



FY 2022/02 3rd Quarter Financial Results

December 27, 2021



A D A S T R I A
— *Play fashion!*

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Consolidated Income Statement

Millions of yen

	FY2021/02 3Q				FY2022/02 3Q					
	Nine Months Ended		Three Months Ended		Nine Months Ended			Three Months Ended		
		Ratio		Ratio		Ratio	YoY		Ratio	YoY
Net sales	132,833	100.0%	53,168	100.0%	146,731	100.0%	110.5%	54,120	100.0%	101.8%
Adastria(Non-consolidated)	116,896	88.0%	46,900	88.2%	127,435	86.8%	109.0%	47,631	88.0%	101.6%
Domestic subsidiaries *1	10,636	8.0%	4,250	8.0%	12,384	8.4%	116.4%	4,194	7.7%	98.7%
Overseas subsidiaries *2	7,479	5.6%	2,782	5.2%	9,242	6.3%	123.6%	3,156	5.8%	113.4%
Gross profit	73,949	55.7%	31,677	59.6%	81,673	55.7%	110.4%	30,895	57.1%	97.5%
SG&A expenses	72,841	54.8%	26,158	49.2%	77,189	52.6%	106.0%	27,043	50.0%	103.4%
Advertising & promotion	5,343	4.0%	1,983	3.7%	6,347	4.3%	118.8%	2,328	4.3%	117.4%
Personnel	27,329	20.6%	9,096	17.1%	27,625	18.8%	101.1%	9,518	17.6%	104.6%
Rent & depreciation	26,175	19.7%	9,963	18.7%	27,508	18.7%	105.1%	9,788	18.1%	98.2%
Amortization of goodwill	118	0.1%	39	0.1%	44	0.0%	37.3%	14	0.0%	37.4%
Others	13,873	10.4%	5,075	9.5%	15,664	10.7%	112.9%	5,393	10.0%	106.3%
Operating profit	1,108	0.8%	5,519	10.4%	4,483	3.1%	404.6%	3,851	7.1%	69.8%
Adastria(non-consolidated)	1,756	1.3%	5,486	10.3%	4,041	2.8%	230.1%	3,844	7.1%	70.1%
Domestic subsidiaries *1	-572	-	-7	-	-235	-	-	-13	-	-
Overseas subsidiaries *2	-753	-	-180	-	66	0.0%	-	-116	-	-
Adastria Logistics	473	0.4%	140	0.3%	407	0.3%	86.1%	123	0.2%	87.5%
Ordinary profit	3,116	2.3%	5,847	11.0%	5,725	3.9%	183.7%	4,172	7.7%	71.4%
Net income	1,228	0.9%	3,690	6.9%	3,534	2.4%	287.6%	3,085	5.7%	83.6%
EBITDA	6,147	4.6%	7,276	13.7%	9,213	6.3%	149.9%	5,548	10.3%	76.3%
Depreciation and amortization	4,920	3.7%	1,718	3.2%	4,685	3.2%	95.2%	1,681	3.1%	97.9%
Amortization of goodwill	118	0.1%	39	0.1%	44	0.0%	37.3%	14	0.0%	37.4%

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

*2 : Overseas subsidiaries is the sum of overseas subsidiaries: Hong Kong, Mainland China, Taiwan, Korea, USA.

Consolidated Income Statement (three months ended November 30,2021)

■ Net sales : 54.1 billion yen (+1.8% YoY)

- Parent company: Sales Increased due to lower temperatures, recovery of demand for outings and carried out our own EC promotion. GLOBAL WORK, with strong sales of its main products, LAKOLE, with successful store openings, led the way overall.
- Domestic subsidiaries: ELEMENT RULE revenue up with strong growth in EC and higher-priced brands. Decline in sales at BUZZWIT, which specializes in EC business, due to the struggles of its core brands.
- Overseas subsidiaries: Hong Kong and the USA maintain revenue and profit growth. Mainland China growth continued through new store openings. Even though sales and profits declined in Taiwan due to COVID-19, now recovering.

■ Gross profit margin : 57.1% (-2.5% YoY)

- Even though GP margin was down YoY due to the summer inventory clearance in September and the impact of FX rates, it was at reasonable level as A/W products were sold at full price .

