

CONSOLIDATED FINANCIAL REPORT
FISCAL 2021 (Japanese GAAP)
(March 1, 2021 to February 28, 2022)



April 14, 2022

YONDOSHI HOLDINGS INC. is listed on the Prime Market of the Tokyo Stock Exchange under the securities code number 8008.

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Annual General Meeting of Shareholders date (planned): May 26, 2022

Fiscal 2021 Securities Report filing date (planned): May 27, 2022

Dividend payment commencement date (planned): May 27, 2022

Supplemental materials prepared for financial results: Yes

Holding of financial results meeting: Yes (for analysts and institutional investors)

(Millions of yen rounded down)

1. Consolidated Performance for FY 2021 (March 1, 2021 to February 28, 2022)

(1) Consolidated Business Results

(% figures represent year-on-year increase or decrease)

	Net Sales		Operating Income		Ordinary Income		Profit Attributable to Owners of Parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
FY 2021	38,050	(3.5)	1,721	(37.8)	2,293	(28.2)	1,490	(8.1)
FY 2020	39,449	(12.3)	2,767	(30.4)	3,195	(25.9)	1,622	(34.5)

(Note) Comprehensive income: FY 2021: ¥5,112 million (129.2%) FY 2020: ¥2,230 million (90.6%)

	Net Income Per Share	Net Income Per Share (Diluted)	ROE	Ordinary Income to Total Assets	Ordinary Income to Operating Revenues
	Yen	Yen	%	%	%
FY 2021	69.56	—	3.6	4.2	4.5
FY 2020	75.00	—	4.1	6.0	7.0

(Reference) Operating income before the amortization of goodwill: FY 2021: ¥2,218 million FY 2020: ¥3,264 million

YONDOSHI HOLDINGS has positioned operating income before the amortization of goodwill as an important management indicator.

(2) Consolidated Financial Position

	Total Assets	Net Assets	Net Assets to Total Assets	Net Assets per Share of Common Stock
	Millions of yen	Millions of yen	%	Yen
As of February 28, 2022	56,884	42,917	75.4	2,001.22
As of February 28, 2021	53,000	39,543	74.6	1,844.69

(Reference) Shareholders' equity: As of February 29, 2022: ¥42,893 million As of February 28, 2021: ¥39,513 million

(3) Consolidated Cash Flows

	Operating Activities	Investing Activities	Financing Activities	Cash and Cash Equivalents at the End of the Period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
FY 2021	1,871	106	(1,816)	2,900
FY 2020	6,633	(2,169)	(2,515)	2,732

2. Dividends

	Cash Dividends per Share of Common Stock					Cash Dividends Paid (Annual)	Dividend Payout Ratio (Consolidated)	Cash Dividends to Net Assets (Consolidated)
	End of 1Q	End of 2Q	End of 3Q	End of 4Q	Annual			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
FY 2020	—	40.50	—	40.50	81.00	1,752	108.0	4.4
FY 2021	—	41.50	—	41.50	83.00	1,784	119.3	4.3
FY 2022 (planned)	—	41.50	—	41.50	83.00		98.8	

3. Forecast of Consolidated Results for FY 2022 (March 1, 2022 to February 28, 2023)

(% figures for the full fiscal year represent year-on-year increase or decrease, % figures for the interim period are the increase / (decrease) for the corresponding period of the previous fiscal year)

	Operating Revenues		Operating Income		Ordinary Income		Profit attributable to owners of parent		Net Income per Share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Interim	19,500	9.7	850	114.2	1,000	39.7	650	131.9	30.33
Full Fiscal year	41,500	9.1	2,700	56.8	3,000	30.8	1,800	20.8	84.00

(Reference) Forecast EPS before the amortization of goodwill for the full FY 2022 is ¥107.16.

Notes

(1) **Changes in important subsidiaries during the period (changes in specified subsidiaries in accordance with changes in the scope of consolidation):** No

(2) **Changes in Accounting Policies, Changes in Accounting Estimates, and Restatements**

1) Changes of accounting principles in line with revisions to accounting and other standards: No

2) Changes of accounting principles other than 1) above: No

3) Changes in accounting estimates: No

4) Retrospective restatement: No

(3) **Number of shares issued and outstanding (common shares)**

1. Number of shares issued and outstanding as of the end of the period (including treasury stock)

As of February 28, 2022: 24,331,356 shares As of February 28, 2021: 24,331,356 shares

2. Number of treasury stock

As of February 28, 2022: 2,897,922 shares As of February 28, 2021: 2,911,168 shares

3. Average number of shares for the year

FY2021: 21,429,623 shares FY2020: 21,635,806 shares

Notes:

1. The number of recorded treasury stock includes 83,926 of the Company's shares held by the Shares Grant Trust for Officers as of the end of the third quarter of the fiscal year.

2. For additional information on the basic number of shares used to calculate consolidated net income per share, please refer to "Per Share Information" on page 20.

