

CONSOLIDATED FINANCIAL REPORT (Japanese GAAP)
NINE-MONTH PERIOD OF THE FISCAL YEAR ENDING
FEBRUARY 29, 2024
(March 1, 2023 to November 30, 2023)

January 9, 2024

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

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Dividend payment commencement date (planned): —

(Millions of yen rounded down)

1. Consolidated Operating Results for the Nine-Month Period of Fiscal 2023
(March 1, 2023 to November 30, 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 Nine-Month Period	28,697	1.0	1,337	28.0	1,663	25.2	921	24.5
FY2022 Nine-Month Period	28,402	3.7	1,044	40.1	1,328	13.6	739	23.2

Note: Comprehensive income FY2023 Nine-Month Period: 1,526 million yen (—%)
 FY2022 Nine-Month Period: (3,105) million yen (—%)

	Net Income per Share	Net Income per Share after Dilution
	Yen	Yen
FY2023 Nine-Month Period	42.96	—
FY2022 Nine-Month Period	34.51	—

(Reference) Operating income before the amortization of goodwill:

FY 2023 Nine-Month Period: ¥1,709 million FY 2022 Nine-Month Period: ¥1,416 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
November 30, 2023	54,715	37,956	69.3	1,768.45
February 28, 2023	50,211	38,214	76.0	1,780.71

(Reference) Shareholders' equity: November 30, 2023: 37,921 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

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1. Qualitative Information on Business and Financial Results

(1) Explanation of Business Results

During the third quarter cumulative period (March 1, 2023, to November 30, 2023) of fiscal 2023 (ending February 2024), the Japanese economy showed signs of a modest recovery with the easing of pandemic-related restrictions. Nevertheless, the outlook for the future remains uncertain, with concerns about the impact on the domestic economy from prolonged inflation, domestic and international monetary policy, and exchange rate fluctuations.

In the retail sector, sales of high-ticket items remained firm, and demand from inbound tourism continued to rise. However, aspects for concern remained that could hinder full-fledged recovery in the consumer mindset, including sluggish growth in real wages due to rising prices.

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 third quarter cumulative period amounted to ¥28,697 million (up 1.0% from the same period of the previous fiscal year), with operating income of ¥1,337 million (up 28.0%), ordinary income of ¥1,663 million (up 25.2%), and profit attributable to owners of parent to ¥921 million (up 24.5%). Operating income before the amortization of goodwill, which the Company considers to be an important management indicator, amounted to ¥1,709 million (up 20.6%).

Operating results by business segment were as follows.

Jewelry Business

Jewelry business company The F.D.C. Products Group continued to make 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, expansion in e-commerce, and new customer development. The e-commerce channel especially continued to perform strongly, registering double-digit growth.

In terms of store openings and closings, 4 stores were opened, 12 stores were closed, and 7 stores were renovated, for a total of 143 stores at the end of the subject period.

As a result, net sales in the Jewelry Business segment amounted to ¥11,687 million (down 6.3% from the same period of the previous fiscal year), with operating income of ¥601 million (up 12.0%).

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, resulting in gains for both revenue and earnings. In terms of store openings and closings, 10 stores were opened, and 3 stores were closed, for a total of 100 stores at the end of the subject period.

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, with growth in both revenue and earnings.

As a result, net sales in the Apparel Business segment amounted to ¥17,010 million (up 6.8% from the same period of the previous fiscal year), with operating income of ¥1,078 million (up 32.0%), for both gains in both revenue and earnings.

(2) Explanation of Financial Condition

Total assets at the end of the subject third quarter cumulative period (November 30, 2023) amounted to ¥54,715 million, an increase of ¥4,503 million from the end of the previous fiscal year (February 28, 2023). This was due mainly to an increase of ¥1,453 million in merchandise and finished goods, and an increase of ¥2,391 million in investment securities. Total liabilities amounted to ¥16,759 million, an increase of ¥4,762 million from the end of the previous fiscal year, due mainly to an increase of ¥3,300 million in short-term borrowings. Total net assets at the end of the subject period amounted to ¥37,956 million, a decrease of ¥258 million from the end of the previous fiscal year.

(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 Third Quarter of the Fiscal Year Ending February 29, 2024 (As of November 30, 2023)
ASSETS		
Current assets:		
Cash and deposits	1,804	2,099
Notes and accounts receivable — trade	2,876	3,381
Merchandise and finished goods	7,647	9,101
Work in process	70	74
Raw materials and supplies	685	287
Other current assets	620	913
Allowance for doubtful accounts	(5)	(5)
Total current assets	13,699	15,853
Noncurrent assets:		
Property, plant and equipment:		
Buildings and structures, net	4,265	4,433
Land	5,839	5,839
Other, net	433	482
Total property, plant and equipment	10,538	10,754
Intangible assets:		
Goodwill	1,737	1,365
Other intangible assets	369	441
Total intangible assets	2,107	1,807
Investments and other assets:		
Investment securities	19,408	21,799
Net defined benefit asset	349	372
Other	4,156	4,174
Allowance for doubtful accounts	(47)	(47)
Total investments and other assets	23,866	26,299
Total noncurrent assets	36,512	38,861
Total assets	50,211	54,715

