

Consolidated Financial Results for the Year Ended August 31, 2018

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 Stock exchange JASDAQ Standard of Tokyo Stock Exchange (Code 2484)
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Notes: 1. The accompanying financial statements have been prepared in accordance with accounting principles and practices generally accepted in Japan.
 2. Amounts are rounded down to the nearest million yen.

1. Consolidated financial highlights for the Year Ended August 31, 2018

(1) Operating results

Note: Percentages indicate changes from the same period of the previous fiscal year.

	Year ended			
	August 31, 2017	August 31, 2018		
		%		%
Net sales (Millions of yen)	4,943	19.0	5,430	9.8
Operating profit (Millions of yen)	800	39.8	837	4.6
Ordinary profit (Millions of yen)	797	37.8	849	6.4
Profit attributable to owners of parent (Millions of yen)	432	24.4	558	29.1
Profit per share (Yen):				
Basic	10.72		13.79	
Diluted	10.30		13.53	
Return on equity (%)	17.3		18.8	
Ordinary income to total assets (%)	18.8		15.5	
Operating income to net sales (%)	16.2		15.4	
Comprehensive income:	Year ended August 31, 2018: 685 million yen, 47.1%			
	Year ended August 31, 2017: 465 million yen, 37.2%			
Profit/loss on equity method:	Year ended August 31, 2018: 18 million yen			
	Year ended August 31, 2017: 11 million yen			

(2) Financial position

	As of	
	August 31, 2017	August 31, 2018
Total assets (Millions of yen)	4,439	6,518
Total net assets (Millions of yen)	2,712	3,268
Equity ratio (%)	60.8	49.9
Net assets per share (Yen)	66.65	80.38
Equity:	3,255 million yen (as of August 31, 2018)	
	2,698 million yen (as of August 31, 2017)	

(3) Cash flows

	Year ended	
	August 31, 2017	August 31, 2018
Cash flows from operating activities	1,044	432
Cash flows from investing activities	(298)	(353)
Cash flows from financing activities	(204)	591
Cash and cash equivalents at end of period	2,262	2,928

2. Dividends

	Year ended August 31, 2017	Year ending August 31, 2018
1Q-end dividends per share (Yen)	-	-
2Q-end dividends per share (Yen)	0.00	0.00
3Q-end dividends per share (Yen)	-	-
Year-end dividends per share (Yen)	3.30	3.60
Annual dividends per share (Yen)	3.30	3.60
Total dividends (Millions of yen)	133	145
Payout ratio (%)	30.8	26.1
Dividend on equity (%)	5.3	4.9

Note: The forecast dividends for the fiscal year ending August 31, 2019 are yet to be determined. The Company will announce the specific dividend amounts as soon as the determination.

3. Financial forecasts for the fiscal year ending August 31, 2019

Note: Percentages indicate changes from the same period of the previous fiscal year.

	Year ending August 31, 2019	
		%
Net sales (Millions of yen)	7,681	41.4
Operating profit (Millions of yen)	100	(88.1)
Ordinary profit (Millions of yen)	117	(86.2)
Profit attributable to owners of parent (Millions of yen)	79	(85.8)
Profit per share (Yen)	1.96	

4. Notes

- (1) Important changes in subsidiaries (Changes on specific subsidiaries associated with changes in scope of consolidation): None
- (2) Changes in accounting policies, changes in accounting estimates and restatements
 1. Changes in accounting policies along with changes in accounting standards: None
 2. Other changes of accounting policies besides the number 1 above: None
 3. Changes in accounting estimates: None
 4. Restatements: None
- (3) Number of shares issued and outstanding (common share)
 1. Number of shares issued and outstanding (including treasury shares)

As of August 31, 2018:	44,390,400 shares
As of August 31, 2017:	44,390,400 shares
 2. Number of shares of treasury shares

As of August 31, 2018:	3,883,274 shares
As of August 31, 2017:	3,904,000 shares
 3. Average number of shares outstanding

As of August 31, 2018:	40,497,625 shares
As of August 31, 2017:	40,377,432 shares

* Status of implementation of quarterly review procedures

This Consolidated Financial Review is outside the scope of the audit procedures under the Financial Instruments and Exchange Act.

* Explanation of the appropriate use of financial forecast:

(Attention to the explanation of financial forecast)

The financial forecasts and estimates provided in this Consolidated Financial Results are based on certain assumptions judged to be reasonable by the Company and available information at the time of report issuance, and therefore are not guarantees of future performance. Consequently, actual results may differ substantially from those described in this Consolidated Financial Results. Please refer to "1. Qualitative Information Regarding Financial Statements, (4) Future Forecast" on page 5 for further details.

