

YONDOSHI HOLDINGS INC.

First Section, Tokyo Stock Exchange (8008)

Investors' Presentation
Results for the Fiscal 2016
(The Fiscal Year Ended February 28, 2017)

April 10, 2017

4°C holdings group

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Hidenori Suzuki, President and Representative Director. YONDOSHI HOLDINGS INC.

Note: Amounts identified in this report are presented in millions of yen rounded down. Percentage figures are calculated from raw data.

Disclaimer: Operating forecasts and forward-looking statements that are not of historic fact are based on information available to management as of the date of this report. Subject to a variety of risks and uncertainties, these forecasts and forward-looking statements may differ substantially from actual results due to a diversity of factors including changes in the Company's operating environment, market trends and fluctuations in foreign currency exchange rates. As a result, readers are advised not to rely solely on the information provided as the basis for investment decisions.

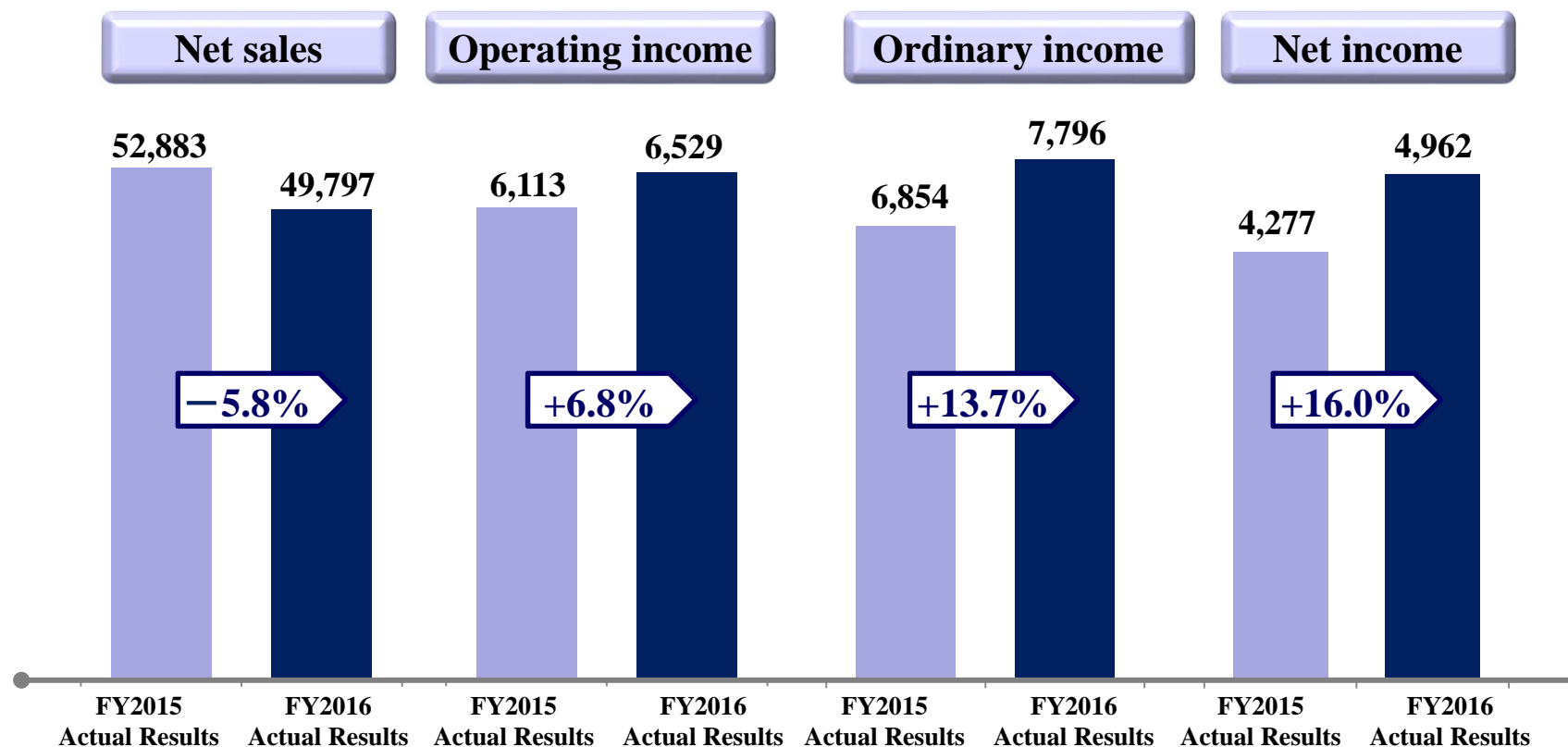
Overview of Consolidated Operating Results (1)

Increase in earnings against a decrease in revenue; record high operating income and net income for a fifth consecutive fiscal year together with record high ordinary income for a sixth consecutive fiscal year

Net sales: ¥49,797 million (-5.8% YoY) Operating income: ¥6,529 million (+6.8% YoY)

Ordinary income: ¥7,796 million (+13.7% YoY) Net income: ¥4,962 million (+16.0% YoY)

(Millions of yen)

