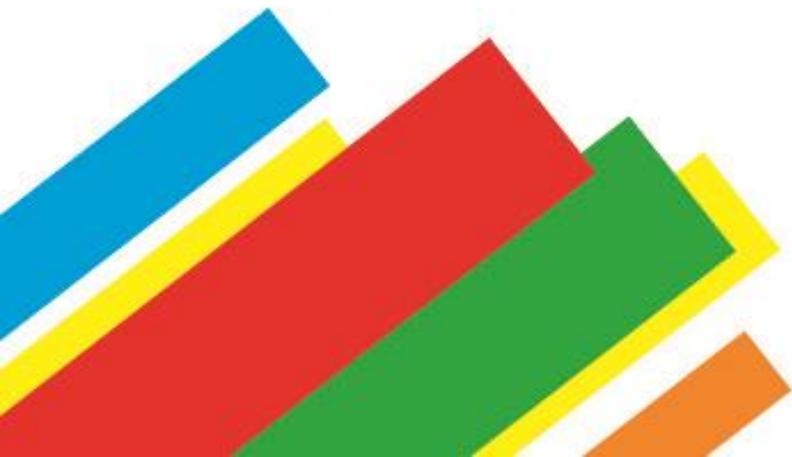




FY 2022/02 1st Quarter Financial Results

June 30, 2021



A D A S T R I A
— *Play fashion!*

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Consolidated Income Statement

Millions of yen

	FY2021/02 1Q		FY2022/02 1Q		
	Results		Results		
		Ratio		Ratio	YoY
Net sales	33,267	100.0%	46,387	100.0%	139.4%
Adastria(Non-consolidated)	28,444	85.5%	39,918	86.1%	140.3%
Domestic subsidiaries *1	3,063	9.2%	4,145	8.9%	135.3%
Overseas subsidiaries *2	2,551	7.7%	3,068	6.6%	120.2%
Gross profit	17,683	53.2%	26,382	56.9%	149.2%
SG&A expenses	22,441	67.5%	25,757	55.5%	114.8%
Advertising & promotion	1,932	5.8%	2,308	5.0%	119.5%
Personnel	8,923	26.8%	9,152	19.7%	102.6%
Rent & depreciation	7,394	22.2%	9,005	19.4%	121.8%
Amortization of goodwill	39	0.1%	14	0.0%	37.2%
Others	4,152	12.5%	5,276	11.4%	127.1%
Operating profit	-4,758	-	624	1.3%	-
Adastria(non-consolidated)	-4,274	-	487	-	-
Domestic subsidiaries *1	-214	-	-94	-	-
Overseas subsidiaries *2	-488	-	-21	-	-
Adastria Logistics	207	-	128	-	61.8%
Ordinary profit	-4,822	-	961	2.1%	-
Net income	-3,681	-	269	0.6%	-
EBITDA	-3,182	-	2,091	4.5%	-
Depreciation and amortization	1,536	4.6%	1,451	3.1%	94.5%
Amortization of goodwill	39	0.1%	14	0.0%	37.2%

*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, China, Taiwan, Korea, USA.

Consolidated Income Statement - Summary

■ Net sales : 46.3 billion yen (+39.4% YoY)

- Parent company: Even though some stores temporarily closed or shortened operating hours due to the statement of emergency declaration, the impacts were smaller than previous year.
Sales increased due to successful sales strategies such as suppressed discount.
- Domestic subsidiaries: ELEMENT RULE sales increased compared to last year, as well as the parent company.
BUZZWIT, which specializes in EC, remains strong.
- Overseas subsidiaries: Sales increased in all countries where we operates, with Hong Kong and Taiwan returning to profitability.

■ Gross profit margin: 56.9% (+3.7p YoY)

- As inventory was well controlled, discounted sales were curbed, and an appropriate level of GP margin was maintained.

■ SG&A expense ratio: 55.5% (-12.0p YoY)

- Advertising & promotions: 5.0% (-0.8p YoY) (+0.37 billion yen YoY) Promotion of the “.st”, our own EC site
- Personnel: 19.7% (-7.1p YoY) (+0.22 billion yen YoY) Increased due to reopening of stores
- Rent & depreciation: 19.4% (-2.8p YoY) (+1.6 billion yen YoY) Increased due to reopening of stores
- Other: 11.4% (-1.1p YoY) (+1.1 billion yen YoY) Increased in delivery, packaging, credit card fees, etc.

