

## **FY2/25 First Half Results Briefing – Q&A Session Summary**

---

**Q1. Net sales in the Brand Business fell short of plan, down 8.7% compared to the same period of the previous fiscal year. Revenue declined despite the improvement in same-store sales. What were the reasons for this?**

We see two main reasons for the decline in sales in the Brand Business in the first half of the year. The first is the closure of 14 stores in the previous fiscal year and six stores in the first half of this fiscal year, which led to a decrease in sales of ¥390 million. The second is a decline in sales of bridal jewelry at existing stores.

Looking at the trends in same-store sales, while first-quarter sales were down 4.8% from the corresponding period of the previous fiscal year, second-quarter sales were up 0.6%, indicating a recovery trend. However, in the second half of the year, we anticipate a negative factor of ¥340 million from the impact of store closings, so our overall forecast is a revenue decline of ¥190 million.

The negative impact of store closures in the next fiscal year is expected to shrink to around ¥320 million yen for the year, with revenue increasing from the next fiscal year onward.

**Q2. What kind of promotions did you conduct in the Brand Business in the first half of the year, and how would you gauge the results?**

In the first half of the year, considering the diversification of women's values, we focused on promotions around the theme of "conveying the change in 4°C" to dispel the narrow image of the 4°C brand.

In contrast to the exclusively feminine image of the 4°C brand, we expressed a new approach centered on fashion, emphasizing a wide range of designs beyond the hearts and drops typically associated with 4°C, along with a commitment to quality manufacturing. We also shifted the theme from "the main character is a woman who wears jewelry" to "jewelry that is close to women's hearts."

In addition, our promotions in the first half of the fiscal year were focused mainly on public spaces. Since some aspects are difficult to convey to customers, after careful consideration, in the second half we will conduct promotions in areas near stores, which will make it easier to communicate our message to customers.

**Q3. The Company had about ¥2.5 billion in cash at the end of August 2024. What is the total following the acquisition of RASIN? Also, how much of that cash will be invested, and in what targets?**

In the second half of the year, in line with our PALETTE store opening strategy, we anticipate capital investment for three stores. The acquisition of RASIN will be funded through cash on hand and borrowings.

**Q4. You stated that you plan to target women’s home demand during this year’s Christmas sales season, but what kind of media do you plan to use? As a product strategy, do you plan to bring to the forefront new products with a fashion taste such as “The Tidal” rather than Christmas-only products?**

In the Brand Business, for promotions during this year’s Christmas sales season, we will clarify the target and timing of campaigns, and implement marketing that efficiently communicates our message. The touchpoints will be public spaces near major stores, with a coordinated campaign launching from November 25th. In response to the growing diversity of women, we plan to fully express the multifaceted aspects of the 4°C brand.

The concept for “The Tidal” is a woman’s changing feelings, suggestive of the ebb and flow of the tide. While actively pushing this to the forefront, at the same time we will also expand our holiday collection, and digitally distribute this message to one million customers in parallel. Our approach is to strike a balance between new and existing customers.

**Q5. What are the respective benefits for RASIN and YONDOSHI of making RASIN a consolidated subsidiary?**

The two main benefits for RASIN are that it will be able to exploit our financial base to more easily make proactive investments for growth, and will have access to our know-how in marketing, promotion, and store development. The advantage for YONDOSHI is adding a new business domain to build a more robust portfolio for the next generation, along with earnings growth that will enhance our corporate value and allow the company to endure into the future.

**Q6. What is the current state of progress with the merchandising reforms for the 4°C brand?**

The business environment for YONDOSHI HOLDINGS Group is changing, including a declining population, polarization of consumption, and disparities between urban and rural areas. In response, in our 7th Medium-Term Management Plan, we identified as the key indicators for building a foundation for growth, female customers, unit sales prices, and growth in ten major cities. In a market environment where it will be difficult to increase the number of customers, we will focus on raising the numerical values of these indicators to steadily achieve growth.

Regarding merchandising reforms, this fiscal year we are expanding the range of tastes and styles in our product lineup, and developing products in the high-priced range. The first phase will start in November, when the Christmas shopping season begins, with these changes clearly expressed in stores. We expect the unit price for the overall product lineup to be about 9% higher, and the unit sales price to increase 10% in the current fiscal year.

**Q7. Where will the RASIN business fit in your management strategy?**

As a brand business, we consider RASIN an operating company that will allow us to expand into new business areas, and achieve profit growth. It also operates in a field with different customers and markets, which will provide greater stability and strengthen our business portfolio.

**Q8. What was the same-store sales growth rate for PALETTE in the first half? Also, what is the relationship between the unit price and the number of customers? What is your view and outlook?**

Same-store sales for PALETTE rose 0.9% compared to the same period of the previous fiscal year, with the number of customers down 0.7%, and the unit price per customer up 1.6%. Over

the past few years, same-store sales growth at PALETTE has been achieved by raising prices and increasing the unit price per customer, but we believe that growth should in fact be realized by increasing the number of customers. Going forward, we will place priority on increasing the number of customers, while continuing to maintain the number of sales and the unit price per item.

**Q9. The impact of store openings and closures in the Apparel Business was apparently a factor in the decline in first half earnings. Was this due to the addition of unplanned expenses?**

We consider the impact of PALETTE store openings and closings to have been a factor behind profit decline in the first half period. We had initially planned to open five stores during the first half, but ended up opening seven stores in total, so two were outside of plan. The cost associated with opening unplanned stores, along with the closure of large, profitable stores due to the expiration of their contracts last year, were factors that contributed to the decline in first half earnings.

END