

Brief summary of Fiscal 2021/02 1st Quarter Financial Results

June 30, 2020

A D A S T R I A
— *Play fashion!*

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1.FY2021/02 1st Quarter Financial Results

Consolidated Income Statement

Millions of yen

	FY2020/02 1Q		FY2021/02 1Q		
	Results		Results		
		Ratio		Ratio	YoY
Net sales	56,290	100.0%	33,267	100.0%	59.1%
Aداستريا(Non-consolidated)	50,303	89.4%	28,444	85.5%	56.5%
Domestic subsidiaries *1	3,668	6.5%	3,063	9.2%	83.5%
Overseas subsidiaries *2	3,123	5.5%	2,551	7.7%	81.7%
Gross profit	32,882	58.4%	17,683	53.2%	53.8%
SG&A expenses	27,660	49.1%	22,441	67.5%	81.1%
Advertising & promotion	2,127	3.8%	1,932	5.8%	90.8%
Personnel	9,754	17.3%	8,923	26.8%	91.5%
Rent & depreciation	10,270	18.2%	7,394	22.2%	72.0%
Amortization of goodwill	48	0.1%	39	0.1%	82.3%
Others	5,459	9.7%	4,152	12.5%	76.1%
Operating profit	5,221	9.3%	-4,758	-	-
Aداستريا(non-consolidated)	4,964	-	-4,274	-	-
Domestic subsidiaries *1	235	-	-214	-	-
Overseas subsidiaries *2	-270	-	-488	-	-
Aداستريا Logistics	183	-	207	-	113.2%
Ordinary profit	5,119	9.1%	-4,822	-	-
Net income	3,267	5.8%	-3,681	-	-
EBITDA	6,863	12.2%	-3,182	-	-
Depreciation and amortization	1,593	2.8%	1,536	4.6%	96.4%
Amortization of goodwill	48	0.1%	39	0.1%	82.3%

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

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

Consolidated Income Statement

■ Net sales : 33.2 billion yen (-40.9% YoY)

- Parent company: Significant decreased because the refrain from going out, temporarily closed and reduced operating hours of stores due to COVID-19
- Domestic subsidiaries: ELEMENT RULE were the same situation with parent company while online-only business BUZZWIT remains strong.
- Overseas subsidiaries: Decreased due to the impact of COVID

■ Gross profit margin: 53.2% (-5.2p YoY)

- Discounted sales increased in order to reduce spring inventories

■ SG&A expense ratio: 67.5% (+18.4p YoY) (-5.2 billion yen YoY)

- Personnel: 26.8% (+9.5 YoY) (-0.8 billion yen YoY) Reduced due to store closed
- Rent & depreciation: 22.2% (+4.0 YoY) (-2.8 billion yen YoY) Fixed rent exemption and reduced variable rent
- Other: 12.5% (+2.8 YoY) (-1.3 billion yen YoY) Credit card fee, business travels and event expense...etc. decreased
- Percentage to sales for each expense category increased but the amount decreased because of the lower revenue
- Approximately 4 billion SG&A expense decrease was related to the impact of COVID-19

■ Operating profit: -4.7 billion yen

- EBITDA margin: -3.1 billion yen

■ Net income: -3.6 billion yen

Parent Company (non-consolidated) Income Statement

Millions of yen

	FY2020/02 1Q		FY2021/02 1Q	
	Results	Results		YoY
Net sales	50,303	28,444	56.5%	
(Same stores YoY)	109.6%	54.9%	-	
GLOBAL WORK	10,634	5,673	53.4%	
niko and ...	7,850	4,275	54.5%	
LOWRYS FARM	6,146	3,420	55.6%	
studio CLIP	5,635	3,384	60.1%	
LEPSIM	3,708	2,107	56.8%	
Gross profit	29,222	15,005	51.3%	
Gross margin	58.1%	52.8%	- 5.3p	
SG&A expenses	24,257	19,280	79.5%	
SG&A ratio	48.2%	67.8%	+19.6p	
Operating profit	4,964	-4274	-	
Operating margin	9.9%	-	-	

