

September 2, 2019

Notice of Acquisition of Shares of Icchou Inc.

At the Board of Directors meeting held on September 2, 2019, we have resolved to acquire all of the shares of Icchou Inc. (100.0% of the outstanding voting shares), which operates restaurants mainly in Northern Kanto region, and made it into a consolidated subsidiary. Details are as follows.

1. Reason for the acquisition of shares (making it into a subsidiary)

Icchou Inc. operates mainly 40 Japanese restaurants "Icchou", and 5 Yakiniku restaurants named "YOROZU-YA" as another brand.

The Japanese restaurant named "Icchou" features the atmosphere like a high-end Japanese restaurant. Customers can enjoy a wide variety of meals and excellent drinks. It has a wide variety of private rooms, both large and small, and are widely used by many local customers in a variety of situations, such as anniversary, client dinner and banquets.

The company's business model is to operate local-oriented restaurants. It has capability to respond to needs of various customers by offering a wide variety of dishes on the menu and individual rooms, and by its reasonable pricing, which enables customers to visit stores more frequently. In addition, cost reductions have been achieved through highly productive formats through central kitchens and in-house distribution, creating a virtuous cycle.

We decided to acquire all of the shares of Icchou Inc. and make it a consolidated subsidiary as we would like to bring the leading restaurant company in the Northern Kanto region to our group through our business succession scheme. The aim is to acquire a competitive and unique business model that they have cultivated over many years, and to leverage synergies within the group by incorporating the Group's comprehensive management know-how for central kitchens.

In addition, we believe that sharing the experience and know-how we have cultivated with each other as well as property development information and management techniques through collaboration among the various operating companies of the Group together will enable us to further improve our store management capabilities. We have decided to acquire the shares as we believe that the creation of intra-Group synergies will lead to further evolution of the Group Federation Management, which in turn will lead to an increase in corporate value.



2. Overview of the subsidiary to be acquired

(1) Name	Icchou Inc.		
(2) Location	319-3, Kiyohara-cho, Ota-shi, Gunma		
(3) Representative	Katsuyoshi Fujita, President		
(4) Business Content	Operation of restaurants and Japanese Izakaya chain		
(5) Capital	50 million yen		
(6) Establishment date	November 11, 2003		
(7) Number of stores	45 outlets (Japanese restaurant "Icchou": 40, Yakiniku restaurant "YOROZU-YA": 5)		
(8) Major shareholders and share holding ratio	Arihiro Fujita 42.7% K.K. Rise 37.5% Ruiko Fujita 5.4% Katsuyoshi Fujita 4.3% etc.		
(9) Relationship with the Company	Capital relationship	None applicable	
	Personal relationship	None applicable	
	Business relationship	None applicable	
(10) Recent operating results and financial position of the company (Million yen)			
	FY9/16	FY9/17	FY9/18
Net assets	2,066	2,487	2,997
Total assets	5,118	4,978	5,457
Net assets per share (yen)	894,697	1,072,224	1,292,160
Net sales	11,945	11,472	11,333
Operating profit	676	638	795
Ordinary profit	666	674	778
Net profit	406	408	510
Net profit per share (yen)	175,992	176,238	219,935
Dividend per share (yen)	-	-	-

3. Outline of the counterparty to the share acquisition

• Individual

(1) Name	Arihiro Fujita
(2) Location	Ota City, Gunma Prefecture
(3) Relationship with the Company	There are no capital, personal and business relationships between the Company and the individual concerned. Also, there are no noteworthy capital, personal and business relationships between our related parties and affiliated companies and the individual concerned, as well as between the individual concerned and affiliated companies.

(1) Name	Ruiko Fujita
(2) Location	Ota City, Gunma Prefecture
(3) Relationship with the Company	There are no capital, personal and business relationships between the Company and the individual concerned. Also, there are no noteworthy capital, personal and business relationships between our related parties and affiliated companies and the individual concerned, as well as between the individual concerned and affiliated companies.

(1) Name	Katsuyoshi Fujita
(2) Location	Ota City, Gunma Prefecture
(3) Relationship with the Company	There are no capital, personal and business relationships between the Company and the individual concerned. Also, there are no noteworthy capital, personal and business relationships between our related parties and affiliated companies and the individual concerned, as well as between the individual concerned and affiliated companies.

• Corporation

(1) Name	K.K. Rise	
(2) Location	319-3, Kiyohara-cho, Ota-shi, Gunma (As of September 2019)	
(3) Representative	Katsuyoshi Fujita, President	
(4) Business Content	Food sales	
(5) Capital	10 million yen	
(6) Establishment date	January 5, 1994	
(7) Net assets	1,843 million yen	
(8) Total assets	1,843 million yen	
(9) Major shareholders and share holding ratio	Arihiro Fujita 80.0% Katsuyoshi Fujita 10.0% Ruiko Fujita 10.0%	
(10) Relationship with the Company	Capital relationship	None applicable
	Personal relationship	None applicable
	Business relationship	None applicable
	Related party relationship	None applicable

Five other persons (names, etc. will not be disclosed due to the request of the other party. There are no capital, personal and business relationships between us and our counterparties. Also, there are no noteworthy capital, personal and

business relationships between our related parties and affiliated companies and the individual concerned, as well as between the individual concerned and affiliated companies.)

4. Number of shares to be acquired, acquisition price, and status of shares held before and after the acquisition

(1) Number of shares owned prior to the transaction	0 share (Number of voting rights: 0) (Percentage of voting rights ratio: 0.0%)	
(2) Number of shares to acquire	2,320 shares (Number of voting rights: 2,320 units) (Percentage of voting rights ratio: 100.0%)	
(3) Acquisition price	Common shares of Icchou Inc.	7,000 million yen
	Advisory expenses, etc. (approximate amount)	10 million yen
	Total (approximate amount)	7,010 million yen
(4) Number or shares owned after the transaction	2,320 shares (Number of voting rights: 2,320 units) (Percentage of voting rights ratio: 100.0%)	

5. Schedule

(1) Date of the share transfer agreement	September 2, 2019
(2) Date of acquisition of shares	October 1, 2019 (planned)

6. Future outlook

As a result of this matter, Icchou Inc. will become our consolidated subsidiary. We are currently in the process of examining the impact on consolidated results for the current fiscal year (FY2/20), and will promptly disclose any information that should be disclosed in the future as necessary.

(Reference) Consolidated business forecasts for the current fiscal year (announced on July 12, 2019) and results for the previous fiscal year

(Million yen)

	Revenue	Operating profit	Profit before taxes	Profit for the year	Profit attributable to owners of parent	(Reference) Adjusted EBITDA: (*)
Forecasts for the current fiscal year (FY2/20)	130,000	6,700	6,300	4,000	3,300	22,700
Results for the previous fiscal year (FY2/19)	119,281	3,975	3,688	2,072	1,321	10,814

* We disclose adjusted EBITDA as a useful comparative measure of performance, and the formula for calculating it is as follows:

Adjusted EBITDA = Operating profit + Other operating expenses - Other operating profits (excluding sponsorship revenues) + Depreciation and amortization + Non-recurring expense items (advisory expenses to share acquisition, etc.)