

## Consolidated Financial Results for the Year Ended August 31, 2019

Name of Company Yume no Machi Souzou Iinkai Co., Ltd.  
 Stock exchange JASDAQ Standard of Tokyo Stock Exchange (Code 2484)  
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Scheduled ordinary general meeting of shareholders November 28, 2019  
 Scheduled start of dividend payment November 29, 2019  
 Scheduled release of fiscal 2019/8 business report November 29, 2019

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, 2019

#### (1) Operating results

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

	Year ended			
	August 31, 2018	August 31, 2019		
		%		%
Net sales (Millions of yen)	5,430	9.8	6,666	22.7
Operating profit (Millions of yen)	837	4.6	(39)	-
Ordinary profit (Millions of yen)	849	6.4	(7)	-
Profit attributable to owners of parent (Millions of yen)	558	29.1	(103)	-
Profit per share (Yen):				
Basic	13.79		(2.53)	
Diluted	13.53		-	
Return on equity (%)	18.8		(3.4)	
Ordinary income to total assets (%)	15.5		(0.1)	
Operating income to net sales (%)	15.4		(0.6)	
Comprehensive income:	Year ended August 31, 2019: (100) million yen. -			
	Year ended August 31, 2018: 685 million yen, 47.1%			
Profit/loss on equity method:	Year ended August 31, 2019: 25 million yen			
	Year ended August 31, 2018: 18 million yen			

#### (2) Financial position

	As of	
	August 31, 2018	August 31, 2019
Total assets (Millions of yen)	6,502	7,084
Total net assets (Millions of yen)	3,268	2,839
Equity ratio (%)	50.1	39.8
Net assets per share (Yen)	80.38	68.87
Equity:	2,819 million yen (as of August 31, 2019)	
	3,255 million yen (as of August 31, 2018)	

### (3) Cash flows

	Year ended	
	August 31, 2018	August 31, 2019
Cash flows from operating activities	433	98
Cash flows from investing activities	(353)	(501)
Cash flows from financing activities	591	(338)
Cash and cash equivalents at end of period	2,928	2,185

### 2. Dividends

	Year ended August 31, 2018	Year ended August 31, 2019
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)	3.60	3.60
Annual dividends per share (Yen)	3.60	3.60
Total dividends (Millions of yen)	145	147
Payout ratio (%)	26.1	-
Dividend on equity (%)	4.9	4.8

Note: The forecast dividends for the fiscal year ending August 31, 2020 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, 2020

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

	Year ending August 31, 2020	
		%
Net sales (Millions of yen)	9,300	39.5
Operating profit (Millions of yen)	(1,500)	-
Ordinary profit (Millions of yen)	(1,500)	-
Profit attributable to owners of parent (Millions of yen)	(1,600)	-
Profit per share (Yen)	(39.21)	

### 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, 2019:	44,390,500 shares
As of August 31, 2018:	44,390,400 shares
  2. Number of shares of treasury shares

As of August 31, 2019:	3,455,074 shares
As of August 31, 2018:	3,883,274 shares
  3. Average number of shares outstanding

As of August 31, 2019:	40,803,708 shares
As of August 31, 2018:	40,497,625 shares

**(Reference) Overview of Non-consolidated Financial Results**  
**Non-consolidated Results for the Year ended August 31, 2019**

**(1) Operating results**

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

	Year ended			
	August 31, 2018		August 31, 2019	
		%		%
Net sales (Millions of yen)	4,056	36.3	5,395	33.0
Operating profit (Millions of yen)	703	4.5	(246)	-
Ordinary profit (Millions of yen)	793	2.3	(150)	-
Profit attributable to owners of parent (Millions of yen)	560	24.2	(195)	-
Profit per share (Yen):				
Basic	13.85		(4.80)	
Diluted	13.58		-	

**(2) Financial position**

	As of	
	August 31, 2018	August 31, 2019
Total assets (Millions of yen)	6,491	7,024
Total net assets (Millions of yen)	3,547	3,025
Equity ratio (%)	54.5	42.8
Net assets per share (Yen)	87.42	73.40

Equity: 3,004 million yen (as of August 31, 2019)

3,540 million yen (as of August 31, 2018)

**\* 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 6 for further details.

The Company plans to hold an earnings release conference for analysts and investors on October 10, 2019. 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

In the fiscal year under review, the Group carried out a range of measures for our basic policy of building a robust business foundation for the *Demae-can* business.