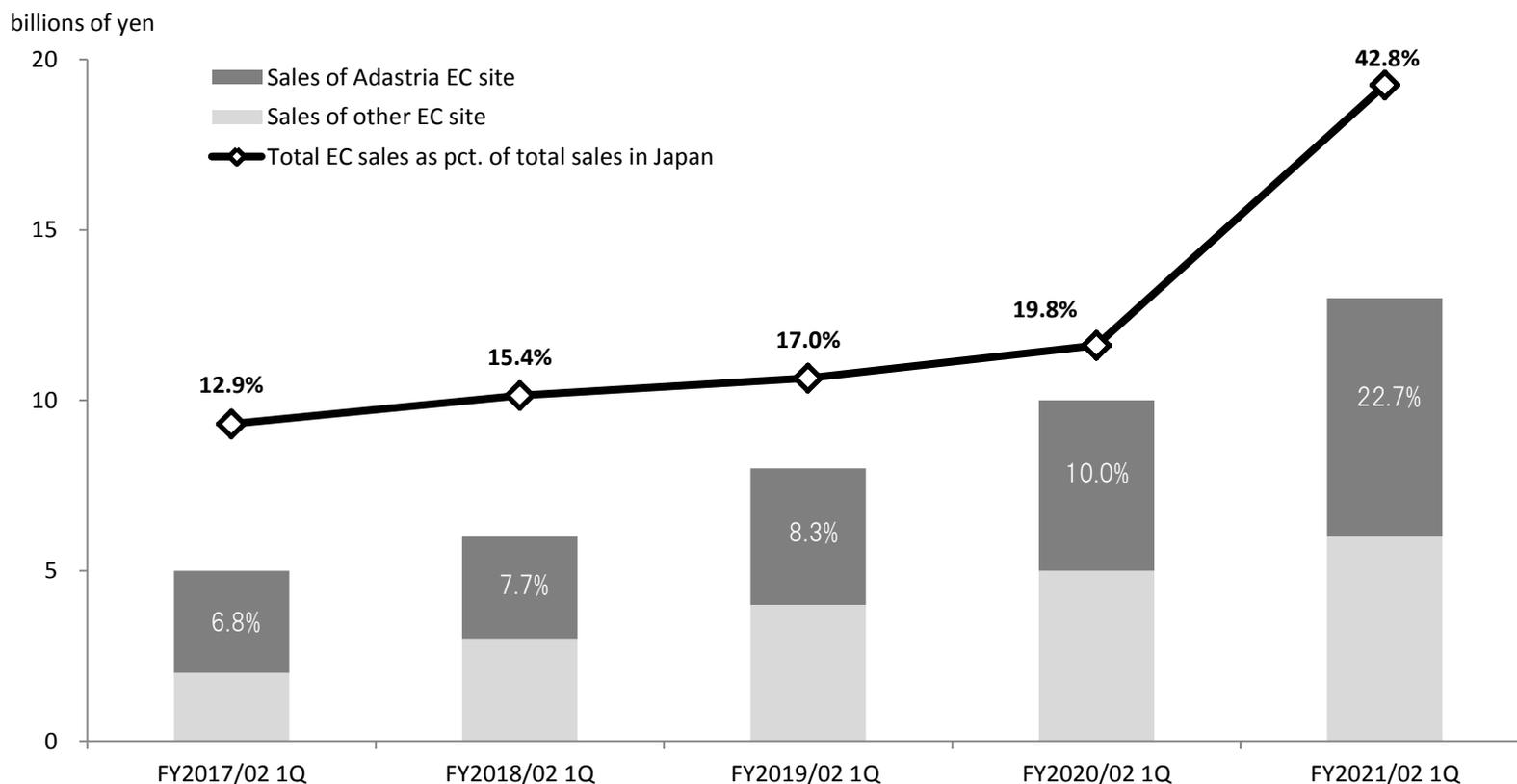
Opened	13	20
Closed	-3	-5
Renovated	13	19
As of the end of quarter	1,272	1,241

* : Amortization of goodwill FY2020/021Q : 36million yen, FY2021/021Q : 28million yen

Online Business

Strong performance because of increased staying home customers and company's push for online sales

- 2021/02 1st quarter domestic e-commerce sales: **13.4** billion yen (+25.7% YoY)
 - Domestic online business ratio: 42.8% (Aداستريا EC site: approx. 22.7%)
 - Aداستريا's ".st" EC site has about 10.5 million members (+0.2 million from the end of FY2020/02)



* : From FY2018/02, sales of ALICIA Co.,Ltd. was added.

