

CONSOLIDATED FINANCIAL REPORT (Japanese GAAP)
NINE-MONTH PERIOD OF THE FISCAL YEAR ENDING
FEBRUARY 28, 2022
(March 1, 2021 to November 30, 2021)

January 6, 2022

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

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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 2021
(March 1, 2021 to November 30, 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	%
FY2021 Nine-Month Period	27,323	(3.5)	695	(62.9)	1,169	(47.1)	600	(49.5)
FY2020 Nine-Month Period	28,323	(13.6)	1,874	(38.0)	2,210	(32.8)	1,188	(40.8)

Note: Comprehensive income FY2021 Nine-Month Period: 769 million yen (−64.7%)
 FY2020 Nine-Month Period: 2,180 million yen (11.3%)

	Net Income per Share	Net Income per Share after Dilution
	Yen	Yen
FY2021 Nine-Month Period	28.04	—
FY2020 Nine-Month Period	54.80	—

(Reference) Operating income before the amortization of goodwill:

FY 2021 Nine-Month Period: ¥1,068 million FY 2020 Nine-Month Period: ¥2,246 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
November 30, 2021	54,203	38,572	71.1	1,798.57
February 28, 2021	53,000	39,543	74.6	1,844.69

(Reference) Shareholders' equity: November 30, 2021: 38,549 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	—	41.50	—	—	—
Fiscal 2021 (Forecast)	—	—	—	41.50	83.00

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

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1. Qualitative Information on Business and Financial Results

(1) Explanation of Business Results

During the third quarter cumulative period (March 1, 2021, to November 30, 2021) of fiscal 2021 (ending February 28, 2022), conditions throughout the Japanese economy remained severe. With little sign of the COVID-19 pandemic abating, the Japanese government issued a series of intermittent emergency declarations and priority measures, and although these measures were lifted nationwide on October 1, concerns over a resurgence persisted.

In the retail industry, the outlook remained clouded as a result of the impact from the government's call for people to remain at home, along with business suspensions and shortened operating hours at stores. In addition, even after the lifting of emergency measures, the employment and income situation failed to improve, leading to further cooling off in consumer sentiment and a slowdown in spending.

Under these circumstances, during fiscal 2021, the initial year of the sixth medium-term management plan, YONDOSHI HOLDINGS Group is working to provide products and services that exceed customer expectations, and achieve further growth, by leveraging the strengths of the corporate group to the fullest extent. In addition, the Company is practicing 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, for the subject third quarter cumulative period, net sales amounted to ¥27,323 million (down 3.5% from the same period of the previous fiscal year), with operating income of ¥695 million (down 62.9%), ordinary income of ¥1,169 million (down 47.1%), and profit attributable to owners of parent of ¥600 million (down 49.5%). Operating income before the amortization of goodwill, which has been designated an important management indicator, amounted to ¥1,068 million (down 50.1%).

Operating results by business segment were as follows.

Jewelry Business

The F.D.C. Products Group, which operates the jewelry business, faced a harsh business environment stemming from the prolonged state of emergency in response to the spread of COVID-19. Sales of fashion jewelry recovered after the lifting of the emergency declaration in October, but a recovery in bridal jewelry will require more time. In addition, operating income decreased significantly due to a reactionary increase in personnel expenses, a portion of which was recorded as an extraordinary loss in the corresponding period of the previous fiscal year.

As a result, net sales in the Jewelry Business amounted to ¥12,131 million (down 12.3% from the same period of the previous fiscal year), with operating income of ¥116 million (down 90.5%).

Apparel Business

Retailer age Co., Ltd., operator of the everyday fashion brand PALETTE, achieved record-high net sales and operating income as a result of opening eight new stores, along with the success of its sales promotion campaigns and 25th anniversary events.

The AS'TY Group experienced a temporary slowdown in demand due to the COVID-19 crisis, but continued with measures to strengthen its product planning capabilities.

