



FY2025/02 1st Quarter Financial Results

June 28, 2024



A D A S T R I A
— *Play fashion!*

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Consolidated Income Statement

(Millions of yen)

	FY2024/02 1Q Results		FY2025/02 1Q Results		
		Ratio		Ratio	YoY
Net sales	68,478	100.0%	74,001	100.0%	108.1%
Adastria(Non-consolidated)	55,377	80.9%	59,814	80.8%	108.0%
Domestic subsidiaries *1	6,450	9.4%	6,353	8.6%	98.5%
Overseas subsidiaries *2	5,096	7.4%	6,053	8.2%	118.8%
Zetton (Food & Beverage Subsidiary) *3	2,535	3.7%	2,985	4.0%	117.7%
Gross profit	39,094	57.1%	41,605	56.2%	106.4%
SG&A expenses	32,816	47.9%	35,591	48.1%	108.5%
Advertising & promotion	2,193	3.2%	2,060	2.8%	93.9%
Personnel	11,738	17.1%	13,090	17.7%	111.5%
Rent & depreciation *4	11,604	16.9%	12,593	17.0%	108.5%
Amortization of goodwill	57	0.1%	54	0.1%	95.4%
Others	7,222	10.5%	7,792	10.5%	107.9%
Operating profit	6,278	9.2%	6,014	8.1%	95.8%
Adastria(Non-consolidated)	5,787	8.5%	5,841	7.9%	100.9%
Domestic subsidiaries *1	437	0.6%	416	0.6%	95.3%
Overseas subsidiaries *2	137	0.2%	31	0.0%	22.7%
Adastria Logistics	24	0.0%	80	0.1%	330.8%
Zetton (Food & Beverage Subsidiary) *3	- 117	-	- 305	-	-
Ordinary profit	6,349	9.3%	6,288	8.5%	99.0%
Net income attributable to owners of the parent	4,464	6.5%	4,405	6.0%	98.7%
EBITDA	8,340	12.2%	8,498	11.5%	101.9%
Depreciation and amortization	2,005	2.9%	2,429	3.3%	121.2%
Amortization of goodwill	57	0.1%	54	0.1%	95.4%

*1: Domestic subsidiaries are the sum of five subsidiaries FY/2024 1Q: BUZZWIT Co.,Ltd., ELEMENT RULE Co., Ltd., Adastria eat Creations Co.,Ltd., ADOORLINK Co., Ltd., Gate Win Co., Ltd.

Domestic subsidiaries are the sum of three subsidiaries FY/2025 1Q : BUZZWIT Co.,Ltd., ELEMENT RULE Co., Ltd., ADOORLINK Co., Ltd.,

*2: Overseas subsidiaries are the sum of overseas subsidiaries: Hong Kong, Mainland China, Taiwan, Thai, USA.(Period Jan. to Mar.2024)

*3: Operating profit of Zetton, Inc. is shown after consolidation adjustments. (Period Feb. to Apr. 2024)

*4: Rent & depreciation costs are the sum of Rent expenses, Lease expenses and Depreciation

Summary

Sales increased with the support of consistently firm demand, favorable April/May weather and successful sales/merchandise strategies
A small decrease in operating profit because of difficulties at some subsidiaries

Net sales

74.0 billion yen (+8.1% YoY)

Parent company

- Up 8.0%; higher sales and earnings
- Stable growth of GLOBAL WORK and other core brands and sales growth due to new LAKOLE stores and growth of the wholesale business

Domestic subsidiaries

- Sales down 1.5%. Higher sales and earnings at ELEMENT RULE due to a recovery of last year's weak brands and lower sales and earnings at EC company BUZZWIT caused by slow sales of major brands.

Overseas subsidiaries

- Sales up 18.8%. Mainland China sales increased and the loss decreased despite weak consumer spending. Sales and earnings increased in Hong Kong and Taiwan because of new stores and new brands. U.S. sales and earnings down due to a slowdown in the wholesale business.

Food and beverage business

- Sales up 17.7%. Sales increased due to a recovery of the restaurant sector in Japan but new store expenses and higher personnel expenses reduced earnings.

