

CONSOLIDATED FINANCIAL REPORT (Japanese GAAP)
NINE-MONTH PERIOD OF THE FISCAL YEAR ENDING
FEBRUARY 28, 2018
(March 1, 2017 to November 30, 2017)

January 9, 2018

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

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Quarterly Securities Report filing date (planned): January 12, 2018

Supplemental materials prepared for quarterly financial results: No

Holding of quarterly financial results meeting: No

Dividend payment commencement date (planned): —

(Millions of yen rounded down)

1. Consolidated Operating Results for the Nine-Month Period of Fiscal 2017
(March 1, 2017 to November 30, 2017)

(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	%
FY2017 Nine-Month Period	33,834	(1.9)	3,487	(12.0)	4,445	(7.1)	3,332	7.4
FY2016 Nine-Month Period	34,477	(5.0)	3,965	17.5	4,784	24.8	3,103	35.5

Note: Comprehensive income 3Q FY2017: 4,018 million yen (16.4%)
 3Q FY2016: 3,451 million yen (32.8%)

	Net Income per Share	Net Income per Share after Dilution
	Yen	Yen
FY2017 Nine-Month Period	130.53	130.34
FY2016 Nine-Month Period	120.68	120.56

(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, 2017	66,044	51,723	78.2	2,014.42
February 28, 2017	62,420	49,074	78.4	1,920.55

(Reference)

Shareholders' equity: November 30, 2017: 51,614 million yen
 February 28, 2017: 48,959 million yen

2. Dividends

	Dividends per Share				
(Record Date)	End of 1Q	End of 2Q	End of 3Q	Year-end	Annual
	Yen	Yen	Yen	Yen	Yen
Fiscal 2016	—	25.00	—	25.00	50.00
Fiscal 2017	—	32.50	—		
Fiscal 2018 (Forecast)				32.50	65.00

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

3. Forecasts of Consolidated Operating Results for the Fiscal Year Ending February 28, 2018 (March 1, 2017 to February 28, 2018)

(% 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 28, 2018	48,500	(2.6)	6,150	(5.8)	7,650	(1.9)	5,550	11.8	217.39

Note: Revision to the most recently announced operating results forecast: Yes

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: No
- (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: No
 - 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:
November 30, 2017: 29,331,356 shares Feb. 28, 2017: 29,331,356 shares
 2. Total number of treasury stock as of the period-end:
November 30, 2017: 3,709,044 shares Feb. 28, 2017: 3,838,799 shares
 3. Average number of shares for the period (Cumulative total for the quarterly consolidated period)
FY2017 Nine-Month Period: 25,530,116 shares FY2016 Nine-Month Period: 25,719,874 shares

The number of recorded treasury stock is inclusive of 111,300 of the Company's shares held by the YONDOSHI HOLDINGS Group Employees' Shareholding Association Trust Account as of the end of the quarterly fiscal period.

The quarterly financial report is not subject to the quarterly review procedures.

Explanation concerning the Proper Use of Operating Results Forecasts and Other Relevant Specific Items

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 4.

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1. Qualitative Information on Business and Financial Results

(1) Explanation of Business Results

During the third quarter cumulative period of the fiscal year ending February 2018 (March 1, 2017 to November 30, 2017), the Japanese economy recovered at a moderate pace owing to improvement in corporate earnings and employment conditions, while overseas the outlook remained turbid as a result of such factors as political instability and rising geopolitical risk.

In the retail industry, business conditions remained unstable amid persistent budget-consciousness arising from uncertainty about the future, despite indications of improved personal consumption together with inbound demand.

Under these circumstances, during the fiscal year ending February 2018, the final year of the fourth medium-term management plan, the YONDOSHI HOLDINGS Group continued to cultivate human resources, bolster product capabilities, and assess market trends, with the aim of becoming a century-old company and brand. Further, we implemented CSR-based 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 ¥33,834 million (down 1.9% from the same period of the previous fiscal year), with operating income of ¥3,487 million (down 12.0% YoY), ordinary income of ¥4,445 million (down 7.1% YoY), and profit attributable to owners of parent of ¥3,332 million (up 7.4% YoY).

Operating results by business segment were as follows.

Jewelry Business

The F.D.C. Products Group posted a revenue decline year on year as bridal jewelry sales fell short of expectations. The 4°C BRIDAL brand, pursuing independence as a specialty shop, is moving forward with large-scale product development, and expanding the scope of its promotional measures.

As a result, net sales in the Jewelry Business segment for the subject period amounted to ¥20,832 million (down 4.7% YoY), with operating income of ¥3,054 million (down 12.7% YoY).

Apparel Business

The AS'TY Group strengthened measures with major clients utilizing its product planning capabilities and overseas production framework. Revenue increased from the same period of the previous fiscal year, though operating income declined. Retailer age Co., Ltd. achieved positive returns from expanded openings of new locations for its mainstay everyday fashion brand PALETTE, along with measures to strengthen sales promotions.