(Reference) Overview of Non-Consolidated Performance**1. Non-Consolidated Performance for FY 2021 (March 1, 2021 to February 28, 2022)****(1) Non-Consolidated Business Results**

(% figures represent year-on-year increase or decrease)

	Operating Revenues		Operating Income		Ordinary Income		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
FY 2021	2,376	(2.3)	1,958	(0.1)	2,005	(2.1)	1,924	(3.1)
FY 2020	2,431	(68.3)	1,960	(72.7)	2,049	(71.5)	1,985	(72.3)

	Net Income Per Share	Net Income Per Share (Diluted)
	Yen	Yen
FY 2021	89.80	—
FY 2020	91.77	—

(2) Non-Consolidated Financial Position

	Total Assets	Net Assets	Net Assets to Total Assets	Net Assets per Share of Common Stock
	Millions of yen	Millions of yen	%	Yen
As of February 28, 2022	38,000	26,511	69.7	1,235.77
As of February 28, 2021	38,009	26,357	69.3	1,229.10

(Reference) Shareholders' equity: As of February 28, 2022: ¥26,486 million As of February 28, 2021: ¥26,327 million

* The financial statement summary is not subject to auditing by certified public accountants or audit firms.

* Explanation concerning the Proper Use of Operating Results Forecasts and Other Relevant Specific Items

- The forecasts of operating results and other items concerning the future contained in this document are based on management's assumptions and beliefs that are determined to be reasonable in light of currently available information, YONDOSHI HOLDINGS INC. cautions readers that due to a variety of factors actual results may differ materially from forecasts. For the assumptions that underpin operating results forecasts as well as cautionary notes on the use of operating results forecasts, please refer to the information from page 6.
- YONDOSHI HOLDINGS plans to hold a briefing session for institutional investors and analysts on April 14, 2022 (Thursday). Plans are also in place to post a copy of the presentation materials used on the day on the Company's website immediately after the briefing session.

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1. Overview of Business Results

(1) Overview of Business Results for the Fiscal Year Ended February 28, 2022

In fiscal 2021, the fiscal year ended February 28, 2022, conditions in the Japanese economy remained severe due to the intermittent declarations of states of emergency and priority measures to prevent the spread of disease coinciding with the COVID-19 pandemic, and to restricted economic activity and depressed personal consumption resulting from the rapid spread of infection following the emergence of new variants.

In the retail industry, the outlook remained clouded due to the cooling off in consumer sentiment resulting from ongoing severity in the employment and income situations, as well as to the prolonged impact the COVID-19 pandemic has had on reducing the movement of people.

Under these circumstances, every effort will be made to maximize the strengths of the Group to provide products and services that exceed customer expectations while working toward 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 ended February 28, 2022. In addition, the Company is practicing CSR-based management to establish a highly trusted corporate group, and is working to enhance enterprise value by strengthening internal controls, providing shareholder returns, and making medium to long-term investments linked to earnings growth.

As a result, for the subject fiscal year under review, net sales amounted to ¥38,050 million (down 3.5% YoY), with operating income of ¥1,721 million (down 37.8% YoY), ordinary income of ¥2,293 million (down 28.2% YoY), and profit attributable to owners of parent of ¥1,490 million (down 8.1% YoY). Operating income before the amortization of goodwill, which has been designated an important management indicator, amounted to ¥2,218 million (down 32.0% YoY).

Operating results by business segment were as follows.

Jewelry Business

The F.D.C. Products Group, which is largely responsible for the YONDOSHI HOLDINGS Group's Jewelry Business, experienced a difficult operating environment due to the continued impact of the COVID-19 pandemic. In particular, bridal jewelry struggled due to the temporary decline in the number of couples becoming married. In addition, the Group also saw a reactionary increase in personnel expenses, a portion of which was recorded as an extraordinary loss during the previous fiscal year, which was a factor in lower operating income. On a positive note, captive demand from female customers grew by double digits due to ongoing brand value investment.

Accounting for each of the aforementioned, net sales amounted to ¥18,424 million (down 10.7% YoY), while operating income came in at ¥1,130 million (down 47.2% YoY).

Apparel Business

Retailer age Co., Ltd., which operates the everyday fashion brand PALETTE, achieved record-high results for both net sales and operating income due to the success of promotional activities and 25th anniversary events, as well as to the opening of eight new stores.

The AS'TY Group continued to focus on strengthening product planning capabilities despite a temporary slump in demand due to the impact of the COVID-19 pandemic.

As a result, net sales in the Apparel Business segment amounted to ¥19,626 million (up 4.3% YoY), with operating income of ¥889 million (down 0.8% YoY).

(2) Overview of Financial Condition as of February 28, 2022

(Current Assets)

Current assets as of the end of the fiscal year under review stood at ¥14,899 million, down ¥717 million compared with the end of the previous fiscal year. Major movements included a decrease in raw materials and supplies of ¥345 million.

(Noncurrent Assets)

Noncurrent assets came to ¥41,985 million as of February 28, 2022, an increase of ¥4,601 million compared with the previous fiscal year-end. While the balance of goodwill declined ¥496 million, this increase was mainly due to an increase in investment securities of ¥5,548 million.

(Current Liabilities)

Current liabilities stood at ¥5,447 million as of the end of the fiscal year under review, down ¥1,355 million compared with the end of the previous fiscal year. This decrease was mainly due to the decrease in accrued consumption taxes of ¥580 million.

(Noncurrent Liabilities)

Noncurrent liabilities were ¥8,519 million as of February 28, 2022, an increase of ¥1,864 million compared with the balance as of February 28, 2021. This increase was essentially due to the upswing in deferred tax liabilities of ¥1,929 million.

