

# **YONDOSHI HOLDINGS INC.**

First Section, Tokyo Stock Exchange (8008)

Investors' Presentation  
Results for the First Half of Fiscal 2021  
(The Fiscal Year Ending February 28, 2022)

October 8, 2021

*4°C* holdings group

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## **I. Overview and Summary of the First Half of Fiscal 2021, the Fiscal Year Ending February 28, 2022**

## **II. Measure for the Second Half of Fiscal 2021 and Business Results Forecasts for the Full Fiscal year**

## **III. Medium-Term Strategic Approach**

**Saishi Kimura, Chairman and Representative Director • CEO**  
**Hidetoshi Masuda, President and Representative Director • COO**  
**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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## Further spread of the COVID-19 pandemic after the announcement of revised business results forecasts on July 7

- ❑ **The number of infections in the Tokyo Metropolitan area reached four digits on consecutive days from July 14**  
Temporary substantial downturn in consumer sentiment due to the prolonged declaration of a state of emergency
- ❑ **Conditions in the Jewelry Business were harsher than in the corresponding period of the previous year due to the prolonged declaration of a state of emergency and the incidence of infection clusters at large-scale commercial facilities**
- ❑ **Continued robust trends in the Apparel Business; in addition to the opening of six PALETTE brand stores, which exceeded plans, results were also strong at existing stores reaching 102.4% year on year**

# Overview of Consolidated Operating Results for the First Half of Fiscal 2021

□ While the state of emergency lasted longer than expected at the time revised business results were announced on July 7, net sales were essentially in line with revised plans and profits were steadily secured

(Millions of yen, %)	1H FY2020 (2020/8)		1H FY2021 (2021/8)				YoY	Jul. 7 Revised Forecasts
	Actual Results	(%)	Jul. 7 Revised Forecasts	(%)	Actual Results	(%)	Increase (Decrease) (%)	Increase (Decrease) (%)
<b>Net sales</b>	17,980	100.0	18,000	100.0	17,769	100.0	-1.2	-1.3
<b>Gross profit</b>	9,474	52.7	9,400	52.2	9,222	51.9	-2.7	-2.7
<b>Gross profit margin</b>	52.7		52.2		51.9		-0.8	+0.5
<b>Selling, general and administrative expenses</b>	8,431	46.9	8,900	49.4	8,825	49.7	+4.7	+0.9
Amortization of goodwill	248	1.4	248	1.4	248	1.4	±0	±0
<b>Operating income</b>	1,043	5.8	500	2.8	396	2.2	-62.0	-20.8
<b>Ordinary income</b>	1,283	7.1	800	4.4	715	4.0	-44.3	-10.6
<b>Net income</b>	603	3.4	300	1.7	280	1.6	-53.6	-0.7
<b>Operating income before the amortization of goodwill</b>	1,291	7.2	748	4.2	644	3.6	-50.1	-3.9
<b>Net income before the amortization of goodwill</b>	851	4.7	548	3.0	528	3.0	-38.0	-0.4

\* 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

- ❑ Unexpected declaration of a fourth state of emergency at the time revised business results forecasts were announced on July 7
- ❑ Generated profits despite a harsh operating environment and the continued spread of the COVID-19 pandemic

(Millions of yen, %)	1H FY2020 (2020/8)		1H FY2021 (2021/8)				YoY	Jul. 7 Revised Forecasts
	Actual Results	(%)	Jul. 7 Revised Forecasts	(%)	Actual Results	(%)	Increase (Decrease) (%)	Increase (Decrease) (%)
Net sales	8,534	100.0	8,000	100.0	7,894	100.0	-7.5	-0.1
Operating income	686	8.0	130	1.6	60	0.8	-91.3	-53.8

# Overview of Business Results by Segment

## — The Apparel Business

- ❑ Increase in revenue in the Apparel Business; trends in excess of plans
- ❑ Opened six new PALETTE brand stores; trends also robust at existing stores; reported record highs in net sales and operating income
- ❑ Despite encountering difficulties, expanded transactions of infant and children's products in the Apparel Manufacturing Business owing to favorable recognition of product planning capabilities

(Millions of yen, %)	1H FY2020 (2020/8)		1H FY2021 (2021/8)				YoY	Jul. 7 Revised Forecasts
	Actual Results	(%)	Jul. 7 Revised Forecasts	(%)	Actual Results	(%)	Increase (Decrease) (%)	Increase (Decrease) (%)
Net sales	9,445	100.0	10,000	100.0	9,875	100.0	+4.6	-1.3
Operating income	567	6.0	530	5.3	547	5.5	-3.5	+3.2

# Overview of Financial Position and Cash Flows (Consolidated)

- ❑ Total assets, liabilities, and net worth stood at ¥51.6 billion, ¥12.2 billion, and ¥39.4 billion, respectively
- ❑ Cash flows from operating activities: Decrease in net cash provided by operating activities owing to the absence of the income tax refund of ¥2.7 billion posted in the corresponding period of the previous fiscal year
- ❑ Cash flows from financing activities: Cash dividends paid of around ¥0.9 billion as a part of shareholder returns
- ❑ Continued stable management on the back of the Company's solid financial standing

## Financial Position

As of August 31, 2021

<b>Total assets</b> <b>¥51.6 billion</b>	<b>¥12.2 billion</b>	<b>Total liabilities</b>
	<b>¥39.4 billion</b>	<b>Total net assets</b>

## Cash Flows

(Millions of yen)	1H FY2020 (2020/8)	1H FY2021 (2021/8)	Increase (Decrease)
Operating cash flows	2,813	14	(2,799)
Investing cash flows	(1,815)	173	+1,988
Financing cash flows	(227)	(899)	(672)
Free cash flows	+998	+187	(810)



# Status and Plan of Store Openings and Closures

- ❑ Jewelry Business: One new store opened in the first half
- ❑ Apparel Business: Six new PALETTE brand stores opened in the first half exceeding plans

