



November 9, 2015

Press Release

Company Name: WirelessGate, Inc.  
(Code 9419: Mothers)  
Location: 5FTennozu Yusen Bldg., 2-2-20,  
Higashi Shinagawa, Shinagawa-ku, Tokyo  
Representative: Takehiro Ikeda,  
Founder and CEO  
Inquiries: Naoki Sunaga,  
CISO and Member of the Board  
Corporate Officer  
Head of Investor Relations Department  
Phone: 03-6433-2045

## **Notice Regarding a Resolution on the Conclusion of a Shareholders' Agreement Related to Fon Japan Co., Ltd.**

WirelessGate, Inc. (hereinafter the "Company") concluded a Memorandum of Understanding (hereinafter "MOU") with Fon Wireless Limited (Location: London, Britain; hereinafter "FON Ltd.") regarding the acquisition of shares in Fon Japan Co., Ltd. (Head Office: Minato-ku, Tokyo; Representative Director and CEO: Hiroshi Kaneda; hereinafter "Fon Japan") and a business tie-up with Fon Japan effective as of October 15, 2015, as stated in the Notice Regarding a Resolution on the Conclusion of an MOU for Stock Acquisition of and Business Tie-Up with Fon Japan Co., Ltd. that was released on October 15, 2015. Following this action, the Company concluded a share transfer agreement with FON Ltd. regarding the acquisition of shares in Fon Japan held by FON Ltd. effective as of October 30, 2015, as stated in the Notice Regarding a Resolution on the Conclusion of an Agreement for Stock Acquisition of Fon Japan Co., Ltd. and Fund Borrowings released on October 30, 2015.

In the period that followed, the Board of Directors of the Company examined the details of the share acquisition from FON Ltd. based on the MOU. The Board of Directors resolved to conclude a shareholders' agreement with Fon Japan and other shareholders (hereinafter the "shareholders' agreement") at a Board meeting held today. Details are as follows:

The parties concerned are scheduled to conclude the shareholders' agreement by the end of November 9, 2015 local time in London, where FON Ltd. is located. The parties also plan to continue their discussions on a business tie-up agreement.

### **1. Purpose of the share acquisition and business tie-up**

The Company has worked to extend wireless broadband services since its establishment as a Wi-Fi service aggregator in 2004. Over time, the Company has expanded its services other than Wi-Fi services

as a comprehensive mobile network business operator that integrates multiple wireless communication platforms, such as WiMAX and LTE (SIM Card) services. The Company predicts that the market for SIM Card services will continue its expansion, in particular based on market conditions in recent years. The Company believes that the introduction of competitive services to this market is the key to expanding its businesses in the future. Founded as a Wi-Fi service aggregator, the Company has offered Wi-Fi services to customers as added value not available from other companies. Through the latest move, the Company plans to add FON Ltd.'s global Wi-Fi platform to its business infrastructure and advance the development and provision of new, global services jointly with FON Ltd. as a comprehensive mobile network business operator with enhanced appeal. That is the purpose of this capital and business tie-up.

## 2. Details of the share acquisition and business tie-up, etc.

### (1) Details of the business tie-up

FON Ltd. has formed capital tie-ups with leading companies around the world, such as Google, Microsoft, Deutsche Telekom and British Telecom. In addition, FON Ltd. has entered into business alliances with the largest communications carriers in various countries and regions around the world, such as Vodafone, Korea Telecom, Telstra and Oi Brasil. With these partners, FON Ltd. offers the world's largest Wi-Fi community on a global scale that covers more than 17 million Wi-Fi spots worldwide. (FON spots are predicted to surpass 50 million in 2018.)

In cooperation with FON Ltd., the Company will develop and offer a service that integrates its wireless broadband services with FON Ltd.'s vast global Wi-Fi service infrastructure. Differentiation through SIM Card services has been difficult up to this point. The Company will become able to offer a global service that no other company can match at a low cost and an unlimited speed, using the LTE band efficiently with the global Wi-Fi network as the base. The service will enable subscribers to use their smartphones at more than 17 million Wi-Fi spots in more than 200 countries around the globe that will become progressively accessible. It will free them from the need to rent a Wi-Fi router before traveling abroad. Furthermore, the Company plans with Fon Japan to introduce more than 200,000 public FON spots to tourist destinations and other locations in Japan and develop a new business with the partner with a focus on visitors to Japan to meet their demand for travel within Japan.

