

Primo Global Holdings Co., Ltd.

367A

Tokyo Stock Exchange Standard Market

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Summary

Japan's largest bridal jewelry company; set to post record-high results

1. Company profile

Primo Global Holdings Co., Ltd. <367A> (hereafter, also “the Company”) is Japan’s largest company engaged in the planning and sale of bridal jewelry. It operates domestically and internationally with a focus on engagement and wedding rings. While many jewelry companies pursue diversification, the Company distinguishes itself by concentrating its management resources on high-value-added products tied to major life events and by delivering consistent experiential value spanning customer service, after-sales service, and CRM. Since its establishment in 1999, with I-PRIMO as its core brand, the Company has gradually expanded overseas to Taiwan, Hong Kong, mainland China, and Singapore. As of the end of May 2026, it operates a total of 135 directly operated stores, 87 of which are in Japan and 48 of which are overseas. The Asian market is a growth area with a far larger number of marriages than the domestic market, and income levels are expected to rise over the medium to long term. In 2020, the Company made the transition to a holding company structure, and established a group management structure. In 2025, the Company listed its shares on the Tokyo Stock Exchange (TSE) Standard Market, enhancing its access to capital markets.

2. Overview of 1H FY8/26 results

The 1H FY8/26 results were sales revenue of ¥15,391mn (up 14.8% year on year (YoY)), Operating income of ¥2,236mn (up 41.0%), and business profit* of ¥2,148mn (up 37.0%), marking higher revenue and a substantial increase in profit. All of these figures reached record highs. The Domestic Business remained solid, with sales revenue of ¥10,015mn (up 14.2%). The number of visitors was maintained even after product price revisions. Sales of Lazare Diamond in particular remained strong. In the Overseas Business, sales revenue was ¥5,377mn (up 15.9%), and segment profit also increased significantly, driven by improved profitability in the mainland China business. The Company is also making steady progress with a new store opening in Zhengzhou, mainland China; the relocation and renovation of four stores in Japan and overseas; and preparations for new store openings in mainland China and Malaysia. Going forward, the acceleration of these efforts to develop business overseas is expected to be a growth driver.

| * Business profit = sales revenue – cost of goods sold – SG&A expenses |

3. FY8/26 forecasts

For the FY8/26 consolidated results, the Company expects higher revenue and profit, with sales revenue of ¥30,000mn (up 7.1% YoY) and Operating income of ¥3,650mn (up 16.5%). It also forecasts an improvement in its operating margin to 12.2% (11.2% at the end of the previous fiscal year). In 1H, progress against initial forecasts was 51.3% for sales revenue, 61.3% for Operating income, and 67.6% for profit attributable to owners of parent, indicating that profit is running ahead of revenue. While higher costs due to rising precious metal prices are a concern, the Company is implementing phased price revisions. Additionally, because it deals in bridal jewelry, a category with a high purchase rate at the life event of marriage, price pass-through is relatively easy and demand remains resilient. In Japan, existing stores are growing, and overseas, profitability in mainland China is improving and new store openings are progressing. As such, FISCO takes the view that there is upside to the Company’s full-year forecast.

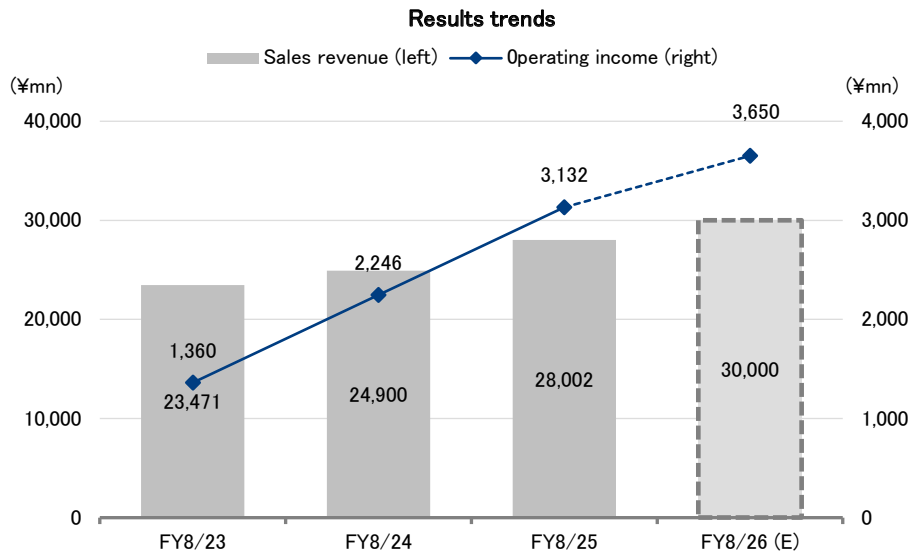
Summary

4. Medium- to long-term growth strategy and financial strategy

Under its medium-term management plan, over the three fiscal years from FY8/24 to FY8/27, the Company targets a compound annual growth rate (CAGR) of 5–7% for sales revenue and 10–15% for business profit, a business profit margin of 12% or higher in the final fiscal year, and a return on equity (ROE) of 13% or higher, aiming to expand scale and improve profitability. In its Domestic Business, the Company emphasizes improving the profitability of existing stores, and works to deepen its customer base through the implementation of store relocations and renovations, improvements in visual merchandising (VMD), the enhancement of customer service quality with the use of AI, and stronger CRM to create repeat customers. In its Overseas Business, the Company is carrying out a lateral rollout of the successful model for the brands, products, and customer service that it has honed in Japan across Taiwan, Hong Kong, mainland China, and Singapore, tailoring them to the characteristics of each market. In the immediate term, the Company is advancing its expansion in the Southeast Asian market, starting with Singapore and Malaysia, to complement its improvements to profitability and re-acceleration of new store openings in mainland China. In its financial strategy, backed by stable cash-generating capability, the Company prioritizes growth investments that include store investments in Japan and overseas, digital transformation (DX), and human capital development as it endeavors to enhance corporate value while simultaneously upholding a basic policy of a dividend payout ratio of 40% or higher and maintaining stable dividends.

