

YONDOSHI HOLDINGS INC.

April 12, 2021
(Securities Code: 8008, First Section, Tokyo Stock Exchange)

Summary of the Consolidated Financial Report for Fiscal 2020 (Ended February 28, 2021)

- **Despite year-on-year decreases in both consolidated revenue and earnings due to the impact of COVID-19, YONDOSHI HOLDINGS was still successful in firmly securing a profit.**
- **Revenue and earnings declined in the Jewelry Business. In addition to the suspension of store operations and shortening of operating hours during April and May, this downturn also reflected the impact of a third wave of COVID-19 infections.**
- **In the Apparel Business, revenue and earnings increased due to a variety of factors including robust trends and record high results at the everyday fashion brand PALETTE.**
- **The Company plans to pay an annual cash dividend of ¥81 per common share for fiscal 2020, maintaining its commitment to continuous dividend growth through a 10th consecutive year of annual dividend increase.**
- **In addition to an upswing in revenue, earnings are projected to climb substantially in fiscal 2021 (ending February 28, 2022). On this basis, YONDOSHI HOLDINGS plans to pay an annual cash dividend for the next fiscal year of ¥83 per common share, representing an 11th consecutive fiscal year of cash dividend growth.**

YONDOSHI HOLDINGS INC. (“YONDOSHI HOLDINGS” or “the Company”; Headquarters: Shinagawa-ku, Tokyo; Chairman and Representative Director, CEO: Saishi Kimura) announced today its consolidated operating results for fiscal 2020, the fiscal year from March 1, 2020 to February 28, 2021. Brief details are presented as follows.

1. Consolidated Business Results

(Millions of yen, %)

	Fiscal 2019	Fiscal 2020	YoY
Net Sales	44,970	39,449	(12.3)%
Operating Income	3,975	2,767	(30.4)%
Ordinary Income	4,312	3,195	(25.9)%
Profit Attributable to Owners of Parent	2,475	1,622	(34.5)%

1. Net income per share for the fiscal year under review was ¥75.00 (¥112.18 for the previous fiscal year).

Head Office:	2-19-10 Kami-Osaki, Shinagawa-ku, Tokyo
Establishment:	May 1950
Paid-in Capital:	¥2,486.52 million
Business Activities:	Brand business focusing mainly on jewelry; planning, manufacture and wholesale mainly of apparel and bags; and retail business
URL:	https://yondoshi.co.jp/eng/
Inquiries:	YONDOSHI HOLDINGS INC. Finance Department TEL: +81-3-5719-3295; FAX: +81-3-5719-3296; e-mail: ir-yondoshi@yondoshi.co.jp

2. The average number of issued shares for the fiscal year under review was 21,635,806 on a consolidated basis.
3. Operating income before the amortization of goodwill: FY2020 ¥3,264 million FY2019 ¥4,472 million.

In the retail industry, the outlook remained clouded as a result of the impact from the government's call for people to remain at home, along with business suspensions and shortened operating hours at stores. In addition, the worsening employment and income situation raised concerns of a further cooling off in consumer sentiment. Under these circumstances, during fiscal 2020, the final year of the fifth medium-term management plan, YONDOSHI HOLDINGS Group addressed priority issues in each business with the aim of enhancing enterprise value.

As a result, net sales for the fiscal year under review amounted to ¥39,449 million (down 12.3% YoY). From a profit perspective, operating income came to ¥2,767 million (down 30.4% YoY), ordinary income totaled ¥3,195 million (down 25.9% YoY), and profit attributable to owners of parent was ¥1,622 million (down 34.5% YoY).

Jewelry Business

Net Sales: ¥20,641 million (down 23.5% YoY)
 Operating Income: ¥2,139 million (down 35.6% YoY)

In the F.D.C. Products Group, which is largely responsible for the YONDOSHI HOLDINGS Group's Jewelry Business, store sales were down compared with the previous fiscal year. In addition to the large-scale suspension of store operations and shortening of operating hours from late March to the end of May, this year-on-year decline was mainly due to the impact of the third wave of COVID-19 infections from mid-November. On a positive note, sales through e-commerce channels increased 22.5% substantially outperforming the level recorded for the previous fiscal year.

