

A Letter to Our Shareholders



Takeshi Hirouchi
Representative Director, Chairman

Dear Shareholders,

In the latter part of 2017, apparel sales at department stores climbed above the previous year's levels, indicating an increased willingness to spend among the middle class. This trend brought with it hope for an escape from deflation.

Looking ahead, it will be crucial for the current tailwind blowing through the economy to be tied to a substantive recovery in consumption.

The fashion business has entered into a period of great transformation characterized by the rapid development of AI and IoT technologies. At the same time, the diversification of customer needs is placing increased importance on the ability for apparel manufacturers and retailers to satisfy the individual needs of customers.

Given these circumstances, the Onward Group has turned its attention to the increasing demand for customization and personalization. We prepared for this trend with the launch of our new KASHIYAMA the Smart Tailor brand in fall 2017. Under this brand in the menswear field, which was the point of departure for the Onward Group's apparel business, we provide high-quality, made-to-order suits at affordable prices within short delivery times.

Moving forward, we will muster the collective strength of the Onward Group to develop KASHIYAMA the Smart Tailor into a global flagship brand for our Omni-channel retailing strategy.

We are committed to further enhancing the craft we have honed thus far in our capacity as a lifestyle culture enterprise embodying the apparel industry of the future.

I would like to express my gratitude to all our shareholders for their continuing support, cooperation, and trust.

August 2018

A handwritten signature in black ink that reads "Takeshi Hirouchi". The signature is written in a cursive, flowing style.

Takeshi Hirouchi
Representative Director, Chairman