

## Consolidated Financial Results for the Three Months Ended November 30, 2017

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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 Three Months Ended November 30, 2017

#### (1) Operating results

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

	Three months ended			
	November 30, 2016		November 30, 2017	
		%		%
Net sales (Millions of yen)	1,210	27.5	1,206	(0.3)
Operating profit (Millions of yen)	211	53.8	205	(2.5)
Ordinary profit (Millions of yen)	208	46.7	210	0.9
Profit attributable to owners of parent (Millions of yen)	119	30.1	141	18.7
Profit per share (Yen):				
Basic	2.96		3.50	
Diluted	2.86		3.44	

Comprehensive income: Year ended November 30, 2017: 171 million yen, 34.3%  
 Year ended November 30, 2016: 127 million yen, 56.3%

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 at the beginning of the previous consolidated fiscal year.

#### (2) Financial position

	As of	
	August 31, 2017	November 30, 2017
Total assets (Millions of yen)	4,439	4,485
Total net assets (Millions of yen)	2,712	2,752
Equity ratio (%)	60.8	61.1

Equity: 2,739 million yen (as of November 30, 2017)  
 2,698 million yen (as of August 31, 2017)

### 2. Dividends

	Year ended August 31, 2017	Year ending August 31, 2018 (Forecast)
1Q-end dividends per share (Yen)	-	-
2Q-end dividends per share (Yen)	0.00	
3Q-end dividends per share (Yen)	-	
Year-end dividends per share (Yen)	3.30	
Annual dividends per share (Yen)	3.30	

Note: Revision to the dividends forecasts most recently announced: None  
 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 the determination.

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

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

	Six months ending February 28, 2018 (Cumulative)		Year ending 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	

Note: Revision to the financial forecasts most recently announced: None

### 4. Notes

- (1) Important changes in subsidiaries (Changes on specific subsidiaries associated with changes in scope of consolidation): None
- (2) Adoption of special accounting methods for preparation of quarterly financial statements: Yes  
 Note: Please refer to "2. Consolidated Financial Statements and Notes to Consolidated Financial Statement, (3) Notes to Consolidated Financial Statements" on page 8 for further information.
- (3) 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
- (4) Number of shares issued and outstanding (common share)
  1. Number of shares issued and outstanding (including treasury stock)
    - As of November 30, 2017: 44,390,400 shares
    - As of August 31, 2017: 44,390,400 shares
  2. Number of shares of treasury stock
    - As of November 30, 2017: 3,895,200 shares
    - As of August 31, 2017: 3,904,000 shares
  3. Average number of shares outstanding
    - As of November 30, 2017: 40,491,138 shares
    - As of November 30, 2016: 40,297,059 shares

Note: The Company implemented a stock split of 4 shares for each common share as of March 1, 2017. Number of shares 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.

#### \* 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:

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, (3) Future Forecast" on page 4 for further details.

## 1. Qualitative Information Regarding Financial Statements

### (1) Explanation of Operating Results

During the first quarter under review (from September 1, 2017 to November 30, 2017), the Group pursued a number of strategies for its basic policy—the dramatic growth of the *Demae-can* business.

In active investment to sharply increase the number of *Demae-can* fans, the Group launched the *Demae-nyan* Club, its unique loyalty program that establishes a member status according to the number of orders placed via *Demae-can*, on November 21, in addition to efforts of promoting three-time orders, to improve the retention of new users. It also launched a child-rearing support campaign in collaboration with Mainichi Kaasan, a popular comic in Japan, on November 29.

As for the policy for the development of stores to expand the market, well-known major chain restaurants and local popular stores that had not provided any food delivery services before, such as “*Gyoza-no-Ohsho*” and “Tempura Tendon Tenya”, were added to our member stores, as a result of the promotion of the Sharing Delivery™ service. In addition, the number of offices for the Sharing Delivery™ service mainly through ASA increased steadily to 17 in total at the end of November.

In measures to improve store operation, the Group released the “*Demae-can* order management application”, a new means of transmitting orders, against the backdrop of the recent increase in the penetration of tablets and smartphones. Stores can use the application to not only easily receive orders placed by customers via *Demae-can* through tablets or smartphones, but they can also utilize it as a tool for various functions such as navigation for delivery places. The Group moved forward with efforts to introduce the application to member stores to reduce their operational burdens.

Consequently, the consolidated results (cumulative) for the first quarter of the current fiscal year were net sales of 1,206,868 thousand yen (down 0.3% year-on-year), operating profit of 205,911 thousand yen (down 2.5% year-on-year), ordinary profit of 210,482 thousand yen (up 0.9% year-on-year) and profit attributable to owners of parent of 141,786 thousand yen (up 18.7% year-on-year).

