



FY2024/02 3rd Quarter Financial Results

December 29, 2023



A D A S T R I A
— *Play fashion!*

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Consolidated Income Statement

Millions of yen

	FY2023/02 3Q				FY2024/02 3Q					
	Nine Months Ended		Three Months Ended		Nine Months Ended			Three Months Ended		
		Ratio		Ratio		Ratio	YoY		Ratio	YoY
Net sales	177,026	100.0%	64,448	100.0%	203,252	100.0%	114.8%	70,355	100.0%	109.2%
Adastria(Non-consolidated)	144,913	81.9%	52,575	81.6%	161,683	79.5%	111.6%	55,072	78.3%	104.7%
Domestic subsidiaries *1*2	14,942	8.4%	5,529	8.6%	18,422	9.1%	123.3%	6,930	9.9%	125.3%
Overseas subsidiaries *3	12,528	7.1%	4,762	7.4%	16,667	8.2%	133.0%	5,980	8.5%	125.6%
zetton (Food & Beverage Subsidiary) *4	7,303	4.1%	2,616	4.1%	9,788	4.8%	134.0%	3,578	5.1%	136.8%
Gross profit	99,787	56.4%	37,007	57.4%	115,324	56.7%	115.6%	40,462	57.5%	109.3%
SG&A expenses	88,622	50.1%	31,412	48.7%	99,017	48.7%	111.7%	34,467	49.0%	109.7%
Advertising & promotion	6,060	3.4%	2,333	3.6%	6,527	3.2%	107.7%	2,565	3.6%	109.9%
Personnel	32,105	18.1%	10,993	17.1%	36,216	17.8%	112.8%	12,298	17.5%	111.9%
Rent & depreciation *5	31,685	17.9%	11,258	17.5%	34,861	17.2%	110.0%	12,231	17.4%	108.6%
Amortization of goodwill	191	0.1%	69	0.1%	168	0.1%	88.1%	55	0.1%	79.4%
Others	18,580	10.5%	6,756	10.5%	21,244	10.5%	114.3%	7,317	10.4%	108.3%
Operating profit	11,165	6.3%	5,594	8.7%	16,306	8.0%	146.0%	5,994	8.5%	107.1%
Adastria(non-consolidated)	9,948	5.6%	5,352	8.3%	14,504	7.1%	145.8%	5,219	7.4%	97.5%
Domestic subsidiaries *1*2	405	0.2%	214	0.3%	583	0.3%	144.0%	464	0.7%	216.3%
Overseas subsidiaries *3	218	0.1%	58	0.1%	790	0.4%	361.0%	136	0.2%	231.6%
Adastria Logistics	148	0.1%	- 16	-	77	0.0%	52.1%	7	0.0%	-
zetton (Food & Beverage Subsidiary) *4	485	0.3%	2	0.0%	362	0.2%	74.6%	156	0.2%	7770.3%
Ordinary profit	11,805	6.7%	5,648	8.8%	16,708	8.2%	141.5%	6,068	8.6%	107.5%
Net income attributable to owners of the parent	7,616	4.3%	3,722	5.8%	11,541	5.7%	151.5%	4,447	6.3%	119.5%
EBITDA	17,116	9.7%	7,708	12.0%	22,970	11.3%	134.2%	8,381	11.9%	108.7%
Depreciation and amortization	5,760	3.3%	2,043	3.2%	6,495	3.2%	112.8%	2,331	3.3%	114.1%
Amortization of goodwill	191	0.1%	69	0.1%	168	0.1%	88.1%	55	0.1%	79.4%

*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-Oct (FY2023/02 3Q) and Mar-Nov (FY2024/02 3Q)

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

*4 : Operating profit of zetton, inc. is shown after consolidation adjustments. Due to change in financial year, Mar-Nov (FY2023/02 3Q) and Feb-Oct (FY2024/02 3Q)

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

Consolidated Income Statement – 3Q Summary (1)

Summary

Negative impact of late summer heat and mild winter, but 3Q performance was somewhat above the revised plan due to numerous initiatives

Net sales

70.3 billion yen (+9.2% YoY)

Parent company

- Up 4.7% YoY because of accurate responses to late summer heat, mild winter and other weather conditions and price revisions due to merchandise with substantial added value.
- Major sources of sales growth were “niko and ...” resulting from success of selling furniture and other various categories of products and the “LAKOLE”, which is opening many stores.

