

YONDOSHI HOLDINGS INC.

Prime Market, Tokyo Stock Exchange (8008)

Investors' Presentation

Results for the First Half of Fiscal 2023

(The Fiscal Year Ending February 29, 2024)

October 6, 2023

4°C holdings group

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- I. Consolidated Operating Results for the First Half of Fiscal 2023**
- II. Consolidated Business Results Forecasts for Fiscal 2023**
- III. Realization of Sustainable Management**
- IV. Appendix**

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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.

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- ❑ **Two consecutive years of sales increases, and profit growth.**
 - ❑ **Earnings improvement exceeded plan, and first half forecast revised upward on 9/25.**
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- **Net sales: Up 3.2% YoY**
Expansion of store openings in the Apparel Business
 - **Operating income: Up 65.7% YoY**
Structural reform in the Jewelry Business, profit expansion of apparel manufacturers
 - **Ordinary income: Up 56.2% YoY**
 - **Profit attributable to owners of parent: Up 35.7% YoY**

Consolidated Operating Results for the First Half of Fiscal 2023

(Millions of yen, %)	Actual Results	YoY	Increase (Decrease)
Net sales	19,110	+ 3.2	+ 596
Gross profit	9,373	+ 2.3	+ 211
Gross profit margin	49.0	-	(0.4)
Selling, general and administrative expenses	8,303	-2.5	(212)
Amortization of goodwill	248	± 0.0	± 0
Operating income	1,069	+ 65.7	+ 423
Ordinary income	1,284	+ 56.2	+ 462
Net income	696	+ 35.7	+ 183

Reference figures

Operating income before the amortization of goodwill	1,317	+ 47.4	+ 423
Net income before the amortization of goodwill	944	+ 24.1	+ 183

* Operating income before the amortization of goodwill = operating income + goodwill amortization;
net income before the amortization of goodwill = profit attributable to owners of parent + goodwill amortization

FY2/24 1H Results by Segment (Figures before internal offsetting)

Jewelry Business

Net sales of ¥7,873 million with operating income of ¥533 million, for revenue decline with earnings gain.

- **Fashion jewelry: Sales growth at existing stores from implementation of priority measures.**
 - Sales to female customers up 3.0% YoY on successful product measures.
 - E-commerce sales up 19.1% YoY on continued strong performance through both the in-house website and external websites.
 - Sales per customer up 6.3% YoY on greater accuracy of customer management.
- **Bridal jewelry: Sales declined due to consolidation of stores, but the profit margin improved significantly.**
 - Number of marriages in Jan.-June period decreased by 7.3%, as street-level stores struggled to attract customers.
 - Reorganization of specialty (bridal) store business format – Going forward, absorption into nearby department stores, mixed-use stores, flagship stores.

(Millions of yen, %)		Actual Results	YoY	Increase (Decrease)
Jewelry Business	Net sales	7,873	-5.2	(433)
	Operating income	533	+44.0	+162

FY2/24 1H Results by Segment (Figures before internal offsetting)

Apparel Business

Net sales of ¥11,237 million with operating income of ¥777 million, for gains in both revenue and earnings.

- **Openings of PALETTE stores drove top line growth.**
 - Increased sales on boost from store openings in the second half of FY2/23.
 - Steady overall performance for the four stores in the Kanto region.
- **Apparel manufacturers posted significantly increases in both sales and profit.**
 - Increase in orders from strengthening of overseas production bases.
 - Improvement in gross margin percentage on price pass-through to reflect yen depreciation and other cost increases.

(Millions of yen, %)		Actual Results	YoY	Increase (Decrease)
Apparel Business	Net sales	11,237	+ 10.1	+ 1,027
	Operating income	777	+58.4	+286

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

- ❑ First half: 6 store openings, 7 store closures, for 159 stores at period-end.
- ❑ Second half plan: 2 store openings, 0 store closures, for 161 stores at period-end.

		4°C	4°C BRIDAL	Canal4°C	EAU DOUCE 4°C	Total
FY2022 (2023/2)	Fiscal year-end	80	24	43	13	160
FY2023 1H Actual Results (2023/8)	Stores opened	3	1	0	2	6
	Stores closed	1	5	1	0	7
	2H-end	82	20	42	15	159
FY2023 2H Plan (2024/2)	Stores opened	1	1	0	0	2
	Stores closed	0	0	0	0	0
	Fiscal year-end	83	21	42	15	161

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

Status and Plan of Store Openings and Closures

- ❑ First half: 3 store openings, 8 store closures, for 239 stores at period-end.
- ❑ Second half plan: 11 store openings, 1 store closure, for 249 stores at period-end.

