

YONDOSHI HOLDINGS INC.

Prime Market, Tokyo Stock Exchange (8008)

Investors' Presentation Results for the Fiscal 2022 (The Fiscal Year Ended February 28, 2023)

April 14, 2023

4°C holdings group

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I. Consolidated Business Results for Fiscal 2022, the Fiscal Year Ended February 28, 2023

II. Responding to Changes in the Environment ~ Improving Profits and Strengthening Competitiveness

III. Consolidated Business Results Forecasts for Fiscal 2023, the Fiscal Year Ending February 29, 2024

IV. Promoting Sustainability Management

Hidetoshi Masuda. 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.

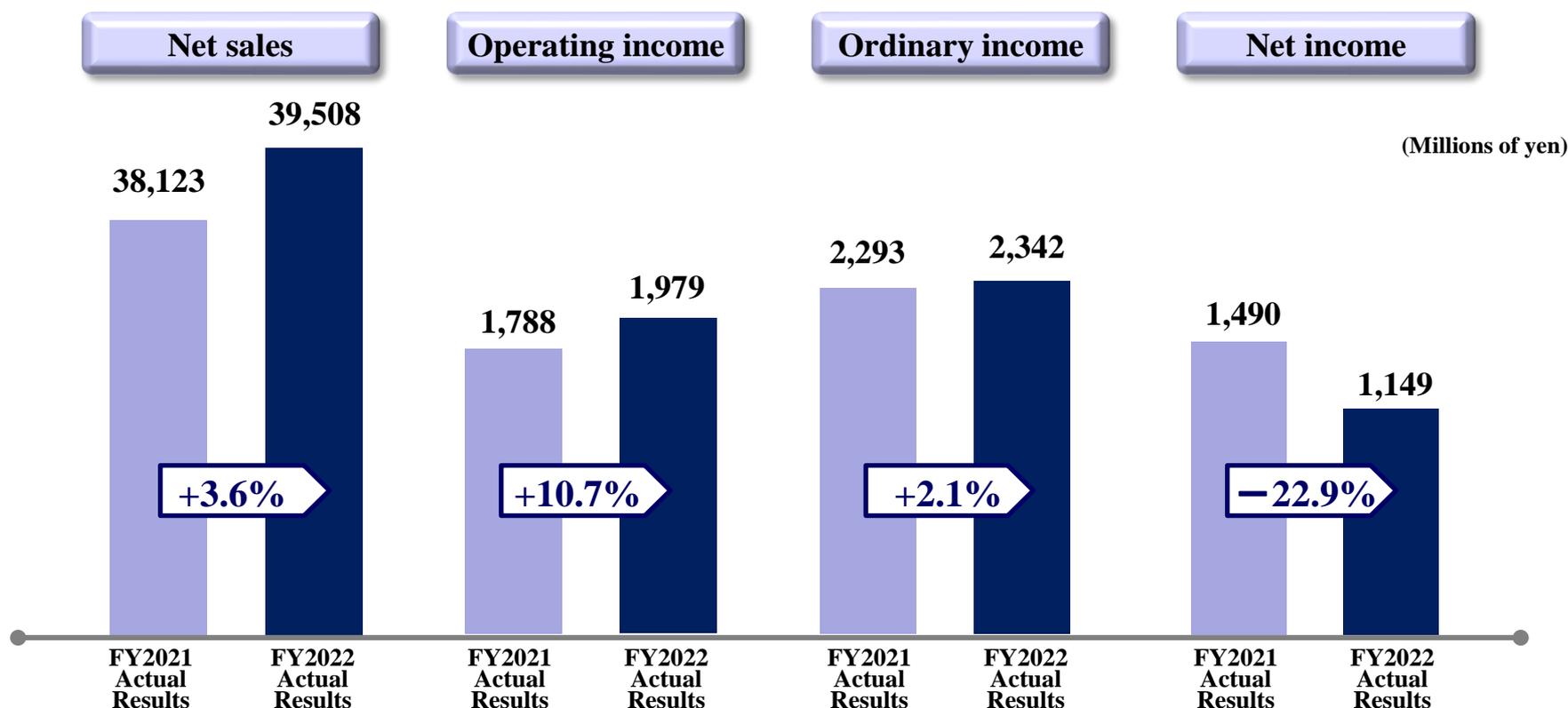
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Consolidated Operating Results for Fiscal 2022

Increases in revenue and earnings at the operating income and ordinary income levels

Net sales ¥39,500 million (Up 3.6% YoY) Operating income ¥1,970 million (Up 10.7% YoY)
Ordinary income ¥2,340 million (Up 2.1% YoY) Net income ¥1,140 million (Down 22.9% YoY)



Note: YONDOSHI HOLDINGS applied the "Accounting Standard for Revenue Recognition" (Accounting Standards Board of Japan Statement No. 29, March 31, 2020) from the beginning of the first quarter of the fiscal year ended February 28, 2023. Figures for the third quarter of the fiscal year under review are after application of this accounting standard.