■ Operating profit: 0.62 billion yen (+5.38 billion yen YoY)

- Operating income ratio 1.3%、 EBITDA margin: 4.5%

■ Ordinary profit: 0.96 billion yen (+5.78 billion yen YoY)

- Includes 100 million yen in employment adjustment subsidy as non-operating income.

■ Net income: 0.26billion yen (+3.95 billion yen YoY)

- Recorded impairment loss of 120 million yen on stores as extraordinary loss and liquidation of Korean business of 80 million yen as extraordinary profit.

Adastria non-consolidated Income Statement

Millions of yen

	FY2021/02 1Q	FY2022/02 1Q	
	Results	Results	
			YoY
Net sales	28,444	39,918	140.3%
(Same stores YoY)	54.9%	145.7%	-
GLOBAL WORK	5,673	9,001	158.6%
niko and...	4,275	5,963	139.5%
LOWRYS FARM	3,420	4,594	134.3%
studio CLIP	3,384	4,427	130.8%
LEPSIM	2,107	3,041	144.4%
Gross profit	15,005	22,784	151.8%
Gross margin	52.8%	57.1%	+4.3p
SG&A expenses	19,280	22,297	115.6%
SG&A ratio	67.8%	55.9%	-11.9p
Operating profit	-4,274	487	-
Operating margin	-	1.2%	-

Opened	20	28
Closed	-5	-2
Renovated	19	3
As of the end of quarter	1,241	1,254

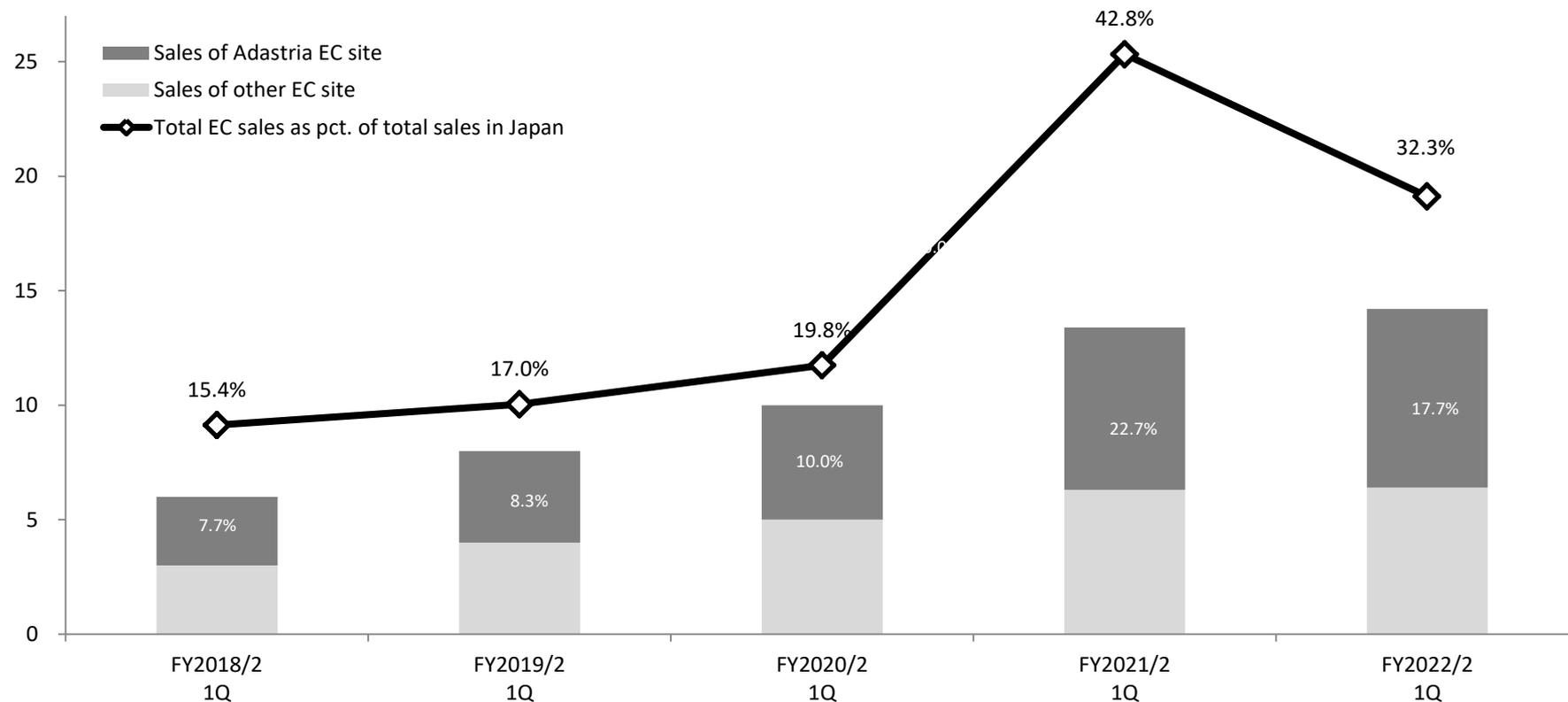
*: Amortization of goodwill for FY2021/02 1Q : 28 million yen , FY2022/02 1Q : 14 million yen

