



FY2025/02 1H Financial Results

September 30, 2024



A D A S T R I A
— *Play fashion!*

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1. FY2025/02 1st Half Overview



Results

Sales and operating profit above plan despite negative effects of the end of store re-openings, the yen's weakness, higher personnel expenses and other factors.

Progress with **creating new businesses for future growth**, including acquisitions that added two companies to the Adastria Group.

Issues

More activities to continue improving the gross profit margin in the second half of the fiscal year.

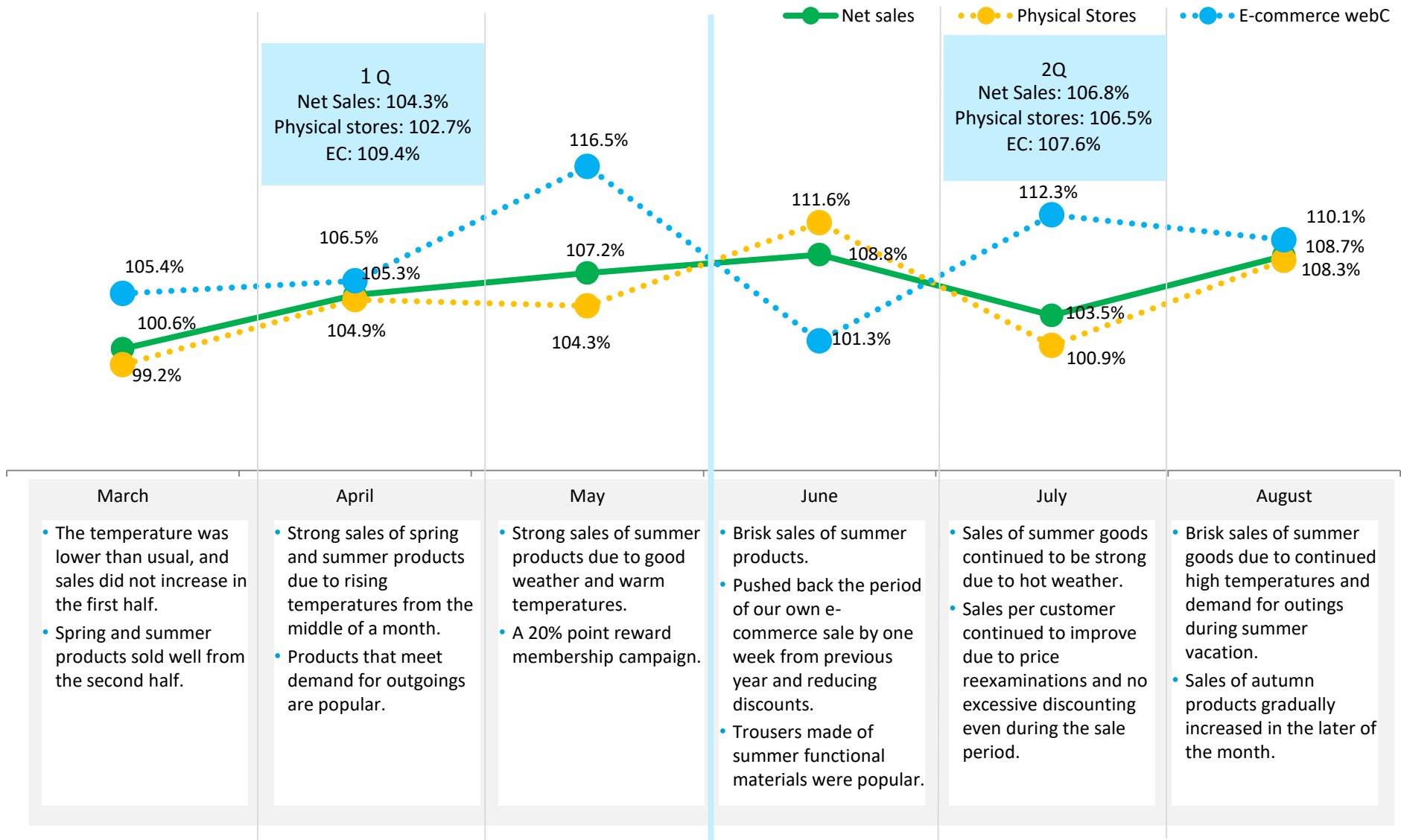
Actions are needed for quickly improving the performance of some group companies.

- In the job hunting survey of fashion students by Senken Shimbun Co., Ltd., Adastria placed first among companies that interest students and second among companies where students want to work.
- Adastria placed tenth among companies where people are happy to work based on a Nihon Keizai Shimbun survey.
- Increases in employee job satisfaction and retention due in part to 6% salary increases in each of the past two years and upgrades of management-employee dialogues and employee training programs.
- Remain committed to **increasing shareholder value and long-term growth** while aiming for the operating profit goal in the medium-term plan.

2. FY2025/02 1st Half Financial Results



Adastria(Non-consolidated) Monthly Sales All Stores YoY



Consolidated Income Statement

(Millions of yen)