The Company plans to hold an earnings release conference for analysts and investors on October 12, 2018. Supplementary presentation materials to be handed out at the conference will be posted simultaneously on the Company's website.

1. Qualitative Information Regarding Financial Statements

(1) Explanation of Operating Results

During the fiscal year under review, the Group carried out a range of measures for our basic policy of the significant growth of the *Demae-can* business.

As for active investments for the rapid expansion of *Demae-can* fans, the Group promoted steps to increase the degree of recognition, including TV commercials, and strove to acquire new users. In addition, as initiatives for cementing users and increasing the frequency of the service, the Group took steps to facilitate three-time orders and the operation of the *Demae-nyan Club*, its unique loyalty program. Moreover, LINE Pay and mobile carrier payment were launched on August 24, 2018.

As for the development of affiliated stores to expand the market, the Group began the full-scale expansion of *Sharing Delivery*[®], and the service area expanded significantly from 10 agencies at the end of the previous fiscal year to 60 agencies as of the end of the current fiscal year, penetrating the Kansai and Tokai areas. Moreover, the number of new affiliated stores, which are popular stores in each area, steadily increased by offering the delivery agency service.

In terms of measures for improving store operation, the Group released the *Demae-can* order management software application in October 2017, and it has encouraged the introduction of the system in affiliated stores.

Consequently, the consolidated results for the current fiscal year were net sales of 5,430,796 thousand yen (up 9.8% year on year), operating profit of 837,299 thousand yen (up 4.6% year on year), ordinary profit of 849,035 thousand yen (up 6.4% year on year) and profit attributable to owners of parent of 558,602 thousand yen (up 29.1% year on year).

(Thousands of yen)

Category	Year ended August 31, 2017		Year ended August 31, 2018		YoY	
	Amount	Sales ratio (%)	Amount	Sales ratio (%)	Amount	Change (%)
<i>Demae-can</i> business						
Basic operation fee	339,613	6.9	409,727	7.5	70,114	20.6
Order commissions	1,938,233	39.2	2,634,411	48.5	696,178	35.9
Advertising revenue	33,262	0.7	17,948	0.3	(15,314)	(46.0)
Entrusted system development	38,552	0.8	53,439	1.0	14,887	38.6
Other transactions	604,484	12.2	962,516	17.7	358,032	59.2
Sub-total (applicable to the current first quarter)	2,954,145	59.8	4,078,043	75.1	1,123,897	38.0
Effects by Delis	509,521	10.3	-	-	(509,521)	(100.0)
Effects resulting from change of scope of consolidation	35,594	0.7	-	-	(35,594)	(100.0)
Sub-total (applicable to the previous first quarter)	3,499,261	70.8	4,078,043	75.1	578,782	16.5
Mail order business	1,444,683	29.2	1,352,752	24.9	(91,931)	(6.4)
Total	4,943,945	100.0	5,430,796	100.0	486,850	9.8

Note: Delis Corporation, a subsidiary included in consolidated results for the third quarter of the previous year, is no longer a consolidated subsidiary because its shares were sold in the third quarter of the previous year. In this connection, the amount by Delis reflected in the *Demae-can* business of the previous year are indicated as “Effects by Delis” while at the same time the amount are presented separately as “Effects resulting from change of scope of consolidation” in association with a change in the scope of consolidation.

The business results for each segment are described below:

(Demae-can Business)

In the *Demae-can* business segment, the number of active users was approximately 2.69 million (up 14.1% year on year), the number of affiliated stores was 17,207 (up 12.3% year on year) and the number of orders placed was approximately 23.32 million (up 35.0% year on year) at the end of the current fiscal year. As a result, net sales in the *Demae-can* business segment came to 4,078,043 thousand yen (up 16.5% year on year) for the current fiscal year, included 409,727 thousand yen for basic operation fee, 2,634,411 thousand yen for order commissions, 17,948 thousand yen for advertising revenue, 53,439 thousand yen for entrusted system development, and 962,516 thousand yen for other transactions.

Net sales for the segment increased 38.0% year on year for the current fiscal year, excluding the impact on sales resulting from Delis Corporation, whose shares were sold in the third quarter of the previous fiscal year.

(Mail Order Business)

In the Mail Order business segment, net sales came to 1,352,752 thousand yen (down 6.4% year on year) by the mail order sales to the restaurants all over Japan.

