



October 19, 2022

To Whom It May Concern,

Company name: Adastria Co., Ltd.  
Representative: Osamu Kimura,  
Representative Director and President  
Stock code: 2685  
Listing: TSE Prime Market  
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Head of Corporate Planning Office  
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Notice of Capital Increase of Mainland China Subsidiary (Specified Subsidiary)

The Board of Directors of the Company has resolved at a meeting held October 19, 2022 that Adastria (Shanghai) Co., Ltd., a consolidated subsidiary of the Company, will increase its capital and the Company will underwrite the entire amount of the capital increase.

1. Purpose of Capital Increase

In its medium-term management plan published on 13 April 2022, the Company stated that it would continue to invest in its growth strategy in Mainland China, aiming to achieve sales of JPY 20 billion in the medium term.

The purpose of the capital increase is to secure investment funds for the execution of this growth strategy and to strengthen the company's financial base by increasing equity capital.

2. Overview of subsidiary

- (1) Company name: Adastria (Shanghai) Co., Ltd.
- (2) Headquarters: 775, Huaihai Road, Huangpu District, Shanghai, PRC.
- (3) Representative: Kohei Ogawa
- (4) Business activities: Planning, producing, and retailing clothes and sundry goods, food and beverage
- (5) Capital: 1,500 million yen
- (6) Establishment: August 2019
- (7) Capital contribution ratio: Wholly owned by Adastria (Parent company)

3. Overview of capital increase

- (1) Date of capital increase: Jan. 2023 (Plan)
- (2) Amount of capital increase: 420 million yen
- (3) After capital increase: 1,920 million yen
- (4) Capital contribution ratio: Wholly owned by Adastria (Parent company)

4. Outlook

The impact of this matter on the consolidated results of operations is negligible for the fiscal year ending Feb 28, 2023.