

CONSOLIDATED FINANCIAL REPORT
FISCAL 2019 (Japanese GAAP)
(March 1, 2019 to February 29, 2020)



April 13, 2020

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

Representative: Saishi Kimura, Chairman and Representative Director, CEO
 Inquiries: Masahiko Nishimura, Director and Executive Officer responsible for finance
 Tel: +81-3-5719-3429
 URL: <https://yondoshi.co.jp/>

Annual General Meeting of Shareholders date (planned): May 28, 2020

Fiscal 2019 Securities Report filing date (planned): May 29, 2020

Dividend payment commencement date (planned): May 29, 2020

Supplemental materials prepared for financial results: Yes

Holding of financial results meeting: No

(Millions of yen rounded down)

1. Consolidated Performance for FY 2019 (March 1, 2019 to February 29, 2020)

(1) Consolidated Business Results

(% figures represent year-on-year increase or decrease)

	Net Sales		Operating Income		Ordinary Income		Profit Attributable to Owners of Parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
FY 2019	44,970	(4.6)	3,975	(20.2)	4,312	(36.6)	2,475	1.4
FY 2018	47,118	(2.0)	4,984	(18.3)	6,804	(10.0)	2,440	(53.9)

(Note) Comprehensive income: FY 2019: ¥1,170 million (-79.7%) FY 2018: ¥5,755 million (2.4%)

	Net Income Per Share	Net Income Per Share (Diluted)	ROE	Ordinary Income to Total Assets	Ordinary Income to Operating Revenues
	Yen	Yen	%	%	%
FY 2019	112.18	112.17	6.0	7.6	8.8
FY 2018	96.03	96.01	5.0	10.8	10.6

(Reference) Equity in earnings of affiliated companies accounted for by the equity method:

FY 2019: — million FY 2018: ¥677 million

Operating income before the amortization of goodwill: FY 2019: ¥4,472 million FY 2018: ¥5,481 million

YONDOSHI HOLDINGS has positioned operating income before the amortization of goodwill as an important management indicator.

(2) Consolidated Financial Position

	Total Assets	Net Assets	Net Assets to Total Assets	Net Assets per Share of Common Stock
	Millions of yen	Millions of yen	%	Yen
As of February 29, 2020	53,737	39,588	73.5	1,822.10
As of February 28, 2019	60,284	43,587	72.2	1,883.28

(Reference) Shareholders' equity: As of February 29, 2020: ¥39,514 million As of February 28, 2019: ¥43,497 million

Note: YONDOSHI HOLDINGS has applied the "Partial Amendments to Accounting Standard for Tax Effect Accounting" Statement No. 28 issued by the Accounting Standards Board of Japan (ASBJ) on February 16, 2018 effective from the start of the first quarter of the fiscal year under review. Data relating to the Company's financial position as of the previous fiscal year is presented after retroactively adjusting figures in accordance with the above.

(3) Consolidated Cash Flows

	Operating Activities	Investing Activities	Financing Activities	Cash and Cash Equivalents at the End of the Period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
FY 2019	2,433	72	(5,468)	785
FY 2018	1,664	5,407	(9,344)	3,749

2. Dividends

	Cash Dividends per Share of Common Stock					Cash Dividends Paid (Annual)	Dividend Payout Ratio (Consolidated)	Cash Dividends to Net Assets (Consolidated)
	End of 1Q	End of 2Q	End of 3Q	End of 4Q	Annual			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
FY 2018	—	37.50	—	37.50	75.00	1,862	78.1	3.8
FY 2019	—	40.00	—	40.00	80.00	1,747	71.3	4.3
FY 2020 (planned)	—	—	—	—	—		—	

Note: Dividends for the fiscal 2020, ending February 28, 2021 are currently undecided.

3. Forecast of Consolidated Results for FY 2020 (March 1, 2020 to February 28, 2021)

Due to many uncertain factors, including when the new coronavirus pandemic will ease and the difficulty projecting a recovery in consumer sentiment, it is difficult to determine a logical forecast at this stage for the consolidated earnings for the fiscal year ending February 28, 2021. A prompt announcement will be made as soon as it becomes possible to prepare a forecast.

Please refer to “1. Overview of Business Results (4) Outlook” on page 6 for details.

4. Other

(1) **Changes in important subsidiaries during the period (changes in specified subsidiaries in accordance with changes in the scope of consolidation):** No

(2) **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

(3) **Number of shares issued and outstanding (common shares)**

1. Number of shares issued and outstanding as of the end of the period (including treasury stock)

As of February 29, 2020: 24,331,356 shares As of February 28, 2019: 29,331,356 shares

2. Number of treasury stock

As of February 29, 2020: 2,645,286 shares As of February 28, 2019: 6,234,634 shares

3. Average number of shares for the year

FY2019: 22,071,819 shares FY2018: 25,415,080 shares

Notes:

1. The number of recorded treasury stock includes 26,000 of the Company's shares held by the YONDOSHI HOLDINGS Group Employees' Shareholding Association Trust (hereinafter referred to the “the Trust”) and 45,353 of the Company' shares held by the Shares Grant Trust for Officers as of the end of the fiscal year.

2. For additional information on the basic number of shares used to calculate consolidated net income per share, please refer to “Per Share Information” on page 21.

