



April 4, 2025

(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 Vice President, General Manager of Administration Division, Head of Corporate Planning Office (TEL:03-5466-2060)

Notice Regarding the Establishment of a Preparatory Company and Signing of Absorption-Type Company Split Agreement in Connection With the Transition to a Holding Company Structure, as Well as Amendments to the Company's Articles of Incorporation (Change in Trade Name, Etc.)

At a meeting held today, the Adastria Co., Ltd. ("Company") Board of Directors approved a resolution to establish a wholly owned subsidiary, Adastria Co., Ltd. ("New Adastria"), as a preparatory company for the purpose of a company split in order to transition to a holding company structure. The Board of Directors also approved the signing of an absorption-type company split agreement ("Absorption-Type Company Split Agreement") with respect to the absorption-type company split ("Absorption-Type Company Split") by which New Adastria will succeed to all rights and obligations related to all businesses ("Business") of the Adastria Group (excluding businesses related to the management and operation of the Adastria Group). As a result, New Adastria has been established as of today, and we have signed the Absorption-Type Company Split Agreement with New Adastria. The aforementioned Absorption-Type Company Split is subject to the approval of the Absorption-Type Company Split Agreement at the Company's general meeting of shareholders.

In addition, the Company's Board of Directors approved a proposal at the meeting held today to change the Company's trade name to *and ST HD Co., Ltd.* and make other necessary amendments to the Company's Articles of Incorporation upon the conclusion of the Absorption-Type Company Split. This proposal will be submitted to the Ordinary General Meeting of Shareholders schedule to be held May 29, 2025.

1. Background and Purpose of the Transition to a Holding Company and the Absorption-type Split

To respond quickly to this changing business environment and transform our business structure, the Adastria Group formulated a new Medium-Term Management Plan 2030, as disclosed today, which will take us through February 2030. Medium-Term Management Plan 2030 describes how we will evolve our e-commerce site, *and ST*, into a Play fashion! platform. To this end, we intend to leverage the connections with the *and ST* membership base cultivated through our staff and physical multi-brand stores. We also plan to create synergies between our three businesses: Platform Business, Global Business, and Brand Retail Business. As part of this process, the Company has decided to transition to a holding company structure effective September 1, 2025, changing our trade name to *and ST HD Co., Ltd.*

This transition to a holding company structure will coordinate group operating companies around the *and ST* platform, while providing greater clarity to missions and roles. This approach lends itself to a multi-company management model that allows group companies to formulate and execute growth strategies independently. At the same time, the Adastria Group aims to expand categories and services while accelerating overseas expansion, pursuing M&A of companies having special characteristics not currently present within the group.

2. Overview of the Transition to a Holding Company and Absorption-Type Company Split

(1) Establishment of New Adastria (Incorporation Date: April 4, 2025)

The Company established New Adastria as a wholly owned subsidiary to succeed the rights and obligations of the Business through a company split (absorption-type company split).

(2) Implementation of the Absorption-Type Company Split (Effective Date: September 1, 2025 (Tentative))

The Company intends to conduct a company split (absorption-type company split) in which the Company will be the splitting company and wholly owned subsidiary New Adastria will be the successor company. New Adastria will succeed to the rights and obligations related to the Business. As a result of this transaction, the Adastria Group will transition to a holding company structure.

Upon the Absorption-Type Company Split, New Adastria will issue one share of common stock to be allocated to the Company.

(3) Change in the Company's Trade Name and Other Amendments to the Articles of Incorporation (Effective Date: September 1, 2025 (Tentative))

Subject to the Absorption-Type Company Split taking effect, the Company will change our trade name to *and ST HD Co., Ltd.*, amending the Company's business purpose and other necessary matters in the Articles of Incorporation. The Company plans to submit a proposal to amend the Articles of Incorporation to include the change in trade name and other amendments to the Articles of Incorporation to the Annual General Meeting of Shareholders scheduled to be held on May 29, 2025.

