

YONDOSHI HOLDINGS INC.

First Section, Tokyo Stock Exchange (8008)

Investors' Presentation
Results for the Fiscal 2020
(The Fiscal Year Ended February 28, 2021)

April 12, 2021

4°C holdings group

Contents

I. Overview and Summary of Fiscal 2020, the Fiscal Year Ended February 28, 2021

II. Strategic Approach and Business Results Forecasts for Fiscal 2021

Saishi Kimura. Chairman and Representative Director • CEO

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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Jewelry Business

- ❑ **Implemented various measures including the suspension of business while shortening operating hours at certain stores; substantial drop in sales especially in April and May**
(Business suspended at all stores from April 25 to May 6; business suspended at more than 80% of all state of emergency stores for 27 days and more than 50% for 43 days)
- ❑ **Significant impact on the number of customers from mid-November 2020 following the third wave of COVID-19 infections through the peak period of Christmas demand to January 2021 when the government once again declared a state of emergency**

Apparel Business

- ❑ **Took steps in the Apparel Manufacturing Business to strengthen online management in response to the ban on overseas travel, maintain smooth operations across the supply chain, and substantially reduce travel and transportation expenses**
- ❑ **Everyday fashion brand PALETTE reported record high net sales and operating income on the back of successful efforts to enhance awareness and steady progress in expanding PALETTE membership from May**

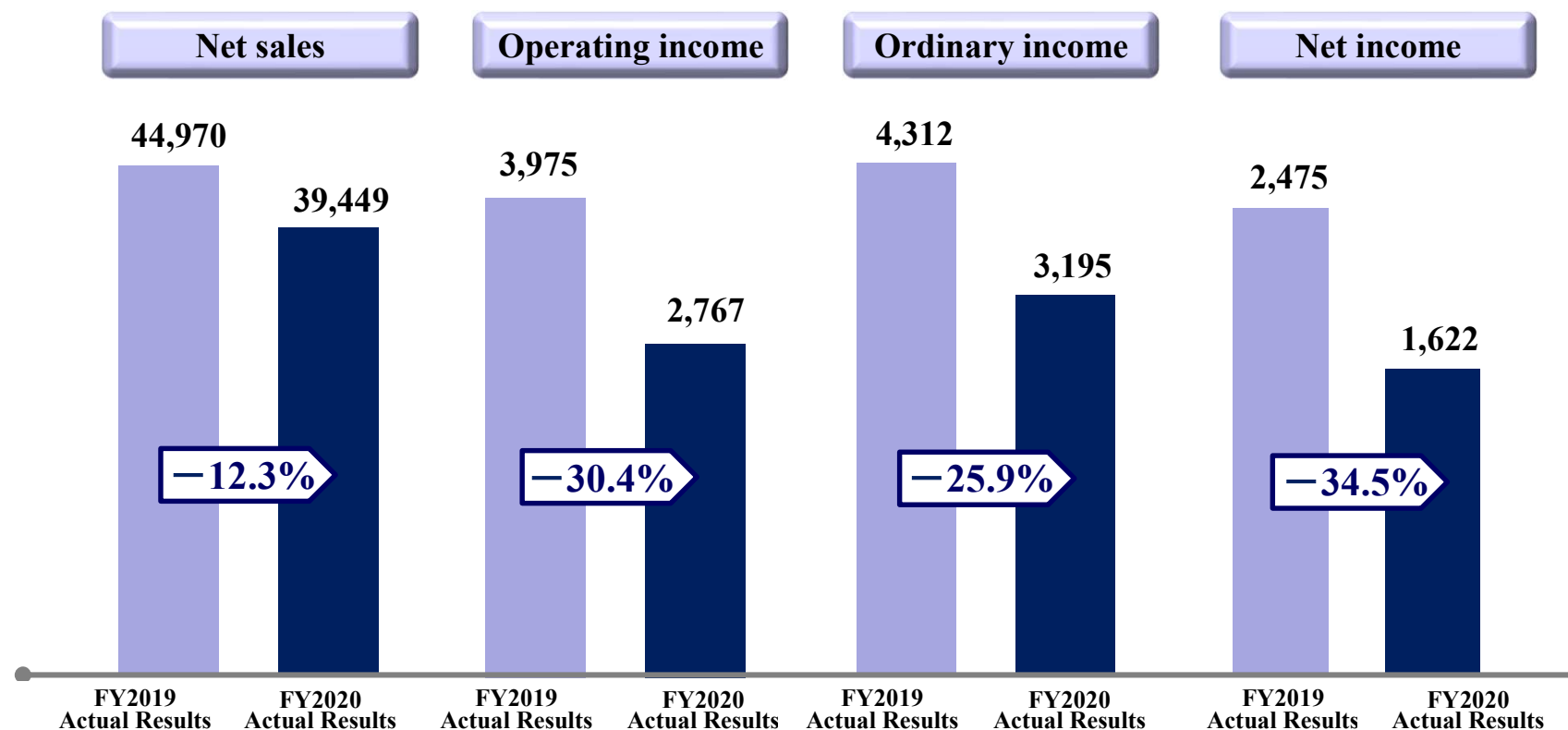
Overview of Consolidated Operating Results for Fiscal 2020 (1)