■ SG&A expense ratio : 50.0% (+0.8% YoY)

- Advertising & promotions: 4.3% (+0.6% YoY)(+0.34 billion yen YoY) Promotion of the “.st”, our own EC site
- Personnel: 17.6% (+0.5% YoY) (+0.42 billion yen YoY) Increased costs due to normalized store opening hours
- Rent & depreciation: 18.1% (-0.6% YoY) (-0.17 billion yen YoY) Decrease due to improved rent conditions
- Other: 10.0% (+0.5% YoY) (+0.31 billion yen YoY) Increase in delivery, packaging, credit card fees, etc.

■ Operating profit: 3.8 billion yen (-1.66 billion yen YoY) · Operating income ratio 7.1%, EBITDA margin 10.3%

■ Ordinary profit : 4.1 billion yen (-1.67 billion yen YoY)

- Includes 160 million yen for short-time cooperation and 100 million yen for foreign exchange gains.

■ Net income: 3.0 billion yen (-0.6 billion yen YoY)

- Extraordinary gains of 260 million yen on reversal of allowance for doubtful accounts and losses of 140 million yen on impairment loss.

Parent Company (non-consolidated) Income Statement

Millions of yen

	FY2021/02 3Q		FY2022/02 3Q			
	Nine Months Ended	Three Months Ended	Nine Months Ended		Three Months Ended	
				YoY		YoY
Net sales	116,896	46,900	127,435	109.0%	47,631	101.6%
(Same stores YoY)	79.1%	94.1%	108.3%		99.8%	
GLOBAL WORK	24,515	10,092	27,606	112.6%	10,496	104.0%
niko and ...	18,813	7,532	19,802	105.3%	7,315	97.1%
LOWRYS FARM	14,312	5,703	14,872	103.9%	5,734	100.5%
studio CLIP	13,683	5,113	14,361	105.0%	4,911	96.0%
LEPSIM	8,172	3,241	8,837	108.1%	3,157	97.4%
JEANASIS	6,956	3,044	7,543	108.4%	2,926	96.1%
BAYFLOW	6,096	2,439	6,654	105.8%	2,384	97.7%
RAGEBLUE	3,824	1,596	4,106	107.4%	1,601	100.3%
Gross profit	65,040	28,117	70,836	108.9%	27,281	97.0%
Gross margin	55.6%	60.0%	55.6%	-0.1p	57.3%	-2.7p
SG&A expenses	63,284	22,631	66,795	105.5%	23,436	103.6%
SG&A ratio	54.1%	48.3%	52.4%	-1.7p	49.2%	+1.0p
Operating profit	1,756	5,486	4,041	230.1%	3,844	70.1%
Operating margin	1.5%	11.7%	3.2%	+1.7p	8.1%	-3.6p

* : Amortization of goodwill

• FY2021/02 Nine Months Ended: 85 million yen, FY2022/02 Nine Months Ended : 44 million yen.

