

Consolidated Financial Results for the Year Ended August 31, 2017

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 Stock exchange listing 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, 2017

(1) Operating results

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

	Year ended			
	August 31, 2016		August 31, 2017	
		%		%
Net sales (Millions of yen)	4,154	13.5	4,943	19.0
Operating profit (Millions of yen)	572	4.8	800	39.8
Ordinary profit (Millions of yen)	579	7.0	797	37.8
Profit attributable to owners of parent (Millions of yen)	347	258.4	432	24.4
Profit per share (Yen):				
Basic	8.63		10.72	
Diluted	8.34		10.30	
Return on equity (%)	15.6		17.3	
Ordinary income to total assets (%)	16.2		18.8	
Operating income to net sales (%)	13.8		16.2	

Comprehensive income: Year ended August 31, 2017: 465 million yen, 37.2%
 Year ended August 31, 2016: 339 million yen, 146.0%

Profit/loss on equity method: Year ended August 31, 2017: 11 million yen
 Year ended August 31, 2016: 3 million yen

Note: The Company implemented a stock split of 4 shares for each common share as of March 1, 2017. Profit per share and fully diluted profit per share were calculated based on the assumption that this stock split was conducted beginning of the previous consolidated fiscal year.

(2) Financial position

	As of	
	August 31, 2016	August 31, 2017
Total assets (Millions of yen)	4,066	4,439
Total net assets (Millions of yen)	2,341	2,712
Equity ratio (%)	57.0	60.8
Net assets per share (Yen)	57.42	66.65

Equity: 2,698 million yen (as of August 31, 2017)
 2,317 million yen (as of August 31, 2016)

Note: The Company implemented a stock split of 4 shares for each common share as of March 1, 2017. Net assets per share were calculated based on the assumption that this stock split was conducted at the beginning of the previous consolidated fiscal year.

(3) Cash flows

	Year ended	
	August 31, 2016	August 31, 2017
Cash flows from operating activities	673	1,044
Cash flows from investing activities	(144)	(298)
Cash flows from financing activities	(194)	(204)
Cash and cash equivalents at end of period	1,719	2,262

2. Dividends

	Year ended	
	August 31, 2016	August 31, 2017
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)	10.00	3.30
Annual dividends per share (Yen)	10.00	3.30
Total dividends (Millions of yen)	100	133
Payout ratio (%)	29.0	30.8
Dividend on equity (%)	4.5	5.3

- Note:
- The forecast dividends for the fiscal year ending August 31, 2018 are yet to be determined. The Company will announce the specific dividend amounts as soon as they are determined.
 - The Company implemented a stock split of 4 shares for each common share as of March 1, 2017. The dividends for the fiscal year ended August 31, 2016 indicated above are the actual amounts before the stock split.

3. Financial forecasts for the fiscal year ending August 31, 2018

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

	Year ended				
	February 28, 2017	%		August 31, 2018	%
Net sales (Millions of yen)	2,552	1.0		5,434	9.9
Operating profit (Millions of yen)	334	(10.3)		819	2.4
Ordinary profit (Millions of yen)	336	(8.7)		824	3.3
Profit attributable to owners of parent (Millions of yen)	199	9.6		478	10.7
Profit per share (Yen)	4.92			11.85	

4. Others

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

As of August 31, 2017:	44,390,400 shares
As of August 31, 2016:	44,390,400 shares
 - Number of shares of treasury stock

As of August 31, 2017:	3,904,000 shares
As of August 31, 2016:	4,040,800 shares
 - Average number of shares outstanding

As of August 31, 2017:	40,377,432 shares
As of August 31, 2016:	40,297,749 shares

Note: The Company implemented a stock split of 4 shares for each common share as of March 1, 2017. Number of issued and outstanding (common share) were calculated based on the assumption that this stock split was conducted at the beginning of the previous consolidated fiscal year.