□ Despite decreases in revenue and earnings due to the impact of COVID-19, secured a steady stream of profit

Net sales: ¥39,449 million (−12.3% YoY) Operating income: ¥2,767 million (−30.4 % YoY)

Ordinary income: ¥3,195 million (−25.9% YoY) Net income: ¥1,622 million (−34.5% YoY)

(Millions of yen)



Overview of Consolidated Operating Results for Fiscal 2020 (2)

(Millions of yen, %)	FY2019 (2020/2)		FY2020 (2021/2)				YoY	vs. Plan
	Actual Results	(%)	Jul. 8 Published Value		(%)	Actual Results	Increase (Decrease) (%)	Increase (Decrease) (%)
Net sales	44,970	100.0	39,000	100.0	39,449	100.0	-12.3	+0.1
Gross profit	25,780	57.3	21,450	55.0	21,294	54.0	-17.4	-0.7
Gross profit margin	57.3		55.0		54.0		-3.3	±0
Selling, general and administrative expenses	21,804	48.5	18,550	47.6	18,527	47.0	-15.0	-0.1
Amortization of goodwill	496	1.1	496	1.3	496	1.3	±0	±0
Operating income	3,975	8.8	2,900	7.4	2,767	7.0	-30.4	-4.6
Ordinary income	4,312	9.6	3,300	8.5	3,195	8.1	-25.9	-3.1
Net income	2,475	5.5	2,000	5.1	1,622	4.1	-34.5	-20.0
«Reference» Key management indicators	FY2019 (2020/2)		FY2020 (2021/2)				YoY	vs. Plan
(Millions of yen, %)	Actual Results	(%)	Jul. 8 Published Value		(%)		Increase (Decrease) (%)	Increase (Decrease) (%)
Operating income before the amortization of goodwill	4,471	9.9	3,396	8.7	3,263	8.3	-17.4	-3.9
Net income before the amortization of goodwill	2,971	6.6	2,496	6.4	2,118	5.4	-28.7	-15.1

* 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

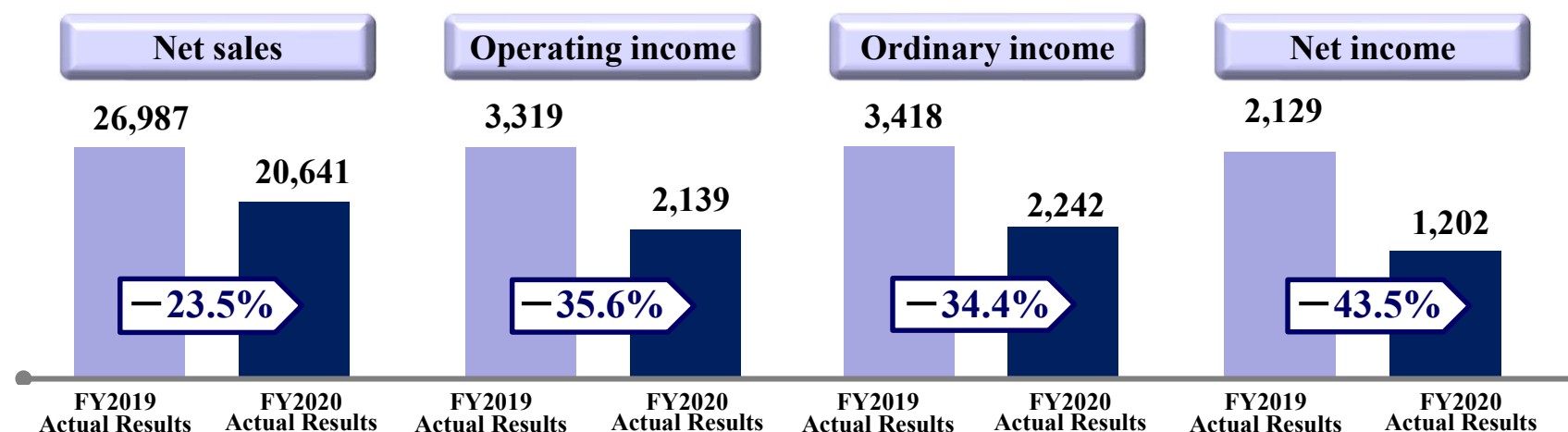
~The Jewelry Business

4°C

holdings group

- ❑ Decreases in revenue and earnings owing to the suspension of business at stores during April and May and the impact of the third wave of COVID-19 infections from mid-November
- ❑ 30% YoY e-commerce growth; increase in the ratio of 4°C fashion jewelry e-commerce sales to total sales: 10.9%⇒17%