		Jewelry Business					Apparel Business	Total
		Japan					PALETTE	
		Roadside boutique	Department store	Bridal Shop	Fashion Building	Total		
<b>FY2020 (2021/2)</b>	Fiscal year-end	3	71	40	61	175	80	255
<b>FY2021 1H Actual Results (2021/8)</b>	Stores opened	0	0	0	1	1	6	7
	Stores closed	0	0	0	1	1	1	2
	2H-end	3	71	40	61	175	85	260
<b>FY2021 2H Plan (2022/2)</b>	Stores opened	0	0	0	0	0	4	4
	Stores closed	0	0	0	3	3	1	4
	Fiscal year-end	3	71	40	58	172	88	260

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

		4°C	4°C BRIDAL	Canal4°C	EAU DOUCE 4°C	Total
<b>FY2020 (2021/2)</b>	<b>Fiscal year-end</b>	<b>84</b>	<b>40</b>	<b>45</b>	<b>14</b>	<b>183</b>
<b>FY2021 1H Actual Results (2021/8)</b>	Stores opened	0	0	1	0	1
	Stores closed	0	0	1	0	1
	<b>2H-end</b>	<b>84</b>	<b>40</b>	<b>45</b>	<b>14</b>	<b>183</b>
<b>FY2021 2H Plan (2021/2)</b>	Stores opened	0	0	0	0	0
	Stores closed	1	0	2	0	3
	<b>Fiscal year-end</b>	<b>83</b>	<b>40</b>	<b>43</b>	<b>14</b>	<b>180</b>

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

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Expectations for a recovery in economic activity and a positive correction in consumption

- ❑ The government is looking to normalize socioeconomic activities through various initiatives including vaccination certification
- ❑ Expectations for a modest recovery in economic activity and positive correction in consumption in the mainstay Jewelry Business in light of the Christmas shopping season, the period of greatest demand, and expansion of vaccinations
- ❑ PALETTE trends also expected to remain firm in the second half



**Revised full fiscal year forecasts announced on July 7**  
**remain unchanged**

**Operating conditions in the Jewelry Business gradually deteriorated toward the end of the fiscal year due to the spread of COVID-19 in the second half of the previous period, the fiscal year ended February 28, 2021**



**Looking at the fiscal year under review, the fiscal year ending February 28, 2022, the Jewelry Business is expected to recover from December owing to an improvement in the operating environment**

Implementation of sales measures projected to have a positive effect in 4Q,  
including the peak-demand Christmas period in the Jewelry Business

- ❑ Expand the rollout of new collections (130% YoY)
- ❑ Approach 420,000 member customers
- ❑ Strengthen sales promotions (advertising and sales promotion expenses 160% YoY)



**Confident of achieving full fiscal year targets on the back of improvements in the operating environment, vigorous implementation of measures, and expectation of a positive correction in consumption**

## Jewelry Business

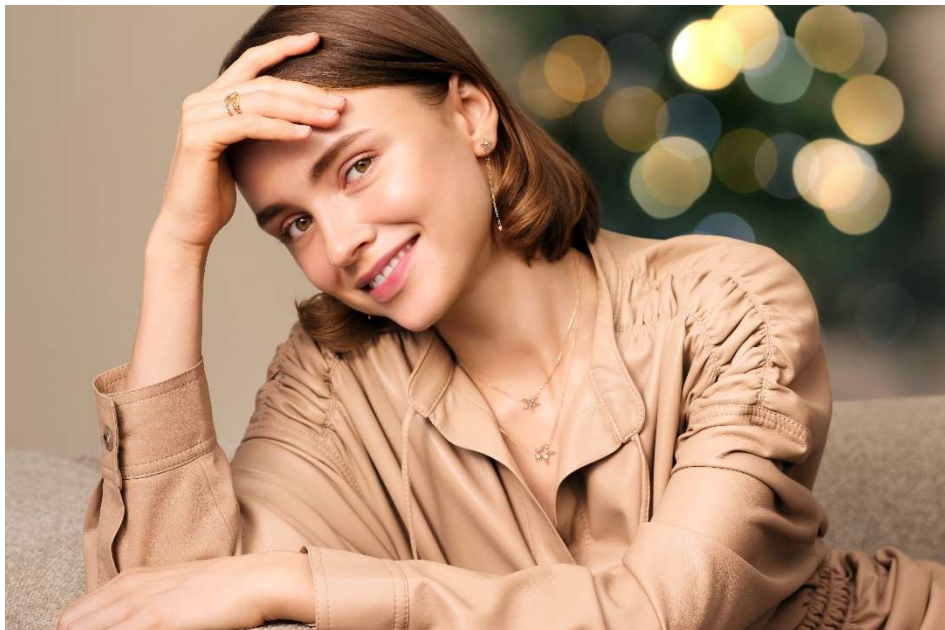
- (1) 4°C fashion jewelry products:**  
Expand the Christmas collection lineup and strengthen promotional activities
- (2) 4°C BRIDAL specialty stores:**  
Ongoing measures to improve the ability to attract customers
- (3) Canal 4°C:**  
Further expand female customers
- (4) e-commerce channels:**  
Cultivate new markets through further growth and the development of new brands and zone items
- (5) Customer management system:**  
Improve the ability to attract customers through the use of the customer management system

## Apparel Business

- (1) Everyday fashion business PALETTE:**  
Open 10 new stores for the full fiscal year through the opening of 4 stores in the second half; promote the success of the 25th anniversary project
- (2) Apparel Manufacturing Business:**  
Increase uniform volume by leveraging production in Bangladesh