Gross profit margin

56.2% (-0.9p YoY)

- Profitability benefited from revisions of product prices to reflect the increasing value of merchandise and from continuing measures to limit discounting. However, the apparel business gross profit margin was basically unchanged because of the yen's depreciation. The consolidated gross profit margin decreased due to negative effect on margins of the growth of the wholesale business(-0.7p).

Consolidated Income Statement – Summary 2

SG&A expense
ratio

48.1% (+0.2p YoY)

- Advertising & promotions** • **2.8% (-0.4p YoY) (-130 million yen)**
Streamlining of promotion expenses
- Personnel** • **17.7% (+0.6p YoY) (+1,350 million yen)**
Higher salaries continue, more recruiting activities due to the labor shortage and more working hours due to sales growth
- Rent & depreciation** • **17.0% (+0.1p YoY) (+990 million yen)**
Higher depreciation due to new stores in the previous and current fiscal years and higher rent because of sales growth
- Others** • **10.5% (+0.0p YoY) (+570 million yen)**
Increases in credit card fees, outsourcing expenses and store-related expenses

Operating profit

6.0 billion yen (-4.2% YoY)

Operating income ratio 8.1%, EBITDA margin 11.5%

Ordinary profit

6.2 billion yen (-1.0% YoY)

Non-operating income • Foreign exchange gains of 220 million yen

Net income
attributable to
owners of the parent

4.4 billion yen (-1.3% YoY)

Extraordinary losses • Impairment of store assets of 40 million yen

Adastria and Major Domestic Subsidiaries Income Statement

● Adastria (Non-consolidated)

(Millions of yen)

	FY2024/02 1Q Results	FY2025/02 1Q Results	
			YoY
Net sales	55,377	59,814	108.0%
(Total stores YoY w/o Wholesale)	114.4%	104.3%	-
(Same stores YoY)	112.3%	102.6%	-
GLOBAL WORK	13,831	14,574	105.4%
niko and ...	8,135	8,593	105.6%
LOWRYS FARM	5,778	6,148	106.4%
studio CLIP	5,423	5,625	103.7%
LEPSIM	3,579	3,823	106.8%
LAKOLE	2,674	3,185	119.1%
JEANASIS	2,989	2,942	98.4%
BAYFLOW	2,670	2,834	106.2%
Gross profit	31,222	33,101	106.0%
Gross margin	56.4%	55.3%	- 1.1p
SG&A expenses	25,435	27,259	107.2%
SG&A ratio	45.9%	45.6%	- 0.3p
Operating profit	5,787	5,841	100.9%
Operating margin	10.5%	9.8%	- 0.7p

