



FY2024/02 1st Quarter Financial Results

June 30, 2023



A D A S T R I A
— *Play fashion!*

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Consolidated Income Statement

Millions of yen

| | FY2023/02 1Q | | FY2024/02 1Q | | |
|---|--------------|--------------|--------------|--------------|---------------|
| | Results | | Results | | |
| | | Ratio | | Ratio | YoY |
| Net sales | 58,006 | 100.0% | 68,478 | 100.0% | 118.1% |
| Aداستريا(Non-consolidated) | 48,540 | 83.7% | 55,377 | 80.9% | 114.1% |
| Domestic subsidiaries *1*2 | 4,268 | 7.4% | 6,450 | 9.4% | 151.1% |
| Overseas subsidiaries *3 | 3,983 | 6.9% | 5,096 | 7.4% | 127.9% |
| Zetton (Food & Beverage Subsidiary) *4 | 1,943 | 3.4% | 2,535 | 3.7% | 130.5% |
| Gross profit | 33,303 | 57.4% | 39,094 | 57.1% | 117.4% |
| SG&A expenses | 28,729 | 49.5% | 32,816 | 47.9% | 114.2% |
| Advertising & promotion | 2,175 | 3.8% | 2,193 | 3.2% | 100.8% |
| Personnel | 10,313 | 17.8% | 11,738 | 17.1% | 113.8% |
| Rent & depreciation *5 | 10,206 | 17.6% | 11,604 | 16.9% | 113.7% |
| Amortization of goodwill | 51 | 0.1% | 57 | 0.1% | 112.3% |
| Others | 5,983 | 10.3% | 7,222 | 10.5% | 120.7% |
| Operating profit | 4,574 | 7.9% | 6,278 | 9.2% | 137.2% |
| Aداستريا(Non-consolidated) | 4,171 | 7.2% | 5,787 | 8.5% | 138.7% |
| Domestic subsidiaries *1*2 | 64 | 0.1% | 437 | 0.6% | 673.6% |
| Overseas subsidiaries *3 | 96 | 0.2% | 166 | 0.2% | 173.3% |
| Aداستريا Logistics | 116 | 0.2% | 24 | 0.0% | 20.9% |
| Zetton (Food & Beverage Subsidiary) *4 | 114 | 0.2% | -117 | - | - |
| Ordinary profit | 4,926 | 8.5% | 6,349 | 9.3% | 128.9% |
| Net income attributable to owners of the parent | 3,313 | 5.7% | 4,464 | 6.5% | 134.7% |
| EBITDA | 6,357 | 11.0% | 8,340 | 12.2% | 131.2% |
| Depreciation and amortization | 1,731 | 3.0% | 2,005 | 2.9% | 115.8% |
| Amortization of goodwill | 51 | 0.1% | 57 | 0.1% | 112.3% |

*1 : Domestic subsidiaries are the sum of four domestic subsidiaries: BUZZWIT Co.,Ltd., ELEMENT RULE Co., Ltd., Adastria eat Creations Co.,Ltd., ADOORLINK Co., Ltd., Gate Win Co., Ltd.

*2 : Due to change in financial year, Feb-Apr (FY2023/02) and Mar-May (FY2024/02)

*3 : Overseas subsidiaries are the sum of overseas subsidiaries: Hong Kong, Mainland China, Taiwan, USA.(Period Jan. to Mar.2023)

*4 : Operating profit of Zetton, Inc. is shown after consolidation adjustments. Due to change in financial year, Mar-May(FY2023/02) and Feb-Apr(FY2024/02)

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

■ **Summary:** Record high first quarter sales and operating profit because of demand involving outings, favorable weather and a successful merchandise strategy. Sales and earnings were higher than planned.