Consolidated Operating Results for Fiscal 2022

□ Results in line with revised figures announced on January 6, 2023

(Millions of yen, %)	FY2021 (2022/2)		FY2022 (2023/2)				YoY	
	Actual Results	(%)	Jan. 6 Revised Forecasts		(%)	Actual Results	Increase (Decrease) (%)	vs. Jan. 6 Revised Forecasts Increase (Decrease) (%)
Net sales	38,123	100.0	40,000	100.0	39,508	100.0	+3.6	-1.2
Gross profit	19,672	51.6	19,800	49.5	19,727	49.9	+0.3	-0.4
Gross profit margin	51.6		49.5		49.9		-1.7	+0.4
Selling, general and administrative expenses	17,884	46.9	17,800	44.5	17,748	44.9	-0.8	-0.3
Amortization of goodwill	496	1.3	496	1.2	496	1.3	±0	±0
Operating income	1,788	4.7	2,000	5.0	1,979	5.0	+10.7	-1.0
Ordinary income	2,293	6.0	2,350	5.9	2,342	5.9	+2.1	-0.3
Net income	1,490	3.9	1,100	2.8	1,149	2.9	-22.9	+4.5
Operating income before the amortization of goodwill	2,284	6.0	2,496	6.2	2,476	6.3	+8.4	-0.8
Operating income before the amortization of goodwill	1,987	5.2	1,596	4.0	1,645	4.2	-17.2	+3.1

Gross profit and SG&A expenses declined 1.7 percentage points and 0.8 of a percentage point, respectively, YoY due to the upswing in Apparel Business sales as a ratio of total net sales and a change in the accounting standard for revenue recognition.

Firm trends in both the Jewelry and Apparel businesses, increase in earnings

Incidence of an impairment loss on bridal specialty stores of ¥542 million, decrease in earnings

* 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

Overview of Business Results by Segment

~The Jewelry Business

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- ❑ Despite an increase in revenue and earnings in the Jewelry Business, fell short of initial plans
- ❑ Bridal jewelry struggled under difficult conditions
- ❑ Various measures aimed at expanding female customers implemented successfully

(Millions of yen, %)	FY2021 (2022/2)		FY2022 (2023/2)				YoY	vs. Jan. 6 Revised Forecasts
	Actual Results	(%)	Jan. 6 Revised Forecasts	(%)	Actual Results	(%)	Increase (Decrease) (%)	Increase (Decrease) (%)
Net sales	18,497	—	18,500	—	18,587	—	+0.5	+0.5
Operating income	1,197	6.5	1,300	7.0	1,356	7.3	+13.3	+4.3

Overview of Business Results by Segment

~The Apparel Business

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- ❑ Increase in revenue and earnings in the Apparel Business
- ❑ Fourth consecutive fiscal year of existing PALETTE store sales growth; opened 10 new stores, including four stores in the Kanto region for the first time
- ❑ Despite the impact of the weak yen and surge in cost of sales, orders increase in the Apparel Manufacturing Business against the backdrop of highly price competitive production

(Millions of yen, %)	FY2021 (2022/2)		FY2022 (2023/2)				YoY	vs. Jan. 6 Revised Forecasts
	Actual Results	(%)	Jan. 6 Revised Forecasts	(%)	Actual Results	(%)	Increase (Decrease) (%)	Increase (Decrease) (%)
Net sales	19,626	—	21,500	—	20,921	—	+6.6	−2.7
Operating income	889	4.5	930	4.3	942	4.5	+6.0	+1.3

Overview of Financial Position and Cash Flows (Consolidated)

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- Total assets, liabilities, and net worth stood at ¥50.2 billion, ¥11.9 billion, and ¥38.2 billion, respectively
- Shareholders' equity ratio came in at 76.0%; maintained a sound financial standing
- Net cash provided by operating activities totaled ¥3.1 billion

Financial Position

(Millions of yen)

Total assets 50,211	11,996	Total liabilities
	38,214	Total net assets

As of February 28, 2023

Cash Flows

(Millions of yen)

	FY2021 (2022/2)	FY2022 (2023/2)	Increase (Decrease)
Operating cash flows	1,871	3,103	+1,231
Investing cash flows	106	(2,371)	(2,477)
Financing cash flows	(1,816)	(1,834)	(18)
Free cash flows	1,977	732	(1,245)

Allocation of Cash Flows

- ❑ Substantial increase in growth investments centered on the Jewelry Business
- ❑ Ongoing efforts to proactively provide shareholder returns

(Millions of yen)

			FY2022 (2023/2)	YoY
Operating cash flows 2,740 of 3,103	Growth investments	Jewelry Business	559	+435
		Apparel Business	394	+58
		Subtotal	954	+494
	Shareholder returns	Cash dividends	1,786	+24
		Total	2,740	+519

Store openings and closings in Fiscal 2022

- ❑ Jewelry Business: Consolidated bridal jewelry location
- ❑ Apparel Business: Opened 10 new PALETTE stores, including four in the Kanto region

		Jewelry Business					Apparel Business	Total
		Japan					PALETTE	
		Roadside boutique	Department store	Bridal Shop	Fashion Building	Total		
FY2021 Actual Results (2022/2)	Fiscal year-end	3	71	40	57	171	86	257
FY2022 Actual Results (2023/2)	Stores opened	0	3	2	5	10	10	20
	Stores closed	1	5	18	6	30	3	33
	Fiscal year-end	2	69	24	56	151	93	244

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

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		4°C	4°C BRIDAL	Canal4°C	EAU DOUCE 4°C	Total
FY2021 Actual Results (2022/2)	Fiscal year-end	82	40	43	14	179
FY2022 Actual Results (2023/2)	Stores opened	4	2	4	0	10
	Stores closed	6	18	4	1	29
	Fiscal year-end	80	24	43	13	160

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

* Of the stores opened and closed, one 4°C BRIDAL store was due to relocation within the same area, while three 4°C stores and one Canal4°C store were due to relocation within the same building.

