



July 2, 2018

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**Notice of Acquisition of Quartz Media LLC, a U.S. Corporation, and Issuance of New Shares and Stock Acquisition Rights by Third-Party Allotment for Global Expansion of NewsPicks Business**

Uzabase, Inc. (the “Company”) hereby announces, as set forth below, that it resolved at the meeting of the Board of Directors held today to acquire 100% of the equity interests in Quartz Media LLC, which is a highly regarded economic media platform in the United States (hereinafter referred to as “Quartz”), and to make Quartz the Company’s subsidiary (hereinafter referred to as the “Acquisition”). In addition, the Company resolved to issue new shares and stock acquisition rights through third-party allotment (hereinafter collectively referred to as the “Third-Party Allotment”) as part of the consideration for the Acquisition.

**I Acquisition**

**1. Purpose of the Acquisition**

With the mission of “Business Intelligence to Change Your World,” we aim to create an infrastructure for business intelligence that services every businessperson worldwide.

Today, the services we provide are used by many businesspersons. The number of corporate users of the information platform with comprehensive corporate and industry analyses “SPEEDA” (Note 1) exceeds 1,000 companies, while the number of users of the social economic media platform “NewsPicks” (Note 2) exceeds 3.3 million.

Now that we have established a firm business base in Japan, it is integral for the Company to increase investment in global businesses in order to realize our mission and accelerate growth over the next decade.

One of our core businesses, the NewsPicks business, since it began in 2013, has built a unique business model that integrates three elements: (1) platforms, (2) media, and (3) communities. In the area of digital media, which tends to rely solely on advertising revenues, we have also developed a paid service model, and have succeeded in balancing advertising revenues with paid-service revenues at a high level.

Taking advantage of this success, we established a joint venture with Dow Jones in the U.S. last year and entered the U.S. market. Since the launch of the U.S. version of NewsPicks in November 2017, DAU (Note 3) of the U.S. version of NewsPicks has grown at a pace much faster than that of the launch of the Japanese version of NewsPicks, and we feel that it has been successful in the U.S.

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market.

In the United States, which is a large market, we need content, technology, and a team with excellent business ability in order to realize the success models we have created in Japan. We have decided to acquire Quartz, which provides high-quality content suited to mobile communications, because we believe Quartz will be the best partner for our development not only in the U.S. but also in all parts of the world.

Quartz is a new quality business media established in 2012. Mr. Jay Lauf and Mr. Kevin Delaney, who are co-presidents of Quartz, are leading professionals in the media sector in the United States. Under the leadership of excellent top management, Quartz has earned high acclaim as a media platform that combines mobile technology with journalism, and as a media platform with outstanding UI and UX content (Note 4).

Quartz's philosophy and culture are very similar to those of the NewsPicks in the following terms, and the Company believes that it would be the best partner in realizing our mission of "Business Intelligence to Change Your World."

Influential global readers  
Global network of reporters  
Top-class economic journalists  
"Mobile-Native" design  
High-quality brand content

We believe that the acquisition of Quartz will enable us to take advantage of NewsPicks' business models and know-hows in paid services, multimedia deployment and community management in the U.S. and global market that it has cultivated over the years backed by the approximately 20 million excellent readers of Quartz. We are confident that it will enable us to spur the growth of NewsPicks' global business development.

We believe that the Acquisition is a valuable opportunity for us, as we aim to achieve 10 million users (MAU) (Note 5) and 1 million paid subscribers worldwide by 2023, and to be the "world's most influential business media," and we also believe that it contributes to the enhancement of our corporate value.

- (Notes)
- 1 SPEEDA is a state-of-the-art platform for resolving issues in information collection and analysis by business persons. It handles all types of business information around the world, including corporate information, industry reports, market data, news reports, statistics, and mergers and acquisitions.
  - 2 NewsPicks is a business social media that distributes news sourced from over 100 domestic and overseas media outlets, including The Wall Street Journal and The New York Times, as well as original articles prepared by the editorial department of NewsPicks. You can read and analyze news from multiple perspectives by referring to comments posted by prominent figures and experts in each industry.
  - 3 DAU (number of daily active users) is the number of active users who used the service per day.
  - 4 UI (user interface) is the part of the product or service that a user directly interacts with (including visual information) and UX (user experience) is the experience that a user gains through the use of the product or service.
  - 5 MAU (number of monthly active users) is the number of active users who use a service at least once a month.

## 2. Consideration for the Acquisition

The consideration related to the Acquisition is equivalent to US\$75,000,000 (approximately 8,250,000,000 yen (Note 1)) of (a) common stock of the Company and (b) cash in total (Note 2). In

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addition to such consideration, an agreement has been reached to pay contingent consideration corresponding to the target achievement ratio against the performance indicator (hereinafter referred to as the “Earn-Out Consideration”) to the investor of Quartz.

The consideration for the Acquisition consists of the amount equivalent to common stock of the Company: US\$25,000,000 (approximately 2,750,000,000 yen) and cash: US\$50,000,000 (approximately 5,500,000,000 yen) (Notwithstanding the foregoing, as the number of common stock of the Company to be issued is scheduled to be US\$25,000,000 (approximately 2,750,000,000 yen) divided by the volume-weighted average price of common stock of the Company on the immediately preceding trading day of the implementation date of the Acquisition (scheduled on July 31, 2018; hereinafter referred to as the “Closing Date”), if the number of shares exceeds 1,232,480, the amount equivalent to the excess will be paid in cash instead of shares. In such case, the amount of payment in cash may be increased. The same applies hereinafter.).

In the course of discussions and negotiations with Quartz with respect to the Acquisition, we decided to deliver the common stock of the Company and cash to the investor of Quartz, as aforementioned, based on the idea that it is important to increase our equity capital by delivering the common stock of the Company as part of the consideration for the Acquisition and to enhance our financial base and after reviewing the dilution ratio when common stock of the Company are issued as consideration, as well as the financial impact when cash is delivered as consideration, and other optimal mechanisms for the Acquisition.

In determining the amount for the Acquisition, we obtained the corporate valuation report dated June 13, 2018, which was prepared by GCA Corporation (“GCA”), the financial advisor of the Company. We consulted with and negotiated with the investor of Quartz, and, after taking into account the discounted cash flow method (the DCF method) based on the business plan prepared by the Company of Quartz after the Acquisition, which was adopted in the above-mentioned corporate valuation report, the comparative transactions method in the digital media industry, and, in addition, the results of the calculation based on the comparable company method, which was presented as a reference index, we determined the final amount for the Acquisition. In addition, if the maximum amount of the Earn-Out Consideration is paid, the total amount of consideration for the Acquisition to be paid is within the range of the GCA calculation results.