Domestic subsidiaries

- Up 25.3% YoY because of the fiscal year change; increased about 5% after excluding the effect of this change.

Overseas subsidiaries

- Up 25.6% YoY; In Mainland China, despite the slow pace of recovery, new stores increased sales and reduced losses. Hong Kong rebounded from the 2022 pandemic downturn and new and existing stores generated sales and earnings growth in Taiwan. U.S. sales and earnings decreased due to a slowdown of the wholesale business.

Food and beverage business

- Up 29.4% YoY; sales and earnings increased because of the recovery of the business climate in Japan and the fiscal year change.

Gross profit margin

57.5% (+0.1p YoY)

- The negative effect of the yen’s weakness was offset by price revisions as the value of merchandise was increased and by limiting discounting.
- An improvement in the gross profit margin of the overseas business was another reason for the small increase.

*BUZZWIT Co., Ltd., ELEMENT RULE Co., Ltd., Adastria eat Creations Co., Ltd., ADOORLINK Co., Ltd., Gate Win Co., Ltd. and zetton, inc. changed their fiscal year end in FY2023/02.

*3Q comparisons are Aug-Oct (FY2023/02) and Sep-Nov (FY2024/02) for all of these companies except zetton and Sep-Nov (FY2023/02) and Aug-Oct (FY2024/02) for zetton.

*OPEN AND NATURAL Inc. was absorbed by BUZZWIT Co., Ltd. on July 1, 2023.

Consolidated Income Statement – 3Q Summary (2)

SG&A expense ratio

49.0% (+0.3p YoY)

Advertising & promotions • **3.6% (+0.0p YoY) (+230 million yen YoY)**

Product promotions increased; Part of the advertising that was not run in the first half of the year was done

Personnel • **17.5% (+0.4p YoY) (+1,300 million yen YoY)**

Increased employee remuneration, more recruiting activities due to the labor shortage, more hours worked because of sales growth, increase in bonuses

Rent & depreciation • **17.4% (-0.1p YoY) (+970 million yen YoY)**

Decreased as a pct. of sales due to sales growth, although variable rent increased

Others • **10.4% (-0.1p YoY) (+560 million yen YoY)**

Credit card fees, outsourcing-related expenses, travel expenses and other expenses increased, but total other expenses were a lower pct. of sales due to sales growth

Operating profit

5.9 billion yen (+7.1% YoY)

Operating income ratio 8.5%, EBITDA margin 11.9%

Change in fiscal year of subsidiaries in Japan +600 million yen

Ordinary profit

6.0 billion yen (+7.5% YoY)

Non-operating income • Foreign exchange gains of 90 million yen

Net income
attributable to
owners of the parent

4.4 billion yen (+19.5% YoY)

Extraordinary losses • Impairment of store assets of 70 million yen

*BUZZWIT Co., Ltd., ELEMENT RULE Co., Ltd., Adastria eat Creations Co., Ltd., ADOORLINK Co., Ltd., Gate Win Co., Ltd. and zetton, inc. changed their fiscal year end in FY2023/02.

*3Q comparisons are Aug-Oct (FY2023/02) and Sep-Nov (FY2024/02) for all of these companies except zetton and Sep-Nov (FY2023/02) and Aug-Oct (FY2024/02) for zetton.

*OPEN AND NATURAL Inc. was absorbed by BUZZWIT Co., Ltd. on July 1, 2023.

