

Summary of Consolidated Financial Results
for the First Quarter of the Fiscal Year Ending February 29, 2016
(Three Months Ended May 31, 2015)

[Japanese GAAP]

June 30, 2015

Company name: Adastria Co., Ltd.

Listing: TSE 1st section

Stock code: 2685

URL: <http://www.adastria.co.jp>

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Scheduled date of payment of dividend: -

Preparation of supplementary materials for quarterly financial results: Yes

Holding of quarterly financial results meeting: None

Note: The original disclosure in Japanese was released on June 30, 2015 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 29, 2016
(March 1, 2015 – May 31, 2015)

(1) Consolidated results of operations (cumulative)

(Percentages represent year-on-year changes)

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Three months ended May 31, 2015	47,394	8.7	4,759	231.6	4,928	233.4	2,337	811.5
Three months ended May 31, 2014	43,591	41.5	1,435	(52.5)	1,478	(53.4)	256	(86.0)

Note: Comprehensive income
 Three months ended May 31, 2015: 4,021 million yen (up 577.9%)
 Three months ended May 31, 2014: 593 million yen (down 75.2%)

	Net income per share	Diluted net income per share
	Yen	Yen
Three months ended May 31, 2015	96.26	-
Three months ended May 31, 2014	10.56	10.56

Reference: EBITDA
 Three months ended May 31, 2015: 6,778 million yen (up 89.0%)
 Three months ended May 31, 2014: 3,585 million yen

EPS before goodwill amortization
 Three months ended May 31, 2015: 119.46 yen (up 238.8%)
 Three months ended May 31, 2014: 35.26 yen

(*) For more details regarding definition, computational method and other matters of these indices, please refer to the section "Explanation of Results of Operations" on page 2.

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of May 31, 2015	85,405	49,161	57.6
As of Feb. 28, 2015	83,742	46,233	55.2

Reference: Shareholders' equity
 As of May 31, 2015: 49,161 million yen
 As of Feb. 28, 2015: 46,233 million yen

2. Dividends

	Dividend per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended Feb. 28, 2015	-	30.00	-	45.00	75.00
Fiscal year ending Feb. 29, 2016	-	-	-	-	-
Fiscal year ending Feb. 29, 2016 (forecast)	-	30.00	-	45.00	75.00

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

3. Consolidated Forecast for the Fiscal Year Ending February 29, 2016 (March 1, 2015 – February 29, 2016)

(Percentages represent year-on-year changes)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
First half	92,400	4.9	4,000	96.2	4,300	97.8	1,200	996.7	49.42
Full year	189,800	2.8	7,000	17.0	7,000	8.5	2,400	376.4	98.84

Note: Revision to the most recently announced consolidated forecast: Yes

Reference: EBITDA
 Fiscal year ending Feb. 29, 2016 (forecast): 16,300 million yen (up 3.6%)

EPS before goodwill amortization
 Fiscal year ending Feb. 29, 2016 (forecast): 189.44 yen (up 33.7%)

* Notes

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

Note: For more details regarding changes in subsidiaries that do not subject to specified subsidiaries, please refer to “2. Matters Related to Summary Information (Notes), (1) Changes in Significant Subsidiaries during the Period” on page 3.

(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, 2015: 24,400,000 shares As of Feb. 28, 2015: 24,400,000 shares

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

As of May 31, 2015: 118,368 shares As of Feb. 28, 2015: 117,988 shares

3) Average number of shares outstanding during the period (cumulative)

Three months ended May 31, 2015: 24,281,812 shares Three months ended May 31, 2014: 24,282,187 shares

Note 1: Indication of quarterly review procedure implementation status

The current quarterly financial statements are exempted from quarterly review procedures based on the Financial Instruments and Exchange Act. At the time of disclosure, the review procedures for these quarterly financial statements have not been completed.

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 “Explanation of Consolidated Forecast and Other Forward-looking Statements” on page 3 regarding preconditions or other related matters for the forecast shown above.

Reference: Summary of Non-consolidated Forecast

Non-consolidated Forecast for the Fiscal Year Ending February 29, 2016 (March 1, 2015 – February 29, 2016)

(Percentages represent year-on-year changes)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
First half	86,300	-	4,200	-	4,500	-	4,000	-	164.73
Full year	177,800	-	7,700	-	7,900	-	6,000	-	247.10

Note: Revision to the most recently announced non-consolidated forecast: Yes

The Company is no longer a holding company following the absorption-type merger between consolidated subsidiaries on March 1, 2015.