With regard to accelerating the development of the Sharing Delivery business, the Group newly entered Hokkaido, Miyagi, Tochigi, Ibaraki, Kyoto, Nara, and Hiroshima prefectures, with a total of 215 delivery locations. Popular local restaurants or popular major chain restaurants which do not provide their own delivery services joined one after another thanks to the expansion of service areas. During the fourth quarter of the fiscal year under review, KOURAKUEN and COCO'S joined. In addition, the Group has been striving to enhance the quality of delivery through initiatives for developing delivery-specific containers in cooperation with FP Corporation and strengthening hygiene management in delivery in collaboration with AS ONE Corporation.

Regarding product improvement, the Group instituted a complete overhaul of the app on March 28, 2019 and of the site on August 6, 2019. The renewed design, improved operability, new functions, and other changes have enabled customers to order more easily and smoothly.

To streamline operations, on March 13, 2019 the Company launched “shotworks delivery with *Demae-can*,” a new service to help resolve staff shortages at affiliated stores and delivery locations in cooperation with TSUNAGU SOLUTIONS Inc. and INDIVAL, Inc. Moreover, the Group started delivery order information sharing for the *Demae-can* order management app and Air Register on July 29, 2019 in collaboration with Recruit Co., Ltd. and Recruit Lifestyle Co., Ltd.

Consequently, consolidated net sales for the fiscal year under review increased by 22.7% year on year, to 6,666,183 thousand yen, but aggressive business development and investment resulted in operating loss of 39,194 thousand yen (operating profit of 837,299 thousand yen in the previous fiscal year), ordinary loss of 7,121 thousand yen (ordinary profit of 849,035 thousand yen in the previous fiscal year), and loss attributable to owners of parent of 103,236 thousand yen (profit attributable to owners of parent of 558,602 thousand yen in the previous fiscal year).

(Thousands of yen)

Category	Year ended August 31, 2018		Year ended August 31, 2019		YoY	
	Amount	Sales ratio (%)	Amount	Sales ratio (%)	Amount	Change (%)
<i>Demae-can</i> business						
Basic operation fee	409,727	7.5	480,670	7.2	70,942	17.3
Order commissions	2,634,411	48.5	3,255,526	48.8	621,114	23.6
Advertising revenue	17,948	0.3	25,178	0.4	7,229	40.3
Entrusted system development	53,439	1.0	42,806	0.6	(10,633)	(19.9)
Other transactions	962,516	17.7	1,591,117	23.9	628,601	65.3
Sub-total	4,078,043	75.1	5,395,299	80.9	1,317,255	32.3
Mail order business	1,352,752	24.9	1,270,883	19.1	(81,868)	(6.1)
Total	5,430,796	100.0	6,666,183	100.0	1,235,386	22.7

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 3.00 million (up 11.6% year on year), the number of affiliated stores was 19,911 (up 15.7% year on year) and the number of orders placed was approximately 28.45 million (up 22.0% year on year) at the end of the current fiscal year. As a result, net sales in the *Demae-can* business segment came to 5,395,299 thousand yen (up

32.3% year on year) for the current fiscal year, included 480,670 thousand yen for basic operation fee, 3,255,526 thousand yen for order commissions, 25,178 thousand yen for advertising revenue, 42,806 thousand yen for entrusted system development, and 1,591,117 thousand yen for other transactions.

