August 31, 2026

Company: SHIKIBO LTD.
Representative: Suzuki Yoshihito, Representative Director, President
(Code number: 3109, Tokyo Stock Exchange, Prime Market)
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Notice Regarding the Absorption-Type Merger (Simplified Merger and Short-Form Merger) of a Wholly Owned Subsidiary

SHIKIBO LTD. (the "Company") hereby announces that, at a meeting of its Board of Directors held today, it has resolved to acquire SHIKIBO SAKAI LTD. ("SHIKIBO SAKAI"), a wholly owned subsidiary of the Company, through an absorption-type merger (the "Merger") effective April 1, 2027 (scheduled).

As the Merger is a simplified absorption-type merger in which a wholly owned subsidiary is the disappearing company, certain disclosure items and details have been omitted.

1. Purpose of the Merger

SHIKIBO SAKAI has served as a manufacturing base for the Company's food and chemical business, undertaking its production function. It is also constructing a new plant with the aim of expanding production capacity and enhancing its production system, and going forward, the Company will promote the development of new products and the establishment of a production system utilizing the new plant.

Under its medium-term management plan "TG25-27," the Company has positioned the food and chemical business as a new core business, and has determined that, in order to further grow this business, it is necessary to operate the sales, development, manufacturing, and quality assurance functions in an integrated manner and to make maximum use of management resources, including the new plant.

Through the Merger, the Company will integrate its organizational structures and business operations of the Company with those of SHIKIBO SAKAI, thereby expediting decision-making, optimizing the allocation of management resources, securing and developing human resources, and strengthening its manufacturing and development capabilities, with the aim of achieving sustainable growth of the food and chemical business and enhancing corporate value.

2. Outline of the Merger

(1) Schedule

Date of resolution by the Company's Board of Directors	August 31, 2026
Date of conclusion of the absorption-type merger agreement	August 31, 2026
Scheduled date of merger (effective date)	April 1, 2027 (Scheduled)

(2) Method

The Merger is an absorption-type merger in which the Company will be the surviving company, and SHIKIBO SAKAI will be dissolved.

As the Merger constitutes a simplified merger for the Company as stipulated in Article 796, Paragraph 2 of the Companies Act and a short-form merger for SHIKIBO SAKAI as stipulated in Article 784, Paragraph 1 of the Companies Act, the Merger will be conducted without obtaining approval of the absorption-type merger agreement at a general meeting of shareholders of either company.

(3) Allotment related to the Merger

As this is a merger between the Company and its wholly owned subsidiary, there will be no allotment of shares or other assets in connection with the Merger.

(4) Handling of share acquisition rights and bonds with share acquisition rights in connection with the Merger

Not applicable.

3. Overview of companies involved in the Merger (As of March 31, 2026)

	Surviving company	Disappearing company
(1) Company name	SHIKIBO LTD.	SHIKIBO SAKAI LTD.
(2) Location	2-6 Bingomachi 3-chome, Chuo-ku, Osaka-shi, Osaka	11 Chikohamadera-Nishimachi, Nishi-ku, Sakai-shi, Osaka
(3) Name and title of representative	Suzuki Yoshihito Representative Director, President	Iwano Tsutomu Representative Director, President
(4) Business description	1. Manufacture, processing and marketing of various textile industry products, including spun yarn, processed yarn, woven fabrics/products, knitted fabrics/products, bedding fabrics/products 2. Manufacture, processing and marketing of various chemical industry products, including industrial adhesive agents, food additives 3. Manufacture and marketing of industrial materials, including paper-machine dryer fabric, filter cloths 4. Manufacture and marketing of composite materials 5. Real estate development, including urban development	1. Manufacture, processing and marketing of chemical products, including adhesive agents, textile printing pastes, and adhesives 2. Manufacture, processing and marketing of food ingredients derived from natural polysaccharides 3. Manufacture, processing and marketing of food additives
(5) Paid-in capital	11,820 million yen	100 million yen
(6) Date of incorporation	August 5, 1892	November 27, 1967
(7) Number of issued shares	12,810,829 shares	50,000 shares
(8) Fiscal year-end	March 31	March 31

(9) Major shareholders and shareholding ratio	The Master Trust Bank of Japan, Ltd. (Trust Account) 12.20% Shikibo employee shareholding association 4.67% Custody Bank of Japan, Ltd. (Trust Account) 2.78% Shikibo customer shareholding association 2.60% Shikibo labor union 1.10% Nomura Securities Co., Ltd. 1.00% Iwasaki Taiji 0.96% Kondo Yasuaki 0.95% Goto Jiro 0.80% Daiwa Securities Co. Ltd. 0.75%	SHIKIBO LTD. 100%
(10) Business performance and financial position for the most recent fiscal year		
Accounting period	Fiscal year ended March 31, 2026 (Consolidated)	Fiscal year ended March 31, 2026 (Non-consolidated)
Net assets	36,224 million yen	1,354 million yen
Total assets	93,964 million yen	5,384 million yen
Net assets per share	2,851.27 yen	27,085.73 yen
Net sales	44,554 million yen	962 million yen
Operating profit (loss)	974 million yen	(299) million yen
Ordinary profit (loss)	658 million yen	(318) million yen
Profit (loss) attributable to owners of parent	950 million yen	(231) million yen
Profit (loss) per share	74.93 yen	(4,635.22) yen

4. Status after the Merger

There will be no changes to the Company’s name, location, name or title of its representative, business description, paid-in capital, or fiscal year-end as a result of the Merger.

5. Future outlook

The impact of this matter on the Company’s consolidated financial results is expected to be immaterial. Should any matters requiring disclosure arise in the future, the Company will promptly make an announcement.