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Consolidated Financial Results for the First Six Months of the Fiscal Year Ending February 28, 2027 <under IFRS>

October 5, 2026

Company name: World Co., Ltd.
Listing: Tokyo Stock Exchange
Securities code: 3612
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Scheduled date to file Semi-annual Securities Report: October 13, 2026
Scheduled date to commence dividend payments: November 5, 2026
Preparation of supplementary material on financial results: Yes
Holding of financial results presentation meeting: Yes (for institutional investors and analysts)

(Millions of yen with fractional amounts rounded to the nearest million yen, unless otherwise noted.)

1. Consolidated financial results for the first six months of the fiscal year ending February 28, 2027 (from March 1, 2026 to August 31, 2026)

(1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes.)

	Revenue		Business profit		Operating profit		Profit before financing and income taxes	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended August 31, 2026	142,489	4.1	8,358	0.3	8,409	1.2	8,395	(10.6)
Six months ended August 31, 2025	136,916	24.3	8,333	—	8,307	—	9,388	—

	Profit attributable to owners of parent	
	Millions of yen	%
Six months ended August 31, 2026	5,877	4.2
Six months ended August 31, 2025	5,640	20.8

(Reference) NOPAT (actual) Six months ended August 31, 2026 7,017 million yen (6.3%) Six months ended August 31, 2025 6,599 million yen (—%)

(Note) Business profit is revenue less cost of sales and selling, general and administrative expenses. This management indicator is a Management-defined Performance Measure (MPM) as defined in IFRS 18.

(Note) The Company has early adopted IFRS 18 “Presentation and Disclosure in Financial Statements” (hereinafter “IFRS 18”) from the first quarter of the fiscal year ending February 28, 2027, and the figures have been retrospectively adjusted to reflect this change in accounting policy. The percentages of year-on-year changes for business profit, operating profit, and profit before financing and income taxes for the six months ended August 31, 2025 are not presented because retrospective adjustments were made as a result of this change in accounting policy.

(Note) NOPAT (Net Operating Profit After Tax) represents after-tax operating performance and is calculated by adding back net finance income (interest income less interest expenses and financial fees) to profit before tax, and then deducting income taxes and profit attributable to non-controlling interests. It is used as the numerator in the calculation of ROIC (Return on Invested Capital). This management indicator is a Management-defined Performance Measure (MPM) as defined in IFRS 18.

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended August 31, 2026	77.11	77.11
Six months ended August 31, 2025	82.74	82.74

(Note) The Company implemented a share split at a ratio of two shares for each share of ordinary shares effective March 1, 2026. Basic earnings per share and diluted earnings per share have been calculated assuming that the stock split had been carried out at the beginning of the previous fiscal year.

(2) Consolidated financial position

	Total assets	Total equity	Equity attributable to owners of parent	Ratio of equity attributable to owners of parent to total assets
	Millions of yen	Millions of yen	Millions of yen	%
As of August 31, 2026	267,228	100,205	99,772	37.3
As of February 28, 2026	280,059	96,282	94,659	33.8

2. Cash dividends

	Annual dividends				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended February 28, 2026	—	49.00	—	60.00	109.00
Fiscal year ending February 28, 2027	—	31.00			
Fiscal year ending February 28, 2027 (Forecast)			—	36.00	67.00

(Note) Revisions to the forecast of cash dividends most recently announced: None

(Note) The Company implemented a share split at a ratio of two shares for each share of ordinary shares effective March 1, 2026. The actual amounts of dividends before the stock split are presented for the fiscal year ended February 28, 2026. For the fiscal year ending February 28, 2027 and the forecast for the fiscal year ending February 28, 2027, the amounts after the stock split are presented. Assuming that the stock split had been carried out at the beginning of the fiscal year ended February 28, 2026, the total annual dividends per share would have been 54.50 yen for the fiscal year ended February 28, 2026.

**3. Consolidated earnings forecasts for the fiscal year ending February 28, 2027
(from March 1, 2026 to February 28, 2027)**

(Percentages indicate year-on-year changes.)

	Revenue		Business profit		Operating profit		Profit before financing and income taxes	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ending February 28, 2027	300,000	5.6	18,500	12.3	17,500	11.5	17,550	8.5

	Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Yen
Fiscal year ending February 28, 2027	12,600	4.9	173.10

(Reference) NOPAT (forecast) Fiscal year ending February 28, 2027 14,530 million yen (4.3%)

(Note) Revisions to earnings forecasts most recently announced: None

(Note) Business profit is revenue less cost of sales and selling, general and administrative expenses.

(Note) NOPAT (Net Operating Profit After Tax) represents after-tax operating performance and is calculated by adding back net finance income (interest income less interest expenses and financial fees) to profit before tax, and then deducting income taxes and profit attributable to non-controlling interests. It is used as the numerator in the calculation of ROIC (Return on Invested Capital).

*** Notes**

(1) Significant changes in the scope of consolidation during the period: None

Newly included: –

Excluded: –

(2) Changes in accounting policies, changes in accounting estimates

a. Changes in accounting policies required by IFRS: None

b. Changes in accounting policies due to other reasons: Yes

c. Changes in accounting estimates: None

(3) Number of issued shares (ordinary shares)

a. Total number of issued shares at the end of the period (including treasury shares)

As of August 31, 2026	77,139,828 shares
As of February 28, 2026	73,717,266 shares

b. Number of treasury shares at the end of the period

As of August 31, 2026	857,631 shares
As of February 28, 2026	927,726 shares

c. Average number of shares during the period

For the six months ended August 31, 2026	76,206,698 shares
For the six months ended August 31, 2025	68,167,912 shares

(Note) The Company implemented a share split at a ratio of two shares for each share of ordinary shares effective March 1, 2026. Total number of issued shares at the end of the period (including treasury shares), number of treasury shares at the end of the period, and average number of shares during the period have been calculated assuming that the stock split had been carried out at the beginning of the previous fiscal year.