(Mail Order Business)

In the Mail Order business segment, net sales came to 1,270,883 thousand yen (down 6.1% 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 5,555,619 thousand yen, an increase of 285,661 thousand yen from the end of the previous fiscal year. Key factors contributing to this increase included an increase of 1,129,867 thousand yen in accounts receivable-other, which offset a decrease of 742,490 thousand yen in cash and deposits and 128,857 thousand yen in notes and accounts receivable-trade.

Non-current assets at the end of the current fiscal year under review amounted to 1,528,601 thousand yen, an increase of 296,402 thousand yen from the end of the previous fiscal year. Key factors contributing to this increase included an increase of 153,450 thousand yen in software, 64,212 thousand yen in Software in progress, 25,689 thousand yen in Investment securities and 5,351 thousand yen in guarantee deposits, which offset a decrease of 5,144 thousand yen in Buildings and structures.

As a result, total assets at the end of the current fiscal year under review amounted to 7,084,221 thousand yen, an increase of 582,064 thousand yen from the end of the previous fiscal year.

Current liabilities at the end of the current fiscal year under review amounted to 4,203,497 thousand yen, an increase of 1,038,861 thousand yen from the end of the previous fiscal year. Key factors contributing to this increase included an increase of 1,084,255 thousand yen in accounts payable-other, which offset a decrease of 60,899 thousand yen in income taxes payable and 11,029 thousand yen in notes and accounts payable-trade.

Non-current liabilities at the end of the current fiscal year under review amounted to 40,850 thousand yen, a decrease of 27,740 thousand yen from the end of the previous fiscal year. Key factors contributing to this decrease included a decrease of 24,106 thousand yen in others and 3,634 thousand yen in long-term loans payable.

As a result, total liabilities at the end of the current fiscal year under review amounted to 4,244,348 thousand yen, an increase of 1,011,120 thousand yen from the end of the previous fiscal year.

Net assets at the end of the current fiscal year under review amounted to 2,839,873 thousand yen, a decrease of 429,056 thousand yen from the end of the previous fiscal year. Key factors contributing to this decrease included a decrease of 299,947 thousand yen in Purchase of treasury shares, 145,825 thousand yen in Cash dividends paid, 103,236 thousand yen in loss attributable to owners of parent and 97,146 thousand yen in disposal of treasury shares, which offset an increase of 14,102 thousand yen in Proceeds from issuance of share acquisition rights and 4,084 thousand yen in Valuation difference on available-for-sale securities.

## **(3) Qualitative Information on Consolidated Cash Flows**

The balance of cash and cash equivalents ("cash") decreased 742,290 thousand yen from the previous fiscal year, which was 2,185,728 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 98,120 thousand yen (an increase of 433,133 thousand yen in the previous fiscal year). Key factors contributing to an increase included Accounts payable of 1,076,402 thousand yen and depreciation of 245,727 thousand yen and Accounts receivable of 1,129,867 thousand yen, which offset a increase of income taxes paid of 230,244 thousand yen and loss before income taxes of 24,718 thousand yen.

(Cash flows from investing activities)

Net cash used in investing activities during the fiscal year under review was 501,355 thousand yen (353,089 thousand yen used in the previous fiscal year). The change resulted primarily from decreases such as the purchase of intangible assets of 396,923 thousand yen and the purchase of property, plant and equipment of 79,703 thousand yen.

(Cash flows from financing activities)

Net cash used in financing activities during the fiscal year under review was 338,800 thousand yen (591,246 thousand yen provided in the previous fiscal year).

Key factors contributing to an increase included short-term loans payable of 2,900,000 thousand yen, Proceeds from issuance of share acquisition rights of 17,600 thousand yen and the disposal of treasury shares of 97,670 thousand yen, which offset a decrease included short-term loans payable of 2,900,000 thousand yen, Repayments of long-term loans payable of 4,008 thousand yen, purchase of treasury shares of 299,947 thousand yen and cash dividends paid of 145,874 thousand yen.

