

and ST HD Co., Ltd.

Integrated Report 2025

and ST HD

MISSION



Play fashion!

Fashion that inspires you.

Fashion that creates a vibrant community.

Fashion for living your best life.

VISION

Joyful options galore!

VALUES

We always act with our customers in mind.

Taking on new challenges enables us to grow and evolve.

We value diversity and progressing as a team.

Contributing to society by helping others.

Making everyday life an adventure.

PHILOSOPHY

Be a Person Needed,

Be a Company Needed.

CULTURE

The answer is to keep looking for answers.

CONTENTS

Introduction

- 4 and ST HD in Figures
- 5 History of and ST HD
- 6 and ST HD Structure
- 7 Multi-Brand
- 8 Value Chain
- 10 Message From the Chairman

Notes

On September 1, Adastria changed its corporate name to "and ST HD Co., Ltd." In conjunction with this change, the name "and ST" appears throughout this report. We have simplified the notation as follows:

- "and ST HD," when referring to and ST HD Co., Ltd.
- "The and ST HD Group" or "the Group," when referring to the group as a whole
- "and ST," when referring to the e-commerce mall
- "and ST," when referring to subsidiary and ST Co., Ltd.

and ST HD Value Enhancement

- 14 The and ST HD Market Environment
- 15 Value Creation Process
- 16 Message From the President
- 20 Medium-Term Management Plan 2030
 - 21 Platform Business
 - 24 Global Business
 - 26 Brand Retail Business
 - 27 Message From the President of ADASTRIA
 - 29 Message From the President of ELEMENT RULE
 - 30 Message From the President of BUZZWIT
 - 31 Message From the President of zetton
 - 32 Digital Transformation, Logistics, and Production
- 33 PARTNER SESSION
 - 33 WA, Inc.
 - 35 Primer Holdings Inc.
- 36 Senior Managing Director Message
- 39 Management Conscious of the Cost of Capital and Share Price
- 40 Human Capital Initiatives

Sustainability

- 43 SUSTAINABILITY SESSION
- 47 Approach to Sustainability
- 48 Our Materiality and Sustainability Framework
- 49 Initiatives, Achievements, and Roadmap for Materialities
- 50 Initiatives for Materiality
 - 50 Create a World Without Fashion Loss
 - 52 Engage in Manufacturing That Leads to the Future
 - 53 Balance Environmental Considerations With Sales Activities
 - 55 Inclusive Fashion Store Staffed by Hearing-Impaired Employees
 - 56 A Society in Which People Enjoy Fashion in Their Own Way
 - 57 Be an Organization That Is Healthy Mentally and Physically, Encouraging Employees in Their Individuality and Ability
- 59 Revitalizing the Communities Surrounding Our Stores
- 60 Foster Sustainable Development in Production Areas

Governance

- 62 Corporate Governance
 - 73 Outside Director Interview
 - 75 Director Roundtable Discussion
- ## Data
- 78 10-Year Financial and Non-Financial Highlights
 - 79 ESG Data
 - 82 Group Companies
 - 83 Corporate Overview and Stock Information

Publication Date
October 2025

Report Period
Fiscal year ended February 28, 2025 (March 2024 to February 2025)

Report Scope
and ST HD Co., Ltd. and consolidated subsidiaries

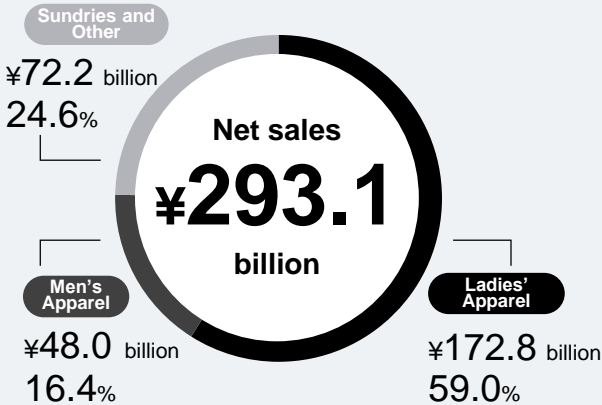
Referenced Guidelines
International Integrated Reporting Framework, IFRS Foundation
Guidance for Integrated Corporate Disclosure and Company-Investor Dialogue for Collaborative Value Creation, Ministry of Economy, Trade and Industry

Editorial Policy
This report aims to highlight our business model and value creation story in an easy-to-understand manner. We systematically introduce financial information, such as business performance and management strategies, as well as non-financial information, such as Environmental, Social, and Governance (ESG), as a foundation to support company growth.

and ST HD in Figures (as of February 2025)

The and ST HD Group manufactures and sells apparel and miscellaneous goods in the lifestyle and fashion fields.
The Group has more than 50 brands and has opened approximately 1,600 stores in Japan and overseas, including physical and web stores.

Sales by Product Division



ROE

13.1%

Domestic Online Sales

¥72.8 billion

Percentage of Domestic Net Sales
28.4%

Number of Stores

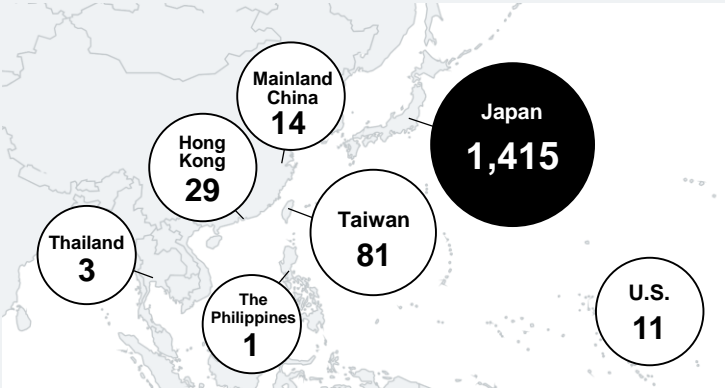
1,630

Food and Beverage Business

76

Online Stores

141



Number of Employees

Total Number of Employees

13,662

Regular Employees

6,944

Term Employees

6,718

Number of Brands

Number of Group Brands*

55

Number of External Brands on Platform

27

and ST Gross Merchandise Value

GMV
¥40.3 billion

Number of and ST members

Total Members

19.7 million

Number of Active Members

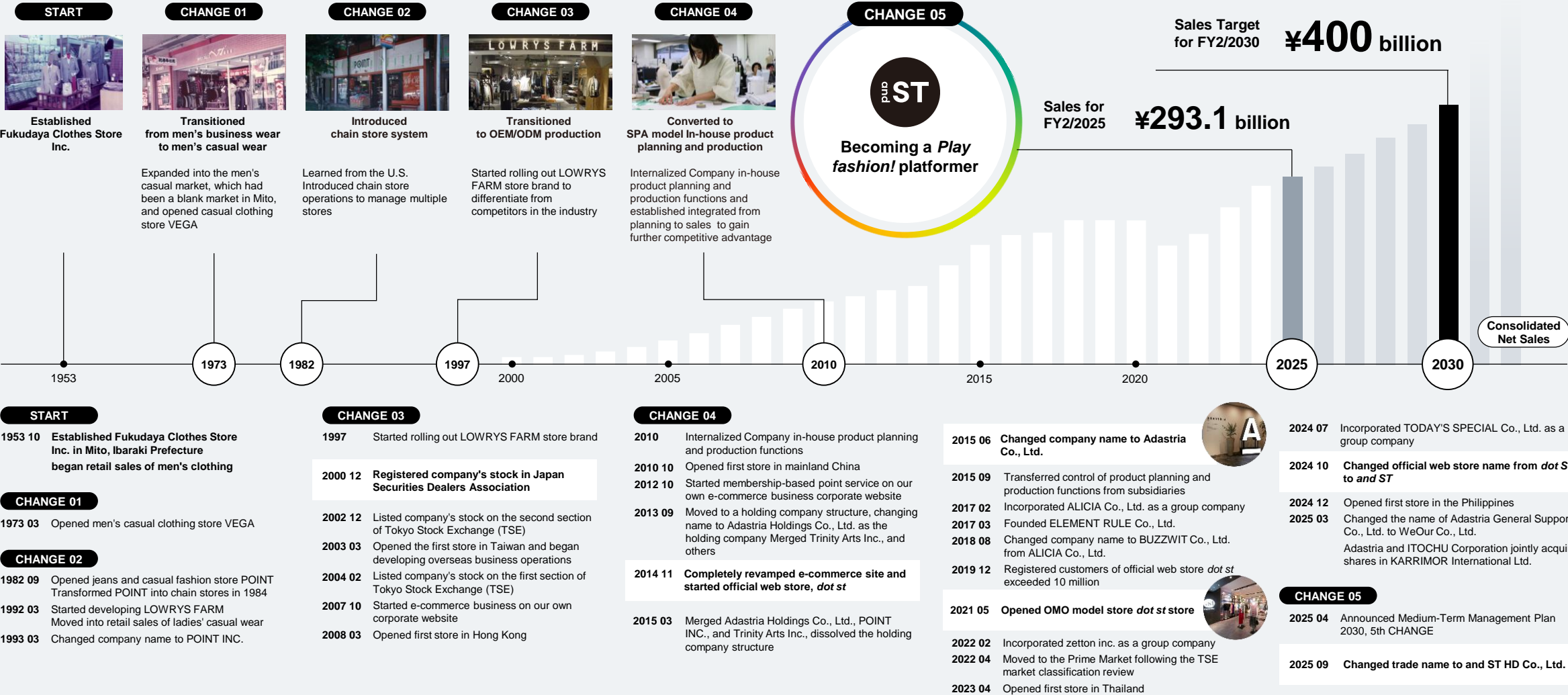
7.5 million



*Group brands with annual sales of ¥100 million or more

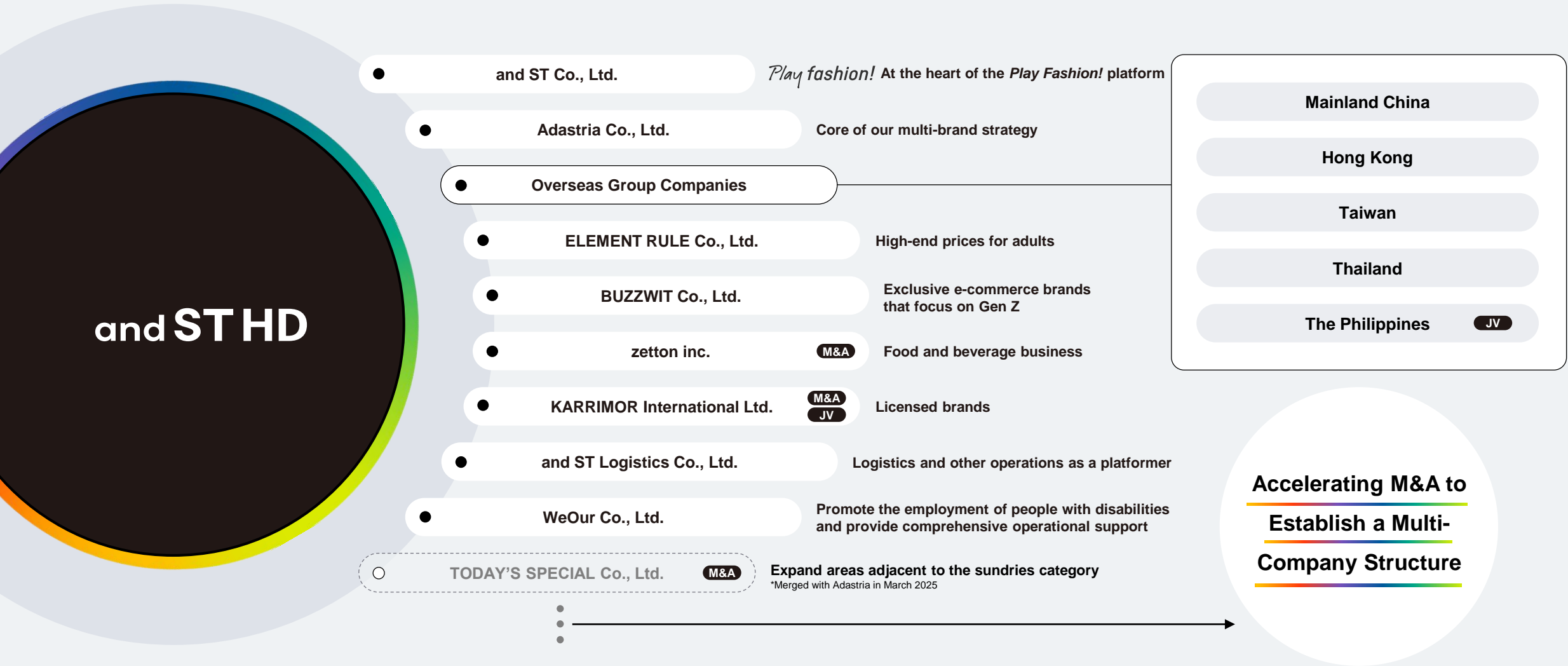
History of and ST HD

Our company was founded as a men's clothing retailer. Since then, we have grown through four business model revisions (Change 01-04). Behind these revisions was our corporate culture of not being afraid of change and continuing to challenge ourselves in search of answers that meet the needs of our customers at any given time. We began our 5th CHANGE with the aim of continuing to improve our corporate value through flexible management and working toward our mission of *Play fashion!*



and ST HD Structure

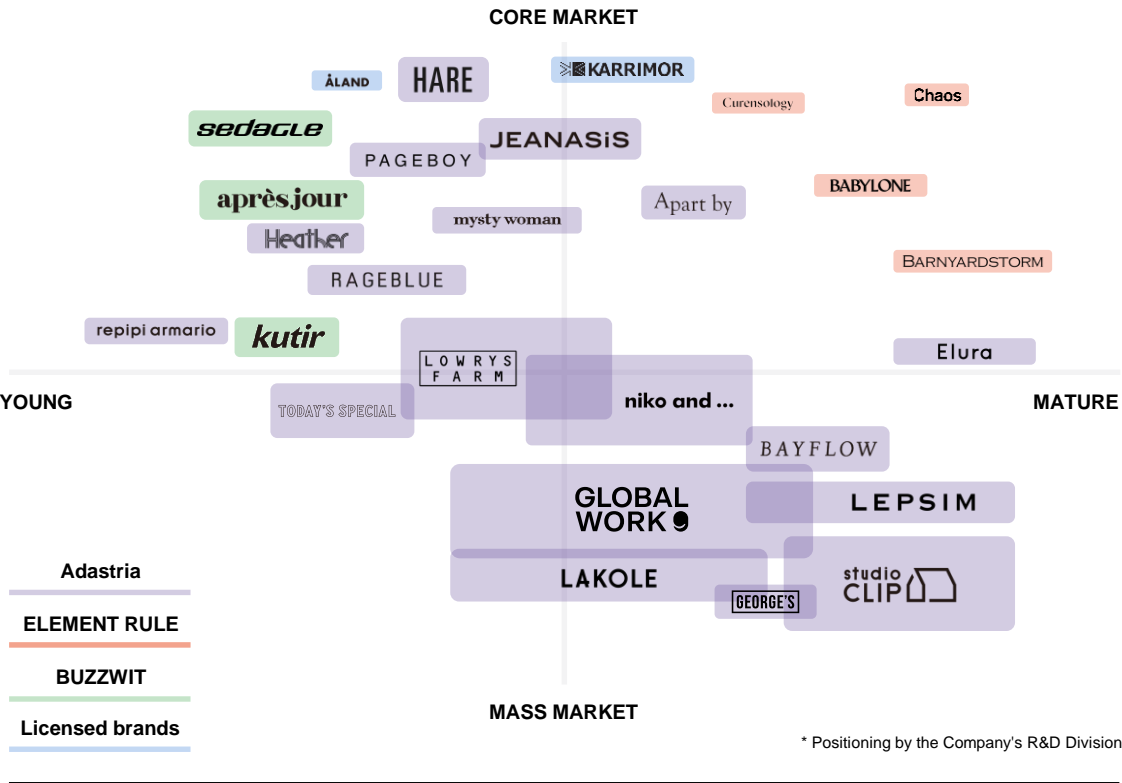
Effective September 1, 2025, the Company has changed our name to and ST HD Co., Ltd. and transitioned to a holding company structure. The new entity will oversee group companies with diverse identities, supporting the development of multi-brands and engaging in a multi-company approach. This holding structure will bring more visibility to the attractiveness and profitability of each business, while facilitating quick investment decision-making.



Multi-Brand

Customer tastes and lifestyles are particular and not uniform in the field of fashion, making it difficult to cover all customers with just one brand. We have adopted a multi-brand strategy to gain strong support from a wide range of customers through multiple brands that are strongly favored by customers with specific tastes. We share resources for material development, production and logistics, and accumulate expertise as a multi-brand platform.

Brand Portfolio



Overview of Major Brands

GLOBAL WORK

- Target
Men and women in their 20s to 40s, kids between 3 and 15, teenagers between 16 and 19

- Location
Shopping centers

- Categories
Women's, men's, and kids' fashion, food and beverage

Adastria

niko and ...

- Target
Men and women between the ages of 25 and 35

- Location
Shopping centers, fashion malls, road-side stores

- Categories
Women's and men's fashion, sundries, interior items, sports fashion, cosmetics, food and beverage

Adastria

LOWRYS FARM

- Target
Women in their 20s to 30s, kids between 4 and 15

- Location
Fashion malls, shopping centers, road-side stores

- Categories
Women's, men's, and kids' fashion

Adastria

studio CLIP

- Target
Women in their 30s to 40s

- Location
Shopping centers, fashion malls

- Categories
Women's fashion, sundries, interiors items, food and beverage

Adastria

Curenology

- Target
Women in their 30s to 40s

- Location
Road-side stores, fashion malls

- Categories
Women's fashion

ELEMENT RULE

aprèsjour

- Target
Women in their 20s

- Location
Online store

- Categories
Women's fashion

BUZZWIT

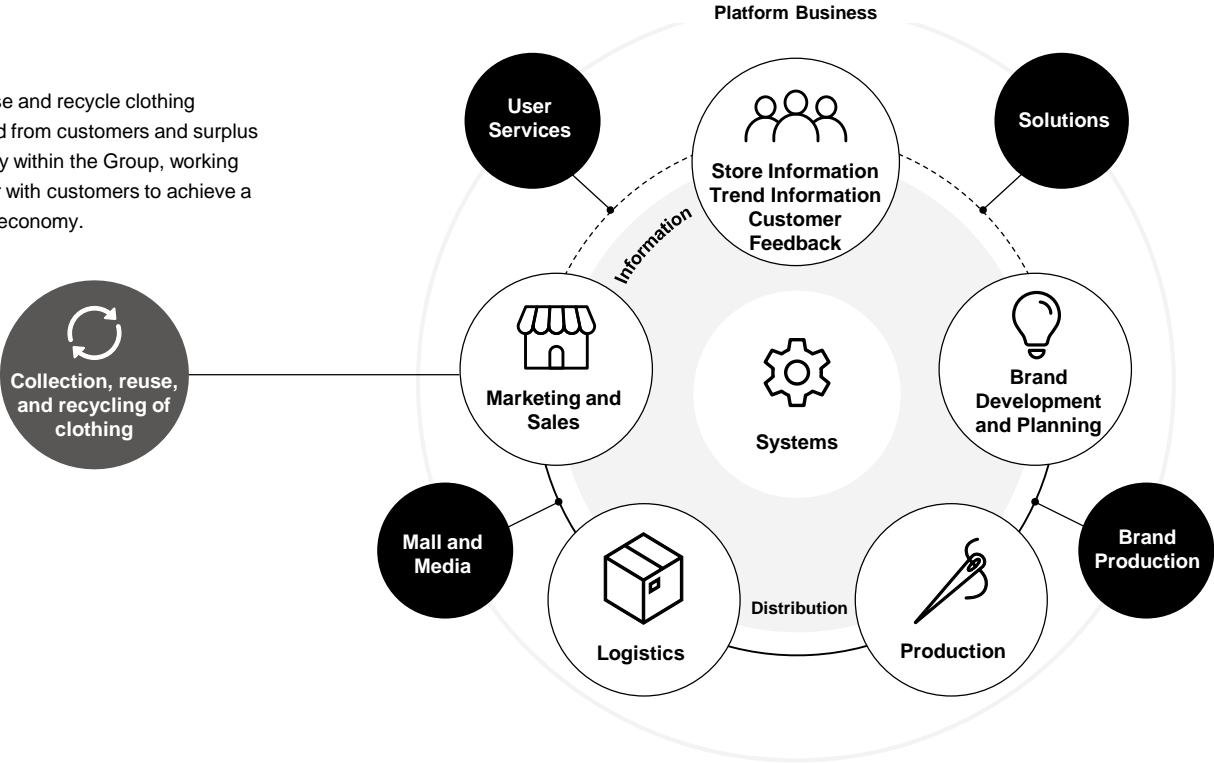
Value Chain

One strength of the and ST HD Group is our system to perform everything from brand development to product planning, production, logistics and sales within the group. We quickly incorporate store information and customer feedback in our product development and services by integrating all the processes in an IT system, while we create differentiated high-quality products.

and ST HD Group Value Chain

By integrating the entire value chain from design, factory production, logistics and sales into our IT system, we are able to utilize data and improve operational efficiency. We are also able to provide shopping experiences with high customer satisfaction, since this system seamlessly connects our e-commerce mall with brick-and-mortar stores. Furthermore, we apply these functions to our platform business, drawing on what we have built up in the Brand Retail business over time.

We reuse and recycle clothing collected from customers and surplus inventory within the Group, working together with customers to achieve a circular economy.



Brand Development and Planning

01 Brand development

We develop our own brands based on global fashion trends, customer needs, planning proposals by in-house staff, and collaboration with influencers. In unexplored areas, we utilize licenses of popular domestic and foreign brands to build and maintain an optimal brand portfolio at all times.

02 R&D

Trend information is collected from around the world and deployed in a way that suits each brand. We also secure and cultivate designer and creator talent and optimize their placement across our brand portfolio.

03 Brand direction

Creating a world outlook commensurate with the brand, cultivating individual elements to embody this outlook, and directing the brand overall to ensure consistency. This activity spans organizing concepts, tone and manner, and managing products, price points, sales channels, promotions, and more.

04 Merchandising

To provide products at the right time, at the right price and in the right quantity, we develop hypotheses based on trend information and customer feedback obtained at stores, and formulate and execute seasonal product and sales plans.



Production

05 Design

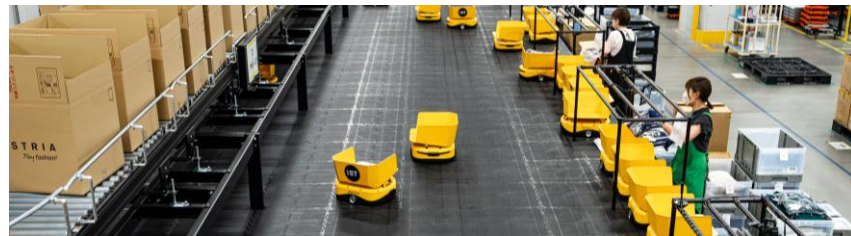
Based on customer needs and fashion moods, we incorporate the brand's world outlook into product design. In addition to our dedicated in-house designers, we also utilize the knowledge of outside designers according to the direction the brand wants to express.

06 Material procurement

We have established a global network of material manufacturers and source the right materials at the right time, at the right price, and in the right quantity for the brand. Cost advantages are achieved by using high-quality, high-performance materials across brands.

07 Material development

To make our products stand out and achieve a high level of balance between price and quality, our Materials Development Department develops original materials in collaboration with outside material manufacturers. We have developed a number of materials that are not only fashionable and functional, but also offer superior sustainability aspects in reducing environmental impact. These materials are also sold to outside parties.



08 Patterning

We accurately grasp the intent of product planning and incorporate the design into a pattern. In addition to securing and training highly skilled pattern makers, we are also actively using technologies such as 3D CAD design, working to improve productivity and reduce environmental impact by reducing sample production.

09 Production control

Based on long-standing partnerships, we work closely with external factories to ensure optimal production of a wide variety of multi-brand products. We are also actively cultivating new production partner factories in order to diversify production sites for the management of costs and risks.

10 Quality control

We provide high-quality and safe products through investigations to confirm that materials, production processes and products conform with our quality standards. We monitor not only finished products but the entire procurement and production process as early as the product planning stages, and our CSR procurement team also conducts checks regarding ethical standards.

Logistics

11 Transportation

We have an in-house logistics unit that serves as the hub for transporting all products manufactured across mainland China, thereby reducing costs and environmental impact by improving container loading rates and optimizing logistics throughout Asia.

12 Logistics for domestic stores

Our logistics subsidiary within the group delivers products to stores in Japan daily from our eight in-house distribution centers across the country, adjusting to sales volume of each store. Our meticulous delivery system minimizes losses of opportunity and inventory.

13 E-commerce logistics

We have established an optimized shipping system for a wide variety of multi-brand products at our in-house distribution centers. With the introduction of state-of-the-art material handling equipment, including unmanned transport vehicles, we have the capacity to ship up to 34,000 items per day, and are supporting common efforts to reduce delivery costs while enhancing customer convenience, such as in-store pickup.

14 Product management

More than 20,000 different products are properly managed and stored annually, and speedy supply of products ensures timely delivery from container arrival to stores. We manage our products in meticulous detail based on their particular qualities, for example, by storage and delivery of sundries at dedicated centers due to expanding business in that area.

Marketing and sales

15 Public relations

Messaging is planned and carried out over traditional and social media to convey the brand's world outlook and appeal to as many people as possible. In addition, we devise POPs and content that fully convey the appeal of our products in stores and over e-commerce.

16 Store design

In our store design, we provide customers with new experience value while faithfully expressing the brand's world outlook.

17 Visual merchandising

We express brand and product characteristics and create fresh storefronts while firmly conveying the appeal of the product to customers.

18 Brick-and-mortar stores

We operate approximately 1,600 brick-and-mortar stores in Japan and overseas, mainly as stand-alone brand stores, and maintain an optimal store network at all times by flexibly opening and closing stores depending on market conditions. By owning a large number of brands, we can support a range of commercial facility types, and by opening multiple stores in the same facility, we can operate more efficiently and increase customer contact points. In addition, customers can experience our brands and products firsthand in brick-and-mortar stores, which results in high customer loyalty.

19 In-house and ST e-commerce mall

With over 19 million registered customers, and ST is one of the largest fashion e-commerce malls in Japan. Its immensely popular STAFF BOARD, where

store staff post outfit coordination, attracts about 1 million site visitors per day. We are expanding the categories we handle by selling not only our own products but also those of other companies.

20 Sales staff

Our sales staff provide a purchasing experience with a high level of satisfaction by demonstrating premium customer service and proposal skills both online and offline. More than 30% of our e-commerce customers shop by referring to outfit coordination photos posted by our store staff, and more than half of new and ST registrations come from retail stores under the joint membership system for retail stores and the online e-commerce mall.



Store Information, Trend Information, Customer Feedback

21 Customer service

We listen attentively to customer feedback, providing comments to each brand to help us create better products. In addition, the introduction of chatbots has made it possible to correspond with customers 24 hours a day, 365 days a year, increasing customer satisfaction.



Michio Fukuda
Representative Director
and Chairman

Seeking New Abundance, the and ST HD Group Evolves Yet Again

People mature and brands mature. The source of and ST HD Group strength is the way we face change, working from the perspective of the customer and focusing on creating new abundance.

We continue to deliver trusted value and experiences to society as *a company needed*, communicating to future generations the ideas and culture that have spanned our history.

❖ A Journey of Transformation and Looking Forward to a 5th CHANGE

As I look back over our previous medium-term management plan, what makes me most happy is to see the growth of our employees. In the past, employees would engage in casual conversation when talking face-to-face. Today, I see more employees willing to express their ideas and exchange opinions frankly. This change is due in part to advancements in visualizing our numbers. But more than that, this change is the result of employees gaining a high level of awareness and making efforts to raise their perspective.

We are now executing Medium-Term Management Plan 2030, 5th CHANGE, led by our current management team responsible for

this wonderful development in human resources. In tracing the history of our company, there have been a number of turning points. In the 1980s and early 1990s, Chinese factories produced counterfeit products with different labels and prices. Popular brand-like products were also being sold in Hong Kong and Japan. I visited a local factory overseas and saw the truth for myself. And at that point, I realized that the essence of branding is not just about creating a product, but creating a customer.

Soon after this experience, we began to build a manufacturing system aimed at differentiation. One episode that stands out was a skirt suggested by a part-time employee, who happened to be a woman. She spoke out in front of the men who were designing the product, saying, "I would never wear a skirt like that." Her remarks

Message From the Chairman

led to a product that customers truly wanted to wear. This is the kind of free discussion that brings about new value and change.

Around the year 2000, once we had the production and logistics systems in place, we began focusing on materials in earnest. The cornerstone of the company's success was our early commitment to inventory control, which is critical in the manufacturing and retailing industries. We had already introduced a computer-based inventory control system in the 1970s, ahead of our competition, so we had a well-established system for managing costs and part numbers using tags. Inevitably, we also functioned as a logistics center. Quickly establishing a logistics flow from production to sales, as well as a solid sales and administration structure, provided the foundation for subsequent business expansion and sustained growth.

❑ Ever-Evolving Abundance and an Inherited DNA

In this way, we saw the signs of change and stayed ahead of the times. Now, we are taking on the daunting challenge of transforming ourselves from a multi-brand/SPA to a platformer. Our current management team chose this direction after looking carefully at the marketing and delving deep into customer feedback. During the 1970s and 1980s, I traveled to the U.S. and experienced the changes in the market and customer service firsthand. In the process, I saw changes in values, consumer behavior, and the very way people lived. I learned about new forms of abundance. Our

ability to identify signs and respond to change quickly using logical mechanisms and tools is also being tested in this change.

In the 1970s, when the term SPA had yet to be coined, I visited the United States on an inspection tour sponsored by a news corporation. At the time, the U.S. had a wide variety of retailers, offering a wide selection of price ranges and colors—even for a single style of socks. In Japan, on the other hand, most people still shopped in department stores that offered limited choices. I wondered whether Japan could offer this amazing selection one day. With this in mind, I joined the Pegasus Club, a chain store research group, to further my studies. I returned to the U.S. to tour factories and stores, creating product composition graphs and analyzing the competitive environment in painstaking detail. I still remember the days vividly when I immersed myself in learning, even at the expense of sleep.