(Thousands of yen)

Category	Three months ended November 30, 2016		Three months ended November 30, 2017		YoY	
	Amount	Sales ratio (%)	Amount	Sales ratio (%)	Amount	Change (%)
<i>Demae-can</i> business						
Basic operation expenses	79,181	6.5	91,365	7.6	12,184	15.4
Order commissions	414,810	34.3	562,768	46.6	147,957	35.7
Advertising revenue	9,225	0.8	4,879	0.4	(4,345)	(47.1)
Entrusted system development	20,602	1.7	-	-	(20,602)	(100.0)
Other transactions	136,546	11.3	199,892	16.6	63,345	46.4
Sub-total (applicable to the current first quarter)	660,366	54.6	858,906	71.2	198,539	30.1
Effects by Delis	167,499	13.8	-	-	(167,499)	(100.0)
Effects resulting from change of scope of consolidation	13,596	1.1	-	-	(13,596)	(100.0)
Sub-total (applicable to the previous first quarter)	841,463	69.5	858,906	71.2	17,443	2.1
Mail order business	368,751	30.5	347,962	28.8	(20,788)	(5.6)
Total	1,210,214	100.0	1,206,868	100.0	(3,345)	(0.3)

Note: Delis Corporation, a subsidiary included in consolidated results for the first 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 first quarter 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 2.45 million (up 23.7% year on year), The number of affiliated stores was 15,712 (up 10.6% year on year) at the end of first quarter of the current fiscal year and the number of orders placed was approximately 5.08 million (up 34.1% year on year) for the first quarter of the current fiscal year. As a result, sales in the *Demae-can* business segment included 91,365 thousand yen for basic operation expenses, 562,768 thousand yen for order commissions, 4,879 thousand yen for advertising revenue and 199,892 thousand yen for other transactions, and net sales for the segment came to 858,906 thousand yen (up 2.1% year on year) for the first quarter of the current fiscal year.

Net sales for the segment increased 30.1% year on year for the first quarter of the current fiscal year excluding impacts in sales resulting from Delis Corporation whose shares had been sold in the third quarter of the previous fiscal year.

*(Mail Order Business)*

In the Mail Order business segment, sales of whiskey were commenced this October, in addition to mainstay shochu, Japanese distilled liquor, and wine which was included in the product lineup in year 2015, reflecting efforts being made to strengthen product competitiveness. Net sales for the segment came to 347,962 thousand yen (down 5.6% year on year) for the first quarter of the current fiscal year.

## **(2) Qualitative Information on Consolidated Financial Conditions**

Current assets at the end of the fiscal year under review amounted to 3,531,828 thousand yen, an increase of 11,956 thousand yen from the end of the previous fiscal year. Key factors contributing to this increase included increase of 40,675 thousand yen in notes and accounts receivable – trade and 49,685 thousand yen in notes and accounts receivable – other, which offset a decrease of 100,551 thousand yen in cash and deposits.

Non-current assets at the end of the fiscal year under review amounted to 953,558 thousand yen, an increase of 34,371 thousand yen from the end of the previous fiscal year. Key factors contributing to this increase included increase of 43,625 thousand yen in investment securities, 18,440 thousand yen in software and 9,493 thousand yen in software in progress, which offset a decrease of 25,808 thousand yen in goodwill.

As a result, total assets at the end of the fiscal year under review amounted to 4,485,387 thousand yen, an increase of 46,327 thousand yen from the end of the previous fiscal year.

Current liabilities at the end of the fiscal year under review amounted to 1,706,853 thousand yen, an increase of 8,836 thousand yen from the end of the previous fiscal year. Key factors contributing to this increase included increase of 124,647 thousand yen in accounts payable-other, which offset a decrease of 76,439 thousand yen in income tax payable and 25,209 thousand yen in current portion of long-term loans payable.

Non-current liabilities at the end of the fiscal year under review amounted to 26,523 thousand yen, a decrease of 1,748 thousand yen from the end of the previous fiscal year. Key factors contributing to this decrease included decrease of 1,002 thousand yen in long-term loans payable.

Net assets at the end of the fiscal year under review amounted to 2,752,010 thousand yen, an increase of 39,240 thousand yen from the end of the previous fiscal year. This was caused primarily by profit attributable to owners of parent of 141,786 thousand yen and valuation difference on available-for-sale securities of 30,153 thousand yen, which offset the payment of dividends from surplus amounting to 133,605 thousand yen.

## **(3) Future Forecast**

There are no changes in the consolidated financial forecast for the fiscal year ending August 31, 2018 from the forecasts released in the “Consolidated financial results for the year ended August 31, 2017” announced on October 12, 2017.

## 2. Consolidated Financial Statements and Notes to Consolidated Financial Statement

### (1) Consolidated Balance Sheets

	(Thousands of yen)	
	As of August 31, 2017	As of November 30, 2017
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	2,262,804	2162,253
Notes and accounts receivable—trade	407,735	448,410
Merchandise and finished goods	58,097	69,825
Accounts receivable-other	736,208	785,893
Deferred tax assets	22,637	22,637
Other	36,114	46,542
Allowance for doubtful accounts	(3,725)	(3,734)
<b>Total current assets</b>	<b>3,519,872</b>	<b>3,531,828</b>
<b>Non-current assets</b>		
Property, plant, and equipment	78,811	75,535
Intangible assets		
Software	446,235	464,676
Software in progress	5,818	15,311
Goodwill	68,655	42,847
Other	138	138
<b>Total intangible assets</b>	<b>520,848</b>	<b>522,973</b>
Investments and other assets		
Investment securities	196,285	239,911
Guarantee deposits	62,592	63,197
Deferred tax assets	37,888	24,330
Other	23,271	28,097
Allowance for doubtful accounts	(510)	(486)
<b>Total investments and other assets</b>	<b>319,527</b>	<b>355,049</b>
<b>Total non-current assets</b>	<b>919,186</b>	<b>953,558</b>
<b>Total assets</b>	<b>4,439,059</b>	<b>4,485,387</b>