(2) Qualitative Information on Consolidated Financial Conditions

Current assets at the end of the current fiscal year under review amounted to 5,292,767 thousand yen, an increase of 1,772,894 thousand yen from the end of the previous fiscal year. Key factors contributing to this increase included an increase of 1,128,670 thousand yen in accounts receivable-other and 665,414 thousand yen in cash and deposits, which offset a decrease of 57,580 thousand yen in notes and accounts receivable-trade.

Non-current assets at the end of the current fiscal year under review amounted to 1,225,967 thousand yen, an increase of 306,780 thousand yen from the end of the previous fiscal year. Key factors contributing to this increase included an increase of 141,930 thousand yen in software, 152,094 thousand yen in investment securities, 51,998 thousand yen in guarantee deposits and 20,835 thousand yen in buildings and structures, which offset a decrease of 68,655 thousand yen in goodwill.

As a result, total assets at the end of the current fiscal year under review amounted to 6,518,735 thousand yen, an increase of 2,079,675 thousand yen from the end of the previous fiscal year.

Current liabilities at the end of the current fiscal year under review amounted to 3,164,636 thousand yen, an increase of 1,466,620 thousand yen from the end of the previous fiscal year. Key factors contributing to this increase included an increase of 800,000 thousand yen in short-term loans payable and 778,905 thousand yen in accounts payable-other, which offset a decrease of 71,447 thousand yen in the current portion of long-term loans payable, 41,718 thousand yen in income taxes payable and 12,851 thousand yen in notes and accounts payable-trade.

Non-current liabilities at the end of the current fiscal year under review amounted to 85,168 thousand yen, an increase of 56,896 thousand yen from the end of the previous fiscal year. Key factors contributing to this decrease included a decrease of 4,008 thousand yen in long-term loans payable.

As a result, total liabilities at the end of the current fiscal year under review amounted to 3,249,805 thousand yen, an increase of 1,523,516 thousand yen from the end of the previous fiscal year.

Net assets at the end of the current fiscal year under review amounted to 3,268,929 thousand yen, an increase of 556,159 thousand yen from the end of the previous fiscal year. Key factors contributing to this increase included an increase of 558,602 thousand yen in profit attributable to owners of parent, 2,636 thousand yen in disposal of treasury shares and 130,348 thousand yen in valuation difference on available-for-sale securities, which offset a decrease of 133,605 thousand yen in dividends of surplus.

(3) Qualitative Information on Consolidated Cash Flows

The balance of cash and cash equivalents (“cash”) increased 665,414 thousand yen from the previous fiscal year, which was 2,928,218 thousand yen at the end of the fiscal year under review.

The status of each of the cash flow segments in the fiscal year under review is as follows:

(Cash flows from operating activities)

Net cash provided by operating activities during the fiscal year under review was 433,133 thousand yen (an increase of 1,044,682 thousand yen in the previous fiscal year). Key factors contributing to an increase included profit before income taxes of 840,091 thousand yen, an increase in accounts payable - other of 745,207 thousand yen, depreciation of 175,706 thousand yen and amortization of goodwill of 68,555 thousand yen, which offset a decrease included an increase in accounts receivable - other of 1,127,205 thousand yen and income taxes paid of 281,758 thousand yen.

(Cash flows from investing activities)

Net cash used in investing activities during the fiscal year under review was 353,089 thousand yen (298,125 thousand yen used in the previous fiscal year). The change resulted primarily from decreases such as the purchase of intangible assets of 267,340 thousand yen, the purchase of property, plant and equipment of 76,250 thousand yen,

(Cash flows from financing activities)

Net cash provided in financing activities during the fiscal year under review was 591,246 thousand yen (204,551 thousand yen used in the previous fiscal year).

Key factors contributing to an increase included short-term loans payable of 800,000 thousand yen and the disposal of treasury shares of 3,494 thousand yen, which offset a decrease included repayments of long-term loans payable of 75,455 thousand yen, purchase of treasury shares of 146 thousand yen and cash dividends paid of 133,850 thousand yen.

