



# **Fiscal 2027 Semi-Annual Financial Results Explanatory Material**

**SANYO SHOKAI LTD.**

6 October 2026

Note: This document is an excerpt translation of the original Japanese document and is only for reference purposes. In the event of any discrepancy between this translated document and the original Japanese document, the latter shall prevail.

1. **FY2027 Semi-Annual Results**
2. **FY2027 Semi-Annual Review**
3. **FY2027 Full-Year Projection**
4. **Capital Strategy**



# Consolidated PL: Semi-Annual Accounting Period

Net sales were ¥25.95bn, operating loss was ¥0.50bn, and loss attributable to owners of parent was ¥0.56bn.

| (Billions of yen)                                       | PY<br>Results | FY2027<br>Forecasts <sup>1</sup> | FY2027<br>Results | vs.<br>PY Results | vs.<br>Forecasts |
|---------------------------------------------------------|---------------|----------------------------------|-------------------|-------------------|------------------|
| Net sales                                               | 27.04         | 25.70                            | 25.95             | -1.09             | +0.25            |
| Gross profit                                            | 16.37         | 15.70                            | 15.67             | -0.70             | -0.03            |
| SG&A expenses                                           | 16.59         | 16.10                            | 16.17             | -0.42             | +0.07            |
| Operating profit                                        | -0.21         | -0.40                            | -0.50             | -0.29             | -0.10            |
| Ordinary profit                                         | -0.15         | -0.36                            | -0.42             | -0.27             | -0.06            |
| Profit attributable to<br>owners of parent <sup>2</sup> | -0.30         | -0.48                            | -0.56             | -0.26             | -0.08            |

1. Revised Q2 (Semi-Annual) forecast announced on 28 August 2026

2. The plan includes the sale of investment securities as well as the planned rebuilding of the head office building etc.

# Consolidated PL: KPIs

Gross profit margin was 60.4% and decreased by 0.2 pts. YoY.

Operating margin was -1.9% and decreased by 1.1 pts. YoY.

|                                | <u>PY<br/>Results</u> | <u>FY2027<br/>Forecasts<sup>1</sup></u> | <u>FY2027<br/>Results</u> | <u>vs.<br/>PY Results</u> | <u>vs.<br/>Forecasts</u> |
|--------------------------------|-----------------------|-----------------------------------------|---------------------------|---------------------------|--------------------------|
| Gross profit margin            | 60.6%                 | 61.1%                                   | 60.4%                     | -0.2 pts                  | -0.7 pts                 |
| SG&A expense ratio             | 61.3%                 | 62.6%                                   | 62.3%                     | +1.0 pts                  | -0.3 pts                 |
| Operating margin               | -0.8%                 | -1.6%                                   | -1.9%                     | -1.1 pts                  | -0.4 pts                 |
| Ordinary profit margin         | -0.6%                 | -1.4%                                   | -1.6%                     | -1.1 pts                  | -0.2 pts                 |
| Net profit margin <sup>2</sup> | -1.1%                 | -1.9%                                   | -2.1%                     | -1.0 pts                  | -0.3 pts                 |

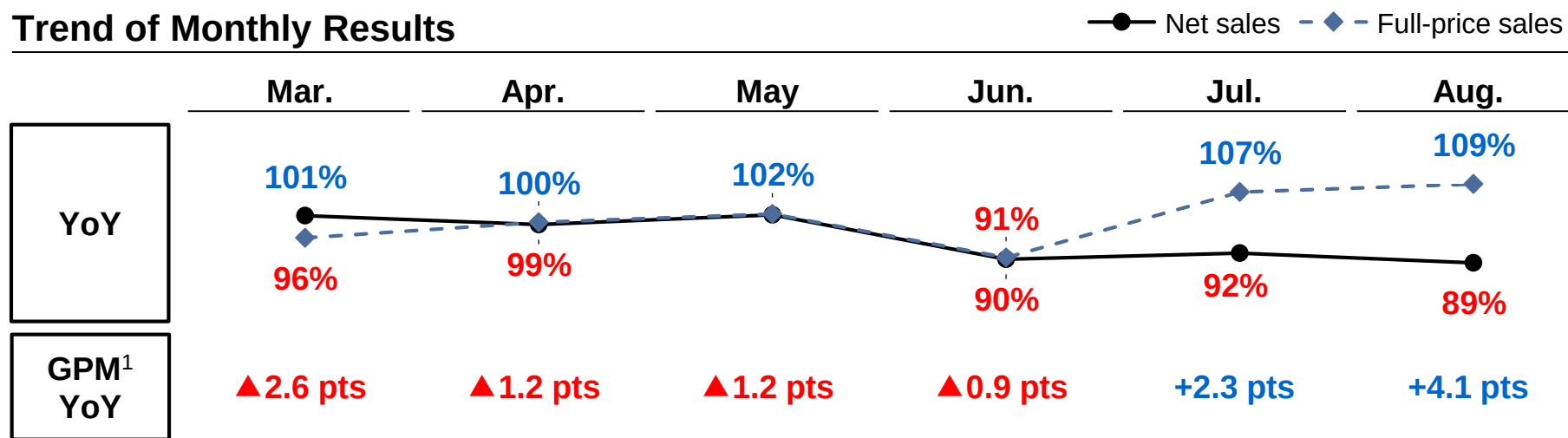
1. Revised Q2 (Semi-Annual) forecast announced on 28 August 2026

2. The plan includes the sale of investment securities as well as the planned rebuilding of the head office building etc.

# Monthly Results

Net sales in Q1 was 101% YoY, while Q2 was 91%. We significantly improved KPIs since July, but were unable to fully recover from the weakness through June.

## Trend of Monthly Results



- Mid-to-high-end market remains sluggish overall affected by consumers' increasingly defensive mindset due to uncertainty surrounding domestic and global political and economic conditions and the persistent rise in prices.
  - Net sales remained above the previous year's level, despite the impact of a decline in the number of stores, supported by a generally solid start to the spring/summer season and a recovery in inbound sales.
  - Meanwhile, gross margin declined YoY as the full-price sales ratio decreased due to efforts to clear the inventory that had built up by the end of the previous fiscal year.

- The apparel market overall was sluggish, particularly due to continuous unfavorable weather in June, the final period of the spring/summer full-price sales season.
  - Our full-price sales were also weak, resulting in net sales in June reaching only 90% of the previous year's level.
- Since July, we thoroughly strengthened full-price sales and appropriately controlled markdown sales, with improving KPIs as our top priority.
  - Net sales fell below the previous year's level, while KPIs such as full-price sales ratio and gross profit margin improved significantly.