Adastria and Major Domestic Subsidiaries Income Statement

【Adastria (Non-consolidated)】

Millions of yen

	FY2023/02 3Q		FY2024/02 3Q			
	Nine Months Ended	Three Months Ended	Nine Months Ended		Three Months Ended	
				YoY		YoY
Net sales	144,913	52,575	161,683	111.6%	55,072	104.7%
(Same stores YoY)	112.7%	109.0%	109.6%		104.2%	
GLOBAL WORK	33,455	11,868	38,178	114.1%	12,947	109.1%
niko and...	21,930	7,488	24,671	112.5%	8,349	111.5%
studio CLIP	15,074	5,220	16,670	110.6%	5,454	104.5%
LOWRYS FARM	15,927	5,910	16,667	104.6%	5,526	93.5%
LEPSIM	9,453	3,186	10,114	107.0%	3,378	106.0%
JEANASIS	8,037	3,330	8,994	111.9%	3,314	99.5%
BAYFLOW	7,554	2,708	7,912	104.7%	2,635	97.3%
LAKOLE	5,682	2,141	7,886	138.8%	2,622	122.5%
Gross profit	80,214	29,897	90,140	112.4%	31,248	104.5%
Gross margin	55.4%	56.9%	55.8%	+0.4p	56.7%	- 0.1p
SG&A expenses	70,266	24,544	75,636	107.6%	26,028	106.0%
SG&A ratio	48.5%	46.7%	46.8%	- 1.7p	47.3%	+0.6p
Operating profit	9,948	5,352	14,504	145.8%	5,219	97.5%
Operating margin	6.9%	10.2%	9.0%	+2.1p	9.5%	- 0.7p

【Major Domestic Subsidiaries】

Net sales	BUZZWIT Co., Ltd.	6,855	2,769	9,166	133.7%	3,640	131.4%
	ELEMENT RULE Co., Ltd.	7,482	2,553	8,322	111.2%	3,011	117.9%

* Adastria (Non-consolidated) : Amortization of goodwill for FY2023/02 3Q : 44 million yen, FY2024/02 3Q : 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. (2 companies merged in July 2023)

■ Progress with the growth of core products of the brand “GLOBAL WORK”

- A new TV commercial for “MELTY KNIT”, a popular fashion line with cumulative series sales of 1.8 million units.
- Continuing to featuring actress/model “Tsubasa Honda” in TV commercials; also producing benefits for branding.



A smooth feeling on the skin



Easy-care fabric (washable)



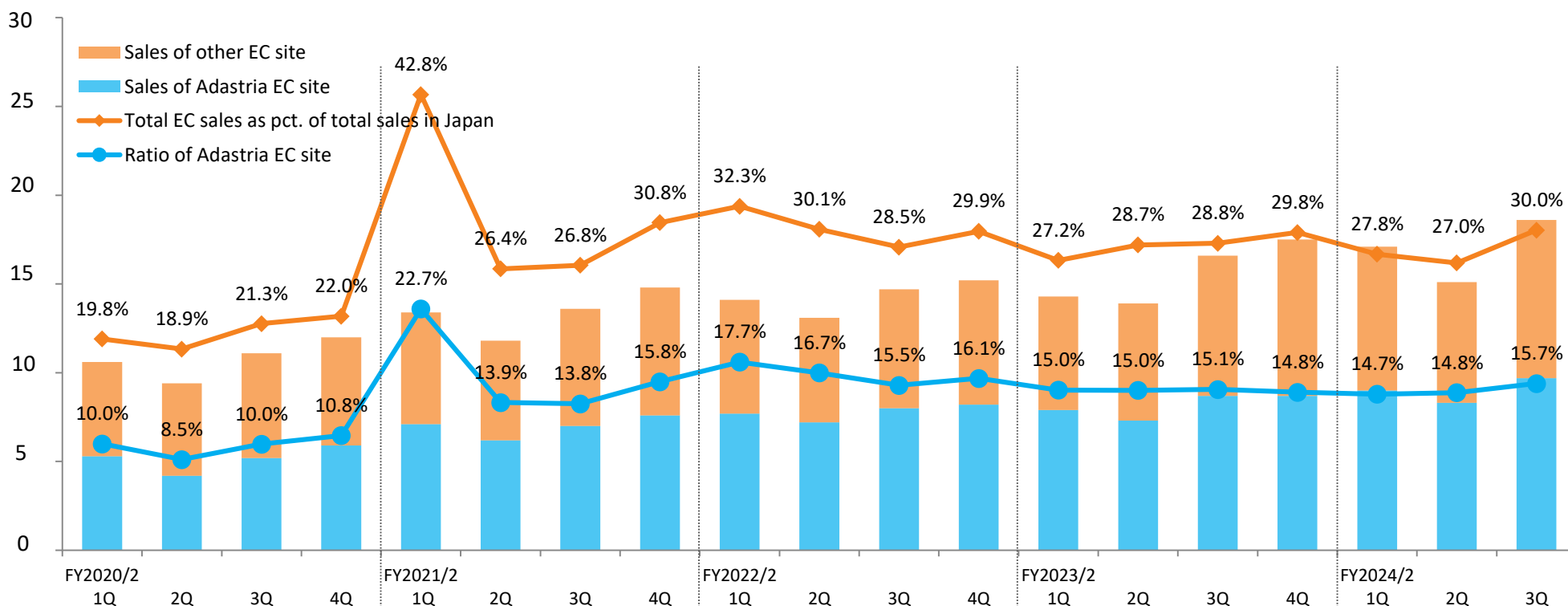
A large selection of apparel for men, children, mix-and-match and many other categories