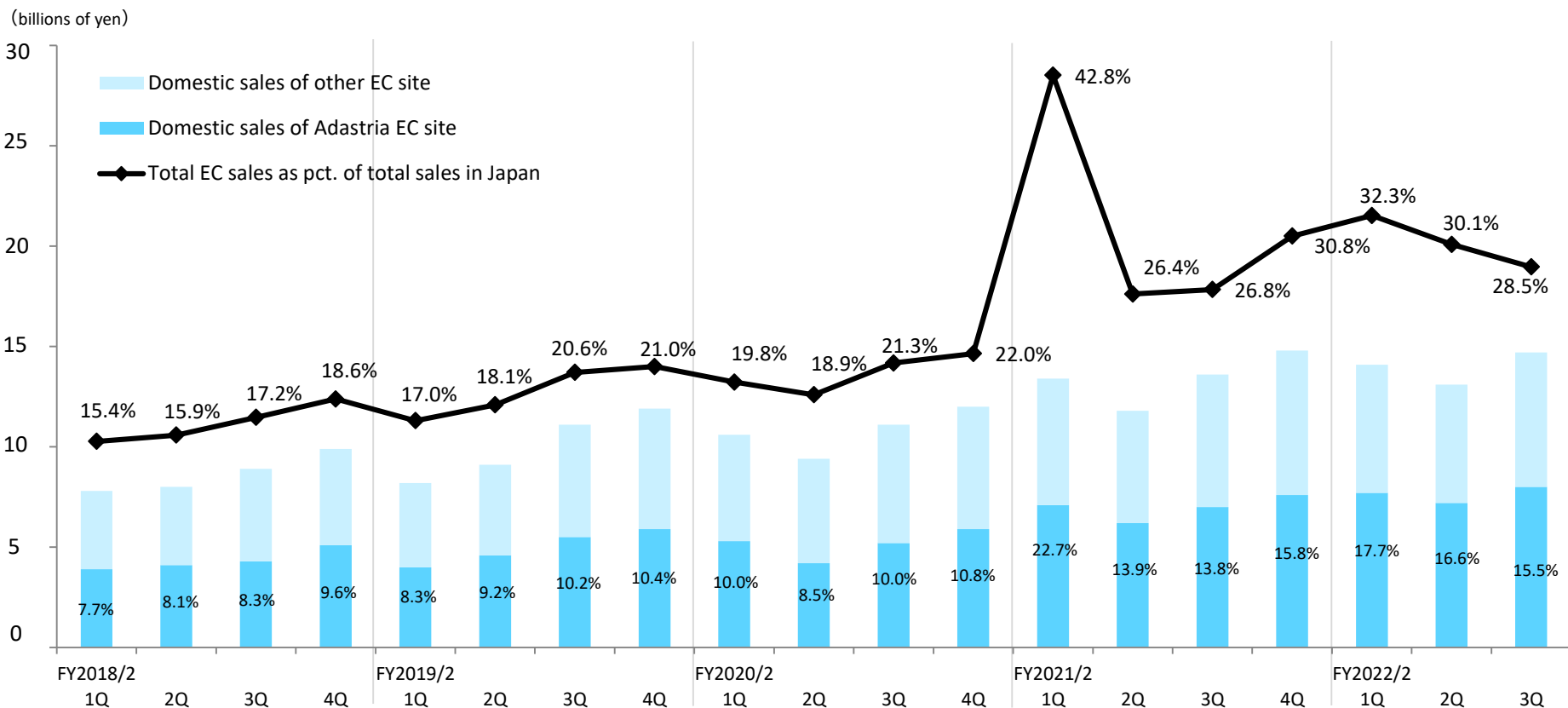
• FY2021/02 Three Months Ended: 28 million yen, FY2022/02 Three Months Ended: 14 million yen.

* : Net sales are shown before elimination of internal transactions.

Online Business

Growth in domestic online business

- Domestic net sales from online (Nine months): **42.1** billion yen (+8.1% YoY)
 - Domestic online business ratio: 30.2% (of which Own EC site: approx. 16.5%)
 - Own EC site “.st” has about 13.2 million members (+1.5 million from the end of FY2021/02)



*Starting in FY2018/02, non-consolidated sales and sales in ALICIA CO., LTD. was included.

*Starting in FY2019/02, non-consolidated sales and sales in ALICIA CO., LTD. and ELEMENT RULE Co., Ltd. were included. ALICIA CO., LTD. was renamed BUZZWIT Co., Ltd. in August 2018.

*Starting in FY2022/02, non-consolidated sales and sales in ADOORLINK Co., Ltd. was included.

Improve recognition by promoting own EC site

■ Own EC site “.st” Promotion

- Aiming for medium-term growth of our own EC business, we strengthen advertising to increase recognition.
- Following March, a new TV commercial was aired and a campaign was launched to coincide with the commercial period.
- We will continue our promotion not only for short-term effects but also for long-term ones.



ドットエスティ

■ Promotion details

- ① TV commercial (Oct 27 – Nov 28)
Broadcast in domestic 7 areas.
- ② "20% point reduction" campaign (Oct 27 – Nov 11)
Carried out in our own EC site “.st” and in physical stores.

■ Effect of the Implementation

Acquisition of new customer registrations

290,000 Newly registered customers
181% YoY

App Download

300,000 App downloads
240% YoY

(No. 1 app download in the shopping category)

Sales during the period

EC sales in the period
123% YoY (Existing members)

Opening of OMO-type store “.st store”

■ Opening of the 3rd “.st Store”, which merges online with offline.

- First store in Osaka on December 3 (Namba city store).
- Sales were higher than planned.



Test measures for opening of more stores

■ Encourage visits

Outstanding staff of “STAFF BOARD”
serve customers in store



なんばCITY店
オープン記念イベント

STAFF BOARD で大人気のスタッフが店頭にて接客!