(Reference) Changes in cash flows related indicators

	Year ended August 31, 2014	Year ended August 31, 2015	Year ended August 31, 2016	Year ended August 31, 2017	Year ended August 31, 2018
Equity Ratio (%)	66.8	68.8	57.0	60.8	49.9
Equity Ratio at market value (%)	228.8	375.0	462.2	1,499.4	2,078.6
Interest-bearing debt to cash ratio (times)	0.8	0.5	0.9	0.1	1.9
Interest coverage ratio (times)	90.7	145.2	147.0	55.2	836.4

* Equity ratio: (Equity / Total assets) x 100

* Equity ratio at market value: (Market capitalization / Total assets) x 100

* Interest-bearing debt to cash flow ratio: Interest-bearing debt / Cash flows from operating activities

* Interest coverage ratio: Cash flows from operating activities / Interest expenses

Note: 1. Market capitalization is calculated based on the following formula:

1. Closing stock price at fiscal year-end x Number of shares outstanding at fiscal year-end
1. treasury share.
2. The cash flow amount represents net cash provided by (used in) operating activities.
3. The interest-bearing debts include all interest-bearing liabilities that are listed on the consolidated balance sheet. The interest payment represents the amount of interest expenses paid presented on the cash flow statement.

(4) Future Forecast

The Group constantly strives to expand the market share of the *Demae-can* business, its main business. The Group came to the conclusion that it is important to develop *Sharing Delivery*[®], which went into full-scale operation last year, horizontally and rapidly, and to increase active user acquisitions. The Group believes that it is more important to focus on the medium- and long-term business scale rather than the short-term profit. It will therefore make an active investment.

Based on the above strategies, the Company forecasts that consolidated net sales will be 7,681 million yen (up 41.4% year on year), operating profit will be 100 million yen (down 88.1% year on year), ordinary profit will be 117 million yen (down 86.2% year on year), and profit attributable to owners of parent will be 79 million yen (down 85.8% year on year) for the fiscal year ending August 31, 2018.

(5) Fundamental Policy for Distribution of Profits and Dividends for the Current and Next Fiscal Years

The Company considers that its basic policy is to increase its corporate value by strengthening its business base and enhancing management efficiency based on active business development and to provide its shareholders with a continuous and stable return of profit. It aims for a payout ratio of approximately 30% and stable dividend while maintaining active investment in the future businesses at the same times.

The Company's basic policy for dividends of surplus is one payment a year distributed at the end of each fiscal year. To facilitate a flexible profit return to shareholders according to the business results, the Company has specified in its articles of incorporation that the Company may distribute dividends of surplus as interim dividends to shareholders or registered pledgees of shares with the last day of February as the record date upon a resolution of the Board of Directors. The organizations that determine the payment of these dividends of surplus are the General Meeting of Shareholders for year-end dividends and the Board of Directors for interim dividends.

For the fiscal year under review, the Company plans to pay a year-end dividend of 3.60 yen per share.

(Reason for difficulty in forecasting dividends)

The Company comprehensively examines its business performance, financial position, dividend payout ratio, and the level of retained earnings for future business development to make flexible decisions. For this reason, the Company has not indicated a dividend forecast for the next fiscal year.

2. Basic Philosophy on the selection of accounting standards

The Group's stakeholders consist largely of shareholders, creditors, business partners, and other parties based in Japan. For this reason, the Company has adopted the Japanese accounting standards for its financial statements.

2. Consolidated Financial Statements and Notes to Consolidated Financial Statement

(1) Consolidated Balance Sheets

	(Thousands of yen)	
	As of August 31, 2017	As of August 31, 2018
Assets		
Current assets		
Cash and deposits	2,262,804	2,928,218
Notes and accounts receivable—trade	407,735	350,154
Merchandise and finished goods	58,097	61,238
Accounts receivable-other	736,208	1,864,879
Deferred tax assets	22,637	22,808
Other	36,114	69,364
Allowance for doubtful accounts	(3,725)	(3,897)
Total current assets	3,519,872	5,292,767
Non-current assets		
Property, plant, and equipment		
Buildings and structures	54,358	77,094
Accumulated depreciation	(25,276)	(27,176)
Buildings and structures, net	29,081	49,917
Land	64	64
Other	135,022	179,208
Accumulated depreciation	(85,356)	(106,334)
Other, net	49,665	72,873
Total property, plant and equipment	78,811	122,855
Intangible assets		
Software	446,235	588,166
Software in progress	5,818	16,015
Goodwill	68,655	-
Other	138	138
Total intangible assets	520,848	604,320
Investments and other assets		
Investment securities	196,285	348,380
Guarantee deposits	62,592	114,590
Deferred tax assets	37,888	7,634
Other	23,271	28,431
Allowance for doubtful accounts	(510)	(244)
Total investments and other assets	319,527	498,792
Total non-current assets	919,186	1,225,967
Total assets	4,439,059	6,518,735

(Thousands of yen)