## 4°C Fashion Jewelry Product Christmas Season Measures

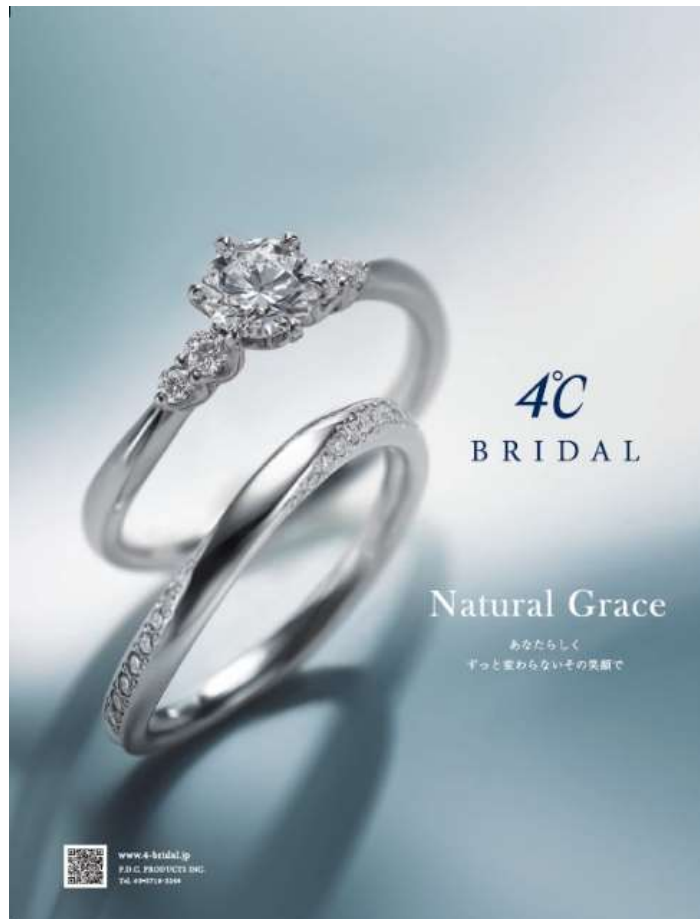
- ❑ Express the happiness and joy of Christmas; expand support among women
- ❑ Capture gift demand by expanding the rollout of Christmas collection products
- ❑ Stimulate early demand through advance reservation and early purchase benefits
- ❑ Strengthen advertising and promotion measures
- ❑ Convey the excitement of Christmas and high quality of the brand through a sophisticated image





# Improve the Ability to Attract 4°C BRIDAL Specialty Store Customers

- ❑ Improve the brand image; expand the placement of ZEXY and SNS advertisements
- ❑ Distinguish from other brands by expanding traceability measures



## Further Canal 4°C Female Customers

- ❑ Rollout a wide array of items including ear cuffs and bracelets
- ❑ Grow the female customer base by expanding ear-related items



Canal 4°C ear-related items

# Expand e-commerce Channels

- ❑ Further expand e-commerce sales, a growth channel
- ❑ Open three new e-commerce malls
- ❑ Renew the Company's e-commerce site; improve customer convenience and site operations
- ❑ Cultivate new markets through the development of new brands and zone items