Domestic net sales from online (Nine months)

50.9 billion yen (+13.1% YoY)

- Domestic online business ratio: 28.3% (of which Own EC site: approx. 15.0%)
- Own EC site "Dot-ST" has about 17.1 million members (+1.6 million from the end of FY2023/02)

Billions of yen



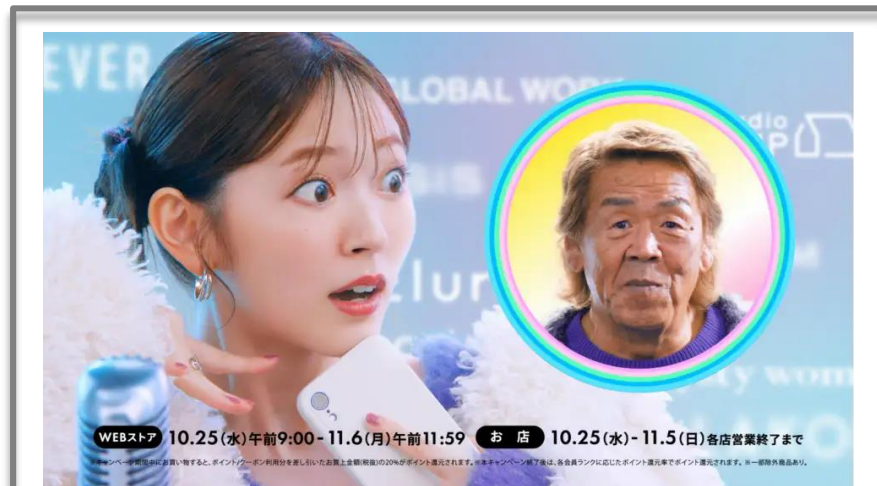
*FY2020/02, FY2021/02 non-consolidated sales and sales in BUZZWIT Co., Ltd. and ELEMENT RULE Co., Ltd. were included.

*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. (2 companies merged in July 2023) and from 4Q, sales of Gate Win Co., Ltd. was included.

■ Promotions generate sales growth and attract more young people

- “Dot-ST Fes” campaign using TV commercials and loyalty points for customers equal to 20% of EC and physical store purchases.
- Attracting many new customers in younger age segments by using promotions featuring popular generation Z celebrities and a variety of influencers.



Promotion Activities TV commercial
20% loyalty point distribution

**Benefits between
October 25 and November 6**

Registration of new member **140,000 members**

Amount of EC orders **+5% YoY**

▶ Limited collaboration event on “Dot ST”

<p>Ado × HARE 歌手「Ado」のコラボ服 日常でもライブでも着られる 本気服!</p> <p>第4弾</p>	<p>みとゆな × FOREVER 21 みとトリップスクワッド みとゆなに会える 来店イベントも開催!</p> <p>第1弾</p>
<p>長州力 × RAGEBLUE レイジブルーにリキ・ラリアット 直筆サイン入り アートワークも当たる!?</p> <p>第3弾</p>	<p>莉犬くん × ころんくん カプルコーデ対決! オリジナル 書き下ろしイラストもゲット!</p> <p>第2弾</p>

▶ More generation Z customers

**Benefits between
October 1 and November 30**

EC orders
by customers
under age 29 **+18% YoY**

■ More merchandise of other companies on “Dot-ST”

- On November 22, “Dot-ST” added a “P2 DOG and CAT” store, which specializes in products for pets. This is the eighth new store following the opening of “Dot-ST” to external companies.



