Summary of Consolidated Financial Results
for the Second Quarter of the Fiscal Year Ending February 28, 2026

[Japanese GAAP]

September 30, 2025

Company name: and ST HD Co., Ltd.
Listing: Tokyo Stock Exchange
Stock code: 2685
URL: https://www.andst-hd.co.jp
Representative: Osamu Kimura, Representative Director and President
Contact: Masatake Hayashi, Group Executive Officer, General Manager of Corporate Planning Office
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Scheduled date of filing of semi-annual securities report: October 15, 2025
Scheduled date of payment of dividend: October 22, 2025
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 Second Quarter of the Fiscal Year Ending February 28, 2026

(March 1, 2025 - August 31,2025)

(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	%
Six months ended August 31, 2025	149,345	3.6	7,973	(19.4)	7,790	(24.3)	5,987	(13.7)
Six months ended August 31, 2024	144,203	8.5	9,895	(4.0)	10,297	(3.2)	6,939	(2.2)

Note: Comprehensive income Six months ended August 31, 2025: 6,002 million yen (down 15.6%)
Six months ended August 31, 2024: 7,112 million yen (down 13.5%)

	Net income per share	Diluted net income per share
	Yen	Yen
Six months ended August 31, 2025	129.73	–
Six months ended August 31, 2024	151.69	–

(Note) We finalized the provisional accounting treatment for the business combination at the end of the consolidated third quarter of the previous fiscal year. Accordingly, the figures for the first half of the consolidated fiscal year ended February 2025 reflect significant revisions to the initial allocation of acquisition cost resulting from the finalization of the provisional accounting treatment.

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of August 31, 2025	139,409	80,448	57.4
As of Feb. 28, 2025	133,108	77,200	57.9

Reference: Shareholders' equity As of August 31, 2025: 80,076 million yen As of Feb. 28, 2025: 77,102 million yen

2. Dividends

	Dividend per share				
	Q1-end	Q2-end	Q3-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended Feb. 28, 2025	-	35.00	-	55.00	90.00
Fiscal year ending Feb. 28, 2026	-	45.00			
Fiscal year ending Feb. 28, 2026 (forecast)			-	45.00	90.00

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

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

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

*** Notes**

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

Newly added: 1 (KARRIMOR International Ltd.)

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: Yes

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

3) Changes in accounting-based estimates: None

4) Restatements: None

(Note) For details, refer to *2. Consolidated Financial Statements and Notes (4) Notes to Consolidated Financial Statements* on page 10 of the attached materials.

(4) Number of outstanding shares (common stock)

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

As of August. 31 2025:	48,800,000 shares	As of Feb. 28 2025:	48,800,000 shares

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

As of August. 31 2025:	2,671,810 shares	As of Feb. 28 2025:	2,506,369 shares

3) Average number of shares outstanding during the period

Six months ended August 31, 2025: 46,155,523 shares Six months ended August 31, 2024: 45,743,831 shares

Note 1: This summary is not subject to audit procedures by certified public accountants or audit 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 Financial Results (3) Explanation of Consolidated Forecast and Other Forward Looking Statements* on page 4 of the attached materials..

Attachments

1. Qualitative Information on Financial Results

(1) Explanation of Operating Results

Consolidated Results (Million yen)

	First six months of FY2/25 (Mar. 1, 2024 – Aug. 31, 2024)	First six months of FY2/26 (Mar. 1, 2025 – Aug. 31, 2025)	YoY Change	YoY Change (%)
Net sales	144,203	149,345	5,141	3.6%
Operating profit	9,895	7,973	(1,922)	(19.4%)
Ordinary profit	10,297	7,790	(2,507)	(24.3%)
Net income attributable to owners of the parent	6,939	5,987	(951)	(13.7%)

The economy continued to recover gradually during the first half of the current consolidated fiscal year, supported by ongoing stability in the employment and personal income environment, as well as inbound demand. However, personal consumption faces downside risks as the weak yen and labor shortages continue to drive up food, raw material, and energy costs. The outlook for the global economy as a whole remained uncertain due to U.S. tariff policies and the international landscape.

