

CONSOLIDATED FINANCIAL REPORT (Japanese GAAP)
FIRST HALF OF THE FISCAL YEAR ENDING
FEBRUARY 29, 2024
(March 1, 2023 to August 31, 2023)

October 6, 2023

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

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Quarterly Securities Report filing date (planned): October 10, 2023

Supplemental materials prepared for quarterly financial results: Yes

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

Dividend payment commencement date (planned): November 10, 2023

(Millions of yen rounded down)

1. Consolidated Operating Results for the First Half of Fiscal 2023
(March 1, 2023 to August 31, 2023)

(1) Consolidated Operating Results (Cumulative)

(Percentage figures are the increase / (decrease) for the corresponding period of the previous fiscal year.)

	Net sales		Operating Income		Ordinary Income		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
FY2023 First Half	19,110	3.2	1,069	65.7	1,284	56.2	696	35.7
FY2022 First Half	18,514	4.0	645	50.1	822	14.9	513	83.2

Note: Comprehensive income FY2023 First Half: 1,269 million yen (—%) FY2022 First Half: (2,913) million yen (—%)

	Net Income per Share	Net Income per Share after Dilution
	Yen	Yen
FY2023 First Half	32.49	—
FY2022 First Half	23.95	—

(Reference) Operating income before the amortization of goodwill:

FY 2023 First Half: ¥1,317 million FY 2022 First Half: ¥893 million

The Company considers operating income before the amortization of goodwill to be an important management indicator.

(2) Consolidated Financial Position

	Total Assets	Net Assets	Net Assets to Total Assets	Net Assets per Share
	Millions of yen	Millions of yen	%	Yen
August 31, 2023	52,486	38,592	73.5	1,798.21
February 28, 2023	50,211	38,214	76.0	1,780.71

(Reference) Shareholders' equity: August 31, 2023: 38,559 million yen February 28, 2023: 38,183 million yen

2. Dividends

(Record Date)	Dividends per Share				
	End of 1Q	End of 2Q	End of 3Q	Year-end	Annual
	Yen	Yen	Yen	Yen	Yen
Fiscal 2022	—	41.50	—	41.50	83.00
Fiscal 2023	—	41.50	—	—	—
Fiscal 2023 (Forecast)	—	—	—	41.50	83.00

Note: Revision to the most recently announced cash dividend forecast: No

3. Forecasts of Consolidated Operating Results for the Fiscal Year Ending February 29, 2024 (March 1, 2023 to February 29, 2024)

(% figures for the full fiscal year represent year-on-year increase or decrease)

	Net Sales		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
Fiscal year ending February 29, 2024	40,000	1.2	2,100	6.1	2,500	6.7	1,300	13.1	60.63

Note: Revision to the most recently announced operating results forecast: No
(Reference) EPS before the amortization of goodwill in FY 2023 is ¥83.78.

Notes

- (1) Changes in Important Subsidiaries during the Period:
(Changes in specified subsidiaries that caused changes in the scope of consolidation): No
- (2) Application of Special Accounting Practices in the Preparation of the Quarterly Consolidated Financial Statements: Yes
- (3) Changes in Accounting Policies, Changes in Accounting Estimates, and Restatements
 - 1) Changes of accounting principles in line with revisions to accounting and other standards: Yes
 - 2) Changes of accounting principles other than 1) above: No
 - 3) Changes in accounting estimates: No
 - 4) Retrospective restatement: No
- (4) Number of Shares Issued and Outstanding (Common Stock)
 1. Total number of shares issued and outstanding (including treasury stock) as of the period-end:
August 31, 2023: 24,331,356 shares Feb. 28, 2023: 24,331,356 shares
 2. Total number of treasury stock as of the period-end:
August 31, 2023: 2,888,150 shares Feb. 28, 2023: 2,888,198 shares
 3. Average number of shares for the period (Cumulative total for the quarterly consolidated period)
FY2023 First Half: 21,443,223 shares FY2022 First Half: 21,439,768 shares

Note: The number of recorded treasury stock includes 132,170 of the Company's shares held by the Shares Grant Trust for Officers as of the end of the second quarter of the subject consolidated fiscal year.

