October 30, 2018

To whom it may concern

Company name: Septeni Holdings Co., Ltd.
Representative: Representative Director, Group President and Chief Executive Officer Koki Sato
(JASDAQ Code No. 4293)

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

Septeni Holdings Co., Ltd. ("Company") hereby announces that at the Board of Directors meeting held on this day, the Company approved a resolution, as set forth in "I. Expression of Opinion Regarding Tender Offer" below, to express an opinion supporting the tender offer ("Tender Offer") for common shares of the Company ("Company Shares") by Dentsu Inc. ("Tender Offeror" or "Dentsu"), and to leave the decision of whether to tender shares in the Tender Offer to the judgment of the Company's shareholders, and, as set forth in "II. Capital and Business Alliance Agreement" below, to execute a capital and business alliance agreement with the Tender Offeror ("Capital and Business Alliance Agreement"; the capital and business alliance pursuant to such agreement is referred to as the "Capital and Business Alliance"). The Company also announces that at the Board of Directors meeting held on this day, the Company passed a resolution, as set forth in "III. Issue of New Shares and Disposal of Treasury Shares through Third-Party Allotment" below, to issue new shares and dispose of treasury shares through third party allotment to the Tender Offeror ("Third-Party Allotment"; the Tender Offer and the Third-Party Allotment are referred to collectively as the "Transaction") pursuant to the Capital and Business Alliance Agreement. Please note that as set forth in "I.3.(2)① Overview of Tender Offer" below, the Tender Offeror intends to make the Company an equity-method affiliate through the Transaction, but does not intend to delist the Company Shares, and plans to keep the Company Shares listed on the Tokyo Stock Exchange ("TSE")'s JASDAQ (Standard) exchange after the Tender Offer is completed.

The Company also announces that the Transaction is expected to result in changes to the Company's major shareholders, including its largest shareholder as major shareholder, and other affiliates.

I. Expression of Opinion Regarding Tender Offer

1. Overview of Tender Offeror

(1)	Name	Dentsu Inc.
(2)	Address	1-8-1 Higashi Shinbashi, Minato-ku, Tokyo
(3)	Representative's name and title	Representative Director, President and CEO: Toshihiro Yamamoto
(4)	Contents of business	Provision of communication-related integrated solutions having "Integrated Communication Design" as the field of business, management and business consulting etc.
(5)	Capital amount	JPY74,609,000,000 (as of June 30, 2018)
(6)	Date of incorporation	July 1, 1901
(7)	Number of outstanding shares	288,410,000 shares (as of June 30, 2018)
(8)	Fiscal year-end	December
(9)	Number of employees	(Consolidated) 60,064 (as of December 31, 2017)
(10)	Main banks	Mizuho Bank, Ltd., Mitsubishi UFJ Trust and Banking Corporation,

		MUFG Bank, Ltd., Sumitomo Mitsui Banking Corporation	
(11)	Major shareholders and their stakes (as of June 30, 2018) (Note 1)	The Master Trust Bank of Japan, Ltd. (trust account)：12.21% Japan Trustee Services Bank, Ltd. (trust account)：7.62% Kyodo News: 6.58% Jiji Press Ltd.: 5.71% Dentsu Inc.: 2.26% Dentsu Group Employee Shareholding Association: 2.06% STATE STREET BANK AND TRUST COMPANY 505001 (Standing Proxy: Mizuho Bank, Ltd, Settlement Business Department): 1.98% Mizuho Bank, Ltd. (Standing Proxy: Trust & Custody Services Bank, Ltd.): 1.73% Yoshida Hideo Memorial Foundation: 1.73% Recruit Holdings Co., Ltd.: 1.71%	
(12)	Relationship between listed company and Tender Offeror		
	Capital relationship	Number of Tender Offeror shares owned by the Company	0 share (as of September 30, 2018)
		Number of Company shares owned by the Tender Offeror	1 share (as of October 30, 2018)
	Personal relationship	N/A; however, one company auditor is planned to be dispatched to the Company from Dentsu following the Transaction.	
	Transactional relationship	N/A	
	Related parties	N/A	
(13)	Business results and financial conditions for the past three years		

Fiscal Year	Fiscal Year Ended Dec. 2015	Fiscal Year Ended Dec. 2016	Fiscal Year Ended Dec. 2017
Equity belonging to parent company owners	1,068,216	932,742	1,093,211
Total assets	3,066,075	3,155,230	3,562,857
Holdings per share of parent company owners (JPY)	3,746.30	3,271.21	3,878.03
Sales	4,513,955	4,924,933	5,187,300
Revenue	706,469	838,359	928,841
Operating profit	107,265	137,681	137,392
Current profit belonging to parent company owners	72,653	83,501	105,478
Basic current profit per share (JPY)	254.05	292.85	373.11
Dividends per share (JPY)	75.00	85.00	90.00

(Unit: JPY1,000,000 unless otherwise specified)

Note 1: The shareholding ratios stated in "Major shareholders and their stakes" are the percentage of the number of shares owned by each shareholder with respect to the total number of shares calculated by deducting the number of treasury shares of the Tender Offeror from the total number of outstanding shares of the Tender Offeror (rounded off to the second decimal place).

2.Tender Offer Price

JPY260 per one common share ("Tender Offer Price").

3. Opinion Regarding the Tender Offer; Grounds and Reasons Therefor

(1) Opinion

At the Board of Directors meeting held on this day, the Company passed a resolution to express an opinion supporting the Tender Offer and to leave the decision of whether to tender shares in the Tender Offer to the judgment of the Company's shareholders, on the basis of the grounds and reasons set forth below in "(2) Grounds and Reasons for Opinion" below .

The above Board of Directors resolution was carried out using the method set forth in "(6) Measures for Ensuring Fairness," "② Unanimous Resolution by Company Directors Having No Conflicts of Interests and Unanimous Opinion of No Objections by Company Auditors" below.

(2) Grounds and Reasons for Opinion

① Overview of the Tender Offer

As of this day, Dentsu engages primarily in the provision of solutions, not only in Japan but in the global market for resolving through the field of communications managerial and business issues faced by customers such as advertisers and media content corporations. The common shares of Dentsu have been listed on the first section of the TSE since November 30, 2001.

Recently, Dentsu executed the Capital and Business Alliance Agreement with the Company, under which on October 30, 2018 Dentsu has decided (i) to launch the Tender Offer for Company Shares listed on the TSE's JASDAQ (Standard) exchange and (ii) after first making the Company an equity-method affiliate of Dentsu through subscription to the Company Shares that the Company disposes of or issues to Dentsu through a third-party allotment, depending on the results of the Tender Offer, to carry out a business alliance with the Company. Currently, Dentsu owns 1 Company Share.

Under the Transaction, because it is planned that the Company will become an equity-method affiliate of Dentsu and because it is intended that Company Shares will continue to be listed following the Transaction, based on the results of consultation with the Company, the maximum number of shares planned to be purchased in the Tender Offer has been set at 26,895,000 shares (Ownership Ratio (Note 1) 20.99%). For this reason, in the case where the total number of share certificates etc. subject to sales etc. in the Tender Offer ("Tendered Share Certificates etc.") exceeds the maximum number of shares planned to be purchased (26,895,000 shares), purchases etc. of the number in excess will not be performed in whole or in part, and transfer of Share Certificates etc. and other settlement procedures will be conducted pursuant to the method of proportional distribution of Article 27-13, Paragraph 5 of the Financial Instruments and Exchange Act (Law No. 25 of 1948, as amended; "FIEA") and Article 32 of the Cabinet Order Regarding Disclosures for Tender Offer for Share Certificates etc. by Persons Other Than Issuer (1990, Ministry of Finance Order No. 38; as amended).

On the other hand, in the Transaction, as set forth in "③ Course of Events leading to Decision by Tender Offeror" below, it is intended to provide an opportunity to the Company's shareholders to sell their Company Shares through the Tender Offer; and even if the total number of Tendered Share Certificates etc. does not reach the maximum number of shares planned to be purchased, by disposing of its treasury shares and issuing new shares, (i) to make it possible for the Company to satisfy all or part of its capital needs by reinforcing the Company's financial standing from the perspectives of raising the Company's profitability in increasing both the Company's corporate value and shareholder value; and (ii) to make Dentsu's Ownership Ratio to reach 20.99%. Therefore in the case where Dentsu's Pre-allotment Ownership Ratio (Note 2) of Company Shares does not reach 20.99%, depending on the results of the Tender Offer, Dentsu plans to subscribe to the Third-Party Allotment and acquire Company Shares in a number (rounded up to the nearest 100 shares) sufficient to make Dentsu's Post-allotment Ownership Ratio of Company Shares (Note 3) to reach 20.99%, thereby attaining the goal of making the Company an equity-method affiliate; accordingly, no minimum number of shares for purchase has been specified in the Tender Offer, and in the event that the total number of Tendered Share Certificates etc. is lower than the total number of shares planned to be purchased (26,895,000 shares), a purchase etc. of all Tendered Share Certificates etc. will be effected.

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

Note 2: "Pre-allotment Ownership Ratio" means the percentage represented by the fraction having the sum of the number of Company Shares owned by Dentsu as of this day (1 share) and the number of Company Shares Dentsu will acquire through the Tender Offer as the numerator, and the number of Company Shares (128,132,340 shares) as calculated by deducting the number of treasury shares (excluding the Company Shares held by the BIP Trust as of September 30, 2018 (1,739,200 shares) (10,724,160 shares) that the Company owns as of the same date, as set forth in the Statement of Accounts from the total number of outstanding shares of the Company (138,856,500 shares) as of September 30, 2018, as set forth in the Statement of Accounts, as the denominator; hereinafter the same.

Note 3: "Post-allotment Ownership Ratio" means the percentage represented by the fraction having the sum of the number of Company Shares owned by Dentsu as of this day (1 share) and the number of Company Shares Dentsu will acquire through the Tender Offer as the numerator, and the number of Company Shares (128,132,340 shares), as calculated by deducting the number of treasury shares (excluding the Company Shares held by the BIP Trust as of September 30, 2018) (1,739,200 shares) (10,724,160 shares) that the Company owns as of the same date, as set forth in the Statement of Accounts from the total number of outstanding shares of the Company (138,856,500 shares) as of September 30, 2018, as set forth in the Statement of Accounts, and then adding the number of Company Shares that Dentsu will acquire through the Third-Party Allotment, as the denominator; hereinafter the same.