(Reference) Non-consolidated financial review for the fiscal year ended August 31, 2017

(1) Operating results

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

	Year ended			
	August 31,		August 31, 2017	
		%		%
Net sales (Millions of yen)	2,380	21.1	2,975	25.0
Operating profit (Millions of yen)	508	6.7	673	32.5
Ordinary profit (Millions of yen)	607	6.7	776	27.7
Profit (Millions of yen)	394	159.6	451	14.4
Profit per share (Yen):				
Basic	9.79		11.18	
Diluted	9.47		10.75	

Note: The Company implemented a stock split of 4 shares for each common share as of March 1, 2017. Profit per share and fully diluted profit per share were calculated based on the assumption that this stock split was conducted beginning of the previous fiscal year.

(2) Financial position

	As of	
	August 31, 2016	August 31, 2017
Total assets (Millions of yen)	3,500	4,419
Total net assets (Millions of yen)	2,596	2,986
Equity ratio (%)	73.7	67.4
Net assets per share (Yen)	63.93	73.57

Equity: 2,978 million yen (as of August 31, 2017)
2,579 million yen (as of August 31, 2016)

Note: The Company implemented a stock split of 4 shares for each common share as of March 1, 2017. Net assets per share were calculated based on the assumption that this stock split was conducted at the beginning of the previous fiscal year.

2. Financial forecasts for the fiscal year ending August 31, 2018

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

	Year ended			
	February 28, 2017		August 31, 2018	
		%		%
Net sales (Millions of yen)	1,808	26.2	3,901	31.1
Ordinary income (Millions of yen)	360	20.4	800	3.2
Profit (Millions of yen)	234	36.4	520	15.3
Profit per share (Yen)	5.79		12.89	

* Note

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:

The financial forecasts and estimates provided in this Consolidated Financial Review 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 Review. Please refer to (4) Future Forecast on page 6 for further details.

The Company plans to hold an earnings release conference for analysts and investors on October 13, 2017. Supplementary presentation materials to be handed out at the conference will be posted simultaneously on the Company's website.

1. Operating Results

(1) Overview of Operating Results

During the fiscal year under review, the Group implemented various strategies for its basic policy: the sustainable growth of the Demae-can business and the regrowth of the mail order business.

(Progress of strategies for the sustainable growth of the Demae-can business)

As a strategy for increasing the user convenience and business efficiency of member restaurants, the Company continuously promotes the online settlement of meal delivery orders. In October 2016, the Company introduced Apple Pay for its Demae-can and broadcast a TV ad between December 2016 and January 2017 to promote meal delivery orders using Apple Pay. Further, in November 2016, the Company extended the use of Amazon Pay, which had previously been used only on its Demae-can smartphone and PC websites, to the Demae-can application, allowing Amazon users to very easily place orders on the Demae-can application. The number of restaurants accepting online payments exceeded 9,000 by the end of August, and online payments now comprise more than 30% of all payments made for the Demae-can service. In addition, the Company renewed the Demae-can smartphone website in October 2016 and the Demae-can PC website in February 2017, and launched “guest ordering” that would allow users to place orders on Demae-can without member registration, which resulted in an increase in new users.

For the “Sharing Delivery™” service of delivering meals ordered from restaurants that do not have their own means of delivery, the Company established a business alliance with The Asahi Shimbun Company in December 2016 and opened a office for “Sharing Delivery™” at ASA, the Asahi Shimbun’s newspaper store, in March 2017. In June 2017, delivery from Yoshinoya became available on Demae-can using “Sharing Delivery™”. This participation of large restaurant chains helped the expansion of “Sharing Delivery™”, whose offices totaled ten by the end of August 2017.

In July 2017, the Company launched “LINE DELIMA”, an online push ordering service for home deliveries, based on the agreement with Line Corporation for the improvement of the capital and operation alliance established on October 13, 2016.

(Progress of strategies for the regrowth of the mail order business)

In its activities for increasing operation efficiency, on which the Company focused during the fiscal year under review, the Company first introduced its original facilities and achieved increased delivery efficiency. In marketing, the Company began accepting orders on Line Talk and through a chat bot on Line, establishing a system that benefits both the Company and participating restaurants more than conventional ordering by telephone. Other efforts to increase operation efficiency resulted in a stable operating margin.

Consequently, net sales for the fiscal year increased 19.0% from the previous fiscal year to 4,943,945 thousand yen, operating profit increased 39.8% to 800,658 thousand yen, ordinary profit increased 37.8% to 797,954 thousand yen and profit attributable to owners of parent was up 24.4% to 432,659 thousand yen for the fiscal year under review.