Against this backdrop, the and ST HD Group aims to position *and ST* as the driving force to generate synergies across group companies, as outlined in the Medium-Term Management Plan 2030 announced in April 2025. In doing so, we aim to evolve into a *Play fashion!* platformer that expands our reach through collaboration with customers and external partners. The strategies for priority areas in the medium-term management plan are as follows

Platform	We aim to achieve a gross merchandise value of 100 billion yen by accelerating new external brand store openings on our e-commerce site, *and ST*, as a mall and media platform and expanding ID (customer base) and LTV (lifetime value). We also aim to grow revenue in our production business, which provides brand content to external partners, and our solutions business, which sells systems.
Global	We will accelerate investment in Southeast Asia, open stores, and implement the OMO strategy of our e-commerce platform developed in Japan to capture high economic growth in the region. In Greater China, we will strengthen our multi-brand strategy to achieve stable growth.
Brand Retail	We strengthen our brand portfolio management and give customers more choices by transitioning to a multi-company structure, where each group company operates based on their respective missions.

Consolidated net sales for the first half of the consolidated fiscal year amounted to 149,345 million yen (up 3.6% year on year), operating profit was 7,973 million yen (down 19.4%), while ordinary profit was 7,790 million yen (down 24.3%) and net income attributable to owners of the parent was 5,987 million yen (down 13.7%).

Demand for casual fashion in the Apparel and Sundries Related Business was affected by low temperatures in April and other factors that slowed the start of summer clothing but demand for casual fashion remained firm. Net sales in Japan increased 2.9% year on year, supported by a diverse product lineup driven by the multi-brand, multi-company strategy, along with promotions including TV commercials and point-reward programs. The net addition of the brands TODAY'S SPECIAL and GEORGE'S, which joined the Group through M&A in July of last year, also contributed to this growth.

Under our platform strategy, we expanded promotional initiatives linking our in-house e-commerce site *and ST* with physical stores, developed collaboration products with popular characters and staff, and increased the number of external brands opening stores on *and ST*. As a result, membership in the shared point system for e-commerce and physical stores grew by 1 million from the end of the previous fiscal year to 20.7 million, and the number of active members reached 7.6 million. The number of brands and gross merchandise value also increased in the open-mall model on *and ST*, which allows external companies to list their products.

Overseas net sales (converted to yen) increased 4.0% year on year in mainland China, driven by strong performance in our cross-channel strategy with e-commerce and the rollout of cost-efficient standard-format stores, despite ongoing pressure from the real estate downturn and weak consumer sentiment. In Hong Kong and Taiwan, new store openings and e-commerce under the multi-brand strategy continued to perform well, resulting in year-on-year sales growth of 2.6% and 18.0%, respectively. Net sales declined by 12.0% in the U.S., which we withdraw from, due to continued weakness in the wholesale business. We completed the equity interest transfer of Velvet, LLC, an operating subsidiary (sub-subsidiary) in the U.S., on July 25, 2025. New store openings in Thailand and the Philippines lead to higher net sales, and the overseas business overall recorded a 3.9% year-on-year increase in net sales.

Sales in Other (food and beverage business) increased 14.6% year on year, despite continued challenges in the food service industry, including rising raw material and utility costs and labor shortages. This result was supported by steady performance at existing stores, the impact of the fiscal year-end change, and a net increase in new stores, including overseas locations.

Amid lingering effects of the depreciating yen, we endeavored to control inventory and curb discount sales by offering products at the right time, right price, and right volume. We also expanded highly profitable new businesses. On the other hand, full-price sales of spring and summer apparel fell short of expectations, and the gross profit margin of the Apparel and Sundries Related Business deteriorated compared with the same period of the previous year as we prioritized inventory clearance. In Other (food and beverage business), rising procurement costs outpaced our efforts to revise prices and reduce costs, resulting in a lower gross profit margin. As a result, the consolidated gross profit margin declined 0.5 percentage points year on year to 55.2%.