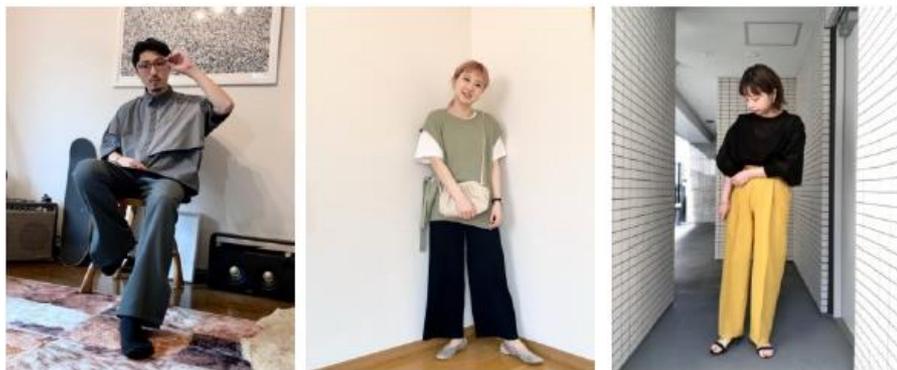
* : From FY2019/02, sales of BUZZWIT and ELEMENT RULE were added.

Measures to grow Adastria's ".st" EC Site

Utilize our asset to expand ".st" EC Site when physical stores were temporarily closed

■ Expand "STAFF BOARD" (social media in ".st")

- Company sent new products to staffs' home so they can continue to post styling photos.
- Number of posts and sales through STAFF BOARD increased greatly.



■ Campaign to increase customer reviews

- To increase online customer reviews to give more product info
- Number of customer reviews increased 50% year on year.



Decrease use of using models due to COVID-19



< Posts from staffs are used in the product order pages >

レビューを使って賢くお買いもの

POINT 1

みんなの感想を参考にできる



POINT 2

同じ体型の人がいるから
サイズも分かりやすい

すこい楽!
2020/04/13 11:37:58 by ユウ
158cm/53kg→45kg 購入アイテム：L,ブラック09
ただのおぼひん体型ですが、すこい楽なのに幅広く
使えます。とにかくすこい便利です。色違いも購入
しました。

POINT 3

着こなしのアイディアもチェック

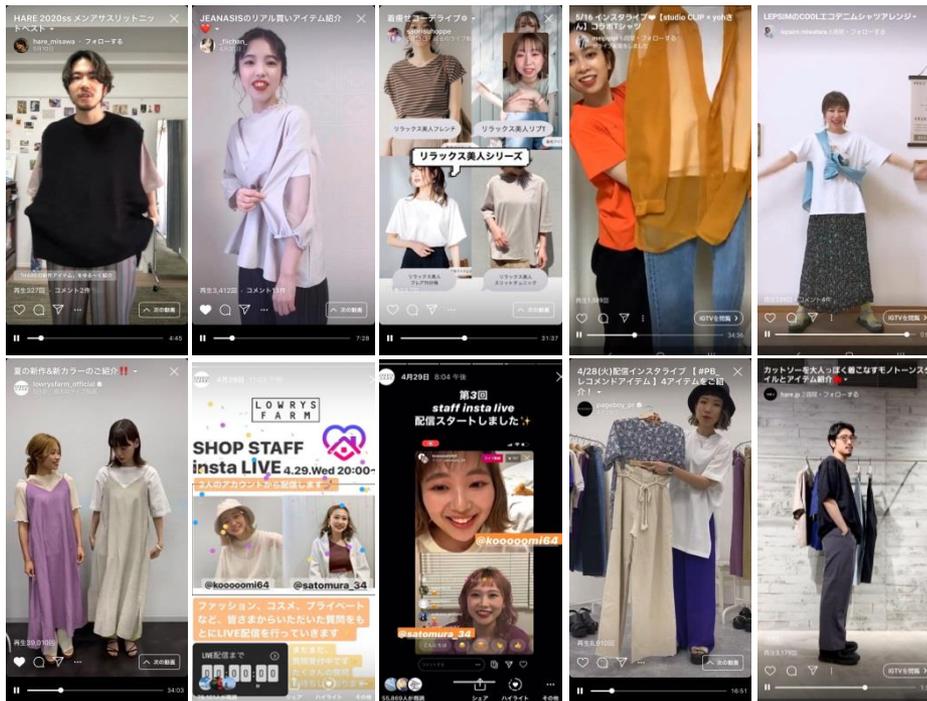
アイボリー
2020/04/13 13:35:34 by ミヨちゃん
155cm/48kg→58kg 購入アイテム：F,アイボリー08
着た後、着る頻度が増えるのが嬉しい。ワンビ
ースやシャツに重ねて着ています。