Issues	Measures
Improve Bridal Business earnings	<ul style="list-style-type: none">● Adopt a selection and focus approach toward Bridal Jewelry stores● Expand investment in urban-type stores
Strengthen competitiveness	<ul style="list-style-type: none">● Rebuild the 4°C brand<ul style="list-style-type: none">(1) Expand female customer support (change customer target)(2) Expand the e-commerce business(3) Promote efforts to capture new customers● Expand the opening of PALETTE stores

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Improve Earnings:

Adopt a Selection and Focus Approach toward Bridal Jewelry Stores

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- ❑ Establish flagship stores through large-scale renovation of urban-type stores
 - * Increase the efficiency of local stores through consolidation and revitalize neighboring stores

Yokohama Landmark Plaza Store

Relocated to a high foot traffic site



Ginza Store

To an FJ development and brand dissemination site



Toward brand value enhancement

Improve Earnings: Strengthen Competitiveness: Rebuild the 4°C Brand

- ❑ Promote growth on the strength of overwhelming recognition, simple design, and attentive customer service
- ❑ Work to cultivate new customers by addressing changes in the environment

* Data: Business results for fiscal 2021 → Plans for fiscal 2023

Men's gifts



**Expand the female
customer base**



¥2.8 billion → ¥3.7 billion (133%)

Brick-and-mortar stores



**Expand the e-commerce
business**



¥2.0 billion → ¥2.4 billion (120%)

Free customers



**Promote efforts to capture
new customers**

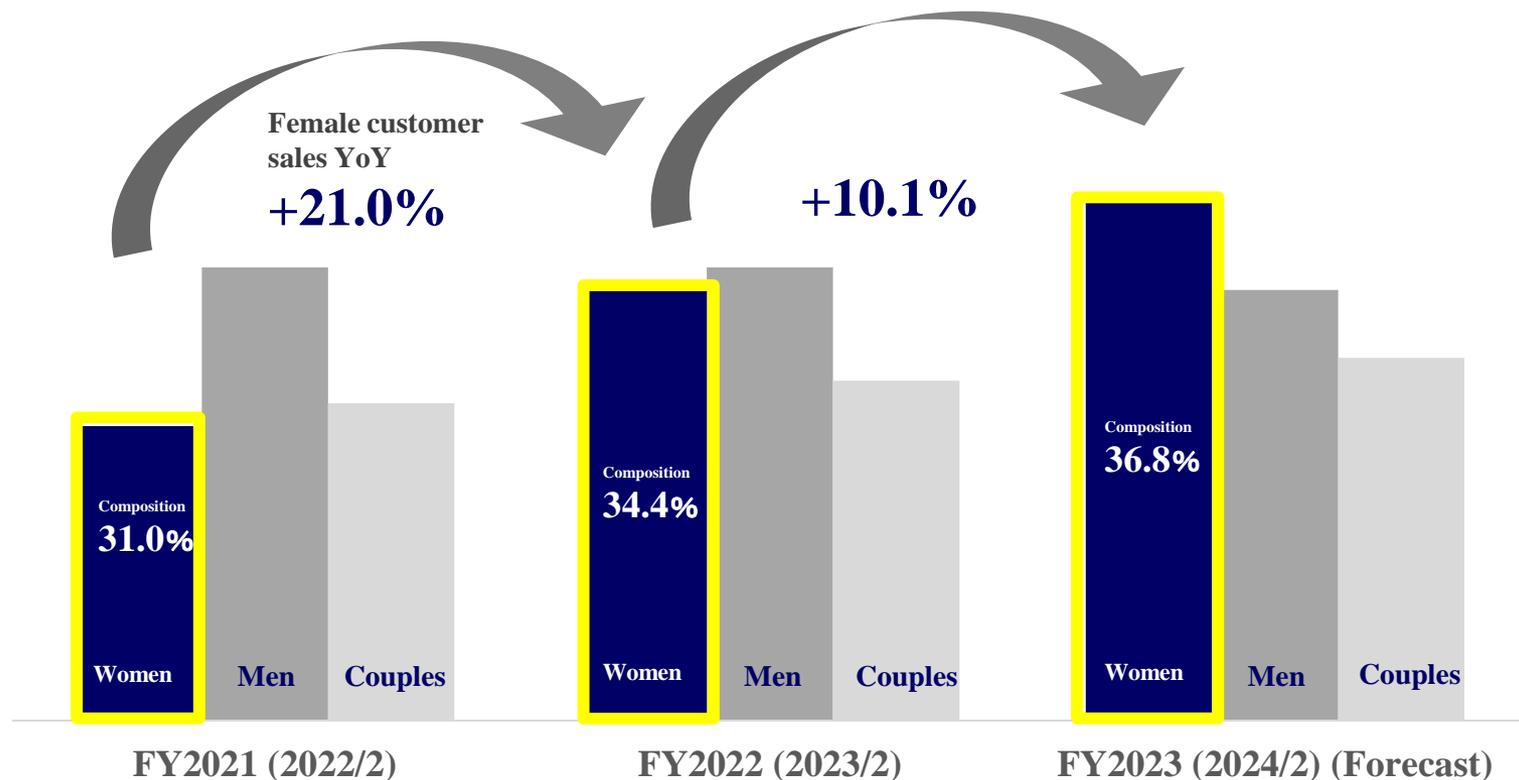


560,000 → 1,000,000 (178%)

Strengthen Competitiveness: Expand Female Customer Support

- ❑ Roll out diverse collections and limited-edition products to meet the growing demand for purchases for own use among women
- ❑ Strengthen the development of trend-related items in addition to mainstay rings and necklaces
- ❑ Enhance the freshness of products and expand the fan customer base by expanding new products

