

FYE2/26 1H Results Briefing – Q&A Session Summary

Q1. What are your aims regarding pricing policy and digital marketing measures in the jewelry business for the Christmas sales season?

We felt that during the Christmas sales season last year, we focused too much on product promotion measures to attract new customers, and didn't do enough to appeal to existing customers. So, in our merchandising plan by customer target this year, we are redoubling our efforts toward male customers, who are our main clients in December, and expanding our lineup of lower-priced items. As for pricing strategy, in December we plan to expand the number of items priced under 30,000 yen, which accounts for 45% of purchases, to 180% of the level in the previous year. In terms of sales promotions, we will implement relationship marketing measures targeting specific customer segments from an early stage, strengthening the contact points that will attract more customers. In addition, we are accelerating our digital shift with a five-fold increase in sales promotion investment from the previous fiscal year, centered on SNS. Although the business environment remains uncertain, especially as regards young people, we believe that we can achieve steady same-store sales growth by expanding in-house improvements. Through these measures, we expect to secure operating profit in December, which accounts for about 60% of annual earnings.

Q2. How do you view the effects of the M&A deal with RASIN?

We feel that there are three main points regarding M&A with RASIN. The first is that by entering the reuse market, which is a growth area, we have been able to build a stronger business portfolio. The second is that RASIN's high profitability allows us to reallocate resources for growth investments in existing businesses, and bolstering human resources. The third point is that leveraging the corporate group's financial base allows us to expand inventory and consider opening new stores. Against this background, in view of the dramatic improvement in earnings, we were able to revise upwards the 7th Medium-Term Management Plan and the 2030 Vision, which we consider to be the numerical benefits of the M&A deal.

Q3. What are the main indicators behind the record highs in the latest interim financial results?

Sales reached ¥32.4 billion in the first half, the highest level since the establishment of the holding company system in 2006. We consider this to be the indicator for our record high result.

Q4. What is the status of merchandising reforms for 4°C?

Our merchandising (MD) reforms are measures to create new value for 4°C that will allow the brand to adapt to changes in the business environment and endure, facilitating brand evolution. The first indication of progress from the 4°C MD reforms is the increase in support from female customers. Over the last six years, the number of female customers has increased by 30%, and screening surveys have shown a broader base of support. The second point is that expanded product variation to strengthen the product lineup to appeal to a wider range of tastes has expanded the female customer base. Further, even in the high price range, we are gradually strengthening our development and planning proposal capabilities, such as the selection of gemstones, and sales of items in the 70,000 yen and higher price range continue to show double-

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digit growth. While addressing the areas most in need of reform has produced results, we recognize that there are still issues in terms of the balance with existing customers, and we expect that it will take some time to fully implement the reforms. While maintaining the direction of business structure reform, through evolution of the brand, we aim to rebuild the high-margin business model.

Q5. What are the factors for the increase in net profit in the current interim financial results, and the reason for the relatively small increase compared to other earnings categories?

From the standpoint of asset efficiency, we sold off investment properties with low profitability, resulting in a ¥500 million gain on sale of fixed assets that boosted net profit. At the same time, the difference in corporate tax rates among group companies, along with the impact of consolidation-specific tax effects such as the introduction of the defense tax, curbed the amount of increase in net profit compared to other earnings categories.

Q6. In the Brand Business, what was the contribution of RASIN to sales and operating income in the first half?

We estimate that RASIN contributed about ¥14 billion in sales, and ¥770 million in operating income in real terms.

Q7. Do you intend to offset the downward trend in the 4°C same-store plan with the upside from RASIN?

RASIN's second half forecast is for 6% year-on-year growth, and as of the beginning of September, same-store sales remained steady, up 29% year-on-year. If the stock market remains strong there is a possibility of further upside, so we see the current forecast as conservative.

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