(Reference) Overview of Non-Consolidated Performance**1. Non-Consolidated Performance for FY 2020 (March 1, 2020 to February 28, 2021)****(1) Non-Consolidated Business Results**

(% figures represent year-on-year increase or decrease)

	Operating Revenues		Operating Income		Ordinary Income		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
FY 2020	7,673	(49.0)	7,170	(50.6)	7,189	(50.5)	7,166	(50.2)
FY 2019	15,044	497.6	14,522	602.1	14,517	601.2	14,401	662.2

	Net Income Per Share	Net Income Per Share (Diluted)
	Yen	Yen
FY 2020	324.67	324.65
FY 2019	553.42	553.30

(2) Non-Consolidated Financial Position

	Total Assets	Net Assets	Net Assets to Total Assets	Net Assets per Share of Common Stock
	Millions of yen	Millions of yen	%	Yen
As of February 29, 2020	37,002	26,686	71.9	1,227.15
As of February 28, 2019	41,974	24,630	58.5	1,062.49

(Reference) Shareholders' equity: As of February 29, 2020: ¥26,612 million As of February 28, 2019: ¥24,540 million

* 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

1. 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 the information from page 6.
2. The Company had previously presented its consolidated quarterly financial statements in units of thousands of yen, but from the subject consolidated fiscal year, the Company has changed the unit to millions of yen. Meanwhile, figures from the previous consolidated fiscal year are also presented in millions of yen to facilitate a comparison.

(Method for Obtaining Financial Results Presentation Materials)

YONDOSHI HOLDINGS had planned to hold a briefing session for institutional investors and analysts on April 13, 2020 (Monday). Placing the utmost priority on the health and safety of participants, and in light of the growing threat imposed by the new coronavirus (COVID-19) pandemic, the Company has decided to cancel this briefing session in this instance.

In lieu of the above, YONDOSHI HOLDINGS will post a copy of the presentation materials that it had planned to use on the day of the briefing session on its website (<https://yondoshi.co.jp/>).

Contents

1. Overview of Business Results	5
(1) Overview of Business Results for the Fiscal Year Ended February 29, 2020	5
(2) Overview of Financial Condition as of February 29, 2020	5
(3) Overview of Cash Flows for the Fiscal Year Ended February 29, 2020	6
(4) Outlook	6
(5) Policy on the Appropriation of Profits, Cash Dividends for Fiscal 2019 and Fiscal 2020	7
2. Basic Stance on Selection of Accounting Standards	7
4. Consolidated Financial Statements and Major Notes	8
(1) Consolidated Balance Sheets	8
(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income	10
Consolidated Statements of Income	10
Consolidated Statements of Comprehensive Income	11
(3) Consolidated Statements of Changes in Net Assets	12
(4) Consolidated Statements of Cash Flows	14
(5) Notes to Consolidated Financial Statements	16
(Notes Regarding Going Concern Assumptions)	16
(Change in Presentation Method)	16
(Additional Information)	16
(Segment Information)	17
(Per Share Information)	21
4. Other	22
(1) Changes in Management	22

1. Overview of Business Results

(1) Overview of Business Results for the Fiscal Year Ended February 29, 2020

In fiscal 2019, the fiscal year ended February 29, 2020, the outlook for the Japanese economy remained clouded due to concerns regarding overseas economic trends and such factors as the impact of changes in financial and capital markets.

Amid continued budget-consciousness arising from uncertainty surrounding the future and other concerns including the effects of the consumption tax rate hike, business conditions remained difficult in the retail industry. This was largely due to the downturn in consumer sentiment as a result of such factors as the impact of natural disasters and the drop in inbound demand attributable to the new coronavirus pandemic.

Under these circumstances, during fiscal 2019, the second 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 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.

Accounting for each of these factors, net sales for the fiscal year under review amounted to ¥44,970 million (down 4.6% YoY). From a profit perspective, operating income came to ¥3,975 million (down 20.2% YoY), ordinary income was ¥4,312 million (down 36.6% YoY), and profit attributable to owners of parent increased to ¥2,475 million (up 1.4% YoY). Positioned as an important management indicator, operating income before the amortization of goodwill amounted to ¥4,472 million (down 18.4% YoY).

Operating results by business segment were as follows.

Jewelry Business

In the F.D.C. Products Group, which is largely responsible for the YONDOSHI HOLDINGS Group's Jewelry Business, results were firm during the first half of the fiscal year under review. In contrast, overall net sales in this segment fell below plans. This largely reflected the downturn in consumer sentiment from October 2019 following the hike in Japan's consumption tax rate and the impact of December 23 falling on a weekday and two less Saturdays, Sundays, and holidays for the month compared with the corresponding period of the previous year, which dampened the euphoria normally associated with the peak period of Christmas demand. Turning to selling, general and administrative expenses, the F.D.C. Products Group also undertook an unplanned investment in its IT system while incurring a temporary increase in asset retirement obligation amortization costs.

Based on the aforementioned, net sales in the Jewelry Business segment for the fiscal year under review amounted to ¥26,987 million (down 7.9% YoY), and operating income came to ¥3,319 million (down 25.6% YoY).

Apparel Business

The AS'TY Group substantially improved its earning capacity by strengthening measures with major clients, and enhancing its production management capabilities. Results at retailer age Co., Ltd. were robust. In addition to expanding openings of new locations for its everyday fashion brand PALETTE, these robust results were mainly due to successful efforts to improve the gross margin by scaling back inventory of seasonal goods.

As a result, the YONDOSHI HOLDINGS Group reported increases in both revenue and earnings for the fiscal year under review. In specific terms, net sales in the Apparel Business segment amounted to ¥17,983 million (up 0.9% YoY), with operating income of ¥758 million (up 25.5% YoY).

