

January 17, 2024

To Whom It May Concern,

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

Notice Concerning Absorption-Type Merger (Simplified/Short Form Merger) of Wholly Owned Subsidiary

At a meeting held today, the Adastria Co., Ltd. (“Company”) Board of Directors resolved to merge wholly owned subsidiary Gate Win Co., Ltd. into the Company via an absorption-type merger (“Merger”), effective as of March 1, 2024.

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

1. Purpose of the Merger

The Adastria Group medium-term management plan ending February 2026 is based on becoming a *Good Community Co-Creation Company*, and aims to co-create value together with influential internal and external partners.

In support of this plan, group company Gate Win Co., Ltd. engages in the licensing business, leveraging the Adastria Group e-commerce operations, value chain, and presence in Japan. As we continue efforts to develop new business models, we decided to merge Gate Win Co., Ltd. with Adastria Co., Ltd. In our judgment, this merger will utilize management resources more effectively, improve operational efficiency, and expand new business by integrating tasks ranging from license negotiations to store operations.

2. Summary of the Merger

(1) Merger schedule

January 17, 2024 Board of Directors meeting to approve

Merger (both companies)

January 17, 2024 Merger agreement signed

March 1, 2024 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 Gate Win Co., Ltd.

(2) Merger method

Gate Win 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 the Parties to the Merger (as of February 28, 2023)

	Surviving company in the absorption-type merger	Dissolved company in the absorption-type merger										
(1) Name	Adastria Co., Ltd.	Gate Win Co., Ltd.										
(2) Head office	Mito City, Ibaraki Prefecture	Shibuya-ku, Tokyo										
(3) Representative	Osamu Kimura, representative director and president	Atsushi Sugita, representative director										
(4) Business lines	Retail sales of casual wear, household goods, accessories, etc.	Casual wear sales and licensing in Japan										
(5) Capital	2,660 million yen	10 million yen										
(6) Established	October 22, 1953	May 2, 2022										
(7) Number of shares outstanding	48,800,000	200										
(8) Fiscal year end	February	February										
(9) Major shareholders and ownership ratios	<table border="0"> <tr> <td>Fukuzo Co., Ltd.</td> <td>37.53%</td> </tr> <tr> <td>The Master Trust Bank of Japan, Ltd. (Trust Account)</td> <td>8.76%</td> </tr> <tr> <td>TOYOSHIMA & CO., LTD.</td> <td>4.38%</td> </tr> <tr> <td>Custody Bank of Japan, Ltd. (Trust Account)</td> <td>3.22%</td> </tr> <tr> <td>Michio Fukuda</td> <td>2.32%</td> </tr> </table>	Fukuzo Co., Ltd.	37.53%	The Master Trust Bank of Japan, Ltd. (Trust Account)	8.76%	TOYOSHIMA & CO., LTD.	4.38%	Custody Bank of Japan, Ltd. (Trust Account)	3.22%	Michio Fukuda	2.32%	Adastria Co., Ltd. 100.0%
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Michio Fukuda	2.32%											
(10) Financial condition and operating results for the most-recent fiscal year	FYE 2/2023 (consolidated)	FYE 2/2023 (non-consolidated)										
Net assets (million yen)	60,762 million yen	(258) million yen										
Total assets	111,392 million yen	542 million yen										
Net assets per share (yen)	1,309.96 yen	(1,292,539.29) yen										
Net sales (million yen)	242,552 million yen	9 million yen										
Operating profit (million yen)	11,515 million yen	(267) million yen										
Ordinary profit (million yen)	12,026 million yen	(268) million yen										
Net income attributable to owners of the parent (million yen)	7,540 million yen	(268) million yen										
Net income per share (yen)	166.37 yen	(1,342,539.29) 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 29, 2024 will be immaterial.