(Millions of yen)



(Millions of yen, %)	FY2019 (2020/2)		FY2020 (2021/2)				YoY Increase (Decrease) (%)	Jul. 8 Published Value Increase (Decrease) (%)
	Actual Results	(%)	Jul. 8 Published Value	(%)	Actual Results	(%)		
Net sales	26,987	100.0	21,200	100.0	20,641	100.0	-23.5	-2.6
Operating income	3,319	12.3	2,500	11.8	2,139	10.4	-35.6	-14.4
Ordinary income	3,418	12.7	2,600	12.3	2,242	10.9	-34.4	-13.8
Net income	2,129	7.9	1,600	7.5	1,202	5.8	-43.5	-24.9

Overview of Business Results by Segment

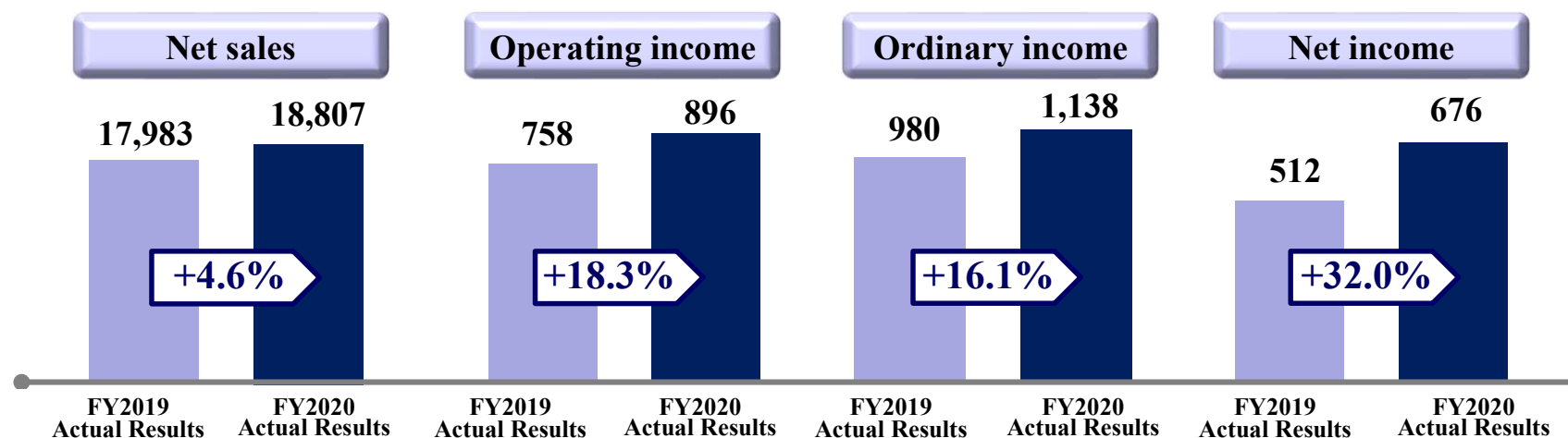
4°C

holdings group

~The Apparel Business

- Increases in revenue and earnings in the Apparel Business on the back of robust everyday fashion brand PALETTE trends
- Achieved profit plan in the Apparel Manufacturing Business owing to reductions in overhead expenses including business trip and travel costs
- Achieved the ¥10 billion milestone in sales as well as record high profit in the everyday fashion brand PALETTE due to successful efforts aimed at capturing nesting demand and opening new stores

(Millions of yen)

