

December 28, 2021

Company name: ES-CON Japan Ltd.
 Representative: Takatoshi Ito, President &
 Representative Director
 (TSE 1st Section, code: 8892)
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Notice on Acquisition of (Shares of) FUEL Inc.

ES-CON Japan Ltd. (ES-CON Japan) announces that a decision was made at the board of directors meeting held today to acquire the shares of FUEL Inc. (“FUEL” hereinafter), whose businesses include managing online investment funds to create opportunities to invest in real estate (or businesses related to real estate) and providing computer systems to crowdfunding businesses in accordance with the Act on Specified Joint Real Estate Ventures of Japan. The acquisition makes FUEL a subsidiary. The specifics are as follows.

1. Reasons for Acquiring Shares

ES-CON Japan chose to acquire 100% of FUEL’s shares with the aim of strengthening and expanding the ES-CON Japan Group’s asset management business.

FUEL manages online investment funds to create opportunities for individual investors to make small investments in real estate or real estate businesses via a simple Internet-based method. It also provides computer systems to crowdfunding businesses in accordance with the Act on Specified Joint Real Estate Ventures of Japan.

By making FUEL a subsidiary, we plan both to strengthen the quality and volume of our existing businesses and to broaden their domains in various aspects, including the Group’s human resources, functions, and structures. Making FUEL a subsidiary will also help swiftly develop the structures needed to begin tackling new businesses related to the digital transformation (DX) of real estate (e.g., use of security tokens and crowdfunding*) five to ten years into the future.

Goals set in the current fourth medium-term management plan, “IDEAL to REAL 2023” (for the three-year period from the fiscal year ending December 2021 to the fiscal year ending December 2023) include implementing management strategies such as business diversification and taking on the challenges of new business domains under the policy title “Transformation and Rapid Progress,” as well as carrying out business as a company needed by society. The acquisition of this subsidiary will contribute to the continuing evolution and growth of our group.

*: Security tokens: Tokens used to manage investments via issuing digital securities based on blockchain technology.

Crowdfunding: Crowdfunding businesses

2. Details of Transitioning Subsidiaries

| | |
|---|---|
| ① Trade name | FUEL Inc. |
| ② Address | 2F, AD-O Shibuya Dogenzaka, 1-22-9 Dogenzaka, Shibuya-ku, Tokyo |
| ③ Title/name of representative | Souki Hosozawa, Representative Director Yuichi Tokumo, Representative Director |
| ④ Business | Management of FUEL online investment funds, providing computer systems to crowdfunding businesses in accordance with the Act on Specified Joint Real Estate Ventures of Japan, etc. |
| ⑤ Capital | 148 million yen |
| ⑥ Date of establishment | July 16, 1999 |
| ⑦ Major shareholders and shareholding ratio | Souki Hosozawa: 100% |

| | | | |
|--|------------------------|---|---------------|
| ⑧ Relationship between ES-CON Japan and said company | Capital relationship | Not applicable | |
| | Personnel relationship | Company Operating Officer Wataru Orii is an outside director of FUEL. | |
| | Business relationship | Not applicable | |
| ⑨ Business results of company over last three years (Unit: Thousand yen) | | | |
| Fiscal year end | December 2018 | December 2019 | December 2020 |
| Net sales | 34,268 | 5,113 | 8,854 |
| Operating income | (1,943) | (55,146) | (108,101) |
| Ordinary income | 344 | (54,549) | (108,095) |
| Net profit | 91 | (57,292) | (110,186) |
| Net assets | 30,264 | 125,472 | 229,127 |
| Total assets | 83,051 | 135,386 | 321,611 |

3. Details of Share Acquisition Counterparty

| | |
|---|--------------------|
| ① Trade name | Souki Hosozawa |
| ② Address | Setagaya-ku, Tokyo |
| ③ Relationship between listed company and said individual | Not applicable |

4. Number of shares acquired and share ownership before/after acquisition

| | |
|--|---|
| ① Number of shares owned before transition | 0 shares (shareholding ratio: 0%) |
| ② Number of shares acquired | 1,644 shares |
| ③ Number of shares owned after transition | 1,644 shares (shareholding ratio: 100%) |

*The acquisition price is not indicated based on the will of the counterparty. However, it is equal to or less than 15% of ES-CON Japan's consolidated net assets at the end of the previous consolidated fiscal year.

The acquisition price of these shares is a fair value determined by the discounted cash flow method and book value of net assets, as well as comprehensive consideration of future business plans and synergies with ES-CON Japan.

5. Schedule

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|--------------------------|----------------------------|
| ① Date of execution | December 28, 2021 |
| ② Date of share transfer | January 21, 2022 (planned) |

6. Future outlook

The impact of this share acquisition on ES-CON Japan's consolidated results for the current fiscal period is negligible.