



November 14, 2018

To Whom It May Concern

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Notice Concerning Higher Tax Expenses and Adjustments to the Business Results Forecast Coinciding with the Transfer of Shares in an Equity-method Related Affiliate

YONDOSHI HOLDINGS INC. ("the Company"), at its Board of Directors' meeting held on November 14, 2018, passed a resolution to transfer part of the shares (hereinafter, "the Share Transfer") in the Company's equity-method affiliate Fuji Co., Ltd. (Matsuyama, Ehime Prefecture, Executive Chairman and CEO, Hideo Ozaki, hereinafter, "Fuji") that are held by the Company's consolidate subsidiary AS'TY, Inc. (hereinafter, "AS'TY") to Aeon Co., Ltd. (Chiba, Chiba Prefecture, Group CEO, President, Representative Executive Officer & Director, Motoya Okada, hereinafter, "Aeon") by February 28, 2019.

This move is expected to result in higher tax expenses, which are detailed below along with the adjustments to the consolidated business results forecast for the period ending February 2019.

1. Reason for the Share Transfer

In working to become a highly reliable and trustworthy Group, the Company is executing medium- and long-term investments, and such, that are primarily focused on the core jewelry business. Aimed at connecting to earnings growth, these initiatives will work to further enhance corporate value.

As part of the Group's capital policy and under the agreement of both AS'TY and Aeon, the Company determined to transfer a part of the AS'TY held shares in Fuji to Aeon by February 28, 2019.

As a result, Fuji will no longer be an equity-method affiliate of the Company from the period ending February 2020.

2. Overview of the Company to Be Transferred

(1)	Name	Fuji Co., Ltd.
(2)	Address	1-2-1 Miyanishi, Matsuyama, Ehime Prefecture
(3)	Title and Name of the Representative	Executive Chairman and CEO, Hideo Ozaki
(4)	Description of business	Chain store business (retail sales of food, clothing, daily commodities, etc.)
(5)	Paid-in Capital	¥19,407,000,000 (as of August 31, 2018)
(6)	Date of Establishment	September 12, 1967
(7)	Major Shareholders and	AS'TY Inc. 20.83%

	Shareholding Ratio (as of August 31, 2018)	FUJI Mutual Benefit Society	6.37%	
		FUJI SHIN-EIKAI	3.82%	
		The Dai-ichi Life Insurance Company, Limited	3.31%	
		The Iyo Bank, Ltd.	3.04%	
		The Hiroshima Bank, Ltd.	3.04%	
		The Ehime Bank, Ltd.	3.04%	
		Japan Trustee Services Bank, Ltd. (Trust Account #4)	2.32%	
		Japan Trustee Services Bank, Ltd. (Trust Account)	1.89%	
		The Momiji Bank, Ltd.	1.71%	
(8)	Ties Between the Company and the Company to Be Transferred	Capital Ties	As a consolidated subsidiary of the Company, AS'TY holds 20.83% of the issued shares, and is the largest shareholder in the company to be transferred. The Company applies the equity-method when assessing the company to be transferred.	
		Personnel Ties	No relevant ties between the Company or the Company's consolidated subsidiaries, and the company to be transferred.	
		Business Ties	As a consolidated subsidiary of the Company, AS'TY is involved in outlet leasing transactions, and such, with the company to be transferred.	
		Standing of the Relevant Parties	The company to be transferred is an equity-method affiliate of the Company.	
(9)	Consolidated Operating Results and Consolidate Financial Status for the Most Recent Three Years for the Company to Be Transferred			
	Fiscal Year	Year Ended February 2016	Year Ended February 2017	Year Ended February 2018
	Consolidated Net Assets	¥65,271,000,000	¥70,667,000,000	¥84,357,000,000
	Consolidated Total Assets	¥157,550,000,000	¥158,589,000,000	¥160,362,000,000
	Consolidated Net Assets per Share	¥1,846.06	¥1,998.39	¥2,201.17
	Consolidated Sales	¥300,225,000,000	¥299,229,000,000	¥298,573,000,000
	Consolidated Operating Income	¥7,052,000,000	¥7,195,000,000	¥7,238,000,000
	Consolidated Ordinary Income	¥7,926,000,000	¥8,309,000,000	¥8,938,000,000
	Profit Attributable to Owners of Parent	¥3,550,000,000	¥4,812,000,000	¥5,602,000,000
	Consolidated Net Income Per Share	¥100.63	¥136.42	¥155.17
	Dividend Per Share	¥15	¥15	¥20