	As of August 31, 2017	As of August 31, 2018
Liabilities		
Current liabilities		
Notes and accounts payable - trade	111,812	98,960
Short-term loans payable	-	800,000
Current portion of long-term loans payable	75,455	4,008
Accounts payable - other	1,206,615	1,985,520
Income taxes payable	151,950	110,232
Provision for bonuses	25,674	32,662
Other	126,509	133,252
Total current liabilities	1,698,016	3,164,636
Non-current liabilities		
Long-term loans payable	7,642	3,634
Other	20,630	81,534
Total non-current liabilities	28,272	85,168
Total liabilities	1,726,289	3,249,805
Net assets		
Shareholders' equity		
Capital stock	1,113,300	1,113,300
Capital surplus	634,703	637,340
Retained earnings	1,388,457	1,813,455
Treasury shares	(469,316)	(466,962)
Total shareholders' equity	2,667,146	3,097,134
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	27,293	157,641
Foreign currency translation adjustment	3,976	1,043
Total valuation and translation adjustments	31,270	158,685
Subscription rights to shares	8,280	6,637
Non-controlling interests	6,073	6,472
Total net assets	2,712,770	3,268,929
Total liabilities and net assets	4,439,059	6,518,735

(2) Consolidated Statements of Income and Comprehensive Income

Consolidated Statements of Income

	(Thousands of yen)	
	Year ended August 31, 2017	Year ended August 31, 2018
Net sales	4,943,945	5,430,796
Cost of sales	1,720,459	2,020,363
Gross profit	3,223,486	3,410,432
Selling, general and administrative expenses	2,422,827	2,573,133
Operating profit	800,658	837,299
Non-operating income		
Interest income	957	59
Dividend income	1,953	2,442
Share of profit of entities accounted for using equity method	11,261	18,985
Subsidy income	2,800	-
Other	3,436	2,789
Total non-operating income	20,409	24,276
Non-operating expenses		
Interest expenses	18,843	652
Taxes and dues	-	7,425
Foreign exchange losses	451	2,892
Other	3,818	1,569
Total non-operating expenses	23,113	12,540
Ordinary profit	797,954	849,035
Extraordinary income		
Gain on sales of shares of subsidiaries and associates	5,854	-
Gain on sales of non-current assets	-	4,416
Gain on sales of investment securities	-	0
Total extraordinary income	5,854	4,417
Extraordinary losses		
Loss on sales of non-current assets	520	-
Loss on retirement of non-current assets	72,188	777
Impairment loss	36,721	11,824
Other	3,510	758
Total extraordinary losses	112,941	13,360
Profit before income taxes	690,867	840,091
Income taxes - current	273,878	248,234
Income taxes - deferred	(13,249)	33,828
Total income taxes	260,629	282,063
Profit	430,237	558,028
Profit (loss) attributable to non-controlling interests	(2,421)	(573)
Profit attributable to owners of parent	432,659	558,602

Consolidated Statements of Comprehensive Income

	(Thousands of yen)	
	Year ended August 31, 2017	Year ended August 31, 2018
Profit	430,237	558,028
Other comprehensive income		
Valuation difference on available-for-sale securities	34,074	130,348
Foreign currency translation adjustment	1,486	(3,116)
Total other comprehensive income	35,560	127,232
Comprehensive income	465,798	685,261
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	467,795	686,017
Comprehensive income attributable to non-controlling interests	(1,997)	(756)

(3) Consolidated Statements of Changes in Equity

Year ended August 31, 2017

(Thousands of yen)

	Shareholder's equity				
	Capital stock	Capital surplus	Retained earning	Treasury shares	Total shareholder's equity
Balance at beginning of current period	1,113,300	614,580	1,056,672	(463,648)	2,320,905
Changes of items during period					
Dividends of surplus			(100,874)		(100,874)
Profit attributable to owners of parent			432,659		432,659
Purchase of treasury shares				(28,941)	(28,941)
Disposal of treasury shares		20,123		23,273	43,397
Net changes of items other than shareholders' equity					-
Total changes of items during period	-	20,123	331,785	(5,668)	346,240
Balance at end of current period	1,113,300	634,703	1,388,457	(469,316)	2,667,146