- Note
1. The rate of exchange between the U.S. dollar and Japanese yen is translated, for convenience, at the rate of 110 yen = US\$1. The same applies below.
  2. The Earn-Out Consideration consists of stock acquisition rights: equivalent to US\$25,000,000 (approximately 2,750,000,000 yen) at a maximum (Note: The amount will be obtained by the maximum number of shares that can be acquired through the exercise of stock acquisition rights multiplied by the volume-weighted average price of common stock of the Company on June 29, 2018. The same shall apply hereinafter.) and cash: US\$10,000,000 (approximately 1,100,000,000 yen). The Earn-Out Consideration shall be paid to the investor of Quartz as of the Closing Date as an additional consideration. Such payment will be made in accordance with the amount of revenue satisfying certain conditions, which are calculated from Quartz's revenue for the fiscal year ending December 2018 and are in accordance with the number of paying users as of the fiscal year ending December 2018. The risk to the Company in association with the Acquisition will be reduced and the incentive effect on Quartz will be obtained by introducing the Earn-Out Consideration. Specifically, if the amount of revenue and number of paying users do not reach a certain target value, there will be no Earn-Out Consideration, and if the amount of revenue exceeds the target value, an amount corresponding to the target achievement ratio against the performance indicator will be paid; provided, however, that the stock acquisition rights will not be newly issued but will be in the form of an increase in the number of exercisable stock acquisition rights (subject to certain exercise restrictions) which are to be transferred on the Closing Date, corresponding to the achievement ratio against the performance indicator. The purpose of the decision to use the stock acquisition rights as part of the consideration for the Earn-Out Consideration is to ensure the early determination of the legal rights related issues and the convenience of both parties by transferring the stock acquisition rights on the Closing Date, in advance to the expected delivery date of the new shares as the Earn-Out Consideration, which will be in early 2019. Up to 862,736 shares of common stock of the Company underlying the stock acquisition rights will become exercisable as the Earn-Out

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Consideration, which will be 2.9% to the outstanding shares of the Company as of March 31, 2018.

### 3. Method of Acquisition

The Acquisition will be conducted by issuing new shares and stock acquisition rights of the Company to the subsidiary to be newly established by the Company in the U.S., and having such subsidiary transfer the said shares and stock acquisition rights to the investor of Quartz at the time such subsidiary merges with Quartz as consideration for such merger. The outline of the specific procedures is as follows:

[Step 1 and Step 2]: Establishment of acquired subsidiary, capital contribution and issuance of shares and stock acquisition rights

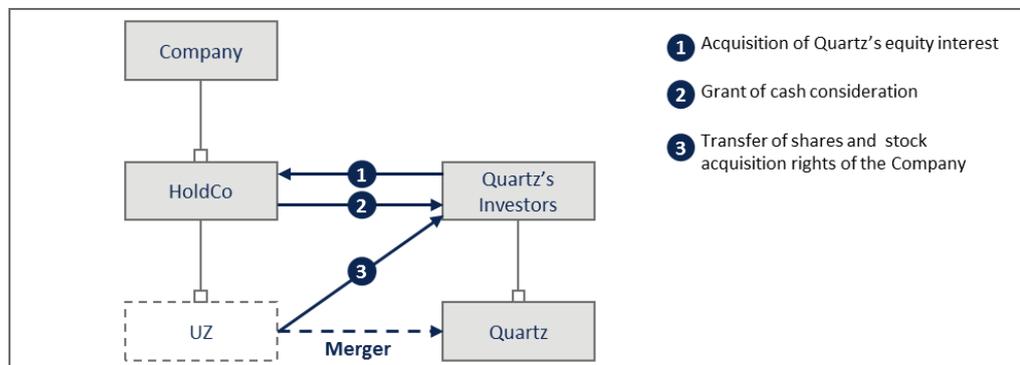


As Step 1, the Company established an acquired subsidiary (scheduled allottee) named UZ LLC (“UZ”) in Delaware, U.S., as a subsidiary of Uzabase USA, Inc. (“HoldCo”), our U.S. subsidiary. The Company will contribute capital required for the payment for third-party allotment pertaining to new shares and stock acquisition rights of the Company to UZ by subscribing for the capital increase of UZ through HoldCo.

As Step 2, the Company will issue new shares and stock acquisition rights to UZ through third party allotment to UZ in order to have UZ acquire the common shares and stock acquisition rights to be transferred as consideration for the merger with Quartz. (As a result, the capital contributed by the Company to UZ through HoldCo under the “Step 1” will not constitute a substantial outflow of capital in the Acquisition as they will return from UZ to the Company as subscription money.) In addition, the Company will contribute to HoldCo’s capital equivalent to the amount of cash to be granted to investors of Quartz as consideration for the merger of UZ and Quartz by way of subscribing for the capital increase of HoldCo.

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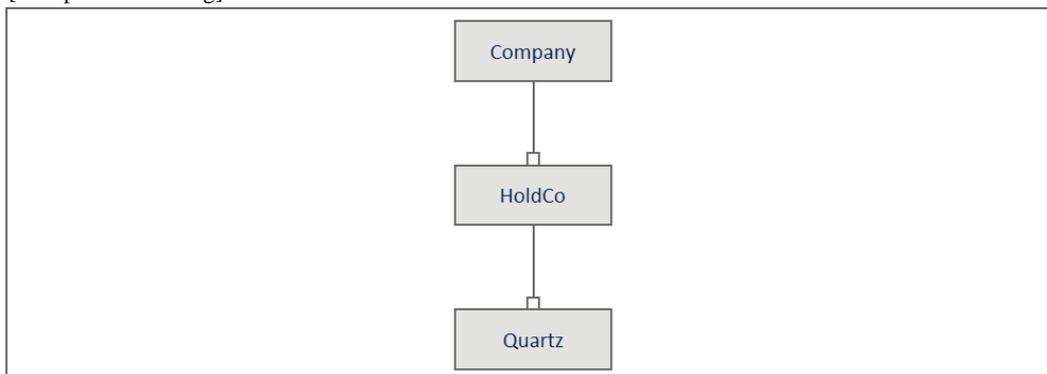
[Step 3] Merger of acquired subsidiary and Quartz



As Step 3, a merger will be conducted in which Quartz will be the surviving company, and UZ will be the dissolving company. As consideration for the merger, HoldCo will grant cash, and UZ, the dissolving company, will issue common stock and stock acquisition rights of the Company to the investor of Quartz respectively.

As a result, Quartz will become a wholly-owned subsidiary of HoldCo, our wholly-owned U.S. subsidiary ( i.e., wholly-owned sub-subsubsidiary the Company).

[Completion drawing]



As described in “I. Acquisition, 2. Consideration for the Acquisition, (Note 2)” after the completion of the above steps, shares of common stock of the Company issued pursuant to the exercise of stock acquisition rights of the Company as well as cash may be additionally granted to the investor of Quartz on the Closing Date as the Earn-Out Consideration.

