



March 5, 2020  
REVOLUTION Co., Ltd.  
Takafumi Okamoto  
Representative Director,  
President and Chief Executive Officer

## **Notice of the Conclusion of an Outsourcing Agreement**

At the Board of Directors meeting held today, the Company resolved to conclude and signed an Outsourcing Agreement.

### **1. Purpose of the Outsourcing Agreement**

EVOLUTION JAPAN Co., Ltd. (hereinafter referred to as “EJ”), a sister company with the same parent company as EVO FUND, our parent company, mainly maintains and manages real estate, etc. and in order to carry out the business, requests various companies for outsourced services from time to time. The company has decided to outsource an aggregate of several workflows going forward, instead of hiring personnel or outsourcing to multiple companies. After examining the companies that can execute the business operations described below, EJ selected our company based on the contract amount, experience in real estate management, etc., and staff with qualifications. We have proceeded with negotiations with EJ regarding the outsourcing of the business and, after thorough deliberations and examinations, found that the remuneration amount based on this agreement is economically reasonable. As a result, the contract will be started in March 2020.

### **2. Main contents of this agreement**

#### (1) Contents of Outsourced Services

- ① Management of owned properties and assets  
Operations, maintenance and management etc. of owned real estate
- ② Accounting  
Payment of various expenses and accounting
- ③ General Affairs  
Postal relations, submission of documents to government offices and other general affairs
- ④ All other operations related to ① to ③ above.

#### (2) Contract Period

One Year from March 11, 2020

#### (3) Outsource Remuneration

160,000,000JPY (excluding tax)

#### (4) Contractor

EVOLUTION JAPAN Co., Ltd.

### **3. Matters concerning transactions with controlling shareholders**

This transaction is a transaction with a sister company with the same parent company as EVO FUND, our parent company, and therefore falls under a transaction with a controlling shareholder.

- (1) Applicability of transactions with controlling shareholders and compliance with guidelines on measures to protect minority shareholders

In the Corporate Governance Report disclosed on February 3, 2020, the Company stated, "If a transaction occurs with a controlling shareholder, we will confirm laws and regulations in the same manner as general transaction conditions, thoroughly considering the rationality (necessity for business) and the adequacy of the transaction conditions, and make decisions after deliberations at the Board of Directors, including outside directors, so that

decisions are not made arbitrarily. We will make sure to protect minority shareholders by ensuring the fairness and validity of the transaction. "

The following actions have been taken in the transaction, which are consistent with the guidelines on measures to protect minority shareholders.

(2) Matters concerning measures to ensure fairness and to avoid conflicts of interest

Since this transaction is a transaction with a controlling shareholder, etc., the following measures have been taken to ensure fairness and avoid conflicts of interest.

First of all, for calculating the remuneration of this agreement, whether or not this agreement is an act that contributes to the interests of the Company, we calculated the approximate amount of personnel expenses necessary for human resources and various expenses associated with commissioned work. The above calculation is based on the assumption that sufficient profits will remain for the Company for providing the relevant services. In addition, for expenses that are not assumed from the commissioned work, the costs to be covered by the Company and by EJ are clarified. As described in (3) below, opinions have been received from two outside directors who are independent officers of the Company and are Audit and Supervisory Committee members.

Directors Andrew Fried and David Scott, who are former affiliates of the parent company, have not participated in the resolution of the Board of Directors regarding this transaction. In addition, the Board of Directors, including outside directors, has considered the terms and conditions of the transaction rationally, and has determined that it is in line with the guidelines on measures to protect minority shareholders.

(3) Summary of opinion statement obtained from those who have no interest in the controlling shareholder regarding the fact that the transaction is not disadvantageous to minority shareholders

Directors Susumu Fukuda and Robert Valentine(Audit and Supervisory Committee Member), who are independent directors of the company who have no interest in the controlling shareholder, have recognized economic rationality for the remuneration obtained in this agreement based on the provided estimate of cost breakdown. We have received a statement on March 5, 2020 from the two directors that the terms and conditions of this agreement do not include any unreasonable conditions and also with process to consultation with the legal advice of the company's attorney at law, have concluded that this agreement contributes to the profitability of the company and is not disadvantageous to the minority shareholders.

#### **4. Outlook**

As this one-year outsourcing contract is a spot business that is not planned to be run continuously, the contract amount is expected to be recorded as non-operating income rather than sales but the effects of this transaction is currently under review and will be announced when the first quarter financial results for the fiscal year ending October 31, 2020 are announced.