Key Points

- Built a hard-to-imitate business model as Japan’s largest bridal jewelry company
- Focus on advancing existing-store growth in the Domestic Business and market development in mainland China and Southeast Asia in the Overseas Business
- The Domestic Business and the Overseas Business both currently on a growth trend; maintaining stable dividends while endeavoring to enhance corporate value with growth investments at the core



Source: Prepared by FISCO from the Company’s financial results and securities registration statements

■ Company profile

Concentrating management resources on bridal jewelry; enhancing customer experience value at 135 stores in Japan and overseas

1. Company profile

The Company is Japan's largest company engaged in the planning and sale of bridal jewelry. Since its establishment in 1999, the Company has consistently focused on the bridal domain, which consists of engagement and wedding rings, and has established its position as a specialty retailer in Japan and overseas. Whereas typical jewelry companies endeavor to diversify across business domains, the Company is enhancing its brand power by concentrating its management resources on high-value-added products tied to marriage, a major life event, and on enhancing customer experience value.

The Company is not limited to selling products. Rather, its business model centers on personal support aligned with customers' life events. Through end-to-end services ranging from consulting upon store visits to post-purchase after-sales service and CRM, the Company provides not only "things" (products), but also "experiences" (experiential value). Such a service model serves as a differentiating factor in the product category of bridal jewelry, where the process leading to purchase itself has value.

Also, the Company has established a network of bridal jewelry boutiques in Japan and overseas. As of the end of May 2026, it directly operates 87 stores in Japan and 48 stores overseas, for a total of 135. In addition to a strong foundation centered on I-PRIMO in the domestic market, the Company is pursuing overseas expansion primarily in Asia, including mainland China, Taiwan, Hong Kong, Singapore, and Malaysia, and is working towards expanding its operations by capturing overseas markets with considerable room for growth. In Asia in particular, given the limited presence of bridal jewelry boutiques, the Company is pursuing market development by leveraging its first-mover advantage.

In December 2020, the Company transitioned to a holding company structure, and has been working to enhance its group management. With Primo Japan Co., Ltd., its core operating company, as its center, the Company exercises overall management of multiple group companies, including overseas operating companies, and manages product planning, manufacturing, sales, and brand management in a unified fashion. Simultaneously, it pursues agile business development tailored to the market characteristics of each region.

In 2025, the Company listed its shares on the Tokyo Stock Exchange Standard Market, securing access to capital markets. In doing so, it bolstered its ability to execute its future growth strategy.

2. History

In 1999, the Company was founded as Speed Creation Co., Ltd. In the same year, it opened the first store of its I-PRIMO bridal jewelry brand in Ginza, Tokyo. Subsequently, in 2004, the Company changed its trade name to Primo Japan Co., Ltd., and established its organizational structure as a company specializing in bridal jewelry.

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Company profile

Since the late 2000s, anticipating a decline in the number of marriages in Japan over the medium to long term due to the declining birthrate, the Company began to develop its operations overseas in earnest, becoming among the first in the industry to do so. Starting with its entry into Taiwan in 2007, the Company expanded its market presence to Hong Kong and mainland China. By 2017, it had achieved a global network of 100 stores. The Company is also working to expand its product domains and business foundation, including establishing a joint venture with K.Uno <259A> in 2019.

In 2020, the Company transitioned to a holding company structure. In 2021, it changed its trade name to Primo Global Holdings Co., Ltd., and established a group management structure. At the same time, in Japan, the Company completed the expansion of its operations to all 47 prefectures, thereby fortifying its domestic foundation. Furthermore, since 2022, the Company has advanced the diversification of its business portfolio through making forays into Singapore, entering into a business partnership agreement relating to overseas expansion with Star Jewelry Boutiques Inc., and acquiring the trademark rights and accompanying exclusive sales rights in Japan for Lazare Diamond. From 2026 onward, the Company will enter a new stage of growth through its expansion into the Malaysian market.