Selling, general and administrative (SG&A) expenses increased due to higher personnel expenses from improved employee compensation, increased spending on promotion expenses and flagship store openings, and higher advertising and promotion expenses and store rent from sales growth. As a result, the SG&A ratio declined by 1.0 percentage point year on year to 49.8%.

As a result, operating profit margin fell 1.6 percentage points to 5.3% and operating profit decreased 19.4%.

Non-operating expenses included foreign exchange losses of 234 million yen and extraordinary losses included an impairment loss of 142 million yen stemming from stores.

Business segment performance was as follows.

1) Apparel and Sundries Related Business
Net sales amounted to 141,425 million yen (up 3.0% year on year) and segment profit was 7,776 million yen (down 26.8%).

We opened 56 new stores (including 17 overseas) and closed 19 locations (including 4 overseas). As a result, the segment operated 1,594 stores (including 152 locations overseas) as of the end of the second quarter of the current consolidated fiscal year.

2) Other (Food and Beverage Business)
Net sales amounted to 7,958 million yen (up 14.6% year on year) and segment profit was 13 million yen (compared with a segment loss of 328 million yen in the previous fiscal year).

The segment operated 75 stores as of the end of the fiscal year. We opened 2 new locations and closed 3.

(2) Explanation of Financial Position

1) Assets, liabilities and net assets

Total assets amounted to 139,409 million yen, an increase of 6,301 million yen compared with the end of the previous consolidated fiscal year. This result was mainly due to increases in cash and deposits of 1,292 million yen, 2,742 million yen in notes and accounts payable-trade, 1,283 million yen in store interior equipment (net), and 1,093 million yen in intangible assets.

Liabilities amounted to 58,960 million yen, an increase of 3,052 million yen compared with the end of the previous consolidated fiscal year. This result was mainly due to decreases of 1,429 million yen in accounts payable-other and 1,132 million yen in other non-current liabilities, while notes and accounts payable–trade and short-term borrowings increased by 1,932 million yen and 4,500 million yen, respectively.

Net assets amounted to 80,448 million yen, an increase of 3,248 million yen compared with the end of the previous consolidated fiscal year. This result was mainly due to a 470 million yen increase in treasury stock (decrease to net assets). At the same time, retained earnings increased 3,414 million yen.

2) Cash flow position

Cash and cash equivalents ("cash") as of the end of the second quarter of the current consolidated fiscal year amounted to 22,368 million yen, an increase of 1,287 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 first half of the current consolidated fiscal year.

Net cash provided by (used in) operating activities

Net cash provided by operating activities amounted to 10,019 million yen (compared with 11,653 million provided in the year-ago period). This result was mainly due to income taxes paid of 2,697 million yen, offset by income before income taxes of 7,648 million yen and depreciation and amortization of 5,997 million yen.

Net cash provided by (used in) investing activities

Net cash used in investing activities amounted to 8,889 million yen (compared with 11,499 million yen used in the year-ago period). This result was mainly due to expenditures of 6,079 million yen for the acquisition of tangible fixed assets and 2,956 million yen for the acquisition of intangible assets.

Net cash provided by (used in) financing activities

Net cash provided by financing activities amounted to 387 million yen (compared with 3,527 million used in the year-ago period). This result was mainly due to dividend paid of 2,572 million yen, purchase of treasury stock of 635 million yen, and repayments of lease liabilities of 893 million yen, offset by an increase of 4,500 million yen in short-term borrowings.

(3) Explanation of Consolidated Forecast and Other Forward Looking Statements

There are no revisions to the consolidated forecast for the current fiscal year announced on April 4 , 2025.

