

# Summary of Consolidated Financial Results for the Fiscal Year Ended February 28, 2025

[Japanese GAAP]

April 4, 2025

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Stock code: 2685

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Scheduled date of Annual General Meeting of Shareholders: May 29, 2025

Scheduled date of payment of dividend: May 9, 2025

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Preparation of supplementary materials for financial results: Yes

Holding of financial results meeting: Yes (for investors)

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

## 1. Consolidated Financial Results for the Fiscal Year Ended February 28, 2025

(March 1, 2024 - February 28, 2025)

(1) Consolidated results of operations (Percentages shown for net sales and incomes 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	%
Fiscal year ended Feb. 28, 2025	293,110	6.4	15,510	(13.9)	15,964	(13.2)	9,614	(28.9)
Fiscal year ended Feb. 29, 2024	275,596	13.6	18,015	56.4	18,389	52.9	13,513	79.2

Note: Comprehensive income Fiscal year ended Feb. 28, 2025: 9,799 million yen (down 30.9%)

Fiscal year ended Feb. 29, 2024: 14,186 million yen (up 76.9%)

	Net income per share	Diluted net income per share	ROE	Ratio of ordinary profit to total assets	Ratio of operating profit to net sales
	Yen	Yen	%	%	%
Fiscal year ended Feb. 28, 2025	208.93	-	13.1	12.2	5.3
Fiscal year ended Feb. 29, 2024	297.75	-	20.9	15.4	6.5

Reference: Equity in earnings of affiliates

Fiscal year ended Feb. 28, 2025: (26) million yen

Fiscal year ended Feb. 29, 2024: (17) million yen

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Feb. 28, 2025	133,108	77,200	57.9	1,665.51
As of Feb. 29, 2024	127,915	71,581	54.8	1,549.13

Reference: Shareholders' equity

As of Feb. 28, 2025: 77,102 million yen

As of Feb. 29, 2024: 70,143 million yen

(3) Consolidated cash flow position

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Million yen	Million yen	Million yen	Million yen
Fiscal year ended Feb. 28, 2025	21,373	(16,971)	(7,111)	21,081
Fiscal year ended Feb. 29, 2024	22,223	(9,920)	(5,581)	23,341

## 2. Dividends

	Dividend per share					Total dividends	Dividend payout ratio (consolidated)	Dividend on equity (consolidated)
	Q1-end	Q2-end	Q3-end	Year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
Fiscal year ended Feb. 29, 2024	-	35.00	-	50.00	85.00	3,880	28.5	5.9
Fiscal year ended Feb. 28, 2025	-	35.00	-	55.00	90.00	4,211	43.1	5.6
Fiscal year ending Feb. 28, 2026 (forecast)	-	45.00	-	45.00	90.00		33.6	

## 3. Consolidated Forecast for the Fiscal Year Ending February 28, 2026 (March 1, 2025 - February 28, 2026)

(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	305,000	4.1	19,000	22.5	19,000	19.0	12,400	29.0	267.86

**\* Notes**

(1) Significant changes in scope of consolidation during the period: Yes

Newly added: 3 (and ST Co., Ltd.; TODAY'S SPECIAL Co., Ltd. (now Adastria Co., Ltd.); ADASTRIA PHILIPPINES INC.)

Excluded: -

(2) Changes in accounting policies and accounting based estimates, and restatements

1) Changes in accounting policies due to revisions in accounting standards, others: None

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

3) Changes in accounting-based estimates: None

4) Restatements: None

(3) Number of outstanding shares (common stock)

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

As of Feb. 28 2025: 48,800,000 shares As of Feb. 29 2024: 48,800,000 shares

2) Number of treasury shares at the end of the period

As of Feb. 28 2025: 2,506,369 shares As of Feb. 29 2024: 3,520,769 shares

3) Average number of shares outstanding during the period

Fiscal year ended Feb. 28, 2025: 46,018,757 shares Fiscal year ended Feb. 29, 2024: 45,385,269 shares

**Reference: Summary of Non consolidated Financial Results**

**1. Non consolidated Financial Results for the Fiscal Year Ended February 28, 2025**

**(March 1, 2024 - February 28, 2025)**

(1) Non consolidated results of operations

(Percentages represent year on year changes)

	Net sales		Operating profit		Ordinary profit		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended Feb. 28, 2025	230,983	5.0	13,449	(17.7)	14,888	(8.8)	10,792	23.2
Fiscal year ended Feb. 29, 2024	220,078	11.9	16,346	57.4	16,320	59.4	8,760	32.2

	Net income per share	Diluted net income per share
	Yen	Yen
Fiscal year ended Feb. 28, 2025	234.52	-
Fiscal year ended Feb. 29, 2024	193.03	-

(2) Non consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Feb. 28, 2025	105,318	67,141	63.8	1,450.34
As of Feb. 29, 2024	96,832	56,880	58.7	1,256.23

Reference: Shareholders' equity

As of Feb. 28, 2025: 67,833 million yen

As of Feb. 29, 2024: 56,880 million yen

Note 1: The current financial report is not subject to audit 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. These statements are not promises by Adastria regarding future performance. Actual results may differ significantly from these forecasts for a number of factors. Please refer to the section "1. Overview of Results of Operations

(4) Outlook" on page 7 regarding preconditions or other related matters for the forecast shown above.