● Major Domestic Subsidiaries

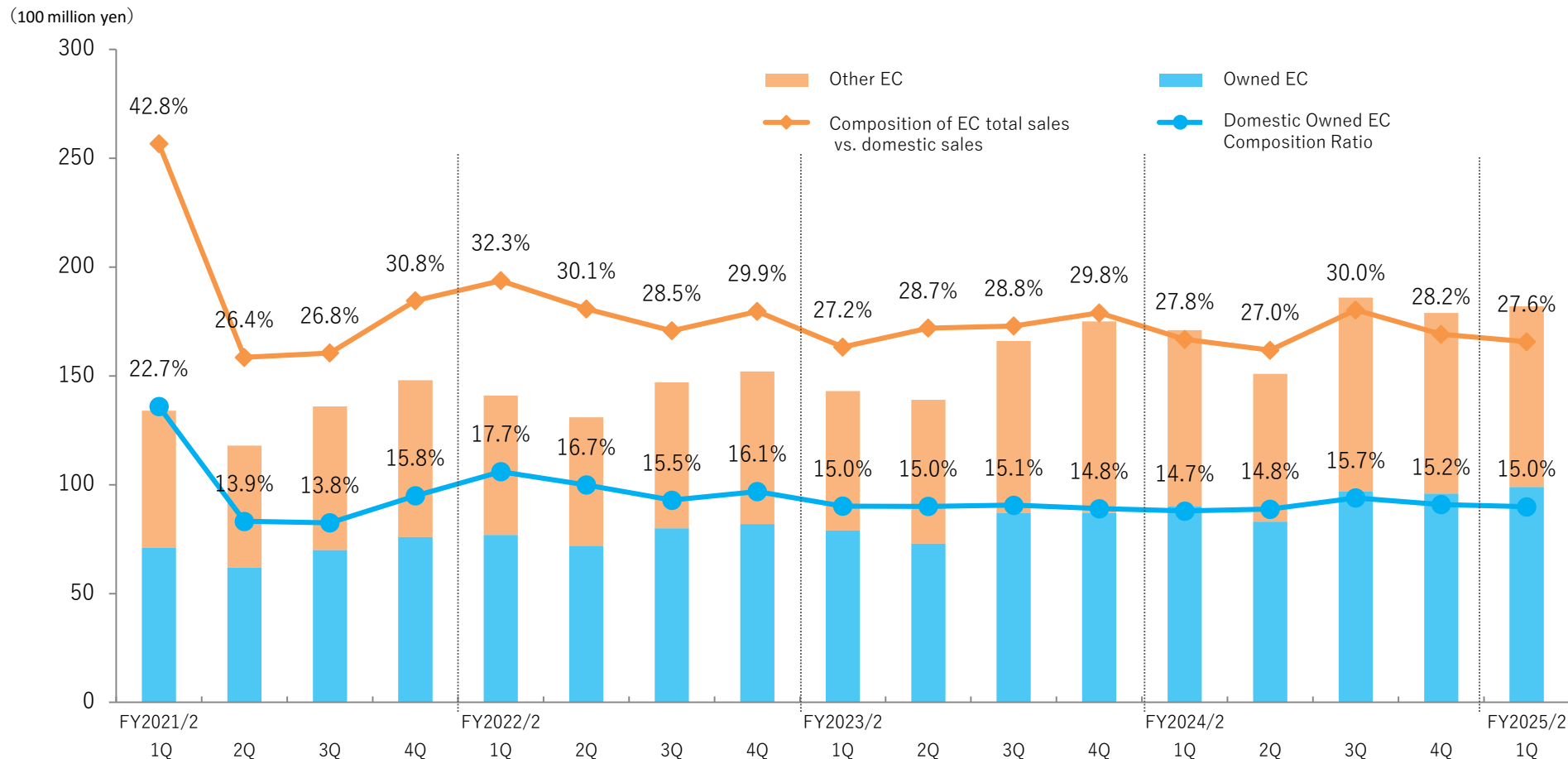
Net sales	BUZZWIT Co., Ltd.	3,212	3,036	94.5%
	ELEMENT RULE Co., Ltd.	2,888	3,190	110.5%

- * : Adastria (Non-consolidated) : Amortization of goodwill for FY2023/02: None, FY2024/02: None
- * : Adastria (Non-consolidated) : Net sales are shown before elimination of internal transactions.
- * : Adastria (Non-consolidated) and Gate Win Co., Ltd. Merge in FY2025/02 1Q

Domestic net sales from online (FY2025/02)

18.2 billion yen (+7.3% YoY)

- Domestic online business ratio: 27.3% (of which Aداستريا EC site: approx. 15.0%)
- “Dot-ST” has about 18.2 million members (0.7 million more than at the end of FY2024/02)



*FY2021/02 non-consolidated sales and sales in BUZZWIT Co., Ltd. and ELEMENT RULE Co., Ltd. were included.

*Starting in FY2022/02, sales of ADOORLINK Co., Ltd. was included.

*Starting in FY2023/02 2Q, sales of BUZZWIT Co., Ltd. include its consolidated subsidiary OPEN AND NATURAL, Inc. (2 companies merged in July 2023) and from 4Q, sales of Gate Win Co., Ltd. was included.

■ Sales of core products of GLOBAL WORK increased

- Promotional activities for products raised consumer awareness of major product categories
- Benefits of products match consumer needs: easy-care fabrics that resist wrinkling and are machine washable and fashions with stylish silhouettes yet still easy to purchase and wear
- Started to increase promotional activities for men's apparel in the current fiscal year.
Sales are increasing with Air Karu Easy Pants (light weight, stretchable, easy care) making a big contribution.

エアかる EASY PANTS

軽量
思わず動き出したくなる、驚きの軽さ!

