



Medium-Term Management Plan 2030

5th CHANGE

ADASTRIA
—
Play fashion!

April 04, 2025

Medium-Term Management Plan
2030 5th CHANGE

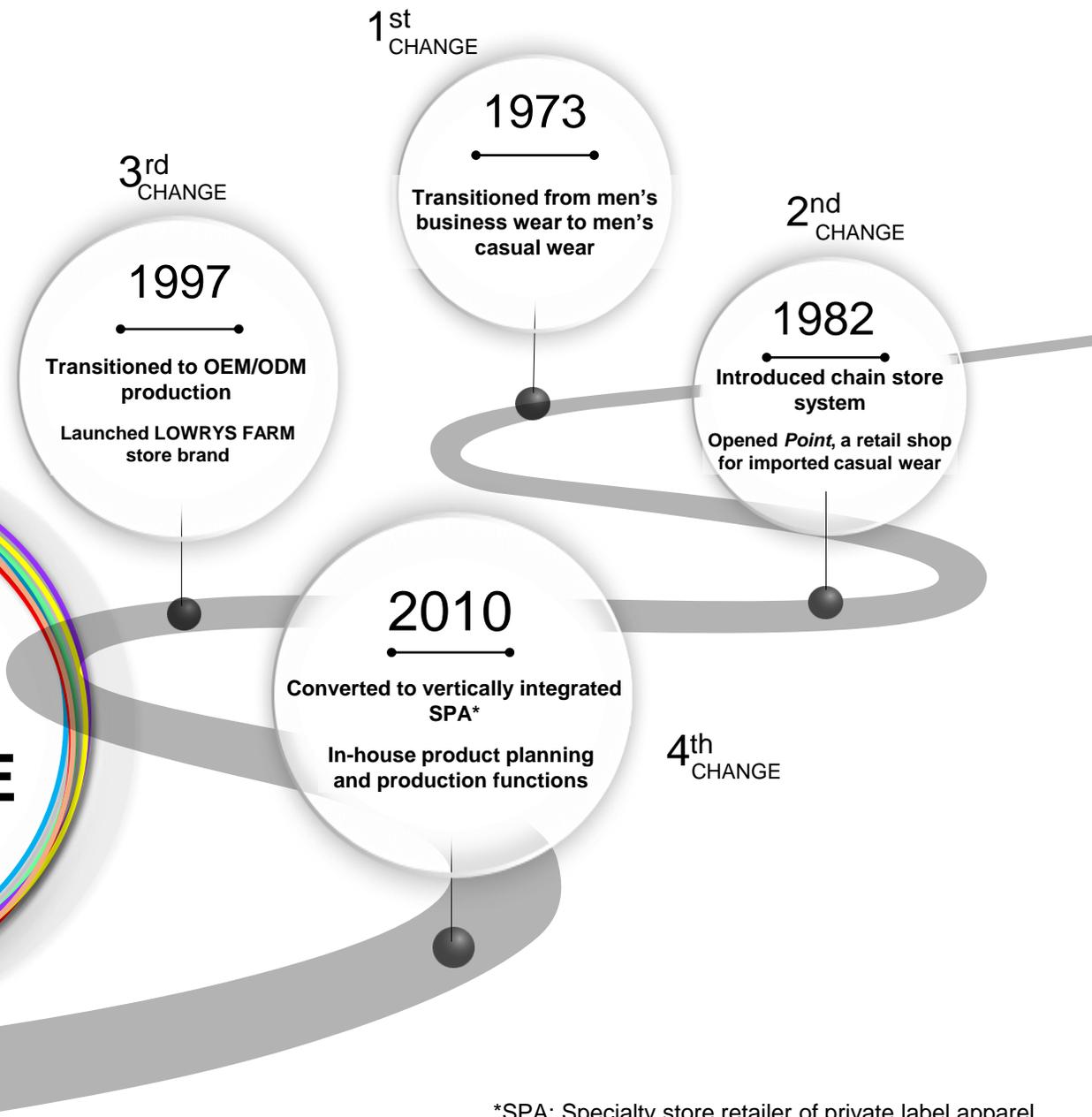
1. Introduction

5th CHANGE

Adastria has changed over the years to meet the needs of our customers and markets.
In December 2024, we spun off and ST Co., Ltd. as part of the first phase of the 5th CHANGE.



From
Multi-Brand x SPA*
to a
Play fashion!
platformer



*SPA: Specialty store retailer of private label apparel

Concepts Behind the 5th CHANGE

What Stays the Same?

Play fashion!

Fashion that inspires you.

Fashion that creates a vibrant community.

Fashion for living your best life.

What Will Change?

From an **SPA** to a **Platformer**

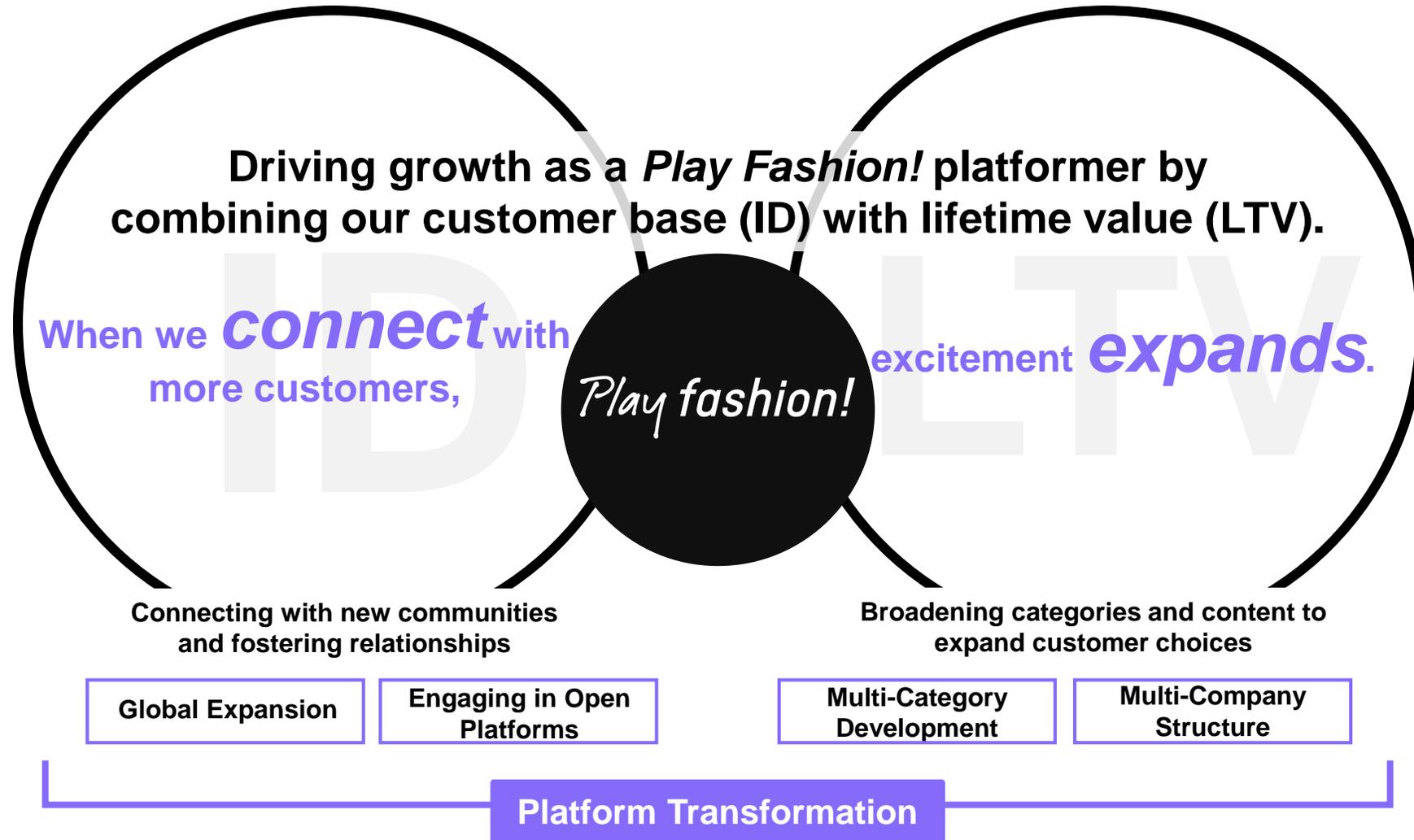
Fashion is woven into every aspect of life.

Shopping will grow beyond simply buying things, becoming a form of entertainment where people savor moments and experiences.

Beloved across the globe, Japanese culture continues to expand from Asia to the world.

Adastria strives to *connect* with customers and partner companies more than ever before and achieve significant growth worldwide to *expand* the excitement of fashion for all fashion lovers.

To Expand Customer Excitement



Expanding excitement in the daily lives of even more customers

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2. Basic Strategy

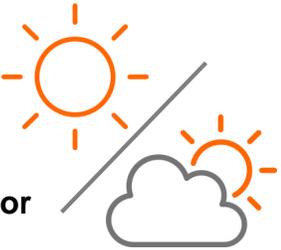
Medium-Term Management Plan: Policy and Review

Policy: To complete the previous medium-term management plan a year ahead of schedule and launch a new plan for the fiscal year ending February 28, 2030

- Overview of FY2/2026 Targets in the Previous Plan: Net sales→Achieved Operating profit→Not achieved
ROE→Achieved despite temporary decline
- Costs increased due to environmental changes, despite progress in initiatives (Exchange rate: \$1 = 116→151 yen, 6% wage increase for two consecutive years)
- Developed a new strategy to transition swiftly to a higher value-added business structure

Assessment of Previous Plan Measures

Growth Strategy I Multi-Brand, Multi-Category

- ☐ Grew mainstay and next-generation brands
 - ☐ Expanded categories and Group companies
 - △ Faced environmental changes, including labor costs and foreign exchange rates
- 

Growth Strategy II Digital Customer Interactions and Services

- ☐ Increased *and ST* sales and memberships
 - ☐ Expanded the reach of STAFF BOARD and transformed the site into an influencer platform
 - ☐ Engaged in open platforms and other measures to plant the seeds for the next phase of business
- 

Growth Strategy III Glocal

- ☐ Established a multi-brand model in Taiwan and Hong Kong
 - ☐ Expanded into Thailand and the Philippines
 - △ Faced business slowdowns in mainland China and the U.S.
- 

Growth Strategy IV New Businesses

- ☐ Established a BtoB business framework
 - △ Faced weak growth in new business ventures
- 

External Environment: Why CHANGE?