Therefore no comparisons with the previous fiscal year are shown.

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1. Qualitative Information on Quarterly Consolidated Financial Performance

(1) Explanation of Results of Operations

In the first quarter of the current fiscal year (March 1, 2015 to May 31, 2015), the Japanese economy, partly backed by the government's economic stimulus and monetary measures, sustained its slow recovery. Corporate earnings, along with jobs and personal income, improved and signs of a rebound in consumer spending were seen.

Sales in the casual wear market, where Adastria Co., Ltd. (hereafter "the Company") operates its main brands, were generally strong because of favorable weather along with the recovery in consumer sentiment.

First quarter sales were 8.7% higher than one year earlier because of strong sales of spring and summer apparel, benefiting from record-setting hot weather as well as our efforts to improve quality and upgrade sales activities. Among our core brands, *GLOBAL WORK* and *JEANASIS* posted strong sales.

Regarding the store network, we opened 40 stores (including 9 overseas), and closed 21 (including 13 overseas), resulting in a total network of 1,375 stores (including 102 overseas) at the end of the first quarter of the current fiscal year.

As for earnings, the gross profit margin improved by 1.2 percentage point from one year earlier to 60.7%. The impact of the depreciation of the Japanese yen was mitigated by strong sales.

Selling, general and administrative (SG&A) expenses, including expenses for TV commercials and other advertising activities, were largely as planned. The SG&A-to-sales ratio decreased 5.5 percentage points from one year earlier to 50.7% and the operating margin increased 6.7 percentage points to 10.0% accordingly.

134 million yen for impairment losses on store assets was posted as an extraordinary loss.

As a result, consolidated net sales in the first quarter of the current fiscal year increased 8.7% year-on-year to 47,394 million yen, operating income increased 231.6% to 4,759 million yen, ordinary income increased 233.4% to 4,928 million yen, and net income increased 811.5% to 2,337 million yen.

Earnings before interest, taxes, depreciation and amortization (EBITDA) increased 89.0% to 6,778 million yen and earnings per share (EPS), before goodwill amortization, rose 238.8% to 119.46 yen. (*)

An absorption-type merger was conducted on March 1, 2015 between the Company (then Adastria Holdings Co., Ltd.) as the surviving company, and its subsidiaries POINT INC. and TRINITY ARTS INC as the absorbed companies. The Company changed its name to Adastria Co., Ltd. effective June 1, 2015.

The original plan was for the holding-company structure to achieve integrated strengths as a corporate group while respecting the corporate culture of each group company. However, we reached the conclusion that we need to respond quickly and accurately to the dynamic changes taking place in our business climate, such as Japan's falling and aging population, shifts in consumption patterns, and rapid progress involving information technology. Consequently, we decided to merge the Company with these two subsidiaries to aim for more efficient operations and faster decision making. Our goal is further growth in corporate value by strengthening corporate governance and taking full advantage of the benefits of our new organizational structure.

(*) Amortization of goodwill that mainly resulted from the consolidation of TRINITY ARTS INC. (subsequently absorbed by the Company) causes large declines in operating income and all subsequent categories of profits from the fiscal year ended on February 28, 2014. Since goodwill amortization is not a cash expense, this amortization created a large gap between changes in cash flows and changes at all levels of profits starting with operating income. Furthermore, comparisons with foreign companies are difficult because of differences in accounting standards of individual countries for recording goodwill amortization. As a result, we are newly announcing EBITDA and EPS before goodwill amortization as reference financial indicators.

EBITDA

Operating income + Depreciation + Amortization of goodwill (SG&A expenses)

EPS before goodwill amortization

(Net income + Amortization of goodwill (SG&A expenses, and extraordinary loss)

+ Impairment losses (goodwill)) / Average number of shares outstanding during the period

(2) Explanation of Financial Position

Total assets increased 1,663 million yen from as of February 28, 2015 to 85,405 million yen as of May 31, 2015. This was mainly due to increases in notes and accounts receivable-trade of 4,280 million yen and investment securities of 2,295 million yen, while there were decreases in cash and deposits of 1,150 million yen, goodwill of 563 million yen and other under investments and other assets (deferred tax assets, etc.) of 2,563 million yen.