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## 1. Overview of Results of Operations

### (1) Results of Operations

#### Consolidated Results

		FY2/24 (Mar. 1, 2023 - Feb. 29, 2024)	FY2/25 (Mar. 1, 2024 - Feb. 28, 2025)	YoY Change	YoY Change (%)
Net sales	(Million yen)	275,596	293,110	17,514	6.4%
Operating profit	(Million yen)	18,015	15,510	(2,504)	(13.9%)
Ordinary profit	(Million yen)	18,389	15,964	(2,424)	(13.2%)
Net income attributable to owners of the parent	(Million yen)	13,513	9,614	(3,898)	(28.9%)

The Japanese economy experienced a gradual recovery during the fiscal year ended February 2025 amid improving corporate earnings, employment, and personal incomes. Inbound travel demand and wage increases continuing from the previous year supported demand in Japan, while consumer confidence remained firm. At the same time, the economic outlook remained uncertain due to the ongoing weakness of the yen, declining birthrates, aging demographics, and labor shortages, as well as the prolonged Russia-Ukraine situation and the situation Middle East. Extreme heat, heavy rains, heavy snowfalls, and other abnormal weather conditions also contributed to the uncertain outlook.

Amid these circumstances, the Adastria Group formulated and pursued the following growth strategies detailed in our 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 Businesses	Establish food and beverage business and create new appeal

Consolidated net sales amounted to 293,110 million yen (up 6.4% year on year), operating profit was 15,510 million yen (down 13.9%), while ordinary profit was 15,964 million yen (down 13.2%) and net income attributable to owners of the parent was 9,614 million yen (down 28.9%). Pursuing our growth strategy, we expanded brands and categories through M&A, opened our own e-commerce site to products from other companies, and opened physical stores in Southeast Asia. As a result, sales increased while profit decreased, reflecting challenges in responding to climate change globally and in the performance of certain subsidiaries.

Net sales in Japan for the Apparel and Sundry Goods-Related Business felt the impact of weather throughout the year, including low temperatures in early spring, a heat wave in summer, and extended summer temperatures in addition to heavy snowfall in fall and winter. At the same time, consumer demand related to outside wear and casual fashion remained firm. Net sales domestically rose 6.1% year on year, owing to the development of trend-setting products, the cultivation of hit products, and promotional activities, including TV commercials and point redemption campaigns. TODAY'S SPECIAL Co., Ltd. (now integrated into Adastria Co., Ltd.), which became a consolidated entity in July, also contributed to the increase in net sales.

As part of our digital strategy, we continued with measures to attract customers, including promotions linking our online shop with physical stores, executing product collaborations with other companies and popular characters, and opening our online shop to products from outside companies. As a result, our e-commerce/points program members grew to 19.7 million, up 2.2 million from the end of the previous period. E-commerce net sales rose 5.7% year on year. In October, Adastria changed the

name of the e-commerce platform from *Dot ST* to *and ST*.

Despite the flagship store renovation and strong e-commerce sales, overseas sales (converted to yen) decreased 1.9% year on year, mainly due to the real estate recession and sluggish consumption in mainland China. Sales increased 12.0% in Hong Kong and 15.8% in Taiwan as we expanded our multi-brand strategy and opened new stores. In the United States, sales decreased 6.4% due to continued weakness in the wholesale business caused by an overall market slowdown. We began business operations in Thailand in the second quarter of the previous fiscal year. Current-year sales in Thailand were up 63.9%, due in part to the opening of a second store in this country during the third quarter of the current fiscal year. We also opened our first store in the Philippines in December. As a result, overall Overseas Business sales increased 5.0%.

The other segment (food and beverage business) recorded an 14.0% increase in net sales. The increase was mainly due food and beverage business operator zetton inc. changing its fiscal year end during the current consolidated fiscal year, resulting in a 13-month fiscal period for the entity. The business environment remains challenging due to the rising cost of raw materials and utilities, labor shortages, and other factors. Despite these challenges, sales rose with the contribution of growing restaurant demand, new store openings, and strong overseas business.

We endeavored to improve gross profit margin by controlling inventories and discounts, supplying merchandise at the right time, right prices, and right volume (quantity). We also added more value to our products and continued to revise prices. However, gross profit margin in the Apparel and Sundry Goods-Related Business was lower year on year due to a downward pressure on profitability. These downward pressures included rising costs due to the weakness of the yen and the rising share of sales from wholesale and other B-to-B operations. Despite price revisions and activities to lower cost of sales, gross profit margin in the other segment (food and beverage business) decreased 0.6 percentage points from one year earlier to 54.7%.

Selling, general, and administrative expenses increased due higher salaries, increased personnel expenses in the food and beverage business, and higher depreciation expenses stemming from new store openings and M&A activities. Due to these factors, the SG&A ratio increased 0.7 percentage points to 49.4%.

As a result, operating profit margin fell 1.2 percentage points to 5.3% and operating profit decreased 13.9%.

Non-operating income included foreign exchange gains of 266 million yen and an extraordinary loss 1,249 million yen stemming from store asset, goodwill, and other impairments.

Business segment performance was as follows.

1) Apparel and Sundry Goods-Related Business

Net sales amounted to 278,575 million yen (up 6.0% year on year) and segment profit was 16,682 million yen (down 10.1% year-on-year).

The segment operated 1,554 stores as of the end of the fiscal year, including 139 locations overseas. We added 30 stores in Japan with the consolidation of TODAY'S SPECIAL Co., Ltd., now integrated into Adastria Co., Ltd. We also opened 98 new stores (including 25 overseas) and closed 66 locations (including 8 overseas).

2) Other (Food and Beverage Business)

Net sales amounted to 14,606 million yen (up 14.1% year on year) and segment loss was 717 million yen (compared with a segment loss of 139 million yen in the previous fiscal year).

The segment operated 76 stores as of the end of the fiscal year. We opened 9 new locations and closed 4.

