

CONSOLIDATED FINANCIAL REPORT

FISCAL 2023 (Japanese GAAP)

(March 1, 2023 to February 29, 2024)



April 12, 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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Annual General Meeting of Shareholders date (planned): May 30, 2024

Fiscal 2023 Securities Report filing date (planned): May 31, 2024

Dividend payment commencement date (planned): May 31, 2024

Supplemental materials prepared for financial results: Yes

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

(Millions of yen rounded down)

1. Consolidated Performance for FY 2023 (March 1, 2023 to February 29, 2024)

(1) Consolidated Business Results

(% figures represent year-on-year increase or decrease)

| | Net Sales | | Operating Income | | Ordinary Income | | Profit Attributable to Owners of Parent | |
|---------|-----------------|-------|------------------|------|-----------------|-----|---|--------|
| | Millions of yen | % | Millions of yen | % | Millions of yen | % | Millions of yen | % |
| FY 2023 | 39,457 | (0.1) | 2,096 | 5.9 | 2,515 | 7.4 | 1,300 | 13.2 |
| FY 2022 | 39,508 | 3.6 | 1,979 | 10.7 | 2,342 | 2.1 | 1,149 | (22.9) |

(Note) Comprehensive income: FY 2023: ¥2,168 million (–%) FY 2022: ¥(2,928) million (–%)

| | Net Income Per Share | Net Income Per Share (Diluted) | ROE | Ordinary Income to Total Assets | Ordinary Income to Operating Revenues |
|---------|----------------------|--------------------------------|-----|---------------------------------|---------------------------------------|
| | Yen | Yen | % | % | % |
| FY 2023 | 60.65 | — | 3.4 | 5.0 | 5.3 |
| FY 2022 | 53.61 | — | 2.8 | 4.4 | 5.0 |

(Reference) Operating income before the amortization of goodwill: FY 2023: ¥2,593 million FY 2022: ¥2,476 million

YONDOSHI HOLDINGS has positioned operating income before the amortization of goodwill as an important management indicator.

(2) Consolidated Financial Position

| | Total Assets | Net Assets | Net Assets to Total Assets | Net Assets per Share of Common Stock |
|-------------------------|-----------------|-----------------|----------------------------|--------------------------------------|
| | Millions of yen | Millions of yen | % | Yen |
| As of February 29, 2024 | 50,643 | 38,596 | 76.2 | 1,798.49 |
| As of February 28, 2023 | 50,211 | 38,214 | 76.0 | 1,780.71 |

(Reference) Shareholders' equity: As of February 29, 2024: ¥38,577 million As of February 28, 2023: ¥38,183 million

(3) Consolidated Cash Flows

| | Operating Activities | Investing Activities | Financing Activities | Cash and Cash Equivalents at the End of the Period |
|---------|----------------------|----------------------|----------------------|--|
| | Millions of yen | Millions of yen | Millions of yen | Millions of yen |
| FY 2023 | 2,666 | (1,103) | (1,791) | 1,570 |
| FY 2022 | 3,103 | (2,371) | (1,834) | 1,799 |

2. Dividends

| | Cash Dividends per Share of Common Stock | | | | | Cash Dividends Paid (Annual) | Dividend Payout Ratio (Consolidated) | Cash Dividends to Net Assets (Consolidated) |
|------------------|--|-----------|-----------|-----------|--------|------------------------------|--------------------------------------|---|
| | End of 1Q | End of 2Q | End of 3Q | End of 4Q | Annual | | | |
| | Yen | Yen | Yen | Yen | Yen | Millions of yen | % | % |
| FY 2022 | — | 41.50 | — | 41.50 | 83.00 | 1,787 | 154.8 | 4.4 |
| FY 2023 | — | 41.50 | — | 41.50 | 83.00 | 1,791 | 136.8 | 4.6 |
| FY 2024(planned) | — | 41.50 | — | 41.50 | 83.00 | | 111.2 | |

3. Forecast of Consolidated Results for FY 2024 (March 1, 2024 to February 28, 2025)

(% figures for the full fiscal year represent year-on-year increase or decrease, % figures for the interim period are the increase / (decrease) for the corresponding period of the previous fiscal year)

| | Operating Revenues | | 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 |
| Interim | 20,000 | 4.7 | 1,000 | (6.5) | 1,200 | (6.6) | 750 | 7.7 | 34.97 |
| Full Fiscal year | 41,000 | 3.9 | 2,350 | 12.1 | 2,800 | 11.3 | 1,600 | 23.0 | 74.61 |

(Reference) Forecast EPS before the amortization of goodwill for the full FY 2024 is ¥97.77.

Notes

(1) **Changes in important subsidiaries during the period (changes in specified subsidiaries in accordance with changes in the scope of consolidation):** No

(2) **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

(3) **Number of shares issued and outstanding (common shares)**

1. Number of shares issued and outstanding as of the end of the period (including treasury stock)

As of February 29, 2024: 24,331,356 shares As of February 28, 2023: 24,331,356 shares

2. Number of treasury stock

As of February 29, 2024: 2,881,696 shares As of February 28, 2023: 2,888,198 shares

3. Average number of shares for the year

FY2023: 21,444,022 shares FY2022: 21,441,448 shares

Notes:

1. 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 subject consolidated fiscal year.

2. For additional information on the basic number of shares used to calculate consolidated net income per share, please refer to "Per Share Information" on page 22.