(2) Overview of Financial Condition as of February 29, 2020

(Current Assets)

Current assets as of the end of the fiscal year under review stood at ¥16,976 million, down ¥2,919 million compared with the end of the previous fiscal year. Major movements during the fiscal year ended February 29, 2020 included decreases of ¥1,463 million in cash and deposits and ¥1,500 million in short-term investment securities.

(Noncurrent Assets)

Noncurrent assets came to ¥36,760 million as of February 29, 2020, a decrease of ¥3,628 million compared with the previous fiscal year-end. This decrease was primarily due to the drop in investment securities of ¥2,823 million.

(Current Liabilities)

Current liabilities stood at ¥7,851 million as of the end of the fiscal year under review, down ¥2,161 million compared with the end of the previous fiscal year. This decrease was mainly due to the drop in income taxes payable of ¥3,028 million.

(Noncurrent Liabilities)

Noncurrent liabilities were ¥6,297 million as of February 29, 2020, a decrease of ¥386 million compared with the balance as of February 28, 2019. This decrease was essentially due to the downturn in deferred tax liabilities of ¥411 million.

(Net Assets)

Total net assets as of the end of the fiscal year under review came to ¥39,588 million, down ¥3,999 million compared with the end of the previous fiscal year. While the Company recorded a decrease of ¥7,428 million attributable to such factors as the buy-back of share and retirement of treasury stock (increase in net assets), capital surplus and the valuation difference on available-for-sale securities decreased ¥10,833 million and ¥1,251 million, respectively, due to a variety of factors including the retirement of treasury stock.

(3) Overview of Cash Flows for the Fiscal Year Ended February 29, 2020

Cash and cash equivalents as of the end of the fiscal year under review stood at ¥785 million, a decrease of ¥2,963 million compared with the end of the previous fiscal year.

(Cash Flows from Operating Activities)

Net cash provided by operating activities amounted to ¥2,433 million, up ¥769 million compared with the previous fiscal year. In the fiscal year under review, the major cash inflows were income before income taxes of ¥3,860 million and income taxes refund of ¥2,862. The principal cash outflow was income taxes paid of ¥6,916 million.

(Cash Flows from Investing Activities)

Net cash provided by investing activities totaled ¥72 million, down ¥5,334 million year on year. The major cash inflows included proceeds from redemption of investment securities of ¥700 million. The main cash outflow was for the purchase of property, plant and equipment of ¥714 million.

(Cash Flows from Financing Activities)

Net cash used in financing activities came to ¥5,468 million, up ¥3,876 million compared with the previous fiscal year. This largely reflected outflows for the purchase of treasury stock of ¥3,606 million and cash dividends paid of ¥1,747 million.

(4) Outlook

Operating conditions throughout the retail sector are expected to be extremely difficult. Amid the ongoing forecast frugality stemming from consumers' anxieties regarding the future this anticipated difficulty is largely due to risk that economic activity will stall as a result of the new coronavirus pandemic.

Under these circumstances, and guided by its Fifth Medium-Term Management Plan, which covers the three-year period to fiscal 2020, the fiscal year ending February 28, 2021, the YONDOSHI HOLDINGS Group remains committed to restructuring its business in a bid to quickly build a robust management and business platform and to become a century-old company and brand. As far as its Jewelry Business is concerned, the Group has taken steps to withdraw from the Chinese market and to discontinue the two MASON JEWELL and Luria 4°C brands. Turning to the Group's Apparel Business, YONDOSHI HOLDINGS will halt operations at its own facility run by Group company AS'TY VIETNAM INC. As indicated by the above, the YONDOSHI HOLDINGS Group will enhance its ability to carry out its growth strategy going forward by adopting a policy of selection and focus.

In addition to actively nurturing human resources, strengthening the competitiveness of products, and ascertaining market trends, every effort will also be made to practice CSR-based management in a bid to establish YONDOSHI HOLDINGS as a highly reliable and trustworthy group. Moreover, we will endeavor to enhance corporate value by strengthening internal control functions, providing adequate shareholder returns, and making medium- to long-term investments linked to earnings growth.

Due to many uncertain factors, including when the new coronavirus pandemic will ease and the difficulty projecting a recovery in consumer sentiment, it is difficult to determine a logical forecast at this stage for the

consolidated earnings for the fiscal year ending February 28, 2021. A prompt announcement will be made as soon as it becomes possible to prepare a forecast.

(5) Policy on the Appropriation of Profits, Cash Dividends for Fiscal 2019 and Fiscal 2020

The YONDOSHI HOLDINGS Group places the appropriation of profits to shareholders as a key management priority. As a result, the Group maintains the basic policy of delivering stable and sustainable cash dividends. At the same time, the Group adopts a flexible policy toward the purchase of treasury stock as a part of comprehensive efforts to increase the level of returns to shareholders. Working toward the goal of achieving an annual cash dividend of ¥100 per common share in the future, the YONDOSHI HOLDINGS Group places considerable emphasis on increasing its dividend on a consecutive basis.

Based on this policy, YONDOSHI HOLDINGS plans to pay a fiscal year-end cash dividend of ¥40 per common share. Together with the interim cash dividend paid of ¥40 per common share, the full fiscal year cash dividend for fiscal 2019 will therefore come in at ¥80 per common share. On this basis, the Company is projecting that its dividend payout ratio will reach 71.3% and achieve a ninth consecutive increase in the annual dividend. Meanwhile, YONDOSHI HOLDINGS undertook the large-scale purchase of 1,480,000 of its own shares during the fiscal year under review while at the same time retiring 5,000,000 share of treasury stock.