*** Semi-annual financial results reports are exempt from review conducted by certified public accountants or an audit corporation.**

*** Proper use of earnings forecasts, and other special matters**

(Caution regarding forward-looking statements and others)

The forward-looking statements, including earnings forecasts, contained in these materials are based on information currently available to the Company and on certain assumptions deemed to be reasonable. Any statements herein do not constitute assurances regarding actual results by the Company. Actual business and other results may differ substantially due to various factors. For the suppositions that form the assumptions for earnings forecasts and cautions concerning the use thereof, please refer to the section of “(3) Explanation of consolidated earnings forecasts and other forward-looking statements” of “1. Qualitative information on semi-annual consolidated financial results” on page 9 of the attached material.

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1. Qualitative information on semi-annual consolidated financial results

(1) Explanation of results of operations

As the current fiscal year marks the first year of the “VISION-W” Medium-Term Management Plan, the Company has commenced financial reporting reflecting both the changes in reportable segments and the early adoption of International Financial Reporting Standards (IFRS) 18. The background to these changes includes the expected completion of a business structure not dependent solely on the apparel brand business, as well as the acceleration of medium- to long-term sustainable value creation centered on ROIC management.

The reportable segments have been changed from the previous “Brand business,” “Digital business,” and “Platform business” to the “B2C business” and “B2B business.” This change is to ensure the optimal governance structure and resource allocation according to the characteristics of each business, recognizing that the B2C business focuses on maximizing brand value and profitability, while the B2B business aims to accelerate growth through the expansion of solution businesses, as they differ in business characteristics, key success factors, and management indicators to be emphasized.

In addition, the early adoption of IFRS 18 aims to align the indicators emphasized by the Company with the profit and loss classifications of IFRS 18, and to achieve the following three points: “accuracy improvement for global business performance comparison,” “clarification of management viewpoints,” and “improvement in understanding of profit structure.” Accordingly, year-on-year changes are calculated using the figures for the corresponding period of the previous fiscal year that have been restated to reflect the new segment classifications and the adoption of IFRS 18.

In the six months ended August 31, 2026, revenue was 142,489 million yen, up 4.1% year on year. Business profit was 8,358 million yen, up 0.3% year on year, operating profit was 8,409 million yen, up 1.2% year on year, profit before financing and income taxes was 8,395 million yen, down 10.6% year on year, and profit attributable to owners of parent was 5,877 million yen, up 4.2% year on year, resulting in increases in both revenue and profit except for profit before financing and income taxes.

On the revenue side, in the B2C business, the performance of the challenged apparel brand business remained soft as the effects of its merchandising reforms had yet to extend to all brands. Meanwhile, non-apparel businesses, including the circular business, achieved revenue growth, and the newly consolidated RIGHT-ON CO., LTD. and WORLD STYLE LABELS CO., LTD. made significant contributions to the increase in revenue. On the other hand, in the B2B business, mainly in the supply chain domain, MC FASHION CO., LTD. demonstrated resilience by absorbing the decline following the special demand for events in the previous year. However, revenue declined at LIFE GEAR CO., LTD. and ASPLUND CO., LTD., which are preparing for business restructuring.

On the business profit side, the B2C business only managed to remain at the previous year’s level, while the B2B business achieved profit growth year on year. In the B2C business, in addition to the strong performance of the circular business, the two newly consolidated subsidiaries mentioned above contributed significantly, while also achieving substantial improvements in profitability. However, profit growth in the apparel brand business was constrained as sluggish sales of summer items, particularly in June, offset the effects of strengthened sales of regular price items and cost structure reforms. On the other hand, in the B2B business, the expansion of external sales at MC FASHION CO., LTD. and its Chinese subsidiary, TCN CO., LTD., drove overall profit.

Profit before financing and income taxes declined year on year due to the absence of the one-time gain on the valuation of options recorded in the corresponding period of the previous fiscal year on the back of the steady restructuring of RIGHT-ON CO., LTD., which was an equity-method affiliate at that time. However, profit attributable to owners of parent increased as NARUMIYA INTERNATIONAL CO., LTD. and RIGHT-ON CO., LTD. have become wholly owned subsidiaries since the previous fiscal year, eliminating the outflow of profit to non-controlling interests, and as income taxes decreased due to factors including the application of tax effect accounting relating to reorganization in World Group.

Descriptions of each segment are given below.

1) B2C business

The B2C business consists of the sub-segments of “Apparel” and “Lifestyle” under WORLD·BRANDS CO., LTD., “Unique,” comprising operating companies engaged in businesses such as jewelry and intimate apparel, as well as “Overseas” and “Circular,” which the Company strategically manages directly and supports for growth. In the “VISION-W” Medium-Term Management Plan, we are returning to the fundamentals of business and working to reform the revenue structure in the apparel business and expand growth in non-apparel domains.

In the six months ended August 31, 2026, in the apparel domain, we thoroughly improved the accuracy of product planning, merchandising, procurement, and sales operations. Rather than pursuing sales growth beyond an appropriate scale, we continued our efforts to transform the business into a leaner and more profitable operation. At the same time, in the lifestyle and circular domains, we continued to improve the profitability of existing businesses and make growth investments. In the overseas domain, we made steady progress in establishing business foundations in Thailand, Taiwan, Hong Kong, and Malaysia.

Furthermore, at RIGHT-ON CO., LTD., which was included in the scope of consolidation in the previous fiscal year, the benefits of structural reforms aimed at improving profitability, together with the recovery in sales resulting from merchandising reforms, became evident. In addition, WORLD STYLE LABELS CO., LTD., which was newly included in the scope of consolidation in March 2026, also performed very well in terms of profit while steadily advancing its post-merger integration (PMI) process. As a result, these two newly consolidated subsidiaries made significant contributions to the expansion of the B2C business in terms of both revenue and profit.