Supplementary Information

(1) Sales by Brand and Region

Brand / Region		FY2/25		YoY change (%)
		Net sales (million yen)	Composition (%)	
	GLOBAL WORK	52,660	18.0	1.9
	niko and ...	35,902	12.2	7.0
	studio CLIP	22,883	7.8	3.9
	LOWRYS FARM	22,738	7.8	1.5
	LEPSIM	14,888	5.1	12.5
	LAKOLE	12,673	4.3	17.3
	JEANASiS	11,695	4.0	(4.9)
	BAYFLOW	11,288	3.9	4.7
	Other	42,023	14.3	6.5
	Total (Adastria)	226,754	77.4	4.9
	BUZZWIT Co., Ltd.	12,277	4.2	5.6
	ELEMENT RULE Co., Ltd.	12,641	4.3	12.8
	Other consolidated subsidiaries	2,981	0.9	212.1
	Total (Japan)	254,654	86.8	6.1
	Mainland China	4,268	1.5	(1.9)
	Hong Kong	4,756	1.6	12.0
	Taiwan	7,518	2.6	15.8
	Thailand	355	0.1	63.9
	The Philippines	25	0.0	-
	U.S.	6,995	2.4	(6.4)
	Total (Overseas)	23,920	8.2	5.0
Total (Apparel and Sundry Goods-related Business)		278,574	95.0	6.0
zetton inc. (Note 3)		14,535	5.0	16.0
Total (Food and Beverage Business) (Note 4)		14,535	5.0	14.0
Total (Group)		293,110	100.0	6.4

Notes: 1. Stores grouped by brand operating divisions and geographic regions.  
2. Net sales represent sales to external customers and do not include internal sales between consolidated subsidiaries.  
3. Sales of zetton inc. include sales of consolidated subsidiary ZETTON, INC. (USA).  
4. The YoY (%) change for Total (Food and Beverage Business) includes the previous-year sales of ADASTRIA eat Creations Co., Ltd., which was liquidated on February 2, 2024.

(2) Sales by Product Category

Category	FY2/25		YoY change (%)
	Net sales (million yen)	Composition (%)	
Men's apparel (bottoms, tops)	48,062	16.4	6.1
Lady's apparel (bottoms, tops)	172,835	59.0	4.6
Other	72,212	24.6	10.9
Total	293,110	100.0	6.4

Notes: 1. Other includes contract liabilities and an additional provision for point card certificates and other items.  
2. Net sales represent 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, 2025	
			As of Feb. 29, 2024	FY2/25					
				Merged , etc. (Note 3)	Opened	Changed	Closed		Increase/d ecrease
		GLOBAL WORK	214	-	5	-	(3)	2	216
		niko and ...	141	-	6	-	(2)	4	145
		studio CLIP	179	-	10	-	(2)	8	187
		LOWRYS FARM	126	-	1	-	(2)	(1)	125
		LEPSIM	115	-	1	-	(1)	-	115
		LAKOLE	78	-	14	-	(1)	13	91
		JEANASiS	68	-	1	-	-	1	69
		BAYFLOW	62	-	2	-	(2)	-	62
		Other	259	6	25	-	(20)	11	270
Total (Adastria)			1,242	6	65	-	(33)	38	1,280
BUZZWIT Co., Ltd.			31	-	1	-	(4)	(3)	28
ELEMENT RULE Co., Ltd.			83	-	6	-	(11)	(5)	78
Other consolidated subsidiaries			14	24	1	-	(10)	15	29
Total (Japan)			1,370	30	73	-	(58)	45	1,415
		Mainland China	15	-	3	-	(4)	(1)	14
		Hong Kong	23	-	7	-	(1)	6	29
		Taiwan	72	-	11	-	(2)	9	81
		Thailand	2	-	1	-	-	1	3
		The Philippines	-	-	1	-	-	1	1
		U.S.	10	-	2	-	(1)	1	11
Total (Overseas)			122	-	25	-	(8)	17	139
Total (Apparel and Sundry Goods-related Business)			1,492	30	98	-	(66)	62	1,554
	zetton inc. (Note 4)		71	-	9	-	(4)	5	76
Other (Food and Beverage) total			71	-	9	-	(4)	5	76
Total (Group)			1,563	30	107	-	(70)	67	1,630

Notes: 1. Stores grouped by brand operating divisions and geographic regions.

2. Stores include e-commerce websites of other companies and e-commerce websites of Adastria.

3. Adastria conducted an absorption-type merger on March 1, 2024, in which Adastria was the surviving company and Gate Win Co., Ltd. was the dissolved company. Changes due to this merger are shown in this table.

The increase in number of stores reflects the inclusion of TODAY'S SPECIAL Co., Ltd. (now Adastria Co., Ltd.) as a consolidated subsidiary.

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

## **(2) Financial Position**

### **Assets**

Current assets amounted to 67,173 million yen, a decrease of 1,558 million yen compared with the end of the previous consolidated fiscal year. This result was mainly due to an increase of 2,243 million yen in inventories, while cash and deposits and notes and accounts receivable-trade decreased by 2,228 million yen and 1,288 million yen, respectively.

Non-current assets amounted to 65,935 million yen, an increase of 6,750 million yen. This result was mainly due to increases of 1,100 million yen in store interior equipment (net), 800 million yen in right-of-use assets (net), 1,065 million yen in construction in progress, and 1,564 million yen in goodwill.

### **Liabilities**

Current liabilities amounted to 47,079 million yen, a decrease of 1,412 million yen compared with the end of the previous consolidated fiscal year. This result was mainly due to decreases of 610 million yen in notes and accounts payable-trade, 530 million yen in income taxes payable, and 517 million yen in contract liabilities. At the same time, lease liabilities increased 457 million yen.

Non-current liabilities amounted to 8,828 million yen, an increase of 985 million yen. This result was mainly due to a 457 million yen increase in lease liabilities and a 737 million yen increase in other non-current liabilities.