The domestic market outlook looks challenging. However, market share expansion remains possible amid industry consolidation by major corporations and growth in the household goods market, while e-commerce restructuring and overseas market growth serve as tailwinds for the Group. Changing customer values also present Adastria with opportunities.

Domestic Market

- The apparel market remains at ¥8 trillion, below the pre-COVID-19 ¥9 trillion mark.
- Meanwhile, industry consolidation among major players is creating opportunities for market share expansion.
- While wage increases are a positive factor, labor shortages are driving up costs.
- The household goods sector, inbound tourism spending, and other markets with growth potential still present opportunities.

Overseas Market

- Southeast Asian countries, in particular, continue to experience high population and economic growth.
- Mainland China still holds great potential, despite sluggish consumption.
- Economic growth is driving higher fashion awareness and a foundation for a multi-brand market.

EC Market

- Fashion e-commerce is undergoing consolidation and restructuring to achieve economies of scale.
- IT talent shortages and other challenges in infrastructure are also affecting competition.
- While growth in apparel e-commerce slowed, significant potential remains in cosmetics, food, and services e-commerce.

Changing Values

- Consumption is shifting beyond physical products to include moments and experiences.
- Consumers are moving away from purely low-cost products, placing more value on quality, storytelling, and who they buy from.
- Sustainability preferences are growing across a broader audience.

Adastria Group Strengths: Why We Can CHANGE

Our ability to change is driven by strong connections with the *and ST* membership base, cultivated by physical stores and their staff and built on our multi-brand business model.



Physical Stores and Staff

1,630 stores worldwide

Staff who love fashion
(4,400 STAFF BOARD participants)

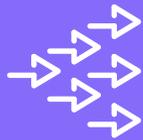
Human resources who are not
afraid of change



and ST Membership Base

Over 19.7 million members

Omnichannel usage rate of 32%*
between physical and online stores



Mobility

Speedy management

Adjustability

Store-focused corporate culture



Value Chain and Digital Transformation

In-house value chain

Specialized manufacturing and
logistics units

Over 70 digital transformation
personnel supporting OMO



Multi-Brand

55 brands that stand out
from the competition

Expertise to launch new brands

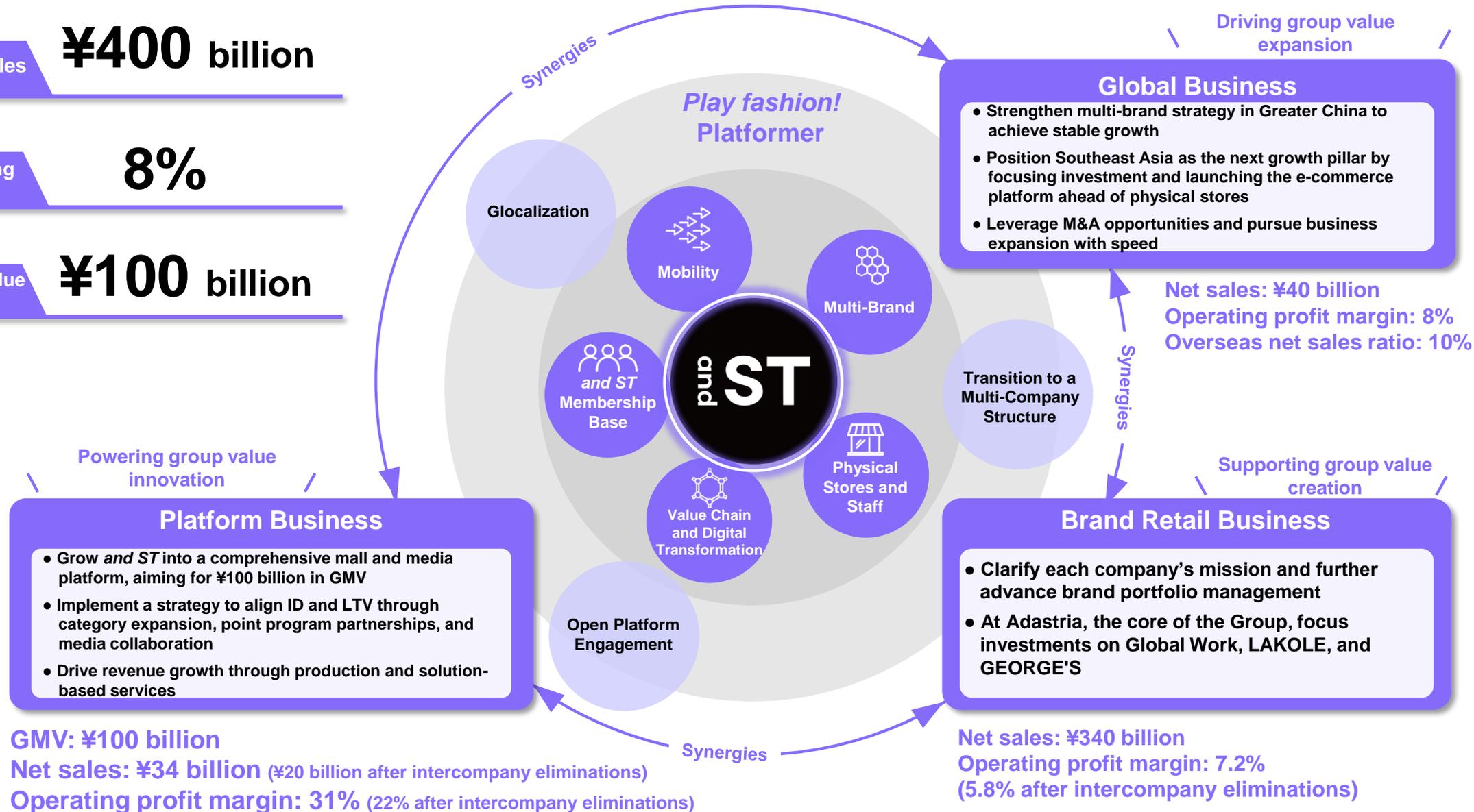
Brand acquisition through M&A
(Four deals in the past five years)

Target Business Structure for 2030

Consolidated Net Sales **¥400 billion**

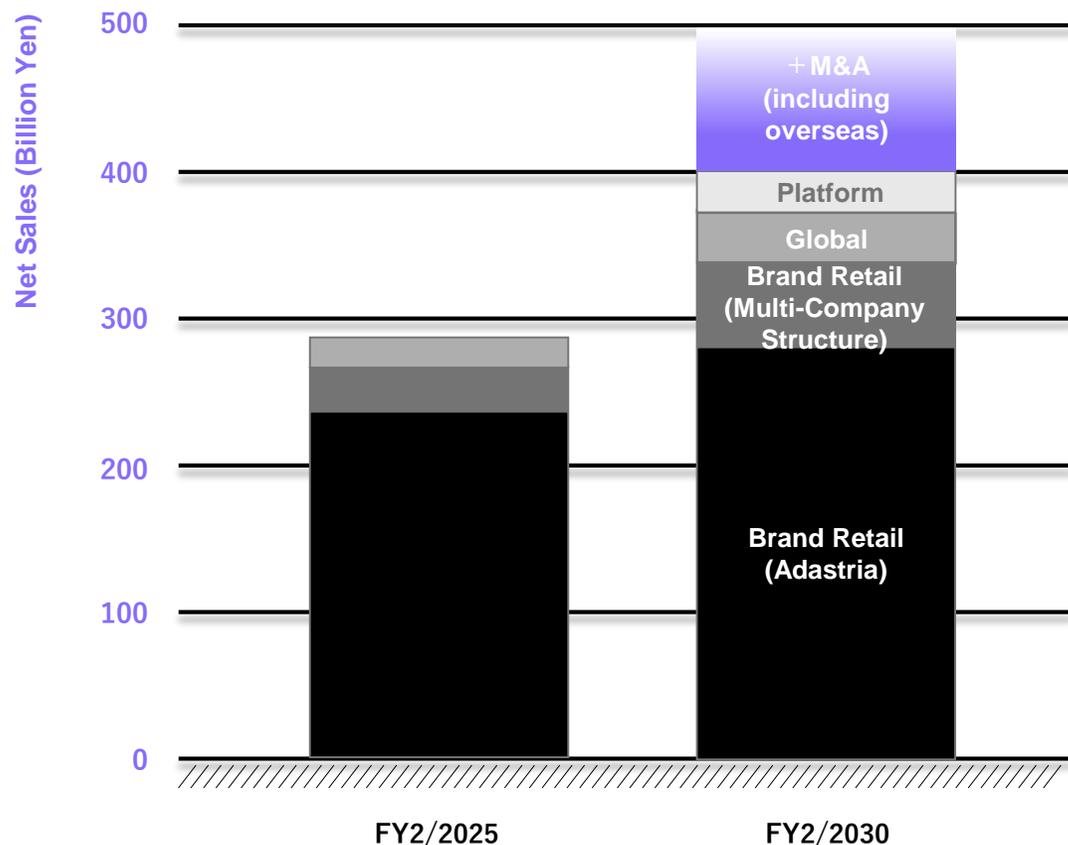
Consolidated Operating Profit Margin **8%**

Gross Merchandise Value (GMV) **¥100 billion**



Net Sales Targets

Adastria targets ¥400 billion in net sales and aims to achieve inorganic growth through M&A.



