

April 13, 2017

For Immediate Release

Company name: First Brothers Co., Ltd.  
President: Tomoki Yoshihara  
(TSE First Section, Stock code: 3454)  
Inquiries: Chief Financial Officer  
Yoshinobu Hotta  
(Tel: +81-3-5219-5370)

**Subsidiary Acquires Stake in Consolidated Subsidiary  
(Conversion into Second-tier Subsidiary)**

First Brothers Co., Ltd., at a Board of Directors meeting held on April 13, 2017, approved the acquisition of shares in consolidated subsidiary BPC Fukushima Inc. by Marunouchi Holdings, an unconsolidated subsidiary of First Brothers Co., Ltd., from BPC Inc. In addition, the Board passed a resolution, the same day, for First Brothers to transfer its shareholdings in BPC Fukushima to Marunouchi Holdings thereby turning BPC Fukushima into a wholly-owned subsidiary of Marunouchi Holdings (i.e. a subsidiary of a subsidiary or second-tier subsidiary). The details are as follows.

1. Reason for pursuing stock acquisition

As we announced on August 27, 2015 (Japanese only), we acquired a 51.2% stake in BPC Fukushima on August 31, 2015, converting the company into a consolidated subsidiary. This move is a part of the investment activities we are carrying out in line with our medium- and long-term growth strategy. The stake was acquired through a third-party allocation of shares, facilitating an increase capital by BPC Fukushima.

BPC Fukushima was established as a subsidiary of BPC. Parent BPC (formerly Biomass Power Consultant, Inc.) provides consulting services on power plant construction, and engages in fuel production and sales. Meanwhile, subsidiary BPC Fukushima owns the land, buildings, and facilities used at the Fukushima wood pellet manufacturing plant. We furnished BPC with the capital required to purchase a plant to cooperate with the launch of its fuel production business for wood biomass power generation. However, nearly 18 months have passed since BPC began considering the start-up of this business and little-to-no progress has been made. Moreover, differences in opinion also arose regarding

this business. In light of this, we dissolved this joint business with BPC and drastically reviewed the business model. Although plans for business development are still pending, as step toward the establishment of a business model, we decided to have Marunouchi Holdings, an unconsolidated subsidiary, acquire BPC's shareholdings in BPC Fukushima. Concurrently, we plan to transfer our shareholdings in BPC Fukushima as well to Marunouchi Holdings. Ultimately, BPC Fukushima is to become a wholly-owned subsidiary of Marunouchi Holdings. In conjunction with this transfer of ownership, BPC Fukushima will change its name to FSK Co., Ltd. The company is also scheduled to relocate and appoint a new representative director.

## 2. Profile of consolidated subsidiary

(1) Corporate name <sup>*1</sup>	FSK Co., Ltd. (formerly BPC Fukushima Inc.)	
(2) Address <sup>*2</sup>	2-4-1 Marunouchi, Chiyoda-ku, Tokyo	
(3) Name and title of representative <sup>*3</sup>	Taichi Kano, Representative Director (President of First Brothers Capital Co., Ltd.)	
(4) Business operations	Owner of land, buildings, and facilities for plant	
(5) Capital	¥2,050,000	
(6) Establishment	July 22, 2015	
(7) Major shareholders and ownership ratios	First Brothers	51.2%
	BPC	48.8%
(8) Relationships between First Brothers and company named above	Capital	First Brothers has a 51.2% stake in FSK.
	Personal	Two employees of First Brothers also serve as directors of FSK.
	Business	First Brother has extended ¥150,000,000 in financing to FSK.
(9) Earnings performance and financial position in most recent three years <sup>*4</sup>		
Fiscal year	Fiscal year ended April 30, 2016 (July 22, 2015–April 30, 2016)	
Net assets	-¥4,301,000	
Total assets	¥151,102,000	
Net assets per share	-¥20,981.23	
Net sales	—	
Operating income	-¥1,311,000	
Ordinary income	-¥6,298,000	
Profit attributable to owners of the parent	-¥6,351,000	

EPS (net income basis)	-¥33,427.12
Dividend per share	—

\*1: Corporate name change as of April 13, 2017.

\*2: Relocation as of April 13, 2017.

\*3: Took office on April 13, 2017.

\*4: Data is for the most recent fiscal year as the company has been in operation for less than three fiscal years since establishment.

### 3. Profile of Seller

(1) Corporate name	BPC Inc.* <sup>1</sup> (formerly Biomass Power Consultant, Inc.)	
(2) Address	1-9-11 Nihonbashi Horidomecho, Chuo-ku, Tokyo	
(3) Name and title of representative	Takaaki Kakinuma, Representative Director	
(4) Business operations	Consulting services on power plant construction and fuel production and sales	
(5) Capital	¥300,000,000	
(6) Establishment	May 29, 2014	
(7) Relationship between First Brothers and company above	Capital	First Brothers has an 8.3% stake in BPC.
	Personal* <sup>2</sup>	There are no relevant matters.
	Business* <sup>3</sup>	First Brothers has extended ¥41,985,890 in financing to BPC.
	Status of relationship with related parties	There are no relevant matters.

\*1: Corporate name changed as of January 12, 2016.

\*2: One director of First Brothers also served as a director of BPC. However, this director vacated his position at BPC on March 31, 2017.

\*3: As of April 13, 2017, BPC has repaid ¥1,000,000 of the total ¥45,143,455 borrowed from First Brothers (total principal and interest on the loan agreement signed on July 17, 2015).

### 4. Number of shares to be acquired, acquisition price, and ownership before and after acquisition Marunouchi Holdings

(1) No. of shares owned prior to transfer	0 shares (No. of shares with voting rights: 0)
---	---

	(Ratio of shares with voting rights to total shares outstanding: 0.0%)
(2) No. of shares acquired	205 shares (No. of shares with voting rights: 205) (Ratio of shares with voting rights to total shares outstanding: 100.0%)
(3) Acquisition price	¥2,050,000
(4) Shareholding after transfer	205 shares (No. of shares with voting rights: 205) (Ratio of shares with voting rights to total shares outstanding: 100.0%)

#### 5. Schedule

(1) Date of Board approval	April 13, 2017
(2) Signing date for stock transfer agreement	April 13, 2017
(3) Stock transfer date	April 13, 2017

#### 6. Forecast

At present, business development plans for FSK Co., Ltd. (formerly BPC Fukushima Inc.) are pending but we are continuing to examine potential avenues. Note that FSK is already a consolidated subsidiary of First Brothers. We are currently examining the impact of this change in ownership to our consolidated earnings for the fiscal year ending November 30, 2017. We will promptly announce any matters that require disclosure.