(Reference) Overview of Non-Consolidated Performance**1. Non-Consolidated Performance for FY 2023 (March 1, 2022 to February 29, 2024)****(1) Non-Consolidated Business Results**

(% figures represent year-on-year increase or decrease)

| | Operating Revenues | | Operating Income | | Ordinary Income | | Profit attributable to owners of parent | |
|---------|--------------------|--------|------------------|--------|-----------------|--------|---|--------|
| | Millions of yen | % | Millions of yen | % | Millions of yen | % | Millions of yen | % |
| FY 2023 | 2,349 | 54.6 | 1,895 | 77.2 | 2,010 | 76.4 | 1,935 | 84.8 |
| FY 2022 | 1,519 | (36.1) | 1,069 | (45.4) | 1,139 | (43.2) | 1,047 | (45.6) |

| | Net Income Per Share | Net Income Per Share (Diluted) |
|---------|----------------------|--------------------------------|
| | Yen | Yen |
| FY 2023 | 90.28 | — |
| FY 2022 | 48.86 | — |

(2) Non-Consolidated Financial Position

| | Total Assets | Net Assets | Net Assets to Total Assets | Net Assets per Share of Common Stock |
|-------------------------|-----------------|-----------------|----------------------------|--------------------------------------|
| | Millions of yen | Millions of yen | % | Yen |
| As of February 29, 2024 | 38,756 | 25,874 | 66.7 | 1,205.40 |
| As of February 28, 2023 | 38,368 | 25,708 | 66.9 | 1,197.50 |

(Reference) Shareholders' equity: As of February 29, 2024: ¥25,855 million As of February 28, 2023: ¥25,678 million

* 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 the information from page 6.
2. The Company plans to hold a financial results briefing on April 12, 2024 (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. Overview of Business Results

(1) Overview of Business Results for Fiscal 2023

In fiscal 2023, the fiscal year ended February 29, 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 impacts 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, wage increases have not kept pace with rising prices, and real wages have been on a downward trend. This has led to market polarization as consumers continue to focus on cost savings and lower prices.

Under such circumstances, YONDOSHI HOLDINGS Group, in response to changes in the business environment, fully leveraged 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 fiscal year amounted to ¥39,457 million (down 0.1% from the previous fiscal year), with operating income of ¥2,096 million (up 5.9%), ordinary income of ¥2,515 million (up 7.4%), and profit attributable to owners of parent to ¥1,300 million (up 13.2%). Operating income before the amortization of goodwill, which the Company considers to be an important management indicator, amounted to ¥2,593 million (up 4.7%).

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. The consolidation of bridal jewelry specialty stores resulted in improved profitability. For fashion jewelry, the Company pursued measures aimed at broadening the base of female customers, expansion of e-commerce, and new customer development.

In terms of store openings and closings, 4 stores were opened, 17 stores were closed, and 11 stores were renovated, for a total of 138 stores at the end of the subject period.

As a result, although net sales in the Jewelry Business segment declined from the previous fiscal year, amounting to ¥16,995 million (down 8.6%), operating income rose for a second consecutive period to ¥1,426 million (up 5.1%).

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 revenue gains. In terms of store openings and closings, 10 stores were opened, and 4 stores were closed, for a total of 99 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 rose for a seventh consecutive period, amounting to ¥22,462 million (up 7.4% from the previous fiscal year), with operating income of ¥1,046 million (up 11.1%), for a second consecutive period of gains.

(2) Overview of Financial Condition for Fiscal 2023

(Current Assets)

Current assets as of the end of the fiscal year under review stood at ¥13,941 million, up ¥242 million compared with the end of the previous fiscal year. Major movements included an increase in merchandise of ¥433 million.

(Noncurrent Assets)

Noncurrent assets amounted to ¥36,701 million, an increase of ¥189 million from the end of the previous fiscal year. This was due mainly to an increase in investment securities of ¥1,122 million; against decreases in buildings and structures, net of ¥237 million; and goodwill of ¥496 million.

(Current Liabilities)

Current liabilities amounted to ¥5,605 million, a decrease of ¥267 million from the end of the previous fiscal year. This was due mainly to a decrease in income taxes payable of ¥279 million.

(Noncurrent Liabilities)

Noncurrent liabilities amounted to ¥6,441 million, an increase of ¥317 million from the end of the previous fiscal year. This was due mainly to an increase in deferred tax liabilities of ¥384 million.

(Net Assets)

Total net assets amounted to ¥38,596 million, an increase of ¥381 million from the end of the previous fiscal year. This was due mainly to an increase in valuation difference on available-for-sale securities of ¥805 million; against a decrease in retained earnings of ¥489 million.

(3) Overview of Cash Flows for Fiscal 2023

Cash and cash equivalents as of the end of the subject fiscal year amounted to ¥1,570 million, a decrease of ¥228 million from the end of the previous fiscal year.

(Cash Flows from Operating Activities)

Net cash provided by operating activities amounted to ¥2,666 million, a decrease of ¥436 million from the end of the previous fiscal year. The main factors were net income before income taxes of ¥2,229 million, and depreciation and amortization of ¥695 million.

(Cash Flows from Investing Activities)

Net cash used in investing activities amounted to ¥1,103 million, an increase of ¥1,267 million from the end of the previous fiscal year. The main factor was purchase of property, plant and equipment of ¥852 million.