② Background to the Tender Offer

The Company, which was established in Shibuya-ku, Tokyo as Sub & Liminal Co., Ltd. in October 1990 with the aim of providing personnel recruiting consulting services, entered the direct marketing business (DM business) whereby it undertakes outsourcing services focusing on direct mail etc. surrogate dispatching for companies in October 1993. The 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 Company's shares were listed on the over-the-counter market operated by the Japan Securities Dealers Association (the JASDAQ exchange was reorganized into JASDAQ Securities Exchange, Inc.). Along with the Osaka Securities Exchange's making the JASDAQ Securities Exchange into its subsidiary, and the integration of the TSE and the Osaka Securities Exchange, the Company is currently listed on the TSE's JASDAQ (Standard) exchange. Later, the Company shifted to a holding company structure in October 2006 and changed its trade name to Septeni Holdings Co., Ltd. At that time, the Company transferred its Internet advertising business to Septeni Holdings Co., Ltd by means of an incorporation-type corporate demerger and its DM business to Septeni Direct Marketing Co., Ltd., established in April of that year, through an absorption-type corporate demerger, respectively. In February 2013, the Company established COMICSMART, Inc. and entered the manga content business. The Company transferred all shares of Septeni Direct Marketing Co., Ltd. and sold its DM business in October 2014.

As of this day, the Company constitutes a corporate group comprising the Company, 35 consolidated subsidiaries and 11 equity-method affiliates (the corporate group is hereinafter referred to as the "Company Group"). The two pillars of Company Group's business are "Internet marketing business" centered on the business regarding Internet advertising agency and "media content business", which focuses on fostering and producing manga artists and operating manga distribution services. In accordance with its corporate creed of "*hinerankai*," which means "think outside the box", since the Company Group's foundation in 1990, the Company 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 Company Group's greatest source of corporate value, and the Company 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.

In the Internet marketing business, however, the Company Group's main business sector, 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, barriers between online and offline is gradually disappearing for the marketing issue that customers are confronting and solutions that will enhance, to the maximum, the customers' advertising effect by utilizing various data through a more comprehensive approach (data-driven solutions) are required.

As mentioned above, as the market gradually matures, existing advertising products are being commoditized; thus, the Company Group understands that it is increasingly important to differentiate products and services and strongly emphasize their superiority within the Internet marketing sector.

It was against this backdrop that in the fiscal year ended in September 2017 the 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 newly described in the policies of its medium-term management plan, and, in the overseas market, connecting to future growth drivers through both growth by launching local bases mainly in North America and Asia to acquire customers (organic growth) and M&A.

With regard to both human resources and organizations, the 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 Company Group also dealt with transformation of management environment by reinforcing its organizational foundations.

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

At the same time, Dentsu has sought the creation of new value and innovation in accordance with its "Good Innovation" management principle and made supporting corporate and organizational innovation as corporate philosophy. Since its foundation in 1901, Dentsu has deepened collaboration with thousands of advertisers as well as media and platform businesses while providing a variety of services to customers by combining the strengths of each member of its corporate group, which is made up of Dentsu and its 942 consolidated subsidiaries and 75 equity-method affiliates (the "Tender Offeror Group" or "Dentsu Group").

Further, in April 2016, domestic consolidated subsidiaries and equity-method affiliates of Dentsu Group combined their resources and established K.K. Dentsu Digital ("Dentsu Digital") as a specialized digital marketing company in order to accelerate growth strategies in the digital sector. Dentsu Digital is positioned at the core of the domestic digital segment of the Dentsu Group and continues to enhance its competitiveness in that field.

As customer business issues become increasingly sophisticated and complex and the provision of solutions that encompass the business issues customers are facing becomes more important, the Dentsu Group is expanding its service lines within business design fields such as customer management and business development. The digital marketing field is growing in importance as the principles governing consumer behavior change. As a result, the Dentsu Group is pursuing expansive service provision structures not only for integrated media strategy planning centered on digital media, but those can also provide systems and foundations (marketing technology) for solving business issues that exist in customers such as customer relationship management (CRM), marketing automation, and database consulting. In the field of digital media operation, the Dentsu Group is developing data foundations while collaborating to increase competitiveness in order to enhance its strategic development and operational capabilities. Furthermore, in order to accelerate these growth strategies, the Dentsu Group has been seeking opportunities for strategic alliances with other companies.

③ Course of Events leading to Decision by Tender Offeror

Under this business environment surrounding the Company Group and the Dentsu Group ("Two Groups"), Dentsu thought that forming an alliance with the Company would secure future business opportunities in the digital advertising field, since Two Groups differ in their specialties in the sense that the Dentsu Group is superior in integrated planning by providing a wide variety of services while the Company Group, which is one of the key company groups in Dentsu's judgment in the digital advertising field, is superior in pursuing effectiveness and efficiency in the said field. Thus, Dentsu started discussions with the Company in early December 2017 with the aim of forming an alliance expecting to secure future business opportunities in the digital advertising field. As the discussions proceeded, the differences in the two companies' areas of specialization became clear anew and Dentsu and the Company became confident that each company could increase the added value that it provides to customers by sharing the two companies' respective strengths. The two companies agreed in late April 2018 that in areas where rapid growth is expected and customer needs will become increasingly sophisticated 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 customer expectations by combining the two companies' respective strengths and collaborating. As the discussions continued, the two companies reached an agreement that creating a capital relationship would be necessary to accelerate such business collaboration, and in late May 2018, Dentsu proposed to the Company a capital and business alliance including execution of the Transaction for the purpose of raising the corporate value of both companies.

Subsequently, Dentsu and the 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, Dentsu and the Company determined that, by making the Company an equity-method affiliate of Dentsu, it would be possible to promote both companies' businesses and smoothly utilize both companies' management resources together, under a stronger cooperative relationship between both companies, and in late August 2018, both companies reached the conclusion that the Transaction should be carried out and the two companies should execute the Capital and Business Alliance Agreement. Meanwhile, as mentioned above, considering the clear differences in the two companies' areas of specialization, both companies determined that, for the purpose of proceeding with the Capital and Business Alliance, in order to enhance both companies' business values, it is desirable to stick with the independence of management as listed companies and to maintain the existing businesses and the brands related thereto of Two Groups. Consequently, both companies consider that it would be the best choice not to make the Company a consolidated subsidiary of Dentsu but rather an equity-method affiliate of Dentsu. Regarding the specific method by which the Company will become an equity-method affiliate of Dentsu, it was determined that from the fact that it is intended to provide an opportunity to the Company's shareholders to sell their Company Shares through the Tender Offer, as well as, through the 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. does not reach the maximum number of shares planned to be purchased, (i) to increase the Company's profitability and thus enhance both corporate value and shareholder value of the Company by making it possible to satisfy the Company's capital needs in whole or in part, while strengthening the financial foundation of the Company, and (ii) to make Dentsu's Ownership Ratio reach 20.99%, in mid-September 2018, a tender offer would be carried out by setting the maximum number of shares planned to be purchased at 26,895,000 shares (Ownership Ratio: 20.99%) based on the result of consultations with the Company and, depending on the results, to have the Company carry out a disposal of treasury shares where Dentsu would be the allottee, and to carry out a third-party allotment under which Dentsu would subscribe for treasury shares disposed and new shares issued by the Company.

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

It will be possible to provide optimal solutions to customers 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 Company becoming an equity-method affiliate of Dentsu, 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 Customers

It will be possible to provide higher added value services by providing services that integrate the comprehensive planning capabilities of the Dentsu Group with the Company Group’s digital advertising operation capabilities to the customer base that Dentsu possesses in the mass media sector. Further, by providing higher added value services to customers, Two Groups can expect increased opportunities to provide services.

(ii) Reinforcement of Management Foundations through Reciprocal Use of Operating 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, creative management) and reciprocal use of resources and data assets.

(iii) Utilization of the Company Group’s Knowledge and Technology by the Dentsu Group

Dentsu will consider the utilization of the Company Group’s management foundations as a digital agency (agency for handling Internet advertising including PC and smartphone advertising) as well as the Company Group’s knowledge and technology regarding specific products in the Dentsu Group’s business. Specifically, the Dentsu Group will seek the advantages of scale by jointly performing the Company Group’s advertising effect improvement techniques, business operation processes, and order placement with its external partners, thus heightening the presence of the Dentsu 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, Dentsu decided to carry out the Transaction and to execute the Capital and Business Alliance Agreement with the Company.

④ Course of Events Leading to Decision by the Company

Through the course of events described above in “③ Course of Events leading to Decision by Tender Offeror”, the Company and Dentsu engaged in meticulous discussions and investigations regarding the particulars of the Capital and Business Alliance, the need for and terms of the Third-Party Allotment, and the price of and other terms and conditions of the Tender Offer. During these discussions and investigations, the Company requested K.K. KPMG FAS (“KPMG”), a third-party appraisal organization, to assess the value of the Company Shares as described below in “(3) Matters Relating to Calculations” and “(6) Measures for Ensuring Fairness”. The Company obtained a share valuation report (the “Share Valuation Report”) and obtained legal advice from Nishimura & Asahi, its legal advisers.

As a result of the above discussions and investigations, the Company determined that building a stable and strong relationship between Dentsu and the Company by becoming an equity-method affiliate through execution of the Transaction and Dentsu acquiring 20.99% of the Company’s Post-allotment Ownership Ratio would enable reinforcement of the Company’s financial standing and would bolster the Company’s profitability. Accordingly, at the Board of Directors meeting held on this day, all directors participated in the deliberations relating to the Tender Offer, and all participating directors unanimously adopted a resolution expressing an opinion in support of the Tender Offer.

In light of the valuation results for the Company Shares obtained from KPMG, which is a third-party appraisal organization, the Company believes that the Tender Offer Price is reasonable. However, a maximum number of shares to be purchased pursuant to the Tender Offer has been set, and it is intended that the Company Shares continue to be listed even after the Tender Offer, and therefore, the Company has adopted a neutral position regarding whether the Company’s shareholder should tender their shares in the Tender Offer and a view that the Company should leave the determination to shareholders. Accordingly, at the Board of Directors meeting held on this day, all directors participated in the deliberations regarding the Tender Offer, and all participating directors unanimously adopted a resolution to that effect.