As a lifestyle proposal, our staff post their own pets using the “P2 DOG and CAT” products.

■ Launch of the “Dot-C” flea market website

- The website sells clothing that was worn by popular staff.
- Sales of this apparel builds strong ties with customers and contributes to progress involving sustainability.



Staff posted with their styling.

- **Hong Kong** Sales and earnings up due to the recovery from the pandemic one year earlier and opening new stores
- **Mainland China** Sales increased due to new stores in FY2022/12, smaller loss as consumer spending slowly recovers, although still weak
- **Taiwan** Sales and earnings up as sales growth continues, mainly due to new brands, new stores and higher existing store sales
- **Thailand** niko and ... opened the first store in BANGKOK in April 2023
- **USA** Sales and earnings decreased due to a slowdown of the wholesale business with the uncertain economic outlook

Millions of yen

	FY2022/12 3Q		FY2023/12 3Q					
	Nine Months Ended	Three Months Ended	Nine Months Ended			Three Months Ended		
			YoY (JPY)	YoY (Local currency)	YoY (JPY)	YoY (Local currency)		
Net sales	12,528	4,762	16,667	133.0%	147.2%	5,980	125.6%	144.6%
Hong Kong	2,309	941	2,995	129.7%	120.2%	1,250	132.8%	126.3%
Mainland China *1	1,888	822	3,416	180.9%	177.8%	1,174	142.8%	141.2%
Taiwan	2,921	1,087	4,381	149.9%	146.1%	1,611	148.2%	145.8%
Thailand	-	-	146	-	-	63	-	-
USA *2	5,408	1,911	5,727	105.9%	98.2%	1,881	98.4%	94.0%
Operating profit	218	58	790	361.0%	196.7%	136	231.6%	155.6%
Hong Kong	166	114	267	160.5%	148.7%	119	104.8%	95.9%
Mainland China *1	- 809	- 310	- 488	-	-	- 181	-	-
Taiwan	467	170	813	174.0%	169.5%	255	150.0%	147.1%
Thailand	-	-	- 78	-	-	- 27	-	-
USA *2	393	84	275	70.0%	64.9%	- 29	-	-

*1: Mainland China is shown after consolidation adjustments.

*2: The ZETTON, INC. (USA Business) are not include.

■ More stores by using prime areas of existing premier facilities and by opening new stores

- Selling merchandise of 11 brands in Taiwan; more stores at the same locations make it possible to add more stores with favorable terms.
- To celebrate the Taiwan subsidiary's 20th anniversary, there were "Dot-ST TAIWAN" promotions using a well-known Taiwan actor.

Opened 8 stores in September

- Opened 3 stores in new "Eslite Spectrum"



- New stores opened in September within existing facilities

Far Eastern Big City (Hsinchu) (1 new store): Total 2 stores
Uni-President Department Store (2 new stores): Total 6 stores
HONHUI PLAZA (Xinzhung) (2 new stores): Total 2 stores

YouTube commercial featuring a popular actor

- Raises awareness of brands and attracts new members

14,000 new members in September, up 76% YoY



Consolidated Balance Sheet

- **Inventories** Proper level at the end of the 3Q at 6.8% above one year earlier
- **Property, plant and equipment** Increased due to opening of physical stores, etc.
- **Intangible assets** An increase in software due to system investments, etc.
- **Net assets** Net asset ratio of 53.7%, +4.3p YoY