12.4 SAT & 5 SUN

バヤコ NENE Hinechi

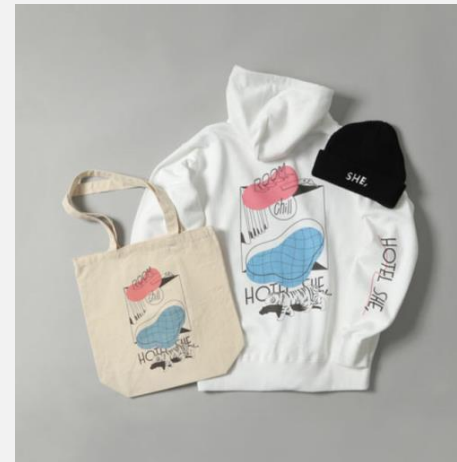
「STAFF BOARD」で常に人気ランキング上位のスタッフ3名が
店頭に立ち、お客さまのご来店をお迎えいたします!
ファッションの相談にも対応!

- Strengthen customer contact by developing our own influencers

*“Staff Board” is a function of our own EC site “.st” sharing the personal outfits and lifestyles from the staff at stores.

■ Localization

Launch of joint products to enjoy Osaka



HOTEL SHE, OSAKA × Illustrator Paisen

- Produce items working with the hottest shops and creators in Osaka area.
- Differentiate individual shops by Local marketing

Overseas Business

Millions of yen

	FY2020/12 3Q		FY2021/12 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	7,479	2,782	9,242	123.6%	118.9%	3,156	113.4%	108.9%
Hong Kong	1,829	607	1,997	109.2%	108.4%	695	114.6%	113.8%
Mainland China	822	400	1,862	226.3%	207.2%	595	148.8%	136.2%
Taiwan	1,859	690	1,852	99.6%	92.1%	617	89.5%	82.8%
Korea	504	152	-	-	-	-	-	-
USA	2,462	932	3,529	143.3%	142.1%	1,247	133.7%	132.6%
Operating profit	-753	-180	66	-	-	-116	-	-
Hong Kong	-134	-69	119	-	-	28	-	-
Mainland China	-167	-18	-159	-	-	-110	-	-
Taiwan	57	14	64	113.1%	104.6%	-41	-	-
Korea	-104	-32	-7	-	-	-	-	-
USA	-404	-74	49	-	-	6	-	-

- Hong Kong : Sales and earnings was up because of minimal impact of the pandemic and the closure of unprofitable stores.
- Mainland China : Growth continued because of the opening of the second niko and ... Shanghai store and a successful branding strategy. However, costs increased by preparing for new stores opening.
- Taiwan : Even though sales and profits had been declined until August due to COVID-19, recovered from September.
- USA : Economic recovery boosts sales in wholesale, bricks-and-mortar and EC channels, keeping the business profitable.
- South Korea : The withdrawal was completed in 2020.

Business progress in Mainland China

■ Accelerating store openings and establishing a regional focus strategy model

- We have opened three new stores in shopping centers in Shanghai from September to December.
- Implemented a regional focus strategy, which is gaining brand recognition first through our flagship store in Shanghai, and then earning profit through satellite stores in the surrounding areas.
- After establishing this model in Shanghai, we will expand into other cities in mainland China.

Regional focus strategy



Flagship stores focus on brand building



Satellite stores focus on profitability

We have opened in a good shopping centers in Shanghai and currently have 5 stores.

■ Store openings

September 30 at "Taikoo Li Qiantan"

November 27 at "Daning Jiuguang"

December 22 at "Lala Station"

*Both stores performed well



"Taikoo Li Qiantan" Shopping mall

Equity Investment in “LOVEBONITO”

■ Acquired part of the shares of Singaporean company, LOVEBONITO HOLDINGS PTE.LTD.

- We provided them with an equity conversion loan in 2020 and have now acquired a 9.1% stake in the company through the conversion of the loan into equity.
- Developing new global businesses by using the strengths of both companies while supporting their expansion in Japan. *Plan to open on our own EC site (.st) in 2022.
- Learning know-how for business development in South East Asia.



Strengths of LOVEBONITO

- Lovebonito has grown to cover 10 major markets in southeast and east Asia, Australia and the US. Omni-channel fashion brand of "Love, Bonito" targeting Asian women in various countries.
- Lovebonito has established an omni-channel framework backed by the strong support of customers and the use of data to optimize the value chain.