Furthermore, the Company’s three company auditors participated in the deliberations regarding the Tender Offer at the Board of Directors meeting referenced above, and each company auditor expressed an opinion supporting the above resolutions without objection.

⑤ Post-Tender Offer Managerial Policy

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

As discussed above, Dentsu and the Company aim to realize further growth strategies through the Transaction, by building a stronger capital relationship based on the mutual trust that has been developed.

Moreover, Dentsu intends to have the Company's current management and employees to continue to strive to grow business as the core of business operations. At the same time, in order to facilitate mutual understanding of the state of management, Dentsu plans to dispatch 1 full-time company auditor to the Company; specifically, Dentsu plans to ask the Company to submit a proposal to appoint a company auditor having that individual as the candidate to the Company's 28th Term Ordinary Shareholders Meeting ("Ordinary Shareholders Meeting") scheduled for December 2018. Further, the two companies plan to build a close partnership by exchanging personnel between business operators within Two Groups that are involved in digital advertising operation. Details of dispatch of officers from the Company to Dentsu (including whether to dispatch them or not) have yet to be determined.

(3) Matters Relating to Calculations

① Overview of Calculations by Tender Offeror

In setting the Tender Offer Price, Dentsu comprehensively took into account the following: the results of a due diligence of the Company (conducted from early September to early October, 2018); the premiums given when prices for purchases etc. were being determined in past tender offer cases by offerors other than the Company targeting comparable share certificates etc.; whether the Company's Board of Directors supported the Tender Offer; and the expected number of shares to be tendered to the Tender Offer. Furthermore, in light of the outcome of discussions and negotiations with the Company, Dentsu at its Board of Directors meeting held this day, ultimately decided to set the Tender Offer Price at JPY260.

The Tender Offer Price of JPY260 represents: Company Shares' closing price on the TSE's JASDAQ (Standard) exchange on October 29, 2018 (JPY134), which is one business day before the Tender Offer announcement date, plus a premium of 94.03% (rounded off to the second decimal place; the same applies hereinafter in this paragraph); the simple average closing price over the one month preceding the same date (JPY164) (rounded off to the whole number; the same applies hereinafter in this paragraph) plus a premium of 58.54%; and the simple average closing price over the three months preceding the same date (JPY170) plus a premium of 52.94%; and the simple average closing price over the six months preceding the same date (JPY206) plus a premium of 26.21%.

② Name of the Appraisal Organization related to the Calculation by the Company, and its Relationship with the Company and the Tender Offeror

To ensure fairness of the Tender Offer Price, in determining its opinion regarding the Tender Offer, the Company delegated valuation of Company Shares to KPMG as a third-party appraisal organization, and received from KPMG the Share Valuation Report on October 29, 2018. However, the Company has not obtained a written opinion regarding the fairness of the Tender Offer Price (fairness opinion) from KPMG. KPMG is not an affiliate of the Company or the Tender Offeror, and does not have a material stake in the Transaction, including the Tender Offer.

③ Overview of Calculations by the Company

To collect and examine information necessary for valuation of Company Shares, KPMG received information on and explanations of the current state of the business and future prospects from the Company's management; KPMG then calculated the value of Company Shares in light of said information. KPMG considered multiple share valuation methods for use in valuation of the Company Shares, and on the assumption that the Company is a going concern, and based on its philosophy that multifaceted evaluation of Company Shares would be appropriate, KPMG in valuation of Company Shares used the market price method because the Company is listed on the TSE's 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 Company Shares calculated by KPMG in accordance with the foregoing methods are as follows.

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

In the market price method, October 29, 2018 was set as the reference date, and based on the closing price of Company Shares in standard trading on the TSE's JASDAQ (Standard) exchange on the reference date (JPY134); the simple average closing price over the preceding month (JPY164) (rounded off to the nearest whole number; the same applies hereinafter in this paragraph); the simple average closing price over the preceding three months (JPY170); and the simple average closing price over the preceding six months (JPY206), the range of the value of Company Shares per share was analyzed to be from JPY134 to JPY206. In the DCF method, based on the Company's business plans for the fiscal year ending in September 2018 to the fiscal year ending in September 2021 and changes in earnings through most recent results, free cash flow the Company is expected to generate in the third quarter of the fiscal year ending in September 2018 and beyond was discounted to present value at a certain discount rate, and the Company's enterprise value and the value of Company Shares were analyzed, and as a result the range of the value of Company Shares per share was analyzed to be from JPY207 to JPY278. In the business plans used as assumptions in the DCF method, strong profit gains are projected 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 Company's utilization of AI, new personnel can make an immediate impact, aggressive investments in personnel were made in the fiscal year ending in September 2018; and due to increased sales stemming from an increase in the Company's market share, in particular growth in the brand advertising business, non-GAAP operating profit in the fiscal year ending in September 2019 is expected to increase around 68% from the previous 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% from the previous year in the fiscal year ending in September 2020 and around 57% from the same in the fiscal year ending in September 2021. However, the business plans do not assume execution of the Transaction.

In evaluating the Company Shares, KPMG used information provided by the 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 the 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 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 Company's financial outlook used as reference in the above calculations was reasonably prepared based on the best forecast and judgment available to the Company at the present time and that such calculations reflects the information and economic conditions as of October 29, 2018.

(4) Prospects of Becoming Delisted and Reasons Therefor

The Tender Offer does not contemplate delisting the Company Shares, and Dentsu will carry out the Tender Offer, as part of the Transaction, with a maximum of 26,895,000 shares (Pre-allotment Ownership Ratio: 20.99%), and furthermore even if the Tender Offer succeeds and pay-in for the Third-Party Allotment is completed, the Post-allotment Ownership Ratio by Dentsu will come to 20.99%; therefore, even after the Tender Offer, the Company Shares are expected to remain listed on the TSE's JASDAQ (Standard) exchange.

(5) Concerning So-Called Two-Step Acquisition

The Tender Offer is not designed as part of any so-called two-step acquisition.

(6) Measures for Ensuring Fairness

① Advice from Independent Law Office

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

② Unanimous Resolution by Company Directors Having No Conflicts of Interests and Unanimous Opinion of No Objections by Company Auditors

The Company determined that, with Dentsu acquiring through execution of the Transaction 20.99% of the Post-allotment Ownership Ratio of the Company Shares and turning the Company into an equity-method affiliate, development of a stable and firm relationship between Dentsu and the Company will strengthen the Company's financial base and help fortify the Company's earnings power; accordingly, at the Company's Board of Directors meeting held on this day, all directors participated in deliberations relating to the Tender Offer, and unanimously approved a resolution to express an opinion in favor of the Tender Offer.

Moreover, compared with the results (market price method: JPY134 to JPY206, DCF method: JPY207 to JPY278) of the Share Valuation Report from KPMG (however, the Company has not obtained a written opinion regarding the fairness of the Tender Offer Price (fairness opinion) from KPMG), a third-party appraisal organization, the Company believes the Tender Offer Price (JPY260) is within a reasonable range; however, in the Tender Offer there is a maximum number of shares planned to be purchased, and it is intended that the Company Shares continue to be listed even after the Tender Offer; therefore, the Company reached the decision to take a neutral stance on whether Company's shareholders should tender their shares in the Tender Offer and leave the decision up to the judgment of Company's shareholders, and accordingly, at the Company's Board of Directors meeting held on this day, all directors participated in the deliberations relating to the Tender Offer and unanimously approved a resolution to that effect.

At the aforementioned Board of Directors meeting, all three of the Company's company auditors (including two external auditors) participated in the deliberations relating to the Tender Offer and expressed an opinion supporting the resolutions above.

4. Material Agreements relating to Tendering of Shares in the Tender Offer between the Tender Offeror and its Shareholders

N/A

5. Provision of Profit by the Tender Offeror or Its Special Affiliates

N/A

6. Policy of Addressing Basic Policy concerning Company Control

N/A

7. Questions for Tender Offeror

N/A

8. Request to Extend Tender Offer Period

N/A

9. Prospects Going Forward

With respect to the post-Tender Offer policy, please see "3. (2) Grounds and Reasons for Opinion" and "3. (4) Prospect of Becoming Delisted and Rationale Therefor" above.

Further, the impact of the Capital and Business Alliance Agreement on the Company's consolidated performance is described in the consolidated earnings forecast for September 2019 in the Statement of Accounts issued today; however, in case of a revision to an earnings forecast or an event requiring disclosure, disclosure will be made promptly.

II. Regarding the Capital and Business Alliance Agreement

The Company executed the Capital and Business Alliance Agreement with Dentsu on October 30, 2018. An overview etc. of the Capital and Business Alliance Agreement follows.

1. Reasons for Alliance

Please see "I. 3. (2) Grounds and Reasons for Opinion" above.

2. Alliance Particulars

The particulars of the Capital and Business Alliance Agreement are as follows.

(1) Purpose

Dentsu and the Company aim to be the largest digital marketing partners in Japan that lead the industry's development in an environment where persons with various talents assemble with the joy of labor and by providing the best solutions to customers (including not only advertisers and media agencies but also companies and consumers facing various issues) and that pursue maximum benefits of both companies through the Transaction by sharing both companies' resources and mutually utilizing them to realize the above aim. As long as it will inure to attaining the purpose of the Capital and Business Alliance Agreement, given that the Company is a listed company, Dentsu will respect the Company's independence and autonomy (including independence and autonomy regarding management, business, business relationships and brands) to the maximum extent.

(2) Matters regarding the Tender Offer

(a) Overview of the Tender Offer

① Tender Offeror: Dentsu

② Target: Company Shares (excluding treasury shares held by the Company)

③ Tender Offer Period: From Wednesday, October 31, 2018 to Tuesday, December 11, 2018 (29 business days)

④ Tender Offer Price: JPY260 per common share

⑤ Number of Shares Planned to be Purchased: Minimum N/A
Maximum 26,895,000 shares

⑥ Payment Commencement Date: Tuesday, December 18, 2018

⑦ Terms of Purchase: In the case where the total number of the Tender Share Certificates etc. exceeds the maximum number of shares planned to be purchased, purchases etc. of the number in excess will not be performed in whole or in part, and transfer or other settlement procedures for Purchase etc. of Share Certificates etc. will be conducted pursuant to the method of proportional distribution of Article 27-13, Paragraph 5 of the FIEA and Article 32 of the Cabinet Order Regarding Disclosures for Tender Offer for Share Certificates etc. by Persons Other Than Issuer.