History

Month Year	History
April 1999	Established Speed Creation Co., Ltd. in Chuo Ward, Tokyo for the purpose of selling bridal jewelry, operating IT services, and investing in venture companies
July 1999	Opened the I-PRIMO Ginza flagship store as the brand's first store
December 1999	Changed its trade name to Speed Group Co., Ltd.
June 2003	Opened the Lazare Diamond Boutique Ginza flagship store as the brand's first store based on a distribution agreement with Lazare Kaplan Japan Inc., the Japan division of Lazare Kaplan International Inc.
May 2004	Changed its name to Primo Japan Co., Ltd.
May 2007	Founded Primo Diamond Taiwan Inc. for the purpose of expanding business in Taiwan
October 2007	Opened the I-PRIMO Zhongxiao flagship store as its first Taiwan store
September 2011	Founded Primo Diamond Hong Kong Ltd. for the purpose of expanding business in Hong Kong
October 2012	Opened the I-PRIMO Causeway Bay flagship store as its first Hong Kong store
November 2015	Founded Primo Diamond Shanghai Trading Co., Ltd. for the purpose of expanding business in mainland China
July 2016	Opened the I-PRIMO Hong Kong Plaza store as the first store in mainland China
July 2017	Reached a total of 100 stores globally
April 2019	Founded Kuno Primo Co., Ltd. through a joint investment with K.Uno Co., Ltd.
August 2019	K.Uno Taipei Zhongxiao flagship store opened as K.Uno's first Taiwan store
December 2020	Founded PJ Holdings Co., Ltd. as a holding company for Primo Japan
April 2021	Changed the name of PJ Holdings to Primo Global Holdings Co., Ltd.
May 2021	Opened the I-PRIMO Yonago Shinmachi Tenmaya store, expanding sales area to all 47 prefectures of Japan
January 2022	Founded Primo Diamond Singapore Pte. Ltd. for the purpose of expanding business in Singapore
November 2022	Opened the I-PRIMO ION Orchard Store as its first Singapore store Entered into a business partnership agreement relating to overseas expansion with Star Jewelry Boutiques Inc.
May 2023	Opened the Star Jewelry Shanghai Grand Gateway 66 Store as its first Star Jewelry store in mainland China
September 2023	Opened the Star Jewelry Shin Kong Mitsukoshi Xinyi Place A8 Store as its first Star Jewelry store in Taiwan
October 2023	Acquired trademark rights and exclusive sales rights for Lazare Diamond in Japan from Lazare Kaplan International Inc. and Lazare Kaplan Japan Inc. and started supplying products to department stores and other retailers across Japan
June 2025	Listed its shares on the TSE Standard Market
October 2025	Founded Primo Diamond Malaysia Sdn. Bhd. for the purpose of expanding business in Malaysia
April 2026	Acquired procurement, inventory management and other rights for Lazare Diamond in Japan from Lazare Kaplan International Inc. and Lazare Kaplan Japan Inc.

Source: Prepared by FISCO from the Company's securities reports and website

Business overview

Leverages its competitive advantage as a bridal jewelry specialist, with growth expectations increasing for both its Domestic Business and Overseas Business

1. Business segments

The Company has two business segments: the Domestic Business and the Overseas Business.

(1) Domestic Business

In its Domestic Business, as of the end of May 2026, the Company operates two brands: I-PRIMO, which has 72 stores, and Lazare Diamond, which has 15 stores. It has established a stable revenue base through an extensive nationwide store network covering everywhere from major metropolitan areas to regional cities. Both brands are characterized by the dedicated online shops they have in place, enabling them to secure a broad range of customer touchpoints, as well as by their product offerings in a select-order style conducive to making suggestions tailored to customers' preferred price ranges and tastes. The Domestic Business, backed by strong customer service capabilities and brand power, is positioned as a core revenue business that can be expected to demonstrate growth in both the number of customers and average spend per customer.

The number of marriages in Japan is trending at around 500,000. The Company expects this figure to decrease gradually going forward due to the declining birthrate and aging population. Meanwhile, due largely to the effects of inflation, shifts in the mix of bridal-related spending, higher combined incomes of married couples as dual-income households increase, and other factors in recent years, the average selling price of wedding rings has continued to rise markedly. Due to these factors, the bridal jewelry market has been growing at a CAGR of 9.3% (2021–2025). The number of the Company's customers has been increasing gradually, and is now at approximately 40,000 per year. Going forward, the Company will aim for further growth by further expanding its market share.

(2) Overseas Business

As of the end of May 2026, the Company's Overseas Business operated 26 stores in mainland China, 16 in Taiwan, 5 in Hong Kong, and 1 in Singapore. The Company will also accelerate expansion of this business into Southeast Asia, starting with Malaysia, as it moves forward. It deploys strategies tailored to the characteristics of each region. In Taiwan, the Company works on reinforcing its high-profitability base and pursuing a multi-brand strategy. In mainland China, it works on expanding new store openings and pursuing growth at existing stores. In Southeast Asia, the Company works on developing new markets. Given the overwhelmingly larger number of marriages in Asian markets than in Japan, and the considerable room to grow in the medium to long term amid rising income levels there, the Company aims to achieve growth by further developing those markets.

2. Four-brand portfolio

The Company has a portfolio of four brands: two in-house brands and two overseas collaboration brands.

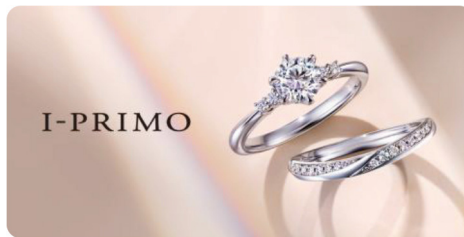
Business overview

(1) In-house brands

a) I-PRIMO

The Company's core brand, I-PRIMO, is Japan's largest bridal ring specialty brand, operating 72 stores in Japan and 41 overseas as of the end of May 2026. Its extensive lineup of designs is one of its key strengths. The Company offers a "select order" approach that pairs a diverse range of designs incorporating mythology, constellations, Japanese motifs, and other elements with freely-selectable combinations of diamonds and rings to provide highly satisfactory recommendations tailored to customer preferences and budgets. In the bridal jewelry market, it covers a broad spectrum of price points centered on the mid-price range, capturing broad customer demand. On the marketing front, as "PRIMO" means "first" and "best" in Italian, the Company utilizes promotions based on its "The First Step" initiative to highlight that it offers "the best place to visit first," and also ties new product launches to growth in the number of customers who visit its stores. Furthermore, the Company has built an advanced sales model that includes mechanisms for proposing the optimal ring for each customer using its independently-developed Personalized Hand Analysis® system and efforts to enhance experiential value through an information website exclusive to store visitors.