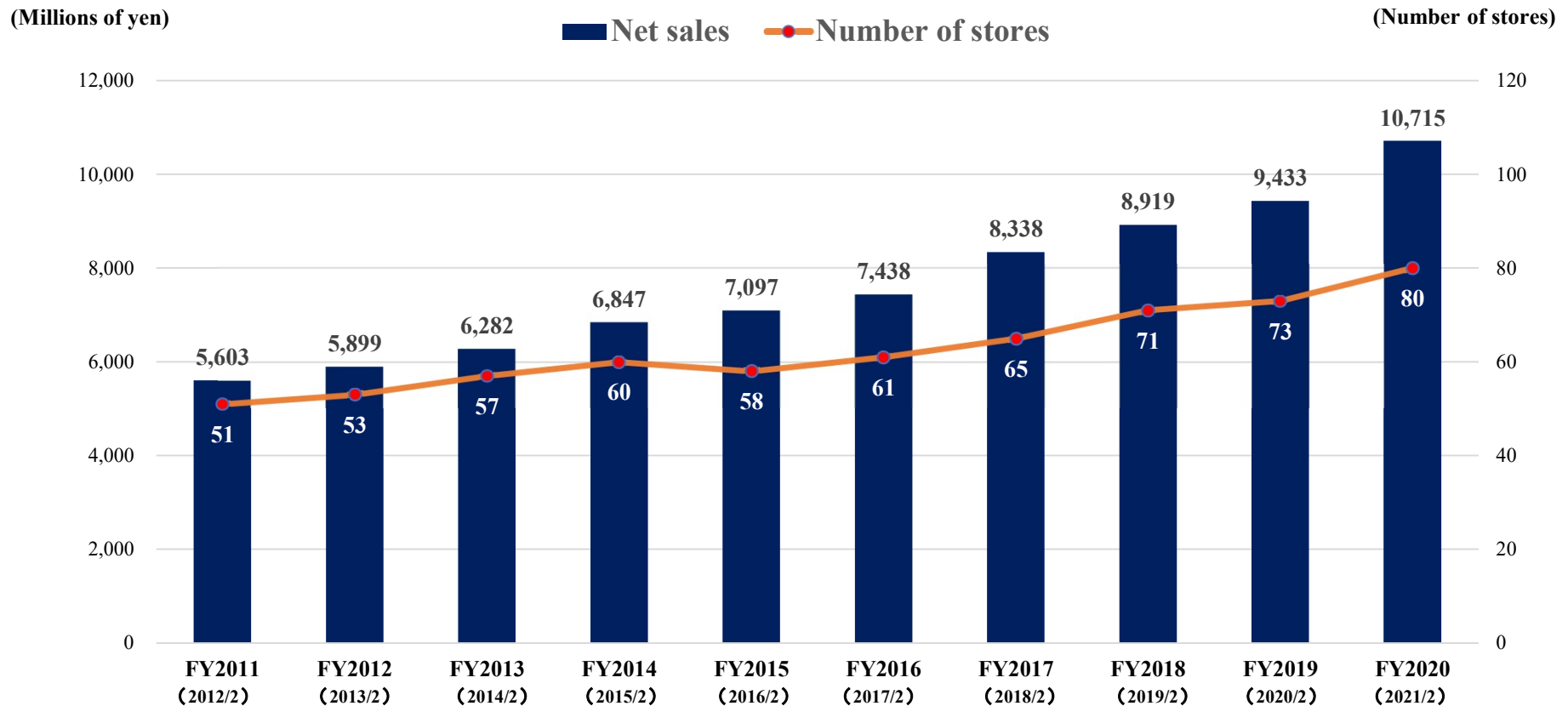


(Millions of yen, %)	FY2019 (2020/2)		FY2020 (2021/2)				YoY Increase (Decrease) (%)	Jul. 8 Published Value Increase (Decrease) (%)
	Actual Results	(%)	Jul. 8 Published Value	(%)	Actual Results	(%)		
Net sales	17,983	100.0	17,800	100.0	18,807	100.0	+4.6	+5.7
Operating income	758	4.2	760	3.9	896	4.7	+18.3	+17.9
Ordinary income	980	5.4	960	5.6	1,138	6.1	+16.1	+18.5
Net income	512	2.8	620	3.1	676	3.6	+32.0	+9.0

Achieving ¥10 billion in PALETTE Sales

- ❑ Relocated bases to Kansai from 2010 and pushed forward a strategy to entrench the Group's dominant position in the area
- ❑ 10-year net increase in the number of stores: 29; sales growth: ¥5.1 billion

Trends in PALETTE Sales and the Number of Stores



Overview of Financial Position and Cash Flows (Consolidated)

- Total assets, liabilities, and net worth stood at ¥53.0 billion, ¥13.4 billion, and ¥39.5 billion, respectively
- Cash flows from operating activities: substantial improvement in the fiscal year under review following income taxes paid of ¥6.9 billion in the previous fiscal year
- Cash flows from financing activities: Repurchase of own shares of approximately ¥0.6 billion and cash dividends paid of around ¥1.7 billion as a part of shareholders returns
- Solid balance sheet with a high shareholders' equity ratio; free cash flows of roughly ¥4.4 billion with strengths in generating cash

Financial Position

As of February 28, 2021

Total assets ¥53.0 billion	¥13.4 billion	Total liabilities
	¥39.5 billion	Total net assets

Cash Flows

(Millions of yen)	FY2019 (2020/2)	FY2020 (2021/2)	Increase (Decrease)
Operating cash flows	2,433	6,633	+4,200
Investing cash flows	72	(2,169)	(2,241)
Financing cash flows	(5,468)	(2,515)	+2,953
Free cash flows	2,505	4,464	+1,959

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

Capital investment: ¥0.70 billion Depreciation and amortization: ¥1.02 billion

(Millions of yen, %)	FY2019 (2020/2)	FY2020 (2021/2)	YoY
	Actual Results	Actual Results	

Capital investment	880	703	(177)
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(Millions of yen, %)	FY2019 (2020/2)	FY2020 (2021/2)	YoY
	Actual Results	Actual Results	

