



JASDAQ

July 26, 2018

For Immediate Release

Company name: SEPTENI HOLDINGS CO., LTD.
Representative: Representative Director, Group President and Chief Executive Officer
Koki Sato
(JASDAQ code: 4293)

**Notice of Execution of Basic Agreement for Share Acquisition
(Conversion into Subsidiary) of South Korean Digital Agency eMFORCE Inc.**

SEPTENI HOLDINGS CO., LTD. (the Company) hereby announces that it has decided to execute a basic agreement (hereinafter the “Agreement”) with OPT Holding Inc. (head office: Chiyoda-ku, Tokyo; Founder, President and CEO, Noboru Hachimine; hereinafter “OPT Holding”) for the acquisition of the shares of eMFORCE Inc. (head office: Seoul Special Metropolitan City, the Republic of Korea; CEO Yoon Mi Kyung, hereinafter “eMFORCE”) through the Company’s subsidiary, SEPTENI CO., LTD. (head office: Shinjuku-ku, Tokyo; President Koki Sato), according to Article 370 of the Companies Act and Article 29 of the Company’s Articles of Incorporation (resolution in writing or by electromagnetic record with the consent of all the directors) and to convert eMFORCE into the Company’s consolidated subsidiary. Details are as follows.

The Company will commence specific negotiations for the execution of the share transfer agreement based on the terms and conditions of the Agreement.

1. Reason for Acquisition of Shares

The Company and its group companies (the Group) have moved forward with overseas expansion actively in its main business, the Internet Marketing Business, since 2012. Under the medium-term management plan, the Group has established the basic policy “Expand advertising business globally.” In October 2016, the Group acquired the top-ranking digital agency in the Southeast Asia region, Lion Digital Global LTD. The Group is actively expanding its business in Asia and other regions. For the fiscal year ended September 30, 2017, overseas revenue increased significantly by 76.3% year on year. The Group’s overseas business is expanding at a high rate of growth. In addition, for the first nine months of the fiscal year ending September 30, 2018, the ratio of overseas revenue to the entire Internet Marketing Business is about 14%. This ratio is increasing year after year. The Group has thirteen overseas business bases in nine countries as of today’s date.

Meanwhile, eMFORCE is a general digital agency based in Seoul that specializes exclusively in the Internet with advantages in performance advertising, particularly search engine marketing (SEM). Since its foundation in 2000, eMFORCE has provided digital marketing services to a large number of leading advertisers in South Korea and has achieved steady growth in business results. Recently, while the demand for video advertising has increased, eMFORCE has been focusing on the sale of video

advertisements mainly to brand advertisers with in-house creative production.

Currently, the Group has a consolidated subsidiary in South Korea, JNJ INTERACTIVE INC. (hereinafter “JNJ”), which actively develops the brand advertising market with its advantage in the operation of social advertisements. In the expanding digital advertising market in South Korea, collaboration between eMFORCE and JNJ, both of which have been achieving dynamic growth, should lead to improvement in the value that each of them provides through business, taking advantage of their respective strengths and know-how. In addition, mutually complementing the business of each of them should bring about synergy effects for greater business efficiency. Based on these expectations, the Company judged that the share acquisition described above would increase the presence of the Group in Asia and accelerate the growth of the entire Internet Marketing Business, and entered into the Agreement to commence negotiations for achieving it.

The Company will continue to expand its business on a global basis according to the growth strategies of the Group, which include business expansion in the overseas market where high growth is expected.

2. Purposes of the Agreement

The Group will execute the Agreement, including the provisions for three months’ exclusive negotiations, and based on the results of the due diligence of eMFORCE, commence specific negotiations for the execution of the share transfer agreement with OPT Holding at the end of September 2018. The Group plans to purchase all the common shares in the possession of OPT Holding on October 1, 2018 after the execution of the share transfer agreement.