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

1. 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 "1. Qualitative Information on Business and Financial Results (3) Explanation of Consolidated Results Forecasts and Other Future Predictions" on page 5.
2. The Company plans to hold a financial results briefing on October 6, 2023 (Friday) for institutional investors and analysts. Presentation materials used that day will be posted to the Company's website promptly after the briefing.

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1. Qualitative Information on Business and Financial Results

(1) Explanation of Business Results

During the second quarter cumulative period (March 1, 2023, to August 31, 2023) of fiscal 2023 (ending February 2024), the Japanese economy showed signs of a modest recovery as economic activity returned to normal with the easing of restrictions implemented in response to the COVID-19 pandemic. Nevertheless, the outlook for the future remains uncertain, including concerns of a global recession due to price increases to meet soaring costs, and the impact of monetary policies in Europe and the United States.

In the retail sector, consumer spending showed signs of recovery, including continued strong sales of high-ticket items, and an increase in demand from inbound tourism. However, wage increases have not kept pace with the increase in commodity prices, and some concerns have been raised about a future recovery in consumption.

Under such circumstances, YONDOSHI HOLDINGS Group, in response to changes in the business environment, is fully leveraging the strengths of the corporate group to provide products and services that exceed customer expectations, with the aim of further growth. In addition, the Company practiced sustainable management to establish a highly trusted corporate group, and worked 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, net sales for the subject second quarter cumulative period amounted to ¥19,110 million (up 3.2% from the same period of the previous fiscal year), with operating income of ¥1,069 million (up 65.7%), ordinary income of ¥1,284 million (up 56.2%), and profit attributable to owners of parent to ¥696 million (up 35.7%). Operating income before the amortization of goodwill, which the Company considers to be an important management indicator, amounted to ¥1,317 million (up 47.4%).

Operating results by business segment were as follows.

Jewelry Business

Jewelry business company The F.D.C. Products Group made steady progress with business restructuring. Although revenue declined due to the consolidation of bridal jewelry specialty stores, the profit margin improved. For fashion jewelry, sales at existing stores rose from the previous fiscal year on efforts to broaden the base of female customers, and new customer development. Sales from the continually expanding e-commerce channel remained positive, registering double-digit growth.

As a result, net sales in the Jewelry Business segment amounted to ¥7,873 million (down 5.2% from the same period of the previous fiscal year), with operating income of ¥533 million (up 44.0%).

Apparel Business

Retailer age Co., Ltd., operator of the everyday fashion brand PALETTE, recorded a year-on-year increase in sales at existing stores, which along with a boost from opening new stores, resulted in gains for both revenue and earnings.

Apparel manufacturing and wholesaler The AS'TY Group expanded measures with major business partners against the backdrop of the overseas production bases that are its strength, recording substantial gains in both revenue and earnings.

As a result, net sales in the Apparel Business segment amounted to ¥11,237 million (up 10.1% from the same period of the previous fiscal year), with operating income of ¥777 million (up 58.4%), for both revenue and earnings.

(2) Explanation of Financial Condition

Assets, Liabilities and Net Assets

Total assets at the end of the subject second quarter cumulative period (August 31, 2023) amounted to ¥52,486 million, an increase of ¥2,275 million from the end of the previous fiscal year (February 28, 2023). This was due mainly to an increase of ¥2,314 million in investment securities. Total liabilities amounted to ¥13,893 million, an increase of ¥1,897 million from the end of the previous fiscal year, due mainly to an increase of ¥2,100 million in short-term borrowings. Total net assets at the end of the subject period amounted to ¥38,592 million, an increase of ¥378 million from the end of the previous fiscal year, due mainly to an increase of ¥523 million in valuation difference on available-for-sale securities.

Cash Flows

Cash and cash equivalents at the end of the subject second quarter cumulative period amounted to ¥2,012 million, an increase of ¥213 million from the end of the previous fiscal year (February 28, 2023).

(Cash Flows from Operating Activities)

Net cash provided by operating activities amounted to ¥1,356 million, an increase of ¥74 million from the same period of the previous fiscal year. This was due mainly to income before income taxes, and non-cash items such as depreciation.