(Cash Flows from Financing Activities)

Net cash used in financing activities totaled ¥1,791 million, an increase of ¥42 million from the end of the previous fiscal year. The main factor was cash dividends paid of ¥1,789 million.

(4) Future Outlook

In the retail sector industry, consumption is expected to continue to expand on improvement in real wages due to pay increases, the wealth effect from a rising stock market, and an increase in inbound demand. However, concerns remain regarding the pressure on corporate earnings from higher labor costs due to a smaller working population, and rising logistics costs.

Under such circumstances, YONDOSHI HOLDINGS Group will launch its 7th Medium-Term Management Plan, “Challenge for Future – Toward 2030” from the fiscal year ending February 2025. Premised on responding to the business environment, the Group will enhance the value provided to customers, and build a foundation for growth to support future business development.

In the core Jewelry Business, the Company will change the segment name to the “Brand Business” in anticipation of expansion into new business domains. We will also pursue measures to establish a foundation for revising product and sales promotion strategies with the aim of increasing support among female customers. To achieve the vision of a “100-Year Brand,” the Company will pursue measures to rebuild the fashion jewelry business, expand department store and e-commerce sales channels, deepen new customer development, and implement OMO (Online-Merge-Offline) marketing strategies. We will lay a foundation for a new level of value provided by the 4°C brand, which will support a growth phase from the 8th Medium-Term Management Plan.

In the Apparel Business, the Company will continue its efforts for further market expansion. For the everyday fashion brand PALETTE, we will continue during the 7th Medium-Term Management Plan to open around 10 stores each fiscal year, including in the Kanto area, to increase sales. Apparel manufacturers will leverage the advantages from their production bases in Bangladesh to strengthen initiatives with main business partners, and develop new trading relationships.

In addition, to ensure YONDOSHI HOLDINGS remains a highly trustworthy corporate group, we will work to further enhance corporate value by practicing sustainable management, strengthening our internal control functions, providing returns to shareholders, and making longer-term investments that will lead to earnings growth.

As a result of the above, for the fiscal year ending February 28, 2025, the Company is forecasting an increase

in net sales to ¥41,000 million (up 3.9% year on year), and a third consecutive year of earnings gains, with operating income of ¥2,350 million (up 12.1%), ordinary income of ¥2,800 million (up 11.3%), and profit attributable to owners of parent to ¥1,600 million (up 23.0%). The forecast for operating income before the amortization of goodwill, which the Company considers to be an important management indicator, is ¥2,846 million (up 9.8%).

(5) Basic Policy on Profit Distribution and Dividends for the Current and Next Fiscal Years

YONDOSHI HOLDINGS Group recognizes providing returns to shareholders is an important management issue. As the basic policy on profit distribution, the Company will work to enhance the level of total returns through the provision of stable and continuous dividends and flexible share buybacks, as well as reducing equity capital, aiming to reach ROE of 8% or higher in the future.

The Company has also set a target of DOE of 4% or higher as an important indicator of shareholder returns, and aims to achieve an annual dividend of 100 yen per share in the future.

In accordance with this policy, for the subject fiscal year, YONDOSHI HOLDINGS Group plans to pay a year-end dividend of 41.50 yen per share. Together with the interim dividend of 41.50 yen per share, this represents a full year dividend of 83 yen per share, for a DOE of 4.6%.

Of note, for the fiscal year ending February 2025, the Company plans to pay a dividend of 83 yen per share, comprising an interim dividend of 41.50 yen, and a year-end dividend of 41.50 yen.

2. Basic Stance on Selection of Accounting Standards

The YONDOSHI HOLDINGS Group prepares its consolidated financial statements in accordance with Japanese Generally Accepted Accounting Principles. With respect to International Financial Reporting Standards (IFRS), the YONDOSHI HOLDINGS Group will respond adequately with consideration of the situation in Japan and overseas.

3. Consolidated Financial Statements and Major Notes

(1) Consolidated Balance Sheets

(Millions of yen)

| | End of the Fiscal Year Ended February 28, 2023 (As of February 28, 2023) | End of the Fiscal Year Ended February 29, 2024 (As of February 29, 2024) |
|--|--|--|
| ASSETS | | |
| Current assets: | | |
| Cash and deposits | 1,804 | 1,579 |
| Notes and accounts receivable — trade | 2,876 | 2,905 |
| Merchandise and finished goods | 7,647 | 8,080 |
| Work in process | 70 | 108 |
| Raw materials and supplies | 685 | 430 |
| Advance payments-trade | 87 | 1 |
| Accounts receivable-other | 267 | 579 |
| Other | 265 | 261 |
| Allowance for doubtful accounts | (5) | (5) |
| Total current assets | 13,699 | 13,941 |
| Noncurrent assets: | | |
| Property, plant and equipment: | | |
| Buildings and structures, net | 4,265 | 4,027 |
| Land | 5,839 | 5,839 |
| Lease assets, net | 34 | 22 |
| Other, net | 399 | 427 |
| Total property, plant and equipment | 10,538 | 10,316 |
| Intangible assets: | | |
| Goodwill | 1,737 | 1,241 |
| Lease assets | 2 | 0 |
| Right of trademark | 0 | 0 |
| Other | 366 | 482 |
| Total intangible assets | 2,107 | 1,724 |
| Investments and other assets: | | |
| Investment securities | 19,408 | 20,530 |
| Guarantee deposits | 245 | 227 |
| Long-term loans receivable | 1 | 2 |
| Deferred tax assets | 1,735 | 1,518 |
| Net defined benefit asset | 349 | 443 |
| Lease deposits | 1,810 | 1,579 |
| Claims provable in bankruptcy, claims provable in rehabilitation and other | 21 | 20 |
| Other | 342 | 384 |
| Allowance for doubtful accounts | (47) | (47) |
| Total investments and other assets | 23,866 | 24,660 |
| Total noncurrent assets | 36,512 | 36,701 |
| Total assets | 50,211 | 50,643 |