(Reference) Changes in cash flows related indicators

	Year ended August 31, 2015	Year ended August 31, 2016	Year ended August 31, 2017	Year ended August 31, 2018	Year ended August 31, 2019
Equity Ratio (%)	68.8	57.0	60.8	50.1	39.8
Equity Ratio at market value (%)	375.0	462.2	1,499.4	2,083.9	855.2
Interest-bearing debt to cash ratio (times)	0.5	0.9	0.1	1.9	8.2
Interest coverage ratio (times)	145.2	147.0	55.2	836.4	41.8

\* 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 has been continuously implementing initiatives for the expansion of the *Demae-can* business, our main business. Through the expansion of the Sharing Delivery business, we are determined to transform ourselves from a simple food delivery service provider to essential life infrastructure for the future of Japan. The Group deems the fiscal year ending August 31, 2020 to be the time to give top priority to investments for establishing a business foundation. Therefore, we will proceed with a substantial up-front investment and make it lead to further business expansion in the next fiscal year and beyond.

Consequently, the Company projects the following consolidated financial results for the fiscal year ending August 31, 2020 and the fiscal year ending August 31, 2021.

(Millions of yen)

	Net sales	Operating profit	Ordinary profit	Profit attributable to owners of parent
Year ending August 31, 2020	9,300	(1,500)	(1,500)	(1,600)
Year ending August 31, 2021	13,000	1,000	1,000	650

## **(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, 2018	As of August 31, 2019
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	2,928,218	2,185,728
Notes and accounts receivable—trade	350,154	221,296
Merchandise and finished goods	61,238	61,687
Accounts receivable-other	1,864,879	2,994,747
Other	69,364	149,826
Allowance for doubtful accounts	(3,897)	(57,665)
<b>Total current assets</b>	<b>5,269,958</b>	<b>5,555,619</b>
<b>Non-current assets</b>		
Property, plant, and equipment		
Buildings and structures	77,094	77,094
Accumulated depreciation	(27,176)	(32,321)
Buildings and structures, net	49,917	44,773
Land	64	64
Other	179,208	257,818
Accumulated depreciation	(106,334)	(140,616)
Other, net	72,873	117,201
<b>Total property, plant and equipment</b>	<b>122,855</b>	<b>162,039</b>
Intangible assets		
Software	588,166	741,617
Software in progress	16,015	80,227
Other	138	138
<b>Total intangible assets</b>	<b>604,320</b>	<b>821,983</b>
Investments and other assets		
Investment securities	348,380	374,070
Guarantee deposits	114,590	119,942
Deferred tax assets	13,865	16,311
Other	28,431	35,898
Allowance for doubtful accounts	(244)	(1,643)
<b>Total investments and other assets</b>	<b>505,023</b>	<b>544,579</b>
<b>Total non-current assets</b>	<b>1,232,199</b>	<b>1,528,601</b>
<b>Total assets</b>	<b>6,502,157</b>	<b>7,084,221</b>



(Thousands of yen)

	As of August 31, 2018	As of August 31, 2019
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable - trade	98,960	87,931
Short-term loans payable	800,000	800,000
Current portion of long-term loans payable	4,008	3,634
Accounts payable - other	1,985,520	3,069,776
Income taxes payable	110,232	49,332
Provision for bonuses	32,662	50,032
Other	133,252	142,791
Total current liabilities	3,164,636	4,203,497
<b>Non-current liabilities</b>		
Long-term loans payable	3,634	-
Other	64,957	40,850
Total non-current liabilities	68,591	40,850
<b>Total liabilities</b>	<b>3,233,227</b>	<b>4,244,348</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Capital stock	1,113,300	1,113,382
Capital surplus	637,340	651,365
Retained earnings	1,813,455	1,562,423
Treasury shares	(466,962)	(669,763)
Total shareholders' equity	3,097,134	2,657,407
<b>Valuation and translation adjustments</b>		
Valuation difference on available-for-sale securities	157,641	161,725
Foreign currency translation adjustment	1,043	-
Total valuation and translation adjustments	158,685	161,725
<b>share acquisition rights</b>	<b>6,637</b>	<b>20,740</b>
<b>Non-controlling interests</b>	<b>6,472</b>	<b>-</b>
<b>Total net assets</b>	<b>3,268,929</b>	<b>2,839,873</b>
<b>Total liabilities and net assets</b>	<b>6,502,157</b>	<b>7,084,221</b>

