



October 23, 2024

(Translation)

To Whom It May Concern,

Company name	Adastria Co., Ltd.
Representative	Osamu Kimura, Representative Director and President (Securities code: 2685 TSE Prime Market)
Inquiries	Itsuo Iwakoshi, Senior Executive Officer, General Manager of Administration Division (TEL: 03-5466-2060)

Notice Concerning of Company Split (Absorption-Type Company Split) With a Consolidated Subsidiary

At a meeting held today, the Adastria Co., Ltd. ("Company") Board of Directors resolved to transfer the Company's e-commerce mall management business and related businesses to consolidated subsidiary and ST Co., Ltd. ("and ST") through an absorption-type company split ("Company Split"), effective December 1, 2024 (tentative). The Company entered into an absorption-type company split agreement ("Agreement") with and ST today.

As the Company Split is a simplified, short-form merger with a wholly owned subsidiary, the Company has omitted certain disclosures.

1. Purpose of the Company Split

The Company's e-commerce mall management business, *and ST* (formerly *dot st*) will celebrate its 10th anniversary in 2024. The business has grown to 36.3 billion yen in gross merchandise value and has 18.6 million registered members (both as of February 2024). The title of the Adastria Group medium-term management plan is to transition from an apparel company to a *Good Community Co-Creation Company*. To this end, the Company opened the *and ST* platform to outside companies in 2022, and 17 companies and 22 brands are participating as of this release. The purpose of this Company Split is to make the *and ST* business, which focuses on e-commerce mall operations, an independent operator, which will accelerate the participation of outside companies in the future.

The Company intends to pursue synergies with *and ST* participating companies in the Adastria BtoB producing and digital solutions businesses.

2. Overview of the Company Split

(1) Schedule

October 23, 2024: and ST Board of Directors resolution

October 23, 2024: Adastria Co., Ltd. Board of Directors resolution and resolution of the deemed and ST general meeting of shareholders

October 23, 2024: Conclusion of absorption-type company split agreement

December 1, 2024 (tentative): Effective date of the absorption-type company split

(Note) Since this absorption-type demerger is a simplified absorption-type company split as stipulated in Article 784, Paragraph 2 of the Companies Act, said split will be conducted without obtaining approval at an Adastria Co., Ltd. general meeting of shareholders.

(2) Method

The Company Split will be an absorption-type company split in which Adastria Co., Ltd. is the splitting company and and ST, a wholly owned subsidiary of the Company, is the succeeding company.

(3) Allotment of shares

The Company will receive one (1) share of and ST common stock as consideration for the Company Split.

(4) Treatment of stock acquisition rights and bonds with stock acquisition rights associated with the Company Split

Not applicable

(5) Change in paid-in capital as a result of the Company Split

There will be no change in paid-in capital as a result of the Company Split.

(6) Rights and obligations to be succeeded to by the succeeding company

and ST will succeed to the assets, liabilities, contractual status, and other rights and obligations related to the e-commerce mall management business and related businesses owned by the Company as of the effective date, as set forth in the absorption-type company split agreement. Debts to be succeeded will be done so under a concomitant assumption of the obligations in question.

However, obligations related to points programs (including obligations to *and ST* members under the *and ST Membership Agreement*) will be succeeded under a discharge and assumption of obligation for the obligations in question.

(7) Prospect of default on obligations

The Company has determined that there will be no impediment to the fulfillment of obligations payable by and ST subsequent to the Company Split.

3. Overview of Parties to the Company Split

	Splitting Company (Adastria Co., Ltd.) as of February 29, 2024	Succeeding Company as of September 30, 2024
(1) Name	Adastria Co., Ltd.	and ST Co., Ltd.
(2) Head office	3-1-27 Izumi-cho, Mito-shi, Ibaraki Prefecture, Japan	27F, Shibuya Hikarie, 2-21-1 Shibuya, Shibuya-ku, Tokyo, Japan
(3) Representative name and title	Osamu Kimura, representative director and president	Osamu Kimura, representative director and president
(4) Business lines	Retail sales of casual wear, household goods, accessories, etc.	E-commerce mall management business and related businesses
(5) Capital	2,660 million yen	10 million yen
(6) Established	October 22, 1953	September 18, 2024
(7) Number of shares outstanding	48,800,000	200
(8) Fiscal year end	February	February
(9) Major shareholders and ownership ratios	Fukuzo Co., Ltd. 37.53% The Master Trust Bank of Japan, Ltd. (Trust Account) 7.25% Toyoshima Co., Ltd. 4.38%	Adastria Co., Ltd. 100.00%

	Custody Bank of Japan, Ltd. (Trust Account) 3.43%	
	Michio Fukuda 2.02%	
	Adastria Employee Shareholding Association 1.40%	
	VICTORY TRIVALENT INTERNATIONAL SMALL-CAP FUND 1.03%	
	Mitsubishi UFJ Securities Holdings Co., Ltd. 1.00%	
	SMBC Nikko Securities Inc. 0.98%	
	Hitomi Fukuda 0.88%	
(10) Financial condition and operating results for the most-recent fiscal year		
Fiscal year	Adastria Co., Ltd. (Consolidated) February 29, 2024	and ST Co., Ltd. (Non-Consolidated)
Net assets	71,581 million yen	and ST Co., Ltd. was established in September 2024. Accordingly, no data is available for year-end results.
Total assets	127,915 million yen	
Net assets per share	1,549.13 yen	
Net sales	275,596 million yen	
Operating profit	18,015 million yen	
Ordinary profit	18,389 million yen	
Net income attributable to owners of the parent	13,513 million yen	
Net income per share	297.75 yen	

4. Financial condition and operating results of the business to be split

(1) Net sales (FY2/2024)

The business to be split and succeeded is a part of the Company's e-commerce business. This business does not have operating results on a stand-alone basis.

(2) Assets

Assets	723 million yen	Liabilities	723 million yen
--------	-----------------	-------------	-----------------

(Note) The amount actually succeeded to will be the above amount adjusted for any increase or decrease up to the effective date, since it is calculated based on the balance sheet as of August 31, 2024, which is assumed as of today.

5. Post-Company Split Status

There will be no change to names, locations, titles and names of representative, business activities (excluding changes subject to the Company Split), paid-in capital, or fiscal year ends of the Company and and ST as a result of the Company Split.

6. Future Outlook

As the Company Split is an absorption-type company split with a wholly owned subsidiary, the impact on the Company's consolidated financial results will be immaterial.

End