



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
Phone number	050-2018-7864 (Direct line to department)

## **Notice of Stock Acquisition (Making into Subsidiary) of ASHIGARU 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 ASHIGARU Co., Ltd. (“ASHIGARU”) and conclude a stock transfer agreement to make ASHIGARU 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. Given trends that show an increase in new customer acquisitions via e-commerce malls such as Amazon and Rakuten Ichiba in the current fiscal year, the Company has established a new, dedicated team that will work to expand sales channels in e-commerce malls. Additionally, owing to the popularization of in-home beauty salon products (products that enable consumers to achieve results at home, on their own, for procedures commonly performed at beauty salons, beauty parlors, etc.) in line with recent diversification in beauty needs, the beauty home appliance market continues to expand, and the Company believes that it is a product category that is highly compatible with the Company’s existing products and e-commerce malls. As a result, for further business expansion in the future, the Company recognizes that it must urgently expand e-commerce mall sales channels and develop products in new categories, including beauty home appliances.

ASHIGARU sells its own “SALONMOON” hair iron on various e-commerce malls, and while achieving breakout success with a total of over 150 thousand units sold in the two years since the company was founded, reviews on main e-commerce sites for its products show high levels of customer satisfaction. Although ASHIGARU possesses expertise in product development in the beauty home appliance category and sales expertise in e-commerce mall sales that the Company lacks, ASHIGARU lacks adequate organizational foundations and management resources in areas such as personnel despite its potential for further business expansion.

Through making it a subsidiary and providing the Company’s management resources for ASHIGARU’s product development in the beauty home appliance category and sales expertise in e-commerce mall sales, the Company will aim for further business expansion by growing sales of the SALONMOON series and entering new markets in the beauty home appliance category. Owing to the above reasons, the Company has determined that this transaction will contribute to improving its corporate value over the medium to long term, and will implement the stock acquisition.

Furthermore, as a management strategy, the Company is working to diversify its revenue foundations via M&A and accelerate growth. In particular, the Company is actively seeking M&A with companies that are also active in the D2C and EC businesses with high-quality products but are limited in funding and personnel, with which the Company can project synergistic effects by providing its expertise and management resources. Making ASHIGARU into a subsidiary is part of this initiative. The Company will continue to work toward further improving its corporate value through this type of M&A.

2. Overview of subsidiary to be transferred

(1) Name	ASHIGARU Co., Ltd.	
(2) Address	4-3-11 Minamikyuhojimachi, Chuo-ku, Osaka	
(3) Name and position of representative	Takehiro Takasaki, Representative Director	
(4) Business content	Manufacture and sales of home appliance products, apparel, miscellaneous foreign goods, etc.	
(5) Capital	1,000 thousand yen	
(6) Date of establishment	March 1, 2018	
(7) Major shareholders and shareholding ratio	Takehiro Takasaki 100%	
(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 two years		
Fiscal year	Fiscal year ended February 28, 2019	Fiscal year ended February 29, 2020
Total assets	71,570 thousand yen	181,414 thousand yen
Net sales	203,849 thousand yen	341,905 thousand yen
Operating profit	48,028 thousand yen	143,017 thousand yen

3. Overview of counterparty to share acquisition

(1) Name	Takehiro Takasaki
(2) Address	Omitted due to request from said shareholder.
(3) Relationship between listed company and said individual	There are no capital relationships, personnel relationships, or transaction relationships of note.

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	20 shares (Number of voting rights: 20 units)
(3) Acquisition price	Undisclosed
(4) Number of shares held after transfer	20 shares (Number of voting rights: 20 units) (Ratio of voting rights held: 100%)

- 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	May 2021 (Tentative)

#### 6. Future outlook

Through this share acquisition, ASHIGARU will become a consolidated subsidiary of the Company, and Representative Director Takehiro Takasaki and current officers will retire as of the same date, and the Company plans to second its officers. 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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