KPMG FAS Co., Ltd. ("KPMG"), which is a third-party appraiser, the Target Company believes the price for purchase, etc. of the Target Company Shares per share in the Tender Offer ("Tender Offer Price") is reasonable, the maximum number of Share Certificates, Etc. to be purchased in the Tender Offer has been set, and the policy is to maintain listing of the Target Company Shares even after the Tender Offer; and (iii) to execute the Capital and Business Alliance Agreement with the Tender Offeror. For the details of the decision-making process of the Target Company's board of directors, please see the Target Company Press Release and "iv. Unanimous resolution by all of Target Company directors having no conflicts of interests and unanimous opinion of no objections by all of Target Company auditors having no conflicts of interests" of "(4) Measures to Ensure a Fair Tender Offer Price

Etc." below.

Further, according to the securities registration statement submitted by the Target Company to the Director-General of Kanto Local Finance Bureau ("Target Company Securities Registration Statement") on October 30, 2018 and the Target Company Press Release (collectively with the Target Company Securities Registration Statement, "Target Company Securities Registration Statement Etc."), at its board of directors meeting held on October 30, 2018, the Target Company, in the manner that all directors of the Target Company participated in the deliberations regarding the Third-Party Allotment, and all participating directors unanimously agreed, resolved the Third-Party Allotment (the number of shares to be allotted is 34,040,000 shares that is the sum of 10,723,000 treasury shares to be disposed of and 23,317,000 new shares to be issued; the payment amount is JPY260 per share which is the same amount as the Tender Offer Price, totaling JPY8,850,400 thousand) under which, depending on the result of the Tender Offer, by way of a Third-Party Allotment, the Target Company Shares will be allocated to the Tender Offeror with the payment period coming after the Tender Offer Period ends, from December 18, 2018 until February 7, 2019. Regarding the proceeds from the Third-Party Allotment, (i) JPY2,000 million will be applied to the improvement of the sales, consulting and creative capacity in the Internet Marketing Business, (ii) JPY2,000 million will be applied to the development and improvement of Internet media, (iii) JPY1,500 million will be applied to promotional investment in the Manga Content Business, (iv) JPY500 million will be applied to system investment (augmentation, security measures), and (v) JPY2,800 million will be applied to funds for enhancing M&A and other investment and financing, respectively.

With respect to the Third-Party Allotment, the Tender Offeror has agreed with the Target Company in the Capital and Business Alliance Agreement that when, after successful completion of the Tender Offer, the results of the Tender Offer are confirmed, if Tender Offeror's Pre-allotment ownership ratio of the Target Company Shares is less than 20.99%, the Tender Offeror will apply for subscription for the Target Company Shares, up to the number of the Target Company Shares (rounded up to the nearest 100 shares) necessary to make the Tender Offeror's Post-allotment ownership ratio of the Target Company Shares reach 20.99%, and the Target Company will allot such Target Company Shares to the Tender Offeror. The Target Company has agreed with the Tender Offeror that in the Third-Party Allotment, to the extent that the Target Company holds treasury shares (excluding 1,160 treasury shares from among the said treasury shares), it will dispose of such treasury shares, and if the disposal of such treasury shares alone is insufficient to make the Target Company Shares reach the number necessary for the

allotment above, to the extent necessary, the Target Company will additionally issue new shares.

For this reason, it is possible that the Tender Offeror, in accordance with such agreement, depending on the results of the Tender Offer, will not apply for subscription for or make pay-in for all or part of the Target Company Shares resolved by the Target Company as shares offered for subscription in the Third-Party Allotment (the number of shares to be allotted is 34,040,000 shares that is the sum of 10,723,000 treasury shares to be disposed of and 23,317,000 new shares to be issued). According to the Target Company Securities Registration Statement Etc., if the Tender Offeror does not apply for subscription for or make pay-in for shares offered for subscription in relation to the Third-Party Allotment, the implementation of the measures set forth in (i) through (v) above will be financed through borrowings from financial institutions, proceeds from the sale of investment assets and the like. For the details of the Third-Party Allotment, please see "(5) Planned Additional Acquisition of Shares Etc. after the Tender Offer" below.

(2) Purpose and Background of the Tender Offer, and Post-Tender Offer Management Policy

i. Purpose and background of the Tender Offer

The Tender Offeror has a corporate philosophy to seek to create new value and to guide the process of reform, and make supporting corporate and organizational innovation in accordance with "Good Innovation.", its management principle. Since its foundation in 1901, the Tender Offeror has deepened collaboration with thousands of advertisers as well as media and platformers while providing a variety of services to clients by combining the strengths of each member of its corporate group, which is made up of the Tender Offeror and its 942 consolidated subsidiaries and 75 equity-method affiliates (the "Tender Offeror Group").

In April 2016, the Tender Offeror established DENTSU DIGITAL INC. as a specialist digital marketing company by combining the resources of domestic consolidated subsidiaries and equity-method affiliates of the Tender Offeror Group in order to accelerate its growth strategies in the digital domain. The Tender Offeror regards DENTSU DIGITAL INC. as the core element of the domestic digital domain in the Tender Offeror Group, and continues to enhance its competitiveness in that domain.

Amid the ongoing advance and increasing complexity of the client business issues, the Tender Offeror Group is promoting the expansion of service lines within the business design domain with regard to client management and business development in

light of the growing importance providing solutions that take into consideration business issues that exist within clients. The “digital marketing” domain is growing in importance as the principles governing consumer behavior are changing. As a result, the Tender Offeror Group is pursuing expansive service provision structures not only for integrated media strategy planning centered on digital media, but also that can also provide systems and foundations (marketing technology) for solving business issues that exist within clients such as customer relationship management (CRM), marketing automation, and database consulting. In the field of digital media operation, the Tender Offeror Group is developing data foundations while collaborating to increase competitiveness in order to enhance its strategic development and operational capabilities. Also, in order to accelerate these growth strategies, the Tender Offeror Group has been searching for opportunities to form strategic alliances with other companies.

On the other hand, according to the Target Company, the Target Company was established in Shibuya-ku, Tokyo as SUB & LIMINAL CO., LTD in October 1990 with the aim of providing personnel recruiting consulting services, and it commenced in October 1993 a direct marketing business (“DM business”) that carries out outsourcing services centered on the outsourced delivery of companies’ direct mail. The Target Company changed its trade name to SEPTENI CO., LTD. in March 2000 and launched an Internet advertising business in April of that year. On August 9, 2001, the Target Company Shares were listed on an over-the-counter market operated by the Japan Securities Dealers Association (the JASDAQ market was restructured as Jasdaq Securities Exchange, Inc.). Also, pursuant to the acquisition by Osaka Securities Exchange Co., Ltd. (the “OSE”) of Jasdaq Securities Exchange, Inc. as a subsidiary, and the merger between the TSE and the OSE, etc., the Target Company is now listed on the JASDAQ (Standard) market of the TSE. Later, the Target Company shifted to a holding company structure in October 2006 and changed its trade name to SEPTENI HOLDINGS CO., LTD. At that time, a corporate split was implemented, and SEPTENI CO., LTD. was established to assume the internet advertising business, and SEPTENI DIRECT MARKETING CO., LTD., established in April of that year through an absorption-type split, assumed the direct marketing business. In February 2013, the Target Company established COMICSMART INC. and entered the Manga Content Business, and sold the DM business by transferring all shares of SEPTENI DIRECT MARKETING CO., LTD. in October 2014.

According to the Target Company, as of today, the Target Company is part of a group comprising the Target Company, 35 consolidated subsidiaries and 11 equity-method affiliates (such corporate group is referred to as the “Target Company Group”). The two

pillars of business are the Internet Marketing Business centered on an Internet advertising agency and the Manga Content Business, which focuses on fostering and producing manga artists and operating manga distribution services. In accordance with its corporate creed of "*Hinerankai* (think outside the box)", since its foundation in 1990, the Target Company Group has viewed exceptional human resources with an entrepreneurial spirit and an abundance of passion as well as a corporate culture and environment that attracts this type of human resource to be the Target Company Group's greatest source of corporate value, and has carried out management that focuses on people in the pursuit of growth of existing businesses and the creation of new business to increase corporate value and provide ever higher returns to shareholders.

However, in the Internet Marketing Business, the Target Company Group's main business area, as the percentage of advertising expenditures in Japan accounted for by digital advertising continues on an upward trend, demand increases, and the market grows, marketing techniques are becoming increasingly sophisticated and specialized. In conjunction with these developments, customers are confronting the marketing issue of the gradual disappearance of barriers between online and offline and require solutions that maximize the advertising effects of customers by utilizing various data with a more comprehensive approach (data-driven solutions).

As the market gradually matures, the Target Company' Group understand that existing advertising products are being commoditized, and differentiating products and services and strongly emphasizing their superiority within the Internet marketing area are increasingly important.

It was against this backdrop that in the fiscal year ended September 2017, the Target Company sought to expand its market share and raise profitability by bolstering the positions it had established in the smartphone advertising and social advertising areas of the domestic market, as described in the policies of its new medium-term management plan, and connecting to future growth drivers in overseas markets through a two-track approach that comprises of growth through the establishment of local posts centered around North American and Asian regions and the acquisition new customers (organic growth), and M&A.

With regard to both human resources and organizations, the Target Company Group has actively undertaken human resource recruiting and development by using AI personnel systems centered on machine learning on the basis of the internal data that the group has long accumulated. The Target Company Group also transformed its management environment by reinforcing its organizational foundations.

It is in this environment that the Target Company Group has been investigating all possible avenues including capital and business alliances with other companies in order to be able to carry out business as an even better marketing partner to its customers.