Right around that time, we began to see the limitations of the wholesaler system in Japan. The relationship between manufacturing and retail was beginning to change. Based on the lessons learned through the Pegasus Club, we expanded our store network, launched a chain store network, and shifted to OEM/ODM production. Our efforts enjoyed the support of many colleagues and friends along the way. Friends and family members who dreamed together with us in Mito, as well as high school students who worked part-time and had a passion for clothes. We were still just a clothing store then, but people rallied to us as we all thought about



Message From the Chairman

how to bring fashion to the high school students in Mito at affordable prices. This same desire remains a part of the and ST HD Group DNA. I hope that the next generation of management and brand managers will embrace this DNA of the relentless pursuit of what is best for the customer. The root of business management is to support the stability and growth of each employee. To this end, we must work together, identifying and nurturing individuality. Above all, we must always keep the customer's point of view in mind.

I still occasionally visit our stores, observing from the outside for half an hour or so. We must always keep in mind how our stores

are viewed, who comes to visit, and how long they stay, considering these questions from the customer's perspective. On top of these questions lie location, product appeal, and brand appeal. I am always impressed by our staff's customer service skills. But I will still remind them to smile more and express their appreciation. We cannot *be a company needed* unless we provide stores that customers enjoy and want to visit again.

From time to time, I stress how much I want employees to express their opinions frankly and without hesitation to their superiors or managers. Women, in particular, make up 80% of our employees. How can we utilize input from these women and increase their numbers in leadership and management positions? This is an important challenge we must overcome. Continuing to be a company that provides work environments for all to demonstrate their talents in their own way—where everyone shines with beauty and vitality, both physically and mentally. That is my wish for the next generation.

Being a company needed, with gratitude and grace

Mito, where our company was founded, is a special place for us. What was once a men's clothing store started by two friends has grown into a beloved community institution, enlivened by the presence of local high school girls, as well as high school boys shopping with their New Year's money. Our gratitude to Mito —

where we started — has never changed. While our capacity to contribute directly to the community may be limited, I continue to give back in the ways I can, including helping preserve historic buildings and build the sports arena.

My father, Tetsuzo Fukuda, founded the Fukudaya Clothes Store, which was the predecessor of and ST HD. He experienced a business failure during the chaotic postwar period, but was saved by his business partners. My father instilled in me the principles of honest business: procure, pay, and keep your word. No matter how tough the times, the relationships of trust we build with our business partners and other stakeholders are our greatest asset in overcoming any crisis.

Today, the apparel industry is undergoing a period of unprecedented change. These changes include the convergence of the real and virtual, the means by which we communicate quality and value, and evolutions in expressing individuality. My hope is that the and ST HD Group will always remain *a company needed* as we confront these challenges. To this end, we must not only pursue sales, but also value the trust of our stakeholders, providing products and experiences that truly satisfy our customers. Sometimes the most dignified decision may be to quit in the face of change. A flexible and frank corporate culture is the greatest strength of the and ST HD Group. I encourage our shareholders and investors to pay close attention to the aspirations and future of the and ST HD Group over the medium and long term.



and ST HD Value Enhancement

The and ST HD Market Environment

The domestic market outlook appears challenging. However, market share expansion remains possible amid industry consolidation by major corporations and growth in the household goods market, while e-commerce restructuring and overseas market growth serve as tailwinds for the Group. Changing customer values also present Adastria with opportunities.

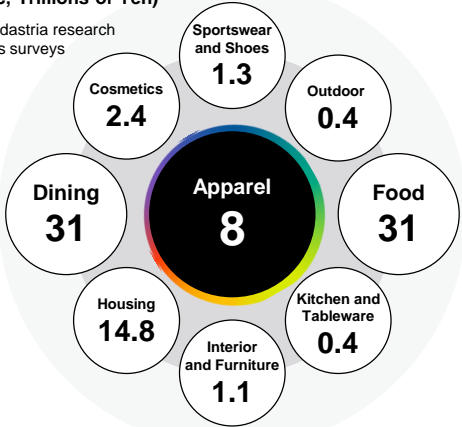


Domestic Market

- The apparel market remains at ¥8 trillion, below the pre-COVID-19 ¥9 trillion mark.
- Meanwhile, industry consolidation among major players is creating opportunities for market share expansion.
- While wage increases are a positive factor, labor shortages are driving up costs.
- The household goods sector, inbound tourism spending, and other markets with growth potential still present opportunities.

Lifestyle Market (Domestic, Trillions of Yen)

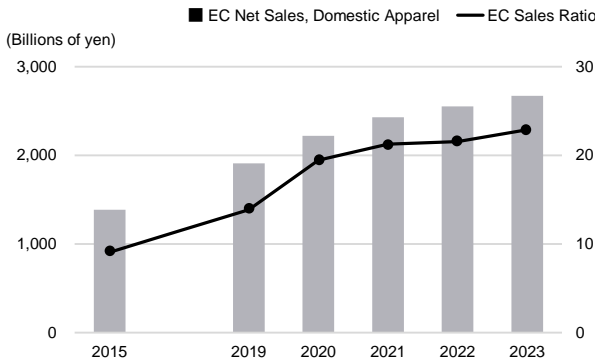
Based on Adastria research from various surveys



EC Market

- Fashion e-commerce is undergoing consolidation and restructuring to achieve economies of scale.
- IT talent shortages and other challenges in infrastructure are also affecting competition.
- While growth in apparel e-commerce slowed, significant potential remains in cosmetics, food, and services e-commerce.

Domestic Apparel EC Net Sales



Source: E-Commerce Market Survey, Ministry of Economy, Trade and Industry



Overseas Market

- Southeast Asian countries, in particular, continue to experience high population and economic growth.
- Mainland China still holds great potential, despite sluggish consumption.
- Economic growth is driving higher fashion awareness and a foundation for a multi-brand market.



Changing Values

- Consumption is shifting beyond physical products to include moments and experiences.
- Consumers are moving away from purely low-cost products, placing more value on quality, storytelling, and from whom they buy.
- Sustainability preferences are growing across a broader audience.

Value Creation Process

MISSION

Play fashion!

Social Issues

External Environment
▶ P.14

INPUT Management Resources	Human Capital ▶ P.40	<ul style="list-style-type: none">Group employees 13,662STAFF BOARD content creators 4,485
	Intellectual Capital	<ul style="list-style-type: none">No. of brands 55Brand development product planning expertiseEC mall development and operations expertise
	Manufactured Capital	<ul style="list-style-type: none">Distribution centers 8 (Japan)Owned planning and production ratio 50%
	Social Capital	<ul style="list-style-type: none">No. of stores 1,630Members 19.70 million
	Financial Capital	<ul style="list-style-type: none">Capital ¥2.6 billionNet assets ¥77.2 billion
	Natural Capital	<ul style="list-style-type: none">Energy usage 729,000 GJRaw materials (cotton, chemical fibers, etc.)



Economic Value	Net Sales	¥293.1 billion
	Operating Profit Margin	5.3 %
	EC Mall GMV	¥40.3 billion
	ROE	13.1 %
Environment	Total CO ₂ Emissions	540,000 t-CO ₂
	Collected Clothing	40.6t
Social Value People	Percentage of Women in Management Positions	37.0%
	Percentage of Women Senior Managers	20.5%
	Employee Satisfaction	4.05/5.0
Communities	No. of Certified Supplier Partners	49

Providing Sustainable
Play fashion!

Create Social Wealth
Create Excitement
Joyful options galore!

Materiality ▶ P.48

Increase the Value of
Human Capital

Reduce Environmental
Impact

Create Social Value

Corporate Governance ▶ P.62

*As of February 2025

Message From the President

Beyond Apparel, Becoming a Platformer That Makes Life More Exciting; Charting the Next Growth Curve With the Ability to Keep Changing

To deliver an experience that transcends the boundaries of apparel and moves with people in their daily lives.
We are evolving into a platformer that makes emotional connections through a fusion of real and digital worlds.
By continuing to challenge ourselves, fearless of change,
we will foster more excitement in the daily lives of others.

From SPA to a Platformer

First, I want to talk about the future vision we strive toward. In 2030, our flagship stores will routinely offer new experiences that go beyond apparel. Customers will select clothing while chatting with store staff, freely browsing and purchasing products—even non and ST HD Group brands—on the spot and from their smartphones. We will suggest daily life goods, including cosmetics, sundries, and home appliances, that we ourselves recommend wholeheartedly to our customers, while remaining in

sync with their sensibilities and moods. Our goal is not to simply create a system for putting products on shelves. Part of the value of a purchase is from whom and with what feelings one buys a product. We also plan to offer expanded options in diverse fields such as travel, finance, and other educational fields, creating an environment in which customers freely choose services from our platform that relate to every aspect of their daily lives. Adastria will evolve into a company that delivers exciting everyday lifestyles through discoveries and experiences connected through these kinds of thoughts and feelings.



Osamu Kimura
Representative Director
and President

Message From the President

Our Medium-Term Management Plan 2030, 5th CHANGE, is an action plan to achieve the *Play fashion!* platform, which integrates diverse services and brings excitement to daily living. Many of you may know Adastria as a specialty store retailer of private label apparel (SPA) that encompasses everything from planning to production and sales. However, the essence of our company has always been to seize on the signs of the times and continually update our approach. Since our founding, we have transformed our business structure to meet the needs of customers in each era. We expanded from menswear to men's casual wear, transitioned to chain stores, to OEM/ODM, and eventually established a vertically integrated SPA. In each of these past four transformations, we made our decisions in anticipation of the signs of the times and an early recognition of customer expectations.

■ A Changing External Environment and the Need for Structural Transformation

So, what must we change now? Behind this change are external environmental risks and opportunities. The risk is that the Japanese market will continue to shrink. The apparel market as a whole has contracted from approximately 9 trillion yen before COVID-19 to 8

trillion yen. With a declining population due to falling birthrates and aging demographics, the traditional model of growing sales by building more brick-and-mortar stores is beginning to show its limits. At the same time, labor shortages and rising labor costs are driving up the cost of store operations. As the growth rate of fashion e-commerce slows, the industry is restructuring and competition is intensifying. Building a sustainable competitive advantage under the traditional SPA-type model alone has become very challenging.

On the other hand, we see clear growth opportunities. The e-commerce market in non-apparel areas, such as cosmetics, food, and services, still has significant growth potential. By leveraging our strengths in retail customer service and product suggestions by store staff, we expect to create synergistic effects with online sales. Further, the overseas markets of Southeast Asia and other regions are seeing ongoing population and economic growth. These areas are becoming a rich soil receptive to multi-brand products as fashion sensitivities become stronger. And while consumption is stagnant in the short term in China, the market potential over the medium to long term remains enormous, and we see China as an option for future development.



Message From the President



We have determined that a structural shift is necessary in response to these changes in the environment. Our efforts to date have been in optimizing roles within the framework of apparel retailing. 5th CHANGE questions this framework itself. Under this plan, we will integrate our real stores and digital assets, transforming into the *and ST* lifestyle platform. In pursuit of this direction, we established numerical targets and growth strategies for 2030.

■ Numerical Targets and Overall Growth Strategy for 2030

Consolidated sales for the fiscal year ended February 28, 2025, were 293.1 billion yen, and GMV, which represents the total value of goods sold on the platform, was 40.3 billion yen. We aim to achieve consolidated net sales of 400 billion yen, operating profit margin of 8%, and GMV of 100 billion yen in the fiscal year ending February 28, 2030. We also plan to increase the number of active members from the current 7.5 million to 11 million, grow overseas sales from 17.6 billion yen to 40 billion yen, and increase the ratio of overseas sales to total sales to 10%. The core strategy on our way to these results is to open our e-commerce mall to external brands. From the standpoint of system integration, making an external brand available for sale takes about six months. We are making investments to shorten this time to about three months, which will increase the number of brands and the speed of GMV growth by lowering the barrier to entry. By 2030, we intend to increase the sales composition ratio of external brands to 40%.

Bringing in external brands to date has led to an influx of new customers and reactivation of dormant customers. For example, the launch of DEAN & DELUCA brand sales this spring added more layers to the mall's offerings, and customers who had been infrequent buyers have become more active. The strength of the *and ST* HD Group lies in our diverse range of multi-brands in-house, which provides points of contact across a wide range of customers. Collaborations with external brands will make this strength even

stronger, and will serve as a growth driver to support our medium-term management plan.

As I mentioned earlier, *and ST* strives to provide new experiential value that transcends the traditional apparel framework by seeking collaboration with different industries. Through these efforts, we aim to improve the quality of customer interactions and increase customer lifetime value.

STAFF BOARD is an online tool where nearly 4,000 store staff propose products and share outfit ideas online. We have expanded the scope of STAFF BOARD beyond apparel, with staff members communicating products and services in an honest way that resonates with customers. This platform accumulates a large number of posts on a daily basis, and we also use it to highlight external brands in a unique sales channel that fuses the real and digital worlds.

We plan to make concentrated investments in core brands in the Brand Retail Business, updating our store expansion strategy in line with the times as we aim for a CAGR of 4.5%. For GLOBAL WORK, the largest brand in the group, we plan to strengthen the core product line and develop the brand into a 100 billion yen property popular not only in Japan, but also around the world.

Our global business is an inevitable path for the *and ST* HD Group to make the leap to the next stage. Overseas sales for the fiscal year ended February 28, 2025, amounted to 17.6 billion yen (excluding sales in the U.S. business). We have set an ambitious goal to reach 40 billion yen in sales, partly through a focus on the high-growth Southeast Asian market.

Message From the President

To be honest, we have experienced many struggles in our overseas operations to date. With the decision to withdraw from the U.S. business, we learned a lesson that we must step up the direct involvement of management in overseas operations. Having absorbed this bitter lesson, we will concentrate investments in Southeast Asia and develop a system for rapid, field-driven decision-making. We also plan to strengthen product planning, merchandising, and branding with an eye on overseas markets to develop truly global brands with overwhelming presence, not only in Japan, but also internationally.

In addition to developing core brands, we will consider M&A as an option to effectively increase the share of overseas sales quickly. Our approach to successful M&A to date has been to emphasize person-to-person communication on-site, even as we place a high priority on creating post-acquisition synergies and improving operating profit as rapidly as possible.

In September 2025, we transitioned to a holding structure to implement these strategies more effectively. This is a shift in management structure from a traditional multi-brand company to a more autonomous multi-company model. Delegating authority to subsidiaries closer to the front lines will speed up the decision-making process. At the same time, we will accelerate the development of common infrastructure and strategic investments for the group as a whole.

DX, logistics redesign, and reducing the cost of goods sold are all key parts of the current management plan. Through structural reform across the entire supply chain, we will pursue operational flexibility and profitability, building a structure resilient to changes in the market environment. These reforms will provide a solid footing to expand our e-commerce domain and develop our external brand strategy.

Organizational Transformation to Achieve Our Long-Term Vision

5th CHANGE is a structural transformation formulated by me, our directors, and our executive officers, continuing the course set by our chairman, who has led the transformation to date. We are taking up the challenge to create spaces where new encounters and suggestion go beyond the boundaries of brands and services, supported by an online merges with offline (OMO) platform. At the heart of the platform will be *and ST*, and we plan to expand co-creation with more customers and companies, transcending the boundaries between online and offline, with *and ST* serving as the core to spread the movement of *Play fashion!* world-wide. And beyond commerce, we aim to create societies filled with enjoyment and choice, reimagining every manner of daily experience through this philosophy.

Our chairman once told me that he wants the company to

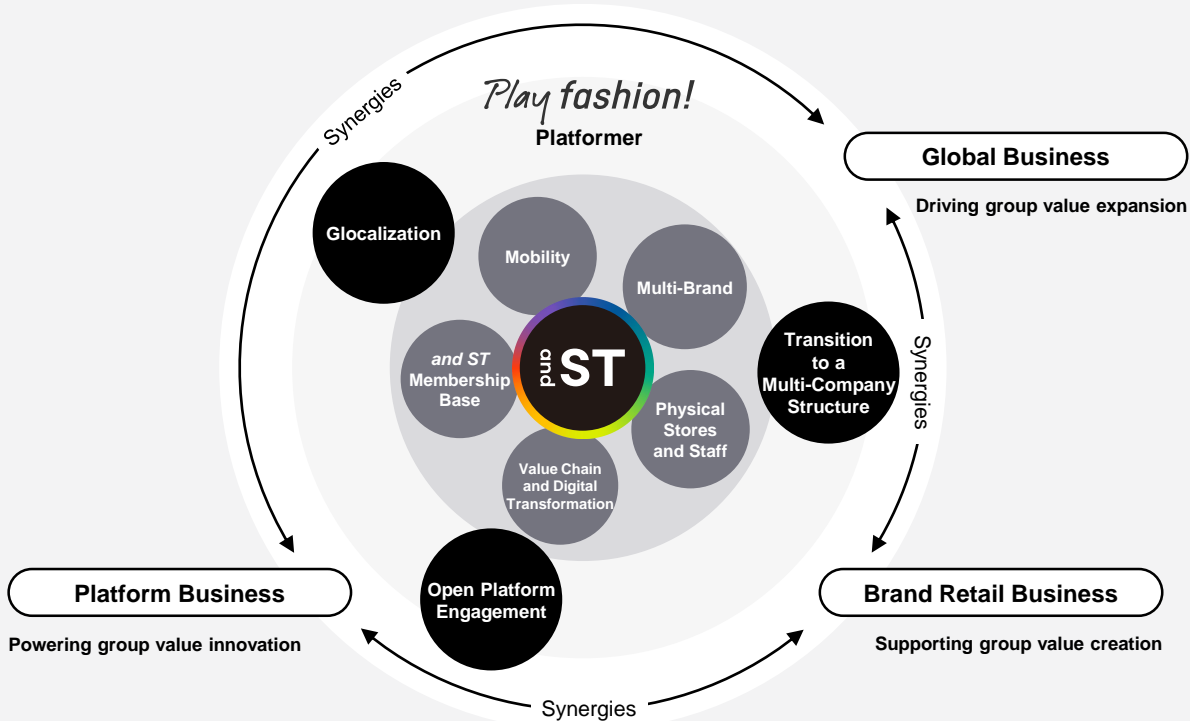
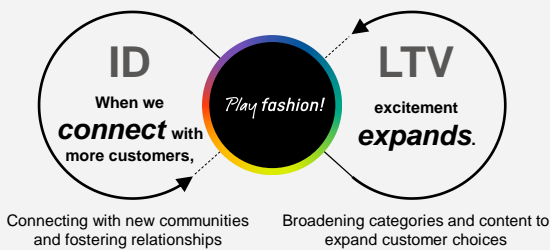
transform to the point where he can look back and say with a satisfied smile, “Once upon a time, we used to be a clothing store.” These words symbolize our desire to continue to be a company that stands by our customers, even as our business changes. Over the next five years, the *and ST* HD Group will continue to change and take on more challenges than ever before. We hope that you, our stakeholders, will enjoy the process with us, as we strive to bring excitement to your daily living and create the future of which I spoke on these pages.



Medium-Term Management Plan 2030 ~5th CHANGE~

The Medium-Term Management Plan 2030 aims to transform our business from an apparel retailer into a *Play Fashion!* Platformer. We will expand the circle of *Play fashion!* together with customers and external partner companies. Our efforts will center on *and ST* to create synergies across our three businesses (Platform, Global, and Brand Retail) by leveraging the strong connections with customers cultivated through our staff and physical multi-brand stores.

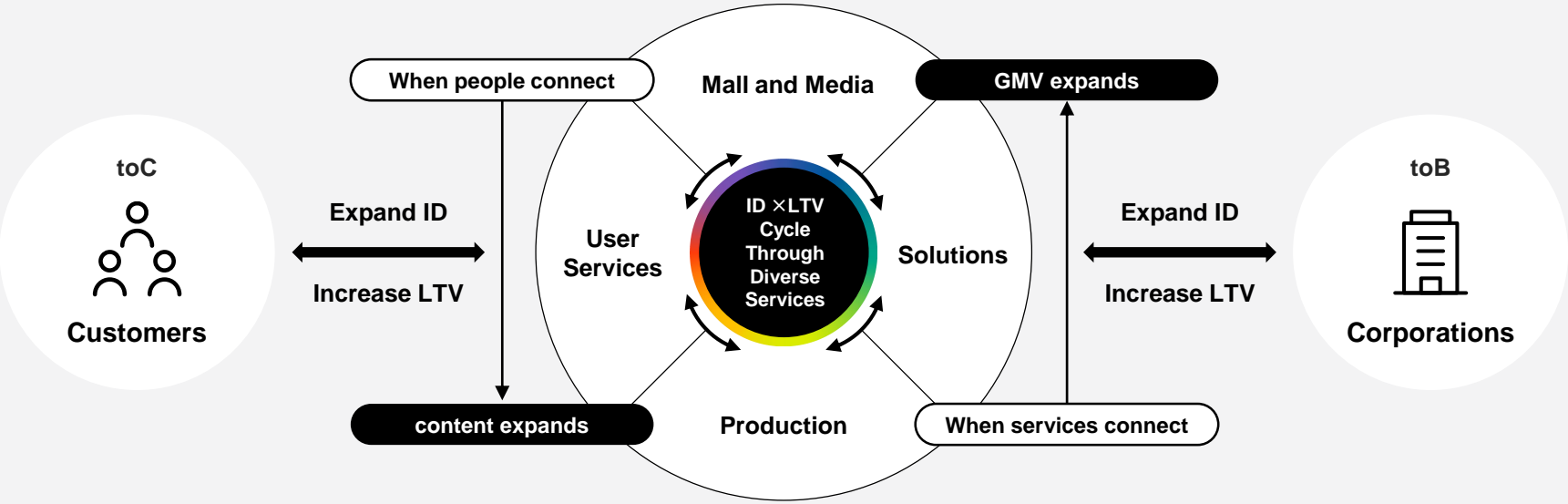
Driving growth as a *Play Fashion!* platformer by combining our customer base (ID) with lifetime value (LTV).



FY2/2030		
Consolidated Net Sales	Gross Merchandise Value (GMV)	Consolidated Operating Profit Margin
¥400 billion	¥100 billion	8%
Platform Business	Global Business	
The Platform Business will implement a growth strategy to align ID and LTV through category expansion, and develop <i>and ST</i> as a mall and media platform. We will also drive revenue growth through production and solution-based services.	The Global Business will accelerate growth by strengthening our multi-brand strategy in Greater China, focusing investment in Southeast Asia, and pursuing an OMO strategy through the expansion of physical stores and e-commerce rollouts in countries we have yet to operate in.	
¥34 billion	¥20 billion	¥40 billion
After Intercompany Eliminations		
Brand Retail Business	+ M&A (including overseas)	
The Brand Retail Business intends to implement brand portfolio management through the transition to a multi-company structure. Under this structure, each company will set strategies and KPIs and manage business according to their individual missions.	We will advance our M&A strategy further to strengthen <i>and ST</i> and accelerate global business in conjunction with the transition to a holding company structure.	
¥340 billion	¥50-¥100 billion	

Platform Business ID x LTV Growth Strategy and Revenue Model

Our *and ST* growth strategy is founded on expanding our customer base (ID) and maximizing lifetime value (LTV). Driven by growth in active members and increased purchase frequency, *and ST* is evolving into a platform that goes beyond traditional online shopping to deliver a richer, more integrated customer experience in stores and online while supporting a sustainable revenue model.



Revenue Model

Mall and Media	Production	Solutions	User Services
Earn commission income from tenant brands operating on the <i>and ST</i> mall. Expand GMV through category expansion and launch a new media category. Increase advertising revenue by creating experiences.	Offer wholesale and brand production services. Provide creative and promotional solutions, including uniforms, spatial design, and other intangible brand assets.	Offer external sales of system solutions, including STAFF BOARD and STAFF VOICE. Aim for continuous monetization through system expansion. ▶ P.33	Offer loyalty services through points issued by <i>and ST</i> . Pursue integration with other company IDs and point programs to increase point value and expand LTV.

Solutions and User Services



Yuya Sakurai
Director and CTO, and ST Co., Ltd.

and ST began full-scale provision of the in-house solutions STAFF BOARD and STAFF VOICE to other companies and launched overseas expansion. We share the systems themselves as well as the expertise gained through our own operations to support client business growth. We also collaborate actively with other companies to develop new services. *and ST* will continue to deliver unique services and provide services that excite our customers.

\ Beginning September 2025 /
Integrate with the Rakuten ecosystem

Maximize *and ST* member benefits
Triple Points




*First in the industry! *and ST* members earn and use points across all three programs, in-store and online


*Based on internal research (August 2025), "use points across all three programs" includes the two major point service providers among domestic apparel companies.

Platform Business

When our staff and customers connect in physical stores and online, our content expands.
We aim to generate ¥100 billion in GMV from our e-commerce mall by FY2/2030 by increasing the number of active members (ID metric) and purchase frequency per user (LTV metric).


Transforming In-House E-Commerce Into a Platform

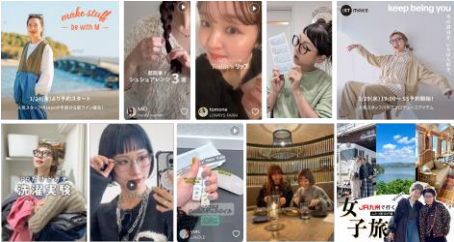




From *dot ST* to *and ST*.

Enhance content across online and offline channels, creating connections with more customers and corporate partners as the core of our *Play fashion!* platform.





Expand the influence of physical store staff to areas outside simply selling apparel.

Co-create and promote products, experiences, and services that staff genuinely recommend.

Create even more solid relationships with customers.

KPIs Through FY2/2030

and ST E-Commerce Mall GMV Plan

FY2/2025 (Actual)

FY2/2030 (Targets)

GMV

¥40.3 billion

External Sales Ratio

97:3

Group Brands

GMV

¥100 billion

External Brands

External Sales Ratio

60:40

Core Metrics

FY2/2025 (Actual)

FY2/2030 (Targets)

No. of Active Members

7.5 million

11 million

Total Members

19.7 million

26 million

Average No. of Annual Purchases per User

3.0

4.5

*The GMV above excludes physical store sales and reflects only the and ST e commerce site

*Number of members includes physical store members

andST HD INTEGRATED REPORT 2025

Introductionand ST HD Value EnhancementSustainabilityGovernanceData

22



TOPIC 01

Actively Shifting to an Open Mall Model

Total Brands

59

Brands Listed in the Past Year

External Brands

22

Non-Group Shops

27

Scheduled Listings in FY2/2026

Non-Group

23

New Brands Launched in FY2025

agate Brighte
DEAN & DELUCA NOJESS

Kappa KIU new balance

Op FILA San-ai Resort northerly

*As of September 2025

*Data as of March 2025

TOPIC 02

and ST TOKYO Flagship Store



アンドエスティ トーキョー

Opened near Harajuku station
on April 24, 2025



PEACH JOHN



Now on the
and ST
e-commerce
mall

and MORE!

Apparel Brand Production

We handled the full range of operations, from planning to manufacturing, for PEACH JOHN FASHION, an apparel line launched in October 2024 by PEACH JOHN.



PEACH JOHN FASHION apparel line



Now on the
and ST
e-commerce
mall

and MORE!

Pop-Up Store Openings and Collaborations
With Group Brands

We opened a limited-time pop-up Cath Kidston store at and ST TOKYO. As part of our launch initiatives on the e-commerce mall, LOWRYS FARM staff promoted products through STAFF BOARD and social media, while the and ST website featured coordinated looks using LOWRYS FARM apparel to showcase lifestyle goods.