(Thousands of yen)

Category	FY ended August 31, 2016		FY ended August 31, 2017		YoY	
	Amount	Sales ratio (%)	Amount	Sales ratio (%)	Amount	Change (%)
Demae-can business						
Basic operation expenses	297,232	7.2	339,613	6.9	42,380	14.3
Order commissions	1,545,891	37.2	1,938,233	39.2	392,341	25.4
Advertising revenue	59,279	1.4	33,262	0.7	(26,017)	(43.9)
Entrusted system development	41,682	1.0	38,552	0.8	(3,129)	(7.5)
Other transactions	577,624	13.9	1,149,600	23.3	571,975	99.0
Sub-total	2,521,710	60.7	3,499,261	70.8	977,550	38.8
Mail order business	1,633,122	39.3	1,444,683	29.2	(188,438)	(11.5)
Total	4,154,833	100.0	4,943,945	100.0	789,111	19.0

The business results for each segment are described below:

(Demae-can Business)

In the Demae-can business segment, the number of active users at the end of the fiscal year under review was approximately 2.35 million (up 22.9% year on year). The number of member restaurants was 15,318, and the number of orders placed was approximately 17.28 million (up 27.7% year on year). As a result, sales in the Demae-can business segment included basic operation expenses of 339,613 thousand yen, order commissions of 1,938,233 thousand yen, advertising revenue of 33,262 thousand yen, 38,552 thousand yen for entrusted system development, and 1,149,600 thousand yen for other transactions, and net sales for the segment come to 3,499,261 thousand yen (up 38.8% year on year) for the fiscal year under review.

(Mail Order Business)

In the mail order business segment, the Company sold products to restaurants through telephone and online applications. The result was a decrease in net sales of 1,444,683 thousand yen (down 11.5% from the previous year) .

(2) Qualitative Information on Consolidated Financial Conditions

Total assets at the end of the fiscal year under review amounted to 4,439,059 thousand yen, an increase of 372,913 thousand yen from the end of the previous fiscal year. Key factors contributing to this increase included increase of 543,006 thousand yen in cash and deposits and 330,662 thousand yen in accounts receivable – other, which offset a decrease of 538,524 thousand yen in goodwill.

Liabilities at the end of the fiscal year under review amounted to 1,726,289 thousand yen, an increase of 2,027 thousand yen from the end of the previous fiscal year. Key factors contributing to this increase included increase of 489,969 thousand yen in accounts payable-other, which offset a decrease of 333,424 thousand yen in long-term loans payable.

Net assets at the end of the fiscal year under review amounted to 2,712,770 thousand yen, an increase of 370,885 thousand yen from the end of the previous fiscal year. This was caused primarily by profit attributable to owners of parent of 432,659 thousand yen and disposal of treasury shares of 43,397 thousand yen, which offset the payment of dividends from surplus amounting to 100,874 thousand yen and the purchase of treasury shares of 28,941 thousand yen.

(3) Qualitative Information on Consolidated Cash Flows

The balance of cash and cash equivalents (“cash”) increased 543,006 thousand yen from the previous fiscal year, which was 2,262,804 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 1,044,682 thousand yen (an increase of 673,461 thousand yen in the previous fiscal year). Key factors contributing to a decrease included an increase in notes and accounts receivable – trade of 109,564 thousand yen, an increase in accounts receivable – other of 334,444 thousand yen and income taxes paid of 283,735 thousand yen, and factors contributing to an increase included profit before income taxes of 690,867 thousand yen, depreciation of 181,454 thousand yen, amortization of goodwill of 132,764 thousand yen and an increase in accounts payable - other of 578,459 thousand yen.

(Cash flows from investing activities)

Net cash used in investing activities during the fiscal year under review was 298,125 thousand yen (144,678 thousand yen used in the previous fiscal year). The change resulted primarily from decreases such as the purchase of intangible assets of 263,806 thousand yen, the purchase of property, plant and equipment of 19,988 thousand yen, and payments for sales of shares of subsidiaries resulting in a change in the scope of consolidation of 11,457 thousand yen, which offset an increase due to the collection of loans receivable of 757 thousand yen.