	Other comprehensive income			Subscription rights to shares	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total other comprehensive income			
Balance at beginning of current period	(6,780)	2,914	(3,866)	16,774	8,071	2,341,884
Changes of items during period						
Dividends of surplus						(100,874)
Profit attributable to owners of parent						432,659
Purchase of treasury shares						(28,941)
Disposal of treasury shares						43,397
Net changes of items other than shareholders' equity	34,074	1,062	35,136	(8,494)	(1,997)	24,644
Total changes of items during period	34,074	1,062	35,136	(8,494)	(1,997)	370,885
Balance at end of current period	27,293	3,976	31,270	8,280	6,073	2,712,770

Year ended August 31, 2018

(Thousands of yen)

	Shareholder's equity				
	Capital stock	Capital surplus	Retained earning	Treasury shares	Total shareholder's equity
Balance at beginning of current period	1,113,300	634,703	1,388,457	(469,316)	2,667,146
Changes of items during period					
Dividends of surplus			(133,605)		(133,605)
Profit attributable to owners of parent			558,602		558,602
Purchase of treasury shares				(146)	(146)
Disposal of treasury shares		2,636		2,500	5,137
Net changes of items other than shareholders' equity					-
Total changes of items during period	-	2,636	424,997	2,353	429,988
Balance at end of current period	1,113,300	637,340	1,813,455	(466,962)	3,097,134

	Other comprehensive income			Subscription rights to shares	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total other comprehensive income			
Balance at beginning of current period	27,293	3,976	31,270	8,280	6,073	2,712,770
Changes of items during period						
Dividends of surplus						(133,605)
Profit attributable to owners of parent						558,602
Purchase of treasury shares						(146)
Disposal of treasury shares						5,137
Net changes of items other than shareholders' equity	130,348	(2,933)	127,415	(1,643)	399	126,171
Total changes of items during period	130,348	(2,933)	127,415	(1,643)	399	556,159
Balance at end of current period	157,641	1,043	158,685	6,637	6,472	3,268,929

(4) Consolidated Statements of Cash Flows

(Thousands of yen)

	Year ended August 31, 2017	Year ended August 31, 2018
Cash flows from operating activities		
Profit before income taxes	690,867	840,091
Depreciation	181,454	175,706
Amortization of goodwill	132,764	68,555
Share-based compensation expenses	3,265	-
Impairment loss	36,721	11,824
Loss on retirement of non-current assets	72,188	777
Loss (gain) on sales of property, plant and equipment	520	(4,416)
Loss (gain) on sales of shares of subsidiaries and associates	(5,854)	-
Loss (gain) on sales of investment securities	-	(0)
Loss (gain) on valuation of investment securities	3,510	-
Increase (decrease) in allowance for doubtful accounts	(2,693)	(94)
Increase (decrease) in provision for bonuses	13,381	6,988
Interest and dividend income	(2,910)	(2,501)
Foreign exchange losses (gains)	383	2,892
Interest expenses	18,843	652
Share of (profit) loss of entities accounted for using equity method	(11,261)	(18,985)
Decrease (increase) in notes and accounts receivable - trade	(109,564)	57,846
Decrease (increase) in inventories	9,542	(3,371)
Increase (decrease) in notes and accounts payable - trade	(7,125)	(12,851)
Decrease (increase) in accounts receivable-other	(334,444)	(1,127,205)
Increase (decrease) in accounts payable-other	578,459	745,207
Other	74,387	(31,619)
Subtotal	1,342,434	710,496
Interest and dividend income received	4,902	4,911
Interest expenses paid	(18,919)	(516)
Income taxes paid	(283,735)	(281,758)
Net cash provided by) operating activities	1,044,682	433,133
Cash flows from investing activities		
Purchase of property, plant and equipment	(19,988)	(76,250)
Purchase of intangible assets	(263,806)	(267,340)
Proceeds from sales of non-current assets	-	4,500
Proceeds from sales of investment securities	-	51,538
Payments of loans receivable	(430)	-
Collection of loans receivable	757	-
Payments for lease and guarantee deposits	-	(98,919)
Proceeds from collection of lease and guarantee deposits	-	47,514
Payments for sales of shares of subsidiaries resulting in change in scope of consolidation	(11,457)	-
Payments for asset retirement obligations	-	(7,560)
Other	(3,199)	(6,571)
Net cash provided by (used in) investing activities	(298,125)	(353,089)

(Thousands of yen)

	Year ended August 31, 2017	Year ended August 31, 2018
Cash flows from financing activities		
Increase in short-term loans payable	-	800,000
Repayments of long-term loans payable	(104,844)	(75,455)
Purchase of treasury shares of subsidiaries	(28,941)	(146)
Proceeds from disposal of treasury shares of subsidiaries	31,882	3,494
Cash dividends paid	(101,041)	(133,850)
Other	(1,607)	(2,795)
Net cash provided by (used in) financing activities	(204,551)	591,246
Effect of exchange rate change on cash and cash equivalents	999	(5,876)
Net increase (decrease) in cash and cash equivalents	543,006	665,414
Cash and cash equivalents at beginning of period	1,719,798	2,262,804
Cash and cash equivalents at end of period	2,262,804	2,928,218

(5) Notes to Consolidated Financial Statements

(Notes on the going concern assumption)

Not applicable.