### **Net assets**

Net assets amounted to 77,200 million yen, an increase of 5,618 million yen compared with the end of the previous consolidated fiscal year. This result was mainly due to a 1,888 million yen decrease in treasury stock (increase to net assets) and a 1,340 million yen decrease in non-controlling interests. At the same time, retained earnings increased 5,694 million yen.

## **(3) Cash Flows**

Cash and cash equivalents ("cash") as of the end of the current consolidated fiscal year amounted to 21,081 million yen, a decrease of 2,260 million yen compared to the end of the previous consolidated fiscal year.

The following provides a summary of cash flows for each activity for the current consolidated fiscal year.

### **Net cash provided by (used in) operating activities**

Net cash provided by operating activities amounted to 21,373 million yen (a decrease of 850 million compared with the year-ago period). This result was mainly due to net income before income taxes of 14,655 million yen, depreciation and amortization of 11,093 million yen, and a decrease in trade receivables of 1,403 million yen. At the same time, inventories increased 1,426 million yen and income taxes paid increased 5,725 million yen.

### **Net cash provided by (used in) investing activities**

Net cash used in investing activities amounted to 16,971 million yen (an increase 7,050 million yen compared with the year-ago period). This result was mainly due to purchases of property, plant and equipment of 7,521 million yen, purchases of intangible assets of 3,874 million yen, and purchase of shares of subsidiaries resulting in change in scope of consolidation of 4,493 million yen.

### **Net cash provided by (used in) financing activities**

Net cash used in financing activities amounted to 7,111 million yen (an increase of 1,529 million yen compared with the year-ago period). This result was mainly due to repayments of long-term borrowings of 1,125 million yen, cash dividends paid of 3,917 million yen, and repayment of lease liabilities of 1,690 million yen.



(Reference) Cash Flow Indicators

	FY2/23	FY2/24	FY2/25
Shareholders' equity ratio (%)	53.3	54.8	57.9
Shareholders' equity ratio based on market prices (%)	88.2	120.7	100.9
Interest-bearing debt to cash flow ratio	0.6	0.4	0.4
Interest coverage ratio (times)	69.4	89.5	80.9

(Notes) 1. Shareholders' equity ratio: Shareholders' equity/Total assets

2. Shareholders' equity ratio based on market prices: Market capitalization/Total assets

3. Interest-bearing debt to cash flow ratio: Interest-bearing debt/Operating cash flows

4. Interest coverage ratio: Operating cash flows/Interest payments

\*Market capitalization is the product of closing share price at the end of the period and the number of shares outstanding at the end of the period, excluding treasury shares.

\*Operating cash flows represent operating cash flows in the consolidated statement of cash flows. Interest-bearing debt includes all liabilities on the consolidated balance sheet that incur interest. Interest payments represent interest expenses paid as shown in the consolidated statement of cash flows.

#### (4) Outlook

The Japanese economy remains continues to be firm amid higher wages and personal consumption, increased inbound demand, and stronger corporate earnings. However, concerns about the business environment continue. These concerns include higher raw material and energy costs, rising prices and interest rates, increased labor costs, labor shortages, currency fluctuations, and increasing geopolitical risks. We expect more room for recovery in the market environment for the apparel business in Japan. According to a household survey by the Statistics Bureau of the Ministry of Internal Affairs and Communications, household spending on clothing between January and December 2024 was still less than 90% of pre-pandemic levels. In addition, nominal wages continue to increase amid tight labor supply. This situation will likely provide a tailwind for consumer spending among the younger generation, which is our main customer base. At the same time, certain changes in lifestyle and customer preferences caused by the COVID-19 pandemic are irreversible. We are responding flexibly to these changes, including higher demand for lifestyle goods, the acceptance of more casual business attire, and the expansion of the economy and e-commerce markets. Our response will ensure that we capture this new demand.

Analysts expect the Japanese apparel market to continue a gradual contraction structurally over the medium to long term, stemming from a declining birthrate and aging demographics. Meanwhile, while the overseas apparel market should continue to expand amid population growth and rising income levels in emerging economies.

Amid this environment, we strive for growth and improved profitability under our previous medium-term management plan, which we launched in April 2022, and which ends in February 2026. However, major changes in the business environment, including the ongoing weakness of the yen, rising labor costs, and soaring prices related to commodities, resources, and energy in Japan and overseas, have presented a challenge to achieving our profit targets for the fiscal year ending February 2026.

To respond quickly to this changing environment and transform our business structure, we formulated a new Medium-Term Management Plan 2030, which will take us through February 2030. Medium-Term Management Plan 2030 describes how we will evolve our e-commerce site, *and ST*, into a *Play fashion! platformer*. To this end, we intend to leverage the strong connections with the *and ST* membership base cultivated through our staff and physical multi-brand stores. We also plan to create synergies between our three businesses: Platform Business, Global Business, and Brand Retail Business. In conjunction with this change, we plan to change our name to *and ST HD Co., Ltd.*, shifting to a holding company structure effective September 1, 2025. The strategies for each of these businesses are as follows.

(1) Platform Business (the engine of Group value innovation)

By maximizing our connection with the *and ST* member base, we aim to achieve a gross merchandise value of 100 billion yen. We will develop the *and ST* e-commerce site into a mall and media platform, hosting products from other companies and expanding ID (customer base) and LTV (lifetime value) through category expansion and other means. At the same time, we will improve profitability through wider user services, as well as production and solution-based services.

(2) Global Business (the accelerator of Group value expansion)

As another pillar of our strategy, we intend to accelerate investment in Southeast Asia, where population and economic

growth is expected to be high. In parallel with opening physical stores, we plan to leverage the OMO strategy of the e-commerce platform developed in Japan to connect Southeast Asia and Japan. In Greater China (Mainland China, Hong Kong, and Taiwan), we plan to strengthen our multi-brand strategy for stable growth.