(Cash flows from financing activities)

Net cash used in financing activities during the fiscal year under review was 204,551 thousand yen (194,471 thousand yen used in the previous fiscal year). The decrease was caused largely by decreases such as repayments of long-term loans payable of 104,844 thousand yen, purchase of treasury shares of 28,941 thousand yen, and cash dividends paid of 101,041 thousand yen, which offset an increase due to proceeds from the disposal of treasury shares of 31,882 thousand yen.

(Reference) Changes in cash flows related indicators

	FY ended August 31, 2013	FY ended August 31, 2014	FY ended August 31, 2015	FY ended August 31, 2016	FY ended August 31, 2017
Equity Ratio (%)	67.0	66.8	68.8	57.0	60.8
Equity Ratio at market value (%)	173.8	228.8	375.0	462.2	1,499.4
Interest-bearing debt to cash flow ratio (times)	1.5	0.8	0.5	0.9	0.1
Interest coverage ratio (times)	187.0	90.7	145.2	147.0	55.2

* 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:

Closing stock price at fiscal year-end x Number of shares outstanding at fiscal year-end after deduction of 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

In the Demae-can business, the Company plans to improve advertising to raise the recognition of Demae-can, implement marketing strategies targeting customers who previously used the service to increase the percentage of reuse and promote the regular use of the service, grow the number of restaurants capable of accepting orders through Sharing Delivery, and make other active investments to further raise the growth rate of orders.

In the mail order business, the Company will work to improve its planning and proposal capabilities for products and sales promotion and aim for net sales growth.

Based on the above strategies, the Company forecasts that consolidated net sales will be 5,434 million yen (up 9.9% year on year), operating profit will be 819 million yen (up 2.4% year on year), ordinary profit will be 824 million yen (up 3.3% year on year), and profit attributable to owners of parent will be 478 million yen (up 10.7% 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% while maintaining active investment in the future businesses.

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 3.30 yen per share. The Company implemented a stock split of four shares for each common share that takes effect on March 1, 2017. The annual dividend without taking the stock split into account would be 13.20 yen, which is an increase of 3.20 yen from the previous year. (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, 2016	As of August 31, 2017
Assets		
Current assets		
Cash and deposits	1,719,798	2,262,804
Notes and accounts receivable—trade	323,923	407,735
Merchandise and finished goods	60,776	58,097
Accounts receivable-other	405,546	736,208
Deferred tax assets	21,475	22,637
Other	57,178	36,114
Allowance for doubtful accounts	(11,021)	(3,725)
Total current assets	2,577,677	3,519,872
Non-current assets		
Property, plant, and equipment		
Buildings and structures	92,271	54,358
Accumulated depreciation	(30,801)	(25,276)
Buildings and structures, net	61,470	29,081
Land	64	64
Other	170,760	135,022
Accumulated depreciation	(123,616)	(85,356)
Other, net	47,144	49,665
Total property, plant and equipment	108,678	78,811
Intangible assets		
Software	393,842	446,235
Software in progress	90,310	5,818
Goodwill	607,180	68,655
Other	444	138
Total intangible assets	1,091,778	520,848
Investments and other assets		
Investment securities	137,931	196,285
Guarantee deposits	74,907	62,592
Deferred tax assets	40,810	37,888
Other	35,766	23,271
Allowance for doubtful accounts	(1,403)	(510)
Total investments and other assets	288,011	319,527
Total non-current assets	1,488,468	919,186
Total assets	4,066,146	4,439,059

(Thousands of yen)

	As of August 31, 2016	As of August 31, 2017
Liabilities		
Current liabilities		
Notes and accounts payable - trade	139,467	111,812
Current portion of long-term loans payable	207,260	75,455
Accounts payable - other	716,646	1,206,615
Income taxes payable	147,516	151,950
Provision for bonuses	12,292	25,674
Other	108,848	126,509
Total current liabilities	1,332,031	1,698,016
Non-current liabilities		
Long-term loans payable	341,066	7,642
Other	51,164	20,630
Total non-current liabilities	392,230	28,272
Total liabilities	1,724,261	1,726,289
Net assets		
Shareholders' equity		
Capital stock	1,113,300	1,113,300
Capital surplus	614,580	634,703
Retained earnings	1,056,672	1,388,457
Treasury shares	(463,648)	(469,316)
Total shareholders' equity	2,320,905	2,667,146
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(6,780)	27,293
Foreign currency translation adjustment	2,914	3,976
Total accumulated other comprehensive income	(3,866)	31,270
Subscription rights to shares	16,774	8,280
Non-controlling interests	8,071	6,073
Total net assets	2,341,884	2,712,770
Total liabilities and net assets	4,066,146	4,439,059