Under the business environment surrounding the Tender Offeror Group and the Target Company Group ("Two Groups"), the Tender Offeror thought that there is a difference in the expertise of Two Groups, where the Tender Offeror Group is good at integrated planning using a wide range of services, and the Target Company Group, which is one of the corporate groups that are regarded by the Tender Offeror as being major corporate groups, excels in pursuing effectiveness and efficiency in the digital advertising area, and that therefore the construction of an alliance relationship with the Target Company would lead to the acquisition of future business opportunities in the said area, and in early December 2017, the Tender Offeror commenced holding dialogues with the Target Company, with the purpose of constructing an alliance relationship seeking the acquisition of future business opportunities in the digital advertising area. As dialogues were held multiple times, the two companies came to truly understand the differences in the Two Groups' respective areas of specialization as stated above, and became confident that each company could increase the added value that it provides to clients by sharing their respective strengths. The two companies agreed in late April 2018 that in areas where rapid growth is expected and client needs will become increasingly advanced and complex in the future (for example, integrated planning that combines mass media and digital media and PDCA operation applied to digital advertising that requires diverse media and large volumes of creative targeting techniques), it would be possible to build structures that enable each company to respond fully and promptly to client expectations by combining their respective strengths and collaborating. As the discussions continued, the two companies reached agreement that creating a capital relationship would be necessary to accelerate such business collaboration, and in late May 2018, the Tender Offeror proposed to the Target Company a capital and business alliance including execution of the Transaction for the purpose of enhancing the corporate value of both companies.

Subsequently, the Tender Offeror and the Target Company engaged in repeated dialogue on multiple occasions regarding the synergies that can be expected from such a capital and business alliance, the specific methods and particulars of the capital and business alliance, and other issues.

As a result of these discussions, the Tender Offeror and the Target Company determined that by making the Target Company an equity-method affiliate of the Tender Offeror, it would be possible to mutually use management resources of each company,

and under a strong cooperative relationship between the two companies, further develop the business of each company. In late August 2018, the two companies reached the conclusion that the Transaction should be carried out and the two companies should execute the Capital and Business Alliance Agreement. Taking into account that there exist clear differences in the expertise of the Tender Offeror and the Target Company, as stated above, when proceeding with the capital and business alliance, as it would be desirable, from the perspective of improving the enterprise values of Two Groups, to firmly protect the independence of the management of the two companies as listed companies, and to maintain, in the same way as before, the existing businesses of Two Groups and the brands relating to such existing businesses. Accordingly, the Tender Offeror and the Target Company believe that the best option for Two Groups would be to make the Target Company an equity-method affiliate of the Tender Offeror, rather than to make the Target Company a consolidated subsidiary of the Tender Offeror. Regarding the specific method by which the Target Company will become an equity-method affiliate of the Tender Offeror, it was determined that from the fact that it is intended to provide an opportunity to the Target Company's shareholders to sell their Target Company Shares through the Tender Offer, as well as, through the Target Company's disposal of treasury shares and issuance of new shares, even in the case where the total number of the Tendered Share Certificates, Etc. is less than the maximum number of Share Certificates, Etc. to be purchased, (i) to increase the Target Company's profitability and thus enhance both corporate value and shareholder value of the Target Company by making it possible to satisfy the Target Company's capital needs in whole or in part, while strengthening the financial foundation of the Target Company, and (ii) to make the Tender Offeror's Ownership ratio reach 20.99%, in mid-September 2018, a tender offer would be carried out by setting the number of Share Certificates, Etc.to be purchased at 26,895,000 shares (Ownership ratio of 20.99%) based on the result of consultations with the Target Company and, depending on the results, to have the Target Company carry out a disposal of treasury shares where the Tender Offeror would be the allottee, and to carry out a third-party allotment under which the Tender Offeror would subscribe for new shares issued by the Target Company.

The Tender Offeror Group has approximately six thousand client channels and possesses business assets that can be utilized even in the domestic market through the provision of planning know-how that integrates mass media and digital media, digital services not limited to media as well as business foundations that have been developed globally. Meanwhile, the Target Company Group has used its rapid response capabilities to establish competitiveness in cutting-edge fields such as the smartphone and social

media segments.

It will be possible to provide optimal solutions to clients through the reciprocal use of the human resources of Two Groups, which have the different attributes described above, and accordingly, the aim will be to raise the value of services provided by the two companies and to drive development in advertising markets through the reciprocal use of the human resources of Two Groups.

In addition, by the Target Company becoming an equity-method affiliate of the Tender Offeror, Two Groups will use their respective attributes to carry out the measures set forth below and achieve synergy effects.

(i) Expanded provision of value to clients

It will be possible to provide higher added-value services by providing services that integrate the comprehensive planning capabilities of the Tender Offeror Group with the Target Company Group's digital advertising and operational capabilities to the client base that the Tender Offeror Group possesses in the mass media sector. Further, by providing higher added-value services to clients, Two Groups can expect increased opportunities to provide services.

(ii) Reinforcement of management foundations through reciprocal use of business assets

By using the resources and assets owned by Two Groups, efficiency will be increased and business scale will be expanded. Specifically, the two companies will look into advertising operations (bid management, reporting, and creative management) and reciprocal use of resources and data assets.

(iii) Utilization of the Target Company Group's knowledge and technology by the Tender Offeror Group

The Tender Offeror will consider the utilization of the Target Company Group's business foundations as a digital agency (agency for handling Internet advertising including PC and smartphone advertising) as well as the Target Company Group's knowledge and technology regarding specific products in the Tender Offeror Group's business. Specifically, the Tender Offeror Group will absorb the Target Company Group's advertising effect improvement techniques and business operation processes, and will seek scale merit through the collective order with third-party partners, thus heightening the presence of the Tender Offeror Group.

In this way, the two companies agreed that execution of the Transaction will be an extremely effective means of raising the corporate value and shareholder value of

Two Groups. Accordingly, the Tender Offeror decided to carry out the Transaction and executed the Capital and Business Alliance Agreement with the Target Company on October 30, 2018.

ii. Post-Tender Offer management policy

It is expected that even after the Transaction is consummated, the Tender Offeror and the Target Company will each be individually managed, and the business entities and brands that the two companies own will be maintained in their current status.

The policies of the Tender Offeror and the Target Company will be to aim to materialize further growth strategies by building, through the Transaction, a stronger capital relationship based on the mutual trust that has been developed. Moreover, the Tender Offeror intends to have the Target Company's current management and employees to continue to strive to grow business as the core of business operations. On the other hand, in order to facilitate mutual understanding of the state of management, the Tender Offeror plans to dispatch one full-time statutory auditor to the Target Company; specifically, the Tender Offeror plans to ask the Target Company to submit a resolution to appoint a statutory auditor having that individual as the candidate to the Target Company's 28th Term Ordinary Shareholders Meeting ("Ordinary Shareholders Meeting") scheduled for December 2018 (for the details of officer dispatch from the Tender Offeror Group to the Target Company, please see "v. Dispatch of Officers" of "(3) Important Agreements Etc. Pertaining to the Tender Offer" below). Also, the two companies plan to build a close partnership by mutually exchanging personnel between business operators within Two Groups that are involved in digital advertising management. With regard to dispatching of officers from the Target Company to the Tender Offeror, it has not yet been decided whether such seconding will be carried out.

(3) Important Agreements Etc. Pertaining to the Tender Offer

The Tender Offeror has executed with the Target Company the Capital and Business Alliance Agreement dated October 30, 2018. An overview of the agreement pursuant to the Capital and Business Alliance Agreement follows.

i. Purpose

The Tender Offeror and Target Company, by providing optimal solutions to clients (not only advertisers and media companies, but also including corporations and

consumers facing a variety of challenges) on the foundation of a great work environment that attracts people with a diverse range of talents, will aim to become the largest digital marketing partner in Japan, taking the lead in industry development; to attain this, through the Transaction, the two companies will contribute and utilize their respective resources in order to maximize the profits of both. In order to contribute to the attainment of the purpose of the Capital and Business Alliance Agreement, the Tender Offeror will, in light of the fact that the Target Company is a listed company, respect to the maximum extent the independence and autonomy (including independence and autonomy in terms of management, business, transactional relationships and brand) of the Target Company.

ii. Matters Pertaining to the Tender Offer

(i) The Tender Offeror will launch the Tender Offer according to the terms set forth herein.

(ii) The Target Company must maintain, and must not withdraw or amend, the resolution supporting the Tender Offer that was unanimously approved at its board of directors meeting (the resolution expressing support for the Tender Offer and indicating the belief that the Tender Offer price was reasonable, but because a limit had been set to the number of Share Certificates, Etc. to be purchased under the Tender Offer and because the policy was to maintain the Target Company as a listed company even after the Tender Offer, taking a neutral position with regard to whether its shareholders should tender their shares, leaving such decision up to the judgment of the shareholders themselves, such resolution accompanied by the unanimous opinion of the statutory auditors that they had no objection to such resolution); provided, however, that the foregoing will not apply if the Target Company reasonably determines that there is a significant amount of risk that not carrying out such withdrawal of amendment will amount to a breach of the duties of care of good managers or the fiduciary duties of the directors of the Target Company.

(iii) The Target Company shall not tender any treasury shares in the Tender Offer.

iii. Matters Pertaining to the Third-Party Allotment

(i) At its board of directors meeting scheduled for October 30, 2018, the Target Company shall pass a resolution to implement the procedures required by laws and

regulations and then to carry out the Third-Party Allotment under the following main conditions.

・Class and number of shares:	Disposal of treasury shares: 10,723,000 common shares Issue of new shares: 23,317,000 common shares Total: 34,040,000 common shares
・Allotment method:	By way of a third-party allotment, the Target Company Shares will be allotted to the Tender Offeror through disposal of treasury shares and issue of new shares.
・Total pay-in price:	JPY8,850,400 (JPY260 per Target Company Share)
・Payment period:	From Tuesday, December 18, 2018, to Thursday, February 7, 2019 (the day on which pay-in for the Third-Party Allotment will be made shall be the day of commencement of the Tender Offer settlement, subject to that certain conditions agreed upon between the Tender Offeror and the Target Company have been satisfied)
・Other:	To the extent that the Target Company possesses treasury shares (excluding 1,160 treasury shares from among the said treasury shares), it shall allot such treasury shares to the Tender Offeror, and in the event that such disposal of treasury shares alone is insufficient for the Tender Offeror's Post-allotment ownership ratio to reach 20.99%, the Target Company shall additionally issue new shares to the extent necessary. On the condition that the Third-Party Allotment comes into effect by the day preceding the Ordinary Shareholders Meeting, the Target Company shall grant to the Tender Offeror voting rights exercisable at the Ordinary Shareholders Meeting with respect to the treasury shares and new shares thus allotted and the Target Company shall also carry out all procedures that are necessary for the Tender Offeror to exercise the said voting rights and to accurately reflect the outcome of

the exercise of the voting rights in the outcome of the resolution. The Tender Offeror shall, to the extent reasonable, cooperate with the carrying out of the said procedures by the Target Company.