Depreciation and amortization	1,243	1,026	(217)
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Status of Store Openings

- ❑ Jewelry Business: Net decrease owing to the closure of two brands in Japan and withdrawal from the China market
- ❑ Apparel Business: Steady progress in opening PALETTE stores; net increase of seven stores

		Jewelry Business						Apparel Business	Total
		国内					Overseas	PALETTE	
		Roadside boutique	Department store	Bridal Shop	Fashion Building	Total			
FY2019 (2020/2)	Fiscal year-end	2	71	40	70	183	3	73	259
FY2020 Actual Results (2021/2)	Stores opened	1	1	0	1	3	0	9	12
	Stores closed	0	1	0	10	11	3	2	16
	Fiscal year-end	3	71	40	61	175	0	80	255

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

		4°C	4°C BRIDAL	canal 4°C	EAU DOUCE 4°C	MAISON JEWELL	Jewelry Total	Luria4°C	Total
FY2019 (2020/2)	Fiscal year-end	83	40	49	21	5	198	25	223
FY2020 Actual Results (2021/2)	Stores opened	2	0	1	0	0	3	0	3
	Stores closed	1	0	5	7	5	18	25	43
	Fiscal year-end	84	40	45	14	0	183	0	183

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

* Refers to the internal relocation of five stores within 4°C store openings/closings

Shareholder Return Policy, Cash Dividends

- Proactively undertaking the repurchase of own shares while continuing to emphasize consecutive increases in cash dividends
 - Repurchase of 300,000 of the Company's own shares (approximately ¥0.6 billion) in the fiscal year ended February 28, 2021
(undertook the repurchase of own shares for a third consecutive fiscal year)
 - Annual cash dividend of ¥81 per share for the fiscal year ended February 28, 2021, up ¥1 per share compared with the previous fiscal year
(10th consecutive fiscal year of cash dividend increase)

	FY2018 (2019/2)	FY2019 (2020/2)	FY2020 (2021/2)
Annual dividends per share (Yen)	75	80	81
Payout ratio (%)	78.1	71.3	108.0

<Reference: Management indicators (Net income before the amortization of goodwill)>

	FY2018 (2019/2)	FY2019 (2020/2)	FY2020 (2021/2)
ROE (%)	6.1	8.0	5.3
EPS (Yen)	115.5	134.6	97.9
Payout ratio (%)	64.9	69.2	82.7

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I. Overview and Summary of Fiscal 2020, the Fiscal Year Ended February 28, 2021

II. Strategic Approach and Business Results Forecasts for Fiscal 2021

Jewelry Business

- (1) Strengthen the competitiveness of 4°C fashion jewelry products**
- (2) Improve the ability of 4°C BRIDAL specialty stores to attract customers**
- (3) Build engagement with customers by utilizing the CRM system**
- (4) Strengthen online measures**

Apparel Business

- (1) Everyday fashion business PALETTE: Open 10 new stores; substantially increase sales by expanding PALETTE memberships and increasing the fixed customer base**
- (2) Apparel Manufacturing Business: Increase sales through design and product proposals that accurately capture the needs of consumer**

Strengthen the Competitiveness of 4°C Fashion Jewelry Products

- ❑ Roll out leading 4°C fashion jewelry collections including Sakura Collection 2021 and Noble of Water
- ❑ Enhance support and a sense of affinity from women; secure sales growth by expanding gift as well as own use purchase



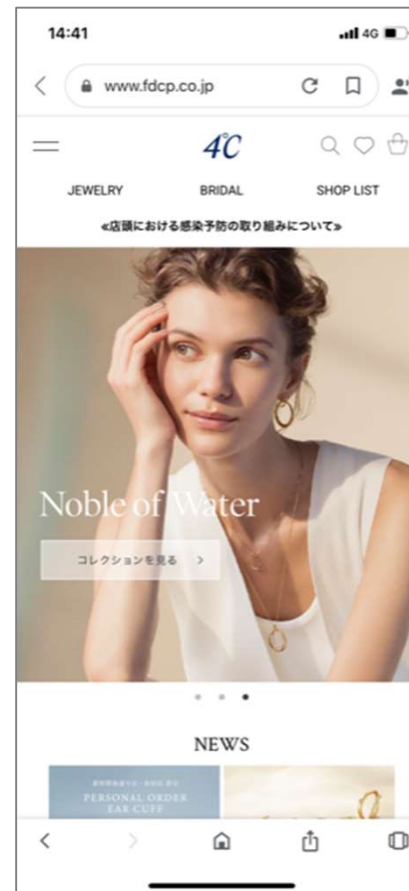
4°C Noble of Water

- ❑ Implement measures aimed at attracting customers through various media including Zexy and other magazines, TV commercials, and online advertising
- ❑ Establish a competitive advantage by strengthening the competitiveness of products including traceability diamonds
- ❑ Strengthen competitiveness to capture rebound demand attributable to the postponement of wedding ceremonies