Q1/Q2

101%

91%

H1

96%

# Reference: Breakdown of SG&A Expenses

**SG&A expenses decreased by ¥0.42bn YoY and ¥0.10bn YoY on a substantial basis reflecting a decrease in sales commissions linked to sales. We continue to control fixed costs excluding one-time costs such as launching new brands and opening new stores.**

| (Millions of yen)                        | <u>FY2026</u> | <u>FY2027</u> | <u>vs. PY</u> |
|------------------------------------------|---------------|---------------|---------------|
|                                          | <u>H1</u>     | <u>H1</u>     |               |
| <b>Selling expenses</b>                  | 11,010        | 10,563        | -447          |
| <b>Personnel expenses</b>                | 2,284         | 2,282         | -2            |
| <b>Sales promotion expenses</b>          | 797           | 795           | -3            |
| <b>Equipment expenses</b>                | 788           | 784           | -4            |
| <b>Logistics expenses</b>                | 795           | 789           | -6            |
| <b>Administrative expenses</b>           | 914           | 960           | 46            |
| <b>Total SG&amp;A expenses</b>           | 16,587        | 16,171        | -416          |
| Sales commissions                        | 5,813         | 5,500         | -313          |
| <b>SG&amp;A expenses excluding sales</b> | 10,774        | 10,671        | -103          |

**Selling expenses: down ¥0.45bn**

- sales commissions linked to sales were down ¥0.31bn, while rent expenses for real estate were up ¥0.04bn.
- FA expenses were down ¥0.17bn due to FA headcount being optimised along with store reductions.

**Administrative expenses: up ¥0.05bn**

- Business outsourcing fees were up ¥0.06bn mainly due to system investment.

**We controlled sales promotion expenses, equipment expenses, and logistics expenses at the same level as the previous year, despite the impact of rising unit prices.**

# Consolidated BS: Semi-Annual Accounting Period

**Capital efficiency improved through the sale of strategic shareholdings, share buybacks, and retirement of treasury stock. Equity decreased by ¥1.54bn YoY and total assets decreased by ¥0.92bn.**

| (Millions of yen)                                             | 31 Aug. 2025  | 31 Aug. 2026  | YoY Change    |
|---------------------------------------------------------------|---------------|---------------|---------------|
| Cash and deposits                                             | 19,080        | 19,800        | 720           |
| Accounts receivable - trade                                   | 2,794         | 2,471         | -323          |
| Merchandise and finished goods                                | 8,893         | 9,650         | 757           |
| Property, plant and equipment                                 | 9,436         | 9,267         | -169          |
| Intangible assets                                             | 2,603         | 2,494         | -109          |
| Other assets <sup>1</sup>                                     | 12,152        | 10,357        | -1,795        |
| <b>Total assets</b>                                           | <b>54,958</b> | <b>54,039</b> | <b>-919</b>   |
| Notes and accounts payable - trade                            | 3,902         | 4,090         | 188           |
| Borrowings                                                    | 6,895         | 7,220         | 325           |
| Other liabilities                                             | 5,606         | 5,704         | 106           |
| <b>Total liabilities</b>                                      | <b>16,403</b> | <b>17,014</b> | <b>619</b>    |
| Share capital                                                 | 15,002        | 15,002        | -             |
| <b>Total shareholders' equity</b>                             | <b>32,653</b> | <b>31,568</b> | <b>-1,085</b> |
| Accumulated other comprehensive income and other <sup>2</sup> | 5,901         | 5,456         | -453          |
| <b>Total net assets</b>                                       | <b>38,554</b> | <b>37,024</b> | <b>-1,538</b> |
| <b>Total liabilities and net assets</b>                       | <b>54,958</b> | <b>54,039</b> | <b>-919</b>   |
| Reference: Equity                                             | 38,534        | 37,002        | -1,541        |

## Cash and deposit: up ¥0.72bn

- Increases were due to sale of investment securities.
- Decreases were due primarily to share buybacks and shareholder dividends.

## Merchandise and finished goods: up ¥0.76bn

- Fresh inventory increased due to purchases of midsummer products and items of new brands.

## Other assets<sup>1</sup>: down ¥1.80bn

- Decreases were due primarily to the sale of investment securities in the previous year.

## Liabilities: up ¥0.62bn

- Notes and accounts payable increased by ¥0.19bn due to increase of purchases.
- Borrowings increased by ¥0.33bn due to an increase in the amount borrowed at the time of refinancing in the previous year.

## Net assets: down ¥1.54bn

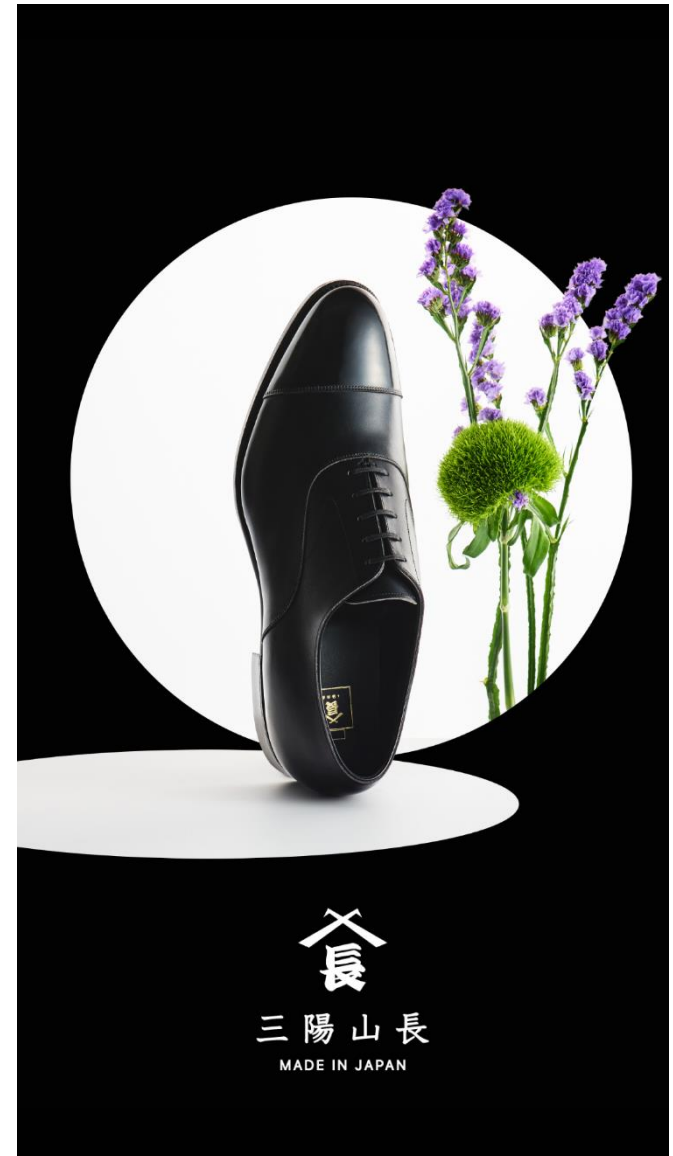
- Shareholders' equity decreased by ¥1.08bn mainly due to share buybacks<sup>3</sup> and retirement of treasury stock.
- Accumulated other comprehensive income decreased by ¥0.45bn.
  - A decrease in valuation difference on available-for-sale securities due to sale of investment securities in the previous year.

1. Total of current assets (excluding cash and deposits, accounts receivable - trade, and merchandise and finished goods) and investments and other assets

2. Total of accumulated other comprehensive income and non-controlling interests

3. The share buyback implemented on 31 August 2026 is excluded, as settlement took place on 2 September 2026.

1. FY2027 Semi-Annual Results
2. FY2027 Semi-Annual Review
3. FY2027 Full-Year Projection
4. Capital Strategy



# Progress and Evaluation of Priority Measures

## Priority Measures

## Progress and Evaluation

Achieve forecast  
net sales



**Net sales were at 96% of the year-ago level, down ¥1.09bn YoY and ¥1.65bn short of the initial forecast<sup>1</sup>**

- In Q1, net sales were 101% YoY, as a generally solid start to the spring/summer season and a recovery in inbound sales offset the impact of the decline in the number of stores.
- In Q2, sales struggled in June amid a sluggish market due to unfavorable weather conditions. From July onwards, measures were taken to increase full-price sales and curb discount sales with the aim of improving KPIs. As a result, the full-price sales ratio and gross margin improved, while net sales were 91% YoY.