Cath Kidston pop-up store at and ST TOKYO

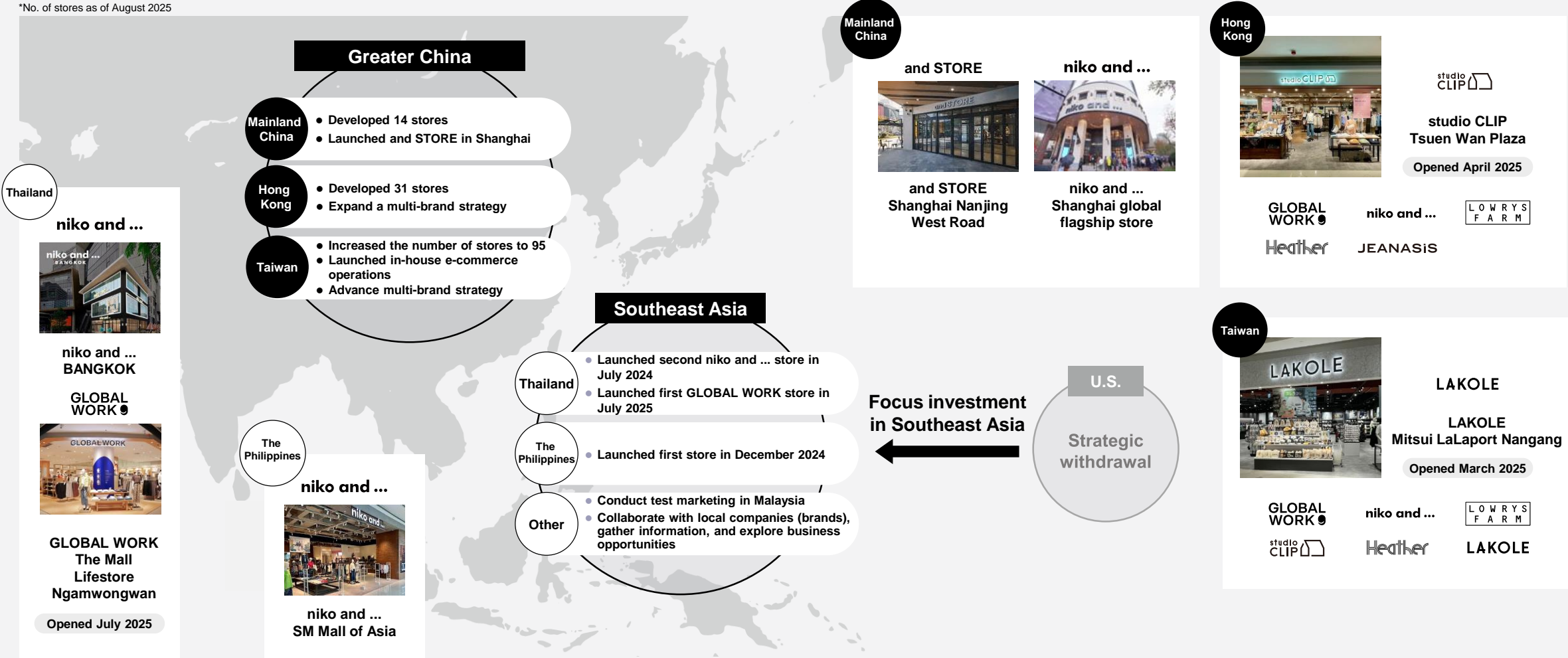


Collaboration with Group brand LOWRYS FARM

Global Business

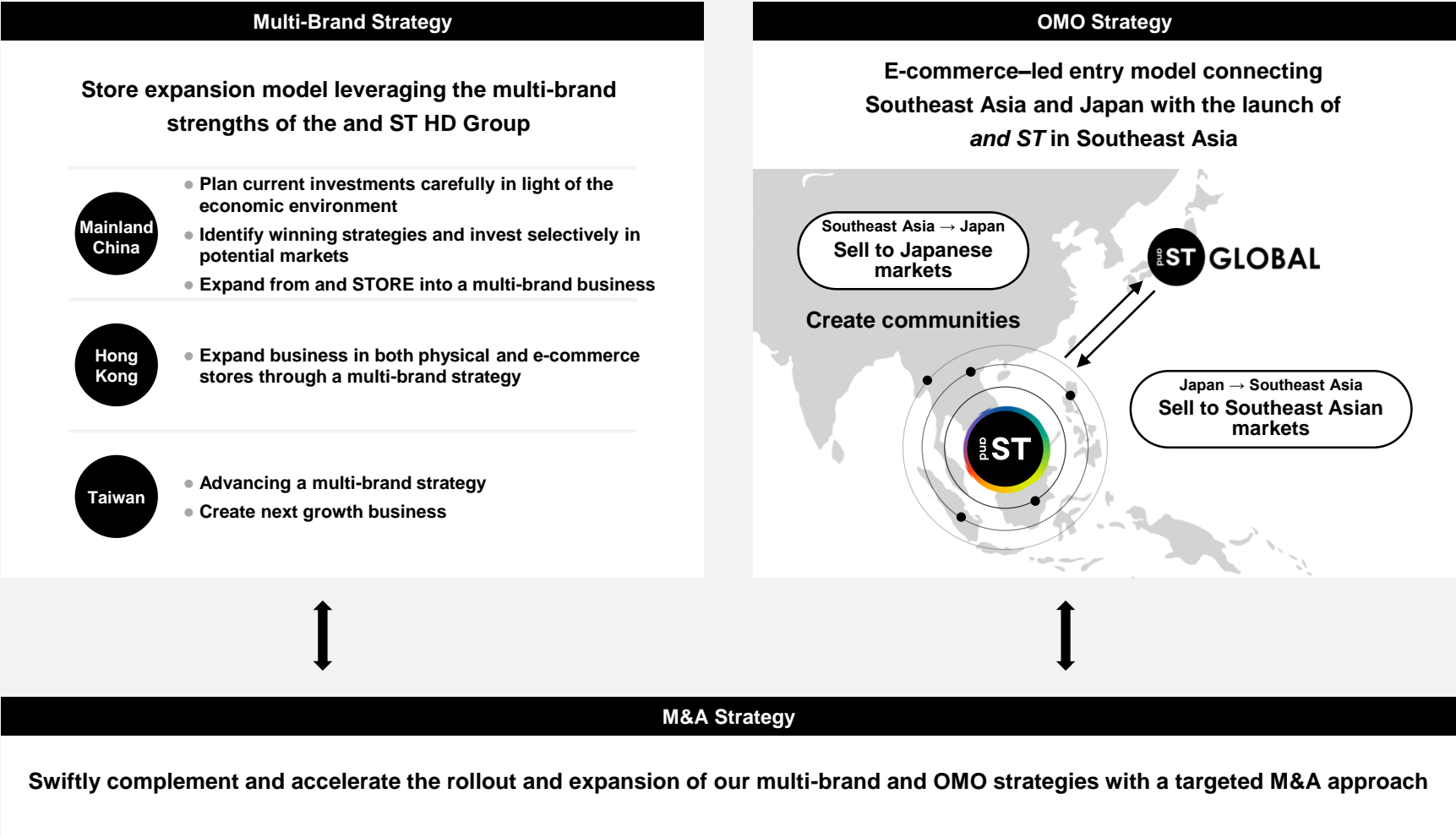
We aim to achieve growth overseas through strategies tailored to the characteristics of each region. We are monetizing e-commerce in mainland China, on track with our multi-brand strategy in Hong Kong and Taiwan, which is delivering stable growth. In Southeast Asia, we intend to utilize our platform model and focus investment in the region to accelerate growth.

*No. of stores as of August 2025



Strategies by Area

Strengthen our multi-brand strategy in the mature market of Greater China. In Southeast Asia, we aim to drive growth through a dual approach of multi-brand and OMO strategies. We are also launching our e-commerce platform ahead of expansion in regions without physical stores, connecting Japan and Southeast Asia through a seamless digital experience.



TOPICS

STAFF BOARD Launch in Taiwan

Our local subsidiary in Taiwan operates the official e-commerce website and ST TW. E-commerce sales on the website have been strong, with the number of members surpassing 900,000. The subsidiary also launched the Taiwan Edition of the STAFF BOARD for local staff in 2024.

Our staff in Taiwan also posts styling content, engage on social media, and connects with customers both in physical stores and online. In this way, and ST HD also builds on our strength in staff-customer relationships and advances our OMO strategy in Taiwan.



| Brand Retail Business

The Brand Retail business has pursued a multi-brand strategy driven by Adastria. We intend to develop this business further into a multi-company model. Going forward, each group company will formulate strategies and KPIs, engaging in business independently under individual missions.

	<div><div>ADASTRIA</div><div>Adastria Co., Ltd.</div></div>	<div><div><div>E</div>ELEMENT RULE</div><div>ELEMENT RULE Co., Ltd.</div></div>	<div><div>BUZZWIT</div><div>BUZZWIT Co., Ltd.</div></div>	<div><div>zetton inc.</div><div>zetton inc.</div></div>
Group Mission	<div>Enhance profitability and drive sustainable growth as the core group business</div>	<div>Expand into high-end select markets</div>	<div>Create new brands tailored to Gen Z</div>	<div>Expand Food & Beverage business as a space for community and connection</div>
Strategy	<div><div><div>Concentrate investment in GLOBAL WORK, LAKOLE, and GEORGE'S</div><div>Launch stores and relocate to carefully selected areas</div><div>Strengthen branding</div></div></div>	<div><div><div>Build a high-end customer base by strengthening customer service and sales promotions</div><div>Increase sales and profit by improving sales per store and selectively opening stores in favorable locations</div></div></div>	<div><div><div>Rapidly launch new brands to meet diversified customer needs</div><div>Expand sales channels, including stores on <i>and ST</i></div><div>Expand customer touchpoints, including through pop-up stores</div></div></div>	<div><div><div>Leverage group synergies to expand profitable business formats efficiently (e.g., human capital, store development capabilities)</div><div>Begin expanding business in Asia, including Taiwan</div></div></div>
Net Sales Target (FY2/2030)	<div>Net Sales: ¥280 billion (FY2/2025: ¥233.1 billion)</div>	<div>Net Sales: ¥22 billion (FY2/2025: ¥12.6 billion)</div>	<div>Net Sales: ¥20 billion (FY2/2025: ¥12.3 billion)</div>	<div>Net Sales: ¥18 billion (FY2/2025: ¥14.6 billion)</div>

*FY2/2025 net sales for Adastria include net sales from TODAY'S SPECIAL, which was merged in March 2025.

Becoming a Core Driver of Group Growth, Leading Japan as a Multi-Brand Company in Which Each Brand Shines Brilliantly

Yoshiaki Kitamura

Representative Director and President, Adastria Co., Ltd.

As we transition to a holding company structure, Adastria Co., Ltd. will play a central role in the Brand Retail business, becoming a core driver for group growth. As the representative of this new Adastria, my job will be to pursue the sustainable enhancement of corporate value in step with our stakeholders.

Leveraging the Challenges of the Past Fiscal Year as a Starting Point for Growth to Create a Business Resistant to External Factors

While we posted a record-high for net sales in the fiscal year ended February 2025, we failed to achieve our operating income target, which was, frankly speaking, a frustrating result. This failure was mainly due to the cost of goods sold, rising due to the weak yen, ongoing employment salary increases, and last fall's much higher-than-normal temperatures, which had a significant negative impact on winter sales. While results were favorable in the first half of the fiscal year, temperatures remained high through October, when demand for winter clothing normally begins to increase. This unseasonable weather made it difficult to identify hot-selling outerwear and other mainstay products,

forcing us to limit purchasing. We also recognize that we were unable to fully meet the needs of our customers when temperatures dropped suddenly, resulting in lost opportunities. This experience taught us once again the importance of product development that is not influenced by climate, but rather creates its own purpose as a sought-after item.

We intend to take these lessons to heart in our next actions for the future. To be more specific, our first order of business is to strengthen the sundries category, which is less susceptible to seasonal fluctuations. In addition, we will continue to focus on cross-brand collaborations with IP that resonates strongly with specific fan segments. This will be an important strategy for creating new points of contact with customers. We will redouble efforts to plan and develop original products, led by our staff who have earned strong support from customers through STAFF BOARD-style

A D A S T R I A

The answer is to keep looking for answers.

You cannot change into a new self
Without giving up your old self.
This is why we continue looking for the next answers.
Indeed, our clothes and our brands
Have continually been reborn
Under the concept of creating what we have never seen.
Adding more products, gathering more people, and going overseas.
But we must not be satisfied with our present situation.
Instead of taking the safe choice
We will choose not to fear failure.
So that the clothes we wear today won't be wearable by next year.



content curation. Through STAFF BOARD, store staff offer suggestions regarding products and styling on our e-commerce site, and an increasing number of customers have become fans of individual staff members. We are also seeing original products created by popular staff members gaining a great deal of support. We want to accelerate the virtuous cycle of online connections creating new purchasing experiences that encourage customers to visit our real-world stores. We will take a very careful look at the reasons for the challenges of the previous fiscal year and work together to achieve targets for the current fiscal year.

Expanding Business Domains in Japan and Overseas to Deepen Our Multi-Brand Strategy

The new management plan calls for our domestic business to drive market share growth through a particular focus on three brands: GLOBAL WORK (a core brand), LAKOLE (a fast-growing lifestyle brand), and GEORGE'S (acquired via M&A). GLOBAL WORK aims to become a 100 billion yen brand by leveraging its base of support from a wide range of customers. LAKOLE is adding more locations and improving gross profit margin to take the business to the next stage, while GEORGE'S, which had focused on general merchandise, will leverage the Adastria apparel expertise and expansion capacity to become another pillar of next-generation earnings.

Our store opening strategy will focus on relocation to major metropolitan areas. This approach will not only accommodate the growing urban population in Japan, but also expand awareness among inbound travelers with a view toward overseas expansion. The key to this strategy will be the and ST Store, an OMO that integrates the convenience of e-commerce with the experiential value in-person shopping. We intend to clarify the functions of each model further, with suburban stores serving as strategic locations consolidating multiple brands to improve management efficiency, and urban stores, including the flagship *and ST TOKYO* in Harajuku, serving as a central location for brand launch and promotion.

We will carefully examine the market characteristics of each area in our overseas business, implementing the most appropriate strategy. After 20 years of business development, we have established a stable revenue base in Hong Kong and Taiwan. We plan to expand our business further through e-commerce and by utilizing the

STAFF BOARD, which has been a success in e-commerce and the Japanese market. E-commerce in the mainland China market is also growing in importance. Here, we have shifted from the traditional area dominance strategy, centered on flagship stores, to a cross-channel strategy linking e-commerce and real-world stores for more efficient geographical expansion. We also see Southeast Asia as a key growth market for the future, with its growing population and expected significant GDP growth. Following expansion into Thailand and the Philippines, we will accelerate expansion throughout ASEAN, building a strong foundation for long-term growth in the region.

Creating Sharper, More Original Individual Brands; Building a More Robust and Efficient Overall System

Adastria aims to be a corporate entity that supports numerous unique and attractive brands from a single

large structural base. What tends to happen with multi-brand strategies is that the pursuit of efficiency leads to the repeated use of the same materials across brands, resulting in uniformity. Our approach, in contrast, is to standardize the invisible back-office operations, including production, logistics, and DX, to improve efficiency and profitability comprehensively across the and ST HD Group. At the same time, each individual brand serves as a contact point with the customer, attracting core fans through a deep focus on the target and by creating an edge that cannot be replicated or repeated. This clear segregation is what allows us to grow market share through store openings at scale and by leveraging a multi-pronged strategy in a way single brands cannot.

Our strategy does not focus solely on developing brands from scratch. We also utilize M&A and licensing. Our solid track record and wealth of expertise allow us to expand more quickly and dynamically through a number of means. And we will continue to create new value for all customers by responding agilely to the changing times and taking on the challenges of untapped categories.

Becoming the Core Engine of Group Growth While Remaining True to the Adastria Character

What makes these diverse strategies possible is the speed and course correction capabilities that the and ST HD Group has cultivated. We are not afraid to take on challenges and we are flexible enough to correct course after an error. Succeeding in a single attempt is never easy. No matter how much time is spent planning, customers will inevitably react in surprising ways when a product is released to the market.



For this reason, we would rather seek the market's feedback as quickly as possible and make an immediate course correction toward the goal. Repeating this process increases the likelihood of success and ultimately reduces business risk. I am convinced that this approach forms the basis of the unique character of Adastria and serves as our greatest strength to survive in times of rapid change.

The new Adastria will maximize the brilliance of our individual brands, while building a solid business foundation for our collective brands that supports sustainable growth. The new Adastria will take the brilliance of its individual brands to the extreme, while at the same time, as a collective, building a solid business foundation that will support sustainable growth. We are committed to creating further corporate value through strong partnerships with our stakeholders, becoming the core engine that accelerates the sustainable growth of the group. Look forward to great things from Adastria as we take on the next, new challenge.





ELEMENT RULE

Message

Improved Communication Opens the Door to Performance Recovery and New Value Creation

Masayuki Kindo

Representative Director and President, ELEMENT RULE Co., Ltd.,

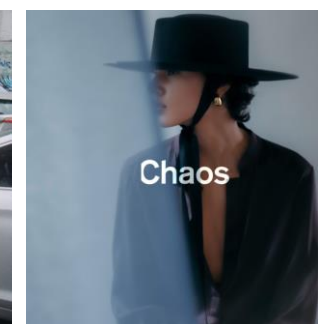


ELEMENT RULE operates five product-out brands offering customers highly sensitive products produced by directors. This model contrasts with the market-in model of SPA brands that create products conforming to market trends and consumer needs. Operating in a high-end brand market, the strengths of ELEMENT RULE lie in the unique nature of each brand, particularly in product mix focusing on original products, design, and store interiors.

When I was named president of ELEMENT RULE, coming from Adastria in fiscal 2024, ELEMENT RULE was experiencing a slow recovery from the COVID-19 pandemic. Despite the team of talented people, a lack of cohesiveness due to poor communication was an apparent issue. I visited every store directly to solicit feedback from store and headquarters staff. I also looked at the organizational structure to see where communication errors were occurring, and endeavored to create an environment in which everyone could work in sync. We held an off-site to formulate a new ELEMENT RULE philosophy, which we called *Creating*

Refined Value That Engages All Your Senses. We created an organization to embody this philosophy, discontinued underperforming brands, and revised the outlet businesses that were not in alignment with the new philosophy. To create brands that customers trust, we strengthened the focus of each brand by reducing discounts and other means. In particular, we have seen growing support for the BARNYARDSTORM brand.

While these and other measures have helped us recover performance in the previous fiscal year, we must go further in looking at our profit structure. Our aim is to improve gross profit margin through the value-added ratio of original products and a balance of product mix with select products. We will strive to contribute to the goals of the management plan by cultivating new brands, improving brand recognition, and creating a wider fan base by placing stores in optimal locations. At the same time, we will pursue the unique value of ELEMENT RULE in alignment with our philosophy.



MAIN BRANDS



BUZZWIT

Message

Organizational Reform, Linking Challenges to Growth; Young Leaders Developing the Gen Z Market

Hisahito Yamada

Representative Director and President, BUZZWIT Co., Ltd.



BUZZWIT operates several brands, sold exclusively through e-commerce. Since our main target is Generation Z, whose tastes change particularly quickly, we must shorten the time between discovering a current trend and launching a new brand. To meet this need for speed, we leverage the BUZZWIT strengths in encouraging young, trend-sensitive employees to make proposals, while exercising the flexibility to make quick decisions on brand launches based on this information. Fashion tastes are many and varied. More recently, tastes have subdivided even further, especially among the younger generation. Only the most specialized, agile e-commerce companies will be successful in developing niche and core markets. While the and ST HD Group as a whole approaches decision-making with a focus on future potential and numbers, BUZZWIT does the utmost to break from stereotypes, making decisions emphasizing the unusual or buzzworthy.

Given the weak performance in the first half of the fiscal year ended February 2025, we saw the need to strengthen organizational and merchandising capabilities, in particular, taking action toward improvement. First, we

moved away from brand management under a single individual to management as an organization, collecting knowledge and improving reproducibility. We also revised how we managed profit and loss. We analyzed and quantified data obtained regarding the performance of each brand, as well as data from e-commerce and social media. On the merchandising front, we gradually moved back to a growth trajectory in the second half of the year as a result of incorporating the OTB* system used at Adastria. We reconfigured product mix and maintained freshness by reorganizing inventory.

To achieve the 20 billion yen net sales target as stated in Medium-Term Management Plan 2030, we must expand sales channels using pop-up stores and the *and ST* platform to broaden points of contact with customers. We will also continue to create brands that meet the needs of customers and provide opportunities for young employees to play an active role in our success by strengthening our organizational capabilities and creating a foundation for launching brands rapidly.

*Open To Buy (OTB): An inventory management and purchasing planning system

MAIN
BRANDS



Establishing a Stable Revenue Base for the Next Stage of Growth

Daisuke Kikuchi
Representative Director and President, zetton inc.,



Rather than building stores based solely on business model or brand, zetton's specialty is creating tailored, market-in products that maximize the characteristics of the town and neighborhood where our stores are located. We attract people to our neighborhoods, leading in the creation of communities. We have a long track record of public facility projects, including restaurant operations at Kasai Rinkai Park and Yamashita Park. This strength sets us apart from many of the other food and beverage companies. We are often approached by commercial shopping facilities interested in our numerous multi-brand stores that suggest lifestyles through food. We used this same approach to community-based store development to grow our business in Hawaii.

At the same time, we faced several challenges during fiscal 2024. For one, profits weakened due to the accelerated opening of new customer-type stores without sufficient staff training, leading to poor operating efficiency. We have shown signs of recovery this fiscal year, owing to efforts in recruitment, human resources development, and the proper management of work hours.

As a member of the and ST HD Group, we have gained new perspectives and ideas through the exchange of human resources. We would never have learned these new ways of thinking from inside the food and beverage industry. Going forward, we will take advantage of the and ST HD Group store development and marketing capabilities to create an efficient expansion strategy.

Over the years, we have opened locations, created brands, and attempted a number of new challenges. At this stage, we must decide what *not* to do, as well, in establishing stable revenue for the next stage of growth. Our plan is to avoid over-dependence on any one store or business, creating brands capable of supporting multiple locations, such as Aloha Table and 143 Seoul, while building a healthy brand portfolio over the medium term, while strengthening our marketing, and while embracing DX. We also want to develop a brand built around Japanese food to expand overseas, leveraging our localization experience in Hawaii. And, of course, we want to build a company where all staff members work with pride.



MAIN BRANDS

| Digital Transformation, Logistics, and Production

DX, logistics, and production underpin 5th CHANGE, and we are pursuing strategies and KPIs under each area.



Digital Transformation

Transform into a *Play fashion!* platformer

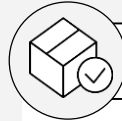
- Evolve the *and ST* platform and expand the *and ST* ecosystem
- Reform work styles by integrating AI
- Establish business infrastructure, including security and controls
- Increase offshore ratios and internalize data analysis and AI development
- Establish R&D functions that drive technology adoption



Logistics

Build global value chains

- Achieve end-to-end value chain optimization through digital transformation and business process review
- Restructure logistics network to accommodate growth of GLOBAL WORK and LAKOLE
- Enhance productivity and ensure operational capacity through automation investments at distribution centers
- Establish a new e-commerce distribution center to support our position as a platformer
- Build an optimized, waste-free value chain extending from country of manufacture to destination sales markets



Production

Achieve the right time, quantity, price, product, and place

- Decentralize production areas
- Fully launch hybrid production between Mainland China and ASEAN
- Consolidate into 100 core factories
- Procure materials locally
- Develop materials in-house based on trend analysis by the R&D department

VOICE



91APP, a leading SaaS company supporting DX for retail brands in Taiwan, is helping us launch and promote STAFF BOARD in that country. 91APP Chairman and CEO Steven Ho was kind enough to provide a message for this year's report.

Apparel brands in Taiwan focus on online marketing through advertising, celebrity endorsements, and so forth. Coordinate suggestions online by store staff are almost non-existent. However, we believe store staff are closest to the customer, and the honest, everyday style choices of

store staff contribute to customer trust and engagement. STAFF BOARD has been designed exactly to fill this need. With STAFF BOARD, store staff act as content creators and post high-quality content via social media, encouraging two-way communication with customers. The tool links online and offline organically, boasting a high affinity with online merges with offline (OMO), and has proven successful already by the *and ST* HD Group. Retail apparel is a key customer segment, and we believe STAFF BOARD complements the competitive

stance of our products and services, providing significant value in support of client OMO and digital operations. Being fans of the STAFF BOARD model and its potential ourselves, we entered into a strategic partnership with the *and ST* HD Group to bring this solution to the Taiwanese market. We already launched the service among several leading apparel brands, confirming substantial demand and high acceptance of store-staff-led digital content sales. Given the success already in Taiwan, we aim to expand STAFF BOARD to other markets in Southeast Asia.

We expect the STAFF BOARD app to expand across a wide range of lifestyle-related categories, including beauty, health, outdoor activities, and kitchenware. As we continue to deepen this partnership and explore retail innovation in the age of AI, we are creating a new digital era that is smarter, more integrated, and more resilient for the Asian retail industry.

A Next-Generation Platform Where Customers, Brands, and Staff
Connect Deeply and Co-Create New Value Through the Power of People

The official online store of the and ST HD Group, *and ST*, is more than just an e-commerce mall. Our goal is to build a platform that co-creates new value while growing together with partner companies and customers. We welcomed Ms. Iwase from WA, Inc., an innovator in women's shoes, to discuss the synergies created through co-creation with *and ST* and the future ahead.

Junya Tabuchi
Director and CSO, and ST HD Co., Ltd.



Emi Iwase
Director, WA Inc.



A Customer-First Approach and a Spirit of
Challenge Shared by Both Companies

Tabuchi WA Inc. has been opening stores on *and ST* since we first opened the platform to external brands. Could you start by introducing your business strategy and corporate culture?

Iwase Our corporate philosophy is to deliver products and services that always exceed expectations. We have developed our business by continuously thinking about what customers truly want. Another important value of WA Inc. is to take on challenges with speed and determination. Success is, of course, important. But nothing begins without trying. This approach has been our unwavering philosophy since our founding.

Tabuchi and ST HD strongly shares that sentiment. Even though and ST has been spun off from Adastria

and is now part of a large corporate group, our team often talks about how important it is to maintain a startup mindset and continue to take on challenges. Do you feel that this customer-first approach and spirit of challenge are reflected in your manufacturing operations as well?

Iwase Absolutely. Our president was originally in charge of production at a manufacturing company. He felt frustrated that the various intermediaries between the factory and the sales floor prevented direct communication of customer feedback and the factory's intent. His desire to break down these barriers and connect directly with customers was what led to the founding of WA. For that reason, we continue to place great importance on customer feedback given to store staff, including requests for new products or suggestions for improvements. At our store manager

meeting yesterday, for example, we spent most of the hour and a half discussing feedback on products. Many of our product improvements and new initiatives come directly from this kind of frontline feedback. Our staff also feel a stronger sense of ownership when their ideas are reflected in our products.

Tabuchi Alongside your strengths in physical stores, it seems you have been advancing OMO strategies in coordination with e-commerce in recent years.

Iwase That's right. Our efforts in recent years focus in particular on making use of e-commerce inventory and offering in-store pickup services. As our share of e-commerce rose during the COVID-19 pandemic, we felt that closer integration between stores and e-commerce was essential and began implementing gradual

measures.

Tabuchi We asked WA to open a store on *and ST* a few years ago as a part of our own similar initiatives. The *and ST* platform had only just begun implementing the open mall model at the time. What were the deciding factors that led you to join us?

Iwase The biggest factor was that Adastria brands were already frequently located on the same floors as us in physical stores, so we had paid close attention to them. We felt a strong affinity with our main brand, ORiental TRaffic, that would allow for fans of both of our companies to move between brands. We also felt that joining the platform would be a good opportunity to raise awareness of our brand among new customers who did not yet know us.



The Purpose of STAFF BOARD and Collaborations Built on the Strengths of Our People

Tabuchi Have you noticed any differences between *and ST* and other e-commerce malls in your own experience?

Iwase Definitely the high level of fashion and the strength of the *and ST* staff. Of course, having a wide range of great brands on the platform is appealing. But what really stands out is how stylishly *and ST* staff coordinate and present outfits. The launch of STAFF BOARD has especially presented individual staff members with more opportunities to be in the spotlight.

Tabuchi We are very glad if you have been able to see positive impacts from the introduction of STAFF BOARD

or through our collaborative product planning and development.

Iwase Of course, we have seen positive impacts. In fact, some of our staff were unsure how to take photos when we first introduced STAFF BOARD. But through close communication with your team in charge of STAFF BOARD, we received generous support, including guidance on communication and photography methods. Thanks to this support, our staff now post proactively, and our weaknesses in sharing on social media have turned into strengths.

Tabuchi At the end of the day, our real strength is our people—the value our staff bring. We believe that creating an environment where each staff member can shine leads to a more enjoyable shopping experience for customers. Sharing that same belief, WA reached out to *and ST* HD Hall of Fame staff member Bayako last year, and launched collaboration products.

Iwase This collaboration with Bayako generated a response far beyond our expectations. Even people within WA expressed surprise at the impact. Not only did the collaboration color sell well, but sales of existing colors also increased, reminding us of the strength of her influence. We look forward to continuing to work together in the future.

Tabuchi We would be delighted as well. Recently, an increasing number of partner companies are utilizing

STAFF VOICE. This system uses staff voice memos to record the reasons customers decided not to purchase items they tried on, which we later apply to product development. *and ST* HD aims to continue to be more than a sales floor provider. And through such initiatives and collaboration, we intend to remain a platform that raises each other's value.

Toward a Co-Creation Platform Where People Connect and New Value Expands

Tabuchi Have there been any other changes in your efforts so far?

Iwase Yes. We have had more opportunities to connect with customers and expand our brand. The pop-up store we launched at *and ST* STORE previously gave us new contact points with our customers. One of our store managers also mentioned that customer inquiries about shopping on *and ST* have increased. I believe this is because awareness has increased of WA as an *and ST* brand, and customers feel closer to us.

Tabuchi Our aim is not simply to sell products. We want brands, customers, and staff to connect and co-create new value on this platform. That's why we are extremely pleased to see the value and appeal of your products spread through *and ST*. Finally, could you share your vision for what you hope to achieve through *and ST*?

Iwase WA started with women's shoes, but has since expanded into apparel and bags. There are many regions we have yet to enter, and we strive to raise our brand awareness further. The *and ST* platform attracts many fashion-conscious customers and possesses staff with strong communication skills. We hope to draw on the strengths of platforms such as *and ST* to grow our fan base going forward. We want to keep creating products that customers find cute, while quickly responding to increasingly diverse needs.

Tabuchi Your customer-first approach in making cute shoes is a wonderful starting point. We hope to continue partnering with WA to go beyond the boundaries between company and platform to take on new challenges and create new value together.



A New Future of Collaboration With the and ST HD Group
— Message From Primer Holdings Inc. —



The First niko and ... store opened in the Philippines in December 2024. This year, Primer Holdings Inc., a partner of joint venture ADASTRIA PHILIPPINES, provided a partner message for our report.

Jimmy Thai
President and CEO, Co-Founder
Primer Holdings Inc.

&

Johnny Thai
Managing Director, Co-Founder
Primer Holdings Inc.



Photo taken during the grand opening of the first niko and ... location in the Philippines, attended by representatives from Prime Holdings, ADASTRIA PHILIPPINES, and the Adastria Japan home office



The first niko and ... store opened in the Philippines at SM Mall of Asia, the largest shopping center in Manila

Primer Holdings has been in the retail industry for 40 years, networking extensively with local mall developers and retailers in the Philippines to create a well-functioning ecosystem in the Philippine market.

A few years ago, we visited niko and ... TOKYO, a standalone store operated by the and ST HD Group. We were very attracted to the unique products and store design, which convinced us of the great potential in the Philippines. The and ST HD Group and Primer Holdings share a common emphasis on long-term partnerships, and we felt an affinity for the group's strengths and culture in the casual wear market. We firmly believed that forming a joint venture would combine the product development capabilities of the and ST HD Group with

our store operation capabilities in the Philippines, leading to long-term growth in the Philippine market.

Since forming the joint venture, we have remained in close communication with the and ST HD team through weekly sales meetings at ADASTRIA PHILIPPINES and special events. ADASTRIA PHILIPPINES and our store development team worked together in preparing to open the first niko and ... location.

We have learned much from the and ST HD Group. In addition to their experienced product development and innovation capabilities to produce an ongoing stream of hit products, as well as tremendous store operations capabilities, the and ST HD Group 5th CHANGE became an impetus for our own 3rd CHANGE. In this

3rd CHANGE, we intend to create a vibrant community and work with external partners in embracing the platform business.

Understanding cultural diversity, adapting to local culture, building brand awareness, and engaging with local communities are critical to success in the Philippines. ADASTRIA PHILIPPINES understands the need for aggressive marketing activities, and we are providing our full support here locally. We look forward to working more with everyone at the and ST HD Group to bring more diverse brands and product categories to the Philippine market and continue to bring new value to the Filipino people.