(Net Assets)

Total net assets as of the end of the fiscal year under review came to ¥42,917 million, up ¥3,374 million compared with the end of the previous fiscal year. This increase was mainly due to growth of ¥3,702 million in the valuation difference on available-for-sale securities.

(3) Overview of Cash Flows for the Fiscal Year Ended February 28, 2022

Cash and cash equivalents as of the end of the fiscal year under review stood at ¥2,900 million, an increase of ¥167 million compared with the end of the previous fiscal year.

(Cash Flows from Operating Activities)

Net cash provided by operating activities amounted to ¥1,871 million, down ¥4,762 million compared with the previous fiscal year. In the fiscal year under review, the major cash inflows were net income before income taxes of ¥2,234 million and depreciation and amortization, a non-funded item, of ¥831 million. The principal cash outflow was income taxes paid of ¥1,602 million.

(Cash Flows from Investing Activities)

Net cash provided by investing activities came to ¥106 million, a turnaround of ¥2,276 million compared with net cash used in investing activities in the previous fiscal year. The main cash outflows were attributable to the purchase of investment securities of ¥2,532 million, while proceeds from redemption of investment securities amounted to ¥2,500 million and repayments of time deposits to ¥500 million.

(Cash Flows from Financing Activities)

Net cash used in financing activities came to ¥1,816 million, down ¥699 million compared with the previous fiscal year. This largely reflected outflows for cash dividends paid of ¥1,761 million.

(4) Outlook

The retail sector is expected to continue to experience residual impacts of COVID-19. Given the risk of downward pressure on corporate earnings due to higher raw material costs and a further cooling off in consumer sentiment due to soaring prices, operating conditions are expected to remain difficult.

Under these circumstances, every effort will be made 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 changing operating environment during the fiscal year ending February 28, 2023, the second year of the Sixth Medium-Term Management Plan.

In addition to further enhancing brand value and strengthening profitability in the mainstay Jewelry Business segment, the YONDOSHI HOLDINGS Group will build a robust business portfolio by expanding store openings and promoting existing store growth in the Apparel Business segment.

Moreover, energies will be directed toward practicing sustainable 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, 2023, are concerned, net sales are projected to come in at ¥41,500 million, up 9.1% compared with the fiscal year under review. From a profit perspective, operating income is expected to total ¥2,700 million, a year-on-year increase of 56.8%. Ordinary income is forecast to reach ¥3,000 million, an improvement of 30.8% year on year. Profit attributable to owners of parent is estimated to jump to ¥1,800 million, 20.8% higher than the fiscal year ended February 28, 2022. Designated an important management indicator, operating income before the amortization of goodwill is projected to come in at ¥3,197 million, up 44.1% year on year.

(5) Policy on the Appropriation of Profits, Cash Dividends for Fiscal 2021 and Fiscal 2022

The YONDOSHI HOLDINGS Group places the appropriation of profits to shareholders as a key management priority. As a result, the Group maintains the basic policy of delivering stable and sustainable cash dividends. At the same time, the Group adopts a flexible policy toward the purchase of treasury stock as a part of comprehensive efforts to increase the level of returns to shareholders.

The Group has also established a target DOE, a core indicator for measuring shareholder returns, of at least 4%, and aims to achieve an annual dividend of ¥100 per common share in the future.

Based on this policy, YONDOSHI HOLDINGS plans to pay a fiscal year-end cash dividend of ¥41.50 per common share. Together with the interim cash dividend paid of ¥41.50 per common share, the full fiscal year cash dividend for the fiscal year under review will therefore come in at ¥83 per common share. This will enable the Company to achieve its DOE target of 4.3%.

Turning to dividends for the fiscal year ending February 28, 2023, 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. As far as the Company's retained earnings are concerned, YONDOSHI HOLDINGS will work to secure the internal reserves necessary to reinforce its management structure in response to an increasingly competitive environment, cultivate new business, and pursue business development through a variety of vehicles including M&As. Through these means, the Company will make every effort to improve the Group's profitability while bolstering its management and business platforms.

2. Basic Stance on Selection of Accounting Standards

The YONDOSHI HOLDINGS Group prepares its consolidated financial statements in accordance with Japanese Generally Accepted Accounting Principles. With respect to International Financial Reporting Standards (IFRS), the YONDOSHI HOLDINGS Group will respond adequately with consideration of the situation in Japan and overseas.

3. Consolidated Financial Statements and Major Notes

(1) Consolidated Balance Sheets

(Millions of yen)

	End of the Fiscal Year Ended February 28, 2021 (As of February 28, 2021)	End of the Fiscal Year Ended February 28, 2022 (As of February 28, 2022)
ASSETS		
Current assets:		
Cash and deposits	3,232	2,900
Notes and accounts receivable — trade	2,587	2,445
Merchandise and finished goods	7,718	7,713
Work in process	285	293
Raw materials and supplies	1,081	736
Advance payments-trade	90	92
Accounts receivable-other	397	488
Other	226	232
Allowance for doubtful accounts	(3)	(4)
Total current assets	15,616	14,899
Noncurrent assets:		
Property, plant and equipment:		
Buildings and structures, net	4,982	4,545
Land	5,492	5,492
Lease assets, net	28	18
Other, net	510	411
Total property, plant and equipment	11,013	10,467
Intangible assets:		
Goodwill	2,730	2,234
Lease assets	75	35
Right of trademark	1	1
Other	124	252
Total intangible assets	2,932	2,523
Investments and other assets:		
Investment securities	18,489	24,037
Guarantee deposits	250	244
Long-term loans receivable	2	1
Deferred tax assets	1,618	1,637
Real estate for investment, net	436	431
Net defined benefit asset	487	492
Lease deposits	1,764	1,796
Claims provable in bankruptcy, claims provable in rehabilitation and other	27	24
Other	417	342
Allowance for doubtful accounts	(55)	(51)
Total investments and other assets	23,438	28,994
Total noncurrent assets	37,383	41,985
Total assets	53,000	56,884