(Cash Flows from Investing Activities)

Net cash used in investing activities amounted to ¥2,340 million, an increase of ¥106 million from the same period of the previous fiscal year. This was due mainly to purchases of investment securities, and property, plant, and equipment.

(Cash Flows from Financing Activities)

Net cash provided by financing activities amounted to ¥1,197 million, an increase of ¥814 million from the same period of the previous fiscal year. This was due mainly to an increase in short-term borrowings, against cash dividends paid.

(3) Explanation of Consolidated Results Forecasts and Other Future Predictions

Consolidated results forecasts for fiscal 2023 are unchanged from those announced on April 14, 2023.

2. Consolidated Quarterly Financial Statements

(1) Consolidated Quarterly Balance Sheets

(Millions of yen)

	End of the Fiscal Year Ended February 28, 2023 (As of February 28, 2023)	End of the Second Quarter of the Fiscal Year Ending February 29, 2024 (As of August 31, 2023)
ASSETS		
Current assets:		
Cash and deposits	1,804	2,017
Notes and accounts receivable — trade	2,876	2,838
Merchandise and finished goods	7,647	7,527
Work in process	70	65
Raw materials and supplies	685	519
Other current assets	620	749
Allowance for doubtful accounts	(5)	(5)
Total current assets	13,699	13,711
Noncurrent assets:		
Property, plant and equipment:		
Buildings and structures, net	4,265	4,319
Land	5,839	5,839
Other, net	433	473
Total property, plant and equipment	10,538	10,632
Intangible assets:		
Goodwill	1,737	1,489
Other intangible assets	369	425
Total intangible assets	2,107	1,914
Investments and other assets:		
Investment securities	19,408	21,723
Net defined benefit asset	349	364
Other	4,156	4,186
Allowance for doubtful accounts	(47)	(47)
Total investments and other assets	23,866	26,227
Total noncurrent assets	36,512	38,774
Total assets	50,211	52,486

(Millions of yen)

	End of the Fiscal Year Ended February 28, 2023 (As of February 28, 2023)	End of the Second Quarter of the Fiscal Year Ending February 29, 2024 (As of August 31, 2023)
LIABILITIES		
Current liabilities:		
Notes and accounts payable — trade	2,089	2,193
Electronically recorded obligations – operating	692	627
Short-term borrowings	—	2,100
Income taxes payable	531	489
Provision for bonuses	240	184
Provision for directors' bonuses	33	30
Asset retirement obligations	208	104
Other	2,077	1,786
Total current liabilities	5,872	7,516
Noncurrent liabilities:		
Provision for share-based remuneration for directors (and other officers)	184	213
Retirement benefit liability	501	493
Asset retirement obligations	1,130	1,092
Other	4,308	4,577
Total noncurrent liabilities	6,124	6,377
Total liabilities	11,996	13,893
NET ASSETS		
Shareholders' equity:		
Capital stock	2,486	2,486
Capital surplus	7,189	7,178
Retained earnings	31,056	30,859
Treasury stock	(6,148)	(6,137)
Total shareholders' equity	34,584	34,387
Other accumulated comprehensive income:		
Valuation difference on available-for-sale securities	4,052	4,575
Deferred gains or losses on hedges	0	44
Revaluation reserve for land	(233)	(233)
Foreign currency translation adjustments	2	—
Remeasurements of defined benefit plans	(222)	(214)
Total other accumulated comprehensive income	3,599	4,172
Subscription rights to shares	30	33
Total net assets	38,214	38,592
Total liabilities and net assets	50,211	52,486

(2) Consolidated Quarterly Statements of Income and Consolidated Quarterly Statements of Comprehensive Income
Consolidated Quarterly Statements of Income
Second Quarter Cumulative

(Millions of yen)