(Millions of yen)

| | End of the Fiscal Year Ended February 28, 2023 (As of February 28, 2023) | End of the Fiscal Year Ended February 29, 2024 (As of February 29, 2024) |
|---|--|--|
| LIABILITIES | | |
| Current liabilities: | | |
| Notes and accounts payable — trade | 2,089 | 2,369 |
| Electronically recorded obligations – operating | 692 | 699 |
| Lease obligations | 15 | 9 |
| Income taxes payable | 531 | 252 |
| Provision for bonuses | 240 | 271 |
| Provision for directors' bonuses | 33 | 48 |
| Asset retirement obligations | 208 | 86 |
| Other | 2,061 | 1,869 |
| Total current liabilities | 5,872 | 5,605 |
| Noncurrent liabilities: | | |
| Lease obligations | 24 | 15 |
| Long-term guarantee deposited | 453 | 489 |
| Deferred tax liabilities | 3,596 | 3,981 |
| Net defined benefit liability | 501 | 494 |
| Provision for directors' stock benefits | 184 | 243 |
| Asset retirement obligations | 1,130 | 979 |
| Other | 234 | 237 |
| Total noncurrent liabilities | 6,124 | 6,441 |
| Total liabilities | 11,996 | 12,047 |
| NET ASSETS | | |
| Shareholders' equity: | | |
| Capital stock | 2,486 | 2,486 |
| Capital surplus | 7,189 | 7,178 |
| Retained earnings | 31,056 | 30,567 |
| Treasury stock | (6,148) | (6,123) |
| Total shareholders' equity | 34,584 | 34,109 |
| Accumulated other comprehensive income: | | |
| Valuation difference on available-for-sale securities | 4,052 | 4,857 |
| Deferred gains or losses on hedges | 0 | 8 |
| Revaluation reserve for land | (233) | (233) |
| Foreign currency translation adjustments | 2 | — |
| Remeasurements of defined benefit plans | (222) | (165) |
| Total accumulated other comprehensive income | 3,599 | 4,467 |
| Subscription rights to shares | 30 | 18 |
| Total net assets | 38,214 | 38,596 |
| Total liabilities and net assets | 50,211 | 50,643 |

(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income
Consolidated Statements of Income

| | (Millions of yen) | |
|---|---|---|
| | Fiscal 2022 | Fiscal 2023 |
| | (March 1, 2022 to February 28, 2023) | (March 1, 2023 to February 29, 2024) |
| Net sales | 39,508 | 39,457 |
| Cost of Sales | 19,781 | 19,927 |
| Gross profit | 19,727 | 19,530 |
| Selling, general and administrative expenses | 17,748 | 17,433 |
| Operating income | 1,979 | 2,096 |
| Non-operating income | | |
| Interest income | 102 | 145 |
| Dividends received | 207 | 228 |
| Foreign exchange gains | 13 | 15 |
| Subsidy income | 1 | — |
| Other | 40 | 32 |
| Total non-operating income | 366 | 421 |
| Non-operating expenses | | |
| Interest expenses | 1 | 1 |
| Loss on cancellation of insurance policies | 1 | 0 |
| Other | 1 | 0 |
| Total non-operating expenses | 3 | 2 |
| Ordinary income | 2,342 | 2,515 |
| Extraordinary income | | |
| Gain on sales of investment securities | 293 | 358 |
| Total extraordinary income | 293 | 358 |
| Extraordinary loss | | |
| Impairment loss | 542 | 581 |
| Loss on closing of stores | 26 | 62 |
| Building demolition expenses | 9 | — |
| Loss on liquidation of business | 23 | — |
| Loss on liquidation of subsidiaries | 33 | — |
| Total extraordinary losses | 634 | 644 |
| Net income before income taxes | 2,000 | 2,229 |
| Income taxes — current | 946 | 775 |
| Income taxes — deferred | (95) | 152 |
| Total income taxes | 851 | 928 |
| Net income | 1,149 | 1,300 |
| Profit attributable to owners of parent | 1,149 | 1,300 |

Consolidated Statements of Comprehensive Income

(Millions of yen)

| | Fiscal 2022 (March 1, 2022 to February 28, 2023) | Fiscal 2023 (March 1, 2023 to February 29, 2024) |
|---|--|--|
| Income before minority interests | 1,149 | 1,300 |
| Other comprehensive income | | |
| Other valuation difference on available-for-sale securities | (3,966) | 805 |
| Deferred gains or losses on hedges | (7) | 8 |
| Foreign currency translation adjustments | 1 | (2) |
| Remeasurements of defined benefit plans, net of tax | (105) | 57 |
| Total other comprehensive income | (4,078) | 867 |
| Comprehensive income | (2,928) | 2,168 |
| Comprehensive income attributable to | | |
| Comprehensive income attributable to owners of the parent | (2,928) | 2,168 |

(3) Consolidated Statements of Changes in Net Assets
Fiscal 2022 (March 1, 2022 to February 28, 2023)