Consolidated Balance Sheet

Millions of yen

	End of 2020/11		End of 2021/2		End of 2021/11			
		Ratio		Ratio		Ratio	Compared with the end of 2020/11	Compared with the end of 2021/2
Current assets	55,554	54.4%	51,569	54.0%	55,760	55.0%	+206	+4,190
Cash and deposits	19,222	18.8%	24,179	25.3%	15,916	15.7%	-3,305	-8,263
Inventories	18,931	18.5%	15,718	16.5%	21,643	21.4%	+2,712	+5,924
Non-current assets	46,650	45.6%	43,880	46.0%	45,559	45.0%	-1,090	+1,679
Property, plant and equipment	15,950	15.6%	14,577	15.3%	14,538	14.3%	-1,412	-38
Goodwill	355	0.3%	113	0.1%	68	0.1%	-286	-44
Investments and other assets	23,449	22.9%	22,010	23.1%	22,790	22.5%	-658	+779
Total assets	102,204	100.0%	95,449	100.0%	101,320	100.0%	-884	+5,870
Liabilities	48,099	47.1%	44,747	46.9%	48,885	48.2%	+786	+4,137
Interest-bearing debt	0	0.0%	0	0.0%	6,000	5.9%	6,000	6,000
Net assets	54,105	52.9%	50,701	53.1%	52,434	51.8%	-1,670	+1,732
Treasury shares	-6,342	-6.2%	-7,917	-8.3%	-7,636	-7.5%	-1,293	+281

- Cash and deposits : Net cash decreased by 9.3 billion yen compared to the same period last year, due to the payment of deferred income taxes.
- Inventories : Even though YoY amount increased due to A/W inventories, we maintained usual level.
- Liabilities : Booked 6 billion in short-term debt. It will be repaid in full by the end of the fiscal year.
- Net assets : Net asset ratio of 51.8%, 1.1p down compared to the period last year

* In addition, we have already established a credit facility of 30 billion yen with our main banks.

Number of Stores

	End of FY2021	FY2022/02 3Q nine months ended			
	Number of stores	Opened	Changed	Closed	End of 3Q
GLOBAL WORK	209	1	0	-2	208
niko and ...	144	2	0	0	146
LOWRYS FARM	134	4	0	0	138
studio CLIP	183	3	0	-1	185
LEPSIM	122	1	0	0	123
JEANASIS	72	2	0	0	74
BAYFLOW	56	4	0	0	60
RAGEBLUE	49	1	0	0	50
Others	259	33	0	-4	288
Adastria non-consolidated total	1,228	51	0	-7	1,272
(Online store included)	(66)	(3)	(0)	(-3)	(66)
Domestic subsidiaries total	104	27	0	-11	120
(Online store included)	(32)	(22)	(0)	(-6)	(48)
Japan total	1,332	78	0	-18	1,392
(Online store included)	(98)	(25)	(0)	(-9)	(114)
Hong Kong	14	2	0	-2	14
China	3	1	0	0	4
Taiwan	41	3	0	-2	42
USA	10	1	0	-1	10
Oversea total	68	7	0	-5	70
(Online store included)	(10)	(2)	(0)	(0)	(12)
Consolidated total	1,400	85	0	-23	1,462
(Online store included)	(108)	(27)	(0)	(-9)	(126)

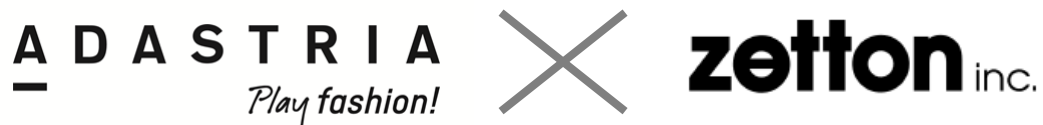
*: Domestic subsidiaries is the sum of four domestic subsidiaries: BUZZWIT Co.,Ltd., ELEMENT RULE Co., Ltd., Adastria eat Creations Co.,Ltd., ADOORLINK Co., Ltd.

*: FY2022/02 3Q(nine months ended), 12 remodeled stores in the consolidated group.

Our growth strategy through M&A

■ Announced the capital and business alliance agreement with Zetton on December 14

- To establish a restaurant business, we try to create new added value with Zetton Inc.
- Will use know-how and networks in existing brand business and overseas business.