⑧ Event of withdrawal: In the case where any of the events set forth in Article 14, Paragraph 1, Item 1, (*i*) through (*ri*) and (*wo*) through *(tsu),* Item 3, (*i*) through (*chi*) and *(nu),* Item 4 and Article 14, Paragraph 2, Items 3 through 6 of the Ordinance for Enforcement of the Financial Instruments and Exchange Act occurs.

(b) Expression of Opinion Supporting the Tender Offer

The Company will, with the unanimous approval of board members present at the Board of Directors meeting, pass a resolution to express an opinion in favor of the Tender Offer, to take a neutral stance on whether Company's shareholders should tender their shares in the Tender Offer and to leave the decision up to the judgment of Company's shareholders (though it believes that the Tender Offer Price is reasonable) because, in the Tender Offer, there is a maximum number of shares planned to be purchased, and it is intended that the Company Shares continue to be listed even after the Tender Offer (with the opinion of all company auditors that they do not object to such resolution), and will maintain the resolution and/or not revoke or change. However, this does not apply where the Company reasonably determines that the Company's maintaining the resolution and not revoking or changing it is highly likely to breach the duty of care of a good manager or fiduciary duty of directors. The Company will not tender its treasury shares held by it in the Tender Offer.

(3) Matters regarding the Third-Party Allotment

After completion of procedures required by law or otherwise, through the Third-Party Allotment on the terms and conditions substantially shown below, the Company will allot Company Shares to Dentsu and Dentsu will subscribe for them.

① Class and number of shares offered for subscription: Company Shares 34,040,000 shares in total
(Issuance of new shares 23,317,000 shares)
(Disposal of treasury shares: 10,723,000 shares)

② Pay-in amount: JPY260 per share

③ Total pay-in amount: JPY8,850,400,000

④ Payment period: From December 18, 2018 to February 7, 2019

(The payment date for the Third-Party Allotment will be the day when the payment for the Tender Offer is completed.)

Dentsu will only subscribe for the shares offered for subscription in the number required for the percentage of the voting right ratio held by Dentsu immediately after the pay-in to be 20.99% (rounded up to the nearest 100 shares), together with voting rights attached to Company Shares to be acquired in the Tender Offer. In the Third-Party Allotment, the Company will dispose of its treasury shares as long as it holds them (except for 1,160 shares of such treasury shares) and issue new shares in the number to make up any shortage resulting from the disposal of treasury shares.

(4) Attachment of voting rights to shares offered for subscription in the Third-Party Allotment

Subject to the Third-Party Allotment taking effect before the Ordinary Shareholders Meeting, the Company will attach the voting rights exercisable at the Ordinary Shareholders Meeting to Company Shares to be subscribed for by Dentsu through the Third-Party Allotment and take procedures necessary for Dentsu to exercise such voting rights and to ensure that the results of voting rights exercised will be correctly reflected in the results of the resolution, and Dentsu will cooperate in implementing such procedures to a reasonable extent.

(5) Agreed matters regarding officers

Dentsu is entitled to make demand to the Company to have one person designated by Dentsu to be a candidate for company auditor of the Company. The Company will submit a proposal to appoint company auditor(s) by which such company auditor candidate will be a company auditor candidate at the Ordinary Shareholders Meeting to be held for the first time after the Capital and Business Alliance Agreement taking effect, and make reasonable efforts so that the appointment proposal may be approved and passed thereat as proposed. Upon termination of the Capital and Business Alliance Agreement, Dentsu will as soon as practically possible have the company auditor appointed by it resign from the office of company auditor of the Company, pursuant to the Company's directions.

(6) Particulars of Business Alliance

Dentsu and the Company will conduct a business alliance with the particulars below. In addition to the business alliance, both parties will engage in good faith consultation toward a business alliance in the areas to be agreed upon separately in order to strengthen mutual capabilities and will make utmost efforts to promptly implement the Capital and Business Alliance upon mutual cooperation.

① joint operation of projects regarding the network marketing business that Dentsu and Dentsu Digital are currently operating or will operate in the future;

② the Company providing and sharing knowledge technology to Dentsu and Dentsu Digital; and

③ sale of the “GANMA!” media held by COMICSMART, INC. through Dentsu, Dentsu Digital, and cyber communications inc.

(7) Management Independence and Brands

As the precondition for the above “(6) Particulars of Business Alliance” between the parties toward realization of the purpose of the Capital and Business Alliance Agreement, the Company and Dentsu confirm that (i) management independence of each party and (ii) the business carried out by Two Groups and the brands regarding such business will be maintained as before.

(8) No Additional Acquisition and Disposal etc. of Company Shares

On and after the effective date of the Third-Party Allotment (provided, that completion of settlement of the Tender Offer, if the Third-Party Allotment is not effected), Dentsu will not acquire, nor have the Dentsu Group acquire, any additional Company Shares without the Company’s prior written consent. However, Dentsu may voluntarily acquire Company Shares to the extent that its voting right percentage will not exceed 21%.

Dentsu will confirm its policy to hold for the long term the Company Shares that are acquired through the Tender Offer and the Third-Party Allotment as of the execution date of the Capital and Business Alliance Agreement, and if it intends to or causes its subsidiaries or affiliates to assign, transfer, hand over (including comprehensive succession), provide as security or otherwise dispose of the Company Shares owned by it to any third party, it will consult with the Company in good faith in advance unless it is required by law, otherwise provided in the Capital and Business Alliance Agreement, or the prior written consent of the Company is obtained. However, Dentsu may, upon prior notice but not without consultation with the Company, assign, transfer, or hand over the Company Shares held by it to a subsidiary that will substantially succeed to all domestic business of Dentsu.

(9) Termination of the Capital and Business Alliance Agreement

The Capital and Business Alliance Agreement will terminate in certain cases, including (i) the case where both parties agree to the termination of the Capital and Business Alliance Agreement in writing, (ii) the case where Dentsu withdraws the Tender Offer in accordance with the provisions of Article 27-11, Paragraph 1 of the FIEA, or (iii) the case where after the completion of pay-in for the Third-Party Allotment, the percentage of voting rights held by Dentsu falls below 10%.

3. Number of Shares to be Newly Acquired by the Counterparty; Percentage of Outstanding Shares

Please see “I. 3. (2) ① Overview of the Tender Offer” above.

4. Overview of the Counterparty of Alliance

Please see “I. 1. Overview of the Tender Offeror” above.

5. Schedule of Alliance

Resolution by the Board of Directors	October 30, 2018
Execution date of the Capital and Business Alliance Agreement	October 30, 2018
Commencement of the Tender Offer	October 31, 2018
Termination of the Tender Offer	December 11, 2018
Payment commencement date for the Tender Offer	December 18, 2018
Pay-in period for the Third-Party Allotment	From December 18, 2018 to February 7, 2019

6. Prospects Going Forward

(1) Policy after the Capital and Business Alliance

Please see "I. 3. (2) ② Background to the Tender Offer" and "I. 3. (4) Prospects of Becoming Delisted and Reasons Therefor" above.

(2) Prospects for Business Going Forward

With respect to the effects of the Transaction on the Company's business performance, if any matters that should be published occur, the Company will promptly disclose the same.

III. Regarding Issuance of New Shares and Disposal of Treasury Shares in the Third-Party Allotment

The Company hereby announces that at the Board of Directors meeting held on this day, all directors participated in the deliberations relating to the Third-Party Allotment, and all participating directors unanimously adopted a resolution, as set forth below, to issue new shares and dispose of treasury shares through a Third-Party Allotment with Dentsu.

1. Overview of Subscription

(1)	Payment period	From December 18, 2018 to February 7, 2019 (Note 1)
(2)	Shares offered for subscription (Number of new shares to be issued and treasury shares to be disposed of)	Shares offered for subscription: 34,040,000 shares (Note 2) (Note 3) Breakdown: Number of new shares to be issued: common shares 23,317,000 shares Number of treasury shares to be disposed of: common shares 10,723,000 shares
(3)	Issue price	JPY260 per common share ("Pay-in Amount")
(4)	Amount of procurement fund	JPY8,850,400,000 (Note 2)
(5)	Method of subscription or allotment (Allottee)	Third-Party Allotment (Dentsu: 34,040,000 shares) (Note 2)
(6)	Other	The foregoing items are subject to the securities registration statement pursuant tothe FIEA taking effect.

Note 1: The resolution of the Company's Board of Directors meeting held on this day sets forth the payment period from December 18, 2018 to February 7, 2019.

Note 2: The Company has agreed with Dentsu regarding the Third-Party Allotment under the Capital and Business Alliance Agreement as follows: upon the successful completion of the Tender Offer and after confirming the result of the Tender Offer, ① if Dentsu's Pre-allotment Ownership Ratio of Company Shares does not reach 20.99%, Dentsu will subscribe for the number of shares up to the number of Company Shares (rounded up to the nearest 100 shares) necessary to make the Post-allotment Ownership Ratio 20.99%, and the Company will allot the said number of Company Shares to Dentsu; ② if Dentsu's Pre-allotment Ownership Ratio of Company Shares upon the successful completion of the Tender Offer reaches 20.99%, Dentsu will not subscribe for and pay in any of the shares offered for subscription in the Third-Party Allotment. Therefore, depending on the results of the Tender Offer, it is possible that Dentsu will not make pay-in for all or some of the shares the Company approved for issuance as shares offered for subscription in the Third-Party Allotment (34,040,000 common shares). Further, the Company has agreed with Dentsu that pursuant to the Capital and Business Alliance Agreement, in the Third-Party Allotment, it will dispose of its treasury shares as long as it holds them (except for 1,160 shares of such treasury shares), and if the number of treasury shares so disposed of does not reach the number of Company Shares required for the foregoing allotment, the Company will issue new shares to the necessary extent.

Note 3: The number of shares offered for subscription above is the number of issued shares in the case where there are no Tendered Share Certificates etc.

