

YONDOSHI HOLDINGS INC.

January 6, 2023
(Securities Code: 8008, Prime Market, Tokyo Stock Exchange)

**Summary of the Consolidated Financial Report for the Third Quarter
Cumulative Period of Fiscal 2022 (Ending February 28, 2023)**

- **Increase in consolidated revenue and earnings on recovery in the Jewelry Business.**
- **Jewelry Business: Increase in revenue and earnings, with steady performance in fashion jewelry on successful measures to increase the number of female customers.**
- **Apparel Business: Increase in revenue with decrease in earnings. Everyday fashion brand PALETTE opened ten new stores, including first locations in Kanto region. Apparel manufacturing demand recovered, despite the negative impacts from the weak yen.**
- **Full-year consolidated results forecasts have been revised, owing to continued sluggish sales of bridal jewelry, sales during the Christmas shopping season falling short of plan, and the recording of an impairment loss for structural reforms.**
- **The Company will take decisive action for structural reforms in the Jewelry Business through a program of selection and concentration. Bridal jewelry stores will be consolidated, with major renovations to establish urban flagship stores.**
- **No change in dividend forecast of 83 yen per share, comprising interim and year-end dividends of ¥41.50 per share.**

YONDOSHI HOLDINGS INC. (“YONDOSHI HOLDINGS” or “the Company”; Headquarters: Shinagawa-ku, Tokyo; President and Representative Director: Hidetoshi Masuda) today announced its consolidated operating results for the third quarter cumulative period of fiscal 2022 (March 1 to November 30, 2022), the fiscal year ending February 28, 2023. A summary of these results is presented as follows.

1. Consolidated Operating Results

(Millions of yen, %)

	Fiscal 2021 3Q	Fiscal 2022 3Q	YoY
Net Sales	27,378	28,402	+3.7%
Operating Income	745	1,044	+40.1%
Ordinary Income	1,169	1,328	+13.6%
Profit Attributable to Owners of Parent	600	739	+23.2%

1. Net income per share for the subject period was ¥34.51 (¥28.04 for the corresponding period of the previous fiscal year).
2. The average number of issued shares for the period (consolidated basis) was 21,440,888 shares.

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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3. Operating income before the amortization of goodwill was ¥1,416 million for the subject period (¥1,118 million in the corresponding period of previous fiscal year).

In the retail sector, although foot traffic has recovered as people have more opportunities to go out, the outlook remains unclear, as the recent series of price hikes has raised concerns over a heightened tendency toward economizing. Amid such circumstances, YONDOSHI HOLDINGS Group pursued priority measures in each of its businesses, aiming to enhance enterprise value.

As a result, net sales in the subject third quarter cumulative period amounted to ¥28,402 million (up 3.7% from the same period of the previous fiscal year), with operating income of ¥1,044 million (up 40.1%), ordinary income of ¥1,328 million (up 13.6%), and profit attributable to owners of parent of ¥739 million (up 23.2%).

Jewelry Business

Net Sales: ¥12,475 million (up 2.4% YoY)
 Operating Income: ¥537 million (up 223.3% YoY)

The F.D.C. Products Group, which operates the jewelry business, recorded positive trends for fashion jewelry such as earrings and bracelets, on successful measures to increase the number of female customers. Sales in the e-commerce business also expanded steadily following the website renewal.

Apparel Business

Net Sales: ¥15,927 million (up 4.8% YoY)
 Operating Income: ¥816 million (down 6.4% YoY)

Retailer age Co., Ltd., operator of the everyday fashion brand PALETTE, recorded an increase in sales on the opening of 10 new stores, including four locations in the Kanto region for the first time.

The AS'TY Group, despite the negative impacts from the weak yen and higher material costs, recorded an expansion in sales on successful efforts to take advantage of the recovery in demand and the production environment to strengthen business with mainstay trading partners.

2. Forecasts for Consolidated Operating Results for the Full-Year Period of Fiscal 2022

(Millions of yen, %)

	Fiscal 2021 Actual	Fiscal 2022 Previous Forecast	Fiscal 2022 Revised Forecast	Variance from Previous Forecast	YoY
Net Sales	38,123	40,500	40,000	(1.2) %	+4.9%
Operating Income	1,788	2,700	2,000	(25.9) %	+11.9%
Ordinary Income	2,293	3,000	2,350	(21.7) %	+2.4%
Profit attributable to owners of parent	1,490	1,800	1,100	(38.9) %	(26.2) %

- Forecast net income per share for FY 2022: ¥51.30
- Average number of issued shares (consolidated basis): 21,440,888 shares
- EPS before the amortization of goodwill: ¥74.44

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Note: The Company applied “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020) from the beginning of the first quarter of the subject fiscal year. Figures for the previous fiscal year, are after application of this accounting standard.

Regarding the progress towards achieving the consolidated results forecasts for fiscal 2022 announced on October 7, 2022, although the Company is still forecasting year-on-year revenue and earnings gains in both the Jewelry Business and the Apparel Business at the operating income level, the final figures are expected to fall below the targets in the business plan. During the subject third quarter cumulative period, in the Jewelry Business, sales of fashion jewelry rose from the previous fiscal year on successful measures to increase the number of female customers, though this was insufficient to offset the delayed recovery in earnings from bridal jewelry. In addition, sales during the Christmas shopping season, the period of peak demand in the Jewelry Business, fell below plan.

Further, the Company has incorporated an impairment loss of approximately ¥400 million during the fourth quarter period on certain bridal jewelry store locations and owned real estate, etc., and expects to record losses of approximately ¥500 million for the full fiscal year.

Considering such circumstances, the Company has revised its consolidated results forecasts for the full-year period from the previous forecast, as outlined in the above chart.

Of note, the Company is taking decisive action for structural reform in the Jewelry Business through a program of selection and concentration. Under this plan, bridal jewelry store locations will be consolidated, with major renovations conducted to establish urban flagship stores.

Note: Forecasts are based on available information as of the disclosure date for this material. Actual results may vary from forecast figures as a result of economic conditions or a variety of other factors.

3. Cash Dividends for Fiscal 2022

(Yen)

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

YONDOSHI HOLDINGS Group recognizes that providing returns to shareholders is an important management issue. The Company has set as its basic policy for profit sharing the raising of the level of shareholder returns through such means as a stable and continuous cash dividend payment, and flexible share buybacks. The Company has also established a target DOE, a key indicator of shareholder returns, of 4% or higher, and aims to reach a dividend payout of 100 yen per share in the future.

In accordance with this policy, for the fiscal year ending February 28, 2023, YONDOSHI HOLDINGS plans to pay an interim and year-end cash dividend of ¥41.50 per share, for an annual cash dividend of ¥83 per share.

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