I-PRIMO



Source: The Company's results briefing materials

b) Lazare Diamond

Lazare Diamond, a diamond brand originating in New York, US, is counted among the world's three major diamond-cutter brands. As of the end of May 2026, the brand has fifteen stores in operation in Japan. Its high-quality diamonds are known as "The World's Most Beautiful Diamond®," and the Company offers products targeting quality-conscious customers and those with a preference for foreign brands. Lazare Diamond targets a higher price range than I-PRIMO. Together, the two brands cover most of the main price ranges in the bridal jewelry market. In recent years, the Company has enhanced brand recognition through the diversification of its promotional efforts that leverage not only bridal-related media, but also fashion media and social media. In doing so, it has boosted sales results at existing stores. Also, in September 2023, the Company acquired the trademark rights for Lazare Diamond in the Japanese market together with accompanying rights that included exclusive distribution rights, and currently supplies products to department stores and other retailers nationwide. In addition, in April 2026, the Company acquired additional rights that include diamond procurement rights. As such, it expects gross profit under the brand to improve.

Lazare Diamond



Source: The Company's results briefing materials

Business overview

(2) Overseas collaboration brands

With a strong track record in the overseas expansion of its jewelry business, the Company is promoting the overseas rollout of the K.Uno and Star Jewelry brands through sales partnerships with other companies. In Japan, the companies behind the two brands each sell their products. The Company does not hold domestic distribution rights. The brand companies' intentions to expand their sales channels abroad aligned with the Company's intention to pursue a multi-brand strategy, resulting in a sales partnership.

a) K.Uno

As of the end of May 2026, K.Uno operates four stores in Taiwan. This jewelry brand focused on custom-order pieces is distinguished by its craft-based business model that integrates design, fabrication, and processing in-house. Backed by its ability to handle fully customized orders and its technological capabilities, K.Uno provides high-value-added products that differ from the Company's in-house brands. The K.Uno business is being expanded through a joint venture in Taiwan, which is helping to broaden its local customer base.

b) Star Jewelry

As of the end of May 2026, Star Jewelry operates 2 stores in mainland China and 1 store in Taiwan. Founded in Motomachi, Yokohama, in 1946, it is one of Japan's leading long-established jewelry brands. Star Jewelry has a track record of leading Japan's postwar jewelry culture, and is well-reputed for both its fashion sense and brand story. The Company is increasing the depth of its brand portfolio in overseas markets through its partnership with this brand.

3. Competitive advantages**(1) Concentration of management resources on bridal jewelry**

The Company is building a competitive advantage by concentrating its management resources on the bridal jewelry domain. While typical jewelry companies diversify into multiple business lines, the Company specializes in engagement and wedding rings. In doing so, it is systematically building knowledge and experience related to the major life event of marriage, including customer insight, product planning capabilities, and customer service know-how. This is the source of its competitive advantage.

Said advantage has been strengthened through systematic investment in human capital. The Company enhances employees' customer service capabilities through Primo College, its independent training program that spans the first ten years of employment, and promotes the development of specialized human resources through means that include the acquisition of a Jewelry Coordinator certification. By developing human resources capable of making proposals aligned with customers' diverse values, the Company has established a framework for providing not only "things" (products), but also "experiences" (experiential value). This customer service and proposal model has been deployed not only in Japan but also overseas. The porting of Japanese-style hospitality to global markets has become a differentiating factor in those markets as well. Consumer surveys in mainland China illustrate that quality aspects such as design and comfort when worn are well-received. In addition, on local review sites, positive comments about customer service aspects are increasing, indicating that the Company's business model is proving to be competitive across borders.

Business overview

(2) Market penetration through cross-selling and market development through global expansion

Although bridal jewelry is typically a one-off sales business, the Company is shifting to a sustainable growth model by combining cross-selling and global expansion. In Japan, the Company acquires approximately 40,000 new customer couples annually. By leveraging this customer base to promote sales of anniversary jewelry as a CRM strategy, it is building ongoing business relationships aligned with customers' life events as it endeavors to cultivate lifelong customers. The progress being made in re-approaching existing customers and early traction in cross-selling does indeed suggest a qualitative shift in the Company's revenue model.

In its global expansion efforts, rather than merely expanding its stores, the Company is exporting its actual competitive advantage by conducting a lateral rollout of the customer service and sales model it established in Japan across Asian markets. In addition, in Taiwan and mainland China, the Company is expanding its customer base through a multi-brand strategy, and in Southeast Asia, it is capitalizing on room to grow by developing new markets. While the Asian market has structural growth drivers in the form of a large number of marriages and rising income levels, the Company has secured a first-mover advantage in this market.