(Millions of yen)

	End of the Fiscal Year Ended February 28, 2021 (As of February 28, 2021)	End of the Fiscal Year Ended February 28, 2022 (As of February 28, 2022)
LIABILITIES		
Current liabilities:		
Notes and accounts payable — trade	3,148	2,919
Lease obligations	54	46
Income taxes payable	643	353
Provision for bonuses	269	196
Provision for directors' bonuses	25	10
Other	2,661	1,920
Total current liabilities	6,802	5,447
Noncurrent liabilities:		
Lease obligations	58	12
Long-term guarantee deposited	328	312
Deferred tax liabilities	3,861	5,791
Net defined benefit liability	497	514
Provision for directors' stock benefits	123	146
Asset retirement obligations	1,428	1,400
Other	356	341
Total noncurrent liabilities	6,654	8,519
Total liabilities	13,457	13,966
NET ASSETS		
Shareholders' equity:		
Capital stock	2,486	2,486
Capital surplus	7,208	7,196
Retained earnings	31,978	31,707
Treasury stock	(6,215)	(6,175)
Total shareholders' equity	35,458	35,215
Accumulated other comprehensive income:		
Valuation difference on available-for-sale securities	4,315	8,018
Deferred gains or losses on hedges	8	8
Revaluation reserve for land	(233)	(233)
Foreign currency translation adjustments	75	1
Remeasurements of defined benefit plans	(110)	(117)
Total accumulated other comprehensive income	4,055	7,677
Subscription rights to shares	29	24
Total net assets	39,543	42,917
Total liabilities and net assets	53,000	56,884

(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income
Consolidated Statements of Income

	(Millions of yen)	
	Fiscal 2020	Fiscal 2021
	(March 1, 2020 to February 28, 2021)	(March 1, 2021 to February 28, 2022)
Net sales	39,449	38,050
Cost of Sales	18,155	17,983
Gross profit	21,294	20,066
Selling, general and administrative expenses	18,527	18,345
Operating income	2,767	1,721
Non-operating income		
Interest income	115	79
Dividends received	175	188
Rent of real estate for investment	73	73
Foreign exchange gains	5	32
Reversal of allowance for doubtful accounts	—	0
Subsidy income	35	162
Other	50	65
Total non-operating income	455	602
Non-operating expenses		
Interest expenses	2	0
Loss on disposal of inventories	—	3
Depreciation on investments in real estate	4	4
Management cost on real estate for investment	8	1
Commission for purchase of treasury shares	3	—
Provision of allowance for doubtful accounts	2	—
Loss on cancellation of insurance policies	4	2
Depreciation of inactive non-current assets	—	10
Other	2	5
Total non-operating expenses	27	29
Ordinary income	3,195	2,293
Extraordinary income		
Gain on sales of investment securities	22	106
Gain on sales of non-current assets	—	13
Gain on reversal of share acquisition rights	52	—
Subsidies for employment adjustment	463	64
Reversal of loss on liquidation of subsidiaries	28	—
Reversal of foreign currency translation adjustment	—	60
Total extraordinary income	567	245
Extraordinary loss		
Impairment loss	232	243
Loss on closing of stores	27	—
Allowance for absence from work	405	61
Loss on liquidation of brands	121	—
Loss on valuation of investment securities	63	—
Loss on liquidation of subsidiaries	6	—
Total extraordinary losses	857	304
Net income before income taxes	2,905	2,234
Income taxes — current	1,182	825
Income taxes — deferred	100	(82)
Total income taxes	1,282	743
Net income	1,622	1,490
Profit attributable to owners of parent	1,622	1,490

Consolidated Statements of Comprehensive Income

(Millions of yen)

	Fiscal 2020 (March 1, 2020 to February 28, 2021)	Fiscal 2021 (March 1, 2021 to February 28, 2022)
Income before minority interests	1,622	1,490
Other comprehensive income		
Other valuation difference on available-for-sale securities	721	3,702
Deferred gains or losses on hedges	6	(0)
Foreign currency translation adjustments	18	(73)
Revaluation reserve for land	(71)	—
Remeasurements of defined benefit plans, net of tax	(67)	(6)
Total other comprehensive income	607	3,622
Comprehensive income	2,230	5,112
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	2,230	5,112

(3) Consolidated Statements of Changes in Net Assets
Fiscal 2020 (March 1, 2020 to February 28, 2021)

(Millions of yen unless otherwise stated)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the end of previous period	2,486	7,223	32,108	(5,751)	36,066
Changes of items during the period					
Dividends from surplus			(1,752)		(1,752)
Profit attributable to owners of parent			1,622		1,622
Purchase of treasury shares				(621)	(621)
Disposal of treasury shares		(14)		157	142
Net changes in items excluding shareholders' equity during the period					
Total	—	(14)	(130)	(463)	(608)
Balance at the end of current period	2,486	7,208	31,978	(6,215)	35,458