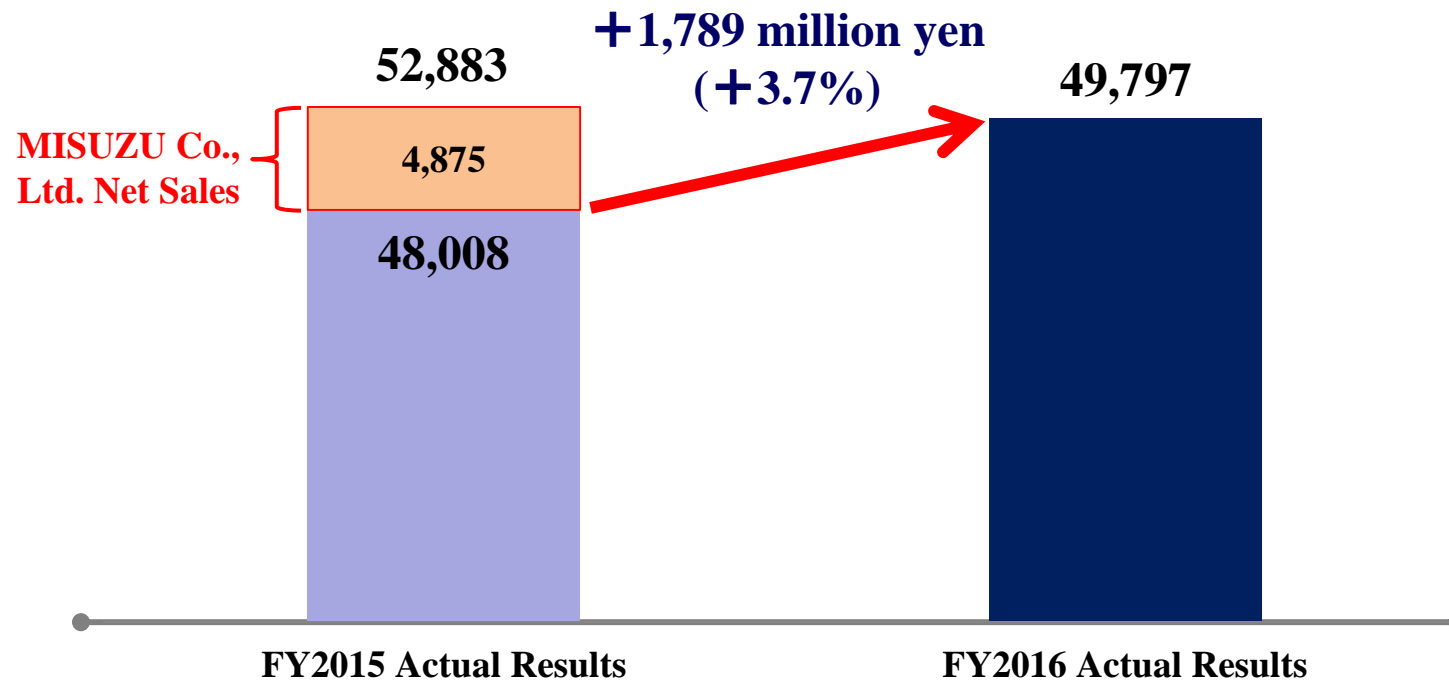


Net Sales Excluding the Impact of the Sale of MISUZU Co., Ltd.

Increase in revenue with a YoY upswing of 3.7% in net sales excluding the impact of the sale of MISUZU Co., Ltd.

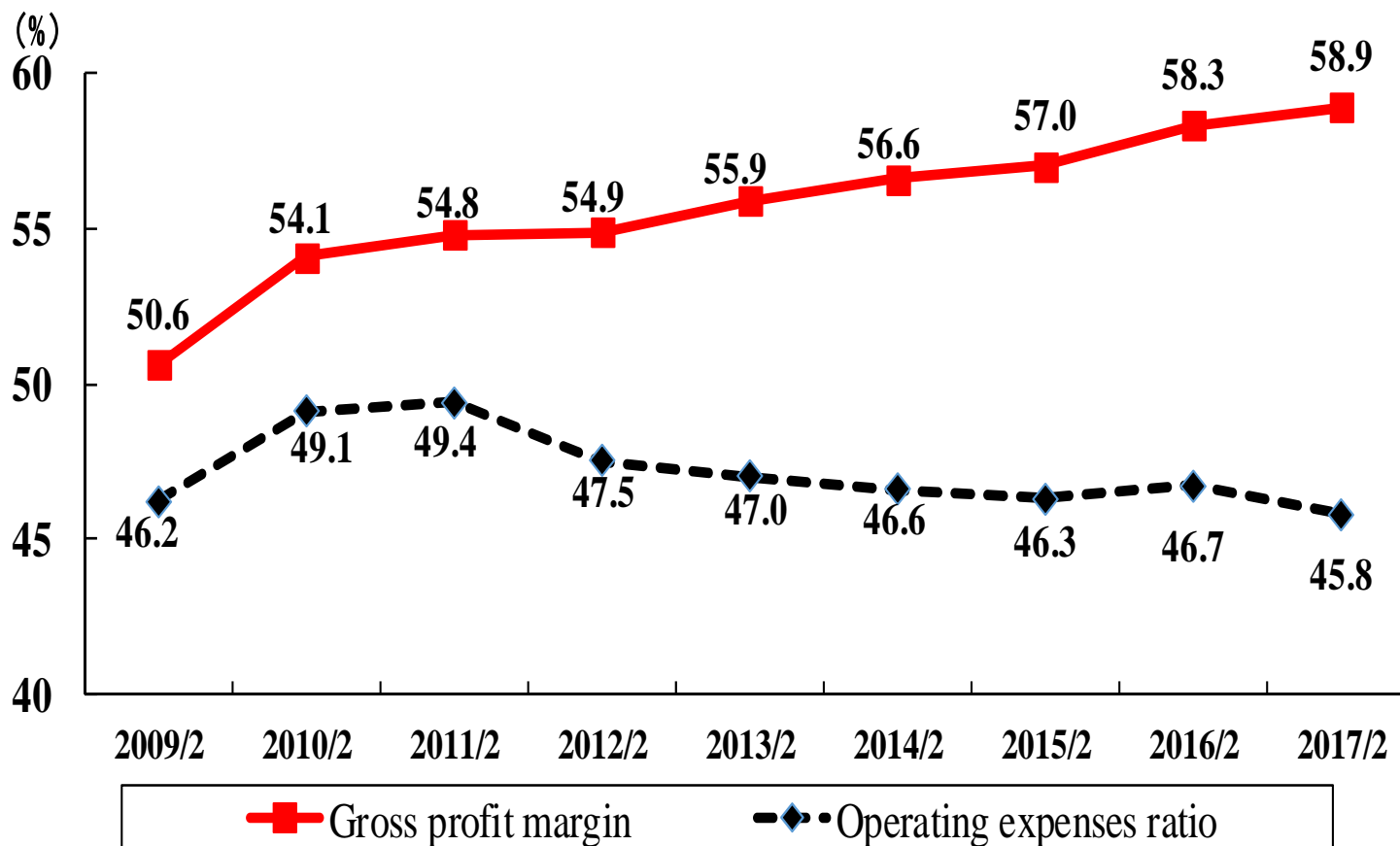
Net Sales Comparison after Excluding the Impact of the Sales of MISUZU Co., Ltd.

(Millions of yen)