<New stores>

Rakuten Fashion  
Rakuten

PayPay メール

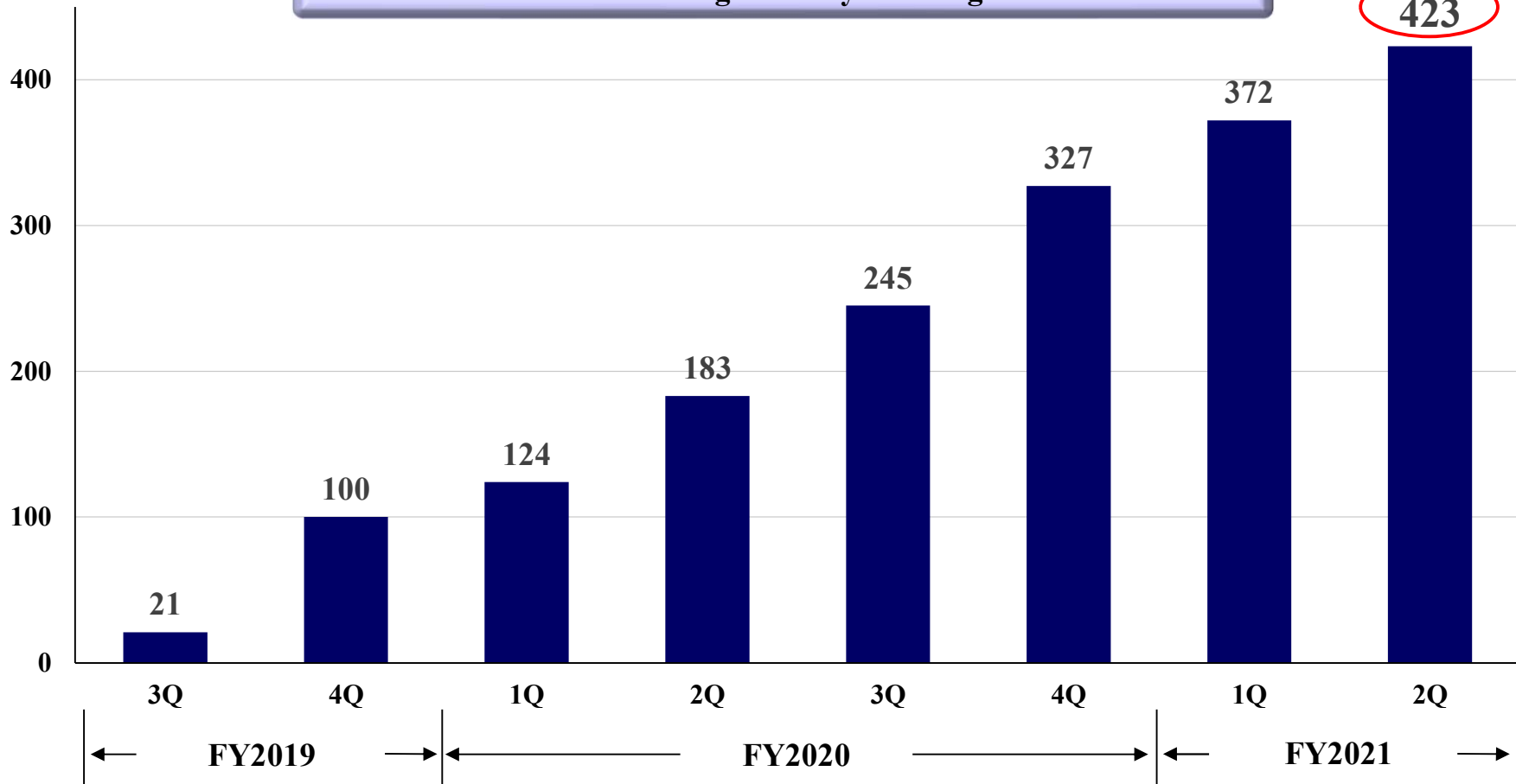
TANP

# Improve the ability to attract customers through the use of the customer management system

- ❑ Improve the ability to attract customers through the use of the customer management system (Approx. 420,000 members)
- ❑ Strengthen engagement with customers; propose attractive products

(Thousands)

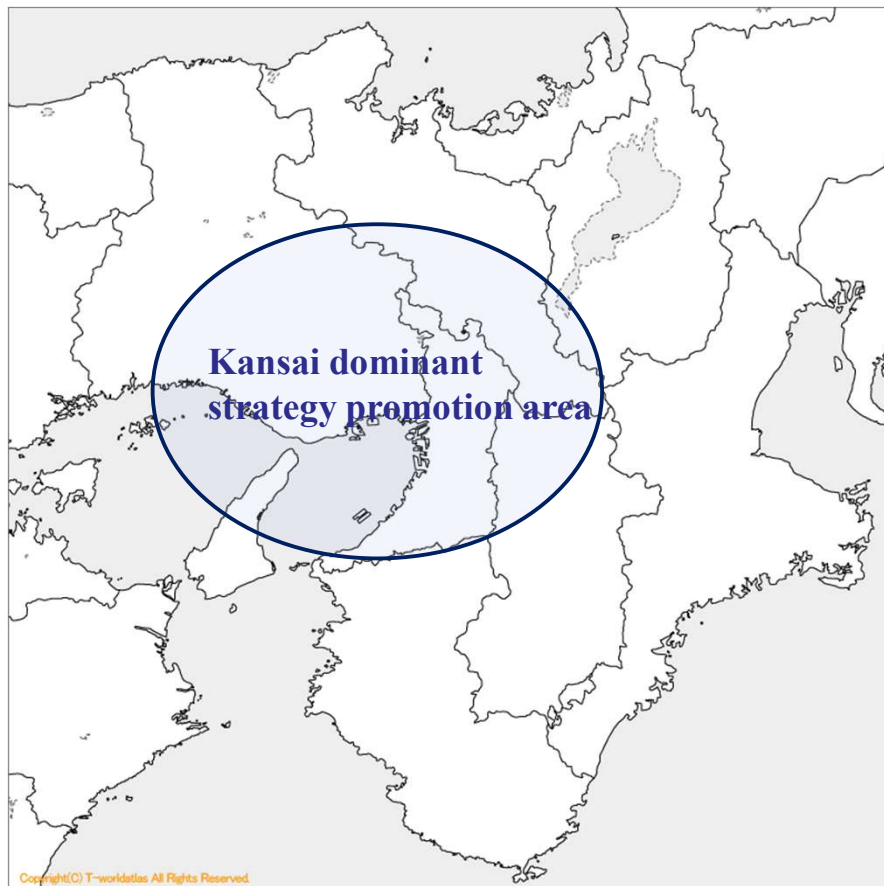
Number of Customer Management System Registered Customers



# Expand Sales by Opening PALETTE Stores

- ❑ Plans to open 10 stores in the fiscal 2021 with the addition of four new stores in the second half
- ❑ Boost existing store sales by expanding PALETTE memberships and increasing the fixed customer base (380,000→410,000)
- ❑ Increase sales through successful 25th anniversary events