Online Business

Domestic online business continues to grow, driven by growth with our own EC site

- 2022/02 1st quarter domestic e-commerce sales: **14.2** billion yen (+5.6% YoY)
- Domestic online business ratio: 32.3% (of which Own EC site: approx. 17.7%)
- Own EC site “.st” has about 12.3 million members (+0.6 million from the end of FY2021/02)

(billions of yen)



*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.

Own EC site “.st” Promotion

Conducted TV commercials and stores promotions for “.st” EC

Effect of the implementation period Mar 16~31

Acquisition of new customer registrations

180,000 Newly registered customers
253% YoY

App Download

160,000 App downloads
299% YoY

Sales during the period

EC sales in the period
139% YoY

Further initiatives

- PDCA based on the four axes of recognition, favor, new registrations, and sales.
- Plan to implement again in the second half of the year with improvements.



OMO-type store “.st store” has opened

A new attempt to merge online with offline for an "emotional" OMO store

Features of “.st store”

Short and smooth shopping

- Hot items of “.st” site and outfit ideas from “STAFF BOARD” are already selected.

Services tailored to “You”

- Personalized suggestions through purchase history and try-on reservation.

Store or online, as you like

- It is possible to have items purchased at the store delivered to your home, or to purchase items not available at the store.



2 stores “Lalaport TOKYO-BAY”, “Mitten Fuchu” were opened on May.

Overseas Business

Millions of yen

	FY2020/12 1Q	FY2021/12 1Q		
	Results	Results		
			YoY (JPY)	YoY (Local currency)
Net Sales	2,551	3,068	120.2%	120.3%
Hong Kong	605	679	112.2%	115.2%
China	181	576	318.1%	306.1%
Taiwan	616	830	134.7%	129.1%
South Korea	169	-	-	-
USA	978	981	100.3%	103.2%
Operating profit	-488	-21	-	-
Hong Kong	-126	6	-	-
China	-111	-41	-	-
Taiwan	-16	108	-	-
South Korea	-73	-7	-	-
USA	-160	-87	-	-

- Sales increased in all regions where the company operates, and achieved profitability in Asia
- Hong Kong and Taiwan, which were less affected by the COVID-19 infections, were steady
- In China, the second “niko and ...” store in Shanghai contributed to growth
- In the USA, losses narrowed despite continued shortening of store operating hours
- In Korea, withdrawal has finished in December 2020

