

NEWS RELEASE



December 19, 2022

Adastria Co., Ltd.

Yamato Transport Co., Ltd.

**Adastria, Yamato Transport Sign Logistics Partnership
Agreement Toward Achieving Sustainable Fashion**
Optimizing entire supply chain to visualize, reduce greenhouse gas emissions

Adastria Co., Ltd. (Headquarters: Shibuya-ku, Tokyo; Representative Director and President: Osamu Kimura, hereinafter “Adastria”) and Yamato Transport Co., Ltd. (Headquarters: Chuo-ku, Tokyo; Representative Director and President: Yutaka Nagao, hereinafter “Yamato Transport”) entered into a logistics partnership agreement on Monday, December 19, 2022. The purpose of the agreement is to achieve sustainability across Adastria's supply chain. Going forward, the two companies will undertake the visualization and optimization of Adastria's entire supply chain—both domestically and internationally—and by mitigating greenhouse gas (GHG) emissions and other environmental burdens, they will contribute to the realization of sustainable fashion*.

*Initiatives that consider the global environment—including ecosystems—and the people and societies involved, with the aim of ensuring sustainability in the future across all processes, from production to the wearing and disposal of garments.

Ministry of the Environment website: https://www.env.go.jp/policy/sustainable_fashion/

1. Background and Purpose of the Agreement

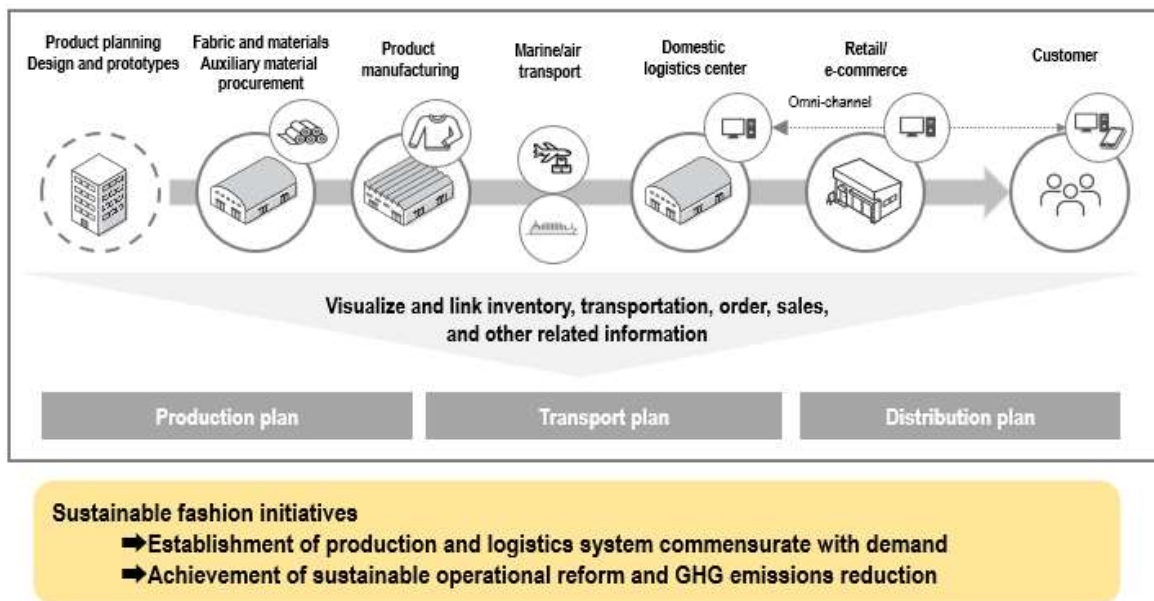
The supply chain in the fashion industry is complicated by an extended cycle spanning from product planning to design, raw material procurement, production and procurement of goods, and sales. Additionally, many companies outsource production to multiple countries and sewing

factories, and a variety of other parties become involved in the process. Therefore, the challenge is to visualize and streamline the breadth of the supply chain and optimize logistics and inventory while also visualizing and reducing GHG emissions in the distribution process.

Adastria's mission of "Play fashion!" expresses the idea of making everyone's life exciting through fashion. It aims to be a "Good Community Co-Creation Company" that generates new value by creating open communities where people and information come and go. Under its sustainability policy, "Taking the Excitement of Fashion Into the Future," Adastria is undertaking a host of initiatives, including controlling and reusing items in stock with the aim of achieving zero incineration of clothing inventory, and developing ethical, fair procurement practices.

Yamato Transport aims to leverage its domestic and overseas bases and its transportation and delivery network to provide comprehensive value on an "End-to-End" basis from upstream to downstream business processes of clients and globally supports supply chain transformation and optimization of logistics and inventory contributing to corporate management. Moreover, to achieve virtually zero greenhouse gas (GHG) emissions by 2050 and a 48% reduction by 2030 (compared with fiscal 2020), the company is actively promoting a wide range of initiatives toward the realization of a carbon-neutral society. These include the signing of a basic agreement with DPD group, which boasts Europe's largest parcel delivery network, to study the visualization of GHG emissions in logistics and a global common standard for calculating these emissions.

Under this new agreement, the two companies will review the logistics and inventory holding methods in Adastria's supply chain—which extends abroad from Japan—from raw material procurement to the manufacturing of products and omni-channel sales. The objectives are to reduce GHG emissions and construct more effective logistics for management, as well as to achieve a certain result in these efforts by the end of 2023. Subsequently, the two companies will collaborate with companies in the fashion and other industries to achieve and expand sustainable fashion by leveraging Adastria's knowledge of the fashion industry supply chain and the domestic and overseas logistics infrastructure and expertise of Yamato Transport.



2. Statements from Representatives of Adastria and Yamato Transport

Osamu Kimura, President and Representative Director, Adastria Co., Ltd.:

“Individual companies cannot resolve the social issues surrounding the fashion industry on their own. These issues must be addressed on an ongoing basis by collaborating with related companies, local communities, and customers. We hope this logistics partnership agreement with Yamato Transport will serve as an opportunity to bring colleagues together and expand the axis of initiatives, with our own case studies as the foundation. We will strive to achieve sustainable fashion by creating an environment in which we can share knowledge toward unified industry growth. Ways in which we may accomplish this include the development of a system for timely and appropriate inventory management and joint distribution, and the formulation of rules necessary for ascertaining environmental impact.”

Hiroshi Etani, Senior Managing Executive Officer, Yamato Transport Co., Ltd.:

“We acknowledge that this logistics partnership agreement with Adastria is an important step toward achieving sustainable fashion. We will first launch initiatives in support of reforming the company's supply chain and then share and expand the results of these efforts within the fashion industry. We are honored to be able to enter this partnership with Adastria with the aim of solving their business challenges and contributing to the sustainable development of the fashion industry and the realization of the Sustainable Development Goals (SDGs). Together, we will endeavor to create value that brings happiness to consumers and all fashion industry stakeholders.”

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