(2) Consolidated Statements of Income and Comprehensive Income

Consolidated Statements of Income

(Thousands of yen)

	Year ended August 31, 2016	Year ended August 31, 2017
Net sales	4,154,833	4,943,945
Cost of sales	1,502,600	1,720,459
Gross profit	2,652,232	3,223,486
Selling, general and administrative expenses	2,079,477	2,422,827
Operating profit	572,754	800,658
Non-operating income		
Interest income	1,672	957
Dividend income	1,675	1,953
Share of profit of entities accounted for using equity method	3,720	11,261
Subsidy income	4,802	2,800
Other	6,776	3,436
Total non-operating income	18,647	20,409
Non-operating expenses		
Interest expenses	4,512	18,843
Miscellaneous loss	7,844	4,269
Total non-operating expenses	12,356	23,113
Ordinary profit	570,045	797,954
Extraordinary income		
Gain on sales of shares of subsidiaries and associates	-	5,854
Gain on sales of non-current assets	1,667	-
Gain on sales of investment securities	91,429	-
Total extraordinary income	93,096	5,854
Extraordinary losses		
Loss on sales of non-current assets	-	520
Loss on retirement of non-current assets	9,504	72,188
Impairment loss	29,872	36,721
Litigation settlement	18,400	-
Other	-	3,510
Total extraordinary losses	57,776	112,941
Profit before income taxes	614,365	690,867
Income taxes - current	238,874	273,878
Income taxes - deferred	34,293	(13,249)
Total income taxes	273,167	260,629
Profit	341,197	430,237
Profit (loss) attributable to non-controlling interests	(6,491)	(2,421)
Profit attributable to owners of parent	347,689	432,659

Consolidated Statements of Comprehensive Income

(Thousands of yen)

	Year ended August 31, 2016	Year ended August 31, 2017
Profit	341,197	430,237
Other comprehensive income		
Valuation difference on available-for-sale securities	(6,780)	34,074
Foreign currency translation adjustment	5,140	1,486
Total other comprehensive income	(1,640)	35,560
Comprehensive income	339,557	465,798
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	343,823	467,795
Comprehensive income attributable to non-controlling interests	(4,265)	(1,997)

(3) Consolidated Statements of Changes in Equity

Year ended August 31, 2016

(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	664,400	799,211	(439,421)	2,137,492
Cumulative effects of changes in accounting policies		(46,277)	(15,941)		(62,218)
Restated balance	1,113,300	618,122	783,270	(439,421)	2,075,273
Changes of items during period					
Dividends of surplus			(70,495)		(70,495)
Profit attributable to owners of parent			347,689		347,689
Purchase of treasury shares				(40,917)	(40,917)
Disposal of treasury shares		7,450		16,690	24,141
Change of scope of consolidation			(3,792)		(3,792)
Change in ownership interest of parent due to transactions with non-controlling interests		(10,993)			(10,993)
Net changes of items other than shareholders' equity					-
Total changes of items during period	-	(3,542)	273,401	(24,227)	245,632
Balance at end of current period	1,113,300	614,580	1,056,672	(463,648)	2,320,905

	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	-	-	-	8,070	-	2,145,562
Cumulative effects of changes in accounting policies						(62,218)
Restated balance	-	-	-	8,070	-	2,083,344
Changes of items during period						
Dividends of surplus						(70,495)
Profit attributable to owners of parent						347,689
Purchase of treasury shares						(40,917)
Disposal of treasury shares						24,141
Change of scope of consolidation						(3,792)
Change in ownership interest of parent due to transactions with non-controlling interests						(10,993)
Net changes of items other than shareholders' equity	(6,780)	2,941	(3,866)	8,703	8,071	12,908
Total changes of items during period	(6,780)	2,941	(3,866)	8,703	8,071	258,540
Balance at end of current period	(6,780)	2,941	(3,866)	16,774	8,071	2,341,884

