

Financial Results Briefing for FY02/26 Q1

– Q&A Summary –

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Q1. Do U.S. tariff policies have any impact on your business performance?

- A1. The direct impact is minimal. While there has been some effect on the European-based Joseph business's wholesale operations to the U.S., it remains very limited.
On the other hand, with regard to domestic consumer spending, we have a sense that foot traffic to commercial facilities has slightly declined. Although there has been no significant impact on our existing customers, we feel that the number of new customers has been decreasing since

Q2. Do you have any strategies in place to address a prolonged and intense heatwaves?

- A2. The extreme heat has already begun in June, and in some regions, it is expected to continue through November.
An increasing number of commercial facilities are pushing back their summer clearance sales to July or later. As a result, we anticipate changes in the traditional monthly sales patterns, and we will need to adapt by formulating and testing hypotheses regarding the timing of product replacement.
This is an industry-wide challenge that requires collective action. We aim to accumulate know-how through repeated trial and error.

Q3. Regarding sales by sales channel, is the decline in department store sales and the increase in shopping center (SC) sales due to a decrease in inbound tourism?

- A3. The decline in inbound tourism appears to have had a particularly significant impact on department stores in urban areas. While the share of inbound sales in our overall revenue is not particularly high, we are seeing a certain level of impact.
Furthermore, among domestic customers, rising prices -particularly for food- have led to more selective spending. As a result, we believe that department stores are experiencing a decline in customer traffic compared to shopping centers.

Q4. What are your plans for OMO (Online Merges with Offline) initiatives to increase the EC ratio?

- A4. We are promoting the introduction of a "Click & Try" service, which allows customers to order products from the online store and try them on at physical stores. This service has already been implemented in two-thirds of our stores, and we are steadily working to expand it to the remaining locations.
In the WEGO business, the EC ratio remains relatively low at around 20%, so we are focusing on strengthening their directly managed e-commerce platform. Additionally, we are aware that TikTok is planning to expand into e-commerce, and we are keen to explore opportunities on such emerging platforms as well.

Q5. The "KASHIYAMA" brand under Onward Personal Style is performing well. What are the key factors and initiatives behind its success?

A5. While made-to-order suits can be purchased online if customer data is available, the initial fitting is typically conducted in a physical store. Once a customer makes an online reservation for a fitting, the likelihood of purchase is high. Therefore, we are focusing our efforts on marketing strategies aimed at securing online reservations.

Q6. What are the factors and background behind the growth of Onward Personal Style (OPS)?

A6. We believe that the growth of OPS is due to the fact that the entry price is low compared to the quality of its products, and that young customers in particular are attracted by the ease of ordering via smartphone and the short delivery time, with delivery to their homes in one week, which has increased the number of customers visiting OPS stores. In addition to nationwide digital marketing campaigns, we are also investing in regionally targeted marketing to effectively reach potential customers in specific areas.