2. Purpose of and Reason for Subscription

(1) Purpose of Third-Party Allotment

The Third-Party Allotment, in combination with the Tender Offer, aims at achieving the Capital and Business Alliance and making the Company into an equity-method affiliate. The details are specified in "I. 3. (2) Grounds and Reasons for Opinion" and "II. 2. Alliance Particulars" above.

The particulars of use of funds are as set forth in "3. Amount, Use and Planned Time of Expenditure of Proceeds" and "4. Thoughts Regarding Reasonableness of Use of Funds" below.

3. Amount, Use and Planned Time of Expenditure of Proceeds

(1) Amount of Proceeds

①	Total pay-in amount:	JPY8,850,400,000 (assumed)
②	Approximate amount of expenses for issuance etc.:	JPY50,400,000
③	Estimated proceeds:	JPY8,800,000,000

Note 1: As specified in the above 1. Overview of Subscription (Note 2), because there is a possibility that Dentsu will not make pay-in for all or some of the shares offered for subscription, the total pay-in amount, the approximate amount of expenses for issuance etc. and the estimated proceeds may decrease. The foregoing amounts are the maximum values calculated on the assumption that the payment will be made for all of the shares offered for subscription.

Note 2: The approximate amount of expenses for issuance etc. is broken down into advisory fees, attorneys' fees, registration-related fees, and other expenses.

(2) Specific Use of Proceeds

The estimated proceeds specified in "(1) Amount of Proceeds" above are planned to be applied mainly to the funds for the mutual cooperation and continuous development of the Company Group and the Dentsu Group, and the specific use and the planned time of expenditure of proceeds shall be as set forth below.

Specific Use		Amount (JPY million)	Planned Time of Expenditure
①	Strengthening of the Sale, Consulting, and Creative Capabilities of the Internet Marketing Business	2,000	From January 2019 to September 2022
②	Developing and Strengthening Internet Media	2,000	From January 2019 to September 2022
③	Promotional Investments for the Manga Content Business	1,500	From January 2019 to September 2022
④	System Investments (Augmentation, Security Measures)	500	From April 2019 to December 2022
⑤	Funds for Investment and Financing, Including M&A etc.	2,800	From April 2019 to December 2022
Total		8,800	—

Note: In accordance with the Capital and Business Alliance Agreement, there is a possibility that depending on the results of the Tender Offer, Dentsu will not make pay-in for all or part of the Company Shares approved by the Company for issue as shares offered for subscription in the Third-Party Allotment, and in such a case, the estimated proceeds will decrease, and the above items will be financed through borrowings from financial institutions, proceeds from the sale of investment assets held by the Company Group and the like. The planned time of expenditure and order of priority in this case are undetermined as of this day, but the Company will, in light of the timing and amount of financing, consult with Dentsu as necessary, examine the effects etc. of each financing method, and, with respect to ① through ④ above, make expenditure in the order of priority. With respect to ⑤, no M&A etc. is specifically planned as of this day, but if any project is specifically decided, the 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. If Dentsu's Post-allotment Ownership Ratio of Company Shares reaches 20.99% through the execution of the Transaction, Dentsu is not scheduled to additionally acquire any Company Shares, including by subscribing for any shares of the Company offered for subscription, as of this day.

A more detailed explanation of the uses of the proceeds from the Third-Party Allotment is provided below.

① Strengthening of the Sale, Consulting, and Creative Capabilities of the Internet Marketing Business

It is planned that the JPY2 billion for the strengthening of the sale, consulting and creative capabilities of the Internet marketing business will be, in order to make it possible to provide higher added-value services by sharing the customer bases and marketing know-how of Two Groups, allocated in the period from January 2019 to September 2022 as funds for: (i) achieving automation of Internet marketing business management services, with respect to efficient advertisement publication without any manual intervention, and more effective operation; (ii) developing and providing optimal advertising products for/to customers through the reciprocal utilization of data assets, sales, consulting, and the organizational strengthening of creative departments; and further (iii) securing superior personnel with high expertise, for the realization of the aforementioned goals.

② Developing and Strengthening Internet Media

It is planned that the JPY2 billion for developing and strengthening Internet media will be allocated in the period from January 2019 to September 2022 as funds for: (i) cultivating and supporting manga artists for the purpose of planning/developing company IP (intellectual property), while creating company content to increase the value of the company media franchise "GANMA!", which is operated mainly by original works by exclusive writers; (ii) sharing customer bases and marketing know-how by/among Two Groups and carrying out other media development to ensure the smooth reciprocal utilization of Two Groups' management resources; and further (iii) securing superior personnel with high expertise, for the realization of the aforementioned goals.

③ Promotional Investments for the Manga Content Business

It is planned that the JPY1.5 billion for the manga content business promotional investments will be allocated in the period from January 2019 to September 2022 as promotional investments and other similar funding focused on online advertising intended to increase the value of the company media franchise "GANMA!".

④ System Investments (Augmentation, Security Measures)

It is planned that the JPY500 million for system investments (augmentation, security measures) will be allocated in the period from April 2019 to December 2022 as funds for functional additions/improvements to core systems, equipment investments for server augmentation etc., maintenance of hardware and software for security enhancement, and other similar purposes, in order to maximize business synergy between the Company and Dentsu over the short term in accordance with the Capital and Business Alliance under the Capital and Business Alliance Agreement.

⑤ Funds for Investment and Financing, Including M&A etc.

The utilization of investment and financing, such as M&A and contributions to external funds, is being considered as a means of accelerating future growth. Going forward, in consideration of the progress of ① through ④ above, the resources, knowhow and the like of Two Groups will be utilized, and the Company will consider M&A etc. for businesses in which further growth and expansion are forecasted. At this time, although no specific decisions have been made, it is planned that, in order to strengthen the global advertising business that is the area to be focused on as previously set forth in the medium-term management plan, the proceeds will be allocated to M&A funds toward the development of overseas markets. Further, in the case that, as a result of future changes in the business environment or the like, M&A etc. is not carried out or some funds are not allocated for investment and financing, the funds will be allocated to additional investment for ① through ④ above and to working capital arising in conjunction with expansions in the scale of Company Group business.

4. Thoughts Regarding Reasonableness of Use of Funds

As set forth in "3. (2) Specific Uses of Proceeds" above, if the Third-Party Allotment is carried out, the relevant funding will be allocated for expenses for ① "Strengthening of the Sale, Consulting, and Creative Capabilities of the Internet Marketing Business," ② "Developing and Strengthening Internet Media," ③ "Promotional Investments for the Manga Content Business," ④ "System Investments (Augmentation, Security Measures)," and ⑤ "Funds for Investment and Financing, Including M&A etc.," and so on. As set forth in "I. 3. (2) Grounds and Reasons for Opinion" above, the Company judges that Dentsu acquiring 20.99% of the Post-allotment Ownership Ratio of the Company and making the Company its equity-method affiliate through the Transaction under the Capital and Business Alliance, thereby building a stable and strong relationship between the Company and Dentsu, would strengthen the Company's financial base and contribute to improving the profitability of the Company, further increasing the Company's corporate value. Consequently, it is the Company's judgment that the uses of funding set forth above in "3. (2) Specific Uses of Proceeds" above are reasonable.

5. Reasonableness of Conditions of Issue etc.

(1) Basis for Calculating Pay-in Amount and Details Thereof

The Pay-in Amount has been set at JPY260, an amount equal to the planned purchase price per share of Company Shares in the Tender Offer, in consultation with Dentsu. The Pay-in Amount is an amount added by premiums calculated at, respectively: 94.03% with respect to the JPY134 closing price of Company Shares on TSE's JASDAQ (Standard) exchange (rounded off to the second decimal place; hereinafter the same applies to similar parts in this paragraph) for October 29, 2018, which is the business day immediately preceding the date resolved by the Company Board of Directors meeting for the Third-Party Allotment (October 30, 2018); 58.54% with respect to the JPY164 simple average closing price over the one-month period preceding such date (rounded off to the nearest whole number; hereinafter the same applies to similar parts in this paragraph); 52.94% with respect to the JPY170 simple average closing price over the three-month period preceding such date; and 26.21% with respect to the JPY206 simple average closing price over the six-month period preceding such date.

The "Guidelines on Handling of Third-Party Allotment" (dated April 1, 2010) of the Japan Securities Dealers Association (JSDA) require that when shares are issued through third-party allotment, the pay-in amount thereof, in principle, be at least 90% of the share price on the business day immediately preceding the date on which the Board of Directors meeting resolves the third-party allotment. Since the Pay-in Amount is in conformity with said Guidelines and also is reasonable, compared with the results of the valuation dated October 29, 2018 obtained in order to ensure fairness by the Company from KPMG, a third-party valuation agent independent of the Company and Dentsu (Market price method: JPY134 to 206; DCF method: JPY207 to 278), when the Company expressed an opinion in support of the Tender Offer, the Company's judgment is that said amount does not constitute a "particularly favorable amount" as set forth in Article 199, Paragraph 3 of the Companies Act (Act No. 86 of 2005, as amended).

Further, three company auditors who took part in the deliberations on the Third-Party Allotment at the Company's Board of Directors meeting held on this day expressed the opinion that the Pay-in Amount is in conformity with the JSDA's "Guideline on Handling of Third-Party Allotment" (dated April 1, 2010), is adequate and reasonable, considering the Company's most recent financial conditions and business results, and thus does not constitute a "particularly favorable amount."