		Jewelry Business					Apparel Business	Total
		Roadside boutique	Department store	Bridal Shop	Fashion Building	Total	PALETTE	
FY2022 (2023/2)	Fiscal year-end	2	69	24	56	151	93	244
FY2023 1H Actual Results (2023/8)	Stores opened	1	0	1	0	2	1	3
	Stores closed	1	0	5	1	7	1	8
	2H-end	2	69	20	55	146	93	239
FY2023 2H Plan (2024/2)	Stores opened	0	1	1	0	2	9	11
	Stores closed	0	0	0	0	0	1	1
	Fiscal year-end	2	70	21	55	148	101	249

Overview of Financial Position and Cash Flows (Consolidated)

- ❑ Total assets ¥52.4 billion, liabilities ¥13.8 billion, net assets ¥38.5 billion
- ❑ Cash flows from operating activities: ¥1,356 million due to recording of income before income taxes, etc.
- ❑ Cash flows from investing activities: net cash used in investing activities of ¥2,340 million owing to such factors as the purchase of investment securities

Financial Position

As of August 31, 2023

Total assets ¥52.4 billion	¥13.8 billion	Total liabilities
	¥38.5 billion	Total net assets

Cash Flows

(Millions of yen)	1H FY2022 (2022/8)	1H FY2023 (2023/8)	Increase (Decrease)
Operating cash flows	1,282	1,356	+74
Investing cash flows	(2,234)	(2,340)	(106)
Financing cash flows	383	1,197	+814
Free cash flows	(951)	(984)	(32)

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FY2/24 Consolidated Earnings Forecast Summary

- ❑ **Continue priority measures to achieve the second half plan.**
- ❑ **Full-year forecasts are unchanged.**

Jewelry Business

- **In addition to the steady progress of priority measures for fashion jewelry, sales to male customers and EC sales are expanding, with expectations for the Christmas sales season.**
- **Some existing bridal jewelry stores continue to struggle, but this was expected.**
- **New brand promotion campaign conducted in September with the aim of enhancing brand value over the medium to long term.**

Apparel Business

- **Plan to open nine PALETTE stores during the second half period, continue to open 10 stores per year.**
- **Leverage the production base in Bangladesh to gain advantages in terms of quality and cost.**

Consolidated Business Results Forecasts for Fiscal 2023

(Millions of yen, %)	FY2022 (2023/2) Results	FY2023 (2024/2) Forecasts	YoY	Increase (Decrease)
Net sales	39,508	40,000	+1.2	+ 491
Gross profit	19,727	19,990	+1.3	+ 262
Gross profit margin	49.9	50.0	-	+0.0
Selling, general and administrative expenses	17,748	17,890	+0.8	+ 141
Amortization of goodwill	496	496	± 0.0	± 0
Operating income	1,979	2,100	+6.1	+120
Ordinary income	2,342	2,500	+6.7	+157
Net income	1,149	1,300	+13.1	+150

Reference figures

Operating income before the amortization of goodwill	2,476	2,596	+4.9	+ 120
Net income before the amortization of goodwill	1,645	1,796	+9.1	+ 150

* Operating income before the amortization of goodwill = operating income + goodwill amortization;
net income before the amortization of goodwill = profit attributable to owners of parent + goodwill amortization

Consolidated Business Results Forecasts by Segment for Fiscal 2023

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

Jewelry Business

Net sales of ¥17,700 million, with operating income of ¥1,450 million.

- ❑ Revenue decline expected due to consolidation of bridal stores, but improved profit margin to provide higher earnings.
- ❑ Expand sales by focusing on growth segments of female customers, e-commerce, and customer development.

Apparel Business

Net sales of ¥22,300 million, with operating income of ¥1,050 million.

- ❑ Expanded openings of PALETTE stores to drive top line growth.
- ❑ Apparel manufacturers to improve profit margins by strengthening overseas production functions and planning proposal capabilities.