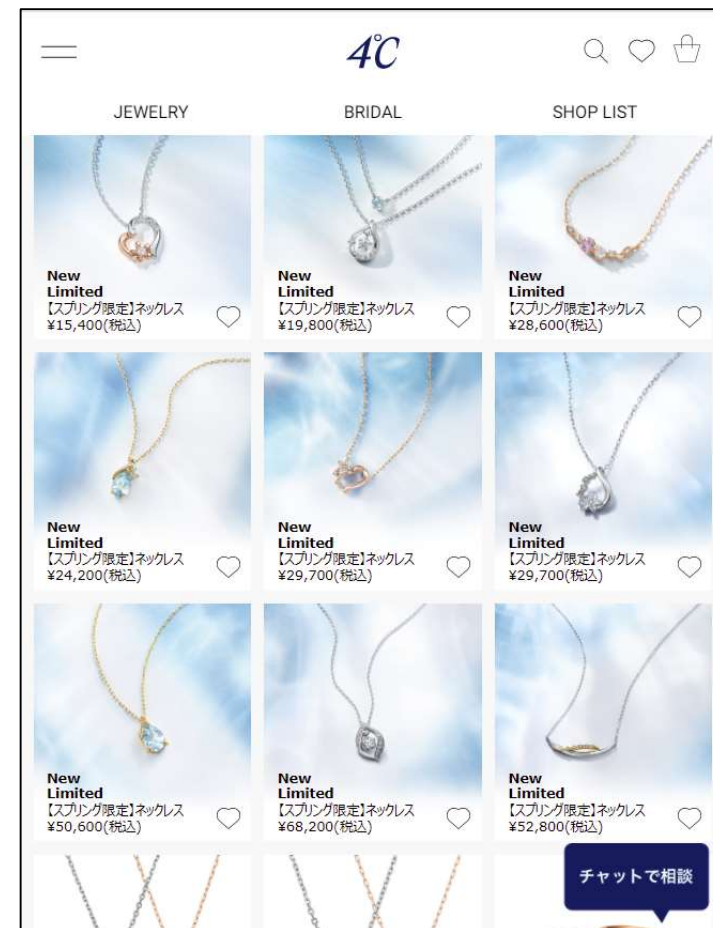
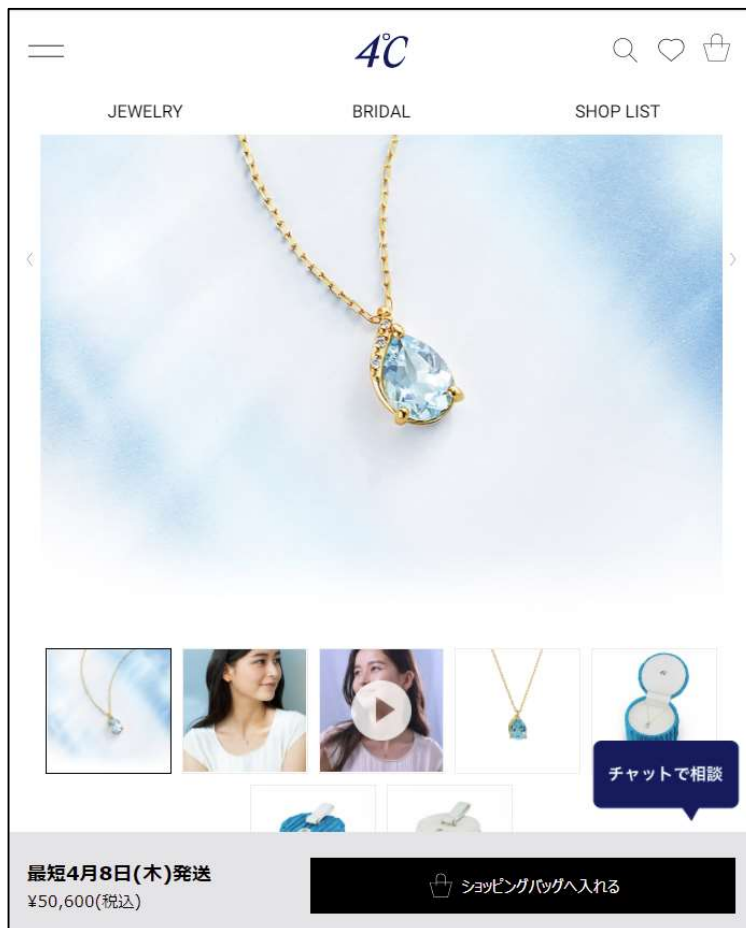
Build Engagement with Customers by Utilizing the CRM System

- ❑ Strengthen engagement by utilizing the CRM system; expand the number of members (Number of members: Approximately 350,000 as of February 28, 2021 ⇒ 600,000 (target) as of February 28, 2022)
- ❑ Strengthen proposals targeting key events in each customer's life including birthdays and anniversaries; increase the repeat rate