	First Half of the Fiscal Year Ended February 28, 2023 (March 1, 2022 to August 31, 2022)	First Half of the Fiscal Year Ending February 29, 2024 (March 1, 2023 to August 31, 2023)
Net sales	18,514	19,110
Cost of Sales	9,353	9,737
Gross profit	9,161	9,373
Selling, general and administrative expenses	8,516	8,303
Operating income	645	1,069
Non-operating income		
Interest income	42	72
Dividends received	100	113
Foreign exchange gains	5	9
Subsidy income	0	—
Other	30	22
Total non-operating income	179	217
Non-operating expenses		
Interest expenses	0	0
Loss on cancellation of insurance policies	1	0
Other	0	0
Total non-operating expenses	2	1
Ordinary income	822	1,284
Extraordinary income		
Gain on sales of investment securities	293	—
Total extraordinary income	293	—
Extraordinary loss		
Impairment loss	95	59
Loss on closing of stores	5	23
Building demolition expenses	9	—
Loss on liquidation of subsidiaries	7	—
Total extraordinary losses	117	83
Net income before income taxes	997	1,200
Total income taxes	484	504
Net income	513	696
Profit attributable to owners of parent	513	696

Consolidated Quarterly Statements of Comprehensive Income
Second Quarter Cumulative

(Millions of yen)

	First Half of the Fiscal Year Ended February 28, 2023 (March 1, 2022 to August 31, 2021)	First Half of the Fiscal Year Ending February 29, 2024 (March 1, 2023 to August 31, 2023)
Income before minority interests	513	696
Other comprehensive income		
Other valuation difference on available-for-sale securities	(3,469)	523
Deferred gains or losses on hedges	41	44
Foreign currency translation adjustments	1	(2)
Remeasurements of defined benefit plans, net of tax	(0)	8
Total other comprehensive income	(3,426)	572
Comprehensive income	(2,913)	1,269
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	(2,913)	1,269

(3) Consolidated Quarterly Statements of Cash Flows

(Millions of yen)

	First Half of the Fiscal Year Ended February 28, 2023 (March 1, 2022 to August 31, 2022)	First Half of the Fiscal Year Ending February 29, 2024 (March 1, 2023 to August 31, 2023)
Cash flows from operating activities:		
Income before income taxes	997	1,200
Depreciation	390	342
Impairment loss	95	59
Amortization of goodwill	248	248
Increase (decrease) in allowance for doubtful accounts	0	0
Increase (decrease) in provision for bonuses	2	(56)
Increase (decrease) in net defined benefit liability	(13)	(10)
Increase (decrease) in other provision	25	26
Interest and dividends income	(142)	(185)
Interest expenses	0	0
Foreign exchange losses (gains)	0	(0)
Loss (gain) on sales of investment securities	(293)	—
Subsidy income	(0)	—
Decrease (increase) in notes and accounts receivable — trade	(356)	37
Decrease (increase) in inventories	69	289
Increase (decrease) in notes and accounts payable — trade	79	42
Increase (decrease) in accounts payable — other	(17)	(35)
Increase (decrease) in accrued consumption taxes	77	7
Increase (decrease) in advances received	(78)	(116)
Decrease (increase) in other assets	3	209
Increase (decrease) in other liabilities	103	(97)
Subtotal	1,191	1,963
Interest and dividends income received	142	182
Interest expenses paid	(0)	(0)
Subsidies received	0	—
Income taxes paid	(399)	(913)
Income taxes refund	347	125
Net cash provided by (used in) operating activities	1,282	1,356

(Millions of yen)

	First Half of the Fiscal Year Ended February 28, 2023 (March 1, 2022 to August 31, 2022)	First Half of the Fiscal Year Ending February 29, 2024 (March 1, 2023 to August 31, 2023)
Cash flows from investing activities:		
Purchase of property, plant and equipment	(380)	(411)
Purchase of intangible assets	(119)	(121)
Purchase of investment securities	(2,003)	(1,523)
Proceeds from sales of investment securities	364	—
Collection of long-term loans receivable	0	0
Purchase of long-term prepaid expenses	(11)	(18)
Other payments	(122)	(291)
Other proceeds	39	26
Net cash provided by (used in) investing activities	(2,234)	(2,340)
Cash flows from financing activities:		
Net increase (decrease) in short-term borrowings	1,300	2,100
Proceeds from sales of treasury shares	—	0
Purchase of treasury stock	(0)	(0)
Cash dividends paid	(892)	(893)
Other, net	(23)	(8)
Net cash provided by (used in) financing activities	383	1,197
Effect of exchange rate changes on cash and cash equivalents	1	0
Net increase (decrease) in cash and cash equivalents	(567)	213
Cash and cash equivalents at beginning of period	2,900	1,799
Cash and cash equivalents at end of period	2,332	2,012