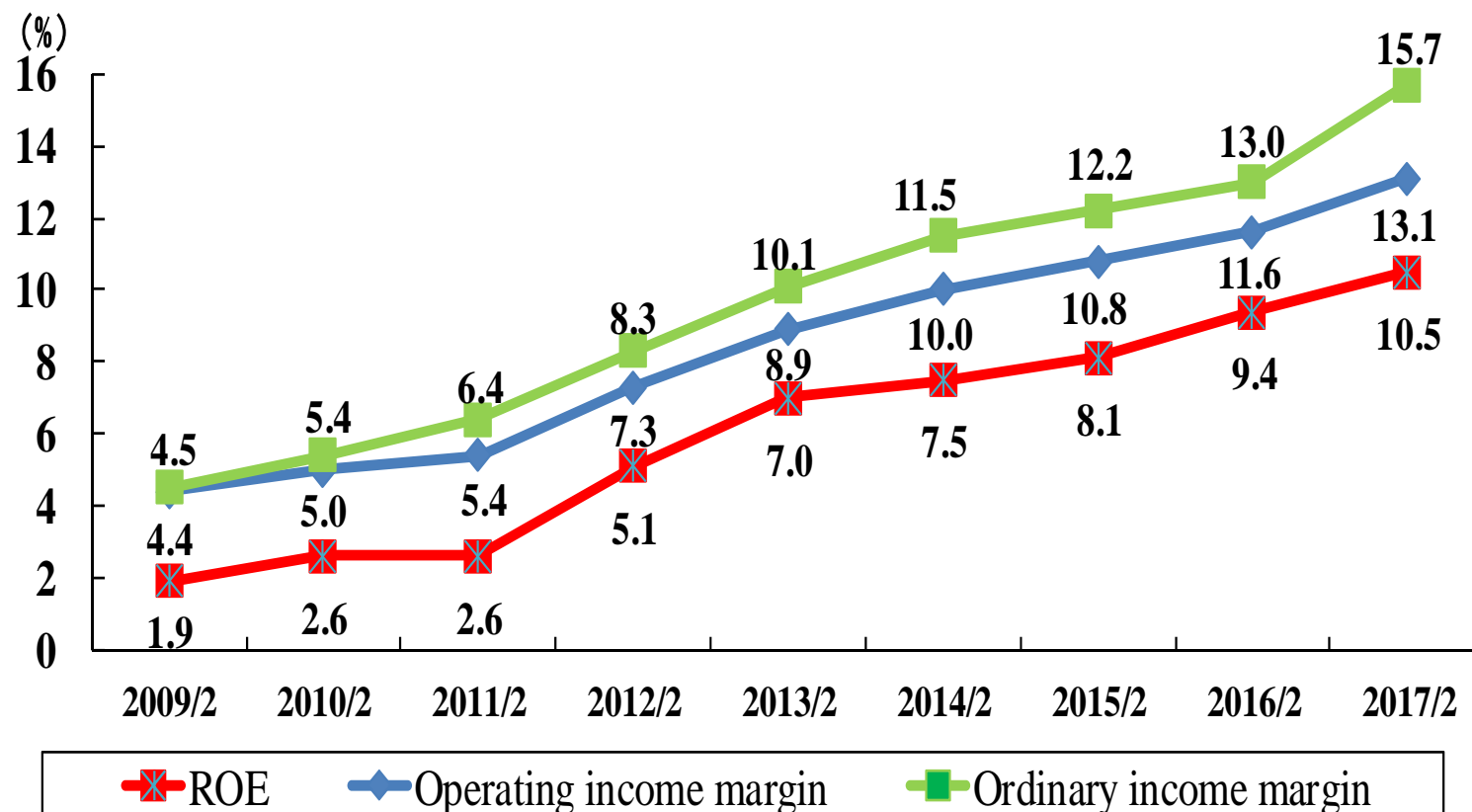
Improvement in Profit Margins (1)

Improvement in the earnings structure; decrease in the breakeven point



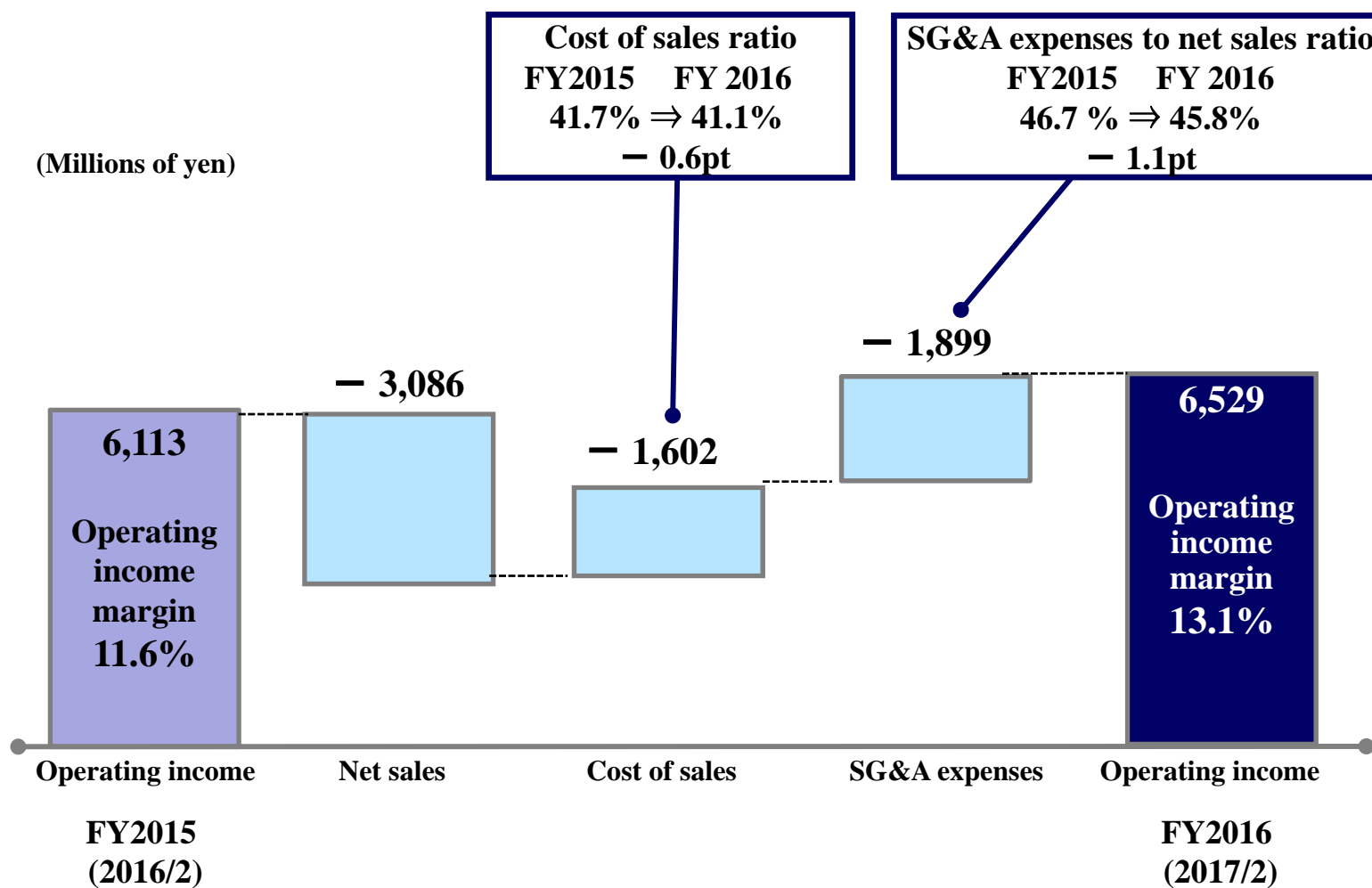
Improvement in Profit Margins (2)

Substantial increases in the operating income margin, ordinary income margin and ROE



Operating Income

Operating income: ¥6.52 billion (+6.8% YoY)
Operating income margin :13.1% (+1.5pt YoY)



Overview of Consolidated Operating Results (2)