Creating a "Joyful" place

■ Outline

- December 14 2021, announced a capital and business alliance agreement
- December 30 Payment, plan for a payment of the third-party allotment of shares of 1.29 billion yen
(797 yen per share, 1,621,400 shares, 25.14% after capital increase)
- January 4 - February 16 2022 Plan a tender offer
(950 yen per share, maximum 1,668,000 shares, 51% of voting rights held) 1.58 billion yen
- Minimum number of shares to be purchased: 958,600 shares
(Voting rights holding ratio 40%)
- B/S will be consolidated from the end of this fiscal year

■ Characteristics of Zetton,inc.

- Engaged in Aloha Table business • dining business • bridal business • outdoor business • international business.
 - Has Strength in the restaurant business as a branding and attractive content of the city.
 - Is focusing on new businesses for parks through the public projects under the Park-PFI system* and public facility redevelopment to revitalize old public facilities.
- *Park-PFI system: Through public offerings, persons who utilize profits generated from such facilities to develop and renovate specified park facilities.

Notice of publication of the Sustainability Report

■ Publication of the Sustainability Report 2020-2021 on December 7

Sustainability Policy: Bring the joy of fashion to the future.

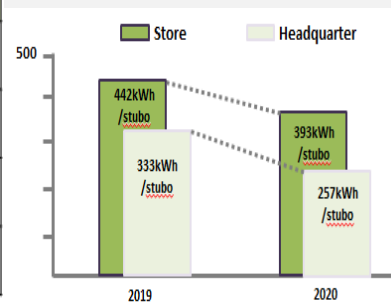


Efficiency in energy use and transport

- Switch to LED lighting in stores, while headquarters monitors electricity use and reduces the energy used per square metre.
- Set solar panels in our distribution centers, optimize transport planning and work with our delivery partners to ensure efficient energy use.

Items		Unit	2019	2020
Store	Electricity consumption	kWh	36,259	23,542
	CO ₂ emissions	t-CO ₂ e	16,246	10,298
Headquarter	Electricity consumption	kWh	1,342	1,035
	CO ₂ emissions	t-CO ₂ e	582	449

【Electricity consumption per tsubo】

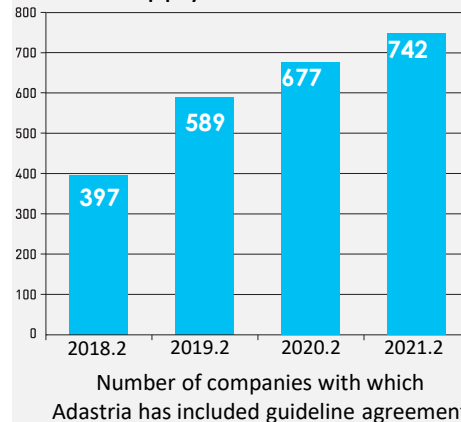


※Parent company
 ※Period covered : April 2019 - end of March 2020, April 2020 - end of March 2021



Group Procurement Policy and Guidelines

- Established a procurement policy aimed at fair and ethical trading in good partnership with our suppliers.
- Set the Group Procurement Guidelines which take into account human rights, social and environmental risks and clearly state anti-corruption. We work together with suppliers who have signed the Guidelines Pledge to build a fair supply chain.



Briefing for suppliers

FY2022/02 Consolidated Forecast (Re-posting)

■ No change from the initial forecast announced at April 5, 2021

Millions of yen

	FY2021/02		FY2022/02	
	Results		Forecast	
			% to sales	YoY
Net sales	183,870	219,000	100.0%	119.1%
Gross profit	100,125	121,950	55.7%	121.8%
SG&A expenses	99,358	115,450	52.7%	116.2%
Operating profit	766	6,500	3.0%	847.7%
Ordinary profit	2,981	6,500	3.0%	218.0%
Net income	-693	3,800	1.7%	-
ROE	-	7.4%	-	-
EBITDA	7,766	13,150	6.0%	169.3%
Depreciation and amortization	6,841	6,600	3.0%	96.5%
Amortization of goodwill	157	50	0.0%	31.8%
Capital expenditure	9,298	12,976		
Dividend per share (Yen)	40	50		
Interim dividend	(15)	(25)		



A D A S T R I A
— *Play fashion!*