(Millions of yen unless otherwise stated)

| | Shareholders' equity | | | | |
|---|----------------------|-----------------|-------------------|----------------|----------------------------|
| | Common stock | Capital surplus | Retained earnings | Treasury stock | Total shareholders' equity |
| Balance at the end of previous period | 2,486 | 7,196 | 31,707 | (6,175) | 35,215 |
| Cumulative effects of changes in accounting policies | | | (13) | | (13) |
| Restated balance | 2,486 | 7,196 | 31,694 | (6,175) | 35,202 |
| Changes of items during the period | | | | | |
| Dividends from surplus | | | (1,786) | | (1,786) |
| Profit attributable to owners of parent | | | 1,149 | | 1,149 |
| Purchase of treasury shares | | | | (42) | (42) |
| Disposal of treasury shares | | (7) | | 68 | 61 |
| Net changes in items excluding shareholders' equity during the period | | | | | |
| Total | — | (7) | (637) | 26 | (617) |
| Balance at the end of current period | 2,486 | 7,189 | 31,056 | (6,148) | 34,584 |

| | Accumulated other comprehensive income | | | | | | Subscription rights to shares | Total net assets |
|---|---|------------------------------------|------------------------------|--|---|--|-------------------------------|------------------|
| | Valuation difference on available-for-sale securities | Deferred gains or losses on hedges | Revaluation reserve for land | Foreign currency translation adjustments | Remeasurements of defined benefit plans | Total accumulated other comprehensive income | | |
| Balance at the end of previous period | 8,018 | 8 | (233) | 1 | (117) | 7,677 | 24 | 42,917 |
| Cumulative effects of changes in accounting policies | | | | | | | | (13) |
| Restated balance | 8,018 | 8 | (233) | 1 | (117) | 7,677 | 24 | 42,904 |
| Changes of items during the period | | | | | | | | |
| Dividends from surplus | | | | | | | | (1,786) |
| Profit attributable to owners of parent | | | | | | | | 1,149 |
| Purchase of treasury shares | | | | | | | | (42) |
| Disposal of treasury shares | | | | | | | | 61 |
| Net changes in items excluding shareholders' equity during the period | (3,966) | (7) | — | 1 | (105) | (4,078) | 5 | (4,072) |
| Total | (3,966) | (7) | — | 1 | (105) | (4,078) | 5 | (4,690) |
| Balance at the end of current period | 4,052 | 0 | (233) | 2 | (222) | 3,599 | 30 | 38,214 |

Fiscal 2023 (March 1, 2023 to February 29, 2024)

(Millions of yen unless otherwise stated)

| | Shareholders' equity | | | | |
|---|----------------------|-----------------|-------------------|----------------|----------------------------|
| | Common stock | Capital surplus | Retained earnings | Treasury stock | Total shareholders' equity |
| Balance at the end of previous period | 2,486 | 7,189 | 31,056 | (6,148) | 34,584 |
| Changes of items during the period | | | | | |
| Dividends from surplus | | | (1,789) | | (1,789) |
| Profit attributable to owners of parent | | | 1,300 | | 1,300 |
| Purchase of treasury shares | | | | (64) | (64) |
| Disposal of treasury shares | | (10) | | 89 | 78 |
| Net changes in items excluding shareholders' equity during the period | | | | | |
| Total | — | (10) | (488) | 24 | (474) |
| Balance at the end of current period | 2,486 | 7,178 | 30,567 | (6,123) | 34,109 |

| | Accumulated other comprehensive income | | | | | | Subscrip-tion rights to shares | Total net assets |
|---|---|------------------------------------|------------------------------|--|---|--|--------------------------------|------------------|
| | Valuation difference on available-for-sale securities | Deferred gains or losses on hedges | Revaluation reserve for land | Foreign currency translation adjustments | Remeasurements of defined benefit plans | Total accumulated other comprehensive income | | |
| Balance at the end of previous period | 4,052 | 0 | (233) | 2 | (222) | 3,599 | 30 | 38,214 |
| Changes of items during the period | | | | | | | | |
| Dividends from surplus | | | | | | | | (1,789) |
| Profit attributable to owners of parent | | | | | | | | 1,300 |
| Purchase of treasury shares | | | | | | | | (64) |
| Disposal of treasury shares | | | | | | | | 78 |
| Net changes in items excluding shareholders' equity during the period | 805 | 8 | — | (2) | 57 | 867 | (11) | 856 |
| Total | 805 | 8 | — | (2) | 57 | 867 | (11) | 381 |
| Balance at the end of current period | 4,857 | 8 | (233) | — | (165) | 4,467 | 18 | 38,596 |

