

August 10, 2022

(Progress of Disclosure Matters) Notice Regarding Conclusion of Share Transfer Agreement Concerning Acquisition of Shares of SHIFFON Co., Ltd. (Making it into a subsidiary)

Estore Corporation announces that its Board of Directors has resolved at a meeting held today to enter into the share transfer agreement (final agreement) described in the "Notice Regarding Execution of Basic Agreement to Acquire Shares of SHIFFON Co., Ltd. (Making it a Subsidiary)," which was announced on July 25, 2022 (only available in Japanese).

In addition, we will announce matters that had not yet been finalized at the time of the previous disclosure. The applicable part is shown by the underline.

1. Reason for the acquisition of shares

SHIFFON Co., Ltd. plans to significantly evolve its business by combining its product and planning capabilities with our e-commerce know-how in the fashion, ski/snowboard, sports, and school bag businesses (planning, manufacturing, OEM/ODM, promotion, and import/export, wholesale, and retail sales).

Our group intends to increase sales by providing our systems and marketing services as well as improving the performance of SHIFFON Co., Ltd.

2. Outline of the subsidiary to be transferred (SHIFFON Co., Ltd.)

Name	SHIFFON Co., Ltd.
Location	8-4, Nihonbashi Bakuro-cho 1-chome, Chuo-ku, Tokyo
Title/Name of Representative	Kenta Nishimura, CEO
Business Content	Apparel Business (Planning, Manufacturing, Import, Wholesale, OEM/ODM, Retailing)
Capital	30 million yen
Establishment	June 16, 2004
Major Shareholders (Share holding ratio)	Kenta Nishimura (100%)
Relationship with the Company	Capital Relationship: Not applicable Personnel relationship: Not applicable Business relationships: Not applicable

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Operating results and financial position of the company for the last three years

Major Management Indices	Unit	FY3/20	FY3/21	FY3/22
Net assets	Millions of yen	370	550	694
Total assets	Millions of yen	1,153	1,782	2,450
Net assets per share	Yen	617,322	916,896	1,158,289
Net sales	Millions of yen	2,850	3,492	4,701
Operating income	Millions of yen	78	356	526
Ordinary income	Millions of yen	110	400	522
Net profit	Millions of yen	2	179	348
Net income per share	Yen	3,942	299,574	581,247
Dividend per share	Yen	-	-	-

*Figures in millions of yen are rounded down to the nearest million.

3. Outline of the counterparty (individual) to the share acquisition

Name	Kenta Nishimura (Representative Director of SHIFFON Co., Ltd.)
Location	Chuo-ku, Tokyo
Relationship with the Company	There is no business relationship, etc.

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

Shares owned prior to the transaction	No ownership
Number of shares to acquire	301 shares (301 voting rights)
Acquisition price	Common shares of SHIFFON Co., Ltd.: 1,672,055 thousand yen Price per share: 5,555 thousand yen
Number or shares owned after the transaction	301 (Number of voting rights: 301 shares, percentage of voting rights: 50.17%)

* In addition to this acquisition, we plan to acquire an additional 119 shares on June 30, 2023 at the same price as this acquisition (acquisition price: 661,045 thousand yen).

As a result of the additional acquisition, the number of voting rights will increase to 420 and the percentage of voting rights held will increase to 70.00%.

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5. Borrowing of funds

All payments of the acquisition price will be covered by bank loans. The outline of this planned borrowing is as follows.

Borrowing financial institutions	<u>Mizuho Bank, Mitsubishi UFJ Bank</u>
Amount borrowed	1,673 million yen
Repayment date	Within one year of borrowing
Interest rate (annual)	<u>TIBOR: +0.75% to 0.80%</u>
Repayment method	We plan to refinance the loan with a term loan.
Guarantee, etc.	<u>Joint and several guarantees by SHIFFON Co., Ltd., a subsidiary</u>
Financial impact	<p><u>The analysis based on consolidated figures as of March 31, 2022 is as follows</u></p> <ul style="list-style-type: none"> • <u>The borrowing is equivalent to 60.0% of net assets.</u> • <u>Interest-bearing debt increases from 1,902 million yen to 3,577 million yen as a result of this borrowing.</u> • <u>When this borrowing is added, the equity ratio decreases from 32.6% to 28.2%.</u>

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6. Schedule

Date of resolution of Board of Directors	July 25, 2022
Date of conclusion of the basic agreement	July 25, 2022
Date of the share transfer agreement	<u>August 10, 2022</u>
Date of share transfer	Scheduled for August 31, 2022.

7. Future Outlook

(1) Consolidated Business Forecasts

As we were able to confirm the timing of consolidation and the accounting and business plans of the target companies, we revised the consolidated business forecasts for the fiscal year ending March 2023 published on May 13, 2022.

For details, please refer to the "Notice Regarding Revision to Full-year Business Forecasts," which is separately disclosed today. The revised business forecasts are as follows.

Consolidated business forecasts for the fiscal year ending March 2023 (revised)

(Millions of yen)

	Consolidated net sales	Consolidated operating income	Consolidated ordinary income	Net income attributable to owners of parent
Forecasts for FY3/23	<u>9,600</u>	1,250	1,270	800
Results for FY3/22	5,746	1,051	1,078	677

Goodwill, etc. arising from this acquisition will be disclosed as soon as the prospect of accounting treatment after the acquisition is determined.

(2) Dispatch of Directors

We dispatch one non-executive director in conjunction with the consolidation of SHIFFON Co., Ltd. (Kenichi Ishimura, CEO of the Company, is scheduled to be dispatched.)