(4) Schedule of the Transition to Holding Company Structure and Absorption-Type Company Split

Establishment of New Adastria (Incorporation Date)	April 4, 2025
Board of Directors meeting to approve the Absorption-Type Company Split Agreement (the Company and New Adastria)	
Conclusion of Absorption-Type Company Split Agreement	
Extraordinary General Meeting of Shareholders to approve the conclusion of the Absorption-Type Company Split Agreement (New Adastria)	May 28, 2025 (tentative)
Annual General Meeting of Shareholders to approve the conclusion of the Absorption-Type Company Split Agreement and amendments to the Articles of Incorporation (the Company)	May 29, 2025 (tentative)
Effective date of the Absorption-Type Company Split	September 1, 2025 (tentative)
Effective date of trade name change (the Company)	

(Note) The schedule above is subject to change due to requirements in moving forward with the procedures of the Absorption-Type Company Split or for other reasons.

3. Establishment of New ADASTRIA and Absorption-Type Company Split

(1) Summary of the Establishment of New Adastria and Absorption-Type Company Split

a. Schedule for the Establishment of New Adastria and Absorption-Type Company Split

See 2. *Overview of the Transition to a Holding Company and Absorption-Type Company Split (4) Schedule of the Transition to Holding Company Structure and Absorption-Type Company Split*, above.

b. Method of the Absorption-Type Company Split

See 2. *Overview of the Transition to a Holding Company and Absorption-Type Company Split (2) Implementation of the Absorption-Type Company Split (Effective Date: September 1, 2025 (Tentative)), above.*

c. Details of share allotment related to Absorption-Type Company Split

Upon the Absorption-Type Company Split, New Adastria will issue one share of common stock to be allocated

to the Company.

d. Treatment of stock acquisition rights and bonds with stock acquisition rights associated with Absorption-Type Company Split
Not applicable

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

Not applicable

(3) Rights and obligations to be succeeded to by New Adastria

Pursuant to the Absorption-Type Company Split Agreement approved by the Company's Board of Directors at a meeting held today, New Adastria shall succeed the assets, liabilities, contracts and other rights and obligations (excluding those specifically provided for in the Absorption-Type Company Split Agreement) of the Company in connection with the Business operated by the Company.

Debts to be succeeded by New Adastria shall be done so under a concomitant assumption of the obligations in question.

(4) Prospect of fulfillment of obligations

As the amount of assets of the Company and New Adastria is expected to exceed the amount of debt subsequent to the Absorption-Type Company Split, and as no situations are expected to interfere with the fulfillment of obligations, the Company and New Adastria have determined that there will be no issues related to the fulfillment of obligations of both companies after the Absorption-Type Company Split.

(5) Overview of parties to the Absorption-Type Company Split

Overview of the splitting company (Adastria Co., Ltd.) in the Absorption-Type Company Split