(ii) Notwithstanding the number of shares approved by resolution of the Target Company's board of directors as set forth in (i) above, depending on the results of the Tender Offer, the Tender Offeror shall apply for subscription for no more than the number of shares necessary to make the Tender Offeror's Post-allotment ownership ratio of Target Company Shares reach 20.99% (rounded up to the nearest 100-share unit), and the Target Company shall allot such number of shares to the Tender Offeror; provided, however, that the foregoing is subject to the condition (a) that the Target Company Security Registration Statement has come into and remains in effect, (b) that in regards to the notification relating to the Tender Offeror's acquisition of Target Company shares through the Transaction, pursuant to Article 10, Paragraph 2 of the Act on Prohibition of Private Monopolization and Maintenance of Fair Trade (Law No. 54 of 1947, as amended; "Antitrust Act"), the waiting period pursuant to Article 10, Paragraph 8 of the Antitrust Act has passed, and the Japan Fair Trade Commission has given notice to the Tender Offeror to the effect that it will not issue a cease and desist order to the Tender Offeror, and that all other conditions set forth in the Capital and Business Alliance Agreement have been satisfied on the day on which Tender Offeror makes pay-in.

iv. Particulars of the Business Alliance

The Tender Offeror and Target Company shall engage in the business alliance as set forth below; in addition to this business alliance, in order to strengthen each other's business assets, the Tender Offeror and Target Company shall consult in good faith and cooperate with each other toward a business alliance in fields to be agreed upon, and shall make maximum effort toward promptly commencing concrete implementation of the business alliance in such fields.

(i) The joint operation of projects in the Internet Marketing Business that Tender Offeror and its subsidiary DENTSU DIGITAL INC. currently operate or will operate in the future;

(ii) Provision and sharing by the Target Company of knowledge and technology to the Tender Offeror and DENTSU DIGITAL INC.; and

(iii) Sale of "GANMA!", a medium owned by COMICSMART INC., through the Tender Offeror, DENTSU DIGITAL INC. and cyber communications inc.

v. Dispatch of Officers

The Tender Offeror is entitled to make demand to the Target Company to have one person designated by the Tender Offeror to be a candidate for statutory auditor of the Target Company. The Target Company shall place the proposal to elect statutory auditors having such statutory auditor candidate as candidate at the Ordinary Shareholders Meeting, and shall make reasonable effort so that such proposal is approved as proposed. If the Capital and Business Alliance Agreement terminates, the Tender Offeror shall, as promptly as possible, cause the statutory auditor who the Tender Offeror nominated to resign, in accordance with instructions from the Target Company.

vi. Additional Acquisition and Disposal etc. of Target Company Shares

(i) From the time the Third-Party Allotment takes effect (if the Third-Party Allotment has not been implemented, from completion of the Tender Offer settlement) onwards, the Tender Offeror shall not, or cause the Tender Offeror Group to, acquire additional Target Company Shares without obtaining the Target Company's prior written consent ; provided, however, that the Tender Offeror is entitled to acquire Target Company shares as it sees fit to the extent that its voting rights percentage will not exceed 21%.

(ii) As of the date of the Capital and Business Alliance Agreement, the Tender Offeror confirms its intended policy to retain the Target Company Shares that it acquires through the Tender Offer and the Third-Party Allotment over the long term, and if the Tender Offeror will or will cause the Tender Offeror Group, to assign, transfer or succeed to its Target Company shares to a third party (including through general succession), or create security interests on or otherwise dispose of Target Company shares, the Tender Offeror shall consult in advance in good faith with the Target Company, excluding any case where the Target Company's prior written consent has been obtained and other certain cases; provided, however, that the Tender Offeror is entitled, without the need for advance consultation with the Target Company, to assign, transfer, or cause the succession of, its Target Company Shares to or by a subsidiary that will succeed to substantially all of the Tender Offeror's domestic businesses.

vii. Termination of the Capital and Business Alliance Agreement

The Capital and Business Alliance Agreement will terminate if (a) the two companies agree in writing that the Capital and Business Alliance Agreement will terminate, (b) the Tender Offeror withdraws the Tender Offer in accordance with the provisions of the proviso to Article 27-11, Paragraph 1 of the Act, (c) after coming into effect of the Third-Party Allotment (if the Third-Party Allotment has not been implemented, after completion of the Tender Offer settlement), the Tender Offeror's Post-allotment voting rights percentage falls below 10%, or if any certain other events occur.

(4) Measures to Ensure a Fair Tender Offer Price Etc.

As of today, the Target Company is not a subsidiary of the Tender Offeror, and the Tender Offer does not amount to a tender offer made by a controlling shareholder. However, in order to secure the fairness of the Tender Offer Price and to remove any arbitrariness in the decision-making process leading to the decision to implement the Tender Offer, the Tender Offeror and the Target Company have implemented the following measures. Among the descriptions of the measures set forth below, those relating to measures implemented by the Target Company are based on explanations provided by the Target Company.

i. Obtaining a share valuation report from an independent third-party appraiser of the Tender Offeror

To ensure fairness of the Tender Offer Price, in determining the Tender Offer Price, the Tender Offeror requested its financial adviser, Daiwa Securities Co., Ltd.,("Daiwa Securities") to calculate the value of the Target Company Shares. Daiwa Securities does not constitute a related party of the Tender Offeror or the Target Company, and does not have any material conflicts of interests in the Tender Offer.

For an overview of the share valuation report relating to the value of Target Company Shares, which the Tender Offeror obtained from Daiwa Securities ("Share Valuation Report"), please see "i. Valuation basis" of "(4) Valuation Basis of the Tender Offer Price" of "2. Overview of the Tender Offer" below.

ii. Obtaining a share valuation report from an independent third-party appraiser of the Target Company

According to the Target Company, to ensure fairness of the Tender Offer Price, in

determining its opinion regarding the Tender Offer, the Target Company requested KPMG as a third-party appraiser to calculate the value of the Target Company Shares, and obtained from KPMG the share valuation report on October 29, 2018. KPMG does not constitute a related party of the Target Company or the Tender Offeror, and does not have any material conflicts of interests in the Transaction, including the Tender Offer. The Target Company has not obtained a fairness opinion concerning the Tender Offer Price from KPMG.

According to the Target Company, to collect and examine information necessary for valuation of Target Company Shares, KPMG received information on and explanations of the current state of the business and future prospects from the Target Company's management; KPMG then calculated the value of Target Company Shares in light of said information. After considering the methods that should be utilized to calculate the value of the Target Company Shares among various share value calculation methods available, and assuming that the Target Company is a going concern, and based on the notion that multifaceted evaluation of Target Company Shares would be appropriate, KPMG in its valuation of Target Company Shares used the market price method because the Target Company is listed on the TSE JASDAQ (Standard) exchange and thus has a market price, and also used the Discounted Cash Flow method ("DCF Method") to reflect the state of future business activity in the valuation. The per-share values of Target Company Shares calculated by KPMG in accordance with each calculation method set out above are as follows.

Market price method: From JPY134 to JPY206
DCF Method: From JPY207 to JPY278

Under the market price method, the range of value per Target Company Share of JPY207 to JPY278 (rounded to the nearest whole number: hereinafter the same in this paragraph) was derived based on the following prices for the Target Company Shares quoted on the TSE JASDAQ (Standard) exchange as of the evaluation reference date of October 29, 2018: JPY134, the closing price on the reference date, and JPY164, JPY170, and JPY206, the simple average closing prices over the preceding one-month, three-month, and six-month periods, respectively. Under the DCF Method, the range of value per Target Company Share of JPY207 to JPY278 was derived by evaluating the Target Company's corporate value and share value, calculated by discounting to the present value at a certain discount rate the free cash flow that the Target Company is

expected to generate after the third quarter of the fiscal year ending in September 2018 based on its business plan for the period from the fiscal year ending in September 2018 to the fiscal year ending in September 2021 and changes in earnings through most recent results. According to the Target Company, the business plan that KPMG used for its calculation by the DCF Method was prepared on the assumption that significant increase in profit is expected for each fiscal term covered (from the fiscal year ending in September 2018 to the fiscal year ending in September 2021).This is because, given that through the Target Company's utilization of AI, new personnel can make an immediate impact, aggressive investments in personnel were made in the fiscal year ending September 2018; and due to increased sales stemming from an increase in the Target Company's market share, in particular growth in the brand advertising business, Non-GAAP operating profit in the fiscal year ending September 2019 is expected to increase around 68% on the year. In addition to this factor, with expansion in the content and improvement in the operational efficiency of the Media Content Business, Non-GAAP operating profit is expected to grow 65% on the year in the fiscal year ending September 2020 and around 57% in the fiscal year ending September 2021. The business plans have not been prepared on the assumption that the Transaction will be executed.

