

Summary of Consolidated Financial Results
for the Third Quarter of the Fiscal Year Ending February 29, 2024
(Nine Months Ended November 30, 2023)

[Japanese GAAP]

December 29, 2023

Company name: Adastria Co., Ltd.

Stock code: 2685

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Scheduled date of filing of Quarterly Report: January 12, 2024

Scheduled date of payment of dividend: -

Preparation of supplementary materials for quarterly financial results: Yes

Holding of quarterly financial results meeting: Yes (for investors)

Note: The original disclosure in Japanese was released on December 29, 2023 at 15:00 (GMT +9).

(All amounts are rounded down to the nearest million yen)

1. Consolidated Financial Results for the Third Quarter of the Fiscal Year Ending February 29, 2024
(March 1, 2023 – November 30, 2023)

(1) Consolidated results of operations (cumulative) (Percentages represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Net income attributable to owners of the parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Nine months ended Nov. 30, 2023	203,252	14.8	16,306	46.0	16,708	41.5	11,541	51.5
Nine months ended Nov. 30, 2022	177,026	20.6	11,165	149.0	11,805	106.2	7,616	115.5

Note: Comprehensive income
 Nine months ended Nov. 30, 2023: 12,434 million yen (up 47.7%)
 Nine months ended Nov. 30, 2022: 8,419 million yen (up 125.5%)

	Net income per share	Diluted net income per share
	Yen	Yen
Nine months ended Nov. 30, 2023	254.10	-
Nine months ended Nov. 30, 2022	168.09	-

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of Nov. 30, 2023	130,181	69,871	52.5
As of Feb. 28, 2023	111,392	60,762	53.3

Reference: Shareholders' equity As of Nov. 30, 2023: 68,337 million yen As of Feb. 28, 2023: 59,407 million yen

2. Dividends

	Dividend per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended Feb. 28, 2023	-	25.00	-	35.00	60.00
Fiscal year ending Feb. 29, 2024	-	35.00	-		
Fiscal year ending Feb. 29, 2024 (forecast)				45.00	80.00

Note: Revision to the most recently announced dividend forecast: None

3. Consolidated Forecast for the Fiscal Year Ending February 29, 2024 (March 1, 2023 – February 29, 2024)

(Percentages represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Net income attributable to owners of the parent		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	270,000	11.3	18,000	56.3	18,200	51.3	12,000	59.1	263.65

Note: Revision to the most recently announced consolidated forecast: None

*** Notes**

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in changes in scope of consolidation): None

Newly added: -

Excluded: -

(2) Application of special accounting methods for presenting quarterly consolidated financial statements: None

(3) Changes in accounting policies and accounting-based estimates, and restatements

1) Changes in accounting policies due to revisions in accounting standards, others: Yes

2) Changes in accounting policies other than 1) above: None

3) Changes in accounting-based estimates: None

4) Restatements: None

Note: Please refer to the section “2. Quarterly Consolidated Financial Statements and Notes, (3) Notes to Quarterly Consolidated Financial Statements, Changes in Accounting Policies” on page 9 for further information.

(4) Number of outstanding shares (common stock)

1) Number of shares outstanding at the end of the period (including treasury shares)

As of Nov. 30, 2023:	48,800,000 shares	As of Feb. 28, 2023:	48,800,000 shares
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2) Number of treasury shares at the end of the period

As of Nov. 30, 2023:	3,520,708 shares	As of Feb. 28, 2023:	3,449,391 shares
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3) Average number of shares outstanding during the period

Nine months ended Nov. 30, 2023:	45,420,607 shares	Nine months ended Nov. 30, 2022:	45,313,566 shares
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Note 1: The current quarterly financial report is not subject to quarterly review procedures by certified public accountants or auditing firms.

Note 2: Cautionary statement with respect to forward-looking statements

Forward-looking statements in this report are based on currently available information and certain assumptions judged to be reasonable. Actual results may differ significantly from these forecasts for a number of factors. Please refer to the section “1. Qualitative Information on Quarterly Consolidated Financial Performance, (3) Explanation of Consolidated Forecast and Other Forward-looking Statements” on page 4 regarding preconditions or other related matters for the forecast shown above.