(Millions of yen, %)		FY2022 (2023/2) Results	FY2023 (2024/2) Forecasts	YoY	Increase (Decrease)
Jewelry Business	Net sales	18,587	17,700	-4.8	(887)
	Operating income	1,356	1,450	+6.9	+93
Apparel Business	Net sales	20,921	22,300	+6.6	+1,378
	Operating income	942	1,050	+11.4	+107

FY2/24 Priority Measures

Business	Jewelry Business	Apparel Business
Changes in the operating environment	<ul style="list-style-type: none"> ➤ Decline in the number of marriages ➤ Emergence of foreign brand ➤ Expansion of the e-commerce market ➤ Evolution of digital marketing 	<ul style="list-style-type: none"> ➤ Greater tendency to economize due to inflation ➤ Exchange rate fluctuations ➤ Rising production cost ➤ Population decline in regional areas
Phase	Structural Reform	Expansion
Priority Measures	<ol style="list-style-type: none"> 1) Expand sales of fashion jewelry and enhance brand value <ul style="list-style-type: none"> • Broadening of support among female customers • Expansion of e-commerce • Customer development 2) Structural reform of the bridal jewelry business 	<ol style="list-style-type: none"> 1) Increase sales at PALETTE <ul style="list-style-type: none"> • Expand sales through strategy of domination in Kansai region • Expansion of business area by opening stores in the Kanto region 2) Strengthen the production base in Bangladesh; strengthen planning and proposal capabilities
Result	Earnings improvement	Sales expansion

Priority Measure Expand Sales of Fashion Jewelry

- ❑ Steady results in various measures for fashion jewelry
- ❑ Proactively pursue measures during the second half to expand earnings in growth fields.

Attract female customers



1H: +3.0%



- Strengthen development of new products
- Expand product lineup to meet personal demand

Expand e-commerce



1H: +19.1%



- Debut of direct-to-consumer (D2C) brand in November
- Development of products exclusively for e-commerce

Customer development



1H: +6.3%



- Strengthen direct marketing
- Improve data analysis
- Aiming to reach more than one million registered customers

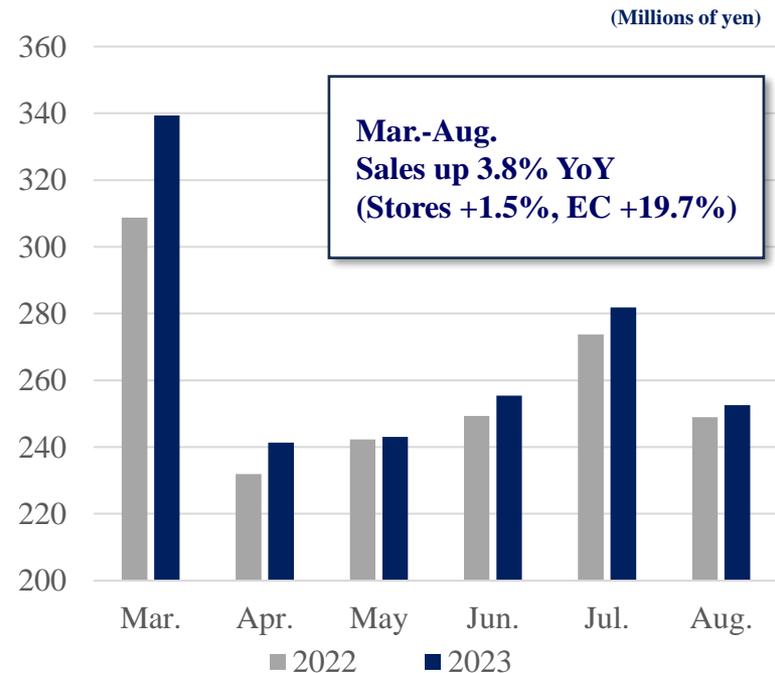
Outlook for Christmas Season

- ❑ Christmas sales season expected to be on a par with the previous year.
- ❑ Continue to strengthen product development for female customers, who are the end users.
- ❑ Clear recovery trend in sales to male customers both at stores and through e-commerce, which is a positive factor for Christmas.

Christmas Collection



Sales to Male Customers (including e-commerce)



Brand Value Improvement – Brand Promotion

- ❑ “Nameless Jewelry Shop” event held in September 2023.
- ❑ Experience-based events held to refresh brand image and enhance favorability.



Brand Value Improvement – Ginza Main Store

4°C
holdings group

- ❑ Renovated and reopened as a flagship store on March 1, conveying the viewpoint of 4°C.
- ❑ Implement new ideas, and convey the brand value to customers.