(Note) In evaluating Target Company Shares, KPMG used information provided by the Target Company, information obtained during interviews and information available to the public as-is, and assumed that these materials and information were all accurate and complete, and that there were no facts that may have a material impact on the valuation of Target Company Shares that were not disclosed to KPMG; and thus has not independently verified the accuracy or completeness of such information. Moreover, with respect to the assets and liabilities (including derivative transactions, off-the-book assets and liabilities, and other contingent liabilities) of the Target Company and its subsidiaries and affiliates, KPMG has not performed an independent evaluation or appraisal, including analysis and evaluation of individual assets and liabilities, nor has it delegated such evaluation, appraisal or assessment to a third party. It is assumed that the Target Company's financial outlook used as reference in the above calculations was reasonably prepared based on the best forecast and judgment available to the Target Company at the present time and that such calculations reflects the information and economic conditions as of October 29, 2018.

iii. Advice from independent law office to the Target Company

To ensure fair and adequate decision-making by the Target Company's board of directors, the Target Company has retained Nishimura & Asahi Law Firm as a legal advisor independent of both the Target Company and the Tender Offeror, from which it has received legal advice on the approach and process of the decision-making of the Target Company's board of directors, including the procedures concerning the Transaction.

iv. Unanimous resolution by all of Target Company directors having no conflicts of interests and unanimous opinion of no objections by all of Target Company auditors having no conflicts of interests

The Target Company determined that, with the Tender Offeror making, through execution of the Transaction, its Post-allotment ownership ratio of the Target Company Shares reach 20.99% and turning the Target Company into its equity-method affiliate, development of a stable and firm relationship between the Tender Offeror and the Target Company will strengthen the Target Company's financial base and help fortify the Target Company's earnings power; accordingly, at the Target Company's board of directors meeting held on October 30, 2018, the Target Company, in the manner that all directors of the Target Company participated in deliberations regarding the Tender Offer, and all participating directors unanimously agreed, resolved to express an opinion supporting the Tender Offer.

Moreover, the Target Company believes that the Tender Offer Price (JPY260) is at a reasonable level, having compared it with the result of the share valuation report obtained from KPMG, a third-party appraiser (market price method: JPY134 to 206; and DCF Method: JPY207 to 278); however, in the Tender Offer there is the maximum number of Share Certificates, Etc. to be purchased, and the policy is to keep Target Company Shares listed even after the Tender Offer; therefore, the Target Company reached the decision to take a neutral stance on whether Target Company shareholders should tender their shares in the Tender Offer and to leave that decision up to the judgment of shareholders themselves, and accordingly, at the Target Company's board of directors meeting held on October 30, 2018, all directors participated in the deliberations regarding the Tender Offer and unanimously approved a resolution to that effect.

At the aforementioned board of directors meeting, all three of the Target Company's statutory auditors (including two external statutory auditors) participated in the deliberations regarding the Tender Offer and expressed an opinion, without objection,

supporting the resolutions above.

As set forth in "(3) Important Agreements Etc. Pertaining to the Tender Offer" above, under the Capital and Business Alliance Agreement, the Tender Offeror has agreed with the Target Company that the Target Company will maintain each of the said resolutions and that it will not withdraw or change it, except where the Target Company reasonably determines that there is a significant amount of risk that not carrying out such withdrawal of change will amount to a breach of the duties of care of a good manager or the fiduciary duties of the directors of the Target Company.

(5) Planned Additional Acquisition of Shares Etc. after the Tender Offer

According to the Target Company Securities Registration Statement Etc., at the Target Company's board of directors held on October 30, 2018, the Target Company resolved, depending on the results of the Tender Offer, the Third-Party Allotment (the number of shares to be allotted is 34,040,000 shares that is the sum of 10,723,000 treasury shares to be disposed of and 23,317,000 new shares to be issued; the pay-in amount is JPY260 per share, which is the same amount as the Tender Offer Price, totaling JPY8,850,400 million) under which, depending on the results of the Tender Offer, by way of a third-party allotment, shares will be allocated to the Tender Offeror with the payment period coming after the Tender Offer Period ends, from December 18, 2018 until February 7, 2019. Regarding the proceeds from the Third-Party Allotment, (i) JPY2,000 million will be applied to the improvement of the sale, consulting and creative capabilities of the Internet Marketing Business, (ii) JPY2,000 million will be applied to the development and improvement of Internet media, (iii) JPY1,500 million will be applied to promotional investments in the Manga Content Business, (iv) JPY500 million will be applied to system investments (augmentation, security measures), and (v) JPY2,800 million will be applied to funds for enhancing M&A and other investment and financing, respectively, and the specific use purposes and planned times of expenditure are as follows.

Specific use		Amount (JPY million)	Planned time of expenditure
(i)	Improvement of the sale, consulting and creative capabilities of the Internet Marketing Business	2,000	From January 2019 to September 2022
(ii)	Developing and improvement of Internet media	2,000	From January 2019 to September 2022
(iii)	Promotional investments in the Manga Content Business	1,500	From January 2019 to September 2022
(iv)	System investments (augmentation, security measures)	500	From April 2019 to December 2022
(v)	Funds for investment and financing, including M&A etc.	2,800	From April 2019 to December 2022
	Total	8,800	―

With respect to the Third-Party Allotment, the Tender Offeror has agreed with the Target Company in the Capital and Business Alliance Agreement that when, after successful completion of the Tender Offer, the results of the Tender Offer are confirmed, if the Tender Offeror's Pre-allotment ownership ratio of Target Company Shares is less than 20.99%, the Tender Offeror will apply for subscription for Target Company Shares, up to the number of Target Company Shares (rounded up to the nearest 100 shares) necessary to make the Tender Offeror's Post-allotment ownership ratio of Target Company Shares reach 20.99%, and the Target Company will allot such Target Company Shares to the Tender Offeror. The Target Company has agreed with the Tender Offeror that in the Third-Party Allotment, to the extent that it holds treasury shares (excluding 1,160 treasury shares from among the said treasury shares), it will dispose of such treasury shares, and if the disposal of such treasury shares alone is insufficient to make the Target Company Shares reach the number necessary for the allotment above, to the extent necessary, the Target Company will additionally issue new shares.

For this reason, in accordance with such agreement, depending on the results of the Tender Offer, by applying for subscription for or making pay-in for all or part of Target Company Shares (the number of shares to be allotted is 34,040,000 shares that is the sum of 10,723,000 treasury shares to be disposed of and 23,317,000 new shares to be issued) approved by the Target Company as shares offered for subscription in the Third-Party Allotment, the Tender Offeror will make its Post-allotment ownership ratio

of Target Company Shares reach 20.99%. If after the successful completion of the Tender Offer the Tender Offeror's Pre-allotment ownership ratio of Target Company Shares is 20.99%, the Tender Offeror will not apply for subscription for and make pay-in for any shares offered for subscription in the Third-Party Allotment.

As indicated above, there is a possibility that depending on the results of the Tender Offer, the Tender Offeror may not apply for subscription for and make pay-in for all or part of the Target Company Shares (the number of shares to be allotted is 34,040,000 shares that is the sum of 10,723,000 treasury shares to be disposed of and 23,317,000 new shares to be issued) approved by the Target Company as shares offered for subscription in the Third-Party Allotment. If the Tender Offeror's Post-allotment ownership ratio of Target Company Shares becomes 20.99% pursuant to the implementation of the Transaction, as of today, the Tender Offeror does not have any plan to additionally acquire Target Company Shares, including any subscription for shares offered by the Target Company. According to the Target Company Securities Registration Statement Etc., if the Tender Offeror does not apply for subscription for or make pay-in for all or part of aforesaid number of Target Company Shares that have been approved by the Target Company as the number of shares offered for subscription in the Third-Party Allotment, the implementation of the measures set forth in (i) through (v) above will be financed through borrowings from financial institutions, proceeds from the sale of investment assets and the like. The planned time of expenditure and order of priority in this case are undetermined as of today, but the Target Company will, in light of the timing and amount of financing, consult with the Tender Offeror as necessary, examine the effects etc. of each financing method, and, with respect to (i) through (iv) above, make expenditure in the order of priority. With respect to (v), no M&A etc. is specifically planned as of today, but if any project is specifically decided, the Target Company will appropriately disclose the same in a timely manner in accordance with laws and regulations. Until expenditure, funds will be invested in bank deposits or other safe investment.

(6) Prospects of Becoming Delisted and Reasons Therefor

As of today, the Target Company Shares are listed on the TSE's JASDAQ (Standard) exchange, and under the Transaction the delisting of Target Company Shares is not intended. The Tender Offeror will carry out the Tender Offer with the maximum number of Share Certificates, Etc. to be purchased set at 26,895,000 shares (Ownership ratio of 20.99%). Furthermore, as indicated in "(5) Planned Additional Acquisition of Shares Etc.

after the Tender Offer" above, even if the Tender Offer succeeds and pay-in for the Third-Party Allotment is completed, the Tender Offeror's Post-allotment ownership ratio will be no greater than 20.99%; therefore, even after the Tender Offer, Target Company Shares are expected to remain listed.

2. Overview of the Tender Offer

(1) Overviewof the Target Company

i.	Name	SEPTENI HOLDINGS CO., LTD.
ii.	Address	17-1, Nishi-Shinjuku 8-chome, Shinjuku-ku, Tokyo
iii.	Name and Title of Representative	Koki Sato, Representative Director, Group President and Chief Executive Officer
iv.	Business Description	Corporate management and overall control of group companies through ownership of shares and other forms of equity.
v.	Paid-in Capital	2,120 million yen (as of September 30, 2018)
vi.	Date of Incorporation	October 29, 1990
vii.	Major Shareholders and Shareholding Ratio (as of March 31, 2018)	Japan Trustee Services Bank, Ltd. (Trust Account) 15.25% Village seven Co., Ltd. 10.96% Mamoru Nanamura 10.05% Yahoo Japan Corporation 5.04% The Master Trust Bank of Japan, Ltd. (Trust Account) 4.32% BNP PARIBAS SECURITIES SERVICES LUXEMBOURG/JASDEC/HENDERSON HHF SICAV (Standing proxy The Hongkong and Shanghai Banking Corporation Limited Tokyo branch Custody Business Department) 4.23% Trust & Custody Services Bank, Ltd. (Securities Investment Trust Account) 3.23% CHASE MANHATTAN BANK GTS CLIENTS ACCOUNT ESCROW (Standing proxy Mizuho Bank, Ltd. Settlement & Clearing Services Department) 2.94% NOMURA PB NOMINEES LIMITED OMNIBUS-MARGIN(CASHPB) (Standing proxy Nomura Securities Co., Ltd.) 2.79% STATE STREET BANK AND TRUST COMPANY 505019 (Standing proxy The Hongkong and Shanghai Banking Corporation Limited Tokyo branch Custody Business Department) 1.66%
viii.	Relationship between the Tender Offeror and the Target Company	
	Capital relationship	The Tender Offeror owns one Target Company Share as of today.
	Personal relationship	N/A; however, the Tender Offeror plans to dispatch 1 statutory auditor to the Target Company after the Transaction is completed.
	Business relationship	N/A
	Applicability of related party status	N/A