2030 Net Sales: ¥400 billion CAGR: 6.6%

● **Platform Business** FY2/2030
¥34 billion
¥20 billion (after intercompany eliminations)

● **Global Business** FY2/2025
¥17.6 billion → **¥40 billion**
(excluding U.S. business) FY2/2030

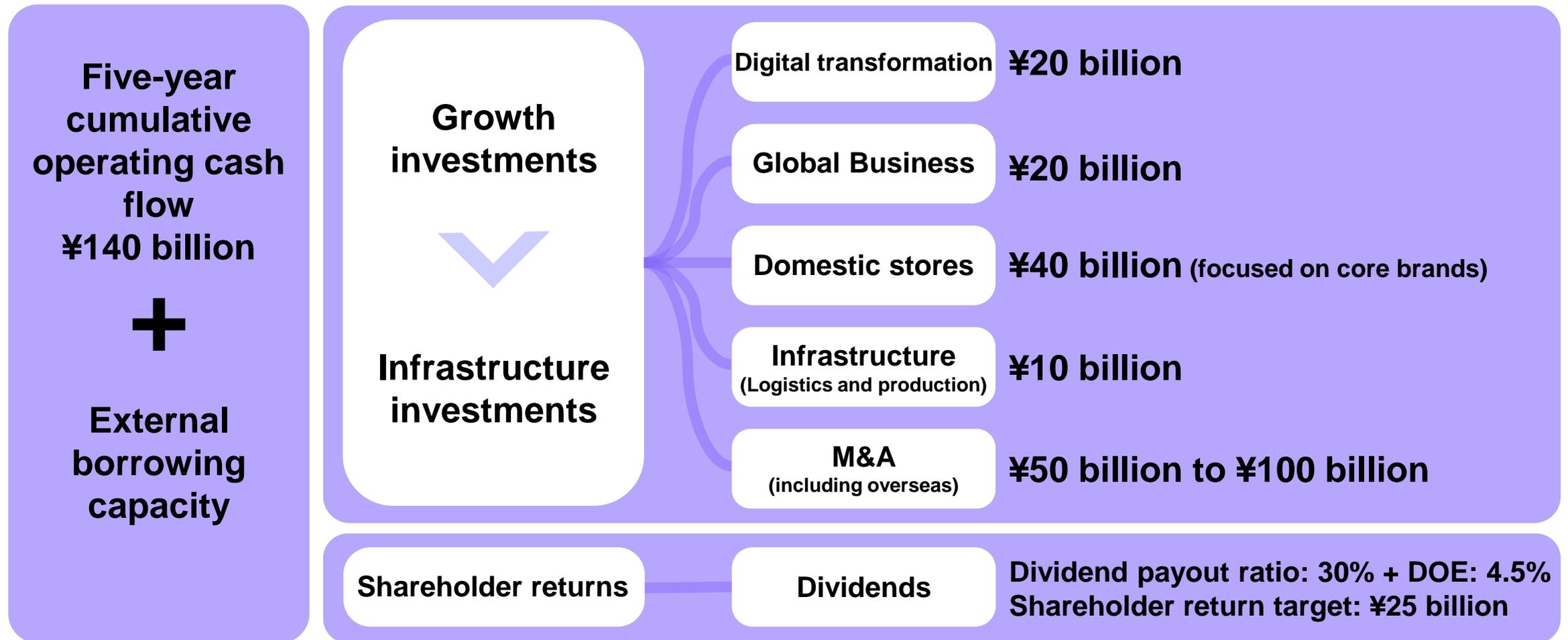
● **Brand Retail Business**

- **Adastria** FY2/2025
¥233.1 billion → **¥280 billion**
Focus investment brands: *and* ST store, Global Work, LAKOLE, GEORGE'S
- **Multi-Company Structure** FY2/2025
¥39.5 billion → **¥60 billion**
ELEMENT RULE, BUZZWIT, zetton

+ M&A (including overseas) ¥50 billion to ¥100 billion

Cash Allocation

Balance growth and shareholder returns for high-ROE management of 15% or more.



Capital Policy and Stock Price-Oriented Management

Adastria is committed to achieving long-term growth in corporate value through the 5th CHANGE.

Enhancing Corporate Value

ROE

PER

Shareholder Returns

Profitability

Capital Efficiency

Financial Leverage

Cost of Capital Reductions

Growth Continuity

Capital Allocation

Dividend Payout Ratio

DOE

Concentrate on growing brands and platform transformations

Expand businesses that have no physical stores or inventory

Leverage debt for M&A while maintaining financial soundness

Visualize revenue for each business through a holding company structure

Expand platform business and implement M&A

Formulate investment plans that balance growth and returns

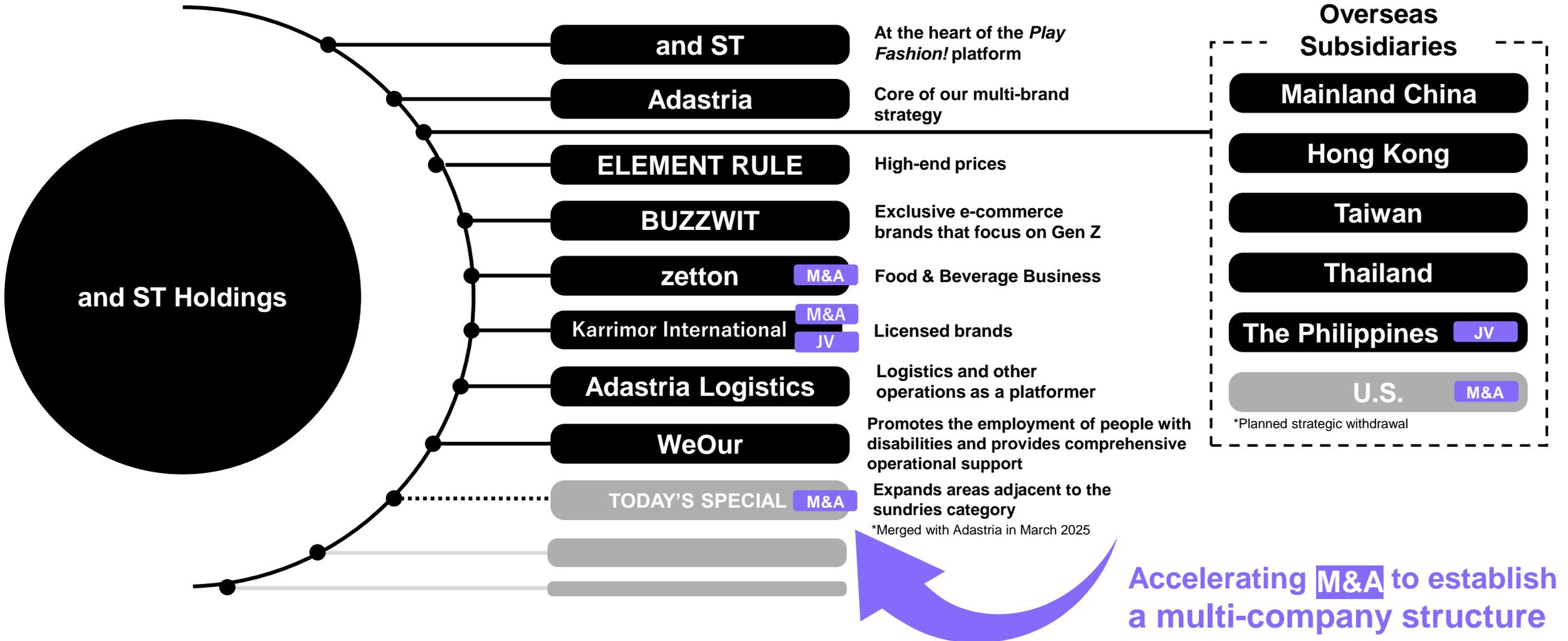
Maintain EPS growth Dividend Payout Ratio with 30% or higher

Maintain a minimum of 4.5%

Transitioning to a Holding Company

Adastria plans to transition to a holding company on September 1, 2025. The spin off and ST Holdings will unify and lead group companies with diverse identities.

We will achieve a multi-company model by adopting a holdings structure to accelerate M&A with companies that bring unique strengths to the Group.



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3. Business Strategy

Medium-Term Management Plan

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3. Business Strategy

3-1. Platform Business

Transforming In-House E-Commerce Into a Platform

When people connect, content expands.



From *dot ST* to *and ST*.

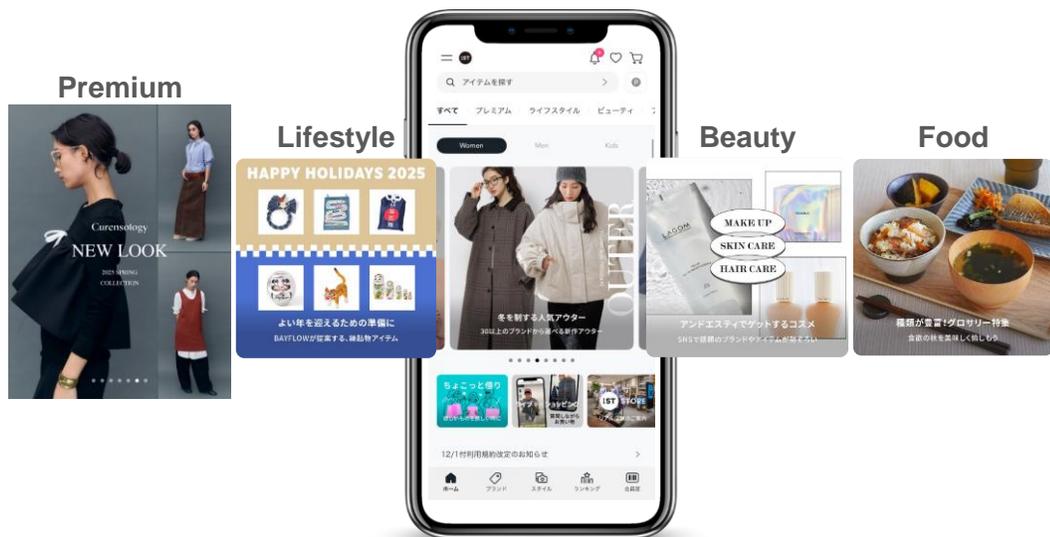
Enhance content across online and offline channels, creating connections with more customers and corporate partners as the core of our *Play fashion!* platform.



Expand the influence of physical store staff to areas outside simply selling apparel.

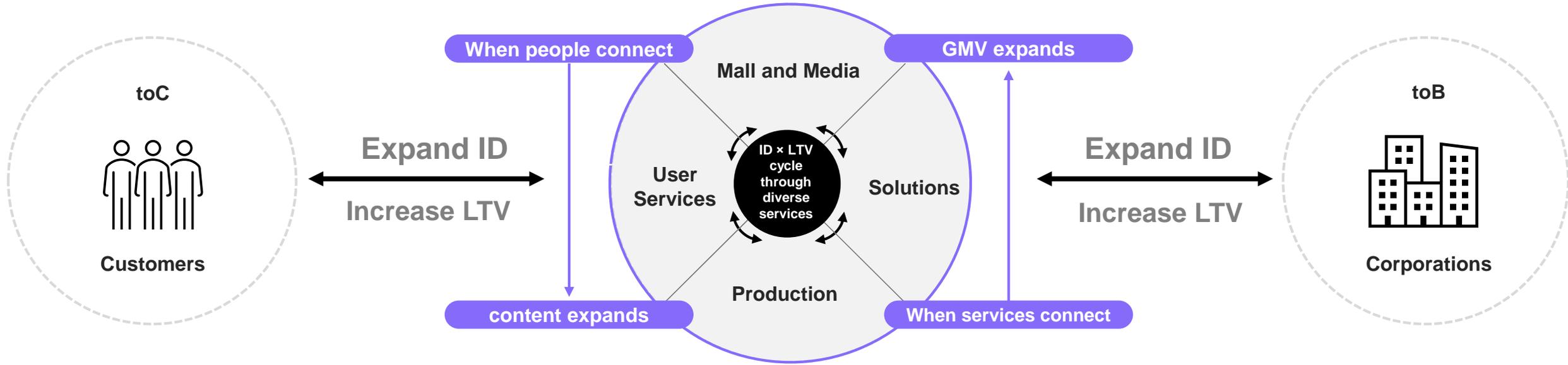
Co-create and promote products, experiences, and services that staff genuinely recommend.