	Accumulated other comprehensive income						Subscription rights to shares	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at the end of previous period	3,594	2	(161)	56	(43)	3,447	74	39,588
Changes of items during the period								
Dividends from surplus								(1,752)
Profit attributable to owners of parent								1,622
Purchase of treasury shares								(621)
Disposal of treasury shares								142
Net changes in items excluding shareholders' equity during the period	721	6	(71)	18	(67)	607	(44)	563
Total	721	6	(71)	18	(67)	607	(44)	(45)
Balance at the end of current period	4,315	8	(233)	75	(110)	4,055	29	39,543

Fiscal 2021 (March 1, 2021 to February 28, 2022)

(Millions of yen unless otherwise stated)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the end of previous period	2,486	7,208	31,978	(6,215)	35,458
Changes of items during the period					
Dividends from surplus			(1,761)		(1,761)
Profit attributable to owners of parent			1,490		1,490
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares		(11)		40	28
Net changes in items excluding shareholders' equity during the period					
Total	—	(11)	(271)	(40)	(242)
Balance at the end of current period	2,486	7,196	31,707	(6,175)	35,215

	Accumulated other comprehensive income						Subscription rights to shares	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at the end of previous period	4,315	8	(233)	75	(110)	4,055	29	39,543
Changes of items during the period								
Dividends from surplus								(1,761)
Profit attributable to owners of parent								1,490
Purchase of treasury shares								(0)
Disposal of treasury shares								28
Net changes in items excluding shareholders' equity during the period	3,702	(0)	—	(73)	(6)	3,622	(4)	3,617
Total	3,702	(0)	—	(73)	(6)	3,622	(4)	3,374
Balance at the end of current period	8,018	8	(233)	1	(117)	7,677	24	42,917

(4) Consolidated Statements of Cash Flows

(Millions of yen)

	Fiscal 2020 (March 1, 2020 to February 28, 2021)	Fiscal 2021 (March 1, 2021 to February 28, 2022)
Cash Flows from Operating Activities:		
Net Income before income taxes	2,905	2,234
Depreciation and amortization	1,026	831
Impairment loss	232	243
Amortization of goodwill	496	496
Increase (decrease) in allowance for doubtful accounts	4	(4)
Increase (decrease) in provision for bonuses	41	(72)
Gain on reversal of share acquisition rights	(52)	—
Allowance for absence from work	405	61
Subsidies for employment adjustment	(463)	(64)
Subsidy income	(35)	(162)
Increase (decrease) in net defined benefit liability	(12)	2
Increase (decrease) in other provision	44	8
Interest and dividends income	(291)	(268)
Interest expenses	2	0
Foreign exchange losses (gains)	4	(15)
Loss (gain) on sales of property, plant and equipment	—	(13)
Loss (gain) on sales of investment securities	(22)	(106)
Loss on disposal of inventories	—	3
Reversal of foreign currency translation adjustment	—	(60)
Decrease (increase) in notes and accounts receivable — trade	384	145
Loss (gain) on valuation of investment securities	63	—
Decrease (increase) in inventories	1,001	339
Increase (decrease) in notes and accounts payable — trade	(752)	(228)
Increase (decrease) in accrued consumption taxes	338	(508)
Increase (decrease) in advances received	(322)	(81)
Increase (decrease) in accounts payable - other	(341)	2
Decrease (increase) in other assets	270	54
Increase (decrease) in other liabilities	(45)	(190)
Subtotal	4,884	2,647
Interest and dividends income received	283	275
Interest expenses paid	(2)	(0)
Subsidies for employment adjustment received	463	64
Proceeds from subsidy income	35	162
Allowance for absence from work paid	(405)	(61)
Income taxes paid	(1,334)	(1,602)
Income taxes refund	2,709	386
Net cash provided by (used in) operating activities	6,633	1,871

(Millions of yen)

	Fiscal 2020 (March 1, 2020 to February 28, 2021)	Fiscal 2021 (March 1, 2021 to February 28, 2022)
Cash Flows from Investing Activities:		
Payments into time deposits	(500)	—
Proceeds from withdrawal of time deposits	—	500
Purchase of property, plant and equipment	(656)	(436)
Proceeds from sales of property, plant and equipment	0	27
Purchase of intangible assets	(64)	(162)
Purchase of investment securities	(1,009)	(2,532)
Proceeds from sales of investment securities	88	249
Proceeds from redemption of investment securities	—	2,500
Payments of long-term loans receivable	(0)	—
Collection of long-term loans receivable	1	0
Purchase of long-term prepaid expenses	(18)	(20)
Other payments	(164)	(121)
Other proceeds	154	101
Net cash provided by (used in) investing activities	(2,169)	106
Cash Flows from Financing Activities:		
Repayment of long-term loans payable	(82)	—
Purchase of treasury stock	(624)	(0)
Proceeds from sales of treasury stock	14	0
Cash dividends paid	(1,752)	(1,761)
Other payments	(69)	(54)
Net cash provided by (used in) financing activities	(2,515)	(1,816)
Effect of exchange rate change on cash and cash equivalents	(1)	5
Net increase (decrease) in cash and cash equivalents	1,946	167
Cash and cash equivalents at beginning of period	785	2,732
Cash and cash equivalents at end of period	2,732	2,900

(5) Notes to Consolidated Financial Statements
(Notes Regarding Going-Concern Assumption)

Not applicable.