As a result, the operating results of the B2C business were as follows: revenue was 108,403 million yen, up 8.2% year on year (of which external revenue was 105,376 million yen, up 7.6% year on year), and business profit (segment profit) was 4,559 million yen (up 0.1% year on year), resulting in increases in both revenue and profit.

2) B2B business

The B2B business consists of the sub-segment domains of “Supply Chain,” “Technology,” and “People Operations” under WORLD·SOLUTIONS CO., LTD. In the “VISION-W” Medium-Term Management Plan, we aim to expand the business by addressing our customers’ business challenges. To achieve this, we continue to accumulate expertise in solving issues specific to each business domain, while building a track record of successful cross-domain solution proposals. At the same time, we are strategically concentrating resources, including personnel, to enhance our growth potential.

In the supply chain domain, we provide OEM and ODM solutions by leveraging our procurement, production, and logistics capabilities. In the technology domain, we offer a wide range of digital solutions, including e-commerce operation support, inventory management, and core business systems. In the people operations domain, we support our customers’ business operations through services such as sales agency, store development, and education and training. Across all of these businesses, we continue to develop our human resources, improve the visibility of sales activities, and strengthen a repeatable sales platform.

In the six months ended August 31, 2026, as a common theme across all business domains, we strengthened our sales organization and expanded the scope of our solution proposals. We also enhanced our solution proposals by combining multiple services tailored to the specific needs of each customer. In addition, we promoted synergy creation in the supply chain domain, service enhancements in the technology domain, and the expansion of external sales in the people operations domain.

As a result, the operating results of the B2B business were as follows: revenue was 49,845 million yen, up 3.3% year on year (of which external revenue was 36,536 million yen, down 4.9% year on year), and business profit (segment profit) was 3,089 million yen (up 12.3% year on year), resulting in increases in both revenue and profit.

3) Common

The Common segment, which is not a business segment, has a basic revenue structure whereby incomes such as business advisory fee income from subsidiaries are recorded, and that is used to cover expenses related to the corporate functions of the Company (Holdings). It consists of the Corporate Governance Office, which is responsible for Group governance as the holding company; the Corporate Operations Headquarters, which supports Group management; and the Corporate Strategy Office, the Corporate IP & Alliance Office, the Corporate Investment Office, and the Overseas Business Development Division, which are responsible for promoting medium- to long-term strategies.

In the six months ended August 31, 2026, as the first year of the “VISION-W” Medium-Term Management Plan, we strengthened the organizational structure supporting the competitiveness of each business and promoted Group-wide initiatives aimed at medium- to long-term growth. On the other hand, in terms of actual results, in addition to higher expenses associated with the leaseback of the Kobe head office building and the enhancement of the shareholder benefit program, we executed strategic upfront investments in human capital, new business development, and other areas for future growth, resulting in a decrease in profit year on year.

As a result, the operating results of the Common segment were as follows: revenue was 7,284 million yen, down 1.6% year on year (of which external revenue was 577 million yen, up 7.3% year on year), and business profit (segment profit) was 637 million yen (down 39.4% year on year), resulting in decreases in both revenue and profit.

< Initiatives for Sustainability >

In order to continue to create and provide value as a “Value-Creating Enterprise” on a long-term, sustainable basis, the Group considers contributing to “the realization of a sustainable society” essential and has positioned the reduction of environmental burden and addressing social issues as one of its most important issues in corporate management. In the fashion industry, where the fragmented structure often makes the overall picture difficult to grasp, we are moving forward with the visualization of environmental burden, and are aiming to balance diversity and sustainability in the fashion industry and proactively working to eliminate industry-wide structural issues.

In 2022, we announced the “WORLD SUSTAINABILITY PLAN & REPORT^{*1},” which embodied our strategic guidelines for a sustainable society. Furthermore, under the “Roadmap for Reducing Greenhouse Gas Emissions by 2050,” revised in 2025, we are advancing the establishment of a sustainable value chain with a lower environmental burden and the creation of a foundation for achieving carbon neutrality. We have also set KPIs and are implementing various measures to achieve our targets. In addition, through building a human capital management framework and promoting diversity, we are striving for sustainable improvement in corporate value.

The main sustainability activities undertaken in the six months ended August 31, 2026 are as follows.

■ Environment

- In order to lower our greenhouse gas emissions, we have developed a dedicated system for planning and managing the use of sustainable materials on a seasonal basis, and have established a framework that can be monitored in real time. The percentage of sustainable materials used in the Group’s apparel products was 24.1% in 2025 autumn/winter season and 29.8% in 2026 spring/summer season.
We are also expanding sales of products under the sustainable materials brand “CIRCRIC^{*2}”.
- Additionally, we participated in the formulation of the “Industry-Specific Commentary on the Basic Guidelines for Calculating Greenhouse Gas Emissions through the Supply Chain (Fashion Industry)^{*3}” published by the Japan Apparel and Fashion Industry Council (JAFIC) in March 2024 and the “Approach and Estimate Methods for Greenhouse Gas Emission Reduction” of the same guideline published by JAFIC in February 2025. The guidelines include examples of the Group’s greenhouse gas emission reduction efforts.

- To reduce the environmental burden of water use, we are visualizing the amount of water used, promoting water conservation and pollution prevention at our own factories, and promoting load reduction measures in the dyeing of apparel products and in the raw material selection process. In areas other than products, we are actively promoting the use of recycled materials and other resources, and we have also promoted providing paper bags to our customers through closed recycling of our own used cardboard boxes.
- We continue to conduct the World Ecoromo Campaign^{*4}, which allows customers to drop off their unwanted clothing and other items for reuse, while steadily expanding collection locations and frequency at department stores, shopping centers, and our own fashion e-commerce site. As a result of these efforts, the number of clothing and other items collected has been increasing every year, reaching 22.09 million items in total since this activity was launched in 2009.

