August 1, 2025

Notice Regarding Launch of New Business Utilizing Generative AI

- Basic Agreement with NIUSIA Co., Ltd. and Joint Development of Generative AI Solutions -

MAC HOUSE CO., LTD. (Headquarters: Suginami Ward, Tokyo; President and CEO: Koji Ishino; hereinafter "the Company") hereby announces that it has entered into a basic agreement with NIUSIA Co., Ltd. (Headquarters: Chuo Ward, Tokyo; CEO: Yukihiro Kashiguchi) for collaboration on new business utilizing generative AI for apparel and retail businesses, as detailed below.

1.Background and Objectives of Collaboration

The Company is promoting the strategic utilization of AI and DX technologies for further growth and structural reform of its core apparel retail and EC business. NIUSIA Co., Ltd., our collaboration partner, is one of Japan's leading AI vendors providing AI solutions such as generative AI-powered still image generation, video generation, product development, and data analysis.

By integrating their products' overwhelming quality and advanced AI models with our physical stores, EC, and product database, we will achieve a three-pronged reform: eliminating photography and model arrangement costs, improving purchase rates, and enhancing operational efficiency, thereby presenting a future vision for the industry.

Location, model, and product images generated by generative AI *Significant cost and time reduction possible (can be generated in minutes

Creation of model-wearing images from mannequin fitting images using generative AI
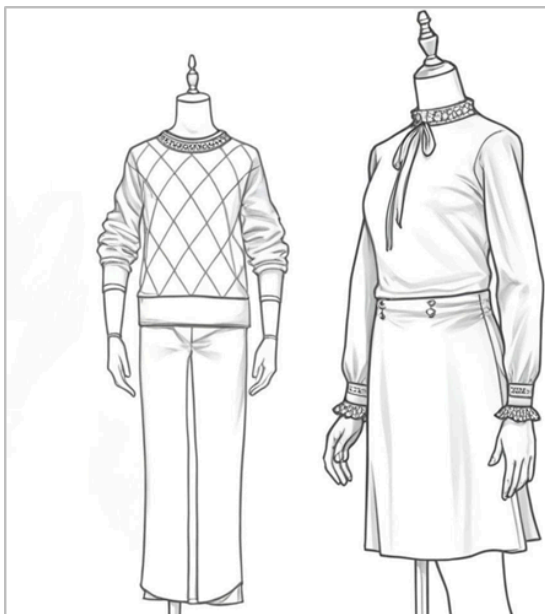
Creation of product image samples from design sketches using generative AI

2. Challenges to Address

We consider the implementation of generative AI extremely important as it brings dramatic productivity improvements and creates new value. In particular, it enables us to direct human time and capabilities toward more essential problem-solving by automating repetitive tasks and supporting creative work.

This initiative serves as an effective solution to our challenges including improving operational efficiency, addressing labor shortages, and reviewing cost structures. Specifically, it enables high-quality operations with limited personnel through the automation of routine tasks in store operations and product management, support for creating promotional materials and EC content, and AI utilization in customer service and support areas.

Furthermore, this will reduce the burden on field staff and improve productivity, creating an environment where they can focus on strategic tasks and enhancing customer experience

We believe that the utilization of generative AI not only supports our own transformation but also holds great potential for the entire retail and apparel industry facing similar challenges.

We expect to achieve overall operational efficiency while ensuring quality service delivery.

3. Future Initiatives

Following this agreement, we will develop practical and profitable initiatives utilizing generative AI, focusing on the following:

- Implementation of generative AI solutions and EC integration (including still and video generation)
- Establishment of mass production system for AI-generated images (promoting BPO services for external sales)
- In-house development of promotional and PR content through AI analysis
- Construction of a 24/7 call center powered by generative AI platform
- Initiation of discussions to establish a joint venture providing generative AI solutions to external parties
- Development of a data center centered on high-performance GPU clusters for generative AI

4. External Expansion and Collaboration with GF Group

The Company will actively promote external sales of generative AI technology, beyond mere internal use, to other apparel companies, retailers, EC operators, and B2C companies.

In particular, we will accelerate global expansion and increase implementation sites through collaboration with the logistics and retail network of GF Group, our capital and business alliance partner, centered on their extensive business connections. Additionally, to meet the anticipated large-scale commercial implementation needs, we will accelerate the development of high-performance AI-driven GPU data centers to support the massive computational power requirements. This will establish an infrastructure foundation capable of flexibly and stably responding to rapidly expanding external demand.

5. Conclusion

This initiative represents the execution of business transformation centered on generative AI (AI Transformation = AX(AI Transformation) in our core apparel business. Additionally, we aim to develop SaaS and BPO services to establish new revenue streams and diversify our business.

Furthermore, through collaboration with GF Group, we aim to expand Japanese apparel brands globally, leveraging Japanese apparel's strengths of 'high quality, sophisticated design, and reliability' to enhance brand value and expand distribution channels in the global market. Additionally, we envision global expansion of AI solutions. As a unified group, we will pioneer the uncharted frontier of apparel × AI, revolutionizing industry conventions. We will continue to embrace change, never cease evolution, and pursue challenges to pioneer the next era.

While this matter concerns business alliance and new business launch, its impact on our company's performance is currently minimal and does not meet the disclosure standards stipulated in the 'Timely Disclosure Rules.' We are making this voluntary announcement due to the significance of this initiative.

▼Company Profile

Company Name：NIUSIA Co., Ltd.
Representative: Yukihiro Kashiguchi
Location: 1-27-8 Ginza, Chuo Ward, Tokyo
Established: December 1, 2008
Business Description: Provides a wide range of AI-powered solutions centered on AI digital human development, including customer support, video production, and marketing strategy
URL: https://www.niusia.net

Company Name：MAC HOUSE CO., LTD.
Representative: Koji Ishino
Location: 1-7-7 Umezato, Suginami Ward, Tokyo
Established: June 1, 1990

Business Description: Nationwide chain store operation primarily engaged in casual apparel retail