



26 July, 2016

(Translation)

Company Name	EPS Holdings, Inc.
Representative	Yan Hao, Chairman &CEO
Stock Code	4282, TSE First Section
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Announcement of Reorganization of Group Companies in the SMO Business Segment

EPS Holdings, Inc. (hereinafter referred to as “the Company”) resolved at the meeting of its Board of Directors today to conduct a reorganization of group companies in the SMO business segment accompanied by the merger of consolidated subsidiaries as follows;

1. Objective of the Reorganization

By the means of share exchange at January 1, 2016, Sogo Rinsho Holdings Co., Ltd. (hereinafter referred to as "Sogo Rinsho HD") became the wholly owned subsidiary of the Company.

As a result, the Company occupied largest share in the SMO market in Japan. This time, in order to realize further growth as a leading company in the market, and also to build a management structure to maximize the corporate value, the Company conducted a reorganization in SMO business segment.

Specifically, EP-Mint Co., Ltd. and Sogo Rinsho Science Co., Ltd., both are operating companies of the SMO Business Segment, were merged and EP-Sogo Co., Ltd. (hereinafter, referred to as the "EP-Sogo") newly started from May 1, 2016, as the largest company in the SMO market.

Originally, we planned to build a management structure under Sogo Rinsho HD, intermediate holding company, in the SMO business segment.

However, we decided to construct a more integrated structure due to following reasons;

- Further reorganization and restructuring is expected in the market.
- More rapid decision-making is required.

2. Overview of the Reorganization

EP-Sogo (wholly owned subsidiary of Sogo Rinsho HD) and Sogo Rinsho HD will be integrated by absorption-type merger, and EP-Sogo become the surviving company

The overview of merger and reorganization are as follows;

3. Outline of the Merger

(1) Date of the merger (effective date)

October 1, 2016 (Scheduled)

(2) Method of the merger

EP-Sogo is company surviving absorption-type merger and Sogo Rinsho HD is company absorbed in absorption-type merger.

(3) Allocation resulting from the merger

On the occasion of this merger, EP-Sogo will allocate the Company of all the treasury shares, acquired by this merger, in compensation of Sogo Rinsho HD shares held by the Company.

4. Outline of the Merging Companies

	Surviving company		
①Registered trade name	EP-Sogo Co., Ltd.		
②Location of Head Office	1-8, Tsukudocho, Shinjuku-ku, Tokyo		
③Title and name of Representative	Representative Director Shinro Tashiro		
④Business description	SMO business		
⑤Capital	478 million Yen		
⑥Date established	December 24, 1999		
⑦Fiscal year end	September 30		
⑧Employees	1,431 (July 1, 2016)		
⑨Principal shareholder, and percentages of shares held	Sogo Rinsho HD 100%		
⑩Relationship between the listed company and the company	Capital ties	Sogo Rinsho HD (the wholly owned subsidiary of the Company) owns 100% of the outstanding shares	
	Human relations	Shinro Tashiro serves as the representative director of EPS Holdings, and the representative director of EP-Sogo. Haruo Nishino serves as the director of EPS Holdings, and the director of EP-Sogo	
	Business relationship	The Company provides management assistance to EP-Sogo. The Company borrows money from EP-Sogo.	
⑪Operating and financial results for the last three years			
Fiscal year end	2013/9	2014/9	2015/9
Net Assets (※1)	3,547	3,932	4,111
Total Assets (※1)	4,648	5,420	5,467
Net asset worth per share (※1)	922.84	1,023.20	1069.76
Net Sales (※1)	5,703	6,288	6,486

Operating Income	(※1)	400	901	599
Ordinary income	(※1)	407	910	612
Net Income	(※1)	239	491	361
Net Income per Share	(※2)	62.30	127.87	94.06
Dividends per share	(※2)	55.00	35.00	47.00

(※1 : million JPY)(※2 : JPY)

	Company to be merged
① Registered trade name	Sogo Rinsho Holdings Co., Ltd.
② Location of Head Office	2-4-1, Nishi-Shinzyuku, Shinzyuku-ku, Tokyo
③ Title and name of Representative	Representative Director Shinro Tashiro
④ Business description	Strategic formulation for Group companies operating SMO Businesses; control and management of Group companies
⑤ Capital	80 million JPY
⑥ Date established	December 20 , 1989
⑦ Fiscal year end	September 30
⑧ Employees	30 (July 1, 2016)
⑨ Principal shareholder and percentage of shares held	The Company 100%

5. Post-merger status (Plan)

By this merger, there will be no change of the trade name, the head office location, a title and the name of representative director, business line and an accounting period of EP-Sogo (surviving company).

Separately from this matter, it will be capital reduction for 100 million JPY. (Executed effective on August 31, 2016)

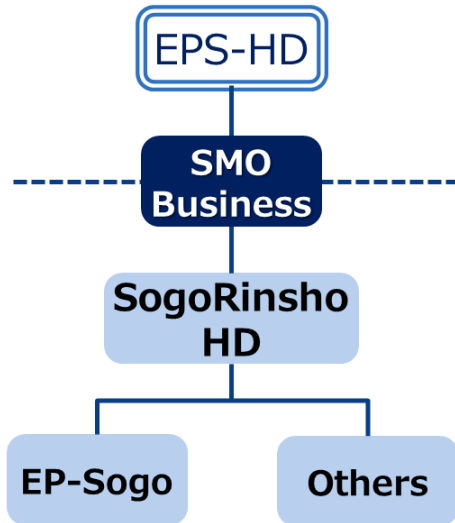
6. Future Outlook

There will be no impact on the Company's consolidated financial results since the merger is a merger between the wholly owned subsidiaries of the Company.

以上

[Reference]

As of May 1, 2016



Organizational Restructuring
(As of October 1, 2016)