(4) Notes to Consolidated Quarterly Financial Statements

(Notes Regarding Going Concern Assumptions)

Not applicable

(Notes Regarding Substantial Changes in Shareholders' Equity)

Not applicable

(Application of Special Accounting Treatment in the Preparation of the Consolidated Financial Statements)

(Calculation of Tax Expense)

Tax expense has been calculated by rationally estimating the effective tax rate after the application of tax effect accounting for profit before income taxes in the consolidated fiscal year, including the subject second quarter period, and multiplying this estimated effective tax rate by profit before income taxes.

(Changes in Accounting Policies)

(Adoption of Implementation Guidance on Accounting Standard for Fair Value Measurement)

Effective from the beginning of the first quarter of the subject fiscal year, the Company adopted the "Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No. 31, June 17, 2021; hereinafter, "Implementation Guidance on Accounting Standard for Fair Value Measurement"). Under the transitional treatment stipulated in Paragraph 27-2 of the "Implementation Guidance on Accounting Standard for Fair Value Measurement", the Company decided to adopt the new accounting policy stipulated by the Implementation Guidance on Accounting Standard for Fair Value Measurement for the future. There is no impact on the quarterly consolidated financial statements.

(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 ¥191 million, for 97,170 shares at the end of the previous consolidated fiscal year, and ¥255 million, for 132,170 shares at the end of the second quarter of the subject consolidated fiscal year.

(Segment Information)**I The first half of the fiscal year ended February 28, 2023 (March 1, 2022 to August 31, 2022)****1. Information Regarding Sales and Income or Loss by Reporting Segment**

(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					
Revenue from contracts with customers	8,270	9,788	18,058	—	18,058
Other revenue	36	419	455	—	455
Net sales to outside customers	8,306	10,207	18,514	—	18,514
Intrasegment net sales and transfers	0	61	61	(61)	—
Total	8,306	10,269	18,575	(61)	18,514
Segment income	370	490	861	(215)	645

Notes:

1. The adjustment amount of minus ¥215 million for segment income mainly includes amortization of goodwill totaling minus ¥248 million, general administrative expenses that are not attributable to individual reporting segments amounting to minus ¥265 million and elimination of inter-segment transactions of ¥297 million. Corporate expenses are primarily general administrative expenses not attributable to reporting segments.
2. Segment income figures have been adjusted to operating income on the consolidated quarterly income statements.
3. “Other revenue” is real estate lease revenue.

2. Information Regarding Impairment Loss of Fixed Assets, Goodwill and Related Items by Reporting Segment

There was no major impairment loss recorded during the period under review.

II The first half of the fiscal year ending February 29, 2024 (March 1, 2023 to August 31, 2023)**1. Information Regarding Sales and Income or Loss by Reporting Segment**

(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					
Revenue from contracts with customers	7,836	10,804	18,641	—	18,641
Other revenue	36	432	469	—	469
Net sales to outside customers	7,873	11,237	19,110	—	19,110
Intrasegment net sales and transfers	0	59	59	(59)	—
Total	7,873	11,296	19,170	(59)	19,110
Segment income	533	777	1,310	(241)	1,069

Notes:

1. The adjustment amount of minus ¥241 million for segment income mainly includes amortization of goodwill totaling minus ¥248 million, general administrative expenses that are not attributable to individual reporting segments amounting to minus ¥272 million and elimination of inter-segment transactions of ¥278 million. Corporate expenses are primarily general administrative expenses not attributable to reporting segments.
2. Segment income figures have been adjusted to operating income on the consolidated quarterly income statements.
3. “Other revenue” is real estate lease revenue.

2. Information Regarding Impairment Loss of Fixed Assets, Goodwill and Related Items by Reporting Segment

There was no major impairment loss recorded during the period under review.

(Matters Related to Revenue Recognition)

Information analyzing the revenue resulting from contracts with customers is presented in “Notes (Segment information)”.

(Important Subsequent Events)

Not applicable