

FY2027/02 1H Financial Results

September 30, 2026

and **ST HD**

Contents

1.	FY2027/02 1st Half Overview	
	• FY2027/02 1st Half Executive Summary	4
2.	FY2027/02 1st Half Financial results	
	• Consolidated Income Statement	6
	• New Adastria + and ST + and ST HD and Group Companies	10
	• Global Business	11
	• Brand Retail Business	12
	• Number of Stores and Revised plan	13
	• Consolidated Balance Sheet	14
	• FY2027/02 Consolidated Forecast	15
3.	FY2027/02 1st Half Business Overview	
	• Platform Business	17
	• Business Segment Topics	19
	• 2nd Half Direction and External Environment	24

1. FY2027/02 1st Half Overview

Representative Director and President Taiki Fukuda

and **STHD**

Results

- Performance exceeded initial plan; **record-high sales and operating profit** for any first half
- **Gross profit margins increased** thanks to improved mark-ups and reduced discounts achieved through inventory control
- In particular, our core entity, Adastria, is performing well, our platform business is progressing smoothly, and overseas store openings continue
- We have also taken on challenges for the future, including M&A targeting Gen Z and new B to B businesses

Future Outlook

- Despite headwinds stemming from foreign exchange and rising costs, we aim to **deliver sales and profit exceeding initial plans for the second half as well**, driven by strong sales and discipline in cost and SG&A management
- We plan to accelerate initiatives for the next fiscal year and beyond, **proving our potential for sustainable growth**

2. FY2027/02 1st Half Financial results

Director Masatake Hayashi

and **STHD**

Overview

Net sales and operating profit reached record highs for any fiscal first half; operating profit margin also improved

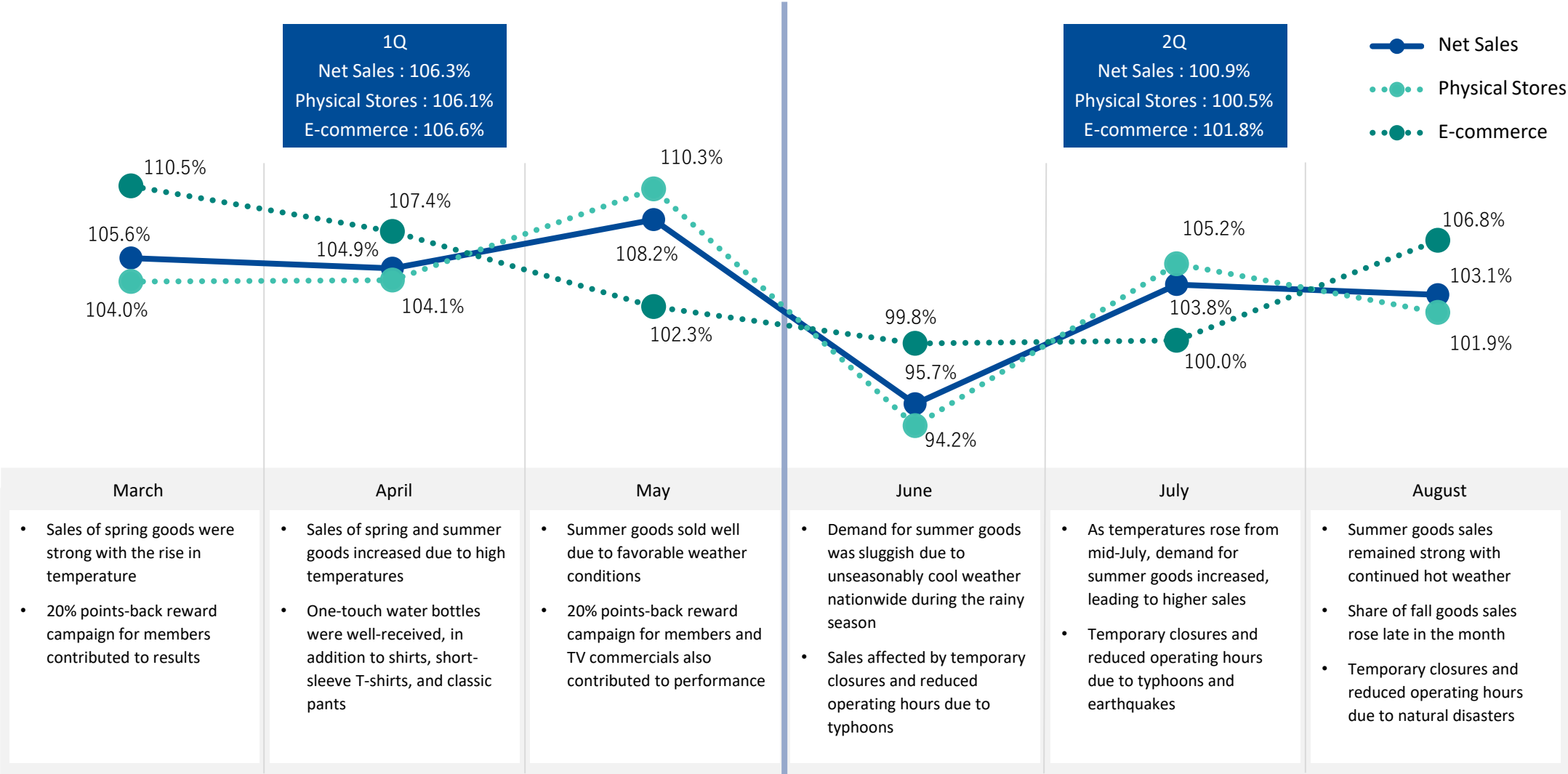
Net income remained level year on year due to one-time expenses in the first quarter; however, net income increased in the second quarter and exceeded initial plan

(Millions of yen)