4. Outline of transferred subsidiary (Quartz)

(1) Name	Quartz Media LLC
(2) Location	675 Avenue of the Americas, Suite 401, New York, State of New York
(3) Names and title of representative	Jay Lauf (President & Publisher) Kevin Delaney (President & Editor in Chief)
(4) Description of businesses	Digital Media

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(5) Capital stock	-			
(6) Date of establishment	September 2012			
(7) Major shareholders and percentage of shares	Atlantic Media, Inc. (100%)			
(8) Relationship between the listed company and the said company				
	Capital relations	Not applicable		
	Personnel relations	Not applicable		
	Business relations	Not applicable		
(9) The said company's operating results and financial position over the last three years and its earnings estimates for the current fiscal year (in units of US\$1,000,000 (numbers in parentheses in units of 1,000,000 yen))				
Fiscal year	Fiscal year ended December 31, 2015	Fiscal year ended December 31, 2016	Fiscal year ended December 31, 2017	Fiscal year ending December 31, 2018 (Estimated)
Net assets	7.6 (838)	10.9 (1,201)	13.6 (1,495)	
Total assets	9.8 (1,083)	14.0 (1,538)	15.7 (1,731)	
Net sales	18.6 (2,049)	30.0 (3,305)	27.6 (3,032)	35.0 ~ 38.0 (3,850 ~ 4,180)
Operating income	-1.9 (-206)	1.6 (173)	-8.1 (-892)	-3.0 ~ -6.0 (-330 ~ -660)

- Notes
1. Quartz is an entity formed under the U.S. Limited Liability Company (LLC: Limited Liability Company) Act and the amount of capital stock is not stated because there are no applicable items.
  2. The numbers indicated above are unaudited.
  3. Quartz does not perform consolidated accounting. The numbers indicated above are those after setting off the inter-group transactions, claims and obligations, from the simple aggregate numbers of the parent company and its subsidiaries.
  4. Since the concept of "per share" is not applicable to Quartz, which is in the corporate form of an LLC, information in respect of consolidated net assets per share, net income per share and dividend per share are omitted.
  5. Quartz has thus far received the full amount of its working capital from Atlantic Media. During the course of the Acquisition, it was agreed that the full amount of the obligations that Quartz owed to Atlantic Media was to be transferred into the net assets held by Quartz by way of a debt equity swap and other methods. Accordingly, the net assets indicated above are the numbers of the obligations owed by Quartz to Atlantic Media that were converted into the net assets.
  6. The operating income numbers described above are those obtained prior to allocating the head office expenses and corporate expenses for the Atlantic Media Group. Since Quartz, substantially one of the business divisions of Atlantic Media, does not have head office/corporate functions and entirely received those functions from its parent company, Atlantic Media, Quartz is essentially being operated as a part of Atlantic Media's operation. As such, for the purpose of appropriately providing information in order to identify Quartz's profit, as its normal profit, the operating income before

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allocating the head office expenses and corporate expenses is described above. In 2017, Atlantic Media sold one of its businesses and upon such sale, the head office expenses and corporate expenses allocated to Quartz increased; accordingly, a lack of continuity was observed in the trend throughout each of the periods. Therefore, since the operating income and net income after the allocation of the head office expenses and corporate expenses has no significance as comparative information over the previous fiscal years, those numbers are not described. In this regard, the net income for the fiscal year ended December 31, 2018 is estimated to be between -US\$5,000,000 and -US\$8,000,000, which appropriately incorporates the head office and corporate expenses necessary for Quartz to implement its business operations as a stand-alone company.

7. The estimated numbers for the fiscal year ending December 31, 2018 are prepared by the Company based on currently available information and based on certain assumptions that the Company believes reasonable. Since it is difficult for the Company to make precise estimate before the closing of the Acquisition, the estimate is shown in range.

5. Number of shares acquired, acquisition price and status of shares held before and after acquisition

(1) Number of shares owned prior to transfer	0
(2) Number of shares acquired	All equity interest.
(3) Number of shares owned after transfer	After acquisition of all equity interest, the ownership percentage of the Company shall be 100%.
(4) Breakdown of acquisition price	US\$75,000,000 (approximately 8,250,000,000 yen) in total - Common stock of the Company: US\$25,000,000 (approximately 2,750,000,000 yen) - Cash: US\$50,000,000 (approximately 5,500,000,000 yen)

(Note) In addition to the above, as stated in “I Acquisition, 2.Consideration for the Acquisition (Note) 2”, under certain circumstances the Earn-Out Consideration may be additionally paid to the investor of Quartz as of the Closing Date.

6. Schedule

(1) Board resolutions	July 2, 2018
(2) Date of execution of the agreement for the Acquisition	July 2, 2018
(3) Implementation of the Acquisition (Closing)	July 31, 2018 (Scheduled)

(Note) The scheduled completion date of Step 3 stated in “I Acquisition: 3. Method of Acquisition” is described.

II Outline of capital increase through third-party allotment

1. Outline of offering

[Offering with respect to issuance of shares]

Note : This document has been prepared to publicly announce matters related to the issuance of new shares and the stock acquisition rights of the Company, and not for the purpose of soliciting investment or conducting any similar action.

(1) Payment period	From July 31, 2018 to October 1, 2018 (Note) During the payment period, 3 business days after the date on which the conditions precedent, such as the approval of the regulatory authority, etc. as set forth in the agreement concerning the Acquisition (hereinafter referred to as the “Merger Agreement”) are satisfied, the scheduled allottee is scheduled to pay for shares that are necessary as the consideration for the Acquisition.
(2) Number of new shares to be issued	1,232,480 shares of common stock (Maximum)
(3) Issue price	3,207 yen per share
(4) Amount of proceeds to be raised	Maximum of 3,952 million yen; provided, however, the number of shares to be issued will be such number where the multiply of the total issue price by the volume weighted average price of the common stock of the Company on the trading day immediately preceding the closing date would be US\$25 million (approximately 2,750,000,000 yen). Please see “(6) Others” below.  (This issuance of new shares will be offered to the scheduled allottee for the purpose of the Acquisition as described in “I. Acquisition 3. Method for acquisition” above; therefore, the above-mentioned payment will be made with funds provided to the scheduled allottee by the Company by way of subscribing for the scheduled allottee's shares through HoldCo. Accordingly, the amount of proceeds to be raised is not intended for the purpose of financing.)
(5) Method of offering or allocation (scheduled allottee )	A maximum of 1,232,480 shares will be allotted to UZ through the method of third-party allotment.
(6) Others	The issuance of new shares to the aforementioned scheduled allottee shall be subject to the effective date of the Securities Registration Statement under the Financial Instruments and Exchange Act.  The scheduled allottee will subscribe for or make payment only for the Number of Shares as of the Closing (Note), and we will terminate the issuance of shares that have not been subscribed or paid for during the payment period.  (Note) “Number of Shares as of the Closing” means the lesser of (i) 1,232,480 or (ii) Number of shares equivalent to US\$25 million (approximately 2,750,000,000 yen) divided by the volume weighted average price of the common stock of the Company on the trading day immediately preceding the Closing Date (fractions of less than one yen shall be rounded up). The same applies hereinafter.

