TABAYA HOLDINGS Co., Ltd. Earnings Announcement Q&A
for the First Half of Fiscal Year Ending March 31, 2027

TABAYA HOLDINGS Co., Ltd. (the "Company") held an earnings announcement presentation at which the press, analysts, and institutional investors were in attendance. The principal questions received, and answers given during each session are presented below. Certain details have been added or revised to facilitate a better understanding of the TABAYA Group's business performance and activities.

Q: Please provide an update on how first-half performance is tracking against the plan and the status of unspent SG&A expenses.

A: Net sales in the first half of the fiscal year were almost 2% higher than the Company's plan, and the net sales in monetary terms were approximately 1.2 billion yen higher than the Company's plan. Although the gross profit margin fell short of the plan, the gross profit exceeded the plan due to an increase in net sales. Operating profit exceeded the plan by approximately ¥700 million, primarily because SG&A expenses came in approximately ¥300 million below plan. While part of the SG&A underspend reflects timing differences in expense recognition, there are structural improvement factors in logistics costs, including the effect of improved inventory efficiency due to UA3.0.

Q: What is the status of inventory and the outlook for gross profit margin?

A: UNITED ARROWS LTD. inventories at the end of September were approximately 5% higher than in the same period of the previous year, and remained at a subdued level compared to sales growth. We have carefully aligned fall and winter inventory purchases with our sales plan, and if sales proceed as planned in general, we believe the risk of deterioration in gross profit margins in the next fiscal year and beyond is limited. In the second half of the fiscal year, although there is a possibility of being affected by rising costs, inventories carried over from previous years have been reduced, and the improvement in profitability in the outlet business is expected to proceed as planned. Meanwhile, we are closely monitoring the fall and winter sales season for profitability in our business units.

Q: Given the trend of rising costs, please share your outlook for future profitability improvements, taking into account the effects of UA 3.0.

A: We believe that the impact of recent cost increases can be mitigated to some extent, as it is easier to implement price revisions in the fall and winter season than in the spring and summer season. In the spring and summer seasons next year, we expect the cost reduction effects of UA3.0 to gradually emerge. Although we expect the cost environment to remain severe, we do not currently expect profitability to deteriorate beyond the level experienced in the current fiscal year.

Q: What are the trends in customer traffic and sales at existing stores?

A: In some months during the fiscal year ended March 31, 2027, the number of purchasing customers at existing stores decreased year on year. We recognize that the main factors were the effects of temperature and weather. Changes in the timing of sales promotions also had a partial impact. On the other hand, we have not confirmed any significant negative impact on sales resulting from price optimizations, and we intend to continue to promote our high-sensitivity, high-value-added strategy. We will continue to closely monitor the trend in the number of customers visiting our physical stores.

Q: What is the purpose of the establishment of TABAYA TRANSIT INC. and how will it expand into non-apparel areas in the future?

A: TABAYA TRANSIT INC. was established with the aim of proposing new lifestyles through collaboration with TRANSIT HOLDINGS INC., a company known for its creativity and innovation in the food and beverage industry. We aim to be a lifestyle company that encompasses apparel, food, and lifestyle businesses, and we aim to build a meaningful presence in the food and beverage business. We are currently in the process of considering specific business details, and we would like to present a specific vision in about a year. Expanding into non-apparel domains is not limited to dining, but we are considering opportunities in a broad range of lifestyle domains.

Q: What is the background to expanding disclosure of customer strategy and how do you approach acquiring new customers?

A: As AI and the use of digital technology advance, we believe that it will become even more important for salespeople to make highly sensitive, high-value-added proposals, which will lead to the strengthening of our customer base. Therefore, the Company has decided to provide more specific information on its competitive advantage and growth potential by leveraging customer data that we have accumulated over time. In terms of acquiring new customers, in addition to opening new stores, we will continue to expand our business by improving our ability to attract customers through store renovations and relocations, and developing new brands.

Q: What is the outlook for achieving the goals of the Medium-term Management Plan?

A: We are currently in the early stages of the first year of the Medium-term Management Plan, but we are focusing on achieving or exceeding our full-year targets and are also reviewing the initiatives and numerical targets of the Medium-term Management Plan as appropriate. We are considering investments for future growth, including overseas expansion, strengthening of our logistics base, and expansion into non-apparel and adjacent business areas. The current Medium-term Management Plan is positioned as a period of foundation building with an eye toward the growth phase beyond that.