**(3) Brand Retail Business (the foundation supporting Group value creation)**

We intend to strengthen brand portfolio management through a multi-company structure. Under this structure, each group company will formulate strategy and manage its business according to its own mission. As the core of the group, Adastria Co., Ltd. will concentrate investment in focused brands such as GLOBAL WORK, LAKOLE, and GEORGE'S. Adastria will improve profitability through more store openings in urban areas and greater store size.

Adastria will also continue to invest in the DX, logistics, production, and other infrastructure that supports our business portfolio, curbing expense ratios through digitalization and logistics efficiency. Increased ASEAN production will also help reduce cost ratios. Given the strategies outlined above, we aim to achieve consolidated net sales of 400,000 million yen, operating profit margin of 8%, and ROE of 15% for the fiscal year ending February 2030.

For the fiscal year ending February 2026, we forecast consolidated net sales of 305,000 million yen (up 4.1% year on year), gross profit of 170,000 million yen (up 6.1%), operating profit of 19,000 million yen (up 22.5%), ordinary profit of 19,000 million yen (up 19.0%), and net income attributable to owners of the parent of 12,400 million yen (up 29.0%).

**(5) Basic Policy on Profit Distribution, and Dividend Plans for the Current and Next Fiscal Years**

Our aim in profit distribution is to make the investments necessary to achieve our medium-term management plan as we endeavor to maximize the overall satisfaction of our customers, shareholders, business partners and employees. We strive to improve long-term corporate value (shareholder value) and strengthen our management foundation. The basic policy of the company in returning profits to shareholders is a consolidated dividend payout ratio of 30%. We added a minimum DOE of 4.5% as another target under this policy beginning with the fiscal year ending February 2026.

After making these investments and distributing profits, we will be flexible in returning any surplus funds reserved over the long term to shareholders. Our policy regarding share buybacks is to act appropriately and opportunistically, taking into account trends in stock prices and financial conditions.

Having considered dividend stability and the balance between investment and return, we plan to pay a year-end dividend of 55 yen per share (resulting in a full-year 90 yen per share dividend) as forecast in our April 4, 2024, announcement.

We expect the full-year dividend for the fiscal year ending February 2026 to be 90 yen per share.

**2. Basic Approach to the Selection of Accounting Standards**

Adastria prepares consolidated financial statements based on the generally accepted accounting principles in Japan to facilitate comparisons with previous years and with the financial data of other companies.

We plan to address the adoption of International Financial Reporting Standards (IFRS) after considering relevant factors in Japan and other countries.

### 3. Consolidated Financial Statements and Notes

#### (1) Consolidated Balance Sheet

(Million yen)

	FY2/24 (As of Feb. 29, 2024)	FY2/25 (As of Feb. 28, 2025)
<b>Assets</b>		
Current assets		
Cash and deposits	23,371	21,143
Notes and accounts receivable-trade	15,815	14,527
Inventories	26,839	29,082
Other	2,788	2,471
Allowance for doubtful accounts	(83)	(52)
Total current assets	68,731	67,173
Non-current assets		
Property, plant and equipment		
Buildings and structures	9,571	9,963
Accumulated depreciation	(4,590)	(5,032)
Buildings and structures, net	4,980	4,931
Store interior equipment	40,316	44,178
Accumulated depreciation	(33,537)	(36,298)
Store interior equipment, net	6,778	7,879
Land	2,366	2,366
Right-of-use assets	14,059	17,422
Accumulated depreciation	(6,831)	(9,394)
Right-of-use assets, net	7,227	8,028
Construction in progress	299	1,364
Other	5,618	6,251
Accumulated depreciation	(3,370)	(3,958)
Other, net	2,248	2,293
Total property, plant and equipment	23,901	26,864
Intangible assets		
Software	8,100	7,777
Goodwill	1,109	2,673
Other	3,166	4,232
Total intangible assets	12,376	14,683
Investments and other assets		
Investment securities	768	691
Leasehold and guarantee deposits	13,719	14,330
Deferred tax assets	8,497	9,373
Other	235	342
Allowance for doubtful accounts	(314)	(350)
Total investments and other assets	22,906	24,387
Total non-current assets	59,184	65,935
Total assets	127,915	133,108

(Million yen)

	FY2/24 (As of Feb. 29, 2024)	FY2/25 (As of Feb. 28, 2025)
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable-trade	14,013	13,402
Electronically recorded obligations-operating	8,651	8,909
Current portion of long-term borrowings	401	-
Lease liabilities	2,007	2,464
Accounts payable-other	14,144	13,983
Income taxes payable	3,667	3,136
Contract liabilities	1,910	1,392
Provision for bonuses	2,460	2,498
Provision for point card certificates	175	85
Other provisions	477	364
Other	582	840
Total current liabilities	48,491	47,079
Non-current liabilities		
Long-term borrowings	504	-
Lease liabilities	6,037	6,495
Provisions	172	467
Other	1,128	1,866
Total non-current liabilities	7,842	8,828
Total liabilities	56,334	55,908
Net assets		
Shareholders' equity		
Share capital	2,660	2,660
Capital surplus	7,213	6,262
Retained earnings	66,286	71,980
Treasury shares	(7,516)	(5,627)
Total shareholders' equity	68,642	75,275
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	34	34
Deferred gains or losses on hedges	234	(81)
Foreign currency translation adjustment	1,231	1,874
Total accumulated other comprehensive income	1,500	1,827
Non-controlling interests	1,437	97
Total net assets	71,581	77,200
Total liabilities and net assets	127,915	133,108

**(2) Consolidated Statements of Income and Comprehensive Income****Consolidated Statement of Income**

(Million yen)