(Segment information)

1) General information about reportable segments

A reportable segment is a component or an aggregated component of the Group. For each of the components, discrete financial information is available and the operating result is regularly reviewed by management to make decisions about resources to be allocated to the segment and assess its performance.

The reporting segments of the Group are the *Demae-can* business and the mail order business.

The *Demae-can* segment primarily operates a website for the door-to-door delivery service, and the mail order sales segment sells, in large part, high-quality *Shochu* to restaurants on the phone.

2) Means to measure net sales, profit or loss, assets and other items in each reportable segment

The method of accounting process for the reported business segments is a method in accordance with the principles and procedures for accounting processes used to prepare consolidated financial statements.

The profit in the reporting segments represents the value based on operating income without considering depreciation expenses and amortization of goodwill (EBITDA). Internal returns and transfers between the segments are based on the prevailing market prices.

3) Net sales and profit or loss in reportable segments

Year ended August 31, 2017 (from September 1, 2016 to August 31, 2017)

(Thousands of yen)

	Reportable segments			Adjustments Note 1	Total Note 2
	Demae-can business	Mail order business	Segments total		
Sales					
Sales to external customers	3,499,261	1,444,683	4,943,945		4,943,945
Intersegment sales or transfers	-	152,706	152,706	(152,706)	-
Net sales	3,499,261	1,597,390	5,096,652	(152,706)	4,943,945
Segment profit	854,275	258,923	1,113,198	(312,540)	800,658
Segment assets	3,624,074	910,164	4,534,238	(95,179)	4,439,059
Segment debt	1,441,855	379,612	1,821,468	(95,179)	1,726,289
Other items					
Depreciation	171,178	10,276	181,454	-	181,454
Amortization of goodwill	29,930	102,833	132,764	-	132,764
Investment to entities accounted for using equity method	43,091	-	43,091	-	43,091
Increase in the amount of tangible and intangible fixed assets	235,503	25,260	260,763	-	260,763

Note: 1. The details of the adjustments are as follows:

- The adjustment of (312,540 thousand yen) in the segment profit includes depreciation expenses of (181,454 thousand yen) and amortization of goodwill of (132,764 thousand yen) for the reporting segments.
- The adjustment of (95,179 thousand yen) in the segment assets represents the elimination of inter-segment transactions of (95,179 thousand yen).
- The adjustment of (95,179 thousand yen) in the segment liabilities represents the elimination of inter-segment transactions of (95,179 thousand yen).

Note: 2. The total segment profit in each reporting segment and the total value of adjustment are

Note: 2. with the operating profit in the consolidated income statement.

Year ended August 31, 2018 (from September 1, 2017 to August 31, 2018)

(Thousands of yen)

	Reportable segments			Adjustments Note 1	Total Note 2
	Demae-can business	Mail order business	Segments total		
Sales					
Sales to external customers	4,078,043	1,352,752	5,430,796	-	5,430,796
Intersegment sales or transfers	-	199,932	199,932	(199,932)	-
Net sales	4,078,043	1,552,685	5,630,728	(199,932)	5,430,796
Segment profit	863,296	218,264	1,081,561	(244,261)	837,299
Segment assets	5,791,999	747,340	6,539,340	(20,605)	6,518,735
Segment debt	3,021,795	248,614	3,270,410	(20,605)	3,249,805
Other items					
Depreciation	161,527	14,178	175,706	-	175,706
Amortization of goodwill	-	68,555	68,555	-	68,555
Investment to entities accounted for using equity method	58,201	-	58,201	-	58,201
Increase in the amount of tangible and intangible fixed assets	351,308	26,225	377,534	-	377,534

Note: 1. The details of the adjustments are as follows:

- (a) The adjustment of (244,261 thousand yen) in the segment profit includes depreciation expenses of (175,706 thousand yen) and amortization of goodwill of (68,555 thousand yen) for the reporting segments.
- (b) The adjustment of (20,605 thousand yen) in the segment assets represents the elimination of inter-segment transactions of (20,605 thousand yen).
- (c) The adjustment of (20,605 thousand yen) in the segment liabilities represents the elimination of inter-segment transactions of (20,605 thousand yen).