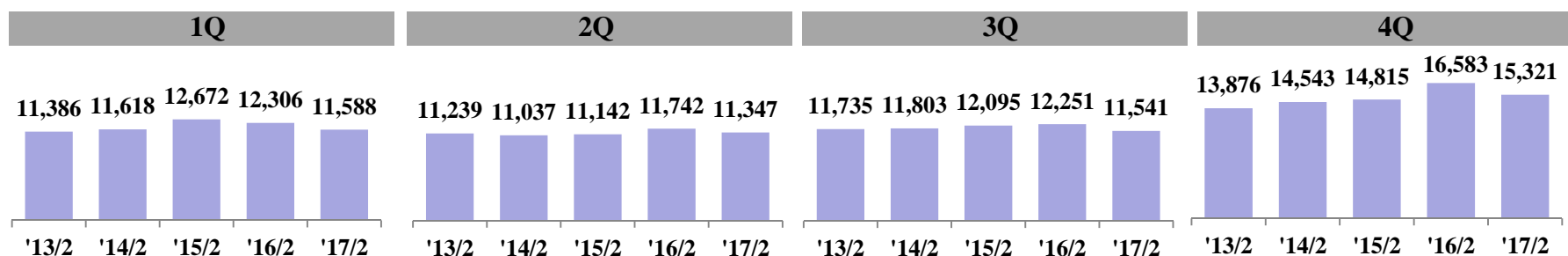
(Millions of yen, %)	FY2015 (2016/2)		FY2016 (2017/2)		FY2016 (2017/2)		YoY	vs. Plan
	Actual Results	(%)	Plans	(%)	Actual Results	(%)	Increase (Decrease) (%)	Increase (Decrease) (%)
Net sales	52,883	100.0	51,500	100.0	49,797	100.0	-5.8	-3.3
Gross profit	30,831	58.3	30,107	58.5	29,348	58.9	-4.8	-2.5
Gross profit margin (%)	58.3		58.5		58.9		+0.6pt	+0.4pt
Selling, general and administrative (SG&A) expenses	24,717	46.7	23,557	45.7	22,818	45.8	-7.7	-3.1
Operating income	6,113	11.6	6,550	12.7	6,529	13.1	+6.8	-0.3
Ordinary income	6,854	13.0	7,700	15.0	7,796	15.7	+13.7	+1.2
Net income	4,277	8.1	4,950	9.3	4,962	10.0	+16.0	+0.2

Trends in Quarterly Business Results

Steady growth in both net sales and operating income

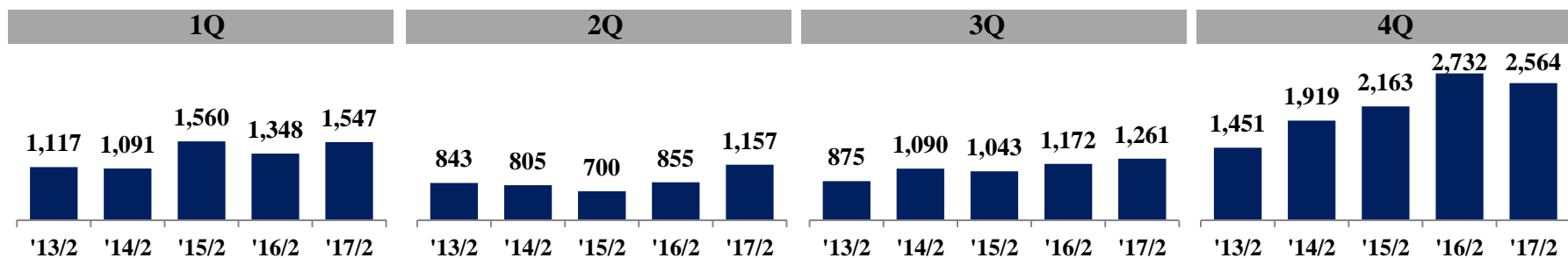
Trends in Net Sales by Quarter

(Millions of yen)



Trends in Operating Income by Quarter

(Millions of yen)



(Millions of yen)	FY2015 (2016/2)	1Q FY2016	2Q FY2016	3Q FY2016	4Q FY2016	FY2016 (2017/2)	Increase / (Decrease)	YoY
Net sales	52,883	11,588	11,347	11,541	15,321	49,797	(3,086)	-5.8
Gross profit	30,831	6,831	6,491	6,912	9,114	29,348	(1,894)	-4.8
Operating income	6,113	1,547	1,157	1,261	2,564	6,529	+416	+6.8

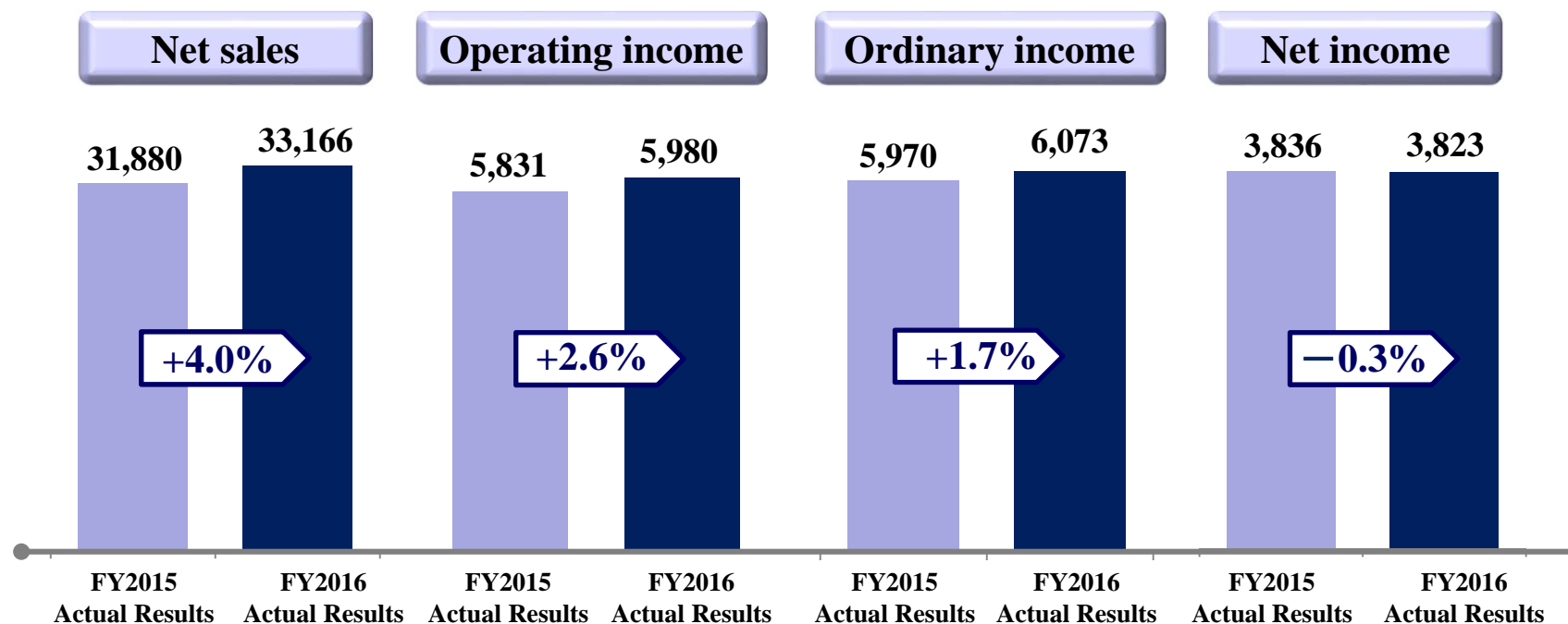
- **Increase in revenue and earnings; record high in net sales for a fifth consecutive fiscal period and record high in operating income for an eighth consecutive fiscal period**
- **canal 4°C : Continued growth in existing stores due to a substantial increase in the number of items handled; upswing in both net sales and profits reflecting contributions from the opening and renovation of stores**
- **Luria 4°C : Expansion through the opening of stores proceeding at a pace that exceeds plans; also, robust existing store trends**
- **MAISON JEWELL: Mainly marketed through the suburban shopping center channel; double-digit percentage net sales growth, which is largely due to robust trends in bridal jewelry items; opened the first store outside the Kanto region in AEON MALL Hiroshima Fuchu**
- **e-commerce net sales climbed 30.5% YoY with the pace of growth exceeding plans; launched the official 4°C BRIDAL online site in August 2016**