Due to many uncertain factors, including when the new coronavirus pandemic will ease and the difficulty projecting a recovery in consumer sentiment, the interim and year-end cash dividends for the fiscal 2020, ending February 28, 2021 are currently undecided, but despite this, YONDOSHI HOLDINGS plans to continue its dividend policy.

2. Basic Stance on Selection of Accounting Standards

The YONDOSHI HOLDINGS Group prepares its consolidated financial statements in accordance with Japanese Generally Accepted Accounting Principles. With respect to International Financial Reporting Standards (IFRS), the YONDOSHI HOLDINGS Group will respond adequately with consideration of the situation in Japan and overseas.

3. Consolidated Financial Statements and Major Notes

(1) Consolidated Balance Sheets

(Millions of yen)

	End of the Fiscal Year Ended February 28, 2019 (As of February 28, 2019)	End of the Fiscal Year Ended February 29, 2020 (As of February 29, 2020)
ASSETS		
Current assets:		
Cash and deposits	2,249	785
Notes and accounts receivable — trade	2,854	2,975
Short-term investment securities	1,500	—
Merchandise and finished goods	8,508	8,356
Work in process	702	469
Raw materials and supplies	918	1,262
Advance payments-trade	15	49
Accounts receivable-other	2,940	2,763
Other	210	315
Allowance for doubtful accounts	(3)	(2)
Total current assets	19,895	16,976
Noncurrent assets:		
Property, plant and equipment:		
Buildings and structures, net	5,475	5,307
Land	5,492	5,492
Lease assets, net	42	44
Other, net	617	653
Total property, plant and equipment	11,627	11,498
Intangible assets:		
Goodwill	3,723	3,227
Lease assets	155	119
Right of trademark	1	1
Other	42	93
Total intangible assets	3,923	3,441
Investments and other assets:		
Investment securities	19,331	16,507
Guarantee deposits	253	244
Long-term loans receivable	11	3
Deferred tax assets	1,631	1,735
Deferred tax assets for land revaluation	71	71
Real estate for investment, net	444	440
Net defined benefit asset	590	582
Lease deposits	1,984	1,811
Claims provable in bankruptcy, claims provable in rehabilitation and other	72	23
Other	545	452
Allowance for doubtful accounts	(98)	(51)
Total investments and other assets	24,838	21,820
Total noncurrent assets	40,389	36,760
Total assets	60,284	53,737

(Millions of yen)

	End of the Fiscal Year Ended February 28, 2019 (As of February 28, 2019)	End of the Fiscal Year Ended February 29, 2020 (As of February 29, 2020)
LIABILITIES		
Current liabilities:		
Notes and accounts payable — trade	3,582	3,902
Current portion of long-term borrowings	—	82
Lease obligations	86	70
Income taxes payable	3,462	434
Provision for bonuses	214	227
Provision for directors' bonuses	8	24
Asset retirement obligations	20	70
Other	2,638	3,039
Total current liabilities	10,013	7,851
Noncurrent liabilities:		
Long-term loans payable	175	—
Lease obligations	149	112
Long-term guarantee deposited	327	321
Deferred tax liabilities	3,944	3,532
Net defined benefit liability	507	500
Provision for directors' stock benefits	43	79
Asset retirement obligations	1,040	1,358
Other	495	392
Total noncurrent liabilities	6,683	6,297
Total liabilities	16,696	14,149
NET ASSETS		
Shareholders' equity:		
Capital stock	2,486	2,486
Capital surplus	18,057	7,223
Retained earnings	31,380	32,108
Treasury stock	(13,180)	(5,751)
Total shareholders' equity	38,743	36,066
Accumulated other comprehensive income:		
Valuation difference on available-for-sale securities	4,845	3,594
Deferred gains or losses on hedges	(1)	2
Revaluation reserve for land	(161)	(161)
Foreign currency translation adjustments	69	56
Remeasurements of defined benefit plans	1	(43)
Total accumulated other comprehensive income	4,753	3,447
Subscription rights to shares		
	90	74
Total net assets	43,587	39,588
Total liabilities and net assets	60,284	53,737

(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income
Consolidated Statements of Income

	(Millions of yen)	
	Fiscal 2018	Fiscal 2019
	(March 1, 2018 to February 28, 2019)	(March 1, 2019 to February 29, 2020)
Net sales	47,118	44,970
Cost of Sales	19,962	19,190
Gross profit	27,155	25,780
Selling, general and administrative expenses	22,171	21,804
Operating income	4,984	3,975
Non-operating income		
Interest income	43	44
Dividends received	93	176
Equity in earnings of affiliates	677	—
Rent of real estate for investment	73	73
Foreign exchange gains	12	6
Gain on valuation of derivatives	898	—
Other	55	60
Total non-operating income	1,855	361
Non-operating expenses		
Interest expenses	0	2
Depreciation on investments in real estate	4	4
Management cost on real estate for investment	1	1
Commission for purchase of treasury shares	25	9
Loss on cancellation of insurance policies	—	3
Other	3	3
Total non-operating expenses	35	24
Ordinary income	6,804	4,312
Extraordinary income		
Gain on sales of investment securities	244	99
Total extraordinary income	244	99
Extraordinary loss		
Impairment loss	320	217
Loss on closing of stores	35	40
Loss on liquidation of brands	—	71
Loss on valuation of investment securities	—	174
Loss on liquidation of subsidiaries	—	48
Loss on sales of shares of subsidiaries and associates	490	—
Total extraordinary losses	847	551
Net income before income taxes	6,202	3,860
Income taxes — current	4,366	1,216
Income taxes — deferred	(604)	167
Total income taxes	3,761	1,384
Net income	2,440	2,475
Profit attributable to owners of parent	2,440	2,475

