

**CONSOLIDATED FINANCIAL REPORT (Japanese GAAP)
NINE-MONTH PERIOD OF THE FISCAL YEAR ENDING
FEBRUARY 28, 2019
(March 1, 2018 to November 30, 2018)**

January 8, 2019

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 11, 2019

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 2018
(March 1, 2018 to November 30, 2018)**

(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	%
FY2018 Nine-Month Period	33,237	(1.8)	3,001	(13.9)	3,805	(14.4)	814	(75.6)
FY2017 Nine-Month Period	33,834	(1.9)	3,487	(12.0)	4,445	(7.1)	3,332	7.4

Note: Comprehensive income FY2018 Nine-Month Period: 700 million yen (−82.6%)
FY2017 Nine-Month Period: 4,018 million yen (16.4%)

	Net Income per Share	Net Income per Share after Dilution
	Yen	Yen
FY2018 Nine-Month Period	31.71	31.70
FY2017 Nine-Month Period	130.53	130.34

(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, 2018	68,415	52,350	76.4	2,032.86
February 28, 2018	66,321	53,399	80.4	2,077.02

(Reference)

Shareholders' equity: November 30, 2018: 52,260 million yen
February 28, 2018: 53,299 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 2017	—	32.50	—	32.50	65.00
Fiscal 2018	—	37.50	—		
Fiscal 2018 (Forecast)				37.50	75.00

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

3. Forecasts of Consolidated Operating Results for the Fiscal Year Ending February 28, 2019 (March 1, 2018 to February 28, 2019)

(% 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, 2019	48,000	(0.1)	5,300	(13.2)	6,850	(9.4)	2,800	(47.1)	109.00

Note: Revision to the most recently announced operating results forecast: No

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, 2018: 29,331,356 shares Feb. 28, 2018: 29,331,356 shares
 2. Total number of treasury stock as of the period-end:
November 30, 2018: 3,623,753 shares Feb. 28, 2018: 3,669,847 shares
 3. Average number of shares for the period (Cumulative total for the quarterly consolidated period)
FY2018 Nine-Month Period: 25,687,725 shares FY2017 Nine-Month Period: 25,530,116 shares

The number of recorded treasury stock is inclusive of 74,800 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 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
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.

Contents

- 1. Qualitative Information on Business and Financial Results 4
 - (1) Explanation of Business Results 4
 - (2) Explanation of Financial Condition 4
 - (3) Explanation of Consolidated Results Forecasts and Other Future Predictions 4
- 2. Consolidated Quarterly Financial Statements 5
 - (1) Consolidated Quarterly Balance Sheets 5
 - (2) Consolidated Quarterly Statements of Income and Consolidated Quarterly Statements of Comprehensive Income 7
 - (3) Notes to Consolidated Quarterly Financial Statements 9
 - (Notes Regarding Going Concern Assumptions) 9
 - (Notes Regarding Substantial Changes in Shareholders' Equity) 9
 - (Additional Information) 9
 - (Segment Information) 11

1. Qualitative Information on Business and Financial Results

(1) Explanation of Business Results

During the third quarter cumulative period (March 1, 2018 to November 30, 2018) of the fiscal year ending February 28, 2019, the Japanese economy recovered at a moderate pace owing to improvement in corporate earnings and employment conditions, though the outlook remained clouded as a result of such factors as the impact that trade issues will have on the global economy.

In the retail industry, business conditions remained difficult as a result of a slowdown in consumer spending due to the impact from natural disasters, along with persistent budget-consciousness arising from uncertainty about the future.

Under these circumstances, during the fiscal year ending February 2019, the first year of the fifth 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, the Company pursued 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 ¥33,237 million (down 1.8% YoY), with operating income of ¥3,001 million (down 13.9% YoY), and ordinary income of ¥3,805 million (down 14.4% YoY). Profit attributable to owners of parent fell to ¥814 million (down 75.6% YoY), due mainly to the recording of ¥1,895 million in tax expense stemming from the conclusion of a contract to transfer shares of an affiliated company.

Operating results by business segment were as follows.

Jewelry Business

The F.D.C. Products Group posted a net sales decline year on year due to the length of time required for the recovery in bridal jewelry.

As a result, net sales in the Jewelry Business segment amounted to ¥19,599 million (down 5.9% YoY), with operating income of ¥2,587 million (down 15.3% YoY).