Improve gross  
profit margin



**Gross profit margin declined by 0.2 pts. YoY to 60.4% and was 1.2 pts. lower than the initial forecast<sup>1</sup>**

- While the full-price sales ratio and average selling price improved, gross margin declined due to higher costs associated with the expansion of the reuse business and upfront investment in new brands.
  - The full-price sales ratio improved 1.7 pts. YoY to 61.4%.
  - Average selling price was up ¥100 YoY to ¥20,200.
  - Procurement cost ratio remained largely unchanged YoY.

# Progress and Evaluation of Priority Measures

| Priority Measures      | Progress and Evaluation                                                                                           |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
|------------------------|-------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Business restructuring | Control SG&A expenses<br>        |  <p><b>Properly controlled based on sales progress</b></p> <ul style="list-style-type: none"> <li>SG&amp;A expenses decreased by ¥0.42bn YoY. Sales commissions linked to sales declined by ¥0.31bn, while other expenses decreased by ¥0.10bn YoY, including one-time costs for the launch of new brands.               <ul style="list-style-type: none"> <li>SG&amp;A expenses excluding sales commissions were reduced by ¥0.38bn from the initial forecast<sup>1</sup>.</li> </ul> </li> </ul>                                        |
|                        | Control inventory<br>            |  <p><b>Product inventory<sup>2</sup> at the end of August increased by ¥0.60bn YoY to ¥8.34bn.</b></p> <ul style="list-style-type: none"> <li>Carryover inventory increased by ¥0.17bn YoY due to efforts to curb discounting.</li> <li>Fresh inventory increased by ¥0.43bn YoY due to purchases of new-brand products, midsummer items, entry-level price products, among other items.               <ul style="list-style-type: none"> <li>The ratio of this and next season's items was 79% (down 0.6 pts. YoY)</li> </ul> </li> </ul> |
|                        | Implement financial reform<br> |  <p><b>Equity ratio: 68.5% (down 1.7 pts. YoY)</b><br/> <b>Debt-to-Equity Ratio (DER): 0.20</b></p> <ul style="list-style-type: none"> <li>Net assets: ¥37.0bn, down from ¥38.6bn at the end of the same month PY</li> <li>Total assets: ¥54.0bn, down from ¥55.0bn at the end of the same month PY</li> <li>Interest-bearing liabilities: ¥7.2bn, up from ¥6.9bn at the end of the same month PY</li> <li>Cash position: ¥19.8bn, up from ¥19.1bn at the end of the same month PY</li> </ul>                                            |

1. Initial full-year forecast announced on 14 April 2026

2. Inventory of finished products only, excluding raw materials, work in process, etc.

1. FY2027 Semi-Annual Results
2. FY2027 Semi-Annual Review
3. FY2027 Full-Year Projection
  - Quantitative Plan
  - Qualitative Plan
4. Capital Strategy



# Background to Maintaining the Full-Year Forecast

Preliminary retail sales data show that sales remained strong in September. We maintain the full-year forecast, as we believe that the shortfall through the 1H can be recovered by maintaining the positive trend.

## Year-on-year Change in Retail Sales in September

|                               |      |
|-------------------------------|------|
| Total                         | 111% |
| By Brand                      |      |
| MACKINTOSH LONDON             | 117% |
| MACKINTOSH PHILOSOPHY         | 116% |
| Paul Stuart                   | 108% |
| EPOCA                         | 100% |
| Womenswear <sup>1</sup>       | 110% |
| Corporate brands <sup>2</sup> | 134% |
| LOVELESS                      | 127% |
| By Channel                    |      |
| Department stores             | 111% |
| Directly managed stores       | 123% |
| EC                            | 102% |
| Outlet stores                 | 119% |

# FY2027 Projections: Consolidated PL

For H2, we forecast net sales of ¥34.05bn, core operating profit of ¥2.80bn, operating profit of ¥2.60bn, and profit attributable to owners of parent of ¥4.58bn. We aim to achieve the full-year plan.

| (Billions of yen)                                    | H1     | H2    | FY    |      |
|------------------------------------------------------|--------|-------|-------|------|
|                                                      | Result | Plan  | Plan  | YoY  |
| Net sales                                            | 25.95  | 34.05 | 60.00 | 103% |
| Gross profit                                         | 15.67  | 21.53 | 37.20 | 105% |
| SG&A expenses                                        | 16.17  | 18.93 | 35.10 | 102% |
| Core operating profit <sup>1</sup>                   | -0.50  | 2.80  | 2.30  | -    |
| Operating profit                                     | -0.50  | 2.60  | 2.10  | 162% |
| Ordinary profit                                      | -0.42  | 2.42  | 2.00  | 139% |
| Profit attributable to owners of parent <sup>2</sup> | -0.56  | 4.58  | 4.02  | 98%  |

1. Operating profit excluding the impact of the partial sale of head office land and the rebuilding of the head office building

2. The plan includes the sale of investment securities as well as the planned rebuilding of the head office building etc.

# FY2027 Projections: KPIs

For H2, we forecast a gross profit margin of 63.2%, a core operating margin of 8.2% and an operating margin of 7.6%.

|                                    | H1     | H2    | FY    |          |
|------------------------------------|--------|-------|-------|----------|
|                                    | Result | Plan  | Plan  | YoY      |
| Gross profit margin                | 60.4%  | 63.2% | 62.0% | +1.1 pts |
| SG&A expense ratio                 | 62.3%  | 55.6% | 58.5% | -0.2 pts |
| Core operating margin <sup>1</sup> | -1.9%  | 8.2%  | 3.8%  | -        |
| Operating margin                   | -1.9%  | 7.6%  | 3.5%  | +1.3 pts |
| Ordinary profit margin             | -1.6%  | 7.1%  | 3.3%  | +0.9 pts |
| Net profit margin <sup>2</sup>     | -2.1%  | 13.4% | 6.7%  | -0.3 pts |
| ROE <sup>2</sup>                   |        |       | 10.0% | -0.3 pts |

1. Operating margin excluding the impact of the partial sale of head office land and the rebuilding of the head office building

2. The plan includes the sale of investment securities based on the policy of reducing strategic shareholdings.

# FY2027 Projections: Improve Gross Profit Margin

We continue to implement measures such as optimising the procurement cost ratio, improving the full-price sales ratio, and strengthening inventory control with an aim to achieve gross profit margin of 62.0% for FY2027 as originally planned.

## FY2027

**Quantitative Target: Gross profit margin of 62.0% (up 1.1 pts. YoY)**

### Qualitative policies

### Specific measures

#### Optimize procurement cost ratio

- Optimize supply chain management by strengthening initiatives with major suppliers.
- Expand direct trade and direct import.
- Diversify material sourcing and standardise materials.
- Increase selling prices by strengthening product appeal and raising the balance point between product value and price.