Overview of Business Results by Segment

~The Jewelry Business

4°C
holdings group

(Millions of yen)



(Millions of yen, %)	FY2015 (2016/2)		FY2016 (2017/2)				YoY	vs. Plan
	Actual Results	(%)	Plans	(%)	Actual Results	(%)	Increase (Decrease) (%)	Increase (Decrease) (%)
Net sales	31,880	100.0	34,076	100.0	33,166	100.0	+4.0	-2.7
Operating income	5,831	18.3	6,129	18.0	5,980	18.0	+2.6	-2.4
Ordinary income	5,970	18.7	6,248	18.3	6,073	18.3	+1.7	-2.8
Net income	3,836	12.0	3,930	11.5	3,823	11.5	-0.3	-2.7

(* Effective from the fiscal year under review, figures disclosed after accounting for intersegment net sales and transfers.)

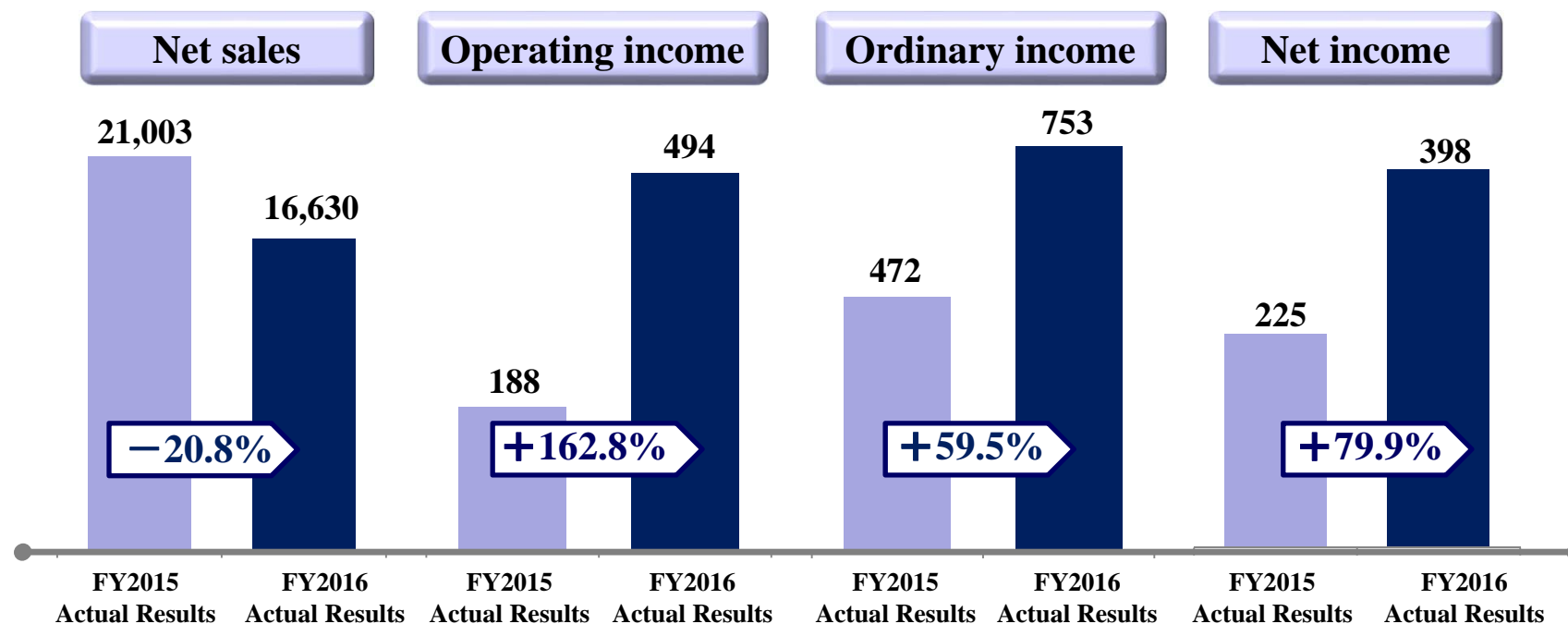
- **Increase in revenue in real terms after excluding the impact of the sale of MISUZU Co., Ltd.; substantial upswing in earnings**
- **Apparel manufacturing business: Substantial improvement in profit margins owing to successful efforts aimed at enhancing production management capabilities**
- **Everyday fashion brand PALETTE: Successful steps to strengthen the product mix as well as sales and promotion activities; increase in existing stores net sales for the seventh consecutive fiscal year; also an improvement in profit margins**
- **RAPPORT brand retail membership sales business: Closed in February 2017**

Overview of Business Results by Segment

~The Apparel Business

4°C
holdings group

(Millions of yen)



(Millions of yen, %)	FY2015 (2016/2)		FY2016 (2017/2)				YoY Increase (Decrease) (%)	vs. Plan Increase (Decrease) (%)
	Actual Results	(%)	Plans	(%)	Actual Results	(%)		
Net sales	21,003	100.0	17,294	100.0	16,630	100.0	-20.8	-3.8
Operating income	188	0.8	459	2.3	494	3.0	+162.8	+7.6
Ordinary income	472	2.2	679	3.9	753	4.5	+59.5	+10.9
Net income	225	1.1	435	2.2	398	2.4	+79.9	-8.5

(* Effective from the fiscal year under review, figures disclosed after accounting for intersegment net sales and transfers.)

Overview of Financial Position and Cash Flows (Consolidated)

- ❑ Total assets, liabilities, and net assets stood at ¥62.4 billion, ¥13.3 billion, and ¥49.0 billion, respectively
- ❑ Cash flows from financing activities: Purchased treasury stock totaling ¥860 million and paid cash dividends of ¥1,190 million as a part of efforts to return profits to shareholders

Financial Position

As of February 28, 2017

Total assets ¥62.4 billion	¥ 13.3 billion	Total liabilities
	¥49.0 billion	Total net assets

Cash Flows

(Millions of yen)	FY2015 (2016/2)	FY2016 (2017/2)	Increase (Decrease)
Operating cash flows	5,319	4,964	(355)
Investing cash flows	(545)	(2,347)	(1,802)
Financing cash flows	(3,739)	(2,305)	1,434
Free cash flows	4,774	2,616	(2,158)

Overview of Capital Investment as well as Depreciation and Amortization (Consolidated)

Capital investment: ¥0.95 billion Depreciation and amortization: ¥1.15 billion

(Millions of yen, %)	FY2015 (2016/2)	FY2016 (2017/2)	YoY
	Actual Results	Actual Results	
Capital investment (including long-term prepaid expenses) (cash flow basis)	1,533	952	(581)
<hr/>			
(Millions of yen, %)	FY2015 (2016/2)	FY2016 (2017/2)	YoY
	Actual Results	Actual Results	
Depreciation and amortization	1,161	1,156	(5)