As a result, net sales in the Apparel Business segment for the subject period amounted to ¥13,002 million (up 3.0% YoY), with operating income of ¥491 million (down 9.2% YoY).

(2) Explanation of Financial Condition

Total assets at the end of the subject third quarter cumulative period (November 30, 2017) amounted to ¥66,044 million, an increase of ¥3,623 million compared with the end of the previous fiscal year (February 28, 2017). This was due mainly to increases of ¥2,454 million in merchandise and finished goods, and ¥1,770 million in investment securities. Total liabilities amounted to ¥14,321 million, an increase of ¥974 million compared with the end of the previous fiscal year. This was due mainly to an increase of ¥1,665 million in notes and accounts payable—trade; against a decrease of ¥1,021 million in income taxes payable. Total net assets at the end of the subject fiscal year amounted to ¥51,723 million, an increase of ¥2,649 million compared with the end of the previous fiscal year.

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

For matters relating to full-year forecasts for the fiscal year ending February 28, 2018, see “Notice Concerning Revisions to Forecasts of Consolidated Operating Results for the Fiscal Year Ending February 28, 2018” released today (January 9, 2018).

2. Consolidated Quarterly Financial Statements

(1) Consolidated Quarterly Balance Sheets

	(Thousands of yen)	
	End of the Fiscal Year Ended February 28, 2017 (As of February 28, 2017)	End of the Third Quarter of the Fiscal Year Ending February 28, 2018 (As of November 30, 2017)
ASSETS		
Current assets:		
Cash and deposits	2,088,219	2,183,482
Notes and accounts receivable — trade	3,137,084	3,915,666
Short-term investment securities	3,200,000	2,250,000
Merchandise and finished goods	7,453,776	9,908,714
Work in process	844,796	590,064
Raw materials and supplies	703,247	521,405
Other current assets	1,139,152	1,249,983
Allowance for doubtful accounts	(2,357)	(2,854)
Total current assets	18,563,921	20,616,460
Noncurrent assets:		
Property, plant and equipment:		
Buildings and structures, net	5,682,408	6,122,948
Land	5,492,215	5,492,215
Other, net	951,801	887,596
Total property, plant and equipment	12,126,426	12,502,761
Intangible assets:		
Goodwill	4,716,796	4,344,417
Other intangible assets	213,275	138,578
Total intangible assets	4,930,072	4,482,996
Investments and other assets:		
Investment securities	22,248,070	24,019,002
Net defined benefit asset	520,200	550,593
Other	4,140,338	3,981,008
Allowance for doubtful accounts	(108,150)	(108,087)
Total investments and other assets	26,800,458	28,442,517
Total noncurrent assets	43,856,957	45,428,274
Total assets	62,420,878	66,044,735

	(Thousands of yen)	
	End of the Fiscal Year Ended February 28, 2017 (As of February 28, 2017)	End of the Third Quarter of the Fiscal Year Ending February 28, 2018 (As of November 30, 2017)
LIABILITIES		
Current liabilities:		
Notes and accounts payable — trade	3,955,932	5,620,967
Income taxes payable	1,141,834	120,230
Provision for bonuses	351,451	483,933
Provision for directors' bonuses	65,050	45,601
Asset retirement obligations	1,000	32,073
Other	3,176,938	3,267,699
Total current liabilities	8,692,207	9,570,504
Noncurrent liabilities:		
Long-term loans payable	378,940	324,660
Provision for directors' retirement benefits	378,418	401,878
Net defined benefit liability	573,336	580,228
Asset retirement obligations	993,306	1,014,548
Other	2,330,212	2,429,246
Total noncurrent liabilities	4,564,214	4,750,561
Total liabilities	13,346,422	14,321,066
NET ASSETS		
Shareholders' equity:		
Capital stock	2,486,520	2,846,520
Capital surplus	18,145,727	18,164,393
Retained earnings	33,727,198	35,542,976
Treasury stock	(6,510,635)	(6,377,223)
Total shareholders' equity	47,848,810	49,816,666
Other accumulated comprehensive income:		
Valuation difference on available-for-sale securities	1,336,181	1,969,834
Deferred gains or losses on hedges	16,959	1,475
Revaluation reserve for land	(161,985)	(161,985)
Foreign currency translation adjustments	72,940	66,977
Remeasurements of defined benefit plans	(153,265)	(78,924)
Total other accumulated comprehensive income	1,110,829	1,797,377
Subscription rights to shares	114,815	109,625
Total net assets	49,074,456	51,723,669
Total liabilities and net assets	62,420,878	66,044,735