Liabilities decreased 1,264 million yen to 36,244 million yen. This was mainly due to decrease in electronically recorded obligations – operating of 1,880 million yen, other under non-current liabilities (deferred tax liabilities, etc.) of 1,772 million yen, and income taxes payable of 1,286 million yen, while there was an increase in short-term loans payable of 3,884 million yen.

Net assets increased 2,927 million yen to 49,161 million yen.

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

The Company has reviewed the current performance trends, and has revised consolidated and non-consolidated forecasts for the first half of the fiscal year ending February 29, 2016 that were announced on April 6, 2015. For details, please refer to the announcement regarding revision of consolidated forecast (Japanese version only) announced on June 30, 2015.

2. Matters Related to Summary Information (Notes)

(1) Changes in Significant Subsidiaries during the Period

Not applicable.

Although this is not a change in a specified subsidiary, the Company's consolidated subsidiaries POINT INC. and TRINITY ARTS INC. were dissolved and excluded from the scope of consolidation as an absorption-type merger was conducted on March 1, 2015 between the Company, which is the surviving company, and POINT INC. and TRINITY ARTS INC.

(2) Application of Special Accounting Methods for Presenting Quarterly Consolidated Financial Statements

Not applicable.

(3) Changes in Accounting Policies and Accounting-based Estimates, and Restatements

Not applicable.

3. Quarterly Consolidated Financial Statements**(1) Quarterly Consolidated Balance Sheet**

(Million yen)

	FY2/15 (As of Feb. 28, 2015)	First quarter of FY2/16 (As of May 31, 2015)
Assets		
Current assets		
Cash and deposits	7,677	6,526
Notes and accounts receivable-trade	7,593	11,873
Inventories	14,488	15,019
Other	4,777	3,727
Allowance for doubtful accounts	(48)	(133)
Total current assets	34,488	37,013
Non-current assets		
Property, plant and equipment		
Store interior equipment, net	8,420	8,274
Other, net	4,487	4,514
Total property, plant and equipment	12,908	12,789
Intangible assets		
Goodwill	7,921	7,357
Other	1,372	1,445
Total intangible assets	9,293	8,803
Investments and other assets		
Investment securities	7,604	9,900
Lease and guarantee deposits	16,924	16,954
Other	2,754	191
Allowance for doubtful accounts	(232)	(247)
Total investments and other assets	27,051	26,799
Total non-current assets	49,253	48,391
Total assets	83,742	85,405
Liabilities		
Current liabilities		
Notes and accounts payable-trade	6,246	6,711
Electronically recorded obligations - operating	8,855	6,974
Short-term loans payable	3,753	7,637
Accounts payable-other	9,687	10,263
Income taxes payable	3,293	2,007
Provision for bonuses	2,036	1,050
Other provision	358	273
Other	1,008	831
Total current liabilities	35,240	35,749
Non-current liabilities		
Provision	95	94
Other	2,173	400
Total non-current liabilities	2,268	495
Total liabilities	37,508	36,244

(Million yen)

	FY2/15 (As of Feb. 28, 2015)	First quarter of FY2/16 (As of May 31, 2015)
Net assets		
Shareholders' equity		
Capital stock	2,660	2,660
Capital surplus	6,987	6,987
Retained earnings	32,651	33,895
Treasury shares	(406)	(408)
Total shareholders' equity	41,892	43,135
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,631	5,358
Deferred gains or losses on hedges	357	385
Foreign currency translation adjustment	352	281
Total accumulated other comprehensive income	4,341	6,025
Total net assets	46,233	49,161
Total liabilities and net assets	83,742	85,405

(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 FY2/15 (Mar. 1, 2014 – May 31, 2014)	First three months of FY2/16 (Mar. 1, 2015 – May 31, 2015)
Net sales	43,591	47,394
Cost of sales	17,637	18,607
Gross profit	25,954	28,787
Selling, general and administrative expenses	24,519	24,027
Operating income	1,435	4,759
Non-operating income		
Dividend income	33	44
Foreign exchange gains	-	57
Other	63	162
Total non-operating income	96	264
Non-operating expenses		
Interest expenses	13	15
Loss on valuation of derivatives	32	67
Other	7	11
Total non-operating expenses	53	95
Ordinary income	1,478	4,928
Extraordinary income		
Gain on sales of investment securities	9	-
Total extraordinary income	9	-
Extraordinary losses		
Impairment loss	180	134
Total extraordinary losses	180	134
Income before income taxes and minority interests	1,306	4,794
Income taxes-current	1,572	1,879
Income taxes-deferred	(522)	577
Total income taxes	1,050	2,456
Income before minority interests	256	2,337
Net income	256	2,337

