

CONSOLIDATED FINANCIAL REPORT (Japanese GAAP)
FIRST QUARTER OF THE FISCAL YEAR ENDING
FEBRUARY 28, 2022
(March 1, 2021 to May 31, 2021)

July 7, 2021

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): July 8, 2021
 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 First Quarter of Fiscal 2021
(March 1, 2021 to May 31, 2021)

(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	%
1Q FY2021	8,717	11.0	321	42.6	499	40.2	258	95.3
1Q FY2020	7,850	(29.6)	225	(81.8)	356	(73.4)	132	(83.5)

Note: Comprehensive income 1Q FY2021: 894 million yen (8.8%) 1Q FY2020: 821 million yen (1,060.1%)

	Net Income per Share	Net Income per Share after Dilution
	Yen	Yen
1Q FY2021	12.08	—
1Q FY2020	6.11	—

(Reference) Operating income before the amortization of goodwill:

1Q FY 2021: ¥445 million 1Q FY 2020: ¥349 million

The Company considers operating income before the amortization of goodwill to be an important management indicator.

(2) Consolidated Financial Position

	Total Assets	Net Assets	Net Assets to Total Assets	Net Assets per Share
	Millions of yen	Millions of yen	%	Yen
May 31, 2021	54,467	39,584	72.6	1,845.91
February 28, 2021	53,000	39,543	74.6	1,844.69

(Reference)

Shareholders' equity: May 31, 2021: 39,553 million yen February 28, 2021: 39,513 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 2020	—	40.50	—	40.50	81.00
Fiscal 2021	—	—	—	—	—
Fiscal 2021 (Forecast)	—	41.50	—	41.50	83.00

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

3. Forecasts of Consolidated Operating Results for the Fiscal Year Ending February 28, 2022 (March 1, 2021 to February 28, 2022)

(% 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
Interim period	18,000	0.1	500	(52.1)	800	(37.7)	300	(50.3)	14.01
Fiscal year ending February 28, 2022	40,500	2.7	2,800	1.2	3,300	3.3	2,200	35.6	102.71

Note: Revision to the most recently announced operating results forecast: Yes
(Reference) EPS before the amortization of goodwill is ¥125.89.

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: Yes
- (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:
May 31, 2021: 24,331,356 shares Feb. 28, 2021: 24,331,356 shares
 2. Total number of treasury stock as of the period-end:
May 31, 2021: 2,903,794 shares Feb. 28, 2021: 2,911,168 shares
 3. Average number of shares for the period (Cumulative total for the quarterly consolidated period)
First quarter fiscal 2021: 21,420,267 shares First quarter fiscal 2020: 21,693,542 shares

Note: The number of recorded treasury stock includes 59,738 of the Company's shares held by the Shares Grant Trust for Officers as of the end of the first quarter of the subject consolidated fiscal year.

* 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.

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1. Qualitative Information on Business and Financial Results

(1) Explanation of Business Results

During the first quarter period (March 1, 2021, to May 31, 2021) of fiscal 2021 (ending February 2022), conditions in the Japanese economy continued to be strained by the government's intermittent declarations of a state of emergency and priority measures to prevent the spread of disease as the COVID-19 situation showed no sign of abating.

In the retail industry, the outlook remains unclear, with business conditions overall affected by the government's call for people to remain at home, as well as business suspensions and shortened operating hours at stores. In addition, consumer spending has slowed as a result of further cooling off in consumer sentiment amid the worsening employment and income situation.

Under such circumstances, during fiscal 2021, the initial year of the sixth medium-term management plan, YONDOSHI HOLDINGS Group, in response to the abrupt changes in the business environment, by leveraging the strengths of the corporate group to the fullest extent, will provide products and services that exceed customer expectations, and aim for further growth. The Company will also make investments to enhance the value of the mainstay 4°C brand, and pursue growth for fashion brand PALETTE to establish a second earnings pillar, in order to build a robust business portfolio. Further, the Company has implemented CSR-based management to establish a highly trusted corporate group, and is working 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 first quarter period amounted to ¥8,717 million (up 11.0% from the same period of the previous fiscal year), with operating income of ¥321 million (up 42.6%), ordinary income of ¥499 million (up 40.2%) and profit attributable to owners of parent to ¥258 million (up 95.3%). Operating income before the amortization of goodwill, which the Company considers to be an important management indicator, amounted to ¥445 million (up 27.5%).

Operating results by business segment were as follows.