Apparel Business

The AS'TY Group achieved positive returns through its successful efforts to strengthen measures with major clients utilizing its planning capabilities and production framework. Retailer age Co., Ltd. achieved revenue gains over the same period of the previous fiscal year from expanded openings of new locations for its mainstay everyday fashion brand PALETTE, and measures to strengthen sales promotions.

As a result, net sales in the Apparel Business segment amounted to ¥13,638 million (up 4.9% YoY), with operating income of ¥557 million (up 13.6% YoY).

(2) Explanation of Financial Condition

Total assets at the end of the subject third quarter cumulative period (November 30, 2018) amounted to ¥68,415 million, an increase of ¥2,093 million from the end of the previous fiscal year (February 28, 2018). This was due mainly to increases of ¥2,027 million in merchandise and finished goods; and ¥846 million in investment securities. Total liabilities amounted to ¥16,064 million, an increase of ¥3,143 million. This was due mainly to an increase of ¥1,112 million in notes and accounts payable. Total net assets amounted to ¥52,350 million, a decrease of ¥1,049 million.

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

Earnings forecasts are unchanged from those announced on November 14, 2018.

2. Consolidated Quarterly Financial Statements

(1) Consolidated Quarterly Balance Sheets

(Thousands of yen)

	End of the Fiscal Year Ended February 28, 2018 (As of February 28, 2018)	End of the Third Quarter of the Fiscal Year Ending February 28, 2019 (As of November 30, 2018)
ASSETS		
Current assets:		
Cash and deposits	2,076,174	1,006,964
Notes and accounts receivable — trade	3,061,207	3,927,918
Short-term investment securities	3,950,000	500,000
Merchandise and finished goods	8,332,336	10,359,365
Work in process	507,681	627,002
Raw materials and supplies	633,136	871,680
Other current assets	988,864	3,902,637
Allowance for doubtful accounts	(2,686)	(3,791)
Total current assets	19,546,714	21,191,778
Noncurrent assets:		
Property, plant and equipment:		
Buildings and structures, net	5,918,332	5,743,341
Land	5,492,215	5,492,215
Other, net	806,838	755,952
Total property, plant and equipment	12,217,387	11,991,509
Intangible assets:		
Goodwill	4,220,291	3,847,912
Other intangible assets	122,038	218,081
Total intangible assets	4,342,329	4,065,994
Investments and other assets:		
Investment securities	25,768,779	26,614,888
Net defined benefit asset	656,629	689,087
Other	3,896,453	3,960,787
Allowance for doubtful accounts	(107,030)	(98,934)
Total investments and other assets	30,214,831	31,165,827
Total noncurrent assets	46,774,548	47,223,331
Total assets	66,321,262	68,415,109

(Thousands of yen)

	End of the Fiscal Year Ended February 28, 2018 (As of February 28, 2018)	End of the Third Quarter of the Fiscal Year Ending February 28, 2019 (As of November 30, 2018)
LIABILITIES		
Current liabilities:		
Notes and accounts payable — trade	4,077,362	5,189,678
Income taxes payable	856,205	369,331
Provision for bonuses	251,351	421,337
Provision for directors' bonuses	13,300	42,594
Asset retirement obligations	34,406	500
Other	2,806,317	3,469,401
Total current liabilities	8,038,943	9,492,842
Noncurrent liabilities:		
Long-term loans payable	277,470	219,880
Provision for directors' retirement benefits	416,528	—
Provision for directors' stock benefits	—	28,752
Net defined benefit liability	568,010	554,443
Asset retirement obligations	1,012,744	1,033,185
Other	2,608,056	4,735,734
Total noncurrent liabilities	4,882,809	6,571,996
Total liabilities	12,921,753	16,064,839
NET ASSETS		
Shareholders' equity:		
Capital stock	2,486,520	2,846,520
Capital surplus	18,182,008	18,181,495
Retained earnings	37,503,586	36,466,468
Treasury stock	(6,310,953)	(6,198,792)
Total shareholders' equity	51,861,161	50,935,692
Other accumulated comprehensive income:		
Valuation difference on available-for-sale securities	1,425,917	1,259,321
Deferred gains or losses on hedges	(20,418)	3,426
Revaluation reserve for land	(161,985)	(161,985)
Foreign currency translation adjustments	78,638	65,897
Remeasurements of defined benefit plans	116,129	157,706
Total other accumulated comprehensive income	1,438,281	1,324,366
Subscription rights to shares	100,066	90,211
Total net assets	53,399,509	52,350,269
Total liabilities and net assets	66,321,262	68,415,109

