

YONDOSHI HOLDINGS INC.

April 13, 2020
(Securities Code: 8008, First Section, Tokyo Stock Exchange)

Summary of the Consolidated Financial Report for Fiscal 2019 (Ended February 29, 2020)

- Looking at consolidated business results, the Jewelry Business struggled throughout the fiscal year under review. As a result, revenue and earnings (operating income and ordinary income) declined compared with the previous fiscal year.
- In contrast, net income increased year on year. This largely reflected the absence of the substantial tax expense posted in connection with the gain on transfer of a related company's shares during fiscal 2018.
- The Jewelry Business reported declines in both revenue and earnings. The Apparel Business recorded gains in both revenue and earnings on the back of robust trends.
- YONDOSHI HOLDINGS plans to pay an annual cash dividend of ¥80 per share for the fiscal year under review. The Company will maintain its firm commitment to continued dividend increases and plans to achieve a ninth consecutive increase in the annual dividend.
- While unable to determine consolidated earnings forecasts and dividends for fiscal 2020 (ending February 28, 2021) due to uncertainties surrounding the impact of the new coronavirus pandemic, plans to continue following the existing dividend policy.

YONDOSHI HOLDINGS INC. (“YONDOSHI HOLDINGS” or “the Company”; Headquarters: Shinagawa-ku, Tokyo; Chairman and Representative Director, CEO: Saishi Kimura) announced today its business results for fiscal 2019, the fiscal year from March 1, 2019 to February 29, 2020. Brief details are presented as follows.

1. Consolidated Business Results

(Millions of yen, %)

	Fiscal 2018	Fiscal 2019	YoY
Net Sales	47,118	44,970	(4.6)%
Operating Income	4,984	3,975	(20.2)%
Ordinary Income	6,804	4,312	(36.6)%
Profit Attributable to Owners of Parent	2,440	2,475	1.4%

1. Net income per share for the fiscal year under review was ¥112.18 (¥96.03 in the previous fiscal year).
2. The average number of issued shares for the fiscal year under review was 22,071,819 on a consolidated basis.
3. Operating income before the amortization of goodwill: FY2019 ¥4,472 million FY2018 ¥5,481 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/>
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Amid continued budget-consciousness arising from uncertainty surrounding the future and other concerns including the effects of the consumption tax rate hike, business conditions remained difficult in the retail industry as a result of the downturn in consumer sentiment attributable to such factors as the impact of natural disasters. This uncertainty is being exacerbated by the drop in inbound demand attributable to the new coronavirus pandemic. Under these circumstances, the YONDOSHI HOLDINGS Group worked diligently to enhance enterprise value while addressing priority issues by business throughout the fiscal year ended February 29, 2020, the second year of the fifth medium-term management plan.

As a result, net sales for the fiscal year under review amounted to ¥44,970 million (down 4.6% YoY). From a profit perspective, operating income came to ¥3,975 million (down 20.2% YoY) and ordinary income was ¥4,312 million (down 36.6% YoY).

Meanwhile, profit attributable to owners of parent increased to ¥2,475 million (up 1.4% YoY), due mainly to the absence of temporary tax expenses stemming from the transfer of shares of an affiliated company recorded during the previous fiscal year.

Operating Results by Business Segment

Jewelry Business

Net Sales:	¥26,987 million	(down 7.9% YoY)
Operating Income:	¥3,319 million	(down 25.6% YoY)

In the F.D.C. Products Group, which is largely responsible for the YONDOSHI HOLDINGS Group's Jewelry Business, results were firm during the first half of the fiscal year under review. In contrast, overall net sales in this segment fell below plans. This largely reflected the downturn in consumer sentiment from October 2019 following the hike in Japan's consumption tax rate and the impact of December 23 falling on a weekday and two less Saturdays, Sundays, and holidays for the month compared with the corresponding period of the previous year, which dampened the euphoria normally associated with the peak period of Christmas demand. Turning to selling, general and administrative expenses, the F.D.C. Products Group also undertook an unplanned investment in its IT system while incurring a temporary increase in asset retirement obligation amortization costs.

Apparel Business

Net Sales:	¥17,983 million	(up 0.9% YoY)
Operating Income:	¥758 million	(up 25.5% YoY)

In the Apparel Business, the AS'TY Group substantially improved its earning capacity by strengthening measures with major clients, and enhancing its production management capabilities. Results at retailer age Co., Ltd. were robust. In addition to expanding openings of new locations for its everyday fashion brand PALETTE, these robust results were mainly due to successful efforts to improve the gross margin by scaling back inventory of seasonal goods.

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2. Consolidated Earnings Forecasts for Fiscal 2020

Guided by its Fifth Medium-Term Management Plan, which covers the three-year period to fiscal 2020, the fiscal year ending February 28, 2021, the YONDOSHI HOLDINGS Group remains committed to restructuring its business in a bid to quickly build a robust management and business platform and to become a century-old company and brand. As far as its Jewelry Business is concerned, the Group has taken steps to withdraw from the Chinese market and to discontinue the two MASON JEWELL and Luria 4°C brands. Turning to the Group's Apparel Business, YONDOSHI HOLDINGS will halt operations at its own facility run by Group company AS'TY VIETNAM INC. As indicated by the above, the YONDOSHI HOLDINGS Group will enhance its ability to carry out its growth strategy going forward by adopting a policy of selection and focus.

In addition to actively nurturing human resources, strengthening the competitiveness of products, and ascertaining market trends, every effort will also be made to practice CSR-based management in a bid to establish YONDOSHI HOLDINGS as a highly reliable and trustworthy group. Moreover, we will endeavor to enhance corporate value by strengthening internal control functions, providing adequate shareholder returns, and making medium- to long-term investments linked to earnings growth.

In light of uncertainties surrounding the drop in consumer sentiment as well as the suspension of operations and shorter business hours as a result of the new coronavirus pandemic, YONDOSHI HOLDINGS is yet to determine consolidated earnings forecasts for fiscal 2020 (ending February 28, 2021). Because it is logically difficult to accurately calculate the effects of the situation at this stage.

3. Cash Dividends

(Yen)

	Annual Cash Dividend				
	1Q-End	2Q-End	3Q-End	Period-End	Total
Actual for Fiscal 2018	—	37.50	—	37.50	75.00
Actual for Fiscal 2019	—	40.00	—	40.00	80.00
Forecast for Fiscal 2020	—	(TBD)	—	(TBD)	(TBD)

YONDOSHI HOLDINGS intends to pay a period-end cash dividend of ¥40.00 per share. As a result, the annual cash dividend, which includes the interim cash dividend, will be ¥80.00 per share, an increase of ¥5.00 per share for the fiscal year ended February 29, 2020. This represents a ninth consecutive fiscal year of dividend increase.

While unable to determine dividends for fiscal 2020 (ending February 28, 2021) due to uncertainties, the Company plans to continue following the existing dividend policy.

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