### (2) Details of the share acquisition

The Company will acquire a portion of the common shares of Fon Japan held by FON Ltd. (amounting to 30% of Fon Japan's outstanding shares) from FON Ltd. by means of purchase for the sum of 12 million euros.

Following their acquisition, the Company will convert Fon Japan into its equity-method affiliate.

### (3) Dispatch of a Director based on the shareholders' agreement

The Company expects to gain the contractual right to dispatch one Director to Fon Japan based on the shareholders' agreement that is scheduled for conclusion. In parallel with the acquisition of a portion of Fon Japan's common shares by the Company, Culture Convenience Club Co., Ltd. (hereinafter "CCC") and the representative director of Fon Japan are advancing their acquisition of a

portion of Fon Japan's common shares as well. Reflecting this parallel development, there will be five parties to the shareholders' agreement scheduled for conclusion, namely Fon Japan, FON Ltd., CCC, the representative director of Fon Japan and the Company.

### 3. Overview of the business alliance partner

(1) Name	Fon Japan Co., Ltd.	
(2) Location	13th Floor, Holland Hills Mori Tower RoP, 5-11-1 Toranomom, Minato-ku, Tokyo	
(3) Title and name of representative	Hiroshi Kaneda, Representative Director and CEO	
(4) Business details	<ul style="list-style-type: none"> <li>• Import and sales of products for wireless communication systems and maintenance and management of wireless communication systems and equipment</li> <li>• Research on and development of wireless communication systems and equipment</li> <li>• All businesses incidental to the operations stated above</li> </ul>	
(5) Capital	400,000 yen	
(6) Date of establishment	August 10, 2006	
(7) Major shareholders and their shareholding ratios (Note 2)	Fon Wireless Limited	100.0%
(8) Relationships between publicly traded companies and the company concerned	Capital relationship	Not applicable
	Personnel relationship	Not applicable
	Business relationship	Purchasing wireless communication equipment and receiving services related to wireless communications
	Applicability to related parties	Not applicable

(Note) 1. Financial information is not stated here because Fon Japan is a privately owned company.

2. After the share acquisition by the Company, FON Ltd. and the Company will own the common shares of Fon Japan at the ratios of 70% and 30%, respectively. In addition, as stated in section 2 (3) above, FON Ltd., the Company, CCC and the representative director of Fon Japan will own the common shares of Fon Japan at the ratios of 51%, 30%, 15% and 4%, respectively after their partial acquisition by CCC and Fon Japan's representative director.

### 4. Overview of the party from which shares will be acquired

(1) Name	Fon Wireless Limited
(2) Location	London, Britain

(3) Relationships between publicly traded companies and the company concerned	No relationship that should be stated exists.
-------------------------------------------------------------------------------	-----------------------------------------------

#### 5. Schedule

(1) Resolution by the Board of Directors	October 30, 2015
(2) Share transfer agreement conclusion date	October 30, 2015
(3) Shareholders' agreement conclusion date	November 9, 2015 (scheduled)
(4) Business tie-up agreement conclusion date	TBA
(5) Share transfer execution date	November 9, 2015 (scheduled)

#### 6. Outlook for the future

The share acquisition detailed in this press release will have no material effect on the Company's consolidated financial results for the fiscal year ending December 31, 2015. Its effect on the Company's future performance will be incorporated into the consolidated financial forecasts for the next and subsequent fiscal years.

(Reference) Consolidated financial forecasts for the fiscal year ending December 31, 2015 (announced on October 15, 2015) and consolidated financial results for the previous fiscal year

	Consolidated sales	Consolidated operating income	Consolidated ordinary income	Consolidated net income
Consolidated financial forecasts for FY ending Dec. 31, 2015	11,259 million yen	961 million yen	956 million yen	607 million yen
Consolidated financial results for FY ended Dec. 31, 2014	9,105 million yen	794 million yen	789 million yen	499 million yen