Female Customer Fashion Jewelry Sales Growth Rate and Composition





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4°C

Canal 4°C



Canal 4°C



Strengthen Competitiveness: Expand the e-commerce Business

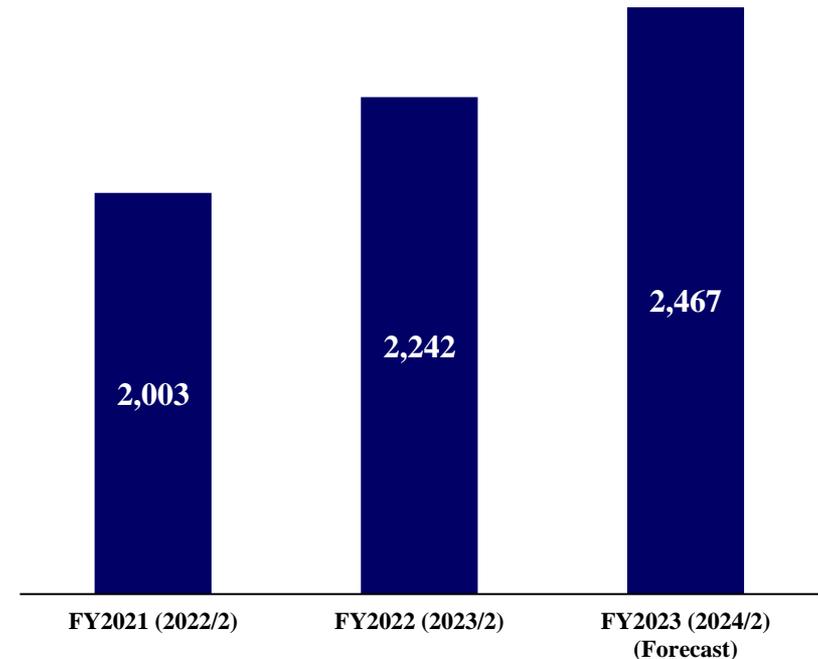
- ❑ Put in place a mechanism that facilitates the simultaneous purchase of multiple brands through a full site renewal
- ❑ Increase convenience through site renewal; develop new D2C brands
- ❑ Achieve continuous 10% annual growth

Develop D2C Brands



e-commerce Channel Sales Trends

(Millions of yen)



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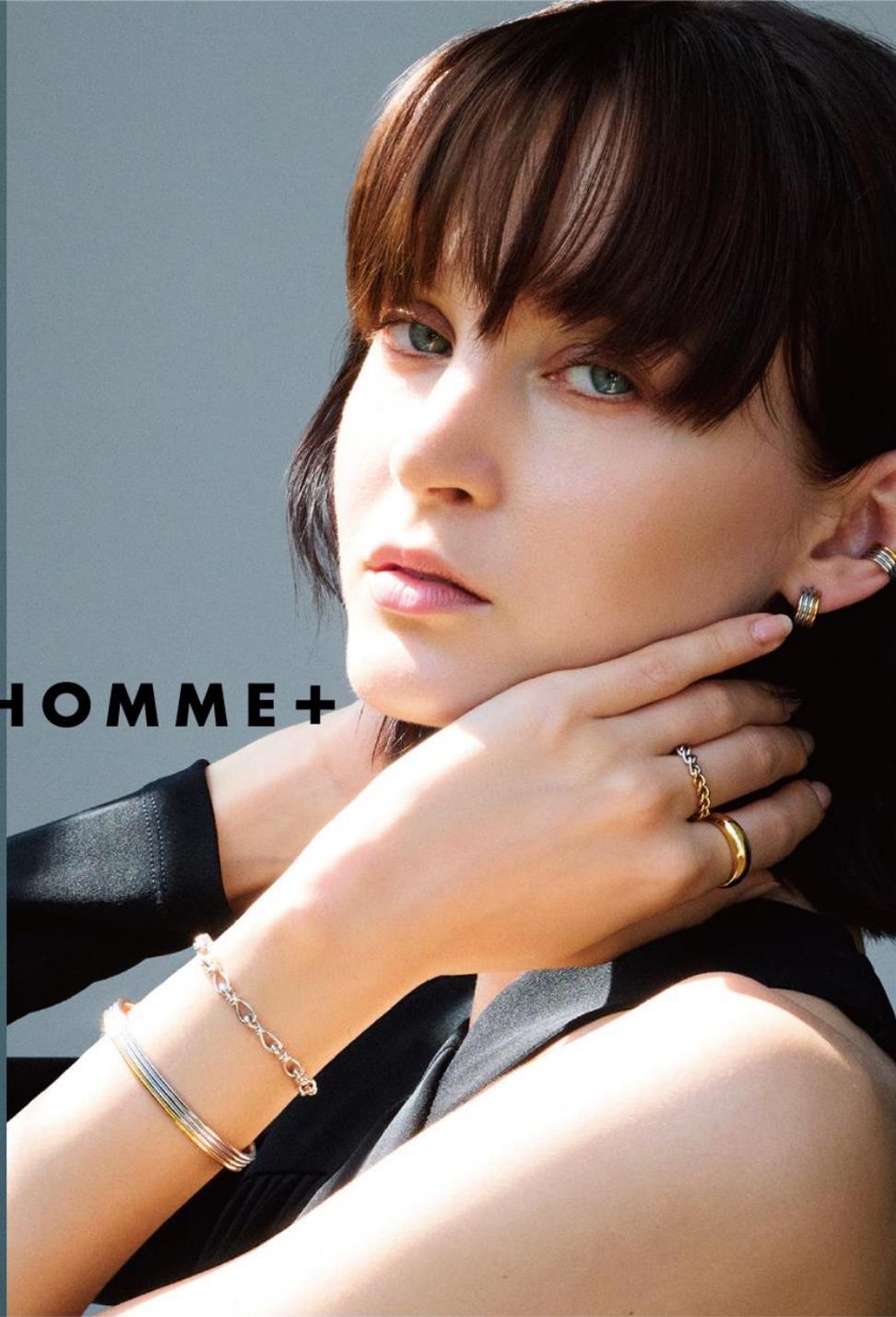
by 4°C