	FY2/24 (Mar. 1, 2023 – Feb. 29, 2024)	FY2/25 (Mar. 1, 2024 – Feb. 28, 2025)
Net sales	275,596	293,110
Cost of sales	123,242	132,828
Gross profit	152,354	160,282
Selling, general and administrative expenses		
Advertising expenses	8,712	8,514
Provision of allowance for doubtful accounts	18	(13)
Remuneration for directors (and other officers)	654	664
Salaries and bonuses	38,826	42,566
Provision for bonuses	2,395	2,480
Welfare expenses	6,456	7,292
Rents	37,534	40,427
Lease payments	725	813
Depreciation	9,525	10,785
Amortization of goodwill	223	395
Other	29,266	30,843
Total selling, general and administrative expenses	134,339	144,771
Operating profit	18,015	15,510
Non-operating income		
Interest income	25	67
Dividend income	2	3
Foreign exchange gains	235	266
Income from contribution to facilities	19	35
Insurance claim income	102	10
Subsidy income	52	74
Revenue from electric power sales	21	33
Other	279	304
Total non-operating income	739	794
Non-operating expenses		
Interest expenses	248	264
Commitment fee	18	-
Other	97	76
Total non-operating expenses	364	340
Ordinary profit	18,389	15,964
Extraordinary losses		
Impairment loss	1,029	1,249
Loss on valuation of investment securities	243	-
Loss on sales of investment securities	-	59
Total extraordinary losses	1,273	1,309
Net income before income taxes	17,116	14,655
Income taxes-current	5,146	5,184
Income taxes-deferred	(1,568)	(1)
Total income taxes	3,577	5,182
Net income	13,538	9,472
Profit (loss) attributable to non-controlling interests	24	(141)
Net income attributable to owners of the parent	13,513	9,614

# Consolidated Statement of Comprehensive Income

(Million yen)

	FY2/24 (Mar. 1, 2023 – Feb. 29, 2024)	FY2/25 (Mar. 1, 2024 – Feb. 28, 2025)
Net income	13,538	9,472
Other comprehensive income		
Valuation difference on available-for-sale securities	(60)	(0)
Deferred gains or losses on hedges	354	(315)
Foreign currency translation adjustment	354	642
Total other comprehensive income	648	326
Comprehensive income	14,186	9,799
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	14,112	9,941
Comprehensive income attributable to non-controlling interests	74	(141)

### (3) Consolidated Statement of Changes in Equity

FY2/24 (Mar. 1, 2023 – Feb. 29, 2024)

(Million yen)

	Shareholders' equity					Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance at beginning of period	2,660	7,213	55,968	(7,286)	58,555	95	(120)	877	852	1,355	60,762
Changes during period											
Dividends of surplus			(3,195)		(3,195)				-		(3,195)
Net income attributable to owners of the parent			13,513		13,513				-		13,513
Purchase of treasury shares				(1)	(1)				-		(1)
Purchase of treasury shares by stock ownership plan trust				(755)	(755)				-		(755)
Disposal of treasury shares by stock ownership plan trust				527	527				-		527
Net changes in items other than shareholders' equity					-	(60)	354	354	648	82	730
Total changes during period	-	-	10,317	(230)	10,087	(60)	354	354	648	82	10,818
Balance at end of period	2,660	7,213	66,286	(7,516)	68,642	34	234	1,231	1,500	1,437	71,581

FY2/25 (Mar. 1, 2024 – Feb. 28, 2025)

(Million yen)

	Shareholders' equity					Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance at beginning of period	2,660	7,213	66,286	(7,516)	68,642	34	234	1,231	1,500	1,437	71,581
Changes during period											
Dividends of surplus			(3,920)		(3,920)				-		(3,920)
Net income attributable to owners of the parent			9,614		9,614				-		9,614
Purchase of treasury shares				(1)	(1)				-		(1)
Disposal of treasury shares				0	0				-		0
Increase by share exchanges		1,815		2,303	4,118				-		4,118

(Million yen)

	Shareholders' equity					Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Purchase of treasury shares by stock ownership plan trust				(698)	(698)				-		(698)
Disposal of treasury shares by stock ownership plan trust				284	284				-		284
Purchase of shares of consolidated subsidiaries		(2,766)			(2,766)				-		(2,766)
Net changes in items other than shareholders' equity					-	(0)	(315)	642	326	(1,340)	(1,013)
Total changes during period	-	(950)	5,694	1,888	6,632	(0)	(315)	642	326	(1,340)	5,618
Balance at end of period	2,660	6,262	71,980	(5,627)	75,275	34	(81)	1,874	1,827	97	77,200



**(4) Consolidated Statement of Cash Flows**

(Million yen)