China Business

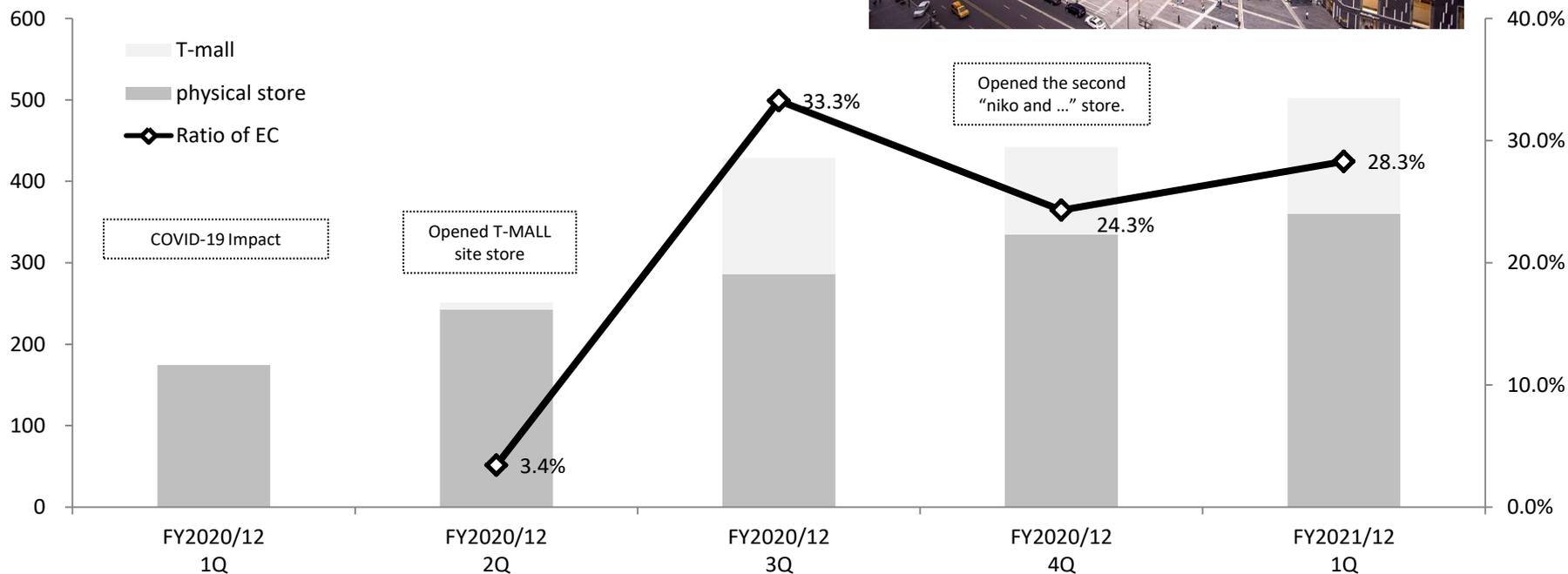
■ Increase in store openings and regional expansion in China

- Four new stores scheduled to open this fiscal year.



■ Sales of brand “niko and ...”

Millions of yen



Consolidated Balance Sheet

Millions of yen

	End of 2020/5		End of 2021/2		End of 2021/5			
		Ratio		Ratio		Ratio	Compared with the end of 2020/5	Compared with the end of 2021/2
Current assets	46,771	49.9%	51,569	54.0%	48,128	51.8%	+1,357	-3,441
Cash and deposits	14,303	15.3%	24,179	25.3%	17,212	18.5%	+2,909	-6,966
Inventories	20,746	22.1%	15,718	16.5%	18,157	19.5%	-2,588	+2,438
Fixed assets	46,936	50.1%	43,880	46.0%	44,760	48.2%	-2,176	+880
Property, plant and equipment	15,121	16.1%	14,577	15.3%	14,854	16.0%	-266	+277
Goodwill	437	0.5%	113	0.1%	98	0.1%	-339	-14
Investments and other assets	25,387	27.1%	22,010	23.1%	22,251	24.0%	-3,135	+240
Total assets	93,707	100.0%	95,449	100.0%	92,888	100.0%	-819	-2,561
Liabilities	41,383	44.2%	44,747	46.9%	42,624	45.9%	+1,240	-2,123
Interest-bearing debt	5,000	5.3%	0	0.0%	0	0.0%	-5,000	+0
Net assets	52,324	55.8%	50,701	53.1%	50,264	54.1%	-2,060	-437
Treasury stocks	-4,244	-4.5%	-7,917	-8.3%	-7,634	-8.2%	-3,390	+282

- Cash and deposits: Decrease of 6.9 billion yen from the end of the previous fiscal year due to seasonality
- Inventories: Maintained appropriate levels
- Liabilities: Applied the special provision for deferral of tax payment and record the deferred amount as accounts payable/unpaid income tax.
- Net assets: Net asset ratio of 54.1%, maintained a healthy level.

✂ In addition, we have already established a commitment line of 30 billion yen with our main banks.