■ **Net sales: 68.4 billion yen (+18.1% YoY)**

| | |
|------------------------|---|
| Parent company: | Up 14.1% YoY because of merchandise that accurately targeted demand and price revisions Strong sales of major products of GLOBAL WORK and sales growth of LAKOLE as more stores were opened. |
| Domestic subsidiaries: | Up 51.1% YoY. After eliminating the effect of changes in fiscal years of some subsidiaries in Japan, sales and earnings increased due to a small increase in ELEMENT RULE sales, BUZZWIT's consolidation of OPEN AND NATURAL, and the successful launch of new brands. |
| Overseas subsidiaries: | Up 27.9% YoY. Sales in mainland China increased because of new stores but earnings were down due to the slow economic recovery. Sales and earnings increased in Hong Kong because of the recovery following the pandemic. Sales were increased in Taiwan because of new stores and higher existing store sales. Sales and earnings increased in the U.S. because of the strong performance of the wholesale business. |

Food and beverage business: Zetton sales increased as the number of customers slowly recovered.

■ **Gross profit margin: 57.1% (-0.3p YoY)**

Profitability benefited from revisions of product prices to reflect the increasing value of merchandise and from continuing measures to limit discounting. However, there was a small decrease in the gross profit margin because of forex and higher prices of raw materials.

*BUZZWIT Co.,Ltd., ELEMENT RULE Co., Ltd., Adastria eat Creations Co.,Ltd., ADOORLINK Co., Ltd., Gate Win Co., Ltd., Zetton, Inc. were changed their fiscal year end in the FY2023/02

*First quarter comparisons are Feb-Apr (FY2023/02) and Mar-May (FY2024/02) for all of these companies except Zetton and Mar-May (FY2023/02) and Feb-Apr (FY2024/02) for Zetton.

■SG&A expense ratio: 47.9% (-1.6p YoY)

SG&A expenses increased with sales but decreased as a pct. of sales due to sales growth.

| | | |
|---------------------------|---|--|
| Advertising & promotions: | 3.2% (-0.5p YoY) (+18 million yen YoY) | Postponed some promotional activities |
| Personnel: | 17.1% (-0.6p YoY) (+1.42 billion yen YoY) | Increased employee remuneration and hired many people |
| Rent & depreciation: | 16.9% (-0.6p YoY) (+1.39 billion yen YoY) | Rent increased due to sales growth and depreciation increased due to new stores and distribution facilities in FY2023/02 |
| Other: | 10.5% (+0.2p YoY) (+1.23 billion yen YoY) | Higher credit card fees, electricity fees and other expenses |

■Operating profit: 6.2 billion yen (+1.70 billion yen YoY)

Operating income ratio: 9.2%, EBITDA margin: 12.2%

Operating profit includes one-time items totaling 300 million yen – Change in fiscal year of subsidiaries in Japan (+100 million yen) and postponement of some promotional activities (+200 million yen)

■Ordinary profit: 6.3 billion yen (+1.42 billion yen YoY)

Non-operating income: Foreign exchange gains of 61 million yen

■Net income: 4.4 billion yen (+1.15 billion yen YoY)

Extraordinary losses: impairment of store assets of 35 million yen

*BUZZWIT Co.,Ltd., ELEMENT RULE Co., Ltd., Adastria eat Creations Co.,Ltd., ADOORLINK Co., Ltd., Gate Win Co., Ltd., Zetton, Inc. were changed their fiscal year end in the FY2023/02

*First quarter comparisons are Feb-Apr (FY2023/02) and Mar-May (FY2024/02) for all of these companies except Zetton and Mar-May (FY2023/02) and Feb-Apr (FY2024/02) for Zetton.

