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Q&A collection
Financial Results for the Third Quarter Ended November 30, 2025
(Updated on February 4, 2026)

This Q&A collection is a compilation of anticipated questions regarding the financial results for the nine months ended November 30, 2025, which were announced on January 13, 2026, as well as excerpts of inquiries from investors and their responses. Some content has been edited for clarity.

Q | Please tell us about the business performance progress and evaluation up to the third quarter (3Q)

Both net sales and operating profit achieved growth of over 10% year-on-year, progressing steadily at a pace exceeding our plan. Regarding non-consolidated existing store sales, the cumulative total for the third quarter remained above the previous year's level at 104.8% year-on-year, indicating extremely solid demand. In terms of operating profit, while there was some impact from temporary costs associated with new store openings and human capital investments for future growth (such as in procurement and business trip purchase divisions), the results generally landed according to plan.

Q | Have there been any changes in recent consumption trends or top-selling products?

In response to inflation and rising awareness of "livelihood defense" (budget-consciousness), there is a strengthening need for relatively lower-priced items across all categories. By category, apparel, fashion accessories, and hobby goods continue to drive overall performance. Additionally, as the transition of seasons this autumn and winter was relatively distinct compared to recent years, apparel sales were strong. Overall, while unit prices remain flat, the increase in the number of items sold is supporting sales growth.

Q | Are there any changes in inbound demand trends and the composition ratio by country?

Inbound sales continue to be strong, with the tax-free sales ratio for the cumulative third quarter reaching approximately 10.7%. Regarding the breakdown by country, we are seeing changes; while the ratio of customers with Chinese nationality has decreased due partly to travel advisory impacts, customers from other regions such as the United States, the Philippines, and Taiwan are increasing. The decrease from China is being sufficiently covered by increases from other regions, and the overall growth trend continues.

Q | What are the factors behind the downward trend in the gross profit margin?

The main factor is a change in the sales mix. Sales at "Kindal," a consolidated subsidiary specializing in brand-name used clothing, are performing very well with an increase of over 30% year-on-year. However, due to the nature of its merchandise, this business format has a lower gross margin compared to our main non-consolidated business formats. The increased composition ratio of this subsidiary is a factor pushing down the consolidated gross margin.

On the other hand, regarding non-consolidated existing stores, the gross margin improved year-on-year when looking at the third quarter alone. This is due to a sales mix factor—strong sales of lower-priced items with high gross margins—and an improvement in the markup rate resulting from the abolition of high-return purchase coupons.

Q | Please tell us about the status of purchasing (procurement) and inventory levels.

Currently, we have an appropriate inventory level balanced with sales. The temporary increase in inventory due to last-minute demand before the end of high-return purchase coupons at the end of August has been absorbed by subsequent strong sales. Purchasing (procurement) is trending as well as or better than in average years, and we have secured inventory for the fourth quarter and for new stores in the next fiscal year.

Q | Please tell us about the store opening status for this fiscal year and the plan for the next fiscal year.

Regarding store openings for this fiscal year (Fiscal Year Ending February 2026), 32 stores have already been confirmed, achieving our annual target of 30 to 35 stores. For the next fiscal year and beyond, we plan to continue opening stores at a rate of approximately 10% of the total number of stores (over 30 stores per year).

Q｜What is the reason for the increase in store closures?

These closures are not withdrawals due to poor business performance, but are due to contract terminations for the landlord's convenience and the expiration of fixed-term lease contracts. While unavoidable store closures due to rising real estate prices and market rents are expected to continue, we plan to maintain overall growth by opening new stores at a level that secures a net increase.

Q｜Please tell us about the progress of the overseas business (Thailand, Taiwan, USA)

Business in both Thailand and Taiwan is progressing smoothly. Thailand is particularly strong, with cumulative third-quarter sales at 143.7% year-on-year. In Taiwan, the two existing stores have achieved full-year profitability, and profit contribution has begun. Regarding the United States, we are proceeding with preparations for opening our first store. While this will be an investment phase for the time being, our plan is to build the business foundation by allocating profits generated in Thailand and Taiwan to investments in the U.S.

Q｜Please tell us about your policy on shareholder returns and share buybacks.

We target a dividend payout ratio of 30% or more, and will consider reviewing the dividend amount as appropriate based on the profit level for the current fiscal year. Regarding share buybacks, we will consider them as necessary while taking into account stock price levels and cash flow conditions. However, we prioritize investment in new store openings, which offer high capital efficiency, as the destination for generated cash.

Q｜Please tell us about the next Medium-Term Management Plan and the outlook for the next fiscal year

The Medium-Term Management Plan is reviewed annually in April through a rolling process, but there are no major changes at this time. We will review the assumptions for our earnings forecast, specifically the existing store growth rate and the number of new store openings, based on the actual results of this fiscal year.