[Offering with respect to issuance of stock acquisition rights]

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Uzabase, Inc. 18th series of stock acquisition rights

(1) Date of allotment	July 31, 2018
(2) Total number of stock acquisition rights	862,736
(3) Issue price	677 yen per right
(4) Exercise period	From July 31, 2018 to December 31, 2019 (Note)  (Note) The Stock Acquisition Rights will be exercisable after Quartz's revenue for the fiscal year ending December 31, 2018 becomes final, which is expected to be early 2019, and based on the amount of Quartz's revenue satisfying certain conditions. For more details, please see "I. Acquisition 2. Consideration for the Acquisition: Notes 2".
(5) Number of dilutive shares resulting from such issuance	862,736 shares (Maximum) (The number of shares underlying one Stock Acquisition Rights shall be one share. 862,736 shares refer to the maximum number of shares (equivalent to 8,627 voting rights) that can be issued by the exercise of the stock acquisition rights according to the degree of achievement of the performance of Quartz Company after the implementation of the Acquisition.)
(6) Amount of proceeds to be raised	584 million yen (aggregate amount of the total amount to be paid for the stock acquisition rights and value of the assets to be contributed at the time of exercise of the stock acquisition rights (total amount of the Exercise Price multiplied by the number of shares of common stock to be obtained from the exercise of the total number of exercisable Stock Acquisition Rights) (This issuance of stock acquisition rights is made to the scheduled allottee for the Acquisition as described in "I. Acquisition 3. Method for acquisition" above; therefore, the above-mentioned payment will be made using the funds provided to the scheduled allottee by the Company through the Hold Co by way of subscribing for the scheduled allottee's shares. Accordingly, the amount of proceeds to be raised is not intended for the purpose of financing.)
(7) Exercise price	The value of the assets to be contributed upon the exercise of the Stock Acquisition Rights shall be obtained by multiplying 1 yen per share that can be delivered by exercising such Stock Acquisition Rights by the number of shares underlying the Stock Acquisition Rights.
(8) Method of offering or allocation (scheduled allottee)	Allocate 862,736 units to UZ through a method of third-party allotment.

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(9) Others	<p>The issuance of the Stock Acquisition Rights to be allotted to the above-mentioned scheduled allottee shall be subject to the effective date of the Securities Registration Statement under the Financial Instruments and Exchange Act.</p> <p>As for the terms and conditions for the Stock Acquisition Rights, please see "I. Acquisition 2. Consideration for Acquisition: Notes 2".</p>
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## 2. Purpose and reason of offering

The purpose of the Third-Party Allotment is to have UZ, which will become the dissolving company after the merger, acquire in advance the consideration for the merger that is necessary to implement the Acquisition.

## 3. Amount of proceeds to be raised, purpose of use, and scheduled timing of expenditure

### (1) Amount of proceeds to be raised

#### (i) Issuance of new shares through third-party allotment

a	Total amount to be paid	3,952,563,360 yen
b	Approximate amount of issuance costs	12,625,000 yen
c	Approximate amount of net proceeds	3,939,938,360 yen

#### (ii) Issuance of stock acquisition rights through third-party allotment

a	Total amount to be paid	584,072,272 yen
b	Approximate amount of issuance costs	4,500,000 yen
c	Approximate amount of net proceeds	579,572,272 yen

(Note) In the event the Stock Acquisition Rights are not exercised within the Exercise Period of the Stock Acquisition Rights or the holder of the Stock Acquisition Rights loses its rights, the entirety of the amount to be paid, the approximate amount of issuance costs and the approximate amount of net proceeds shall be reduced.

### (2) Specific use of proceeds to be raised

As described in "I. Acquisition" above, the purpose of the Third-Party Allotment is to have UZ, which will become the dissolving company, acquire in advance the consideration for the merger that is necessary to implement the Acquisition; therefore, the Third-Party Allotment is not intended for the purpose of financing the Company.

## 4. Approach to rational use of proceeds

As described in "I. Acquisitions" above, the purpose of the Third-Party Allotment is to have UZ, which will become dissolving company, acquire in advance the consideration for the merger necessary to implement the Acquisition, and the Third-Party Allotment is not intended for the purpose of financing the Company.

## 5. Rationality of issuance conditions, etc.

### (1) Basis for calculation of the amount to be paid and details thereof

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(i) Amount to be paid for the issuance of new shares through third-party allotment

The amount to be paid shall be 3,207 yen, the volume-weighted average price of the common stock of the Company on the Tokyo Stock Exchange as of June 29, 2018, the trading day immediately preceding the resolution date of the board of directors' meeting for the issuance of new shares through third-party allotment.

The amount to be paid is 2.1% of Discount as compared to the closing price for the most recent trading day (3,275 yen), 0.1% of Discount as compared to the average closing price for the period one month prior to the most recent trading day (3,211 yen), 17.9% of Premium as compared to the average closing price for the period three months prior to the most recent trading day (2,720 yen), and 41.4% of Premium as compared to the average closing price for the period six months prior to the most recent trading day (2,268 yen). As a result of taking into consideration the above, the amount to be paid for the issuance of new shares through third-party allotment is in compliance with the guidelines for third-party allotment provided by the Japan Securities Dealers Association, and is less than 10% of the discount rate or premium rate compared to the simple average of the closing prices for the period of one month, three months, and six months prior to the most recent trading day. Therefore, the amount is not considered to be particularly advantageous and is determined to be reasonable.

Based on above-mentioned, three corporate auditors (all of whom are outside corporate auditors) attending the board of directors' meeting expressed their opinion that the above-mentioned amount to be paid does not fall under a particularly advantageous amount because it is deemed to be in compliance with the guidelines on third-party allotments provided by the Japan Securities Dealers Association.

(ii) Issuance of stock acquisition rights by third-party allotment

We asked Akasaka International Accounting Co., Ltd, a third-party appraiser (representative: Tomotake Kurosaki; address: 1-1-8, MotoAkasaka 1-chome, Minato-ku, Tokyo) (hereinafter referred to as the "Akasaka International Accounting"), to evaluate the value of the Stock Acquisition Rights as of today (the date of the resolution for issuance). Akasaka International Accounting has conducted their evaluation by taking into consideration the terms and conditions of the Stock Acquisition Rights, etc., based on certain assumptions that take into account the market conditions on the valuation reference date, restrictions on the exercise of the Stock Acquisition Rights, and the conduct of the Company or the scheduled allottee such as exercise of rights, etc. (including the expected revenue of Quartz for the fiscal year ending December 2018 based on historical data and the prompt exercise of the Stock Acquisition Rights that became exercisable by the scheduled allottee), based on Monte Carlo simulations, which are common pricing models.