Adastria and Major Domestic Subsidiaries Income Statement

【Adastria (Non-consolidated)】

Millions of yen

| | FY2022/02 1Q | FY2023/02 1Q | |
|------------------|--------------|--------------|--------|
| | Results | Results | |
| | | | YoY |
| Net sales | 48,540 | 55,377 | 114.1% |
| | 119.0% | 112.3% | - |
| GLOBAL WORK | 12,099 | 13,831 | 114.3% |
| niko and ... | 7,319 | 8,135 | 111.2% |
| LOWRYS FARM | 5,403 | 5,778 | 106.9% |
| studio CLIP | 4,803 | 5,423 | 112.9% |
| LEPSIM | 3,407 | 3,579 | 105.0% |
| JEANASIS | 2,421 | 2,989 | 123.5% |
| LAKOLE | 1,866 | 2,674 | 143.3% |
| BAYFLOW | 2,481 | 2,670 | 107.6% |
| Gross profit | 27,654 | 31,222 | 112.9% |
| Gross margin | 57.0% | 56.4% | - 0.6p |
| SG&A expenses | 23,482 | 25,435 | 108.3% |
| SG&A ratio | 48.4% | 45.9% | - 2.4p |
| Operating profit | 4,171 | 5,787 | 138.7% |
| Operating margin | 8.6% | 10.5% | +1.9p |

【Major Domestic Subsidiaries】

| | | | | |
|-----------|------------------------|-------|-------|--------|
| Net sales | BUZZWIT Co., Ltd. | 1,718 | 3,212 | 186.9% |
| | ELEMENT RULE Co., Ltd. | 2,375 | 2,888 | 121.6% |

* Adastria (Non-consolidated) : Amortization of goodwill for FY2023/02 1Q : 14 million yen, FY2024/02 1Q : None

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

* Sales of BUZZWIT Co., Ltd. include its consolidated subsidiary OPEN AND NATURAL, Inc.

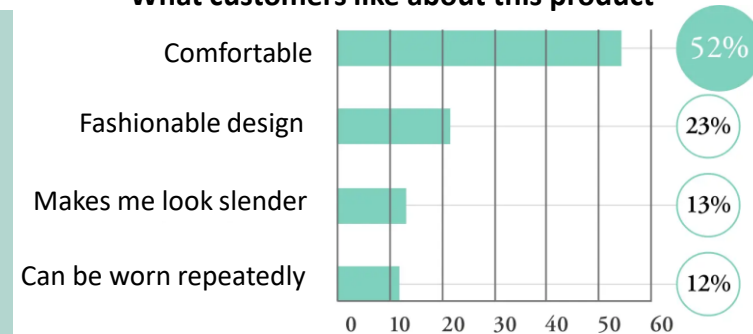
* Due to change in financial year BUZZWIT Co.,Ltd. and ELEMENT RULE Co., Ltd.'s 1Q were Feb-Apr (FY2023/02) and Mar-May (FY2024/02)

■ Second initiative for major products of the brand “GLOBAL WORK”

- Working on strengthening core products following the success of “Utsuku-Silhouette trousers”
- Continuing TV commercials for “Sala sala relax blouses” featuring actress/model “Tsubasa Honda”
- Cumulative sales of the series topped 1.5 million units as fashions reflecting data analysis were sold



What customers like about this product



Uses an original rayon material that is environmentally responsible and offered in many variations for fashions suitable for at the office and when away from work.

Opening FOREVER 21 Brick and Mortar Stores

■ Using licensing to bring this brand back to Japan

- The first store opened on April 17 at the LaLaport Kadoma shopping center (Osaka) and the first store in the Kanto area opened June 2 at LaLaport TOKYO-BAY (Chiba).
- The goal is to attract new customers in the generation Z segment, expanding within five years to 15 stores with a 60% EC sales ratio and sales of 10 billion yen.



