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December 1, 2017

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Representative Hiroshi Hayakawa, Chairman and CEO
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Notice Regarding a Capital and Business Alliance with Ray Corporation by TV Asahi Corporation and Change in Status of an Equity Method Affiliate

TV Asahi Corporation (“TV Asahi”), a consolidated subsidiary of TV Asahi Holdings Corporation (the “Company”), resolved at a meeting of the Board of Directors held today to enter into a capital and business alliance agreement with Ray Corporation (“Ray”) and make it an equity method affiliate. This purchase is an act of buying up pursuant to the provisions of Article 167 of the Financial Instruments and Exchange Act and Article 31 of the Order for Enforcement of the Financial Instruments and Exchange Act.

1. Reason for the capital and business alliance

The TV Asahi Group has been implementing the TV Asahi 360° management plan since FY2017 to enable the Group to survive in any media environment. The Group has reconfirmed that content is the source of the Group’s value, has set a strategic investment budget of 30.0 billion yen, and is giving extensive consideration to investees, investment vehicles, and other matters.

In these circumstances, TV Asahi and Ray have engaged in discussions about the possibility of collaborative ventures utilizing their management resources and expertise. As a result of careful consideration and negotiations, the companies reached the conclusion that TV Asahi’s extensive content creation network and Ray’s business development expertise align and tremendous synergy will be created, and that this will lead to enhancement of the corporate value of both companies.

Also, as a result of factors including shared recognition that it is necessary to strengthen and deepen the partnership between the two companies to ensure the outcome of the business alliance, the companies have agreed to enter into a capital alliance in addition to the business alliance.

2. Details of the capital and business alliance

(1) Details of the business alliance

Under the capital and business alliance agreement, TV Asahi and Ray plan to undertake collaboration in multifaceted business development utilizing content and comprehensive collaboration in areas including video technology, such as video production and video editing, and cross-media marketing utilizing events and promotions. The two companies plan to proceed with further discussion about the alliance method and details.

(2) Details of the capital alliance

Under the capital and business alliance agreement, TV Asahi plans to acquire 1,434,900 shares (voting rights ownership ratio: 10.01%) through a disposition of treasury stock by third-party allotment to be conducted by Ray with TV Asahi as transferee, 715,500 shares (voting rights ownership ratio: 4.99%) held by HW Project Co., Ltd. (“HWP”), a main shareholder of Ray, and 715,400 shares (voting rights ownership ratio: 4.99%) held by Shiro Wakebe, president and representative director of Ray. In this way, Ray plans to become an equity method affiliate of the Company.

(1) Number of shares held before the change	0 shares (Number of voting rights: 0) (Voting rights ownership ratio: 0%)
(2) Number of shares to be acquired	2,865,800 shares (Number of voting rights: 28,658)
(3) Acquisition price	Ray Corporation common stock 982million yen
(4) Number of shares to be held after the change	2,865,800 shares (Number of voting rights: 28,658) (Voting rights ownership ratio: 20.00%)

3. Outline of the counterparty to the capital and business alliance (the equity method affiliate to undergo change in status)

(1) Company name	Ray Corporation
(2) Address	6-15-21, Roppongi, Minato-ku, Tokyo
(3) Representative	Shiro Wakebe, President and Representative Director
(4) Business	Advertising- and video-related planning and production
(5) Capital	471 million yen
(6) Establishment date	June 1981

(7)	Main shareholders and shareholding ratios	HW Project Co., Ltd.		12.06%
		SW Project Co., Ltd.		12.06%
		Shiro Wakebe		8.36%
		Hideo Wakebe		7.66%
		Ray Employee Stockholding Association		4.11%
(8)	Relationships between the Company and Ray Corporation	Capital relationship	Not applicable	
		Personnel relationships	Not applicable	
		Business relationships	Ray Corporation and the Company's subsidiary TV Asahi Service Co., Ltd. mutually engage in video equipment rental transactions.	
		Status as a related party	Not applicable	
(9)	Ray Corporation's consolidated operating results and consolidated financial position for the most recent three years			
	Fiscal year ended:	February 28, 2015	February 29, 2016	February 28, 2017
	Net assets	3,426 million yen	3,565 million yen	3,728 million yen
	Total assets	8,789 million yen	8,440 million yen	8,479 million yen
	Net assets per share	266.39 yen	276.41 yen	289.01 yen
	Net sales	11,471 million yen	11,456 million yen	11,314 million yen
	Operating income	501 million yen	468 million yen	363 million yen
	Ordinary income	449 million yen	463 million yen	353 million yen
	Profit attributable to owners of the parent	304 million yen	356 million yen	217 million yen
	Earnings per share	23.84 yen	27.67 yen	16.89 yen
	Dividend per share	5 yen	6 yen	6 yen

4. Future schedule

(1)	Board of Directors resolution date	December 1, 2017
(2)	Capital and business alliance agreement conclusion date	December 1, 2017
(3)	Share transfer agreement conclusion date	December 1, 2017
(4)	Share subscription agreement conclusion date	December 18, 2017 (Planned)
(5)	Investment date and share transfer date	December 19, 2017 (Planned)

5. Future outlook

The capital and business alliance and change in status will have a minor impact on consolidated earnings.

(Reference) Consolidated earnings forecast (announced November 6, 2017) and actual results in previous term

	Net sales	Operating income	Ordinary income	Profit attributable to owners of the parent
	¥ million	¥ million	¥ million	¥ million
Forecast for Fiscal Year Ending March 31, 2018	299,000	17,500	19,500	13,500
Results for Fiscal Year Ended March 31, 2017	295,879	17,278	21,947	15,949