(2) Basis for Judgment that the Number of Shares to be Issued and Extent of Share Dilution are Reasonable

Due to the nature of transactions as tender offer, Dentsu's Pre-allotment Ownership Ratio after execution of the Tender Offer will not be finalized until the completion of payment; thus, the Company contemplates that if there is a shortage of the Pre-allotment Ownership Ratio of 20.99%, the share ownership percentage targeted through the Tender Offer, the Company will receive a pay-in by Dentsu for the Third-Party Allotment, in order to ensure that the Company becomes an equity-method affiliate of Dentsu. Namely, as set forth above in "I.3.(2) Grounds and Reasons for Opinion," in connection with the Third-Party Allotment, upon the successful completion of the Tender Offer and after confirming the result of the Tender Offer, ① if Dentsu's Pre-allotment Ownership Ratio of Company Shares does not reach 20.99%, Dentsu will subscribe for the number of shares up to the number of Company Shares (rounded up to the nearest 100 shares) necessary to make the Post-allotment Ownership Ratio 20.99%, and the Company will allot the said number of Company Shares to Dentsu; ② if Dentsu's Pre-allotment Ownership Ratio of Company Shares upon the successful completion of the Tender Offer reaches 20.99%, Dentsu will not subscribe for and pay in any of the shares offered for subscription in the Third-Party Allotment. As described above, the maximum of the number of shares offered for subscription through the Third-Party Allotment will be 34,040,000 shares, as calculated assuming that there are no Tendered Share Certificates etc., and all the shares offered for subscription will be paid-in by Dentsu. Based on this case, the percentage of the Company's total number of outstanding shares as of September 30, 2018 (138,856,500 shares) will be 24.51% and the percentage of the total number of voting rights as of said date (1,281,282) will be 26.57%. Accordingly, at most, shares currently held by shareholders will be diluted 24.51% in terms of ownership percentage and 26.57% in terms of voting rights percentage. However, as Dentsu will pay-in only for the number of shares offered for subscription required for the Post-allotment Ownership Ratio of Company Shares to be 20.99%, all or part of the 34,040,000 shares offered for subscription through the Third-Party Allotment will not necessarily be disposed of or issued.

In addition, the Company, as set forth above in "I.3.(2) Grounds and Reasons for Opinion", anticipates that the proceeds from the Third-Party Allotment will realize each of the measures contributing to the improvement of the Company Group's corporate value, and that becoming an equity-method affiliate of Dentsu through the Third-Party Allotment will strengthen the Company Group's earning power and contribute to an increase in corporate value and shareholder value over the medium-to-long term. The number of shares offered for subscription through the Third-Party Allotment will be limited to the number required to make Dentsu's Post-allotment Ownership Ratio of Company Shares to be 20.99%, and the Third-Party Allotment will be carried out only to the extent necessary to attain its purposes. Thus, it is the Company's view that the Third-Party Allotment will be carried out within the limits necessary to ensure an increase in the Company's corporate value and shareholder value through said Third-Party Allotment, and that becoming an equity-method affiliate of Dentsu through the Third-Party Allotment will, over the medium-to-long term, lead to an increase in the Company's corporate value and shareholder value that will outstrip the dilutions of ownership percentage and voting rights percentage detailed above.

The Third-Party Allotment is found to be reasonable from the viewpoint of impacts on the Company and its shareholders, because: it respects the existing shareholders by previously carrying out the Tender Offer that does not involve dilution; unlike a capital increase through a public offering, or a rights issue or rights offering through stock options, it will improve the Company's corporate value as a result of becoming an equity-method affiliate of Dentsu; and unlike borrowing from financial institutions, it will strengthen the Company's financial foundation.

Consequently, it is the Company's judgment that the number of shares issued and the extent of share dilution vis a vis the Third-Party Allotment are reasonable.

6. Reasons for Choosing the Allottee

(1) Overview of the Allottee

Please refer to "I.1 Overview of Tender Offeror" above. It should be noted that Dentsu is listed on the First Section of the TSE; accordingly, the Company has confirmed from the statement in "Basic Policy on the Rejection of Antisocial Forces and Status of its Development," which is set forth in the Corporate Governance Report submitted by Dentsu to the TSE (last updated on March 29, 2018), that "the Company has a department to facilitate the termination of business relationships with organized crime groups and elements thereof—termed "antisocial forces" in Japan—when a link is discovered and to resolutely refuse any and all future transactions. This department functions as the liaison between the affected in-house divisions and the relevant authorities to expedite an appropriate course of action. Upon the nationwide enforcement of the Ordinance on Antisocial Forces from October 2011, the Company revised various internal rules, established a framework to terminate business relationships with antisocial forces, and advanced checks to ensure that business associates of the Company were not involved with antisocial forces" on said TSE's website. Thus, the Company's judgment is that neither Dentsu nor its officers have any ties to antisocial forces.

(2) Reason the Allottee was Chosen

As detailed in "I.3.(2) Grounds and Reasons for Opinion" above, through the Transaction under the Capital and Business Alliance, the Company judges that Dentsu acquiring 20.99% of the Post-allotment Ownership Ratio of the Company and making the Company its equity-method affiliate via the Transaction, thereby building a stable and strong relationship between the Company and Dentsu, would strengthen the Company's financial base and contribute to improving the profitability of the Company, further increasing the Company's corporate value, and so selected Dentsu as the allottee.

(3) Allottee's Share Ownership Policy

The Third-Party Allotment will be carried out as part of Dentsu's process of making the Company an equity-method affiliate, and the Company has confirmed in writing that Dentsu's intended policy is to retain the shares acquired through the Third-Party Allotment over the long term. In addition, as detailed in "II.2.(8) No Additional Acquisition and Disposal etc. of Company Shares" above, in the Capital and Business Alliance Agreement, Dentsu has agreed not to carry out any additional purchase of Company Shares after the Third-Party Allotment takes effect, without obtaining the prior written consent of the Company. It should be noted that the Company expects to obtain a written pledge securing Dentsu's agreement that, in cases where Dentsu has assigned all or some Company Shares within two years of the pay-in for the Third-Party Allotment, Dentsu will make a written report of the particulars to the Company, the Company will report such reported particulars to the TSE, and such reported particulars will be made available for public review.

(4) Confirmation that the Allottee Has Assets Sufficient for Pay-In

With respect to Dentsu's assets required to be paid in, the Company has confirmed that the Dentsu Group has a sufficient amount of cash and cash equivalents (JPY210,723,000,000) from the Second Quarterly Report for the fiscal year ending in December 2018 submitted by Dentsu to the Director-General of the Kanto Local Finance Bureau (submitted August 9, 2018) and the Company recognizes no circumstances that pose a concern that such finances would have significantly deteriorated thereafter; as a result, the Company judges that there are no issues in regard to the certainty of the pay-in for the Third-Party Allotment.

7. Major Shareholders and Shareholding Ratios After Subscription

Before Subscription (current as of September 30, 2018))		After Subscription	
Dentsu Inc.	-%	Dentsu Inc.	20.99%
Kabushiki Kaisha Village Seven	10.96%	Kabushiki Kaisha Village Seven	9.38%
Mamoru Nanamura	10.05%	Mamoru Nanamura	8.60%
Japan Trustee Services Bank, Ltd. (trust account)	9.14%	Japan Trustee Services Bank, Ltd. (trust account)	7.83%
Yahoo Japan Corporation	5.04%	Yahoo Japan Corporation	4.32%
BNP PARIBAS SECURITIES SERVICES LUXEMBOURG/JASDEC/JANUS HENDERSON HORIZON FUND (Standing Proxy: HSBC Tokyo Branch, Custody Services Department)	4.55%	BNP PARIBAS SECURITIES SERVICES LUXEMBOURG/JASDEC/JANUS HENDERSON HORIZON FUND (Standing Proxy: HSBC Tokyo Branch, Custody Services Department)	3.89%
The Master Trust Bank of Japan, Ltd. (trust account)	4.46%	The Master Trust Bank of Japan, Ltd. (trust account)	3.82%
STATE STREET BANK AND TRUST COMPANY 505019 (Standing Proxy: HSBC Tokyo Branch,	2.74%	STATE STREET BANK AND TRUST COMPANY 505019 (Standing Proxy: HSBC Tokyo Branch,	2.35%

Custody Services Department)		Custody Services Department)	
BNYMSANV RE GCLB RE JP RD LMGC (Standing Proxy: Citibank, N.A., Tokyo Branch)	2.61%	BNYMSANV RE GCLB RE JP RD LMGC ((Standing Proxy: Citibank, N.A., Tokyo Branch)	2.24%
Trust & Custody Services Bank, Ltd. (securities investment trust account)	1.87%	Trust & Custody Services Bank, Ltd. (securities investment trust account)	1.60%

Note 1: The Company owns 10,724,160 treasury shares as of September 30, 2018, but this has been excluded from the foregoing list of shareholders.

Note 2: Depending on the results of the Tender Offer by Dentsu, the number of paid-in shares in the Third-Party Allotment with Dentsu may change; the shareholding ratios after subscription have been calculated on the assumption that the other shareholders did not tender their shares in the Tender Offer in relation to the shareholding ratios as of September 30, 2018, and the assumption that Dentsu made pay-in for all of the shares offered for subscription.

Note 3: Shareholding ratios are rounded off to the second decimal place.

8. Prospects Going Forward

The impact of the Third-Party Allotment on the Company's consolidated performance for the fiscal year ending in September 2019 will be insignificant.

9. Matters Concerning Procedures under the Code of Corporate Conduct

As detailed in "1. Overview of Subscription" above, Dentsu will pay in only the shares offered for subscription in the number required for the Post-allotment Ownership Ratio to be 20.99%. As detailed in "5.(2) Basis for Judgment that the Number of Shares to Be Issued and Extent of Share Dilution are Reasonable" above, the number of shares offered for subscription through the Third-Party Allotment will be at most 34,040,000 shares and 26.57% of the total number of voting rights for Company Shares as of September 30, 2018 (1,281,282), and the dilution of voting rights resulting from the Third-Party Allotment may be 25% or greater. Consequently, procedures for the receipt of an opinion from an independent third party or 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.

Therefore, the Company selected Mr. Tatsuya Kimura, Ms. Etsuko Okajima, Mr. Seiji Yasubuchi and Mr. Yusuke Asakura, who are the Company's outside directors and are registered as independent officers with the TSE, as persons independent to a certain degree from the Company's management and Dentsu, and received their opinions regarding the necessity and appropriateness of the Third-Party Allotment, as briefly indicated below, on October 30, 2018.

(Summary of Opinions of Outside Directors Tatsuya Kimura, Etsuko Okajima, Seiji Yasubuchi and Yusuke Asakura)

(A) Opinion

We believe that the Third-Party Allotment is both necessary and appropriate.