(2) Schedule, etc.

i. Schedule

Date of Decision of Implemenation of the Tender Offer	October 30, 2018 (Tuesday)
Date of Conclusion of Capital and Business Alliance Agreement	October 30, 2018 (Tuesday)
Date of Public Notice of Commencement of the Tender Offer	October 31, 2018 (Wednesday) Public disclosure will be made electronically, and a notice of such disclosure will be published in the *Nihon Keizai Shimbun*. EDINET (electronic disclosure for investors' network): (http://disclosure.edinet-fsa.go.jp/)
Date of Filing the Tender Offer Registration Statement	October 31, 2018 (Wednesday)
Payment Period	The payment period for the Third-Party Allotment is from December 18, 2018 to February 7, 2019 (the pay-in by the Tender Offeror is scheduled to be made on the same day as the day of commencement of the Tender Offer settlement (in the event that the Tender Offer Period ends as originally scheduled, December 18, 2018.))

ii. Tender Offer period as of initial period as of registration

From October 31, 2018 (Wednesday) through December 11, 2018 (Tuesday) (29 Business Days)

iii. Possibility of extension by request of the Target Company

If the Target Company submits an opinion report requesting an extension of the Tender Offer Period pursuant to Article 27-10, Paragraph 3 of the Act, the Tender Offer Period shall be extended to 30 Business Days, until December 12, 2018 (Wednesday).

iv. Contact information in case of extension of the Tender Offer Period

Contact Person DENTSU INC.
8-1, Higashi-Shinbashi 1-chome, Minato-ku, Tokyo
+81-3-6216-8451
Hiroaki Ono, Director, Finance Department, Finance & Accounting Division

Reception Time From 9:30 to 17:30 on weekdays

(3) Price for Purchase, Etc.

260 yen per share of common stock

(4) Valuation Basis of the Tender Offer Price

i. Valuation basis

To ensure fairness of the Tender Offer Price, in determining the Tender Offer Price, the Tender Offeror requested its financial advisor, Daiwa Securities, to calculate the value of Target Company Shares. Daiwa Securities does not constitute a related party of the Tender Offeror or the Target Company, and does not have any material conflicts of interests in the Tender Offer.

After considering the methods that should be utilized to calculate the value of the Target Company Shares among various share value calculation methods available, Daiwa Securities calculated the value of Target Company Shares using the market price method and the DCF Method, and the Tender Offeror obtained the Share Valuation Report from Daiwa Securities on October 29, 2018. The Tender Offeror has not obtained any opinion relating to the validity of the Tender Offer Price (fairness opinion) from Daiwa Securities.

The ranges of values per the Target Company Shares calculated by Daiwa Securities in accordance with each calculation method set out above are as follows.

Market price method: From JPY134 to JPY206
DCF Method: From JPY193 to JPY277

Under the market price method, the range of value per Target Company Share of JPY134 to JPY206 was derived based on the following prices for the Target Company Shares quoted on the TSE JASDAQ (Standard) exchange as of the evaluation reference date of October 29, 2018: JPY134, the closing price on the reference date, and JPY164, JPY170, and JPY206, the simple average closing prices over the preceding one-month, three-month, and six-month periods, respectively.

Under the DCF Method, the range of the per-share value of the Target Company Shares

was calculated to be from JPY193 to JPY277 by taking into account various factors, such as earnings forecasts and investment plans based on the Target Company's business plans for the years ended September 2019 through September 2021, the result of the due diligence conducted by the Tender Offeror on the Target Company from early September 2018 until early October 2018, the synergy effects that will be achieved from the execution of the Transaction, and publicly available information; by discounting to the present value, using a certain discount rate, the free cash flow that the Target Company is expected to generate going forward in and after the year ended September 2019, based on the Target Company's future revenue forecast, adjusted by the Tender Offeror, for the years ended September 2019 through September 2022; and by taking into account the costs incurred by the Tender Offeror to achieve synergy effects. With regard to the aforesaid revenue forecast, it is anticipated that there will be a large increase in revenue in the years ended September 2019 and September 2020. The Target Company has explained to the Tender Offeror that with regard to the year ended September 2019, proactive investment in human resources was carried out in the year ended September 2018, and one of the factors that led to the revenue increase is the increase in the Target Company's market share, especially the increase in revenue from the growth in the brand advertising business; further, with regard to the year ended September 2020, in addition to the factor described above for the year ended September 2019, other factors include the expansion of the content of the Media Content Business and the improvement in operational efficiency, etc.

In addition to the appraisal result of Target Company Shares in the Share Valuation Report received from Daiwa Securities, the Tender Offeror comprehensively took into account the following: the results of a due diligence investigation of the Target Company conducted by the Tender Offeror; the premiums given when setting prices in past tender offers for comparable shares by persons other than the Target Company; whether the Target Company's board of directors supported the Tender Offer; and the expected number of shares to be tendered; the Tender Offeror also considered the outcome of discussions and negotiations with the Target Company, and on October 30, 2018, decided to set the Tender Offer Price at JPY260.

The Tender Offer Price represents (i) a premium of 94.03% (rounded to two decimal places; hereinafter the same with respect to the premium over share price) on JPY134, the closing price of the Target Company Shares on the TSE JASDAQ market as of October 29, 2018, which is the Business Day immediately preceding the announcement date of the implementation of the Tender Offer, (ii) a premium of 58.54% on JPY164, the simple average closing price for the most recent one-month period, (iii) a premium of 52.94% on JPY170, the simple average closing price for the most recent three-month period, and (iv) a premium of 26.21% on JPY206, the simple average closing price for the most recent

six-month period.

Pursuant to the Share Transfer Agreement dated October 12, 2018 that was executed with Mr. Isamu Ueno, who is a director of the Target Company, the Tender Offeror acquired one Target Company Share from the said individual by way of an over-the-counter sale and purchase, effective as of the same date, for JPY 169 (the closing price of Target Company Shares on the TSE JASDAQ (Standard) market on October 10, 2018). There is a difference of JPY 91 between the Tender Offer Price (JPY 260) and the said acquisition price (JPY 169 per share); however, this is due to the premium added to the Tender Offer Price as set forth above, as well as fluctuations in the share price of the Target Company Shares after the time of the said acquisition.

ii. Valuation background

The Tender Offeror determined the Tender Offer Price through the following course of events.

(i) Name of the third party whose opinion was obtained at the time of calculation

To ensure fairness of the Tender Offer Price, in determining the Tender Offer Price, the Tender Offeror requested its financial advisor, Daiwa Securities, to calculate the value of Target Company Shares. Daiwa Securities does not constitute a related party of the Tender Offeror or the Target Company, and does not have any material conflicts of interests in the Tender Offer.

(ii) Overview of such opinion

Daiwa Securities calculated the value of Target Company Shares using the market price method and the DCF Method, and the range of per-share value of Target Company Shares calculated in accordance with each calculation method set out above is as follows:

Market price method: From JPY134 to JPY206
DCF Method: From JPY193 to JPY277

(iii) Course of events leading up to the determination of the Tender Offer in light of such opinion

In addition to the appraisal result of Target Company Shares in the Share Valuation Report received from Daiwa Securities, the Tender Offeror comprehensively took into account the following: the results of a due diligence investigation of the Target

Company conducted by the Tender Offeror; the premiums given when setting prices in past tender offers for comparable shares by persons other than the Target Company; whether the Target Company's board of directors supported the Tender Offer; and the expected number of shares to be tendered; the Tender Offeror also considered the outcome of discussions and negotiations with the Target Company, and on October 30, 2018, decided to set the Tender Offer Price at JPY260.

iii. Relationships with the valuation firm

Daiwa Securities, which is the Tender Offeror's financial advisor, does not constitute a related party of the Tender Offeror or the Target Company, and does not have any material conflicts of interests in the Tender Offer.

(5) Number of Share Certificates, Etc. to be Purchased

Number of Share Certificates, Etc. to be Purchased	Minimum Number of Share Certificates, Etc. to be Purchased	Maximum Number of Share Certificates, Etc. to be Purchased
26,895,000 (shares)	- (shares)	26,895,000 shares

(Note 1) If the total number of Tendered Share Certificates, Etc. is less than the maximum number of Share Certificates, Etc. to be purchased (26,895,000 shares), all Tendered Share Certificates, Etc. will be purchased. If the total number of Tendered Share Certificates, Etc. exceeds the maximum number of Share Certificates, Etc. to be purchased (26,895,000 shares), all or part of the Tendered Share Certificates, Etc. exceeding such number will not be purchased in whole or in part, and the Tender Offeror will implement the delivery and other settlement for purchasing the excess Tendered Share Certificates, Etc. on a pro rata basis as provided for in Article 27-13, Paragraph 5 of the Act and Article 32 of the TOB Ordinance. The Tender Offeror intends to make the Tender Offeror's Post-allotment ownership ratio of Target Company's Shares reach 20.99% through the Transaction, and depending on the results of the Tender Offer, the Tender Offeror will apply for subscription for and make pay-in for Target Company Shares up to the number (rounded up to the nearest 100 shares) necessary to make the Tender Offeror's Post-allotment ownership ratio of Target Company Shares reach 20.99%.

(Note 2) Shares less than one unit are also subject to the Tender Offer. If a right to request a purchase of shares less than one unit is exercised by shareholders in accordance

with the Companies Act (Act No. 86 of 2005, as amended; the "Companies Act"; hereinafter the same), the Target Company may purchase its own shares less than one unit during the Tender Offer Period in accordance with procedures required by laws and regulations.

(Note 3) The Tender Offeror does not intend to acquire the treasury shares owned by the Target Company through the Tender Offer.