Consolidated Statements of Comprehensive Income

(Millions of yen)

	Fiscal 2018 (March 1, 2018 to February 28, 2019)	Fiscal 2019 (March 1, 2019 to February 29, 2020)
Income before minority interests	2,440	2,475
Other comprehensive income		
Other valuation difference on available-for-sale securities	3,522	(1,251)
Deferred gains or losses on hedges	19	3
Foreign currency translation adjustments	(9)	(12)
Remeasurements of defined benefit plans, net of tax	1	(45)
Share of other comprehensive income of associates accounted for using equity method	(218)	—
Total other comprehensive income	3,315	(1,305)
Comprehensive income	5,755	1,170
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	5,755	1,170

(3) Consolidated Statements of Changes in Net Assets

Fiscal 2018 (March 1, 2018 to February 28, 2019)

(Millions of yen unless otherwise stated)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the end of previous period	2,486	18,182	37,503	(6,310)	51,861
Changes of items during the period					
Dividends from surplus			(1,851)		(1,851)
Profit attributable to owners of parent			2,440		2,440
Purchase of treasury shares				(7,278)	(7,278)
Disposal of treasury shares		0		150	150
Change in purchase of treasury stock from affiliates accounted for by equity method		(125)		961	836
Change in equity in affiliates accounted for by equity method-treasury stock				(0)	(0)
Change of scope of equity method			(6,712)	(702)	(7,414)
Net changes in items excluding shareholders' equity during the period					
Total	—	(124)	(6,123)	(6,869)	(13,117)
Balance at the end of current period	2,486	18,057	31,380	(13,180)	38,743

	Accumulated other comprehensive income						Subscription rights to shares	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at the end of previous period	1,425	(20)	(161)	78	116	1,438	100	53,399
Changes of items during the period								
Dividends from surplus								(1,851)
Profit attributable to owners of parent								2,440
Purchase of treasury shares								(7,278)
Disposal of treasury shares								150
Change in purchase of treasury stock from affiliates accounted for by equity method								836
Change in equity in affiliates accounted for by equity method-treasury stock								(0)
Change of scope of equity method								(7,414)
Net changes in items excluding shareholders' equity during the period	3,419	19	—	(9)	(114)	3,315	(9)	3,305
Total	3,419	19	—	(9)	(114)	3,315	(9)	(9,811)
Balance at the end of current period	4,845	(1)	(161)	69	1	4,753	90	43,587

Fiscal 2019 (March 1, 2019 to February 29, 2020)

(Millions of yen unless otherwise stated)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the end of previous period	2,486	18,057	31,380	(13,180)	38,743
Changes of items during the period					
Dividends from surplus			(1,747)		(1,747)
Profit attributable to owners of parent			2,475		2,475
Purchase of treasury shares				(3,597)	(3,597)
Disposal of treasury shares		18		173	191
Cancellation of treasury shares		(10,852)		10,852	—
Net changes in items excluding shareholders' equity during the period					
Total	—	(10,833)	728	7,428	(2,677)
Balance at the end of current period	2,486	7,223	32,108	(5,751)	36,066

	Accumulated other comprehensive income						Subscription rights to shares	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at the end of previous period	4,845	(1)	(161)	69	1	4,753	90	43,587
Changes of items during the period								
Dividends from surplus								(1,747)
Profit attributable to owners of parent								2,475
Purchase of treasury shares								(3,597)
Disposal of treasury shares								191
Cancellation of treasury shares								—
Net changes in items excluding shareholders' equity during the period	(1,251)	3	—	(12)	(45)	(1,305)	(16)	(1,322)
Total	(1,251)	3	—	(12)	(45)	(1,305)	(16)	(3,999)
Balance at the end of current period	3,594	2	(161)	56	(43)	3,447	74	39,588

(4) Consolidated Statements of Cash Flows

(Millions of yen)

	Fiscal 2018 (March 1, 2018 to February 28, 2019)	Fiscal 2019 (March 1, 2019 to February 29, 2020)
Cash Flows from Operating Activities:		
Net Income before income taxes	6,202	3,860
Depreciation and amortization	1,123	1,243
Impairment loss	320	217
Amortization of goodwill	496	496
Increase (decrease) in allowance for doubtful accounts	(6)	(48)
Increase (decrease) in provision for bonuses	(37)	13
Increase (decrease) in net defined benefit liability	4	(68)
Increase (decrease) in other provision	(378)	52
Interest and dividends income	(137)	(220)
Interest expenses	0	2
Equity in (earnings) losses of affiliates	(677)	—
Foreign exchange losses (gains)	(7)	4
Loss (gain) on valuation of derivatives	(898)	—
Loss (gain) on sales of investment securities	(244)	(99)
Loss (gain) on sales of shares of subsidiaries and associates	490	—
Decrease (increase) in notes and accounts receivable — trade	212	(72)
Loss (gain) on valuation of investment securities	—	174
Decrease (increase) in inventories	(660)	37
Increase (decrease) in notes and accounts payable — trade	(493)	319
Increase (decrease) in accrued consumption taxes	(46)	136
Increase (decrease) in advances received	(96)	(104)
Increase (decrease) in accounts payable - other	74	249
Decrease (increase) in other assets	99	80
Increase (decrease) in other liabilities	366	(5)
Subtotal	5,705	6,268
Interest and dividends income received	296	221
Interest expenses paid	(0)	(2)
Income taxes paid	(6,838)	(6,916)
Income taxes refund	2,501	2,862
Net cash provided by (used in) operating activities	1,664	2,433