(B) Reasons for Opinion

① Necessity for the Third-Party Allotment

(1) Necessity for the Capital and Business Alliance

Under the business environment surrounding the Company Group, building an alliance with companies having different areas of specialization and strengths from the Company Group is considered to be a reasonable method to respond to more sophisticated and complicated client needs, thereby improving the Company Group's profitability and further increasing the Company Group's corporate value and shareholder value. Meanwhile, the Dentsu Group has different areas of specialization than the Company Group. By forming a capital and business alliance with the Dentsu Group, the Company Group can (i) build structures to promptly respond to more sophisticated and complicated customer needs, and (ii) expect to implement each measure utilizing different advantages and to improve the profitability of the Company Group. However, in light of clear differences in the areas of specialization between the Company Group and the Dentsu Group, in order to increase the corporate value and shareholder value of the Company Group through the alliance with the Dentsu Group, it is desirable to stick with the Company Group's independence of management and to maintain the existing businesses and the brands related thereto of the Company Group. Accordingly, as specific methods for the Capital and Business Alliance, for increasing the Company Group's corporate value and shareholder value, it will be effective to implement the Third-Party Allotment to satisfy demands for funds, such as: ① strengthening the sale, consulting, and creative capabilities of the Internet Marketing Business, ② developing and strengthening Internet Media, ③ promotional investments for the Manga Content Business, ④ system investments (augmentation and security measures), and ⑤ funds for investment and financing, including M&A etc. that the Company Group is engaged in, whereby Dentsu will make the Company its equity-method affiliate and maintain the independence of existing businesses and brands of the Company Group.

As such, we believe that the Capital and Business Alliance, including the Third-Party Allotment, is necessary from the viewpoint of improving the Company's profitability in response to more sophisticated and specialized customer needs and further increasing the Company Group's corporate value and shareholder value.

(2) Use of Proceeds from the Third-Party Allotment

The Company plans to, by financing through the Third-Party Allotment, invest the proceeds therefrom in the following measures in order to promptly implement the measures to resolve management issues of the Company Group and to realize the synergy effects expected from the business alliance with Dentsu Group: ① JPY2 billion for strengthening the sale, consulting, and creative capabilities of the Internet Marketing Business; ② JPY2 billion for developing and strengthening Internet media; ③ JPY1.5 billion for promotional investments for the Manga Content Business; ④ JPY500 million for system investments (augmentation and security measures); and ⑤ JPY2.8 billion for funds for investment and financing, including M&A etc.

The foregoing specific use of proceeds of the Third-Party Allotment and the amount/scale thereof are found to be reasonable in light of the necessity of the Capital and Business Alliance as stated in (1) above, and these proceeds are expected to contribute to improving the profitability and further increasing the corporate value and shareholder value of the Company. As such, in connection with the capital needs contemplated by the Capital and Business Alliance, we believe that the Company is found to need financing through the Third-Party Allotment.

The Company will agree with Dentsu regarding the Third-Party Allotment as follows: upon the successful completion of the Tender Offer and after confirming the results of the Tender Offer, (i) if Dentsu's Pre-allotment Ownership Ratio of Company Shares does not reach 20.99%, Dentsu will subscribe for the number of shares up to the number of Company Shares (rounded up to the nearest 100 shares) necessary to make the Post-allotment Ownership Ratio 20.99%, and the Company will allot the said number of Company Shares to Dentsu; (ii) if Dentsu's Pre-allotment Ownership Ratio of Company Shares upon the successful completion of the Tender Offer reaches 20.99%, Dentsu will not subscribe for, and pay in, any of the shares offered for subscription in the Third-Party Allotment. Therefore, depending on the results of the Tender Offer, it is possible that Dentsu will not pay-in for all or part of the shares that the Company resolved to issue as shares offered for subscription in the Third-Party Allotment. In such cases, the Company Group will implement each of the measures above in the order of priority (from ① to ⑤ in the above) by financing through borrowings from financial institutions, or sale of investment assets held by the Company Group and the like. Accordingly, in light of possibility that the financed amount of the Third-Party Allotment will be reduced depending on the results of the Tender Offer, the Company determines the order of priority for use of proceeds from the Third-Party Allotment. However, as stated above, the Third-Party Allotment is carried out as part of the Capital and Business Alliance from the viewpoint of improving the Company's profitability and further increasing the Company Group's corporate value and shareholder value; even if there is a possible change in the financed amount as a result, that does not deny the reasonableness of the above use of proceeds, and we believe that the Company' need for financing is not denied thereby.

② Appropriateness of the Third-Party Allotment

(1) Pay-in Amount Is Not Particularly Favorable

The Pay-in Amount is set at JPY260 which is the same amount as the planned purchase price per share of Company Shares in the Tender Offer. This amount is added to by premiums calculated at, respectively: 94.03% with respect to the JPY134 closing price of Company Shares on TSE's JASDAQ (Standard) exchange on October 29, 2018, which is the business day immediately preceding the date of resolution by the Company's Board of Directors meeting for the Third-Party Allotment (October 30, 2018); 58.54% with respect to the simple average closing price over the one-month period preceding such date (JPY164); 52.94% with respect to the simple average closing price over the three-month period preceding such date (JPY170); and 26.21% with respect to the simple average closing price over the six-month period preceding such date (JPY206), and thus complies with the requirements under the Japan Securities Dealers Association's "Guidelines on Handling of Third-Party Allotment" (dated April 1, 2010). Also, when compared with the results of the valuation dated October 29, 2018 obtained by the Company, which was prepared by KPMG, a third-party valuation agent independent of the Company and Dentsu (Market price method: JPY134 to 206; DCF method: JPY207 to 278), the Pay-In Amount is within a reasonable range. Thus, we believe that the Pay-In Amount does not fall under a "particularly favorable amount" as set forth in Article 199, Paragraph 3 of the Companies Act.

(2) Comparison with Other Financing Methods

Since the Third-Party Allotment is carried out as part of the Capital and Business Alliance with Dentsu, by implementing the Third-Party Allotment and financing by the Company, it is expected to strengthen the Company's financial foundation and contribute to increasing the Company Group's corporate value and shareholder value. In the meantime, the Capital and Business Alliance with Dentsu cannot be realized through other financing methods such as borrowing from financial institutions, issuance of corporate bonds, issuance of shares to shareholders, or rights issue or rights offering through stock options; therefore, in connection with the Capital and Business Alliance, there is no room to adopt other financing methods.

As such, we believe that realization of financing through a third party allotment to Dentsu as the allottee, rather through other financing methods, is appropriate from the viewpoint of improving the Company Group's profitability and further increasing the Company Group's corporate value and shareholder value through the Capital and Business Alliance.

(3) Appropriateness of Allottee

As stated above, the purpose of the Capital and Business Alliance, including the Third-Party Allotment, is to build an alliance with companies having different areas of specialization and strengths from the Company Group to respond to more sophisticated and complicated client needs, thereby improving the Company Group's profitability and further increasing the Company Group's corporate value and shareholder value. Thus, the Dentsu Group, which has different areas of specialization than the Company Group, is considered to be an appropriate partner of capital and business alliance. Further, Dentsu intends to hold Company Shares to be acquired through the Tender Offer and the Third-Party Allotment for the mid to long term, which can conform to the attainment of the Company Group's purpose of the Capital and Business Alliance with the Dentsu Group.

Further, the Company has confirmed the statement in "Basic Policy on the Rejection of Antisocial Forces and Status of its Development" in the Corporate Governance Report dated March 29, 2018 submitted by Dentsu to the TSE, whereby the Company judges that neither Dentsu nor its officers have any ties to antisocial forces.

Thus, Dentsu, the partner of the Capital and Business Alliance, is found to be appropriate as the allottee of the Third-Party Allotment.

(4) Certainty of Pay-In

Regarding the funding status of the Dentsu Group, the Company has confirmed that the Dentsu Group actually has sufficient and necessary cash and cash equivalents to pay in the Third-Party Allotment from the latest Quarterly Report of Dentsu (Second Quarterly Report for the fiscal year ending in December 2018); thus, combining with the business scale of the Dentsu Group, we believe that there are no concerns regarding the certainty of pay-in for the Third-Party Allotment.

(5) Impact on Existing Shareholders

While the Third-Party Allotment will dilute the shareholding ratio and the ratio of voting rights of existing shareholders of the Company, the Third-Party Allotment will be carried out giving full consideration to the benefits for existing shareholders by advancing the Tender Offer, which will not dilute the above ratios. Dentsu will pay-in for the shares offered for subscription only in the number required to make the Post-allotment Ownership Ratio of Company Shares 20.99%; thus, all of the 34,040,000 shares offered for subscription in the Third-Party Allotment will not necessarily be disposed of or issued. Furthermore, while the Capital and Business Alliance, including the Third-Party Allotment, is considered to contribute to increasing the Company Group's mid to long-term corporate value and shareholder value, the number of shares offered for subscription in the Third-Party Allotment is limited to that required to realize the Capital and Business Alliance; in addition, Company Shares will remain listed after the Tender Offer and the Third-Party Allotment, and shareholders of the Company who do not tender their shares in the Tender Offer can enjoy the synergy effects similarly as Dentsu in proportion to their shareholding ratios after the Third-Party Allotment. Therefore, the degree of impact on existing shareholders due to the Third-Party Allotment is evaluated to be appropriate.

(6) Summary

Considering the foregoing factors such as the paid-in amount not being particularly favorable, appropriateness compared with other financing methods, appropriateness of the allottee, certainty of pay-in, and degree of impact on existing shareholders, we believe that the Third-Party Allotment is found to be an appropriate means for funding.

As such, Mr. Tatsuya Kimura, Ms. Etsuko Okajima, Mr. Seiji Yasubuchi and Mr. Yusuke Asakura, who are outside directors, provided their opinion that the Third-Party Allotment is found to be necessary and appropriate, and as a result of full discussion and deliberation by reference to the opinion above at the Company's Board of Directors meeting held on this day, it was determined that the Third-Party Allotment is reasonable.

10. Attachment of Voting Rights to Allottee

For the purpose and reason of reflecting in the shareholders meeting the shareholders' opinions at a time closer to the scheduled date of the Ordinary Shareholders Meeting, the Company has resolved at its Board of Directors meeting held on this day that, pursuant to Article 124, Paragraph 4 of the Companies Act, for the shares offered for subscription that are to be disposed of or issued to Dentsu through the Third-Party Allotment after the record date of the Ordinary Shareholders Meeting (September 30, 2018), to attach the voting rights exercisable at the Ordinary Shareholders Meeting on the condition that the Third-Party Allotment comes into effect by the day preceding the Ordinary Shareholders Meeting.