Taiki Fukuda
Senior Managing
Director



We pursue a financial strategy that balances capital efficiency and quality of growth to enhance corporate value.

To ensure sustainable growth, we revised our business portfolio and transitioned to a holding company structure, emphasizing balance between investments in growth and profitability.

We have defined a clear cash allocation policy, aiming to improve capital efficiency and increase corporate value sustainably.

Review of the Fiscal Year Ended February 2025

The and ST HD Group posted a second consecutive year of record-high consolidated net sales for the fiscal year ended February 2025, demonstrating the further growth of our organization. Net sales reached 293.1 billion yen (up 6.4% year on year), the major factors supporting this performance being the addition of TODAY'S SPECIAL to the Group and our entrance into the Philippine market. At the same time, we made the decision to withdraw from the U.S. market, where market conditions have been difficult. We view this withdrawal as a strategic financial decision, having reviewed our portfolio from the perspective of capital efficiency.

Even as sales rose, operating profit remained a challenge at 15.5

billion yen (down 13.9% year on year). The single-most negative factor was our delay in responding to climate change during the fall and winter sales season in the second half of the year. Nevertheless, we crafted clear measures to address these issues and plan to strengthen our profit structure by shifting to a product mix that is less susceptible to temperatures. Specifically, our aim is to increase the composition ratio of sundries, tableware, and other items resistant to seasonal fluctuations. We also intend to increase unit prices by encouraging purpose-driven purchasing and bundle purchases during transition periods, leveraging IP collaborations tailored to brand tastes and customer needs. We intend to improve the profitability of our mainstay apparel business by refining our product mix to be competitive, even during warmer winters.

Senior Managing Director Message

■ Medium-Term Management Plan Axis and Capital Allocation Strategy

The and ST HD Medium-Term Management Plan 2030 calls for net sales of 400 billion yen, operating margin of 8%, and ROE of 15% by 2030. The three pillars of our strategy are the Platform, Global, and Brand Retail businesses, and we seek to achieve profitability and growth in each of these areas. The Platform business, in particular, focuses on *and ST* and will be our next growth engine. Currently, our own brands account for approximately 97% of gross merchandise value (GMV); however, we intend to raise the ratio of external sales to 40% in the future as we shift to a highly profitable structure. From the foundation of the e-commerce and logistics infrastructure already in place to support this structural transformation, we will grow total transactions with the help of external brands, controlling fixed costs and raising the overall sales composition of our high-profit BtoB business.

To support these structural reforms and strategy execution, we transitioned to a holding company structure in September 2025, naming the holding company and ST HD Co., Ltd. We plan to reorganize each of the three main businesses as independent companies with profit responsibility and authority to execute strategies. We believe this change in format will increase the speed and agility of business decisions and capital allocation. This

structure will clarify the return on investment under each business and improve capital efficiency for the and ST HD Group as a whole. At the same time, we must address the risk of disunity within the Group. To this end, we established a weekly working group meeting attended by the management of each company to maintain a sense of group cohesion through substantive discussions that go beyond the simple reporting of numbers. Our goal is to operate under agile and solidarity-oriented group management that takes maximum advantage of our traditional communication culture, which includes open work environments and close interactions among Board members.

■ Cash Allocation Policy and Shareholder Returns

Medium-Term Management Plan 2030 provides a breakdown of our cash allocation plan as part of our increased transparency on strategic investments. We expect investment to increase in scale in the future to support platform expansion, logistics development, and accelerate M&A activity. Accordingly, in the wake of our transition to a holding company structure, we are implementing a “one wallet” system that centralizes Group cash and concentrates capital in areas of higher returns to improve capital efficiency and mobility. We will continue to consider M&A inside and outside Japan as a means to strengthen *and ST* and expand our global business. In the meantime, we expect our growth strategy will require us to make



Senior Managing Director Message



investments on an order we cannot accommodate within the framework of conventional operating cash flow. We intend to maintain financial soundness and make investments as necessary. The flexible use of outside funding may be another means to this end.

The Company's basic policy for shareholder returns is to maintain

stable dividends, with a minimum dividend on equity ratio (DOE) of 4.5% based on an assumption of 15% ROE and 30% payout ratio. When investment opportunities are limited, we will also consider share buybacks as a means to enhance returns.

To enhance corporate value, we aim to raise PBR through sustained ROE improvement and PER gains based on reliable earnings. To this end, we must implement the new medium-term management plan consistently and strengthen IR activities to build trust with the market. We intend to communicate clearly the progress of our transformation and vision for the future through online shareholder meetings, shareholder roundtables, and ongoing dialogue with analysts.

Productivity per employee is another factor we will emphasize. This indicator reflects the source of competitiveness across the retail industry. Investments in our platform and digital technologies will lead to a virtuous cycle that increases gross profit per hour and how much we can return to employees. Given this emphasis, we will add employee satisfaction as an indicator under executive compensation, reflecting our belief that investment in human capital is the foundation of corporate value creation.

The Next *and ST*, Built Together With Our Stakeholders

While Japan's birthrate declines and demographics age, we believe there is still much potential left in the enormous lifestyle market,

including the 8 trillion yen fashion market. Our intent is to become a corporate group that energizes the Japanese economy from the ground up, leveraging our supply chain and base of more than 20 million *and ST* members. In addition, a focus on a global strategy to communicate brands and systems from Japan to the rest of the world will bring the excitement of fashion to more countries and people under our mission, *Play fashion!*

We have always valued trust and co-creation as a community in which diverse people, companies, and brands interact. Utilizing the business foundation developed in brand retail, we will expand the scope of our business together with our new colleagues who have joined us through M&A. Further, we will expand overseas and evolve our platform to achieve net sales of 400 billion yen and a highly profitable structure, creating new value that contributes to the enrichment of consumers.

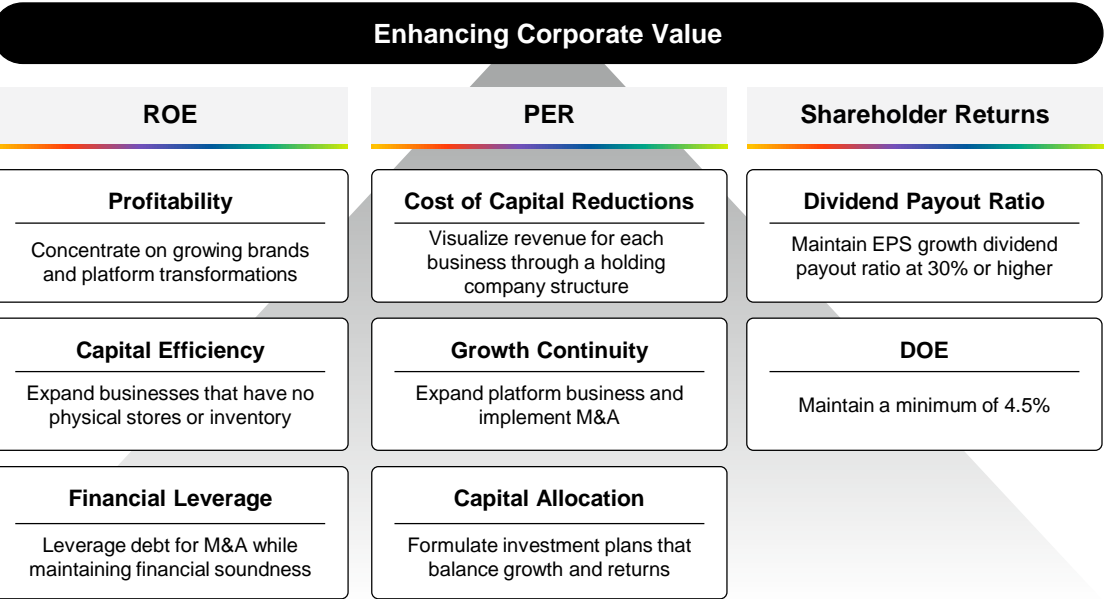
At the heart of this growth will be the aspiration toward abundant living. We find value not in mere business growth, but in offering more and more exciting options to society, inspiring new emotions.

The *and ST* HD Group will continue to share new abundance with stakeholders and strive to become *a company needed*.

Management Conscious of the Cost of Capital and Share Price

Current Status and Capital Strategy

- and ST HD ROE exceeds the cost of capital, and PBR is above 1.0. However, we believe there is room for improvement in PER, as long as we achieve our growth plans.
- We estimate our cost of capital to be around 6%; however, we recognize that the market demands higher profitability and return on capital.
- In terms of capital strategy, we disclosed our cash allocation policy in Medium-Term Management Plan 2030, including our intent to balance growth and base investments, shareholder returns, and M&A budget.
- With the transition to a holding company structure in September 2025, we have begun the process to visualize the return on capital for each business.



Our Initiatives

- We continue to engage in dialogue with the market through IR activities and presentations involving management representatives, seeking to build a better understanding in the capital markets of our growth potential.
- We also endeavor to improve the quality and quantity of these dialogues with the market, holding briefings conducted by business managers, publishing integrated reports, and enhancing our English-language disclosures.
- We adopted a stock-based compensation plan for directors in fiscal 2016, adding a total shareholder return (TSR) evaluation element in fiscal 2023. In fiscal 2025, we added consolidated ROE, gross merchandise value (GMV) of our own e-commerce mall, and employee satisfaction score to the list of evaluation factors. We will continue to improve this plan to ensure director performance incentives align with the KPIs of our growth strategy.
- To maintain stable dividends, even under temporary fluctuations in profitability, we adopted the dividend on equity ratio (DOE) standard in fiscal 2025, establishing a minimum DOE of 4.5%.
- We aim to enhance corporate value by formulating, disclosing, and consistently implementing business plans that are sensitive to the capital markets.

IR Activities	FY2/2022	FY2/2023	FY2/2024	FY2/2025
One-on-One (times)	142	159	218	198
Small meetings (times)	13	13	17	28
Total no. of institutional investors	208	231	260	288
Total no. of people	322	339	460	592
Including management attendance (no. of people including small mtgs.)	99	107	138	190

Human Capital Initiatives

Basic Policy on Human Capital Management

To grow to the next stage in this changing market, we must not only reform our management and business model, but also prepare human resources and an organization to achieve this reform. The strength of the and ST HD Group organization lies in teamwork—colleagues coming together to share and multiply experience, knowledge, and ideas to create new value. Even as the size of our company expands, we strive to improve our organizational capabilities through close departmental coordination. We strive to raise job satisfaction and performance through environments in which each employee experiences personal growth. We aim to realize our mission, *Play fashion!*, each person taking on challenges without fear of failure, enjoying the process of change, and becoming *a person needed*.



Governance

The Board of Directors, Executive Council, and the Sustainability Committee discuss important human resources strategies and measures as management issues to tie management strategy to human resources strategy. Our Human Resources Department is responsible for groupwide human capital management. This department works with other departments and group companies to amplify human capital through a cycle of monitoring, evaluation, and progress verification.

Strategy

The and ST HD Group emphasizes diversity and creates environments in which employees take on challenges without fear of failure, encouraging every employee to create new value. To support the personal growth of our employees, we continue to invest in human resources and strive to develop everyone as *a person needed*, as stated in our Corporate Philosophy.

Basic Policy

Human Resources Strategy

Every individual who works at and ST HD creates new value based on *Play fashion!*

Supporting the growth of diverse personalities and making each shine as *a person needed*.

Indicators and Targets

The and ST HD Group engages in measures to create environments that support the success of our diverse human resources and to achieve business growth. The indicators and targets of these priority measures are as described below.

Human Capital Management		Priorities
Achieving Our Business Strategy	Executing our human resources strategy to achieve our medium-term management plan	<ul style="list-style-type: none">Hire and develop more digital transformation human resources to expand e-commerce and DXSTAFF BOARD, a tool to increase e-commerce and other digital customer interactions<i>Carikaku</i>, a career development support project for individuals to design their own careers
Creating Environments That Support the Success of Our Diverse Human Resources	Challenge, Excitement! Initiatives Rooted in Our Most Important Values Encourage People to Shine A Sense of Family, Open and Frank	<ul style="list-style-type: none">Diversify the organization through supporting activities for women (promotion plan for women, mindset reform)Encourage the use of childcare leave (promote usage, provide on-site support)Engage in health management (employee well-being)Publish management messages and increase opportunities for two-way dialogue with employees Hold town meetings to encourage opinion exchange between the front lines and management*

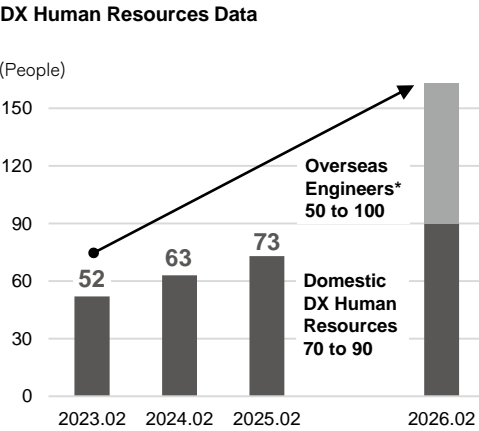
*Improve employee satisfaction in general based on various measures

Specific Initiatives, Indicators, and Targets

Achieving Our Business Strategy Executing Our Human Resources Strategy to Achieve Our Medium-Term Management Plan

Hiring and Developing More DX Human Resources to Expand E-Commerce and DX

Digital transformation (DX) supports and ST HD Group growth. To accelerate our transformation, we established the DX department as a specialized department reporting directly to a director. We are recruiting, training, and retaining talented people who are well versed in digital technology and data use. In addition, we are building a DX implementation framework to foster competitive advantage, leveraging alliances with domestic and overseas business partners, strengthening collaboration with startup companies, and actively utilizing the side job system. and ST HD aims to recruit between 70 and 90 domestic DX human resources and between 50 and 100 overseas engineers during fiscal 2025.



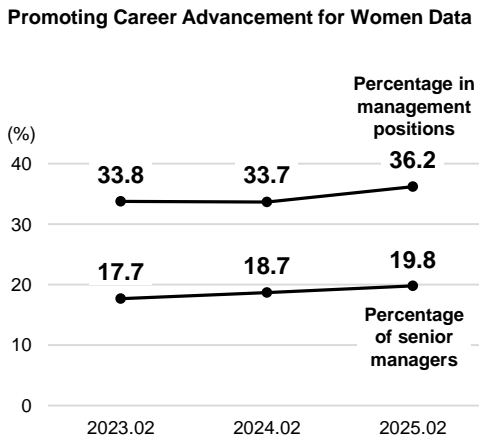
*Overseas engineers include engineers at partner companies.

Creating Environments That Support the Success of Our Diverse Human Resources Encourage People to Shine

Diversifying the Organization Through Supporting Activities for Women

Women account for roughly 80% of and ST HD Group employees, and the contributions of these women tie 100% to the success of our business activities. Approximately 80% of our products are for women, and we leverage women's sensibilities to provide products, services, and new value that meet diversifying needs. We set numerical targets for the ratio of women in management and implement a number of measures to this end. These activities have been successful in cultivating female candidates for executive positions and encouraging more active discussions and changing management perceptions. Developing and expanding categories from the female perspective are contributing to the Company's medium- and long-term growth.

Progress and New Targets for the Ratio of Women in Management ▶ P.57



*Domestic group companies excluding zetton inc.

Creating Environments That Support the Success of Our Diverse Human Resources Challenge, Excitement!

STAFF BOARD, a Tool to Increase E-Commerce and Other Digital Interactions

and ST, our own e-commerce mall, features STAFF BOARD, a forum for store staff members to highlight different coordinate suggestions. Annual purchases by customers who follow staff on STAFF BOARD are 2.5 times the level of customers who do not follow staff on STAFF BOARD. Store staff have begun including the products of other companies in their posts, sharing their expertise with our business partners. We regard every staff member as human capital, and we strive to create environments in which staff members feel confident in taking on the challenge of expanding contacts with customers. We use an incentive system, social media analysis tools, and improved training systems to this end.

STAFF BOARD Data

	2023.02	2024.02	2025.02
No. of STAFF BOARD content creators	3,990	4,098	4,485
Followers	More than 100,000	5	11
	More than 50,000	8	13
	More than 10,000	63	74
Total followers	5.73 million	10.35 million	13.22 million

*February 2025 data includes 67 creators from outside the and ST HD Group.

*Followers: Total of followers on STAFF BOARD, Instagram, TikTok, YouTube, and other social media.

Creating Environments That Support the Success of Our Diverse Human Resources A Sense of Family, Open and Frank

Employee Satisfaction Surveys

The and ST HD Group conducts an annual employee satisfaction survey to ascertain employee motivation. We also use the data as a basis for drafting organizational and personnel policies, conducting ongoing improvement activities, and measuring effectiveness. Our target is to maintain an overall satisfaction rating of 4.0 or higher (on a 5-point scale). Questions that have a strong correlation with an employee's intention to remain with the Group, as well as questions associated with low satisfaction scores, are priority improvement issues, and we deal with these areas first when planning and implementing response measures. In particular, the relatively low score of 3.66 related to Systems in connection with the evaluation of skills development, career support, and appropriate personnel assignments, is a priority requiring improvement.

Employee Satisfaction Data

	2023.02	2024.02	2025.02
Overall satisfaction	4.01	4.02	4.05
Work	4.04	4.02	4.04
Workplace	4.08	4.07	4.08
Superiors	4.14	4.13	4.16
Working environment and compliance	4.41	4.43	4.44
Systems	3.52	3.60	3.66
Company	4.09	4.12	4.15

*Domestic group companies excluding zetton inc.

*Survey of employees, including non-regular workers (working 80 hours or more per month).

SUSTAINABILITY

Crossing Every Boundary With the Limitless Combinations of Fashion: and ST HD and WeOur’s Sustainable Vision for a Future Where Everyone Can Shine

Tomoko Fukagawa
General Manager of Sustainability
Management Office, Corporate
Division, and ST HD Co., Ltd.
Director, WeOur Co., Ltd.

Fukagawa joined the company in 2005 as a new graduate. After serving as Store Manager, Area Manager, and General Manager, she transferred to the Corporate Planning Office in 2019, where she advanced sustainability management that balances business growth with a sustainable society. In 2024, she was appointed as General Manager of the newly established Sustainability Management Office, and since 2025 she has also served as a Director of WeOur Co., Ltd.

Akira Takahashi
President and CEO, WeOur Co., Ltd.

Takahashi joined the company as a part-time employee during his student years. After serving as Store Manager, he engaged in new business development, including launching the e-commerce business, working in the marketing department, and contributing to the Adastria Innovation Lab. He became the general manager of the circular business division at ADOORLINK, a group company established in 2020. In 2025, he became President and CEO of WeOur Co., Ltd.

WeOur Co., Ltd. became a special subsidiary of and ST HD in March 2025. The company focuses on circular economy business and business support business, aiming to address social issues while driving business growth. What value will this challenge create for the Group as a whole and for society? WeOur President and CEO Takahashi and Director Fukagawa, who also serves as General Manager of the Sustainability Management Office at and ST HD, discuss the synergies generated through WeOur’s business and their outlook for the future.



WeOur joins the and ST HD Group as the newest company. Taking sustainable management to the next stage.

— Tell us about the founding and vision of WeOur.

Takahashi WeOur originated from Adastria General Support, a special subsidiary established in 2013 to advance employment for people with disabilities and support operations across group companies. Interest in sustainability and diversity and inclusion has grown, and we wanted to

evolve beyond internal support and expand into new businesses that also deliver services to customers, aiming to further enhance corporate value. We launched WeOur in March 2025 in response to this vision by absorbing the business of ADOORLINK, which had previously carried out such roles.

Fukagawa The timing of our launch was also very important for accelerating group-wide sustainability management. Employees at WeOur have taken on new ways of working and broader roles.

Takahashi The vision of WeOur is to recognize disabilities as a form of individuality and remain a company that enables diverse individuals to participate. Our principle of leaving no one behind drives us to create workstyles that allow every employee to make the most of their individuality and strengths.

Employee work previously centered on administrative and logistics tasks. But at WeOur, we have expanded their roles to areas such as operating OFF STORE, where employees directly engage with customers.

Fukagawa The and ST HD Group identified three key sustainability themes: Protecting the Environment, Encouraging People to Shine, and Growing with Local Communities. WeOur embodies all three through our circular economy business, support for diverse employees, and event and other contributions to the local community in Mito, where the company was founded. The Sustainability Management Office of and ST HD directs the Group's overall strategy and policies, while WeOur drives initiatives in the field. In this sense, WeOur serves as the execution team for Group sustainability and is an extremely reliable presence.



Takahashi Sustainability is part of this as well. Aligning the business of WeOur with the overall Group strategy is even more important under the new holdings structure starting in September. We aim to generate stronger synergies across the entire organization by developing new businesses at WeOur in line with Group policies.

Beyond reuse and outlet sales: a circular business model that delivers both social impact and profitability

— Tell us about one of your core businesses, the circular economy business.

Takahashi Our circular economy business focuses on how to establish a profitable model while advancing fashion with a lower environmental impact. At the core of this business is our store OFF STORE. The word *off* conveys more than simply *discount*. The concept represents crossing boundaries, whether between new and pre-owned items or other conventional lines. OFF STORE offers sample products and off-season items from Adastria and other group companies at reasonable prices. Our concept is not only affordability but also the excitement of discovery. We want customers to enjoy the serendipity and the thrill of the hunt of finding clothes that can only be experienced by visiting the store.

Fukagawa This concept of crossing boundaries truly symbolizes the WeOur approach to business itself. We also began updating the *Play Cycle!* clothing collection initiative in March 2025, creating a system to resell the clothing collected from customers at OFF STORE locations and further expanding the cycle of reuse.

Takahashi The circular economy business may appear to be simply an outlet store, but our approach is different. We aim for a circular model



OFF STORE Aeon Town Mito-Minami

where more customers wear the clothes than the number of garments produced. Our ideal goal is to keep every piece of clothing with value circulating in the market, including items collected through *Play Cycle!*, so customers naturally become part of the cycle.

Fukagawa We see differences across generations, but these values seem to resonate with younger customers in particular. We have begun to feel a growing sense that we are gaining their understanding and support through our approach.

Takahashi As a university lecturer, I see that students tend not to focus on whether fashion is secondhand or new. Instead, they simply choose what they want to wear. For many years, the fashion industry has run on a supply chain that focused on how to deliver attractive new products. But the reality is that customers are often ahead of us in understanding the latest trends. I believe the role of WeOur is supporting this shift in values through our business.

Fukagawa We would be glad to see a store like OFF STORE become a place where customers and staff connect through fashion and gain an understanding of our initiatives.

Employees themselves embody *Play fashion!* through group-wide business support.
Building an inclusive workplace where individualities shine.

— Tell us about your business support service, the other pillar of WeOur.

Takahashi For more than a decade, our business support service has involved employees with disabilities in supporting certain areas in the back-office operations of the Group, including administration, logistics, digital transformation, and store operations. What we value, however, is not simply increasing the number of employees, but creating opportunities and workplaces where diverse talent can make the most of their strengths and work in ways that reflect their individuality.

Fukagawa In other words, building an environment where every employee can play a leading role.

Takahashi Some employees had previously told us that it was difficult to feel connected to the Group mission of *Play fashion!* when their work was centered on administrative tasks. To address this, we introduced hybrid operations that combine store and office roles, along with other improvements. These changes allow employees to experience a stronger sense of pride and connection to working in a fashion company. I hope to see our company, WeOur, take the lead in implementing groundbreaking store operations and new work styles.

Fukagawa Looking ahead, we plan to expand diverse workstyles and business models across the entire Group as new standards, creating an

environment where all employees can work with even greater excitement. When sharing these new initiatives and values with external stakeholders, my conversations with Mr. Takahashi end up always focusing on whether we will truly gain customer support.

Takahashi Our premise is that no business can be sustained without customer support. Our starting point when considering new strategies or initiatives is always how store staff will explain such approaches to customers. We aim to build an organization where every employee can serve as an ambassador who embodies Group values.

Fukagawa I share that view. Communicating the advanced initiatives of WeOur and the important Group values, both inside and outside the company, is one of our key roles at the Sustainability Management Office. We believe a company's stance is conveyed accurately only when front-line activities are linked with our communications. That is why we continue to enhance the quality of our disclosures.



WeOur Business Overview

Circular Economy Business

- Reduce environmental impact
- Ensure profitability
- Encourage participation in sustainability activities



Business Support Service

- Encourage the participation of diverse talent
- Create an inclusive work environment
- Improve the group-wide efficiency



Bringing the limitless possibilities of fashion to everyone.

Crossing conventional lines to remain a place where anyone can feel excitement.

— What impact do you hope WeOur to have on the fashion industry and society through your business?

Takahashi I believe we should employ even more diverse individuals at our stores. I want to show society that it is possible to create stores where anyone can shine—not only people of different ages and genders, but also people with various disabilities, beliefs, and preferences. Fashion, at its core, is about enjoying limitless combinations. We want to offer attractive products without being bound by categories such as new or secondhand. Combining these items into outfits and connecting with others brings excitement. I want WeOur stores to be places where employees and customers alike can experience that excitement. Fixed ideas may stand in the way of this vision, including assumptions about customers or the belief that some jobs are too difficult for people with disabilities. WeOur believes our mission is to break down those barriers one by one through our business.

Fukagawa The and ST HD Group has grown by being willing to accept better ideas, even if it means changing what seems normal today. We will continue creating new synergies through WeOur, as well as across the entire Group. As part of an industry that enriches people's lives through fashion, I want the next generation of employees to carry forward this vision with pride in this work. Step by step, we will continue doing what we can to remain a trusted and indispensable presence for customers and local communities.

— Lastly, what message would you like to convey to stakeholders?

Takahashi The WeOur growth strategy is grounded in steadily engaging in business that earns the trust of local communities by creating more opportunities to reach out to customers, not only to share our products and services but also to meet our lively employees. The and ST HD Group has a long history, and we have always desired to be a presence that makes customers say they are glad to have met us or that they came to the store because of us. This desire is our origin and will never change, no matter the era. This unwavering commitment is the very reason we are in business. That is why we will hold on to this desire, face challenges without fear, believe in the power of fashion to change the world, and continue creating new standards together with our customers.

Fukagawa Speaking with Mr. Takahashi has once again shown me how powerful the synergies between WeOur and the and ST HD Group truly are. Empathy is essential if we are to spread the new value and successes born at WeOur throughout the Group and into society. Sustainability is an exciting effort to build a better world for society, the environment, and future generations. The Sustainability Management Office will continue sharing the vision, aspirations, and challenges of WeOur with internal and external audiences, building empathy among stakeholders and working together to shape an exciting future.

Taking the Excitement of Fashion Into the Future

and ST HD Approach to Sustainability



The and ST HD Group delivers products and services that meet the changing times and diverse needs of the world.

We continue to share the joy that comes from fashion and to enrich the lifestyles of all people.

We ensure our capacity to take the excitement of fashion into the future by protecting the environment, allowing individuals to shine, and growing together with our communities through our businesses.

Approach to the Environment

We work with internal and external stakeholders to establish environmental targets and always aim higher, emphasizing the use of sustainable resources.

➤ Approach to the Environment

Approach to Human Rights

We recognize diversity and exercise respect for human rights together through dialogue with stakeholders.

➤ Approach to Human Rights



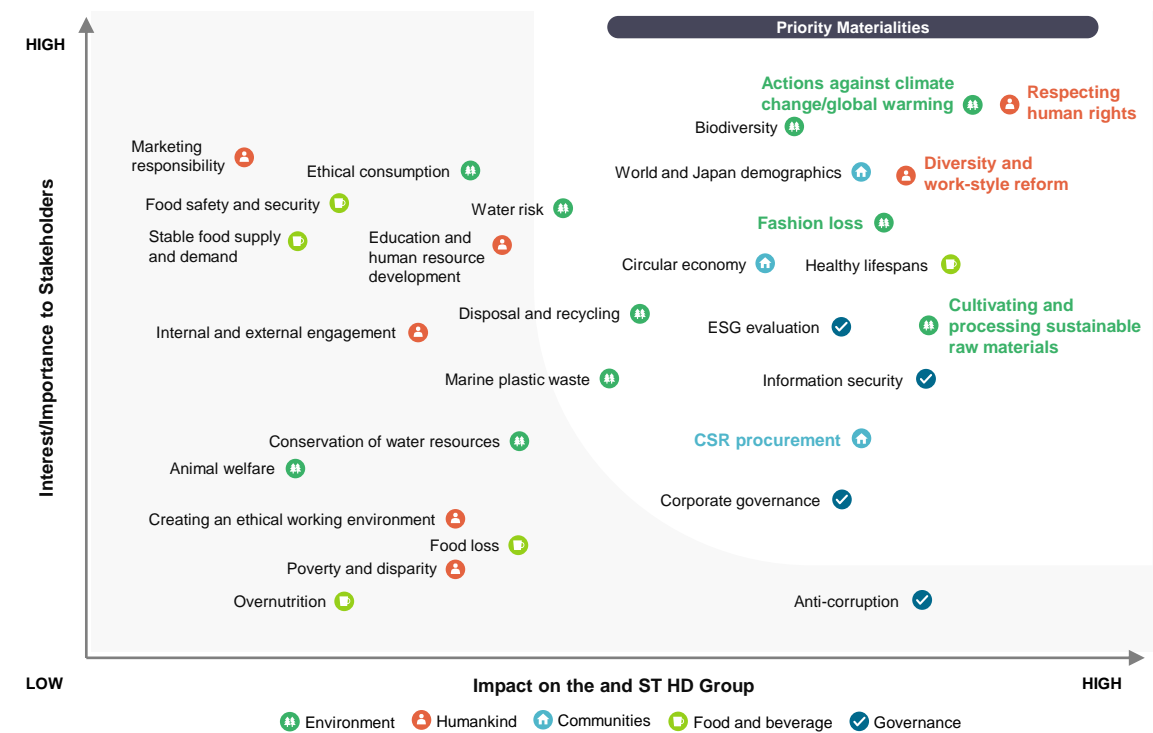
Approach to the Environment and Approach to Human Rights

The and ST HD Group articulated a corporate stance and approach to the environment and human rights both within and outside our business domains. This stance and approach allow the group to work in cooperation with stakeholders to address issues, including climate change, fashion loss, sustainable sourcing and processing, respect for human rights, diversity, and health management.