Status of Store Openings and Closures

- ❑ Undertook the opening of stores in the Jewelry Business in excess of plans; stores closed as a result of the decision to terminate operations for two brands
- ❑ Opened five stores in the Apparel Business (four PALETTE stores and one sales agent store)

		Jewelry Business						Apparel Business	Total*
		Japan					Overseas	age Co., Ltd	
		Roadside boutique	Department store	Bridal Shop	Fashion Building	Total			
FY2015 (2016/2)	Fiscal year-end	6	88	39	75	208	6	76	273
FY2016 Actual Results (2017/2)	Stores opened	0	7	0	13	20	2	5	26
	Stores closed	1	9	2	1	13	1	2	16
	Fiscal year-end	5	86	37	87	215	7	79	283

(Note: Jewelry sales agent stores at age Co., Ltd.; year –end of FY 2015 store adjustment (-17), year-end of FY 2016 store adjustment (-18) due to opening one sales agent store during FY 2016)

(* Figures as of the end of the fiscal year ended February 29, 2016 are after excluding MISUZU Co., Ltd.)

Status of the Number of Domestic Brand Stores in the Jewelry Business

- ❑ Increase in the number of domestic brand stores handling both jewelry and bag
- ❑ Decision to terminate operations for the RUGIADA and deux et deux brands effective from the fiscal year under review

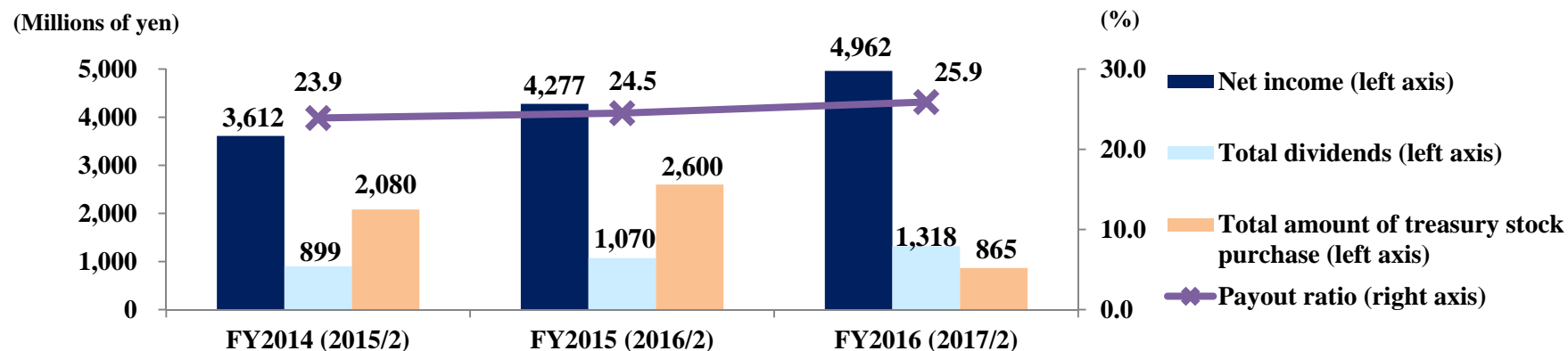
		4°C	4°C BRIDAL	canal 4°C	Other*	Jewelry Total	4°C bags	Luria 4°C	Bag Total
FY2015 (2016/2)	Fiscal year-end	93	48	45	25	211	49	19	68
FY2016 Actual Results (2017/2)	Stores opened	5	1	3	19	28	7	15	22
	Stores closed	6	0	0	14	20	7	1	8
	Fiscal year-end	92	49	48	30	219	49	33	82

※1. Other: EAUDOUCÉ 4°C, RUGIADA, MAISON JEWELL, deux et deux

※2. Composite stores that handle multiple brands are recorded as a single store by each individual brand.

Return of Profits to Shareholders

- With the basic policy of providing stable and continues dividends, **YONDOSHI HOLDINGS** also maintains a flexible approach toward the acquisition of treasury stock
 - ⇒ YoY increase of ¥10 per share for an annual dividend of ¥50 per share for the fiscal year ended February 28, 2017 (sixth consecutive fiscal year of dividend increase)
 - ⇒ Undertook the purchase of 400,000 shares of treasury stock in August 2016 (third consecutive fiscal year of treasury stock acquisition)
 - ⇒ Dividend payout ratio: 25.9%, up 1.4 of a percentage point YoY



	FY2014 (2015/2)	FY2015 (2016/2)	FY2016 (2017/2)
Annual dividends per share (Yen)	32.0	40.0	50.0
Net income per share (Yen)	133.90	163.22	193.38
Payout ratio (%)	23.9	24.5	25.9
Total amount of treasury stock purchased (Millions of yen)	2,080	2,600	865
Total payout ratio (%)	82.5	85.8	44.0

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February 28, 2017

II . Results Forecasts for Fiscal 2017 as well as Priority Issues and Measures

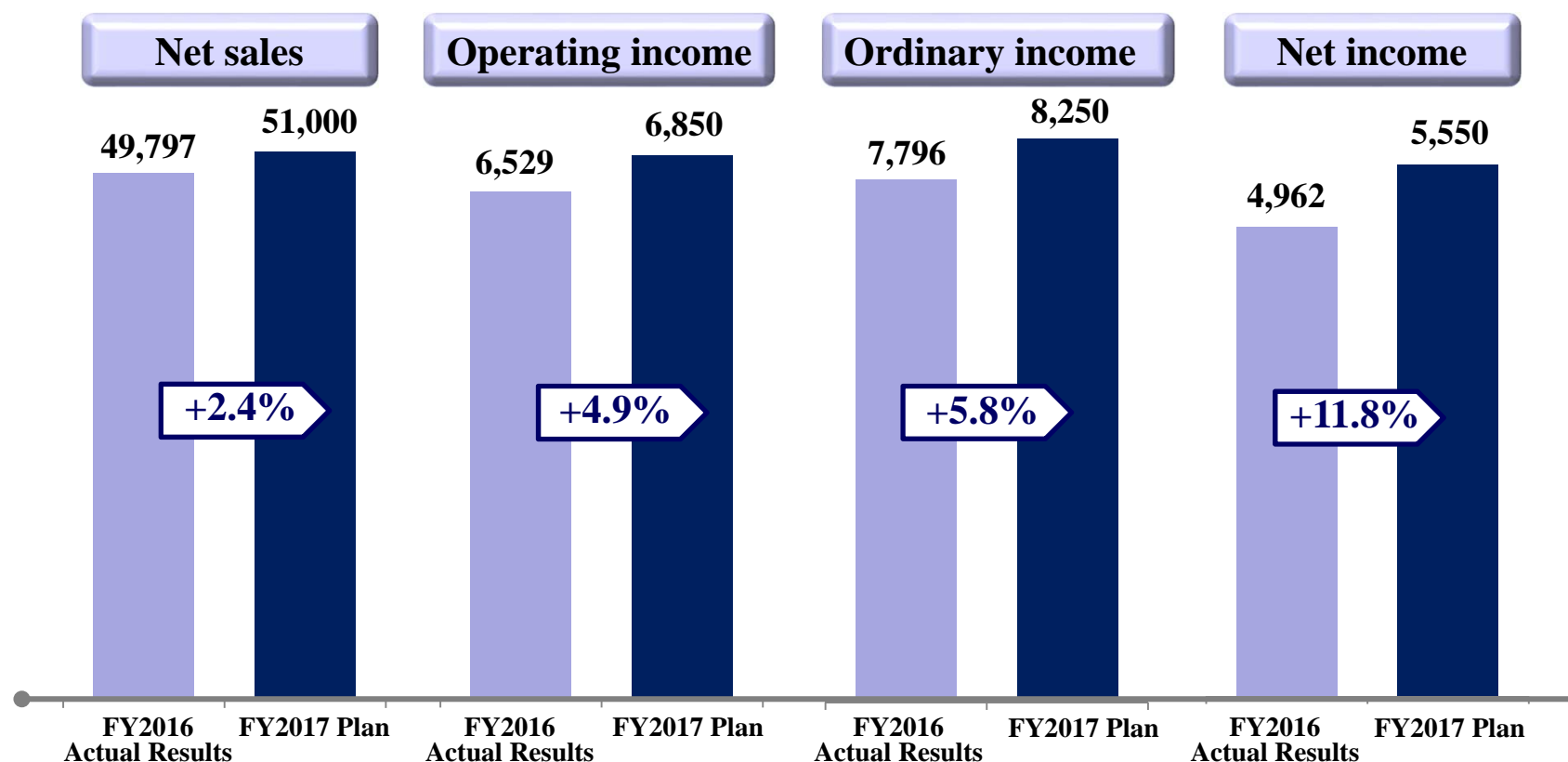
III. Progress under the 4th Medium-Term Management Plan