As a result, net sales in the Apparel Business segment amounted to ¥15,192 million (up 4.8% from the same period of the previous fiscal year), with operating income of ¥872 million (down 6.2%).

(2) Explanation of Financial Condition

Total assets at the end of the subject third quarter cumulative period (November 30, 2021) amounted to ¥54,203 million, an increase of ¥1,202 million from the end of the previous fiscal year (February 28, 2021). This was due mainly to an increase of ¥844 million in investment securities. Total liabilities amounted to ¥15,630 million, an increase of ¥2,173 million from the end of the previous fiscal year. This was due mainly to an increase of ¥1,700 million in short-term loans payable. Total net assets at the end of the subject period amounted to ¥38,572 million, a decrease of ¥970 million from the end of the previous fiscal year. This was due mainly to a decrease of ¥1,161 million in retained earnings.

(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 Forecasts" released today (January 6, 2022).

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 Third Quarter of the Fiscal Year Ending February 28, 2022 (As of November 30, 2021)
ASSETS		
Current assets:		
Cash and deposits	3,232	2,313
Notes and accounts receivable — trade	2,587	3,332
Merchandise and finished goods	7,718	8,712
Work in process	285	324
Raw materials and supplies	1,081	779
Other current assets	713	1,152
Allowance for doubtful accounts	(3)	(4)
Total current assets	15,616	16,610
Noncurrent assets:		
Property, plant and equipment:		
Buildings and structures, net	4,982	4,698
Land	5,492	5,492
Other, net	538	418
Total property, plant and equipment	11,013	10,608
Intangible assets:		
Goodwill	2,730	2,358
Other intangible assets	201	306
Total intangible assets	2,932	2,664
Investments and other assets:		
Investment securities	18,489	19,333
Net defined benefit asset	487	513
Other	4,516	4,523
Allowance for doubtful accounts	(55)	(51)
Total investments and other assets	23,438	24,319
Total noncurrent assets	37,383	37,592
Total assets	53,000	54,203

	(Millions of yen)	
	End of the Fiscal Year Ended February 28, 2021 (As of February 28, 2021)	End of the Third Quarter of the Fiscal Year Ending February 28, 2022 (As of November 30, 2021)
LIABILITIES		
Current liabilities:		
Notes and accounts payable — trade	3,148	4,041
Short-term loans payable	—	1,700
Income taxes payable	643	206
Provision for bonuses	269	371
Provision for directors' bonuses	25	38
Asset retirement obligations	—	12
Other	2,715	2,519
Total current liabilities	6,802	8,889
Noncurrent liabilities:		
Provision for share-based remuneration for directors (and other officers)	123	133
Retirement benefit liability	497	507
Asset retirement obligations	1,428	1,428
Other	4,605	4,670
Total noncurrent liabilities	6,654	6,740
Total liabilities	13,457	15,630
NET ASSETS		
Shareholders' equity:		
Capital stock	2,486	2,486
Capital surplus	7,208	7,196
Retained earnings	31,978	30,817
Treasury stock	(6,215)	(6,175)
Total shareholders' equity	35,458	34,325
Other accumulated comprehensive income:		
Valuation difference on available-for-sale securities	4,315	4,545
Deferred gains or losses on hedges	8	9
Revaluation reserve for land	(233)	(233)
Foreign currency translation adjustments	75	1
Remeasurements of defined benefit plans	(110)	(99)
Total other accumulated comprehensive income	4,055	4,223
Subscription rights to shares	29	23
Total net assets	39,543	38,572
Total liabilities and net assets	53,000	54,203

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

(Millions of yen)