#### Improve full-price sales ratio

- Full-price sales ratio: H1 result was 61.4% (up 1.7 pts. YoY), and H2 plan is to achieve 61.9% (up 2.6 pts. YoY) by the introduction of strategic products tailored to each sales channel, aiming for the full-year forecast of 61.7% (up 2.2 pts. YoY).
  - Enhance in-season responsiveness and responsiveness to demand by reducing the number of SKUs, consolidating merchandising, and shortening merchandising cycles.
  - Strengthen pricing strategy by expanding entry-level price products and channel-specific strategic products.

#### Strengthen inventory control

- Curb excessive purchases by keeping 20% of purchases. Introduce the QR system for bestselling products.
  - Purchases are projected to be ¥19.0bn for FY2027 but will be flexibly managed depending on the situation.
  - Improve the inventory turnover rate by shortening merchandising cycles and developing the QR system.
- Product inventory<sup>1</sup> at the end of FY2027 is projected at ¥8.4bn (up ¥0.3bn YoY) due to strategic increases in season's inventory, including new-brand products.

1. Inventory of finished products only, excluding raw materials, work in process, etc.

# Basis for the Qualitative Plan

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## Future strategic direction

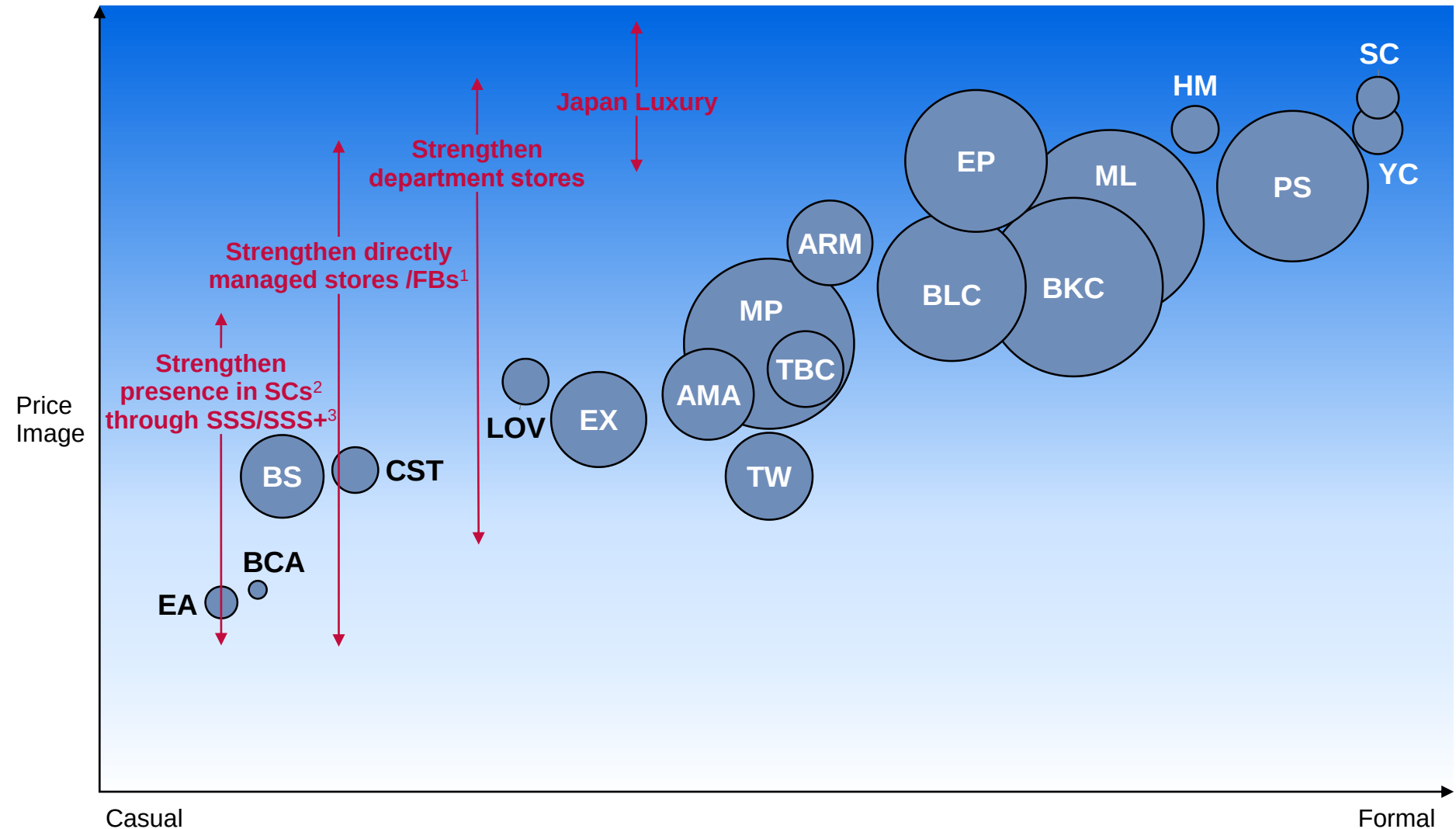
- **Entry into the luxury market**
- **Entry into the middle market**
- **Expand sales through channels other than department stores, particularly through a significant expansion of EC sales**

# Brand Positioning

TIMELESS WORK.

ほんとうにいいものをつくらう。

SANYO



1. Fashion retail Building 2. Shopping Centre 3. SANYO Style STORE/SANYO Style STORE PLUS

SC: SANYOCOAT, YC: SANYO YAMACHO, PS: Paul Stuart, HM: HANAE MORI, ML: MACKINTOSH LONDON, EP: EPOCA/EPOCA UOMO, BKC: BLACK LABEL CRESTBRIDGE

BLC: BLUE LABEL CRESTBRIDGE, ARM: AUREME, MP: MACKINTOSH PHILOSOPHY, TBC: TO BE CHIC, AMA: AMACA, TW: TRANS WORK, EX: EVEX by KRIZIA

LOV: LOVELESS, BS: BAKER STREET, CST: CAST:, BCA: BIANCA, EA: ECOALF

# Reference: Sales Results by Channel

Given the expected continued decline in the number of department store sales areas, even excluding the impact of shop consolidation, we aim to increase the number of sales areas at directly managed stores and strengthen EC.

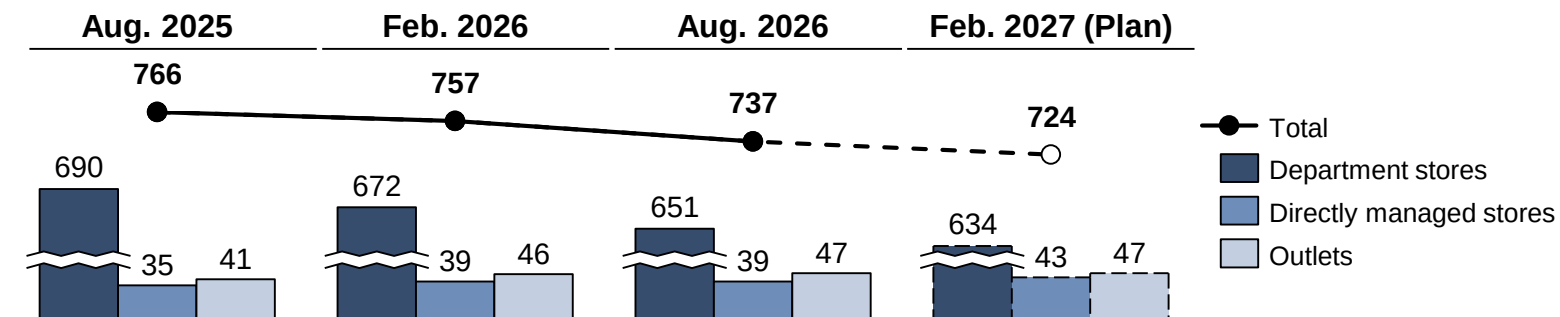
## Results

| (Millions of yen)       | Q1            | Q2            | H1            | Sales composition ratio |
|-------------------------|---------------|---------------|---------------|-------------------------|
| Department stores       | 8,898         | 6,743         | 15,641        | 60%                     |
| Directly managed stores | 846           | 673           | 1,520         | 6%                      |
| EC & mail/online orders | 2,178         | 1,958         | 4,136         | 16%                     |
| Outlets                 | 1,934         | 1,718         | 3,652         | 14%                     |
| Other                   | 738           | 267           | 1,004         | 3%                      |
| <b>Total</b>            | <b>14,594</b> | <b>11,359</b> | <b>25,953</b> | <b>100%</b>             |