Group Materiality Identification

The and ST HD Group identifies materiality surrounding our company to contribute to solving future social issues and ensure sustainable development. We renewed our Group policies on the environment and human rights in response to the urgent material issues of respecting human rights and addressing climate change. Our Group management also recognizes other issues expected to become increasingly more important and attract greater attention in the coming years. Such issues include biodiversity, animal welfare, and stable food supply and demand. We establish response policies by incorporating these issues into management discussions and work with stakeholders to drive solutions.

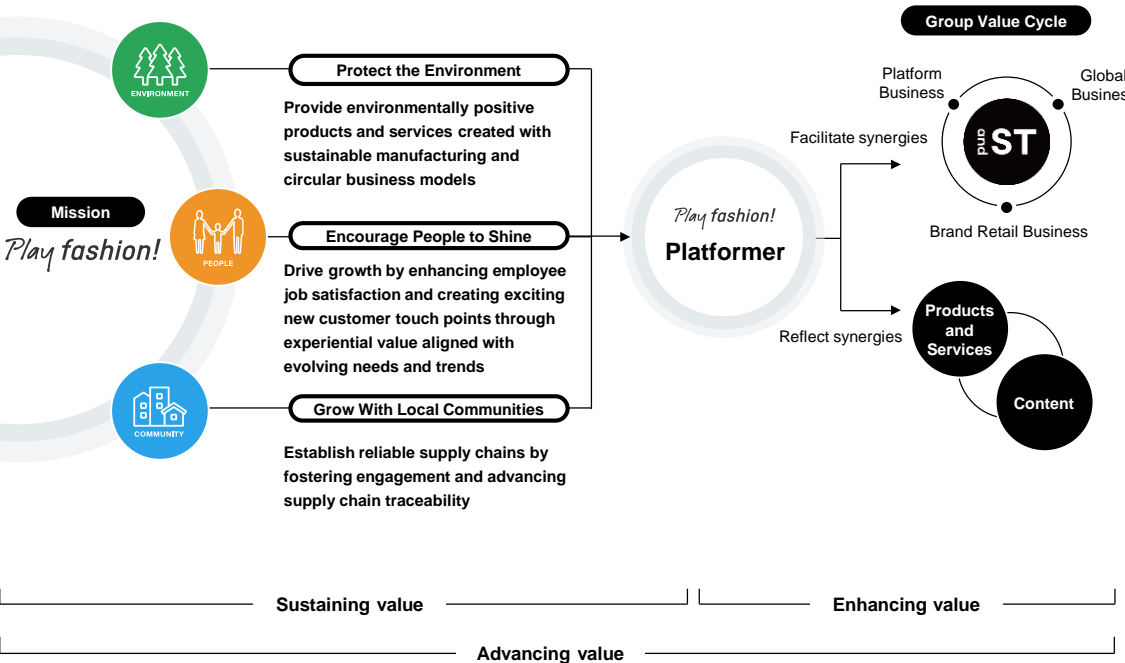
Materiality Mapping of the and ST HD Group



Expanding the Sustainability Framework




The Group established the Sustainability Committee, aiming to further strengthen our group-wide implementation of strategies in non-financial areas. The committee holds regular meetings to discuss business issues concerning medium- to long-term non-financial strategies and the achievement of sustainability goals, and reports and advises the Board of Directors and the Executive Council. The Sustainability Management Office, established in March 2024, is responsible for formulating policies on the environment, human rights, and related areas; developing and managing strategies to address material issues; and disclosing relevant information. The and ST HD Group will continue to strengthen our group-wide framework and respond with integrity to the trust and expectations of our stakeholders.

Direction of Medium- to Long-Term Sustainability Strategy Under a Holdings Structure



Initiatives, Achievements, and Roadmap for Materialities

The and ST HD Group practices sustainability management and contributes to the well-being of all stakeholders. We work to solve issues through business activities in the three areas: *protect the environment, encourage people to shine, and grow with local communities*. Given the way the challenges we face in these areas are closely interrelated, the and ST HD Group responds by steadily and strategically implementing initiatives under a medium- to long-term vision to create positive change for the future.

Materialities	Vision	FY2/2025 Results		Steps Toward 2030	Medium-Term Targets	Targets Through 2050
<div>Protect the Environment</div> 	Engage in manufacturing that leads to the future	Percentage of sustainability marks attached YoY 109.7 %	Sustainable materials developed in-house 8 materials	<ul style="list-style-type: none"> Develop sustainable raw materials Increase the number of products with sustainability marks 	Incorporate sustainable materials and processing into over 50% of all products	Incorporate sustainable materials and processing into 100% of all products
	Balance environmental considerations with business activities	Formulated GHG reduction scenarios for Scope 1, 2, and 3 (domestic and overseas)	CDP Score B Received for two consecutive years from 2024	<ul style="list-style-type: none"> Implement energy-saving initiatives and collaborate with developers and other partners Source environmental value through renewable energy and similar initiatives 	New targets under development in accordance with international standards	Achieve carbon neutrality
	Create a world without fashion loss	Maintained 0 direct incineration of clothing inventory	Stores offering permanent clothing collection: approximately 190 Annual collection volume 40 _t	<ul style="list-style-type: none"> Improve demand forecasting and reduce inventory losses Encourage used clothing collection and collaborate with governments and external partners 	Establish resource recycling systems in apparel and sundries	Establish resource recycling systems in all businesses
<div>Encourage People to Shine</div> 	Be an organization that is healthy mentally and physically, encouraging employees in their individuality and ability	Percentage of women in senior management positions* 19.8 %	Percentage of women in management positions* 36.2 %	Educate and invest in diverse human resources	Percentage of women in senior management positions: 30% Percentage of women in management positions: 50%	Embed DE&I into our corporate culture and develop human resources suited for a platform-based business
		Disclosed health management strategy map and health-related indicators	Health & Productivity Management Outstanding Company Certification 3 _{rd} consecutive year since FY2023	Execute measures based on the health management strategy map and improve performance on related numerical indicators	Become a White 500 Certified Health & Productivity Management Outstanding Company	
<div>Grow Together With Communities</div> 	Foster sustainable development in production areas	Number of factories monitored annually 25	Number of factories in our direct-sourcing network with specified partner suppliers 60 factories	<ul style="list-style-type: none"> Engage in dialogue with suppliers through CSR monitoring Disclosure business activity information in the supply chain 	Strengthen partnerships with suppliers and enhance supply chain transparency	Co-create with business partners to build ethical supply chains

* Consolidated results for the domestic group (excluding zetton inc.)



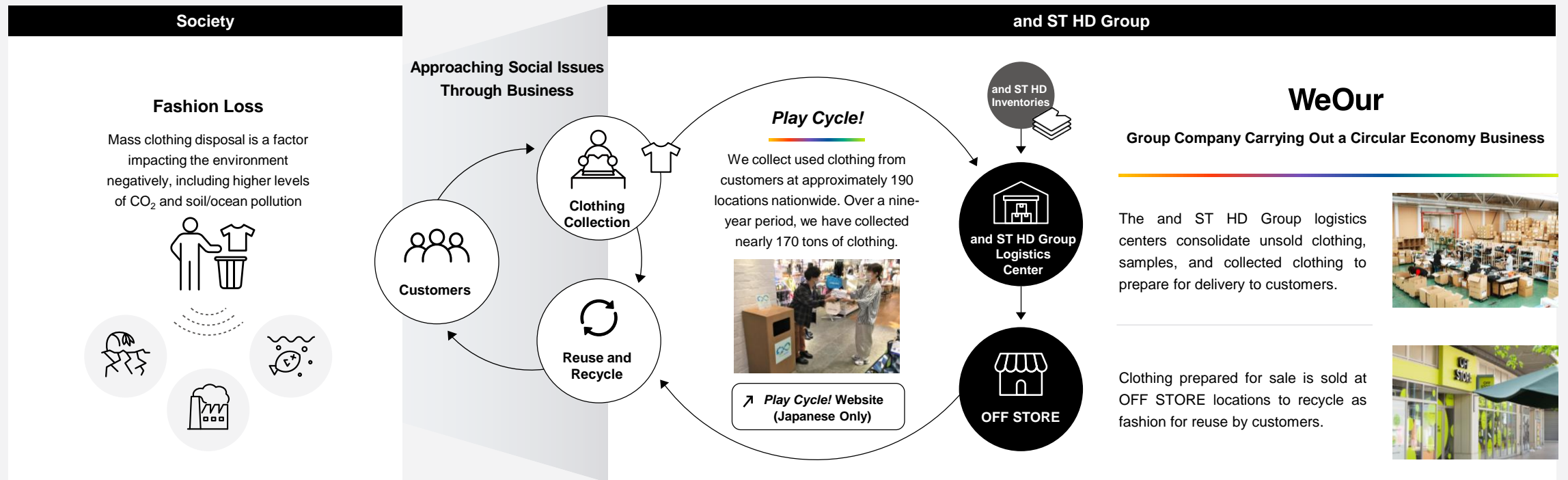
Create a World Without Fashion Loss

— The and ST HD Group Circular Economy —

The and ST HD Group conducts business mainly in apparel retail. We do our utmost to take on the social issue of fashion loss (clothing disposal) and contribute to recycling-oriented societies under a policy to eliminate burning or throwing out clothes.

A Group-Wide Approach to the Social Issue of Fashion Loss

In recent years, the environmental pollution caused by the massive disposal of clothing from homes and businesses has become a serious social problem. We provide solutions through our businesses, continuing efforts as a *Play fashion!* platformer to create sustainable societies.





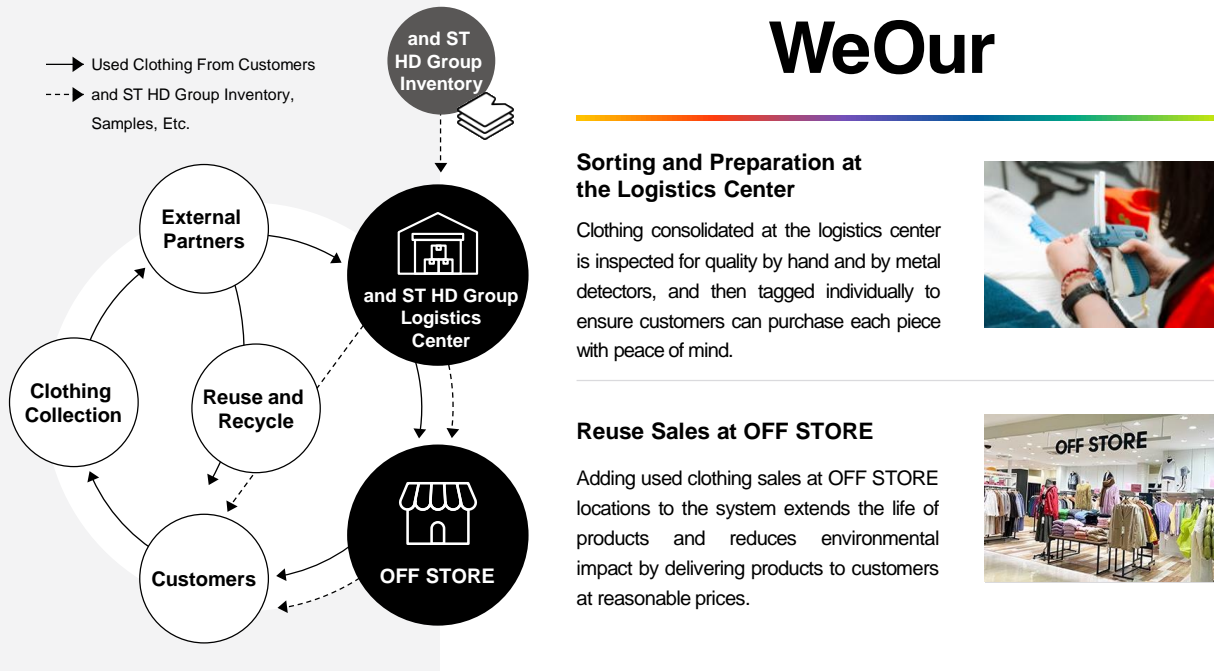
Create a World Without Fashion Loss — WeOur Drives the Circular Economy —

WeOur Co., Ltd. engages in businesses driving the circular economy. The company proposes new ways to enjoy fashion through the reuse of clothing collected from customers and ST HD Group inventory. WeOur employees with disabilities work in certain logistics centers and store operations, and the goal of the company is to create opportunities for everyone to play active roles in a profitable business structure.

| Play Cycle! Clothing Collection Program Update

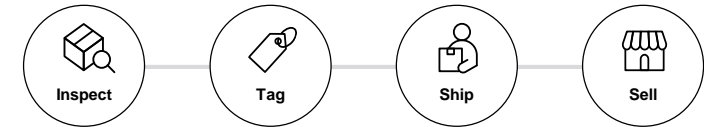
Further, we aim to create societies in which clothing is reused and recycled as a natural matter of course.

WeOur has taken the lead in evolving the *Play Cycle!* clothing collection program into a sustainable resource recycling system.



New Program Creates Opportunities for Diverse Talent

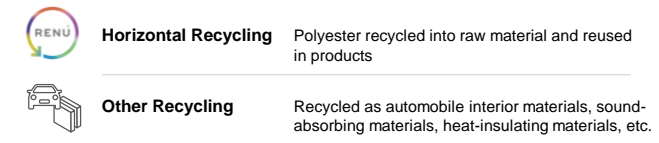
Employees with disabilities prepare goods for sale, manage merchandise, and provide customer service. WeOur aims to create work styles that allow employees from diverse backgrounds to maximize their performance.



Empowering Employees at OFF STORE Yamagata ▶ P.55

Certain Items Recycled Into Other Products

Clothing not compatible for reuse is given to external partners to use in automobile interiors, for example. Other clothing is processed into recycled polyester and reformed into new fibers and materials.





Engage in Manufacturing That Leads to the Future

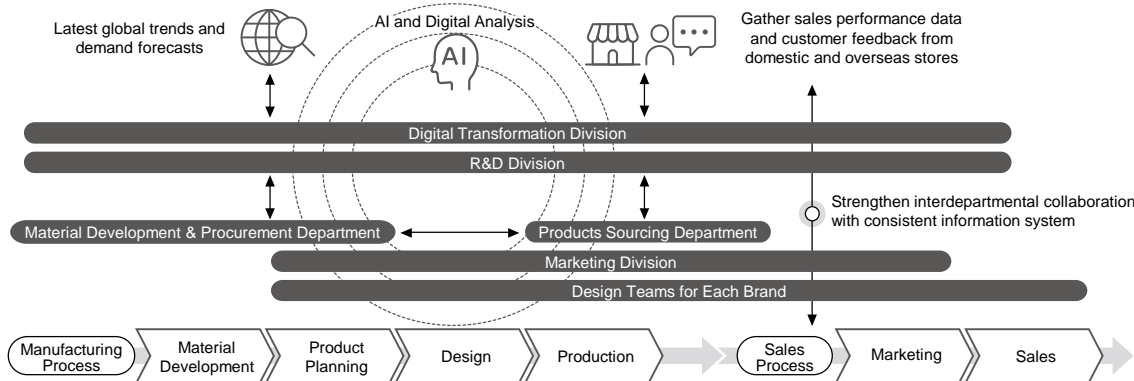
Engaging in manufacturing that leads to the future is one of our essential concepts that we pursue when developing products. Our first priority is to deliver high-quality, reasonably priced products that reflect the latest fashion trends, while also valuing the process of creating stories and building empathy through efforts, including the use of sustainable materials.

Evolving Development Processes Through Interdepartmental Synergies

Our manufacturing begins with the accurate and prompt identification of customer needs. Units across the company, including the Marketing Division, Material Development & Procurement Department, and design teams, work together to collect data on global trends and create products that match the concept of each brand. The Marketing Division shares ideas across divisions based on candid feedback and evaluations from customers who purchased our products to plan even higher-quality products. The Material Development & Procurement Department uses this information to develop new materials and improve existing ones. We then hold exhibitions to present these materials to the designers behind each brand, who incorporate them into product development for the next season.



In-house materials exhibition organized by the Products Sourcing Department

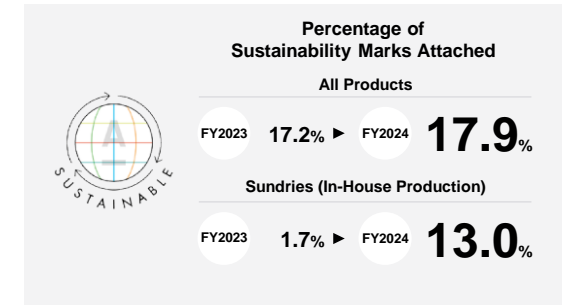


Developing Proprietary Materials for a Sustainable Future

Our ability to quickly reflect the latest trends and customer needs in our manufacturing is one of our strengths, but we also focus on developing our own materials with sustainability in mind. and ST HD supports sustainable purchasing behavior by displaying an original mark on product tags to improve visibility for customers. This mark signifies products made with materials and processing that meet our sustainability standards, which include limiting CO₂ emissions, reducing use of water, pesticides, and chemical fertilizers, using recycled raw materials, and ensuring fair producer working conditions. In recent years, we have developed materials that balance functionality with the latest styles, including fabrics that maintain a fresh and comfortable feel even on hot days in response to the increasing frequency of extremely hot weather. One such material we developed for the 2026 spring/summer season is FraisCot, a material that combines recycled polyester with cooling and quick-drying functions and traceable cotton. Expanding our product lineup to incorporate such materials allows us to offer attractive fashion that ensures comfort across diverse occasions. and ST HD will continue to improve our existing materials and engage from the raw material development stage to build a product portfolio that anticipates environmental and market changes.



➤ Other Proprietary Sustainable Materials
(Japanese Only)



➤ Sustainability Mark Definition
(Japanese Only)



Balance Environmental Considerations With Sales Activities

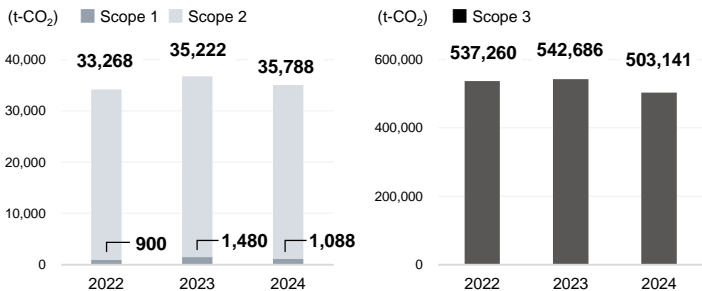
- Balancing Business Growth With Addressing Climate Change -

Extreme weather and natural disasters caused by climate change impact the supply chain. Implementing measures to adapt, prevent, and mitigate these impacts strengthens the resilience of our management over the medium to long term. To this end, and ST HD advances various initiatives that reduce greenhouse gas emissions while steadily balancing efforts to pursue sustainable management and secure a competitive advantage through the expansion of environmentally friendly products and services.

Efforts to Achieve Carbon Neutrality

Balancing business growth with achieving carbon neutrality is a highly challenging mission. However, as we expand our business globally, we recognize the need to respond steadily to international standards and requirements on climate change and to steadily implement CO₂ reduction measures. We are formulating a business-wide CO₂ reduction strategy based on the TCFD framework. Under this strategy, we execute and review initiatives over the medium to long term that are closely linked to our business strategy. Such initiatives include introducing renewable energy to offices and stores, reducing losses through demand forecasting, and building efficient logistics systems.

Group CO₂ Emissions Calculated Between 2022-2024



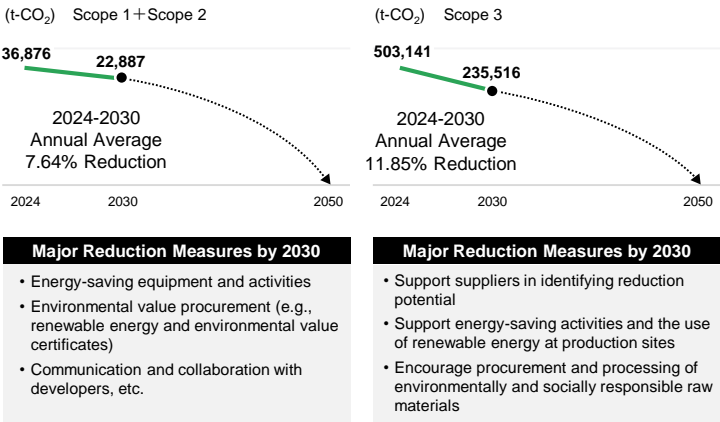
*2022: Based on the scope of the main business activities In Japan and overseas for the consolidated Adastria Group in Japan and zetton (zetton became a Group company in February 2023).
*2023 and 2024: Based on the scope of the consolidated Adastria Group in Japan and overseas (including the apparel retail, restaurant, and other business activities in Japan and overseas).

CO₂ Reduction Scenario to Transition to a Decarbonized Society

Global warming poses a significant medium- to long-term risk to business through rising raw material prices, supply chain disruptions, and other such factors. and ST HD discloses a CO₂ reduction scenario that covers our Scope 1 and Scope 2 emissions (from our own operations), as well as our Scope 3 emissions (from our value chain). For Scope 3, we help formulate CO₂ reduction plans for the production processes of the suppliers with whom we have direct transactions. Looking ahead, we will extend our efforts to secondary suppliers and beyond, including raw material cultivation and spinning, to address emissions more deeply and provide effective support. Note that we have confirmed our disclosed reduction scenario aligns with climate transition plans aimed at limiting global temperature rise

to below 1.5°C.

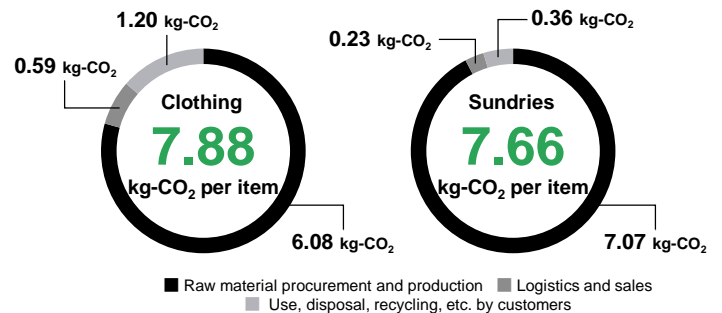
CO₂ Emissions Simulation



Visualization of Product Carbon Footprints

and ST HD thoroughly analyzes the life cycle of our products to identify CO₂ reduction potential in each process as part of our commitment to achieving carbon neutrality. We calculated and analyzed the average CO₂ emissions per item for clothing and sundries, our main products. Through such analysis, we work with our business partners to reduce greenhouse gas emissions by developing specific strategies, including those to conserve energy in each process and switching to energy sources with lower environmental impact. Looking ahead, we will explore disclosing CO₂ emissions in product information to support consumer purchasing decisions.

Average Carbon Footprint per Product



*Components included in calculation: Product body, plastic packaging attached to the product, cardboard used for transport, etc.
*CO₂ calculations include both primary data (directly measured) and secondary data (calculated from activity levels).Emission factors for secondary data are from IDEA Ver. 3.3 and the Ministry of the Environment's Emission Factor Database Ver. 3.4.
*We establish scenarios for processes with limited data, including raw material procurement and customer product use.



Balance Environmental Considerations With Sales Activities

- Sales Activities That Reduce Environmental Impact -

We have a responsibility to maximize the use of limited resources by minimizing losses that occur in production, sales, and other processes. We leverage the characteristics of a platformer and engage in business while incorporating positive social and environmental elements into our products and services, earning the trust of stakeholders and creating a virtuous cycle of growth.

The HARE Vision of Integrated Creativity and Sustainability

In recent years, we have incorporated positive environmental and social elements into daily necessities, such as fashion and sundries, to motivate customers to empathize with the stories behind the products they purchase. In 2020, HARE debuted re:, a sub-line that reuses prototypes (samples) generated in the product planning process to offer new value in fashion. re: remakes samples by hand to create products that reflect the latest trends and deliver one-of-a-kind value to customers. Moreover, re: makes the best possible use of scraps generated in the production process as materials for non-apparel items and works of art. re/flower is attracting attention as an unprecedented upcycled product — an artificial flower made from these scrap materials. The sub-line is also exploring collaborative art projects with artists using offcuts, actively pursuing new initiatives that highlight the originality of the brand. We value the sustainable concept of creating new avenues and commercial opportunities through creative ideas, and we strive to differentiate ourselves in the market through products that are unique to our brands.



Finding New Value in Unused Ingredients Sustainable Menu at zetton

natuRe tokyo is a new restaurant built with the theme of going beyond “Farm to Table” using French techniques to prepare Japanese ingredients to weave a sustainable future. One dish that embodies this concept is a pasta dish made using beef from cows that have had calves, an ingredient often shunned as a meat source due to its tough texture. The pasta is served with a sauce made by stewing the beef tendons from these older cows to bring out the flavor. Other efforts include incorporating irregularly shaped vegetables and fruits into dishes to help reduce food loss.





Inclusive Fashion Store Staffed by Hearing-Impaired Employees



OFF is for breaking through all barriers.

Our goal is to support everyone in being themselves through fashion.
And OFF STORE is a place where diverse people connect with each other to search, find, and enjoy sustainable fashion.

We believe in the limitless possibilities and the power of fashion.
Regardless of disability, age, or gender, we continue to expand the circle of excitement and circulation, with customers and staff breaking through all barriers.

VOICE

OFF STORE S-PAL Yamagata Becomes an Inclusive Store, Every Person Shining in Their Own Way

Off STORE, operated by special-purpose subsidiary WeOur, provides sample products and out-of-season items from the and ST HD Group at reasonable prices, delivering these goods to customers and avoiding waste.

The S-PAL Yamagata store is an inclusive store staffed by hearing-impaired employees. The store features operations and a variety of innovations for both workers and patrons.

Miyakawa When we opened the store, we put all staff through training to learn the basics of customer service from the ground up. Many of the staff had no experience in customer service and struggled initially. Today, we are running day-to-day operations with the support of managers.

Wabiko I wear a name tag that indicates I am hearing impaired. I am able to communicate smoothly with customers by using a smartphone app that converts voice to text. Sometimes I have trouble hearing speech, but staff nearby will follow up with me so I can serve customers with confidence.

Miyakawa: I think we have created a comfortable working environment by using communication tools effectively.

For example, we have a pointing board in front of the cash register with all of the necessary information, including how to register for the *and ST* app. These tools allow us to interact with customers confidently, and the tools have been well regarded by customers for having a clear user interface.

Wabiko The pointing board was created by store staff in preparation for the opening, discussed and improved among ourselves. Understanding each other's situations and concerns, as well as communicating through daily greetings and other methods, has led to a supportive environment and interpersonal relationships.



Miyakawa We have been open for almost a year now, and we want to continue to be a comfortable space for local customers and employees. To this end, we strive to create an environment in which everyone can work comfortably, asking for feedback from the staff and doing what we must, one step at a time.

Wabiko I want us to continue being a store that customers enjoy visiting. We are committed to improving our skills to meet customer expectations and provide a safe and enjoyable shopping space. And as a model store for diverse work styles, we would be happy to expand the circle of excitement and empathy, spreading the joy of fashion toward the creation of inclusive societies.



Store Staff
Misaki Wabiko

Store Manager
Shunpei Miyakawa



A Society in Which People Enjoy Fashion in Their Own Way

We see unlimited possibilities in fashion. Fashion allows for the expression of any personality, across age, gender, abilities, and tastes. *Play fashion!* is our mission, and under this mission we operate as a platformer to create new products and services with our partners. We develop businesses that add color to life for every customer, expressed through freedom of thought unbound by existing frameworks.

Work experience program supports the dreams of the next generation through popular brands

One of our brands, repipi armario, offers a work experience program for elementary and junior high school students in communities where stores are located. The theme of this project is for everyone to have a good time together, and Something Fun for Everyone182 young students participated at 24 stores in fiscal 2024, experiencing retail sales and the joy of working in the fashion industry. Store managers designed the program based on in-store manuals, helping participants experience store operations in person. Work included folding clothes and making style suggestions to other participants. Through the program, repipi armario helps students learn about diverse career perspectives and discover new possibilities for themselves as they look toward the future.



LEAD PROJECT: Working with young creators to uplift the fashion industry

The LEAD PROJECT, launched in June 2024, provides an opportunity for creators who aspire to work in the fashion industry. The project targets individuals who already have their own brand or are working to launch a new brand. The creators themselves decide on brand concepts, conduct product planning, and promote their work on social media. We provide our unique expertise in product development and e-commerce, which, when crossed with the ideas of the next generation, creates new trends and fosters human resources who will lead the fashion industry into the future.

TOPICS

Uniforms designed by junior high and high school students support athletes and fans

This project is an extracurricular learning program for students of Kadokawa Dwango Educational Institute, a school that has signed a collaboration agreement for the promotion of sports and education with the Ibaraki Robots. Students from the school designed uniforms for the Ibaraki Robots, a professional basketball team sponsored by the Company. At the same time, our participation demonstrates our commitment to bringing excitement to Mito City, where our company was founded, as well as to fashion and the students who represent our future. Students deepen their understanding of the team through classroom lectures and watching Ibaraki Robots games, while also learning the basics of design by attending courses given by our designers. The best of the 19 designs submitted was selected as a uniform design worn during home games, encouraging success and adding another dimension of color to the thrilling games.



VOICE

Giving Shape to a Dream! Participating in the Ibaraki Robots Uniform Design Project

S High School First-Year* Mizuki Kobayashi



I had fun challenging myself to do things I could not experience in the classroom, including improving my ideas based on feedback from professional designers. I based my uniform design on the traditional Mito black color scheme, adding a pink and blue gradient design to evoke the image of the dawn. I was very happy when I saw the players wearing my uniform design, and the experience gave me confidence in my future creative activities.