2. Consolidated Financial Statements and Notes

(1) Consolidated Balance Sheet

(Millions of yen)

	FY2/25 (As of Feb. 28, 2025)	Second quarter of FY2/26 (As of August 31, 2025)
Assets		
Current assets		
Cash and deposits	21,143	22,435
Notes and accounts receivable-trade	14,527	17,269
Inventories	29,082	28,699
Other	2,471	2,878
Allowance for doubtful accounts	(52)	(82)
Total current assets	67,173	71,200
Non-current assets		
Property, plant and equipment		
Store interior equipment, net	7,879	9,163
Other, net	18,984	18,370
Total property, plant and equipment	26,864	27,533
Intangible assets		
Goodwill	2,673	2,765
Other	12,009	13,103
Total intangible assets	14,683	15,868
Investments and other assets		
Investment securities	691	716
Leasehold and guarantee deposits	14,330	14,343
Other	9,715	10,112
Allowance for doubtful accounts	(350)	(366)
Total investments and other assets	24,387	24,806
Total non-current assets	65,935	68,208
Total assets	133,108	139,409
Liabilities		
Current liabilities		
Notes and accounts payable - trade	13,402	15,335
Electronically recorded obligations - operating	8,909	7,910
Short-term borrowings	–	4,500
Current portion of long-term borrowings	–	44
Accounts payable-other	13,983	12,553
Income taxes payable	3,136	2,509
Provision for bonuses	2,498	2,696
Provision for point card certificates	85	96
Other provisions	364	259
Other	4,698	4,974
Total current liabilities	47,079	50,879
Non-current liabilities		
Long-term borrowings	–	182
Provisions	467	669
Other	8,361	7,229
Total non-current liabilities	8,828	8,080
Total liabilities	55,908	58,960

(Millions of yen)

	FY2/25 (As of Feb. 28, 2025)	Second quarter of FY2/26 (As of August 31, 2025)
Net assets		
Shareholders' equity		
Share capital	2,660	2,660
Capital surplus	6,262	6,262
Retained earnings	71,980	75,395
Treasury shares	(5,627)	(6,097)
Total shareholders' equity	75,275	78,219
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	34	56
Deferred gains or losses on hedges	(81)	113
Foreign currency translation adjustment	1,874	1,686
Total accumulated other comprehensive income	1,827	1,856
Non-controlling interests	97	372
Total net assets	77,200	80,448
Total liabilities and net assets	133,108	139,409

(2) Consolidated Statements of Income and Comprehensive Income

Consolidated Income Statement

(Millions of yen)

	First six months of FY2/25 (Mar. 1, 2024 – August 31, 2024)	First six months of FY2/26 (Mar. 1, 2025 – August 31, 2025)
Net sales	144,203	149,345
Cost of sales	63,882	66,972
Gross profit	80,320	82,372
Selling, general and administrative expenses	70,424	74,399
Operating profit	9,895	7,973
Non-operating income		
Foreign exchange gains	303	–
Other	251	270
Total non-operating income	554	270
Non-operating expenses		
Interest expenses	119	147
Foreign exchange losses	–	234
Other	33	70
Total non-operating expenses	153	453
Ordinary profit	10,297	7,790
Extraordinary losses		
Impairment losses	44	142
Total extraordinary losses	44	142
Net income before income taxes	10,253	7,648
Income taxes - current	3,158	2,107
Income taxes - deferred	287	(431)
Total income taxes	3,446	1,675
Net income	6,806	5,972
Loss attributable to non-controlling interests	(132)	(14)
Net income attributable to owners of the parent	6,939	5,987

Consolidated Statement of Comprehensive Income

(Millions of yen)

	First six months of FY2/25 (Mar. 1, 2024 – August 31, 2024)	First six months of FY2/26 (Mar. 1, 2025 – August 31, 2025)
Net income	6,806	5,972
Other comprehensive income		
Valuation difference on available-for-sale securities	(3)	22
Deferred gains or losses on hedges	(660)	194
Foreign currency translation adjustment	970	(187)
Total other comprehensive income	306	30
Comprehensive income	7,112	6,002
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	7,244	6,023
Comprehensive income attributable to noncontrolling interests	(131)	(20)