■ Social

- In addition to the World Ecoromo Campaign conducted at our stores and our fashion e-commerce sites, as well as the Group employees' participation in the Ecoromo Campaign, we have also launched new initiatives such as clothing collection activities in collaboration with Toyooka City (Hyogo Prefecture) and clothing collection activities at schools. The proceeds are donated for the benefit of children's futures, and the cumulative total of donations has reached 127 million yen. Of this amount, 5.56 million yen in total was donated as relief funds for the 2024 Noto Peninsula Earthquake.
- We held workshops at the Group's stores nationwide and at facilities operated by local governments to give people the opportunity to make use of the leftover fabric and thread from our factories. In the six months ended August 31, 2026, 1,632 people participated in the workshops in total, bringing the cumulative total of people who have attended these workshops to 39,657.

■ Governance

- We aim to improve governance by increasing the diversity of Members of the Board and ensuring transparency, fairness, objectivity, and independence, while encouraging free and vigorous discussion and constructive exchange of opinions. To further enhance corporate governance, an outside Member of the Board chairs the Board of Directors.
- Our sustainability initiatives are driven by officers and departments appointed by the Sustainability Committee, a body that reports directly to the Representative Director of the Board, President and Executive Officer. In addition, the Board of Directors—comprising a majority of independent outside Members of the Board—monitors and supervises the progress of these initiatives by receiving reports on a regular basis from the President and the Sustainability Committee.

■ Human capital management

- To realize a “Value-Creating Enterprise,” the Group is promoting human capital management to maximize the potential of our “people,” our most important management resource. Human resources strategies and key personnel matters are reviewed and approved by the Management Committee or the Board of Directors. Under the Sustainability Committee, the responsible officers and departments implement related initiatives, while the Board of Directors provides regular oversight.
- In conjunction with our medium-term business strategy, we have defined the themes we will promote as “improvement of knowledge availability (evolution of knowledge sharing),” “workforce optimization (improvement of productivity),” “improvement of diversity” and “improvement of engagement (improvement of organizational strength).” Having set KPIs for each theme, we are striving to achieve an ROE of 12.5% or higher and enhance corporate value.
- We identify organizational challenges through the annual “Organizational Strength Questionnaire” conducted as an engagement survey, and have established a system under which each Group company formulates, implements, and evaluates action plans for improvement.

- As specific measures to promote diversity and inclusion, we have implemented “unconscious bias training,” “roundtable discussions on promoting the active participation of women,” and “DE&I training for managers.” At the same time, we are continuing to develop a work environment in which employees can work with peace of mind through initiatives such as a life-priority work arrangement, a secondary employment program, and a flexible work program for employees with caregiving responsibilities.
- We are promoting “training programs where everyone can continue to learn” through training programs by job level and job category, e-Learning, training for managers led by executive officers, and AI utilization training. In addition, through career interviews, regular rotations, and an intra-group job posting system, we encourage employees’ growth through getting them to take on challenges. We also regularly hold Human Resources Development Committee meetings to advance the identification, development, and promotion of human resources.
- Going forward, to realize the “VISION-W” Medium-Term Management Plan, we will further strengthen our efforts to recruit talented personnel for growth businesses, including investment, IP alliances, and overseas operations. We will also accelerate talent rotation from the B2C business to the B2B business and reskilling in line with the transformation of our business structure. In addition, we are establishing a next-generation management team by appointing young talent from both within and outside the Group, thereby creating a framework for continuously developing the next generation of business leaders.

*1 WORLD SUSTAINABILITY PLAN & REPORT: https://corp.world.co.jp/csr/world_sustainabilityreport.pdf (Japanese only)

*2 CIRCRC: <https://store.world.co.jp/s/brand/circrc/> (Japanese only)

*3 Industry-specific guidance on the basic guidelines for calculating greenhouse gas emissions across the supply chain (Fashion Industry): <https://form.run/@jafic--UoRMcdScq6qNlafub8r8> (Japanese only)

*4 World Ecoromo Campaign: <https://store.world.co.jp/eco-romo/> (Japanese only)

(2) Explanation of financial position

1) Condensed semi-annual consolidated statement of financial position

The main factors contributing to changes in the major items of the condensed semi-annual consolidated statement of financial position at the end of the six months ended August 31, 2026 are as follows.

(Assets)

Total assets were 267,228 million yen, a decrease of 12,830 million yen from the end of the previous fiscal year.

The main factors behind this decrease were decreases of approximately 5,400 million yen in trade and other receivables, approximately 4,500 million yen in right-of-use assets, approximately 2,100 million yen in cash and cash equivalents, and approximately 1,600 million yen in inventories, despite increases of approximately 700 million yen in property, plant and equipment due to capital investments in stores and approximately 2,000 million yen in total assets due to the consolidation of WORLD STYLE LABELS CO., LTD. as a subsidiary.

(Liabilities)

Total liabilities were 167,023 million yen, a decrease of 16,753 million yen from the end of the previous fiscal year.

The main factors behind this decrease were decreases of approximately 4,300 million yen in borrowings due to repayments, approximately 6,600 million yen in trade and other payables, and approximately 4,300 million yen in lease liabilities.

(Equity)

Total equity was 100,205 million yen, an increase of 3,923 million yen from the end of the previous fiscal year.

The main factors behind this increase were an increase of approximately 3,700 million yen in retained earnings due mainly to the recording of approximately 5,900 million yen in profit attributable to owners of parent, despite dividends paid of approximately 2,200 million yen.

In addition, the Company implemented a share exchange with RIGHT-ON CO., LTD. with an effective date of March 1, 2026. As a result of this share exchange, capital surplus increased by approximately 1,200 million yen, while non-controlling interests decreased by approximately 1,200 million yen.

2) Financial indicators

Under the “VISION-W” Medium-Term Management Plan that commenced in the fiscal year under review, the Group has set the following targets for key financial indicators in order to achieve sustainable improvement in TSR (Total Shareholder Return).

