

YONDOSHI HOLDINGS INC.

October 8, 2021

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

**Summary of the Consolidated Financial Report
for the First Half of Fiscal 2021 (Ending February 28, 2022)**

- Consolidated operating results for the first half of the fiscal year ending February 28, 2022 were impacted by such factors as the prolonged declarations of a state of emergency. Under these circumstances, net sales were essentially unchanged while operating income fell below the level recorded in the corresponding period of the previous fiscal year.
- In the Jewelry Business, the YONDOSHI HOLDINGS Group proactively undertook investments aimed at enhancing brand value.
- In the Apparel Business, various steps were taken including the opening of six new PALETTE stores. As a result, net sales increased while operating income trends exceeded plans.
- The YONDOSHI HOLDINGS Group is projecting an increase in both revenue and earnings for the full fiscal year. This largely reflects the implementation of various measures aimed at improving the operating environment and addressing the peak Christmas period.
- As a part of efforts to return profits to shareholders, YONDOSHI HOLDINGS has adopted the dividend on equity (DOE) ratio as an indicator to ensure the stable payment of dividends. Plans are in place to pay an annual dividend of ¥83 per common share, up ¥2 per common share. This represents an eleventh consecutive fiscal year of 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 the first half period of fiscal 2021 (March 1, 2021, to August 31, 2021), the fiscal year ending February 28, 2022. A summary of these results is presented as follows.

1. Consolidated Business Results

(Millions of yen, %)

	Fiscal 2020 1H	Fiscal 2021 1H	YoY
Net Sales	17,980	17,769	(1.2)%
Operating Income	1,043	396	(62.0)%
Ordinary Income	1,283	715	(44.3)%
Profit Attributable to Owners of Parent	603	280	(53.5)%

1. Net income per share for the subject period was ¥13.08 (¥27.79 for the corresponding period of the previous fiscal year).
2. The average number of issued shares for the period (consolidated basis) was 21,425,904 shares.
3. Operating income before the amortization of goodwill was ¥645 million (¥1,291 million in the corresponding period of 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/>
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In the retail industry, in addition to the impact of the government's call for people to remain at home, as well as business suspensions and shortened operating hours at stores, the worsening employment and income environments led to a continued cooling off in consumer sentiment. Taking also into account sluggish consumer spending, conditions surrounding the future remain uncertain. Under these circumstances, the YONDOSHI HOLDINGS Group has been working on the priority issues for each business with the aim of increasing corporate value in fiscal 2020 the first year of its sixth medium-term management plan.

As a result, net sales for the first half of the fiscal year under review amounted to ¥17,769 million (down 1.2% from the corresponding period of the previous fiscal year), operating income totaled ¥396 million (down 62.0%), ordinary income was ¥715 million (down 44.3%), and profit attributable to owners of parent came to ¥280 million (down 53.5%).

Jewelry Business

Net Sales: ¥7,894 million (down 7.5% YoY)
 Operating Income: ¥60 million (down 91.2% YoY)

The F.D.C. Products Group, which is largely responsible for the YONDOSHI HOLDINGS Group's Jewelry Business, proactively undertook investments aimed at enhancing brand value despite the harsh operating environment in response to the prolonged declarations of a state of emergency amid the substantial effects of the spread of COVID-19. In addition, operating income decreased significantly due to a reactionary increase in personnel expenses, a portion of which was recorded as an extraordinary loss in the corresponding period of the previous fiscal year.

Apparel Business

Net Sales: ¥9,875 million (up 4.5% YoY)
 Operating Income: ¥547 million (down 3.6% YoY)

Retailer age Co., Ltd., operator of the everyday fashion brand PALETTE, achieved record-high net sales and operating income. In addition to the opening of six new stores, which exceeded initial plans, these record-high results were also attributable to robust trends at existing stores.

The AS'TY Group continued to work on ensuring stable operations at its overseas production bases and the strengthening of its product planning capabilities.

2. Forecasts for Full-Year Period of Fiscal 2021

(Millions of yen, %)

	Fiscal 2020 (Actual)	Fiscal 2021 (Forecast)	YoY
Net Sales	39,449	40,500	+2.7%
Operating Income	2,767	2,800	+1.2%
Ordinary Income	3,195	3,300	+3.3%
Profit attributable to owners of parent	1,622	2,200	+35.6%

1. Forecast net income per share for FY 2021: ¥102.68
2. Average number of issued shares during FY 2021 (consolidated basis): 21,425,904 shares
3. EPS before the amortization of goodwill: ¥125.85

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The consolidated earnings forecast for the fiscal year ending February 2022 remains unchanged from the figures announced on July 7, 2021.

Note: Forecasts are based on available information as of the disclosure date for this material. Actual results may vary from forecast figures as a result of economic conditions or a variety of other factors.

3. Cash Dividends for Fiscal 2021

(Yen)

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

YONDOSHI HOLDINGS recognizes that providing returns to shareholders is an important management issue. The Company has set as its basic policy for profit sharing the raising of the level of shareholder returns through such means as a stable and continuous cash dividend payment, and flexible share buybacks. The Company also maintains an adherence to continuous dividend increases, aiming to reach 100 yen per share in the future.

As a part of efforts to return profits to shareholders, YONDOSHI HOLDINGS has adopted the DOE ratio as an indicator to ensure the stable payment of dividends. The Group has identified a DOE ratio of 4% or more as a new target.

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.

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