	FY2026/02 1H				FY2027/02 1H					
	1H (6 Months)		2Q (3 Months)		1H (6 Months)			2Q (3 Months)		
		Ratio		Ratio		Ratio	YoY		Ratio	YoY
Net Sales	149,345	100.0%	71,880	100.0%	152,110	100.0%	101.9%	71,792	100.0%	99.9%
Gross profit	82,372	55.2%	38,534	53.6%	85,996	56.5%	104.4%	39,522	55.1%	102.6%
SG&A expense	74,399	49.8%	36,165	50.3%	75,265	49.5%	101.2%	36,666	51.1%	101.4%
Advertising & promotion	4,665	3.1%	1,889	2.6%	4,037	2.7%	86.5%	1,815	2.5%	96.1%
Personnel	27,152	18.2%	13,382	18.6%	28,092	18.5%	103.5%	13,801	19.2%	103.1%
Rent & depreciation *	26,919	18.0%	13,241	18.4%	27,546	18.1%	102.3%	13,383	18.6%	101.1%
Others	15,662	10.5%	7,652	10.6%	15,588	10.2%	99.5%	7,666	10.7%	100.2%
Operating profit	7,973	5.3%	2,369	3.3%	10,731	7.1%	134.6%	2,856	4.0%	120.6%
Ordinary profit	7,790	5.2%	2,366	3.3%	11,066	7.3%	142.0%	3,019	4.2%	127.6%
Net income attributable to owners of the parent	5,987	4.0%	1,613	2.2%	5,951	3.9%	99.4%	2,042	2.8%	126.6%
EBITDA	13,800	9.2%	5,377	7.5%	16,504	10.9%	119.6%	5,802	8.1%	107.9%
Depreciation and amortization	5,610	3.8%	2,894	4.0%	5,681	3.7%	101.3%	2,900	4.0%	100.2%
Amortization of goodwill	216	0.1%	113	0.2%	90	0.1%	42.0%	45	0.1%	40.1%

* Rent & depreciation costs are the sum of Rent expenses, Lease expenses and Depreciation

Adastria (Non-consolidated) Monthly Sales All Stores YoY



*The figures above are, in principle, preliminary figures announced on the second business day of each month

Adastria posted strong sales and a saw revenue increase, offsetting the withdrawal from U.S. business and a decline in wholesale sales

Gross profit improvement outperformed plan in terms margin and volume, driven by successful efforts to improve mark-ups, and measures to curb discounts

Net Sales

152.1 billion yen (+1.9% YoY)

- Platform Business
*before elimination

6.3 billion yen

External brand participation on and ST continuing to grow
Decline in wholesale

- Global Business

11.0 billion yen

Sales increased across Mainland China, Hong Kong, Taiwan, and all of Southeast Asia
Sales from overseas operations declined overall due to the withdrawal from the U.S. business in July 2025

- Brand Retail Business
*before elimination

141.4 billion yen

Driven by ongoing strong performance at Adastria

Gross profit margin

56.5% (+1.3p YoY)

Performance driven by curbed discounts stemming from inventory control, improved profit margins due to cost reductions, etc.

Profitability improved due to streamlined advertising, promotions, and other factors; although personnel expenses and other expenses rose, overall SG&A expenses kept within budget

Operating profit exceeded plan, while the decline in net income remained at the same level YoY due to one-time expenses

SG&A expense ratio

49.5 % (▲0.3p YoY)

- Advertising expenses 2.7 % (▲0.4p YoY) (▲628 million yen) Decrease due to a reaction stemming from the opening of the flagship store in the first quarter and efforts to streamline advertising and promotion
- Personnel 18.5 % (+0.3p YoY) (+941 million yen) Increase due to higher personnel costs stemming from improved employee compensation
- Rent & depreciation 18.1 % (+0.1p YoY) (+627 million yen) Increase due to sales growth; rate rose following the withdrawal from the U.S., where rent and depreciation costs were low
- Others 10.2 % (▲0.3p YoY) (▲74 million yen) Decrease due to factors that include reduced goodwill and the withdrawal from the U.S.

Operating profit

10.7 billion yen (+34.6% YoY)

Operating income ratio : 7.1% EBITDA : 10.9%

Ordinary profit

11.0 billion yen (+42.0% YoY)

Non-Operating income and expenses :
Foreign exchange profit of 216 million yen, Interest expenses 128 million yen

Extraordinary Income : Gain on sales of non-current assets (trademark) 132 million yen

Extraordinary Losses : Special service payment 1.2 billion yen
Impairment loss on store assets 129 million yen
Losses on disaster 67 million yen

Net income

5.9 billion yen (-0.6% YoY)

- Consolidated sales and profit increased for three companies: New Adastria, and ST, and and ST HD (representing non-consolidated Adastria in the previous year)
- Sales at domestic group companies increased due to a net increase at KARRIMOR (acquired via M&A); however, profit declined due to poor performance at ELEMENT RULE
- Although overseas subsidiaries saw a decline in sales due to the withdrawal from the U.S., sales from Asian operations (excluding the U.S.), while profits increased due to strong performance in Taiwan and narrower losses in the U.S.
- Food and beverage company zetton secured higher sales, despite unfavorable weather; profits declined slightly due to new store expenses, but progress is in line with plan

(Millions of yen)

	FY2026/02 1H		FY2027/02 1H					
	1H (6 Months)	2Q (3 Months)	1H (6 Months)			2Q (3 Months)②		
				Ratio	YoY		Ratio	YoY
Net Sales	149,345	71,880	152,110	2,765	101.9%	71,792	▲ 87	99.9%
New Adastria+AST+HD * ¹	118,454	56,994	122,431	3,976	103.4%	57,498	504	100.9%
Domestic subsidiaries * ²	12,576	5,906	12,828	251	102.0%	5,913	6	100.1%
Overseas subsidiaries * ³	12,425	5,926	11,014	▲ 1,410	88.6%	5,335	▲ 590	90.0%
zetton (Food & Beverage Subsidiary) * ⁴	7,958	4,132	8,042	83	101.1%	4,155	23	100.6%
Consolidation adjustments, etc.	▲ 2,070	▲ 1,079	▲ 2,205	▲ 135	-	▲ 1,110	▲ 31	-
Operating profit (Excl. HD Impact)	7,973	2,369	10,731	2,758	134.6%	2,856	487	120.6%
New Adastria+AST+HD * ¹	6,255	1,631	8,831	2,575	141.2%	2,088	457	128.0%
Domestic subsidiaries * ²	838	125	740	▲ 98	88.3%	16	▲ 109	12.8%
Overseas subsidiaries * ³	644	474	923	279	143.3%	646	171	136.1%
zetton (Food & Beverage Subsidiary) * ⁴	235	176	219	▲ 15	93.2%	162	▲ 14	92.0%
Consolidation adjustments, etc.	▲ 1	▲ 39	16	18	-	▲ 57	▲ 18	-

*1: Figures in FY2026/02 reflect adjustments for intercompany eliminations between Adastria and and ST Co., Ltd.