Millions of yen

	End of 2023/02 3Q		End of 2023/02		End of 2024/02 3Q			
		Ratio		Ratio		Ratio	Compared with the end of 2023/02 3Q	Compared with the end of 2023/02
Current assets	66,211	53.5%	55,772	50.1%	71,557	55.0%	+5,346	+15,784
Cash and deposits	16,441	13.3%	16,380	14.7%	17,890	13.7%	+1,448	+1,510
Inventories	29,119	23.5%	24,679	22.2%	31,092	23.9%	+1,973	+6,412
Fixed assets	57,641	46.5%	55,619	49.9%	58,623	45.0%	+982	+3,004
Property, plant and equ	22,996	18.6%	22,065	19.8%	24,096	18.5%	+1,100	+2,031
Intangible assets	12,078	9.8%	11,908	10.7%	12,283	9.4%	+205	+375
Goodwill	1,404	1.1%	1,331	1.2%	1,164	0.9%	-240	-166
Investments and other	22,566	18.2%	21,645	19.4%	22,243	17.1%	-323	+597
Total assets	123,853	100.0%	111,392	100.0%	130,181	100.0%	+6,328	+18,789
Liabilities	62,683	50.6%	50,629	45.5%	60,309	46.3%	-2,373	+9,680
Loans payable	6,568	5.3%	1,128	1.0%	1,827	1.4%	-4,740	+699
Net assets	61,169	49.4%	60,762	54.5%	69,871	53.7%	+8,702	+9,109
Treasury shares	-7,285	-5.9%	-7,286	-6.5%	-7,516	-5.8%	-230	-229

Number of Stores

	End of FY2023/02	FY2024/02 3Q Nine Months Ended				FY2024/02 Plan
	Number of stores	Opened	Changed	Closed	End of 3Q	Initial Plan End of FY2024/02
GLOBAL WORK	205	13	0	- 3	215	213
niko and ...	141	2	0	- 1	142	141
studio CLIP	174	8	0	- 3	179	178
LOWRYS FARM	129	2	0	- 2	129	128
LEPSIM	114	2	0	- 1	115	111
JEANASIS	71	0	0	0	71	71
BAYFLOW	61	2	0	- 1	62	61
LAKOLE	63	12	0	0	75	77
Others	264	10	0	- 6	268	252
Adastria non-consolidated total	1,222	51	0	- 17	1,256	1,232
(Online store included)	(63)	(5)	(0)	(0)	(68)	(63)
Domestic subsidiaries total*1*2	118	20	0	- 6	132	131
(Online store included)	(52)	(9)	(0)	(- 2)	(59)	(55)
Japan total	1,340	71	0	- 23	1,388	1,363
(Online store included)	(115)	(14)	(0)	(- 2)	(127)	(118)
Hong Kong	21	4	0	- 2	23	22
Mainland China	13	1	0	0	14	17
Taiwan	52	20	0	- 1	71	74
Thailand	0	1	0	0	1	1
USA	9	1	0	0	10	11
Oversea total	95	27	0	- 3	119	125
(Online store included)	(18)	(2)	(0)	(0)	(20)	(19)
zetton (Food & Beverage subsidiary) *3	71	5	0	- 4	72	74
ADASTRIA eat Creations	3	0	0	- 3	0	3
Consolidated total	1,509	103	0	- 33	1,579	1,565
(Online store included)	(133)	(16)	(0)	(- 2)	(147)	(137)

FY2024/02 3Q (nine months ended) 19 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.