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

## Consolidated Statements of Income

	(Thousands of yen)	
	Year ended August 31, 2018	Year ended August 31, 2019
<b>Net sales</b>	<b>5,430,796</b>	<b>6,666,183</b>
Cost of sales	2,020,363	2,469,734
<b>Gross profit</b>	<b>3,410,432</b>	<b>4,196,449</b>
Selling, general and administrative expenses	2,573,133	4,235,643
<b>Operating profit</b>	<b>837,299</b>	<b>(39,194)</b>
Non-operating income		
Interest income	59	65
Dividend income	2,442	3,418
Reversal of allowance for doubtful accounts	-	5,005
Share of profit of entities accounted for using equity method	18,985	25,857
Other	2,789	8,176
Total non-operating income	24,276	42,522
Non-operating expenses		
Interest expenses	652	2,152
Taxes and dues	7,425	7,434
Foreign exchange losses	2,892	455
Other	1,569	407
Total non-operating expenses	12,540	10,449
<b>Ordinary profit</b>	<b>849,035</b>	<b>(7,121)</b>
Extraordinary income		
Gain on sales of non-current assets	4,416	3
Gain on sales of investment securities	0	-
Total extraordinary income	4,417	3
Extraordinary losses		
Loss on retirement of non-current assets	777	8,924
Impairment loss	11,824	-
Loss on sales of shares of subsidiaries and associates	-	8,676
Other	758	-
Total extraordinary losses	13,360	17,600
<b>Profit before income taxes</b>	<b>840,091</b>	<b>(24,718)</b>
Income taxes - current	248,234	88,159
Income taxes - deferred	33,828	(9,641)
Total income taxes	282,063	78,517
<b>Profit</b>	<b>558,028</b>	<b>(103,236)</b>
Profit (loss) attributable to non-controlling interests	(573)	-
Profit attributable to owners of parent	558,602	(103,236)

Consolidated Statements of Comprehensive Income

	(Thousands of yen)	
	Year ended August 31, 2018	Year ended August 31, 2019
<b>Profit</b>	<b>558,028</b>	<b>(103,236)</b>
<b>Other comprehensive income</b>		
Valuation difference on available-for-sale securities	130,348	4,084
Foreign currency translation adjustment	(3,116)	(1,043)
Total other comprehensive income	127,232	3,040
<b>Comprehensive income</b>	<b>685,261</b>	<b>(100,195)</b>
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	686,017	(100,195)
Comprehensive income attributable to non-controlling interests	(756)	-

**(3) Consolidated Statements of Changes in Equity**

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			share acquisition rights	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

Year ended August 31, 2019

(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	637,340	1,813,455	(466,962)	3,097,134
Changes of items during period					
Issuance of new shares	81	81			163
Dividends of surplus			(145,825)		(145,825)
Profit (loss) attributable to owners of parent			(103,236)		(103,236)
Purchase of treasury shares				(299,947)	(299,947)
Disposal of treasury shares		4,020		97,146	101,167
Change of scope of consolidation		9,922	(1,970)		7,951
Net changes of items other than shareholders' equity					-
Total changes of items during period	81	14,024	(251,032)	(202,801)	(439,726)
Balance at end of current period	1,113,382	651,365	1,562,423	(669,763)	2,657,407

	Other comprehensive income			share acquisition rights	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	157,641	1,043	158,685	6,637	6,472	3,268,929
Changes of items during period						
Issuance of new shares						163
Dividends of surplus						(145,825)
Profit (loss) attributable to owners of parent						(103,236)
Purchase of treasury shares						(299,947)
Disposal of treasury shares						101,167
Change of scope of consolidation					(6,472)	1,478
Net changes of items other than shareholders' equity	4,084	(1,043)	3,040	14,102	-	17,142
Total changes of items during period	4,084	(1,043)	3,040	14,102	(6,472)	(429,056)
Balance at end of current period	161,725	-	161,725	20,740	-	2,839,873