## YoY

|                         | Q1          | Q2         | H1         |
|-------------------------|-------------|------------|------------|
| Department stores       | 96%         | 90%        | 93%        |
| Directly managed stores | 104%        | 92%        | 98%        |
| EC & mail/online orders | 115%        | 90%        | 102%       |
| Outlets                 | 105%        | 94%        | 100%       |
| Other                   | 111%        | 87%        | 103%       |
| <b>Total</b>            | <b>101%</b> | <b>91%</b> | <b>96%</b> |

## Number of Stores



**Promote brands and flagship products carrying the SANYO name as “Japan Luxury”, together with their stories, based on the “Beauty in Use” cultivated since our founding.**

## Beauty in Use

- "Beauty in Use" was formulated by Soetsu Yanagi within the Mingei movement and refers to the belief that true beauty resides in everyday household items and utilitarian objects.
- It also forms the foundation of our corporate policy, “Truth, Goodness, Beauty.” Founder Nobuyuki Yoshihara deeply resonated with this philosophy, stating, "Ready-made clothing based on the hands and processes of a group of technicians is a craft, that is, a world of function and beauty."

**Strengthen the promotion of SANYOCOAT, Aomori Down, Fukushima Jacket, SANYO YAMACHO, HANAE MORI, and luxury lines to be launched under existing brands as “Japan Luxury”, based on the “Beauty in Use” cultivated since our founding, together with their stories**

- Pursue an aesthetic of craftsmanship and provide unique value beyond simply offering clothing and footwear
- Expand market reach in Japan through department store sales channels and overseas through exports
- Consider further adding brands through M&A



# Strengthen Directly Managed Stores/FBs

## Step up openings of directly managed stores/FBs<sup>1</sup> for the new brands AUREME and MACKINTOSH PHILOSOPHY



AUREME NEWoMan Shinjuku

### Stepping up store openings for the new AUREME brand through channels other than department stores and reaching new customer segments

- Opened the first store at NEWoMan Shinjuku on 10 September 2026
- Targeting 10 stores and sales of approximately ¥2.0bn within five years
- Official Instagram: @aureme\_official

### Opening flagship stores for core brands

- MACKINTOSH LONDON and other brands that currently do not have a flagship store

Create spaces that embody the brand identity and provide a level of customer service befitting directly managed stores

Enhance brand value through exclusive product offerings, customer events and other initiatives

# Strengthen Presence in SCs Through SSS/SSS+

Improve customer convenience, sales-area efficiency, and accelerate store openings in SCs<sup>1</sup> by opening multi-brand stores under the SANYO Style STORE/SANYO Style STORE PLUS formats



SANYO Style STORE at Daimaru Tokyo



SANYO Style STORE PLUS at AEON MALL Okazaki

**Achieve both greater customer convenience and improved sales-area efficiency through the expansion of multi-brand stores**

- Offer a broad product lineup by bringing together products from our women's clothing brands in a single sales area
  - Products from our other brands can also be ordered in through the TRY & PICK in-store fitting service
- Increase sales per square foot, and optimise the FA<sup>2</sup> sales structure

**SANYO Style STORE locations in department stores are planned to increase to 18 by the end of the current fiscal year**

- Currently 16 sales locations
  - Opened at Daimaru Kyoto on 24 April and Daimaru Fukuoka Tenjin on 9 September this year
- Further openings planned in FY2027 at Tobu Utsunomiya and Tsuruya

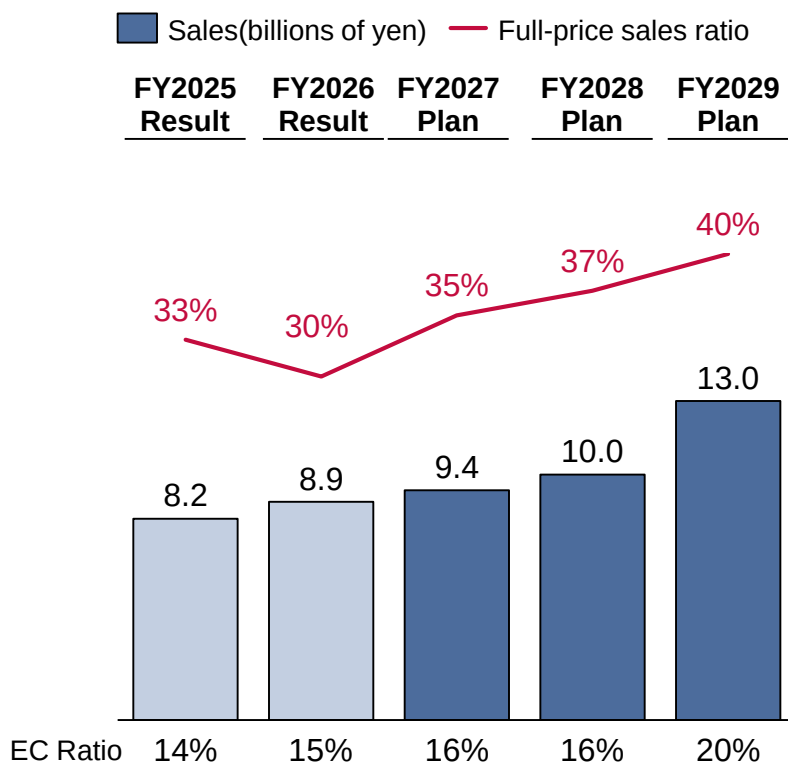
**SANYO Style STORE PLUS, a new retail format for SCs and other commercial facilities, is planned to expand to 4 sales spaces by the end of the current fiscal year**

- In addition to the existing Yanagase Gifu store, AEON MALL Okazaki opened on 16 September 2026, with further openings planned at AEON MALL Kyoto Katsuragawa and AEON MALL Date in November 2026
- Launched the new Le Jour line with adjusted price points while maintaining product quality

# Strengthen EC

Implement fundamental improvements to strengthen EC, aiming for a 40% full-price sales ratio within EC and a 20% EC ratio for FY2029

## KPI Improvement Plan



## Specific improvement initiatives

Shift from an overemphasis on new customer acquisition to expanding the customer base

- Expand and nurture our active member base through stronger CRM<sup>1</sup>
- Leverage external EC platforms as a channel for acquiring new customers
- Position user base growth as a source of sustainable growth