(Millions of yen)

	Fiscal 2018 (March 1, 2018 to February 28, 2019)	Fiscal 2019 (March 1, 2019 to February 29, 2020)
Cash Flows from Investing Activities:		
Purchase of property, plant and equipment	(592)	(714)
Proceeds from sales of property, plant and equipment	0	—
Purchase of intangible assets	(16)	(71)
Purchase of investment securities	(3,515)	(9)
Proceeds from sales of investment securities	2,017	145
Proceeds from redemption of investment securities	—	700
Proceeds from sales of shares of subsidiaries and associates	7,725	—
Payments of long-term loans receivable	(1)	(0)
Collection of long-term loans receivable	5	2
Purchase of long-term prepaid expenses	(27)	(49)
Other payments	(239)	(189)
Other proceeds	49	260
Net cash provided by (used in) investing activities	5,407	72
Cash Flows from Financing Activities:		
Repayment of long-term loans payable	(102)	(92)
Purchase of treasury stock	(7,278)	(3,606)
Proceeds from sales of treasury stock	36	68
Cash dividends paid	(1,851)	(1,747)
Other payments	(148)	(89)
Net cash provided by (used in) financing activities	(9,344)	(5,468)
Effect of exchange rate change on cash and cash equivalents	(2)	(2)
Net increase (decrease) in cash and cash equivalents	(2,276)	(2,963)
Cash and cash equivalents at beginning of period	6,026	3,749
Cash and cash equivalents at end of period	3,749	785

(5) Notes to Consolidated Financial Statements
(Notes Regarding Going-Concern Assumption)

Not applicable.

(Change in Presentation Method)

(Application of “Partial Amendments to Accounting Standard for Tax Effect Accounting”)

From the subject fiscal year, the Company has applied “Partial Amendments to Accounting Standard for Tax Effect Accounting” (ASBJ Statement No. 28, February 16, 2018). Deferred tax assets are shown in “Investments and other assets,” and deferred tax liabilities in “Non-current liabilities.”

(Consolidated Statements of Cash Flows)

Effective from the fiscal year under review, “income taxes refund” included in “income taxes paid” in the Company’s “Cash Flows from Operating Activities” has been reclassified and presented as a separate accounting line item due to its increased importance. As a result of this change in presentation method, steps have been taken to adjust the Company’s consolidated financial statements for the previous fiscal period.

Based on the aforementioned, “income taxes paid” of ¥4,337 million recorded in “Cash Flows from Operating Activities” of the Company’s consolidated statement of cash flow for the previous fiscal year has been adjusted and classified as “income taxes paid” of ¥6,838 million and “income taxes refund” of ¥2,501 million.

(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 ¥170 million, for 61,800 shares at the end of the previous consolidated fiscal year, and ¥71 million, for 26,000 shares at the end 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: ¥175 million

At the end of the subject consolidated fiscal year: ¥82 million

(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 ¥126 million, for 50,000 shares at the end of the previous consolidated fiscal year, and ¥114 million, for 45,353 shares at the end of the subject consolidated fiscal year.

(Segment Information)

1. Overview of Reporting Segments

The Group's reporting segments are regularly reviewed by the Board of Directors using the segregated financial information available within each segment to determine the allocation of management resources and evaluate business results.

Based on the major products handled, the YONDOSHI HOLDINGS Group has identified the Jewelry Business and the Apparel Business as its two reporting segments.

(1) Jewelry Business

F.D.C. Products Inc. and its subsidiary companies engage in the comprehensive development of brand businesses. This includes the design, manufacture and sale of various products focusing mainly on jewelry and bags. The F.D.C. Products Group's principal brands include 4°C, Canal4°C, and EAUDOUCE4°C.

(2) Apparel Business

AS'TY Inc. and its subsidiary companies engage in apparel business development activities. Responsible for the manufacturing and apparel functions that draw on its design and marketing capabilities, the AS'TY Group maintains an overseas production network in such countries as China, Vietnam and Bangladesh while marketing products mainly through major apparel outlets, specialty stores and general merchandise stores. age Co., Ltd. is active in the retail business focusing mainly on women's clothes, fashion accessories and practical clothing. The company's is largely undertaken in Western Japan.

2. Calculation Methods for Net Sales, Profit and Loss, Assets, Liabilities and Other Items by Reporting Segment

The accounting treatment methods for reporting segments are generally the same as those adopted for preparing consolidated financial statements. Profits for reporting segments are operating income amounts. Intra-segment sales and transfers are based on current market prices.

3. Information Regarding Net Sales, Profit and Loss, Assets, Liabilities and Other Items by Reporting Segment

Fiscal 2018, the Fiscal Year Ended February 28, 2019 (March 1, 2018 to February 28, 2019)

(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	29,295	17,822	47,118	—	47,118
Intrasegment net sales and transfers	1	1,009	1,011	(1,011)	—
Total	29,297	18,832	48,129	(1,011)	47,118
Segment income	4,465	603	5,068	(84)	4,984
Segment assets	26,258	33,656	59,914	369	60,284
Other items					
Depreciation	704	398	1,103	20	1,123
Increase in property, plant and equipment and intangible assets	462	403	865	29	895

Notes:

- (1) The adjustment amount of minus ¥84 million for segment income mainly includes amortization of goodwill totaling minus ¥496 million, general administrative expenses that are not attributable to individual reporting segments amounting to minus ¥558 million and eliminations of inter-segment transactions of ¥971 million.