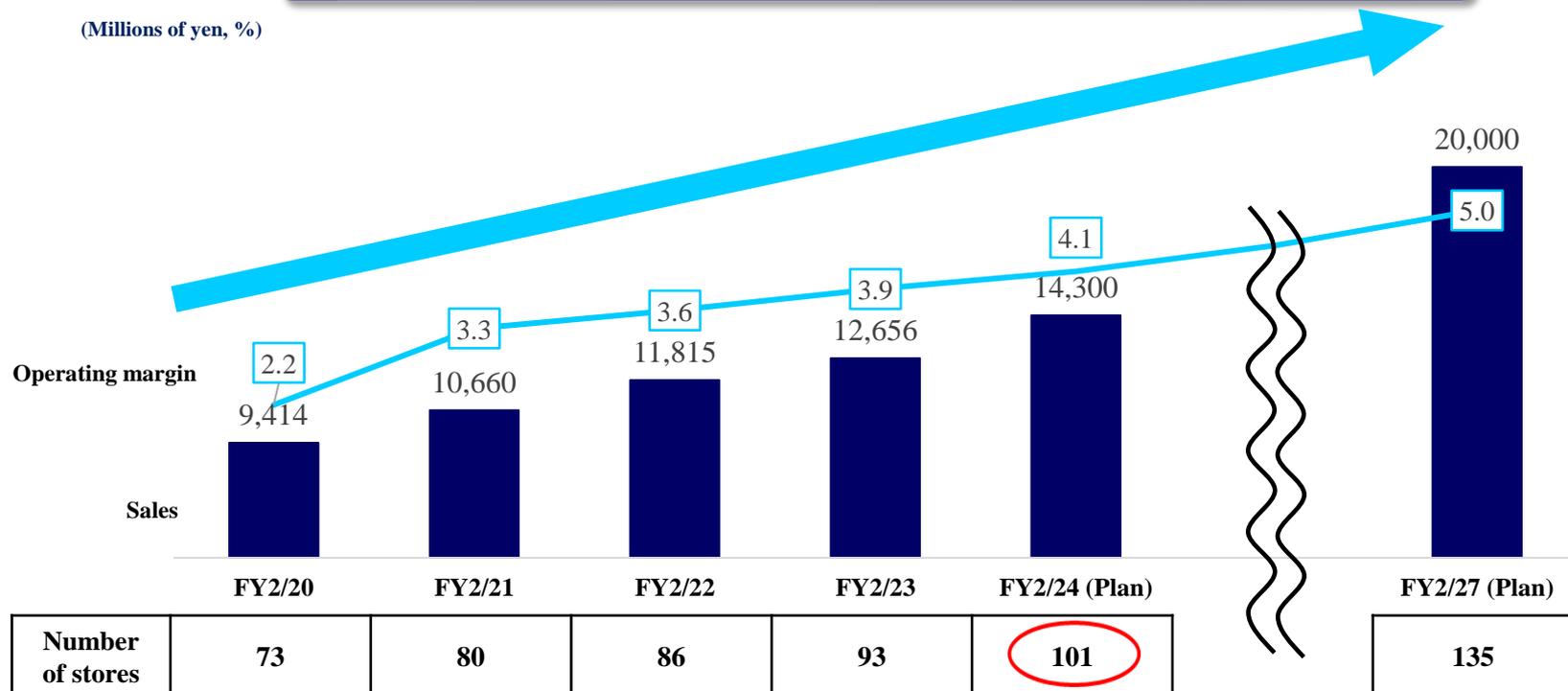


Increase Sales at PALETTE

- ❑ Continue strategy of dominate store openings in Kansai region.
- ❑ Steady expansion to achieve ¥20 billion in net sales.
- ❑ Continue opening stores in the Kanto region, aiming to boost the top line by expanding the business area.

