

Summary of Consolidated Financial Results
for the First Quarter of the Fiscal Year Ending February 28, 2025
(Three Months Ended May 31, 2024)

[Japanese GAAP]

June 28, 2024

Company name: Adastria Co., Ltd.

Stock code: 2685

Representative: Osamu Kimura, Representative Director and President

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Listing: Tokyo Stock Exchange

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Scheduled date of filing of Quarterly Report: July 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 June 28, 2024 at 15:00 (GMT +9).

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

1. Consolidated Financial Results for the First Quarter of the Fiscal Year Ending February 28, 2025
(March 1, 2024 – May 31, 2024)

(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	%
Three months ended May 31, 2024	74,001	8.1	6,014	(4.2)	6,288	(1.0)	4,405	(1.3)
Three months ended May 31, 2023	68,478	18.1	6,278	37.2	6,349	28.9	4,464	34.7

Note: Comprehensive income Three months ended May 31, 2024: 4,770 million yen (down 0.6%)

Three months ended May 31, 2023: 4,799 million yen (up 20.3%)

	Net income per share	Diluted net income per share
	Yen	Yen
Three months ended May 31, 2024	97.27	-
Three months ended May 31, 2023	98.41	-

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of May 31, 2024	131,174	74,253	55.6
As of Feb. 29, 2024	127,915	71,581	54.8

Reference: Shareholders' equity As of May 31, 2024: 72,893 million yen As of Feb. 29, 2024: 70,143 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. 29, 2024	-	35.00	-	50.00	85.00
Fiscal year ending Feb. 28, 2025	-	-	-	-	-
Fiscal year ending Feb. 28, 2025 (forecast)	-	35.00	-	55.00	90.00

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

3. Consolidated Forecast for the Fiscal Year Ending February 28, 2025 (March 1, 2024 – February 28, 2025)

(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	290,000	5.2	19,000	5.5	19,000	3.3	12,700	(6.0)	280.48

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): Yes

Newly added: 1 (ADASTRIA PHILIPPINES INC.) 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: None

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

3) Changes in accounting-based estimates: None

4) Restatements: None

(4) Number of outstanding shares (common stock)

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

As of May 31, 2024:	48,800,000 shares	As of Feb. 29, 2024:	48,800,000 shares
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2) Number of treasury shares at the end of the period

As of May 31, 2024:	3,478,202 shares	As of Feb. 29, 2024:	3,520,769 shares
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3) Average number of shares outstanding during the period

Three months ended May 31, 2024:	45,286,292 shares	Three months ended May 31, 2023:	45,363,497 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 3 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 three months of FY2/24 (Mar. 1, 2023 – May 31, 2023)	First three months of FY2/25 (Mar. 1, 2024 – May 31, 2024)	YoY change (Amount)	YoY change (%)
Net sales	68,478	74,001	5,523	8.1
Operating profit	6,278	6,014	(263)	(4.2)
Ordinary profit	6,349	6,288	(60)	(1.0)
Net income attributable to owners of the parent	4,464	4,405	(59)	(1.3)

During the first quarter (March 1 - May 31, 2024) of the current fiscal year, there was a slow recovery of the Japanese economy supported by improvements in corporate earnings and employment. In addition, the demand created by foreign tourists and wage increases that have continued since last year raised domestic demand. As a result, consumer spending in the fashion sector was strong. Despite these favorable trends, the outlook for the Japanese economy remains uncertain due to the continuing trend of yen depreciation, the labor shortage, conflicts in Ukraine and the Middle East, the high cost of resources and energy, 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	Use successful brand 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 8.1% year-on-year to 74,001 million yen, operating profit decreased 4.2% to 6,014 million yen, ordinary profit decreased 1.0% to 6,288 million yen, and net income attributable to owners of the parent decreased 1.3% to 4,405 million yen.

In the Apparel and Sundry Goods-related business, sales in Japan were briefly held down by cool weather in March but then benefited from favorable weather. There were strong sales of apparel for outings and of casual apparel. Merchandise that accurately targeted fashion trends, products that became very popular, TV commercials and the loyalty point program further contributed to sales. As a result, first quarter sales were 7.1% higher than one year earlier.

Progress continued with our digital strategy. There are promotions that link the Adastria “Dot ST” e-commerce website and physical stores, merchandise using collaborations with popular artists and characters, and other activities to attract customers. Due to these measures, the number of members of our loyalty point program / our own e-commerce increased by about 700,000 during the first quarter to 18.2 million.