## PALETTE store opening area in the Kansai area



age  
株式会社  
〒590-0001  
大阪府堺市東区

これからも、  
お客さまの笑顔とともに。

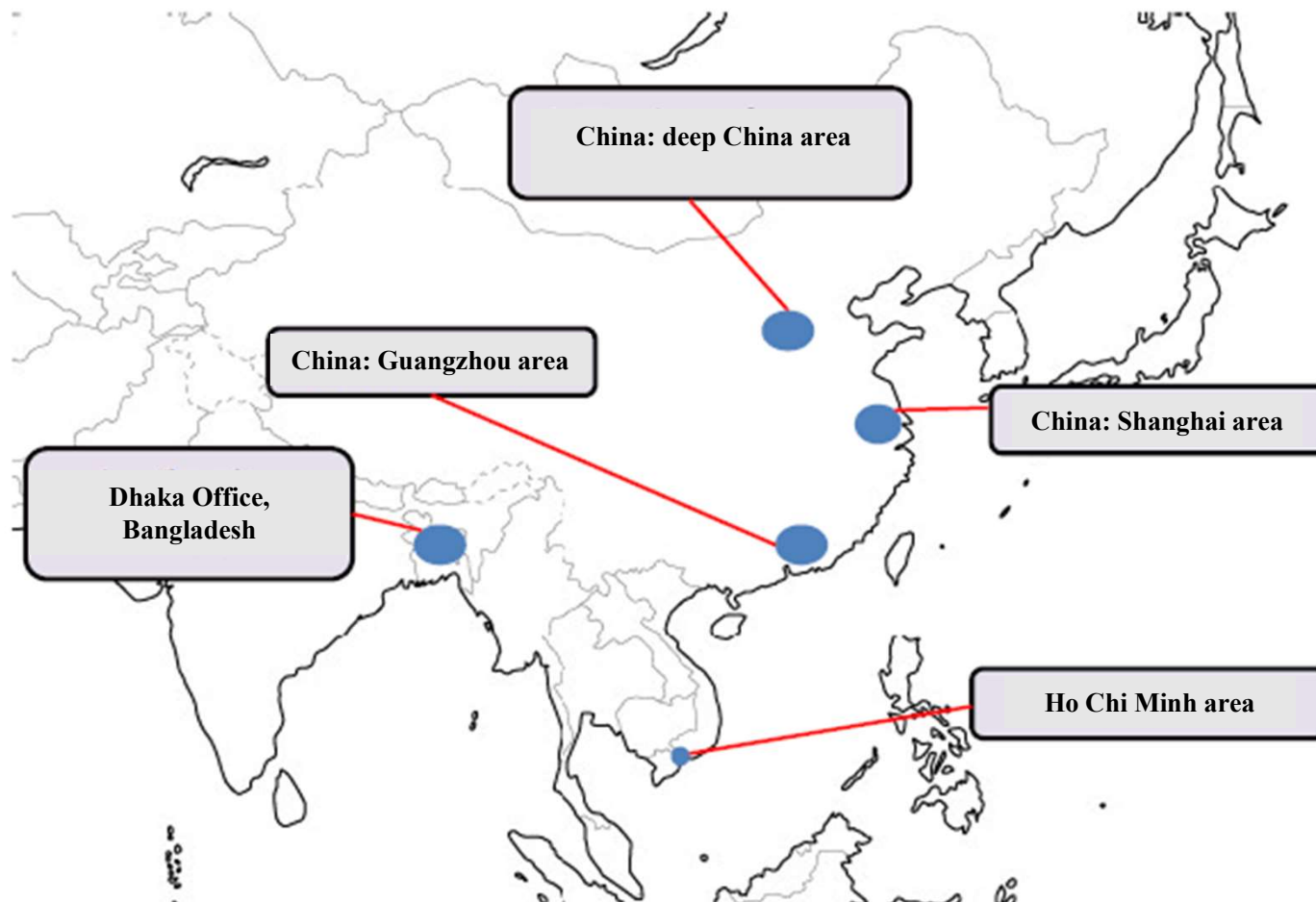
デイリーファッション パレットを展開するアージュは、  
今年で創業25周年を迎えます。  
地域のお客さまの「暮らしを、ファッションを楽しみたい」という  
お客さまのために、いつも楽しい商品とサービスを提供し続けてまいりました。  
これからも、お客さまの笑顔とともに。

PALETTE  
デイリーファッション

# Apparel Manufacturing Business: Increase Uniform Volume

- ❑ Increase uniform volume by leveraging production in Bangladesh
- ❑ Expectations of a pickup in the Content Business following the recovery from COVID-19