With reference to the appraisal value range calculated by such appraisal organization based on the above assumptions (from 655 yen to 677 yen for each Stock Acquisition Rights), we set the issue price of one Stock Acquisition Right as of today (the date of the resolution for issuance) at 677 yen, which is within the range of the said appraisal value range, after consultation with the scheduled allottee. In determining the issue price of the Stock Acquisition Rights, as the appraisal organization has considered based on certain assumptions that could have an impact on the fair valuation and has calculated the fair value using Monte Carlo simulation which is commonly used as a method of calculating the valuation of stock acquisition rights, we have determined that the calculation results of such appraisal organization show reasonable fair value and the issue price of the Stock Acquisition Rights within such appraisal value range is reasonable.

In addition, all of corporate auditors of the Company expressed their opinion that the issue price of the Stock Acquisition Rights is reasonable and does not fall under a particularly advantageous payment amount given the selection of a third-party appraisal organization is appropriate, the issue price is determined within the appraisal value range calculated by the third-party appraisal organization, and there are no unreasonable points in the calculation method and assumptions of the third-party appraisal organization.

(2) Grounds for believing that issuance volume and the degree of dilution of the shares are reasonable

The number of shares of common stock of the Company to be newly issued pursuant to the third-party allotment is 1,232,480 shares at maximum (Note), and the dilution ratio for the total number

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of shares outstanding of common stock of the Company (29,375,676 shares as of March 31, 2018) is equivalent to approximately 4.2% (the dilution ratio for the total number of voting rights of 293,706 shares as of March 31, 2018 is approximately 4.2%).

However, as described in “I. Acquisition, 1. Purpose of the Acquisition” above, the Acquisition involving a third-party allotment is considered to be a valuable opportunity for the Company, which has the mission of “Business Intelligence to Change Your World” and aims to be the “world’s most influential economic media” through the global growth of the NewsPicks business, and will contribute to the enhancement of our corporate value; thus, the issuance volume and degree of dilution of shares are considered reasonable.

In addition, as described in “I. Acquisition, 2. Consideration for the Acquisition (Note 2),” the number of exercisable stock acquisition rights to be granted to the investor of Quartz at the time of the Acquisition may increase as part of the Earn-Out Consideration in accordance with the revenue of Quartz for the fiscal year ending December 2018, and the number of shares to be issued when all of the stock acquisition rights are exercised may be 862,736 shares at maximum. In such a case, the shares of the Company will be diluted at most by 2.9% (2.9% on a voting basis) at the total of the Earn-Out Consideration, and will be diluted at most by 7.1% (7.1% on a voting basis) due to the Acquisition in total. In addition, if all of the 19th series stock acquisition rights of the Company described in “Notice Concerning Issuance of 19th Series Stock Acquisition Rights through Third-Party Allotment (Issuance of Stock Acquisition Rights having Exercise Price Adjustment Provisions with a Minimum Exercise Price not less than the Closing Price on the Trade Date Immediately Prior to Date of Resolution for Issuance)” as separately announced today are exercised, the shares of the Company will be diluted at most by 13.9% (13.9% on a voting basis), combined with the total consequence arising from the Acquisition. Even if these are taken into consideration, for the above stated reasons, the Company believes that the issuance volume and the degree of dilution of the shares are reasonable.

As described in “I. Acquisition, 2. Consideration for the Acquisition,” the Company has obtained a corporate value valuation report from GCA, the financial advisor of the Company, and has taken the results of such valuation into consideration in determining the acquisition price described above.

(Notes) The scheduled allottee will subscribe for or make payment only for the Number of Shares as of the Closing Base Time, and we will terminate the issuance of shares that have not been subscribed or paid for during the payment period, which may result in a decrease in the actual number of shares issued.

6. Reasons for selecting scheduled allottee, etc.

(1) Outline of scheduled allottee

(1) Name	UZ LLC
(2) Location	160 Greentree Drive, Suite 101, City of Dover, County of Kent, State of Delaware
(3) Name and title of representative	Uzabase USA, Inc. Chairman and President Yusuke Umeda
(4) Description of business	Established by the Company for the Acquisition
(5) Capital stock	\$1 (110 yen)
(6) Date of establishment	June 22, 2018
(7) Number of shares outstanding	Not applicable
(8) Fiscal year end	Not applicable

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(9) Number of employees	Not applicable
(10) Major business partners	Not applicable.
(11) Main financing bank	Not applicable.
(12) Major shareholders and shareholding percentage	Uzabase USA, Inc. (100 % subsidiary of the Company): 100%
(13) Relationship between companies concerned	
Capital relations	The Company owns 100% of the equity of the scheduled allottee through Uzabase USA, Inc., a wholly owned subsidiary of the Company.
Personnel relations	Not applicable
Business relations	Not applicable
Status as a related party	The scheduled allottee is a consolidated subsidiary of the Company and falls under the related party of the Company
(14) Results of operations and financial position for the last three years (consolidated)	Since the scheduled allottee was established recently, there are no applicable matters.

(Note) UZ, the scheduled allottee, is a wholly-owned subsidiary of the Company, a listed company of the Tokyo Stock Exchange, Inc. As stated in the Corporate Governance Report (dated April 5, 2018), which the Company submitted to the Tokyo Stock Exchange, Inc., the Company has stipulated the “Regulations on Countermeasures against the Anti-social Forces” as the policy and standards governing the Company group. Additionally, under the established basic philosophy/policy for the Company group, that is, “the Company will in no event provide monetary or any other financial interest to the anti-social forces,” the Company has formulated and implemented the necessary countermeasures to be taken in the events that the Company group is contacted by any anti-social forces, including by way of promptly reporting to police if any anti-social forces seeking any unreasonable demand.

Accordingly, the Company has duly confirmed that neither UZ nor its officers have any relationship with anti-social forces or others who are connected with them, and a written confirmation verifying to that effect (i.e., no involvement with anti-social forces) was submitted to the Tokyo Stock Exchange, Inc.

In addition, the Company has confirmed that, by conducting database search for corporate information, Atlantic Media, which will acquire new shares and stock acquisition rights of the Company as a result of the merger of the scheduled allottee and Quartz, and its officers have no relationship with any anti-social forces or related parties thereto.

(2) Reasons for selecting the scheduled allottee

As described in “I. Acquisition” above, the Acquisition will be conducted by way of issuing new shares and stock acquisition rights of the Company to the scheduled allottee, and the scheduled allottee transferring such shares and stock acquisition rights to the investor of Quartz as part of consideration for the scheduled allottee’s merger with Quartz. The issuance of new shares and stock acquisition rights through the third-party allotment will be allotted to the scheduled allottee to be utilized as consideration for the Acquisition. The payment period for the Company’s common shares is scheduled to be from July 31, 2018 to October 1, 2018, and the payment date for the Company’s stock acquisition rights is scheduled to be on July 31, 2018.