Number of Stores

	End of FY2021	FY2022/02 1Q			
	Number of stores	Opened	Changed	Closed	End of the quarter
GLOBAL WORK	209	0	0	0	209
niko and ...	144	1	0	0	145
LOWRYS FARM	134	3	0	0	137
studio CLIP	183	2	0	-1	184
LEPSIM	122	0	0	0	122
JEANASIS	72	2	0	0	74
BAYFLOW	56	2	0	0	58
RAGEBLUE	49	1	0	0	50
Others	259	17	0	-1	275
Adastria non-consolidated total	1,228	28	0	-2	1,254
(Online store included)	(66)	(3)	(0)	(- 1)	(68)
Domestic subsidiaries total *1	104	17	0	-2	119
(Online store included)	(32)	(13)	(0)	(0)	(45)
Japan total	1,332	45	0	-4	1,373
(Online store included)	(98)	(16)	(0)	(- 1)	(113)
Hong Kong	14	1	0	0	15
China	3	0	0	0	3
Taiwan	41	0	0	-1	40
USA	10	0	0	-1	9
Oversea total	68	1	0	-2	67
(Online store included)	(10)	(1)	(0)	(0)	(11)
Consolidated total	1,400	46	0	-6	1,440
(Online store included)	(108)	(17)	(0)	(- 1)	(124)

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

Accelerate store openings for growing lifestyle brands

LAKOLE

■ Actively open new stores

- Diversify store types and develop new areas
- Plan to open 30 stores this fiscal year.
Opened 7 stores in the first quarter as planned.



Shapo Motoyawata (Small Store)



Inside TSUTAYA Yokohama Minatomirai (POP UP Store)



Okazaki Aeonmall (Standard Store)