Sales increased 40.6% in Taiwan and 39.9% in Hong Kong as the multi-brand strategy generated strong physical store and e-commerce sales. In Mainland China, sales increased 7.5% because of higher e-commerce sales even as the real estate sector downturn continued and consumer spending was lackluster. In the United States, sales decreased 5.4% because of slow sales in the wholesale sector. In Thailand, where business operations started in the second quarter of the previous fiscal year, first quarter sales increased. Overall, sales outside Japan, converted into yen, were 18.6% higher than one year earlier.

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 11.2% as demands involving restaurants increase, new locations were opened, and sales increased

outside Japan.

Despite the negative effects of the yen's depreciation, we worked to improve the gross profit margin by controlling inventories and reducing discounts by supplying merchandise at the right times, prices and volumes, adding more value to merchandise and continuing to revise prices, but there was a downward pressure on profitability from the rising share of sales from wholesale and other B-to-B operations. As a result, the gross profit margin of the Apparel and Sundry Goods-related business decreased from one year earlier. In the Other segment (the food and beverage business), the gross profit margin improved slightly mainly because of price revisions prices and cost controls. However, the consolidated gross profit margin decreased 0.9 percentage points from one year earlier to 56.2%.

Selling, general and administrative expenses increased mainly because of higher employee remuneration and increases in personnel expenses, store leasing expenses, cargo transport expenses and other items along with sales growth. The SG&A to sales ratio increased 0.2 percentage points from one year earlier to 48.1%.

As a result, the operating margin fell 1.1 percentage point to 8.1% and operating profit decreased 4.2%.

Non-operating income includes foreign exchange gains of 216 million yen and there was an extraordinary loss of 39 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 increased 7.9% year-on-year to 71,035 million yen and segment profit increased 1.5% to 6,672 million yen.

We opened 48 stores (including 9 overseas) and closed 8 stores (including 4 overseas), resulting in a total of 1,532 stores (including 127 overseas) at the end of the first quarter of the fiscal year.

2) Other (Food and Beverage Business)

Sales increased 11.4% to 2,985 million yen and segment loss was 384 million yen (compared with a loss of 227 million yen in the same period of the previous fiscal year).

The number of stores at the end of the first quarter was 74, a result of opening of 4 stores and closing of 1 store.

(2) Explanation of Financial Position

Total assets increased 3,258 million yen from as of February 29, 2024 to 131,174 million yen as of May 31, 2024. This was mainly due to increases of 4,313 million yen in notes and accounts receivable-trade, 716 million yen in store interior equipment, net and 472 million yen in other, net under property, plant and equipment, while there was a decrease of 3,215 million yen in cash and deposits.

Liabilities increased 586 million yen to 56,921 million yen. There were increases of 1,280 million yen in electronically recorded obligations-operating and 950 million yen in accounts payable-other, while there were decreases of 1,015 million yen in notes and accounts payable-trade and 973 million yen in provision for bonuses.

Net assets increased 2,672 million yen to 74,253 million yen. This was mainly due to increases of 2,122 million yen in retained earnings, 242 million yen in deferred gain or losses on hedges and 236 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 April 4, 2024.

2. Quarterly Consolidated Financial Statements and Notes

(1) Quarterly Consolidated Balance Sheet

(Million yen)

	FY2/24 (As of Feb. 29, 2024)	First quarter of FY2/25 (As of May 31, 2024)
Assets		
Current assets		
Cash and deposits	23,371	20,156
Notes and accounts receivable-trade	15,815	20,129
Inventories	26,839	26,956
Other	2,788	2,841
Allowance for doubtful accounts	(83)	(122)
Total current assets	68,731	69,960
Non-current assets		
Property, plant and equipment		
Store interior equipment, net	6,778	7,495
Other, net	17,122	17,595
Total property, plant and equipment	23,901	25,091
Intangible assets		
Goodwill	1,109	1,054
Other	11,266	11,535
Total intangible assets	12,376	12,590
Investments and other assets		
Investment securities	768	784
Leasehold and guarantee deposits	13,719	13,948
Other	8,733	9,126
Allowance for doubtful accounts	(314)	(326)
Total investments and other assets	22,906	23,532
Total non-current assets	59,184	61,214
Total assets	127,915	131,174
Liabilities		
Current liabilities		
Notes and accounts payable-trade	14,013	12,997
Electronically recorded obligations-operating	8,651	9,932
Short-term borrowings	-	200
Current portion of long-term borrowings	401	421
Accounts payable-other	14,144	15,094
Income taxes payable	3,667	2,982
Provision for bonuses	2,460	1,486
Provision for point card certificates	175	71
Other provisions	477	526
Other	4,500	5,118
Total current liabilities	48,491	48,832
Non-current liabilities		
Long-term borrowings	504	594
Provisions	172	289
Other	7,166	7,204
Total non-current liabilities	7,842	8,088
Total liabilities	56,334	56,921