(Note 4) There is a possibility that by the last day of the Tender Offer Period, stock options issued by the Target Company as of November 30, 2017, as set forth in the Target Company's annual securities report for the 27th financial year filed on December 21, 2017, comprising 150 first stock-based compensation stock options (for 300,000 shares), 45 second stock-based compensation stock options (for 90,000 shares), 140 third stock-based compensation stock options (for 140,000 shares), 20 first executive remuneration stock options (for 20,000 shares), 15 second executive remuneration stock options (for 15,000 shares), 15 third executive remuneration stock options (for 15,000 shares) and 72 seventh executive remuneration stock options (for 36,000 shares) (collectively, "Stock Options"; the total number of shares available for purchase under the Stock Options (457 in total) as of November 30, 2017 was 616,000 shares, and according to the Target Company, the sum of Target Company Shares available for purchase under the Stock Options as of October 30, 2018 is 580,000 shares) will be exercised, but Target Company Shares issued through such exercise will be subject to the Tender Offer.

(6) Changes in Ownership ratio of Share Certificates, Etc. after the Tender Offer

Number of Voting Rights Represented by Share Certificates, Etc. held by the Tender Offeror prior to the Tender Offer	0 units	(Ownership ratio of Share Certificates, Etc. prior to the Tender Offer 0.00%)
Number of Voting Rights Represented by the Share Certificates, Etc. held by special related parties prior to the Tender Offer	- units	(Ownership ratio of Share Certificates, Etc. prior to the Tender Offer - %)
Number of Voting Rights Represented by Share Certificates, Etc. after the Tender Offer	268,950 units	(Ownership ratio of Share Certificates, Etc. after the Tender Offer 20.99%)
Ownership ratio of Share Certificates, Etc. held by special related parties after the Tender Offer	- units	(Ownership ratio of Share Certificates, Etc. after the Tender Offer - %)
Total number of Voting Rights of All Shareholders, Etc. of the Target Company	1,281,288 units	

Note 1: "Number of Voting Rights Represented by Share Certificates, Etc. after the Tender Offer" indicates the number of voting rights relating to the total number of the Target Company Share (one share) owned by the Tender Offeror as of today and Share Certificates, Etc. (26,895,000 shares) to be purchased in the Tender Offer.

Note 2: "Total number of Voting Rights of All Shareholders, Etc. of the Target Company" indicates the number of voting rights of all shareholders (100 shares per unit) as of March 31, 2018, as set forth in the 28th term third quarterly report submitted by the Target Company on July 27, 2018; however, because shares less than one unit are also subject to the Tender Offer, in the calculation of the "Ownership ratio of Share Certificates, Etc. prior to the Tender Offer" and the "Ownership ratio of Share Certificates, Etc. after the Tender Offer", the number of voting rights (1,281,323 votes) corresponding to the difference (128,132,340 shares) between the total number of Target Company's outstanding shares (138,856,500 shares) as of September 30, 2018 set forth in Target Company Statement of Accounts *less* the number of treasury shares (excluding the 1,739,200 Target Company Shares that are held by the BIP Trust as of September 30, 2018) (10,724,160 shares) held by the Target Company as of September 30, 2018 set forth in the Target Company Statement of Accounts was

used as denominator.

Note 3: "Ownership ratio of Share Certificates, Etc. prior to the Tender Offer" and "Ownership ratio of Share Certificates, Etc. after the Tender Offer" were rounded off to the second decimal place.

Note 4: Accordingly to the Target Company, the Target Company passed a resolution on the Third-Party Allotment at Target Company's board of directors meeting held on October 30, 2018. With respect to the Third-Party Allotment, depending on the results of the Tender Offer the Tender Offeror will apply for subscription for and make pay-in for Target Company Shares up to the number (rounded up to the nearest 100 shares) necessary to make the Tender Offeror's Post-allotment ownership ratio of Target Company Shares reach 20.99%. For this reason, if the Tender Offeror's Pre-allotment ownership ratio of Target Company Shares after the successful completion of the Tender Offer does not reach 20.99%, depending on the results of the Tender Offer, by applying for subscription for and making pay-in for all or part of Target Company Shares which the Target Company approved as shares to be offered for subscription in the Third-Party Allotment (the number of shares to be allotted is 34,040,000 shares that is the sum of 10,723,000 treasury shares to be disposed of and 23,317,000 new shares to be issued), the Tender Offeror will make the Tender Offeror's Post-allotment ownership ratio of Target Company Shares reach 20.99%. If after the successful completion of the Tender Offer the Tender Offeror's Pre-allotment ownership ratio of Target Company Shares is 20.99%, the Tender Offeror will not apply for subscription for and make pay-in for any shares offered for subscription in the Third-Party Allotment.

(7) Aggregate Tender Offer Price JPY6,992,700,000

Note : "Aggregate Tender Offer Price" is calculated by multiplying the number of Share Certificates, Etc.to be purchased (26,895,000 shares) by the Tender Offer Price per share (JPY260).

(8) Method of Settlement

i. Name and Address of the Head Office of the Financial Instruments Business Operators / Banks in Charge of Settlement for Purchase, Etc.

Daiwa Securities Co., Ltd.
9-1, Marunouchi 1-chome, Chiyoda-ku, Tokyo

ii. Settlement Commencement Date

December 18, 2018 (Tuesday)

Note: If the Target Company submits an opinion report requesting an extension of the Tender Offer Period pursuant to Article 27-10, Paragraph 3 of the Act, the settlement commencement date shall be December 19, 2018 (Wednesday).

iii. Method of Settlement

Without delay after the expiry of the Tender Offer Period, a notice of purchase etc. by way of the Tender Offer will be posted to the addresses or the locations of Tendering shareholders etc. (in the case of Non-Resident Shareholders, Etc., to the address of their standing proxies in Japan).

Payment of the purchase price will be made in cash. Payment of the proceeds from the sale of Share Certificates, Etc. will be remitted by the Tender Offer Agent to the place designated by the Tendering Shareholders, Etc. (in the case of Non-Resident Shareholders, Etc., their standing proxies in Japan) (the Tendering Shareholders, Etc. may be charged with bank fees for the remittance), or will be paid to the accounts of the Tendering Shareholders, Etc. at the Tender Offer Agent which accepted the tender offer, whichever as instructed by the Tendering Shareholders, Etc., without delay after the settlement commencement date.

iv. Method of Returning Share Certificates, Etc.

If, pursuant to the conditions set forth in "i. Conditions Set Forth in Each Item of Article 27-13, Paragraph 4 of the Act and the Particulars Thereof" or "ii. Conditions for Withdrawal Etc. of the Tender Offer, the Particulars Thereof and the Method of Disclosure of Withdrawal Etc." of "(9) Other Conditions and Methods of Purchase Etc." below, the purchase of all or part of the Share Certificates, Etc. is not undertaken, the Share Certificates, Etc. to be returned will be returned without delay after two Business Days from the last day of the Tender Offer Period (in the event that the Tender Offer is withdrawn, the date of the withdrawal), by resetting the Tendering Shareholder Account at the Tender Offer Agent to the original state at the time when the Share Certificates, Etc. were tendered.

(9) Other Conditions and Methods of Purchase, Etc.

i. Conditions Set Forth in Each Item of Article 27-13, Paragraph 4 of the Act and the

Particulars Thereof

If the total number of Tendered Share Certificates, Etc. is less than the maximum number of Share Certificates, Etc. to be purchased (26,895,000 shares), all Tendered Share Certificates, Etc. will be purchased.

If the total number of Tendered Share Certificates, Etc. exceeds the maximum number of Share Certificates, Etc. to be purchased (26,895,000 shares), all or part of the Tendered Share Certificates, Etc. exceeding such number will not be purchased, and the Tender Offeror will implement the delivery and other settlement for purchasing the excess Tendered Share Certificates, Etc. on a prorate basis as provided for in Article 27-13, Paragraph 5 of the Act and Article 32 of the TOB Ordinance (if the number of Tendered Share Certificates, Etc. contains shares less than one unit (100 shares), the maximum number of the Share Certificates, Etc. to be purchased, which is calculated on a pro rata basis, will be the number of the Tendered Share Certificates Etc.).

If the total number of Share Certificates, Etc. to be purchased from Tendering Shareholders, Etc. calculated by rounding off the number of shares of less than one unit resulting from the calculation on a pro rata basis does not reach the maximum number of Share Certificates, Etc.to be purchased, until such total number is no less than the maximum number of Share Certificates, Etc. to be purchased, starting from Tendering Shareholders, Etc. with the largest number of shares rounded off as a result of the calculation above in phases, one unit of Tendered Share Certificates, Etc. per Tendering Shareholder etc. will be purchased (if an additional purchase of one unit results in the number of Tendered Share Certificates, Etc. being exceeded, the number up to the number of Tendered Share Certificates, Etc. will be purchased); provided, however, that if purchase etc. with this method from multiple Tendering Shareholders, Etc. having the same number of shares rounded off results would result in the maximum number of Share Certificates, Etc. to be purchased being exceeded, to the extent that the number will be no lower than the maximum number of Share Certificates, Etc. to be purchased, shareholders etc. from whom purchase etc. will be made will be decided by lot among such Tendering Shareholders, Etc.

If the total number of Share Certificates, Etc. to be purchased from Tendering Shareholders, Etc. calculated by rounding off the number of shares of less than one unit resulting from the proportional division method exceeds the maximum number of Share Certificates, Etc. to be purchased, starting from Tendering Shareholders, Etc. with the largest number of shares rounded up as a result of the calculation above in phases, the

number of Share Certificates, Etc. to be purchased will be reduced by one unit per Tendering Shareholder etc. (in the case where shares of less than one unit are included in the number of Share Certificates, Etc. to be purchased calculated with the proportional division method, the number of such shares of less than one unit) until any further reduction would result in a number lower than the maximum number of Share Certificates, Etc. to be purchased; provided, however, that if a reduction of the number of Share Certificates, Etc. to be purchased in this manner from multiple Tendering Shareholders, Etc. with the same number of shares rounded up results in a number below the maximum number of Share Certificates, Etc. to be purchased, to the extent that the resulting number is no less than the maximum number of Share Certificates, Etc. to be purchased, shareholders etc. who will have reduction in the number of shares purchased will be decided by lot among such Tendering Shareholders, Etc.

ii. Conditions for Withdrawal Etc. of the Tender Offer, the Particulars Thereof and the Method of Disclosure of Withdrawal Etc.