Increase of Customer Interaction

Accelerate online customer interaction to connect and reach more customers

■ Evolving customer service format

- During the time of phial stores shut down, staffs increased Instagram LIVE to present the products and answer audiences' questions.
- Company opened ".st CHANNEL", which archives past live videos so customers can go back to watch.



Overseas Business

Millions of yen

	FY2019/12 1Q	FY2020/12 1Q		
	Results		Results	
			YoY (JPY)	YoY (Local currency)
Net sales	3,123	2,551	81.7%	82.6%
Hong Kong	884	605	68.5%	68.6%
China	149	181	120.9%	126.4%
Taiwan	623	616	98.9%	97.7%
Korea	278	169	60.9%	65.2%
USA	1,186	978	82.4%	83.4%
Operating profit	-270	-488	-	-
Hong Kong	-113	-126	-	-
China	-92	-111	-	-
Taiwan	39	-16	-	-
Korea	-51	-73	-	-
USA	-53	-160	-	-

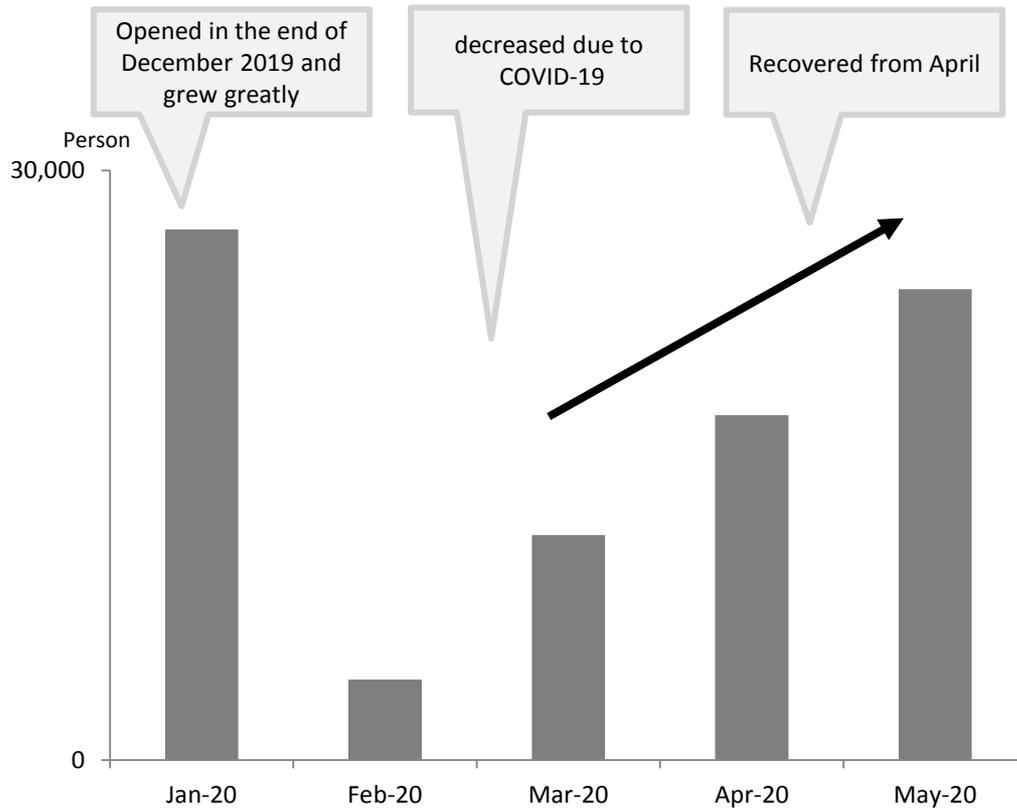
*: Amortization of goodwill of USA FY2019/12 1Q: 6 million yen, FY2020/12 1Q: 6 million yen