(Million yen)

	FY2/24 (As of Feb. 29, 2024)	First quarter of FY2/25 (As of May 31, 2024)
Net assets		
Shareholders' equity		
Share capital	2,660	2,660
Capital surplus	7,213	7,213
Retained earnings	66,286	68,408
Treasury shares	(7,516)	(7,384)
Total shareholders' equity	68,642	70,897
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	34	51
Deferred gains or losses on hedges	234	476
Foreign currency translation adjustment	1,231	1,467
Total accumulated other comprehensive income	1,500	1,995
Non-controlling interests	1,437	1,360
Total net assets	71,581	74,253
Total liabilities and net assets	127,915	131,174

(2) Quarterly Consolidated Statements of Income and Comprehensive Income

Quarterly Consolidated Statement of Income

(For the Three-month Period)

(Million yen)

	First three months of FY2/24 (Mar. 1, 2023 – May 31, 2023)	First three months of FY2/25 (Mar. 1, 2024 – May 31, 2024)
Net sales	68,478	74,001
Cost of sales	29,383	32,395
Gross profit	39,094	41,605
Selling, general and administrative expenses	32,816	35,591
Operating profit	6,278	6,014
Non-operating income		
Foreign exchange gains	61	216
Other	88	125
Total non-operating income	149	341
Non-operating expenses		
Interest expenses	55	57
Other	21	9
Total non-operating expenses	77	66
Ordinary profit	6,349	6,288
Extraordinary losses		
Impairment loss	35	39
Total extraordinary losses	35	39
Net income before income taxes	6,314	6,249
Income taxes-current	2,465	2,417
Income taxes-deferred	(569)	(443)
Total income taxes	1,896	1,973
Net income	4,418	4,275
Net loss attributable to non-controlling interests	(46)	(130)
Net income attributable to owners of the parent	4,464	4,405

Quarterly Consolidated Statement of Comprehensive Income

(For the Three-month Period)

(Million yen)

	First three months of FY2/24 (Mar. 1, 2023 – May 31, 2023)	First three months of FY2/25 (Mar. 1, 2024 – May 31, 2024)
Net income	4,418	4,275
Other comprehensive income		
Valuation difference on available-for-sale securities	12	16
Deferred gains or losses on hedges	354	242
Foreign currency translation adjustment	14	236
Total other comprehensive income	381	495
Comprehensive income	4,799	4,770
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	4,840	4,847
Comprehensive income attributable to non-controlling interests	(41)	(77)

(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 first quarter of the current fiscal year, the newly established Adastria Philippines Inc. was included in the scope of consolidation.

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 three months of FY2/24 (Mar. 1, 2023 – May 31, 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	65,812	2,666	68,478	-	68,478
Inter-segment sales and transfers	0	13	14	(14)	-
Total	65,812	2,680	68,493	(14)	68,478
Segment profit (loss)	6,576	(227)	6,349	-	6,349

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 (loss) is an adjustment to unrealized profit related to inter-segment transactions.

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

4. The segment profit (loss) 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 three months of FY2/25 (Mar. 1, 2024 – May 31, 2024)

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	71,035	2,965	74,001	-	74,001
Inter-segment sales and transfers	0	19	19	(19)	-
Total	71,035	2,985	74,021	(19)	74,001
Segment profit (loss)	6,672	(384)	6,288	-	6,288

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 (loss) is an adjustment to unrealized profit related to inter-segment transactions.

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

4. The segment profit (loss) 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.

Subsequent Events

Share exchange to make zetton a wholly owned subsidiary

The Board of Directors of Adastria and zetton, inc. (collectively, the “Companies”) approved a resolution on March 21, 2024 to conduct a share exchange (“Share Exchange”) to make Adastria the wholly owning parent company and zetton a wholly owned subsidiary of Adastria. The Companies concluded a share exchange agreement on the same day.

As a result of the Share Exchange, Adastria became the wholly owning parent company of zetton as of the effective date of the Share Exchange (June 1, 2024). Shares of zetton were delisted from the Next Market operated by the Nagoya Stock Exchange, Inc. on May 30, 2024 (last trading date to be May 29, 2024).