Growth	Profitability		Financial soundness
Profit attributable to owners of parent: Annual growth of 8%	ROE: 12.5% or higher	ROIC: 8.5% or higher	Net D/E ratio: 0.75x or lower

(Profit attributable to owners of parent)

Profit attributable to owners of parent for the six months ended August 31, 2026 was 5,877 million yen, an increase of approximately 200 million yen, up 4.2% year on year. For details on profit attributable to owners of parent for the six months ended August 31, 2026, please refer to “(1) Explanation of results of operations.”

(ROE)

ROE for the six months ended August 31, 2026 decreased 0.4 percentage points to 13.3% from 13.7% in the previous fiscal year. This includes the impact of gains temporarily recognized as a gain on valuation of derivatives in the previous fiscal year.

(ROIC)

For ROIC for the six months ended August 31, 2026, invested capital, the denominator used in calculating ROIC, increased by approximately 100 million yen on a net basis, as total equity attributable to owners of parent increased by approximately 4,400 million yen, while net interest-bearing liabilities decreased by approximately 4,300 million yen. NOPAT, the numerator used in calculating ROIC, increased by approximately 400 million yen. As a result, ROIC increased 0.2 percentage points to 7.2% from 7.0% in the previous fiscal year.

(Net D/E ratio)

Net interest-bearing liabilities at the end of the six months ended August 31, 2026 were 105,362 million yen, a decrease of approximately 600 million yen from the end of the previous fiscal year, while total equity attributable to owners of parent increased by approximately 5,100 million yen. As a result, the net D/E ratio at the end of the six months ended August 31, 2026 decreased (improved) by 0.12 to 1.06 from 1.18 at the end of the previous fiscal year.

The definitions and calculation methods for each indicator are as follows. In calculating ROE and ROIC, the profit or loss items (numerators) are based on figures converted to a trailing 12-month basis, while the equity and liability items (denominators) are based on the average of the balances at the end of the corresponding month of the previous fiscal year and at the end of the current period. In addition, lease liabilities used in calculating net interest-bearing liabilities include lease liabilities under IFRS 16.

- Net interest-bearing liabilities
Borrowings + Lease liabilities - Cash and cash equivalents
- Net D/E ratio
Net interest-bearing liabilities at end of period / Total equity attributable to owners of parent at end of period
- ROE
Profit (quarterly or semi-annual) attributable to owners of parent (trailing 12-month basis) / Total equity attributable to owners of parent
- NOPAT
Profit (quarterly or semi-annual) before tax - Interest income + Interest expenses + Financial fees - Income taxes - Profit attributable to non-controlling interests (trailing 12-month basis)
- ROIC
NOPAT (trailing 12-month basis) / (Net interest-bearing liabilities + Total equity attributable to owners of parent)

3) Cash flows

Cash flows and their factors for the six months ended August 31, 2026 were as follows. With the adoption of IFRS 18 “Presentation and Disclosure in Financial Statements,” each item in the consolidated statement of cash flows for the corresponding period of the previous fiscal year has been reclassified, and the comparative analysis is based on figures presented on the same basis as those for the first half of the current fiscal year.

(Cash flows from operating activities)

Cash flows from operating activities ended in a net inflow of 16,603 million yen, an increase of 6,862 million yen in inflow year on year.

This was mainly due to positive cash flow factors including the solid performance of MC FASHION CO., LTD., the results of efforts by apparel brands to optimize inventory levels, and the reduction in working capital mainly attributable to the period-end date falling on a holiday.

(Cash flows from investing activities)

Cash flows from investing activities ended in a net outflow of 2,736 million yen, a decrease of 689 million yen in outflow year on year.

This was mainly due to positive cash flow factors including a reduction of approximately 900 million yen in purchase of property, plant and equipment, partly as a result of promoting carefully selected store openings with high investment efficiency, and an increase of approximately 400 million yen in proceeds from refund of leasehold deposits and guarantee deposits, despite the negative cash flow factor of the absence of one-time inflows (mainly proceeds from liquidation dividends from overseas subsidiaries) recorded under “other” in the corresponding period of the previous fiscal year.

(Cash flows from financing activities)

Cash flows from financing activities ended in a net outflow of 16,168 million yen, an increase of 1,323 million yen in outflow year on year.

This was mainly due to negative cash flow factors including increases of approximately 1,400 million yen in repayments of lease liabilities and approximately 700 million yen in dividends paid, despite the positive cash flow factor of a decrease of approximately 700 million yen in repayments of borrowings.

As a result, the balance of cash and cash equivalents at the end of the six months ended August 31, 2026 was 15,984 million yen, a decrease of 2,125 million yen from the end of the previous fiscal year.

(3) Explanation of consolidated earnings forecasts and other forward-looking statements

The earnings forecasts presented in this document represent the judgment of management of the Company based on information currently available and include risk and uncertainty. Accordingly, investors are advised not to rely solely on these earnings forecasts when making investment decisions.

2. Condensed semi-annual consolidated financial statements and significant notes thereto

(1) Condensed semi-annual consolidated statement of financial position

(Millions of yen)

	As of February 28, 2026	As of August 31, 2026
Assets		
Current assets		
Cash and cash equivalents	18,109	15,984
Trade and other receivables	35,151	29,712
Inventories	31,682	30,057
Other financial assets	57	17
Other current assets	1,771	2,974
Total current assets	86,771	78,744
Non-current assets		
Property, plant and equipment	33,412	34,093
Right-of-use assets	46,318	41,808
Goodwill	61,168	61,168
Intangible assets	21,488	21,186
Investments accounted for using equity method	1,418	1,432
Deferred tax assets	7,952	7,986
Other financial assets	19,801	19,598
Other non-current assets	1,731	1,214
Total non-current assets	193,288	188,485
Total assets	280,059	267,228

(Millions of yen)