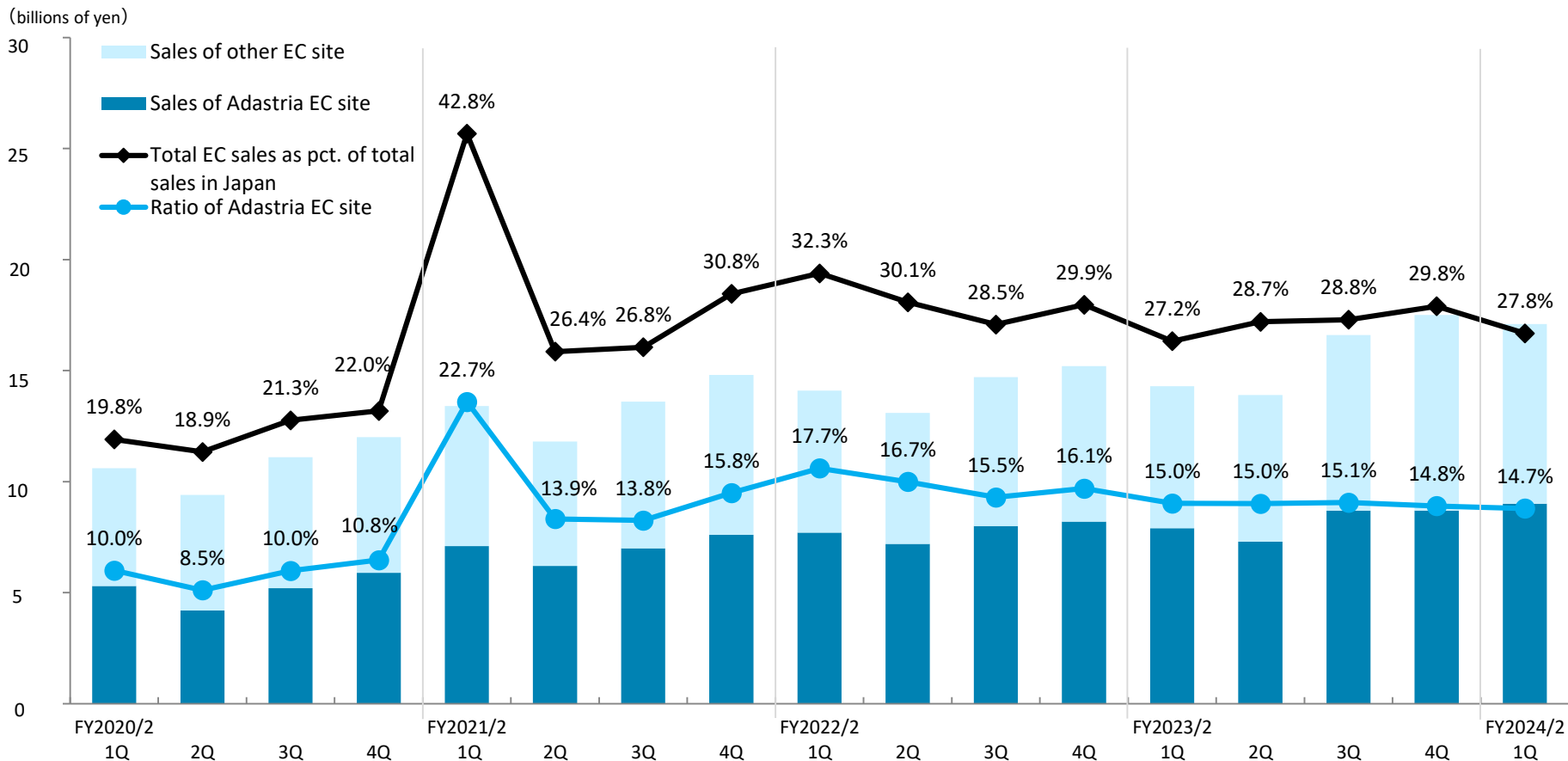
LaLaport Kadoma store



LaLaport TOKYO-BAY store

■ 2024/02 1st quarter domestic e-commerce sales: 17.1 billion yen (+19.6% YoY)

- Domestic online business ratio: 27.8% (of which Own EC site: approx. 14.7%)
- Own EC site “Dot-ST” has about 16million members (0.5million from the end of FY2023/02)



*FY2020/02, 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. and from 4Q, sales of Gate Win Co., Ltd. was included.