4°C

HOMME+





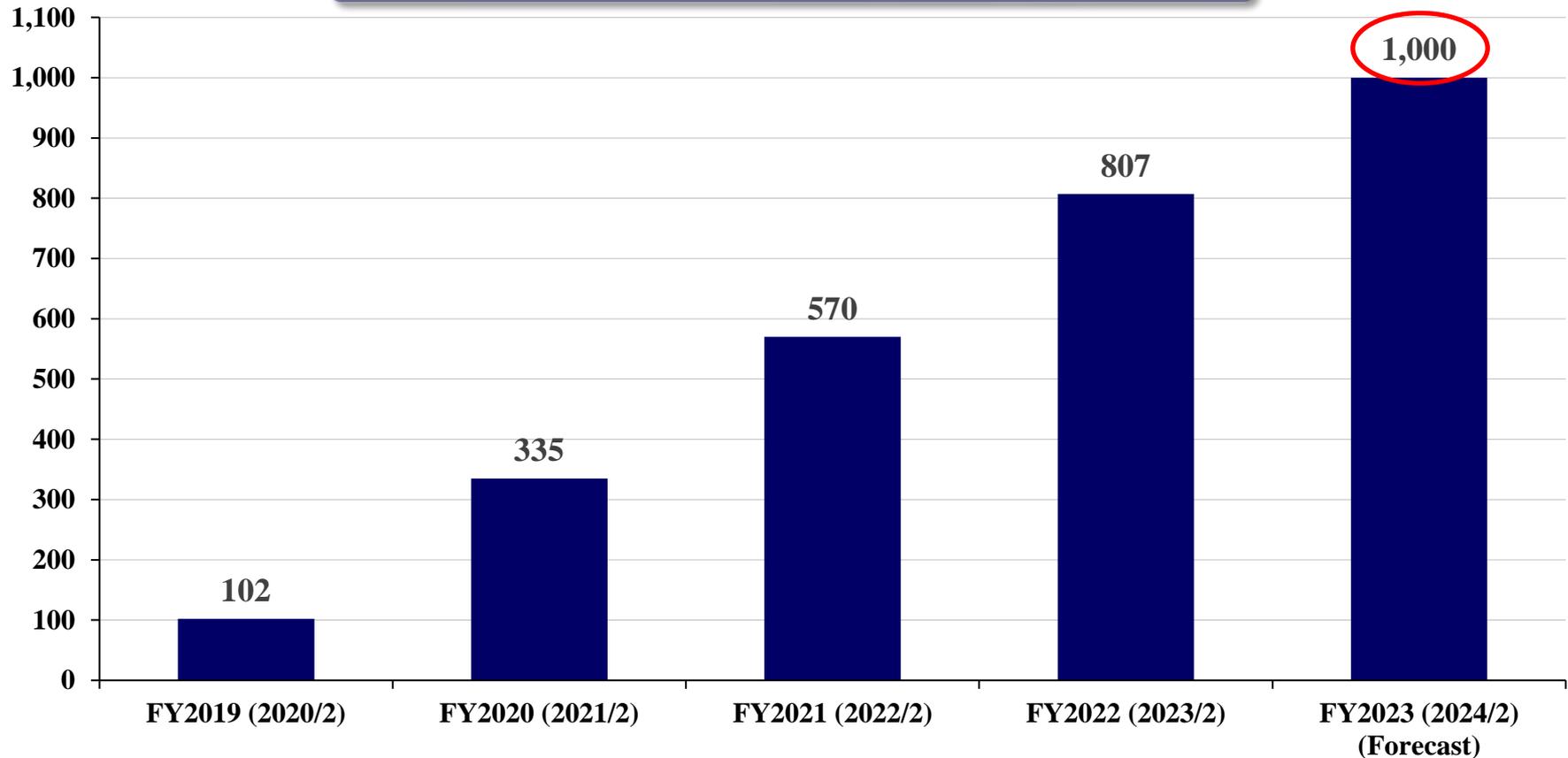
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Strengthen Competitiveness: Promote Efforts to Capture New Customers

- ❑ Number of LINE registered customers projected to exceed one million in the current fiscal year
- ❑ Strengthen approach through data analysis

(Thousands)