Figures in FY2027/02 reflect adjustments for intercompany eliminations between and ST Co., Ltd., new Adastria, and and ST HD Co., Ltd.

*2: Domestic subsidiaries are the sum of three subsidiaries FY2026/02 : BUZZWIT Co.,Ltd., ELEMENT RULE Co., Ltd., KARRIMOR International Ltd., Figures for Karrimor cover Feb–Jul; consolidated from the end of April 2025.

*3: Overseas subsidiaries (Mainland China, Hong Kong, Taiwan, Thailand, the Philippines, USA), net sales are shown after intercompany eliminations, operating profit is the sum of subsidiaries (Period Jan. to Jun.2026)

*4: Net Sales and operating profit of zetton, inc. is shown after consolidation adjustments.

- **Mainland China** Profit declined in the first half due to a sluggish winter sales season; however, we posted a profit for the stand-alone second quarter
- **Hong Kong** Although profits declined in the first half due to weak winter sales, the spring and summer seasons showed signs of recovery
- **Taiwan** Sales and profit increased due to continued new store openings and brand launches
- **Thailand** Sales increased due to the opening of new stores last fiscal year
- **The Philippines** The No.1 store saw a sales increase, while profit decreased due to preparations for a new store opening
- **USA** Sale completed in July 2025

(Millions of yen)

	FY2025/12 1H		FY2026/12 1H					
	1H (6 Months)	2Q (3 Months)	1H (6 Months)			2Q (3 Months)		
				YoY (JPY)	YoY (Local currency)		YoY (JPY)	YoY (Local currency)
Net Sales	12,425	5,926	11,014	88.6%	83.1%	5,335	90.0%	82.5%
Net Sales (Excl. USA)	9,046	4,320	11,014	121.8%	112.6%	5,335	123.5%	111.9%
Mainland China ^{*1}	2,233	1,094	2,774	124.2%	111.7%	1,496	136.7%	117.3%
Hong Kong	2,272	1,061	2,640	116.2%	109.6%	1,269	119.6%	108.5%
Taiwan	4,259	2,027	5,219	122.5%	113.9%	2,384	117.6%	109.8%
Thailand	213	105	303	142.3%	128.1%	145	138.6%	124.1%
Phillipines	67	31	76	113.4%	112.1%	39	124.8%	122.9%
USA ^{*2}	3,378	1,606	-	-	-	-	-	-
Operating profit (Excl. HD Impact) ^{*1}	644	474	923	143.3%	132.6%	646	136.1%	129.2%
Operating profit (Excl. USA)	818	471	923	112.9%	105.6%	646	137.0%	128.8%
Mainland China	▲ 75	▲ 2	▲ 124	-	-	61	-	-
Hong Kong	137	98	98	72.0%	67.9%	102	103.3%	96.1%
Taiwan	853	421	1,093	128.1%	119.2%	547	129.9%	121.1%
Thailand	▲ 63	▲ 27	▲ 83	-	-	▲ 32	-	-
Phillipines	▲ 33	▲ 17	▲ 60	-	-	▲ 32	-	-
USA ^{*2}	▲ 173	2	-	-	-	-	-	-

*1: Net sales are shown after elimination of internal transactions, Operating profit are shown before elimination.

*2: USA does not include the U.S. business of zetton inc.

- **Adastria** GLOBAL WORK sales remained flat due to curtailed sales promotions; however, profits increased thanks to improved gross margins, as well as more efficient advertising and promotions
Performance at niko and ..., LOWRYS FARM, studio CLIP, and LEPSIM remained strong, while LAKOLE saw weaker in midsummer goods sales
- **ELEMENT RULE** Spring/summer merchandising performed poorly across multiple brands; sales decline due in part to negative rebound from hit products in the previous fiscal year
- **BUZZWIT** While first-half revenue declined due to curtailed sales promotions, sales rebounded in the second quarter, leading to an increase in profit
- ◆ **Online Business (Domestic)** Domestic online business ratio: 27.3% (of which *and ST* EC site: approx. 14.3%)

		Net Sales (Millions of yen)*						Stores	
		FY2026/02		FY2027/02				End of 2025/08	End of 2026/08
		1H (6 Months)	2Q (3 Months)	1H (6 Months)	YoY	2Q (3 Months)	YoY		
Domestic Subsidiaries	Adastria	114,123	54,576	118,416	103.8%	54,992	100.8%	1,322	1,323
	ELEMENT RULE	6,793	3,079	6,500	95.7%	2,937	95.4%	82	82
	BUZZWIT	5,545	2,531	5,437	98.0%	2,565	101.3%	26	32
Adastria	GLOBAL WORK	26,094	11,549	26,124	100.1%	11,237	97.3%	222	230
	niko and ...	17,786	8,552	19,348	108.8%	9,363	109.5%	146	149
	LOWRYS FARM	12,123	5,886	13,105	108.1%	6,209	105.5%	126	131
	studio CLIP	12,169	6,273	12,819	105.3%	6,336	101.0%	188	189
	LEPSIM	8,719	4,143	9,915	113.7%	4,493	108.5%	116	120
	LAKOLE	7,281	3,742	7,566	103.9%	3,673	98.2%	96	102
	JEANASIS	5,463	2,623	5,433	99.5%	2,446	93.2%	68	64
	BAYFLOW	5,545	2,708	5,331	96.2%	2,607	96.3%	63	64

* Figures is shown after elimination of internal transactions.