(3) Equity story

The Company's equity story is based on a unique business model that concentrates all management resources, including human resource development, customer service know-how, and product design, on the bridal domain to advance product quality and the customer experience. As this business model is predicated on systemic accumulation and long-term learning, it is difficult for competitors to imitate, and serves as a source of the Company's sustainable competitive advantage. Building on its foundation formed in this fashion, the Company will deepen market penetration in its Domestic Business by leveraging its brand power and customer service capabilities to expand its customer base while simultaneously endeavoring to maximize customer lifetime value through cross-selling. Meanwhile, in its Overseas Business, the Company will roll out the same service quality as that in Japan to the Asian market to capture new demand and expand the market itself. In this way, the Company has achieved growth through the dual drivers of penetration in the domestic market and overseas expansion with its competitive advantage stemming from a focus on the bridal domain as the starting point, and is working to sustainably enhance its corporate value.

Results trends

Sales revenue and all profit items set new record highs in 1H FY8/26

1. Overview of 1H FY8/26 results

The 1H FY8/26 results were sales revenue of ¥15,391mn (up 14.8% YoY), Operating income of ¥2,236mn (up 41.0%), and business profit of ¥2,148mn (up 37.0%), marking higher revenue and a substantial increase in profit. All of these figures reached record highs. The Company secured revenue growth in both its Domestic Business and Overseas Business, with profit growth in the Overseas Business especially driving overall results. At the same time, a surge in precious metal prices has pushed up costs, temporarily lowering the Company's gross profit margin.

Results trends

(1) Domestic Business

In the Domestic Business, sales revenue increased to ¥10,015mn (up 14.2% YoY) and segment profit rose to ¥1,744mn (up 19.6%), demonstrating steady expansion. The increases in both the number of customers and average spend per customer, coupled with the number of customers who visited stores being maintained even after the approximately 10% price pass-through implemented in 2Q, indicate the strength of the Company's brand power and customer service capabilities. Its highlight is how the Company's brand strategy proved effective, as exhibited by Lazare Diamond achieving record-high sales at all stores through diversified promotional efforts. Furthermore, as a measure to tie into the further enhancement of customer experience value, the Company introduced an AI-powered training support system to advance the standardization and sophistication of customer service capabilities, and also bolstered its human capital with the reacquisition of Kurumin certification.

(2) Overseas Business

In the Overseas Business, sales revenue rose to ¥5,377mn (up 15.9% YoY) and segment profit increased to ¥492mn (up 284.8%), achieving marked profit growth. In mainland China in particular, a revision of the Company's sales structure and marketing proved effective, significantly improving profitability. Its highlights are price pass-through similar to that in Japan being implemented at each business location and preparations for new store openings in mainland China and Southeast Asia progressing as planned. Following its first store opening in Zhengzhou in 1Q, the Company is moving forward with preparations to open stores in Beijing and Hangzhou. Additionally, its store rollout in mainland China is expanding, as evidenced by the multiple requests received from leading commercial facilities to open new stores. Additionally, the Company opened its first store in Malaysia, and its efforts to develop the Southeast Asian market are seeing progress.

1H FY8/26 results

	1H FY8/25 results	1H FY8/26 results	YoY	
			Change	Change %
Sales revenue	13,404	15,391	1,986	14.8%
Domestic Business	8,771	10,015	1,244	14.2%
Overseas Business	4,638	5,377	739	15.9%
Cost of sales	4,753	5,922	1,168	24.6%
Gross profit	8,650	9,469	818	9.5%
Gross profit margin	64.5%	61.5%	-3.0pp	-
Business profit	1,568	2,148	580	37.0%
Business profit margin	11.7%	14.0%	2.3pp	-
Operating income	1,585	2,236	650	41.0%
Operating income margin	11.8%	14.5%	2.7pp	-
Domestic Business	1,457	1,744	287	19.6%
Overseas Business	127	492	365	284.8%
Profit attributable to owners of parent	1,048	1,466	417	39.8%

Source: Prepared by FISCO from the Company's financial results and results briefing materials

2. Financial position

At the end of 1H FY8/26, the Company's financial position saw total assets increase to ¥48,290mn, up ¥2,340mn from the end of the previous fiscal year, while the increase in total liabilities was limited to ¥353mn. Total equity came to ¥20,040mn, up ¥1,987mn. As a result, the ratio of equity attributable to owners of parent rose from 39.2% to 41.4%. The Company's financial base is therefore steadily improving. As for total assets, current assets increased ¥765mn, including a ¥621mn increase in inventory. This appears to reflect higher unit selling prices due to the recent surge in precious metal prices. Given the Company's build-to-order business model, it is also worth noting that concerns of dead stock are limited.

Results trends

Meanwhile, trade and other receivables were down ¥350mn, suggesting working capital management has not been overly lax. In non-current assets, goodwill rose ¥900mn and intangible assets rose ¥423mn. The effects of foreign currency translation were the primary factor behind the increases in assets. Total liabilities reflected a ¥1,044mn increase in trade and other payables, while borrowings under non-current liabilities decreased ¥502mn. The total of interest-bearing liabilities came to ¥17,556mn, also down ¥502mn compared with the end of the previous fiscal year. Even after factoring in the increase in operating liabilities associated with business expansion, financial leverage is, if anything, being kept in check. When seen as a whole, net assets have increased, backed by the accumulation of profits and an uplift from foreign currency translation adjustments, and the balance sheet is in the process of shifting to one that supports growth investments while reducing reliance on borrowings.