BAYFLOW

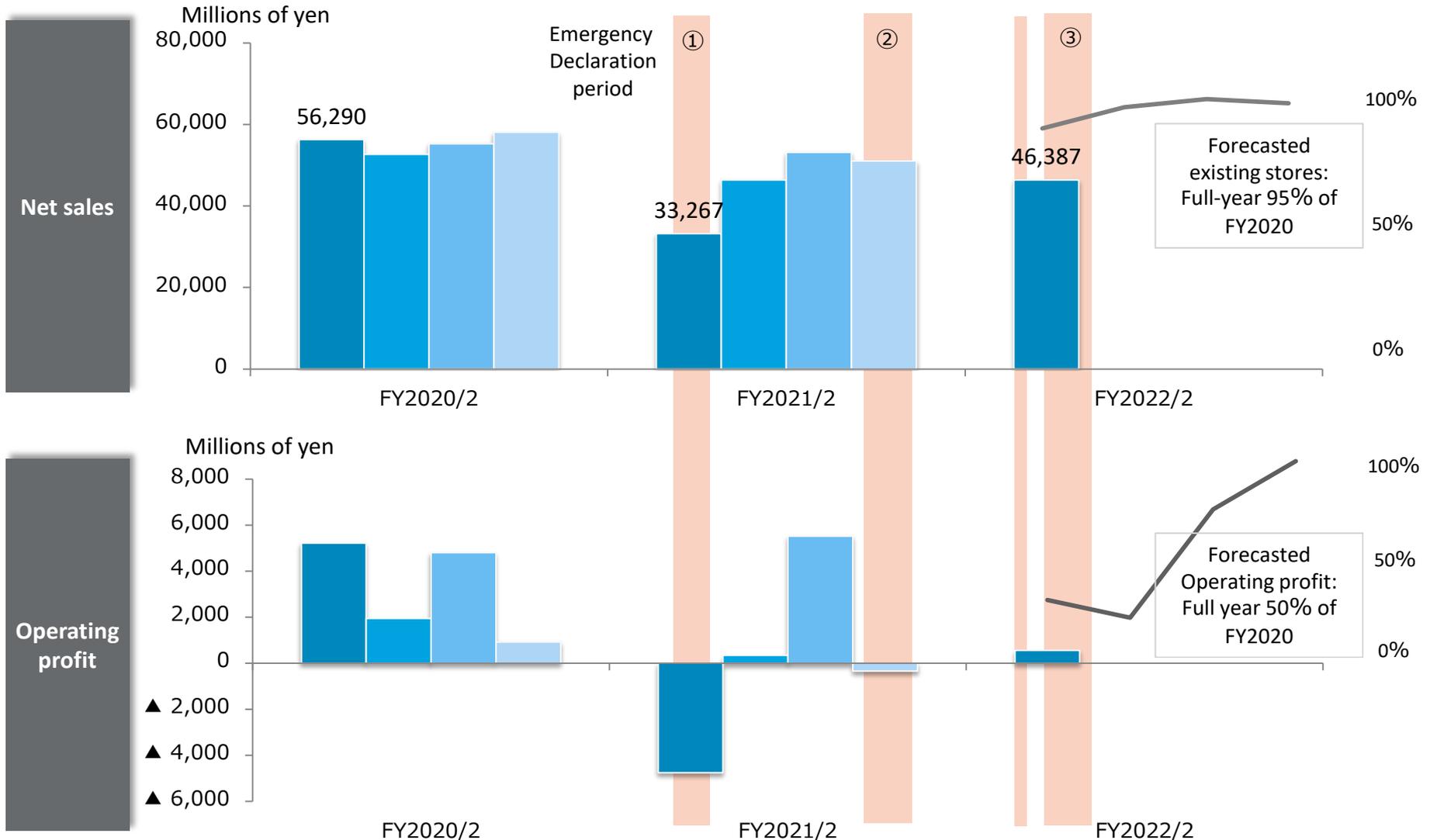
■ Opened 825 square meters large store

- Increasing the size of stores for lifestyle brands



Kawaguchi Aeonmall

Quarterly trends and assumptions for the fiscal year earnings forecast



Impact of COVID-19 ① Store business status

Parent company
(Mar to May)

	April	May
Current term	<ul style="list-style-type: none"> 293 stores were closed as of April 25. Shorter operating hours in some stores 	<ul style="list-style-type: none"> 268 stores were closed as of May 11. 89 stores were closed and 150 stores were closed only on weekends as of May 31. Shorter operating hours in some stores
(Appendix) Previous term	<ul style="list-style-type: none"> About 50% of stores in Japan temporarily closed from April 8th More stores closed from April 16 after nationwide state of emergency was declared and eventually all of our physical stores temporarily closed at the last week of April. 	<ul style="list-style-type: none"> All domestic physical stores temporarily closed until May 7th Physical stores reopened in stages as the state of emergency was lifted. Approximately 30% of stores had reopened by May 17th. Approximately 80%, 1,008 stores had reopened by May 31st.

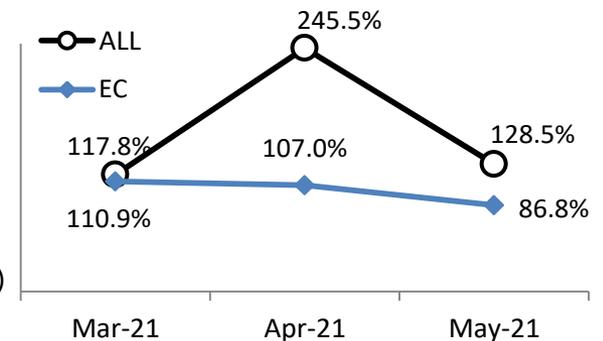
Domestic subsidiaries
(Feb to Apr)

【ELEMENT RULE】 Same with the parent company
 【BUZZWIT】 Online only with almost no influence
 【ADASTRIA eat Creations】 Some stores temporarily closed

Overseas subsidiaries
(Jan to Mar)

【Hong Kong】 Shorter hours, and back to normal from March
 【China】 Normal
 【Taiwan】 Normal
 (temporarily closed and shorter hours from middle of May)
 【USA】 Shorter hours (back to normal from April)