BUZZWIT Opens an EC site with a New look

■ Start of a membership loyalty point program and support for influencers at BUZZWIT and outside the company

- Redesigned “favclo.” EC website; aiming for higher profitability by increasing sales using external channels
- Launched projects to support influencers who want to create or launch their own brands
- Expanded to 23 brands as of the end of May and launched a new brand

The BUZZWIT “favclo.” EC website



URL:<https://store.favclo.jp/>

New brand in this fiscal year



Brand of “Louiosy”

■ Work with Metaverse and VTubers as a new channel to contact with Generation Z customers

- Original avatars and skins (clothes), sales of items linked with the real world.
- Seven members of “Nijisanji”, a popular VTuber/Virtual Liver group, introduced summer apparel that they recommend.
- Work with popular creators to acquire knowledge about new domains that interest people in generation Z.

What Nijisanji VTuber wants to wear this summer!
Fashion coordination for your outings



Kuzuha RAGEBLUE Yuika Siina Heather Ririmu Makaino LOWRYS FARM Minato Fuwa JEANASiS

Events held on the metaverse attracted more people than expected

Orders were up by 20 times for items backed by VTuber introductions

Millions of yen

| | FY2022/12 1Q | FY2023/12 1Q | | |
|-------------------|--------------|--------------|--------------|-------------------------|
| | Results | | Results | |
| | | | YoY (JPY) | YoY (Local currency) |
| Net sales | 3,983 | 5,096 | 127.9% | 116.5% |
| Hong Kong | 614 | 822 | 133.8% | 118.1% |
| Mainland China *1 | 736 | 995 | 135.0% | 128.1% |
| Taiwan | 1,064 | 1,369 | 128.7% | 122.7% |
| USA *2 | 1,568 | 1,908 | 121.7% | 106.9% |
| Operating profit | 96 | 166 | 173.3% | 156.7% |
| Hong Kong | - 36 | 6 | - | - |
| Mainland China *1 | - 167 | - 238 | - | - |
| Taiwan | 194 | 254 | 131.2% | 125.1% |
| USA *2 | 105 | 144 | 136.3% | 119.7% |

*1: Mainland China is shown after consolidation adjustments.

*2: The Zetton, Inc. (USA Business) are not include.

- Hong Kong: Sales and earnings up due to the recovery from the pandemic one year earlier
- Mainland China: Although sales increased due to new stores, loss increased because of the prolonged effects of the pandemic
- Taiwan: Sales and earnings up due to strong sales early in the year, new brands and new stores
- USA: Sales of the wholesale business remained firm because of strong consumer spending and measures to supply highly appealing merchandise

The first Southeast Asia store

■ The “niko and ... BANGKOK” flagship store opens in Thailand

- The flagship store opened on April 22 in Siam Square, a premier shopping area in central Bangkok, and is performing well.
- The store has a space for special events and features branding with close ties to Thailand, such as work with local brands to selling limited-items in Thailand.



Progress with the Multi-brand Strategy in Taiwan

■ Opening stores as planned; with launched of first brick and mortar store brand

- The first brick and mortar stores in Taiwan for the HARE and LEPSIM brands, opening along with the completion in Taichung of the LaLaport shopping center
- Plan to open 22 stores during FY2024/2, resulting in a total of 74 stores, including web store
- Continuing test marketing activities in the EC category for the launch of the next new brand