(4) Consolidated Statements of Cash Flows

(Millions of yen)

| | Fiscal 2022 (March 1, 2022 to February 28, 2023) | Fiscal 2023 (March 1, 2023 to February 29, 2024) |
|--|--|--|
| Cash Flows from Operating Activities: | | |
| Net Income before income taxes | 2,000 | 2,229 |
| Depreciation and amortization | 770 | 695 |
| Impairment loss | 542 | 581 |
| Amortization of goodwill | 496 | 496 |
| Increase (decrease) in allowance for doubtful accounts | (2) | 0 |
| Increase (decrease) in provision for bonuses | 43 | 30 |
| Loss on liquidation of business | 23 | — |
| Subsidy income | (1) | — |
| Increase (decrease) in net defined benefit liability | (32) | (12) |
| Increase (decrease) in other provision | 60 | 73 |
| Interest and dividends income | (310) | (373) |
| Interest expenses | 1 | 1 |
| Foreign exchange losses (gains) | 0 | (0) |
| Loss (gain) on sales of investment securities | (293) | (358) |
| Decrease (increase) in notes and accounts receivable — trade | (427) | (29) |
| Decrease (increase) in inventories | 340 | (218) |
| Increase (decrease) in notes and accounts payable — trade | (137) | 289 |
| Increase (decrease) in accrued consumption taxes | 100 | (85) |
| Increase (decrease) in advances received | (101) | (187) |
| Increase (decrease) in accounts payable - other | 70 | 126 |
| Decrease (increase) in other assets | (74) | 279 |
| Increase (decrease) in other liabilities | 157 | (7) |
| Subtotal | 3,226 | 3,530 |
| Interest and dividends income received | 310 | 377 |
| Interest expenses paid | (1) | (1) |
| Proceeds from subsidy income | 1 | — |
| Income taxes paid | (782) | (1,365) |
| Income taxes refund | 347 | 125 |
| Net cash provided by (used in) operating activities | 3,103 | 2,666 |

(Millions of yen)

| | Fiscal 2022 (March 1, 2022 to February 28, 2023) | Fiscal 2023 (March 1, 2023 to February 29, 2024) |
|--|--|--|
| Cash Flows from Investing Activities: | | |
| Purchase of property, plant and equipment | (842) | (875) |
| Proceeds from sales of property, plant and equipment | 2 | — |
| Purchase of intangible assets | (176) | (208) |
| Purchase of investment securities | (2,007) | (1,527) |
| Proceeds from sales of investment securities | 864 | 475 |
| Proceeds from redemption of investment securities | — | 1,500 |
| Collection of long-term loans receivable | 0 | 0 |
| Long-term loan advances | — | (1) |
| Purchase of long-term prepaid expenses | (18) | (54) |
| Other payments | (311) | (547) |
| Other proceeds | 118 | 134 |
| Net cash provided by (used in) investing activities | (2,371) | (1,103) |
| Cash Flows from Financing Activities: | | |
| Purchase of treasury stock | (0) | (0) |
| Proceeds from sales of treasury stock | — | 12 |
| Cash dividends paid | (1,786) | (1,789) |
| Other payments | (47) | (15) |
| Net cash provided by (used in) financing activities | (1,834) | (1,791) |
| Effect of exchange rate change on cash and cash equivalents | 1 | 0 |
| Net increase (decrease) in cash and cash equivalents | (1,100) | (228) |
| Cash and cash equivalents at beginning of period | 2,900 | 1,799 |
| Cash and cash equivalents at end of period | 1,799 | 1,570 |

(5) Notes to Consolidated Financial Statements

(Notes Regarding Going Concern Assumptions)

Not applicable

(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 ¥255 million, for 132,170 shares at the end of the subject consolidated fiscal year.

(Segment Information)

1. Overview of Reporting Segments

The Group's reporting segments are regularly reviewed by the Board of Directors using the segregated financial information available within each segment to determine the allocation of management resources and evaluate business results.

Based on the major products handled, the YONDOSHI HOLDINGS Group has identified the Jewelry Business and the Apparel Business as its two reporting segments.

(1) Jewelry Business

F.D.C. Products Inc. and its subsidiary companies engage in the comprehensive development of brand businesses. This includes the design, manufacture and sale of various products focusing mainly on jewelry. The F.D.C. Products Group's principal brands include 4°C, Canal4°C, and EAUDOUCE4°C.

(2) Apparel Business

AS'TY Inc. and its subsidiary companies engage in apparel business development activities. Responsible for the manufacturing and apparel functions that draw on its design and marketing capabilities, the AS'TY Group maintains an overseas production network in such countries as China, Bangladesh and Vietnam while marketing products mainly through major apparel outlets, specialty stores and general merchandise stores. age Co., Ltd. is active in the retail business focusing mainly on women's clothes, fashion accessories and practical clothing. The company's is largely undertaken in Western Japan.

2. Calculation Methods for Net Sales, Profit and Loss, Assets, Liabilities and Other Items by Reporting Segment

The accounting treatment methods for reporting segments are generally the same as those adopted for preparing consolidated financial statements. Profits for reporting segments are operating income amounts. Intra-segment sales and transfers are based on current market prices.

3. Information Regarding Net Sales, Profit and Loss, Assets, Liabilities and Other Items by Reporting Segment

Fiscal 2022 the Fiscal Year Ended February 28, 2023 (March 1, 2022 to February 28, 2023)

(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 | 18,514 | 20,084 | 38,598 | — | 38,598 |
| Other revenue (Note 3) | 73 | 837 | 910 | — | 910 |
| Net sales to outside customers | 18,587 | 20,921 | 39,508 | — | 39,508 |
| Intra-segment net sales and transfers | 0 | 150 | 150 | (150) | — |
| Total | 18,587 | 21,072 | 39,659 | (150) | 39,508 |
| Segment income | 1,356 | 942 | 2,298 | (319) | 1,979 |
| Segment assets | 23,617 | 27,833 | 51,451 | 1,239 | 50,211 |
| Other items | | | | | |
| Depreciation | 396 | 352 | 748 | 21 | 770 |
| Increase in property, plant and equipment and intangible assets | 559 | 394 | 954 | 14 | 968 |

Notes:

- (1) The adjustment amount of minus ¥319 million for segment income mainly includes amortization of goodwill totaling minus ¥496 million, general administrative expenses that are not attributable to individual reporting segments amounting to minus ¥482 million and eliminations of inter-segment transactions of ¥659 million.
- (2) The adjustment amount of minus ¥1,239 million for segment assets is mainly comprised of an inter-segment offset amount totaling minus ¥13,867 million, corporate assets of ¥10,890 million and the balance of unamortized goodwill of ¥1,737 million that are not allocated to each reporting segment. Meanwhile, corporate assets are primarily made up of surplus operating funds (cash and deposits) that are not attributable to individual reporting segments.

