# 4Q FY2/22 Results Briefing Q&A Session Summary

Q&A Session

Q1: Can you reaffirm that the decreases in revenue and earnings in the fiscal year ended February 28, 2022 are attributable to the slump in the Jewelry Business following declarations of a state of emergency and priority measures aimed at preventing further infection due to COVID-19 as well as the decline in the number of marriages?

A1: There is no doubt that COVID-19 had a significant impact. In fact, the number of normal business days for the fiscal year under review was only 135. This was 129 days less than the fiscal year ended February 28, 2021. While there were indeed such external factors as the decline in the number of marriages, we believe that the challenges faced by BRIDAL specialty stores were more significant in our bridal jewelry operations. We intend to address these challenges during the current fiscal year ending February 28, 2023.

Q2: Can you elaborate on the measures undertaken to celebrate the 50th anniversary of 4°C brand?

A2: From a product perspective, we will work diligently to develop and promote highly fashionable collections as well as new materials to further expand the support from female customers. As far as sales and marketing are concerned, we will focus on promoting 4°C brand with online tools shifting toward digital media and pursue initiatives aimed at increasing the brand's appeal.

Q3: What changes do you see in the peak 2022 Christmas period compared with the previous year? What initiatives are you currently considering for 4°C and Canal 4°C brands?

A3: The importance of the Christmas period peak in December, which generates half of the year's profit, is considerable. Looking at days of the week, conditions are favorable. There are more holidays in 2022 than in 2021 and two of the three peak days, the 23rd, 24th, and 25th, are holidays. Meanwhile, amid changes in customers' values, we are taking a conservative view toward men's gifts. We plan to offset this with measures aimed at further expanding the support from the female customers.

Q4: Can you provide us with specific details of renovations and refurbishments at 30 jewelry stores?

A4: We will expand our lineup of 4°C fashion jewelry products including ear cuffs and earrings while strengthening total fashion proposals. We will establish an edge over competitors by renovating Canal 4°C stores in a manner that appeals to and addresses the values of women in their 20s, our core target. In addition to relocating BRIDAL specialty stores to more favorable locations, we would like to undertake refurbishments that focus on layouts with more customer services tables that allow us to provide customers with composed and courteous services while seated.

Q5: What are your assumptions regarding the rate of Jewelry Business existing store revenue growth for the next fiscal year, the fiscal year ending February 28, 2023?

A5: We anticipate existing store sales in the Jewelry Business in the next fiscal year will come in at around 80% compared with 2019 and roughly 114% compared with fiscal 2021. As far as BRIDAL jewelry is concerned, we are looking at a gradual recovery in the number of marriages.

Q6: To what extent are you planning to expand the scale of DtoC brands?

A6: We launched genderless 4°C HOMME+ and sustainable cofl by 4°C from October in the fiscal year under review. Our goal is to generate at least ¥60 million in net sales from each brand in the fiscal year ending February 28, 2023. Intrinsically linked to the e-commerce channel, DtoC brands are distinguished by their low initial costs. Rather than pursue scale, we believe that DtoC brand initiatives play a significant role in enhancing brand value by putting forward proposals as a part of 4°C brand in response to diversifying needs.

Q7: Which area will you kick off your efforts to open PALETTE stores in the Kanto region?

A7: Areas of the west of Tokyo and the north of Kanagawa Prefecture have been identified as candidates. Our plan is to open 5 to 10 stores that will entrench the Group's dominant position in each area.

Q8: What is the rationale behind your decision to maintain the dividend for the fiscal year ending February 28, 2023 at the same level as the fiscal year under review in light of the increase in dividend over the past consecutive 11 fiscal years?

A8: The Company's policy is to raise the level of shareholder returns through the payment of stable and continuous cash dividends and the repurchase of own shares. Guided by this policy, we are targeting the payment of an annual cash dividend of ¥100 per common share in the future. The Company has also adopted DOE as an indicator of the status of shareholder returns. We are looking to reward long-term shareholders through the continuous and stable payment of dividends while targeting a DOE ratio of 4% or more. While we keep dividend policy unchanged, we have set the annual dividend for the fiscal year ending February 28, 2023 at ¥83 per common share, unchanged from the fiscal year under review. This is mainly due to the downturn in profit levels attributable to the temporary impact of COVID-19. DOE is projected to come in at 4.3% in fiscal 2022, which we believe reflects successful efforts to maintain a high level of shareholder returns.