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

	(Thousands of yen)	
	Nine-Month Period of the Fiscal Year Ended February 28, 2017 (March 1, 2016 to November 30, 2016)	Nine-Month Period of the Fiscal Year Ending February 28, 2018 (March 1, 2017 to November 30, 2017)
Net sales	34,477,000	33,834,617
Cost of Sales	14,242,401	14,239,649
Gross profit	20,234,599	19,594,968
Selling, general and administrative expenses	16,269,321	16,106,995
Operating income	3,965,277	3,487,973
Non-operating income		
Interest income	13,509	15,842
Dividends received	57,739	57,997
Equity in earnings of affiliates	704,238	794,692
Rent of real estate for investment	54,855	54,855
Foreign exchange gains	—	17,802
Other	25,138	23,568
Total non-operating income	855,480	964,757
Non-operating expenses		
Interest expenses	182	137
Depreciation of real estate for investment	3,523	3,514
Management cost for real estate for investment	1,534	1,548
Commission for purchase of treasury shares	833	—
Foreign exchange losses	22,520	—
Other	8,120	1,775
Total non-operating expenses	36,715	6,975
Ordinary income	4,784,042	4,445,755
Extraordinary income		
Gain on change in equity	—	228,883
Settlement received	23,400	—
Total extraordinary income	23,400	228,883
Extraordinary loss		
Impairment loss	45,824	69,511
Loss on sales of shares of subsidiaries and associates	493,781	—
Loss on closing of stores	17,000	5,676
Loss on abandonment of inventories	13,658	—
Total extraordinary losses	570,264	75,187
Net income before income taxes	4,237,178	4,599,452
Income taxes — current	1,392,252	1,111,942
Income taxes — deferred	(258,982)	155,118
Total income taxes	1,133,270	1,267,061
Net income	3,103,907	3,332,390
Profit attributable to owners of parent	3,103,907	3,332,390

Consolidated Quarterly Statements of Comprehensive Income
Third Quarter Cumulative

	(Thousands of yen)	
	Nine-Month Period of the Fiscal Year Ended February 28, 2017 (March 1, 2016 to November 30, 2016)	Nine-Month Period of the Fiscal Year Ending February 28, 2018 (March 1, 2017 to November 30, 2017)
Income before minority interests	3,103,907	3,332,390
Other comprehensive income		
Other valuation difference on available-for-sale securities	214,488	496,701
Deferred gains or losses on hedges	70,303	(15,168)
Foreign currency translation adjustments	(45,649)	(5,963)
Remeasurements of defined benefit plans, net of tax	48,013	39,901
Revaluation reserve for land	(10,415)	—
Share of other comprehensive income of entities accounted for using equity method	70,833	171,076
Total other comprehensive income	347,575	686,547
Comprehensive income	3,451,483	4,018,938
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	3,451,483	4,018,938
Comprehensive income attributable to minority interests	—	—

(3) Notes to Consolidated Quarterly Financial Statements
(Notes Regarding Going Concern Assumptions)
Not applicable

(Notes Regarding Substantial Changes in Shareholders' Equity)
Not applicable

(Additional Information)

(Application of Revised Implementation Guidance on Recoverability of Deferred Tax Assets)
The Company has applied "Revised Implementation Guidance on Recoverability of Deferred Tax Assets" (Accounting Standards Board of Japan (ASBJ) Guidance No. 26, March 28, 2016), from the first quarter period of the subject fiscal year.

(Segment Information)

I The nine-month period of the fiscal year ended February 28, 2017
(March 1, 2016 to November 30, 2016)

1. Information Regarding Sales and Income or Loss by Reporting Segment

(Thousands 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					
Net sales to outside customers	21,856,236	12,620,763	34,477,000	—	34,477,000
Intrasegment net sales and transfers	21,400	690,777	712,177	(712,177)	—
Total	21,877,636	13,311,541	35,189,177	(712,177)	34,477,000
Segment income	3,500,634	540,577	4,041,211	(75,933)	3,965,277

Notes:

1. The adjustment amount of minus ¥75,933 thousand for segment income mainly includes corporate expenses that are not allocated to individual reporting segments. 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.

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 nine-month period of the fiscal year ending February 28, 2018
(March 1, 2017 to November 30, 2017)

1. Information Regarding Sales and Income or Loss by Reporting Segment

(Thousands 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					
Net sales to outside customers	20,832,506	13,002,111	33,834,617	—	33,834,617
Intrasegment net sales and transfers	1,023	697,185	698,208	(698,208)	—
Total	20,833,529	13,699,297	34,532,826	(698,208)	33,834,617
Segment income	3,054,929	491,048	3,545,977	(58,003)	3,487,973

Notes:

1. The adjustment amount of minus ¥58,003 thousand for segment income mainly includes corporate expenses that are not allocated to individual reporting segments. 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.

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.