Opening stores of six brands at the LaLaport Taichung shopping center



Consolidated Balance Sheet

Millions of yen

| | End of 2022/05 | | End of 2023/02 | | End of 2023/05 | | | | |
|-------------------------------|----------------|--------|----------------|--------|----------------|--------|-------------------------------------|-------------------------------------|-------------------------------------|
| | | Ratio | | Ratio | | Ratio | Compared with the end of 2022/05 | Compared with the end of 2022/05 | Compared with the end of 2023/02 |
| Current assets | 53,715 | 50.1% | 55,772 | 50.1% | 61,545 | 51.7% | +7,829 | 114.6% | +5,772 |
| Cash and deposits | 17,045 | 15.9% | 16,380 | 14.7% | 16,818 | 14.1% | -226 | 98.7% | +438 |
| Inventories | 19,095 | 17.8% | 24,679 | 22.2% | 24,822 | 20.8% | +5,726 | 130.0% | +142 |
| Fixed assets | 53,402 | 49.9% | 55,619 | 49.9% | 57,524 | 48.3% | +4,121 | 107.7% | +1,905 |
| Property, plant and equipment | 20,002 | 18.7% | 22,065 | 19.8% | 23,094 | 19.4% | +3,092 | 115.5% | +1,029 |
| Intangible assets | 11,676 | 10.9% | 11,908 | 10.7% | 12,197 | 10.2% | +521 | 104.5% | +289 |
| Goodwill | 1,726 | 1.6% | 1,331 | 1.2% | 1,274 | 1.1% | -451 | 73.8% | -56 |
| Investments and other assets | 21,724 | 20.3% | 21,645 | 19.4% | 22,232 | 18.7% | +508 | 102.3% | +586 |
| Total assets | 107,118 | 100.0% | 111,392 | 100.0% | 119,070 | 100.0% | +11,951 | 111.2% | +7,678 |
| Liabilities | 49,434 | 46.1% | 50,629 | 45.5% | 54,857 | 46.1% | +5,422 | 111.0% | +4,228 |
| Loans payable | 4,548 | 4.2% | 1,128 | 1.0% | 3,192 | 2.7% | -1,355 | 70.2% | +2,064 |
| Net assets | 57,684 | 53.9% | 60,762 | 54.5% | 64,213 | 53.9% | +6,528 | 111.3% | +3,450 |
| Treasury shares | -7,395 | -6.9% | -7,286 | -6.5% | -7,050 | -5.9% | +345 | 95.3% | +236 |

- **Inventories:** Inventories were 30.0% higher than one year earlier at the end of May 2023 because of more stores and inventories required for expected sales; composition of inventories is sound as the increase was mainly the result of advance orders for procuring summer merchandise
- **Property, plant and equipment:** Increased because of new stores and purchases of equipment used at distribution facilities
- **Net assets:** Net asset ratio of 53.9%, same level as in the previous year

Number of Stores

| | End of FY2023/02 | FY2024/02 1Q | | | |
|--|------------------|--------------|---------|--------|--------------------|
| | Number of stores | Opened | Changed | Closed | End of the quarter |
| GLOBAL WORK | 205 | 6 | 0 | - 1 | 210 |
| niko and ... | 141 | 2 | 0 | - 1 | 142 |
| LOWRYS FARM | 129 | 2 | 0 | - 2 | 129 |
| studio CLIP | 174 | 6 | 0 | - 1 | 179 |
| LEPSIM | 114 | 1 | 0 | 0 | 115 |
| JEANASIS | 71 | 0 | 0 | 0 | 71 |
| LAKOLE | 63 | 5 | 0 | 0 | 68 |
| BAYFLOW | 61 | 1 | 0 | 0 | 62 |
| Others | 264 | 6 | 0 | 0 | 270 |
| Adastria non-consolidated total | 1,222 | 29 | 0 | - 5 | 1,246 |
| (Online store included) | (63) | (2) | (0) | (0) | (65) |
| Domestic subsidiaries total *1 | 118 | 5 | 0 | 0 | 123 |
| (Online store included) | (52) | (1) | (0) | (0) | (53) |
| Japan total | 1,340 | 34 | 0 | - 5 | 1,369 |
| (Online store included) | (115) | (3) | (0) | (0) | (118) |
| Hong Kong | 21 | 1 | 0 | - 1 | 21 |
| Mainland China | 13 | 1 | 0 | 0 | 14 |
| Taiwan | 52 | 3 | 0 | 0 | 55 |
| USA | 9 | 1 | 0 | 0 | 10 |
| Oversea total | 95 | 6 | 0 | - 1 | 100 |
| (Online store included) | (18) | (2) | (0) | (0) | (20) |
| Zetton (Food & Beverage subsidiary) *2 | 71 | 1 | 0 | - 1 | 71 |
| ADASTRIA eat Creations | 3 | 0 | 0 | 0 | 3 |
| Consolidated total | 1,509 | 41 | 0 | - 7 | 1,543 |
| (Online store included) | (133) | (5) | (0) | (0) | (138) |

FY2024/02 1Q 11 remodeled stores in the consolidated.