	FY2026/02		FY2027/02 1H			Compared with the end of FY2026/02 1H
	End of FY2026/02 1H	End of FY2026/02	Opened	Closed	End of FY2027/02 1H	
GLOBAL WORK	222	226	4	0	230	8
niko and ...	146	147	2	0	149	3
LOWRYS FARM	126	128	3	0	131	5
studio CLIP	188	188	2	▲ 1	189	1
LEPSIM	116	119	2	▲ 1	120	4
LAKOLE	96	100	2	0	102	6
JEANASIS	68	68	1	▲ 5	64	▲ 4
BAYFLOW	63	64	1	▲ 1	64	1
Others	297	283	2	▲ 11	274	▲ 23
Adastria non-consolidated total (Online store included)	1,322 (65)	1,323 (62)	19 (0)	▲ 19 (▲ 1)	1,323 (61)	1 (▲ 4)
Domestic subsidiaries total (Online store included)	120 (46)	121 (49)	10 (6)	▲ 1 (0)	130 (55)	10 (9)
Japan total (Online store included)	1,442 (111)	1,444 (111)	29 (6)	▲ 20 (▲ 1)	1,453 (116)	11 (5)
Mainland China	14	18	3	▲ 1	20	6
Hong Kong	31	32	1	0	33	2
Taiwan	91	98	5	▲ 1	102	11
Thailand	4	6	1	0	7	3
The Philippines	1	3	0	0	3	2
USA	11	-	-	-	-	▲ 11
Malaysia	-	-	-	-	-	-
Oversea total (Online store included)	152 (26)	157 (29)	10 (0)	▲ 2 (0)	165 (29)	13 (3)
zetton	75	73	3	▲ 2	74	▲ 1
Consolidated total (Online store included)	1,669 (137)	1,674 (140)	42 (6)	▲ 24 (▲ 1)	1,692 (145)	23 (8)

* FY2027/2 1H 16 remodeled stores in the consolidated group.

FY2027/02 Revised Plan		
Opened	Closed	End of FY2027/02
8	▲ 1	233
5	0	152
5	▲ 1	132
5	▲ 5	188
12	▲ 1	130
5	0	105
2	▲ 5	65
1	▲ 2	63
17	▲ 30	270
60 (0)	▲ 45 (▲ 1)	1,338 (61)
11 (6)	▲ 3 (▲ 1)	129 (54)
71 (6)	▲ 48 (▲ 2)	1,467 (115)
10	▲ 1	27
6	0	38
10	▲ 3	105
1	0	7
0	0	3
-	-	-
2	0	2
29 (0)	▲ 4 (0)	182 (29)
4	▲ 5	72
104 (6)	▲ 57 (▲ 2)	1,721 (144)

FY2027/02
Initial Plan End of FY2027/02
237
152
132
190
127
110
65
67
273
1,353 (62)
126 (51)
1,479 (113)
27
39
114
10
8
-
1
199 (30)
74
1,752 (143)

- **Inventories** Increase in the inventory of standard products of 2.5% (considered an appropriate level) compared to the end of the same period last year
- **Property, plant and equipment** Decrease due to the sale of the Fukuoka Distribution Center and U.S. business, among other factors
- **Intangible assets** Decrease due to impairment of goodwill, etc.
- **Net assets** Net asset ratio of 62.3%, +4.6p compared with the same period in the previous fiscal year

(Millions of yen)

	End of 2025/08		End of 2026/02		End of 2026/08			
		Ratio		Ratio		Ratio	Compared with the end of 2025/08	Compared with the end of 2026/02
Current assets	71,200	51.1%	77,644	55.6%	75,946	54.9%	+4,746	▲ 1,697
Cash and deposits	22,435	16.1%	24,912	17.8%	24,990	18.1%	+2,554	+77
Inventories	28,699	20.6%	30,526	21.9%	29,419	21.3%	+720	▲ 1,106
Fixed assets	68,208	48.9%	62,043	44.4%	62,368	45.1%	▲ 5,840	+325
Property, plant and equipment	27,533	19.8%	24,727	17.7%	25,085	18.1%	▲ 2,448	+357
Intangible assets	15,868	11.4%	12,579	9.0%	12,862	9.3%	▲ 3,006	+282
Goodwill	2,765	2.0%	566	0.4%	1,175	0.8%	▲ 1,589	+609
Investments and other assets	24,806	17.8%	24,736	17.7%	24,421	17.7%	▲ 384	▲ 314
Total assets	139,409	100.0%	139,688	100.0%	138,315	100.0%	▲ 1,093	▲ 1,372
Liabilities	58,960	42.3%	57,864	41.4%	52,094	37.7%	▲ 6,866	▲ 5,769
Loans payable	4,726	3.4%	-	-	129	0.1%	▲ 4,597	+129
Net assets	80,448	57.7%	81,823	58.6%	86,221	62.3%	+5,772	+4,397
Treasury shares	▲ 6,097	▲ 4.4%	▲ 6,098	▲ 4.4%	▲ 5,486	▲ 4.0%	+611	+612

- While we have left our full-year earnings forecast unchanged, we aim to exceed those figures
- As of the end of the first half, operating profit is on track to outperform target by 1.5 billion yen
- We aim to generate sales and profits that exceed target in the second half of the year as well; the decision to leave forecasts unchanged does not reflect an anticipation of a decline in performance during the second half

(Millions of yen)