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1. Qualitative Information on Quarterly Consolidated Financial Performance

(1) Explanation of Results of Operations

Consolidated results				(Million yen)	
	First nine months of FY2/23 (Mar. 1, 2022 – Nov. 30, 2022)	First nine months of FY2/24 (Mar. 1, 2023 – Nov. 30, 2023)	YoY change (Amount)	YoY change (%)	
Net sales	177,026	203,252	26,225	14.8	
Operating profit	11,165	16,306	5,141	46.0	
Ordinary profit	11,805	16,708	4,902	41.5	
Net income attributable to owners of the parent	7,616	11,541	3,924	51.5	

During the first nine months (March 1 - November 30, 2023) of the current fiscal year, there was rapid progress with the return to normal economic and social activity in Japan as demand associated with outings and foreign tourists increased following the downgrading of the classification of COVID-19 by the Japanese government in May. Consumer spending continues to recover due to the slow improvement in personal income and other reasons. Although hot summer and late summer heat negatively affected fashion sales, the desire of consumers to purchase apparel and other fashion products remains strong. The outlook for the economy is still unclear because of the prolonged Ukraine conflict, turmoil in the Middle East, high prices of resources and energy, foreign exchange rate movements, rising prices in Japan and other countries, ongoing labor shortages and other reasons.

The Adastria Group has made steady progress with initiatives based on the following strategies for growth in the medium-term management plan.

Growth Strategy I Multi-Brand, Multi-Category	Grouping of brands according to roles for improved profitability and growth
Growth Strategy II Digital Customer Interactions and Services	Accelerate growth of our EC site and create a fun EC community
Growth Strategy III Glocal	Develop models in Mainland China and cultivate Southeast Asia
Growth Strategy IV New Business	Establish a food and beverage business and create new appeal

Consolidated net sales increased 14.8% year-on-year to 203,252 million yen, operating profit increased 46.0% to 16,306 million yen, ordinary profit increased 41.5% to 16,708 million yen, and net income attributable to owners of the parent increased 51.5% to 11,541 million yen.

In the Apparel and Sundry Goods-related business, sales in Japan were up 12.7% from one year earlier. Sales growth was backed by the continuing increase in opportunities for outings and the rising popularity of casual apparel. Higher sales were also attributable to accurate responses to late summer heat, mild winter and other weather conditions, the ability to sell merchandise that reflects current trends, the successful launch of hit products, and revisions of prices to reflect more added value.

There were many initiatives involving our digital strategy. Major activities include “Dot-ST Fes” promotions linking the TV commercials for the Adastria “Dot-ST” e-commerce website with physical stores, the sale of merchandise using popular artists and collaborations with other companies, and more merchandise of other companies to enlarge the lineup of products. As a result, the number of members of “Dot-ST” is now 17.1 million, 1.6 million more than at the end of the previous fiscal year. E-commerce sales increased 13.1% in part because subsidiary BUZZWIT Co., Ltd., which operates an e-commerce business, acquired and absorbed OPEN AND NATURAL Inc., a children’s clothing e-commerce company that has been a consolidated subsidiary since the second quarter of the previous fiscal year.

Sales increased 91.6% in Mainland China, 29.8% in Hong Kong and 50.1% in Taiwan mainly because of the decline in the impact of the pandemic and the opening of new stores. In Taiwan, new stores that were added based on the multi-brand strategy made a contribution to sales growth. In the United States, there was a slowdown of wholesale

sales beginning in the second quarter caused by uncertainty about the economic outlook. However, sales in the first nine months were 5.9% higher than one year earlier. As a result, total overseas sales, which are based on yen conversions of local currency sales, were up 33.2%. Operations in Thailand started in the first quarter of the current fiscal year.

In the Other segment, which is the food and beverage business, the business climate remains challenging because of the high cost of raw materials and utilities, the labor shortage and other difficulties. Despite these challenges, sales increased 29.2% as more people go out following the end of the pandemic and as expenditures on food and beverage services increase.