If any of the events set forth in Article 14, Paragraph 1, Items 1, (*i*) through (*ri*) and (*wo*) through *(tsu),* Items 3, (*i*) through (*chi*) and *(nu),* Items 4, and Article 14, Paragraph 2, Items 3 through 6 of the Enforcement Order occurs (Cabinet Order No. 321 of 1965, as amended; the "Enforcement Order"), the Tender Offeror may withdraw the Tender Offer. In the Tender Offer, the "matters equivalent to those specified in (*i*) through (*so*)" set forth in Article 14, Paragraph 1, Item 1 (*tsu*) of the Enforcement Order means a case where the organ of the Target Company which is responsible for making decisions on the execution of the operations of the Target Company makes a decision to pay dividends of surplus with the record date being the day preceding the commencement date of settlement for the Tender Offer (excluding dividends where the amount of cash and other assets to be distributed to shareholders is expected to be less than 10% (JPY1,187 million (Note)) of the book value of net assets on the balance sheet as of the last day of the most recent fiscal year of the Target Company (the 28th fiscal year (from October 1, 2017 to September 30, 2018))), and the "facts equivalent to those specified in (*i*) through (*ri*)" set forth in Article 14, Paragraph 1, Item 3 (*nu*) of the Enforcement Order means (i) the case where any statutory disclosure documents submitted by the Target Company in the past is found to contain a false statement on any material matters or a material matter which should have been stated, and (ii) the case where any of the events set forth in Item 3 (*i*) through (*to*) occurs to any of the Target Company's important subsidiaries.

Further, prior to the day preceding the expiration date of the Tender Offer Period (including a case of extension), in relation to a plan regarding the acquisition of the Target Company Shares ("Share Acquisition") through the Tender Offer that the Tender Offeror submit to the Japan Fair Trade Commssion in advance in accordance with Article 10, Paragraph 2 of the Antitrust Act ("Advance Notification"), in a case (i) where the Tender Offeror receives from the Japan Fair Trade Commission an advance notice of cease and desist order ordering disposal of all or part of Target Company Shares and assignment of its businesses in part, (ii) where a certain period (in principle, 30 days from the day on which the Advance Notification above was accepted; however, this period may be extended or shortened) during which an advance notice of cease and desist order pursuant to the same act should be given has not expired, or (iii) where the Tender Offeror is subject to a petition for a court order for emergency suspension as a person who is suspected of violating of the provisions of Article 10, Paragraph 1 of the Antitrust Act, the Tender Offeror may withdraw the Tender Offer on the basis that the Tender Offeror was not able to obtain "Permit etc." pursuant to Article 14, Paragraph 1, Item 4 of the Enforcement Order.

If the Tender Offeror intends to withdraw the Tender Offer, the Tender Offeror will give an electronic public notice, and publish the notice to that effect in the *Nihon Keizai Shimbun*; provided, however, that if it is difficult to make a public notice by the last day of the Tender Offer Period, the Tender Offeror will make an public announcement in the manner set out in Article 20 of the TOB Ordinance and give a public notice immediately thereafter.

(Note) Assuming that there are no changes in the total number of outstanding shares and the number of treasury shares of the Target Company, the amount of per-share dividend will be equivalent to JPY10 (specifically, this amount was calculated by dividing (x) JPY1,187 million, which is equal to 10% of the amount of net assets (JPY11,870 million) in the Target Company's non-consolidated accounts as of September 30, 2018, as set forth in the Target Company Statement of Accounts, by (y) the number of the Target Company Shares (128,132,340 shares) as calculated by deducting the number of treasury shares (excluding the 1,739,200 Target Company Shares that are held by the BIP Trust as of September 30, 2018) (10,724,160 shares) owned by the Target Company as of September 30, 2018, as set forth in the Target Company Statement of Accounts from the total number of outstanding shares of the Target Company (138,856,500 shares) as of September 30, 2018, as set forth in the Target Company Statement of Accounts, and

rounding up a fraction less than JPY1).

iii. Conditions for Reduction of the Price for Purchase, the Particulars Thereof and the Method of Disclosure of Price Reduction

Pursuant to the provisions of Article 27-6, Paragraph 1, Item 1 of the Act, if the Target Company conducts any of the acts set forth in Article 13, Paragraph 1 of the Enforcement Order during the Tender Offer Period, the Tender Offeror may reduce the price for purchase, etc. in accordance with the standards set out in the provisions of Article 19, Paragraph 1 of the TOB Ordinance. If the Tender Offeror intends to reduce the price for purchase, etc., the Tender Offeror will give an electronic public notice, and publish a notice to that effect in the *Nihon Keizai Shimbun*; provided, however, that if it is difficult to make a public notice by the last day of the Tender Offer Period, the Tender Offeror will make an public announcement in the manner set out in Article 20 of the TOB Ordinance, and make a public notice immediately thereafter. If the price for purchase, etc. is reduced, the Tender Offeror will also purchase the Tendered Share Certificates, Etc. on or before the date of such public notice at the reduced price for purchase, etc.

iv. Matters regarding the Tendering Shareholder Etc.'s right to Cancel Agreements

During the Tender Offer Period, Tendering Shareholders etc. are entitled to cancel at any time the agreements relating to the Tender Offer. If you wish to cancel the agreement, prior to 16:00 of the last day of the Tender Offer Period, tendering deliver or send a cancellation letter (the tender offer application receipt and letter to the effect that the agreement pertaining to the Tender Offer is cancelled) to the head office or branch of the Tender Offer Agent at which the tender application was made. If sending the letter, the letter must be received by 16:00 of the last day of the Tender Offer Period.

Person authorized to receive the cancellation letter:

Daiwa Securities Co., Ltd.	9-1, Marunouchi 1-chome, Chiyoda-ku, Tokyo (other branch of Daiwa Securities Co., Ltd.)

Even if a Tendering Shareholders Etc. cancels the agreement, the Tender Offeror shall not demand compensation for damage or payment of penalties from such Tendering Shareholders Etc. Any expenses required for returning Tendered Shares Etc.

shall be borne by the Tender Offeror. If a Tendering Shareholders Etc. requests cancellation of the agreement pertaining to the Tender Offer, promptly after the cancellation procedures are completed, Tendered Share Certificates, Etc. will be returned in accordance with the method indicated in "iv. Method of Returning Share Certificates, Etc." of "(8) Method of Settlement" above.

v. Method of Disclosure in the Case of Change of Offer Conditions Etc.

The Tender Offeror may change the offer conditions etc., during the Tender Offer Period unless such change is prohibited under Article 27-6, Paragraph 1 of the Act and Article 13 of the Enforcement Order.

If the Tender Offeror intends to change any offer conditions etc., the Tender Offeror will make an electronic public notice regarding the content etc. of such changes, and publish a notice to that effect in the *Nihon Keizai Shimbun*; provided, however, that if it is difficult to make the public notice by the last day of the Tender Offer Period, the Tender Offeror will make a public announcement in the manner set out in Article 20 of the TOB Ordinance, and make a public notice immediately thereafter. If changes are made to the offer conditions etc., the Tender Offeror will also purchase Tendered Share Certificates, Etc. on or before the date of such public notice in accordance with the changed offer conditions etc.

vi. Method of Disclosure in the Case where an Amendment Statement is Submitted

If the Tender Offeror submits an amendment statement is submitted to the Director-General of Kanto Local Finance Bureau (excluding the case set forth in the proviso of Article 27-8, Paragraph 11 of the Act), the Tender Offeror will immediately make a public announcement of the content of such amendment statement that is relevant to the content of the public notice of the commencement of the Tender Offer in the manner set out in Article 20 of the TOB Ordinance. The Tender Offeror will also immediately amend the explanatory statement of the Tender Offer and deliver the amended explanatory statement to the Tendering Shareholders, Etc. who have already received the previous explanatory statement. However, if the amendments are limited in scope, the Offeror may instead prepare and deliver to Tendering Shareholders, Etc. a document stating the reason for the amendments, the matters amended, and the details thereof.

vii. Method of Disclosure of the Results of the Tender Offer

The results of the Tender Offer will be announced on the day following the last day of the Tender Offer Period, in the manner stipulated in Article 9-4 of the Enforcement Order and Article 30-2 of the TOB Ordinance.

(10) Date of Public Announcement of the Tender Offer

October 31, 2018 (Wednesday)

(11) Tender Offer Agent

Daiwa Securities Co. Ltd.
9-1, Marunouchi 1-chome, Chiyoda-ku, Tokyo

3. Policy, etc. After the Tender Offer and Future Outlook

For policy, etc. after the Tender Offer, please refer to "(2) Purpose and Background of the Tender Offer, and Post-Tender Offer Management Policy", "(5) Planned Additional Acquisition of Shares Etc. after the Tender Offer" and "(6) Prospects of Becoming Delisted and Reasons Therefor" of "1. Purpose, etc. of Purchase, Etc." above.