3. Overview of the Recipient of the Share Transfer

(1)	Name	Aeon Co., Ltd.	
(2)	Address	1-5-1 Nakase, Mihama-ku, Chiba, Chiba Prefecture	
(3)	Title and Name of the Representative	Group CEO, President, Representative Executive Officer & Director, Motoya Okada	
(4)	Description of Business	A holding company involved in administering the business activities of the company to be transferred through the ownership of shares and equity in retailers, developers, financial companies, services companies, and businesses related to these.	
(5)	Paid-in Capital	¥220,007,000,000 (as of August 31, 2018)	
(6)	Date of Establishment	September 21, 1926	
(7)	Consolidated Net Assets	¥1,916,737,000,000 (as of February 28, 2018)	
(8)	Consolidated Total Assets	¥9,452,756,000,000 (as of February 28, 2018)	
(9)	Major Shareholders and Shareholding Ratio (as of August 31, 2018)	The Master Trust Bank of Japan, Ltd. (trust account)	5.09%
		Mitsubishi Corporation	4.64%
		Mizuho Bank, Ltd.	3.82%
		Japan Trustee Services Bank, Ltd. (Trust Account)	3.82%
		AEON Environmental Foundation	2.47%
		The Cultural Foundation of Okada	2.42%
		The Norinchukin Bank	2.08%
		Japan Trustee Services Bank, Ltd. (Trust Account #5)	1.68%
		Employee's stockholding association	1.47%
	Aeon Mutual Benefit Society (Nomura Securities account)	1.37%	
(10)	Ties Between the Company and the Recipient of the Share Transfer	Capital Ties	No relevant ties between the Company or the Company's consolidated subsidiaries, and the recipient.
		Personnel Ties	No relevant ties between the Company or the Company's consolidated subsidiaries, and the recipient.
		Business Ties	No relevant ties between the Company or the Company's consolidated subsidiaries, and the recipient.
		Standing of the Relevant Parties	No relevant ties between the Company or the Company's consolidated subsidiaries, and the recipient.

4. Number of Shares Transferred and Status of Shares Held Before and After Transfer

(1)	Number of Shares Held Before Transfer	7,977,316 shares (Percentage of voting rights: 20.87%)
(2)	Number of Shares Transferred	3,637,300 shares
(3)	Transfer Value	¥7,725,000,000
(4)	Number of Shares Held After Transfer	4,340,016 shares (Percentage of voting rights: 11.35%)

5. Effect on Business Results

Coinciding with the Share Transfer, in the consolidated business results for the period ending February 2019, AS'TY will post a gain on sales of stocks of subsidiaries and affiliates, whereas the consolidated group expects to post a loss on sales of stocks of subsidiaries and affiliates as an extraordinary loss of approximately ¥300 million.

Moreover, the third-quarter consolidated business results for the period ending February 2019 are expected to generate tax expenses related to the Share Transfer of approximately ¥1.9 billion. As a result, profit attributable to owners of parent is expected to be affected and decline by approximately ¥2.2 billion. In response, the business results forecast has been adjusted.

Adjusted Consolidated Business Results Forecast for the Period Ending February 2019 (March 1, 2018 - February 28, 2019)

	Net sales	Operating Income	Ordinary Income	Profit attributable to owners of parent	Net Income Per Share
	million yen	million yen	million yen	million yen	Yen Sen
Previously Announced Forecast (A)	48,000	5,300	6,850	5,000	194.71
Current Adjusted Forecast (B)	48,000	5,300	6,850	2,800	109.04
Change in Value (B-A)	0	0	0	-2,200	
Rate of Change (%)	0.0	0.0	0.0	-44.0	
(Reference) Previous Period Results (Period ending February 2018)	48,060	6,102	7,562	5,293	206.80