Create even more solid relationships with customers.



ID x LTV Growth Strategy and Revenue Model

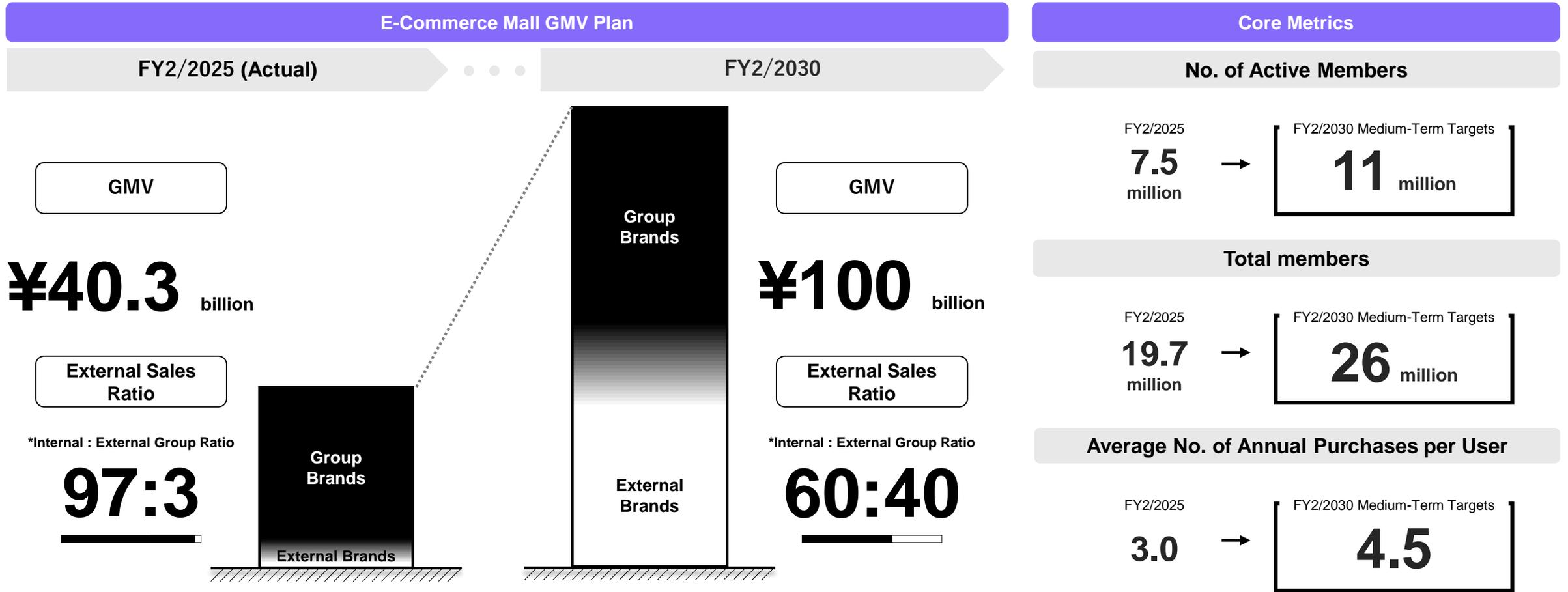
Our and ST growth strategy is founded on expanding our customer base (ID) and maximizing lifetime value (LTV). Driven by growth in active members and increased purchase frequency, *and ST* is evolving into a platform that goes beyond traditional online shopping that delivers a richer, more integrated customer experience in stores and online while supporting a sustainable revenue model.



Revenue Model (1) - Mall and Media	Revenue Model (2) - Production	Revenue Model (3) - Solutions	Revenue Model (4) - User Services
<p>Earn commission income from tenant brands operating on the <i>and ST</i> mall. Expand GMV through category expansion and launch a new media category. Increase advertising revenue by creating experiences.</p>	<p>Offer wholesale and brand production services. Provide creative and promotional solutions, including uniforms, spatial design, and other intangible brand assets.</p>	<p>Offer external sales of system solution, including STAFF BOARD and STAFF VOICE. Aim for continuous monetization through system expansion.</p>	<p>Offer loyalty services through points issued by <i>and ST</i>. Pursue integration with other company IDs and point programs to increase point value and expand LTV.</p>

KPI: E-Commerce Mall GMV Plan and Core Metrics

We aim to generate ¥100 billion in GMV from our e-commerce mall by FY2/2030 by increasing the number of active members (ID metric) and purchase frequency per user (LTV metric).



*The GMV above excludes physical store sales and reflects only the *and ST* e-commerce site.

*Number of members includes physical store members

Medium-Term Management Plan

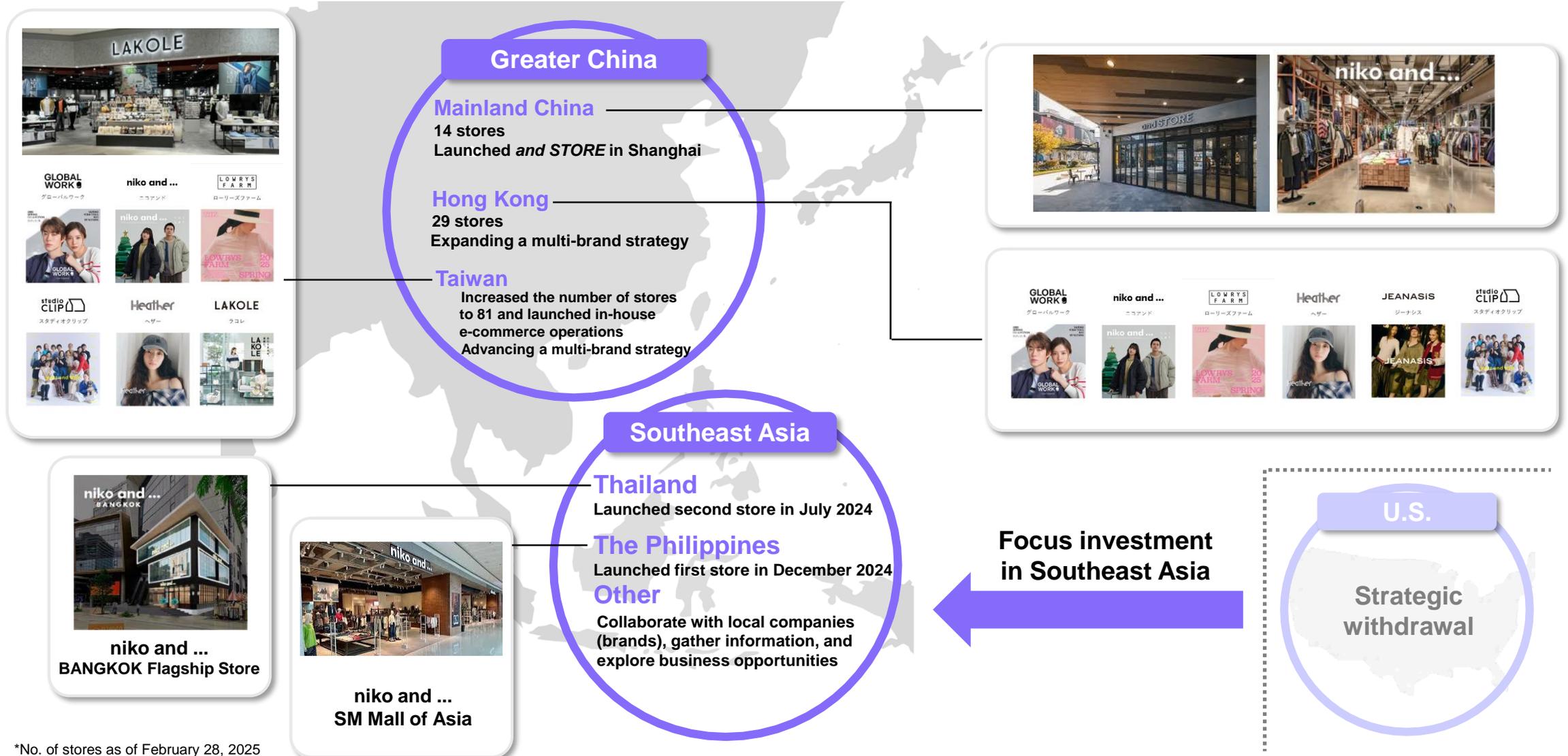
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3. Business Strategy

3-2. Global Business

Global Business Growth Strategy

Our multi-brand strategy is driving stable growth in Greater China, while our platform model is accelerating growth in Southeast Asia.