	FY2024/02 1H				FY2025/02 1H					
	Six Months Ended		Three Months Ended		Six Months Ended			Three Months Ended		
		Ratio		Ratio		Ratio	YoY		Ratio	YoY
Net sales	132,896	100.0%	64,418	100.0%	144,203	100.0%	108.5%	70,201	100.0%	109.0%
Aداستريا(Non-consolidated)	106,611	80.2%	51,233	79.5%	115,010	79.8%	107.9%	55,196	78.6%	107.7%
Domestic subsidiaries *1	11,491	8.6%	5,041	7.8%	12,361	8.6%	107.6%	6,007	8.6%	119.2%
Overseas subsidiaries *2	10,686	8.0%	5,590	8.7%	12,257	8.5%	114.7%	6,204	8.8%	111.0%
Zetton (Food & Beverage Subsidiary) *3	6,210	4.7%	3,675	5.7%	6,942	4.8%	111.8%	3,957	5.6%	107.7%
Gross profit	74,861	56.3%	35,767	55.5%	80,320	55.7%	- 0.6P	38,714	55.1%	- 0.4P
SG&A expenses	64,549	48.6%	31,733	49.3%	70,405	48.8%	109.1%	34,813	49.6%	109.7%
Advertising & promotion	3,961	3.0%	1,768	2.7%	3,958	2.7%	99.9%	1,897	2.7%	107.3%
Personnel	23,917	18.0%	12,179	18.9%	26,335	18.3%	110.1%	13,245	18.9%	108.7%
Rent & depreciation *4	22,630	17.0%	11,025	17.1%	24,896	17.3%	110.0%	12,302	17.5%	111.6%
Amortization of goodwill	112	0.1%	55	0.1%	162	0.1%	143.9%	107	0.2%	194.6%
Others	13,926	10.5%	6,704	10.4%	15,052	10.4%	108.1%	7,260	10.3%	108.3%
Operating profit	10,311	7.8%	4,033	6.3%	9,915	6.9%	- 0.9P	3,901	5.6%	- 0.7P
Aداستريا(Non-consolidated)	9,284	7.0%	3,497	5.4%	9,363	6.5%	100.9%	3,521	5.0%	100.7%
Domestic subsidiaries *1	119	0.1%	- 317	- 0.5%	399	0.3%	335.2%	- 17	- 0.0%	-
Overseas subsidiaries *2	653	0.5%	515	0.8%	341	0.2%	52.3%	310	0.4%	60.2%
Aداستريا Logistics	70	0.1%	46	0.1%	127	0.1%	180.6%	46	0.1%	101.5%
Zetton (Food & Beverage Subsidiary) *3	206	0.2%	324	0.5%	- 173	- 0.1%	-	131	0.2%	40.6%
Ordinary profit	10,639	8.0%	4,290	6.7%	10,316	7.2%	- 0.8P	4,028	5.7%	- 1.0P
Net income attributable to owners of the parent	7,094	5.3%	2,629	4.1%	6,948	4.8%	- 0.5P	2,543	3.6%	- 0.5P
EBITDA	14,588	11%	6,247	9.7%	15,139	10.5%	- 0.5P	6,640	9.5%	- 0.2P
Depreciation and amortization	4,163	3%	2,158	3.4%	5,062	3.5%	121.6%	2,632	3.7%	121.9%
Amortization of goodwill	112	0%	55	0.1%	162	0.1%	143.9%	107	0.2%	194.6%

*1: Domestic subsidiaries are the sum of five subsidiaries FY2024/02 1H: BUZZWIT Co.,Ltd., ELEMENT RULE Co., Ltd., Aداستريا eat Creations Co.,Ltd., ADOORLINK Co., Ltd., Gate Win Co., Ltd.

Domestic subsidiaries are the sum of four subsidiaries FY2025/02 1H : BUZZWIT Co.,Ltd., ELEMENT RULE Co., Ltd., ADOORLINK Co., Ltd., TODAY'S SPECIAL CO., Ltd.

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

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

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

Summary

Sales increased due to firm demand, demand backed by favorable weather and more outings by people, and the success of sales and merchandise strategies. Although operating profit was expected to decrease, first half operating profit overcame the first quarter shortfall to surpass the plan.

Net Sales

1,442 billion yen (+8.5% YoY)

- Parent company**
 - Up 7.9%; higher sales and earnings. Wholesale sales of about 3 billion yen were as planned.
 - Stable growth of GLOBAL WORK, niko and... and other core brands and opening of LAKOLE stores contributed to sales growth.
- Domestic subsidiaries**
 - Sales up 7.6%. Higher sales and earnings at ELEMENT RULE due to a recovery of last year's weak brands. Lower sales and earnings at BUZZWIT, but performance recovered in the second quarter. Net increase of sales and earnings at TODAY'S SPECIAL, which was newly consolidated in July 2024.
- Overseas subsidiaries**
 - Sales up 14.7%. 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 11.8%. 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

55.7% (-0.6p YoY)

- Gross profit margin was pushed down by the growth of the wholesale business (-0.5p), while the retail business was basically unchanged even with the yen's depreciation.
- The reversal of one-time earnings of about 600 million yen in the second quarter of the previous fiscal year was minimal, as there were one-time earnings of 500 million yen in the same period of the current fiscal year.

Consolidated Income Statement – Summary 2

SG&A expense
ratio

48.8% (+0.2p YoY)

- Advertising & promotions** • **2.7% (-0.3p YoY) (-0 million yen)**
Streamlining of promotion expenses
- Personnel** • **18.3% (+0.3p YoY) (+2,420 million yen)**
Higher salaries continue, more recruiting activities due to the labor shortage and more working hours due to sales growth
- Rent & depreciation** • **17.3% (+0.3p YoY) (+2.270 million yen)**
Higher depreciation due to new stores in the previous and current fiscal years, higher lease security deposit amortization resulting from higher cost of construction per square meter, and higher rent because of sales growth
- Others** • **10.4% (-0.1p YoY) (+1,130 million yen)**
Increases in credit card fees, outsourcing expenses and store-related expenses

Operating profit

9.9 billion yen (-3.8% YoY)

Operating income ratio 6.9%, EBITDA margin 10.5%

Ordinary profit

10.3 billion yen (-3.0% YoY)