Note: 2. The total segment profit in each reporting segment and the total value of adjustment are

Note: 2. with the operating profit in the consolidated income statement.

(Related information)

Year ended August 31, 2017

1) Information on each product and service

(Thousands of yen)

	<i>Demae-can</i> business	Mail order business	Total
Net sales to external customers	3,499,261	1,444,683	4,943,945

2) Information on each geographic area

(a) Net sales

This information is omitted due to the amount of sales to external customers in Japan exceeding 90% of the sales on the consolidated income statement.

(b) Property, plant, and equipment

This information is omitted due to the total value of property, plant, and equipment located in Japan exceeding 90% of the value of property, plant, and equipment on the consolidated balance sheet

3) Information on each key customer

This information is omitted due to the absence of external customers contributing to more than 10% of sales on the consolidated income statement.

Year ended August 31, 2018

1) Information on each product and service

(Thousands of yen)

	<i>Demae-can</i> business	Mail order business	Total
Net sales to external customers	4,078,043	1,352,752	5,430,796

2) Information on each geographic area

(a) Net sales

This information is omitted due to the amount of sales to external customers in Japan exceeding 90% of the sales on the consolidated income statement.

(b) Property, plant, and equipment

This information is omitted due to the total value of property, plant, and equipment located in Japan exceeding 90% of the value of property, plant, and equipment on the consolidated balance sheet

3) Information on each key customer

This information is omitted due to the absence of external customers contributing to more than 10% of sales on the consolidated income statement.

(Information on impairment loss on non-current assets in each reporting segment)

Year ended August 31, 2017

(Thousands of yen)

	<i>Demae-can</i> business	Mail order business	Eliminations or general corporate	Total
Impairment loss	35,951	770	-	36,721

Year ended August 31, 2018

(Thousands of yen)

	<i>Demae-can</i> business	Mail order business	Eliminations or general corporate	Total
Impairment loss	11,824	-	-	11,824

(Information on amortization and unamortized balance of goodwill in each reporting segment)

Year ended August 31, 2017

(Thousands of yen)

	<i>Demae-can</i> business	Mail order business	Eliminations or general corporate	Total
Amortization during period	29,300	102,833	-	132,764
Balance at end of current period	100	68,555	-	68,655

Note: The Company sold its shares in Delis Corporation, which had been a consolidated subsidiary, during the fiscal year under review; as a result, the goodwill of the Demae-can business decreased by 405,760 thousand yen.

Year ended August 31, 2018

(Thousands of yen)

	<i>Demae-can</i> business	Mail order business	Eliminations or general corporate	Total
Amortization during period	-	68,555	-	68,655
Balance at end of current period	-	-	-	-

(Information on gain on bargain purchase in each reporting segment)

Year ended August 31, 2017

Not applicable.

Year ended August 31, 2018

Not applicable.

(Per share information)

	Year ended August 31,2017	Year ended August 31,2018
Net assets per share (Yen)	66.65	80.38
Profit per share (Yen)	10.72	13.79
Fully diluted profit per share (Yen)	10.30	13.53

Note: 1. The basis of calculating the net assets per share is as follows:

	(Thousands of yen)	
	Year ended August 31,2017	Year ended August 31,2018
Net Assets	2,712,770	3,268,929
Amount subtracted from the total amount of net assets included	14,354	13,110
Subscription rights to shares	8,280	(6,637)
Non-controlling interests included	6,073	(6,472)
Net asset value concerning common shares at the end of the period	2,698,416	3,255,819
The number of common shares at the end of the period used to calculate net assets per share (Shares)	40,486,400	40,507,126

3. The basis of calculating the profit per share and fully diluted profit per share is as follows:

	(Thousands of yen)	
	Year ended August 31,2017	Year ended August 31,2018
Profit per share		
Profit attributable to owners of parent	432,659	558,602
Amount not attributable to common shareholders	-	-
Profit attributable to owners of parent related to common shares	432,659	558,602
Average number of shares outstanding of common share (Shares)	40,377,432	40,497,625
Fully diluted profit per share		
Adjustment of profit attributable to owners of parent	-	-
Increase in the number of common shares (Shares)	1,628,827	790,340
Overview of dilutive shares not included in the calculation of the amount of fully diluted profit per share due to the absence of the dilutive effect		

(Significant subsequent event)

Not applicable.