



February 15, 2021

To whom it may concern:

Company name	Kitanotatsujin Corporation
Representative	Katsuhisa Kinoshita, Representative Director & President Stock code: 2930 TSE First Section, SSE
Inquiries	Takahito Kudo, Director
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## **Notice of Stock Acquisition (Making into Subsidiary) of FM NORTH WAVE CO., LTD.**

Kitanotatsujin Corporation (the “Company”) provides notice that at a Board of Directors Meeting held on February 15, 2021, a resolution was passed to acquire all issued shares of FM NORTH WAVE CO., LTD. (“FM NORTH WAVE”) and conclude a stock transfer agreement to make FM NORTH WAVE into a subsidiary.

### 1. Reason for stock acquisition

The Company operates the “E-commerce business,” which primarily sells the Company’s own beauty and health products, etc., to general consumers via the Internet. Through an internally-developed marketing data analysis system that can measure detailed customer activity patterns, the Company plans and implements cost-effective customer acquisition methods and effective timing, content, and methods, etc., for follow-up, working to have cost-efficient sales promotion and higher rates of repeat purchases. Additionally, in order to effectively acquire new customers with low advertising expenses, the Company has developed an internal advertising system with processes defined by its advertising operational expertise. Although the Company is working to conduct pertinent advertising investment while measuring the cost-effectiveness of its advertising expenses, the Company also believes that for future growth, entries into new media based on market trends will be essential.

In recent years, the distribution of audio content via the Internet has expanded, and in addition to audio media such as podcasts and Voicy, the Spotify music streaming service, and the Audible audiobook distribution service provided by Amazon, the “Clubhouse” audio-based social networking service was just introduced to Japan around January 2021. With participation by various celebrities causing invitations to the app to be sold in Internet auctions, the high public interest in participation caused Clubhouse to become a household name in a matter of days, demonstrating the rapid growth of digital audio media.

Meanwhile, FM NORTH WAVE is an FM radio station with a broadcast area covering Hokkaido, and through its involvement in mainstay radio broadcasting, advertising broadcasts, broadcast program production, and sales businesses, etc., it has a wealth of experience and expertise in audio content production in particular, an area that it has been involved in since its founding.

Through making it a subsidiary and mutual use, etc., of FM NORTH WAVE’s audio content production expertise and the Company’s marketing expertise and advertising operation expertise, the Company will work to make inroads in “digital audio ads.” The market scale for digital audio ads, which when compared to legacy radio advertising can distribute advertising based on listener types and preferences, is projected to reach 42.0 billion yen by 2025, compared to 1.6 billion yen in 2020 (“Digital Audio Advertising Market Scale Estimates and Projections 2019 – 2025,” Digital InFact, Inc., March 30, 2020). In addition, the Company is also considering production of radio programs with the objective of raising brand awareness, public relations activities via broadcasts, and production of mail-order radio programs targeting the Company’s target customer audience, and will work to capture new customers other than Internet users through these activities. The Company projects synergistic effects by sharing management resources and strengthening business cooperation between the Company and FM NORTH WAVE, and owing to the above reasons, the Company has determined that this transaction will contribute to improving its corporate value and will

implement the stock acquisition.

## 2. Overview of subsidiary to be transferred

(1) Name	FM NORTH WAVE CO., LTD.		
(2) Address	4-3-1 Kita 7 Jonishi, Kita-ku, Sapporo		
(3) Name and position of representative	Yoshiharu Marufuji, Representative Director and President		
(4) Business content	Main station broadcast and advertising broadcast via VHF radio, production and sales of broadcast programs, sales of broadcast time, etc.		
(5) Capital	10,000 thousand yen		
(6) Date of establishment	September 16, 1992		
(7) Major shareholders and shareholding ratio	Enleysha Co., Ltd. 72.8% 25 other shareholders 27.1%		
(8) Relationship between listed company and said company	Capital relationships	Not applicable.	
	Personnel relationships	Not applicable.	
	Transaction relationships	Not applicable.	
(9) Operational results and financial condition of said company for the most recent three years			
Fiscal year	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Total assets	384,436 thousand yen	359,096 thousand yen	352,004 thousand yen
Net sales	645,568 thousand yen	594,052 thousand yen	586,016 thousand yen
Operating profit	21,929 thousand yen	3,179 thousand yen	10,652 thousand yen

- Shareholding ratios are ratios against the total number of issued shares rounded down to the nearest decimal.

## 3. Overview of counterparty to share acquisition

(1) Name	Enleysha Co., Ltd.	
(2) Address	2-1 Kita 1 Jonishi, Chuo-ku, Sapporo	
(3) Name and position of representative	Yoshiharu Marufuji, Representative Director and President	
(4) Business content	Advertising business, advertising agency business, etc.	
(5) Capital	300,000 thousand yen	
(6) Date of establishment	February 25, 1987	
(7) Relationship between listed company and said company	Capital relationships	Not applicable.
	Personnel relationships	Not applicable.
	Transaction relationships	Not applicable.
	Applicability of related party transactions	Not applicable.

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

(1) Number of shares held before transfer	0 shares (Number of voting rights: 0 units) (Ratio of voting rights held: 0%)
(2) Number of shares to be acquired	4,642 shares (Number of voting rights: 4,642 units)
(3) Acquisition price	Undisclosed
(4) Number of shares held after transfer	4,642 shares (Number of voting rights: 4,642 units) (Ratio of voting rights held: 72.8%)

- Ratios of voting rights held are ratios against the total number of voting rights rounded down to the nearest decimal.
- Although disclosure of the acquisition price has been withheld due to a request from said shareholder, the Board of Directors has reached its conclusion by determining that the price is fair and appropriate with reference to a share price evaluation calculated by a third-party institution.

5. Schedule

(1) Board of Directors resolution date	February 15, 2021
(2) Agreement conclusion date	February 15, 2021
(3) Stock transfer execution date	March 31, 2021 (Tentative)

6. Future outlook

Through this share acquisition, FM NORTH WAVE will become a consolidated subsidiary of the Company. Although the Company recognizes that the effect of this transaction on the Company's financial results for the fiscal year ending February 28, 2021, will be immaterial, prompt disclosure will be made should any matters requiring disclosure arise.

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