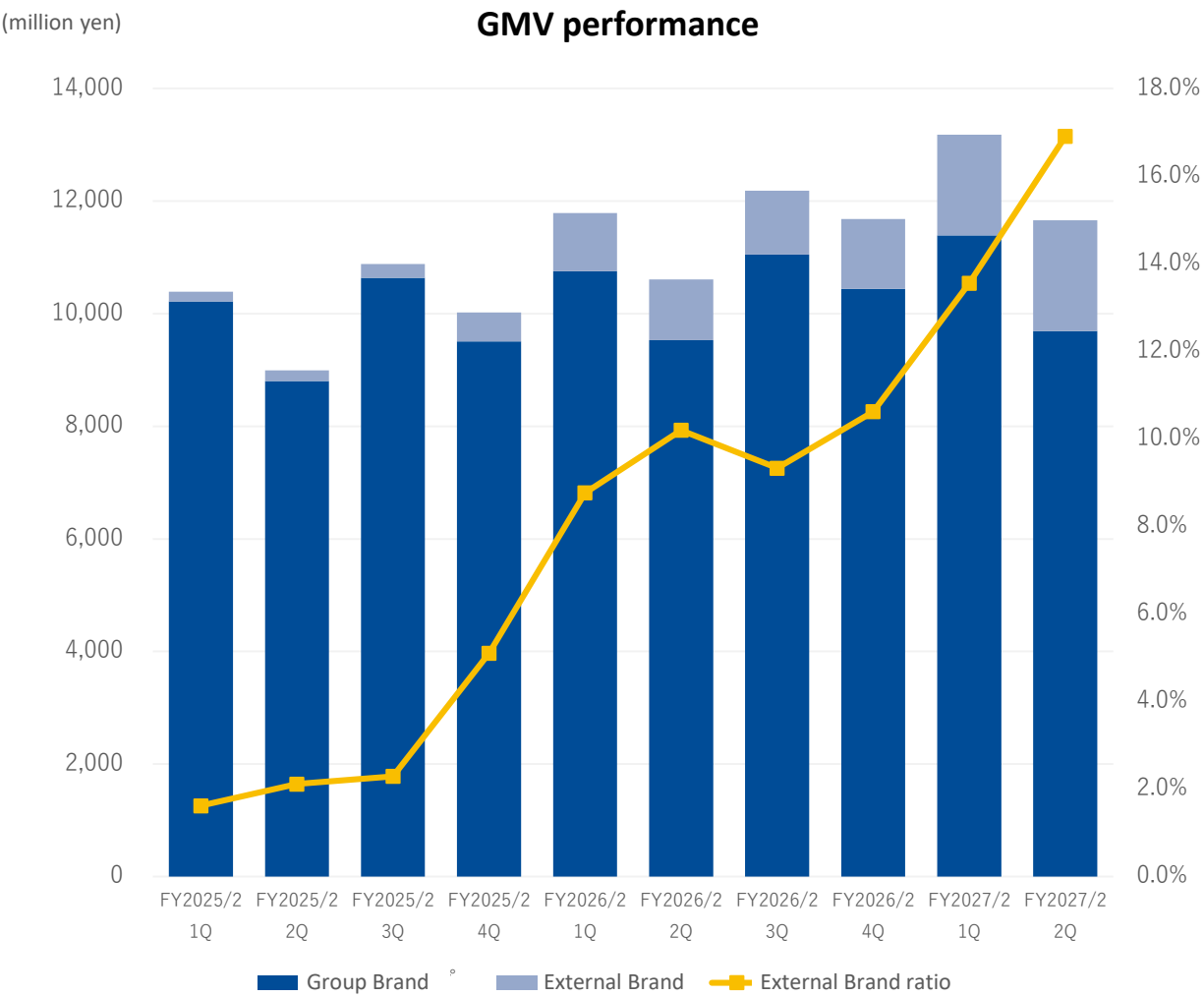
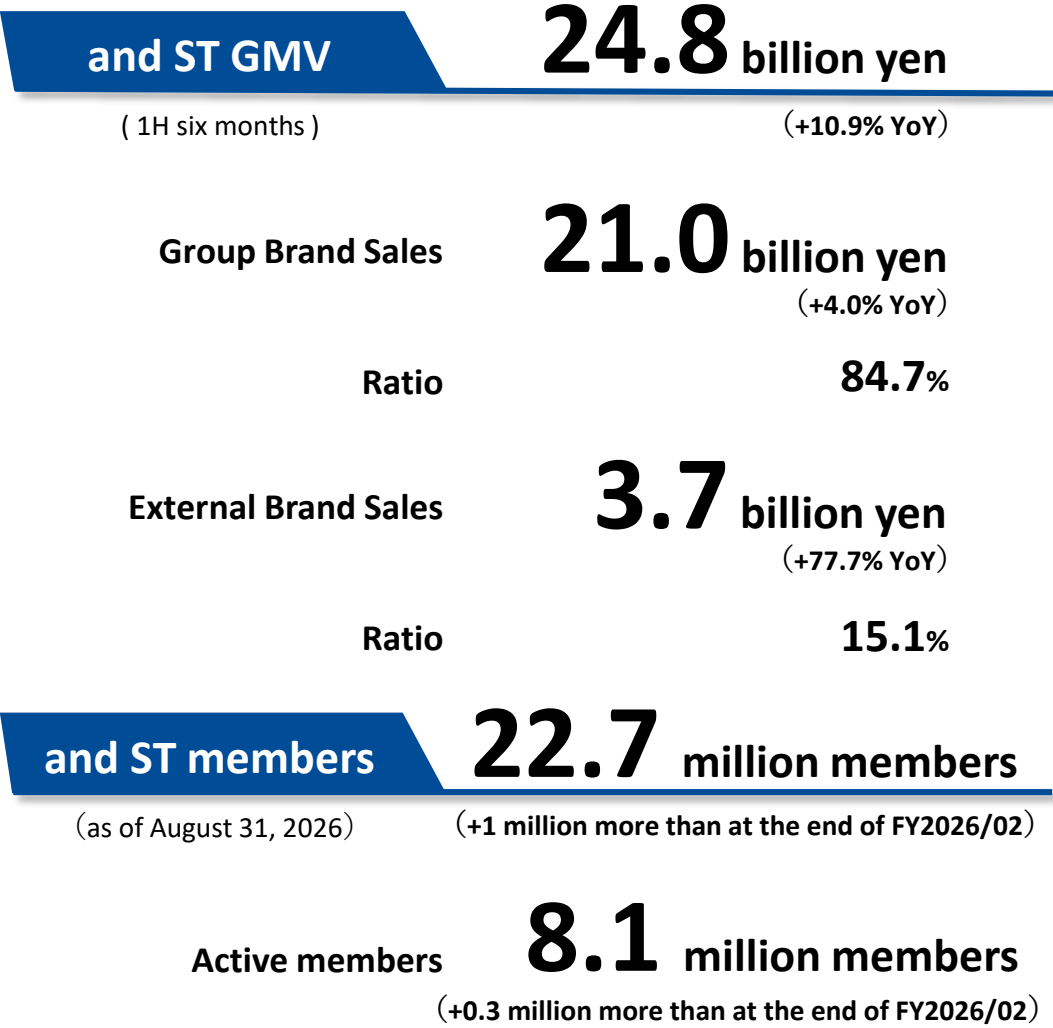
	FY2026/02 Results	FY2027/02 Forecast	YoY
Net sales	304,351	314,000	103.2%
Gross profit	166,108	172,850	104.1%
Gross profit margin	54.6%	55.0%	+0.4p
SG&A expenses	149,583	155,650	104.1%
SG&A expenses ratio	49.1%	49.6%	+0.5p
Operating profit	16,524	17,200	104.1%
Operating margin	5.4%	5.5%	+0.1p
Ordinary profit	16,827	17,200	102.2%
Ordinary income margin	5.5%	5.5%	+0.0p
Net income attributable to owners of the parent	9,498	10,500	110.5%
Ratio of net income attributable to owners of the parent	3.1%	3.3%	+0.2p
ROE	12.0%	12.4%	+0.4p
EBITDA	28,939	27,880	96.3%
Depreciation and amortization	11,971	10,500	87.7%
Amortization of goodwill	443	180	40.6%