Number of Registered Members

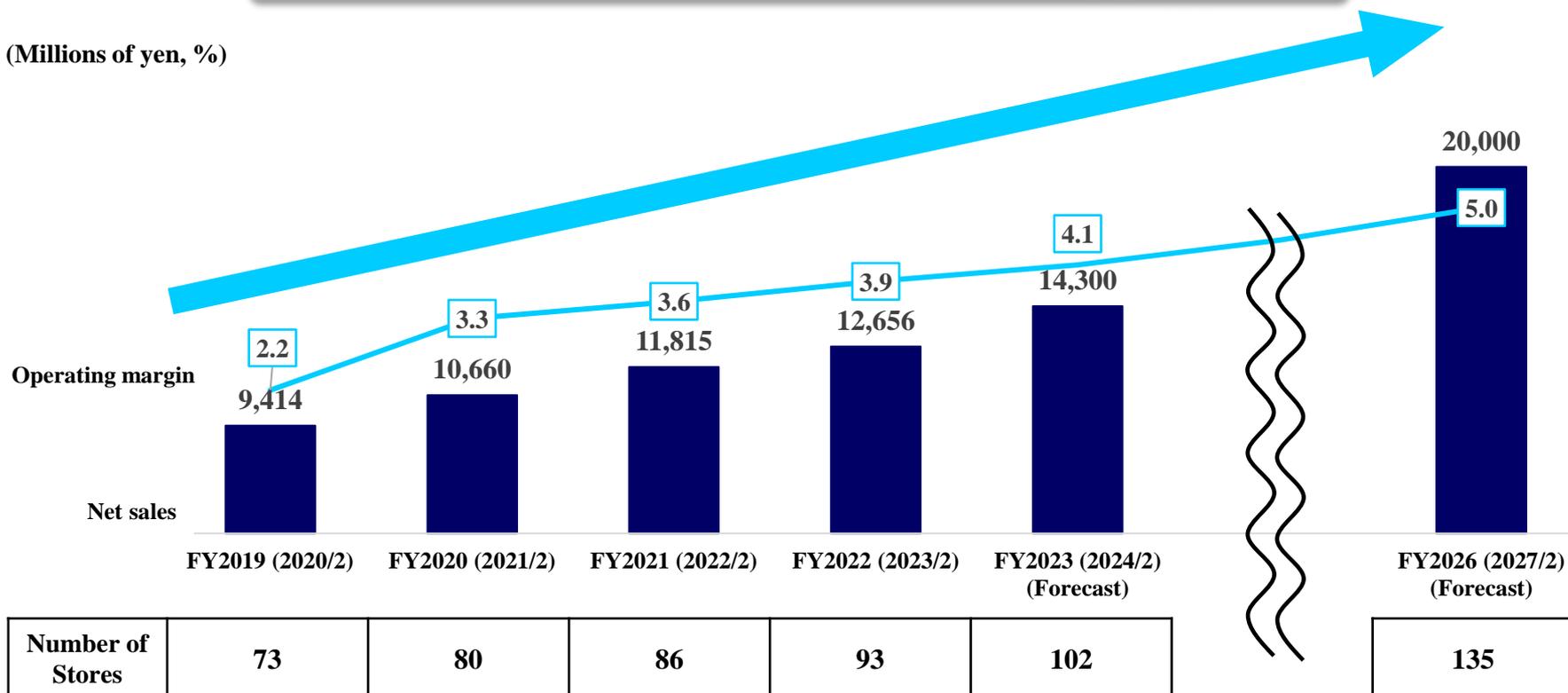


Strengthen Competitiveness: Expand the Opening of PALETTE Stores

- ❑ Continue to promote a Kansai dominant store opening strategy
- ❑ Steadily put in place a ¥20 billion sales structure and system
- ❑ Continue to open stores in the Kanto region; work to increase the top line by expanding activities in commercial areas

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

(Millions of yen, %)



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- **In heralding the post-COVID-19 era in earnest, expectations of an increase in consumption**
- **Continued uncertainty surrounding the future in light of the impact of the surge in resource and material prices as well as successive price hikes**
- **Continued harsh bridal jewelry market environment on the back of uncertainty surrounding a recovery in the number of marriages and intensifying competition**

Consolidated Business Results Forecasts for Fiscal 2023

- Revenue and earnings projected to increase with net sales and operating income forecast to reach ¥40.0 billion and ¥2.1 billion, respectively, on the back of Jewelry Business structural reform and efforts to expand the opening of PALETTE stores

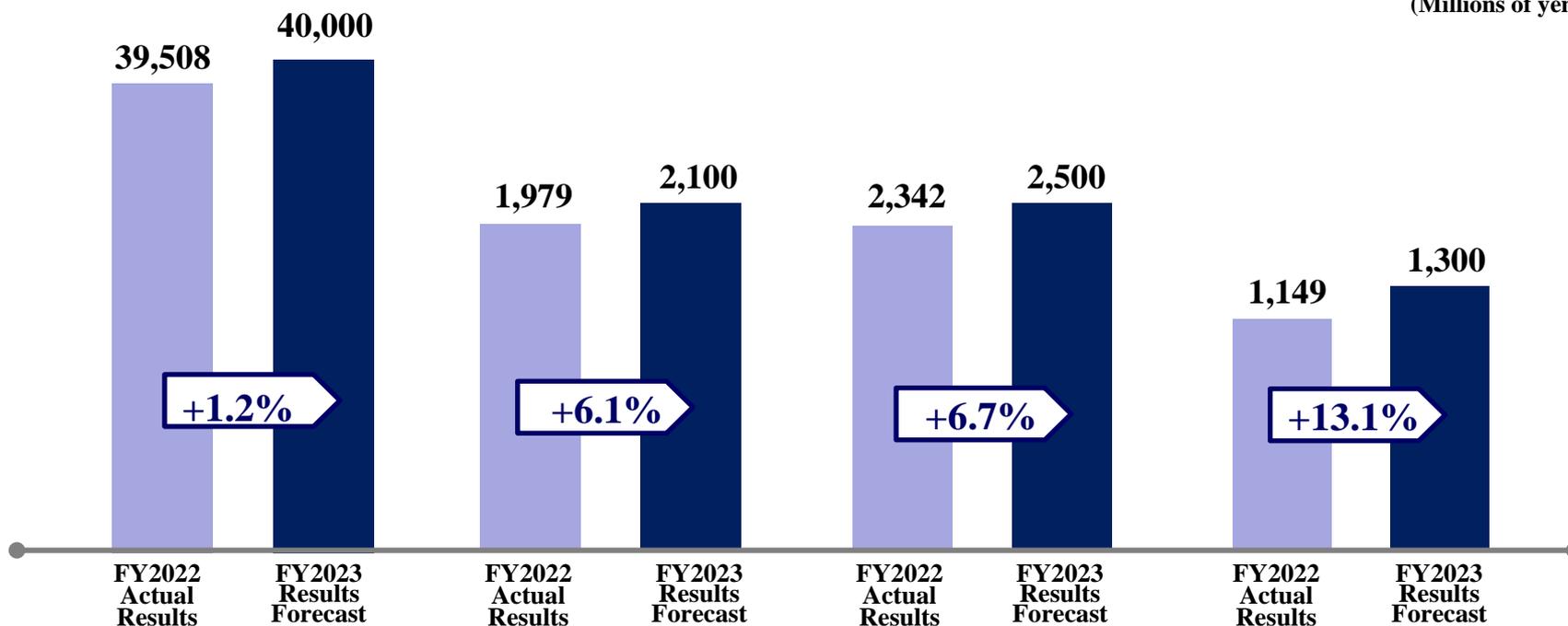
Net sales

Operating income

Ordinary income

Ordinary income

(Millions of yen)