#### (4) Consolidated Statements of Cash Flows

(Thousands of yen)

	Year ended August 31, 2018	Year ended August 31, 2019
<b>Cash flows from operating activities</b>		
Profit before income taxes	840,091	(24,718)
Depreciation	175,706	245,727
Amortization of goodwill	68,555	-
Impairment loss	11,824	-
Loss on retirement of non-current assets	777	8,924
Loss (gain) on sales of property, plant and equipment	(4,416)	(3)
Loss (gain) on sales of shares of subsidiaries and associates	-	8,676
Loss (gain) on sales of investment securities	(0)	-
Increase (decrease) in allowance for doubtful accounts	(94)	55,166
Increase (decrease) in provision for bonuses	6,988	17,369
Interest and dividend income	(2,501)	(3,483)
Foreign exchange losses (gains)	2,892	455
Interest expenses	652	2,152
Share of (profit) loss of entities accounted for using equity method	(18,985)	(25,857)
Decrease (increase) in notes and accounts receivable - trade	57,846	94,550
Decrease (increase) in inventories	(3,371)	(349)
Increase (decrease) in notes and accounts payable - trade	(12,851)	(10,975)
Decrease (increase) in accounts receivable-other	(1,127,205)	(1,129,867)
Increase (decrease) in accounts payable-other	745,207	1,076,402
Other	(31,619)	7,673
Subtotal	710,496	321,842
Interest and dividend income received	4,911	8,868
Interest expenses paid	(516)	(2,346)
Income taxes paid	(281,758)	(230,244)
Net cash provided by) operating activities	433,133	98,120
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(76,250)	(79,703)
Purchase of intangible assets	(267,340)	(396,923)
Proceeds from sales of non-current assets	4,500	3
Proceeds from sales of investment securities	51,538	-
Payments for leasehold and guarantee deposits	(98,919)	(7,363)
Proceeds from collection of leasehold and guarantee deposits	47,514	10
Payments for sales of shares of subsidiaries resulting in change in scope of consolidation	-	(10,118)
Payments for asset retirement obligations	(7,560)	-
Other	(6,571)	(7,260)
Net cash provided by (used in) investing activities	(353,089)	(501,355)

(Thousands of yen)

	Year ended August 31, 2018	Year ended August 31, 2019
<b>Cash flows from financing activities</b>		
Increase in short-term loans payable	800,000	2,900,000
Decrease in short-term loans payable	-	(2,900,000)
Repayments of long-term loans payable	(75,455)	(4,008)
Proceeds from issuance of common shares	-	163
Purchase of treasury shares of subsidiaries	(146)	(299,947)
Proceeds from disposal of treasury shares of subsidiaries	3,494	97,670
Cash dividends paid	(133,850)	(145,874)
Proceeds from issuance of share acquisition rights	-	17,600
Other	(2,795)	(4,403)
Net cash provided by (used in) financing activities	591,246	(338,800)
Effect of exchange rate change on cash and cash equivalents	(5,876)	(455)
Net increase (decrease) in cash and cash equivalents	665,414	(742,490)
Cash and cash equivalents at beginning of period	2,262,804	2,928,218
Cash and cash equivalents at end of period	2,928,218	2,185,728

## (5) Notes to Consolidated Financial Statements

(Notes on the going concern assumption)

Not applicable.

(Significant changes in Shareholders' Equity)

Purchase of treasury shares

In accordance with the resolution of the Board of Directors held on January 16, 2019, the Company acquired 199,800 shares of the Company based on a resolution on the acquisition of the Company's shares. As a result, while the treasury shares increased 299,947 thousand yen during the first half of the fiscal year, the treasury shares became 676,354 thousand yen at the end of the third quarter of the consolidated fiscal year.