(2) The adjustment amount of ¥512 million for segment assets is mainly comprised of an inter-segment offset amount totaling minus ¥17,996 million, corporate assets of ¥14,648 million and the balance of unamortized goodwill of ¥3,723 million that are not allocated to each reporting segment. Meanwhile, corporate assets are primarily made up of surplus operating funds (cash and deposits) that are not attributable to individual reporting segments.

(3) The adjustment amount of ¥20 million for depreciation and amortization relates to corporate assets that are not attributable to individual reporting segments.

(4) The adjustment amount of tangible and intangible asset increase of ¥29 million relates to corporate assets that are not attributable to individual reporting segments.
- Segment income matches operating income recorded on the consolidated statements of income.

Fiscal 2019, the Fiscal Year Ended February 29, 2020 (March 1, 2019 to February 29, 2020)

(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	26,987	17,983	44,970	—	44,970
Intrasegment net sales and transfers	0	553	553	(553)	—
Total	26,987	18,536	45,542	(553)	44,970
Segment income	3,319	758	4,077	(102)	3,975
Segment assets	26,282	25,550	51,832	1,904	53,737
Other items					
Depreciation	890	330	1,220	22	1,243
Increase in property, plant and equipment and intangible assets	645	202	848	32	880

Notes:

- (1) The adjustment amount of minus ¥102 million for segment income mainly includes amortization of goodwill totaling minus ¥496 million, general administrative expenses that are not attributable to individual reporting segments amounting to minus ¥537 million and eliminations of inter-segment transactions of ¥931 million.

(2) The adjustment amount of ¥1,904 million for segment assets is mainly comprised of an inter-segment offset amount totaling minus ¥10,983 million, corporate assets of ¥9,661 million and the balance of unamortized goodwill of ¥3,227 million that are not allocated to each reporting segment. Meanwhile, corporate assets are primarily made up of surplus operating funds (cash and deposits) that are not attributable to individual reporting segments.

(3) The adjustment amount of ¥22 million for depreciation and amortization relates to corporate assets that are not attributable to individual reporting segments.

(4) The adjustment amount of tangible and intangible asset increase of ¥32 million relates to corporate assets that are not

- attributable to individual reporting segments.
2. Segment income matches operating income recorded on the consolidated statements of income.

(Related Information)

Fiscal 2018, the Fiscal Year Ended February 28, 2019 (March 1, 2018 to February 28, 2019)

1. Product and Service Information

As the same information is disclosed in the Segment Information, product and service information has been omitted.

2. Geographical Segment Information

i. Net sales

As the total of operating revenues to outside customers based in Japan of all business segments represented over 90% of the Company's total operating revenues in the consolidated statements of income, geographical information has been omitted.

ii. Property, plant and equipment

As the total of property, plant and equipment based in Japan of all business segments represented over 90% of the Company's property, plant and equipment in the consolidated balance sheets, geographical information has been omitted.

3. Information by Major Customer

This information has been omitted because there are no specific customers to whom sales exceed 10% or more of the total operating revenues posted in the consolidated statement of income.

Fiscal 2019, the Fiscal Year Ended February 29, 2020 (March 1, 2019 to February 29, 2020)

1. Product and Service Information

As the same information is disclosed in the Segment Information, product and service information has been omitted.

2. Geographical Segment Information

i. Net sales

As the total of operating revenues to outside customers based in Japan of all business segments represented over 90% of the Company's total operating revenues in the consolidated statements of income, geographical information has been omitted.

ii. Property, plant and equipment

As the total of property, plant and equipment based in Japan of all business segments represented over 90% of the Company's property, plant and equipment in the consolidated balance sheets, geographical information has been omitted.

3. Information by Major Customer

This information has been omitted because there are no specific customers to whom sales exceed 10% or more of the total operating revenues posted in the consolidated statement of income.

(Information Concerning the Impairment loss of Noncurrent Assets by Reporting Segment)

Fiscal 2018, the Fiscal Year Ended February 28, 2019 (March 1, 2018 to February 28, 2019)

(Millions of yen)

	Reporting Segments			Adjustment amount	Total
	Jewelry Business	Apparel Business	Total		
Impairment loss	277	43	320	—	320

Fiscal 2019, the Fiscal Year Ended February 29, 2020 (March 1, 2019 to February 29, 2020)

(Millions of yen)

	Reporting Segments			Adjustment amount	Total
	Jewelry Business	Apparel Business	Total		
Impairment loss	191	25	217	—	217

(Information Concerning the Amount of Goodwill Amortized and the Balance of Unamortized Goodwill by Reporting Segment)

Fiscal 2018, the Fiscal Year Ended February 28, 2019 (March 1, 2018 to February 28, 2019)

There were no amounts of goodwill amortized or balance of unamortized goodwill allocated to reporting segments. The amounts of goodwill amortized and balance of unamortized goodwill not allocated to reporting segments were ¥496 million and ¥3,723 million, respectively. The amounts of goodwill amortized and balance of unamortized goodwill related to goodwill that arose at the time of stock exchange.

Fiscal 2019, the Fiscal Year Ended February 29, 2020 (March 1, 2019 to February 29, 2020)

There were no amounts of goodwill amortized or balance of unamortized goodwill allocated to reporting segments. The amounts of goodwill amortized and balance of unamortized goodwill not allocated to reporting segments were ¥496 million and ¥3,227 million, respectively. The amounts of goodwill amortized and balance of unamortized goodwill related to goodwill that arose at the time of stock exchange.