Profitability improved despite the continuing negative effects of the yen's depreciation and the rising cost of raw materials. Earnings are benefiting from the control of inventories by supplying merchandise at the right times, prices and volumes, measures to limit sales of merchandise at discounts, additions of more values to merchandise, revisions of prices to maintain the proper balance with the value of merchandise, and the shift to suppliers in the ASEAN region to hold down production expenses. In addition, there was an improvement in the gross profit margin of the Apparel and Sundry Goods-related business as a result of the temporary expiration of points due to a revision of our loyalty point program and of higher profitability in the overseas business. In the Other segment (the food and beverage business), the gross profit margin declined mainly because of the high cost of raw materials, but the consolidated gross profit margin improved 0.3 percentage points from one year earlier to 56.7%.

Selling, general and administrative expenses increased mainly because of higher employee remuneration and increases in personnel expenses, store leasing expenses, credit card fees and other items along with sales growth. However, due to the increase in sales, the SG&A to sales ratio decreased 1.4 percentage points from one year earlier to 48.7% and operating profit increased 46.0%.

Non-operating income includes foreign exchange gains of 303 million yen and there was an extraordinary loss of 128 million yen for the impairment of store assets.

Business segment performance was as follows.

1) Apparel and Sundry Goods-related Business

As a result of the activities in this business explained earlier, sales were 193,270 million yen and segment profit was 16,582 million yen.

We opened 98 stores (including 27 overseas) and closed 26 stores (including 3 overseas), resulting in a total of 1,507 stores (including 119 overseas) at the end of the first nine months of the fiscal year.

2) Other (Food and Beverage Business)

Sales were 10,019 million yen and segment profit was 125 million yen.

The number of stores at the end of the first nine months was 72, a result of opening of 5 stores and closing of 7 stores.

(2) Explanation of Financial Position

Total assets increased 18,789 million yen from February 28, 2023 to 130,181 million yen as of November 30, 2023. There were increases of 1,510 million yen in cash and deposits, 8,589 million yen in notes and accounts receivable-trade, 6,412 million yen in inventories and 1,274 million yen in store interior equipment, net.

Liabilities increased 9,680 million yen to 60,309 million yen. There were increases of 3,177 million yen in notes and accounts payable-trade, 1,350 million yen in electronically recorded obligations-operating and 3,835 million yen in accounts payable-other.

Net assets increased 9,109 million yen to 69,871 million yen. This was mainly due to increases of 8,345 million yen in retained earnings, 179 million yen in deferred gain or losses on hedges and 587 million yen in foreign currency translation adjustment.

(3) Explanation of Consolidated Forecast and Other Forward-looking Statements

There are no revisions to the consolidated forecast for the current fiscal year that was announced on September 29, 2023.

2. Quarterly Consolidated Financial Statements and Notes

(1) Quarterly Consolidated Balance Sheet

(Million yen)

	FY2/23 (As of Feb. 28, 2023)	Third quarter of FY2/24 (As of Nov. 30, 2023)
Assets		
Current assets		
Cash and deposits	16,380	17,890
Notes and accounts receivable-trade	12,171	20,761
Inventories	24,679	31,092
Other	2,622	1,949
Allowance for doubtful accounts	(81)	(136)
Total current assets	55,772	71,557
Non-current assets		
Property, plant and equipment		
Store interior equipment, net	6,000	7,275
Other, net	16,064	16,821
Total property, plant and equipment	22,065	24,096
Intangible assets		
Goodwill	1,331	1,164
Other	10,577	11,119
Total intangible assets	11,908	12,283
Investments and other assets		
Investment securities	1,108	1,176
Leasehold and guarantee deposits	13,545	13,742
Other	7,289	7,622
Allowance for doubtful accounts	(298)	(298)
Total investments and other assets	21,645	22,243
Total non-current assets	55,619	58,623
Total assets	111,392	130,181
Liabilities		
Current liabilities		
Notes and accounts payable-trade	13,280	16,457
Electronically recorded obligations-operating	6,990	8,341
Short-term borrowings	197	1,000
Current portion of long-term borrowings	375	320
Accounts payable-other	12,114	15,950
Income taxes payable	2,970	3,751
Provision for bonuses	2,112	1,439
Provision for point card certificates	160	128
Other provisions	779	338
Other	5,008	5,445
Total current liabilities	43,989	53,171
Non-current liabilities		
Long-term borrowings	554	507
Provisions	-	124
Other	6,084	6,506
Total non-current liabilities	6,639	7,137
Total liabilities	50,629	60,309