(Additional Information)

(Stock Compensation Plan for Directors)

Under its 68th annual shareholders meeting held on May 17, 2018, the Company introduced a stock compensation plan (hereinafter, the “Plan”), with eligible persons the Company’s directors (excluding directors who are audit and supervisory committee members) and directors who are audit and supervisory committee members (excluding outside directors), as well as directors and corporate auditors (excluding outside corporate auditors) of the Company’s major group companies from November 28, 2018.

i. Summary of the transaction

The Plan is a stock compensation plan to grant the Company’s shares to eligible directors of eligible companies in accordance with rules for granting trust-based stock compensation to corporate officers as determined by the eligible companies. The Company will contribute funds to the trust, and the trust will use these funds to acquire the Company’s shares, and grant them to eligible directors. In principle, directors and other officers will receive the Company’s shares at the time of retirement.

ii. The Company’s own shares held in the Trust

The Company’s own shares held in the Trust are recorded as treasury stock under net assets at their book value in the Trust (excluding the amount of ancillary expenses). The book value and number of shares of such treasury stock was ¥144 million, for 67,136 shares at the end of the previous consolidated fiscal year, and ¥168 million, for 83,926 shares at the end of the subject consolidated fiscal year.

(Accounting Estimates)

While difficult to predict when COVID-19 will dissipate and the extent of its impact, accounting estimates are based on the assumption that conditions will gradually recover and that the effects of the pandemic will ease over 2022.

Of note, because the timing of a return to a normal state from the COVID-19 crisis remains unclear, factors such as the future spread of the infection, and conditions surrounding a return to a normal situation, could have a considerable impact on consolidated results.

(Segment Information)

1. Overview of Reporting Segments

The Group’s reporting segments are regularly reviewed by the Board of Directors using the segregated financial information available within each segment to determine the allocation of management resources and evaluate business results.

Based on the major products handled, the YONDOSHI HOLDINGS Group has identified the Jewelry Business and the Apparel Business as its two reporting segments.

(1) Jewelry Business

F.D.C. Products Inc. and its subsidiary companies engage in the comprehensive development of brand businesses. This includes the design, manufacture and sale of various products focusing mainly on jewelry. The F.D.C. Products Group’s principal brands include 4°C, Canal4°C, and EAUDOUCE4°C.

(2) Apparel Business

AS’TY Inc. and its subsidiary companies engage in apparel business development activities. Responsible for the manufacturing and apparel functions that draw on its design and marketing capabilities, the AS’TY Group maintains an overseas production network in such countries as China, Bangladesh and Vietnam while marketing products mainly through major apparel outlets, specialty stores and general merchandise stores. age Co., Ltd. is active in the retail business focusing mainly on women’s clothes, fashion accessories and practical clothing. The company’s is largely undertaken in Western Japan.

2. Calculation Methods for Net Sales, Profit and Loss, Assets, Liabilities and Other Items by Reporting Segment

The accounting treatment methods for reporting segments are generally the same as those adopted for preparing consolidated financial statements. Profits for reporting segments are operating income amounts. Intra-segment sales and transfers are based on current market prices.

3. Information Regarding Net Sales, Profit and Loss, Assets, Liabilities and Other Items by Reporting Segment

Fiscal 2020, the Fiscal Year Ended February 28, 2021 (March 1, 2020 to February 28, 2021)

(Millions of yen)

	Reporting Segments			Adjustment amount (Note 1)	Amount recorded on consolidated quarterly statements of income (Note 2)
	Jewelry Business	Apparel Business	Total		
Net sales					
Net sales to outside customers	20,641	18,807	39,449	—	39,449
Intra-segment net sales and transfers	0	221	221	(221)	—
Total	20,642	19,029	39,671	(221)	39,449
Segment income	2,139	896	3,036	(268)	2,767
Segment assets	24,867	27,041	51,909	1,091	53,000
Other items					
Depreciation	659	340	999	26	1,026
Increase in property, plant and equipment and intangible assets	365	344	709	12	722

Notes:

- (1) The adjustment amount of minus ¥268 million for segment income mainly includes amortization of goodwill totaling minus ¥496 million, general administrative expenses that are not attributable to individual reporting segments amounting to minus ¥502 million and eliminations of inter-segment transactions of ¥730 million.
 - (2) The adjustment amount of ¥1,091 million for segment assets is mainly comprised of an inter-segment offset amount totaling minus ¥12,159 million, corporate assets of ¥10,519 million and the balance of unamortized goodwill of ¥2,730 million that are not allocated to each reporting segment. Meanwhile, corporate assets are primarily made up of surplus operating funds (cash and deposits) that are not attributable to individual reporting segments.
 - (3) The adjustment amount of ¥26 million for depreciation and amortization relates to corporate assets that are not attributable to individual reporting segments.
 - (4) The adjustment amount of tangible and intangible asset increase of ¥12 million relates to corporate assets that are not attributable to individual reporting segments.
2. Segment income matches operating income recorded on the consolidated statements of income.