	As of February 28, 2026	As of August 31, 2026
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	36,985	30,423
Income taxes payable	1,918	1,253
Provisions	203	—
Borrowings	37,823	77,297
Lease liabilities	14,576	13,781
Other financial liabilities	195	298
Other current liabilities	2,873	2,636
Total current liabilities	94,572	125,687
Non-current liabilities		
Borrowings	43,964	155
Lease liabilities	33,588	30,113
Retirement benefit liability	1,911	1,350
Provisions	9,284	9,308
Other financial liabilities	443	409
Other non-current liabilities	15	2
Total non-current liabilities	89,205	41,336
Total liabilities	183,777	167,023
Equity		
Equity attributable to owners of parent		
Share capital	511	511
Capital surplus	20,787	21,986
Retained earnings	72,568	76,260
Treasury shares	(505)	(476)
Other components of equity	1,298	1,491
Total equity attributable to owners of parent	94,659	99,772
Non-controlling interests	1,623	433
Total equity	96,282	100,205
Total liabilities and equity	280,059	267,228

(2) Condensed semi-annual consolidated statement of profit or loss and statement of comprehensive income

(Condensed semi-annual consolidated statement of profit or loss)

(Millions of yen)

	Six months ended August 31, 2025	Six months ended August 31, 2026
Revenue	136,916	142,489
Cost of sales	69,581	70,911
Gross profit	67,335	71,578
Selling, general and administrative expenses	59,003	63,220
Other operating income	927	507
Other operating expenses	952	456
Operating profit	8,307	8,409
Share of profit (loss) of investments accounted for using equity method	(9)	14
Other investment income	1,090	44
Other investment expenses	—	72
Profit before financing and income taxes	9,388	8,395
Other finance income	2	1
Other finance expenses	989	1,162
Profit before tax	8,401	7,234
Income tax expense	2,673	1,367
Profit	5,728	5,867
Profit attributable to		
Owners of parent	5,640	5,877
Non-controlling interests	88	(10)
Profit	5,728	5,867
Earnings (loss) per share		
Basic earnings per share (yen)	82.74	77.11
Diluted earnings per share (yen)	82.74	77.11

(Condensed semi-annual consolidated statement of comprehensive income)

(Millions of yen)

	Six months ended August 31, 2025	Six months ended August 31, 2026
Profit	5,728	5,867
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Financial assets measured at fair value through other comprehensive income	(490)	12
Remeasurements of defined benefit plans	(45)	37
Total	(535)	48
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	92	187
Effective portion of cash flow hedges	(86)	(50)
Total	7	137
Other comprehensive income, net of tax	(528)	185
Comprehensive income	5,200	6,052
Comprehensive income attributable to		
Owners of parent	5,123	6,069
Non-controlling interests	77	(17)
Comprehensive income	5,200	6,052

(3) Condensed semi-annual consolidated statement of changes in equity

Six months ended August 31, 2025

(Millions of yen)

	Share capital	Capital surplus	Retained earnings	Treasury shares	Other components of equity	
					Financial assets measured at fair value through other comprehensive income	Effective portion of cash flow hedges
Balance at beginning of period	511	15,566	63,645	(39)	1	—
Comprehensive income						
Profit	—	—	5,640	—	—	—
Other comprehensive income	—	—	—	—	(490)	(86)
Total	—	—	5,640	—	(490)	(86)
Transactions with owners						
Dividends	—	—	(1,465)	—	—	—
Purchase of treasury shares	—	—	—	(0)	—	—
Disposal of treasury shares	—	—	—	—	—	—
Share-based payment transactions	—	44	—	4	—	—
Other	—	—	(0)	—	—	—
Total	—	44	(1,466)	4	—	—
Balance at end of period	511	15,610	67,819	(35)	(490)	(86)

	Other components of equity					
	Remeasurements of defined benefit plans	Exchange differences on translation of foreign operations	Total	Total equity attributable to owners of parent	Non-controlling interests	Total
Balance at beginning of period	546	959	1,505	81,188	5,251	86,439
Comprehensive income						
Profit	—	—	—	5,640	88	5,728
Other comprehensive income	(26)	85	(517)	(517)	(11)	(528)
Total	(26)	85	(517)	5,123	77	5,200
Transactions with owners						
Dividends	—	—	—	(1,465)	(209)	(1,674)
Purchase of treasury shares	—	—	—	(0)	—	(0)
Disposal of treasury shares	—	—	—	—	—	—
Share-based payment transactions	—	—	—	48	6	55
Other	—	—	—	(0)	—	(0)
Total	—	—	—	(1,417)	(203)	(1,620)
Balance at end of period	520	1,044	988	84,893	5,125	90,018

Six months ended August 31, 2026

(Millions of yen)

	Share capital	Capital surplus	Retained earnings	Treasury shares	Other components of equity	
					Financial assets measured at fair value through other comprehensive income	Effective portion of cash flow hedges
Balance at beginning of period	511	20,787	72,568	(505)	(486)	(38)
Comprehensive income						
Profit	–	–	5,877	–	–	–
Other comprehensive income	–	–	–	–	12	(50)
Total	–	–	5,877	–	12	(50)
Transactions with owners						
Issuance of new shares	–	5,651	–	–	–	–
Dividends	–	–	(2,184)	–	–	–
Purchase of treasury shares	–	–	–	(2)	–	–
Disposal of treasury shares	–	53	–	–	–	–
Share-based payment transactions	–	5	–	46	–	–
Changes in ownership interest in subsidiaries	–	(4,463)	–	(16)	–	–
Other	–	(47)	(0)	–	–	–
Total	–	1,199	(2,184)	29	–	–
Balance at end of period	511	21,986	76,260	(476)	(475)	(88)