*A third-year student at the institution's N Junior High School when creating the winning uniform design



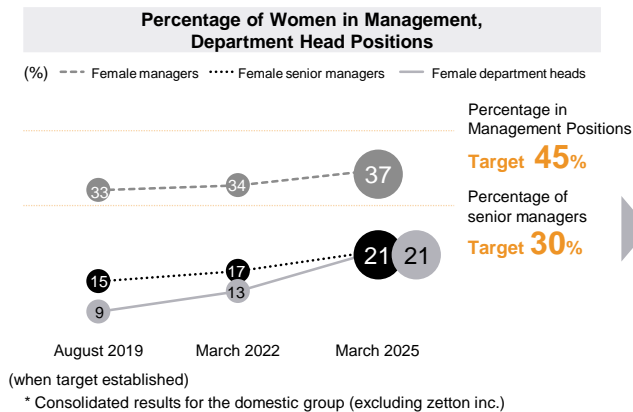
Be an Organization That Is Healthy Mentally and Physically, Encouraging Employees in Their Individuality and Ability

One of our key management resources is our unique and diverse organization and human resources. These human resources allow us to create new business models and customer experience value that are not bound by conventional frameworks. The and ST HD Group engages in programs linked to human resources strategy, strives to expand internal HR programs, and conducts strategic health management for our employees. In these ways and more, we enhance the capabilities and job satisfaction of each individual, contributing to the enrichment and development of our stakeholders as each employee becomes a *person needed* in society.

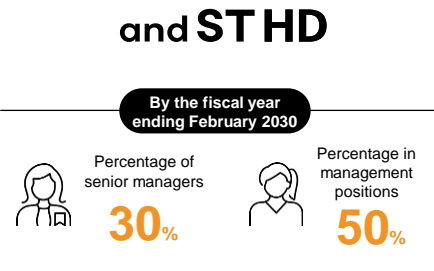
Revised Target for Percentage of Women in Management Positions and the Acceleration of Diversity Management

Women account for roughly 80% of and ST HD Group employees, and the majority of our customers are women. We believe that the contribution of women ties directly to the success of our business activities. Sustainable growth requires incorporating flexible, diverse perspectives and being sensitive to these considerations in company decision-making. To this end, we set specific targets and created a roadmap supported by the commitment of senior management. We support the advancement of women through a multifaceted approach that includes a human resources system that allows all employees to choose diverse careers and work styles to suit their lifestyles, a pooled human resources system, the participation of female employees in Board of Executives meetings (heavily dominated by men in the past), and the strategic promotion of women to higher positions. While we may not expect to reach our target for the fiscal year ending February 2026, we know that our efforts have led to the creation of female leaders, including a significant increase in the percentage of female general managers, from 9% to 21%. Our new target, aiming for the fiscal year ended February 2030, is even more challenging for the and ST HD Group in Japan and overseas. We believe in the potential of diverse and unique human resources to create value unbound by convention. This potential is crucial for us in achieving our medium-term management plan. Our own desire is to foster societies in which every person plays a role in their own way.

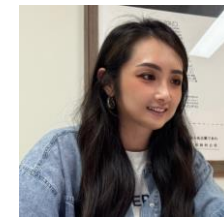
Percentage of Women in Management Positions and New Targets



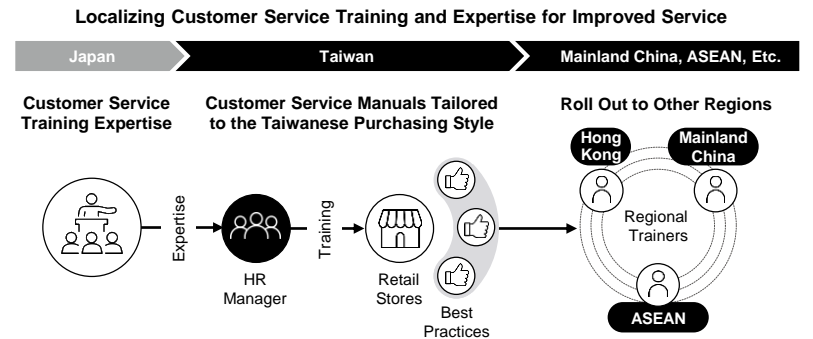
New Targets for the and ST HD Group in Japan and Overseas



Unique In-Store Training for Skills Growth and Customer Satisfaction



Adastria Taiwan Co., Ltd.
Human Resources Department
Training Supervisor
Miaoling Chiu



Being involved in planning and implementing in-store training as an HR trainer, I discovered several needs related to staff skills improvement. With the support of the Human Resources Department and branches in Japan, we created a systematized training program based on customer service training already conducted in Japan. Our training program not only includes the process of customer purchasing psychology, but also incorporates customer service training to produce staff capable of contributing immediately. We review and update training content annually to ensure relevance. Having a program in place allows us to roll out standards to Hong Kong and Shanghai, where we customize the content in accordance with the policies and strategies of each brand and the staff in charge in each region, resolving or eliminating issues. We improve the skills of new staff members by examining customer service skills before and after training. Customers expect high-quality service at all times — this expectation is not unique to any particular country. We are dedicated to providing service that satisfies customers, no matter which country or store they visit, helping create store environments that customers want to experience again.



Be an Organization That Is Healthy Mentally and Physically, Encouraging Employees in Their Individuality and Ability

- Implementing Health Management Together With Stakeholders -

The and ST HD Group began formal health management in fiscal 2022 under the slogan, *Play fashion! Play wellness! - Enjoy Fashion and Life, Be Healthier, and Be More Yourself.* Together with our companies, health insurance association, and employees, we will work with stakeholders to pursue health management. In doing so, we will create a workplace where everyone can work while remaining true to themselves and shining with vitality, contributing to more abundant lives for people around the world.

Our Unique Health Management Policies

We identified women-specific health issues, mental health, and disease prevention and health promotion as priority issues, implementing initiatives to address mental and physical well-being in collaboration with our health insurance association. Women make up over 80% of our workforce. To this end, we introduced a dedicated consultation service for women's health issues in 2024 and held seminars to deepen understanding of women's health concerns. We advanced our own health management initiatives through these efforts to create a comfortable work environment for all and to support the maintenance and promotion of employee health.

and ST HD Health Management
(Japanese Only)



**Women-specific
health issues**



Mental health



**Disease prevention
and health promotion**

VOICE

Supporting the Mental and Physical Health of and ST HD Employees



Industrial Physician
Yuko Yoneyama



Public Health Nurse
Natsumi Ando

Our group stations female industrial physicians and public health nurses on site to address women's health needs, as women make up a significant share of our workforce. We focus on addressing women-specific health issues in particular. We established a health consultation service using chat rooms to allow employees to easily access consultations. In our day-to-day interactions with company employees, we feel that many enjoy working for our group. We strive in our work as occupational health professionals to support all employees to allow them to stay true to themselves and enjoy their job.

Performance in Health Management-Related Indicators

We position priority health issues as key health indicators and analyze the results of health checkups and stress checks each year to assess current conditions and address challenges. We measure the effectiveness of our efforts each year and apply the PDCA cycle in health management to address health issues.



Women-specific health issues

Breast cancer screening rate

56.3%

Cervical cancer screening rate

51.5%



Mental health

Stress check rate

93.0%

High stress rate

8.6%



Disease prevention and health promotion

Percentage of employees
receiving health checkups

95.0%

Rate of findings

46.2%

*Based on health checkup data between April 2024 and the end of March 2025. Domestic group companies excluding zetton inc.

Certified for a 3rd Consecutive Year as a Health & Productivity Management Outstanding Organization

The Ministry of Economy, Trade and Industry and the Nippon Kenko Kaigi recognized Adastria* as a 2025 Certified Health & Productivity Management Outstanding Organization (Large Enterprise Category) for the third consecutive year. The recognition reflected our new disclosures on key health management items, the development of a health management strategy map that sets out our unique direction, and strengthened initiatives for women's health support and mental health care. We will continue to work with the Health Management Promotion Office, industrial physicians, and public health nurses to foster a corporate culture that encourages employees to maintain and improve their health.



*Certification as of 2025 before transitioning to and ST HD



Revitalizing the Communities Surrounding Our Stores

Building sound and constructive engagement with the local communities surrounding our stores is essential as and ST HD expands our business into diverse regions in Japan and overseas. We leverage the characteristics and strengths of our fashion-oriented business to address regional issues through collaboration with industry, government, academia, and local communities. As a platform provider, we strive to strengthen ties with the areas our stores are located and provide new value to enrich people's lives and revitalize our communities.



Industry–Academia Collaboration Through the S-SAP Agreement*

We entered into the S-SAP Agreement* with Shibuya City, where our headquarters is located, to work together on solving local social issues. Building on this collaboration, we jointly developed commemorative goods with students from Aoyama Gakuin University for the university's 150th anniversary. We utilized our strengths and expertise, from product planning to promotion, to take on total production of these goods, incorporating students' ideas into the design, production, and sales activities. The commemorative goods were delivered to a wide range of customers through the university's on-campus store, our e-commerce site, and the niko and ... flagship store, creating momentum in the community through the industry–academia collaboration aimed at fostering the next generation. We received positive feedback from participating students, who commented that being involved in the fashion business process allowed them to gain a deeper understanding of the industry and the opportunity to think about their careers.

➤ S-SAP Agreement (Japanese Only)

*S-SAP Agreement: Shibuya Social Action Partner Agreement.

VOICE

Trusted Partnerships Bring New Excitement to Store Communities



Production Unit Manager, Business Production Division, and ST Co., Ltd.
Mio Nakayama

The Business Production Division leverages production functions and planning capabilities to provide products and services tailored to a wide range of corporate needs. We place importance on understanding and respecting our partners through our collaborations. Many of our partners come from different backgrounds. For this reason, we work to understand industry characteristics and local cultures, which helps us identify needs and resolve issues. We will continue to leverage our unique business strengths as a *Play fashion!* platformer to create new excitement in the communities where we open stores through collaborations with universities and companies.



Commemorative goods developed jointly with students

Achieving a Society Where All People Can Live Together Through Food

zetton, which operates our food and beverage business, has supported the Ocean's Love Work Support Project, organized by the certified NPO Ocean's Love, since 2012. This program gives children with disabilities opportunities to experience a wide range of tasks at zetton restaurants, including customer service, food preparation, and accounting. Staff provide careful support to allow participants to work at their own pace, helping them learn the meaning, enjoyment, and responsibility of work, and supporting the children as they take steps toward greater self-reliance in the community. Our efforts through this program help children build confidence and enable families to find new possibilities for their children, contributing to community development.





Foster Sustainable Development in Production Areas

We manufacture products in various regions of the world, delivered to customers through a complex and diverse process of raw materials procurement, sewing, transportation, and sales. To ensure good business practices with our business partners, we strive to build partnerships through discussion for the sustainable development of production areas and the stable supply of high-quality products. We will continue to enhance the transparency of our supply chain and pursue procurement activities based on fair and ethical transactions, reflecting our commitment to providing better products and services to our customers.

Strengthening Engagement Through Discussion

The and ST HD Group has established a procurement policy and guidelines, and we continue to strengthen engagement with suppliers through CSR monitoring. Representatives of our Products Sourcing & Procurement Department/CSR Procurement Team conduct CSR monitoring by visiting factories to confirm policies, work environments, and hygiene at production sites, taking opportunities to engage in discussions. The representatives share production methods aimed at improving quality and reducing environmental impact, as well as introducing work styles that improve the mental and physical health of employees. In this way and others, we collaborate with suppliers to make improvements.

[↗ Group Procurement Policy](#)

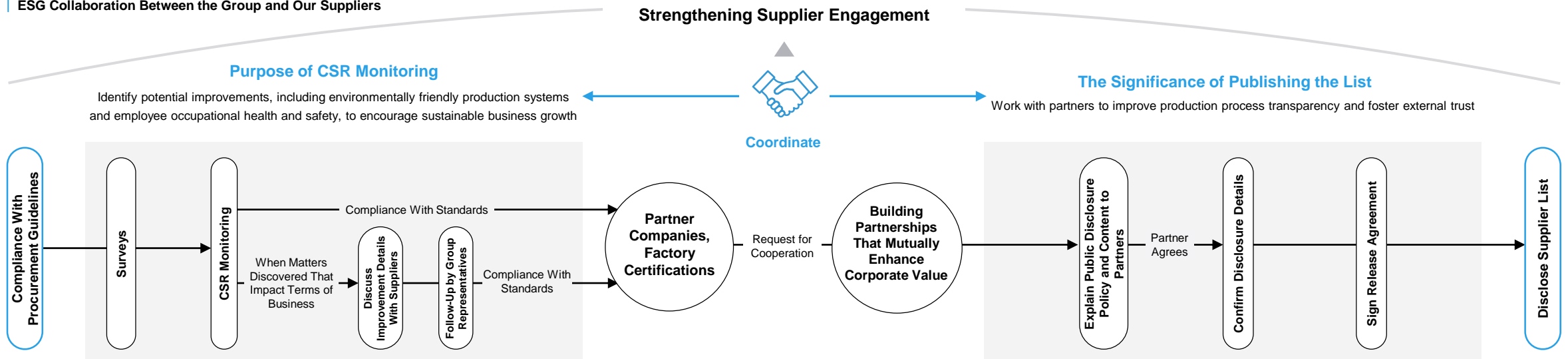
[↗ Group Procurement Guidelines](#)

Designated Supplier List Publication

We publish our supplier list as a means to ensure responsible production practices. We published the names and locations of 47 companies in fiscal 2024, based on direct trade with the and ST HD Group. In fiscal 2025, we added more details, including the name of the factory and the number of women employed. We review and select suppliers based on our own criteria, publicly disclosing those suppliers who agree with our policies and purpose. The and ST HD Group ensures the transparency of corporate activities, seeking to enhance the corporate value of all parties and expand the scope and items monitored over the medium to long term.

[↗ List of Specified Partner Suppliers](#)

ESG Collaboration Between the Group and Our Suppliers



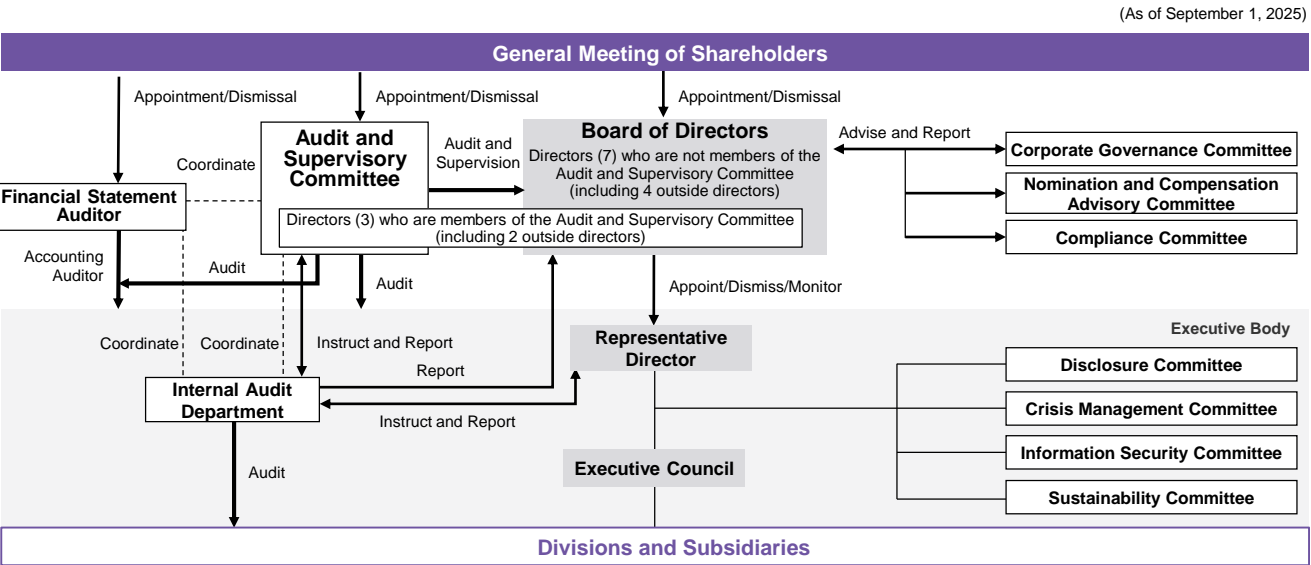
GOVERNANCE

Basic Philosophy

Guided by our corporate philosophy that says, “Be a person needed, Be a company needed,” and ST HD Co., Ltd. (“Company,” or “and ST HD”) pursues the mission of *Play fashion!*, endeavoring to enrich lives and create happiness through fashion. To respond flexibly to the needs of our customers and changes in the environment, as well as to contribute to the enrichment of lives and diverse values around the world, we strive for excellence in corporate governance capable of quick decision-making.

Corporate Governance Structure

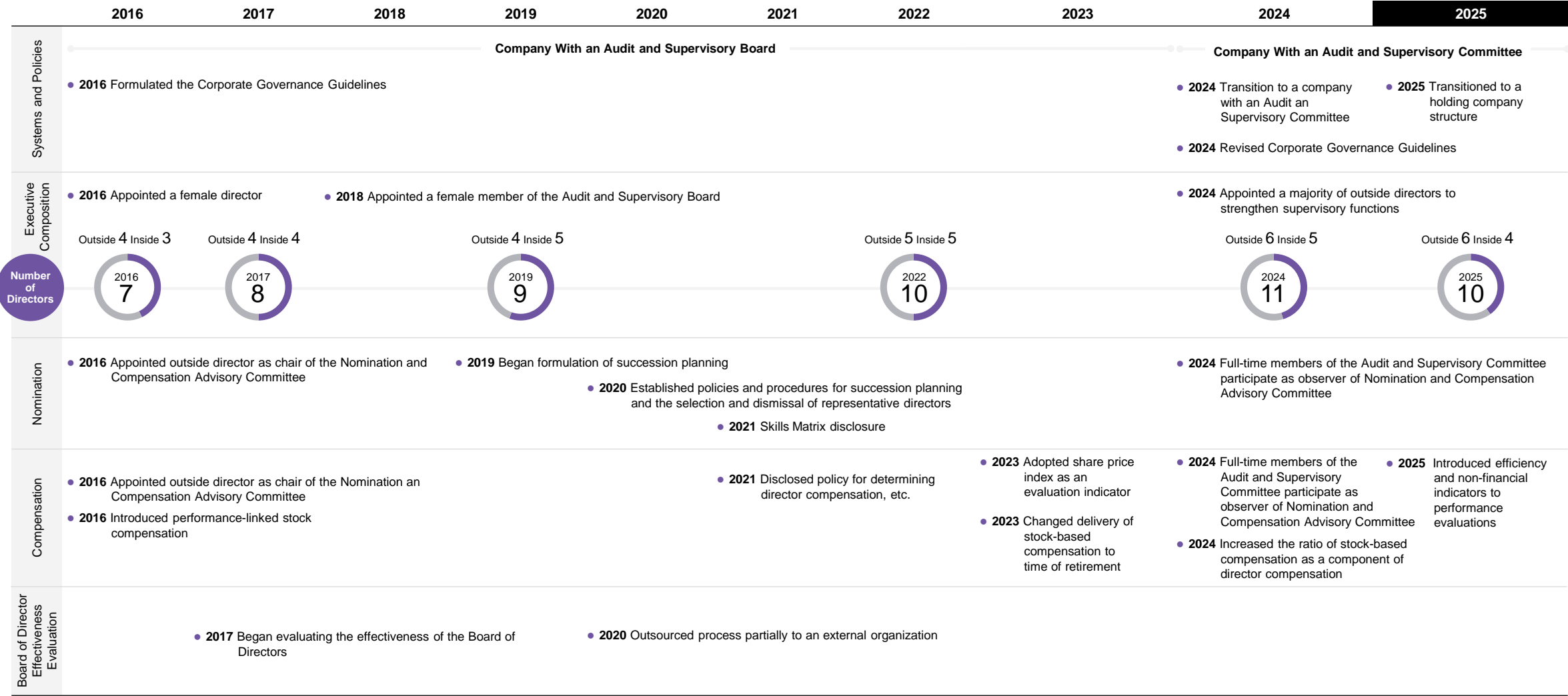
In May 2024, the Company transitioned to a company with an Audit and Supervisory Committee to improve corporate governance further by delegating authority for important business decisions from the Board of Directors to individual directors, speeding the pace of decision-making and strengthening the supervisory function of the Board of Directors. On September 1, 2025, the Company changed its name from Adastria Co., Ltd. to and ST HD Co., Ltd., transitioning to a pure holding company structure at the same time. The new structure is designed to accelerate the speed of business through prompt decision-making and business execution by delegating authority to operating company subsidiaries. At the same time, and ST HD formulated fundamental management policies, growth strategy, and business portfolio strategy for the group, providing appropriate monitoring, decisions on important matters, and appropriate governance.



Main Meeting Bodies and Roles

Board of Directors	The Board of Directors is chaired by the president and CEO. The Board consists of seven directors who are not members of the Audit and Supervisory Committee (including four outside directors) and three directors who are members of the Audit and Supervisory Committee (two of whom are outside directors). The Board of Directors is the highest management decision-making body in the and ST HD Group. The Board deliberates and resolves important matters, while also monitoring and supervising the execution of business operations.
Audit and Supervisory Committee	The Audit and Supervisory Committee consists of three directors as members, one of whom is a full-time member and two of whom are outside director members. Directors who are members of the Audit and Supervisory Committee attend Board of Director meetings, Corporate Governance Committee meetings, and Executive Council meetings, in addition to reviewing important documentation related to deliberations, to gain an understanding of the state of management in a timely manner and to conduct audits of the legality of the execution of business by directors who are not members of the Audit and Supervisory Committee.
Executive Council	The Executive Council consists of internal directors, directors who are full-time members of the Audit and Supervisory Committee, and Group Executive Officers. The Executive Council makes decisions on important matters other than those to be resolved by the Board of Directors and engages in preliminary deliberations on matters delegated to the representative director by the Board of Directors in accordance with the Articles of Incorporation. The council also shares information on business execution in a prompt manner.
Internal Audit Department	The Internal Audit Department conducts internal audits based on audit policies and audit plans as instructed by the Audit and Supervisory Committee. The purpose of these audits is to quickly detect or prevent the recurrence of inappropriate business practices within the Company and consolidated subsidiaries. Audit results regarding the state of business execution and the effectiveness of the internal control system are reported to the representative director and the Audit and Supervisory Committee. The results are reported as necessary in Board of Director meetings, Corporate Governance Committee meetings, Compliance Committee meetings, and Executive Council meetings. In addition, the Internal Audit Department inspects various documents and conducts audits of consolidated subsidiaries.

Changes in Corporate Governance



* The number of directors is the number after the annual general meeting of shareholders held in May each year. The figures for 2025 represent the number of directors as of September 1, 2025, after the transition to the holding company structure.

Board of Director Diversity

The Company appointed three internal directors and four outside directors who are not members of the Audit and Supervisory Committee. The Company also appointed one internal director (full-time member) and two outside directors as members of the Audit and Supervisory Committee. Of the 10 directors and members of the Audit and Supervisory Board, three directors are female and one is a non-Japanese national. The Company believes that we have appointed a diverse pool of directors with differing backgrounds of expertise and experience. Members include persons who are familiar with and have a deep understanding of our businesses, persons who have international experience, such as extensive experience in global companies and overseas operations, and persons who have a wealth of insight as corporate managers. Directors range in age from 40s to 70s. Directors who are members of the Audit and Supervisory Committee are individuals who have sufficient knowledge of finance, accounting, and legal affairs, including one member with experience in corporate management, one member with experience in financial institutions, and one member who is an attorney. Accordingly, we believe that the Board of Directors as a whole is balanced and appropriately diverse. We will continue to strive to ensure and improve diversity, including diversity in terms of gender and internationality.

Director Skills Matrix and Attendance at Board Meetings

		Knowledge, Experience, Skills								Attendance at Board of Directors Meetings, Audit and Supervisory Board Meetings, and Audit and Supervisory Committee Meetings (FY2/2025)		
		Corporate Management	Sales and Marketing	Product SCM	Global Business	IT and DX	Legal and Risk Management	Finance, Accounting, Banking	ESG	Board of Directors	Audit and Supervisory Board	Audit and Supervisory Committee
Directors not on the Audit and Supervisory Committee	Inside	Michio Fukuda	●		●			●	●	15/15 (100%)	—	—
		Osamu Kimura	●	●	●					15/15 (100%)	—	—
		Taiki Fukuda	●			●			●	15/15 (100%)	—	—
	Outside	Koichi Mizutome	●	●	●	●				14/15 (93%)	—	—
		Tatsuhiro Matsuoka	●	●	●		●			15/15 (100%)	—	—
		Etsuko Shakespeare		●		●	●			—	—	—
		Xiqiao Liu	●	●	●	●				—	—	—
Directors who are Members of the Audit and Supervisory Committee	Inside	Yoichi Endo	●		●					10/10 (100%)	—	11/11 (100%)
		Kazuhiko Ebihara				●		●		15/15 (100%)	5/5 (100%)	11/11 (100%)
	Outside	Kyoko Mogi				●		●		15/15 (100%)	5/5 (100%)	11/11 (100%)

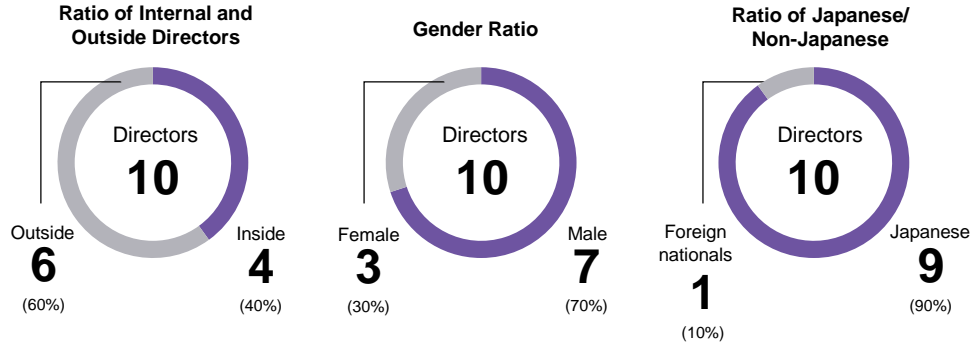
* The list above indicates the areas in which we expect company directors to offer particular expertise. This list is not exhaustive of all expertise possessed by company directors and members of the Audit and Supervisory Board. * Matters related to personnel and human resources are included in corporate management. * SCM refers to supply chain management.

* The Company transitioned to a company with an Audit and Supervisory Committee upon approval at the 74th Ordinary General Meeting of Shareholders held on May 23, 2024. This table shows attendance at meetings of the Audit and Supervisory Committee before and after the transition to a company with an Audit and Supervisory Committee, respectively.

* Etsuko Shakespeare and Xiqiao Liu were elected as directors who are not members of the Audit and Supervisory Committee at the 75th Ordinary General Meeting of Shareholders on May 29, 2025, and therefore did not attend any Board of Directors meetings in fiscal 2024.

* Yoichi Endo was elected as a director and member of the Audit and Supervisory Committee at the 74th Ordinary General Meeting of Shareholders on May 23, 2024. The figures provided represent Mr. Endo's attendance at Board of Directors meetings and Audit and Supervisory Committee meetings held after his election.

Composition of Directors (as of September 01, 2025)



Appointment of Directors

Appointment Policy for Director Candidates

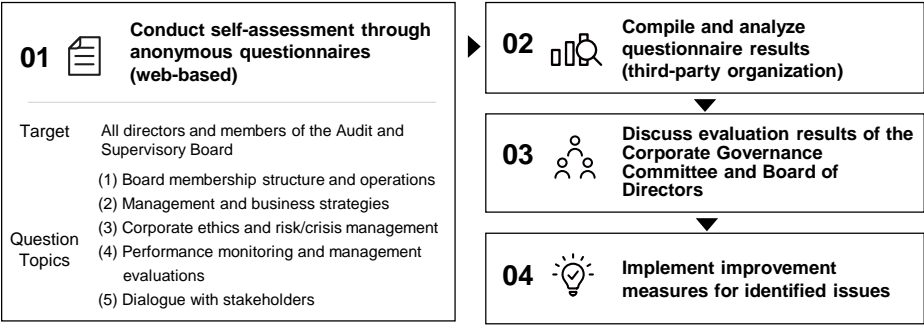
- The Company appoints a diverse pool of directors with differing backgrounds of expertise and experience, including persons who are familiar with and have deep knowledge of the Company's businesses, persons who have international experience, such as extensive experience in global companies and overseas operations, and persons who have a wealth of insight as corporate managers.
- The Company appoints directors who are members of the Audit and Supervisory Committee who are qualified, independent, and capable of fulfilling the term of office.
- By appointing a multiple number of outside directors, the Company strengthens the supervisory function and accomplishes management transparency by incorporating the viewpoints of people outside the Company who are independent of management.
- The Company shall appoint outside directors who have no material interest in the and ST HD Group and who are capable of maintaining their independence.

Nomination Procedure for Director Candidates

- The Company established a voluntary Nomination and Compensation Advisory Committee as an advisory body to the Board of Directors to ensure fairness, appropriateness, and transparency in determining director compensation. The committee is chaired by an outside director and consists mainly of outside directors to ensure independence and objectivity.
- Directors who are members of the Audit and Supervisory Committee participate as observers to ensure the effective right of the Audit and Supervisory Committee to express opinions on the appointment of directors who are not members of the Audit and Supervisory Committee.
- The representative director submits a list of candidates for directors who are not members of the Audit and Supervisory Committee. The Nomination and Compensation Advisory Committee deliberates the list, after which the Board of Directors makes decisions on candidates.
- The representative director submits a list of candidates for director who are members of the Audit and Supervisory Committee. The Nomination and Compensation Advisory Committee deliberates the list, after which the Board of Directors shall make decisions on candidates.

Board of Director Effectiveness Evaluation Effectiveness Evaluation Process

The Company conducts a self-assessment of the effectiveness of the Board of Directors to identify current issues and improve the function of the board. This self-assessment is conducted by means of anonymous questionnaires for directors, and the Board of Directors analyzes and evaluates the results. Since the fiscal year ended February 2020, the Company has outsourced the review of the questionnaire questions and the tabulation and analysis of results to an external organization. This method ensures objectivity and transparency of evaluation results and allows the Company to utilize information from other companies and knowledge from outside sources.



Fiscal 2024 Evaluation Results

- The Company believes that the Board of Directors consists of an appropriately balanced and diverse membership, and that the board fosters a culture of vigorous discussion among members, including independent outside directors. Accordingly, we believe we have ensured sufficient effectiveness in decision-making and supervision of business execution by the Board of Directors.
- We received high scores, in particular, for board meeting agenda and time set aside for deliberation, effective supervision of nominations and compensation, and communication with shareholders.
- The Board made significant improvement in the prior distribution of meeting materials and explanations in advance of Board meetings, which was an issue in the previous fiscal year.
- At the same time, we identified issues continuing from the previous year, including (1) issues related to diversity, (2) the optimization of our business portfolio and appropriate allocation of management resources, and (3) supervision over succession planning.