Fiscal 2021 the Fiscal Year Ended February 28, 2022 (March 1, 2021 to February 28, 2022)

(Millions of yen)

	Reporting Segments			Adjustment amount (Note 1)	Amount recorded on consolidated quarterly statements of income (Note 2)
	Jewelry Business	Apparel Business	Total		
Net sales					
Net sales to outside customers	18,424	19,626	38,050	—	38,050
Intra-segment net sales and transfers	0	180	180	(180)	—
Total	18,424	19,806	38,231	(180)	38,050
Segment income	1,130	889	2,019	(298)	1,721
Segment assets	24,983	32,532	56,515	368	56,884
Other items					
Depreciation	464	339	804	26	831
Increase in property, plant and equipment and intangible assets	123	335	459	13	473

Notes:

- (1) The adjustment amount of minus ¥298 million for segment income mainly includes amortization of goodwill totaling

minus ¥496 million, general administrative expenses that are not attributable to individual reporting segments amounting to minus ¥447 million and eliminations of inter-segment transactions of ¥645 million.

(2) The adjustment amount of ¥368 million for segment assets is mainly comprised of an inter-segment offset amount totaling minus ¥12,424 million, corporate assets of ¥10,558 million and the balance of unamortized goodwill of ¥2,234 million that are not allocated to each reporting segment. Meanwhile, corporate assets are primarily made up of surplus operating funds (cash and deposits) that are not attributable to individual reporting segments.

(3) The adjustment amount of ¥26 million for depreciation and amortization relates to corporate assets that are not attributable to individual reporting segments.

(4) The adjustment amount of tangible and intangible asset increase of ¥13 million relates to corporate assets that are not attributable to individual reporting segments.

2. Segment income matches operating income recorded on the consolidated statements of income.

(Related Information)

Fiscal 2020, the Fiscal Year Ended February 28, 2021 (March 1, 2020 to February 28, 2021)

1. Product and Service Information

As the same information is disclosed in the Segment Information, product and service information has been omitted.

2. Geographical Segment Information

i. Net sales

As the total of net sales to outside customers based in Japan of all business segments represented over 90% of the Company's total net sales in the consolidated statements of income, geographical information has been omitted.

ii. Property, plant and equipment

As the total of property, plant and equipment based in Japan of all business segments represented over 90% of the Company's property, plant and equipment in the consolidated balance sheets, geographical information has been omitted.

3. Information by Major Customer

This information has been omitted because there are no specific customers to whom sales exceed 10% or more of the total operating revenues posted in the consolidated statement of income.

Fiscal 2021, the Fiscal Year Ended February 28, 2022 (March 1, 2021 to February 28, 2022)

1. Product and Service Information

As the same information is disclosed in the Segment Information, product and service information has been omitted.

2. Geographical Segment Information

i. Net sales

As the total of net sales to outside customers based in Japan of all business segments represented over 90% of the Company's total net sales in the consolidated statements of income, geographical information has been omitted.

ii. Property, plant and equipment

As the total of property, plant and equipment based in Japan of all business segments represented over 90% of the Company's property, plant and equipment in the consolidated balance sheets, geographical information has been omitted.

3. Information by Major Customer

This information has been omitted because there are no specific customers to whom sales exceed 10% or more of the total operating revenues posted in the consolidated statement of income.

(Information Concerning the Impairment loss of Noncurrent Assets by Reporting Segment)

Fiscal 2020, the Fiscal Year Ended February 28, 2021 (March 1, 2020 to February 28, 2021)

(Millions of yen)

	Reporting Segments			Adjustment amount	Total
	Jewelry Business	Apparel Business	Total		
Impairment loss	221	11	232	—	232

Fiscal 2021, the Fiscal Year Ended February 28, 2022 (March 1, 2021 to February 28, 2022)

(Millions of yen)

	Reporting Segments			Adjustment amount	Total
	Jewelry Business	Apparel Business	Total		
Impairment loss	167	75	243	—	243

(Information Concerning the Amount of Goodwill Amortized and the Balance of Unamortized Goodwill by Reporting Segment)

Fiscal 2020, the Fiscal Year Ended February 28, 2021 (March 1, 2020 to February 28, 2021)

There were no amounts of goodwill amortized or balance of unamortized goodwill allocated to reporting segments. The amounts of goodwill amortized and balance of unamortized goodwill not allocated to reporting segments were ¥496 million and ¥2,730 million, respectively. The amounts of goodwill amortized and balance of unamortized goodwill related to goodwill that arose at the time of stock exchange.

Fiscal 2021, the Fiscal Year Ended February 28, 2022 (March 1, 2021 to February 28, 2022)

There were no amounts of goodwill amortized or balance of unamortized goodwill allocated to reporting segments. The amounts of goodwill amortized and balance of unamortized goodwill not allocated to reporting segments were ¥496 million and ¥2,234 million, respectively. The amounts of goodwill amortized and balance of unamortized goodwill related to goodwill that arose at the time of stock exchange.

(Information Concerning the Gain on Negative Goodwill by Reporting Segment)

Fiscal 2020, the Fiscal Year Ended February 28, 2021 (March 1, 2020 to February 28, 2021)

Not applicable.

Fiscal 2021, the Fiscal Year Ended February 28, 2022 (March 1, 2021 to February 28, 2022)

Not applicable.

