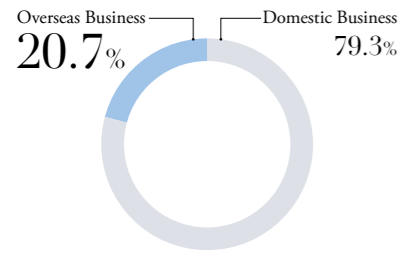


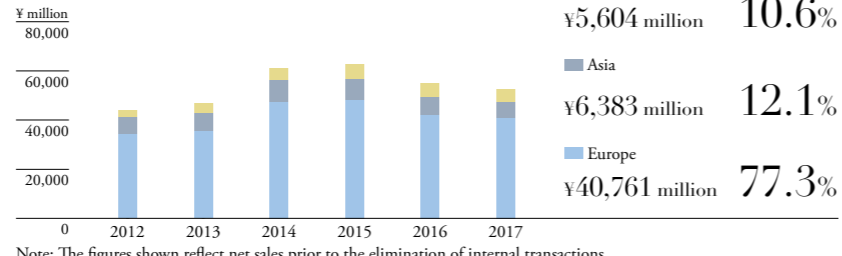
Overseas Business

The overseas business consists of operations in Europe, Asia, and the United States and accounts for 20.7% of consolidated net sales. Business scale expansion will be pursued centered on Europe, where operations are the largest, as we strengthen our competitiveness in the global market.

Contribution to Total Sales



Net Sales by Overseas Business Segment



Europe

The European business—our largest overseas business—primarily conducts the manufacture and sale of high-end apparel and accessories.

In 2014, the current form of Onward Luxury Group, which merges Italian subsidiaries GIBO'Co Group and Jil Sander Group, was established.

By generating synergies of the European business, we will be able to exercise our strengths in manufacturing as well as the strengths of Jil Sander (brands) and Joseph (retail). With this comprehensive

range of functions, we will seek to become a unique presence in the European fashion industry.

Business Overview

Onward Luxury Group

Manufacturing

Onward Luxury Group's manufacturing divisions undertake the production of the principal items that are indispensable to a designer brand line, including apparel as well as shoes, bags, knitwear, and sneakers. Moreover, these divisions are constructing a manufacturing platform

capable of providing the utmost levels of quality. In addition to the production of Group brands, manufacturing divisions conduct OEM and contract manufacturing and wholesale of outside brand products based on licensing agreements.

In March 2016, we acquired Moreau Paris, a luxury leather goods and luggage brand. We seek to generate even higher levels of synergies within the Group as we strengthen our fashion accessory business going forward.



OLG Shoes Division



Moreau Paris store

Overseas Business

JIL SANDER

We conduct the planning, manufacture, and wholesale of the JIL SANDER luxury menswear and womenswear collections and accessories and of the apparel and accessories from JIL SANDER Navy, and we are developing stores on a world-wide basis.

Lucie and Luke Meier have been named as the new creative directors of JIL SANDER, and this brand will take advantage of their talents from the 2018 spring/summer collection.

We will promote this new JIL SANDER to further its growth as a global brand.



JOSEPH Marylebone High Street store

JOSEPH

Joseph undertakes the planning, manufacture, and sale of JOSEPH brand menswear and womenswear collections and accessories and is also developing a network of multi-brand stores and JOSEPH brand stores centered on London.

To accelerate the brand's global growth, Joseph is increasing accessory and menswear lineups while expanding operations in the North American market and strengthening e-commerce businesses.

Asia

In our Asian business, Nijyusanku, ICB, rosebullet, and other Onward Kashiyama brands are sold in department stores and shopping centers in China, including Hong Kong, South Korea, Singapore, and Vietnam. In recent years, we have been working to expand our network of sales channels by forming franchise contracts and strengthening e-commerce businesses.

Furthermore, Asia is an incredibly important production site. To supplement existing partnerships with Chinese manufacturers that have high overall capacity, we are expanding our manufacturing platform in such ASEAN countries as Vietnam. With our sights set on capital alliances and the acquisition of production capacity, we are determined to build a manufacturing platform in Asia with high profitability and quality as well as superior material procurement capabilities and fast delivery times.

United States

U.S. operations comprise retail businesses in the United States as well as hotel and golf course management operations in Guam.

J.PRESS, acquired in 1986, is a well-loved brand among Ivy Leaguers. We currently have four directly managed stores in the United States. As part of recent global strategies for European brands, we have been expanding sales of JOSEPH in the United States.

As we move forward, we will expand our U.S. operations as we conduct necessary investments from a medium-to-long-term perspective to grow retail businesses.

Performance and Outlook

In fiscal year 2017, stable revenues were secured in Europe thanks to the strong performance of manufacturing operations.

Meanwhile, performance improved in Asia and the United States as progress was made in business reorganizations.

In fiscal year 2018, our goals are to improve profitability in Europe by stabilizing our manufacturing platform, expand brand and e-commerce businesses and reform sourcing networks in Asia, and increase brand value in the United States. Initiatives to these ends will be accelerated accordingly.