	FY2/24 (Mar. 1, 2023 – Feb. 29, 2024)	FY2/25 (Mar. 1, 2024 – Feb. 28, 2025)
<b>Cash flows from operating activities</b>		
Net income before income taxes	17,116	14,655
Depreciation	10,073	11,093
Impairment loss	1,029	1,249
Amortization of goodwill	223	395
Interest and dividend income	(27)	(70)
Interest expenses	248	264
Increase (decrease) in allowance for doubtful accounts	18	(13)
Increase (decrease) in provision for bonuses	338	26
Increase (decrease) in provision for point card certificates	15	(90)
Loss (gain) on sales of investment securities	-	59
Loss (gain) on valuation of investment securities	243	-
Decrease (increase) in trade receivables	(3,547)	1,403
Decrease (increase) in inventories	(1,980)	(1,426)
Increase (decrease) in trade payables	2,292	(466)
Increase (decrease) in accounts payable-other	123	356
Increase (decrease) in accrued consumption taxes	745	(722)
Other	14	594
Subtotal	26,926	27,311
Interest and dividends received	42	51
Interest paid	(248)	(264)
Income taxes paid	(4,496)	(5,725)
Net cash provided by (used in) operating activities	22,223	21,373
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(5,670)	(7,521)
Purchase of intangible assets	(3,318)	(3,874)
Purchase of investment securities	(10)	(1)
Payments of leasehold and guarantee deposits	(1,475)	(1,348)
Proceeds from refund of leasehold and guarantee deposits	671	479
Purchase of shares of subsidiaries resulting in change in scope of consolidation	-	(4,493)
Other	(117)	(210)
Net cash provided by (used in) investing activities	(9,920)	(16,971)
<b>Cash flows from financing activities</b>		
Increase (decrease) in short-term borrowings	(203)	-
Proceeds from long-term borrowings	380	220
Repayments of long-term borrowings	(405)	(1,125)
Dividends paid	(3,194)	(3,917)
Purchase of treasury shares	(757)	(699)
Repayments of lease liabilities	(1,408)	(1,690)
Other	8	101
Net cash provided by (used in) financing activities	(5,581)	(7,111)
Effect of exchange rate change on cash and cash equivalents	276	449
Net increase (decrease) in cash and cash equivalents	6,998	(2,260)
Cash and cash equivalents at beginning of period	16,343	23,341
Cash and cash equivalents at end of period	23,341	21,081

## **(5) Notes to Consolidated Financial Statements**

### **Going Concern Assumption**

Not applicable

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

Important changes in the scope of consolidation

During the current consolidated fiscal year, we added and ST Co., Ltd. to the scope of consolidation.

In addition, TODAY'S SPECIAL Co., Ltd. (now Adastria Co., Ltd.) became a consolidated subsidiary during the current consolidated fiscal year following the acquisition of said company's shares on July 1, 2024.

We also added the newly created ADASTRIA PHILIPPINES INC. to the scope of consolidation during the current consolidated fiscal year.

### **Changes in the Accounting Periods of Consolidated Subsidiaries**

During the current consolidated fiscal year, consolidated subsidiary zetton inc. changed its fiscal year end from January 31 to the last day of February, mirroring the consolidated fiscal year end. The accounting period of said subsidiary for current consolidated fiscal year was 13 months, with the addition of February 2024 operating results. We made the appropriate adjustments to our consolidated statements of income to reflect this additional month.

### **Consolidated Balance Sheet**

Contingent liabilities

The U.S. Small Business Administration is investigating ZETTON, INC. (U.S.A.), a consolidated subsidiary of the Company, regarding the validity of the \$8.2 million received in May 2021 as part of the establishment of the Restaurant Revitalization Fund (RRF) under the American Rescue Plan Act of 2021, which was enacted in March 2021.

The Group will continue to defend the legitimacy of this transaction to the administration. While future progressions may impact Group performance it is difficult to estimate the impact at this time.

**(Segment Information, etc.)**

[Segment information]

**1. Overview of reportable segments**

The reportable segments of the Group are those business units for which separate financial statements can be obtained and for which the Board of Directors considers the allocation of management resources and evaluates operating performance on a regular basis.

The primary business of the Group includes the planning and sales of apparel and related products. Accordingly, the Group designates the Apparel and Sundry Goods-Related Business as a reportable segment.

**2. Calculation methods for net sales, income/loss, assets, and other items by reportable segment**

Accounting methods for reported business segments are generally the same as those used to prepare the consolidated financial statements.

Profit by reportable segment is based on ordinary income. Intersegment revenues and transfers are based on prevailing market prices.

**3. Net sales, income/loss, assets, and other items and information on details of revenue by reportable segment**

FY2/24 (Mar. 1, 2023 – Feb. 29, 2024)

(Million yen)

	Reportable segment	Other (Note 1)	Total	Adjustments (Note 2)	Amount recorded on consolidated financial statements (Note 3)
	Apparel and Sundry Related Business				
Net sales					
Sales to external customers	262,844	12,751	275,596	-	275,596
Intersegment sales and transfers	1	48	50	(50)	-
Total	262,846	12,800	275,646	(50)	275,596
Segment profit (loss)	18,558	(139)	18,418	(29)	18,389
Segment assets	120,559	8,969	129,528	(1,612)	127,915
Other items					
Depreciation	9,358	714	10,073	-	10,073
Amortization of goodwill	74	148	223	-	223
Increase in tangible fixed assets and intangible assets	11,134	1,542	12,676	-	12,676

(Notes) 1. *Other* refers to business segments not included under reportable segments. Here, this segment indicates the food and beverage business.

2. The adjustments are as follows.

(1) Adjustments to *segment profit (loss)* includes the adjustment of unrealized income related to intersegment transactions.

(2) Adjustments to *segment assets* is the elimination of intersegment transactions.

3. *Segment profit (loss)* is consistent with ordinary income on the consolidated statements of income.

4. *Segment profit (loss)* includes corporate expenses allocated to each reportable segment.

5. *Depreciation and amortization* and *increase in tangible fixed assets and intangible assets* include long-term prepaid expenses and amortization.

FY2/25 (Mar. 1, 2024 – Feb. 28, 2025)

(Million yen)

	Reportable segment	Other (Note 1)	Total	Adjustments (Note 2)	Amount recorded on consolidated financial statements (Note 3)
	Apparel and Sundry Related Business				
Net sales					
Sales to external customers	278,574	14,535	293,110	-	293,110
Intersegment sales and transfers	0	70	71	(71)	-
Total	278,575	14,606	293,181	(71)	293,110
Segment profit (loss)	16,682	(717)	15,964	-	15,964
Segment assets	129,477	9,521	138,998	(5,890)	133,108
Other items					
Depreciation	10,184	908	11,093	-	11,093
Amortization of goodwill	250	144	395	-	395
Increase in tangible fixed assets and intangible assets	15,058	1,770	16,828	-	16,828

(Notes) 1. *Other* refers to business segments not included under reportable segments. Here, this segment indicates the food and beverage business.