- In Hong Kong , China, Taiwan, USA, sales and profit were down due to the impact COVID-19.
- In China, sales of “niko and ... shanghai flagship store” opened in December 2019 was strong in January but decreased from February to March affecting by COVID-19. Sales has come back up from the end the March gradually, overall sales of first quarter increased year on year.

China Business Update

niko and ... shanghai flagship store recovered from COVID-19 quickly

Number of customers in niko and ... shanghai flagship store



Consolidated Balance Sheet

Millions of yen

	End of 2019/05		End of 2020/02		End of 2020/05			
		Ratio		Ratio		Ratio	Compared with the end of 2019/05	Compared with the end of 2020/02
Current assets	50,466	52.3%	53,234	54.4%	46,771	49.9%	-3,695	-6,463
Cash and deposits	17,321	17.9%	26,462	27.0%	14,303	15.3%	-3,018	-12,158
Inventories	17,901	18.5%	15,008	15.3%	20,746	22.1%	+2,844	+5,737
Non-current assets	46,088	47.7%	44,689	45.6%	46,936	50.1%	+848	+2,246
Property, plant and equipment	15,781	16.3%	15,265	15.6%	15,121	16.1%	-660	-144
Goodwill	599	0.6%	478	0.5%	437	0.5%	-162	-40
Investments and other assets	24,182	25.0%	23,146	23.6%	25,387	27.1%	+1,204	+2,241
Total assets	96,555	100.0%	97,924	100.0%	93,707	100.0%	-2,847	-4,216
Liabilities	41,635	43.1%	40,883	41.7%	41,383	44.2%	-252	+499
Interest-bearing debt	2,333	2.4%	0	0.0%	5,000	5.3%	+2,666	+5,000
Net assets	54,919	56.9%	57,041	58.3%	52,324	55.8%	-2,594	-4,716
Treasury shares	-4,426	-4.6%	-4,372	-4.5%	-4,244	-4.5%	+181	+128

- Cash and deposits: Net cash is 5.6 billion yen lower than one year earlier
- Inventories: +15.9% from one year earlier because the temporary close of stores
- Investments and other assets: Mainly because of increase in deferred tax asset
- Net assets: Net asset ratio of 55.8%, down 1.1 pct. point from one year earlier

Number of Stores

	End of FY2020	FY2021/02 1Q				
	Number of stores	Transferred *2	Opened	Changed	Closed	End of the quarter
GLOBAL WORK	210	-	1	-1	0	210
niko and ...	144	-	1	0	0	145
LOWRYS FARM	136	-	0	0	0	136
studio CLIP	183	-	2	0	0	185
LEPSIM	128	-	0	0	0	128
JEANASIS	73	-	0	0	0	73
BAYFLOW	54	-	2	0	0	56
RAGEBLUE	54	-	1	0	-2	53
Others	247	-3	13	1	-3	255
Adastria non-consolidated total	1,229	-3	20	0	-5	1,241
(Online store included)	(54)	(- 2)	(10)	(0)	(- 1)	(61)
Domestic subsidiaries total *1	86	3	6	0	-3	92
(Online store included)	(16)	(2)	(4)	(0)	(0)	(22)
Japan total	1,315	-	26	0	-8	1,333
(Online store included)	(70)	-	(14)	(0)	(- 1)	(83)
Hong Kong	16	-	0	0	0	16
China	1	-	0	0	0	1
Taiwan	37	-	0	0	0	37
Korea	13	-	0	0	-2	11
USA	10	-	0	0	0	10
Overseas total	77	-	0	0	-2	75
(Online store included)	(13)	-	(0)	(0)	(0)	(13)
Consolidated total	1,392	-	26	0	-10	1,408
(Online store included)	(83)	-	(14)	(0)	(- 1)	(96)

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

*2: From March 2010, 3 stores of PAS TIERRA business were transferred from parent company to ELEMENT RULE Co., Ltd.