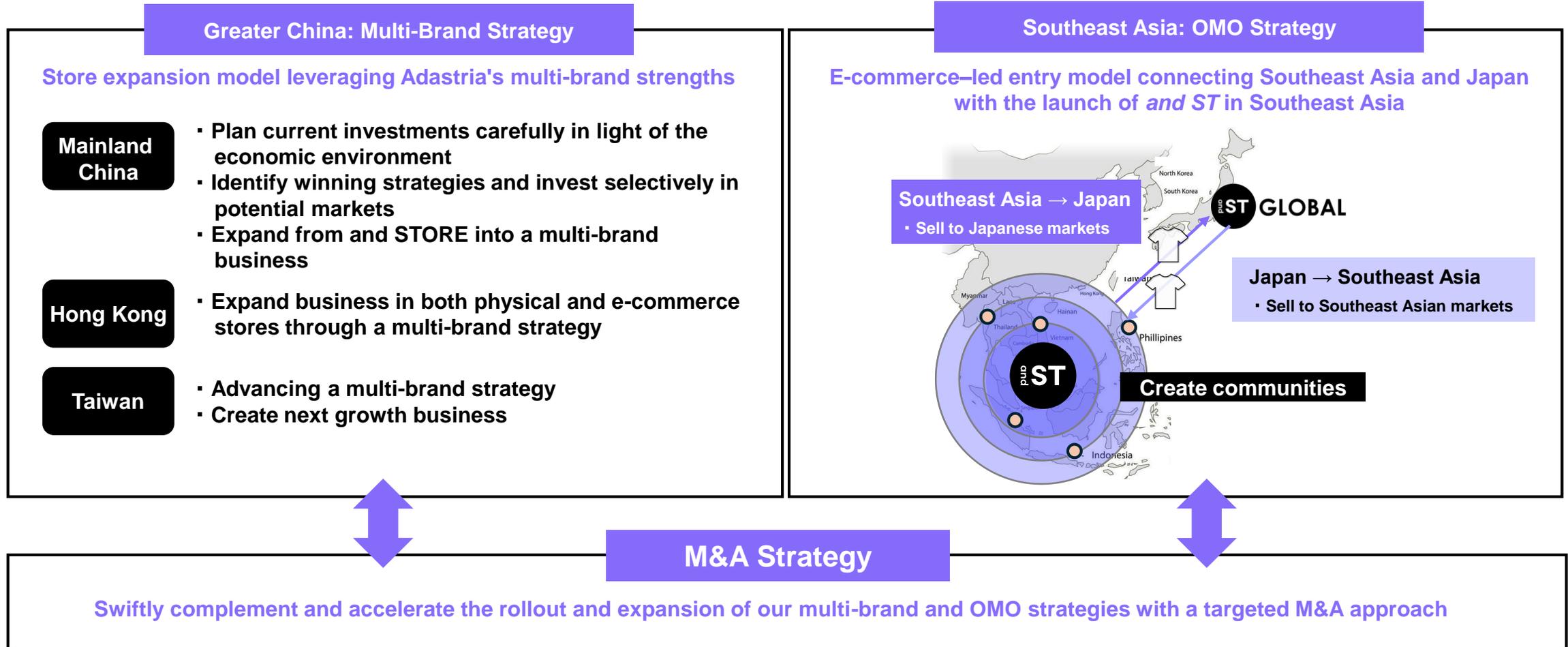


*No. of stores as of February 28, 2025

Strategies by Area

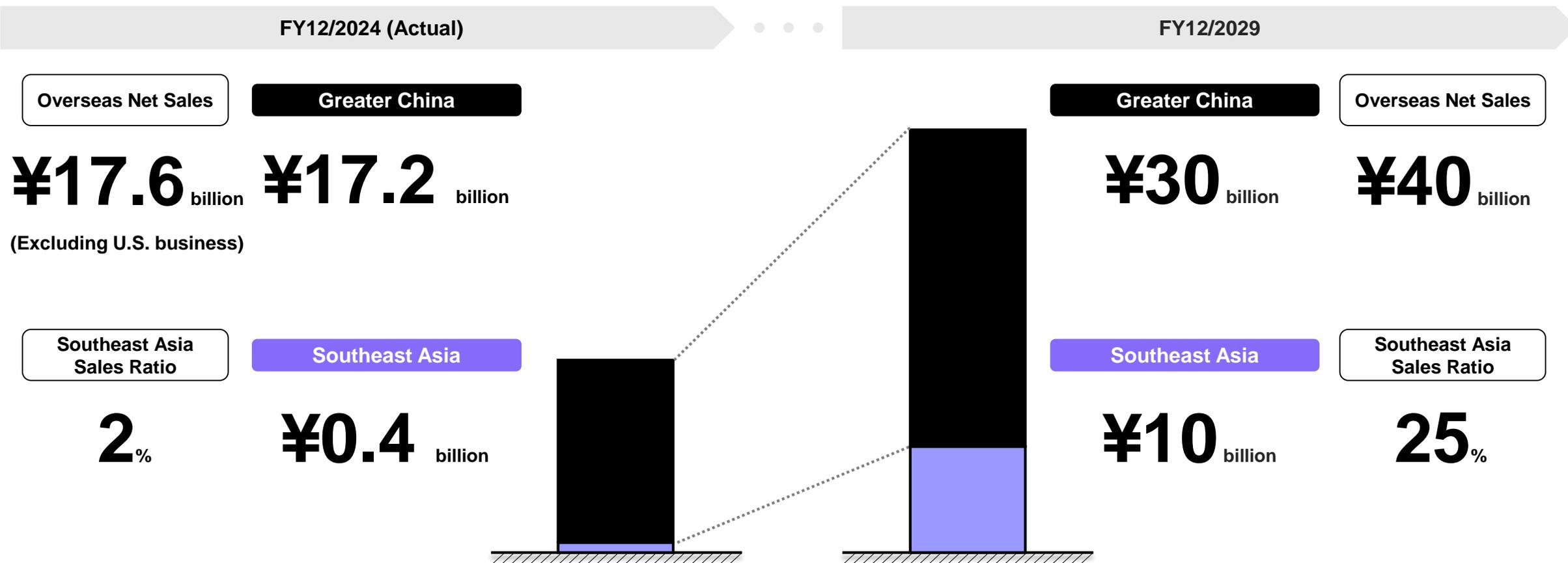
Strengthen our multi-brand strategy in the mature market of Greater China.

In Southeast Asia, we aim to drive growth through a dual approach of multi-brand and OMO strategies. We are also launching our e-commerce platform ahead of expansion in regions without physical stores, connecting Japan and Southeast Asia through a seamless digital experience.



Global Business: Quantitative Plan and KPIs

Aim to achieve ¥40 billion in overseas net sales by FY12/2029 through stable growth in Greater China and increased investment in Southeast Asia.



*FY12/2024 corresponds to FY2/2025 (consolidated), and FY12/2029 corresponds to FY2/2030 (consolidated) due to the December year-end of overseas subsidiaries.

*Southeast Asia sales ratio is calculated as a percentage of overseas net sales.

*The overseas net sales target for FY12/2029 excludes the U.S. business.

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3. Business Strategy

3-3. Brand Retail Business

Missions and Strategies of Each Group Company

Define company strategies and KPIs based on individual missions, and operate business accordingly.

	Adastria	ELEMENT RULE	BUZZWIT	zetton
Group Mission	<p>Enhance profitability and drive sustainable growth as the core group business</p>	<p>Expand into high-end select markets</p>	<p>Create new brands tailored to Gen Z</p>	<p>Expand Food & Beverage business as a space for community and connection</p>
Strategy	<ul style="list-style-type: none"> ● Concentrate investment in Global Work and LAKOLE ● Launch stores and relocate to carefully selected areas ● Strengthen branding 	<ul style="list-style-type: none"> ● Build a high-end customer base by strengthening customer service and sales promotions ● Increase sales and profit by improving sales per store and selectively opening stores in favorable locations 	<ul style="list-style-type: none"> ● Rapidly launch new brands to meet diversified customer needs ● Expand sales channels, including stores on <i>and ST</i> ● Expand customer touchpoints, including through pop-up stores 	<ul style="list-style-type: none"> ● Leverage group synergies to expand profitable business formats efficiently (e.g., store development capabilities) ● Begin expanding business in Asia, including Taiwan
Net Sales Targets (FY2/2030)	<p>Net Sales: ¥280 billion [FY2/2025: ¥233 billion]</p>	<p>Net Sales: ¥22 billion [FY2/2025: ¥12.6 billion]</p>	<p>Net Sales: ¥20 billion [FY2/2025: ¥12.3 billion]</p>	<p>Net Sales: ¥18 billion [FY2/2025: ¥14.6 billion]</p>

*FY2/2025 net sales for Adastria include net sales from TODAY'S SPECIAL, which was merged in March 2025.

Adastria Strategy

As the core of the Adastria Group, Adastria intends to increase profitability and achieve sustainable growth through prioritized and focused investments.

Focused Investment in Priority Brands

**GLOBAL
WORK**

- Pursue core product strategy
- Actively open stores, expand floor space, and improve efficiency in domestic stores
- Strengthen the Global Business

LAKOLE

- Expand store openings and categories
- Increase awareness
- Expand overseas

GEORGE'S

- Acquired in July 2024
- Strengthen branding, increase apparel ratio, and actively open new stores to create a ¥10 billion brand

Store Expansion Strategy Updates

**Actively
launch stores
in urban areas**

- Respond to urban population growth

**Expand store
size**

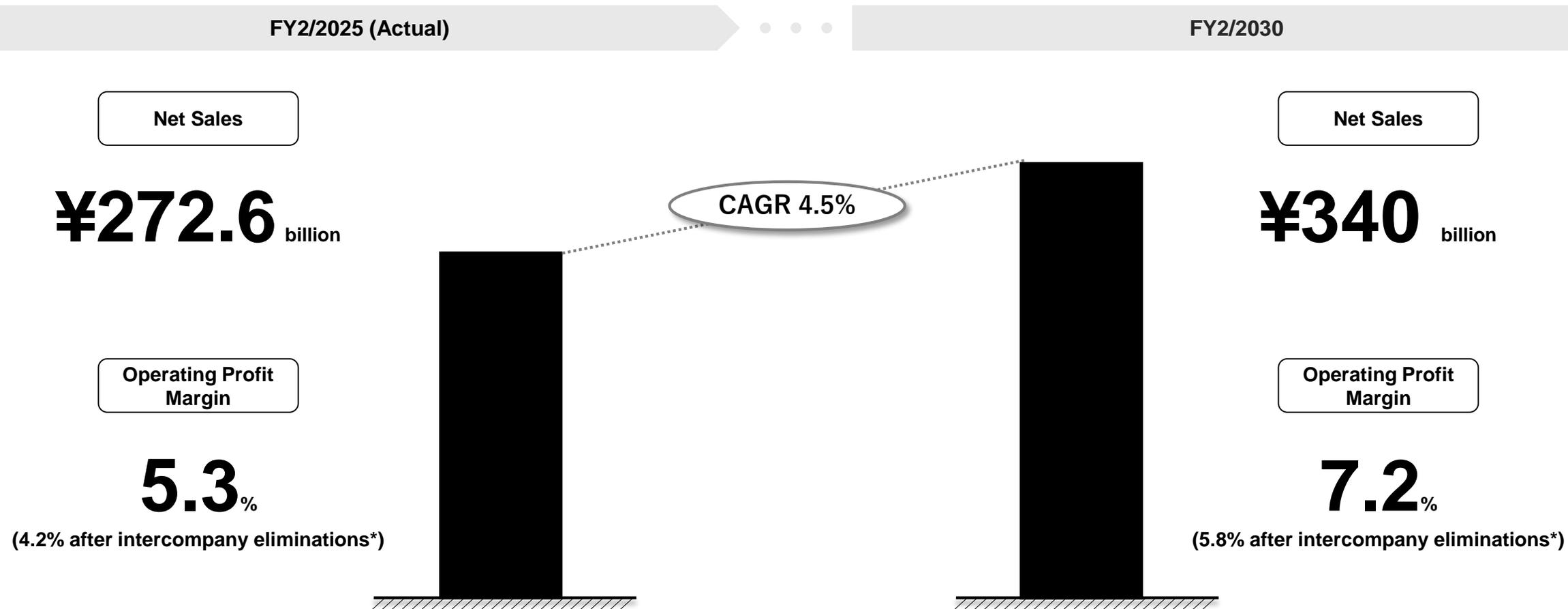
- Enable efficient operations and respond to labor shortages and wage increases

**Consolidate into
and ST stores**

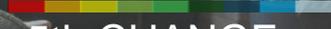
- Consolidate stores, mainly in the suburbs, to achieve high profitability

Brand Retail Business: Quantitative Plan and KPIs

Continue growing the overall Brand Retail business by managing portfolios and improving profitability.