(3) Consolidated Statement of Cash Flows

(Millions of yen)

	First six months of FY2/25 (Mar. 1, 2024 – August 31, 2024)	First six months of FY2/26 (Mar. 1, 2025 – August 31, 2025)
Cash flows from operating activities		
Net income before income taxes	10,253	7,648
Depreciation	5,398	5,997
Impairment losses	44	142
Amortization of goodwill	153	216
Interest and dividend income	(30)	(49)
Interest expenses	119	147
Increase (decrease) in allowance for doubtful accounts	(51)	24
Increase (decrease) in provision for bonuses	322	197
Increase (decrease) in provision for point card certificates	(148)	11
Decrease (increase) in trade receivables	102	(2,432)
Decrease (increase) in inventories	848	463
Increase (decrease) in trade payables	(722)	1,010
Increase (decrease) in accounts payable-other	(407)	(494)
Increase (decrease) in accrued consumption taxes	(666)	21
Other	(259)	(79)
Subtotal	14,954	12,824
Interest and dividends received	21	39
Interest paid	(119)	(147)
Income taxes paid	(3,202)	(2,697)
Net cash provided by (used in) operating activities	11,653	10,019
Cash flows from investing activities		
Purchase of property, plant and equipment	(4,303)	(6,079)
Purchase of intangible assets	(2,274)	(2,956)
Purchase of investment securities	(0)	(0)
Proceeds from sale of investment securities	–	10
Payments of leasehold and guarantee deposits	(510)	(610)
Proceeds from refund of leasehold and guarantee deposits	289	697
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(4,493)	(334)
Other	(205)	384
Net cash provided by (used in) investing activities	(11,499)	(8,889)
Cash flows from financing activities		
Increase (decrease) in short-term borrowings	200	4,500
Proceeds from long-term borrowings	220	–
Repayments of long-term borrowings	(223)	(11)
Dividends paid	(2,280)	(2,572)
Purchase of treasury shares	(699)	(635)
Repayments of lease liabilities	(845)	(893)
Other	101	–
Net cash provided by (used in) financing activities	(3,527)	387
Effect of exchange rate change on cash and cash equivalents	616	(230)
Net increase (decrease) in cash and cash equivalents	(2,756)	1,287
Cash and cash equivalents at beginning of period	23,341	21,081
Cash and cash equivalents at end of period	20,584	22,368

(4) Notes to 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

KARRIMOR International Ltd. became a consolidated subsidiary in the first half of the current consolidated fiscal year following the acquisition of shares on March 31, 2025.

Changes in Accounting Policies

Application of accounting standards for current income taxes

We adopted the *Accounting Standard for Current Income Taxes* (ASBJ Statement No. 27, October 28, 2022; "2022 Revised Accounting Standard," below) and related standards from the beginning of the first half of the current consolidated fiscal year.

Regarding the amendment to the classification of income taxes (i.e., taxation on other comprehensive income), we follow the transitional treatment stipulated in the proviso to paragraph 20-3 of the 2022 Revised Accounting Standard, as well as the proviso to paragraph 65-2 (2) of the Guidance on Accounting Standard for Tax Effect Accounting (ASBJ Guidance No. 28, issued on October 28, 2022;"2022 Revised Guidance," below). These changes in accounting standards have no impact on the first half of consolidated financial statements of the Company.

We began applying the 2022 Revised Guidance from the beginning of the first half of the current consolidated fiscal year with respect to the amendment concerning the accounting treatment in consolidated financial statements of gains or losses arising from the sale of subsidiary shares among consolidated entities, where such gains or losses are deferred for tax purposes. We applied these changes in accounting policy retrospectively and prepared the interim and annual consolidated financial statements for the previous interim and previous fiscal year on a retrospective basis. These changes have no impact on the interim consolidated financial statements for the previous fiscal interim or the consolidated financial statements for the previous fiscal year.

