



April 25, 2018

To our customers and stakeholders

Company name	Geniee, Inc.
Representative name	President and CEO Tomoaki Kudo (Code No.: 6562 TSE Mothers)
Contact Information	Director and Management Division Manager Masahiro Endo (TEL. 03-5337-8218)

Concerning Takeover of Operations via Corporate Split Agreement (Simple Absorption Split) with Chikyu Inc.

The Geniee Board of Directors convened today and passed a resolution approving the takeover of development and sales operations for "Chikyu", the SME CRM (client relations management) and SFA (sales force administration) system operated by Chikyu Inc. We further concluded a split and absorption agreement through which Chikyu Inc. will conduct a company split (hereinafter, "Split") and Geniee will take over control of the aforementioned operations effective June 14, 2018.

As this Split is considered a simple split and absorption as defined under the provisions of Article 796, Paragraph 2 of the Companies Act, certain disclosure information and details have been omitted from disclosure.

Description

1. Purpose of business succession

Since July 2016 when we launched the marketing automation tool MAJIN, Geniee has worked aggressively to expand our business domain into the marketing technology field. MAJIN has been well-received by a wide variety of companies, both BtoC and BtoB, for its intuitive user interface, functions, and low cost. As of the end of December 2017, we have accounts with over 650 companies.

The SME cloud-based CRM/SFA system Chikyu is popular for its simple UI that provides turn-key usability immediately after integration as well as for being highly customizable and low cost. Chikyu is used by nearly 290 companies (as of end of March 2018) in IT and other industries.

In an age of concern about shrinking sales and labor shortages, many companies are looking to IT tools for marketing and sales support. This, however, creates its own unique problems: these tools only lead to the optimization of specific tasks, leaving companies with the need for comprehensive optimization that enables the broad application of data assets.

Amid such an environment, Geniee moved to take over control of the Chikyu business as a way to generate business synergy by further strengthening the link between Chikyu and MAJIN. Future system links made possible through this business takeover will enable the seamless integration of customer attributes, negotiation history, and other data stored on Chikyu into MAJIN and enable the centralized management of customer data by both marketing and sales staff. Specifically, this enhanced system will

allow sales staff to approach promising potential customers in an efficient manner and marketing staff will be able to apply the results of sales activities into their market strategies. The result is more strategic and efficient marketing activities for the user company.

2. Overview of business succession

(1) Schedule of company split

Date of resolution by Board of Directors (Chikyu Inc., Geniee)	April 25, 2018
Contract conclusion date	April 25, 2018
Date of resolution by General Meeting of Shareholders (Chikyu Inc.) *1	May 12, 2018 (planned)
Date of business operations transfer (effective date)	June 14, 2018 (planned)
New date of record (fund transfer date)	June 14, 2018 (planned)

*1: As this Split is considered a simple split and absorption as defined under the provisions of Article 796, Paragraph 2 of the Companies Act, Geniee will conduct this transaction without a resolution by our General Meeting of Shareholders.

(2) Company split method

Chikyu Inc. will conduct a corporate split and Geniee will absorb to operations of the entity resulting from the split.

(3) Details of allocation related to company split

In relation to this split, Geniee will transfer the amount of 235 million yen to Chikyu Inc.

(4) Matters related to the handling of new share warrants or bonds with share warrants as a result of the company split

The following share warrants issued by Chikyu Inc. will be expired as a result of this Split.

- First share warrants (issued January 2016)
- Second share warrants (issued June 2017)

(5) Increase/decrease in capital due to company split

There is no change in company capital as a result of the company split

(6) Rights and obligations of the succeeding company

Of the assets, debts, rights, and obligations related to this Split, Geniee shall take of ownership of those items indicated in the split and absorption agreement.

(7) Outlook for fulfillment of liabilities

We have determined that there is no problem with our outlook for fulfilling our liabilities.

3. Basis for details of allocation related to company split

(1) Basis and reason for details of allocation

To ensure the fairness and adequacy of allocations related to this Split, Geniee designated AZX Sogo Accounting Office as a third-party accounting firm and requested a valuation of the business value for the business in question.

We concluded the split and absorption agreement following a comprehensive evaluation of the results of a third-party valuation and future projections reflecting the status of the target business and the effect of the consolidation with our business. Following careful and diligent negotiations between both parties, we

eventually came to the conclusion that the amounts indicated in “2. Overview of business succession – 3) Details of allocation related to company split” to be adequate.

(2) Matters concerning valuation

1) Name of accounting firm and relationship with Geniee

AZX Sogo Accounting Office, the accounting firm we hired to conduct the valuation for the target business, is not an affiliate of Geniee or Chikyu Inc., and has no particular interests of note in relation to this Split.