*Due to intergroup point transactions. FY2/2025 figures are estimates.

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4. Infrastructure to Support CHANGE

Digital Transformation, Logistics, and Production

Digital Transformation

- Enhanced customer experiences through openness and expanded overseas e-commerce (Mainland China, Hong Kong, and Taiwan)
- Transformed work-styles (Renewed business infrastructure, automated operations, advanced digitalization, and leveraged data)
- Strengthened development competitiveness
 - Expanded development structure
 - Collaborated to launch overseas development bases

Transform into a *Play fashion!* platformer

- Evolve the *and ST* platform and expand the *and ST* ecosystem
- Reform work styles by integrating AI
- Establish business infrastructure, including security and controls
- Increase offshore ratios and internalize data analysis and AI development
- Establish R&D functions that drive technology adoption

- Increase the offshore ratio of system investments
- Expand in-house SE and engineering team
- Accelerate shift to in-house and offshoring to reduce systems investment as a ratio of consolidated net sales

Logistics

- Maintained logistics costs as a percentage of net sales
- Restructured logistics networks in Japan and overseas
- Expanded shipping capacity and reduced costs through e-commerce distribution center automation
- Established a logistics company in Shanghai and launched stockpiling logistics

Build global value chains

- Achieve end-to-end value chain optimization through digital transformation and business process review
- Restructure logistics network to accommodate growth of Global Work and LAKOLE
- Enhance productivity and ensure operational capacity through automation investments at distribution centers
- Establish a new e-commerce distribution center to support our position as a platformer
- Build an optimized, waste-free value chain extending from country of manufacture to destination sales markets

- Maintain logistics costs as a percentage of net sales and logistics costs as a percentage of cost of goods sold

Production

- ASEAN production ratio fell short of the target but still has room for growth
- Expanded materials developed in-house (e.g., WOOLLEYTEC, AIRTHERMAL)

Achieve the right time, quantity, price, product, and place

- Decentralize production areas
- Fully launch hybrid production between Mainland China and ASEAN
- Consolidate into 100 core factories
- Procure materials locally
- Develop materials in-house based on trend analysis by the R&D department

- ASEAN production ratio: 50%

Previous Achievements



Strategy



KPIs

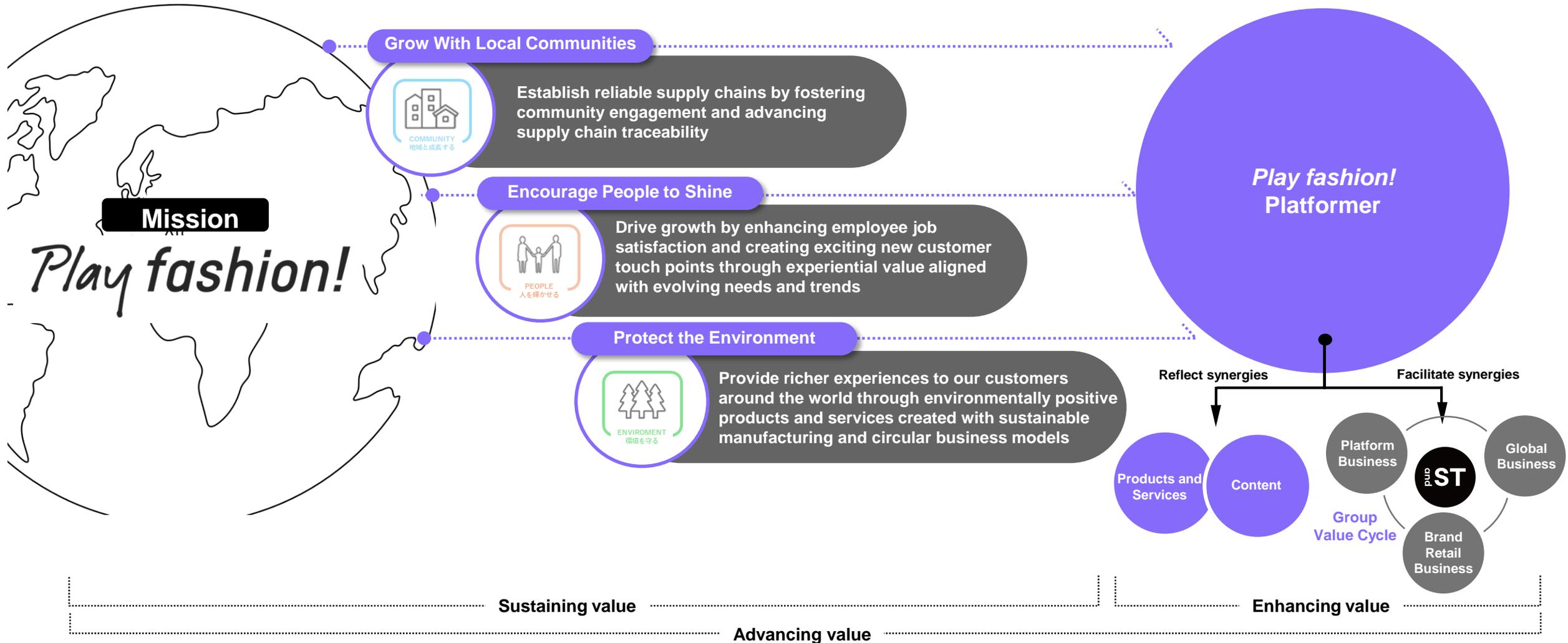


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5. Sustainability

Sustainability

Adastria respects nature and culture. We strive to be a vital presence in society, working together with people and communities to foster co-creation and pass on the excitement of fashion to the next generation.



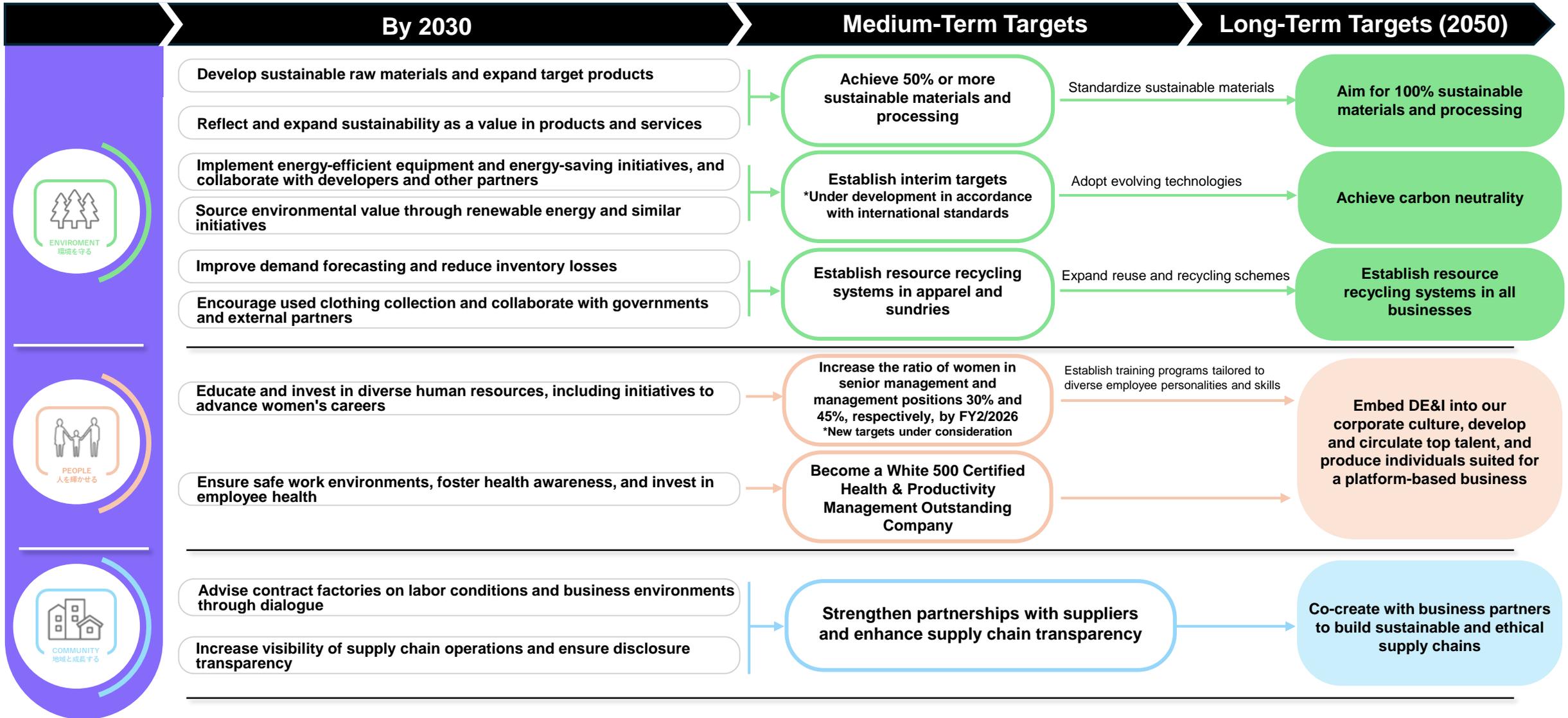
Group Policies and Key Achievements in Sustainability

Adastria delivered industry-leading results by focusing on the environment, people, and communities to pursue sustainability initiatives aligned with our business.