ストレッチ
伸びるから、いつでも動きやすい。

接触冷感
伸びるから、いつでも動きやすい。

イージーケア
洗濯シワになりにくく、お手入れ簡単。

吸水速乾
乾きやすいから、サラッと爽快。

エアかる EASY PANTS

Air Karu Easy Pants

Interview with **HIO MIYAZAWA**

エアかるイージーパンツのTVCMに出演中の宮沢氷魚さんに仕事に対する思いやプライベートについて語ってもらった。

Air karu Easy Pants

sala sala relax

さらさらリラックス まちがいない服。

初夏の海辺。

吉高由里子さんがさらさらリラックスで訪れる

sala sala relax blouse

スッキレイニット

Beautiful style, timeless colors

体型、年代、問わずはまれる スッキレイニット

Sukkirei Knit

ウツクシルエイト

徹底解剖 2024 年

美

ウツクシルエイト

Utsuku-shilhouette Pants

URBAN SLACKS days

宮沢氷魚がほきこなす一週間のパンツコーデ

Urban Slacks

MELTY KNIT

たから長く使える、とろける着ごちメルティニット

人気のウケを徹底解剖

7月に発売の ニットのトリセツ

MELTY KNIT

■ New Dot-ST stores

- Planning to add 8 stores during the current fiscal year; four are currently open.

■ Events for visiting Dot-ST stores to meet popular STAFF BOARD salespeople

- Popular employees help maintain strong relationships with customers and increase mutually beneficial ties between physical stores and e-commerce.



Features of “Dot-ST store”

Shot and smooth shopping

Hot items of “.st” site and outfit ideas from “STAFF BOARD” are already selected

Services tailored to “You”

Personalized suggestions through purchase history and try-on reservation.

Store or Online, as you like

It is possible to have items purchased at the store delivered to your home, or to purchase items not available at the store.

- **Hong Kong:** Sales and earnings increased because of new stores and more brands in the e-commerce channel
- **Mainland China:** Sales increased and loss narrowed despite soft consumer spending
- **Taiwan:** Sales and earnings up mainly due to new brands, new stores and the continuation of existing store sales growth
- **Thailand:** Sales are increasing at the first store, which opened in the second quarter of the previous fiscal year
- **USA:** Sales and earnings down as the wholesale business slowed down because of the uncertain economic outlook

(Millions of yen)

	FY2023/12 1Q Results	FY2024/12 1Q		
		Results		
			YoY (JPY)	YoY (Local currency)
Net sales	5,096	6,053	118.8%	107.8%
Hong Kong	822	1,151	139.9%	124.3%
Mainland China *1	995	1,091	109.7%	102.3%
Taiwan	1,369	1,926	140.6%	130.1%
Thailand	-	78	-	-
USA *2	1,908	1,805	94.6%	84.2%
Operating profit	137	31	22.7%	19.9%
Hong Kong	6	46	741.0%	658.3%
Mainland China *1	- 238	- 194	-	-
Taiwan	254	345	135.4%	125.3%
Thailand	- 29	- 31	-	-
USA *2	144	- 134	-	-

*1 : Mainland China : Net sales are shown before elimination of internal transactions

*2 : USA does not include the U.S. business of Zetton,inc.

■ Continuing to grow in Southeast Asia

- Established Adastria Philippines Inc. on April 1, 2024 as a joint venture
- Plan to open the first store in the Philippines in FY2025/02
- Plan to open the second Thailand store in July 2024

■ Continuing to open stores in Taiwan by using the multi-brand strategy

- Store openings are continuing as planned; no negative effect of the April 2024 earthquake in eastern Taiwan
- LOWRYS FARM and JEANASIS are opened at Shin Kong Mitsukoshi



Taiwan; Shin Kong Mitsukoshi

■ Using collaborations to raise awareness of brands



Mainland China :
New & Retro Hatsune Miku

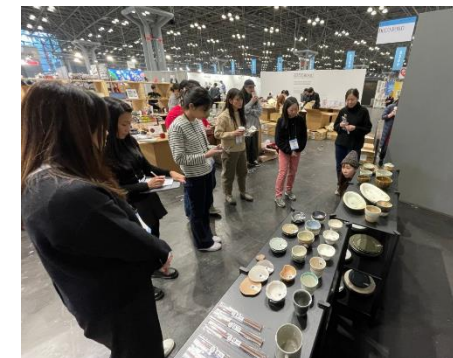


Thailand: Jujutsu Kaisen

■ Started LAKOLE test marketing in the United States



U.S. : LAKOLE's exhibition in New York



Consolidated Balance Sheet

- **Inventories:** Proper level at the end of the 1Q at 8.6% above one year earlier
- **Property, plant and equipment:** Increased due to the opening of physical stores and other reasons
- **Intangible assets:** Increased as IT system investments increased software and for other reasons
- **Net assets:** Net asset ratio of 56.6%, +2.7p YoY