Consolidated balance sheet

	(¥mn)		
Item	End of FY8/25	End of 1H FY8/26	Change
Current assets	12,512	13,278	765
Cash and cash equivalents	3,743	4,032	289
Trade and other receivables	2,087	1,737	-350
Inventory	6,630	7,251	621
Non-current assets	33,437	35,012	1,574
Property, plant and equipment	1,354	1,363	9
Goodwill	16,491	17,391	900
Intangible assets	10,029	10,452	423
Right-of-use assets	3,322	3,528	206
Deferred tax assets	780	822	42
Total assets	45,949	48,290	2,340
Current liabilities	10,007	10,753	746
Trade and other payables	1,778	2,823	1,044
Contract liabilities	3,602	3,650	48
Borrowings	996	996	0
Lease liabilities	1,684	1,710	26
Income taxes payable	510	617	107
Non-current liabilities	17,889	17,496	-393
Borrowings	12,447	11,945	-502
Lease liabilities	2,945	2,905	-40
Deferred tax liabilities	2,282	2,427	145
Total liabilities	27,896	28,250	353
Total equity	18,052	20,040	1,987
Total liabilities and equity	45,949	48,290	2,340
Total interest-bearing liabilities	13,443	12,941	-502
Ratio of equity attributable to owners of parent	39.2%	41.4%	2.2pp
Return on equity (ROE)	10.6%	-	-

Source: Prepared by FISCO from the Company's financial results

Outlook

Expects higher revenues and profits in FY8/26 while factoring in the impact of rising precious metal prices

● FY8/26 forecasts

For its FY8/26 consolidated results, the Company expects sales revenue of ¥30,000mn (up 7.1% YoY) and Operating income of ¥3,650mn (up 16.5%), anticipating higher revenue and profits while keeping its initial forecasts unchanged. It also forecasts that its Operating income margin will rise 1.0 percentage points (pp) from the end of the previous fiscal year to 12.2%, and that profitability will improve. As of 1H, progress relative to initial forecasts was 51.3% for revenue, which was broadly in line with expectations, while Operating income was 61.3%, pre-tax profit was 64.8%, and profit attributable to owners of parent was 67.6%, indicating a high level of progress at each level of profit

It should be added that while the Company will continue to implement price pass-through on a staggered basis from 3Q onward in response to higher precious metal prices, it has factored in a temporary decline in its gross profit margin due to a time lag before the effects manifest themselves, and is keeping its full-year forecast unchanged to be conservative. However, because the Company's business centers on bridal jewelry, which has a high purchase rate at the life event of marriage, price pass-throughs of cost increases can be conducted relatively smoothly, and the price sensitivity of demand is considered low. Moreover, bridal jewelry as a product category involves value in the process leading up to the purchase itself. As customers strongly tend to value not only price but also product quality and the customer experience, revenues are stable.

In the immediate term, both the Domestic Business and Overseas Business are on solid ground. In Japan, the number of customers visiting stores is being maintained even after price revisions, and investments in human resource development to enhance customer service capabilities, as well as the standardization of service quality with the use of AI, are progressing. Overseas, the profitability of the Company's mainland China business has improved markedly. Even as the local economic doldrums persist, optimization of the Company's management structure and the revision of its marketing measures have proved effective, and brand awareness is rising. Additionally, medium-term growth drivers, including accelerated expansion into Southeast Asia, are also taking shape. The Company emphasizes that the business model for customer service and sales that it established in Japan can be replicated overseas as well by applying expertise accumulated since it entered the Taiwanese market in 2007. The probability that this model will be rolled out globally is considered high. The Company also states that the situation in the Middle East in the immediate term is having almost no impact on its results.

Based on the above, FISCO believes there is room for upside in the Company's results forecast.

FY8/26 forecasts

	FY8/25 results	FY8/26 forecast	YoY		1H FY8/26	
			Change	Change %	results	Progress rate
Sales revenue	28,002	30,000	1,998	7.1%	15,391	51.3%
Operating income	3,132	3,650	518	16.5%	2,236	61.3%
Operating income margin	11.2%	12.2%	1.0pp	-	14.5%	-
Income before income taxes and minority interests	2,732	3,200	468	17.1%	2,073	64.8%
Income before income taxes and minority interests margin	9.8%	10.7%	0.9pp	-	13.5%	-
Profit attributable to owners of parent	1,786	2,170	383	21.5%	1,466	67.6%
Profit margin attributable to owners of parent	6.4%	7.2%	0.8pp	-	9.5%	-

Source: Prepared by FISCO from the Company's financial results and results briefing materials

■ Medium- to long-term growth strategy and financial strategy

Accelerating existing-store growth in the Domestic Business and market development in the Overseas Business

1. Medium- to long-term growth strategy

(1) Major KPIs of the medium-term management plan

Under its medium-term management plan, the Company aims to achieve sustained high growth and improved profitability from FY8/24 to FY8/27. It has set consolidated sales revenue at a CAGR of 5–7% and consolidated business profit at a CAGR of 10–15%, placing profit growth in a higher range than sales growth. It intends to raise the business profit margin in the final fiscal year of the plan to 12% or higher as it aims for growth accompanied by improved profitability. Additionally, the Company has set a clear improvement in capital efficiency as a management target, and aims for ROE of 13% or higher in the plan's final fiscal year. In other words, its strategy is to simultaneously achieve a shift to a highly profitable constitution and improve capital efficiency.