3. Overview of subsidiary subject to share transfer (eMFORCE Inc.)

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|-----|---|---|--|--|
| (1) | Name | eMFORCE Inc. | | |
| (2) | Location | 10F Dongikseongbong bldg, 301, Seocho-daero Seocho-gu, Seoul, Korea | | |
| (3) | Title and name of representative | CEO Yoon Mi Kyung | | |
| (4) | Business description | Internet advertising agency business | | |
| (5) | Capital stock | 2.5 billion KRW (240 million yen*) | | |
| (6) | Founded | November 2000 | | |
| (7) | Major shareholders and shareholding ratios | OPT Holding Inc.: 93.22% *as of the end of June 2018 | | |
| (8) | Relationship between publicly traded company and relevant company | Capital relationship | Nothing noteworthy to report | |
| | | Personnel relationship | Nothing noteworthy to report | |
| | | Business relationship | Nothing noteworthy to report | |
| (9) | Operating results and financial position of this company for the last three years Unit: South Korean won; hereinafter KRW* | | | |
| | Fiscal Year | FY12/2015 | FY12/2016 | FY12/2017 |
| | Net assets | 4,028million KRW (397 million yen) | 5,054million KRW (498 million yen) | 6,311million KRW (622million yen) |
| | Total assets | 19,366million KRW (1,909 million yen) | 23,982million KRW (2,365 million yen) | 22,898million KRW (2,258 million yen) |
| | Net assets per share | 8,056KRW (794 yen) | 10,107KRW (997 yen) | 12,622KRW (1,245 yen) |

| | | | |
|--------------------------------------|--|--|--|
| [Reference] Net sales | 69,676million KRW (6,870 million yen) | 82,415million KRW (8,126 million yen) | 98,906million KRW (9,752 million yen) |
| Revenue | 11,091million KRW (1,094 million yen) | 14,852million KRW (1,464 million yen) | 21,551million KRW (2,125 million yen) |
| Operating profit | 783million KRW (77 million yen) | 1,260million KRW (124 million yen) | 1,744million KRW (172 million yen) |
| Ordinary profit | 725million KRW (71 million yen) | 1,253million KRW (124 million yen) | 1,688million KRW (166 million yen) |
| Profit attributable owners of parent | 729million KRW (72 million yen) | 1,215million KRW (120 million yen) | 1,622million KRW (160 million yen) |
| Earnings per share | 1,458KRW (144 yen) | 2,430KRW (240 yen) | 3,244KRW (320 yen) |

*Exchange rate is 1KRW = 0.0986 JPY (As of July 25, 2018).

4. Overview of the counterparty of the stock acquisition

| | | |
|---|--|------------------------------|
| (1) Name | OPT Holding Inc. | |
| (2) Location | Tokyu Bancho Bldg., 6 Yonbancho, Chiyoda-ku, Tokyo | |
| (3) Title and name of representative | Founder, President and CEO, Noboru Hachimine | |
| (4) Business description | Group strategy planning and subsidiary management | |
| (5) Founded | March 1994 | |
| (6) Relationship between publicly traded company and relevant company | Capital relationship | Nothing noteworthy to report |
| | Personnel relationship | Nothing noteworthy to report |
| | Business relationship | Nothing noteworthy to report |
| | Applicability to related parties | Not applicable |

5. Number and Value of Shares Acquired and Status of Share Ownership Prior to and Subsequent to Share Acquisition

| | |
|---|---|
| (1) Number of shares held prior to transfer | 0 (percentage of voting rights held: 0%) |
| (2) Number of shares acquired | 475,000 shares or more to be acquired (Planned ratio of voting rights held: 95.0% or more) *The shareholding ratio of OPT Holding is 93.22% at the end of June 2018. OPT Holding will additionally purchase the common shares by the end of July 2018 so that its shareholding ratio is 95.0% or more. The Company will acquire all the shares held by OPT Holding on the end of September, 2018. |
| (3) Acquisition value | With respect to the acquisition value, the Company will commence negotiations for the execution of the share transfer agreement under the Agreement. The range of the estimated valuation is 1.5 to 1.9 billion yen, assuming that the Company will acquire all the common shares. However, the acquisition price has not yet been determined at the present time. |
| (4) Number of shares held after transfer: | 475,000 shares or more to be held (Planned ratio of voting rights held: 95.0% or more) |

6. Schedule

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|-----|---|--------------------------------|
| (1) | Date of execution of basic agreement | July 26, 2018 |
| (2) | Date of execution of share transfer agreement | September 28, 2018 (scheduled) |
| (3) | Date of execution of share acquisition | October 1, 2018 (scheduled) |

7. Outlook

The Company is currently examining the impact of this share acquisition on the consolidated business results of the Group. Any matters that should be announced upon the official decision of the share acquisition will be announced promptly. The forecasts for the consolidated business results for and after the first quarter of the fiscal year ending September 30, 2019 will be provided in the summary of accounts for the fiscal year ending September 30, 2018, which will be disclosed in late October 2018.

■ Inquiries about this news release

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