(Changes in presentation)

The company, effective from the beginning of this first quarter of the consolidated fiscal year, adopted "Implementation Guidance on Accounting Standard for Tax Effect Accounting" (ASBJ Guidance No. 28, February 16, 2018) etc. Deferred tax assets are classified as investments and other assets and deferred tax liabilities are classified as non-current liabilities respectively.

As a result, in the Consolidated Balance sheets for the previous fiscal year, 6,231 thousand yen of Deferred tax assets of current assets of 22,808 thousand yen is Deferred tax assets of Investments and other assets of 13,865 thousand yen. and 22,808 thousand yen in Deferred tax assets of current assets, 16,577 thousand yen is included in Others of Non-current assets Deferred tax assets It is included in 46,661 thousand yen

(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, 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.

Year ended August 31, 2019 (from September 1, 2018 to August 31, 2019)

(Thousands of yen)

	Reportable segments			Adjustments Note 1	Total Note 2
	Demae-can business	Mail order business	Segments total		
Sales					
Sales to external customers	5,395,299	1,270,883	6,666,183		6,666,183
Intersegment sales or transfers	-	265,255	265,255	(265,255)	-
Net sales	5,395,299	1,536,139	6,931,438	(265,255)	6,666,183
Segment profit	(17,735)	224,268	206,533	(245,727)	(39,194)
Segment assets	6,291,472	821,562	7,113,034	(28,813)	7,084,221
Segment debt	3,999,414	273,746	4,273,161	(28,813)	4,244,348
Other items					
Depreciation	229,218	16,509	245,727	-	245,727
Amortization of goodwill	-	-	-	-	-
Investment to entities accounted for using equity method	78,674	-	78,674	-	78,674
Increase in the amount of tangible and intangible fixed assets	494,674	16,820	511,495	-	511,495

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

- (a) The adjustment of (245,727 thousand yen) in the segment profit includes depreciation expenses of (245,727 thousand yen).
- (b) The adjustment of (28,813 thousand yen) in the segment assets represents the elimination of inter-segment transactions of (28,813 thousand yen).
- (c) The adjustment of (28,813 thousand yen) in the segment liabilities represents the elimination of inter-segment transactions of (28,813 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, 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.

Year ended August 31, 2019

1) Information on each product and service

(Thousands of yen)

	<i>Demae-can</i> business	Mail order business	Total
Net sales to external customers	5,395,299	1,270,883	6,666,183

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, 2018

(Thousands of yen)

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

Year ended August 31, 2018

Not applicable.

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

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	-	-	-	-

Year ended August 31, 2019

Not applicable.

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

Year ended August 31, 2018

Not applicable.

Year ended August 31, 2019

Not applicable.

(Per share information)

	Year ended August 31,2018	Year ended August 31,2019
Net assets per share (Yen)	80.38	68.87
Profit per share (Yen)	13.79	(2.53)
Fully diluted profit per share (Yen)	13.53	-

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

	(Thousands of yen)	
	Year ended August 31,2018	Year ended August 31,2019
Net Assets	3,268,929	2,839,873
Amount subtracted from the total amount of net assets included	13,110	20,740
Share acquisition rights	(6,637)	(20,740)
Non-controlling interests included	(6,472)	(-)
Net asset value concerning common shares at the end of the period	3,255,819	2,819,133
The number of common shares at the end of the period used to calculate net assets per share (Shares)	40,507,126	40,935,426

2. The basis of calculating the profit (loss) per share and fully diluted profit per share is as follows:

	(Thousands of yen)	
	Year ended August 31,2018	Year ended August 31,2019
Profit per share		
Profit attributable to owners of parent	558,602	(103,326)
Amount not attributable to common shareholders	-	-
Profit attributable to owners of parent related to common shares	558,602	(103,236)
Average number of shares outstanding of common share (Shares)	40,497,625	40,803,708
Fully diluted profit per share		
Adjustment of profit attributable to owners of parent	-	-
Increase in the number of common shares (Shares)	790,340	-
share acquisition rights (shares)	(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.