	(Millions of yen)	
	End of the Fiscal Year Ended February 28, 2023 (As of February 28, 2023)	End of the Third Quarter of the Fiscal Year Ending February 29, 2024 (As of November 30, 2023)
LIABILITIES		
Current liabilities:		
Notes and accounts payable — trade	2,089	3,599
Electronically recorded obligations – operating	692	735
Short-term loans payable	—	3,300
Income taxes payable	531	258
Provision for bonuses	240	313
Provision for directors' bonuses	33	45
Asset retirement obligations	208	188
Other	2,077	2,020
Total current liabilities	5,872	10,461
Noncurrent liabilities:		
Provision for share-based remuneration for directors (and other officers)	184	228
Retirement benefit liability	501	493
Asset retirement obligations	1,130	980
Other	4,308	4,595
Total noncurrent liabilities	6,124	6,297
Total liabilities	11,996	16,759
NET ASSETS		
Shareholders' equity:		
Capital stock	2,486	2,486
Capital surplus	7,189	7,178
Retained earnings	31,056	30,188
Treasury stock	(6,148)	(6,137)
Total shareholders' equity	34,584	33,716
Other accumulated comprehensive income:		
Valuation difference on available-for-sale securities	4,052	4,659
Deferred gains or losses on hedges	0	(10)
Revaluation reserve for land	(233)	(233)
Foreign currency translation adjustments	2	—
Remeasurements of defined benefit plans	(222)	(210)
Total other accumulated comprehensive income	3,599	4,204
Subscription rights to shares	30	34
Total net assets	38,214	37,956
Total liabilities and net assets	50,211	54,715

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

(Millions of yen)

	Nine-Month Period of the Fiscal Year Ended February 28, 2023 (March 1, 2022 to November 30, 2022)	Nine-Month Period of the Fiscal Year Ending February 29, 2024 (March 1, 2023 to November 30, 2023)
Net sales	28,402	28,697
Cost of Sales	14,319	14,530
Gross profit	14,082	14,167
Selling, general and administrative expenses	13,038	12,830
Operating income	1,044	1,337
Non-operating income		
Interest income	72	110
Dividends received	169	182
Foreign exchange gains	9	11
Subsidy income	1	—
Other	34	24
Total non-operating income	287	329
Non-operating expenses		
Interest expenses	0	1
Loss on cancellation of insurance policies	1	0
Other	1	0
Total non-operating expenses	2	2
Ordinary income	1,328	1,663
Extraordinary income		
Gain on sales of investment securities	293	152
Total extraordinary income	293	152
Extraordinary loss		
Impairment loss	194	148
Loss on closing of stores	6	60
Building demolition expenses	9	—
Loss on liquidation of subsidiaries	29	—
Total extraordinary losses	208	208
Net income before income taxes	1,382	1,607
Total income taxes	642	686
Net income	739	921
Profit attributable to owners of parent	739	921

Consolidated Quarterly Statements of Comprehensive Income
Third Quarter Cumulative

(Millions of yen)

	Nine-Month Period of the Fiscal Year Ended February 28, 2023 (March 1, 2022 to November 30, 2022)	Nine-Month Period of the Fiscal Year Ending February 29, 2024 (March 1, 2023 to November 30, 2023)
Income before minority interests	739	921
Other comprehensive income		
Other valuation difference on available-for-sale securities	(3,828)	607
Deferred gains or losses on hedges	(18)	(11)
Foreign currency translation adjustments	1	(2)
Remeasurements of defined benefit plans, net of tax	(0)	12
Total other comprehensive income	(3,845)	605
Comprehensive income	(3,105)	1,526
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	(3,105)	1,526

(3) 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 third 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 third quarter of the subject consolidated fiscal year.

(Segment Information)**I The nine-month period of the fiscal year ended February 28, 2023
(March 1, 2022 to November 30, 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	12,420	15,303	27,724	—	27,724
Other revenue (Note 3)	54	623	678	—	678
Net sales to outside customers	12,475	15,927	28,402	—	28,402
Intrasegment net sales and transfers	0	88	88	(88)	—
Total	12,475	16,015	28,491	(88)	28,402
Segment income	537	816	1,353	(309)	1,044

Notes:

- The adjustment amount of minus ¥309 million for segment income mainly includes amortization of goodwill totaling minus ¥372 million, general administrative expenses that are not attributable to individual reporting segments amounting to minus ¥384 million and elimination of inter-segment transactions of ¥447 million. Corporate expenses are primarily general administrative expenses not attributable to reporting segments.
- Segment income figures have been adjusted to operating income on the consolidated quarterly income statements.
- “Other revenue” is real estate lease revenue.

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

(Material loss on impairment of fixed assets)

The Company recorded a loss on impairment of fixed assets in the Jewelry Business segment. The amount recorded for this impairment loss for the subject third quarter cumulative period was ¥184 million.

**II The nine-month period of the fiscal year ending February 29, 2024
(March 1, 2023 to November 30, 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	11,632	16,359	27,992	—	27,992
Other revenue (Note 3)	54	650	705	—	705
Net sales to outside customers	11,687	17,010	28,697	—	28,697
Intrasegment net sales and transfers	0	88	88	(88)	—
Total	11,687	17,098	28,785	(88)	28,697
Segment income	601	1,078	1,679	(342)	1,337

Notes:

1. The adjustment amount of minus ¥324 million for segment income mainly includes amortization of goodwill totaling minus ¥372 million, general administrative expenses that are not attributable to individual reporting segments amounting to minus ¥385 million and elimination of inter-segment transactions of ¥415 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

(Material loss on impairment of fixed assets)

The Company recorded a loss on impairment of fixed assets in the Jewelry Business segment. The amount recorded for this impairment loss for the subject third quarter cumulative period was ¥124 million.

(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