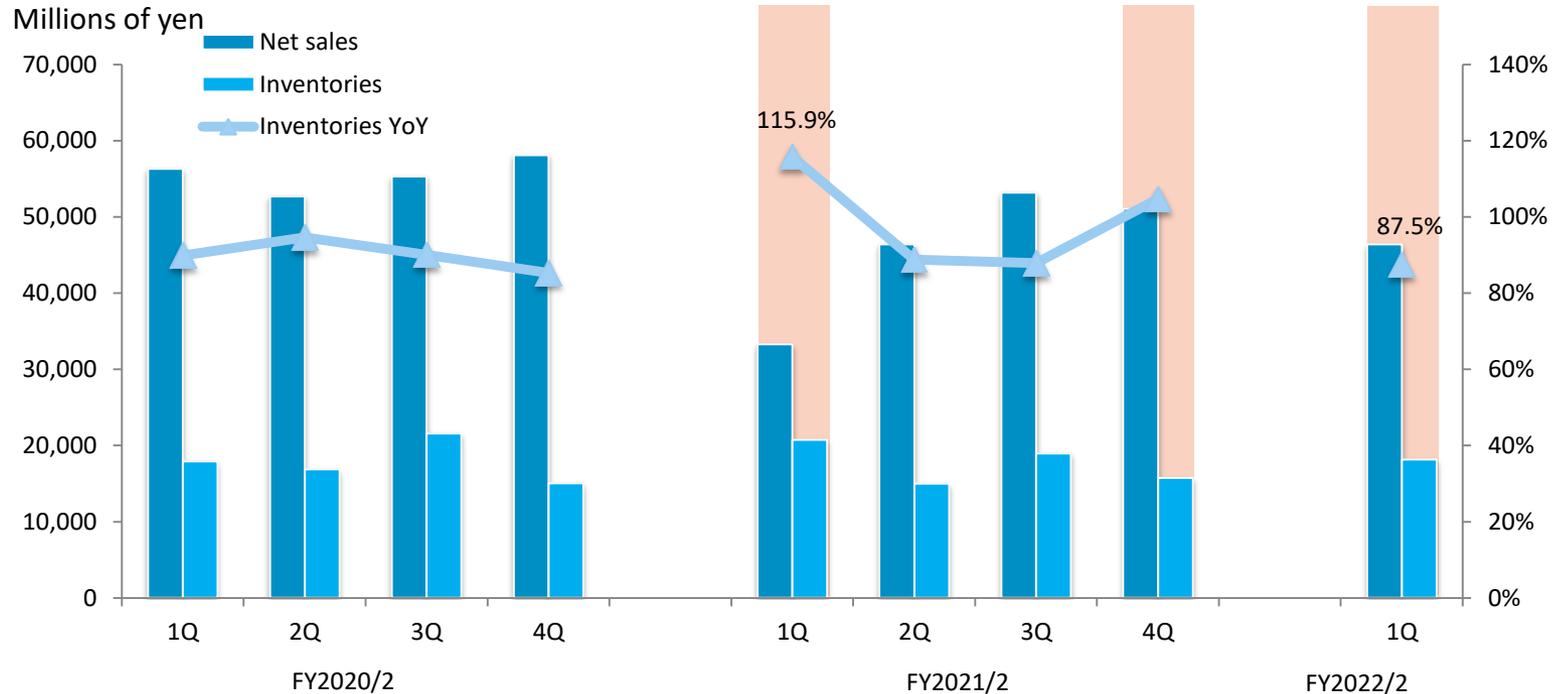
【Appendix】 Same store sales YoY



Impact of COVID-19 ② Response status

inventory

- With healthy inventory levels, we will be able to launch our Autumn lines early



Others

- Supply chain is normal
- Strategic expenses were not reduced to recover performance in the second half
- Certain amount of fixed cost was reduced through shortened sales hours, etc.
- IT investment and store openings were carried out as planned
- Headquarters telework continued to be encouraged

Collaboration and investment with start-up companies

■ Achieve growth through open innovation and synergy creation

- Strategically promote collaboration and investment with start-up companies that are expected to create synergies to realize growth strategies as quickly as possible
- Collaboration and investment with two start-up companies (AR area of Pretia Technologies, Inc. and Electric Micro-Mobility area of Luup, Inc.)

Types of synergy creation

Focused areas for synergy creation

Short term

Long term

1. Create synergies in existing businesses in the short term

2. Create synergies in existing businesses over the medium to long term



3. Contribute to business transformation through early information gathering and market research

4. Contribute to enter into new fields through early information gathering and market research.

Contribution to existing businesses

Contribution to business change

Area1.

To develop the existing business
Transformation/Evolution
Retail Tech etc.

Area2.

Connecting with customers through
Technology/Service/Product
XR (AR/VR/MR) etc.

Area3.

Improve productivity through
Technology/Service/Product
AI, Logistics Tech etc.

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)		



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