(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, 2018 (March 1, 2017 to November 30, 2017)	Nine-Month Period of the Fiscal Year Ending February 28, 2019 (March 1, 2018 to November 30, 2018)
Net sales	33,834,617	33,237,985
Cost of Sales	14,239,649	14,194,601
Gross profit	19,594,968	19,043,384
Selling, general and administrative expenses	16,106,995	16,041,580
Operating income	3,487,973	3,001,803
Non-operating income		
Interest income	15,842	33,093
Dividends received	57,997	60,036
Equity in earnings of affiliates	794,692	658,118
Rent of real estate for investment	54,855	54,855
Foreign exchange gains	17,802	16,290
Other	23,568	44,715
Total non-operating income	964,757	867,107
Non-operating expenses		
Interest expenses	137	151
Depreciation of real estate for investment	3,514	3,509
Management cost for real estate for investment	1,548	1,461
Loss on valuation of derivatives	—	54,559
Other	1,775	3,690
Total non-operating expenses	6,975	63,372
Ordinary income	4,445,755	3,805,539
Extraordinary income		
Gain on change in equity	228,883	—
Gain on sales of investment securities	—	244,841
Total extraordinary income	228,883	244,841
Extraordinary loss		
Impairment loss	69,511	136,737
Loss on closing of stores	5,676	8,429
Total extraordinary losses	75,187	145,167
Net income before income taxes	4,599,452	3,905,213
Income taxes — current	1,111,942	1,286,172
Income taxes — deferred	155,118	1,804,528
Total income taxes	1,267,061	3,090,701
Net income	3,332,390	814,511
Profit attributable to owners of parent	3,332,390	814,511

Consolidated Quarterly Statements of Comprehensive Income
Third Quarter Cumulative

(Thousands of yen)

	Nine-Month Period of the Fiscal Year Ended February 28, 2018 (March 1, 2017 to November 30, 2017)	Nine-Month Period of the Fiscal Year Ending February 28, 2019 (March 1, 2018 to November 30, 2018)
Income before minority interests	3,332,390	814,511
Other comprehensive income		
Other valuation difference on available-for-sale securities	496,701	(467,844)
Deferred gains or losses on hedges	(15,168)	23,844
Foreign currency translation adjustments	(5,963)	(12,740)
Remeasurements of defined benefit plans, net of tax	39,901	29,899
Share of other comprehensive income of entities accounted for using equity method	171,076	312,926
Total other comprehensive income	686,547	(113,914)
Comprehensive income	4,018,938	700,596
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	4,018,938	700,596
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)

(Transactions to Provide Company Stock to Employees through a Trust)

The Company has introduced an employee stock ownership plan trust ("ESOP trust") as an incentive to employees to increase medium- to long-term corporate value, conducting transactions to provide Company stock to employees' shareholding association through a trust.

i. Transaction summary

The Company established a trust with the beneficiaries as employees who participate in the YONDOSHI HOLDINGS Employees' Shareholding Association ("the Shareholding Association") and satisfy certain requirements. The trust acquires Company stock in an amount expected to be procured by the Shareholding Association over a five-year period, and sells the shares to the Shareholding Association on a fixed date each month. When the trust is concluded, if the trust has earned a profit from a rise in the share price, the funds are distributed to the employee beneficiaries in proportion to their contribution. If a loss is incurred due to a decline in the share price, and debt pertaining to the trust property remains, in accordance with the guarantee article in the loan agreement the Company will discharge the entire debt to the bank, with no additional burden placed on employees.

ii. Matters concerning the Company's stock held in the trust

Company stock remaining in the trust is recorded as treasury shares under net assets at book value to the trust (excluding ancillary expenses). At the end of the subject fiscal year, the book value of the subject treasury shares was ¥277,662 thousand, for 100,600 shares at the end of the previous consolidated fiscal year, and ¥206,452 thousand, for 74,800 shares at the end of the third quarter of the subject consolidated fiscal year.

iii. Book value of debt recorded through application of the gross method

At the end of the previous consolidated fiscal year: ¥277,470 thousand

At the end of the third quarter of the subject consolidated fiscal year: ¥219,880 thousand

(Elimination of the Retirement Bonuses for Directors Program)

The Company, at the 68th annual shareholders meeting held on May 17, 2018, decided to make a final payment of retirement bonuses associated with the elimination of the retirement bonuses for directors program. Accordingly, the entire amount of the "Provision for directors' retirement benefits" was reversed, and the ¥325,058,000 unpaid portion of the final payment shown in the "Other" item of noncurrent liabilities as "Long-term accounts payable – other."