Additional Information

Transfer of non-current assets at a subsidiary

At a meeting held June 18, 2025, the Company Board of Directors resolved to transfer non-current assets held by our consolidated subsidiary, Adastria Logistics Co., Ltd.

1. Reason for Transfer

The Company resolved to transfer non-current assets owned by its consolidated subsidiary to improve capital investment efficiency and optimize the use of management resources through the consolidation of distribution facilities.

2. Assets to Be Transferred

Name and Location of Asset	Asset Details	Current Use
Fukuoka Distribution Center (Fukuoka City, Fukuoka Prefecture)	Land area: 12,000 m^2 Building area: 6,572.91 m^2	Warehouse

*The transfer price was conducted at a fair value that reflects the market price.

*The estimated gain on transfer is approximately ¥3.4 billion, calculated as the transfer price less the book value of the assets and estimated expenses associated with the transfer.

3. Transferee Overview

The transferee is an operating company in Japan. No capital, personnel, or business relationships required to be disclosed exist between the transferee and the Company.

4. Transfer Schedule

(1) Date of Board resolution	June 18, 2025
(2) Date of contract execution	June 30, 2025
(3) Property handover date	During FY2/26

Notes to consolidated balance sheets

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]

I. First six months of FY2/25 (Mar. 1, 2024 – August 31, 2024)

1. Information on net sales and profit (loss) by reportable segment

(Million yen)

	Reportable segment	Other (Note 1)	Total	Adjustments (Note 2)	Amounts shown on interim consolidated statement of income (Note 3)
	Apparel and Sundry Related Business				
Net sales					
Sales to external customers	137,293	6,909	144,203	–	144,203
Intersegment sales and transfers	0	33	33	(33)	–
Total	137,294	6,942	144,236	(33)	144,203
Segment profit (loss)	10,625	(328)	10,297	–	10,297

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

2. Adjustments to segment profit (loss) includes the adjustment of unrealized income related to 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.

2. Impairment loss on non-current assets and goodwill, etc. by reportable segment

Significant impairment loss on non-current assets

Not applicable

Significant change in the amount of goodwill

The Apparel and Sundries Related Business segment we recorded goodwill of 2,381 million yen during the second quarter of the current consolidated fiscal year as a result of acquiring shares of TODAY'S SPECIAL.

Significant gain on bargain purchase

Not applicable

II. First six months of FY2/26 (Mar. 1, 2025 – August 31, 2025)

1. Information on net sales and profit (loss) by reportable segment

(Million yen)

	Reportable segment	Other (Note 1)	Total	Adjustments (Note 2)	Amounts shown on interim consolidated statement of income (Note 3)
	Apparel and Sundry Related Business				
Net sales					
Sales to external customers	141,425	7,919	149,345	–	149,345
Intersegment sales and transfers	0	38	39	(39)	–
Total	141,425	7,958	149,384	(39)	149,345
Segment profit	7,776	13	7,790	–	7,790

(Notes) 1. Other refers to business segments not included under reportable segments. Here, this segment indicates the food and beverage business.
2. Adjustments to segment profit includes the adjustment of unrealized income related to intersegment transactions.
3. Segment profit is consistent with ordinary income on the consolidated statements of income.
4. Segment profit includes corporate expenses allocated to each reportable segment.

2. Impairment loss on non-current assets and goodwill, etc. by reportable segment

Significant impairment loss on non-current assets

Not applicable

Significant change in the amount of goodwill

Not applicable

Significant gain on bargain purchase

Not applicable

Subsequent Events

Change (Equity Interest Transfer) in Specified Subsidiary (Sub-Subsidiary)

At a meeting held July 24, 2025, the and ST HD Co., Ltd. ("Company") Board of Directors approved a resolution to transfer all equity held in Velvet, LLC (California, USA; "Velvet"), a subsidiary of a Company specified subsidiary (sub-subsidiary), Adastria USA, Inc., to PIVOT GROWS LLC (Delaware, USA; "PIVOT"). Adastria USA, Inc. will record the impact of the transfer of equity in the third quarter of the fiscal year ending December 2025 due to a different fiscal year-end. As a result, the Company expects to record this impact in our consolidated financial statements in the third quarter of the fiscal year ending February 2026.