Non-operating income • Foreign exchange gains of 300 million yen

Net income
attributable to
owners of the parent

6.9 billion yen (-2.0% 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 1H		FY2025/02 1H			
	Six Months Ended	Three Months Ended	Six Months Ended		Three Months Ended	
				YoY		YoY
Net sales	106,611	51,233	115,010	107.9%	55,196	107.7%
(Total stores YoY w/o Wholesale)	114.4%	114.5%	105.5%	- 8.9P	106.8%	- 7.7P
(Same stores YoY)	112.7%	113.1%	103.4%	- 9.3P	104.2%	- 8.9P
GLOBAL WORK	25,231	11,400	26,608	105.5%	12,033	105.6%
niko and...	16,321	8,185	17,558	107.6%	8,965	109.5%
studio CLIP	11,215	5,792	11,653	103.9%	6,027	104.1%
LOWRYS FARM	11,141	5,362	11,614	104.3%	5,465	101.9%
LEPSIM	6,735	3,156	7,483	111.1%	3,659	115.9%
LAKOLE	5,263	2,588	6,452	122.6%	3,267	126.2%
BAYFLOW	5,277	2,606	5,629	106.7%	2,794	107.2%
JEANASIS	5,680	2,690	5,609	98.8%	2,667	99.1%
Gross profit	58,892	27,669	62,477	106.1%	29,376	106.2%
Gross margin	55.2%	54.0%	54.3%	- 0.9P	53.2%	- 0.8P
SG&A expenses	49,607	24,172	53,114	107.1%	25,854	107.0%
SG&A ratio	46.5%	47.2%	46.2%	- 0.3P	46.8%	- 0.4P
Operating profit	9,284	3,497	9,363	100.9%	3,521	100.7%
Operating margin	8.7%	6.8%	8.1%	- 0.6P	6.4%	- 0.4P

● Major Domestic Subsidiaries

Net sales	BUZZWIT Co., Ltd.	5,526	2,314	5,482	99.2%	2,445	105.7%
	ELEMENT RULE Co., Ltd.	5,311	2,423	6,104	114.9%	2,913	120.2%

* : Adastria (Non-consolidated) : Amortization of goodwill for FY2024/02: None, FY2025/02: None

* : Adastria (Non-consolidated) : Net sales are shown before elimination of internal transactions.

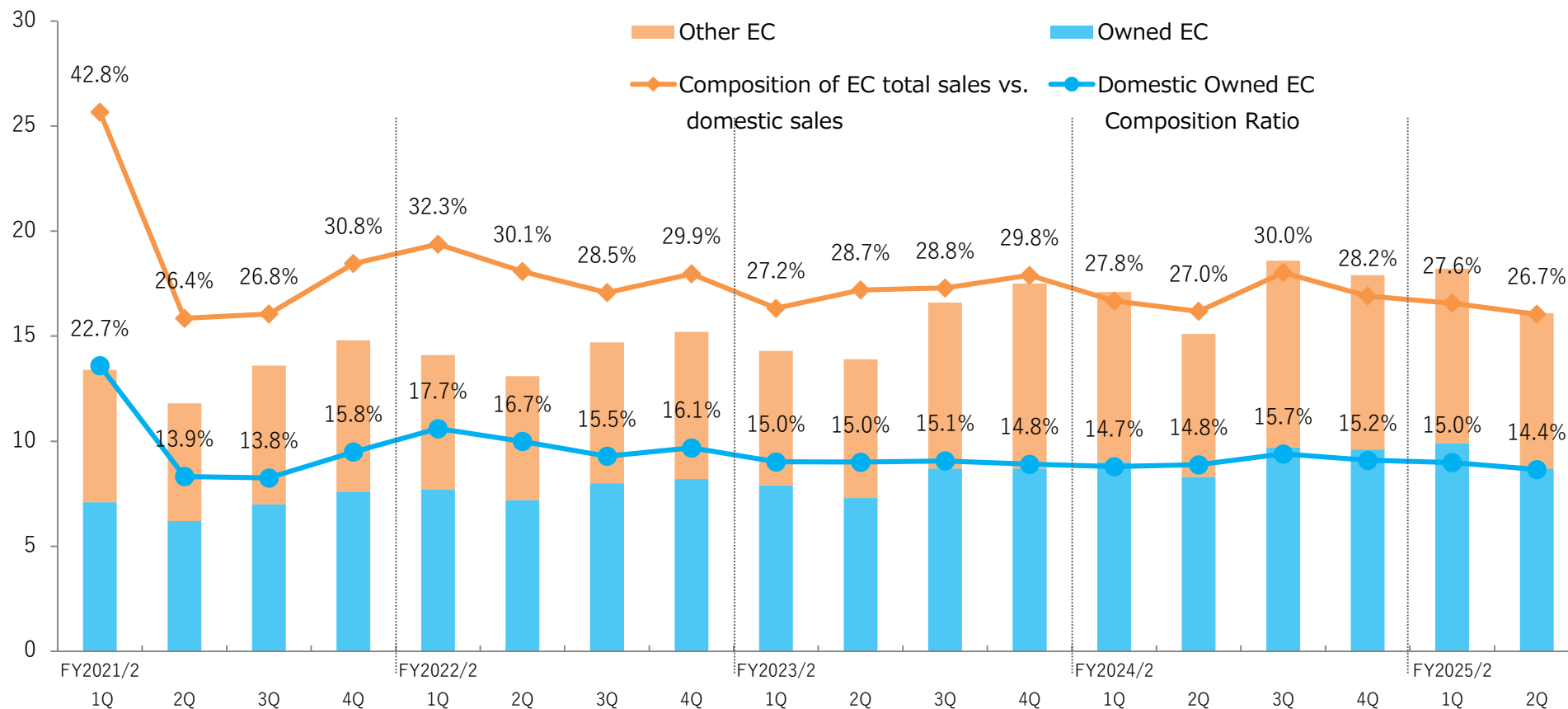
* : Adastria (Non-consolidated) and Gate Win Co., Ltd. Merge in FY2025/02 1Q

Domestic net sales from online (FY2025/02)

34.5 billion yen (+6.8% YoY)

- Domestic online business ratio: 27.2% (of which Adastria EC site: approx. 14.7%)
- “Dot-ST” has about 18.6 million members (1.1 million more than at the end of FY2024/02)

(Billions of yen)



*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.

*Excludes TODAY'S SPECIAL CO., Ltd.