	(Million yen)	
	FY2/23 (As of Feb. 28, 2023)	Third quarter of FY2/24 (As of Nov. 30, 2023)
Net assets		
Shareholders' equity		
Share capital	2,660	2,660
Capital surplus	7,213	7,213
Retained earnings	55,968	64,314
Treasury shares	(7,286)	(7,516)
Total shareholders' equity	58,555	66,671
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	95	143
Deferred gains or losses on hedges	(120)	58
Foreign currency translation adjustment	877	1,465
Total accumulated other comprehensive income	852	1,666
Non-controlling interests	1,355	1,534
Total net assets	60,762	69,871
Total liabilities and net assets	111,392	130,181

(2) Quarterly Consolidated Statements of Income and Comprehensive Income

Quarterly Consolidated Statement of Income

(For the Nine-month Period)

	(Million yen)	
	First nine months of FY2/23 (Mar. 1, 2022 – Nov. 30, 2022)	First nine months of FY2/24 (Mar. 1, 2023 – Nov. 30, 2023)
Net sales	177,026	203,252
Cost of sales	77,238	87,927
Gross profit	99,787	115,324
Selling, general and administrative expenses	88,622	99,017
Operating profit	11,165	16,306
Non-operating income		
Foreign exchange gains	459	303
Insurance claim income	0	101
Subsidy income	212	38
Subsidies for employment adjustment	37	-
Other	228	232
Total non-operating income	938	675
Non-operating expenses		
Interest expenses	134	187
Loss on valuation of derivatives	106	-
Other	57	85
Total non-operating expenses	298	273
Ordinary profit	11,805	16,708
Extraordinary losses		
Impairment loss	50	128
Total extraordinary losses	50	128
Net income before income taxes	11,754	16,580
Income taxes-current	4,371	5,424
Income taxes-deferred	(530)	(463)
Total income taxes	3,841	4,960
Net income	7,913	11,619
Net income attributable to non-controlling interests	297	78
Net income attributable to owners of the parent	7,616	11,541

Quarterly Consolidated Statement of Comprehensive Income

(For the Nine-month Period)

(Million yen)

	First nine months of FY2/23 (Mar. 1, 2022 – Nov. 30, 2022)	First nine months of FY2/24 (Mar. 1, 2023 – Nov. 30, 2023)
Net income	7,913	11,619
Other comprehensive income		
Valuation difference on available-for-sale securities	87	47
Deferred gains or losses on hedges	(283)	179
Foreign currency translation adjustment	702	587
Total other comprehensive income	505	814
Comprehensive income	8,419	12,434
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	8,000	12,263
Comprehensive income attributable to non-controlling interests	419	170

(3) Notes to Quarterly Consolidated Financial Statements

Going Concern Assumption

Not applicable.

Significant Changes in Shareholders' Equity

Not applicable.

Changes in the Scope of Consolidation or Application of the Equity Method

Important changes in the scope of consolidation

In the second quarter of the current fiscal year, OPEN AND NATURAL Inc., which was a consolidated subsidiary of Adastria, was excluded from the scope of consolidation since this company was absorbed by BUZZWIT Co., Ltd., which became the surviving company, after which OPEN AND NATURAL was dissolved as of July 1, 2023.

Changes in Accounting Policies

Application of the Implementation Guidance on Accounting Standard for Fair Value Measurement

The Company has applied the Implementation Guidance on Accounting Standard for Fair Value Measurement (Accounting Standards Board of Japan (ASBJ) Guidance No. 31, June 17, 2021) from the beginning of the first quarter of the current fiscal year, and has applied the new accounting policies set forth by the Implementation Guidance on Accounting Standard for Fair Value Measurement prospectively in accordance with the transitional treatment in Paragraph 27-2 of the Implementation Guidance on Accounting Standard for Fair Value Measurement. There is no effect of the application of this guidance on the quarterly consolidated financial statements.

Additional Information

Accounting treatment and disclosure method when the group tax sharing system is used

Beginning with the first quarter of the current fiscal year, Adastria and some of its consolidated subsidiaries in Japan have changed from the single-entity tax system to the group tax sharing system. Due to this change, the accounting treatment and disclosure of corporate income taxes, local corporate income taxes and tax effect accounting are as prescribed in Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System (Practical Issues Task Force (PITF) No. 42, August 12, 2021).

