



December 18, 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 Absorption-Type Merger (Simplified/Short Form Merger) of a Consolidated Subsidiary

At a meeting held today, the Adastria Co., Ltd. (“Company”) Board of Directors resolved to merge wholly owned subsidiary ADOORLINK Co., Ltd. into the Company via an absorption-type merger (“Merger”), effective as of March 1, 2025.

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

1. Purpose of the Merger

The Adastria Group engages in various initiatives under its CSR Policy of *Taking the Excitement of Fashion Into the Future.*, aiming to reduce the environmental impact of its operations. ADOORLINK Inc. was established in November 2020 to provide customers with new value based on transparency and sustainability. ADOORLINK aims to achieve a circular economy in the fashion industry and accelerate sustainability-driven management in the Adastria Group. Following the establishment of ADOORLINK, Adastria advanced various initiatives to further advance sustainability, including the establishment of the Sustainability Management Office in March 2024. This office is a dedicated organization responsible for leading sustainability strategy and execution. Adastria resolved to merge with ADOORLINK to further accelerate the sustainability management of the entire Group. This merger aims to optimize management resources through organizational consolidation, improve operational efficiency, and expand new business opportunities.

Note that Adastria General Support Co., Ltd., a wholly owned subsidiary of Adastria, will continue to operate the circular business of ADOORLINK, which involves selling inventory scheduled for disposal and sample products.

2. Overview of the Merger

(1) Schedule

December 18, 2024: Board of Directors meeting to approve Merger (both companies)

December 18, 2024: Merger agreement signed

March 1, 2025: Merger date (effective date; tentative)

(Note) As the Merger is a simplified merger as defined under Article 796, Paragraph 2 of the Companies Act and a short-form merger as stipulated in Article 784, Paragraph 1 of the Companies Act, we will conduct the Merger without seeking approval at general meetings of shareholders for the Company and ADOORLINK Co., Ltd.

(2) Merger Method

ADOORLINK Co., Ltd. will be dissolved under an absorption-type merger, and the Company will be the surviving company.

(3) Allotment of shares related to Merger

As the Merger is with a wholly owned subsidiary of the Company, the Company will not issue new shares or make any payment of merger consideration.

(4) Treatment of stock acquisition rights and bonds with stock acquisition rights of the dissolved company

Not applicable

3. Overview of Parties to the Company Split (as of February 29, 2025)

| | Surviving Company in the absorption-type merger | Dissolved Company in the absorption-type merger |
|--|--|---|
| (1) Name | Adastria Co., Ltd. | ADOORLINK Co., Ltd. |
| (2) Head office | 3-1-27 Izumi-cho, Mito-shi, Ibaraki Prefecture, Japan | 5F Miyamasuzaka Place Shibuya 2-16-5 Shibuya, Shibuya-ku, Tokyo, Japan |
| (3) Representative name and title | Osamu Kimura, representative director and president | Taiki Fukuda, representative director |
| (4) Business lines | Planning, manufacturing, and sales of apparel, sundries, etc. | Planning, producing, and retailing clothes and sundry goods. Resale business such as disposal inventory and sample products. |
| (5) Capital | 2,660 million yen | 10 million yen |
| (6) Established | October 22, 1953 | November 2, 2020 |
| (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% Custody Bank of Japan, Ltd. (Trust Account) 3.43% Michio Fukuda 2.02% | Adastria Co., Ltd. 100.00% |
| (10) Financial condition and operating results for the most-recent fiscal year | | |
| Fiscal year | February 29, 2024 (Consolidated) | February 29, 2024(Non-Consolidated) |
| Net assets | 71,581 million yen | -822, million yen |
| Total assets | 127,915 million yen | 212 million yen |
| Net assets per share | 1,549.13 yen | -4,113,982.81 yen |
| Net sales | 275,596 million yen | 416 million yen |
| Operating profit | 18,015 million yen | -149 million yen |
| Ordinary profit | 18,389 million yen | -149 million yen |
| Net income attributable to owners of the parent | 13,513 million yen | -107 million yen |
| Net income per share | 297.75 yen | -535,591.49 yen |

4. Post-merger matters

No change will be made to the Company's trade name, address, representative title and name, business activities, capital stock, or fiscal year end as a result of the Merger

5. Future Outlook

As the Merger is a merger with a wholly owned subsidiary, the impact on the consolidated financial results for the fiscal year ending February 28, 2025 will be immaterial

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