(Information Concerning the Gain on Negative Goodwill by Reporting Segment)

Fiscal 2018, the Fiscal Year Ended February 28, 2019 (March 1, 2018 to February 28, 2019)

Not applicable.

Fiscal 2019, the Fiscal Year Ended February 29, 2020 (March 1, 2019 to February 29, 2020)

Not applicable.

(Per Share Information)

(Yen)

Fiscal 2018 (March 1, 2018 to February 28, 2019)		Fiscal 2019 (March 1, 2019 to February 29, 2020)	
1. Net assets per share	1,883.28	1. Net assets per share	1,822.10
2. Earnings per share	96.03	2. Earnings per share	112.18
3. Net income per share (diluted)	96.01	3. Net income per share (diluted)	112.17

Notes: 1. The basis for calculating earnings per share and net income per diluted share is presented as follows:

(Millions of yen unless otherwise stated)

	Fiscal 2018 (March 1, 2018 to February 28, 2019)	Fiscal 2019 (March 1, 2019 to February 29, 2020)
Total earnings per share		
Profit attributable to owners of parent	2,440	2,475
Amounts not applicable to ordinary shareholders	—	—
Profit attributable to owners of parent applicable to common stock	2,440	2,475
Average number of common shares (Shares)	25,415,080	22,071,819
Net income per share adjusted for diluted shares		
Adjustment to profit attributable to owners of parent per share	—	—
Increased number of common shares (Shares)	5,673	1,312
(Subscription rights to shares)	(5,673)	(1,312)
Description of the diluted shares not included in the calculation of net income per share adjusted for diluted shares due to their non-dilutive effect from the previous fiscal year	<p>New share subscription rights issued on July 6, 2015 8th issuance of new share subscription rights Common stock: 85,800 shares</p> <p>New share subscription rights issued on November 22, 2018 11th issuance of new share subscription rights Common stock: 34,500 shares</p> <p>New share subscription rights issued on November 22, 2018 12th issuance of new share subscription rights Common stock: 28,200 shares</p>	<p>New share subscription rights issued on July 6, 2015 8th issuance of new share subscription rights Common stock: 80,700 shares</p> <p>New share subscription rights issued on November 22, 2018 11th issuance of new share subscription rights Common stock: 34,500 shares</p> <p>New share subscription rights issued on November 22, 2018 12th issuance of new share subscription rights Common stock: 28,200 shares</p>

2. The basis for calculating net assets per share is presented as follows:

(Millions of yen unless otherwise stated)

	Fiscal 2018 (March 1, 2018 to February 28, 2019)	Fiscal 2019 (March 1, 2019 to February 29, 2020)
Total net asset recorded on consolidated balance sheets	43,587	39,588
Deduction amount of total net asset recorded on consolidated balance sheets	90	74
Subscription rights to shares	(90)	(74)
Net assets applicable to common stock	43,497	39,514
Number of common stock utilized for the calculation of net assets per share (Shares)	23,096,722	21,686,070

3. Company stock remaining in the YONDOSHI HOLDINGS Group Employees' Shareholding Association Trust (hereinafter referred to as "the Trust") and the Shares Grant Trust for Officers recorded as Treasury Stock in the Company's Shareholders' Equity is included in the number of treasury stock to be deducted when computing the average number of shares for the period for earnings per share calculation purposes as well as the number of treasury stock to be deducted from the total number of shares issued and outstanding as of the end of the period for net assets per share calculation purposes.

The number of treasury stock to be deducted when computing the average number of shares for the period for earnings per share calculation purposes was 93,573 shares for fiscal 2018 and 89,427 shares for fiscal 2019. The number of treasury stock to be deducted from the total number of shares issued and outstanding as of the end of the period for net assets per share calculation purposes was 111,800 shares for fiscal 2018 and 71,353 shares for fiscal 2019.

4. Other

(1) Changes in Management (Planned effective date: May 28, 2020)

i. Change in Representative

- Candidate for new appointment as representative director
President and Representative Director, COO Tohru Hirota
(Current Position: Director & Senior Managing Executive Officer, The Hiroshima Bank, Ltd.)
- Officer scheduled to retire
President and Representative Director, COO Akihiro Takiguchi
Note: Mr. Takiguchi will take office and serve exclusively as the representative director and president of F.D.C. Products Inc., which is largely responsible for the YONDOSHI HOLDINGS Group's Jewelry Business.

ii. Other Changes (Planned effective date: May 28, 2020)

- Scheduled Retirement of a Director (Excluding Audit/Supervisory Committee Member)
Hidenori Suzuki
- Candidate for New Appointment as a Director and Audit/Supervisory Committee Member
Nobuko Nagafusa (Current Position: Lawyer, Kotohira Partners)
Notes:
 1. Ms. Nagafusa is a candidate for the position of external director and independent officer regarding takeover defense measures.
 2. While Ms. Nagafusa changed her registered name following her marriage, work as a lawyer is conducted under her maiden name, Nobuko Kitagawa.
- Scheduled Retirement of a Director and Audit/Supervisory Committee Member
Seisui Kamigaki
Note: Mr. Kamigaki is an external director.

Please refer to the press release “Notice of Planned Changes in Representative Director and Management, the Organizational Structure of a Major Subsidiary, and Personnel” issued on April 13, 2020 for details.