		Splitting Company																				
(1)	Name	Adastria Co., Ltd.																				
(2)	Head office	Mito City, Ibaraki Prefecture																				
(3)	Representative name and title	Osamu Kimura, Representative Director and President																				
(4)	Business lines	Planning, manufacturing , and sales of apparel, sundries, etc.																				
(5)	Capital	2,660 million yen																				
(6)	Established	October 22, 1953																				
(7)	Number of shares outstanding	48,800,000																				
(8)	Fiscal year end	February																				
(9)	Major shareholders and ownership ratios	<table><tbody><tr><td>Fukuzo Co., Ltd.</td><td>36.62%</td></tr><tr><td>The Master Trust Bank of Japan, Ltd. (Trust Account)</td><td>7.16%</td></tr><tr><td>TOYOSHIMA & Co., Ltd.</td><td>4.27%</td></tr><tr><td>Custody Bank of Japan, Ltd. (Trust Account)</td><td>2.56%</td></tr><tr><td>Michio Fukuda</td><td>1.97%</td></tr><tr><td>Adastria Employee Shareholding Association</td><td>1.40%</td></tr><tr><td>JPMorgan Chase & Co.</td><td>1.32%</td></tr><tr><td>The Master Trust Bank of Japan, Ltd. (Executive Compensation BIP Trust Account, 75954)</td><td>0.95%</td></tr><tr><td>Hitomi Fukuda</td><td>0.85%</td></tr><tr><td>Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.</td><td>0.82%</td></tr></tbody></table>	Fukuzo Co., Ltd.	36.62%	The Master Trust Bank of Japan, Ltd. (Trust Account)	7.16%	TOYOSHIMA & Co., Ltd.	4.27%	Custody Bank of Japan, Ltd. (Trust Account)	2.56%	Michio Fukuda	1.97%	Adastria Employee Shareholding Association	1.40%	JPMorgan Chase & Co.	1.32%	The Master Trust Bank of Japan, Ltd. (Executive Compensation BIP Trust Account, 75954)	0.95%	Hitomi Fukuda	0.85%	Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.	0.82%
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(10) Financial condition and operating results for the most-recent fiscal year (consolidated)			
Fiscal Year End	(FYEB February 2023)	(FYEB February 2024)	(FYEB February 2025)
Net assets	60,762 million yen	71,581 million yen	77,200 million yen
Total assets	111,392 million yen	127,915 million yen	133,108 million yen
Consolidated net assets per share	1,309.96yen	1,549.13yen	1,665.51yen
Net sales	242,552 million yen	275,596 million yen	293,110 million yen
Operating profit	11,515 million yen	18,015 million yen	15,510 million yen
Ordinary profit	12,026 million yen	18,389 million yen	15,964 million yen
Net income attributable to owners of the parent	7,540 million yen	13,513 million yen	9,614 million yen
Consolidated net income per share	166.37yen	297.75yen	208.93yen

Overview of the succeeding company (New Adastria) in the Absorption-Type Company Split

Succeeding company in the Absorption-Type Company Split (to be established April 4, 2025)	
(1) Name	Adastria Co., Ltd.
(2) Head office	Shibuya-ku, Tokyo
(3) Representative name and title	Yoshiaki Kitamura, Representative Director and President
(4) Business lines	Retail sales of casual wear, sundry goods, etc.
(5) Capital	10 million yen
(6) Established	April 4, 2025
(7) Number of shares outstanding	200
(8) Fiscal year end	February
(9) Major shareholders and ownership ratios	Adastria Co., Ltd. 100%

(Notes) 1. Subject to the Absorption-Type Company Split taking effect, the Company will change trade name to *and STHD Co., Ltd.*, amending the Company's business purpose and other necessary matters in the Articles of Incorporation. The trade name of New Adastria is planned to be Adastria Co., Ltd.

2. As New Adastria is scheduled to be established on April 4, 2025, there are no operating results for the immediately preceding fiscal year.

(6) Overview of the business division(s) to be split off

a. Description of the business lines of the division(s) to be split

All businesses of the Adastria group, with the exception of Adastria Group business management

b. Operating results of the business division(s) to be split (March 1, 2024 to February 28, 2025)

	Business (a)	Company, non-consolidated (b)	Ratio (a/b)
Net sales	230,983 million yen	230,983 million yen	100.0%
Operating profit	14,174 million yen	13,449 million yen	105.4%
Ordinary profit	15,097 million yen	14,888 million yen	101.4%

(Note) The operating results of the business division(s) to be spun off include the January 2024 to November 2024 results of and ST Co., Ltd., which was spun off from December 1, 2024.

c. Types and amounts of assets and liabilities to be split

Assets		Liabilities	
Type	Carrying Value	Type	Carrying Value
Current assets	44,192 million yen	Current liabilities	30,661 million yen
Non-current assets	33,310 million yen	Non-current liabilities	1,018 million yen
Total	77,502 million yen	Total	31,680 million yen

(Note) The amounts of assets and liabilities to be split are based on balance sheet balances as of February 28, 2025.

The actual amounts of assets and liabilities to be split will be determined after adjusting the above amounts for any increase or decrease up to the effective date of the Absorption-Type Company Split.

(7) Transactions with controlling shareholders

Not applicable

4. Change of Trade Name and Partial Amendments to the Articles of Incorporation

(1) Change of trade name

a. Reason for change, etc.