Business Results Forecasts for Fiscal 2017 (1)

Increase in both revenue and earnings; operating income and net income projected to reach a record high for the sixth consecutive fiscal year; ordinary income is forecast to reach a record high for the seventh consecutive fiscal year

**Net sales ¥51,000 million (+2.4% YoY) Operating income ¥ 6,850 million (+4.9% YoY)
Ordinary income ¥ 8,250 million (+5.8% YoY) Net income ¥ 5,550 million (+11.8% YoY)**

(Millions of yen)



Business Results Forecasts for Fiscal 2017 (2)

- ❑ For the second quarter cumulative period, revenue is projected to increase and earnings decrease on a YoY basis
- ❑ Revenue and earnings are projected to increase for the full fiscal year; operating income and net income is expected to reach a record high for a sixth consecutive fiscal year while ordinary income is forecast to reach a record high for the seventh consecutive fiscal year

(Millions of yen, %)	FY2016 (2017/2) Results		FY2017 (2018/2) Plan				YoY Increase (Decrease) (%)
	Results	(%)	2Q (Cumulative)	(%)	Full-year	(%)	
Net sales	49,797	100.0	23,000	100.0	51,000	100.0	+2.4
Gross profit	29,348	58.9	13,507	58.7	30,362	59.5	+3.5
Gross profit margin	58.9		58.7		59.5		+0.6Pt
Selling, general and administrative expenses	22,818	45.8	11,007	47.9	23,512	46.1	+3.0
Operating income	6,529	13.1	2,500	10.9	6,850	13.4	+4.9
Ordinary income	7,796	15.7	3,150	13.7	8,250	15.7	+5.8
Net income	4,962	10.0	2,150	9.3	5,550	10.9	+11.8

Full Fiscal Year Business Results Forecasts by Segment

(Figures are after accounting for intrasegment net sales and transfers)



- ❑ The Jewelry Business is projected to again experience revenue and earnings growth
- ❑ The Apparel Business is expected to witness an upswing in revenue and earnings on the back of stable growth

(Millions of yen, %)		FY2016 (2017/2)	FY2017 (2018/2)	
		Results	Forecast	YoY
The Jewelry Business	Net sales	33,166	33,664	+1.5
	Operating income	5,980	6,367	+6.5
	Ordinary income	6,073	6,482	+6.7
	Net income	3,823	4,236	+10.8
The Apparel Business	Net sales	16,630	17,410	+4.7
	Operating income	494	592	+20.0
	Ordinary income	751	805	+7.3
	Net income	398	523	+31.9

Plans for Store Openings and Closures

- ❑ Plans to open 20 store in Japan including composite stores in the Jewelry Business
- ❑ Plans to open 7 PALETTE stores in the Apparel Business

		Jewelry Business						Apparel Business	Total*
		Japan					Overseas	age Co., Ltd	
		Roadside boutique	Department store	Bridal Shop	Fashion Building	Total			
FY2016 Actual Results (2017/2)	Fiscal year-end	5	86	37	87	215	7	79	283
FY2017 Forecast (2018/2)	Stores opened	0	9	0	11	20	4	7	31
	Stores closed	0	11	1	3	15	1	1	17
	Fiscal year-end	5	84	36	95	220	10	85	297

(Note: Jewelry sales agent stores at age Co., Ltd.; store adjustment (-18))

Plans for the Number of Domestic Brand Stores in the Jewelry Business

- ❑ Organize certain stores into specific categories in a bid to promote a unique and distinct identity for 4°C BRIDAL specialty stores
- ❑ Switch over certain stores from 4°C bags to Luria 4°C brand products

		4°C	4°C BRIDAL	canal 4°C	Other*	Jewelry Total	4°C bags	Luria 4°C	バッグ計
FY2016 Actual Results (2017/2)	Fiscal year-end	92	37	48	30	207	49	33	82
FY2017 Forecast (2018/2)	Stores opened	6	0	2	4	12	1	33	34
	Stores closed	4	1	1	1	7	37	2	39
	Fiscal year-end	94	36	49	33	212	13	64	77

Note 1. Other: EAU DOUCE4°C, MAISON JEWELL

Note 2. The number of brand stores that handle 4°C BRIDAL products as the end of the fiscal year ended February 28, 2017 has been retroactively adjusted to reflect only bridal specialty stores following the organization of certain stores into specific categories.

Note 3. Composite stores that handle multiple brands are recorded as a single store by each individual brand.

Jewelry Business: Strengthen Efforts to Address 4°C Jewelry Gift Needs

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- ❑ Strengthen the ability to address gift needs by enhancing product development capabilities as well as product lineups
- ❑ Further expand the market through existing store



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Jewelry Business: Pursue a Unique and Distinct Identity for 4°C BRIDAL Specialty Stores

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- ❑ Roll out products and create sales floors that reflect the unique and distinct identity of bridal specialty stores
- ❑ Release a lineup of innovative products; expand the number of product types from 240 to 310
- ❑ Enhance planning as well as customer service capabilities by reorganizing the structure of specialty bridal operations



(4°C BRIDAL)



(4°C BRIDAL shop presentation)

Jewelry Business: Bolster Growth Brand Product Capabilities and Open New Stores

4°C
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- ❑ Further expand the urban-type SC sales channel through canal 4°C growth
- ❑ In addition to the opening of 14 Luria 4°C stores, plans to implement a changeover from 4°C bags at 19 stores



(canal 4°C LaLaport Tokyo-Bay Store)



(Luria 4°C Namba Marui Store)