Consolidated Business Results Forecasts for Fiscal 2023

(Millions of yen, %)	FY2022 (2023/2)		FY2023 (2024/2)		YoY
	Actual	(%)	Forecast	(%)	Increase (Decrease) (%)
Net sales	39,508	100.0	40,000	100.0	+1.2
Gross profit	19,727	49.9	20,000	50.0	+1.4
Gross profit margin	49.9		50.0		+0.1
Selling, general and administrative expenses	17,748	44.9	17,900	44.8	+0.9
Amortization of goodwill	496	1.3	496	1.2	±0.0
Operating income	1,979	5.0	2,100	5.3	+6.1
Ordinary income	2,342	5.9	2,500	6.3	+6.7
Net income	1,149	2.9	1,300	3.3	+13.1
« Reference »					
Operating income before the amortization of goodwill	2,476	6.3	2,596	6.5	+4.9
Net income before the amortization of goodwill	1,645	4.2	1,796	4.5	+9.2

* 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

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

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Jewelry Business

Net sales and operating income estimated to come in at ¥17,700 million and ¥1,450 million, respectively

Despite a decline in revenue owing to the consolidation of bridal jewelry stores, projecting an increase in earnings by increasing profit margins

- Strengthen competitiveness by expanding the female customer base as well as the e-commerce business and promoting efforts to capture new customers

Apparel Business

Net sales and operating income estimated to come in at ¥22,300 million and ¥1,050 million, respectively

- Drive the top line by expanding the opening of PALETTE stores
- Increase profit margins in the Apparel Manufacturing Business by strengthening overseas manufacturing as well as product proposal capabilities

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

Plans for Store Openings and Closures

- ❑ **Jewelry Business: Enhance brand value by renovating and refurbishing existing stores**
- ❑ **Apparel Business: Plan to open 10 new PALETTE stores**

		Jewelry Business					Apparel Business	Total
		By channel					PALETTE	
		Roadside boutique	Department store	Bridal Shop	Fashion Building	Total		
FY2022 Actual Results (2023/2)	Fiscal year-end	2	69	24	56	151	93	244
FY2023 Forecast (2024/2)	Stores opened	1	4	1	1	7	10	17
	Stores closed	0	3	1	1	5	1	6
	Fiscal year-end	3	70	24	56	153	102	255

Plans for the Number of Brand Stores in the Jewelry Business

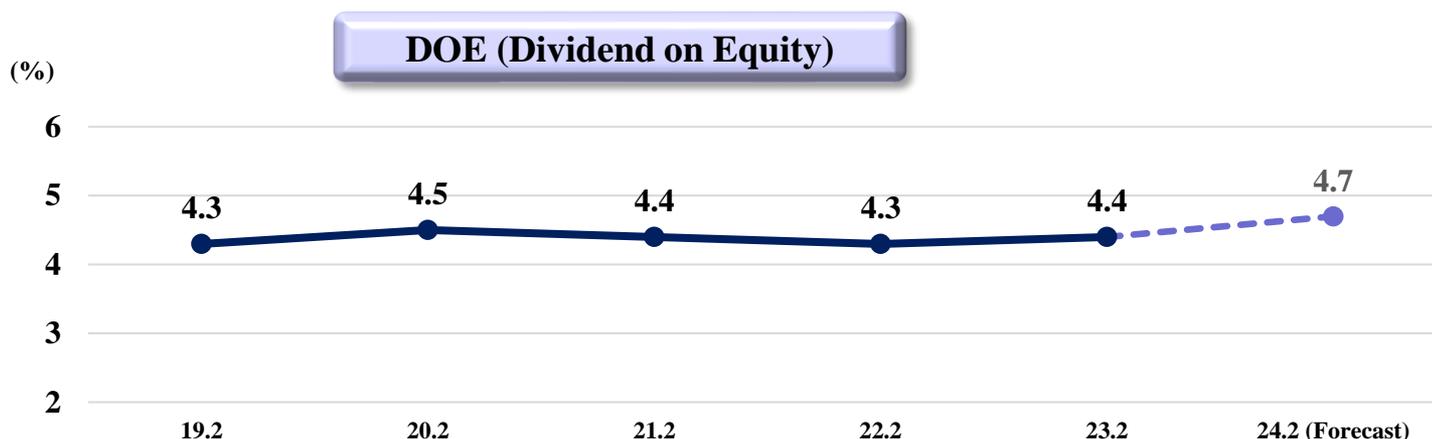
		4°C	4°C BRIDAL	Canal 4°C	EAU DOUCE 4°C	Total
FY2022 Actual Results (2023/2)	Fiscal year-end	80	24	43	13	160
	Stores opened	5	1	1	0	7
FY2023 Forecast (2024/2)	Stores closed	3	1	1	0	5
	Fiscal year-end	82	24	43	13	162

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

* Of the stores opened and closed, one 4°C BRIDAL store was due to relocation within the same area.