Quarterly Consolidated Balance Sheet

Contingent liabilities

Zetton, Inc., a consolidated subsidiary of Adastria located in the United States, received US\$8.2 million in May 2021 due to the establishment of the Restaurant Revitalization Fund in accordance with the American Rescue Plan Act of 2021 that became effective in March 2021. Subsequently, the U.S. Small Business Administration began an investigation to determine if Zetton was qualified to receive this payment.

The Adastria Group will continue to explain to the Small Business Administration the reasons for the belief that Zetton is properly qualified to receive this payment. This investigation may have an effect on the results of operations of the Adastria Group depending on upcoming events. At this time, it is difficult to determine an estimate of the potential effect on results of operations.

Segment Information

I. First nine months of FY2/23 (Mar. 1, 2022 – Nov. 30, 2022)

1. Information related to net sales and profit or loss for each reportable segment

(Million yen)

	Reportable segment	Other (Note 1)	Total	Adjustment (Note 2)	Amounts shown on quarterly consolidated statement of income (Note 3)
	Apparel and Sundry Goods-related Business				
Net sales					
External sales	169,301	7,725	177,026	-	177,026
Inter-segment sales and transfers	0	25	26	(26)	-
Total	169,302	7,750	177,053	(26)	177,026
Segment profit	11,638	167	11,805	-	11,805

Notes: 1. “Other” represents the businesses which are not included in the reportable segment and mainly consists of Food and Beverage Business.

2. The amount of adjustment to segment profit is an adjustment to unrealized profit related to inter-segment transactions.

3. The segment profit is consistent with the ordinary profit of the Quarterly Consolidated Statement of Income.

4. The segment profit includes corporate expenses that are allocated to each reportable segment.

2. Information related to impairment losses on non-current assets, goodwill, etc. for each reportable segment

Impairment losses related to non-current assets

Not applicable.

Significant change in goodwill

Not applicable.

Significant gain on bargain purchase

Not applicable.

II. First nine months of FY2/24 (Mar. 1, 2023 – Nov. 30, 2023)

1. Information related to net sales and profit or loss for each reportable segment

(Million yen)

	Reportable segment	Other (Note 1)	Total	Adjustment (Note 2)	Amounts shown on quarterly consolidated statement of income (Note 3)
	Apparel and Sundry Goods-related Business				
Net sales					
External sales	193,268	9,983	203,252	-	203,252
Inter-segment sales and transfers	1	35	37	(37)	-
Total	193,270	10,019	203,289	(37)	203,252
Segment profit	16,582	125	16,708	-	16,708

Notes: 1. “Other” represents the businesses which are not included in the reportable segment and mainly consists of Food and Beverage Business.

2. The amount of adjustment to segment profit is an adjustment to unrealized profit related to inter-segment transactions.

3. The segment profit is consistent with the ordinary profit of the Quarterly Consolidated Statement of Income.

4. The segment profit includes corporate expenses that are allocated to each reportable segment.

2. Information related to impairment losses on non-current assets, goodwill, etc. for each reportable segment

Impairment losses related to non-current assets

Not applicable.

Significant change in goodwill

Not applicable.

Significant gain on bargain purchase

Not applicable.

3. Supplementary Information

(1) Sales for Brands and Regions

Brand / region	First nine months of FY2/24		YoY change (%)
	Sales (million yen)	Composition (%)	
GLOBAL WORK	38,178	18.8	14.1
niko and ...	24,671	12.1	12.5
studio CLIP	16,670	8.2	10.6
LOWRYS FARM	16,667	8.2	4.6
LEPSIM	10,114	5.0	7.0
JEANASiS	8,994	4.4	11.9
BAYFLOW	7,912	3.9	4.7
LAKOLE	7,886	3.9	38.8
Others	27,704	13.6	8.8
Total (Adastria)	158,800	78.1	11.4
BUZZWIT Co., Ltd. (Note 3)	9,166	4.5	33.7
ELEMENT RULE Co., Ltd.	8,322	4.1	11.2
Other consolidated subsidiaries	714	0.4	327.9
Total (Japan)	177,004	87.1	12.7
Hong Kong	2,995	1.5	29.8
Mainland China	3,012	1.5	91.6
Taiwan	4,381	2.1	50.1
Thailand	146	0.1	-
USA	5,727	2.8	5.9
Total (Overseas)	16,264	8.0	33.2
Total (Apparel and Sundry Goods-related Business)	193,268	95.1	14.2
Zetton, Inc. (Note 4)	9,768	4.8	33.8
ADASTRIA eat Creations Co., Ltd.	215	0.1	(49.3)
Total (Food and Beverage Business)	9,983	4.9	29.2
Total (Group)	203,252	100.0	14.8

