

Notice Concerning Wholly Owned Subsidiary of YONGO CORPORATION through Simplified Share Exchange

ADEKA CORPORATION (President and Chief Executive Officer: Hidetaka Shirozume, hereinafter the “Company”) announces that the Company and its consolidated subsidiary, YONGO CORPORATION (Head office: Nagoya-city, Aichi, President: Sadatoshi Ito, hereinafter YONGO) decided at meetings of the Boards of Directors of both companies held today to implement a share exchange which is effective today (the “Share Exchange”) that makes the Company a wholly owning parent company and YONGO a wholly owned subsidiary. The companies signed a share exchange agreement on the same day.

Since the Share Exchange is a simplified share exchange, through which a consolidated subsidiary becomes a wholly owned subsidiary, certain information and details are omitted.

1. Purpose of establishing a wholly owned subsidiary through the Share Exchange

In the Mid-Term Management Plan, *ADX 2023*, the Company 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, the Company is working to intensify its presence in domestic market, expand overseas markets, and expand its business areas, and it has accelerated development of the *Deli-PLANTS* series of plant-based foods to advance into a new business area in addition to products to reduce food loss, the *Marvelous* series of products, and other products. We decided to make YONGO a wholly owned subsidiary through the Share Exchange to expedite decision-making in this business and facilitate integrated and organic management to maximize the use of the Group’s operating resources.

2. The Share Exchange details

(1) Schedule of the share exchange

Date of resolution of the Board of Directors (Company)	April 20, 2023
Date of resolution of the Board of Directors (YONGO)	April 20, 2023
Date of execution of the share exchange agreement	April 20, 2023
Scheduled date of the Share Exchange (effective date)	May 31, 2023 (scheduled)
Date of share delivery for the Share Exchange	May 31, 2023 (scheduled)

(注) The scheduled date of the Share Exchange (effective date) and the date of share delivery for the Share Exchange may be changed by the agreement of both companies.

(2) Method of the Share Exchange

This is a share exchange to make the Company a wholly owning parent company and YONGO a wholly owned subsidiary. Both companies plan to implement the Share Exchange on May 31, 2023 as the effective date, without the obtaining approval of shareholders at General Meetings of Shareholders, as the Company is implementing a simplified share exchange pursuant to the provisions of paragraph 2 of Article 796 of the Companies Act, and YONGO is implementing a summary share exchange pursuant to the provisions of paragraph 1 of Article 784 of the Companies Act.

(3) Details of the allotment related to the Share Exchange

Company Name	ADEKA CORPORATION (Share exchange wholly owned parent company)	YONGO CORPORATION (Share exchange wholly owned subsidiary)
Details of the allotment related to the Share Exchange	0.5	1
No. of shares to be delivered through the Share Exchange	Common Shares : 11,500 shares (scheduled)	

(Note 1) Share allotment ratio

The Company will allot 0.5 shares of its stock in exchange for each share of YONGO, provided, however, that in the Share Exchange, the Company's shares will not be allotted for the shares of YONGO held by the Company.

(Note 2) Number of shares issued in the Share Exchange

In the Share Exchange, the Company will deliver to all people (except the Company) who were the shareholders of YONGO immediately prior to the Company's acquisition of all YONGO's shares (excluding those previously held by the Company) the number of the Company's shares calculated by multiplying the total number of shares of YONGO held by the person by 0.5, in exchange for their shares of YONGO. As it is planned that all of the shares to be delivered by the Company will be sourced from its treasury shares, the Company has not planned to newly issue shares for the allotment in the Share Exchange.

(4) Handling related to share acquisition rights and bonds with share acquisition rights in connection with the Share Exchange

Not applicable

3. Description of allotment in the Share Exchange

The share exchange ratio was determined through careful discussion between both companies based on the value of the shares of the Company, which is a listed company, calculated using the market price method and the value of the shares of YONGO, which is an unlisted company, calculated considering its net assets and business conditions.

4. Overview of the parties to the Share Exchange (as of March 31, 2022)

	Share exchange wholly owned parent company	Share exchange wholly owned subsidiary
(1)Name	ADEKA CORPORATION	YONGO CORPORATION
(2)Head office	7-2-35 Higashi-ogu, Arakawa-ku, Tokyo	1-20-12 , Meiekiminami Nakamura-ku, Nagoya-city, Aichi
(3)Title and name of representative	President and Chief Executive Officer Hidetaka Shirozume	President and Chief Executive Officer Sigeru Fukuda * From June 2022, Sadatoshi Ito
(4)Business details	Manufacture and sale of chemicals, foods and life science products	Sales of edible oil & fat, foods for confectionery, Bakery and other Food related industries.
(5)Paid-in capital	(Million yen) 23,048	(Million yen) 18
(6)Established	January 27, 1917	Oct 7, 1949
(7)No. of Shares Issued	103,768,142 share	360,000 share
(8)Fiscal year end	March 31 every year	March 31 every year
(9)Major shareholders and shareholding ratio	The Master Trust Bank of Japan, Ltd. (Trust Account) 14.70%/Custody Bank of Japan, Ltd. (Trust Account) 7.49%/ASAHI MUTUAL LIFE INSURANCE CO. 3.92%/Custody Bank of Japan, Ltd. as trustee for Mizuho Bank, Ltd. Retirement Benefit Trust Account re-entrusted by Mizuho Trust and Banking Co., Ltd. 3.64%/ADEKA Business Partners Shareholdings Association 3.03%	ADEKA CORP. 92.6%
(10) Financial position and operating results for the immediately preceding fiscal year (million yen. Except where noted.)		
Fiscal year end	Company (Consolidated)	YONGO (Non-consolidated)
	Fiscal Year Ended March 2022	Fiscal Year Ended March 2022
Net Worth	296,871	460
Total assets	475,304	1,684
Net assets per share (yen)	2,426.70	1,280.00
Net sales	361,234	5,796
Operating profit	34,032	29
Ordinary income	35,658	31
Profit attributable to shareholders of the Company / Net income	23,687	18
Basic earnings income per share (yen)	229.65	50.26

5. Status after the Share Exchange

There will be no changes, due to the Share Exchange, in the trade name, location, title/name of representative, scope of business, stated capital, or accounting periods of the Company, which is a wholly owning parent company.

6. Future outlook

Because YONGO was already a consolidated subsidiary of the Company, the impact of the Share Exchange on the consolidated results of the Company is expected to be negligible.

■ Contacts

ADEKA CORPORATION

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