

Company name: Adastria Co., Ltd.
 Representative: Michio Fukuda, Chairman of the Board
 Stock code: 2685
 Listing: TSE 1st Section
 Contact: Itsuo Iwakoshi, Senior Vice President,
 Head of Corporate Planning Office
 TEL: +81-(0) 3 -5466-2060

To whom it may concern

Notice of Acquisition of Shares by a Consolidated Subsidiary of the Company

The Board of Directors of Adastria Co., Ltd. approved a resolution on March 18, 2022 to acquire shares in OPEN AND NATURAL Inc. through the Company's consolidated subsidiary BUZZWIT Co., Ltd. and to make it a consolidated subsidiary (sub-subsidiary). Details are as follows.

1. Reason for the acquisition of shares

As a part of our growth strategy for 2025, the Group is working to expand its digital customer communication channels. Starting operations in 2018, BUZZWIT has grown steadily as a company engaged in the development of a dedicated e-commerce brands for the economically priced market. In this context, BUZZWIT has sought out M&A opportunities to further expand its business and focused on the children's clothing category, which is an area of apparel that is a particularly suitable for e-commerce marketing.

OPEN AND NATURAL, the company being acquired, has been marketing "pairmanon," an EC-only children's clothing brand since its establishment in 2017. The economically priced and high-quality brand is moderately trend setting in the children's clothing market. With sales exceeding 2 billion yen in the fiscal year ended January 2022, it has growing presence in the e-commerce market for children's clothing and as well as in the overall children's clothing market.

The acquisition of the shares will enable BUZZWIT to share its know-how and business structure with OPEN AND NATURAL and operational capabilities to further expand this business.

2. Overview of the consolidated subsidiary that will acquire shares

(1) Company name	BUZZWIT Co., Ltd.	
(2) Representative	Yasunori Kuroda, Representative Director and President	
(3) Headquarters	Daiba Frontier Building 7F, 2-3-2, Daiba, Minato-ku, Tokyo	
(4) Business activities	Planning, manufacturing and sales of apparel and general goods	
(5) Establishment	November 2016	
(6) Capital	10 million yen	
(7) Major shareholders and shareholding ratio	Adastria Co., Ltd.: 100%	
(8) Relationships between Adastria and BUZZWIT	Capital	Consolidated subsidiary of Adastria
	Personnel	Two directors of BUZZWIT concurrently serve as directors of Adastria, and two other directors concurrently serve as employees of Adastria. In addition, an employee of Adastria concurrently serves as an Audit & Supervisory Board member of

		BUZZWIT.
	Business	Adastria provides and other financial support to BUZZWIT.

3. Overview of the subsidiary to be acquired by BUZZWIT

(1) Company name	OPEN AND NATURAL Inc.		
(2) Representative	Yoichi Sato, Representative Director and President		
(3) Headquarters	Tsunekura Building 6F, 2-20-6, Kanda Jinbocho, Chiyoda-ku, Tokyo		
(4) Business activities	Markets “pairmanon,” an EC children’s clothing brand		
(5) Establishment	June 2017		
(6) Capital	4,000 thousand yen		
(7) Major shareholders and shareholding ratio	Yoichi Sato:76.3% Kotaro Higuchi: 18.9%		
(8) Relationships between Adastria and OPEN AND NATURAL	There are no significant capital, personnel or business relationships between the two companies.		
(9) Results of operations and financial position for the last three years			
Fiscal years ended	May 31, 2020	January 31, 2021 (eight months)	January 31, 2022
Net assets	42 million yen	92 million yen	205 million yen
Total assets	239 million yen	374 million yen	718 million yen
Net assets per share	19,863 yen	43,507 yen	97,058 yen
Net sales	465 million yen	672 million yen	2,020 million yen
Operating profit	43 million yen	75 million yen	171 million yen
Ordinary profit	42 million yen	73 million yen	167 million yen
Net income	28 million yen	50 million yen	113 million yen
Net income per share	13,213 yen	23,644 yen	53,551 yen
Dividend per share	- yen	- yen	- yen

4. Profile of Seller

Name	Yoichi Sato and other six persons
Relationships between Adastria and the seller	There are no significant capital, personnel or business relationships between Adastria or its related parties and the individual concerned or related parties of the individual concerned.

5. Number of shares to be acquired, total acquisition amount and status of ownership before and after acquisition

(1) Number of shares held before acquisition	0 share (Number of voting rights: 0) (Ownership: 0%)
(2) Number of shares to be acquired	2,120 shares (Number of voting rights: 2,120)
(3) Total acquisition amount	Not disclosed by contract.
(4) Number of shares held after acquisition	2,120 shares (Number of voting rights: 2,120) (Ownership: 100%)

6. Schedule

(1) Board of Directors resolution	March 18, 2022
(2) Execution of the share purchase agreement	March 18, 2022
(3) Share purchase	March 31, 2022 (tentative)

7. Outlook

The impact of this acquisition on the consolidated results of operations for the fiscal year ending February 28, 2023 is negligible. An announcement will be made promptly if it becomes clear that future business developments will have a significant impact on results.