- **Mainland China** EC sales raised total sales as consumer spending remained soft; the loss decreased
- **Hong Kong** Sales and earnings increased because of new stores and more brands in the e-commerce channel
- **Taiwan** Sales and earnings up to new stores and sales growth of the e-commerce channel
- **Thailand** The first store is performing well and sales increased; earnings were down because of preparations for opening a second store
- **USA** Sales and earnings down as the wholesale business slowed down because of the uncertain economic outlook and higher cost due to inflation

(Millions of yen)

(Simple aggregate of overseas subsidiaries)	FY2023/12 1H		FY2024/12 1H					
	Six Months Ended	Three Months Ended	Six Months Ended			Three Months		
			YoY (JPY)	YoY (Local currency)	YoY (JPY)	YoY (Local currency)		
Net sales	10,686	5,590	12,257	114.7%	103.5%	6,204	111.0%	99.6%
Mainland China	2,241	1,246	2,451	109.4%	100.0%	1,360	109.1%	98.3%
Hong Kong	1,745	922	2,214	126.9%	112.1%	1,063	115.2%	101.3%
Taiwan	2,769	1,399	3,610	130.3%	120.9%	1,683	120.3%	111.8%
Thailand	83	83	141	170.2%	159.7%	63	76.1%	71.4%
Philippines	-	-	-	-	-	-	-	-
USA	3,846	1,937	3,839	99.8%	88.4%	2,033	104.9%	92.5%
Operating profit	653	515	341	52.3%	47.2%	310	60.2%	54.8%
Mainland China	- 306	- 68	- 286	-	-	- 92	-	-
Hong Kong	148	142	171	115.8%	102.3%	125	88.4%	78.1%
Taiwan	557	302	706	126.6%	117.5%	361	119.2%	110.8%
Thailand	- 50	- 21	- 82	-	-	- 51	-	-
Philippines	-	-	- 10	-	-	- 10	-	-
USA	305	161	- 157	-	-	- 22	-	-

Consolidated Balance Sheet

- **Inventories:** Proper level at the end of the 2Q at 2.4% above one year earlier
- **Property, plant and equipment:** Increased due to the opening of physical stores and other reasons (including right-of-use assets)
- **Intangible asset:** Increase in goodwill mainly due to the acquisition of TODAY'S SPECIAL
- **Investments and other assets:** Increased mainly due to an increase in deferred tax assets
- **Net assets:** Net asset ratio of 57.5%, +1.6p YoY. Treasury shares decreased due to the share exchange with zetton

(Millions of yen)

	End of 2023/08		End of 2024/02		End of 2024/08			
		Ratio		Ratio		Ratio	Compared with the end of 2023/08	Compared with the end of 2024/02
Current assets	63,718	52.4%	68,731	53.7%	65,444	49.4%	+1,725	- 3,287
Cash and deposits	21,299	17.5%	23,371	18.3%	20,631	15.6%	- 667	- 2,739
Inventories	26,248	21.6%	26,839	21.0%	26,869	20.3%	+620	+30
Fixed assets	57,805	47.6%	59,184	46.3%	67,029	50.6%	+9,223	+7,844
Property, plant and equipment	24,078	19.8%	23,901	18.7%	27,090	20.4%	+3,011	+3,188
Intangible assets	12,224	10.1%	12,376	9.7%	15,453	11.7%	+3,228	+3,077
Goodwill	1,219	1.0%	1,109	0.9%	3,800	2.9%	+2,580	+2,691
Investments and other assets	21,501	17.7%	22,906	17.9%	24,485	18.5%	+2,983	+1,578
Total assets	121,523	100.0%	127,915	100.0%	132,473	100.0%	+10,949	+4,557
Liabilities	53,567	44.1%	56,334	44.0%	56,311	42.5%	+2,744	- 22
Loans payable	930	0.8%	905	0.7%	1,101	0.8%	+171	+196
Net assets	67,956	55.9%	71,581	56.0%	76,161	57.5%	+8,205	+4,580
Treasury shares	- 6,795	- 5.6%	- 7,516	- 5.9%	- 5,627	- 4.2%	+1,167	+1,888

Number of Stores and Revised plan

	FY2024/02		FY2025/02 1H					Compared with the end of 2024/08	FY2025/02 Revised Plan				FY2025/02
	End of 1H	End of FY2024/02	Merged, etc.	Opened	Changed	Closed	End of 1H		Opened	Changed	Closed	End of FY2025/02	Initial Plan End of FY2025/02
GLOBAL WORK	211	214	0	2	0	0	216	5	4	0	0	218	219
niko and ...	142	141	0	4	0	- 2	143	1	7	0	-2	146	146
studio CLIP	180	179	0	9	0	- 2	186	6	10	0	-2	187	188
LOWRYS FARM	129	126	0	0	0	- 1	125	-4	1	0	-1	126	126
LEPSIM	114	115	0	1	0	- 1	115	1	1	0	-1	115	114
LAKOLE	71	78	0	8	0	- 1	85	14	12	0	-1	89	87
BAYFLOW	61	62	0	2	0	0	64	3	3	0	0	65	65
JEANASIS	71	68	0	1	0	0	69	-2	1	0	0	69	69
Others *1	337	327	6	19	0	- 4	348	11	23	0	-33	255	244
Adastria non-consolidated total	1,245	1,242	6	45	0	- 11	1,282	37	62	0	-40	1,270	1,258
(Online store included)	(65)	(61)	(2)	(3)	(0)	(- 1)	(65)	(0)	(3)	(0)	(- 1)	(65)	(65)
Domestic subsidiaries total*2	123	128	24	4	0	- 9	147	24	7	0	-9	150	126
(Online store included)	(54)	(58)	(7)	(1)	(0)	(- 6)	(60)	(6)	(3)	(0)	(- 6)	(62)	(58)
Japan total	1,368	1,370	30	49	0	- 20	1,429	61	69	0	-49	1,420	1,384
(Online store included)	(119)	(119)	(9)	(4)	(0)	(- 7)	(125)	(6)	(6)	(0)	(- 7)	(127)	(121)
Mainland China	14	15	0	1	0	- 2	14	0	6	0	-4	17	21
Hong Kong	21	23	0	5	0	0	28	7	8	0	-1	30	27
Taiwan	64	72	0	2	0	- 1	73	9	11	0	-2	81	95
Thailand	1	2	0	0	0	0	2	1	0	0	0	2	3
Philipins	-	-	0	0	0	0	0	0	1	0	0	1	1
USA	10	10	0	1	0	- 1	10	0	3	0	-1	12	11
Oversea total	110	122	0	9	0	- 4	127	17	29	0	-8	143	158
(Online store included)	(20)	(22)	(0)	(7)	(0)	(- 2)	(27)	(7)	(11)	(0)	(- 3)	(30)	(26)
Zetton (Food & Beverage subsidiary) *3	74	71	0	5	0	- 2	74	0	9	0	-5	75	78
ADASTRIA eat Creations	-	-	-	-	-	-	-	-	-	-	-	-	-
Consolidated total	1,552	1,563	30	63	0	- 26	1,630	78	107	0	-62	1,638	1,620
(Online store included)	(139)	(141)	(9)	(11)	(0)	(- 9)	(152)	(13)	(17)	(0)	(- 10)	(157)	(147)