3. FY2027/02 1st Half Business Overview

Managing Director Yoshiaki Kitamura

and **STHD**

■ and ST GMV exceeded plan



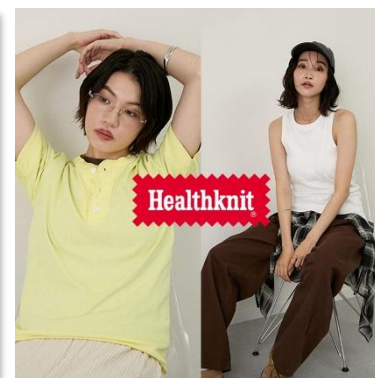
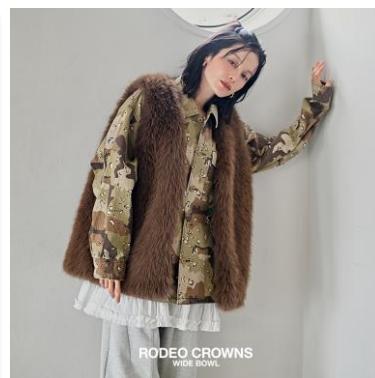
- Total of 11 external brands participated in the second quarter

No. of External shops

82 shops

(as of August 31, 2026)

(+45 shops YoY)



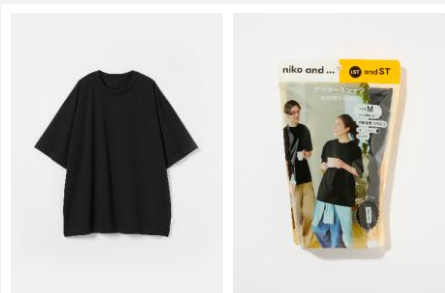
■ A new approach to fashion at convenience stores: Joint development project with SEVEN-ELEVEN JAPAN CO., LTD.

- New fashion and accessories developed in partnership with 7-Eleven, designed to suit the layout of convenience store sales floors and customer shopping patterns; on sale at 7-Eleven stores in Japan nationwide as of September 25
- The combination of 7-Eleven's proximity, peace of mind, and convenience and and ST's editorial and planning skills will shift fashion at convenience stores from a traditional impulse purchase to uplifting shopping and fashion chosen with a specific purpose in mind
- In addition to expanding the women and youth-oriented niko and ... and LOWRYS FARM brands, the Company plans to combine collaborations with brands such as Hello Kitty to create a sense of freshness and generate buzz



EDIT FASHION

Packaging is designed to resemble a magazine, making it easier to choose fashion items at convenience stores (where trying on items is difficult); lineup features regular items (like a serialized magazine column), seasonal items (special features), and collaboration items (to generate buzz)



Regular Items

Basic products available year-round



Seasonal Items

Seasonal products that are replaced twice a year (spring/summer and fall/winter)

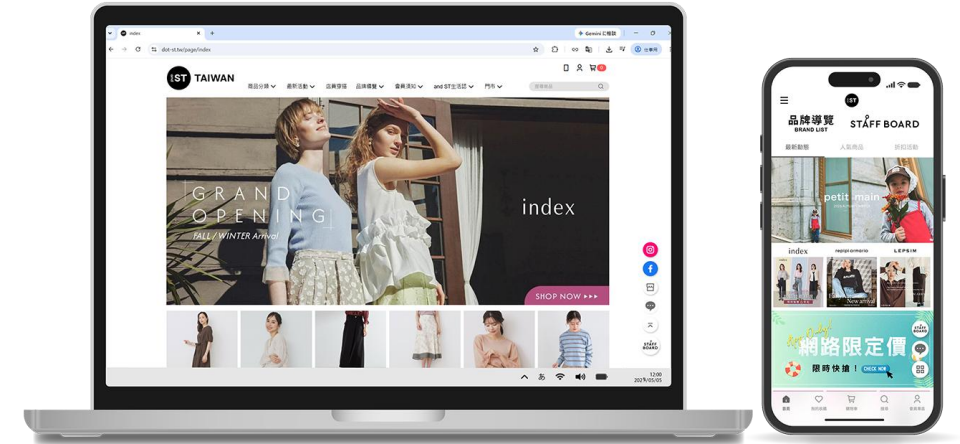


Collaboration Items

Promotional products that generate buzz and stand out

■ Taiwan: Growth accelerates with the opening of and ST Taiwan

- Building on the success of our multi-brand strategy, the Company launched the and ST Taiwan e-commerce platform as an open marketplace (mall business)
- We intend to maximize our value as a fashion platform through the participation of external brands



■ Mainland China: Strong performance of standard-format stores and monetization through a cross-channel strategy

- Standard-format stores leveraged to expand into new areas are performing well across the country, successfully balancing efficient store openings with customer growth
- A cross-channel strategy that integrates brand awareness built in physical stores with e-commerce has proven successful, leading to profitability at individual stores



niko and ... Foshan MixC World Store

■ Accelerating Store Expansion in Southeast Asia and Progress in Developing New Markets