Jewelry Business

The F.D.C. Products Group, in response to the state of emergency that continued during the subject first quarter period, implemented wide-ranging store closures and shortened operating hours. However, compared to the same period of the previous fiscal year the area subject to these measures were limited, resulting in a year-on-year rise in sales.

As a result, net sales in the Jewelry Business segment amounted to ¥3,764 million (up 10.3% from the same period of the previous fiscal year), with operating income of ¥85 million (down 43.6%).

Apparel Business

Retailer age Co., Ltd., operator of the everyday fashion brand PALETTE, achieved increases in net sales and operating income on the effect of new store openings, an expanded product range, and strengthening of sales promotion strategies.

The AS'TY Group continued efforts to improve operational efficiency amid scaled back events and sluggish demand due to the COVID-19 situation, achieving results that exceeded plan.

As a result, net sales in the Apparel Business segment amounted to ¥4,953 million (up 11.6% from the same period of the previous fiscal year), with operating income of ¥349 million (up 80.4%).

(2) Explanation of Financial Condition

Total assets at the end of the subject first quarter period (May 31, 2021) amounted to ¥54,467 million, an increase of ¥1,467 million from the end of the previous fiscal year (February 28, 2021). This was due mainly to an increase of ¥1,993 million in investment securities. Total liabilities amounted to ¥14,883 million, an increase of ¥1,426 million from the end of the previous fiscal year. This was due mainly to an increase of ¥1,600 million in short-term borrowings. Total net assets at the end of the subject period amounted to ¥39,584 million, an increase of ¥41 million from the end of the previous fiscal year.

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

For consolidated results forecasts for fiscal 2021 (ending February 28, 2022), see "Notice of Revision to Fiscal 2021 First Half and Full Year Forecasts" released today (July 7, 2021)..

2. Consolidated Quarterly Financial Statements

(1) Consolidated Quarterly Balance Sheets

(Millions of yen)

	End of the Fiscal Year Ended February 28, 2021 (As of February 28, 2021)	End of the First Quarter of the Fiscal Year Ending February 28, 2022 (As of May 31, 2021)
ASSETS		
Current assets:		
Cash and deposits	3,232	2,114
Notes and accounts receivable — trade	2,587	2,528
Merchandise and finished goods	7,718	8,496
Work in process	285	286
Raw materials and supplies	1,081	898
Other current assets	713	1,027
Allowance for doubtful accounts	(3)	(4)
Total current assets	15,616	15,346
Noncurrent assets:		
Property, plant and equipment:		
Buildings and structures, net	4,982	4,905
Land	5,492	5,492
Other, net	538	519
Total property, plant and equipment	11,013	10,916
Intangible assets:		
Goodwill	2,730	2,606
Other intangible assets	201	182
Total intangible assets	2,932	2,789
Investments and other assets:		
Investment securities	18,489	20,483
Net defined benefit asset	487	496
Other	4,516	4,488
Allowance for doubtful accounts	(55)	(53)
Total investments and other assets	23,438	25,414
Total noncurrent assets	37,383	39,120
Total assets	53,000	54,467

(Millions of yen)

	End of the Fiscal Year Ended February 28, 2021 (As of February 28, 2021)	End of the First Quarter of the Fiscal Year Ending February 28, 2022 (As of May 31, 2021)
LIABILITIES		
Current liabilities:		
Notes and accounts payable — trade	3,148	3,457
Short-term borrowings	—	1,600
Income taxes payable	643	270
Provision for bonuses	269	277
Provision for directors' bonuses	25	13
Asset retirement obligations	—	0
Other	2,715	2,298
Total current liabilities	6,802	7,918
Noncurrent liabilities:		
Provision for share-based remuneration for directors (and other officers)	123	121
Retirement benefit liability	497	494
Asset retirement obligations	1,428	1,435
Other	4,605	4,913
Total noncurrent liabilities	6,654	6,965
Total liabilities	13,457	14,883
NET ASSETS		
Shareholders' equity:		
Capital stock	2,486	2,486
Capital surplus	7,208	7,208
Retained earnings	31,978	31,367
Treasury stock	(6,215)	(6,199)
Total shareholders' equity	35,458	34,862
Other accumulated comprehensive income:		
Valuation difference on available-for-sale securities	4,315	4,947
Deferred gains or losses on hedges	8	12
Revaluation reserve for land	(233)	(233)
Foreign currency translation adjustments	75	71
Remeasurements of defined benefit plans	(110)	(107)
Total other accumulated comprehensive income	4,055	4,690
Subscription rights to shares	29	30
Total net assets	39,543	39,584
Total liabilities and net assets	53,000	54,467