	Other components of equity					
	Remeasurements of defined benefit plans	Exchange differences on translation of foreign operations	Total	Total equity attributable to owners of parent	Non-controlling interests	Total
Balance at beginning of period	390	1,432	1,298	94,659	1,623	96,282
Comprehensive income						
Profit	–	–	–	5,877	(10)	5,867
Other comprehensive income	37	194	192	192	(7)	185
Total	37	194	192	6,069	(17)	6,052
Transactions with owners						
Issuance of new shares	–	–	–	5,651	–	5,651
Dividends	–	–	–	(2,184)	–	(2,184)
Purchase of treasury shares	–	–	–	(2)	–	(2)
Disposal of treasury shares	–	–	–	53	–	53
Share-based payment transactions	–	–	–	51	–	51
Changes in ownership interest in subsidiaries	–	–	–	(4,479)	(1,172)	(5,651)
Other	–	–	–	(48)	–	(48)
Total	–	–	–	(957)	(1,172)	(2,129)
Balance at end of period	426	1,627	1,491	99,772	433	100,205

(4) Condensed semi-annual consolidated statement of cash flows

(Millions of yen)

	Six months ended August 31, 2025	Six months ended August 31, 2026
Cash flows from operating activities		
Operating profit	8,307	8,409
Depreciation and amortization	9,261	10,197
Gain on negative goodwill	(145)	(181)
Gain on sale of fixed assets	–	(9)
Loss on sale and retirement of fixed assets	158	286
Decrease (increase) in trade and other receivables	(3,362)	5,410
Decrease (increase) in inventories	(224)	1,783
Increase (decrease) in trade and other payables	(2,964)	(5,831)
Increase (decrease) in consumption taxes payable	(41)	35
Other	(13)	(551)
Subtotal	10,977	19,549
Income taxes refund (paid)	(1,236)	(2,945)
Net cash provided by (used in) operating activities	9,741	16,603
Cash flows from investing activities		
Purchase of property, plant and equipment	(2,633)	(1,712)
Proceeds from sale of property, plant and equipment	–	16
Purchase of intangible assets	(986)	(1,090)
Purchase of investment securities	(351)	(2)
Payments of leasehold deposits and guarantee deposits	(500)	(528)
Proceeds from refund of leasehold deposits and guarantee deposits	505	915
Payments for acquisition of subsidiaries	–	(170)
Interest and dividends received	34	26
Payments for asset retirement obligations	(147)	(191)
Other	652	–
Net cash provided by (used in) investing activities	(3,425)	(2,736)

(Millions of yen)

	Six months ended August 31, 2025	Six months ended August 31, 2026
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(10,310)	(459)
Proceeds from long-term borrowings	8,009	11
Repayments of long-term borrowings	(2,778)	(3,978)
Interest paid	(792)	(975)
Financial fees paid	(174)	(11)
Purchase of treasury shares	(0)	(1)
Proceeds from sale of treasury shares	—	0
Repayments of lease liabilities	(7,125)	(8,572)
Dividends paid	(1,465)	(2,183)
Dividends paid to non-controlling interests	(209)	—
Net cash provided by (used in) financing activities	(14,844)	(16,168)
Effect of exchange rate changes on cash and cash equivalents	88	175
Net increase (decrease) in cash and cash equivalents	(8,440)	(2,125)
Cash and cash equivalents at beginning of period	21,748	18,109
Cash and cash equivalents at end of period	13,308	15,984

(5) Notes to condensed semi-annual consolidated financial statements

Notes on premise of going concern

No items to report.

Changes in accounting policies

The Group has early adopted IFRS 18 “Presentation and Disclosure in Financial Statements” (issued in April 2024; hereinafter “IFRS 18”) from the first half of the current fiscal year.

IFRS 18 introduces, among other things, five newly defined categories of income and expenses in the statement of profit or loss and the presentation of new subtotals, including operating profit, to improve the reporting of an entity’s financial performance and provide investors with a better basis for analyzing and comparing entities. It also introduces requirements for disclosures relating to management-defined performance measures and for grouping information in the financial statements in a more useful manner.

In accordance with the transitional provisions of IFRS 18, the Group has applied the standard retrospectively and has also restated the comparative information in accordance with IFRS 18.

In the first year of applying IFRS 18, entities are required to disclose a reconciliation for each line item in the consolidated statement of profit or loss for the immediately preceding comparative period between the restated amounts presented under IFRS 18 and the amounts previously presented under IAS 1 “Presentation of Financial Statements” (hereinafter “IAS 1”).

The reconciliation of each line item in the condensed semi-annual consolidated statement of profit or loss for the corresponding period of the previous fiscal year is presented below.

Six months ended August 31, 2025

(Millions of yen)

Amounts previously presented under IAS 1		Adjustments	Restated amounts under IFRS 18		
Line item	Amount		Amount	Notes	Line item
Revenue	136,916	–	136,916		Revenue
Cost of sales	(69,581)	–	(69,581)		Cost of sales
Gross profit	67,335	–	67,335		Gross profit
Selling, general and administrative expenses	(59,033)	30	(59,003)		Selling, general and administrative expenses
Other income	1,975	(1,049)	927	1)	Other operating income
Other expenses	(952)	(1)	(952)	1)	Other operating expenses
Share of profit (loss) of investments accounted for using equity method	(9)	9	–		
Operating profit	9,317	(1,010)	8,307		Operating profit
		(9)	(9)	2)	Share of profit (loss) of investments accounted for using equity method
		1,090	1,090	3)	Other investment income
		–	–	3)	Other investment expenses
		71	9,388		Profit before financing and income taxes
Finance income	43	(43)	–		
Finance costs	(959)	959	–		
		2	2	4)	Other finance income
		(989)	(989)	4)	Other finance expenses
Profit before tax	8,401	–	8,401		Profit before tax
Income tax expense	(2,673)	–	(2,673)		Income tax expense
Profit	5,728	–	5,728		Profit

The principal adjustments affecting profit or loss are as follows.

1) Reclassification to other operating income and other operating expenses

For the corresponding period of the previous fiscal year, operating income and operating expense items previously included in other income and other expenses have been presented as other operating income and other operating expenses, respectively, in accordance with IFRS 18.

2) Reclassification to share of profit (loss) of investments accounted for using equity method

For the previous fiscal year, share of profit (loss) of investments accounted for using equity method, which was previously included in business profit and operating profit, has been presented below operating profit in accordance with IFRS 18.