*No. of stores as of June 30, 2026, including four e-commerce sites

Thailand

In June, we opened a niko and ... location at Fashion Island, a popular shopping destination on the outskirts of Bangkok. The new interior design retains the brand's signature style while retaining a localized flair, and has been well received. Featuring a new cafe concept, FISHS EDDY COFFEE



The Philippines

Plans to open three new stores in 2027 have been finalized, and the Company will accelerate store openings going forward

Malaysia

In addition to opening Stores No. 1 and No. 2 in December 2026, we have finalized plans to open one more store in 2027

Vietnam

Moving forward with establishing a local subsidiary and proceeding with preparations for opening a store

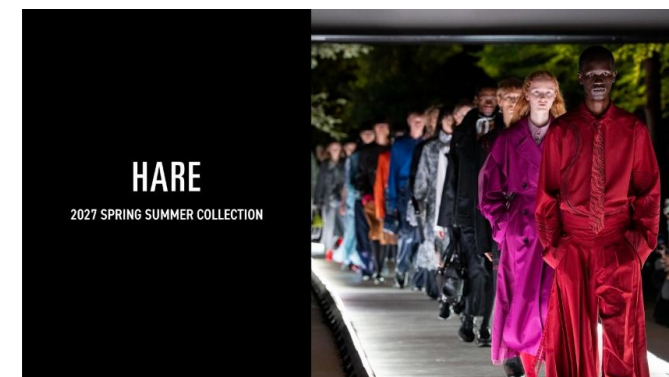
■ GLOBAL WORK: Revamping product lineup and proposals to capitalize on trends

- We are revising the product lineup, which has traditionally focused on staple items, to increase the proportion of trend-driven products. We are also making a major shift from developing individual items to developing styles for the entire wardrobe.
- We hosted a trade show featuring trending products for media and developers.



■ HARE: Runway show at HAPPO-EN in Tokyo showcased the brand's aesthetic to audiences at home and abroad

- The brand's first runway show in four years highlighted a collection that marked a return to roots in fashion, which is the very essence of the brand's identity, and served to clarify brand positioning
- Building on the uniqueness of highly price-competitive and fashion-forward products, as well as strong inbound demand and robust performance at stores in Taiwan, the brand is strengthening overseas marketing efforts with an eye toward global expansion



■ LAKOLE: One of the largest LAKOLE brand stores opened at Canal City Hakata, spanning 1,650 square meters across two floors

- Opening large-scale stores in key locations across Kyushu, we are working to attract new customers and raise brand awareness
- Enhancing the brand experience by adding product categories, from apparel and home goods to groceries and store-exclusive items, and offering a product lineup and store design that encompass all aspects of lifestyle



■ Launched ELMIRA, a new apparel brand created using AI

- By featuring "AI SHIHO"—an AI-generated IP based on a real-life model—as a brand model, Adastria leverages AI technology to improve operational efficiency and offer high-quality products for women at affordable prices.
- Moving forward, Adastria plans to expand the use of AI in market data analysis and product planning, aiming to build a next-generation business model as the foundation for brand creation



■ ALAND: Acquisition of trademark and business rights in Japan to accelerate the capture of Gen Z customers

1 External Environment and Assumptions (Exchange Rates, Climate)

Foreign Exchange Trends	The yen is weakening more than expected in the second half of FY2027/02; however, we anticipate the currency FY2028/02 will remain at the same level as FY2027/02
Pricing Policy	We will maintain price ranges despite headwinds in the form of exchange rate fluctuations and rising raw materials costs

2 Improving Profit Margins and Cost Control (Production Costs, Inventory, and Operating Expenses)

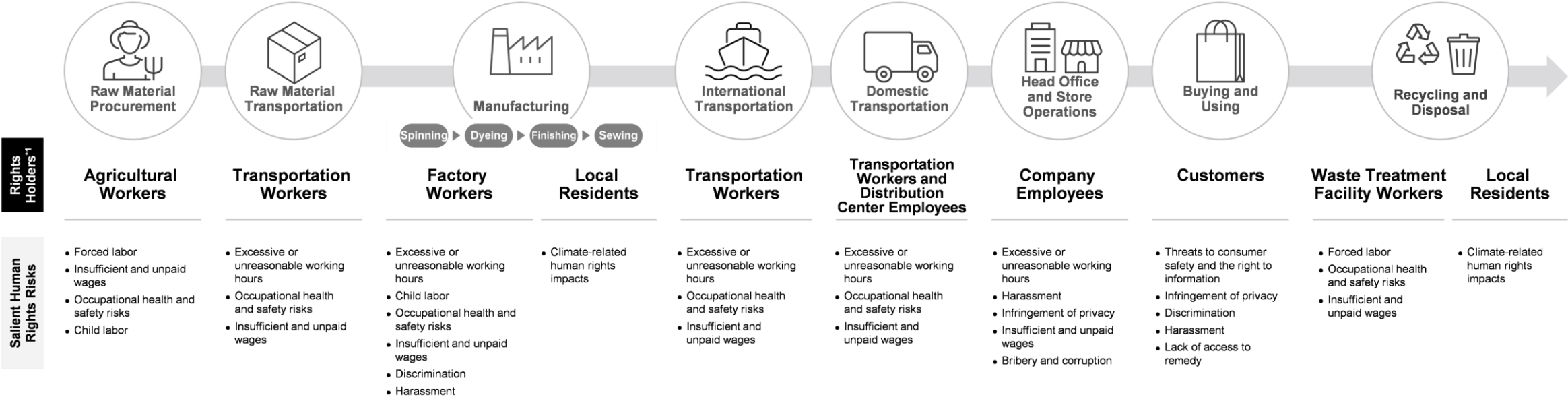
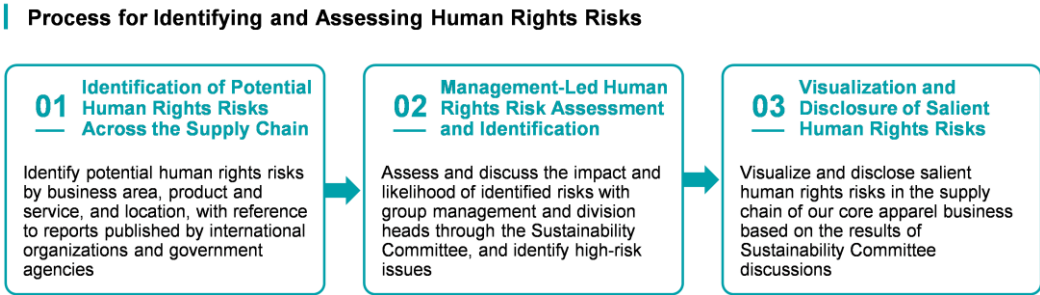
Improvement in Mark-Ups	Offsetting the negative impact of exchange rates by developing new sourcing partners, consolidating factories, and streamlining logistics
Inventory Optimization	Continuing proper inventory management and minimizing discounts
Cost Efficiency	Continuing to optimize advertising, promotional expenses, and staffing levels

3 Investing in Growth for the Next Fiscal Year

Launching multiple new brands, launching new businesses overseas, etc.