- (3) The adjustment amount of ¥21 million for depreciation and amortization relates to corporate assets that are not attributable to individual reporting segments.
- (4) The adjustment amount of tangible and intangible asset increase of ¥14 million relates to corporate assets that are not attributable to individual reporting segments.
2. Segment income matches operating income recorded on the consolidated statements of income.
3. “Other revenue” is real estate lease revenue.

Fiscal 2023 the Fiscal Year Ended February 29, 2024 (March 1, 2023 to February 29, 2024)

(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 | 16,922 | 21,598 | 38,520 | — | 38,520 |
| Other revenue (Note 3) | 73 | 864 | 937 | — | 937 |
| Net sales to outside customers | 16,995 | 22,462 | 39,457 | — | 39,457 |
| Intrasegment net sales and transfers | 0 | 122 | 122 | (122) | — |
| Total | 19,995 | 22,585 | 39,580 | (122) | 39,457 |
| Segment income | 1,426 | 1,046 | 2,472 | (375) | 2,096 |
| Segment assets | 23,092 | 29,491 | 52,583 | (1,940) | 50,643 |
| Other items | | | | | |
| Depreciation | 317 | 361 | 679 | 15 | 695 |
| Increase in property, plant and equipment and intangible assets | 606 | 516 | 1,123 | 0 | 1,124 |

Notes:

1. (1) The adjustment amount of minus ¥375 million for segment income mainly includes amortization of goodwill totaling minus ¥496 million, general administrative expenses that are not attributable to individual reporting segments amounting to minus ¥478 million and eliminations of inter-segment transactions of ¥598 million.
- (2) The adjustment amount of minus ¥1,940 million for segment assets is mainly comprised of an inter-segment offset amount totaling minus ¥14,463 million, corporate assets of ¥11,282 million and the balance of unamortized goodwill of ¥1,241 million that are not allocated to each reporting segment. Meanwhile, corporate assets are primarily made up of surplus operating funds (cash and deposits) that are not attributable to individual reporting segments.
- (3) The adjustment amount of ¥15 million for depreciation and amortization relates to corporate assets that are not attributable to individual reporting segments.
- (4) The adjustment amount of tangible and intangible asset increase of ¥0 million relates to corporate assets that are not attributable to individual reporting segments.
2. Segment income matches operating income recorded on the consolidated statements of income.
3. “Other revenue” is real estate lease revenue.

(Related Information)

Fiscal 2022, the Fiscal Year Ended February 28, 2023 (March 1, 2022 to February 28, 2023)

1. Product and Service Information

As the same information is disclosed in the Segment Information, product and service information has been omitted.

2. Geographical Segment Information

i. Net sales

As the total of net sales to outside customers based in Japan of all business segments represented over 90% of the Company’s total net sales in the consolidated statements of income, geographical information has been omitted.

ii. Property, plant and equipment

As the total of property, plant and equipment based in Japan of all business segments represented over 90% of the Company’s property, plant and equipment in the consolidated balance sheets, geographical information has been omitted.

3. Information by Major Customer

This information has been omitted because there are no specific customers to whom sales exceed 10% or more of the total operating revenues posted in the consolidated statement of income.

Fiscal 2023, the Fiscal Year Ended February 29, 2024 (March 1, 2023 to February 29, 2024)

1. Product and Service Information

As the same information is disclosed in the Segment Information, product and service information has been omitted.

2. Geographical Segment Information

i. Net sales

As the total of net sales to outside customers based in Japan of all business segments represented over 90% of the Company's total net sales in the consolidated statements of income, geographical information has been omitted.

ii. Property, plant and equipment

As the total of property, plant and equipment based in Japan of all business segments represented over 90% of the Company's property, plant and equipment in the consolidated balance sheets, geographical information has been omitted.

3. Information by Major Customer

This information has been omitted because there are no specific customers to whom sales exceed 10% or more of the total operating revenues posted in the consolidated statement of income.

(Information Concerning the Impairment loss of Noncurrent Assets by Reporting Segment)

Fiscal 2022, the Fiscal Year Ended February 28, 2023 (March 1, 2022 to February 28, 2023)

(Millions of yen)

| | Reporting Segments | | | Adjustment amount | Total |
|-----------------|--------------------|------------------|-------|-------------------|-------|
| | Jewelry Business | Apparel Business | Total | | |
| Impairment loss | 392 | 149 | 542 | — | 542 |

Fiscal 2023, the Fiscal Year Ended February 29, 2024 (March 1, 2023 to February 29, 2024)

(Millions of yen)

| | Reporting Segments | | | Adjustment amount | Total |
|-----------------|--------------------|------------------|-------|-------------------|-------|
| | Jewelry Business | Apparel Business | Total | | |
| Impairment loss | 239 | 341 | 581 | — | 581 |

(Information Concerning the Amount of Goodwill Amortized and the Balance of Unamortized Goodwill by Reporting Segment)

Fiscal 2022, the Fiscal Year Ended February 28, 2023 (March 1, 2022 to February 28, 2023)

There were no amounts of goodwill amortized or balance of unamortized goodwill allocated to reporting segments. The amounts of goodwill amortized and balance of unamortized goodwill not allocated to reporting segments were ¥496 million and ¥1,737 million, respectively. The amounts of goodwill amortized and balance of unamortized goodwill related to goodwill that arose at the time of stock exchange.