(Stock Compensation Plan for Directors)

The Company, at its 68th annual shareholders meeting held on May 17, 2018, decided to introduce 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.

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. Matters concerning the Company's stock held in the trust

As of the end of the subject third quarter cumulative period, the trust had not acquired any shares.

(Sale of Shares in an Equity-method Affiliate)

The Company, at its Board of Directors meeting held on November 14, 2018, passed a resolution to transfer part of the shares in the Company's equity-method affiliate Fuji Co., Ltd. that are held by the Company's consolidate subsidiary AS'TY, Inc. to Aeon Co., Ltd. by February 28, 2019. A share transfer agreement was concluded the same day. As a result, Fuji will no longer be an equity-method affiliate of the Company.

i. Reason for the Share Sale

The Company decided to sell the subject shares as part of the capital policy of the YONDOSHI HOLDINGS Group.

ii. Overview of the Equity-method Affiliate Sold

(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

iii. 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.

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

(1) Number of Shares Held Before Transfer	7,977,316 shares
(2) Number of Shares Transferred	3,637,300 shares
(3) Transfer Value	¥7,725,625,000
(4) Number of Shares Held After Transfer	4,340,016 shares

(Repurchase of the Company's Own Shares)

The Company, at its Board of Directors meeting held on November 22, 2018, decided to acquire its own shares pursuant to the provisions of Article 156 of the Companies Act applied by replacing the terms and phrases pursuant to the provisions of Article 165-3 of said Act. The Board further decided that the specific method of acquisition would be a tender offer for the Company's shares. The acquisition was executed as follows.

i. Reasons for repurchasing the Company's own shares

The Company will conduct the share buyback in order to improve capital efficiency and exercise agile capital policies corresponding to changes in the business environment.

ii. Details of the Resolution by the Board of Directors

(1) Class of shares to be repurchased	YONDOSHI HOLDINGS' common shares
(2) Total number of shares to be repurchased	Up to a maximum of 3,500,100 shares
(3) Total value of shares repurchased	Up to a maximum of ¥7,693,219 thousand
(4) Period for acquisition	From November 26, 2018 to February 5, 2019

iii. Overview of the Tender Offer for the Company's Shares

(1) Prescribed number of shares for purchase	3,500,000 shares
(2) Price for the purchases	¥2,198 per common share
(3) Period of the purchases	From November 26, 2018 to December 21, 2018
(4) Commencement date of settlement	January 22, 2019

iv. Result of the Tender Offer for the Company's Shares

(1) Total number of shares subscribed	3,253,733 shares
(2) Total number of shares acquired	3,253,733 shares
(3) Total value of shares repurchased	¥7,151,705 thousand

(Segment Information)

**I The nine-month period of the fiscal year ended 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.

**II The nine-month period of the fiscal year ending February 28, 2019
(March 1, 2018 to November 30, 2018)**

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	19,599,585	13,638,399	33,237,985	—	33,237,985
Intrasegment net sales and transfers	709	685,276	685,985	(685,985)	—
Total	19,600,295	14,323,676	33,923,971	(685,985)	33,237,985
Segment income	2,587,417	557,958	3,145,375	(143,572)	3,001,803

Notes:

1. The adjustment amount of minus ¥143,572 thousand for segment income mainly includes amortization of goodwill totaling minus ¥372,378 thousand, corporate expenses that are not attributable to individual reporting segments amounting to minus ¥405,401 thousand and elimination of inter-segment transactions of ¥634,207 thousand. 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

(Major Impairment Loss Relating to Fixed Assets)

An impairment loss relating to fixed assets was posted in the Jewelry Business segment. The posted value of this impairment loss during the third quarter of the fiscal year under review was ¥110,528 thousand.