	Nine-Month Period of the Fiscal Year Ended February 28, 2021 (March 1, 2020 to November 30, 2020)	Nine-Month Period of the Fiscal Year Ending February 28, 2022 (March 1, 2021 to November 30, 2021)
Net sales	28,323	27,323
Cost of Sales	13,097	13,075
Gross profit	15,226	14,248
Selling, general and administrative expenses	13,351	13,552
Operating income	1,874	695
Non-operating income		
Interest income	101	59
Dividends received	140	153
Rent of real estate for investment	54	54
Foreign exchange gains	—	26
Reversal of allowance for doubtful accounts	—	0
Subsidy income	19	159
Other	45	41
Total non-operating income	362	495
Non-operating expenses		
Interest expenses	2	0
Depreciation of real estate for investment	3	3
Management cost for real estate for investment	7	1
Foreign exchange losses	2	—
Commission for purchase of treasury shares	1	—
Provision of allowance for doubtful accounts	2	—
Loss on cancellation of insurance policies	4	2
Depreciation of inactive non-current assets	—	12
Other	2	1
Total non-operating expenses	26	21
Ordinary income	2,210	1,169
Extraordinary income		
Gain on sales of investment securities	22	—
Gain on reversal of share acquisition rights	52	—
Subsidies for employment adjustment	462	64
Reversal of loss on liquidation of subsidiaries	28	—
Gain on reversal of foreign currency translation adjustment	—	60
Total extraordinary income	566	125
Extraordinary loss		
Impairment loss	108	188
Loss on closing of stores	27	—
Allowance for absence from work	405	61
Loss on liquidation of subsidiaries	6	—
Loss on liquidation of brands	121	—
Loss on valuation of investment securities	75	36
Total extraordinary losses	745	286
Net income before income taxes	2,032	1,008
Total income taxes	843	407
Net income	1,188	600
Profit attributable to owners of parent	1,188	600

Consolidated Quarterly Statements of Comprehensive Income
Third Quarter Cumulative

(Millions of yen)

	Nine-Month Period of the Fiscal Year Ended February 28, 2021 (March 1, 2020 to November 30, 2020)	Nine-Month Period of the Fiscal Year Ending February 28, 2022 (March 1, 2021 to November 30, 2021)
Income before minority interests	1,188	600
Other comprehensive income		
Other valuation difference on available-for-sale securities	973	230
Deferred gains or losses on hedges	(9)	0
Foreign currency translation adjustments	22	(74)
Remeasurements of defined benefit plans, net of tax	4	11
Total other comprehensive income	991	168
Comprehensive income	2,180	769
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	2,180	769

(3) Notes to Consolidated Quarterly Financial Statements

(Notes Regarding Going Concern Assumptions)

Not applicable

(Notes Regarding Substantial Changes in Shareholders' Equity)

Not applicable

(Changes in the Scope of Consolidation or Application of the Equity Method)

During the subject period, F&A AQUA shanghai, inc. was removed from the scope of consolidation following liquidation.

(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 third 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 ¥168 million, for 83,926 shares at the end of the third 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 nine-month period of the fiscal year ended February 28, 2021
(March 1, 2020 to November 30, 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	13,824	14,499	28,323	—	28,323
Intrasegment net sales and transfers	0	148	148	(148)	—
Total	13,824	14,647	28,472	(148)	28,323
Segment income	1,224	929	2,154	(280)	1,874

Notes:

1. The adjustment amount of minus ¥280 million for segment income mainly includes amortization of goodwill totaling minus ¥372 million, general administrative expenses that are not attributable to individual reporting segments amounting to minus ¥406 million and elimination of inter-segment transactions of ¥498 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 nine-month period of the fiscal year ending February 28, 2022
(March 1, 2021 to November 30, 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	12,131	15,192	27,323	—	27,323
Intrasegment net sales and transfers	0	103	103	(103)	—
Total	12,131	15,295	27,427	(103)	27,323
Segment income	116	872	988	(292)	695

Notes:

1. The adjustment amount of minus ¥292 million for segment income mainly includes amortization of goodwill totaling minus ¥372 million, general administrative expenses that are not attributable to individual reporting segments amounting to minus ¥358 million and elimination of inter-segment transactions of ¥438 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

(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 cumulative period of the fiscal year under review was ¥153 million.

(Important Subsequent Events)

Not applicable