Shareholder Returns Policy, Cash Dividends

- ❑ Work to raise the level of shareholder returns through the payment of stable and continuous cash dividends and expeditious repurchase of own shares
- ❑ 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
 - DOE of 4.4% at an annual cash dividend of ¥83 per common share for the fiscal year ended February 28, 2023
 - Plans to pay an annual cash dividend of ¥83 per share for the fiscal year ending February 29, 2024



(Millions of yen, %)	FY2018 (2019/2)	FY2019 (2020/2)	FY2020 (2021/2)	FY2021 (2022/2)	FY2022 (2023/2)	FY2023 Forecast (2024/2)
Annual dividends per share (Yen)	75	80	81	83	83	83
DOE (Dividend on equity) (*1)	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 (*2)	64.9	59.4	82.7	89.5	108.8	99.1

*1 DOE (Dividend on Equity) = Total dividends ÷ Shareholders' equity

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

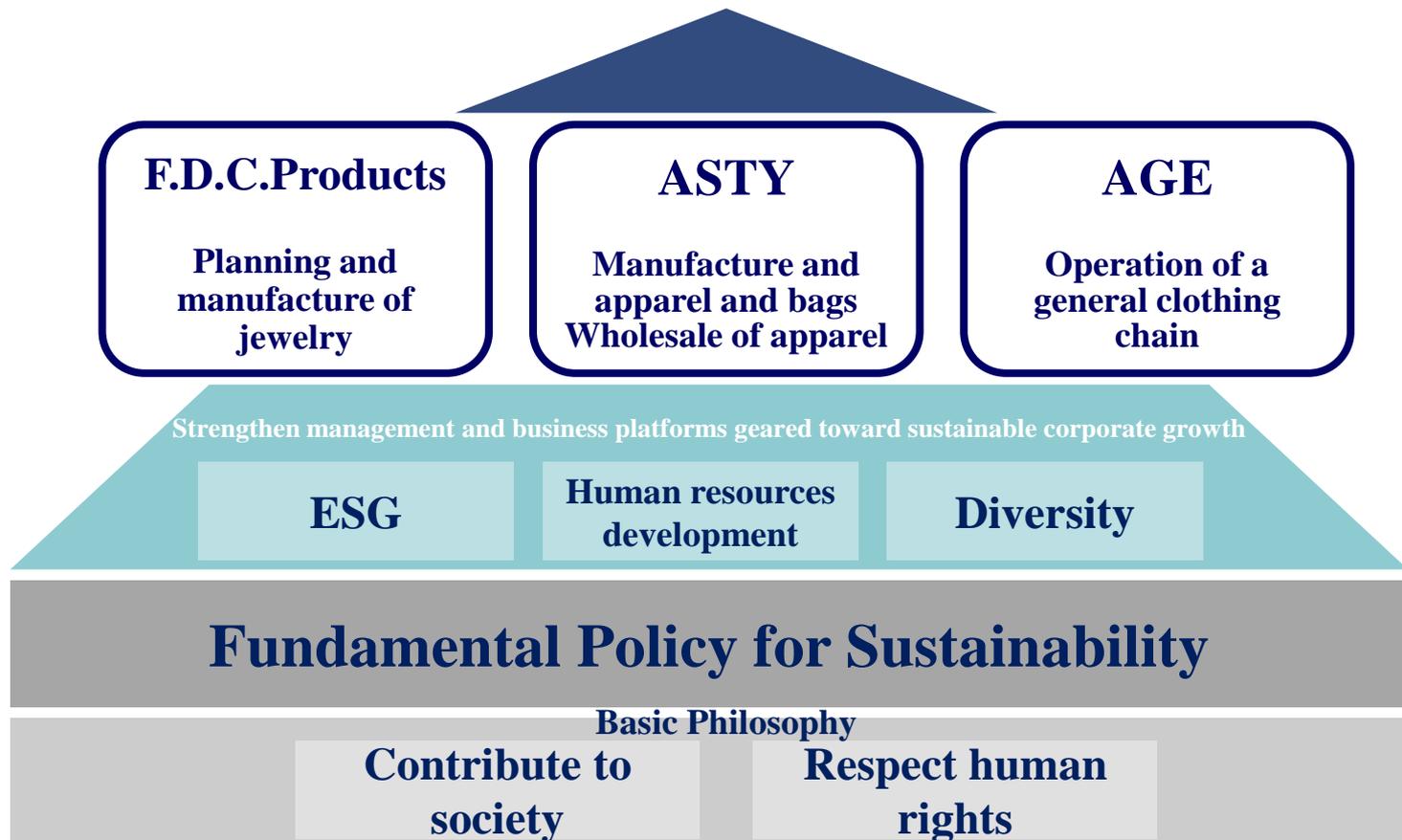
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Promoting Sustainability Management: Sustainable Growth

- ❑ Target sustainable growth by strengthening management and business platforms
- ❑ Focus on human resources development based on the Company's basic philosophy

Enhancing people's lifestyles and realize a sustainable society



Promoting Sustainability Management: TCFD Recommendations

- ❑ Pursue measures realize a sustainable world and lessen the impact of climate change
- ❑ Announced support for the TCFD recommendations and participation in the TCFD Consortium; began the disclosure of information in line with the framework

Announced support for the TCFD recommendations

Announced support for the TCFD recommendation to provide disclosure for items related to climate change, including governance, strategies, risk management, indices, and targets

Participation in the TCFD Consortium

Work to gather information and respond accordingly by participating in the Consortium, which serves as a forum for companies and financial institutions that support the TCFD recommendation pursue initiatives and discuss initiatives in a concerted manner

Disclosure of information in line with the TCFD recommendations

Assess the potential risks and opportunities that climate change could present for the Group's business and provide disclosure with the aim of responding appropriately in line with the TCFD recommendations framework

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