2. The adjustments are as follows.

(1) Adjustments to *segment profit (loss)* includes the adjustment of unrealized income related to intersegment transactions.

(2) Adjustments to *segment assets* is the elimination of intersegment transactions.

3. *Segment profit (loss)* is consistent with ordinary income on the consolidated statements of income.

4. *Segment profit (loss)* includes corporate expenses allocated to each reportable segment.

5. *Depreciation and amortization* and *increase in tangible fixed assets and intangible assets* include long-term prepaid expenses and amortization.

#### Per share information

	FY2/24 (Mar. 1, 2023 - Feb. 29, 2024)	FY2/25 (Mar. 1, 2024 - Feb. 28, 2025)
Net assets per share	1,549.13 yen	1,665.51 yen
Net income per share	297.75 yen	208.93 yen

(Notes) 1. The Company omitted diluted net income per share as there are no latent shares.

2. Company shares remaining in the trust are recorded as treasury stock in shareholders' equity and are included in treasury stock as a deduction from the average number of shares outstanding during the period for the calculation of net income per share. Company shares are also included in treasury stock as a deduction from the number of shares outstanding at the end of the period for the calculation of net assets per share.

In the calculation of net income per share, the average number of such treasury stock deducted during the period was 266 thousand shares in the previous consolidated fiscal year and 438 thousand shares in the current consolidated fiscal year.

In the calculation of net assets per share, the number of such treasury stock deducted at the end of the period was 372 thousand shares in the previous consolidated fiscal year and 495 thousand shares in the current consolidated fiscal year.

3. The basis for calculating net income per share is as follows.

	FY2/24 (Mar. 1, 2023 - Feb. 29, 2024)	FY2/25 (Mar. 1, 2024 - Feb. 28, 2025)
Net income attributable to owners of the parent (millions of yen)	13,513	9,614
Amount not attributable to common stockholders (millions of yen)	—	—
Net income attributable to owners of the parent for common stock (millions of yen)	13,513	9,614
Average number of common shares outstanding during the period (thousands of shares)	45,385	46,018

## Subsequent Events

### Specified Subsidiary to Be Liquidated

At a meeting held March 19, 2025, the Adastria Co., Ltd. (the "Company") Board of Directors resolved to resolved to liquidate Adastria USA, Inc., a specified subsidiary and an intermediate holding company in the United States.

#### 1. Reasons for Liquidation

The Company established Adastria USA, Inc. in February 2017 as an intermediate holding company in the United States to acquire expertise in the U.S. brand business. In April 2017, the Company acquired Velvet, LLC ("VV"), which operated in the U.S. contemporary apparel market. After acquisition, the Company focused on expanding the performance of VV by strengthening its wholesale business while enhancing directly managed stores and e-commerce operations in the U.S., successfully navigating the challenges posed by the COVID-19 pandemic. The Company implemented measures to expand directly managed stores and implement cost-cutting measures in response to the increasingly challenging business environment in recent years. However, the U.S. business recorded a significant decline in profits for the fiscal year ended December 2024. Furthermore, a swift recovery through structural reforms is unlikely due to rising tensions in international trade.

Against this backdrop, the Company decided to withdraw from the U.S. business and liquidate Adastria USA, Inc., determining that optimizing and reallocating management resources in its international operations will contribute to greater corporate value.

#### 2. Overview of the Specified Subsidiary to Be Liquidated

- (1) Name  
Adastria USA, Inc.
- (2) Location  
Delaware, U.S.
- (3) Business lines  
Intermediate holding company
- (4) Capital  
USD 43 million (JPY 4,781 million)
- (5) Investment ratio  
100.0%

#### 3. Liquidation Schedule

March 19, 2025	The Company Board of Directors to approved the resolution for liquidation
April 2025 (Planned)	The Adastria USA, Inc. Board of Directors and Shareholders' Meeting to approve the resolution for liquidation

\*The Company expects to complete the liquidation around June 2026, pending the completion of all necessary procedures under local laws.

#### 4. Impact of Liquidation on Operating Results

The Company is researching the details of the impact of the liquidation of this subsidiary on the Adastria Group's operating results for the next consolidated fiscal year.

### Transition to a Holding Company Structure

At a meeting held today, the Adastria Co., Ltd. ("Company") Board of Directors approved a resolution to establish a wholly owned subsidiary, Adastria Co., Ltd. ("New Adastria"), as a preparatory company for the purpose of a company split in order to transition to a holding company structure. The Board of Directors also approved the signing of an absorption-type company split agreement ("Absorption-Type Company Split Agreement") with respect to the absorption-type company split by which New Adastria will succeed to all rights and obligations related to all businesses ("Business") of the Adastria Group (excluding businesses related to the management and operation of the Adastria Group). As a result, New Adastria has been established as of today, and we have signed the Absorption-Type Company Split Agreement with New Adastria.

For more, see *Notice Regarding the Establishment of a Preparatory Company and Signing of Absorption-Type Company Split Agreement in Connection With the Transition to a Holding Company Structure, as Well as Amendments to the Company's Articles of Incorporation (Change in Trade Name, Etc.)*, published today.

#### **4. Other Information**

##### **(1) Changes in Directors**

1. Change in representative director

Not applicable

2. Change of other board members (Date of change: May 29, 2025)

- (1) Candidates for directors who are not members of the Audit & Supervisory Committee

Outside Director: Etsuko Shakespeare

Outside Director: Liu Xiqiao

- (2) Retiring directors who are not members of the Audit & Supervisory Committee

Outside Director: Hiromi Horie

Outside Director: Kazuo Nishiyama