Fiscal 2023, the Fiscal Year Ended February 29, 2024 (March 1, 2023 to February 29, 2024)

There were no amounts of goodwill amortized or balance of unamortized goodwill allocated to reporting

segments. The amounts of goodwill amortized and balance of unamortized goodwill not allocated to reporting segments were ¥496 million and ¥1,241 million, respectively. The amounts of goodwill amortized and balance of unamortized goodwill related to goodwill that arose at the time of stock exchange.

(Information Concerning the Gain on Negative Goodwill by Reporting Segment)

Fiscal 2022, the Fiscal Year Ended February 28, 2023 (March 1, 2022 to February 28, 2023)

Not applicable.

Fiscal 2023, the Fiscal Year Ended February 29, 2024 (March 1, 2023 to February 29, 2024)

Not applicable.

(Matters Related to Revenue Recognition)

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

(Per Share Information)

(Yen)

| | Fiscal 2022 (March 1, 2022 to February 28, 2023) | Fiscal 2023 (March 1, 2023 to February 29, 2024) |
|----------------------|--|--|
| Net assets per share | 1,780.71 | 1,798.49 |
| Earnings per share | 53.61 | 60.65 |

Notes: 1. No statement is made regarding diluted per share net profit for the period because dilutive shares possessing a dilutive effect do not exist.

2. The basis for calculating earnings per share and net income per diluted share is presented as follows:

(Millions of yen unless otherwise stated)

| | Fiscal 2022 (March 1, 2022 to February 28, 2023) | Fiscal 2023 (March 1, 2023 to February 29, 2024) |
|--|--|--|
| Total earnings per share | | |
| Profit attributable to owners of parent | 1,149 | 1,300 |
| Amounts not applicable to ordinary shareholders | — | — |
| Profit attributable to owners of parent applicable to common stock | 1,149 | 1,300 |
| Average number of common shares (Shares) | 21,441,448 | 21,444,006 |

| | Fiscal 2022 (March 1, 2022 to February 28, 2023) | Fiscal 2023 (March 1, 2023 to February 29, 2024) |
|--|---|--|
| Description of the diluted shares not included in the calculation of net income per share adjusted for diluted shares due to their non-dilutive effect from the previous fiscal year | November 22, 2018 Board resolution The 11th issuance of new share subscription rights Common stock:34,500 shares | July 8, 2020 Board resolution The 13th issuance of new share subscription rights Common stock:16,500 shares |
| | November 22, 2018 Board resolution The 12th issuance of new share subscription rights Common stock:28,200 shares | July 8, 2020 Board resolution The 14th issuance of new share subscription rights Common stock:29,500 shares |
| | July 8, 2020 Board resolution The 13th issuance of new share subscription rights Common stock:21,000 shares | July 7, 2022 Board resolution The 15th issuance of new share subscription rights Common stock:24,000 shares |
| | July 8, 2020 Board resolution The 14th issuance of new share subscription rights Common stock:31,500 shares | July 7, 2022 Board resolution The 16th issuance of new share subscription rights Common stock:28,900 shares |
| | July 7, 2022 Board resolution The 15th issuance of new share subscription rights Common stock:24,000 shares | |
| | July 7, 2022 Board resolution The 16th issuance of new share subscription rights Common stock:28,900 shares | |

3. The basis for calculating net assets per share is presented as follows:

(Millions of yen unless otherwise stated)

| | Fiscal 2022 (March 1, 2022 to February 28, 2023) | Fiscal 2023 (March 1, 2023 to February 29, 2024) |
|--|--|--|
| Total net asset recorded on consolidated balance sheets | 38,214 | 38,596 |
| Deduction amount of total net asset recorded on consolidated balance sheets | 30 | 18 |
| Subscription rights to shares | (30) | (18) |
| Net assets applicable to common stock | 38,183 | 38,577 |
| Number of common stock utilized for the calculation of net assets per share (Shares) | 21,433,158 | 21,449,660 |

4. Company stock remaining in the Shares Grant Trust for Officers recorded as Treasury Stock in the Company's Shareholders' Equity is included in the number of treasury stock to be deducted when computing the average number of shares for the period for earnings per share calculation purposes as well as the number of treasury stock to be deducted from the total number of shares issued and outstanding as of the end of the period for net assets per share calculation purposes.

The number of treasury stock to be deducted when computing the average number of shares for the period for earnings per share calculation purposes was 89,308 shares for fiscal 2022 and 117,634 shares for fiscal 2023. The number of treasury stock to be deducted from the total number of shares issued and outstanding as of the end of the period for net assets per share calculation purposes was 97,170 shares for fiscal 2022 and 132,170 shares for fiscal 2023.

(Important Subsequent Events)

Not applicable