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

(Millions of yen)

	First Quarter of the Fiscal Year Ended February 28, 2021 (March 1, 2020 to May 31, 2020)	First Quarter of the Fiscal Year Ending February 28, 2022 (March 1, 2021 to May 31, 2021)
Net sales	7,850	8,717
Cost of Sales	3,735	4,043
Gross profit	4,114	4,674
Selling, general and administrative expenses	3,889	4,352
Operating income	225	321
Non-operating income		
Interest income	72	20
Dividends received	47	47
Rent of real estate for investment	18	18
Foreign exchange gains	—	11
Subsidy income	—	80
Other	5	8
Total non-operating income	144	185
Non-operating expenses		
Interest expenses	1	0
Depreciation of real estate for investment	1	1
Management cost for real estate for investment	0	0
Foreign exchange losses	6	—
Provision of allowance for doubtful accounts	—	0
Loss on insurance cancellation	3	2
Other	0	2
Total non-operating expenses	13	7
Ordinary income	356	499
Extraordinary income		
Gain on sales of investment securities	13	—
Subsidies for employment adjustment	154	12
Total extraordinary income	168	12
Extraordinary loss		
Impairment loss	23	10
Loss on valuation of investment securities	0	—
Loss on closing of stores	14	—
Allowance for absence from work	201	10
Total extraordinary losses	239	21
Net income before income taxes	285	491
Total income taxes	152	232
Net income	132	258
Profit attributable to owners of parent	132	258

Consolidated Quarterly Statements of Comprehensive Income
First Quarter Cumulative

(Millions of yen)

	First Quarter of the Fiscal Year Ended February 28, 2021 (March 1, 2020 to May 31, 2020)	First Quarter of the Fiscal Year Ending February 28, 2022 (March 1, 2021 to May 31, 2021)
Income before minority interests	132	258
Other comprehensive income		
Other valuation difference on available-for-sale securities	720	631
Deferred gains or losses on hedges	1	3
Foreign currency translation adjustments	(34)	(4)
Remeasurements of defined benefit plans, net of tax	1	3
Total other comprehensive income	688	635
Comprehensive income	821	894
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	821	894

(3) Notes to Consolidated Quarterly Financial Statements

(Notes Regarding Going Concern Assumptions)

Not applicable

(Notes Regarding Substantial Changes in Shareholders' Equity)

Not applicable

(Application of Special Accounting Treatment in the Preparation of the Consolidated Financial Statements)

(Calculation of Tax Expense)

Tax expense has been calculated by rationally estimating the effective tax rate after the application of tax effect accounting for profit before income taxes in the consolidated fiscal year, including the subject first quarter period, and multiplying this estimated effective tax rate by profit before income taxes.

(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 ¥144 million, for 67,136 shares at the end of the previous consolidated fiscal year, and ¥128 million, for 59,738 shares at the end of the first quarter of the subject consolidated fiscal year.

(Accounting Estimates)

There are no significant changes in the assumptions regarding the impact from the COVID-19 virus or accounting estimates from those presented in the (Additional Information) – (Accounting Estimates) section of the financial statement for the previous fiscal year.

(Segment Information)

I The first quarter of the fiscal year ended February 28, 2021 (March 1, 2020 to May 31, 2020)

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

(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					
Net sales to outside customers	3,414	4,436	7,850	—	7,850
Intrasegment net sales and transfers	—	47	47	(47)	—
Total	3,414	4,484	7,898	(47)	7,850
Segment income	152	193	346	(120)	225

Notes:

1. The adjustment amount of minus ¥120 million for segment income mainly includes amortization of goodwill totaling minus ¥124 million, general administrative expenses that are not attributable to individual reporting segments amounting to minus ¥123 million and elimination of inter-segment transactions of ¥127 million. 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 first quarter of the fiscal year ending February 28, 2022 (March 1, 2021 to May 31, 2021)

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

(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					
Net sales to outside customers	3,764	4,953	8,717	—	8,717
Intrasegment net sales and transfers	—	39	39	(39)	—
Total	3,764	4,992	8,757	(39)	8,717
Segment income	85	349	435	(114)	321

Notes:

1. The adjustment amount of minus ¥114 million for segment income mainly includes amortization of goodwill totaling minus ¥124 million, general administrative expenses that are not attributable to individual reporting segments amounting to minus ¥125 million and elimination of inter-segment transactions of ¥135 million. 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.

(Important Subsequent Events)

Not applicable