	Group Policies	Previous Medium-term Management Plan Achievements
	Switch to sustainable raw materials and processing	<ul style="list-style-type: none"> ● Sustainability mark labeling rate: 17.9% of all products ● Sustainable materials developed in-house: 7 types
	Reduce and absorb CO ₂ emissions	<ul style="list-style-type: none"> ● Calculated and disclosed GHG emissions for in-house and external operations in Japan and overseas ● Released our first disclosure of CO₂ emissions reduction scenarios and our biodiversity approach ● Received a CDP Score of B for two consecutive years (FY2/2024 and FY2/2025)
	Zero clothing incineration	<ul style="list-style-type: none"> ● Maintained zero direct incineration of apparel inventory ● Circulated approximately 80% of remaining clothing inventory within the company by expanding our circular business and means of internal utilization ● Secondhand clothes: Total of 186 stores now offer permanent secondhand clothing sales; cumulative 169 tons of secondhand clothing collected
	Create diverse and rewarding work environments	<ul style="list-style-type: none"> ● Percentage of women in senior management positions: 20.5%* ● Percentage of women in management positions: 37.0%* ● Implemented a career development project for store employees and supported paternity leave and other measures to support work-life balance
	Foster employee well-being	<ul style="list-style-type: none"> ● Established the Adastria Health Insurance Association ● Certified as a Health & Productivity Management Outstanding Company for a third consecutive year in FY2/2024
	Fair and ethical procurement	<ul style="list-style-type: none"> ● No. of monitored production factories: 177 total ● Disclosed our Suppliers List for the first time (47 companies, covering approximately 80% of in-house production transactions)

*Percentage of women in senior management and management positions is based on consolidated results for the domestic group, excluding zetton, as of March 1, 2025.

Medium- to Long-Term Sustainability Roadmap





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Reference Materials

Brand Retail Business: Global Work Strategy

Global Work aims for ¥100 billion in net sales (including ¥10 billion overseas) by FY2/2030.

To support this goal, the brand will further strengthen its core product strategy and enhance recognition, including in overseas markets.

01 | Core product strategy

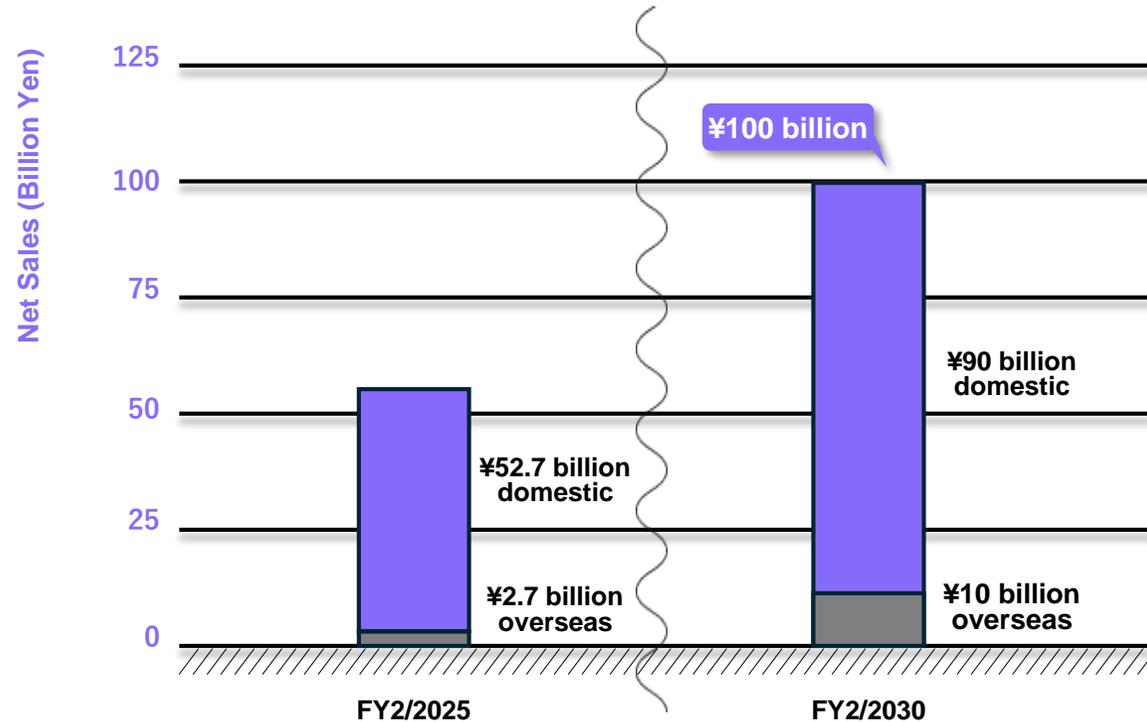
- Develop high value-added products by analyzing data on trends and customer feedback
- Shift production to ASEAN to optimize and streamline value chains
- Continue product promotions and strengthen mass promotions

02 | Actively open stores, expand floor space, and improve operational efficiency in Japan

- Actively open new stores in favorable locations in Japan
- Increase sales per store by expanding store sizes
- Cultivate core products and improve floor productivity

03 | Strengthen global business

- Focus on Southeast Asia
- Aim for ¥10 billion in overseas net sales by 2030



GLOBAL WORK



GLOBAL WORK GINZA store



*Net sales target for FY2/2030 is shown before deducting points and similar adjustments.

Brand Retail Business: LAKOLE Strategy

LAKOLE aims for ¥20 billion in net sales by FY2/2030, with a long-term target of ¥100 billion (including ¥20 billion overseas). The brand will expand store openings by diversifying store formats while enhancing its lineup of lifestyle goods.

01 | Expand store openings and categories

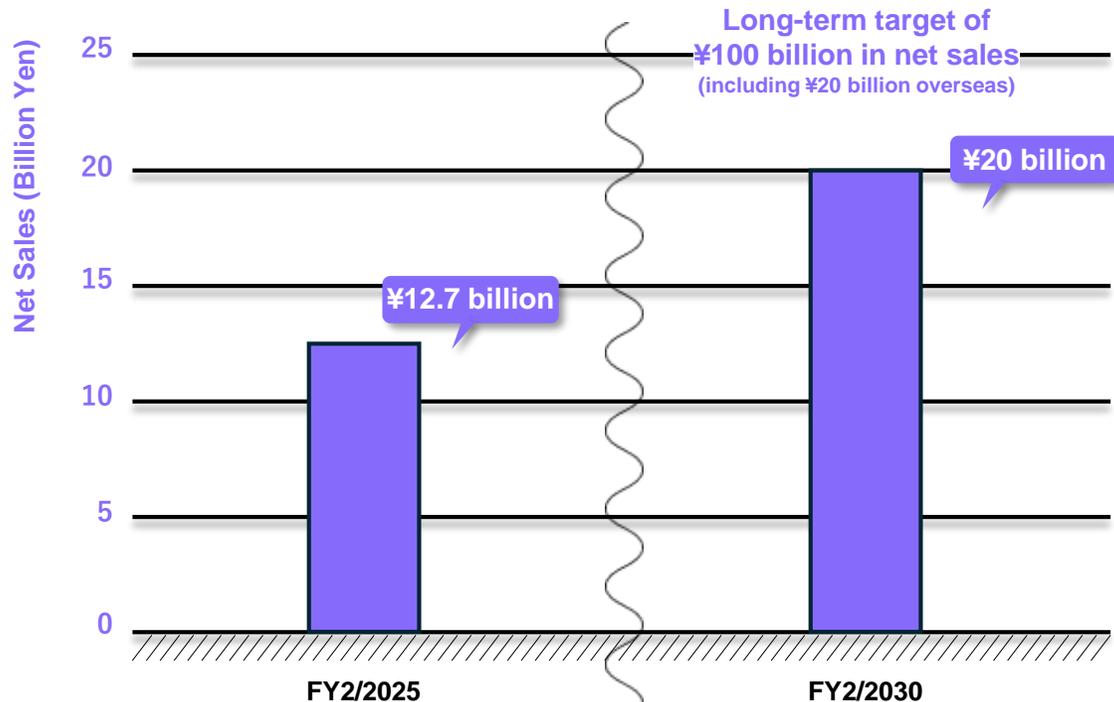
- Execute a multi-channel strategy through a mix of store types, including mega stores
- Expand lifestyle goods, including kids, greenery, pets, and furniture

02 | Increase brand recognition

- Execute mass promotional campaigns, including launching the first brand TV commercial

03 | Expand overseas

- Begin store expansion in Taiwan with the first store opening
- Expand business in Mainland China and Southeast Asia



LAKOLE



Mass promotional campaigns through TV commercials



Lalport Taipei Nangang Store

*Net sales target for FY2/2030 is shown before deducting points and similar adjustments.

M&A Strategy

Adastria selected key focus areas from our previously announced M&A strategy to prioritize during the new medium-term management plan. We will pursue these areas further as we transition to a holding company.