Shift from product sales-focused EC to information- and experience-focused EC

- Provide complementary information across EC and physical stores through OMO<sup>2</sup>
- Enhance content to promote full-price sales
  - Content focused on styling recommendation
  - Enhance staff styling
- Expand the range of new products, including products from other companies

Maximise LTV<sup>3</sup>

- Enhance personalised customer approaches
  - Leverage AI recommendations
  - Approaches tailored to individual customers
- Develop EC exclusive products (including size-specific offerings)

Investment plan

- FY2027: Standalone website for AUREME, enhanced AI functionality
- FY2028: Platform development; rebuilding the EC infrastructure
- FY2029: Advanced integration of EC inventory, expanded OMO capabilities

**Achieve sustainable growth in EC by shifting to customer asset management**

# Progress on Other Priority Growth Strategies in the Medium-Term Business Plan

Several projects are currently underway.

|                                 | Progress                                                                                                                                                                                                                                                                                                                                                                                                                | Priority growth strategies |                |                 |                             |               |
|---------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------|----------------|-----------------|-----------------------------|---------------|
|                                 |                                                                                                                                                                                                                                                                                                                                                                                                                         | Japan Luxury               | Expand domains | Expand overseas | Strengthen DMS <sup>1</sup> | Strengthen EC |
| Overseas expansion of SANYOCOAT | <ul style="list-style-type: none"> <li>Exhibited at the Pitti Immagine Uomo exhibition in Italy through the initiative with J<sup>∞</sup>QUALITY                             <ul style="list-style-type: none"> <li>Received orders from Lane Crawford, a Hong Kong department store, and others</li> <li>Collaborative trench coats with Italian brand CARUSO have been on sale since 20 August</li> </ul> </li> </ul> | ✓                          |                | ✓               |                             |               |
| HANAE MORI                      | <ul style="list-style-type: none"> <li>Plan to launch HANAE MORI in 2027</li> </ul>                                                                                                                                                                                                                                                                                                                                     | ✓                          |                |                 |                             |               |
| Launch AUREME                   | <ul style="list-style-type: none"> <li>Launched AUREME in September 2026, with sales channels primarily outside department stores                             <ul style="list-style-type: none"> <li>Opened the first store at NEWoMan Shinjuku on 10 September</li> </ul> </li> </ul>                                                                                                                                  |                            |                |                 | ✓                           | ✓             |
| Expansion of BIANCA             | <ul style="list-style-type: none"> <li>Launched EC-exclusive brand “BIANCA” in March 2025</li> </ul>                                                                                                                                                                                                                                                                                                                    |                            |                |                 |                             | ✓             |
| M&A                             | <ul style="list-style-type: none"> <li>Established a task force to evaluate new opportunities</li> <li>Established the New Business Development Department as a dedicated unit in October 2026 to accelerate execution</li> </ul>                                                                                                                                                                                       | ✓                          | ✓              | ✓               | ✓                           | ✓             |

1. FY2027 Semi-Annual Results
2. FY2027 Semi-Annual Review
3. FY2027 Full-Year Projection
4. Capital Strategy
  - PBR Improvement Plan
  - Net Cash Allocation
  - Dividend Forecast



# PBR Improvement Plan: Analysis of Current Status, Issues, and Solutions

Re-posted

We are continuing to advance the PBR improvement plan. We aim to further improve PBR by maintaining and further improving ROE that exceeds the cost of equity through the execution of various measures, further strengthening IR activities, and implementing the Medium-Term Business Plan.

## Current status analysis<sup>1</sup> and challenges

|     |                                      |        |        |
|-----|--------------------------------------|--------|--------|
| PBR | • PBR exceeded 1x in FY2026.         |        |        |
|     | FY2024                               | FY2025 | FY2026 |
|     | 0.72x                                | 0.75x  | 1.08x  |
| ROE | • ROE also remained at the 10% level |        |        |
|     | FY2024                               | FY2025 | FY2026 |
|     | 7.2%                                 | 10.0%  | 10.3%  |

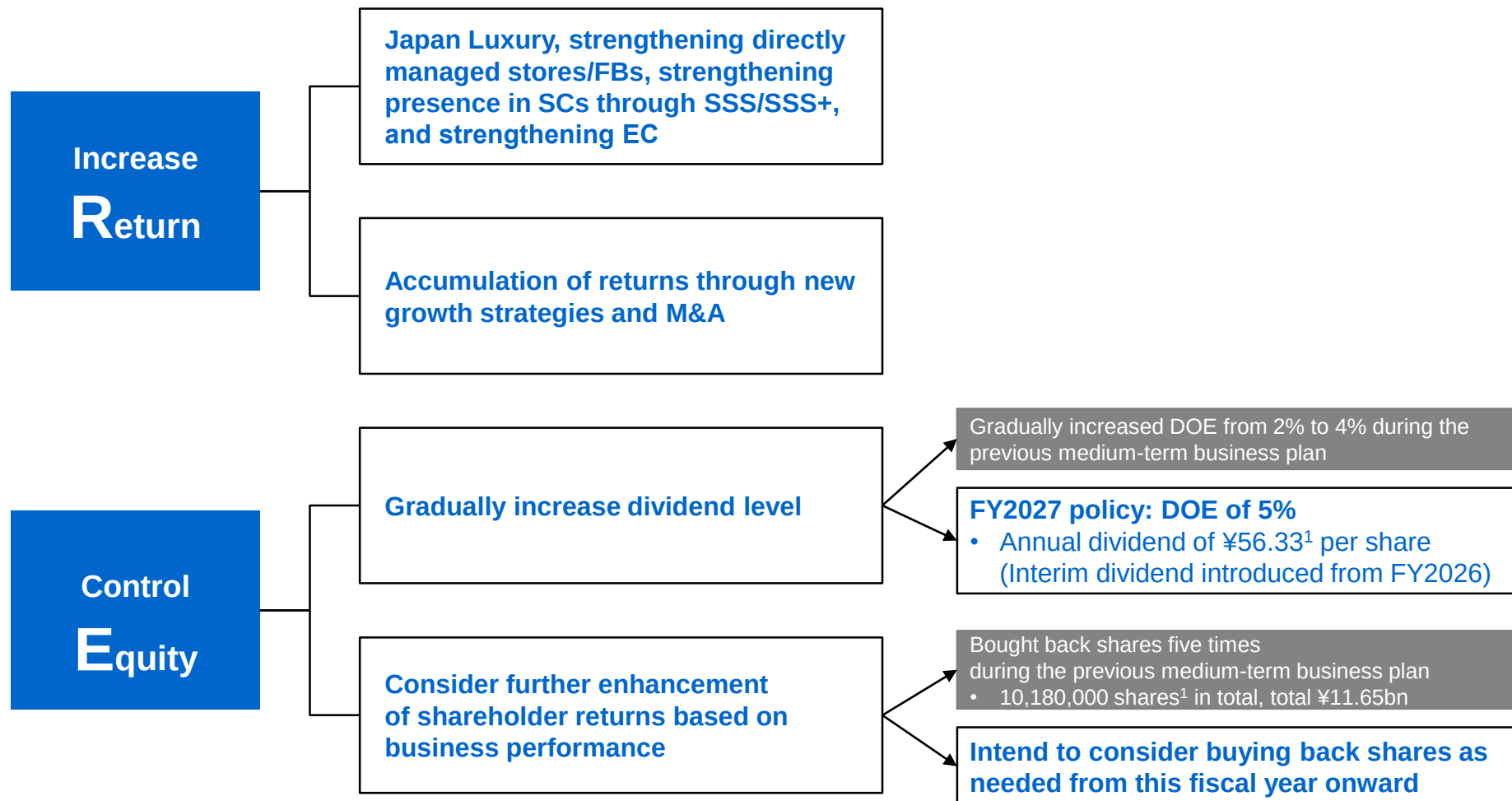
## Solution

| Theory          | Specific measures                          |
|-----------------|--------------------------------------------|
| PBR improvement |                                            |
| =               |                                            |
| ROE improvement | Achieving ROE above the cost of equity     |
| ×               |                                            |
| PER improvement | Further strengthen IR activities           |
|                 | Implementing the Medium-Term Business Plan |