(Per Share Information)

(Yen)

	Fiscal 2020 (March 1, 2020 to February 28, 2021)	Fiscal 2021 (March 1, 2021 to February 28, 2022)
Net assets per share	1,844.69	2,001.22
Earnings per share	75.00	69.560

Notes: 1. No statement is made regarding diluted per share net profit for the period because dilutive shares possessing a dilutive effect do not exist.

2. The basis for calculating earnings per share and net income per diluted share is presented as follows:

(Millions of yen unless otherwise stated)

	Fiscal 2020 (March 1, 2020 to February 28, 2021)	Fiscal 2021 (March 1, 2021 to February 28, 2022)
Total earnings per share		
Profit attributable to owners of parent	1,622	1,490
Amounts not applicable to ordinary shareholders	—	—
Profit attributable to owners of parent applicable to common stock	1,622	1,490
Average number of common shares (Shares)	21,635,806	21,429,623

	Fiscal 2020 (March 1, 2020 to February 28, 2021)	Fiscal 2021 (March 1, 2021 to February 28, 2022)
Description of the diluted shares not included in the calculation of net income per share adjusted for diluted shares due to their non-dilutive effect from the previous fiscal year	July 6, 2015 Board resolution The 8th issuance of new share subscription rights Common stock:80,700 shares	June 8, 2016 Board resolution The 9th issuance of new share subscription rights Common stock: 6,500 shares
	June 8, 2016 Board resolution The 9th issuance of new share subscription rights Common stock: 6,500 shares	June 8, 2016 Board resolution The 10th issuance of new share subscription rights Common stock:19,300 shares
	June 8, 2016 Board resolution The 10th issuance of new share subscription rights Common stock:19,300 shares	November 22, 2018 Board resolution The 11th issuance of new share subscription rights Common stock:34,500 shares
	November 22, 2018 Board resolution The 11th issuance of new share subscription rights Common stock:34,500 shares	November 22, 2018 Board resolution The 12th issuance of new share subscription rights Common stock:28,200 shares
	November 22, 2018 Board resolution The 12th issuance of new share subscription rights Common stock:28,200 shares	July 8, 2020 Board resolution The 13th issuance of new share subscription rights Common stock:21,000 shares
	July 8, 2020 Board resolution The 13th issuance of new share subscription rights Common stock:21,000 shares	July 8, 2020 Board resolution The 14th issuance of new share subscription rights Common stock:31,500 shares
	July 8, 2020 Board resolution The 14th issuance of new share subscription rights Common stock:31,500 shares	

iii. The basis for calculating net assets per share is presented as follows:

(Millions of yen unless otherwise stated)

	Fiscal 2020 (March 1, 2020 to February 28, 2021)	Fiscal 2021 (March 1, 2021 to February 28, 2022)
Total net asset recorded on consolidated balance sheets	39,543	42,917
Deduction amount of total net asset recorded on consolidated balance sheets	29	24
Subscription rights to shares	(29)	(24)
Net assets applicable to common stock	39,513	42,893
Number of common stock utilized for the calculation of net assets per share (Shares)	21,420,188	21,433,434

iv. Company stock remaining in the YONDOSHI HOLDINGS Group Employees' Shareholding Association Trust (hereinafter referred to as "the Trust") and the Shares Grant Trust for Officers recorded as Treasury Stock in the Company's Shareholders' Equity is included in the number of treasury stock to be deducted when computing the average number of shares for the period for earnings per share calculation purposes as well as the number of treasury stock to be deducted from the total number of shares issued and outstanding as of the end of the period for net assets per share calculation purposes.

The number of treasury stock to be deducted when computing the average number of shares for the period for earnings per share calculation purposes was 62,992 shares for fiscal 2020 and 67,642 shares for fiscal 2021. The number of treasury stock to be deducted from the total number of shares issued and outstanding as of the end of the period for net assets per share calculation purposes was 67,136 shares for fiscal 2020 and 83,926 shares for fiscal 2021.

(Important Subsequent Events)

Not applicable

4. Other

(1) Changes in Management

i. Change in Representative

- Not applicable

ii. Other Changes (Effective date: May 26, 2022)

- Candidate for promotion to director (Excluding directors who are Audit & Supervisory Board members)
Executive Director and Managing Executive Officer responsible for Finance
Masahiko Nishimura
(Current Position: Director and Executive Officer responsible for Finance)
- Candidate for new appointment as a director and Audit & Supervisory Board member
Naoki Kodama (Current Position: Representative M&S Consulting
Note: Mr. Kodama is a candidate for appointment to the positions of outside director and an independent committee member with respect to the Company's takeover defense measures.
- Planned retirement of a director who is an Audit & Supervisory Board member
Hideo Sakakibara
Note: Mr. Sakakibara is an outside director.

iii. Changes in the Management of subsidiary companies

F.D.C. Products Co., Ltd. (Effective date: May 13, 2022)

- Planned promotion of a director
Executive Director and Managing Executive Officer responsible for Finance
Masahiko Nishimura
(Current Position: Director and Executive Officer responsible for Finance)

age Co., Ltd. (Effective date: May 9, 2022)

- Planned promotion of a director
Executive Director and Managing Executive Officer responsible for Marketing
Teruhiko Fukumoto
(Current Position: Director and Executive Officer responsible for Marketing)
- Planned retirement of a director
Sunao Katsuta