Strengthen Online Measures

- ❑ Reinforce store front relationships through various measures including inventory coordination and efforts to enhance order and customization services
- ❑ Develop specialty online product lines and open new stores at outside malls
- ❑ Initiate a project geared toward brand site renewal by March 2022



- ❑ Strengthen planning capabilities and information dissemination ability by appointing influencers
- ❑ Expand uniform product initiatives by leveraging the competitive advantage of production in Bangladesh
- ❑ Establish supply chain management stability through online management



Hina Original brand “LAPOCIA”

**Chubby Arasa (around thirty) Hina
Blogger/Instagrammer/YouTuber
About 100,000 Instagram followers**

Other contract influencers

miey (420,000 followers)

- Pilates trainer
- Mainly post body makeup exercise videos

aya (256,000 followers)

- Instagrammer who works in the sales position at an infrastructure company
- Posting work techniques and interiors with the concept of “work and life in a feminine and polite manner”

Expand Sales by Accelerating the Opening of PALETTE Stores

- ❑ Accelerate the strategy to entrench the Group's dominant position in the Kansai area by opening new stores (10 stores for the full fiscal year); improve the precision of trading zone analysis
- ❑ Expand PALETTE memberships; secure existing store growth by increasing the fixed customer base (number of members: 370,000 → 410,000)
- ❑ Improve the cost of sales ratio through direct procurement from overseas manufacturer

PALETTE store opening area in the Kansai area



age
株式会社
〒530-0001 大阪府大阪市東淀川区

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。

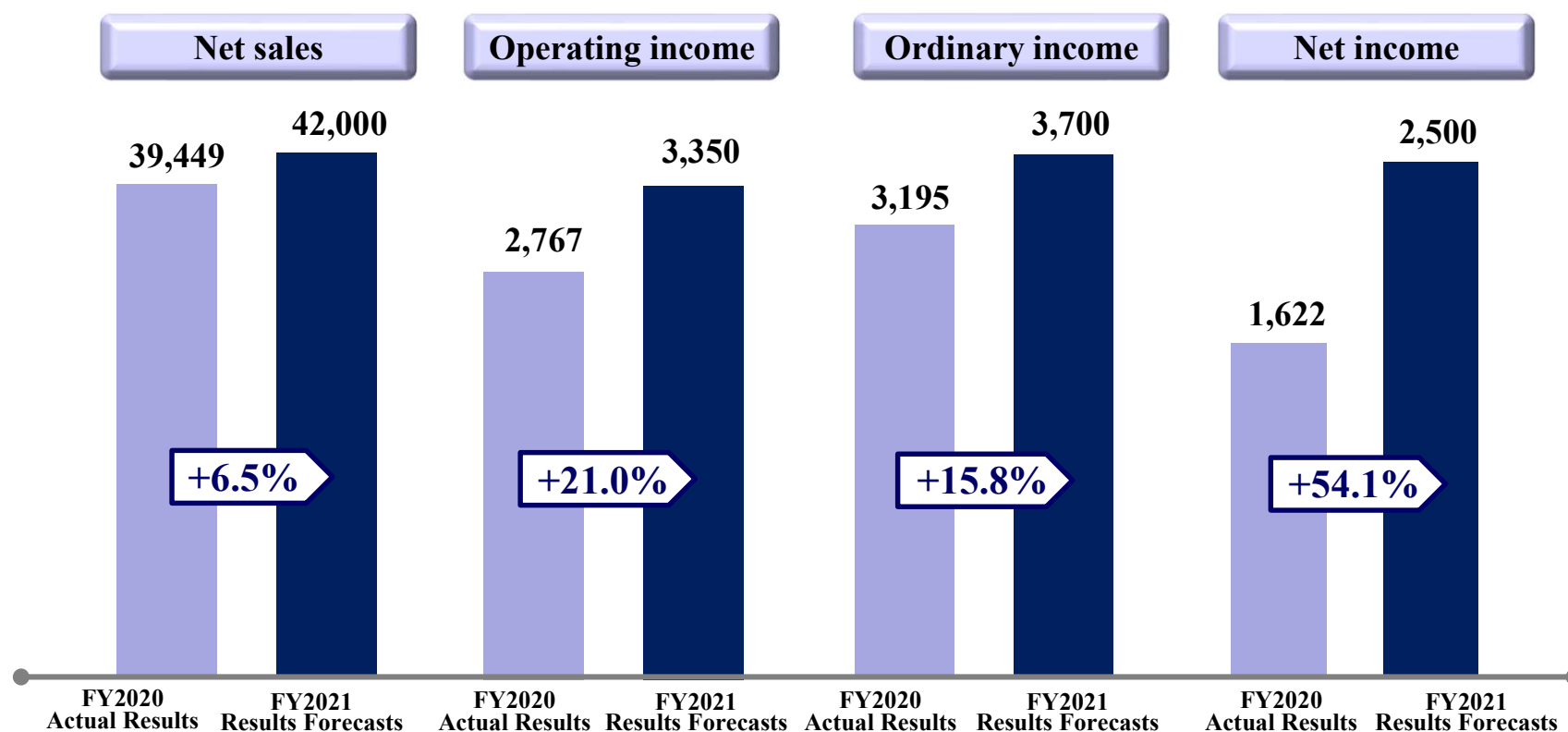
PALETTE
デイリーファッション

Consolidated Business Results Forecasts for Fiscal 2021 (1)