1. All consolidated results.

# PBR Improvement Plan: Increasing ROE

We aim to establish the management foundation capable of sustainably achieving ROE of 10% by increasing return and controlling equity in accordance with the Medium-Term Business Plan.



1. Amounts reflect the stock split implemented on 1 September 2026 retroactively and are rounded to two decimal places.

# PBR Improvement Plan: Other PBR Improvement Measures

Re-posted

In addition to business growth, we will further strengthen IR/SR activities to promote PBR improvement.

Develop a foundation for IR/SR activities

## Established a dedicated IR/SR department

- Established the Investor Relations Department (currently Investor Relations & Public Relations Strategy Department) as a dedicated department in March 2022

## Major updates to corporate site including IR site in March 2024

- Expanded disclosure to shareholders/investors
- Strengthened English disclosure



Current updated corporate site

## Strengthen the dissemination of sustainability information

- Significant improvement through the above corporate site updates

Promote dialogue with the market

## Close the investor expectation gap by implementing proactive IR/SR activities

## Promote a cycle in which the content of dialogue is fed back to the Board of Directors in a timely manner and reflected in company-wide policies and strategies

- Quickly reflect in measures such as the expansion of the Shareholder Benefit Program in addition to the Medium-Term Business Plan



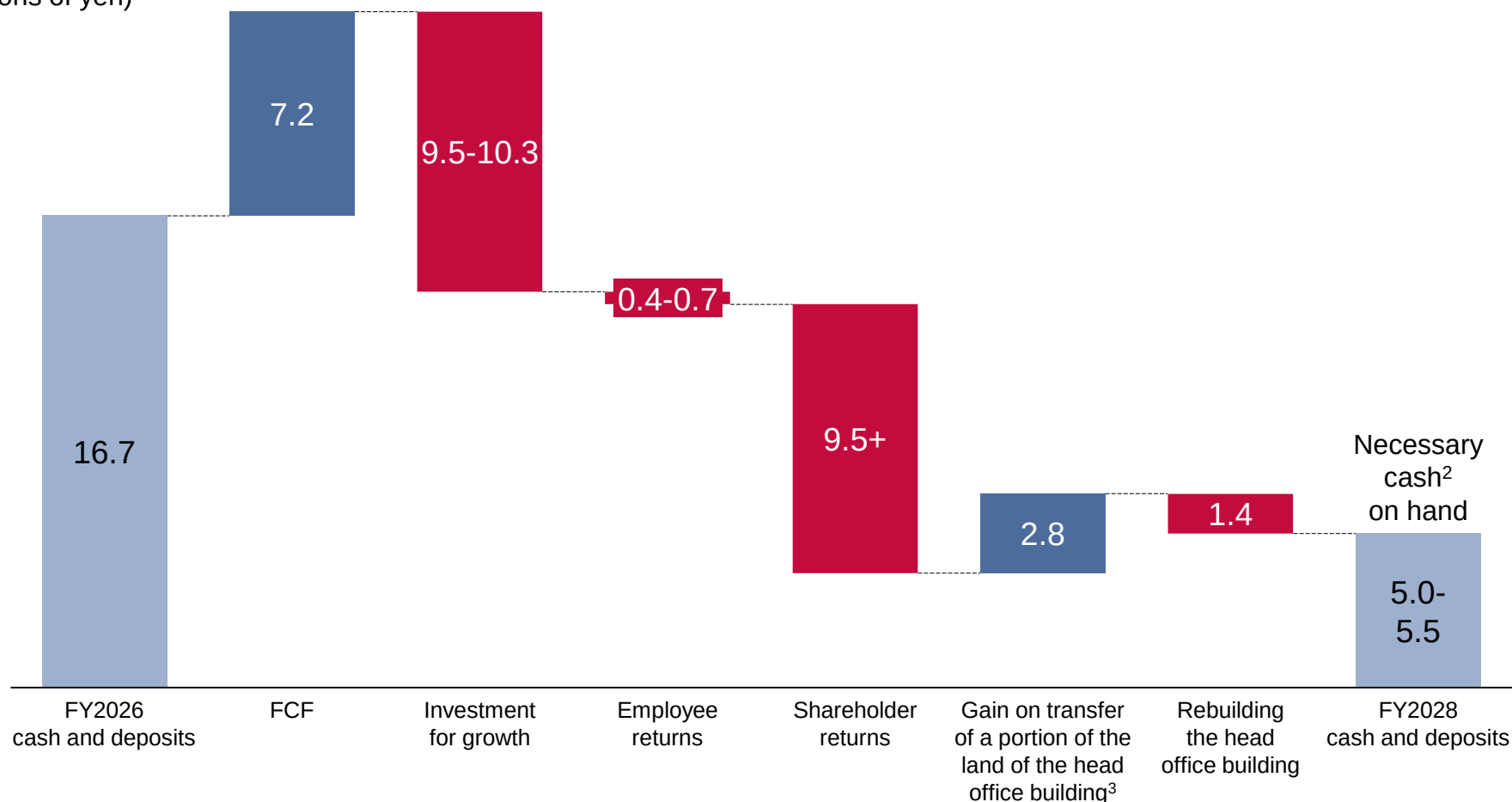
Disclosure of progress on dialogue with shareholders

Further strengthen IR/SR activities

# Net Cash Allocation : Plan through FY2028

Based on the Medium-Term Business Plan and PBR Improvement Plan, we will make investments for growth and enhance employee/shareholder returns to improve capital efficiency and optimize net cash<sup>1</sup> levels.

