

February 28, 2023

Company name: ES-CON JAPAN Ltd.  
Representative: Takatoshi Ito, President &  
Representative Director  
(TSE Prime Market, code: 8892)  
Inquiries: Kenji Fujita, Head of  
Management Division  
Tel: +81-3-6230-9308

## **Notice on Acquisition of Shares (Conversion Into Subsidiary) of Shijo Omiya Building Co., Ltd.**

ES-CON JAPAN Ltd. (ES-CON JAPAN) announces the decision made at its board of directors' meeting held today to acquire all the shares of Shijo Omiya Building Co., Ltd. (Shijo Omiya Building), which is involved in the real estate leasing and other businesses, making it a subsidiary of ES-CON JAPAN as follows.

### **1. Reasons for Acquiring Shares**

ES-CON JAPAN chose to acquire all the shares of Shijo Omiya Building, which is active in real estate leasing primarily in Kyoto City, after Shijo Omiya Building implemented the procedures required to establish a new company through an incorporation-type corporate split. The goal is to secure a stable revenue stream from rental properties.

Shijo Omiya Building is active in real estate leasing, primarily in Kyoto City. It owns numerous prime revenue-generating properties, including rental condominiums and commercial facilities.

ES-CON JAPAN is currently promoting business under the basic policy of Transformation and Rapid Progress based on its fourth medium-term management plan, "IDEAL to REAL 2023" (covering the three-year period from FY2021 to FY2023), aiming for a more sustainable and stable revenue structure by shifting from one based on flows to one based on stock.

ES-CON JAPAN made Picasso Co., Ltd. and its group companies, which are active in real estate leasing primarily in the Kansai region and own a number of prime revenue-generating assets, its subsidiaries in October 2021, and it is steadily promoting a shift to a stable revenue structure. The conversion of Shijo Omiya Building into a subsidiary is believed to further promote the transformation of the revenue structure and contribute to the sustainable growth and enhancement of corporate value of the ES-CON JAPAN group.

## 2. Details of Transitioning Subsidiary

①	Trade name	Shijo Omiya Building Co., Ltd.		
②	Address	462 Nishiiruhakusuimaruchō, Matsuyamachi, Nakadachiuri Dori, Kamigyo-ku, Kyoto		
③	Title/name of representative	Representative Director Nobuyoshi Niwa		
④	Business	Real estate leasing		
⑤	Capital	6.1 million yen		
⑥	Date of establishment	May 18, 2010		
⑦	Major shareholders and shareholding ratio	Individual (undisclosed): 100%		
⑧	Relationship between ES-CON JAPAN and listed company	Capital relationship	Not applicable	
		Personnel relationship	Not applicable	
		Business relationship	Not applicable	
⑨	Business results of the company over the last three years (Unit: Million yen)			
	Fiscal year end	May 2020	May 2021	May 2022
	Net sales	3,059	3,067	3,164
	Operating income	1,669	1,929	1,912
	Ordinary income	1,657	1,939	1,965
	Net profit	855	1,148	1,409
	Net assets	10,898	12,047	13,456
	Total assets	18,938	20,283	21,890

⑦ In accordance with the Act on the Protection of Personal Information, based on their stated wishes to remain anonymous, no major shareholder is named.

⑨ These are the figures prior to the corporate split. Following the split, Shijo Omiya Building is expected to record net sales of approximately 3,000 million yen, operating income of approximately 1,800 million yen, and total assets of approximately 10,500 million yen for the fiscal year ended May 31, 2022.

## 3. Details of Share Acquisition Counterparty

①	Name	Undisclosed
②	Address	Undisclosed
③	Relationship between listed company and said individual	Not applicable

①② The name and address of the share acquisition counterparty remain undisclosed in accordance with the Act on the Protection of Personal Information. The individual has expressed their wish to have their name and address remain undisclosed.

## 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	122 shares
③	Number of shares owned after transition	122 shares (shareholding ratio: 100%)

## 5. Acquisition Price (Estimated)

Acquisition price of stock:	30,000 million yen
Estimated expenses:	71 million yen
Total acquisition price:	30,071 million yen

The acquisition price of the stock is an estimate as of the date of this notice. The actual price will be finalized by the date of the execution of the stock transfer. Any changes will be announced separately following finalization of the price.

The acquisition price of the stock is based on current mark to market net assessments of the real estate holdings in question. A fair stock acquisition price was determined through financial due diligence, which indicated the net assets are free of major concerns, as well as mark to market assessments of the condition of these properties through real estate due diligence and engineering reports on major properties obtained from external appraisal agencies.

\*The acquisition price of this acquisition is equal to 15% or more of ES-CON JAPAN's consolidated net assets of 64,144 million yen or non-consolidated net assets of 66,135 million yen in the most recent period (the fiscal year ended December 2022). Thus, the acquisition price meets Tokyo Stock Exchange disclosure standards.

## 6. Schedule

①	Date of contract execution	February 28, 2023
②	Date of share transfer	July 31, 2023 (planned)

## 7. Future Outlook

The impact of this share acquisition on ES-CON JAPAN's consolidated results for the current fiscal period is under review. Any matters determined to require disclosure will be announced promptly.