11. Business Performance and Equity Finance for the Past Three Years

(1) Business Performance for the Past Three Years (Consolidated)

	Fiscal Year ended September 2015	Fiscal Year ended September 2016	Fiscal Year ended September 2017

Equity belonging to parent company owners	JPY11,307,168,000	JPY14,155,722,000	JPY15,172,278,000
Total assets	JPY25,635,045,000	JPY29,980,944,000	JPY32,928,735,000
Holdings per share of parent company owners	JPY87.26	JPY109.13	JPY120.08
Revenue	JPY14,266,710,000	JPY13,861,870,000	JPY14,702,191,000
Current profit belonging to parent company owners	JPY2,351,121,000	JPY2,519,007,000	JPY2,210,604,000
Basic current profit per share	JPY18.21	JPY19.43	JPY17.38
Dividends per share	JPY14	JPY16	JPY3.2

(2) Numbers of Outstanding Shares and Potential Shares as of the Present Time (as of September 30, 2018)

	Number of shares	Ratio against the number of outstanding shares
Number of outstanding shares	138,856,500	100%
Number of potential shares at the current conversion price (exercise price)	580,000	0.42%
Number of potential shares at the lowest conversion price (exercise price)	-	-
Number of potential shares at the highest conversion price (exercise price)	-	-

(3) Recent Share Prices

① For the Last Three Years

	Fiscal Year ended September 2016	Fiscal Year ended September 2017	Fiscal Year ended September 2018
Opening price	JPY2,179 ☐JPY479	JPY448	JPY309
High price	JPY3,995 ☐JPY488	JPY488	JPY466
Low price	JPY1,641 ☐JPY435	JPY274	JPY157
Closing price	JPY2,386 ☐JPY450	JPY309	JPY178

(Note) The ☐ mark in the fiscal year ended September 2016 column indicates an ex-rights share price due to the share split (one ordinary share was split into five shares on October 1, 2016).

② For the Last Six Months

	May	June	July	August	September	October
Opening price	JPY280	JPY248	JPY238	JPY180	JPY179	JPY178
High price	JPY281	JPY259	JPY249	JPY184	JPY185	JPY179
Low price	JPY237	JPY235	JPY176	JPY157	JPY169	JPY134
Closing price	JPY248	JPY243	JPY180	JPY181	JPY178	JPY134

(Note) The share prices for October are as of October 29, 2018.

③ Share Price on the Business Day Prior to the Issuance Resolution Date

	October 29, 2018
Opening price	JPY149
High price	JPY149
Low price	JPY134
Closing price	JPY134

(4) Equity Finance for the Last Three Years

Not applicable

12. Offering Summary

(1) Number of shares offered for subscription	Common shares; 34,040,000 shares Breakdown: New issuance of shares 23,317,000 shares Disposal of treasury shares 10,723,000 shares
(2) Payment amount	JPY260 per share
(3) Total payment amount	JPY8,850,400,000
(4) Capitalization amount	JPY130 per share
(5) Total capitalization amount	JPY3,031,210,000
(6) Offering or allotment method	Third-party allotment
(7) Allottee	34,040,000 shares to Dentsu Inc.
(8) Application period	From December 17, 2018 until February 6, 2019
(9) Payment period	From December 18, 2018 until February 7, 2019
(10) Special notes	The Company has agreed with Dentsu regarding the Third-Party Allotment under the Capital and Business Alliance Agreement as follows: upon the successful completion of the Tender Offer and after confirming the results of the Tender Offer, ① if Dentsu's Pre-allotment Ownership Ratio of Company Shares does not reach 20.99%, Dentsu will subscribe for the number of shares up to the number of Company Shares (rounded up to the nearest 100 shares) necessary to make the Post-allotment Ownership Ratio 20.99%, and the Company will allot the said number of Company Shares to Dentsu; and ② if Dentsu's Pre-allotment Ownership Ratio of Company Shares upon the successful completion of the Tender Offer reaches 20.99%, Dentsu will not subscribe for, and pay in, any of the shares offered for subscription in the Third-Party Allotment. For this reason, depending on the results of the Tender Offer, Dentsu may not pay-in for all or part of the shares which the Company decided as the number of shares to issue in the offer for subscription for the Third-Party Allotment. Also, the Company has agreed with Dentsu that, pursuant to the Capital and Business Alliance Agreement, in the Third-Party Allotment, it will dispose of its treasury shares as long as it holds them (except for 1,160 shares of such treasury shares), and if the number of treasury shares so disposed of does not reach the number of Company Shares required for the foregoing allotment, the Company will issue new shares to the necessary extent.

13. Other Matters

It is expected that Dentsu will fall under the category of the Company's other affiliate as a result of the Transaction, but because the number of Dentsu's voting rights and the ratio of voting rights after such change will vary depending on the results of the Tender Offer and the Third-Party Allotment, the Company will give notice on such change as soon as it is determined.

IV. Changes to Major Shareholders, Largest Shareholder as Major Shareholder and Other Affiliates

1. Background to Changes

While the Transaction will result in Dentsu's owning 20.99% of the Company's voting rights, and it is expected that Dentsu will become a major shareholder in the Company, its largest shareholder as major shareholder and other affiliate, it is expected that Kabushiki Kaisha Village Seven will cease to be the largest shareholder as major shareholder. Further, depending on the number of new shares issued to Dentsu through the Third-Party Allotment, it is possible that Kabushiki Kaisha Village Seven and Mamoru Nanamura will cease to be major shareholders. The Company will give notice of changes to major shareholders relating to Kabushiki Kaisha Village Seven and Mamoru Nanamura along with the results of the Third-Party Allotment after the pay-in for the Third-Party Allotment.

2. Overview of Change to Shareholders

Please see "1. Overview of Tender Offeror" of "I. Expression of Opinion Regarding Tender Offer" above for a summary of Dentsu, which is expected to be the Company's major shareholder, largest shareholder as major shareholder and other affiliate as a result of the Transaction.

An overview of Kabushiki Kaisha Village Seven, which is expected to cease being the Company's largest shareholder as major shareholder is as follows.

① Name	Kabushiki Kaisha Village Seven
② Address	3-6-21 Konan, Minato-ku, Tokyo
③ Representative's name and title	Representative Director Mamoru Nanamura
④ Capital Amount	JPY10 million (as of September 30, 2018)
⑤ Contents of Business	1. Management consulting business 2. Possession and investment of marketable securities 3. IPO support and angel investment for unlisted companies 4. Real property business

3. Number of Voting Rights Owned by Dentsu and the Ownership Percentage of Voting Rights, before and after Change

	Attribute	Number of voting rights (ownership percentage of voting rights)			Large shareholder ranking
		Portions directly owned	Portions subject to totaling	Total	
Before change as of September 30, 2018	—	— vote (—%)	— vote (—%)	— vote (—%)	—
After change	Major shareholder, largest shareholder as major shareholder, and other affiliate	340,400 votes (20.99%)	— vote (—%)	340,400 votes (20.99%)	No. 1

Note 1: Total number of outstanding shares as of September 30, 2018: 138,856,500 shares

Number of shares subtracted from the total number of outstanding shares as shares without voting rights: 10,724,160 shares

Total number of voting rights as of September 30, 2018: 1,281,282 votes

Note 2: "Number of voting rights (ownership percentage of voting rights)" after change was calculated on the assumption that an application will be made for all shares in the Third-Party Allotment.

4. Number of Voting Rights Owned by Kabushiki Kaisha Village Seven (Numbers of Shares Owned), and the Percentage of the Number of Voting Rights of All Shareholders, before and after Change

	Number of voting rights (number of shares owned)	Percentage of all voting rights	Large shareholder ranking
Before change as of September 30, 2018	152,190 votes (15,219,000 shares)	11.88%	No. 1
After change	152,190 votes (15,219,000 shares)	11.88%	No. 2

Note 1: Total number of outstanding shares as of September 30, 2018: 138,856,500 shares

Number of shares subtracted from the total number of outstanding shares as shares without voting rights: 10,724,160 shares

Total number of voting rights as of September 30, 2018: 1,281,282 votes

Note 2: "Percentage of all voting rights" after change was calculated on the assumption that an application will not be made for all shares in the Third-Party Allotment.

5. Presence or Absence of Change in Unlisted Parent Company etc. Subject to Disclosure

N/A

6. Planned Change Date

December 18, 2018

Note: Because the payment period for the Third-Party Allotment is scheduled from December 20, 2018 until February 7, 2019, on the day in such payment period on which Dentsu makes a pay-in, changes will occur to major shareholders, the largest shareholder as major shareholder and other affiliates. The date above assumes that the pay-in will be made on December 18, 2018.

7. Prospects Going Forward

Prospects going forward are as indicated in "8. Prospects Going Forward" of "III. Issuance of New Shares and Disposal of Treasury Shares in the Third-Party Allotment" above.

End

This press release is a press statement intended for the announcement of the Tender Offer and the Third Party Allotment 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.

Further, this press release has not been prepared for the purpose of solicitation for investment in any securities and does not constitute any such part. In addition, this press release does not constitute an offer of securities in the United States of America. The securities referred to above have not been, and will not be, registered under the U.S. Securities Act of 1933 (as amended; hereinafter the same). The securities may not be offered or sold in the United States absent registration or an exemption from registration under the U.S. Securities Act of 1933. The securities referred to above will not be publicly offered or sold in the United States.

This press release contains "forward-looking statements" as defined in Section 27A of the U.S. Securities Act of 1933 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 Dentsu, the 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 Dentsu and the Company as of the filing date of this press release, and unless otherwise required by applicable laws and regulations, neither Dentsu, the 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. Moreover, as Dentsu and the 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.

Dentsu, the respective financial advisors of Dentsu and the 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 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.

All the procedures for the Tender Offer and the Third Party Allotment will be conducted in Japanese, unless provided for otherwise. All or part of the documents for the Tender Offer and the Third Party Allotment will be prepared in English; provided, however, that, if any discrepancy arises between English documents and Japanese documents, Japanese documents shall prevail.