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(3) Shareholding policy of scheduled allottee

UZ, the scheduled allottee, is planning to use the common stock and stock acquisition rights of the Company that will be allotted to the scheduled allottee as consideration for the Acquisition, and all of the common stock and stock acquisition rights of the Company allotted to UZ will be transferred to Atlantic Media Inc., an investor of Quartz. In addition, Atlantic Media has reached an agreement with Company to not sell, etc. the common stock of the Company to be offered to Atlantic Media and the common stock of the Company to be acquired through the exercise of stock acquisition rights, without the prior written approval of Company, in principle, for a period of 180th days commencing from the Closing Date.

(4) Confirmation of existence of assets required for scheduled allottee to make payment

As described in “I. Acquisition, 2. Consideration for the Acquisition,” the Company will conduct the Acquisition by issuing new shares and stock acquisition rights to the scheduled allottee through third-party allotment, such scheduled allottee transferring these shares and stock acquisition rights to the investor of Quartz as part of the consideration for the scheduled allottee’s merger with Quartz.”“

Prior to the payment of new shares and stock acquisition rights through the third-party allotment, the Company will contribute the funds required for such payment to the scheduled allottee by subscribing the capital increase of said company through HoldCo. Therefore, the assets required for the payment of new shares and stock acquisition rights by the scheduled allottee are expected to be secured.

The Company has obtained a commitment from Mizuho Bank, Ltd. that the Company will enter into a loan agreement with Mizuho Bank, Ltd. as the lender, and the conditions of the loan agreement are as follows: (i) the borrowing amount is 5.5 billion yen, (ii) the borrowing rate is floating taking into account current market interest rates, (iii) a borrowing period is two years; and (iv) there is no security. The Company plans to cover the amount which the Company contributes as funds required for the payment to the scheduled allottee by using such borrowing. Accordingly, the Company has confirmed that there is no problem in securing the funds required for payment in connection with the Acquisition.

7. Major shareholders and shareholding ratio after offering

Prior to offering (as of December 31, 2017)		After offering	
Ryosuke Niino	24.23%	Ryosuke Niino	23.26%
Yusuke Umeda	20.55%	Yusuke Umeda	19.72%
Yusuke Inagaki	8.47%	Yusuke Inagaki	8.13%
State Street Bank and Trust Company (Standing proxy: The Hongkong and Shanghai Banking Corporation, Tokyo Branch )	3.47%	UZ LLC	4.03%
Japan Trustee Services Bank, Ltd. (Trust account)	3.39%	State Street Bank and Trust Company (Standing proxy: The Hongkong and Shanghai Banking Corporation, Tokyo Branch)	3.33%
The Master Trust Bank of Japan, Ltd. (Trust account)	3.26%	Japan Trustee Services Bank, Ltd. (Trust account)	3.24%
Trust & Custody Services Bank, Ltd. (Securities Investment Trust Account)	2.07%	The Master Trust Bank of Japan, Ltd. (Trust account)	3.13%

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USB AG Singapore (Standing proxy: Citibank, N.A., Tokyo Branch)	1.72%	Trust & Custody Services Bank, Ltd.(Securities Investment Trust Account)	1.99%
Hideyuki Takeuchi	1.63%	USB AG Singapore (Standing proxy: Citibank, N.A., Tokyo Branch)	1.65%
Eiji Terada	1.37%	Hideyuki Takeuchi	1.56%

- (Notes)
1. The “shareholding ratio” prior to subscription is based on the shareholder register as of December 31, 2017. On January 1, 2018, the Company conducted a two-for-one stock split of common stock of the Company. Therefore, the above table assumes that the stock split was conducted on December 31, 2017.
  2. The ratio of the number of shareholding ratio have been rounded to the third decimal place.
  3. In the above table, UZ is a subsidiary of the Company and therefore does not have voting rights pertaining to common stock of the Company pursuant to the provisions of Article 67, Paragraph (1) of the Ordinance for Enforcement of the Companies Act.
  4. The right-hand column of the above table shows the status of when 1,232,480 shares (at maximum) of new shares will be offered through third-party allotment to the scheduled allottee. The increase in the number of shares of common stock, which are the subject of the stock acquisition rights exercisable as Earn-Out Consideration, is not taken into consideration. For further details on Earn-Out Consideration, please refer to “I. Acquisition, 2. Consideration for the Acquisition, (Note 2)” above.

#### 8. Matters concerning procedures under corporate code of conduct

Since (i) the dilution rate is less than 25%; and (ii) it does not involve a change in the controlling shareholder even if all newly allotted stock acquisition rights are exercised, the Third-Party Allotment does not require the procedures for obtaining opinions from an independent third party and confirming the intention of shareholders as set forth in Article 432 of the Securities Listing Regulations stipulated by the Tokyo Stock Exchange, Inc.

#### 9. Results of operations and equity financing for the last three years

(1) Results of operations over the last three years (consolidated) (Thousands of yen, except per share amounts)

	Fiscal year ended December 31, 2015	Fiscal year ended December 31, 2016	Fiscal year ended December 31, 2017
Consolidated revenues	¥1,915,061	¥3,081,602	¥4,565,897
Consolidated operating income (loss)	(332,844)	250,992	545,983
Consolidated ordinary income (loss)	(338,655)	225,393	518,455
Consolidated net income attributable to owners of parent	110,736	267,445	438,034
Consolidated net income per share	4.27	10.03	15.13
Dividend per share	0.00	0.00	0.00
Consolidated net assets per share	11.18	84.66	61.86

(Note) Although the Company conducted a one-for-three stock split of common stock on July 1, 2016, a one-for-two stock split of common stock on July 1, 2017 and a one-for-two stock split of common stock on

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January 1, 2018, “consolidated net income per share,” “dividend per share” and “consolidated net assets per share” were calculated under the assumption that all of the stock split were conducted at the beginning of the fiscal year ended December 31, 2015.

(2) Number of shares outstanding and number of dilutive shares to the present time (as of March 31, 2018)

Type	Number of shares	Percentage of shares outstanding
Number of shares outstanding	29,375,676 shares	100.00%
Number of dilutive shares at current Exercise Price	5,652,280 shares	19.24%
Number of dilutive shares at minimum Exercise Price	—	—
Number of dilutive shares at maximum Exercise Price	—	—

(3) Recent stock prices

1) Over the last three years

	Fiscal year ended December 31, 2015	Fiscal year ended December 31, 2016	Fiscal year ended December 31, 2017
Opening price	-	2,908 yen	3,090 yen *2,522 yen □1,481 yen
High price	-	3,545 yen	5,650 yen *3,390 yen □1,615 yen
Low price	-	2,550 yen	2,954 yen *2,210 yen □1,471 yen
Closing price	-	3,040 yen	5,000 yen *2,914 yen □1,588 yen

- (Notes)
1. The stock of the Company has been listed on the Mothers of the Tokyo Stock Exchange since October 21, 2016. With respect to the period prior to the listing, there are no matters to be noted as applicable.
  2. For the fiscal year ended December 31, 2017, the values with no symbol indicate the stock prices applicable up to the ex-rights date subsequent to the stock split (dated July 1, 2017, thereby 1 share was divided into 2 shares).
  3. The values with the symbol “\*” indicate the stock prices during the period from (i) the day immediately following the ex-rights date subsequent to the stock split (dated July 1, 2017, thereby 1 share was divided into 2 shares) to (ii) the day immediately preceding the ex-rights date subsequent to the stock split (dated January 1, 2018, thereby 1 share was divided into 2 shares).
  4. The values with symbol “□” indicate the stock prices after the ex-rights date subsequent to the stock split (dated January 1, 2018, thereby 1 share was divided into 2 shares on January 1, 2018).