FY2025/2 1H 22 remodeled stores in the consolidated group.

*1 : Stores of Gate Win Co., Ltd. which had been included in the total of domestic subsidiaries until FY2024/02, will be included in "Others"

*2 : Domestic subsidiaries are the sum of four subsidiaries FY/2025 1H : BUZZWIT Co.,Ltd., ELEMENT RULE Co., Ltd., ADOORLINK Co., Ltd., TODAY'S SPECIAL CO., Ltd.
Starting in FY2025/02 1H, 23 stores of TODAY'S SPECIAL which was acquired were listed under "Merged, etc."

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

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	

FY 2025/02 Non-consolidated Forecast (Re-posting)

million of Yen

	FY2024/02 Results	FY2025/02 Forecast	
			YoY
Net Sales	220,078	229,000	104.1%
Gross Profit	118,989	125,000	105.1%
Gross Profit Margin	54.1%	54.6%	+0.5p
SG&A expenses ratio	102,642	109,200	106.4%
SG&A ratio	46.6%	47.7%	+1.1p
Operating Income	16,346	15,800	96.7%
Operating margin	7.4%	6.9%	- 0.5p

Business Climate

**Recent yen's depreciation
and
pricing strategy**



- Only negligible positive effect of the yen's recent strength in the second half of the current fiscal year because of forward exchange contracts for most 2024/2025 autumn and winter apparel.
- Although the stronger yen may increase the gross profit margin of 2025 spring and summer merchandise, determining a quantitative outlook is difficult at this time.
- No plan to lower prices even if the yen continues to appreciate. The goal is earning a suitable profit that reflects the substantial added value of merchandise.

**Outlook for prices, wages
and consumer spending**



- Consumer spending for fashions is firm with the support of the recovery in demand associated with outings and people returning to offices rather than working from home. No signs of a slowdown in demand.
- According to the Family Income and Expenditure Survey of the Ministry of Internal Affairs and Communications, spending on apparel for March - July 2024 was 5% higher than one year earlier. Nominal wage growth, mainly among younger people, appears to be a major reason for the upturn in apparel purchasing.

Our Approach

3. Medium-Term Management Plan Progress



Combine sustainability with profitability to achieve **310** billion yen in sales by FY2026/02

Operating profit ratio **7.2%**

Consolidated operating income **22.4** billion yen

Achieve Sustainable Management

Extend Value Offering



Grow Customer Base



Multi-Brand Multi-Category

Grouping of brands according to roles for improved profitability and growth



Digital Customer Interaction and Services

Accelerate growth of owned EC site and create a fun EC community



Glocal

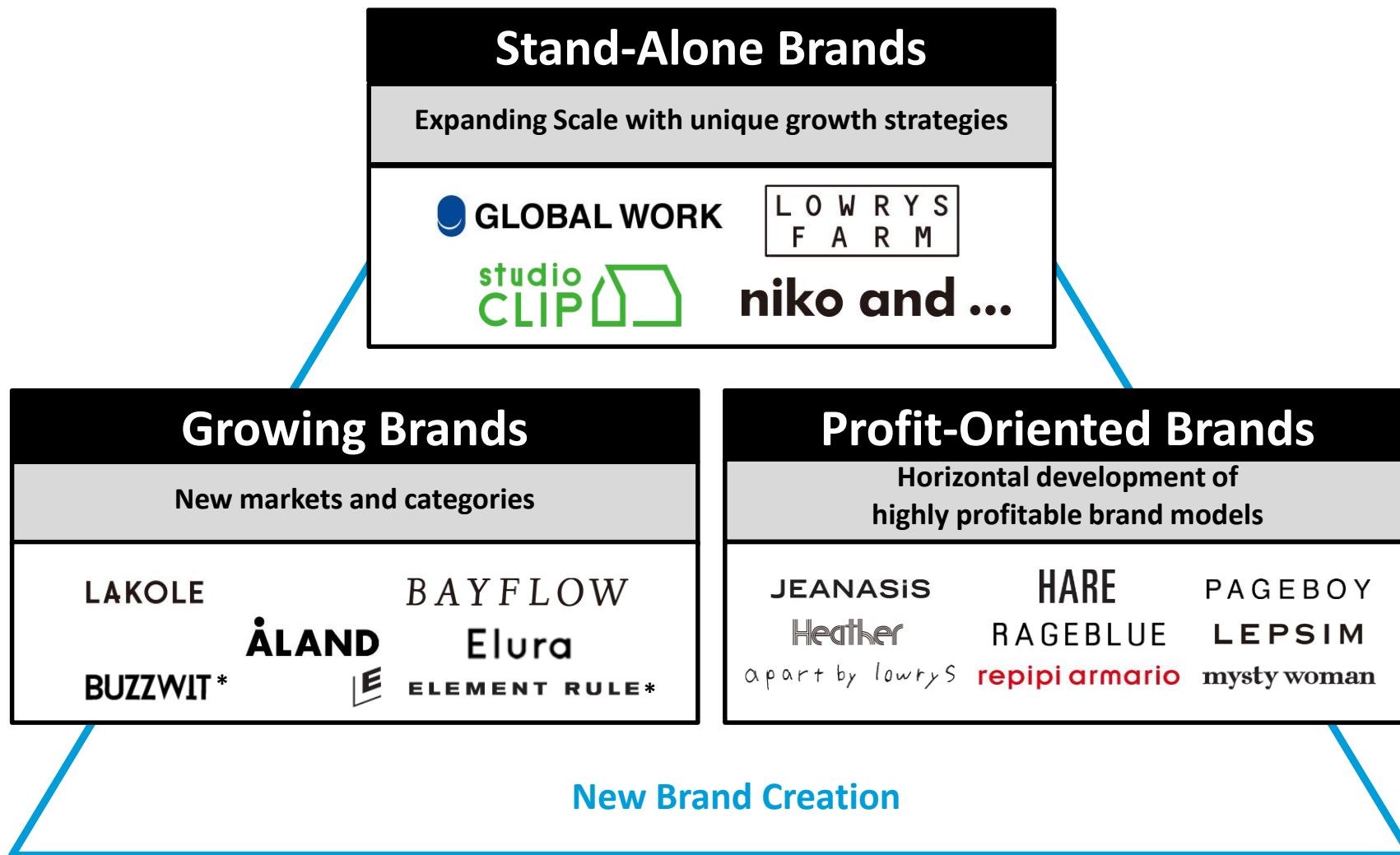
Develop models in Mainland China and cultivate Southeast Asia