- **Net sales:** Jewelry Business recovery; increase in revenue by expanding the opening of PALETTE stores
- **Operating income:** Substantial recovery projected in the Jewelry Business from the suspension of business and shortening of operating hours in the previous fiscal year coupled with the temporary downturn attributable to the impact of a third wave of infections from mid-November

Net sales: ¥42,000 million (+6.5% YoY) Operating income: ¥3,350 million (+21.0 % YoY)
Ordinary income: ¥3,700 million (+15.8% YoY) Net income: ¥2,500 million (+54.1% YoY)

(Millions of yen)



Consolidated Business Results Forecasts for Fiscal 2021 (2)

(Millions of yen, %)	FY2020 (2021/2)		FY2021 (2022/2)		YoY
	Results	(%)	Full-year forecasts	(%)	Increase (Decrease) (%)
Net sales	39,449	100.0	42,000	100.0	+6.5
Gross profit	21,294	54.0	23,000	54.8	+8.0
Gross profit margin	54.0		54.8		+0.8
Selling, general and administrative expenses	18,527	47.0	19,650	46.8	+6.1
Amortization of goodwill	496	1.3	496	1.2	±0
Operating income	2,767	7.0	3,350	8.0	+21.0
Ordinary income	3,195	8.1	3,700	8.8	+15.8
Net income	1,622	4.1	2,500	6.0	+54.1
« Reference »					
Operating income before the amortization of goodwill	3,263	8.3	3,846	9.2	+17.8
Net income before the amortization of goodwill	2,118	5.4	2,996	7.1	+41.5

* 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 2021

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

4°C

holdings group

Jewelry Business

Projecting net sales of ¥21.5 billion and operating income of ¥2.6 billion

- ❑ Anticipating a recovery from the impact of COVID-19 during April and May as well as the third wave of infections on brick-and-mortar stores together with e-commerce growth
- ❑ Adopting a conservative approach toward existing store forecasts in light of operating conditions
- ❑ Forecasting an improvement in profitability on the back of business restructuring efforts undertaken during fiscal 2020

Apparel Business

Projecting net sales of ¥20.5 billion and operating income of ¥1.0 billion

- ❑ Work to substantially expand net sales through existing store growth by opening 10 new stores and increasing PALETTE memberships
- ❑ Plans to double uniform volume, a new business area, in the Apparel Manufacturing Business (¥250 million→¥500 million)

(Millions of yen, %)		FY2020 (2021/2)	FY2021 (2022/2)	
		Actual	Forecast	YoY
Jewelry Business	Net sales	20,641	21,500	+4.2
	Operating income	2,139	2,600	+21.6
Apparel Business	Net sales	18,807	20,500	+9.0
	Operating income	896	1,000	+11.6

Plans for Store Openings and Closures

- ❑ Jewelry Business: Plan to open one Canal 4°C store
- ❑ Apparel Business: Plan to open 10 PALETTE stores

		Jewelry Business					Apparel Business	Total
		Japan					PALETTE	
		Roadside boutique	Department store	Bridal Shop	Fashion Building	Overseas		
FY2020 Actual Results (2021/2)	Fiscal year-end	3	68	40	64	175	80	255
FY2021 Forecast (2022/2)	Stores opened	0	0	0	1	1	10	11
	Stores closed	0	0	0	0	0	2	2
	Fiscal year-end	3	68	40	65	176	88	264

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

		4°C	4°C BRIDAL	canal 4°C	EAU DOUCE 4°C	Total
FY2020 Actual Results (2021/2)	Fiscal year-end	84	40	45	14	183
FY2021 Forecast (2022/2)	Stores opened	0	0	1	0	1
	Stores closed	0	0	0	0	0
	Fiscal year-end	84	40	46	14	184

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

Outlook for Shareholder Returns in Fiscal 2021

- Anticipating an eleventh consecutive fiscal year of cash dividend growth; plans to pay an annual cash dividend of ¥83 per share (up ¥2 per share YoY)

	FY2020 (2021/2)	FY2021 (2022/2) Forecast
Annual dividends per share (Yen)	81.0	83.0
EPS (Yen)	75.0	117.5
Payout ratio (%)	108.0	69.8
Total return ratio (%)	139.1	—

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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