Purpose

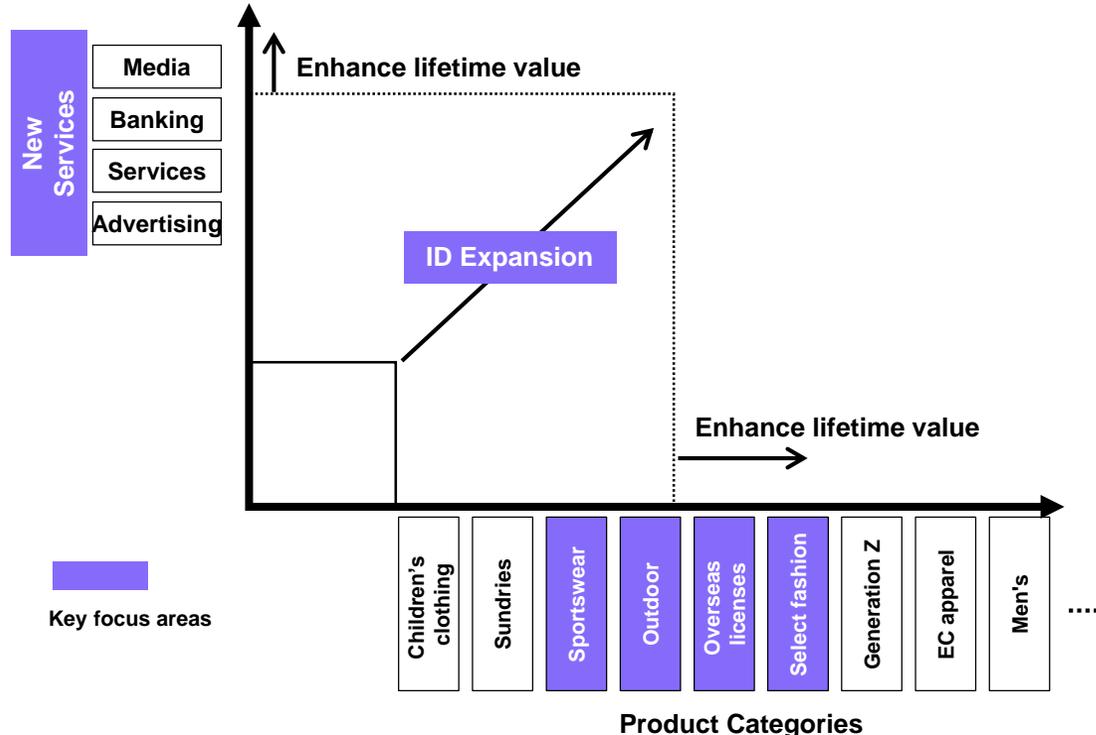
Enhancing *and* ST

Accelerating Overseas Business

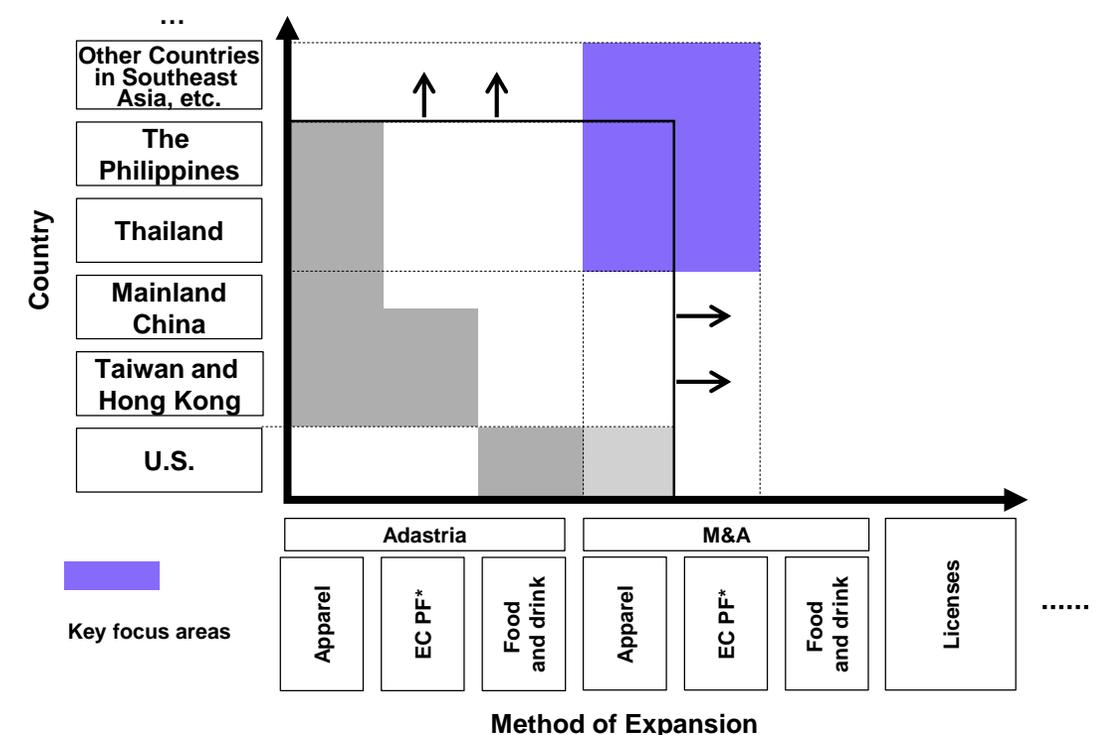
Expand brand portfolio and business domains through M&A to directly enhance lifetime value and contribute to ID expansion

Expand countries of operation, businesses, and business models through M&A

M&A Strategy



*Projects growing into larger-scale initiatives within these categories will be treated as key focus areas.



*EC PF: e-commerce platforms

M&A Performance and Highlights

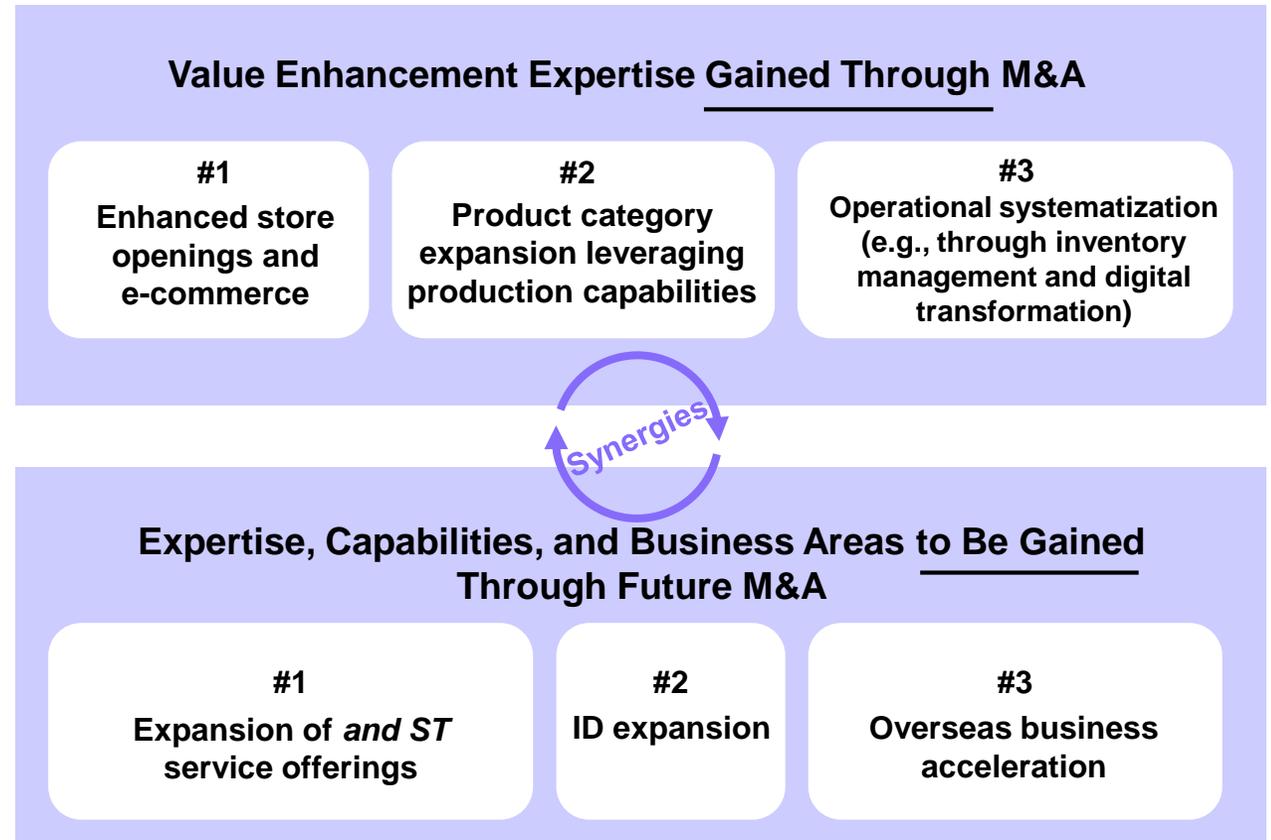
Adastria has driven corporate growth through M&A, building expertise in value enhancement. Leveraging this knowledge, we will create synergies in future M&A and establish ourselves as a *Play fashion!* platformer.

M&A Deals to Date



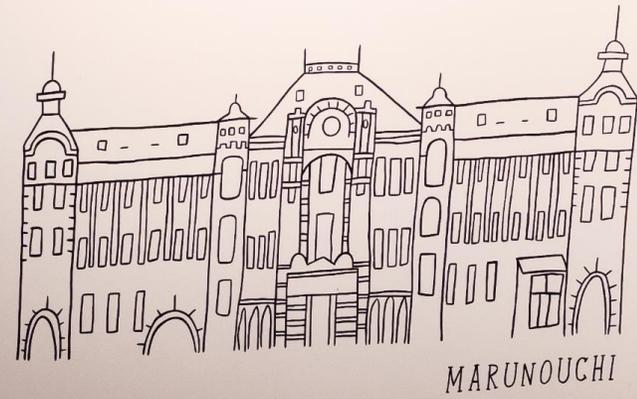
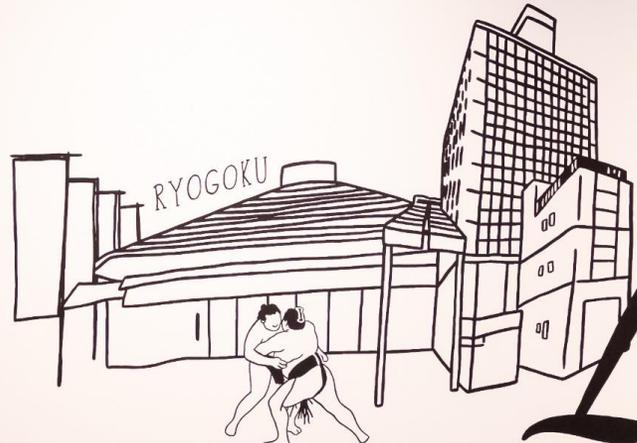
*Net sales after closing unprofitable stores, etc.

Key Characteristics of Our M&A Approach



Disclaimer

Forward-looking statements in this report are based on currently available information and certain assumptions judged to be reasonable. These statements are not promises by Adastria regarding future performance. Actual results may differ significantly from these forecasts for a number of factors.



Keep
Looking
FOR
answers

WE ARRIVED IN
SHIBUYA - 2017.



NOW WITH THOUSANDS OF
COMPANY MATES,
AT OVER A THOUSAND STORES.

Play fashion!