Apparel Manufacturing Supply Chain Map

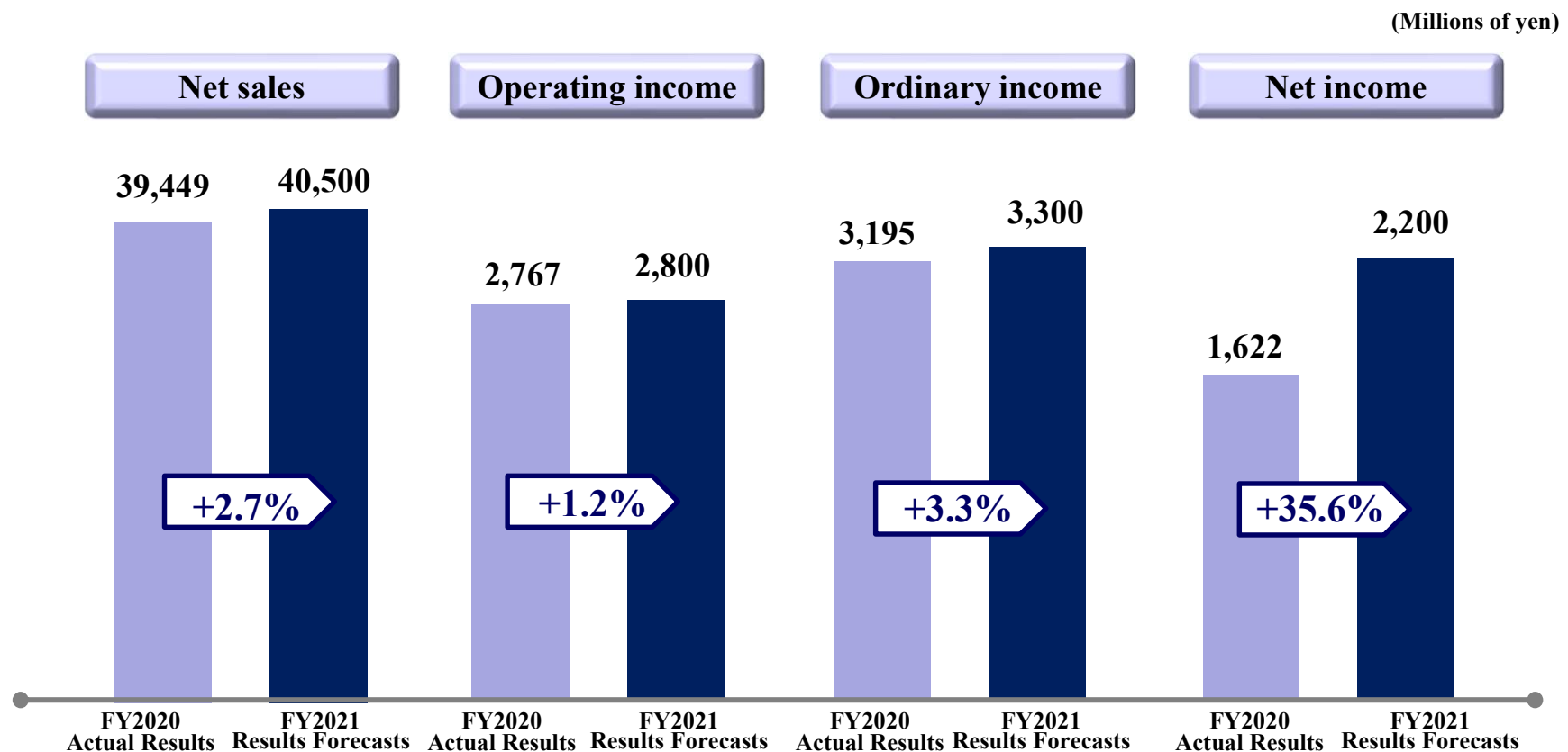


# Consolidated Business Results Forecasts for Fiscal 2021 (1)

- Focus efforts on the Christmas, a period of peak demand; expectations of a pickup due to a modest recovery in economic activity and positive correction in demand

Net sales: ¥40,500 million (+2.7% YoY)      Operating income: ¥2,800 million (+1.2% YoY)

Ordinary income: ¥3,300 million (+3.3% YoY)      Net income: ¥2,200 million (+35.6% YoY)



# Consolidated Business Results Forecasts for Fiscal 2021 (2)

(Millions of yen, %)	FY2020 (2021/2)			FY2021 (2022/2)			YoY	Jul. 7 Revised Forecasts
	Results	(%)	Jul. 7 Revised Forecasts	(%)	Full-year forecasts	(%)	Increase (Decrease) (%)	Increase (Decrease) (%)
<b>Net sales</b>	39,449	100.0	40,500	100.0	40,500	100.0	+2.7	±0
<b>Gross profit</b>	21,294	54.0	21,300	52.6	21,000	51.9	-1.4	-1.4
<b>Gross profit margin</b>	54.0		52.6		51.9		-2.1	-0.7
<b>Selling, general and administrative expenses</b>	18,527	47.0	18,500	45.7	18,200	44.9	-1.8	-1.6
Amortization of goodwill	496	1.3	496	1.2	496	1.2	±0	±0
<b>Operating income</b>	2,767	7.0	2,800	8.0	2,800	6.9	+1.2	±0
<b>Ordinary income</b>	3,195	8.1	3,300	8.8	3,300	8.1	+3.3	±0
<b>Net income</b>	1,622	4.1	2,200	6.0	2,200	5.4	+35.6	±0

« Reference »	FY2020 (2021/2)			FY2021 (2022/2)			YoY	Jul. 7 Revised Forecasts
<b>Operating income before the amortization of goodwill</b>	3,263	8.3	3,296	9.2	3,296	9.2	+1.0	±0
<b>Net income before the amortization of goodwill</b>	2,118	5.4	2,696	7.1	2,696	7.1	+27.3	±0

\* 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

4°C

for Fiscal 2021 (Figures are after accounting for intrasegment net sales and transfers)

holdings group

## Jewelry Business

Projecting net sales of ¥19.4 billion and operating income of ¥1.7 billion

- ❑ Adopting a conservative approach toward the third quarter owing to the lingering effects of COVID-19
- ❑ Forecasting a natural recovery owing to improvements in the operating environment and pickup on the back of various measures in the fourth quarter

## Apparel Business

Projecting net sales of ¥21.1 billion and operating income of ¥1.2 billion

- ❑ Continue to promote existing store growth by opening 10 new stores and increasing PALETTE memberships
- ❑ Target increase in revenue and earnings by also maintaining robust trends in the second half

(Millions of yen, %)		FY2020 (2021/2)	FY2021 (2022/2)			
		Results	1H Results	2H Forecasts	Full-year Forecasts	YoY
The Jewelry Business	Net sales	20,641	7,894	11,506	19,400	-6.0
	Operating income	2,139	60	1,640	1,700	-20.5
The Apparel Business	Net sales	18,807	9,875	11,225	21,100	+12.2
	Operating income	896	547	653	1,200	+33.9

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## **Undertake Growth Investments Geared Toward Sustainable Management**

**Taking into account conditions in the post-COVID-19 era, YONDOSHI HOLDINGS will undertake various investments geared toward sustainable growth by leveraging its solid financial base**

- (1) Brand value enhancement and marketing investment**  
Continue to engage in advertising and sales promotion activities with a view to further lifting customers' favorable impression of the Group's products
- (2) Store opening investment**  
Undertake investments aimed at PALETTE growth and building a robust business portfolio
- (3) System and DX investment**  
Address the transition to a digital society and changes in the environment
- (4) Human resources investment**  
Strengthen human capital for the sustainable enhancement of corporate value

# Undertake Growth Investments Geared Toward Sustainable Management

## (1) Brand value enhancement and marketing investment

### Enhance the 4°C brand

- ❑ The F.D.C. Products Group, which handles the 4°C brand, to continue investing in advertising and sales promotion based on a 5% sales ratio



## (2) Store opening investment

### Expand the opening of PALETTE stores

- ❑ The everyday fashion brand PALETTE to promote a strategy aimed at entrenching the Group's dominant position on the Kansai area by opening 1 new stores annually, and to build a balanced and solid portfolio



## (3) System and DX investment

### Organization

- ❑ Newly established the System Development Department in March 2021
- ❑ Conduct DX training for approximately 100 Group executive employees

### Development

- ❑ Introduce a customer management system
- ❑ Construct a core system for the next period
- ❑ Site renewal