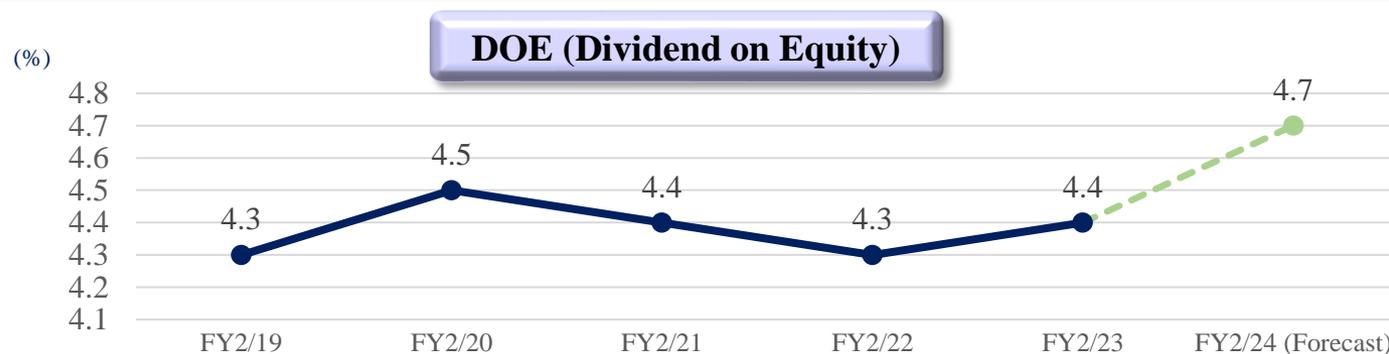
Trends in PALETTE Sales, Operating Margin, and the Number of Stores

(Millions of yen, %)



Shareholder Returns Policy, Cash Dividends

- ❑ Work to raise the level of shareholder returns through the payment of stable and continuous cash dividends
- ❑ Shareholder return target: Dividend on equity (DOE) ratio of 4% or more
- ❑ Work to realize a future annual cash dividend of ¥100 per common share
 - Interim and period-end cash dividends for the fiscal year ending February 29, 2024 remain unchanged at ¥41.50 per common share
 - DOE projected to come in at 4.7% on an annual cash dividend of ¥83 per common share



(Yen, %)	FY2018 (2019/2)	FY2019 (2020/2)	FY2020 (2021/2)	FY2021 (2022/2)	FY2022 (2023/2)	FY2023 (2024/2) Forecast
Annual dividends per share	75	80	81	83	83	83
DOE	4.3	4.5	4.4	4.3	4.4	4.7
Payout ratio	78.1	71.3	108.0	119.3	154.8	136.9
Actual dividend payout ratio *	64.9	59.4	82.7	89.5	108.2	99.1

* Actual dividend payout ratio: Total annual dividends / Net income before amortization of goodwill

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Assumptions of the 7th Medium-Term Management Plan

Building a foundation for regrowth by solving management issues

Business	Main Themes	Aim of Measures
Jewelry Business	Enhancing Brand Value	<ul style="list-style-type: none"> • Continue to invest from a medium-to long-term perspective • Create flagship stores
	Sales Channel Strategy	<ul style="list-style-type: none"> • Strengthen merchandising for the department store channel • Expand the e-commerce channel
Apparel Business	Market Expansion	<ul style="list-style-type: none"> • Expansion in the Kanto region • Strengthen planning and proposal capabilities

Measures to Enhance Corporate Value



Strengthen capacity to generate cash flow

- Maximize the top line through proactive investment in strategic fields
- Structural reforms to enhance profitability

Sustainable growth

- Flexible response to changes in the business environment
- Stable shareholder returns

Lower capital costs

- (Dialogue to enhance value)
- Promotion of dialogue: IR (Disclosure based on dialogue)
- Strengthen corporate governance

Putting into practice the basic principles of “Respect for People” and “Social Contribution”

Human Resource Development

- Increase training hours per person per year.
- Expand annual education and training expenditure per person.

Engagement

- Boost employee engagement.

Diversity

- Increase the ratio of female managers.
- Increase the rate of employees taking childcare leave.
- Maintain the employment rate of persons with disabilities.

Health and Safety

- Reduce average monthly overtime hours.
- Increase average number of days of paid leave taken.
- Improve the average paid leave utilization rate.

Pursue initiatives to maximize the use of human resources, achieve sustainable growth by strengthening the management base, and enhance corporate value over the medium to long term.

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1. Jewelry Market Trends

In 2022, the scale of the retail market for jewelry in Japan was ¥1,022.7 billion, an increase of 6.3% year on year.

- ◆ Market recovery reached 1 trillion yen for the first time in 14 years, since 2008.
- ◆ Rising stock prices and real estate values have shielded the wealthy from financial harm, and consumption has increased with the relaxation of covid-19 measures. This has lifted the jewelry market even beyond pre-pandemic levels.