4. Other Matters

(1) Agreements between the Tender Offeror and the Target Company or its Officers and the Particulars Thereof

i. Support for the Tender Offer

According to the Target Company Press Release, at the Target Company's board of directors meeting held on October 30, 2018, the Target Company resolve (i) to express an opinion supporting the Tender Offer; (ii) to take a neutral position regarding whether the Target Company's shareholders should tender their shares in the Tender Offer and to leave the decision to the shareholders themselves, because, while in light of the valuation results for the Target Company Shares obtained from KPMG, which is a third-party appraiser, the Target Company believes the Tender Offer Price is reasonable, the maximum number of Share Certificates, Etc. to be purchased in the Tender Offer has been set and the policy is to maintain listing of the Target Company Shares even after

the Tender Offer; and (iii) to execute the Capital and Business Alliance Agreement with the Tender Offeror. For the details of the Target Company's board of directors resolution, please refer to the Target Company Press Release and "iv. Unanimous resolution by all of Target Company directors having no conflicts of interests and unanimous opinion of no objections by all of Target Company auditors having no conflicts of interests" of "(4) Measures to Ensure a Fair Tender Offer Price Etc." of "1. Purpose of Purchase, Etc." above.

ii. Third-Party Allotment

According to the Target Company Securities Registration Statement Etc., at the Target Company's board of directors meeting held on October 30, 2018, the Target Company resolved the Third-Party Allotment (the number of shares to be allotted is 34,040,000 shares that is the sum of 10,723,000 treasury shares to be disposed of and 23,317,000 new shares to be issued; the pay-in amount is JPY260 per share, which is the same amount as the Tender Offer Price, totaling JPY8,850,400 thousand) under which, depending on the results of the Tender Offer, by way of a third-party allotment, the Target Company Shares will be allotted to the Tender Offeror, with a payment period after the Tender Offer Period ends, from December 18, 2018 until February 7, 2019. For the details of the Third-Party Allotment, please refer to "(5) Planned Additional Acquisition of Shares Etc. after the Tender Offer" of "1. Purpose of Purchase, Etc." above.

In addition, according to the Target Company Press Release, the number of shares offered for subscription in the Third-Party Allotment will be at most 34,040,000 shares, representing 26.57% of the total number of voting rights for the Target Company Shares (1,281,282) as of September 30, 2018, meaning that the dilution of voting rights for the Target Company resulting from the Third-Party Allotment may be 25% or greater. Accordingly, obtainment of an opinion from an independent third party or procedures for confirmation of shareholder intent, as set forth in Rule 432 of the Securities Listing Regulations stipulated by the TSE, will be necessary for the Third-Party Allotment. For these reasons, the Target Company selected its outside directors Mr. Tatsuya Kimura, Ms. Etsuko Okajima, Mr. Seiji Yasubuchi, and Mr. Yusuke Asakura (all of whom are registered as independent officers with the TSE) as the persons independent to a certain degree from the Target Company's management and the Tender Offeror, consulted regarding the need for, and reasonableness of the Third-Party Allotment with them, and

on October 30, 2018, received their opinions to the effect that they have determined the Third-Party Allotment is necessary and reasonable. For the outline of the opinions regarding the Third-Party Allotment obtained from the persons independent to a certain degree from the Target Company's management and the Tender Offeror, please refer to the Target Company Press Release.

iii. Capital and Business Alliance Agreement

The Tender Offeror has executed with the Target Company the Capital and Business Alliance Agreement dated October 30, 2018. For the outline of the Capital and Business Alliance Agreement, please refer to "(3) Important Agreements Etc. Pertaining to the Tender Offer" of "1. Purpose of Purchase, Etc." above.

(2) Other Information that is Considered to be Nessesary when Investors Determine whether to Tender an Offer to Purchase

i. Publication of "2018 September Statement of Accounts (IFRS) (Consolidated)"

The Target Company published the Target Company Statement of Accounts on October 30, 2018, and the overview thereof follows below. According to the Target Company, the content of the Target Company Statement of Accounts has not been audited by an auditing firm pursuant to the provisions of Article 193-2, Paragraph 1 of the Act. The overview below of the Target Company Statement of Accounts is an excerpt from the Target Company Statement of Accounts published by the Target Company, and the Tender Offeror is not in a position to independently verify its accuracy or truthfulness and has not conducted any such verification. For the details, please refer to the Target Company Statement of Accounts.

(i) Profit and Loss (Consolidated)

Fiscal term	Term Ended September 2018
Revenue	JPY15,272 million
Operating profit	JPY977 million
Non-GAAP operating profit	JPY1,011 million
Profits before tax	JPY1,353 million
Current net profit	JPY847 million
Current net profit belonging to owners of parent company	JPY847 million

(ii) Per-share Results (Consolidated)

Fiscal term	Term Ended September 2018
Base current net profit per share	JPY6.71
Post-dilution current net profit per share	JPY6.67

ii. Third-Party Allotment

According to the Target Company Securities Registration Statement Etc., at the board of directors meeting held on October 30, 2018, the Target Company resolved the Third-Party Allotment (the number of shares to be allotted is 34,040,000 shares that is the sum of 10,723,000 treasury shares to be disposed of and 23,317,000 new shares to be issued; the pay-in amount is JPY260 per share, which is the same amount as the Tender Offer Price, totaling JPY8,850,400 thousand) under which, depending on the results of the Tender Offer, by way of a third-party allotment, the Target Company Shares will be allotted to the Tender Offeror, with the payment period after the Tender Offer Period ends, from December 18, 2018 until February 7, 2019. For the details, please refer to the Target Company Securities Registration Statement Etc. and "(5) Planned Additional Acquisition of Shares Etc. after the Tender Offer" of "1. Purpose of Purchase, Etc." above.

iii. Planned Change in Major Shareholders, Largest Shareholder as Major Shareholder, and Other Affiliates

According to the Target Company Press Release, the Transaction will result in the Tender Offeror's owning 20.99% of the Target Company's voting rights, and thereby it is expected that the Tender Offeror will become a major shareholder, the largest shareholder as a major shareholder and an other affiliate in the Target Company, and depending on the number of new shares allotted to the Tender Offeror pursuant to the Third-Party Allotment, it is possible that Village seven Co., Ltd. and Mr. Mamoru Nanamura will cease to be major shareholders. Also, as a result of the Transaction, Village seven Co., Ltd. is expected to cease to be the largest shareholder as a major shareholder. For the details, please refer to the Target Company Press Release.

vi. Granting of Voting Rights to Shareholders after the Record Date

According to the Target Company Press Release, at the board of directors meeting held on October 30, 2018, the Target Company resolved, pursuant to the provisions of Article 124, Paragraph 4 of the Companies Act, grant to the Tender Offeror voting rights exercisable at the Ordinary Shareholders Meeting with respect to any treasury shares to be disposed of or new shares to be issued to the Tender Offeror in the Third-Party Allotment after the record date (September 30, 2018) for the Ordinary Shareholders Meeting on the condition that the Third-Party Allotment comes into effect by the day preceding the Ordinary Shareholders Meeting. For the details, please refer to the Target Company Press Release.

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This press release is a press statement intended for the announcement of the Tender Offer to the general public and is not intended for soliciting offers to sell the shares or offering to purchase in connection with the Tender Offer. If anyone desires to sell his or her shares, a shareholder should review the tender offer explanatory statement for the Tender Offer and accept the Tender Offer at his or her own responsibility. This press release is not considered as any solicitation of offers to sell, or offers to purchase securities and does not constitute any such part. This press release (or any part of it) or the fact of its distribution does not provide a basis for any kind of agreement pertaining to the Tender Offer, and it may not be relied upon when executing any such agreement.

This press release contains "forward-looking statements" as defined in Section 27A of the U.S. Securities Act of 1933 (as amended) and Section 21E of the U.S. Securities Exchange Act of 1934 (as amended; hereinafter the same). Due to any known or unknown risks, uncertainties, or any other factors, it is possible that actual results may substantially differ from the projections, etc. as expressly or implicitly indicated in any "forward-looking statements." Neither the Tender Offeror, the Target Company nor any of their affiliates gives any assurance that such projections, etc. expressly or implicitly indicated in any "forward-looking statements" will result in being correct. The "forward-looking statements" in this press release have been prepared based on the information held by the Tender Offeror and the Target Company as of the filing date of this press release, and unless otherwise required by applicable laws and regulations, neither the Tender Offeror, the Target Company nor any of their affiliates is obliged to update or modify such statements in order to reflect any events or circumstances in the future.

The Tender Offer will be conducted in accordance with the procedures and information disclosure standards prescribed by the Japanese Financial Instruments and Exchange Act, which may differ from those of the United States. In particular, Sections 13 (e) and 14 (d) of the U.S. Securities Exchange Act of 1934, and the regulations prescribed thereunder, do not apply to the Tender Offer, and the Tender Offer does not conform to those procedures and standards. Unless otherwise specified, all procedures relating to the Tender Offer are to be conducted entirely in Japanese. If all or any portion of the documentation relating to the Tender Offer is prepared in English and there is any inconsistency between the English documentation and the Japanese documentation, the Japanese documentation will prevail. Moreover, as the Tender Offeror and the Target Company are companies incorporated outside of the U.S. and their directors are non-U.S. residents, it may be difficult to enforce any rights or make claims arising on the ground of a violation of the U.S. federal securities laws. In addition, shareholders may not be able to file a lawsuit against a company outside the United States and its directors in a non-U.S. court on the ground of a violation of the U.S. securities laws. There is also no guarantee that a company outside the United States and its subsidiaries and affiliates could be compelled to subject themselves to the jurisdiction of U.S. courts.

The Tender Offeror, the respective financial advisors of the Tender Offeror and the Target Company, and the Tender Offer Agent (including their affiliates) may, within their ordinary course of business and to the extent permitted under the related Japanese financial instruments and exchange laws and regulations and other applicable laws and ordinances, purchase or take actions to purchase the Target Company Shares through a method other than the Tender Offer for their own account or for their customers' accounts outside the Tender Offer prior to the commencement of, or during the Tender Offer Period in accordance with the requirements of Rule 14e-5 (b) under the U.S. Securities Exchange Act of 1934. Such purchase might be conducted at the market price through a market transaction or decided through off-market negotiation. If any information concerning such purchase is disclosed in Japan, the relevant financial adviser or Tender Offer Agent who conducted such purchase will disclose such information on their English website (or by any other means of public disclosure). The financial statements referenced to in this press release have been prepared in accordance with international accounting standards (IFRS), which may not necessarily be comparable to those of U.S. companies.

In certain countries or regions, the announcement, issue or distribution of this press release may be restricted by laws or regulations. In such cases, you are required to be aware of such restrictions and comply with the laws and regulations of such countries or regions. This press release does not constitute any solicitation of offers to sell, or offers to purchase shares in relation to the Tender Offer, and shall be considered as a mere distribution of informative materials.