



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 TODAY’S SPECIAL 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

Pursuing the mission of *Play fashion!*, Adastria endeavors to enrich lives and create happiness through fashion, extending the company's reach by adding new product categories besides apparel. The sundries division in the lifestyle brand has grown to account for nearly 25% of sales over the past few years, driven mainly by *niko and ...*, *studio CLIP* and *LAKOLE* brands. In line with this strategy, the Company acquired TODAY'S SPECIAL Co., Ltd., which operates TODAY'S SPECIAL and GEORGE'S businesses, through M&A on July 1, 2024, to expand its brand lineup in the sundries area. TODAY's SPECIAL has exceeded initial revenue plans within the first six months of operating as part of the Adastria Group. Adastria resolved to merge the company through absorption, acknowledging that integrating operations to improve efficiency and develop new businesses would lead to greater synergies. This merger will effectively utilize Adastria’s infrastructure, store development expertise, and brand management resources to expand the potential of both businesses and accelerate growth.

The Adastria Group operates over 30 multi-brands and aims to achieve further growth as it enters the next stage, committed to enriching communities through lifestyle businesses, including fashion, design, and food.

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 TODAY’S SPECIAL Co., Ltd.

(2) Merger Method

TODAY'S SPECIAL 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

	Surviving Company in the absorption-type merger as of February 29, 2024	Dissolved Company in the absorption-type merger as of July 31, 2024
(1) Name	Adastria Co., Ltd.	TODAY'S SPECIAL Co., Ltd.
(2) Head office	3-1-27 Izumi-cho, Mito-shi, Ibaraki Prefecture, Japan	5-11-11 Himonya, Meguro-ku, Tokyo, Japan
(3) Representative name and title	Osamu Kimura, representative director and president	Motohiro Nakatsuka, representative director
(4) Business lines	Planning, manufacturing, and sales of apparel, sundries, etc.	Retail-based lifestyle business
(5) Capital	2,660 million yen	1 million yen
(6) Established	October 22, 1953	March 26, 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% 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	Adastria Co., Ltd. (Consolidated) February 29, 2024	TODAY'S SPECIAL Co., Ltd. (Non-Consolidated)
Net assets	71,581 million yen	TODAY'S SPECIAL Co., Ltd. was established in March 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. 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

End