Issues and Responses Based on Fiscal 2024 Evaluation Results

1 Issues related to diversity

The Company now has three women in director positions as of May 2025, increasing the number of women in director positions by one. We also appointed one woman as an executive officer for the first time to encourage discussions and decision-making from diverse perspectives. We will continue discussions on diversity at board meetings and discussion forums. With the commitment of top management, we will pursue diversity through systems, action plans, etc.

2 Optimizing business portfolio and allocating management resources appropriately

The Board of Directors continues to discuss our business portfolio and allocation of management resources based on Medium-Term Management Plan 2030, announced in April 2025. We endeavor to optimize the allocation of management resources across the and ST HD Group to enhance capital efficiency.

3 Supervision over CEO succession planning

The Company recognizes that succession planning for representative directors, etc., is one of the most important management issues. We will continue to discuss succession planning within the Nomination and Compensation Advisory Committee (an advisory body to the Board of Directors) and in Board of Directors meetings in light of our transition to a holding company structure, while providing appropriate oversight regarding the development of succession candidates.

Officer Compensation

Basic Policy for Determining Compensation

- Compensation packages are linked to short-, medium-, and long-term business performance and are commensurate with the creation of corporate value. Given their roles and standpoint of independence, outside directors and directors who are members of the Audit and Supervisory Committee receive only basic compensation (fixed compensation).
- Compensation packages are designed to secure outstanding management personnel and contribute to sustainable development.
- Compensation levels are appropriate in light of other companies in the same industry, other companies of the same size in other industries, and economic and social conditions.

Compensation Plan Revisions

In May 2025, we revised the officer compensation plan. The aim of these revisions was to more effectively achieve Medium-Term Management Plan 2030 and further increase awareness of the need to contribute to performance and increasing corporate value over the medium to long term. The Nomination and Compensation Advisory Committee, an advisory body to the Board of Directors, deliberated the design of the system and the amount of compensation, reporting details and results to the Board of Directors. The Committee is chaired by an outside director and consists mainly of outside directors. In this way, we ensure fairness, independence, and objectivity in decisions related to director compensation.

Overview and Evaluation Indicators

- We revised evaluation indicators that overlapped bonuses (performance-linked compensation) and performance-linked stock compensation, reestablishing indicators in light of the purpose of each
- Set quantitative targets (linked to Medium-Term Management Plan 2030) as financial indicators
- Introduced new non-financial indicators and indicators tied to key sustainability topics

Bonus (Performance-Linked Compensation)	Financial indicators	Consolidated net sales	Sustainable growth
		Consolidated operating profit before amortization of goodwill	Profit growth
Performance-Linked Stock Compensation	Financial indicators	Consolidated ROE	Engaging in management with an awareness of profitability and capital efficiency
		and ST e-commerce mall GMV	and ST e-commerce mall growth
	Non-financial indicator	Employee satisfaction score	Encouraging people to shine (key sustainability theme)
	Share price	TSR (total shareholder return)	Stronger motivation to increase shareholder value

Officer Compensation Plan Overview

Compensation Type	Basic Compensation	Bonus (Performance-Linked Compensation)	Performance-Linked Stock Compensation
	Monetary compensation	Monetary compensation	Stock compensation
Details	Fixed Compensation <ul style="list-style-type: none">• Based on role and responsibilities	Performance-linked compensation tied to short-term performance <ul style="list-style-type: none">• Determined according to role and performance	Short- and medium- to long-term performance-linked compensation <ul style="list-style-type: none">• Determined according to role and performance
Subject of Payment	<ul style="list-style-type: none">• Directors (excluding outside directors and directors who are members of the Audit and Supervisory Committee)• Outside Directors• Directors who are Members of the Audit and Supervisory Committee	<ul style="list-style-type: none">• Directors (excluding outside directors and directors who are members of the Audit and Supervisory Committee)	<ul style="list-style-type: none">• Directors (excluding outside directors and directors who are members of the Audit and Supervisory Committee)
Evaluation Indicators	—	<ul style="list-style-type: none">• Consolidated net sales• Consolidated operating profit before amortization of goodwill	<ul style="list-style-type: none">• Consolidated ROE• GMV (and ST e-commerce mall)• Employee satisfaction score• TSR
Payment Period	<ul style="list-style-type: none">• Monthly	<ul style="list-style-type: none">• Fiscal year-end	<ul style="list-style-type: none">• Points granted: Fiscal year-end• Delivery of shares, etc.: Upon director retirement (in principle)

Officer Compensation (FY2/2025)

Officer Classification	Total Compensation	Total Amount of Compensation by Type			No. of Eligible Directors
		Basic Compensation	Bonus	Performance-Linked Stock Compensation	
Directors (excluding outside directors and directors who are members of the Audit and Supervisory Committee)	504 million yen	228 million yen	60 million yen	215 million yen	5
Members of the Audit and Supervisory Committee (excluding outside directors)	16 million yen	16 million yen	—	—	1
Members of the Audit and Supervisory Committee (Excluding Outside Members)	5 million yen	5 million yen	—	—	1
Outside Directors	79 million yen	79 million yen	—	—	8

*On May 23, 2024, the Company transitioned from a Company With an Auditor and Supervisory Board to a Company With an Audit and Supervisory Committee.
*Bonuses include provision for director bonuses and a reversal of provision for director bonuses recorded in the current fiscal year.
*Stock compensation includes a provision for director stock benefits and a reversal of provision for director stock benefits recorded in the current fiscal year related to the Executive Compensation BIP Trust, which is a performance-linked stock compensation plan.

Directors (as of September 1, 2025)



Michio Fukuda
Representative Director and Chairman

Creating Next-Level Abundance
Through Consideration and
Gratitude

To *be a company needed*, we have always pursued abundance at higher levels, pushed by the growth of our employees. Where we are today is due to our tireless pursuit of what is best for our customers, reading and understanding the changes of the times.

We are grateful for all the support we have received to date. Always looking ahead, we will continue to contribute to society by accomplishing reforms that are unique to the and ST HD Group.

Motto

Be a Person Needed,
Be a Company Needed

Joined the family business, Fukudaya Clothes Store Inc. (currently and ST HD), in May 1971. Appointed president of POINT INC. (currently and ST HD) in March 1993. Appointed representative director and chairman of and ST HD in May 2021 (current position).



Osamu Kimura
Representative Director and President

Desire for Change to Take a New
Step Forward

We recently announced our new medium-term management plan, 5th CHANGE. We are creating a three-pillar business plan toward the year 2030: (1) Platform business; (2) Global business; and (3) Brand Retail business. The engine of innovation will be the and ST HD *Play fashion!* platform. The transition to a holding structure, effective September 1, has been a topic of discussion in Board of Directors meetings for nearly two years. Making a CHANGE to our major business model away from retail will be the greatest CHALLENGE in our 70-year history. But this is what we must do to *be a company needed*.

Motto

Be humble, don't compare yourself to others.
Take an interest in things and live in peace.

Appointed president of TRINITY ARTS INC. (currently and ST HD) in September 2011. Served as director of Adastria Holdings (currently and ST HD) since September 2013, and as representative director and president of and ST HD since May 2022 (current position).



Taiki Fukuda
Senior Managing Director

From Adastria Style to
and ST HD Style

Effective September 1, 2025, the Company transitioned to a holding company structure and changed the corporate name to and ST HD. Working closely with the management teams of the and ST HD Group companies, we will contribute to enriching lives through exciting initiatives that embody our Company's unique approach. We will continue to value our customers and the front lines of our businesses as always, tirelessly pursuing new challenges and transforming to enhance corporate value.

Motto

Be Worthy

Joined POINT INC. (currently and ST HD) in April 2005. Appointed executive general manager of the Adastria Holdings (currently and ST HD) International Business Division in March 2014. Named director of and ST HD in May 2017. Appointed senior managing director in May 2024 (current position).



Koichi Mizutome
Outside Director

Contributing to Corporate Value
Through Independence and
Objectivity

As the company transitions to a holding company structure, I will offer objective feedback and suggest adjustments to the execution of the new medium-term management plan in my role as an independent outside director. I am committed to supporting balanced management decisions through mission and investment efficiency, helping and ST HD continue to be an attractive company for diverse stakeholders, including employees and minority shareholders.

Motto

Every cloud has a silver lining

Outside director at and ST HD since May 2022. After joining Dentsu Inc. in 1991, he served as representative director of Roland Berger Strategy Consultants (Japan Office), director and executive vice president of Japan Airlines Co., Ltd., and representative director, president and CEO of FOOD & LIFE COMPANIES LTD.



Tatsuhiro Matsuoka
Outside Director

Doing My Utmost to Hasten Change,
Striving for Emotional Value

Having evolved many times in the past, the Company is taking on a new challenge under the new medium-term management plan, 5th CHANGE, to boldly transform from an apparel company into a platformer that embodies *Play fashion!* Taking on the challenge of creating value that emphasizes touching emotions over functionality will lead to great progress not only in Japan but also in the Asian market. As an outside director, I am one of those closest to the nuts and bolts of the transformation, and I am committed to supporting the Company from the perspectives of technology, human resources, and risk management.

Motto

Do your best and leave the rest to fate

Outside director at and ST HD since May 2022. After joining Mitsubishi Electric Software Corporation in 1998, he served as senior executive officer at SIGMAXYZ Holdings Inc. Currently serving as president and COO of Rise Consulting Group, Inc.

Directors (as of September 1, 2025)



Etsuko Shakespeare
Outside Director

Striving to Improve Brand
Strength and Create Forward-
Looking Value

The transformation of business model into a *Play fashion!* Platformer — a 5th CHANGE as described in the medium-term management plan — is a vitally important transformation that will pave the way for the future of and ST HD. I expect to contribute from a perspective of diversity to help and ST HD achieve sustainable growth and increase corporate value through value creation and brand enhancement that make the everyday lives of customers even more exciting.

Motto

Dreams come true. As long as you have the courage.

Outside director at and ST HD since May 2025. After joining Dentsu Inc. in 1990, she served as CMO and vice president at The Walt Disney Company (Japan) Ltd. Since 2020, she has been an executive officer at Google Japan G.K.(current position).



Xiqiao Liu
Outside Director

Offering Expertise in Marketing to
Forge New Customer
Relationships

The *Play fashion!* philosophy of and ST HD has the power to range beyond apparel, bringing about positive changes in lives and self-expression. I hope to contribute to creating new relationships with customers through my experience in assisting many companies with marketing and brand strategies. I also offer my background in global marketing, providing an outsider's perspective in support of 5th CHANGE to help Japanese brands establish a global presence.

Motto

It's not a question of if, it's a question of will.

Outside director at and ST HD since May 2025. After joining The P&G Japan Limited in 2008, she served as country director of Johnson & Johnson Hong Kong and vice president of FOLIO Co., Ltd. She has served as president and representative director of SUNNY SIDE UP, Inc. since July 2023 (current position).



Yoichi Endo
Director (Standing Audit and
Supervisory Committee Member)

A Commitment to Group Vitality
and Transparency, Supporting
Management to Enhance
Corporate Value

and ST HD is executing a new medium-term management plan that will take us into the future under a new business domain and framework, while continuing to build on unshakeable strengths. While the governance structure may change, the and ST HD Group will continue to bolster overall governance, striving to reinvigorate the group and bring more transparency. In this way, the company will endeavor to generate greater vitality and trust within the group, while the group becomes a more open and active corporate entity that continuously increases its corporate value.

Motto

Simple and Sincere

Outside director and member of the Audit and Supervisory Committee at and ST HD since May 2024. After joining Fukudaya Clothes Store Inc. (currently and ST HD) in 1985, he served as representative director at POINT INC. (currently and ST HD), senior managing director at coen Co., Ltd., and senior executive officer at United Arrows Ltd.



Kazuhiko Ebihara
Outside Director
(Audit and Supervisory Committee Member)

Supporting the Fifth
Transformation and Leap Forward
From a Governance Perspective

The company has undergone several business model iterations over time, responding to changes in the business environment and continuing to grow. The corporate organization has also been subject to flexible and frequent change, always adapting to the needs of the business strategy at any given moment. I will continue providing appropriate supervision and advice as a member of the Board of Directors and Audit and Supervisory Committee to ensure that 5th CHANGE leads to further growth enhancement of corporate value.

Motto

Compassion and Calmness

Outside corporate auditor at and ST HD since 2016, and outside director and member of the Audit and Supervisory Committee at and ST HD since May 2024. Joined The Boston Consulting Group K.K. in 1983. Career posts included investment banking work at Goldman Sachs (Japan) Corp. and other institutions.



Kyoko Mogi
Outside Director
(Audit and Supervisory Committee Member)

Enhancing a Sense of Unity and
Building Structures to Support
Aspirations

and ST HD will take on the challenge of a 5th CHANGE under a new holding company structure. As a member of the Audit and Supervisory Committee, I will work closely with the Internal Audit Department and other departments to push major reform and enhance a sense of unity throughout the group, helping create a system that supports aspiration and trial-and-error at each group company. As an attorney, I will bring my expertise to support M&A and other active business development.

Motto

Flowing water never stagnates

Outside corporate auditor of and ST HD since 2023. Subsequently named outside director and member of the Audit and Supervisory Committee in May 2024. After registering as an attorney in 2011, she worked at several law firms in Japan before joining southgate in 2018.

Compliance

Under our corporate philosophy of *Be a person needed, Be a company needed*, the and ST HD Group is committed to fulfilling our social responsibilities by conducting fair, equitable, and transparent business. We encourage employees as members of society to conduct themselves with self-discipline and at the highest standards of ethics.

Key Internal Initiatives

01 | Group Code of Ethics

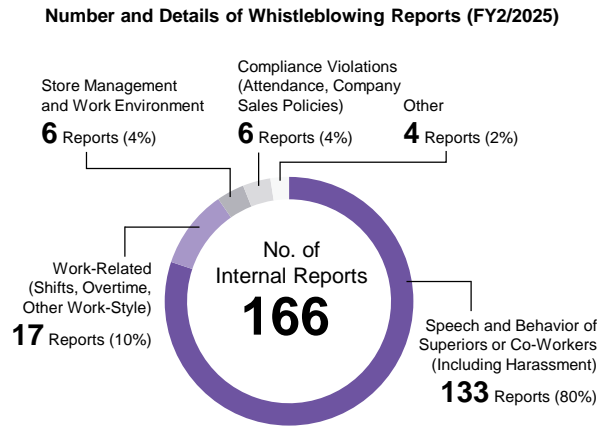
The and ST HD Group Code of Ethics addresses anti-corruption, respect for human rights, and fair and transparent business transactions. This code ensures that our employees, as members of society, behave with self-discipline and high ethical standards at all times. Every year, we remind employees about this code, asking employees to review and sign their understanding. The response rate for fiscal 2024 was 97.5% in Japan and 100% overseas. We also conduct compliance training for Group employees in Japan to prevent incidents or improprieties.

02 | Harassment Prevention Training

We provide harassment prevention training on an annual basis and clearly state the prohibition of harassment in our work rules and regulations as part of our efforts to prevent harassment. We establish curricula and train management and non-management personnel to ensure appropriate responses to any incidents of harassment. Afterward, training participants conduct a self-check to ensure their understanding of the content.

03 | Whistleblowing System (Whistle Line)

In the event of acts or indications of acts violating compliance or other violations of propriety, laws, or rules, employees have access to an internal whistleblowing system to report said acts. Employees may also contact a designated external lawyer, if preferred. This program may be used anonymously by any employee — both in Japan and overseas. The details of reports are kept confidential and we give full consideration to ensure persons making reports are not treated unfairly. In fiscal 2024, we received 166 reports. However, no cases were deemed to be serious misconduct, and we believe we handled each case appropriately.



Key External Initiatives

01 | Compliance With Group Procurement Policy and Group Procurement Guidelines

We established the Group Procurement Policy and the Group Procurement Guidelines to grow together with our suppliers and continue to produce products in good partnership. We pursue CSR procurement with these policies that aim to conduct fair and ethical transactions while fulfilling our social responsibilities. For more details, see *Foster Sustainable Development in Production Areas* on P.60.

Foster Sustainable Development in Production Areas

02 | Business Partner Questionnaire

We conduct an annual questionnaire of business partners in Japan and overseas to maintain good business relationships. These questionnaires confirm whether we are engaging in fair business practices by ascertaining compliance with various laws and regulations, including the Subcontract Act, and whether any inappropriate actions have been taken by our employees.

We promptly investigate and confirm the facts related to any opinions received, formulating measures to prevent recurrence and conducting internal training to ensure compliance. In March 2025, we sent requests to 2,247 companies (2,839 persons) and received 1,569 valid responses. We also received 50 comments and suggestions. We are investigating the facts of each submission, formulating measures to prevent recurrence and conducting internal training accordingly.

03 | Supplier Hotline

We established a Supplier Hotline to ensure fair, equitable, and transparent transactions in our purchasing relationships. Through this mechanism, suppliers may make anonymous inquiries, if necessary, to address cases of abuse of power (power structure) or violations of laws, contracts, terms, or ethics by members of the and ST HD Group. In the event we receive an inquiry from a supplier, we communicate the information to the director in charge. This system assures an appropriate and prompt response.

Business Partner Questionnaire (March 2025)

Classification	No. of Participants	No. of Companies Subject to the Subcontract Act	No. of Responses	Response Rate	Comments and Suggestions	
Merchandise purchasing	986 companies (1,301 persons)	482 companies	596 companies (735 persons)	60.4% (56.5%)	17	
In-house production supervision	Japan	252 companies (314 persons)	60 companies	161 companies (183 persons)	63.9% (58.3%)	3
	Overseas	191 companies (195 persons)	—	116 companies (117 persons)	60.7% (60.0%)	3
Sales promotion	235 companies (347 persons)	—	102 companies (132 persons)	43.4% (38.0%)	3	
Systems	123 companies (140 persons)	—	70 companies (80 persons)	56.9% (57.1%)	1	
Employee recruitment, temporary staffing	70 companies (86 persons)	—	54 companies (64 persons)	77.1% (74.4%)	3	
Repair and maintenance work	116 companies (126 persons)	—	65 companies (70 persons)	56.0% (55.6%)	0	
Other	274 companies (330 persons)	52 companies	160 companies (188 persons)	58.4% (57.0%)	20	
Total	2,247 companies (2,839 persons)	594 companies	1,324 companies (1,569 persons)	58.9% (55.3%)	50	

Risk Management

and ST HD established departments and committees with jurisdiction over quality, product safety, information security, health and safety, and other risks. We also develop rules and standards to promote awareness of these risks. The Company reports to a selected director in charge of crisis management and takes action in the event that a risk has, or is expected to have, a significant impact on the survival and credibility of Group companies.

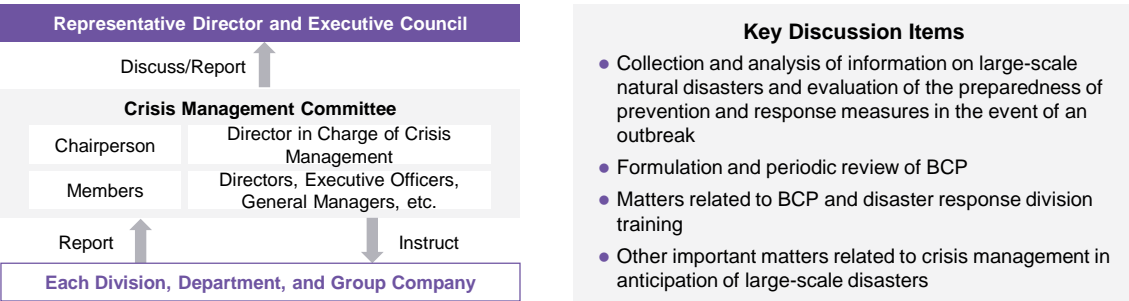
Risk Management

We take the following initiatives to respond to large-scale natural disasters and other risks in the course of our daily business operations.

01 | Business Continuity Plan (BCP) and Large-Scale Disaster Preparedness

We established the Crisis Management Committee to ensure effective crisis management by preparing preventive and response measures in advance at each of our Group companies against large-scale natural disasters that have, or are expected to have, a serious impact on the survival of said companies. Such disasters include earthquakes, fires, volcanic eruptions, typhoons, windstorms, floods, infectious diseases, and other disasters. The Crisis Management Committee is tasked with accurately assessing the impact of potential large-scale disasters and the status of Group facilities and business activities, as well as deliberating on necessary countermeasures. Acknowledging the risk of an eruption of Mt. Fuji, Nankai Trough earthquake, etc., the and ST HD Group conducts group-wide drills in addition to the preparation of a Mt. Fuji eruption response document, reviews of response measures, supply stockpiles, and updates to our BCP.

02 | and ST HD Group Crisis Management System



03 | Responding to Business Execution Risks

The Company also pursues activities to prevent and reduce the occurrence of risks in our daily business operations. We formulate, update, and regularly disseminate the Crisis Management Manual, which outlines appropriate business operations, accident prevention, and emergency responses. Matters such as fraud, violation of laws and rules, product quality defects, incidents, accidents, and disasters that occur in the course of business operations are reported to the General Affairs Department. This department is in charge of crisis management reports and follows up on these reports in cooperation with the relevant departments until each case is dealt with. We also go beyond appropriately responding to incidents that occur to take measures to prevent recurrence, as well as disseminate information and conduct educational activities within the Company. Summaries of individual cases and responses are reported to the Executive Council on a weekly basis, and important cases are reported to the Board of Directors.

Philosophy and Systems for Dealing with Anti-Social Forces









Each Group company rejects any relationships with anti-social forces that may threaten social order and safety. The Group rejects any and all business relationship with such forces or groups, and we take a firm stance against and reject any unreasonable demands. In the event of an unreasonable demand by an anti-social force, the General Affairs Department, as the department in charge of responding to such demands, coordinates with the police, the National Center for Removal of Criminal Organizations, legal counsel, and other outside specialized organizations to provide an appropriate response.

Information Security








[Information Security Policy](#) [Privacy Policy](#)

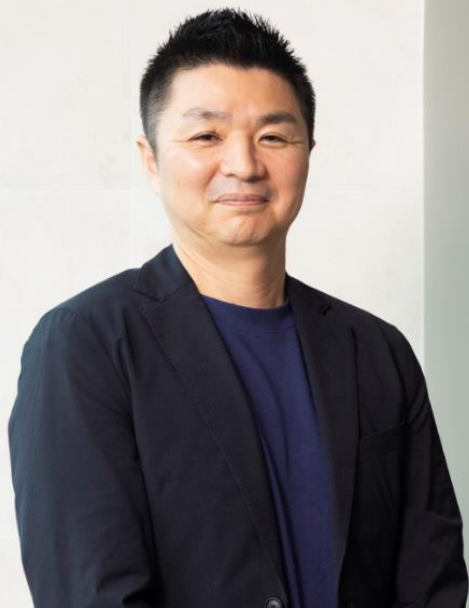
We commit to being a trustworthy organization to our customers and other stakeholders by appropriately protecting the information assets we hold in the course of our business. Accordingly, we established and disclose our Information Security Policy with the aim of integrating compliance with information security into our code of conduct. We comply with this policy and the Privacy Policy as we maintain an advanced information security management system. At the same time, we will cooperate with external third-party organizations to further strengthen our security and monitoring systems and provide ongoing peace of mind to our customers and other stakeholders. We have also established an Information Security Committee to ensure information security and protect information assets. This committee is chaired by a director and deliberates on matters of information security management measures, the assessment of information security status, the development of related rules and systems, and other important matters related to information security. The committee submits proposals or reports to the Board of Directors as necessary.

Business Risks, Other Risks, and Response Measures

		Risks	Response Measures
Risks Related to Business Environment	 CASE 01 A Contracting Domestic Market	<ul style="list-style-type: none">A contraction in the domestic apparel market due to declining birthrates, aging population, and future population declines	<ul style="list-style-type: none">Diversify countries of operation by developing overseas markets (East Asia and Southeast Asia); develop mass brands and lifestyle brands in Japan; engage in BtoB operations such as enabling external companies to sell on the Company e-commerce site and ST; diversify business and expand customer base; enhance lifetime value for customers
	 CASE 02 Geographic and Political Risks	<ul style="list-style-type: none">Weakening business performance due to unforeseen changes in laws and regulations, disruptive political or economic factors, or social turmoil caused by terrorism, conflict, natural disasters, etc., in the countries where we do businessInterruptions in product procurement and sales due to political situations, the economic environment, natural disasters, etc., in the countries (mainland China and other Asian countries) where the products we handle are manufactured	<ul style="list-style-type: none">Diversify production sites and develop markets in Southeast Asia offering high growth potential
	 CASE 03 Exchange Rate Fluctuations and Cost Increases	<ul style="list-style-type: none">Fluctuations in foreign exchange rates (mainly weakening of the yen)Soaring commodity import costs due to rising global energy pricesRising cost of goods due to higher labor costs in commodity-producing countries	<ul style="list-style-type: none">Make appropriate use of forward exchange contractsDecentralize production to ASEAN countriesSecure volume discounts through standardized materials across multiple brands and for bulk ordersReduce brokerage margins by dealing directly with factoriesExplore power procurement sources derived from renewable energy and other sourcesEstablish sustainability targets
	 CASE 04 Environmental Issues	<ul style="list-style-type: none">Insufficient response to the tightening of regulations on climate change, natural capital, etc., and the impact on changes in consumer behaviorRising raw materials prices due to climate changeIncreased expenses if carbon tax is enforced on fossil fuel procurementsDamage to Group reputation due to insufficient consideration of biodiversity and natural capital	<ul style="list-style-type: none">Improve sustainability throughout the value chain, including the procurement of environmentally friendly raw materials, reduction of environmental impact in production processes, and reduction of waste inventory via inventory optimizationChange behaviors and raise environmental awareness in the market as a whole through collaborations with other companies in the industry, as well as through the increased use of sustainable materials and procurement of proprietary materials in our brands
	 CASE 05 Natural Disasters and Accidents	<ul style="list-style-type: none">Damage to stores or prolonged stagnation of production, distribution, and sales activities due to natural disasters such as earthquakes, tsunamis, typhoons, volcanic eruptions, and other unexpected natural disasters; large-scale power outages, electricity shortages, and flooding due to said disasters; or pandemic outbreaks resulting from infectious diseasesTemporary closure of commercial facilities where Company brands operate, decline in customer traffic, and significant changes in customer lifestyles and preferences	<ul style="list-style-type: none">Formalize and continue to revise business continuity plans (BCP) to recover quickly from major earthquakes, other disasters, outbreaks of infectious diseases, or other events; conduct periodic BCP drillsEstablish a framework for overseas DX members to activate IT-BCP if activation in Japan is not possible
Risks Related to Business Operations	 CASE 01 Risks Related to Store Operations	<ul style="list-style-type: none">Failure to recover security deposits and guarantee money deposited for retail properties due to bankruptcy of developers, etc.Impairment losses due to deterioration in profitability of fixed assets (stores, etc.) or decline in market value of assets heldChanges in the commercial environment surrounding fashion buildings where stores are located	<ul style="list-style-type: none">Review the appropriateness of leasehold and guarantee depositsOperate a localized store system to optimize our store network, conducting detailed surveys in each region and engaging in ongoing store relocationsAchieve an advantageous store location mix by leveraging the Group's economies of scale and brand strength
	 CASE 02 Apparel Business Risks	<ul style="list-style-type: none">Failure in product planning, etc., or obsolescence of brand value due to the characteristics of the casual apparel retail market, where competition (foreign and domestic) is fierce, and trends and tastes tend to change quickly and dramaticallyChanges in consumer purchasing behavior caused by global warming and extreme weather	<ul style="list-style-type: none">Provide products that meet customer needs by collecting information on customer preferences through stores, the Company's e-commerce site, and social media; incorporate this information promptly into product developmentImprove the accuracy of demand forecasting by encouraging pre-order sales on the e-commerce siteExpand product categories by encouraging other companies to open stores on the Company's e-commerce siteStrengthen product offerings resilient to weather fluctuations by expanding IP collaboration items and non-apparel categories; improve seasonal inventory management and ordering accuracy
	 CASE 03 Supply Chain Risks	<ul style="list-style-type: none">Stagnation of product supply due to production delays among companies to which the Company consigns product manufacturing, supplier bankruptcy, or interruption of product transportation routes, etc.Damage to our reputation due to employee human rights violations or environmental pollution at outsourced companiesRising logistics costs due to energy price fluctuations, labor shortages, and insufficient capacity	<ul style="list-style-type: none">Diversify production sites to ASEAN countries and other regions in addition to mainland ChinaObtain appropriate insurance coverage in case of supply route interruptions, exercise information management across the transportation process, secure multiple means of transportation, and select alternative routesEncourage socially and environmentally responsible procurement activities in accordance with the Group's procurement policyIdentify and publicly designate suppliers who support and comply with the Group CSR standards as designated partner companiesReduce the risk of rising costs through in-store pickup for e-commerce sales, streamlined delivery routes, and investments in logistics facility mechanizationAlliances with outside delivery companies and efforts in line with the <i>white logistics</i> movement, which aims to improve transportation productivity and logistics efficiency

Business Risks, Other Risks, and Response Measures

		Risks	Response Measures
Risks Related to Business Operations	 CASE 04 Risks Related to Overseas Business	<ul style="list-style-type: none">Failure to develop and monetize businesses overseas due to inability to offer products that meet local customer needs, inability to acquire personnel skilled in business operations, etc.Unintentional corruption or bribery caused by differences in business practices	<ul style="list-style-type: none">Accumulate business operation expertise and recruit employees by strengthening the functions of local subsidiaries and localizing human resourcesVerify the presence or absence of corruption and bribery issues through annual supplier questionnaires for overseas production-related partnersRequire the submission of dining and gift reportsEstablish internal whistle-blowing systems at overseas subsidiaries
	 CASE 05 Information Systems and Personal Information Risks	<ul style="list-style-type: none">Loss of sales and customer confidence due to serious failures in Group systems caused by information system malfunctions, cyberattacks, or other causes, or a leakage of personal information due to unauthorized access or other causes	<ul style="list-style-type: none">Conduct third-party security risk assessments; formulate and implement necessary response plansInstall the latest security software and maintain information management rulesStrengthen security training for employeesConduct security checks and block suspicious communications for all in-house e-commerce sites, including overseas sitesHire security specialists and form a dedicated team under the Security Committee
	 CASE 06 Human Resources Risks	<ul style="list-style-type: none">Deterioration in business, financial condition, and results of operations due to the sudden departure of senior managementRestrictions on store operations and higher labor-related costs due to a shrinking workforce in Japan and rising wages worldwideDecreased employee performance, increased leave and turnover	<ul style="list-style-type: none">Establish a board of directors that represents a diverse range of directors with different backgrounds, expertise, and experience to ensure an appropriate balance while adopting an executive officer system to separate business management and executionAdopt a performance-linked stock compensation plan for directors and a stock ownership plan for executive officers to recruit and retain capable management personnelDevelop management personnel through training for senior management, etc.Raise starting wages and improve employee wagesIncrease hiring by introducing an employee referral program and an inter-store referral programDevelop a personnel system that allows employees to choose diverse careers and work styles that suit their lifestyles; engage in health managementEngage in initiatives to achieve employee well-being through the Adastria Wellness Committee, a health promotion committee consisting mainly of employees
Management Strategy Risks	 CASE 01 Success or Failure of Major Investments and Acquisitions	<ul style="list-style-type: none">Extended payback period or failure to recover investment due to investments in or acquisition of outside companies for overseas business expansion, the development of new brands, the acquisition of related technologies, etc., toward long-term growth that do not generate expected revenues or synergies, or capital and system investments necessary for growth not functioning as expected	<ul style="list-style-type: none">Conduct investments within the scope of financial soundness; accumulate expertise in business integration processes; formulate a review process for investment decisions; hold discussions at board of director meetings (including outside directors)Establish a third-party PMO for large system investments
	 CASE 02 New Business Uncertainties	<ul style="list-style-type: none">Failure to develop business or generate business revenue due to lower-than-expected customer demand, higher-than-expected costs to enter or operate, or increased competition. Expenses or losses resulting from the withdrawal or downsizing of new businesses.Inability to secure sufficient IT staff with expertise in digital technologies could impact our ability to expand digital customer interactions, which is a key area of growth strategy	<ul style="list-style-type: none">Use M&A and licensing, collaborations to accumulate expertise in new; leverage lifestyle proposal capabilities cultivated in the apparel industry in new businessesEstablish a Digital Transformation Division directly under the director in charge of digital strategy; recruit and retain specialized personnel from outside the company; secure sufficient IT staff through stronger alliances with business partners in Japan and overseas
	 CASE 03 ESG Risk Management	<ul style="list-style-type: none">Possible damage to corporate value in capital markets and loss of business sustainability if ESG regulations or market expectations are not addressed appropriately	<ul style="list-style-type: none">Achieve Group ESG strategy and policies by establishing a Sustainability Committee; formulating a sustainability policy and setting medium- to long-term sustainability targets; defining materiality, risks, and opportunities, and managing progress; and reporting to/advising the Board of Directors and Executive Committee
	 CASE 04 Success or Failure of Group Business Management	<ul style="list-style-type: none">Potential impact on business performance if governance over Group companies is ineffective	<ul style="list-style-type: none">Monitor by having Company directors also serve as directors of Group companiesHold quarterly Group company reporting meetings where Group companies report strategy progress to the Company; discuss and review the Group medium-term management plan with participation from the heads of all Group companies



From Fundamental Discussions to Concrete Action; New Challenges Ahead for the and ST HD Group

Tatsuhiro Matsuoka Outside Director

Tatsuhiro Matsuoka has been an outside director at Adastria since May 2022. After joining Mitsubishi Electric Software Corporation in 1998, he served as Senior Executive Officer at SIGMAXYZ Holdings Inc. He currently serves as president and COO of Rise Consulting Group, Inc.