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2) Status over the last 6 months

	2018 January	February	March	April	May	June
Opening price	1,645 yen	1,572 yen	2,033 yen	2,200 yen	2,331 yen	3,210 yen
High price	1,645 yen	2,049 yen	2,292 yen	2,490 yen	3,270 yen	3,545 yen
Low price	1,495 yen	1,285 yen	1,781 yen	2,105 yen	2,164 yen	2,927 yen
Closing price	1,569 yen	2,036 yen	2,203 yen	2,325 yen	3,225 yen	3,275 yen

(Note) The stock price for June 2018 is presented as of June 29, 2018.

3) Stock prices as of the business day immediately preceding the date of resolution for issuance

	As of June 29, 2018
Opening price	3,200 yen
High price	3,275 yen
Low price	3,135 yen
Closing price	3,275 yen

(4) Status of equity financing over the last three years

1) Capital increase through public offering (at the time of initial listing)

Payment date	October 20, 2016
Amount of Procured Funds	1,233,895 thousand yen (approximate net proceeds)
Issue price	2,309.20 yen
Number of shares outstanding at the time of offering for subscription	6,541,707 shares
Number of shares newly issued due to offering for subscription	543,000 shares
Number of Shares issued after offering for subscription	7,084,707 shares

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Initial use of funds at the time of issuance	<p>(i) Advertising and promotional expenses to enhance the visibility of the Company group and its services, and advertising and promotional expenses to acquire new users of the “NewsPicks”: 592,000,000 yen</p> <p>(ii) Hiring and personnel costs for recruiting personnel in line with business expansion: 531,831,000 yen</p> <p>(iii) Outsourcing of services related to systems development regarding the “SPEEDA” and “NewsPicks” businesses: 205,000,000 yen</p> <p>(iv) Costs and expenses pertaining to office floor space expansion and related work: 160,000,000 yen</p> <p>(The above-mentioned use of funds includes the funds raised by the capital increase by way of the third-party allotment in connection with the secondary offering through the over-allotment as described in Item 2) below. )</p>
Scheduled timing of expenditure at the time of issuance	<p>1) For (i) above, 45,000,000 yen for the fiscal year ended December 31, 2016, 232,000,000 yen for the fiscal year ended December 31, 2017 and 315,000,000 yen for fiscal year ended December 31, 2018;</p> <p>2) For (ii) above, 77,103,000 yen for the fiscal year ended December 31, 2016, 308,415,000 yen for the fiscal year ended December 31, 2017 and 146,311,000 yen for fiscal year ended December 31, 2018;</p> <p>3) For (iii) above, 25,000,000 yen for the fiscal year ended December 31, 2016, 80,000,000 yen for the fiscal year ended December 31, 2017 and 100,000,000 yen for the fiscal year ended December 31, 2018; and</p> <p>4) For (iv) above, 60,000,000 yen for the fiscal year ended December 31, 2017 and 100,000,000 yen for the fiscal year ended December 31, 2018.</p> <p>(The above-mentioned scheduled timing of expenditure includes the scheduled timing applicable to the capital increase by way of third-party allotment in connection with the secondary offering through over-allotment as described in Item 2) below. )</p>
Status of appropriation to date	<p>1) For (i) above, 481,555,000 yen has been appropriated.</p> <p>2) For (ii) above, all amounts have been appropriated.</p> <p>3) For (iii) above, 154,244,000 yen has been appropriated.</p> <p>4) For (iv) above, all amounts have been appropriated.</p> <p>(The above-mentioned status of appropriation includes the appropriation in respect of the capital increase by way of the third-party allotment in connection with the secondary offering through the over-allotment as described in Item 2) below. )</p>

2) Capital increase by way of third-party allotment (capital increase by way of third-party allotment in connection with secondary offering through over-allotment)

Payment date	November 22, 2016
Amount of Procured Funds	254,935 thousand yen (approximate net proceeds)
Issue price	2,309.20 yen
Number of shares outstanding at	7,092,081 shares

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time of offering for subscription	
Number of shares newly issued due to/subsequent to offering for subscription	110,400 shares
Number of shares issued after offering for subscription	7,202,481 shares
Scheduled allottee	Mizuho Securities Co., Ltd.
Initial use of funds at the time of issuance	Included in (1) above.
Scheduled timing of expenditure at the time of issuance	Included in (1) above.
Appropriation status to date	Included in (1) above.

#### 10. Terms and Conditions for Issuance

Please refer to the Attachments.

### **III Future Outlook**

As a result of the Acquisition, Quartz will become a consolidated subsidiary of the Company. As for the impact resulting therefrom on our consolidated results for this fiscal year, as disclosed in today's "Notice Concerning Revision of Full-Year Business Results Forecast," we have revised our full-year consolidated earnings forecast of the fiscal year ending December 31, 2018 (January 1, 2018 - December 31, 2018), which was announced on February 13, 2018 by estimating the impact on business performance based on multiple assumptions which deemed reasonable considering the information available to the Company, although it depends on (a) the identification and the measurement of fair value of acquired assets and liabilities assumed, (b) amortization of intangible assets such as goodwill and sales rights, and other factors.

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**Uzabase, Inc.**  
**Terms and Conditions for Issuance of New Shares**

1. Type and number of shares for subscription  
1,232,480 shares of common stock of the Company
2. Amount to be paid  
3,207 yen per share
3. Total amount paid  
3,952,563,360 yen
4. Amount of capital stock to be increased and amount of capital surplus to be increased  
Amount of capital stock to be increased: 1,976,281,680 yen  
Amount of capital surplus to be increased: 1,976,281,680 yen
5. Payment period  
From July 31, 2018 to October 1, 2018
6. Others
  - (1) Each of the items above is subject to the effectiveness of the securities registration statement filed under the Financial Instruments and Exchange Act of Japan.
  - (2) The issuance of shares shall be cancelled if the payment amount was not completely paid within the payment period.
  - (3) All other matters necessary for the issuance of the shares shall be delegated to Representative Director of the Company.