**(4) Human resources investment**

**Train management personnel**

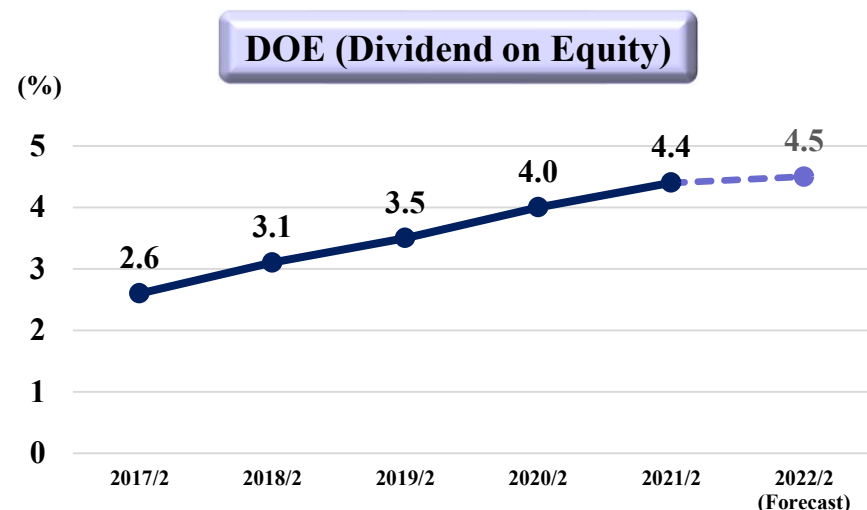
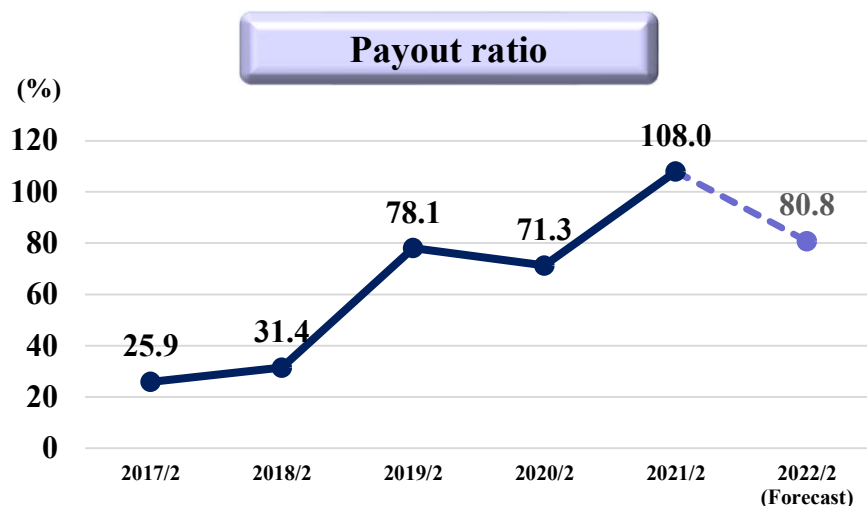
- ❑ Systematically develop the next generation of leaders; establish a deep and stable organization**
- ❑ Encourage the advancement of women; provide management training support**

**Nurture a corporate culture**

- ❑ Pass on the Company values and management philosophy through its corporate university**

# Shareholder Returns Policy, Cash Dividends

- ❑ Work to realize a future annual cash dividend of ¥100 per common share
- ❑ Shareholder return policy: Ensure the payment of stable and continuous cash dividends; identify dividend on equity (DOE) ratio of 4% or more as a new target
  - Plans in place to pay an interim and period-end cash dividend of ¥41.50 per common share for an annual cash dividend of ¥83 per common share for the fiscal year ending February 28, 2022, up ¥2 per common share compared with the previous fiscal year



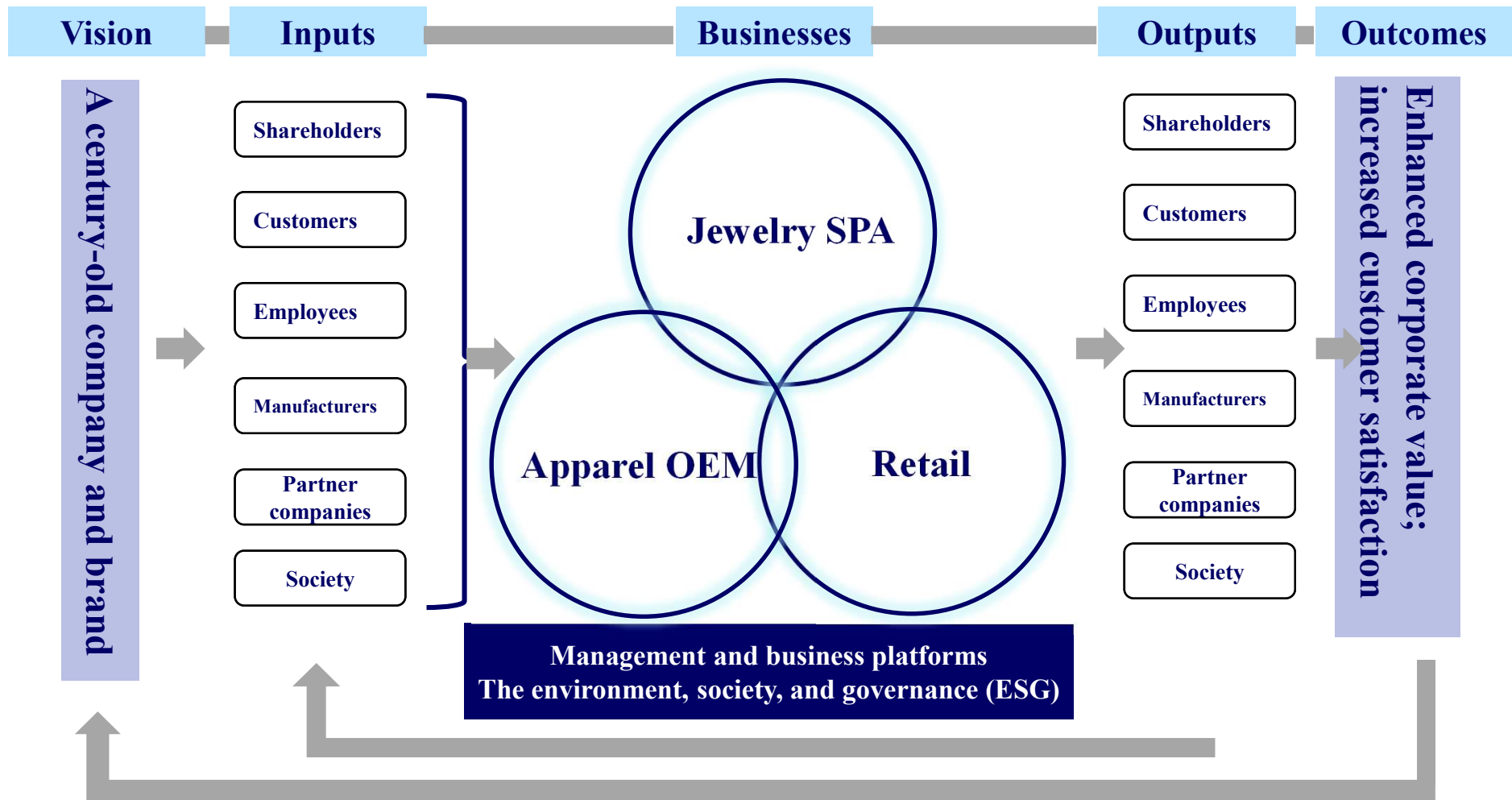
(%)	FY2016 (2017/2)	FY2017 (2018/2)	FY2018 (2019/2)	FY2019 (2020/2)	FY2020 (2021/2)	FY2021 (2022/2) Forecast
Annual dividends per share (Yen)	50	65	75	80	81	83
DOE (Dividend on Equity) (*1)	2.6	3.1	3.5	4.0	4.4	4.5
Payout ratio (%)	25.9	31.4	78.1	71.3	108.0	80.8
Actual dividend payout ratio (*2)	12.2	28.7	64.9	69.2	82.7	65.9