In 2023, the retail market for jewelry in Japan is projected to expand further, increasing 1.9% year on year to ¥1,042.3 billion.

- ◆ Liberated from three years of self-restraint, people have begun to go out more, the number of customers for commercial property tenants has increased, leading naturally to a rise in sales. In addition, rapid growth in demand from inbound tourism is expected.

(Billions of yen)

Transition and forecast of jewelry retail market size



Source: Summary of the “Jewelry Market in Japan: Key Research Findings 2023” posted on the Institute’s homepage.

2. Net Sales by Business (Consolidated)

(Millions of yen, %)	1H FY 2022 (2022/8)			1H FY 2023 (2023/8)		
	Actual results	Share (%)	YoY(%)	Actual results	Share (%)	YoY(%)
Jewelry business (*1)	8,306	44.9	+ 4.7	7,873	41.2	-5.2
Apparel business (*1)	10,207	55.1	+ 3.4	11,237	58.8	+10.1
(The AS'TY Group) (*2)	4,937	44.8	+ 5.3	5,449	44.8	+10.4
(age) (*2)	6,091	55.2	+ 2.5	6,716	55.2	+10.3
Total	18,514	100.0	+ 4.0	19,110	100.0	+3.2

(*1. Sales to external customers)

(*2. Figures before internal offset; Apparel Business composition ratio calculated as simple sum total)

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

		1H FY 2022 (2022/8)	1H FY 2023 (2023/8)		(Reference) FY 2022 (2023/2)
		Amount (Millions of yen)	Amount (Millions of yen)	YoY (%)	Amount (Millions of yen)
Jewelry Business	Capital investment	330	396	120.0	559
	Depreciation and amortization	207	163	78.4	396
Apparel Business	Capital investment	158	138	87.3	394
	Depreciation and amortization	172	171	99.4	352

4. Jewelry Business: Sales by Brand and Product

(Millions of yen, %)	FY 2021 (2022/2)		FY 2022 (2023/2)		1H FY 2023 (2023/8)	
	Actual results	YoY (%)	Actual results	YoY (%)	Actual results	YoY (%)
4°C Total *	12,088	-11.3	11,871	-1.8	4,796	-11.2
(4°C Jewelry)	(8,906)	-	(9,217)	-	(3,978)	-
(4°C BRIDAL specialty store)	(3,182)	-	(2,654)	-	(817)	-
Canal4°C	3,313	-5.4	3,373	+1.8	1,414	-5.8
EAU DOUCE4°C	365	+5.5	409	+12.1	168	-7.5
Other brands	-	-	-	-	2	-
EC Business	2,003	+1.3	2,242	+11.9	1,005	+19.1
Overseas•Advance Sales•Other	652	-27.9	615	-5.7	485	+30.8
Total	18,424	-10.4	18,514	+0.5	7,873	-5.2

* 4°C Total is the sum total of 4°C Jewelry and 4°C Bridal specialty stores.

5. Jewelry Business: Number of Existing Store Customers and Average Spending per Customer by Brand and Product

Existing stores YoY (%)	1H FY 2022 (2022/8)		1H FY 2023 (2023/8)	
	Number of customers	Average spending per customer	Number of customers	Average spending per customer
4°C Jewelry	+ 14.2	- 3.5	- 4.2	+ 3.2
4°C BRIDAL	- 16.7	+ 2.9	- 26.9	+ 5.1
Canal4°C	+ 19.4	- 6.8	- 5.9	+ 1.6
EAU DOUCE4°C	+ 29.3	+ 1.7	+ 2.3	- 2.5

6. Jewelry Business : Sales by Store Channel

	1H FY 2022 (2022/8)	1H FY 2023 (2023/8)		
	Actual results (Millions of yen)	Actual results (Millions of yen)	YoY (%)	Share (%)
Roadside stores	68	28	-59.0	0.4
Bridal stores	1,366	875	-36.0	11.1
Fashion buildings	2,098	1,923	-8.3	24.4
Department stores	3,554	3,555	±0.0	45.2
EC Business	844	1,005	+19.1	12.8
Overseas•Advance Sale• Other	374	485	+29.7	6.2
Total	8,270	7,873	-5.4	100.0

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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Note: Projections throughout these materials are based on forecasts, and shall not be regarded as pledges or guarantees. They shall be used on the full acknowledgment that actual results may differ from projections.