New Business

Establish food and beverage business and create new appeal

- Categorizing existing domestic brands into three categories and cultivating brands across the portfolio



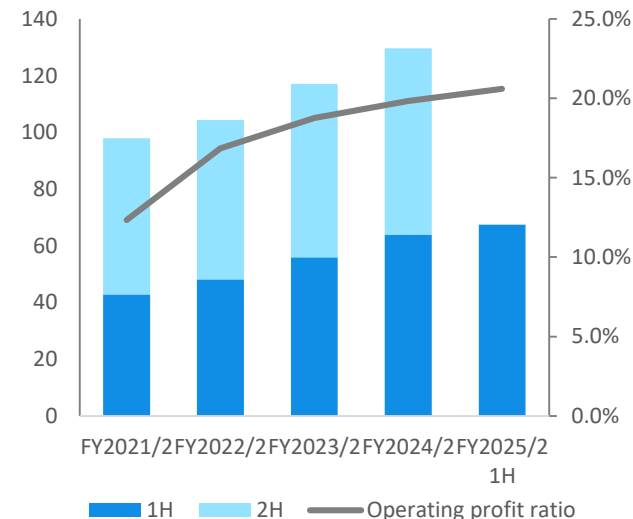
* BUZZWIT Co.,Ltd. and ELEMENT RULE Co., Ltd. are our domestic subsidiaries.

Progress with strengthening each brand based on its role

Stand-Alone Brands

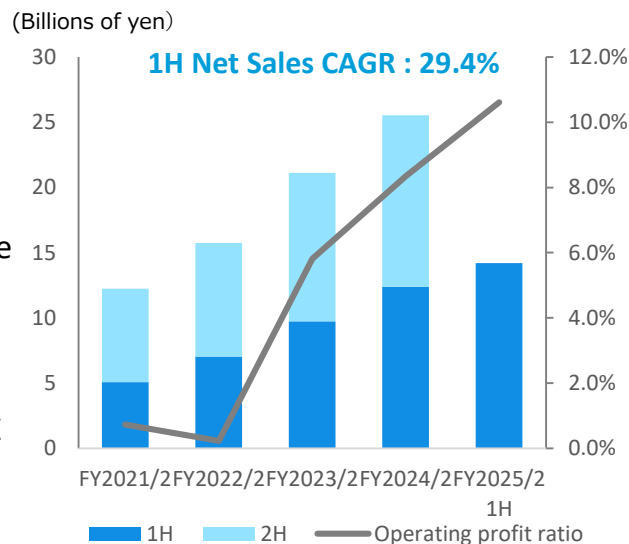
- Continue consistent sales growth by using the distinctive features of individual brands.
- The GLOBAL WORK which has reached its 30th year, and the niko and... , which is celebrating the 10th anniversary of opening its flagship store, have a large number of loyal, long-term customers.

(Billions of yen) **1H Net Sales CAGR : 12.0%**



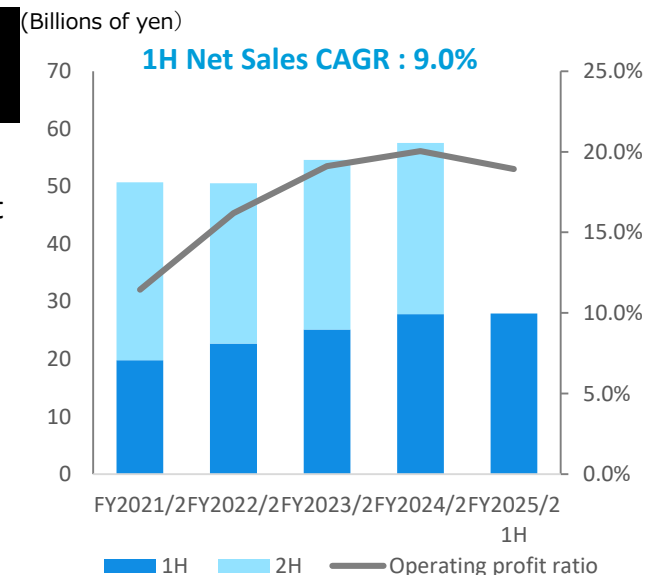
Growing Brands

- Increasing merchandise categories and the number of stores, primarily for the LAKOLE.
- Opened 8 LAKOLE stores during the FY2025/02 1H.