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**Uzabase, Inc.**  
**Terms and Conditions for Issuance of**  
**Eighteenth Series of Stock Acquisition Rights for Shares of Common Stock**

These terms and conditions of the stock acquisition rights shall apply to the Eighteenth Series of Stock Acquisition Rights for Shares of Common Stock (hereinafter referred to collectively as the “Stock Acquisition Rights”) of UZABASE, INC. (hereinafter referred to as the “Company”) issued on July 31, 2018 by the Company in accordance with the resolution adopted at the meeting of the board of directors of the Company held on July 2, 2018:

1. Aggregate Number of Stock Acquisition Rights  
862,736
2. Payment in exchange for Stock Acquisition Rights  
584,072,272 yen in aggregate
3. Application Date  
July 31, 2018
4. Allotment and Payment Date  
July 31, 2018
5. Class and Number of Shares to be Issued or Transferred upon Exercise of Stock Acquisition Rights  
The class of shares to be issued or transferred upon exercise of the Stock Acquisition Rights shall be shares of common stock of the Company (hereinafter referred to as the “Common Stock”). The number of shares to be issued or transferred upon exercise of each Stock Acquisition Right (hereinafter referred to as the “Number of Granted Shares”) shall be one (1) share.  
The aggregate number of shares to be issued or transferred upon exercise of the Stock Acquisition Rights shall be 862,736 shares of Common Stock; provided, however, if any of the events set forth in Condition 6 occurs, the Number of Granted Shares shall be adjusted and the aggregate number of shares to be issued or transferred upon exercise of the Stock Acquisition Rights shall be adjusted to the number obtained as appropriate.
6. Adjustment Events of Number of Granted Shares
  - (1) In the event that the Company conducts a stock split or consolidation of the Common Stock, the Number of Granted Shares shall be adjusted in accordance with the following formula:

$$\begin{array}{ccccccc} \text{Number of} & & \text{Number of} & & \text{Ratio of split or} & & \\ \text{Granted Shares} & = & \text{Granted Shares} & \times & \text{consolidation} & & \\ \text{after adjustment} & & \text{before adjustment} & & & & \end{array}$$

Adjustment to the Number of Granted Shares under this (1) shall be made only with respect to the Number of Granted Shares for the Stock Acquisition Rights which have not been exercised at the time of the adjustment. Any fraction less than one (1) share resulting from the adjustment shall be disregarded.

- (2) In the event that the Company conducts a merger, share exchange (kabushiki-kokan), share transfer (kabushiki-iten), company split (kaisha-bunkatsu) (hereinafter referred to collectively as “Merger, etc.”) or free distribution of shares (musho-wariate) or when the adjustment of the Number of Granted Shares is required due to the occurrence of equivalent event, the Number

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of Granted Shares shall be adjusted in a reasonable manner, taking into consideration the terms and conditions, etc. of Merger, etc. or free distributions of shares, as applicable.

- (3) If the Number of Granted Shares is adjusted pursuant to (1) or (2) above, the Company shall give written notice to that effect, the description of the triggering event, the Number of Granted Shares before adjustment, the Number of Granted Shares after adjustment, the effective date and other necessary matters to each holder of the Stock Acquisition Rights, no later than the day immediately preceding the effective date of the Number of Granted Shares after adjustment.
7. Payment in exchange for each Stock Acquisition Right  
677 yen (677 yen per share of Common Stock to be issued or transferred upon exercise of Stock Acquisition Rights)
8. Stock Acquisition Rights Certificate  
No Stock Acquisition Rights Certificate will be issued.
9. Amount of Assets to be Contributed upon Exercise of Stock Acquisition Rights
  - (1) The amount of assets to be contributed upon exercise of the Stock Acquisition Rights shall be the amount obtained by multiplying the Exercise Price (as defined below) by the Number of Granted Shares.
  - (2) The amount to be paid per share of Common Stock to be issued or transferred upon exercise of the Stock Acquisition Rights (hereinafter referred to as the “Exercise Price”) is one (1) yen.
10. Exercise Period  
From and including July 31, 2018, up to and including December 31, 2019.
11. Conditions for Exercise of Stock Acquisition Rights  
No Stock Acquisition Right may be exercised in part.
12. Mandatory Repurchase of Stock Acquisition Rights  
Not applicable.
13. Restrictions on Transfer of Stock Acquisition Rights through Transfer  
The Stock Acquisition Rights cannot be transferred, unless such transfer is expressly approved by the board of directors of the Company.
14. Matters concerning the Amount of Capital and the Additional Paid-in Capital
  - (1) The amount of capital increased by the issuance of shares upon exercise of the Stock Acquisition Rights shall be the amount obtained by multiplying the maximum limit of capital increase, as calculated in accordance with the provisions of Paragraph 1, Article 17 of the Company Accounting Ordinance of Japan, by 0.5, and any fraction less than one (1) yen arising as a result of such calculation shall be rounded up to the nearest one (1) yen.
  - (2) The amount of additional paid-in capital increased by the issuance of shares upon exercise of the Stock Acquisition Rights shall be the amount obtained by deducting the capital to be increased, as provided in (1) above, from the maximum limit of capital increase, as also provided in (1) above.
15. Application for Exercise of Stock Acquisition Rights and Manner of Payment
  - (1) In the case of exercise of the Stock Acquisition Rights, the holder of the Stock Acquisition Rights shall notify necessary matters to the place where applications for exercise of the Stock Acquisition Rights are made as provided for in Condition 16.
  - (2) In the case of exercise of the Stock Acquisition Rights, the holder of the Stock Acquisition Rights shall pay entire amount of the Exercise Price to be paid in upon exercise of the Stock Acquisition Rights (hereinafter referred to as the “Amount of Payment”) in cash to an account

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designated by the Company (hereinafter referred to as the “Designated Account”) at the payment handling place provided for in Condition 17.

- (3) The exercise of the Stock Acquisition Rights shall become effective when an notification of necessary matters to the place where applications for exercise of the Stock Acquisition Rights are made as provided for in Condition 16 and when the Amount of Payment is delivered to the Designated Account.

16. Place where Applications for Exercise of Stock Acquisition Rights are Made  
Corporate Department at Headquarters of the Company
17. Payment Handling Place on Exercise of Stock Acquisition Rights  
Mizuho Bank, Ltd., Shiba Branch Office
18. Handling of Matters Relating to Amendments to Companies Act, and other Laws and Regulations  
In the case that provisions of the Companies Act of Japan and/or other Japanese laws and regulations relating to the shares or the stock acquisition rights are amended after the Allotment Date of the Stock Acquisition Rights, the Company may take necessary measures for handling the matters relating thereto in a manner deemed as appropriate by the Company in accordance with the provisions of the Companies Act of Japan and/or other Japanese laws and regulations then in effect and consistent with these terms and conditions.
19. Others
  - (1) Each of the items above is subject to the effectiveness of the securities registration statement filed under the Financial Instruments and Exchange Act of Japan.
  - (2) All other matters necessary for the issuance of the Stock Acquisition Rights shall be delegated to Representative Director of the Company.

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