



July 24, 2025

(Translation)

To Whom It May Concern,

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

**Notice Concerning Change (Equity Interest Transfer) in Specified Subsidiary (Sub-Subsidiary)**

At a meeting held today, the Adastria Co., Ltd. ("Company") Board of Directors approved a resolution to transfer all equity held in Velvet, LLC (California, USA; ("Velvet"), a subsidiary of a Company specified subsidiary (sub-subsidiary), Adastria USA, Inc., to PIVOT GROWS LLC (Delaware, USA; "PIVOT").

1. Reason for Transfer of Equity

As announced in *Notice Regarding the Liquidation of a U.S. Subsidiary (Specified Subsidiary)*, published March 19, 2025, the Company resolved to withdraw from business in the U.S. and liquidate Adastria USA. We have now selected a transferee of equity held in Velvet.

All equity in Velvet owned by Adastria USA, Inc. will be transferred to PIVOT, a company engaged in global brand strategy, marketing, and license management.

2. Overview of the Specified Subsidiary (Sub-Subsidiary) to Be Transferred

|   |                                    |   |                   |
|---|------------------------------------|---|-------------------|
| (1) Name  | Velvet, LLC                        |   |                   |
| (2) Location  | California, USA                    |   |                   |
| (3) Representative Name and Title   | Henry Hirschowitz, CEO             |   |                   |
| (4) Business lines  | Apparel business                   |   |                   |
| (5) Capital   | USD 17 million (JPY 1,946 million) |   |                   |
| (6) Established   | 1997                               |   |                   |
| (7) Investors and investment ratio  | Adastria USA, Inc. 100.0%          |   |                   |
| (8) Relationship with Adastria Co., Ltd.  | Equity relationship                | Adastria USA, Inc., a consolidated subsidiary of the Company (wholly-owned subsidiary and specified subsidiary), owns 100% of shares in Velvet. |                   |
|   | Personal relationships             | Two Company directors and one Company employee serve concurrently as directors  |                   |
|   | Business relationships             | Not applicable  |                   |
| (9) Most-recent operating results and financial condition of the Target Company |                                    |   |                   |
| Fiscal Year   | FYE 12/2022                        | FYE 12/2023   | FYE 12/2024       |
| Net assets  | 538 million yen                    | 1,961 million yen   | (439) million yen |
| Total assets  | 3,823 million yen                  | 5,400 million yen   | 3,527 million yen |
| Net sales   | 7,221 million yen                  | 7,467 million yen   | 6,967 million yen |

|                  |                 |                   |                     |
|------------------|-----------------|-------------------|---------------------|
| Operating profit | 467 million yen | 124 million yen   | (627) million yen   |
| Ordinary profit  | 450 million yen | 100 million yen   | (662) million yen   |
| Net income       | 429 million yen | 1,377 million yen | (2,519) million yen |

### 3. Overview of the Share Transferee

|  |  |                |
|--|--|----------------|
| (1) Name                                 | PIVOT GROWS LLC  |                |
| (2) Location                             | Delaware, USA  |                |
| (3) Representative Name and Title        | Ashesh Amin, CEO   |                |
| (4) Business lines                       | Global brand strategy, marketing, and license management |                |
| (5) Relationship with Adastria Co., Ltd. | Equity relationship                                      | Not applicable |
|  | Personal relationships                                   | Not applicable |
|  | Business relationships                                   | Not applicable |
|  | Matters Concerning Related Parties                       | Not applicable |

\* Information regarding capital, date of incorporation, net assets, total assets, major shareholders and equity ratio not disclosed as Pivot is a privately held company requesting that such information not be disclosed.

### 4. Equity Interest Transfer, Transfer Price, and Equity Interest Before and After Transfer

|                                     |                                      |
|-------------------------------------|--------------------------------------|
| (1) Equity interest before transfer | Adastria USA, Inc. 100.0%            |
| (2) Equity interest                 | 100.0% (owned by Adastria USA, Inc.) |
| (3) Equity interest after transfer  | 0.0%                                 |

\* Transfer price not disclosed according to a duty of confidentiality signed between the parties.

### 5. Schedule

|  |                           |
|--|---------------------------|
| (1) Date of Board resolution                   | July 24, 2025             |
| (2) Date of contract execution                 | July 24, 2025             |
| (3) Execution date of equity interest transfer | July 25, 2025 (tentative) |

### 6. Future Outlook

As a result of this transfer of equity interest, Velvet will no longer be consolidated into the Company. Adastria does not expect the Acquisition to have a material impact on Adastria Group consolidated financial results for the fiscal year ending February 28, 2026.

End