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

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

# Toward Stable and Continuous Growth ~Creating Sustainable Value

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





## Management strategies and social issues

Declining labor population And slowing economic growth

Increasing awareness toward the environmental impact of the fashion industry

Incidence of funds flowing to terrorist and criminal organizations through money laundering

Social Issues	Main Initiatives
1. Encouraging the advancement of women	<ul style="list-style-type: none"> <li>➤ Promote the appointment of women as directors and managers, and support their development</li> <li>➤ Establish a childcare work system that exceeds the legal requirements, and create a comfortable working environment</li> </ul>
2. Eliminating illegal labor, including child labor	<ul style="list-style-type: none"> <li>➤ Incorporate clauses that prohibit illegal labor in contracts with suppliers</li> <li>➤ Confirm statutory and regulatory compliance by regularly conducting RJC audits</li> </ul>
3. Promoting the use, proposal, and sale of sustainable products and materials	<ul style="list-style-type: none"> <li>➤ Switch to FSC-certified paper for accessories</li> <li>➤ Propose sustainable materials and products in ODM business</li> </ul>
4. Helping to solve water problems	<ul style="list-style-type: none"> <li>➤ Install water storage tanks in collaboration with the Japan Water Forum to solve water problems and free women and children from water fetching labor</li> </ul>
5. Preventing money laundering	<ul style="list-style-type: none"> <li>➤ Procure diamonds in accordance with the Kimberley Process</li> <li>➤ Improve transparency in the procurement of precious metals in collaboration with suppliers</li> </ul>

# Activities Aimed at Addressing ESG Issues

- ◆ **As an RJC certified company, F.D.C. Products is working diligently to help improve the reliability and standard of the jewelry market in each field**

※What is the RJC...

The Responsible Jewellery Council is an international not-for-profit, standards and certification organization. Covering social and environmental responsibility focusing on the jewelry industry, the Council strives to realize responsible business practices for diamonds, gold and platinum across the entire jewelry supply chain and processes from mine to retail.

- ◆ **Continuously support efforts to solve water-related issues as trustees of the Japan Water Forum**



# YONDOSHI HOLDINGS Group's Approach to Sustainability

YONDOSHI HOLDINGS Group announced details of its “Approach to Sustainability,” which summarizes the Group's efforts to realize a sustainable society and to enhance its corporate value in a sustainable manner






## 基本的な考え方

4°Cホールディングスグループは、創業以来「人間尊重」・「社会貢献」の基本理念を礎に、事業を通じて人々の生活文化の向上に取り組んでいます。

これからもこの考え方を大切に、お客様をはじめ、お取引先様や従業員など関係するすべての人々と共に、環境・社会・ガバナンスに関する諸課題に取り組むことで、持続可能な社会の実現を目指して参ります。

Please refer to the following site for details.  
<https://yondoshi.co.jp/images/sdg.pdf>

## 4°Cホールディングスグループの主な取組内容

ESG	大項目	小項目	具体的取組内容	SDGs
E:環境	環境	エネルギー削減	<ul style="list-style-type: none"> <li>LED照明の導入</li> <li>クールビズの奨励</li> </ul>	 
		廃棄物とリサイクル	<ul style="list-style-type: none"> <li>貴金属地金のリサイクル</li> <li>産業廃棄物の管理</li> </ul>	
		製品やパッケージ	<ul style="list-style-type: none"> <li>環境に配慮した素材の使用</li> <li>環境に配慮したレジ袋の使用</li> </ul>	
	公正な事業慣行	サプライチェーンマネジメント	<ul style="list-style-type: none"> <li>責任ある原材料の調達への取り組み (金、銀、プラチナ、ダイヤモンド、カラーストーンにおける調達の透明性)</li> <li>仕入先様とのパートナーシップ…睦会運営</li> </ul>	
		品質・安全性	<ul style="list-style-type: none"> <li>品質管理体制の構築</li> </ul>	

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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