1. Reason for Transfer of Equity

The Company resolved to withdraw from business in the U.S. and liquidate Adastria USA. We selected a transferee of equity held in Velvet.

All equity in Velvet owned by Adastria USA, were transferred to PIVOT, a company engaged in global brand strategy, marketing, and license management.

2. Overview of the Specified Subsidiary (Sub-Subsidiary) to Be Transferred

(1) Name
Velvet, LLC

(2) Location
California, USA

(3) Business lines
Apparel business

(4) Capital
USD 17 million (JPY 1,946 million)

(5) Investment ratio
100.0%

3. Overview of the Share Transferee

(1) Name
PIVOT GROWS LLC

(2) Location
Delaware, U.S.

(3) Business lines
Global brand strategy, marketing, and license management

4. Equity Interest Transfer, Transfer Price, and Equity Interest Before and After Transfer

(1) Equity interest before transfer
Adastria USA, Inc.: 100.0%

(2) Equity interest
100.0% (owned by Adastria USA, Inc.)

(3) Equity interest after transfer
0.0%

5. Schedule

(1) Date of Board resolution
July 24, 2025

(2) Date of contract execution
July 24, 2025

(3) Execution date of equity interest transfer
July 25, 2025

Transition to a Holding Company Structure Through Corporate Split

Effective September 1, 2025, we implemented a company split (absorption-type split) with Adastria Co., Ltd., ("New Adastria") our wholly owned subsidiary, as the succeeding company. All rights and obligations related to businesses other than group management and operations were transferred to New Adastria, and the Group transitioned to a holding company structure.

1. Overview of the transaction

(1) Name of the combined company and business lines subject to transfer

Name of combined company

Splitting company

Name: Adastria Co., Ltd. (the Company)

(The Company was renamed and ST HD Co., Ltd. as of September 1, 2025.)

Succeeding company

Name: Adastria Co., Ltd. (New Adastria)

Subject business lines

All businesses other than those related to group management and operations of the Group

(2) Date of business combination

September 1, 2025

(3) Legal form of business combination

An absorption-type split in which the Company was the splitting company, and the rights and obligations related to the relevant business were transferred to the succeeding company in exchange for shares issued by the succeeding company

(4) Name of company after combination

As of September 1, 2025, the Company was renamed to and ST HD Co., Ltd., while the name Adastria Co., Ltd. was adopted by New Adastria.

(5) Other matters related to the overview of the transaction

This transition to a holding company structure will coordinate group operating companies around the *and ST* platform, while providing greater clarity to missions and roles. This approach lends itself to a multi-company management model that allows group companies to formulate and execute growth strategies independently. At the same time, the and ST HD Group aims to expand categories and services while accelerating overseas expansion, pursuing M&A of companies having special characteristics not currently present within the group.

2. Outline of accounting procedures implemented

The Company accounts for the transaction as a transaction under common control, etc., in accordance with the Accounting Standard for Business Combinations (ASBJ Statement No. 21, January 16, 2019) and the Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures (ASBJ Guidance No. 10, September 13, 2024).