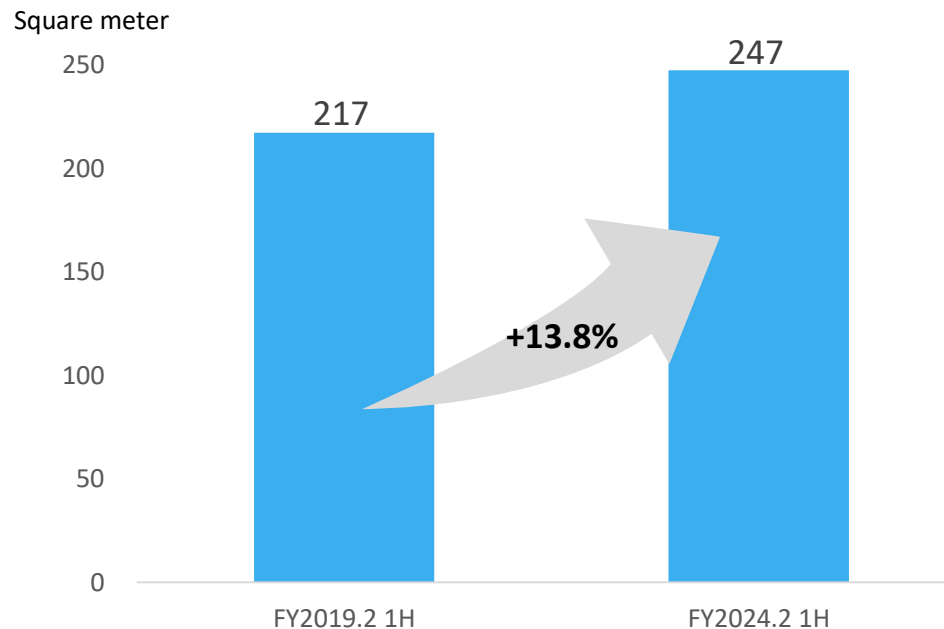
*2 Starting in FY2023/02 2Q, sales of BUZZWIT Co., Ltd. include its consolidated subsidiary OPEN AND NATURAL, Inc. (2 companies merged in July 2023)

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

■ FY2024/02 store opening/closing progress

- The number of new stores is generally as planned and the number of stores closed is below the plan. The number of stores at the end of FY2024/02 is expected to be more than planned.
- Average floor area of stores continues to increase because the average floor area of new stores is more than the floor area of stores that were closed.
- Refurbishments planned at many stores with about 50 stores to be renovated during FY2024/02.

Average area of stores *Adastria non-consolidated



FY2024/02 Consolidated Forecast (Unchanged)

■ Performance in the third quarter was consistent with the revised plan

- The effects of hot weather in September were generally the same as the outlook in the revised plan.
- Warm weather in November negatively impacted sales and the first half of December was also weak, but a sale conducted in late December generated strong sales.

Millions of yen

	FY2023/02		FY2024/02		
	Result	Revised forecast in 29th September, 2023			
			Ratio	YoY	
Net sales	242,552	270,000	100.0%	111.3%	
Gross profit	132,664	151,800	56.2%	114.4%	
SG&A expenses	121,149	133,800	49.6%	110.4%	
Amortization of goodwill	263	270	0.1%	102.6%	
Operating profit	11,515	18,000	6.7%	156.3%	
Ordinary profit	12,026	18,200	6.7%	151.3%	
Net income attributable to owners of the parent	7,540	12,000	4.4%	159.1%	
ROE	13.3%	18.6%	-	+5.3p	
Dividend per share (Yen)	60	80			
(Interim dividend)	(25)	(35)			
Dividend payout ratio	36.1%	30.3%			

* The company has disclosed the press release "Notice Concerning Revisions to Consolidated Earnings Forecasts for the Fiscal Year Ending February 2024 and Dividends From Surplus (Interim Dividend); Upward Revision of Dividend Forecast" on 29 September 2023.

Business Climate

Our Responses

FY2025/02 product prices and store openings



- **Revisions of product prices will continue** for next spring/summer merchandise to reflect the yen's decline and the addition of more merchandise with substantial added value, but the rate of price increases is expected to be smaller.
- Planning on FY2025/02 store openings and closings to be about the same as in the current fiscal year. Adding new stores **while continuing to refurbish and enlarge existing stores.**

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. Salaries continue to increase for young people and women, Adastria's primary customer segments.
- In addition to the market growth for accessories and other life style merchandise, customers continue to **select items based on their own values and needs rather than simply seeking low prices.** We have many activities that target this demand.

New 2024 truck driver restrictions



- Discussions with primary cargo transport and delivery partners **have resulted in measures to ensure sufficient transport capacity** as new restrictions on truck driver working hours begin in 2024.
- Adastria can control logistics expenses to some extent because there is a subsidiary that provides logistics services. The goal is to keep **logistics expenses steady as a pct. of sales** by investing in automation and taking other actions for higher efficiency.



A D A S T R I A
— *Play fashion!*