- Notes: 1. The number of stores is categorized by using brand operating divisions and geographic regions.
2. The above figures are sales to external customers and do not include internal sales between consolidated subsidiaries.
3. Sales of BUZZWIT Co., Ltd. include sales of its former consolidated subsidiary OPEN AND NATURAL, Inc. On July 1, 2023, an absorption-type merger was conducted between BUZZWIT Co., Ltd., which is the surviving company, and OPEN AND NATURAL Inc., which was dissolved.
4. Sales of Zetton, Inc. include sales of its consolidated subsidiary ZETTON, INC (USA Business).

(2) Sales for Merchandise Categories

Category	First nine months of FY2/24		YoY change (%)
	Sales (million yen)	Composition (%)	
Men's apparel (bottoms, tops)	32,240	15.9	20.2
Lady's apparel (bottoms, tops)	123,080	60.6	13.2
Others	47,931	23.5	15.7
Total	203,252	100.0	14.8

- Notes: 1. The others category includes contract liabilities and additions to the provision for point card certificates and other items.
2. The above figures are sales to external customers and do not include internal sales between consolidated subsidiaries.

(3) Number of Stores

Brand / region		Number of stores					
		As of Feb. 28, 2023	First nine months of FY2/24				As of Nov. 30, 2023
			Opened	Changed	Closed	Increase /decrease	
	GLOBAL WORK	205	13	-	(3)	10	215
	niko and ...	141	2	-	(1)	1	142
	studio CLIP	174	8	-	(3)	5	179
	LOWRYS FARM	129	2	-	(2)	-	129
	LEPSIM	114	2	-	(1)	1	115
	JEANASiS	71	-	-	-	-	71
	BAYFLOW	61	2	-	(1)	1	62
	LAKOLE	63	12	-	-	12	75
	Others	264	10	-	(6)	4	268
	Total (Adastria)	1,222	51	-	(17)	34	1,256
	BUZZWIT Co., Ltd. (Note 3)	29	4	-	(2)	2	31
	ELEMENT RULE Co., Ltd.	81	9	-	(4)	5	86
	Other consolidated subsidiaries	8	7	-	-	7	15
	Total (Japan)	1,340	71	-	(23)	48	1,388
	Hong Kong	21	4	-	(2)	2	23
	Mainland China	13	1	-	-	1	14
	Taiwan	52	20	-	(1)	19	71
	Thailand	-	1	-	-	1	1
	USA	9	1	-	-	1	10
	Total (Overseas)	95	27	-	(3)	24	119
	Total (Apparel and Sundry Goods-related Business)	1,435	98	-	(26)	72	1,507
	Zetton, Inc. (Note 4)	71	5	-	(4)	1	72
	ADASTRIA eat Creations Co., Ltd.	3	-	-	(3)	(3)	-
	Total (Food and Beverage Business)	74	5	-	(7)	(2)	72
	Total (Group)	1,509	103	-	(33)	70	1,579

- Notes:
1. The number of stores is categorized by using brand operating divisions and geographic regions.
 2. The number of stores includes e-commerce websites of other companies and e-commerce websites of Adastria.
 3. The number of stores of BUZZWIT Co., Ltd. includes stores of its former consolidated subsidiary OPEN AND NATURAL Inc. On July 1, 2023, an absorption-type merger was conducted between BUZZWIT Co., Ltd., which is the surviving company, and OPEN AND NATURAL Inc., which was dissolved.
 4. The number of stores of Zetton, Inc. includes stores of its consolidated subsidiary ZETTON, INC (USA Business).

This financial report is solely a translation of the Company's Kessan Tanshin (including attachments) in Japanese, which has been prepared in accordance with accounting principles and practices generally accepted in Japan, for the convenience of readers who prefer an English translation.