3) Reclassification to other investment income and other investment expenses

For the corresponding period of the previous fiscal year, investment income and investment expense items previously included in other income, other expenses, finance income, and finance costs have been presented as other investment income and other investment expenses, respectively, in accordance with IFRS 18.

In addition, other investment income includes a gain on valuation of derivatives (gain on valuation of call options) that was recorded as other income in the corresponding period of the previous fiscal year.

4) Reclassification to other finance income and other finance expenses

For the corresponding period of the previous fiscal year, finance income and finance expense items previously included in selling, general and administrative expenses, other income, other expenses, finance income, and finance costs have been presented as other finance income and other finance expenses, respectively, in accordance with IFRS 18.

In addition, other finance expenses include interest expenses that were recorded as finance costs in the corresponding period of the previous fiscal year.

Under IAS 1, the initial recognition of derivative transactions and changes in their fair value were recognized as finance income or finance costs. Under IFRS 18, they are presented as other operating income or expenses, other investment income or expenses, or other finance income or expenses, depending on the purpose of the derivative transactions.

Segment information

(1) Overview of reportable segments

Operating segments are reported in a manner consistent with internal reporting presented to the chief operating decision maker. The chief operating decision maker is responsible for allocation of resources to the segments and assessment of its performance. The Group positions the Board of Directors, which makes strategic decisions, as the chief operating decision maker.

(2) Changes in reportable segments

During the six months ended August 31, 2026, the Group fundamentally reviewed its business management structure and changed its reportable segments to three segments: “B2C business,” “B2B business,” and “Common,” with the aim of implementing the optimal governance structure and resource allocation according to the characteristics of each business.

Accordingly, the segment information for the corresponding period of the previous fiscal year has been reclassified based on the new reportable segment classifications.

(3) Method for measuring revenue, profit or loss, and other items by reportable segment

The accounting policies for the reportable segments are the same as those applied in the condensed semi-annual consolidated financial statements.

Inter-segment revenue is determined based on transaction prices established through price negotiations, taking into consideration market prices and manufacturing costs.

Segment profit represents business profit, which is calculated by deducting cost of sales and selling, general and administrative expenses from revenue.

(4) Segment income and operating results

Income and operating results of the Group’s reportable segments are as follows:

The terms and conditions for inter-segment revenue transactions are determined each fiscal year.

Six months ended August 31, 2025

(Millions of yen)

	Reportable segments				Adjustments (Note 2)	Total
	B2C business	B2B business	Common (Note 1)	Total		
Revenue						
External revenue	97,968	38,410	538	136,916	–	136,916
Inter-segment revenue	2,252	9,856	6,862	18,970	(18,970)	–
Total	100,220	48,267	7,400	155,887	(18,970)	136,916
Segment profit						
Business profit	4,556	2,752	1,052	8,360	(27)	8,333
Reconciliation items to operating profit						
Impairment losses	0	–	–	0	–	0
Other operating income and other operating expenses, net	310	137	(472)	(26)	0	(26)
Operating profit	4,866	2,889	580	8,334	(27)	8,307
Share of profit (loss) of investments accounted for using the equity method	–	–	–	–	–	(9)
Other investment income	–	–	–	–	–	1,090
Other investment expenses	–	–	–	–	–	–
Profit (loss) before financing and income taxes	–	–	–	–	–	9,388
Other finance income	–	–	–	–	–	2
Other finance expenses	–	–	–	–	–	989
Profit (loss) before tax	–	–	–	–	–	8,401
Income tax expense	–	–	–	–	–	2,673
Profit (loss)	–	–	–	–	–	5,728
Other items						
Depreciation and amortization	6,173	960	2,127	9,261	–	9,261

(Note 1) The Common segment's duties include the corporate-related operations, in which incomes include business management and advisory fee income from subsidiaries.

(Note 2) The adjustment amount of segment profit mainly includes the eliminations of inter-company transactions and the costs not allocated to each reportable segment.

Six months ended August 31, 2026

(Millions of yen)

	Reportable segments				Adjustments (Note 2)	Total
	B2C business	B2B business	Common (Note 1)	Total		
Revenue						
External revenue	105,376	36,536	577	142,489	–	142,489
Inter-segment revenue	3,028	13,309	6,706	23,043	(23,043)	–
Total	108,403	49,845	7,284	165,532	(23,043)	142,489
Segment profit						
Business profit	4,559	3,089	637	8,285	73	8,358
Reconciliation items to operating profit						
Impairment losses	0	–	–	0	–	0
Other operating income and other operating expenses, net	37	46	(32)	51	0	51
Operating profit	4,595	3,136	605	8,336	73	8,409
Share of profit (loss) of investments accounted for using the equity method	–	–	–	–	–	14
Other investment income	–	–	–	–	–	44
Other investment expenses	–	–	–	–	–	72
Profit (loss) before financing and income taxes	–	–	–	–	–	8,395
Other finance income	–	–	–	–	–	1
Other finance expenses	–	–	–	–	–	1,162
Profit (loss) before tax	–	–	–	–	–	7,234
Income tax expense	–	–	–	–	–	1,367
Profit (loss)	–	–	–	–	–	5,867
Other items						
Depreciation and amortization	7,295	765	2,138	10,197	–	10,197

(Note 1) The Common segment's duties include the corporate-related operations, in which incomes include business management and advisory fee income from subsidiaries.

(Note 2) The adjustment amount of segment profit mainly includes the eliminations of inter-company transactions and the costs not allocated to each reportable segment.

Selling, general and administrative expenses

(Millions of yen)

	Six months ended August 31, 2025	Six months ended August 31, 2026
Employee benefit expenses	21,629	23,588
Sales promotion expenses	2,865	3,038
Packing and transportation expenses	3,799	3,872
Leasing fees	2,689	3,159
Percentage rent	7,615	7,437
Depreciation and amortization	9,228	10,165
Other	11,179	11,961
Total	59,003	63,220