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

(4) Consolidated Statements of Cash Flows

Year ended August 31, 2016

(Thousands of yen)

	Year ended August 31, 2016	Year ended August 31, 2017
Cash flows from operating activities		
Profit before income taxes	614,365	690,867
Depreciation	195,263	181,454
Amortization of goodwill	125,403	132,764
Share-based compensation expenses	8,805	3,265
Impairment loss	29,872	36,721
Loss on retirement of non-current assets	9,504	72,188
Loss (gain) on sales of property, plant and equipment	-	520
Loss (gain) on sales of shares of subsidiaries and associates	-	(5,854)
Loss (gain) on sales of investment securities	(91,429)	-
Loss (gain) on valuation of investment securities	-	3,510
Increase (decrease) in allowance for doubtful accounts	(2,102)	(2,693)
Increase (decrease) in provision for bonuses	(5,885)	13,381
Interest and dividend income	(3,347)	(2,910)
Foreign exchange losses (gains)	820	383
Interest expenses	4,512	18,843
Share of (profit) loss of entities accounted for using equity method	(3,720)	(11,261)
Decrease (increase) in notes and accounts receivable - trade	(56,798)	(109,564)
Decrease (increase) in inventories	(7,766)	9,542
Increase (decrease) in notes and accounts payable - trade	(15,920)	(7,125)
Decrease (increase) in accounts receivable-other	(171,127)	(334,444)
Increase (decrease) in accounts payable-other	306,983	578,459
Other	(82,816)	74,387
Subtotal	854,617	1,342,434
Interest and dividend income received	3,347	4,902
Interest expenses paid	(4,582)	(18,919)
Income taxes paid	(179,921)	(283,735)
Net cash provided by) operating activities	673,461	1,044,682
Cash flows from investing activities		
Purchase of property, plant and equipment	(14,644)	(19,988)
Purchase of intangible assets	(269,210)	(263,806)
Proceeds from sales of investment securities	100,038	-
Payments of loans receivable	(80,154)	(430)
Collection of loans receivable	71,647	757
Proceeds from collection of lease and guarantee deposits	24,116	-
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	25,815	-
Payments for sales of shares of subsidiaries resulting in change in scope of consolidation	-	(11,457)
Other	(2,285)	(3,199)
Net cash provided by (used in) investing activities	(144,678)	(298,125)

(Thousands of yen)

	Year ended August 31, 2016	Year ended August 31, 2017
Cash flows from financing activities		
Repayments of long-term loans payable	(104,844)	(104,844)
Purchase of treasury shares of subsidiaries	(40,917)	(28,941)
Proceeds from disposal of treasury shares of subsidiaries	24,102	31,882
Cash dividends paid	(70,916)	(101,041)
Other	(1,896)	(1,607)
Net cash provided by (used in) financing activities	(194,471)	(204,551)
Effect of exchange rate change on cash and cash equivalents	5,198	999
Net increase (decrease) in cash and cash equivalents	339,510	543,006
Cash and cash equivalents at beginning of period	1,371,941	1,719,798
Increase in cash and cash equivalents from newly consolidated subsidiary	8,345	-
Cash and cash equivalents at end of period	1,719,798	2,262,804

(5) Notes to Consolidated Financial Statements

(Notes on the going concern assumption)

Not applicable.

(Additional information)

Application of the Implementation Guidance on Recoverability of Deferred Tax Assets

The Company has been applying the Implementation Guidance on Recoverability of Deferred Tax Assets (ASBJ Guidance No. 26, March 28, 2016) to its consolidated financial results since the fiscal year under review.

