

February 25, 2015

Company name: Aucfan Co., Ltd.  
Representative: Shuichi Takenaga, President and Representative  
Director  
(Stock code: 3674, TSE Mothers)  
Contact: Junji Hamada, Director and Manager of the Business  
Administration Department  
(Tel: +81-3-6809-0951)

### **Notice Concerning Absorption-Type Merger (Short Form Merger) with the Company's Wholly Owned Subsidiary**

With respect to the “Notice About Changes in Matters Related to the Merger Schedule Contained in ‘Notice Concerning the Company Split (incorporation-type company split) of Aucfan’s Subsidiary and Basic Decision-Making for the Merger’ dated February 2, 2015 and the “Notice Concerning the Company Split (incorporation-type company split) of Aucfan’s Subsidiary and Basic Decision-Making for the Merger” dated October 10, 2014, Aucfan and its subsidiary finalized all merger-related matters at the board of directors’ meetings held on February 25, 2015.

Further, as this is a merger of a wholly owned subsidiary, certain details have been omitted from this disclosure.

#### I. Purpose of Merger

As Aucfan Co., Ltd. (Aucfan) disclosed in its “Notice Concerning the Purchase of the Stock of Grand Design & Company Co., Ltd.” dated October 10, 2014, by acquiring all of the shares of the dissolving company, it has increased its coverage of consumer activities that are moving to the Omni-Channel<sup>\*1</sup>, it has strengthened its sales capabilities aimed at major companies that generate substantial consumption, and accelerated its growth strategy. Aucfan has accomplished the above by integrating the dissolving company’s knowhow about data-driven marketing<sup>\*2</sup> aimed at national clients<sup>\*3</sup> with Aucfan’s net auction shopping product data, and upgrading and increasing the quality and volume of Aucfan’s database. To further multiply the effects of this integration, Aucfan will conduct an absorption-type merger of the dissolving company, which is engaged in the “digital marketing business.”

\*1 Omni-Channel integrates a variety of sales and distribution channels including brick-and-mortar stores and online stores.

As a concept, Omni-Channel seeks to establish an environment in which any product can be purchased in the same way as it can be from any other channel.

\*2 Data-driven marketing is a marketing method that attempts to improve content by turning the PDCA cycle at a rapid speed through user behavior analysis utilizing massive amounts of accumulated log data and other information.

\*3 National clients refer to large corporations that focus on sales promotion and advertising on a nationwide scale.

## II. Overview of Merger

### 1. Merger synopsis

#### (1) Merger dates

Merger agreement approval by resolution of the board of directors (Aucfan and the dissolving company): February 25, 2015

Resolution at the Extraordinary General Meeting of Shareholders (dissolving company): March 27, 2015

\* Aucfan's schedule assumes a short form merger process.

Effective date of merger (merger date): April 1, 2015

#### (2) Merger method

Absorption-type merger with Aucfan as the surviving company and Grand Design & Company as the dissolving company.

Because the merger falls under the category of a short form merger, no general meeting of shareholders will be held at Aucfan concerning the merger agreement.

#### (3) Share allocation

Since the Company is merging with its wholly owned subsidiary, there will be no issuance of new shares, no increase in capital, or cash payment upon merger.

#### (4) Treatment of equity warrants and bonds with equity warrants of dissolving company

N/A

### 2. Overview of the merging companies

(1) Company name	Aucfan Co., Ltd. (surviving company in the absorption-type merger)	Grand Design & Company Co., Ltd. (dissolving company in the absorption-type merger)
(2) Main lines of business	Internet media	Digital marketing Omni-Channel platform
(3) Address	1-14-6 Dogenzaka, Shibuya-ku, Tokyo	Sumitomo Fudosan Shibuya Humax Building 6F, 1-14-6 Dogenzaka , Shibuya-ku, Tokyo
(4) Representative	Shuichi Takenaga President and Representative Director	Kazuya Ogawa CEO
(5) Capital	¥655 million As of September 30, 2014	¥134 million As of June 30, 2014
(6) Number of shares issued	9,752,500 shares	4,293 shares
(7) Net assets	¥1,917 million As of September 30, 2014	¥(69 million) As of June 30, 2014
(8) Total assets	¥2,129 million As of September 30, 2014	¥138 million As of June 30, 2014
(9) Fiscal year closing date	September 30	June 30
(10) Number of employees	52 As of September 30, 2014	7 As of June 30, 2014
(11) Principal shareholders and shareholding ratio	Shuichi Takenaga: 45.51% SBI Securities Co., Ltd.: 1.19% Kotaro Ishihashi: 1.10% The Master Trust Bank of Japan, Ltd. (trust	Aucfan Co., Ltd.: 100%

	account): 1.05% Bank of New York GCM Client Accounts MNOM: 0.87% Daiwa Securities Co., Ltd.: 0.64% Norihiro Kuroda: 0.55% Kenichiro Waide: 0.51% Arinobu Iikawa: 0.48% Nomura Trust and Banking Co., Ltd. (trust account): 0.46%	
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### 3. Earnings results and financial position of the merging companies for the most recent three year period

	Aucfan Co., Ltd. (surviving company in the absorption-type merger)		
Fiscal year	FY2012	FY2013	FY2014
Net assets	¥470 million	¥1,461 million	¥1,917 million
Total assets	¥640 million	¥1,615 million	¥2,129 million
Net assets per share	¥68.34	¥159.23	¥196.84
Net sales	¥619 million	¥751 million	¥1,006 million
Operating income	¥201 million	¥306 million	¥406 million
Ordinary income	¥201 million	¥301 million	¥412 million
Net income	¥101 million	¥212 million	¥250 million
Net income per share	¥15.13	¥26.77	¥25.94

	Grand Design & Company Co., Ltd. (dissolving company in the absorption-type merger)		
Fiscal year	FY2012	FY2013	FY2014
Net assets	¥0	¥0	¥(69 million)
Total assets	¥174 million	¥133 million	¥138 million
Net assets per share	¥39.58	¥108.38	¥(16,096.69)
Net sales	¥290 million	¥334 million	¥135 million
Operating income	¥(87 million)	¥(3 million)	¥(69 million)
Ordinary income	¥(89 million)	¥0	¥(71 million)
Net income	¥(64 million)	¥0	¥(99 million)
Net income per share	¥(16,854.37)	¥68.80	¥(23,682.09)

### 4. Status upon merger

No changes will be made to the company name, location of head office, representative's name and title, line of business, capital, or fiscal year-end as a result of the merger.

Grand Design Co., Ltd., established on November 18, 2014 through a company split of the dissolving company, will continue to operate the Omni-Channel Platform Business as a consolidated subsidiary of Aucfan Co., Ltd.

### III. Outlook

This merger will have no material impact on Aucfan's earnings because it is an organizational restructuring within the

Aucfan group and has been factored into the earnings forecast for the fiscal year ending September 30, 2015, announced on November 13, 2014.

(Reference) Earnings forecast for the fiscal year ending September 2015 (announced on November 13, 2014) and results for the fiscal year ended September 2014

	Net sales	Operating income	Ordinary income	Net income
Earnings forecast (consolidated) for fiscal year ending September 2015	¥1,500 million	¥170 million	¥171 million	¥100 million
Previous fiscal year's earnings (nonconsolidated), the fiscal year ended September 2014	¥1,006 million	¥406 million	¥412 million	¥250 million