3. Supplementary Information

(1) Sales by Brand and Region

Brand / Region	First six months of FY2/26		YoY change (%)
	Net sales (million yen)	Composition (%)	
GLOBAL WORK	26,094	17.5	(1.9)
niko and ...	17,786	12.0	1.3
studio CLIP	12,169	8.1	4.4
LOWRYS FARM	12,123	8.1	4.4
LEPSIM	8,719	5.8	16.5
LAKOLE	7,281	4.9	12.8
BAYFLOW	5,545	3.7	(1.5)
JEANASiS	5,463	3.7	(2.6)
Other (Note 3)	18,940	12.6	(7.1)
Total (Adastria)	114,123	76.4	1.0
BUZZWIT Co., Ltd.	5,545	3.7	1.2
ELEMENT RULE Co., Ltd.	6,793	4.5	11.3
Other consolidated subsidiaries (Note 3)	2,537	1.8	235.0
Total (Japan)	129,000	86.4	2.9
Mainland China	2,233	1.5	4.0
Hong Kong	2,272	1.5	2.6
Taiwan	4,259	2.9	18.0
Thailand	213	0.1	50.6
The Philippines	67	0.0	-
U.S.	3,378	2.3	(12.0)
Total (Overseas)	12,425	8.3	3.9
Total (Apparel and Sundry Goods-related Business)	141,425	94.7	3.0
zetton inc. (Note 4)	7,919	5.3	14.6
Other (Food and Beverage) total	7,919	5.3	14.6
Total (Group)	149,345	100.0	3.6

(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. Effective March 1, 2025, the Company's producing business and other operations are to be transferred to and ST Co., Ltd., through an absorption-type company split. Sales of this production business, previously recorded under Other by Adastria are now recorded under Other consolidated subsidiaries starting from the first quarter.
4. Sales of zetton inc. include sales of consolidated subsidiary ZETTON, INC. (USA).

(2) Sales by Product Category

Category	Interim Consolidated Period		YoY change (%)
	Net sales (million yen)	Composition (%)	
Men’s apparel (bottoms, tops)	23,260	15.5	4.3
Lady’s apparel (bottoms, tops)	87,546	58.6	1.8
Other	38,537	25.9	7.3
Total	149,345	100.0	3.6

(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	As of Feb. 28, 2025	Interim Consolidated Period: Merged, etc. (Note 3)	Opened	Changed	Closed	Increase/ Decrease	As of Aug. 31, 2025
GLOBAL WORK	216	-	7	-	(1)	6	222
niko and ...	145	-	1	-	-	1	146
studio CLIP	187	-	1	-	-	1	188
LOWRYS FARM	125	-	2	-	(1)	1	126
LEPSIM	115	-	1	-	-	1	116
LAKOLE	91	-	6	-	(1)	5	96
BAYFLOW	62	-	1	-	-	1	63
JEANASiS	69	-	1	-	(2)	(1)	68
Other	270	23	10	-	(6)	27	297
Total (Adastria)	1,280	23	30	-	(11)	42	1,322
BUZZWIT Co., Ltd.	28	-	1	-	(3)	(2)	26
ELEMENT RULE Co., Ltd.	78	-	5	-	(1)	4	82
Other consolidated subsidiaries	29	(20)	3	-	-	(17)	12
Total (Japan)	1,415	3	39	-	(15)	27	1,442
Mainland China	14	-	1	-	(1)	-	14
Hong Kong	29	-	2	-	-	2	31
Taiwan	81	-	12	-	(2)	10	91
Thailand	3	-	1	-	-	1	4
The Philippines	1	-	-	-	-	-	1
U.S.	11	-	1	-	(1)	-	11
Total (Overseas)	139	-	17	-	(4)	13	152
Total (Apparel and Sundry Goods-related Business)	1,554	3	56	-	(19)	40	1,594
zetton inc. (Note 4)	76	-	2	-	(3)	(1)	75
Other (Food and Beverage) total	76	-	2	-	(3)	(1)	75
Total (Group)	1,630	3	58	-	(22)	39	1,669

(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 and ST HD.
3. Adastria conducted an absorption-type merger on March 1, 2025, in which Adastria was the surviving company and TODAY'S SPECIAL. was the dissolved company. Changes due to this merger are shown in the following table. Adastria also conducted an absorption-type company split on March 1, 2025, in which Adastria transferred our production business and other operations to and ST Co., Ltd. Changes due to this company split are shown in the following table. We included the increase in store count resulting from the consolidation of KARRIMOR International Ltd. as a consolidated subsidiary during the first half of the current consolidated fiscal year.
4. The number of stores of zetton inc. includes the stores of its consolidated subsidiary ZETTON, INC. (USA Business).