Profit-Oriented Brands

- Core brands performed well but the operating margin of some brands were sluggish



※Figures in graphs are for only Adastria and are before the allocation of corporate expenses

■ Celebrating the 30th anniversary of GLOBAL WORK, an independent brand

- Yuriko Yoshitaka and Hio Miyazawa, both well-known actors, became brand ambassadors in the spring of 2024.
- Promotional activities that tell consumers about the outstanding designs, fabrics, comfort and other features of GLOBAL WORK merchandise, making this apparel ideal for many purposes.
- Progress with firmly establishing key product categories such as Sukkirei Knit, sala sala relax blouse, Air karu Easy Pants, and others.



■ STAFF BOARD employees are becoming recognized influencers

- The number of SNS followers of employees is increasing due to the expansion of training programs, the use of analytic tools and other forms of support for employees using STAFF BOARD.
- Annual purchases by customers who follow staff on STAFF BOARD are 2.5 times the level of customers who do not follow staff on STAFF BOARD.
- Merchandise created by popular STAFF BOARD employees for specific brands is very successful.

SNS Followers of Adastria Employees

	2019.2	2022.02	2023.02	2024.02
STAFF BOARD participants	449	3,920	3,990	4,098
More than 100,000 followers	0	0	5	11
More than 50,000 followers	0	4	8	13
More than 10,000 followers	11	56	63	74
Total number of followers	0.48 million	3.4 million	5.73 million	10.35 million

*SNS Followers : Total of followers on STAFF BOARD, Instagram, TikTok, YouTube, and other social media.



niko and... "Make Stuff"



LEPSIM "LEPSTA PROJECT"

■ Thailand: Second niko and... store opened

- niko and... opened in July at Mega Bangna, a popular shopping mall in suburban Bangkok, starting to establish a network of many stores.



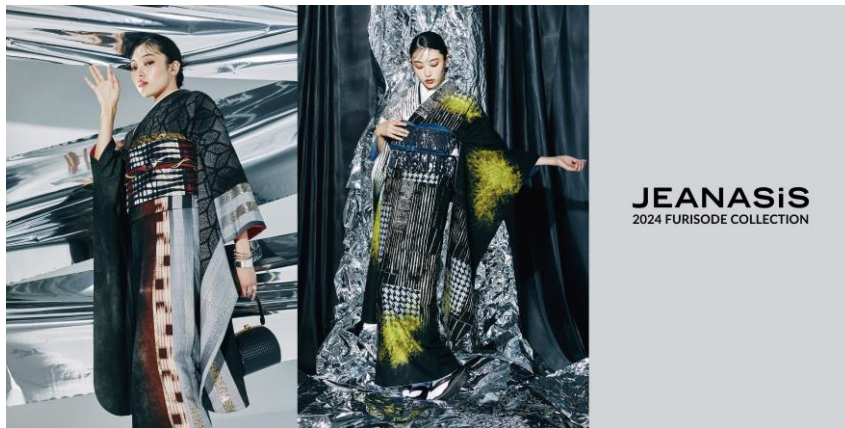
■ Hong Kong: Faster multi-brand activities

- In July, a LOWRYS FARM store opened at the Telford Plaza shopping mall and a JEANASIS store opened at the K11 Art Mall shopping center. Special events featuring popular Japanese STAFF BOARD employee attracted many people to these stores.



■ Joint activity with Kyoto Marubeni Co., Ltd.

- Joint activities combining popular Adastia brands and Kyoto Marubeni, a kimono manufacturer with a long history, are expanding the potential for the licensing of intellectual property.
- Provides to a wide range of customers information about many attractive traditional Japanese designs with the aim of passing on to traditional Japanese technologies.



■ ADASTRIA SPACE PRODUCE

- Design for the renovation of the exterior and common areas of SS.FLAT Koenji, a next-generation rental condominium building
- A model room featuring niko and..., BAYFLOW and LAKOLE furniture that promote diverse lifestyles.



■ First fashion company to use the C-Turtle platform for GHG emission visualization

- In April 2024, Adastria started using the C-Turtle platform for the visualization of GHG emissions. The objectives are to calculate the volume of emissions more efficiently and take actions to lower these emissions.
- The C-Turtle platform efficiently measures GHG emissions as well as calculates and helps reduce emissions across supply chains while reflecting GHG emission reduction programs of suppliers. The objective is to use Adastria's position as a leader in the fashion sector to establish a model for other fashion companies to use for lowering GHG emissions.



■ Certified as an outstanding health and productivity management company (large enterprise section) for the second consecutive year

- This certification recognizes Adastria's activities for encouraging medical check-ups and other measures by all employees to prevent diseases for the purposes of establishing a sound health management infrastructure and making employees aware of the importance of healthy lifestyles.



■ First disclosure of designated supplier list for greater business transparency

- In September, Adastria announced 47 companies that have direct business relationships with Adastria and were certified as partner companies. The goal is to work with these partners to build a supply chain that has positive effects on the environment, people and communities. Adastria also aims to use these partnerships to increase the transparency of business operations and create a production framework with clear lines of responsibility and accountability.

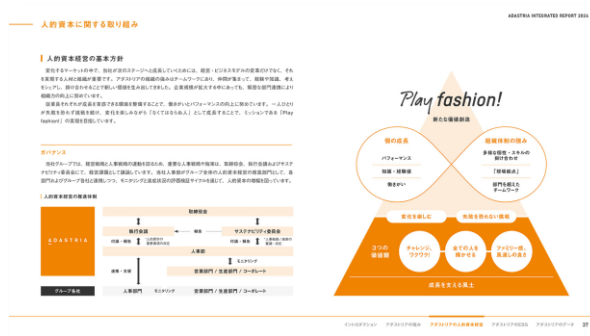
■ Adastia's Integrated Report explains measures for increasing corporate value

- The 2024 Integrated Report explains strategies for accomplishing Adastia's "Play fashion!" mission and increasing corporate value. The report also explains Adastia's strengths.
- The report is structured to supply information that gives readers an understanding of the Adastia's business operations. Information includes the basic policy and statistics for Human Capital Management, strategic issues involving the workforce, interviews with executives that highlight Adastia's strengths, and dialogues with business partners about sustainability issues.