(2) Domestic Business strategy: Accelerate the improvement of profitability at existing stores and deepen the customer base

The strategy of the Domestic Business mainly focuses on improving the profitability of existing stores. In efforts to sophisticate store operations, improving VMD, namely reexamining store presentation and customer experience design, is a key measure. More specifically, this consists of optimizing product placement and display methods through store relocations and renovations to create an environment conducive to comparison shopping while simultaneously maximizing opportunities for customer engagement by devising ideas for in-store pathways and customer spaces. It also involves establishing an environment that enables customers to focus on their decision-making through means that may include converting customer service booths into private rooms, as well as expressing the brand world throughout the entire space, including lighting, interior design, and fixtures, to deliver a customer experience that conveys a sense of value that exceeds the price. Bridal jewelry as a product category also involves value in the process leading up to the purchase itself. Such efforts translate directly into higher conversion rates and average spend per customer.

In addition, the Company will work to raise the standard of customer service quality through the utilization of digital technologies and human resource development. The Company will promote the standardization and sophistication of customer service skills through AI-driven training support and other means, and will establish a structure that enables the delivery of high-value customer experiences across all stores. Moreover, the Company will optimize its brand portfolios for I-PRIMO and Lazare Diamond to strengthen responsiveness to customers' price ranges and preferences, and expand its targetable customer base.

Furthermore, the Company is also working on reinforcing its CRM. By proposing anniversary jewelry and conducting other efforts aimed at its approximately 40,000 annual existing customer couples, the Company is working to generate repeat customers. The strategy involves endeavoring to cultivate lifetime customers by building ongoing relationships tailored to various life events that go beyond bridal ones, including anniversaries after marriage, while simultaneously working on improving profit margins. Through the above measures, the Company's Domestic Business aims not merely to expand its store network, but also to enhance profitability by making more advanced use of its existing customer base.

Medium- to long-term growth strategy and financial strategy

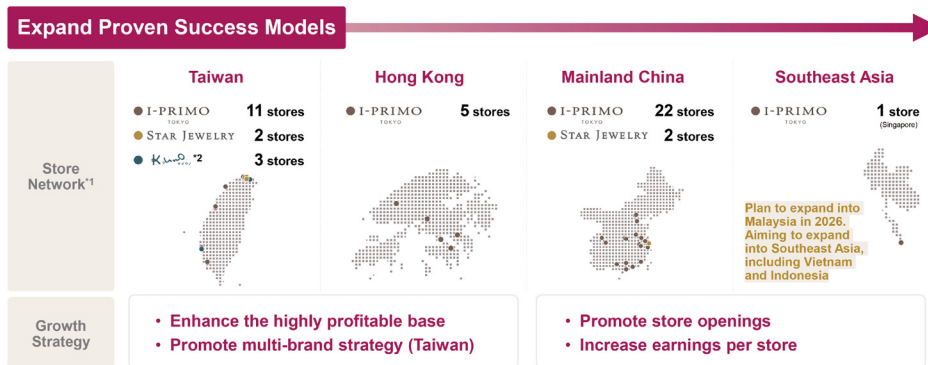
(3) Overseas Business strategy

In its Overseas Business, the Company leverages its high-quality products, meticulous Japanese-style hospitality, and strong brand power as a bridal jewelry boutique, all of which were nurtured in Japan, as sources of its competitive advantage. The Company is gradually porting this competitive advantage to Taiwan, Hong Kong, mainland China, and Singapore, laterally deploying its entire business model, including customer service quality and the customer experience, across these markets.

Currently in Taiwan, the Company operates the K.Uno and Star Jewelry brands in addition to I-PRIMO, strengthening its earnings base through this multi-brand strategy. In mainland China, improving profitability at existing stores and resuming new store openings are key themes. The Company's mainland China business, which has especially strong potential backed by its vast population, temporarily struggled due to the effects of the economic doldrums there. However, profitability improved significantly following a revision of its sales structure, optimization of local management, and a restructuring of marketing measures. Consequently, the business successfully entered the black earlier than initially planned in FY8/25. As a result, following the opening of a store in Zhengzhou in November 2025, the Company opened new stores in the cities of Beijing and Hangzhou in April 2026. Against the backdrop of the improved profitability in its mainland China business, the Company advanced the timetable for the three new store openings that had been planned for FY8/27 to FY8/26, and re-accelerated its growth investments.

In addition, in mainland China, the Company has received multiple invitations to open stores from leading high-end commercial facilities, creating a virtuous cycle for both the enhancement of brand recognition and improvement of profitability. This means that selective store openings in prime locations are now possible, which is also important from the standpoint of capital efficiency.

Conceptual diagram of Overseas Business strategy



Note: The number of stores as of the end of February 2026
Source: The Company's results briefing materials

Medium- to long-term growth strategy and financial strategy

Furthermore, Southeast Asia is being positioned as the Company's next growth driver after mainland China. Following Singapore, the Company plans to make forays into the Malaysian market in 2026. Using this as a starting point, the Company is also considering expansion into neighboring countries, such as Indonesia and Vietnam. The Company's policy for Malaysia is to take the cautious approach of opening about one store per year for the first few years, then expand store openings while confirming local profitability and the replicability of the Company's business model. Afterwards, the Company will accelerate the pace of store openings while building a track record of success, and develop Malaysia into a new overseas revenue base. First, attention should be paid to trends surrounding the Company's first store in Malaysia, which it opened in Kuala Lumpur in June 2026.

The Company has demonstrated, through its expansion into Taiwan, Hong Kong, mainland China, and Singapore, that its customer service model based on Japanese-style hospitality is fully viable overseas as well. Accordingly, its overseas strategy going forward is not at the phase of developing markets from scratch, but at that of efficiently replicating and scaling its existing successful models. The Company's Overseas Business is a high-growth domain where business models honed in the Domestic Business can be leveraged. It is positioned as a primary driver of the medium- to long-term enhancement of corporate value as a counterpart to the domestic deepening strategy.