■ Identifying and visualizing human rights risks to build a sustainable supply chain

- The Company's Sustainability Committee continues to discuss significant human rights risks in accordance with the UN Guiding Principles on Business and Human Rights
- We plan to organize existing initiatives in line with the human rights due diligence process, including efforts to prevent and mitigate human rights risks through employee compliance with the Group Code of Ethics and CSR monitoring of suppliers. We also plan to strengthen the Group-wide framework for conducting these initiatives.



* Salient human rights risks identified in our core apparel business
*1 Rights holders: People whose human rights are being violated or are at risk of being violated as a result of corporate activities

■ Integrated Report 2026 to be Published in Early October

- The and ST HD Group management team will explain in their own words our vision for the new organizational structure, which they are tackling as a united front, as well as specific commitments to the sustainable enhancement of corporate value
- The report will feature information on growth strategies for each business segment, as well as initiatives to strengthen governance and pursue sustainable management



andSTHD
INTEGRATED REPORT 2026



New Management Team

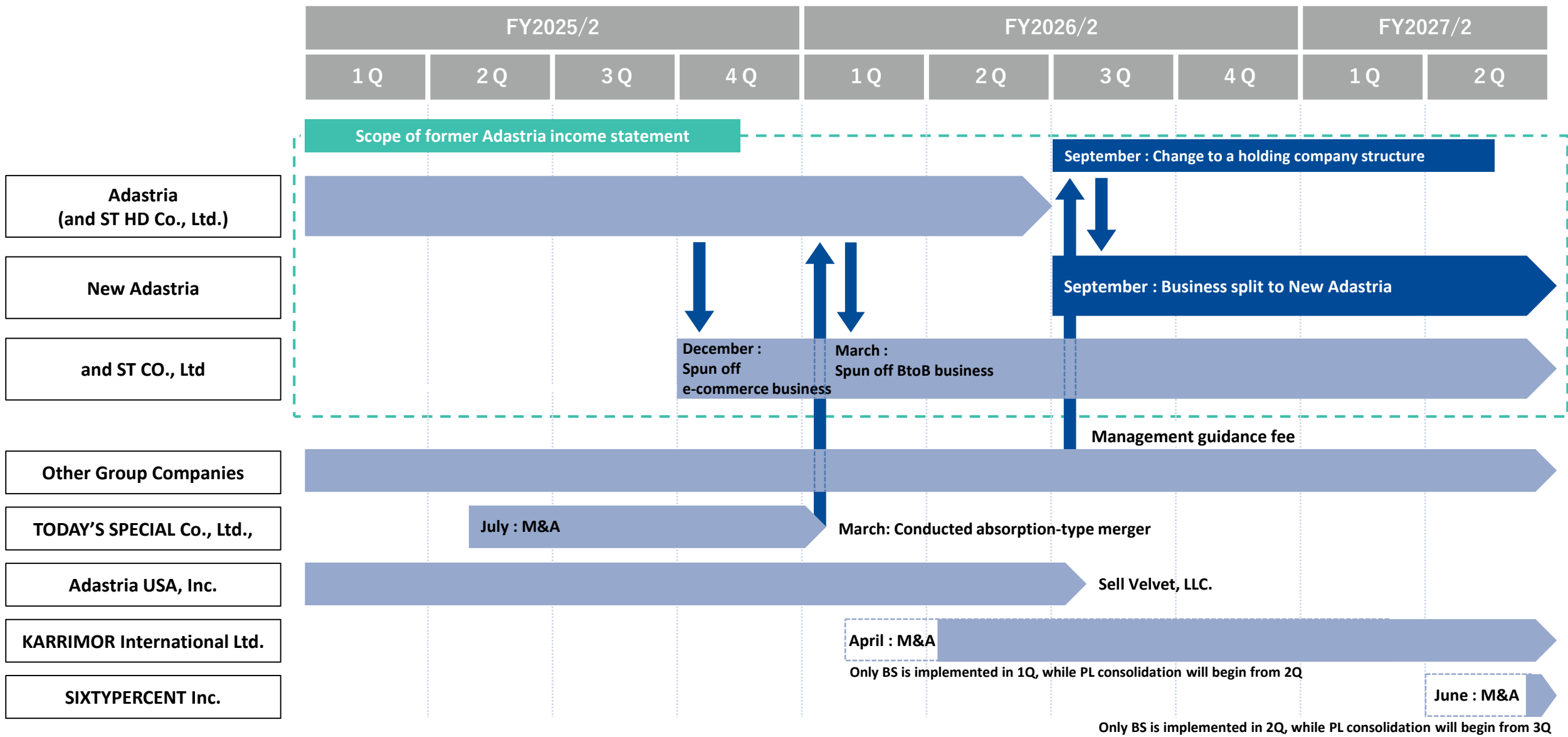


Outside Directors' Dialogue

Integrated Report : https://www.andst-hd.co.jp/english/ir/library/integrated_report/

(Appendix) Changes in the Reporting Scope by Company and Business

andSTHD



Explanation on the appropriate use of performance forecasts

The forward-looking statements in this document, including performance forecasts, are based on information currently available to the Company and certain assumptions that the Company considers reasonable.

Other Notes

Figures in the materials are rounded down to the nearest million yen, and percentages are calculated from the original data.

This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

Play fashion!