

# Expand Our Loyal Customer Base both Domestically and Internationally.

## Gaisho continues to grow

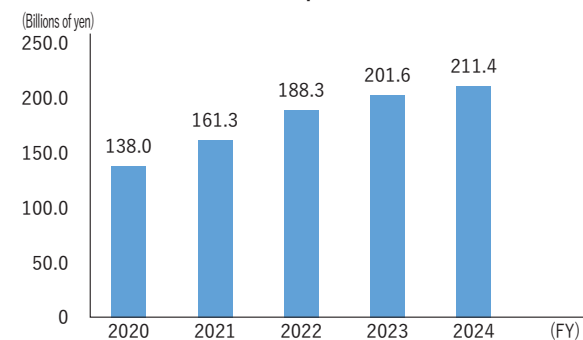
The term “gaisho” refers to Japanese department stores’ exclusive personal shopping service for loyal customers, primarily affluent individuals. Recently, we hear it has become increasingly common for overseas investors and international brands to recognize this term as well. This shows how much attention gaisho is receiving both domestically and internationally.

Our strength lies in having core stores in key areas from Sapporo to Hakata, along with gaisho organizations in each area that connect with affluent customers. Gaisho sales in the Department Store Business exceeded 200.0 billion yen for the first time in fiscal 2023 and have continued to grow at around 5% annually thereafter.

In fiscal 2024, gaisho sales accounted for approximately 26% of department store sales. Recent trends indicate that rising average customer spend is driving growth, with purchases by higher-tier customers expanding. We also see

positive effects from increased personal financial assets due to active individual investment, as well as rising household income fueled by the rise of power couples, particularly noticeable in urban areas. The large-scale event for gaisho customers held this past May achieved record-high sales.

Gaisho sales trends in the Department Store Business



## Evolution of communication tools

Daimaru Matsuzakaya Department Stores operates a closed-access website called “connaisslign” exclusively for its gaisho customers. This platform introduces special merchandise available only through gaisho and provides various information.

In fiscal 2024, new member acquisitions progressed, bringing its membership total to over 120,000. This means approximately 40% of our gaisho customers now have digital touchpoints. By linking with the Daimaru Matsuzakaya app, we will actively guide customers whose purchases exceed a certain level to become connaisslign members, while also advancing efforts to create an environment where we can provide existing gaisho services.

Furthermore, by identifying potential buyers through data analysis of gaisho customers, we achieved sales of 3.7 billion yen in fiscal 2024 through targeted outreach to prospects based on data analysis. Adding app browsing history to purchase history has steadily improved model accuracy. Going forward, we will continue to enhance customer information and leverage AI to uncover latent needs, enabling us to deliver even higher-quality services.

We have approximately 300,000 gaisho customers. In fiscal 2025, we will advance gaisho sales reforms to strengthen our customer base and expand our customer reach. By skillfully combining human and digital touchpoints to stay close to our customers, we will address a wide range of needs and wants to further increase our customers’ LTV.



## Strengthen outreach to top app users

The number of Daimaru Matsuzakaya Department Stores app members continues to increase every year, reaching 2.64 million by the end of fiscal 2024.

Among our customers who use the app, a significant number spend a lot of money, and we would like to build strong relationships with these customers by providing them with added value, such as inviting them to events for our gaisho customers, and further deepen our customer base to ensure growth.

## Partnership to attract wealthy overseas customers

Daimaru Matsuzakaya Department Stores entered into a business partnership agreement with Central Pattana Public Company Limited, a member of Central Group, in Thailand in November 2023. Currently, the two companies are implementing a mutual customer referral program offering preferential treatment to each other’s VIP customers at the Daimaru Shinsaibashi, Sapporo, Tokyo, and Kobe stores, as well as Central World and Central Phuket. This fiscal year has seen a significant increase in visitors from Thailand compared to last year, indicating the program is gaining momentum.

We believe that various approaches are necessary to attract wealthy overseas customers, and partnerships with such business partners have become an important initiative.



## Launched CRM for inbound tourists

In customer strategy, the challenge lies in how to retain high-value overseas customers. Daimaru Matsuzakaya Department Stores utilizes an app with multilingual capabilities to build a system enabling continuous communication with international customers. As of the end of February 2025, the number of overseas members of the Daimaru Matsuzakaya app exceeded 80,000. We will continue to provide information to enhance their motivation to visit our stores.

What is more fundamentally necessary is to develop a CRM

system for inbound tourists as well. By introducing a new system, rather than simply distributing information through the app, we will link customer management with customer communication tools, driving both foot traffic and purchases based on the understanding of customers. This initiative is an important measure that will also lead to strengthening relationships with top-tier customers from abroad. It has already started at the Daimaru Shinsaibashi store in February 2025, with plans to gradually expand to other stores in the future.