(Millions of yen)

	End of 2023/05		End of 2024/02		End of 2024/05			
		Ratio		Ratio		Ratio	Compared with the end of 2023/05	Compared with the end of 2024/02
Current assets	61,545	51.7%	68,731	53.7%	69,960	53.3%	+8,414	+1,229
Cash and deposits	16,818	14.1%	23,371	18.3%	20,156	15.4%	+3,337	-3,215
Inventories	24,822	20.8%	26,839	21.0%	26,956	20.6%	+2,134	+117
Fixed assets	57,524	48.3%	59,184	46.3%	61,214	46.7%	+3,689	+2,029
Property, plant and equipment	23,094	19.4%	23,901	18.7%	25,091	19.1%	+1,996	+1,189
Intangible assets	12,197	10.2%	12,376	9.7%	12,590	9.6%	+392	+214
Goodwill	1,274	1.1%	1,109	0.9%	1,054	0.8%	-219	-54
Investments and other assets	22,232	18.7%	22,906	17.9%	23,532	17.9%	+1,300	+626
Total assets	119,070	100.0%	127,915	100.0%	131,174	100.0%	+12,104	+3,258
Liabilities	54,857	46.1%	56,334	44.0%	56,921	43.4%	+2,063	+586
Loans payable	3,192	2.7%	905	0.7%	1,216	0.9%	-1,976	+310
Net assets	64,213	53.9%	71,581	56.0%	74,253	56.6%	+10,040	+2,672
Treasury shares	- 7,050	-5.9%	- 7,516	-5.9%	- 7,384	-5.6%	-334	+131

Number of Stores

	FY2024/02		FY2025/02 1Q			
	Endo of 1Q	End of FY2024/02	Opened	Changed	Closed	End of the quarter
GLOBAL WORK	210	214	2	0	0	216
niko and ...	142	141	1	0	0	142
LOWRYS FARM	129	126	0	0	0	126
studio CLIP	179	179	7	0	0	186
LEPSIM	115	115	1	0	0	116
LAKOLE	68	78	7	0	0	85
JEANASIS	71	68	1	0	0	69
BAYFLOW	62	62	2	0	0	64
Others *1	270	259	14	6	-1	278
Adastria non-consolidated total	1,246	1,242	35	6	-1	1,282
(Online store included)	(65)	(61)	(2)	(2)	(-1)	(64)
Domestic subsidiaries total*1*2	123	128	4	-6	-3	123
(Online store included)	(53)	(58)	(1)	(-2)	(-3)	(54)
Japan total	1,369	1,370	39	0	-4	1,405
(Online store included)	(118)	(119)	(3)	(0)	(-4)	(118)
Hong Kong	21	23	5	0	0	28
Mainland China	14	15	1	0	-2	14
Taiwan	55	72	2	0	-1	73
Thailand	-	2	0	0	0	2
Philipins	-	-	0	0	0	0
USA	10	10	1	0	-1	10
Oversea total	100	122	9	0	-4	127
(Online store included)	(20)	(22)	(7)	(0)	(-2)	(27)
Zetton (Food & Beverage subsidiary) *3	71	71	4	0	-1	74
ADASTRIA eat Creations	3	-	-	-	-	-
Consolidated total	1,543	1,563	52	0	-9	1,606
(Online store included)	(138)	(141)	(10)	(0)	(-6)	(145)

FY2025/2 1Q 10 remodeled stores in the consolidated group.

*1 : Stores of Gate Win Co., Ltd. which had been included in the total of domestic subsidiaries until FY2024/2Q, will be included in "Others"

*2 : Domestic subsidiaries are the sum of three subsidiaries FY/2025 1Q : BUZZWIT Co.,Ltd., ELEMENT RULE Co., Ltd., ADOORLINK Co., Ltd.,

*3 : The number of stores of zetton, inc. includes its consolidated subsidiary ZETTON, INC (USA Business).