The Share Exchange took place on June 1, 2024, and zetton became a wholly owned subsidiary of Adastria.

1. Outline of the Share Exchange

(1) Name and business of wholly owned subsidiary involved in the share exchange

Name: zetton, inc.

Business activities: Restaurant management, development, and consulting

(2) Purpose of the Share Exchange

zetton concluded that becoming a wholly owned subsidiary of Adastria will enable zetton to work more closely with Adastria and provide zetton with opportunities to expand its business while accelerating further the implementation of policies under the capital and business alliance agreement. Utilizing the product development, marketing expertise, human resources, financial strength, domestic and overseas networks, and other management resources of the Adastria Group, the Share Exchange will enable the Companies to achieve their management strategies from a medium- to long-term perspective in a flexible and timely manner, and enhance the corporate value of zetton.

(3) Effective date of Share Exchange

June 1, 2024

(4) Method of Share Exchange

The Share Exchange was conducted with Adastria as the wholly owning parent company and zetton as the wholly owned subsidiary. The effective date of the Share Exchange was June 1, 2024, after obtaining approval at the zetton Ordinary General Meeting of Shareholders held on April 25, 2024, and without obtaining approval at the Adastria general meeting of shareholders, pursuant to the simplified share exchange procedure under Article 796-2 of the Companies Act.

2. Outline of accounting procedures

Adastria expects the Share Exchange to meet the requirements of a common control transaction, etc., under the “Accounting Standard for Business Combinations” and “Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures.”

3. Share exchange ratio, calculation method and number of shares delivered

(1) Share exchange ratio

For each share of zetton stock, 0.36 shares of Adastria stock were allotted.

(2) Calculation of the share exchange ratio

The Companies requested third-party appraisers independent of both companies to calculate the share exchange ratio to be used in the Share Exchange. After careful discussions and deliberations based on the results of calculation, the Companies determined that it is appropriate to conduct the Share Exchange using the share exchange ratio, as the Share Exchange is appropriate and in the best interest of all shareholders of the Companies.

(3) Number of shares delivered

1,137,723 shares

Business combination through acquisition

On April 17, 2024, the Adastria Board of Directors approved a resolution for the absorption of TODAY'S SPECIAL Co., Ltd., which is a wholly owned subsidiary of WELCOME Co., Ltd., for purpose of acquiring the TODAY'S SPECIAL and GEORGE'S businesses of WELCOME.

Following the divestiture of these businesses by WELCOME, Adastria will purchase all of the stock of TODAY'S SPECIAL, which is the company that will continue to operate these two businesses.

1. Summary of business combination

(1) Acquired company and business activities

Acquired company: TODAY'S SPECIAL Co., Ltd.
 Business activities: Lifestyle business centered on retail business

(2) Reasons for acquisition

Guided by the mission of Play fashion!, Adastria is dedicated to using fashion to enrich lives and make people happy. To accomplish this goal, the company is constantly enlarging operations to cover more merchandise categories. One aspect of process is the growth of sales of lifestyle brands, primarily niko and... and studio CLIP. During the past several years, lifestyle brands have increased to account for about one-fourth of total sales. The addition of these two brands will further enlarge the lineup of merchandise in the miscellaneous product sector, which is expected to contribute to more growth.

Since its founding, WELCOME has operated a high-quality lifestyle business and created many distinctive brands. TODAY'S SPECIAL and GEORGE'S have been core brands of the company since its establishment and still have considerable growth potential. The agreement for Adastria to acquire these two brands is based on the belief that the use of Adastria's infrastructure and merchandise development expertise will further increase the potential for growth.

Adastria and WELCOME both have a commitment to help create even better communities through lifestyle businesses such as fashion, designs, food and other items. Under the new management structure, TODAY'S SPECIAL and GEORGE'S will join the more than 30 other brands of the Adastria Group to advance to the next phase of their progress and aim for even more sales growth.

(3) Acquisition date

July 1, 2024 (tentative)

(4) Legal form of acquisition

Acquisition of shares with cash

(5) Company name after acquisition

TODAY'S SPECIAL's name will not change.

(6) Percentage of voting rights acquired

100.0%

(7) Basis for choosing the company to acquire

Adastria will acquire the shares in exchange for consideration in cash.