2. Financial strategy

(1) Cash allocation

Based on the premise of strong cash flows stably generated by its core businesses, the Company has set forth a cash allocation policy that balances growth investments and shareholder returns. Backed by its stable profit-generating capacity, the Company has secured its capacity for ongoing investment. How it allocates this cash will be important for enhancing its corporate value going forward.

Among its capital allocation priorities, the Company will first position growth investments, including investments in stores in Japan and overseas, human resource development, and investments in DX and systems, as its core priority. In Japan, in addition to relocating and renovating existing stores, primarily street-level locations, and improving profitability through improvements to VMD, the Company will continue investing in human capital to enhance customer service quality, including investments in AI-driven training support. The Company's focus on qualitative investments that enhance the earning power of existing assets is one of its distinguishing features.

Overseas, alongside the re-acceleration of store openings in mainland China, expansion into Southeast Asia, starting with Singapore and Malaysia, represents a new investment domain for the Company. In mainland China in particular, the Company plans to accelerate the timetable for new store openings, giving this a high priority in capital allocation as a growth driver going forward.

Additionally, as it heads into the future, the Company will view M&A that promise synergies as an option, and will be open to proactively considering deals that would complement its brands and accelerate the overseas development of its business.

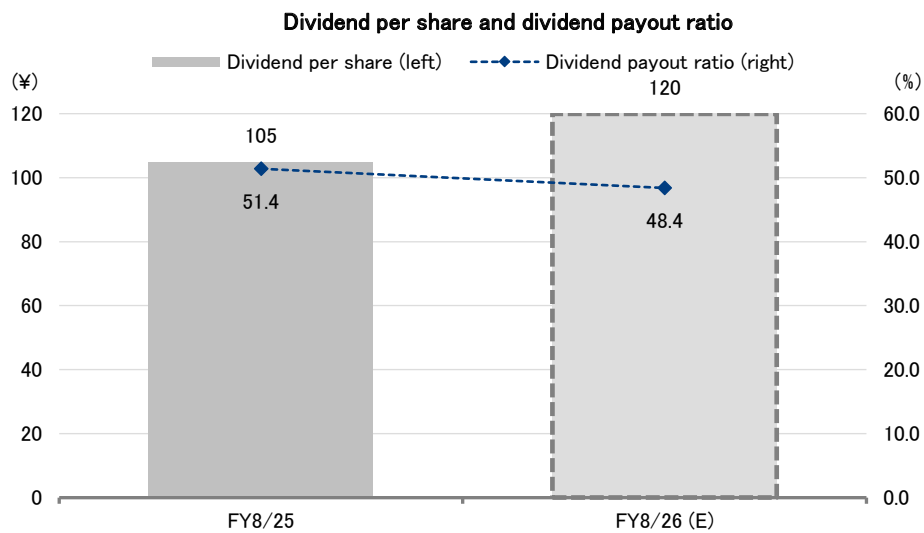
At the same time, the Company is mindful of repaying interest-bearing liabilities and maintaining financial soundness. While its equity ratio is improving and the total of interest-bearing liabilities is decreasing in the immediate term, a stable financial base is essential to sustain growth investments. For that reason, the Company seeks to allocate capital with an emphasis on balancing growth investments, financial soundness, and shareholder returns, without relying on excessive leverage. As market conditions are particularly favorable and the recoverability of investments both in Japan and overseas is strong at the current stage, the Company is in a phase of maintaining stable dividends while simultaneously allocating most of its cash to upfront investments.

Medium- to long-term growth strategy and financial strategy

(2) Shareholder return

The Company's basic policy for shareholder returns is a dividend payout ratio of 40% or higher, with an emphasis on distributing stable, continuous dividends. Rather than flexibly adjusting shareholder returns in response to profit fluctuations in a single fiscal year, the Company is aiming for a credible shareholder return policy over the medium to long term based on the premise of sustained profit growth. Its bridal jewelry business structure, which is relatively resilient to economic cycles, is well suited to a stable dividend policy.

In FY8/26, the Company forecasts a dividend of ¥120 per share (¥60 interim, ¥60 year-end), an increase of ¥15 YoY. The Company demonstrates a commitment to steadily increasing shareholder returns in line with profit growth. This is consistent with its medium-term management plan, under which it is targeting ROE of 13% or higher. The Company's policy of elevating capital efficiency while simultaneously bolstering shareholder returns is evident.



Source: Prepared by FISCO from the Company's financial results

The Company's dividend policy is intended to balance increases in shareholder returns in accordance with profit growth and stability. It is indicative of a stance on shareholder returns that is less susceptible to short-term earnings fluctuations. Particularly after listing shares, building up a continuous track record of dividends in itself helps build relationships of trust with capital markets. For that reason, a stable dividend policy is highly important.

It should be noted that the Company remains in a clear growth phase, with abundant investment opportunities to expand its store footprint in Japan and overseas and bolster its brand power. Given that the Company is in an investment phase, one that especially involves renewed growth in mainland China and expansion into Southeast Asia, that will greatly sway its future corporate value, it is not at a stage where shareholder returns should be overly prioritized. Accordingly, while steadily implementing shareholder returns at a certain level, the Company's policy appears to consist of allocating the bulk of its cash to growth investments. In other words, the Company's financial strategy is structured around two pillars: stable returns through dividends and the medium- to long-term enhancement of corporate value through reinvestment.



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