The Critical Role of Outside Director in Times of Rapid Change

As an outside director supporting the management of and ST HD, what do you think of the corporate culture of the company and the atmosphere of the Board of Directors?

First, let me say that I am impressed with how the board members maintain close relationships and talk on an almost daily basis. I think these relationships reflect Chairman Fukuda's attitude that management is a team game, and this attitude is ingrained deeply in the company. While we are outside directors by virtue of our position, discussions at board meetings are as lively as if we were internal directors within the and ST HD Group.

How do you interpret the role of outside director in these rapidly changing times?

In the past, outside directors were more likely to support management from a "defensive" perspective of management and supervision, namely, governance and compliance. This approach was fine when the group was a single apparel business entity. Now, the group is transforming into a diverse business entity, so simply reducing risk is not enough. Another important role for outside directors is the "offensive" perspective of encouraging the right kind of growth in a company. In other words, we must support management through knowledge from outside the apparel businesses, provide access to outside networks, and provide insight into new technologies. The latter perspective is more important within current board meetings, and we, as outside directors, participate from an awareness of this perspective.

How were the outside directors involved in formulating the medium-term management plan?

Personally, I was very much looking forward to discussions about the new medium-term management plan 2030, as the company is looking toward a business transformation beyond the boundaries of the existing businesses. The original idea was to create a platform to extend e-commerce, but had yet to evolve from the concept of just selling clothes. After much discussion, we evolved the concept into a very exciting strategy for becoming a new type of platform for lifestyle and culture. We provided support for deeper, fundamental discussions about what strengths differentiate the company from others using different examples.

Fundamental Discussions at Board Meetings and Expectations of and ST HD

Are there any board meeting discussions that made a lasting impression?

Two topics of discussion had a particularly strong impression on me. One was a discussion about improving ROE. From the executives, we heard the opinion that the group could improve the efficiency of store investments as an extension of the apparel business. A board member from a background different from the apparel industry offered an opinion from a completely different perspective: Why should the group make any investments having a lower return than investments in land? While everyone was surprised, it was a moment that created deeper discussion, prompting unexpected opinions from new perspectives.

The other outstanding discussion was a certain board resolution matter. While I tended toward agreement with the executives, this particular matter was rather complex, and the board was divided as to the resolution. Ultimately, the resolution was passed by a majority, but the fact that dissenting opinions were raised during the process proved that the Board of Directors is more than a mere formality and is functioning soundly.

The transition to a holding structure was another major decision. What are your thoughts about the transition?

I see it as a very positive development. With the creation of a holding company, each business unit will transition to an operating company. I think this structure will make it easier to revitalize the businesses, especially in non-apparel areas such as digital, and make it easier to hire from outside the group. The e-commerce business must not only sell goods, but incorporate value from peripheral fields, such as media and finance, in the future. To this end, the company needs people with different knowledge and expertise, so the transition is a very positive step forward in terms of creating those types of positions.

At the same time, there was a concern that management might become further distant from the front lines. Adastria President Kitamura has provided timely and unvarnished reports to the outside directors, and this kind of on-the-spot communication is extremely important. We will continue to invite the presidents of group companies to attend board meetings to broaden the scope of challenges we take on without compromising the quality of discussions. I think it is critical to have both.

Ensuring Discussions of Priority Issues Result in Concrete Action

You are the chair of the Nomination and Compensation Advisory Committee. What are the main issues you discuss in meetings?

We discuss two issues. One is aligning the vectors of management motivation and business growth. The other is succession planning.

For the former, recent changes in the compensation system are an example of specific action. In addition to consolidated net sales and operating profit (before amortization of goodwill), we added total shareholder return (TSR), gross merchandise value (GMV), and employee satisfaction scores (ES) as KPIs for director compensation. These new KPIs show internally and externally that we are serious about the medium-term management plan and

that we want management in the same boat with shareholders. Further, the Group has had an enduring culture of valuing its people. To incorporate this culture structurally beyond a simple mentality, we included the challenging indicator of employee satisfaction score.

Succession is another big issue. What are your thoughts on that topic?

The development of the next generation of leaders is our primary concern. The next generation will succeed and ST HD Chairman Fukuda, President Kimura, and Adastria President Kitamura. This year, the company welcomed its first-ever executive officer from our Taiwanese subsidiary. I still feel the company has much to do in terms of talent management if it is going to transform into a more global and digital group. Of course, developing human resources is the role of the corporate executives. Our role as outside directors is to encourage the creation of a system by, for example, providing advice so any system aligns not with the standards of an apparel company, but rather with the standards of a company accelerating global expansion and leveraging the full use of digital technology. The company takes the time to evaluate individual abilities through a combination of self-assessments, peer evaluations, and third-party opinions—ours included—promoting individuals when they are ready. We believe it is important to build on this process further.

A Pacemaker to Support the Success and Growth of the and ST HD Group

Finally, what are the challenges facing the and ST HD Group from a long-term perspective, and what are your expectations for the future?

The long-term challenge of the organization remains its globalization. We now discuss not only selling products overseas as a Japanese company, but also multidirectional globalization. Bringing brands born overseas to Japan and other countries is an example of this type of globalization. To this end, the company develops talented managers who create brands for local markets. There are still issues to be addressed in this regard. A major topic for the



future is how the company will overcome this challenge, since models that succeed in Japan will not necessarily succeed outside Japan.

My personal expectation for the future of the company is that it becomes a group of entrepreneurs. People of various value perspectives come together, each creating their own business. This group has that energy — that vitality, as it were. The group offers soil where diverse cultures emerge spontaneously from within. This energy is hard to find in other companies. I think the future will be very interesting if the group can become a platform in the true sense of the word: where people, brands, and businesses take on new challenges unfettered and from a foundation of e-commerce.

What role do you want to play as an outside director in helping the company achieve its goals?

The most important job of the outside directors is to ensure that the vitality and growth momentum of the Group, not by putting on the brakes, but rather, by ensuring these factors align successfully with the vector of increasing corporate value. We do not dictate in detail. We are there to provide support when people appear to be lost or seem to be going in the wrong direction in the course of leveraging their individual talents to take on challenges. In other words, we are the pacemaker contributing to the growth of the group, encouraging the organization to take on new challenges.

Director Roundtable Discussion

— Women in the and ST HD Group —

Meetings of the Board of Directors consist mainly of resolutions and business reports. Immediately after each meeting, the Company hosts a forum for all directors to exchange opinions in an informal setting. During these get-togethers to date, directors discussed details of the Medium-Term Management Plan 2030, exchanged opinions on group governance and M&A policy, and offered views on the businesses of each Group company.

In this section, we provide excerpts from a discussion in June 2025 focused on promoting career advancement for women.

Tomoko Fukagawa, general manager of the Sustainability Management Office, provided a presentation of the Company's efforts to promote the career advancement of women, citing numerical targets established in 2019. The aim of these targets is to increase diversity in the decision-making process and create new value unbound by conventional approaches. Ms. Fukagawa's presentation included details of efforts and results to date.

The and ST HD Group will continue to prioritize the advancement of women, who account for nearly 80% of our workforce, as well as increasing the percentage of women in management. The discussions reflected the Company's intention to accelerate diversity in the organization through group-wide efforts in Japan and abroad. Each director was asked their opinion on proposals for new targets and specific measures headed toward 2030.



Fukagawa Career advancement for women is an important issue for employees who support work on the front lines of the and ST HD Group. The Company has continued with consistent activities since 2019, when the first KPIs for the percentage of women in management positions was established. Our activities have received a certain level of recognition from outside organizations, and we were selected as a *Nadeshiko Brand* in fiscal 2021, in addition to being recognized as a Best Workplace for a second consecutive year in the Fiscal 2024 D&I Award. While results have fallen just short of our targets, the percentage of women in department head positions increased significantly from 9% to 21%. We plan on pressing the accelerator further to increase

the percentage of women in management positions. While measures to date have focused solely on women, we believe we must move on to the next stage. We look forward to input from our stakeholders regarding the current situation and new targets.

Shakespeare I believe the company should emphasize experience and career, regardless of gender, for our most promising human resources. In addition to regular monitoring and mentoring, management should take the time to communicate personally with candidates.

Liu The reason that numbers are not as high as we would like could be a matter of female staff not seeking promotions or a matter of female staff not being recognized for promotions.



Director Roundtable Discussion

Fukagawa I think either could be the case. Some female staff may not see promotions because they are not confident in being a manager.

Fukuda (T) At the same time, senior management positions are limited in number, so not every person who seeks a promotion can receive one.

Liu In general, women tend to have lower self-esteem than men and are less aggressive. We must remember the difference in values and attitudes between men and women, perhaps adding a certain premium to the self-evaluations submitted by female staff. At the same time, women who work extremely hard or are highly career-focused might not be the ideal for other women to look up to. It's important for women to have life-sized role models.

Matsuoka In the consulting industry, management positions tend to involve the most stress, and many women simply do not want to deal with a promotion or advancement to management. In the past, working until midnight or later was seen as normal. More recently, however, work styles and values have changed. More men are now taking childcare leave and participating in child rearing, including picking up and dropping off children at daycare centers.

Kimura We thought that it was extremely odd that not a single woman participated in the Board of Executives or in the Executive Council. About four years ago, we decided to identify several promising women to participate in these meetings, taking turns. These opportunities to gain experience have resulted in promotions, but there is still much to do.

Mizutome Many employees in the retail and services industry work in stores. Being able to work during busy weekends and evening peak hours is important, particularly for store managers. The inability to work these hours tends to eliminate people from being manager

candidates. In other words, people who have limitations on their work style are not viewed as potential supervisors. We need to come up with a solution to this issue if we are going to create a system that produces more managers in the stores, and I wonder about that.

Kitamura Under the current structure, most store managers are not actual managers. In terms of the percentage of women in management positions in the head office, we believe this is an issue that requires immediate action for candidates one step below executive general manager and those above.

Mizutome The staircase for further promotion and advancement for managers returning from childbirth might be blocked to a certain degree. The percentage of women in management positions will not increase unless the system facilitates advancements in responsibility and promotions after returning to work. I think the next move would be easier to see if we break down the factors as to why this number is not increasing.

Fukagawa The issues in stores and at the head office are not necessarily the same. I would like to see us dig deeper into the factors and consider solutions.

New Target for Percentage of Women in Management Positions [▶p57](#)



Promoting Career Advancement for Women



DATA

10-Year Financial and Non-Financial Highlights

Consolidated Financial Data		February 2016	February 2017	February 2018	February 2019	February 2020	February 2021	February 2022	February 2023	February 2024	February 2025
Net Sales	(millions of yen)	200,038	203,686	222,787	222,664	222,376	183,870	201,582	242,552	275,596	293,110
Operating profit	(millions of yen)	16,004	14,916	5,005	7,190	12,885	766	6,564	11,515	18,015	15,510
Ordinary profit	(millions of yen)	16,185	15,126	5,428	7,345	12,843	2,981	8,166	12,026	18,389	15,964
Net income attributable to owners of the parent	(millions of yen)	9,122	11,575	863	3,890	6,363	(693)	4,917	7,540	13,513	9,614
Earnings before interest, taxes, depreciation, and amortization (EBITDA)	(millions of yen)	24,612	23,028	15,141	15,317	20,357	7,766	13,302	19,964	27,763	26,692
Net asset value	(millions of yen)	53,282	56,035	51,030	52,959	57,041	50,701	54,963	60,762	71,581	77,200
Total assets	(millions of yen)	90,454	90,389	91,123	91,263	97,924	95,449	97,957	111,392	127,915	133,108
Cash flows from operating activities	(millions of yen)	22,054	11,928	10,685	9,904	20,850	11,933	3,504	13,460	22,223	21,373
Cash flows from investing activities	(millions of yen)	(4,551)	(4,323)	(7,404)	(8,686)	(6,645)	(7,366)	(7,780)	(9,963)	(9,920)	(16,971)
Cash flows from financing activities	(millions of yen)	(5,683)	(6,309)	(4,629)	(1,890)	(6,439)	(6,840)	(3,251)	(4,398)	(5,581)	(7,111)
Net assets per share	(Yen)	1,106.45	1,191.16	1,084.84	1,125.29	1,210.55	1,122.71	1,192.62	1,309.96	1,549.13	1,665.51
Earnings per share (EPS)	(Yen)	188.31	242.49	18.36	82.67	135.08	(14.88)	108.72	166.37	297.75	208.93
Equity ratio	(%)	58.9	62.0	56.0	58.0	58.3	53.1	55.1	53.3	54.8	57.9
Return on equity (ROE)	(%)	18.3	21.2	1.6	7.5	11.6	(1.3)	9.4	13.3	20.9	13.1
Return on assets (ROA)	(%)	10.5	12.8	1.0	4.3	6.7	(0.7)	5.1	7.2	11.3	7.4
Price earnings ratio (PER)	(%)	15.5	12.0	126.7	23.5	13.0	—	17.1	13.0	11.5	13.9
Dividend payout ratio	(%)	34.5	30.9	272.3	60.5	37.0	—	50.6	36.1	28.5	43.1
Total shareholder return (5-year TSR)	(%)	—	—	—	—	—	116.3	102.5	132.7	208.6	184.6
Total shareholder return (1-year TSR)	(%)	203.4	101.9	81.7	85.7	92.6	116.3	87.8	131.2	161.3	87.7

Consolidated Non-Financial Data

Number of stores at end of term	(Stores)	1,324	1,351	1,501	1,427	1,392	1,400	1,428	1,509	1,563	1,630
Stores sales floor area (monthly average)	(㎡)	268,704	272,182	302,131	304,529	287,616	296,210	299,676	330,150	347,361	369,848
Regular employees	(People)	4,760	4,914	5,677	5,665	5,715	5,701	5,762	6,356	6,603	6,944
Average number of temporary employees	(People)	5,997	6,163	6,564	6,363	6,167	5,085	5,530	6,061	6,448	6,718

* The Company has applied standards such as the Partial Amendments to Accounting Standard for Tax Effect Accounting (ASBJ Statement No. 28, February 16, 2018) since the beginning of fiscal 2019. Key management indicators for fiscal 2018 are indicators after retroactive application of such accounting standards.

* The Company has applied standards such as the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020) since the beginning of fiscal 2022. Key management indicators for fiscal 2022 are indicators after the application of these accounting standards.

ESG Data

Environment			FY2/2023	FY2/2024	FY2/2025
1	Stores, offices, and distribution centers electricity consumption	(1,000 kWh)	74,492	77,993	81,711
2	Scope 1 (direct emissions)	(t-CO ₂)	900	1,480	1,088
3	Scope 2 (indirect emissions from energy use)	(t-CO ₂)	33,268	35,222	35,788
4 ^{*1}	Scope 3 (indirect emissions from the value chain) ^{*2}		537,260	542,686	503,141
	Category 1 Purchased goods and services		455,227	449,125	418,932
	Category 2 Capital goods		29,981	37,365	32,016
	Category 3 Fuel- and energy-related activities not included in Scope 1 and 2		5,548	6,018	6,070
	Category 4 Upstream transportation and distribution		5,428	5,848	5,771
	Category 5 Waste generated in operations		1,153	1,372	1,241
	Category 6 Business travel		909	1,192	1,237
	Category 7 Employee commuting	(t-CO ₂)	2,200	2,071	2,264
	Category 8 Upstream leased assets		-	-	-
	Category 9 Downstream transportation and distribution		515	1,042	599
	Category 10 Processing of sold products		-	-	-
	Category 11 Use of sold products		-	-	-
	Category 12 End-of-life treatment of sold products		36,299	38,653	35,011
	Category 13 Downstream leased assets		-	-	-
	Category 14 Franchises		-	-	-
	Category 15 Investments		-	-	-
5	Scope 1+2+3	(t-CO ₂)	571,428	579,388	540,017

(Note) Scope Environment FY2/2023: Based on the scope of the main domestic and overseas businesses of the consolidated domestic Adastria Group and zetton inc. (zetton inc. became an Adastria Group company in February 2023)
FY2/2024 and later: Adastria Group consolidated
Social FY2/2023 and later: Adastria Group consolidated (Japan)

*1 Emission factors under section 4 were taken from the Ministry of the Environment emission intensity database and IDEAv3
*2 Scope 3 environmental data does not include a portion of emissions generated outside the Company's domains related to overseas business operations

Social			FY2/2023	FY2/2024	FY2/2025
6	Number of employees (domestic group consolidated, including temporary employees)	Female	15,078	16,122	16,337
		Male (Employees)	3,876	4,227	4,113
		Total	18,954	20,349	20,450
7	Number of managers (excluding officers)	Female	199	210	229
		Male (Employees)	389	454	436
		Total	588	664	665
	Number of general managers	Female	13	20	20
		Male (Employees)	56	71	71
		Total	69	91	91
	Number of full-time employees by rank	Female	37	48	51
		Male (Employees)	178	210	211
		Total	215	258	262
	Number of department managers and equivalent	Female	159	162	178
		Male (Employees)	203	244	224
		Total	362	406	402
	Number of unit managers and equivalent	Female	320	333	372
		Male (Employees)	174	177	183
		Total	494	510	555


ESG Data

<div> <div>  <div> <div>Social</div> <div>Employees</div> </div> </div> </div>			FY2/2023	FY2/2024	FY2/2025
8	Number of new graduate hires	Female	228	159	204
		Male (Employees)	38	35	28
		Total	266	194	232
9	Number of mid-career hires	Female	159	223	242
		Male (Employees)	111	154	140
		Total	270	377	382
10	Number of new management appointments	Female	5	22	21
		Male (Employees)	11	21	18
		Total	16	43	39
11	Average years of employment of full-time employees	Female	7.0	7.1	8.3
		Male (Years)	8.8	8.8	9.7
		Total	7.5	7.6	8.7
12	Number of full-time employees that left the Company	Female	434	442	383
		Male (Employees)	142	177	178
		Total	576	619	561
13	Number of foreign employees	(Employees)	79	117	167
14	Employment rate of persons with disabilities (as of June 2025)	(%)	2.55	2.69	2.75


(Note) Scope of data: Adastria Group consolidated (Japan)
 *3 Certain consolidated domestic group results for FY2/2025 exclude zetton inc.

				FY2/2023	FY2/2024	FY2/2025
15	Hours of overtime worked per month	Full-time employee average	(Hours)	8.0	7.7	7.4
		Employee average		3.5	3.9	3.4
16	Percentage of employees taking annual paid leave	Full-time employee average	(%)	60.7	68.7	68.9
		Employee average		57.1	67.0	68.4
17	Average number of days of annual paid leave taken	Full-time employee average	(Days)	10.6	11.4	11.7
		Employee average		7.5	6.4	6.8
18	Maternity leave taken by full-time employees	Number of employees who took the leave	(Employees)	207	186	217
		Acquisition rate	(%)	100.0	99.5	98.6
19	Full-time employees taking childcare leave and returning to work after taking childcare leave	Number of employees who took the leave	(Employees)	210	191	213
		Acquisition rate	(%)	98.6	98.9	98.6
		Return rate	(%)	95.1	84.0	95.0
		Number of employees who took the leave	(Employees)	9	41	33
		Acquisition rate	(%)	15.3	70.7	70.2
		Return rate	(%)	100.0	100.0	100.0
20	Average number of days of nursing care leave taken		(Days)	31.0	84.0	30.0
21	Male employees taking spouse maternity leave ^{*3}	Number of employees who took the leave	(Employees)	8	7	3
		Acquisition rate	(%)	14.8	13.7	8.3

ESG Data

 Social		Female		FY2/2023	FY2/2024	FY2/2025
22	Percentage of female full-time employees	(%)		72.6	72.3	79.9
23	Percentage of female officers* ⁴ (Adastria non-consolidated)	Percentage of female officers	(%)	21.4	18.2	27.3
		Percentage of female directors		10.0	18.2	27.3
24	Percentage of female employees by rank	Percentage of female managers (excluding officers)	(%)	33.8	31.6	34.4
		Percentage of female senior managers		17.7	18.7	19.5
		Percentage of female general managers and equivalent		21.9	22.0	22.0
		Percentage of female department managers and equivalent		43.9	39.9	44.3
		Percentage of female unit managers and equivalent		64.8	65.3	67.0
25	Percentage of female new graduate hires	(%)		85.7	82.0	87.9
26	Percentage of female mid-career hires	(%)		58.9	59.2	63.4

(Note) Scope of data: Adastria Group consolidated (Japan)
*3 Certain consolidated domestic group results for FY2/2025 exclude zetton inc.
*4 Number of directors and executive officers as of the end of the annual general meeting of shareholders each year
Lines 29 and 30 in Governance Data represent results as of FY2/2025

 Governance				2023	2024	2025
27	Directors* ⁴ (Adastria non-consolidated)	Female		0	0	0
		Inside	Male (People)	5	5	5
			Total	5	5	5
		Outside	Female	1	2	3
			Male (People)	4	4	3
			Total	5	6	6
28	Executive officers* ⁴ (Adastria non-consolidated)	Female		0	0	1
		Male (People)		10	10	10
			Total	10	10	11
29	Number of reports to the internal reporting desk	(Cases)		111	137	166
30	Number of comments and suggestions from supplier questionnaires* ³	(Cases)		54	66	50

Group Companies

and ST

Name	and ST Co., Ltd.
Head Office Address	27F, Shibuya Hikarie, 2-21-1 Shibuya, Shibuya-ku, Tokyo, Japan
Establishment	September 2024
Business Lines	Platform business providing mall and media production, and solution services

A D A S T R I A

Name	Adastria Co., Ltd.
Head Office Address	27F, Shibuya Hikarie, 2-21-1 Shibuya, Shibuya-ku, Tokyo
Establishment	April 2025
Business Lines	Planning, manufacturing, and sales of apparel, sundries, etc.

ELEMENT RULE

Name	ELEMENT RULE Co., Ltd.
Head Office Address	19F Shin-Aoyama Bldg. West, 1-1-1 Minami-Aoyama, Minato-ku, Tokyo
Establishment	March 2017
Business Lines	Planning, manufacturing, and sales of apparel, sundries, etc.

BUZZWIT

Name	BUZZWIT Co., Ltd.
Head Office Address	6F Daiba Frontier Bldg., 2-3-2 Daiba, Minato-ku, Tokyo
Establishment	November 2016
Business Lines	Planning, manufacturing, and sales of apparel, sundries, etc.

zetton inc.

Name	zetton inc.
Head Office Address	MIYAMASU TOWER 9F, 1-10-9 Shibuya, Shibuya-ku, Tokyo
Establishment	October 1995
Business Lines	Management, development and consulting for restaurants, etc.

KARRIMOR

Name	KARRIMOR International Ltd.
Head Office Address	AMINAKA Kudan Building, 1-14-17 Kudan-kita, Chiyoda-ku, Tokyo
Establishment	April 1986
Business Lines	Planning, development, manufacturing, and sales of outdoor products

and ST Logistics

Name	and ST Logistics Co., Ltd.
Head Office Address	1-15 (Gate A) Chuo Kogyo Danchi, Ibaraki-machi, Higashiibaraki-gun, Ibaraki
Establishment	June 1988
Business Lines	Logistics operations for group companies

WeOur

Name	WeOur Co., Ltd.
Head Office Address	19F, Shibuya Hikarie, 2-21-1 Shibuya, Shibuya-ku, Tokyo
Establishment	December 2013
Business Lines	Comprehensive services for Adastria Group companies and resale of discarded inventory, samples, etc.

Other Group Companies

Adastria (Shanghai) Trade Co.,Ltd., niko and ... (Shanghai) Co., Ltd., Adastria Asia Co., Ltd., Adastria Taiwan Co., Ltd., Adastria (Thailand) Co., Ltd., ADASTRIA PHILIPPINES INC., ZETTON, INC., NATURAL NINE TRADING (SHANGHAI), LTD., SES GLOBAL LOGISTICS (SHANGHAI) CO., LTD.

Corporate Overview and Stock Information

Corporate Overview

Name	and ST HD Co., Ltd.		
Head Office Address	27F, Shibuya Hikarie, 2-21-1 Shibuya, Shibuya ku, Tokyo, Japan		
Contact Number	03-5466-2010 (Representative)		
Establishment	October 22, 1953		
Capital	2,660 million yen		
Businesses	Business related to group management and operations		
Primary Banking Partners	MUFG Bank JOYO Bank Mizuho Bank Sumitomo Mitsui Banking Corporation		
Number of Group Employees	6,944 full-time group employees		
Number of Group Stores	Domestic: 1,415 Overseas: 139 Restaurants: 76		

*Figures for group employees and group stores are as of February 28, 2025.

External Evaluations, Inclusion in Indexes

MSCI
ESG RATINGS
AA
(As of April 2025)

FTSE Blossom
Japan Sector
Relative Index
(Since April 2022)

JPX-NIKKEI 400
JPX-NIKKEI Mid Small
(selected in 2025)

DX認定
(Certified in January 2022)

CDP
Discloser
2024
(as of February 2025)

2025 Health &
Productivity
Management
Outstanding
Organization
(Large Corporate Sector)

NADESHIKO
BRAND
(as of March 2022)

PRIDE Index
Gold Award 2024

D&I AWARD
BEST WORKPLACE
for Diversity & Inclusion
2024

Monisu
Certification

Status of Shares (as of February 28, 2025)

Total Number of Shares Authorized to Be Issued	150,000,000 shares		
Total Number of Issued Shares	48,800,000 shares	(including 2,010,000 treasury shares)	
No. of Shareholders	63,420		
Distribution of Shares by Shareholder	No. of Shareholders	No. of Shares Owned (Thousands of Shares)	Equity Shares (%)
Foreign nationals	298	5,952	12.2
Individuals and others	62,675	14,874	30.5
Financial institutions	31	5,774	11.8
Business firms and other corporations	386	20,175	41.3
Financial services providers	30	2,023	4.1
Total amount	63,420	48,800	100.0

*Treasury stock is included in the calculation of individuals and others.

Major Shareholders (Top 10)	No. of Shareholders (Thousands of Shares)	Equity Shares (%)
Fukuzo Co., Ltd.	17,132	36.62
The Master Trust Bank of Japan, Ltd. (Trust Account)	3,348	7.16
Toyoshima Co., Ltd.	2,000	4.27
Custody Bank of Japan, Ltd. (Trust Account)	1,199	2.56
Michio Fukuda	922	1.97
Adastria Employee Shareholding Association	653	1.40
JP Morgan Securities Co., Ltd.	618	1.32
The Master Trust Bank of Japan, Ltd. (Executive Compensation BIP Trust Account, 75954)	444	0.95
Hitomi Fukuda	400	0.85
Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.	383	0.82

*Ratios were calculated excluding 2,010,000 shares of treasury stock.

Share Price and Yield (Monthly)