A source of sustainable *Play fashion!*



Adastia's Capability



Human Capital Initiatives




ESG SESSION

URL for viewing the Integrated Report:

<https://www.adastria.co.jp/ir/library/entry-15481/>

■ Performance is in line with the revised plan and aiming for more improvements mainly concerning profitability


Themes of the medium-term management plan

 **Sales growth** Expand the brand portfolio

Revised target: Sales of 310 billion yen in FY2026/02

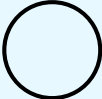
 **Improve gross profit margin** Reduce discounting, add value, optimize cost of production

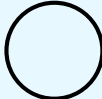
 **Hold down SG&A expense** Use equipment more efficiently
Control indirect expenses


 **Improve Capital efficiency** Higher efficiency of investments

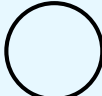
Target : ROE15% over

FY2025/02 First half progress

 Brand growth, category expansion and new businesses progressing

 Effectively no change as reducing discounting and increasing ASEAN region production are offsetting the negative effects of the yen's depreciation

 The SG&A expense ratio increased because of higher personnel expenses and higher expenses for rent and depreciation

 Profit growth while controlling investment ROE is expected to be 16.9%

New Name for the Adastia EC Website (from October 23rd)

■ “and ST” replaces “.st”

“ST” expresses the Adastia commitment to being a partner for everyone’s STyle and for the STory of everyone’s life. This was the thinking behind the launch of the “.st” fashion store.

In 2024, Adastia has transformed “.st” into “and ST” as a source of digital and physical store services that enable people to find merchandise that reflects their individual identities and lifestyles.

A link between customers and others

A link between regions and the world

A link between fashion and everyday living

“and ST”

This new name embodies a broad array of links.

Adastia wants to use fashion to play an even greater role in fostering sound and vibrant communities.

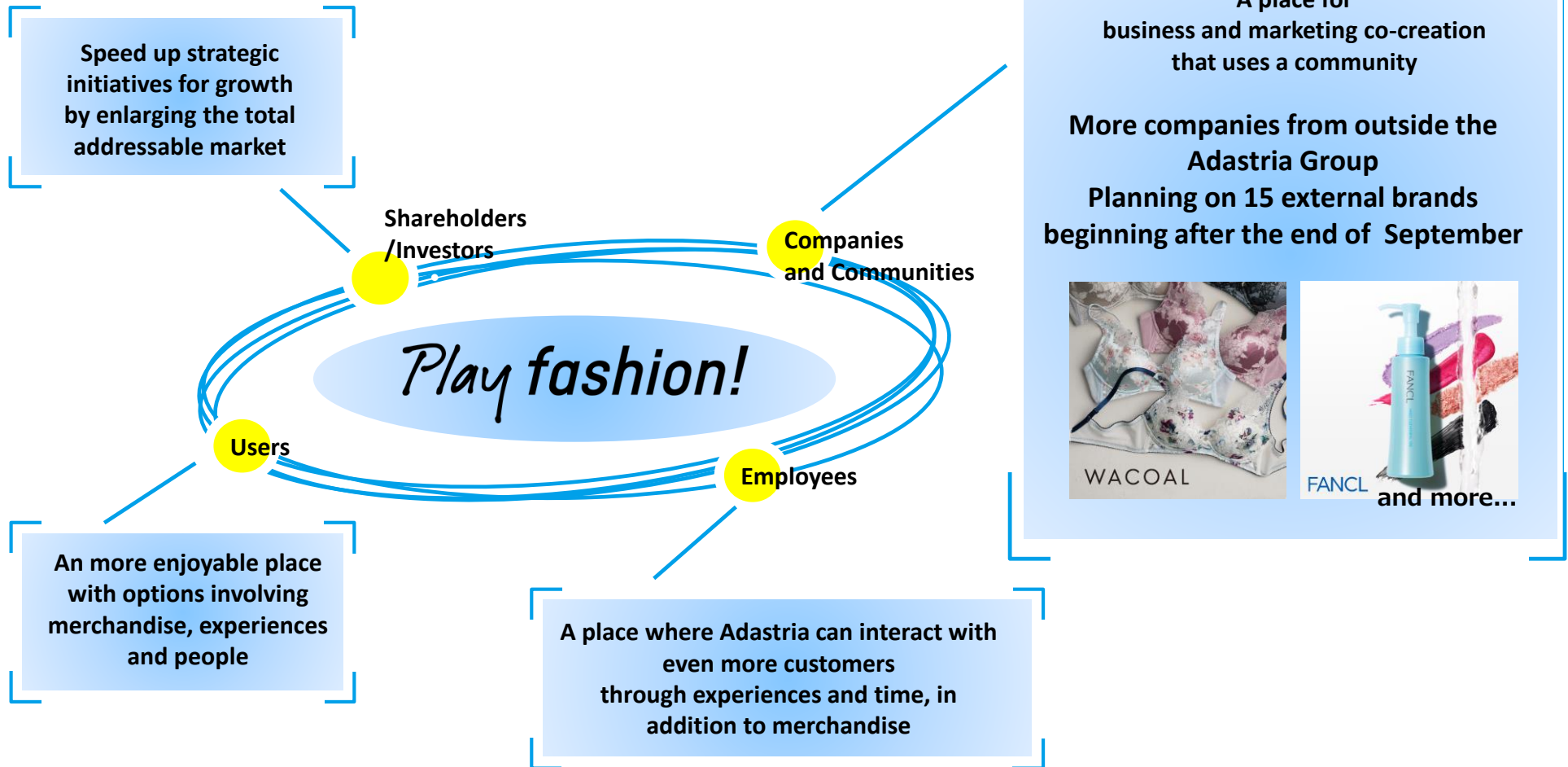
We are evolving into a total fashion platform that is a place where fashion creates excitement rather than merely a place that sells apparel.

Play fashion!



■ Increasing awareness of Adastria EC Website and faster progress with opening the EC website to other companies

- Addition of new functions and services based on the good community concept
- More widespread awareness of Adastria brands and stronger B-to-B sales activities, faster progress with the strategy of adding more external companies to Adastria's EC website



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!*