*1 Domestic subsidiaries are the sum of four domestic subsidiaries: BUZZWIT Co., Ltd., ELEMENT RULE Co., Ltd., ADOORLINK Co., Ltd., Gate Win Co., Ltd.

*2 The number of stores of Zetton, Inc. includes its consolidated subsidiary ZETTON, INC (USA Business).

■ ADASTRIA BAZAAR! 2023 for appreciation to the city of Mito, where Adastria started

- Many enjoyable shopping experiences for residents of Mito, such as an inventory sale, clothing collection and recycling, a flea market, a talk show with members of a local sports team, and other activities.
- Zero clothing incineration through the initiatives.

ADASTRIA
BAZAAR!

GLOBAL WORK niko and ... LOWRYS FARM studio CLIP
BAYFLOW LAKOLE Elura LEPSIM JEANASIS
RAGEBLUE repipi armario mysty woman and more!

2023 5.27 ± 28 日



The Family Garage Sale



Collection of used clothes
(received about 3,500 articles of clothing during two days 355 teams)

URL:<https://www.adastria.co.jp/bazaar2023/>

| | Short-term factors | Outlook |
|---|---------------------------------------|--|
| 1 | Overseas business outlook and actions | <ul style="list-style-type: none"> • The economic recovery in mainland China is slower than expected. Although a recovery is anticipated, the profitability of stores opened during the pandemic will be reexamined in order to create the best possible store network. • A cautions stance about business in the USA due to concerns about a possible economic downturn. • Performance is expected to remain strong in all other regions. |
| 2 | Forex outlook | <ul style="list-style-type: none"> • The yen has declined more than expected and may be a risk regarding the ability to improve the gross profit margin in the second half of FY2024/02. |
| 3 | Others | <ul style="list-style-type: none"> • Larger than usual summer merchandise inventories due to strong sales of spring merchandise. Inventories may have a negative effect on results of operations if there is a change in market conditions. • The cost of utilities, cargo transportation and other items may increase to more than the assumptions in the current business plan. • Postponed 1Q EC promotional activities in order to prioritize corrective measures involving the prior fiscal year's IT system disruption. Plan a large volume of these promotional activities in the second half FY2024/02. |

FY2024/02 Consolidated Forecast (Re-posting)

■ No change from the initial forecast announced at April 4, 2023

Millions of yen

| | FY2023/02 | FY2024/02 | |
|--|-----------|-----------|--------|
| | Results | Forecast | YoY |
| Net Sales | 242,552 | 260,000 | 107.2% |
| Gross profit | 132,664 | 146,000 | 110.1% |
| Gross profit margin | 54.7% | 56.2% | +1.5p |
| SG&A expenses | 121,149 | 132,000 | 109.0% |
| SG&A expenses ratio | 49.9% | 50.8% | +0.8p |
| Operating profit | 11,515 | 14,000 | 121.6% |
| Operating margin | 4.7% | 5.4% | +0.6p |
| Ordinary profit | 12,026 | 14,000 | 116.4% |
| Ordinary income margin | 5.0% | 5.4% | +0.4p |
| Net income attributable to owners of the parent | 7,540 | 9,400 | 124.7% |
| Ratio of net income attributable to owners of the parent | 3.1% | 3.6% | +0.5p |
| ROE | 13.3% | 15.0% | +1.7p |
| EBITDA | 19,964 | 22,240 | 111.4% |
| Depreciation and amortization | 8,185 | 7,927 | 96.8% |
| Amortization of goodwill | 263 | 313 | 119.0% |
| Capital expenditure | 12,600 | 14,000 | |
| Dividend per share (Yen) | 60 | 65 | |
| (Interim dividend) | (25) | (30) | |
| Dividend payout ratio | 36.1% | 31.4% | |
| (Amortization of goodwill excluded) | (34.8%) | (30.3%) | |



A D A S T R I A
— *Play fashion!*