(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, profit or loss, assets and other items in reportable segments

Year ended August 31, 2016

(Thousands of yen)

	Reportable segments			Adjustments Note 1	Total Note 2
	Demae-can business	Mail order business	Segments total		
Sales					
Sales to external customers	2,521,710	1,633,122	4,154,833	-	4,154,833
Intersegment sales or transfers	-	101,348	101,348	(101,348)	
Net sales	2,521,710	1,734,471	4,256,182	(101,348)	4,154,833
Segment profit	676,363	217,058	893,421	(320,667)	572,754
Segment assets	3,208,865	860,046	4,068,911	(2,765)	4,066,146
Segment debt	1,437,782	289,244	1,727,026	(2,765)	1,724,261
Other items					
Depreciation	187,017	8,246	195,263	-	195,263
Amortization of goodwill	22,569	102,833	125,403	-	125,403
Investment to entities accounted for using equity method	33,820	-	33,820	-	33,820
Increase in the amount of tangible and intangible fixed assets	283,780	3,296	287,076	-	287,076

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

- The adjustment of (320,667 thousand yen) in the segment profit includes depreciation expenses of (195,263 thousand yen) and amortization of goodwill of (125,403 thousand yen) for the reporting segments.
- The adjustment of (2,765 thousand yen) in the segment assets represents the elimination of inter-segment transactions of (2,765 thousand yen).
- The adjustment of (2,765 thousand yen) in the segment liabilities represents the elimination of inter-segment transactions of (2,765 thousand yen).

- The total segment profit in each reporting segment and the total value of adjustment are with the operating profit in the consolidated income statement.

Year ended 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:

- (a) 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.
 - (b) The adjustment of (95,179 thousand yen) in the segment assets represents the elimination of inter-segment transactions of (95,179 thousand yen).
 - (c) The adjustment of (95,179 thousand yen) in the segment liabilities represents the elimination of inter-segment transactions of (95,179 thousand yen).
2. The total segment profit in each reporting segment and the total value of adjustment are with the operating profit in the consolidated income statement.

(Related information)

Year ended August 31, 2016

1) Information on each product and service

(Thousands of yen)

	Demae-can business	Mail order business	Total
Net sales to external customers	2,521,710	1,633,122	4,154,833

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, 2017

1) Information on each product and service

(Thousands of yen)

	Demae-can 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.

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

Year ended August 31, 2016

(Thousands of yen)

	Demae-can business	Mail order business	Eliminations or general corporate	Total
Impairment loss	29,872	-	-	29,872

Year ended August 31, 2017

(Thousands of yen)

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

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

Year ended August 31, 2016

(Thousands of yen)

	Demae-can business	Mail order business	Eliminations or general corporate	Total
Amortization during period	22,569	102,833	-	125,403
Balance at end of current period	435,791	171,389	-	607,180

Note: An impairment loss on goodwill of 29,872 thousand yen has been recognized in the fiscal year under review.

Year ended August 31, 2017

(Thousands of yen)

	Demae-can 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.

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

Year ended August 31, 2016

Not applicable.

Year ended August 31, 2017

Not applicable.

(Per share information)

	Year ended August 31,2016	Year ended August 31,2017
Net assets per share (Yen)	57.42	66.65
Profit per share (Yen)	8.63	10.72
Fully diluted profit per share (Yen)	8.34	10.30

Note:

1. The Company implemented a stock split of 4 shares for each common share as of March 1, 2017. Net assets per share, profit per share and fully diluted profit per share were calculated based on the assumption that this stock split was conducted at the beginning of the previous consolidated fiscal year.
2. The basis of calculating the net assets per share is as follows:

(Thousands of yen)

	Year ended August 31,2016	Year ended August 31,2017
Net Assets	2,341,884	2,712,770
Amount subtracted from the total amount of net assets included	24,846	14,354
Subscription rights to shares	16,774	8,280
Non-controlling interests included	8,071	6,073
Net asset value concerning common shares at the end of the period	2,317,038	2,698,416
The number of common shares at the end of the period used to calculate net assets per share (Shares)	40,349,600	40,486,400

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

(Thousands of yen)

	Year ended August 31,2016	Year ended August 31,2017
Profit per share		
Profit attributable to owners of parent	347,689	432,659
Amount not attributable to common shareholders	-	-
Profit attributable to owners of parent related to common shares	347,689	432,659
Average number of shares outstanding of common share (Shares)	40,297,749	40,377,432
Fully diluted profit per share		
Adjustment of profit attributable to owners of parent	-	-
Increase in the number of common shares (Shares)	1,381,244	1,628,827
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.