

Financial Results Briefing for FY02/26

– Q&A Summary –

Date: April 10, 2026, Friday 10:00-11:00

Presenter: Michinobu Yasumoto, President & CEO

Shohei Yoshida, Managing Director in charge of Finance, Accounting, Investor Relations

Q1. How is the situation in the Middle East affecting the Group's business, including pricing?

A1. We are aware of concerns about consumer sentiment. However, our performance in March was very strong, and we have not seen any significant impact so far in early April. That said, if the current situation continues for an extended period, we expect the impact to first emerge upstream, particularly in raw materials. It could then gradually extend to finished products. We are concerned that higher costs could begin to affect product pricing from around this coming winter season.

Q2. What drove the 12.4% increase in EC sales, and what is behind the 30.7% growth in third-party EC platforms?

A2. Sales on third-party EC platforms are smaller in scale than our own EC business, which tends to result in higher growth rates. While our focus remains on our own EC channel, third-party platforms are valuable for reaching new customers. The 12% growth in EC sales was mainly driven by our OMO initiatives linking physical stores and EC, which we have strengthened over the past five years. These efforts are now well established, bringing more customers who had not previously shopped online into our EC channel.

Q3. Has the situation in the Middle East been factored into the Group's full-year plan?

A3. It is difficult to estimate the specific financial impact. As mentioned earlier, depending on the situation in the Middle East, there is a possibility of higher raw material costs in the second half, but we are considering a variety of other initiatives. The profit margin for the second half is assumed to be flat year on year, and this has been formulated by taking into account various positive and negative factors, including the situation in the Middle East. Regardless of global environment, we aim to achieve this target.

Q4. Regarding the Group's mid- to long-term target of achieving an operating margin of 8%, could you explain the measures to improve profitability in the fashion segment?

A4. We believe that further improvement in operating margin is necessary not only in the fashion segment but also across other business areas. That said, enhancing profitability in the fashion business, which accounts for a large share of our overall business, is particularly important. At present, we operate dozens of brands, but sales per store are not necessarily large. By increasing sales per store and concentrating our efforts on a more focused brand portfolio, we believe we can steadily improve the profitability of our fashion business.

Q5. Please provide details on the Group's investment plans, including M&A.

A5. We have announced a CAPEX target of up to ¥70 billion over the past five years, and this allocation has not yet been fully utilized. Going forward, we plan to continue investments of up to ¥70 billion, leveraging a variety of approaches.

Q6. Could you explain the specific synergy effects with WEGO Co., Ltd.?

A6. The main areas of synergy are improvements in inventory management, strengthening of EC, and support for global expansion. In terms of inventory, WEGO Co., Ltd. is now able to secure sufficient inventory levels, which has helped reduce lost sales opportunities. For EC, teams from the Onward Group are directly involved in driving improvements, and we expect to see tangible results from FY2026 onward. Regarding global expansion, WEGO Co., Ltd. is leveraging the Group's existing bases in Taiwan and Shanghai.

Q7. How does the Company assess its progress in attracting younger customers to the *Nijyusanku* brand, and what is its strategy going forward?

A7. Through expansion into street-level stores, outlets, and shopping centers outside of department stores, we are seeing many customers respond very positively once they actually experience the products. We are steadily increasing opportunities to connect with customers who were previously unfamiliar with the *Nijyusanku* brand, or who knew the name but had never interacted with the products. Based on this, we are seeing encouraging signs in attracting younger customers.

Q8. Could you share the plans for opening standalone *UNFILO* stores?

A8. While we have not disclosed a specific store count target, our current assumption is sales of approximately ¥25 billion, with around half generated through e-commerce. The remaining ¥10-plus billion would come from physical stores. If about half of that physical-store sales is generated through standalone brand stores, this would translate into sales of roughly ¥6–7 billion from standalone *UNFILO* stores. Based on this, we aim to open several dozen standalone *UNFILO* stores, primarily in shopping centers nationwide.

Q9. What are the future initiatives for the *Sirotan* licensing business?

A9. To align with the October launch of the TV anime, we are planning a range of activities, including pop up events, the expansion of permanent stores, and the release of commemorative items.

Q10. Could you explain the Group's M&A strategy going forward?

A10. In the fashion and corporate design domains, our basic approach is organic growth. In contrast, within the wellness domain, we have a long history of acquiring know-how and talent through M&A, dating back nearly 40 years to when *Chacott* was brought into the Group. This approach will remain unchanged going forward.

Q11. Is the Group planning global expansion for brands such as *Nijyusanku* and *UNFILO*?

A11. The *Nijyusanku* brand has long been developed through wholesale arrangements with local partners in regions such as Taiwan and China. Looking ahead, we see particularly strong growth potential in brands such as *WEGO* and the U.S.-based *J.PRESS*, and we will prioritize allocating management resources to these brands first. At the same time, we will continue to pursue global expansion for other brands selectively, with careful prioritization by region.

Q12. Under ONWARD VISION 2030, how much overseas sales are assumed for *WEGO*?

A12. We envision approximately 20% of *WEGO*'s sales coming from overseas markets, amounting to around ¥9–10 billion. Growth will focus primarily on Taiwan and China. In Taiwan, physical stores

are expected to account for a higher proportion of sales, while in mainland China, EC is expected to be the primary growth driver.