(Billions of yen)



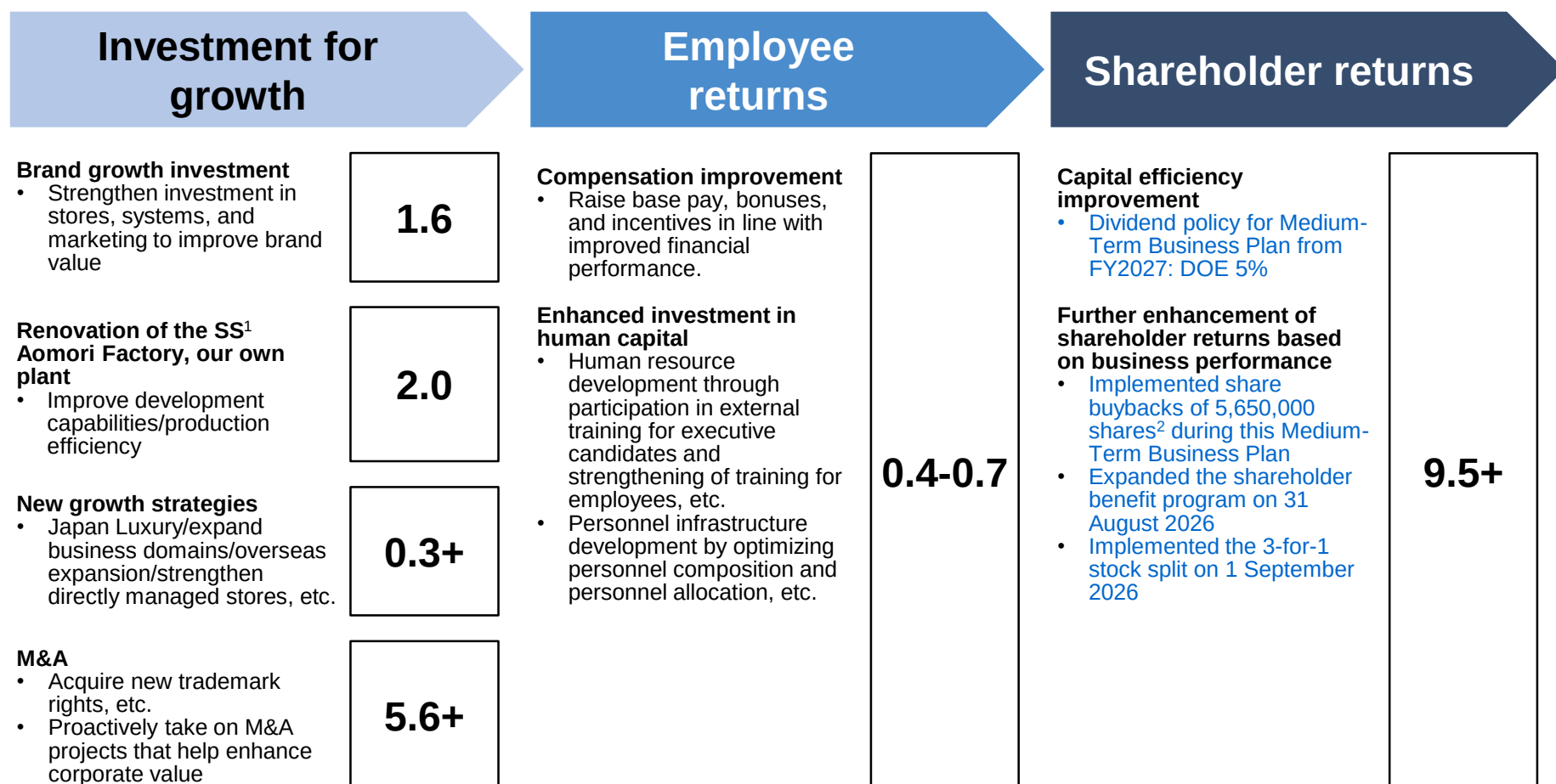
1. Net cash, excluding long-term and short-term borrowings, etc. 2. Appropriately set considering the business/investment environment and need for liquidity on hand.

3. Book value is included in FCF for presentation purposes.

# Use of Cash

We actively use cash to strengthen investment for growth, employee returns, and shareholder returns.

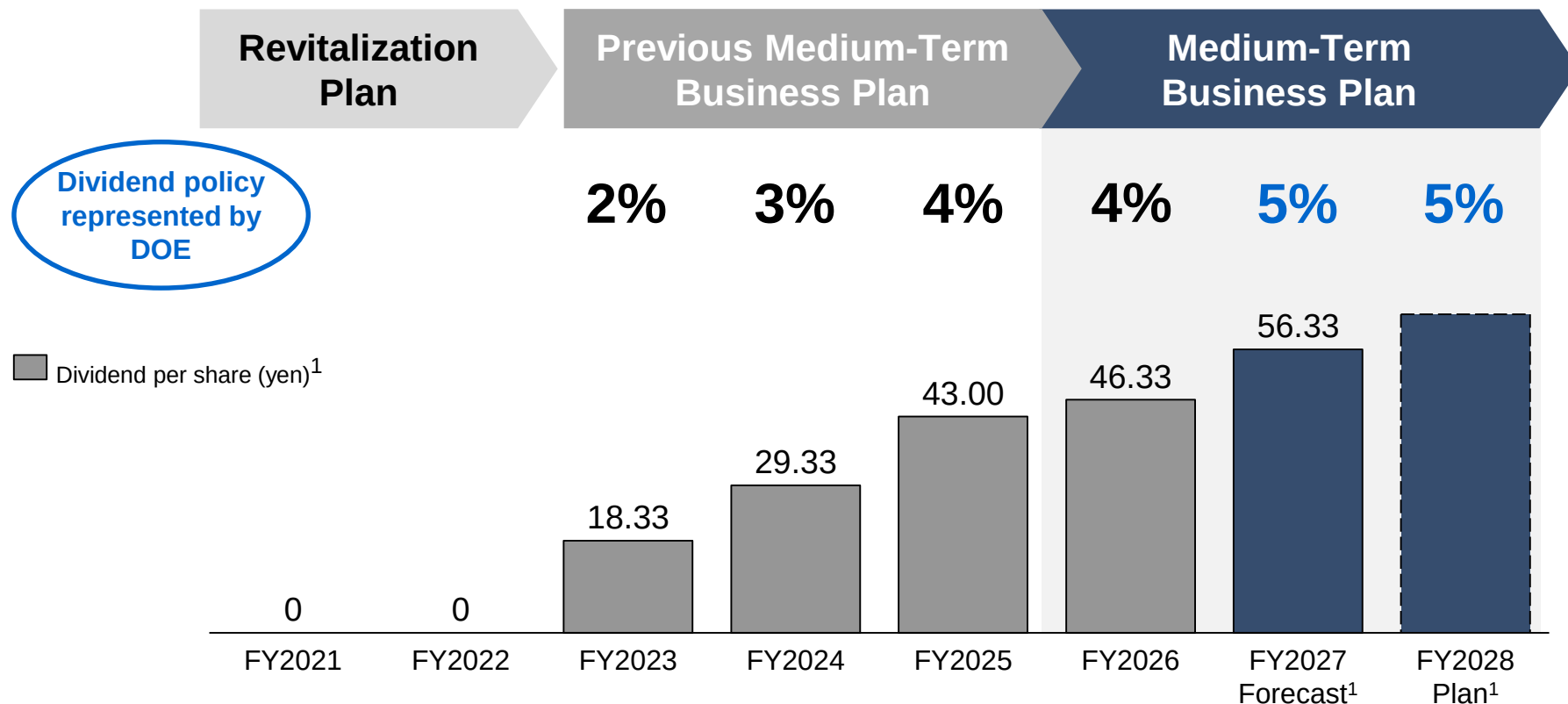
(Billions of yen)



# Dividend Forecast

Under the policy of strengthening shareholder returns, the Medium-Term Business Plan's dividend policy is for a DOE of 5%.

A dividend of ¥56.33 per share (up ¥10 YoY) is forecast for FY2027.



**We pay an interim dividend from FY2026.**

**We forecast an annual dividend of ¥56.33 (interim: ¥25.33, year-end: ¥31.00) for FY2027.**

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TIMELESS WORK.

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SANYO