Jewelry Business: Nurture the MAISON JEWELL Brand

- ❑ Increase visibility by upgrading and expanding products while implementing sales promotion measures
- ❑ Further cultivate the urban-type SC sales channel by opening new stores



(MAISON JEWELL bridal jewelry)



(MAISON JEWELL Chikushino Store)

Jewelry Business: Further Expand the e-commerce Business

- ❑ Plan for further e-commerce business growth through the e-commerce channel which continues to expand
- ❑ Growth and expansion of JEWELRY BOUTIQUE, which handles such items as jewelry and bags as well as the Company-run official 4°C BRIDAL online shopping site



Jewelry Business: Cultivate the China Market

- ❑ Plans to open four stores during the fiscal year ending February 28, 2018; aim to roll out 10 stores during the period of the Fourth Medium-Term Management Plan
- ❑ Build a 4°C jewelry business model in China



(4°C Shanghai Yaohan Store)

Apparel Business: Apparel Manufacturing Business

- ❑ Strengthen marketing capabilities by further enhancing product planning capabilities and ensuring the proper use of exhibitions
- ❑ Promote continuous and stable transactions with existing major customers
- ❑ Secure profit margins by enhancing production management capabilities



(AS'TY Inc. exhibition)



(AS'TY VIETNAM INC.)

Apparel Business: Everyday Fashion Brand Business

4°C
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- ❑ Forecasting an eighth consecutive fiscal year of revenue growth in existing PALETTE store sales
- ❑ Capture and expand blue chip customers utilizing the point card system
- ❑ Plans to open seven stores; further entrench the Group's dominant position in the Kansai



(PALETTE Safa Store)



(PALETTE Ekiya Store)

Projecting an annual dividend of ¥65 per share and a seventh consecutive fiscal year of dividend increase; looking to achieve a dividend payout ratio of 30%

Trends in Dividend Payout Ratios, etc.

	FY2014 (2015/2)	FY2015 (2016/2)	FY2016 (2017/2)	FY2017 (2018/2) Forecast
Annual dividends per share (Yen)	32.0	40.0	50.0	65.0
Dividend payout ratio (%)	23.9	24.5	25.9	30.1

- **In addition to the stable and continuous payment of dividends, flexibly purchase treasury stock on an ongoing basis**
- **Utilize the remaining reserves of cash after opening new stores and undertaking the return of profits to shareholders to enter into M&As and engage in other activities with the aim of promoting growth in the Jewelry Business; to this end, upgrade and expand the brand portfolio and strengthen the supply chain**

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III. Progress under the 4th Medium-Term Management Plan

Basic Policies of the Fourth Medium-Term Management Plan

– Numerical Vision

- ❑ Sale of MISUZU Co., Ltd., reorganization of brands, and closure of RAPPORT stores in the second fiscal year of the Fourth Medium-Term Management Plan; consolidated net sales forecast to reach ¥51.0 billion in the final fiscal year of the Plan
- ❑ Ordinary income trending in excess of plans as of the end of the second fiscal year of the Fourth Medium-Term Management Plan; ordinary income forecast to come in at ¥8,250 million in the final fiscal year of the Plan
- ❑ Achieved the ROE numerical target of 10.0% or more one year in advance; ROE projected to reach 10.9% in the final fiscal year of the Plan

	Initial Numerical Vision	Revised Numerical Vision after Completion of the First Fiscal Year	Final Fiscal Year Consolidated Performance Forecasts
Consolidated net sales	¥60.0 billion or more	¥55.0 billion or more	¥51.0 billion
Ordinary income	¥8.0 billion or more	¥8.0 billion or more	¥8,250 million
ROE	10.0% or more	10.0% or more	10.9%

Progress under the Fourth Medium-Term Management Plan (1)

Steadfastly implemented priority measures; achieved results in excess of plans as of the end of the second fiscal year of the Plan

Priority Strategies

Progress in the second fiscal year of the Plan

Pursue an aggressive store opening strategy; plans to open 70 new stores* over the three-year period



Opened 57 new stores as of the end of February 2017

Develop businesses that will play an important role in the next set of growth strategies



- **Rolled out 33 new Luria 4°C stores exceeding the pace set out under the Plan**
- **Substantial growth in the MAISON JEWELL brand; increasingly broad potential for the opening of new stores**
- **Opened an official 4°C BRIDAL online store**
- **Opened two new stores bringing the total number of stores in China to seven; targeting 10 stores as of the end of February 2018**
- **Continued to implement measures aimed at the development of new brands**

Priority Strategies

Expand the scale of business by continuing to push forward the Group's five growth engine pillars



Progress in the second fiscal year of the Plan

- Took steps to further strengthen the lineup of gifts through the development of products in the 4°C jewelry brand
- Continued to pursue a unique and distinct identity for 4°C BRIDAL specialty stores
- Expanded the canal 4°C urban-type SC sales channel
- Substantially improved profit margins in the apparel manufacturing business
- Recorded a seventh consecutive fiscal year of existing store revenue growth by strengthening sales and promotional activities as well as product composition capabilities in the everyday fashion brand PALETTE business

Toward Stable and Sustainable Growth — Creating Sustainable Value

Work toward enhancing value in the three jewelry SPA, apparel OEM, and retail businesses



Activities Aimed at Addressing ESG Issues

- ❑ Continued to develop human resources through the use of a corporate university as a way to promote sound business management
- ❑ Expanded measures that promote diversity and an environment in which women can excel
- ❑ Further upgraded and expanded the quality assurance structure and systems to top class industry levels



- **YONDOSHI HOLDINGS reported an increase in revenue in real terms and continued to post record highs at each major level of profit in the fiscal year ended February 28, 2017; this was largely attributable to growth in the Jewelry Business and a substantial improvement in profit in the Apparel Business**
- **YONDOSHI HOLDINGS is again targeting record high profit in the fiscal year ending February 28, 2018; this is mainly due to expectations of further expansion in the Jewelry Business and stable growth in the Apparel Business (operating income and net income are forecast to reach record highs for a sixth consecutive fiscal year; ordinary income to anticipated to reach a record high for the seventh consecutive fiscal year)**
- **YONDOSHI HOLDINGS implemented measures aimed at promoting existing store growth; these measures included strengthening 4°C jewelry product capabilities and pursuing a unique and distinctive identity for bridal specialty stores**
- **YONDOSHI HOLDINGS continued to expand net sales on the back of vigorous efforts to open and renovate stores focusing mainly on the Luria 4°C brand; steps were taken to nurture the MAISON JEWELL brand, strengthen the e-commerce business, and concentrate on opening new stores in China while pushing forward a raft of other initiatives**
- **Dividends increase for a sixth consecutive fiscal year on the back of robust results; the annual dividend in the final fiscal year of the Fourth Medium-Term Management Plan ending February 2018 is forecast to come in at ¥65 per share, up ¥15 per share YoY; on this basis, YONDOSHI HOLDINGS is looking to achieve a dividend payout ratio of 30%**
- **Progress under the Fourth Medium-Term Management Plan is extremely steady; YONDOSHI HOLDINGS is committed to decisively implementing measures in a bid to secure further growth**

We kindly request that you direct all inquiries regarding this document and investor relations in general to the following point of contact:

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