2. Acquisition cost of acquired companies and breakdown by type of consideration

Payment for the acquisition:	Cash payment	4,500 million yen
Acquisition cost:		4,500 million yen

3. Goodwill resulting from the acquisition

Not yet determined.

4. Summary of assets acquired and liabilities assumed on the date of business combination

Not yet determined.

3. Supplementary Information

(1) Sales for Brands and Regions

Brand / region		First three months of FY2/25		YoY change (%)
		Sales (million yen)	Composition (%)	
	GLOBAL WORK	14,574	19.7	5.4
	niko and ...	8,593	11.6	5.6
	LOWRYS FARM	6,148	8.3	6.4
	studio CLIP	5,625	7.6	3.7
	LEPSIM	3,823	5.2	6.8
	LAKOLE	3,185	4.3	19.1
	JEANASiS	2,942	4.0	(1.6)
	BAYFLOW	2,834	3.8	6.2
	Others	11,062	14.9	17.1
	Total (Adastria)	58,791	79.4	7.8
	BUZZWIT Co., Ltd.	3,036	4.1	(5.5)
	ELEMENT RULE Co., Ltd.	3,190	4.3	10.5
	Other consolidated subsidiaries	116	0.2	(43.5)
	Total (Japan)	65,135	88.0	7.1
	Hong Kong	1,151	1.6	39.9
	Mainland China	938	1.3	7.5
	Taiwan	1,926	2.6	40.6
	Thailand	78	0.1	-
	USA	1,805	2.4	(5.4)
	Total (Overseas)	5,900	8.0	18.6
	Total (Apparel and Sundry Goods-related Business)	71,035	96.0	7.9
	zetton, inc. (Note 3)	2,965	4.0	17.1
	Total (Food and Beverage Business) (Note 4)	2,965	4.0	11.2
	Total (Group)	74,001	100.0	8.1

- 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 zetton, inc. include sales of its consolidated subsidiary ZETTON, INC. (USA Business).
4. The YoY change for sales of Other (Food and Beverage Business) includes sales in the previous fiscal year of ADASTRIA eat Creations Co., Ltd., which was liquidated on February 2, 2024.

(2) Sales for Merchandise Categories

Category	First three months of FY2/25		YoY change (%)
	Sales (million yen)	Composition (%)	
Men's apparel (bottoms, tops)	11,929	16.1	17.3
Lady's apparel (bottoms, tops)	45,847	62.0	6.1
Others	16,224	21.9	7.4
Total	74,001	100.0	8.1

- 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 May 31, 2024
	As of Feb. 29, 2024	First three months of FY2/25					Increase /decrease	
		Merged (Note 3)	Opened	Changed	Closed			
GLOBAL WORK	214	-	2	-	-	-	2	216
niko and ...	141	-	1	-	-	-	1	142
LOWRYS FARM	126	-	-	-	-	-	-	126
studio CLIP	179	-	7	-	-	-	7	186
LEPSIM	115	-	1	-	-	-	1	116
LAKOLE	78	-	7	-	-	-	7	85
JEANASiS	68	-	1	-	-	-	1	69
BAYFLOW	62	-	2	-	-	-	2	64
Others	259	6	14	-	(1)	-	19	278
Total (Adastria)	1,242	6	35	-	(1)	-	40	1,282
BUZZWIT Co., Ltd.	31	-	1	-	(2)	-	(1)	30
ELEMENT RULE Co., Ltd.	83	-	3	-	(1)	-	2	85
Other consolidated subsidiaries	14	(6)	-	-	-	-	(6)	8
Total (Japan)	1,370	-	39	-	(4)	-	35	1,405
Hong Kong	23	-	5	-	-	-	5	28
Mainland China	15	-	1	-	(2)	-	(1)	14
Taiwan	72	-	2	-	(1)	-	1	73
Thailand	2	-	-	-	-	-	-	2
USA	10	-	1	-	(1)	-	-	10
Total (Overseas)	122	-	9	-	(4)	-	5	127
Total (Apparel and Sundry Goods-related Business)	1,492	-	48	-	(8)	-	40	1,532
zetton, inc. (Note 4)	71	-	4	-	(1)	-	3	74
Total (Food and Beverage Business)	71	-	4	-	(1)	-	3	74
Total (Group)	1,563	-	52	-	(9)	-	43	1,606

- 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. On March 1, 2024, an absorption-type merger was conducted between Adastria, which is the surviving company, and Gate Win Co., Ltd., which was dissolved. Changes due to this merger are shown in this table.
4. The number of stores of zetton, inc. includes the 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.