

Notice of Reorganization of Consolidated Subsidiaries

ADEKA CORPORATION (President and Chief Executive Officer: Hidetaka Shirozume, hereafter “ADEKA”) announced today that it had adopted a resolution to merge ADEKA FOODS SALES CORPORATION (President: Keisuke Hasegawa, hereinafter “ADEKA FOODS SALES”), CROWN CO., LTD. (President: Hisashi Tanaka, hereinafter “CROWN”) and YONGO CORPORATION (President: Sadatoshi Ito, hereinafter “YONGO”), all of which are consolidated subsidiaries of ADEKA, with a view toward further increasing the efficiency of group management.

This move is considered a simplified absorption-type merger between subsidiaries. This announcement omits some of the disclosure items and details.

1. Purpose of the Merger

In the Mid-Term Management Plan, **ADX 2023**, the ADEKA Group laid out its basic policy, “Transform the management foundation to be compatible with the new social environment, aiming to achieve sustainable growth with an emphasis on profit.” In the food business, it is working to intensify its presence and expand its business areas in the Japanese market and enlarge its overseas markets, and it is accelerating the development of the **Marvelous** series of products and other products aimed at reducing food loss and the **Deli-PLANTS** series of plant-based foods to advance into a new business area.

In this segment, ADEKA FOODS SALES, one of ADEKA’s consolidated subsidiaries, engages in the purchase and sale of oils, fats, dairy products and other food products and materials for business use. Two other consolidated subsidiaries, CROWN and YONGO, operate businesses wholesaling materials for business use to bakers and confectioners in separate regions. Specifically, CROWN mainly serves Osaka Prefecture and YONGO chiefly serves Aichi Prefecture.

In the food business in Japan, demand is expected to shrink gradually in the future due to the decrease and aging of the population, while its costs for raw materials, services, logistics, labor and other costs are increasing.

In this business environment, the ADEKA Group is reorganizing its subsidiaries. It made YONGO a wholly owned subsidiary in May 2023 to increase the profitability of its food business in Japan, and now three food sales subsidiaries, ADEKA FOODS SALES, YONGO and CROWN, are set to merge into one subsidiary. This move will complete the integration of the sales structure in Japan concerned with the food business.

The ADEKA Group will accelerate its decision-making and further rationalize and streamline its businesses to construct a solid revenue base, aiming to achieve the growth of its business in pursuit of social value and economic value and to further enhance its services for its customers.

2. Summary of the Merger

(1) Schedule of the Merger

Date of resolution by the Board of Directors (ADEKA)	Dec. 19, 2023
Date of merger agreement (ADEKA FOOD SALES, CROWN, YONGO)	Dec. 25, 2023 (scheduled)
Date of resolution by the General Meeting of Shareholders (CROWN, YONGO)	CROWN : Feb. 26, 2024 (scheduled) YONGO : Feb. 22, 2024 (scheduled)
Date of merger (effective date)	Apr. 1, 2024 (scheduled)

(2) Method of the Merger

An absorption-type merger in which ADEKA FOODS SALES will be the surviving company and CROWN and YONGO will be the merged companies.

3. Overview of Companies in the Merger (as of Mar. 31, 2023)

	Surviving company	Merged company	Merged company
(1)Name	ADEKA FOOD SALES CORP.	CROWN CO., LTD.	YONGO CORP.
(2)Head office	2-6 Kandatsukasamachi, Chiyoda-ku, Tokyo	3-6-35 Nishitenma, Kita-ku, Osaka-city, Osaka	1-20-12 Meieki Minami, Nakamura-ku, Nagoya-city, Aichi
(3)Title and name of representative	President Keisuke Hasegawa	President Hisashi Tanaka	President Sadatoshi Ito
(4)Business details	Purchases and sales of food and materials for business use	Wholesaling of materials for business use to bakers and confectioners	Wholesaling of materials for business use to bakers and confectioners
(5)Paid-in capital	¥ 42 million	¥ 10 million	¥ 18 million
(6)Established	Apr. 3, 2000	May 1, 1962	Oct. 7, 1949
(7)No. of Shares Issued	840 Shares	200 Shares	360,000 Shares
(8)Fiscal year end	Mar. 31 of each year	Mar. 31 of each year	Mar. 31 of each year
(9)Major shareholders and shareholding ratio	ADEKA CORP. 100%	ADEKA CORP. 100%	ADEKA CORP. 100%

4. Post-merger Situation (Scheduled for Apr. 1, 2024)

In this merger, there will be no changes in the trade name, location, title and name of the representative, scope of business, stated capital, accounting period or other matters regarding the surviving company.

5. Future outlook

Given that this merger is a reorganization within the ADEKA Group, the impact on its consolidated financial results will be minor.

■ Contacts

ADEKA CORPORATION

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