



December 11, 2017

Press Release

Company name: Rikei Corporation
 Name of representative: President & CEO: Satoru Isaka
 (Code number: 8226, Second Section of TSE)
 Contact: Shoji Hasegawa, Director and Accounting Manager
 (TEL: +81-3-3345-2153)

Notice of Acquisition of Shares of NetWell System Corporation (to Make it a Subsidiary)

Rikei Corporation hereby announces that it decided, at the meeting of the board of directors held on December 11, 2017, to acquire all the shares of NetWell System Corporation (hereinafter “NWS”) and make NWS its consolidated subsidiary, as follows.

1. Reasons for acquisition of shares

The Rikei Corporation Group aims to become the sole solution vendor in the IT and electronics field that provides edgy products based on cutting-edge technologies in this digital network age to the market. We have commemorated the 60th anniversary of its foundation with the core business of system solutions, network solutions, electronic components and equipment this year. Under the medium-term management plan for the fiscal year ended March 31, 2017 to the fiscal year ending March 31, 2019 that was announced in May 2016, Rikei Corporation intends to focus on reinforcing its current three businesses and link these businesses, thereby securing stable earnings and expanding the business base through active investments and the acquisition of companies, among other means.

Meanwhile, NWS was established as a subsidiary of NetWell Corporation in 2008. The Company provides “MarkOne” services for the development, maintenance and operation of the package software for electronic mail distribution mainly for private enterprises through its parent company, NetWell Corporation (hereinafter the “net system business”).

Rikei Corporation provides electronic mail distribution solutions for the private sector and local municipalities in the system solution business and the network solution business. In recent years, Rikei Corporation has also collaborated with NetWell Corporation in the provision of the system for information on disaster prevention for the local municipalities, among others. Rikei Corporation judged that the inclusion of NWS, which acquired the net system business, into its group companies will lead to the strengthening and expansion of the business foundation of the Rikei Corporation Group and the enhancement of the overall corporate value, and decided to make NWS a subsidiary by acquiring its shares.

2. Method of acquisition of shares and transfer of business

Rikei Corporation will acquire the shares of NWS after NWS acquires the net system business from NetWell Corporation to acquire the net system business as a single business.

3. Outline of subsidiary to be transferred (NetWell System Corporation)

(1) Name	NetWell System Corporation		
(2) Address	1-26-1, Shinjuku, Shinjuku-ku, Tokyo		
(3) Title and name of representative	President & CEO Akimi Tomita		
(4) Business description	System development		
(5) Stated capital	10,000 thousand yen		
(6) Date of foundation	September 17, 2008		
(7) Major shareholders and shareholding ratio	NetWell Corporation 100%		
(8) Relations between this company and the listed companies	Capital relations	Not applicable	
	Human relations	Not applicable	
	Business relations	Not applicable	
(9) Consolidated operating results and consolidated financial position for the last			
Fiscal term	Fiscal year ended	Fiscal year ended	Fiscal year ended
Net assets	-39 million yen	-43 million yen	-16 million yen
Total assets	29 million yen	26 million yen	1 million yen

Net assets per share	-196.42 yen	-218.01 yen	-83.34 yen
Net sales	50 million yen	35 million yen	52 million yen
Operating income	-16 million yen	-4 million yen	27 million yen
Ordinary income	-16 million yen	-4 million yen	27 million yen
Net income	-16 million yen	-4 million yen	26 million yen
Net income per share	-84.25 yen	-21.59 yen	134.67 yen
Dividend per share	- yen	- yen	- yen

(Notes) 1. After NWS acquires the net system business from its parent company, NetWell Corporation, Rikei Corporation will acquire the shares of NWS.

2. The acquisition price for the net system business that NWS will acquire from its parent company, NetWell Corporation, will be paid by Rikei Corporation.

Summary of the business transfer

(1) Operating results of the department to be acquired

	Fiscal year ended March 31,
Net sales	79 million yen
Ordinary income	15 million yen

(2) Items and amounts of assets and liabilities of the department to be acquired (as of March 31, 2017)

Assets		Liabilities	
Item	Book value	Item	Book value
Accounts receivable	11 million yen	Accounts payable	7 million yen
Advance payments	0 million yen	Advances received	4 million yen
Total	12 million yen	Total	11 million yen

With respect to this business transfer, only advance payments and advances received are relevant.

4. Outline of the entity from which the shares are acquired

(1)	Name	NetWell Corporation	
(2)	Address	1-26-1, Shinjuku, Shinjuku-ku, Tokyo	
(3)	Title and name of representative	President & CEO, Itaru Enomoto	
(4)	Business description	Development and distribution of and provision of services for systems and import and sales of foreign products	
(5)	Stated capital	33,250 thousand yen	
(6)	Date of foundation	June 2, 2000	
(7)	Net assets	27,570 thousand yen	
(8)	Total assets	216,697 thousand yen	
(9)	Major shareholders and shareholding ratio	Itaru Enomoto: 82.7%	
(10)	Relations between this company and the listed companies	Capital relations	Not applicable
		Human relations	Not applicable
		Business relations	Rikei Corporation sells the usage fees for the test environment service to this company. In addition, Rikei Corporation purchases the annual business license from this company.
		State of applicability of related parties	Not applicable

5. Number of shares to be acquired, acquisition price and state of shareholding before and after acquisition

(1) Number of shares held before transfer	0 shares (Number of voting rights: 0 units) (Ratio of voting rights held: 0%)	
(2) Number of shares to be acquired	200 shares (Number of voting rights: 200 units)	
(3) Acquisition price	Price for acquisition of shares and business	60,000 thousand yen
	Advisory costs, etc.	2,000 thousand yen
	Total	62,000 thousand yen
(4) Number of shares held after transfer	200 shares (Number of voting rights: 200 units) (Ratio of voting rights held: 100%)	

6. Schedule

(1) Date of resolution of board of directors	December 11, 2017
(2) Date of execution of agreement	December 11, 2017
(3) Date of execution of share transfer	December 26, 2017 (scheduled)

7. Future outlook

NWS will become a consolidated subsidiary of Rikei Corporation with an insignificant impact on the consolidated business results for the current term.

End.