- **Adastria acquired all of the stock of TODAY'S SPECIAL Co., Ltd., which was a wholly owned subsidiary of WELCOME Co., Ltd., operator of the TODAY'S SPECIAL and GEORGE'S businesses**
 - This step positions Adastria for growth in the lifestyle category by adding these two powerful brands in the miscellaneous merchandise sector and enlarging its lineup of products.
 - We plan to start selling these brands with unique world view on our EC site "Dot-ST" in order to raise their pct. of EC sales.
 - GEORGE'S will accelerate store openings by effectively utilizing Adastria's store development capabilities and production background.
 - TODAY'S SPECIAL will open stores in carefully selected locations, including regional cities, and further strengthen its unique merchandise for overseas expansion.

TODAY'S SPECIAL

Brand Concept

"Food and Lifestyle Stores"

**that offers "discoveries that make today special"
and "the joy of giving seasonal gifts"**

Products : Kitchen goods, food, plants, sundries, apparel, books, etc.

Location : Tokyo, suburbs of Tokyo, Kansai, etc.



GEORGE'S

Brand Concept

WELCOME TO OUR HOMESTEAD

A place where everyone gathers

Stores offer daily necessities and gifts from the heart

Products : Kitchen goods, food, kids' goods, apparel, plants,
furniture, etc.

Location : Tokyo, suburbs of Tokyo, Tokai, etc.



■ Production of brands for merchandise sold at general merchandise stores (GMS)

- Started creating brands for Ito-Yokado; 63 stores will be opened as of the end of June 2024.



■ Provision of uniforms and creation of merchandise

- Using Adastria's capabilities for new lifestyle ideas and activities. For example, producing student uniforms to OHFUJI GAKUEN, staff uniforms to Aqua World Ibaraki Prefecture Oarai Aquarium, and ideas for new products at restaurants.



OHFUJI GAKUEN



Aqua World Ibaraki Prefecture Oarai Aquarium



Gong cha's bottle is designed by niko and ...

Business Climate

Yen's depreciation and pricing strategy



Our Approach

- In the first quarter, prices increased about 2% for spring and summer products, excluding the effect of a weather-related slump in March. We expect a similar increase in prices during the first half of this fiscal year.
- Due to the recent further downturn of the yen, we plan on more price increases of autumn and winter apparel due to reflect more added value and will limit discounting with the goal of increasing the gross profit.

Changes in consumer behavior caused by inflation



- Spending on apparel remains firm due to demand for fashions for outings and the shift to more casual clothing. No signs of a decline in demand for spring and summer apparel.
- Nominal wages are increasing, primarily for young people, and there are no indications that customers are holding down their spending, including for Adastria merchandise. As expenditures for clothing increase slowly, sales of apparel at Adastria and other large companies in this sector have increased more than one year earlier in the market overall. We believe that the market share will continue to climb.

FY2025/02 Consolidated Forecast (Re-posting)

■ No change from the initial forecast announced at April 2024

(Millions of yen)

	FY2024/02 Results	FY2025/02 Forecast	
			YoY
Net sales	275,596	290,000	105.2%
Gross profit	152,354	162,300	106.5%
Gross profit margin	55.3%	56.0%	+0.7p
SG&A expenses	134,339	143,300	106.7%
SG&A expenses ratio	48.7%	49.4%	+0.7p
Operating profit	18,015	19,000	105.5%
Operating margin	6.5%	6.6%	+0.1p
Ordinary profit	18,389	19,000	103.3%
Ordinary income margin	6.7%	6.6%	-0.1p
Net income attributable to owners of the parent	13,513	12,700	94.0%
Ratio of net income attributable to owners of the parent	4.9%	4.4%	-0.5p
ROE	20.9%	16.9%	-4.0p
EBITDA	27,763	28,830	103.8%
Depreciation and amortization	9,525	9,600	100.8%
Amortization of goodwill	223	230	103.1%
Capital expenditure	11,807	13,800	

Explanation on the appropriate use of performance forecasts

The forward-looking statements in this document, including performance forecasts, are based on information currently available to the Company and certain assumptions that the Company considers reasonable.

Other Notes

Figures in the materials are rounded down to the nearest million yen, and percentages are calculated from the original data.



A D A S T R I A
— *Play fashion!*