

YONDOSHI HOLDINGS INC.

April 14, 2022
(Securities Code: 8008, Prime Market, Tokyo Stock Exchange)

Summary of the Consolidated Financial Report for Fiscal 2021 (Ended February 28, 2022)

- **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. Results came in in line with revised forecasts announce on January 6, 2022.**
- **Revenue and earnings declined in the Jewelry Business. This was due to a variety of factors including difficult conditions for bridal jewelry as a result of a temporary drop in the number of marriages.**
- **In the Apparel Business, revenue increased while earnings decreased. Despite reporting record high net sales and operating income in the everyday fashion brand PALETTE, results reflected the partial impact of COVID-19 on the Apparel Manufacturing business.**
- **The Company plans to pay an annual cash dividend of ¥83 per common share for fiscal 2021, an 11th consecutive year of annual dividend increase.**
- **Revenue and earnings are projected to climb in fiscal 2022 (ending February 28, 2023).**

YONDOSHI HOLDINGS INC. (“YONDOSHI HOLDINGS” or “the Company”; Headquarters: Shinagawa-ku, Tokyo; President and Representative Director: Hidetoshi Masuda) announced today its consolidated operating results for fiscal 2021, the fiscal year from March 1, 2021 to February 28, 2022. Brief details are presented as follows.

1. Consolidated Business Results

(Millions of yen, %)

	Fiscal 2020	Fiscal 2021	YoY
Net Sales	39,449	38,050	(3.5)%
Operating Income	2,767	1,721	(37.8)%
Ordinary Income	3,195	2,293	(28.2)%
Profit Attributable to Owners of Parent	1,622	1,490	(8.1)%

1. Net income per share for the fiscal year under review was ¥69.56 (¥75.00 for the previous fiscal year).
2. The average number of issued shares for the fiscal year under review was 21,429,623 on a consolidated basis.
3. Operating income before the amortization of goodwill: FY2021 ¥2,218 million FY2020 ¥3,264 million.

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. Corporate Planning Department
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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, YONDOSHI HOLDINGS Group addressed priority issues in each business with the aim of enhancing enterprise value under the guidance of the Sixth Medium-Term Management Plan, which began in fiscal 2021, the fiscal year ended February 28, 2022.

As a result, net sales for the fiscal year under review amounted to ¥38,050 million (down 3.5% YoY). From a profit perspective, operating income came to ¥1,721 million (down 37.8% YoY), ordinary income totaled ¥2,293 million (down 28.2% YoY), and profit attributable to owners of parent was ¥1,490 million (down 8.1% YoY).

Jewelry Business

Net Sales: ¥18,424 million (down 10.7% YoY)
Operating Income: ¥1,130 million (down 47.2% YoY)

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.

Apparel Business

Net Sales: ¥19,626 million (up 4.4% YoY)
Operating Income: ¥889 million (down 0.8% YoY)

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.

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2. Consolidated Earnings Forecasts for Fiscal 2022

(Millions of yen, %)

	Fiscal 2021 (Actual)	Fiscal 2022 (Forecasts)	YoY
Net Sales	38,050	41,500	+9.1%
Operating Income	1,721	2,700	+56.8%
Ordinary Income	2,293	3,000	+30.8%
Profit attributable to owners of parent	1,490	1,800	+20.8%

1. Forecast net income per share for FY2022: ¥84.00
2. The average number of issued shares for fiscal 2022 (consolidated basis): 21,429,623 shares
3. Operating income before the amortization of goodwill: FY2022 ¥3,196 million FY2021 ¥2,218 million.

The YONDOSHI HOLDINGS Group will be 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 through fiscal 2022, the fiscal year ending February 28, 2023, and 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 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, 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 ¥3,196 million, up 44.1% year on year.

3. Cash Dividends

(Yen)

Annual Cash Dividend					
	1Q-End	2Q-End	3Q-End	Period-End	Total
Actual for Fiscal 2020	—	40.50	—	40.50	81.00
Forecast for Fiscal 2021	—	41.50	—	41.50	83.00
Forecast for Fiscal 2022	—	41.50	—	41.50	83.00

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YONDOSHI HOLDINGS plans to pay a fiscal year-end cash dividend of ¥41.50 per common share for fiscal 2021. Together with the interim cash dividend paid, the annual cash dividend for the fiscal year under review will therefore come in at ¥83 per common share, up ¥2 per common share, representing an eleventh consecutive fiscal year of cash dividend growth. The Group has also established a target DOE, a core indicator for measuring shareholder returns, of at least 4%. In the fiscal year under review, the Company has continued to secure stable shareholder returns with DOE coming in at 4.3%. While the dividend payout ratio has come in at 119.3%, this is mainly due to the temporary downturn in net income as a result of COVID-19. Owing to the temporary nature of these circumstances, YONDOSHI HOLDINGS will continue its dividend policy. Meanwhile, the actual dividend payout ratio* is 89.5%.

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 an annual cash dividend of ¥83 per common share.

* Actual dividend payout ratio: Annual dividend amount/Net income before the amortization of goodwill

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