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

Q1. What are the factors for the year-on-year increase in same-store sales at F.D.C. Products from the beginning of this year?

Same-store sales have been on a recovery trend over the last three months, with double-digit year-on-year increases. We believe that there are three main factors: expansion of growth indicators for fashion jewelry at 4°C, the leveling off in bridal jewelry sales, and an increase in the number of customers at Canal 4°C. For 4°C fashion jewelry, in addition to expanding the range of product variations, rising gold prices is driving asset value demand. In addition, Canal 4°C has seen a significant increase in the number of younger people visiting the store due to the expanded range of low-priced items. We are also seeing a gradual increase in positive reactions to the changes in the brand following our multifaceted brand appeal promotions using digital technology, which has led to the recent increase in the number of customers.

Q2. How has the recent weakening of the yen affected the corporate group?

The depreciation of the yen has both positive and negative effects for our businesses. RASIN is benefitting from the expected boost in inbound tourism, including e-commerce. In the apparel business, as a negative impact is expected, AS'TY concludes exchange contracts when the terms of the transaction are finalized, reducing the risk of exchange rate fluctuations. In addition, age is looking to curb cost increases by expanding the ratio of direct sales and transactions.

Q3. How much do you think RASIN can grow in the future?

Much will depend on the broader economy, but RASIN believes that sustainable growth is possible, for three main reasons. First, sales are increasing at all four stores due to the expansion of inventory. Second, the Shinsaibashi and Shinjuku stores have only been open for a relatively short period of time, so there is ample room for sales expansion as awareness and recognition grows. Third, in the 8th medium-term management plan, we are preparing to open new locations that we expect to generate sales of more than 3 billion yen per store. Considering these factors, we believe that sustainable growth is possible.

Q4. The dividend payout ratio continues to exceed 100%. What is your position on increasing dividends in the future?

Based on the impact of the COVID-19 pandemic, since FYE2/22, YONDOSHI HOLDINGS Group has maintained a basic policy of paying stable and continuous dividends based on a DOE of 4% or higher. The Company plans to increase dividends this fiscal year for the first time in five years, bringing the dividend payout ratio for FYE2/26 to 99.5%, below 100%, and we expect the ratio to be 77.5% in FYE2/27. Up to now, we have maintained a dividend payout ratio below 100% before the amortization of goodwill, which is a non-cash item, but earnings have improved with the acquisition of RASIN, and our leeway for paying dividends has increased significantly. Going forward, through steady profit growth, we aim to increase dividends to 100 yen per share. When deciding to increase dividends, our policy is to make a comprehensive consideration of future profit growth and other factors.

Q5. How would you categorize the recent Christmas sales season for F.D.C. Products?

The FYE2/26 Christmas sales season was a struggle overall. Gift demand from men has typically represented a high proportion of Christmas shopping sales, and the weakening of this demand is having an impact. However, support from female customers, personal-use demand, and sales of high-priced items allowed us to cover this shortfall to a certain extent. We feel that this trend is one of the factors behind the recovery in sales from the beginning of the year.

Q6. What is the current status of merchandising reforms for 4°C jewelry and your assessment at this point?

Merchandising reforms for jewelry, mainly 4°C brand jewelry, are aimed at shifting our position in the market from a brand that has principally been associated with gift demand from men, to a brand centered on personal-use demand from women. We consider support from female customers, personal-use demand, and sales of high-priced items to be important growth indicators, and these were all generally showing around double-digit growth in FYE2/26. In addition, marketing measures to convey the diverse appeal of the 4°C brand are steadily gaining traction, and we are receiving more positive feedback from customers at stores about the brand change. Based on the growth in same-store sales over the last three months, we feel that these merchandising reforms are achieving a certain level of results. In FYE2/27, we will focus on establishing a foundation for growth, and from FYE2/28 onwards, move to a full-fledged growth phase in the 8th medium-term management plan.

Q7. What is the proportion of sales from inbound demand at RASIN?

RASIN captures inbound demand both in stores and through its e-commerce site. Inbound sales in FYE2/26 were particularly strong from the second half of the period, and currently account for slightly under 30% of revenue.

Q8. Regarding the market strategy for F.D.C. Products, do you plan to develop a new business format for large shopping centers, or pursue a rebranding of Canal 4°C?

We consider large shopping centers to be a promising market for future growth. However, we do not believe that our merchandizing is optimized for this channel in any real sense at this point, so going forward, we are looking to develop products and business formats for large shopping centers. The rebranding of Canal 4°C is aimed at optimizing stores for the fashion mall and station building sales channel. Young people are the core customers for this channel, so the rebranding will focus on merchandising tuned to price and fashionability.

Q9. Will the escalating situation in the Middle East affect the YONDOSHI HOLDINGS Group?

Deterioration of the situation in the Middle East may have an impact on the corporate group to a certain extent. Most directly, we believe that it will contribute to an increase in procurement costs. In response, we will review and consolidate procurement routes, and strengthen cooperation with business partners, while internally, we plan to enhance productivity through such means as the use of AI, in an effort to absorb the higher costs. Ultimately, we will have to revise prices, but we also aim to set appropriate prices with the introduction of new items.

Q10. Regarding the timeline for improving profitability at F.D.C. Products, when do you expect to see results from the 3% improvement in gross profit margin, and the 3% reduction in the expense ratio?

Our aim for the jewelry business, namely achieving an operating profit margin of 10% as soon as possible, is unchanged, and is one of the specific targets for Vision 2030. In terms of gross profit margin, with gold prices continuing to rise, we need to ensure that customers remain confident regarding prices, so improvement will be made gradually. For the expense ratio, along with growth in same-store sales, we plan to improve productivity by optimizing store personnel and expanding per capita sales. These measures will be steadily implemented in the 8th medium-term management plan, leading to improved profitability.

Q11. What are the factors behind the increase in customer traffic at existing F.D.C. Products stores since the beginning of the year?

The explanation needs to differentiate between the department store sales channel and the fashion mall and station building channel. In department stores, the positive assessment of the changes in the 4°C brand is gradually gaining traction. A new type of brand appeal is starting to be accepted alongside the conventional brand image, leading to an increase in the number of customers. In addition, we feel that a balanced merchandising strategy that has broadened the price range beyond just high value-added items has also prompted a steady increase in customers over the last two months. For Canal 4°C, a pricing strategy aimed at younger consumers and greater fashionability have resulted in increased support, with a 20-30% increase in customer traffic in recent months. We view these developments positively from the standpoint of strengthening the foundation for future growth.

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