In conjunction with the transition to a holding company structure under said Absorption-Type Company Split, the Company will change trade names from Adastria Co., Ltd. to and ST HD Co., Ltd. This change in trade name is subject to approval of the signing of the Absorption-Type Company Split Agreement and partial amendments to the Articles of Incorporation at Annual General Meeting of Shareholders scheduled for May 29, 2025.

b. New trade name (in English)

and ST HD Co., Ltd.

c. Date of new trade name change

September 1, 2025 (tentative)

(2) Partial amendments to the Articles of Incorporation

a. Details of amendments to the Articles of Incorporation

If the Absorption-Type Company Split Agreement is approved at the General Meeting of Shareholders, the Company will transition to a holding company structure. Therefore, subject to approval of the Absorption-Type Company Split Agreement, the Company's trade name will be changed to and ST HD Co., Ltd. and the business purpose will be changed to business management, etc., in the capacity of a holding company. Such amendments to the Articles of Incorporation shall take effect on the effective date of the Absorption-Type Company Split Agreement (September 1, 2025 (tentative)).

b. Details of amendments to the Articles of Incorporation

The pages following provide details of the proposed amendments to the Company's Articles of Incorporation.

(Underlined text indicates amendments)

Current Articles of Incorporation	Proposed Amendments
Article 1 (Trade Name) The name of the Company shall be <u>Adastria Co., Ltd.</u> and shall appear in English as <u>Adastria Co., Ltd.</u>	Article 1 (Trade Name) The name of the Company shall be <u>and ST HD Co., Ltd.</u> and shall appear in English as <u>and ST HD Co., Ltd.</u>
Article 2 (Purpose) 1. The purpose of the Company shall be to <u>manage</u> the following businesses.	Article 2 (Purpose) The purpose of the Company is to control and/or manage the <u>business activities of companies or other business entities engaged in the following businesses or equivalent overseas business by holding shares and/or equity interests in said companies or other business entities.</u>
1) to 23) (Omitted) 2. <u>The Company may control and/or manage the business activities of companies engaged in any of the businesses described in the preceding paragraphs and foreign companies engaged in businesses equivalent thereto by holding shares or equity interests in such companies.</u>	1) to 23) (Not amended) (Deleted)
Article 3 to Article 37 (Omitted) (Supplementary Provisions) 1. to 2. (Omitted) (New)	Article 3 to Article 37 (Not amended) (Supplementary Provisions) 1. to 2. (Not amended) 3. <u>The amendments to Articles 1 and 2 shall take effect on September 1, 2025, provided that Approval of the Absorption-Type Company Split Agreement to be proposed at the 75th Annual General Meeting of Shareholders is approved as originally proposed and that the said absorption-type company split takes effect. This paragraph shall be deleted as of the effective date of the above amendment to the Articles of Incorporation.</u>

5. Post-Absorption-Type Company Split Status

(1) Post-Absorption-Type Company Split (the Company) status (tentative)

(1) Name	and ST HD Co., Ltd. (English notation: and ST HD Co., Ltd.)
(2) Head office	Mito-shi, Ibaraki Prefecture, Japan
(3) Representative name and title	Osamu Kimura, Representative Director and President
(4) Business lines	Management of group businesses
(5) Capital	2,660 million yen
(6) Fiscal year end	February
(7) Net assets	Not confirmed at this time.
(8) Total assets	Not confirmed at this time.

(Note) The Company plans to change its trade name to and ST HD Co., Ltd. on September 1, 2025 (tentative).

(2) Overview of the successor company (New Adastria) after the absorption-type company split (tentative)

For an overview of New Adastria, the successor company in the Absorption-Type Company Split, see 3.

Establishment of New ADASTRIA and Absorption-Type Company Split (5) Overview of parties to the Absorption-Type Company Split.

6. Overview Post-Absorption-Type Company Split

As the preparatory company for the Absorption-Type Company Split is a wholly owned subsidiary, the impact on the Company's consolidated financial results will be immaterial.

End