Impact of COVID-19

	Operating status	First quarter sales and compared year on year												
Parent company (Mar to May)	<ul style="list-style-type: none"> · About 90% of stores reduced operating hours by one or two hours in March · About half of physical stores temporarily closed. · 1,179 physical stores re-opened in the end of May. (All stores re-opened from June 3rd) · EC sales increased year on year <p style="text-align: center;">Same store sales YoY</p> <table border="1"> <caption>Same store sales YoY Data</caption> <thead> <tr> <th>Month</th> <th>All</th> <th>EC</th> </tr> </thead> <tbody> <tr> <td>Mar-20</td> <td>75.8%</td> <td>110.8%</td> </tr> <tr> <td>Apr-20</td> <td>32.2%</td> <td>118.2%</td> </tr> <tr> <td>May-20</td> <td>55.2%</td> <td>148.8%</td> </tr> </tbody> </table>	Month	All	EC	Mar-20	75.8%	110.8%	Apr-20	32.2%	118.2%	May-20	55.2%	148.8%	<p>-21.8 billion yen</p> <p>-43.5%</p>
Month	All	EC												
Mar-20	75.8%	110.8%												
Apr-20	32.2%	118.2%												
May-20	55.2%	148.8%												
Domestic subsidiaries (Feb to Apr)	<p>【ELEMENT RULE】 Same with the parent company</p> <p>【BUZZWIT】 Online-only business remains strong</p> <p>【ADASTRIA eat Creations】 temporarily closed (Re-opened from June)</p>	<p>-0.6 billion yen</p> <p>-16.5%</p>												
Overseas subsidiaries (Jan to Mar)	<p>【HK · China · Taiwan】 All stores reduced hours (back to normal from April)</p> <p>【Korea】 All stores reduced hours (back to normal from May)</p> <p>【USA】 All stores temporarily closed from mid March</p>	<p>-0.5 billion yen</p> <p>-18.3%</p>												
		<p>Total -23.0 billion yen</p> <p>-40.9%</p>												

Impact of COVID-19

	Impact of covid-19 in first quart and countermeasures	Current countermeasures
Supply-chain	<ul style="list-style-type: none"> Spring merchandise was delayed by about two weeks but most factories have restarted operations from end of March. Regular schedule for summer and subsequent merchandise 	<ul style="list-style-type: none"> Decentralize production locations, moving some from China to ASEAN Localize production management
Inventory	<ul style="list-style-type: none"> Did not cancel normal orders to protect suppliers Conducted measures to reduce spring inventories and reduced summer merchandizes orders. Inventory level is expected to be normal in the end of second quarter Added labors and space of EC distribution center 	<ul style="list-style-type: none"> Control fall winter merchandizes orders Operate supply of merchandise with proper timing, pricing and volumes
Expense	<ul style="list-style-type: none"> Negotiated rent exemption for the time of store closed Decreased business travels and company events expense Approximately 4 billion SG&A expense decrease 	<ul style="list-style-type: none"> Revise budget to cut not-urgent expense
Finance	<ul style="list-style-type: none"> Push back store open/close/renovated plan 	<ul style="list-style-type: none"> Revise investing plan to prioritize digital area
Others	<ul style="list-style-type: none"> Subsidized store workers during the closing time Conduct work from home for headquarters employees 	

FY2021/02 Consolidated Forecast

- There is no forecast because the many uncertainties about the outlook, including the inability to determine when consumer sentiment will rebound and the change of buying behaviors, make it impossible to determine a reliable forecast at this time. A forecast will be disclosed promptly when a reliable forecasts are feasible.

A D A S T R I A
— *Play fashion!*