

4Q FY2/23 Results Briefing Q&A Session Summary

Q&A Session

Q1: Can you provide us with specific details about the current status of the e-commerce business, which is exhibiting steady growth, and future initiatives going forward?

A1: The e-commerce business within our Jewelry operations is positioned as a major growth field pillar. e-commerce business net sales climbed 112% compared with the previous fiscal year, to ¥2,240 million in the fiscal year ended February 28, 2023. In the fiscal year under review, we took steps to increase the value that we provide by undertaking the full renewal of our official website.

In the fiscal year ending February 29, 2024, plans are in place to once again secure double-digit percentage sales growth. In specific terms, net sales in the e-commerce business for the current fiscal year are projected to increase 110% year on year, to ¥2,470 million. In addition to enhancing the convenience of website users, we will provide customers with unique experience value at our online sales floor, thereby increasing our brand value. In doing so, the e-commerce business will play a key role in the structural reform of the Jewelry Business from a profit perspective.

Q2: What can you tell us about the current status of the bridal market? Based on your thoughts, what specific strategies will you pursue for bridal jewelry in the future?

A2: As far as the bridal market is concerned, the number of marriages in FY2/23 was statistically forecast to reach 540,000. In reality the number was essentially flat at 510,000. While the statistical forecast for FY2/24 is 560,000, we anticipate the number to remain unchanged at 510,000. On a sales channel basis, department stores compete with overseas brands, and roadside stores with domestic specialty outlets. As such, competition is expected to remain fierce.

Turning to the Group's bridal growth strategies going forward, we will work to increase the profitability of bridal specialty stores through consolidation while transforming urban stores, including Yokohama Landmark Plaza and our main store in Ginza, into flagship stores through large-scale renovation. We will consider closing regional stores or relocating to sites with substantial foot traffic. We believe that a portion of the sales at stores earmarked for closure can be absorbed through our existing network, including neighboring departments stores.

Q3: How did consumers react to the multiple price increases in the Jewelry Business during FY2/23? Have you factored the possibility of continued price increases into your earnings forecasts for FY2/24?

A3: The cost of materials soared during the fiscal year under review. The cost of precious metals, for example, rose by an average of roughly 20%. Taking it upon ourselves to address this issue, we undertook a variety of measures. This included reducing manufacturing management costs and improving the efficiency of logistics. Unable to offset the increase in costs despite these endeavors, we revised the retail price of our products by more than 10%. With little in the way of any rush in demand, the effects of this revision were minimal.

With the continued increase in the cost of precious metals in the current fiscal year, we have announced plans to once again undertake certain revisions to retail prices over the counter effective from May 1, 2023.

Q4: What are your year-on-year forecasts for sales in FY2/24 for existing stores in the Jewelry Business and existing PALETTE stores operated by age Co., Ltd. in the Apparel Business?

A4: Year-on-year existing store sales in the Jewelry Business in FY2/23 climbed 101.2%. While fashion jewelry exhibited steady growth increasing 109% year on year, bridal jewelry declined 88.6% year on year owing to delays in implementing strategies designed to address changes in the environment. In light of these results, we have identified plans that we are confident we can achieve. With this in mind, existing store sales in FY2/24 are projected to edge up 100.1% year on year. Looking at a breakdown of year-on-year forecasts, we expect fashion jewelry sales will come in at 102.9% and bridal jewelry sales at 93.3%. Meanwhile, existing store PALETTE brand sales continued to show steady growth, climbing 102.1% year on year in FY2/23. Plans are in place for 101.9% year-on-year growth in FY2/24. Based on the aforementioned, existing stores are steadily improving in both the Jewelry and Apparel businesses.

Q5: In light of favorable conditions in the bridal market this year, what are your thoughts on earnings forecasts for FY2/24?

A5: We expect conditions will be difficult in similar fashion to previous years. While the number of marriages in FY2/24 is expected to come in at 560,000, we anticipate this number will remain unchanged from previous years at 510,000. As a result, we have adopted a conservative approach toward FY2/24 earnings.

Q6: What are your current plans regarding overseas expansion in the Jewelry Business?

A6: Recognizing that Japan's population is projected to decline in the future, once again expanding in overseas markets is an important strategy for the YONDOSHI HOLDINGS Group. We are in the process of deliberating on our medium- to long-term overseas expansion policy as we formulate our 7th Medium-Term Management Plan, which will start in March next year.