Apparel Business

Net Sales: ¥18,807 million (up 4.6% YoY)
 Operating Income: ¥896 million (up 18.3% YoY)

Retailer age Co., Ltd., which operates the everyday fashion brand PALETTE, recorded positive sales trends for items related to everyday life, fulfilling its role as part of the social infrastructure supporting the lives of local customers. This in turn led to record-high results for both net sales and operating income.

The AS'TY Group made efforts to maintain the supply chain by increasing the number of local staff at overseas production sites. Operating income also surpassed plans on the back of efforts to reduce overhead expenses.

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2. Consolidated Earnings Forecasts for Fiscal 2021

(Millions of yen, %)

	Fiscal 2020 (Actual)	Fiscal 2021 (Forecasts)	YoY
Net Sales	39,449	42,000	+6.5%
Operating Income	2,767	3,350	+21.0%
Ordinary Income	3,195	3,700	+15.8%
Profit attributable to owners of parent	1,622	2,500	+54.1%

1. Forecast net income per share for FY2021: ¥115.55
2. The average number of issued shares for fiscal 2021 (consolidated basis): 21,635,806 shares
3. EPS before the amortization of goodwill, taking into account the upper limit for share buy-backs in FY2021 is ¥138.49.

The YONDOSHI HOLDINGS Group will make every effort to maximize the strengths of the Group to provide products and services that exceed customer expectations while targeting continued growth against the backdrop of a rapidly changing operating environment under the guidance of the Sixth Medium-Term Management Plan, which began in fiscal 2021, the fiscal year ending February 28, 2022.

In addition to proactively undertaking investments aimed at enhancing brand value in the mainstay Jewelry Business segment, the YONDOSHI HOLDINGS Group will work to establish a second pillar in the Apparel Business segment by expanding PALETTE store openings and promoting existing store growth while building a robust business portfolio.

Moreover, energies will be directed toward practicing CSR-based management to establish a highly trusted corporate group, and further enhancing enterprise value by strengthening internal controls, providing shareholder returns, and making medium to long-term investments linked to earnings growth.

As far as business results forecasts for the fiscal year ending February 28, 2022 are concerned, net sales are projected to come in at ¥42,000 million, up 6.5% compared with the fiscal year under review. From a profit perspective, operating income is expected to total ¥3,350 million, a year-on-year increase of 21.0%. Ordinary income is forecast to reach ¥3,700 million, an improvement of 15.8% year on year. Profit attributable to owners of parent is estimated to jump to ¥2,500 million, 54.1% higher than the fiscal year ended February 28, 2021. Designated an important management indicator, operating income before the amortization of goodwill is projected to come in at ¥3,846 million, up 17.8% year on year.

3. Cash Dividends

(Yen)

Annual Cash Dividend					
	1Q-End	2Q-End	3Q-End	Period-End	Total
Actual for Fiscal 2019	—	40.00	—	40.00	80.00
Forecast for Fiscal 2020	—	40.50	—	40.50	81.00
Forecast for Fiscal 2021	—	41.50	—	41.50	83.00

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YONDOSHI HOLDINGS plans to pay a fiscal year-end cash dividend of ¥40.50 per common share. Together with the interim cash dividend paid of ¥40.50 per common share, the full fiscal year cash dividend for the fiscal year under review will therefore come in a ¥81 per common share, representing a tenth consecutive fiscal year of cash dividend growth. While the dividend payout ratio is projected to come in at 108.0%, this is mainly due to the temporary downturn in net income as a result of the large-scale suspension of store operations and shortening of operating hours. Owing to the temporary nature of these circumstances, YONDOSHI HOLDINGS will continue its dividend policy.

Turning to dividends for the fiscal year ending February 28, 2022, YONDOSHI HOLDINGS plans to pay an interim and fiscal year-end cash dividend of ¥41.50 per common share for a full fiscal year cash dividend of ¥83 per common share, up ¥2 per common share and an eleventh consecutive fiscal year of cash dividend growth.

END

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