2) Summary of valuation

The valuation of the target business is based on the assumption that Geniee will continue to operate the target business following the Split. Thus, it is appropriate that the valuation be conducted based on a consideration of the cash flow expected to generate through the continued operation of the target business. As such, the method used for this valuation is the discounted cash flow method (hereinafter, DCF Method), which is a type of income approach.

Presumptions for the DCF method are based on the business projections for FY2017 through FY2021 we created based on the business plan presented by Chikyu Inc. with this business valuation involving dividing future cash flow by a certain discount rate and using that value to discount the current value. Furthermore, we do not forecast any major earnings increases or decreases in the business forecasts used as presumptions for calculations.

An overview of the results of the valuation conducted by AZX Sogo Accounting Office are as follows.

Assumed range for split compensation 217-266 million yen

This is the result of a comprehensive evaluation of the results of the valuation made by AZX Sogo Accounting Office and future projections that reflect the effect of our absorption of the target business. As a result, we feel the above split value to be adequate.

4. Overview of companies party to split

	Succeeding company	Split company
(1) Name	Geniee, Inc.	Chikyu Inc.
(2) Address	Sumitomo Fudohsan Nishi Shinjuku Bldg., 25F, 7-20-1 Nishi-Shinjuku, Shinjuku-ku, Tokyo	4F, 3-5-4 Minami Aoyama, Minato-ku, Tokyo
(3) Representative position/name	Tomoaki Kudo, Representative Director & President	Toshihiro Asai, Representative Director
(4) Business operations	Ad Platform Business Market Automation Business	Development and sales of SFA/CRM for SME companies
(5) Capital	1,519 million yen (As of March 31, 2018)	68 million yen (As of December 31, 2017)
(6) Date of establishment	April 14, 2010	January 24, 2014
(7) Shares issued	17,508,200 shares (As of March 31, 2018)	488 shares (As of December 31, 2017)
(8) End of fiscal year	March 31	December 31
(9) Number of employees	257 (Consolidated, as of March 31, 2018)	3 (As of December 31, 2017)
(10) Major clients	Yahoo! Japan, Google Inc.	—
(11) Major transaction banks	Tokyo Mitsubishi UFJ Bank	—

	Sumitomo Mitsui Bank		
(12) Major shareholders and percentage of shares held	Tomoaki Kudo	37.35%	Toshihiro Asai 70.30%
	SoftBank Group International GK (*2)	32.12%	Global Brain No. 5 Investment Limited Partnership 13.90%

*2: Transferred ownership to SoftBank Corp. on April 1, 2018.

(13) Relationship with companies in question	Capital relationship	None in particular.
	Personal relationships	None in particular.
	Transactional relationships	None in particular.
	Status as affiliate	None in particular.

(14) Most recent financial status and business performance

End of fiscal year	Geniee, Inc.	Chikyu Inc.
	FY2017 (April 1, 2017 - March 31, 2018) (Consolidate)	FY2017 (January 1, 2017 - December 31, 2017) (Nonconsolidated)
Net assets (million yen)	1,613	-29
Total assets (million yen)	4,197	27
Net assets per share (yen)	76.27	-59,667
Revenue (million yen)	11,730	9.0
Operating income (million yen)	257	-50
Ordinary income (million yen)	194	-52
Net income attributable to owners of parent Net income (million yen)	-14	-52
Net income per share (yen)	-0.92	-108,410
Per-share dividend (yen)	—	—

5. Overview of business division to be succeeded

(1) Overview of business to be succeeded

This succession plan targets the development and sales operations for "Chikyu", the SME CRM/SFA system operated by Chikyu Inc. The succession includes a portion of assets and employees and directors related to these operations.

(2) Earnings for business to be succeeded (FY2017 (January 1, 2017 - December 31, 2017))

Net sales 9 million yen

(3) Target asset/debt items and book value (unit: million yen)

Current assets	—	Current liabilities	—
Fixed assets	0	Fixed liabilities	—
Assets total	0	Total liabilities	—

(Note) To be finalized after adjustments to the above mounts for increases/decreases occurring up to the effective date.

6. Status after split

There is no change in the Geniee business name, address, representative position or name, business operations, company capital, or fiscal year as a result of this Split.

7. Summary of accounting treatments

This split is applicable to acquisition based on accounting standards related to business combination. At present, the goodwill amount is projected to be around 160 million yen but there is a possibility this amount could increase/decrease due to changes final values of succeeded assets.

8. Future outlook

We are planning to disclose our forecast for FY2018 full-year earnings, including the effect of this Split, in the FY2017 Financial Results planned for release on May 11, 2018.