



December 8, 2021

Company name: Iida Group Holdings Co., Ltd.

Representative: Masashi Kanei, President and Representative Director

Stock code: 3291, Tokyo Stock Exchange (First Section)

For inquiry: Hiroshi Nishino, Executive Board Director (Tel: +81-422-38-8828)

Notice: Stock Acquisition (Making Subsidiary) of Russia Forest Products (BVI) Limited.

Iida Group Holdings Co., Limited. (hereafter “the Company”), which decided at the Board of Directors’ meeting on June 8, 2021, to acquire the shares of Russia Forest Products (BVI) Limited (hereafter “RFP”) and subscribe for a third-party allocation of RFP’s shares, announces the Company is to acquire the shares of RFP as the approvals were given by the Russian Government on December 7, 2021.

1. Reason for the acquisition

RFP is one of the largest forest companies not only in Russia but also in the world. Its areas with forest certification cover about 4 million hectares (1.08 times the size of Kyushu Island). The annual logging volume of roundwood, the official annual limit of which is up to 4.10 million cubic meters per year, covers 1.70 million cubic meters, which is equivalent to the amount of roundwood the Company needs for construction of about 46,000 houses per year. RFP has several wood processing subsidiaries and has established an efficient and stable supply system based on the value chain from logging of roundwood to wood processing.

By acquiring RFP, the Company would be able to sustainably procure the lumber, which is the main material for house construction, even if the lumber market tightens or fluctuates affected by the incidents such as “Lumber Shortage,” and make detached house business, the Company’s mainstay, more competitive. Profitability of the Company’s building materials business is also expected to become higher by transferring the Company’s wood processing skills, which will make RFP’s products highly valued.

In addition, wood, which is carbon neutral, is attracting much attention as an environmentally friendly material. Therefore, the Company thinks that acquiring RFP, a remarkable holder of the wood resources, will play an important role in ESG management. In addition to securing stable supplies of construction materials, we intend to actively contribute to the achievement of the SDGs by utilizing stable sinks for CO₂ through sustainable forest management for emissions trading and carbon pricing, which are expected to be institutionalized in the future, and by expanding of the on-going renewable energy business based on wood pellets.

For those reasons, the Company decided to subscribe for the third-party share allocation.

2. Details of the subsidiary

(1)	Name	Russia Forest Products (BVI) Limited		
(2)	Address	Trident Chambers, P.O. Box 146, Road Town, Tortola VG1110, British Virgin Islands		
(3)	Representative	Konstantin Vyacheslavovich Lashkevich		
(4)	Business	A holding company of subsidiaries for wood products and wood processing		
(5)	Capital	USD 587 million		
(6)	Establishment	The year of 2008		
(7)	Major shareholders and their interests	Amarudo Holdings Limited	42.2%	
		Protonius Investments Limited	34.3%	
		Walland Holding Limited	23.5%	
(8)	Relationship between the listed company and the relevant company	There are no capital, personnel or transactional relationships.		
(9)	Consolidated financial conditions and operation results of the relevant company over the last three years.			
	Fiscal year	December 2018	December 2019	December 2020
	Net assets	▲USD108,714 thousand	▲USD116,526 thousand	▲USD157,226 thousand
	Total assets	USD335,109 thousand	USD346,366 thousand	USD300,498 thousand
	Revenue	USD246,327 thousand	USD219,881 thousand	USD203,696 thousand
	Operating profit	USD93,888 thousand	USD7,036 thousand	USD8,477 thousand

With the acquisition, the two companies below are also to be specified subsidiaries. The business performances and financial conditions of RFP include those of the two subsidiaries.

(1)	Name	Dallesprom JSC
(2)	Address	680000, Khabarovsk region, city Khabarovsk, Pushkina street, 23A, Russia
(3)	Representative	Konstantin Vyacheslavovich Lashkevich
(4)	Business	Production and sales of roundwood
(5)	Capital	RUB 743,507,718
(6)	Establishment	The year of 1993
(7)	Major shareholders and their interests	RFP Holding (Cyprus) Limited (fully owned by RFP) 100%
(8)	Relationship between the listed company and the relevant company	There are no capital or personnel relationships, except for wood products import transaction with the Company's subsidiaries.

(1)	Name	Amurskaya Lesopromyshlennaya Kompaniya LLC
(2)	Address	680000, Khabarovsk region, city Amursk, Shosse Mashinostroiteley, 6A, Russia
(3)	Representative	Konstantin Vyacheslavovich Lashkevich
(4)	Business	Wood processing
(5)	Capital	RUB 1,769,301,667
(6)	Establishment	The year of 2008
(7)	Major shareholders and their interests	Dallesprom JSC 100%

(8)	Relationship between the listed company and the relevant company	There are no capital or personnel relationships, except for wood products import transaction with the Company's subsidiaries.
-----	--	---

3. Details of other parties to the acquisition

(1)	Name	Amarudo Holdings Limited	
(2)	Address	Agioi Omologites, 1082, Nicosia, Republic of Cyprus	
(3)	Business	Investment	
(4)	Capital	EUR 102 + USD 4	
(5)	Establishment	October 5, 2012	
(6)	Major shareholders and their interests	Russia-China Investment Fund L.P., Cayman Islands (50%) Russia-China Investment Fund C.V., Netherlands (50%)	
(7)	Relationship between the listed company and the relevant company	Capital	None
		Personnel	None
		Transaction	None
		Related parties	None

※ Capital is described in EUR and USD due to the equity issuance in different currencies and with different rights.

※ The disclosure is limited due to the non-disclosure agreements.

(1)	Name	Protonius Investments Limited	
(2)	Address	10-12, Agia Zoni, Limassol, Republic of Cyprus	
(3)	Business	Investment	
(4)	Capital	EUR 3,000	
(5)	Establishment	September 20, 2010	
(6)	Major shareholders and their interests	Ronero Investments Limited, BVI (50%) Capricornus Investments Limited, BVI (50%)	
(7)	Relationship between the listed company and the relevant company	Capital	None
		Personnel	None
		Transaction	None
		Related parties	None

※ The disclosure is limited due to the non-disclosure agreements.

(1)	Name	Walland Holding Limited	
(2)	Address	Road Town, Tortola VG1110, British Virgin Islands	
(3)	Business	Investment	
(4)	Capital	USD 32,179,267.00	
(5)	Establishment	January 13, 2005	
(6)	Major shareholders and their interests	AA Group Limited, BVI (100%)	
(7)	Relationship between the listed company and the relevant company	Capital	None
		Personnel	None
		Transaction	None
		Related parties	None

※ The disclosure is limited due to the non-disclosure agreements.

4. Acquisition ratio, and shareholding ratio before and after the acquisition of RFP

(1)	Shareholding ratio before the acquisition	-
(2)	Acquisition ratio	75.0%
(3)	Total acquisition prices ^{**}	\$525 million (Approximately ¥60 billion)
(4)	Shareholding ratio after the acquisition	75.0%

^{**}The acquisition prices include the prices for acquisition of the shares, subscription for the share allocation, and the estimated amount of the Company's financing. The acquisition prices are expected to fluctuate as determined by the price adjustment provisions of the share transfer agreement.

(Foreign exchange rate: ¥115 against the USD)

5. Schedule

(1)	Date for the share transfer	In the middle of January 2022 (Expected)
(2)	Date for the third party share allocation	In the middle of January 2022 (Expected)

6. Future outlook

The Company is investigating how the acquisition will affect the consolidated business performance for the current fiscal year. After the investigation, we will announce the information if necessary.