Quarterly Consolidated Statement of Comprehensive Income

(For the Three-month Period)

(Million yen)

	First three months of FY2/15 (Mar. 1, 2014 – May 31, 2014)	First three months of FY2/16 (Mar. 1, 2015 – May 31, 2015)
Income before minority interests	256	2,337
Other comprehensive income		
Valuation difference on available-for-sale securities	496	1,726
Deferred gains or losses on hedges	(77)	28
Foreign currency translation adjustment	(82)	(71)
Total other comprehensive income	336	1,683
Comprehensive income	593	4,021
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	593	4,021
Comprehensive income attributable to minority interests	-	-

(3) Notes to Quarterly Consolidated Financial Statements

Going Concern Assumption

Not applicable.

Significant Changes in Shareholders' Equity

Not applicable.

4. Supplementary Information

(1) Number of Stores

Store format / region	Number of stores					
	As of Feb. 28, 2015 (Note 3)	First three months of FY2/16				As of May 31, 2015
		Opened	Rebranded	Closed	Increase /decrease	
GLOBAL WORK	178	3	-	-	3	181
LOWRYS FARM	158	2	10	(2)	10	168
niko and...	116	3	-	-	3	119
STUDIO CLIP	162	4	-	-	4	166
LEPSIM LOWRYS FARM	125	4	-	(1)	3	128
JEANASIS	84	1	5	(1)	5	89
RAGEBLUE	64	2	7	(1)	8	72
HEATHER	75	1	-	-	1	76
Others	285	11	(22)	(3)	(14)	271
Total (Adastria)	1,247	31	-	(8)	23	1,270
Others	3	-	-	-	-	3
Total (Japan)	1,250	31	-	(8)	23	1,273
Hong Kong	24	-	1	-	1	25
China	34	3	-	(4)	(1)	33
Taiwan	26	1	-	-	1	27
South Korea	12	5	-	-	5	17
Singapore	10	0	(1)	(9)	(10)	-
Total (Overseas)	106	9	-	(13)	(4)	102
Total (Group)	1,356	40	-	(21)	19	1,375

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 the Company.
3. On March 1, 2015, an absorption-type merger was conducted between the Company, which is the surviving company, and its subsidiaries POINT INC. and TRINITY ARTS INC., which were dissolved. Consequently, the number of stores at Adastria as of February 28, 2015 is the number of stores at these two subsidiaries.

(2) Sales for Brands and Regions

Brand / region	First three months of FY2/16		YoY change (%) (Note 2)
	Sales (million yen)	Composition (%)	
GLOBAL WORK	8,125	17.1	15.4
LOWRYS FARM	6,112	12.9	0.3
niko and...	5,006	10.6	7.1
STUDIO CLIP	4,664	9.8	10.4
LEPSIM LOWRYS FARM	3,724	7.9	5.9
JEANASIS	2,849	6.0	18.9
RAGEBLUE	2,222	4.7	9.7
HEATHER	1,908	4.0	(1.6)
Others	9,411	19.9	4.6
Total (Adastria)	44,025	92.9	7.6
Others	176	0.4	45.5
Total (Japan)	44,201	93.3	7.7
Hong Kong	1,872	4.0	14.7
China	493	1.0	64.4
Taiwan	406	0.8	9.4
South Korea	230	0.5	-
Singapore	189	0.4	(26.0)
Total (Overseas)	3,192	6.7	24.7
Total (Group)	47,394	100.0	8.7

Notes: 1. The number of stores is categorized by using brand operating divisions and geographic regions.

2. On March 1, 2015, an absorption-type merger was conducted between the Company, which is the surviving company, and its subsidiaries POINT INC. and TRINITY ARTS INC., which were dissolved. Consequently, YoY change on Adastria sales is based on sales of these two subsidiaries in the same period of the previous fiscal year.

(3) Sales for Merchandise Categories

Category	First three months of FY2/16		YoY change (%)
	Sales (million yen)	Composition (%)	
Men's apparel (bottoms, tops)	6,323	13.3	4.9
Lady's apparel (bottoms, tops)	32,066	67.7	9.6
Others	9,003	19.0	8.5
Total	47,394	100.0	8.7

Note: The others category includes additions to the provision for point card certificates and other items.

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.