(Thousands of yen)

	As of August 31, 2017	As of November 30, 2017
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable - trade	111,812	121,002
Current portion of long-term loans payable	75,455	50,246
Accounts payable - other	1,206,615	1,331,263
Income taxes payable	151,950	75,510
Provision for bonuses	25,674	15,999
Other	126,509	112,830
<b>Total current liabilities</b>	<b>1,698,016</b>	<b>1,706,853</b>
<b>Non-current liabilities</b>		
Long-term loans payable	7,642	6,640
Other	20,630	19,883
<b>Total non-current liabilities</b>	<b>28,272</b>	<b>26,523</b>
<b>Total liabilities</b>	<b>1,726,289</b>	<b>1,733,376</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Capital stock	1,113,300	1,113,300
Capital surplus	634,703	635,819
Retained earnings	1,388,457	1,396,638
Treasury shares	(469,316)	(468,258)
<b>Total shareholders' equity</b>	<b>2,667,146</b>	<b>2,677,500</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	27,293	57,447
Foreign currency translation adjustment	3,976	4,543
<b>Total accumulated other comprehensive income</b>	<b>31,270</b>	<b>61,990</b>
<b>Subscription rights to shares</b>	<b>8,280</b>	<b>7,585</b>
<b>Non-controlling interests</b>	<b>6,073</b>	<b>4,933</b>
<b>Total net assets</b>	<b>2,712,770</b>	<b>2,752,010</b>
<b>Total liabilities and net assets</b>	<b>4,439,059</b>	<b>4,485,387</b>

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

## Consolidated Statements of Income

(Thousands of yen)

	Three months ended November 30, 2016	Three months ended November 30, 2017
<b>Net sales</b>	<b>1,210,214</b>	<b>1,206,868</b>
Cost of sales	433,545	437,385
<b>Gross profit</b>	<b>776,668</b>	<b>769,483</b>
Selling, general and administrative expenses	565,524	563,572
<b>Operating profit</b>	<b>211,144</b>	<b>205,911</b>
Non-operating income		
Interest income	111	16
Share of profit of entities accounted for using equity method	2,285	3,789
Subsidy income	1,900	-
Other	706	1,065
Total non-operating income	5,003	4,871
Non-operating expenses		
Interest expenses	6,334	254
Miscellaneous loss	1,139	45
Total non-operating expenses	7,473	299
<b>Ordinary profit</b>	<b>208,674</b>	<b>210,482</b>
Extraordinary losses		
Loss on retirement of non-current assets	6,913	547
Loss on valuation of investment securities	3,510	-
Total extraordinary losses	10,423	547
<b>Profit before income taxes</b>	<b>198,251</b>	<b>209,935</b>
Income taxes	79,251	68,707
<b>Profit</b>	<b>118,999</b>	<b>141,228</b>
Profit (loss) attributable to non-controlling interests	(461)	(557)
Profit attributable to owners of parent	119,460	141,786

## Consolidated Statements of Comprehensive Income

(Thousands of yen)

	Three months ended November 30, 2016	Three months ended November 30, 2017
<b>Profit</b>	<b>118,999</b>	<b>141,228</b>
<b>Other comprehensive income</b>		
Valuation difference on available-for-sale securities	9,323	30,153
Foreign currency translation adjustment	(726)	(15)
Total other comprehensive income	8,597	30,138
<b>Comprehensive income</b>	<b>127,596</b>	<b>171,366</b>
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	128,057	172,506
Comprehensive income attributable to non-controlling interests	(461)	(1,139)

### (3) Notes to Consolidated Financial Statements

(Notes on the going concern assumption)

Not applicable.

(Significant changes in Shareholders' Equity)

Not applicable.

(Adoption of special accounting methods for preparation of quarterly financial statements)

Tax expenses are calculated by rationally estimating an effective tax rate for profit before income taxes for the fiscal year including the current first quarter of the consolidated fiscal year under review after the application of tax effect accounting and multiplying the profit before income taxes by the estimated effective tax rate.

(Segment information)

1) Three months ended November 30, 2016 (from September 1, 2016 to November 30, 2016)

Net sales and profit or loss in reportable segments

(Thousands of yen)

	Reportable segments			Adjustments Note 1	Total Note 2
	<i>Demae-can</i> business	Mail order business	Segments total		
Sales					
Sales to external customers	841,463	368,751	1,210,214	-	1,210,214
Intersegment sales or transfers	-	34,652	34,652	(34,652)	-
Net sales	841,463	403,403	1,244,866	(34,652)	1,210,214
Segment profit	232,150	67,141	299,291	(88,147)	211,144
Other items					
Depreciation	49,388	1,832	51,221	-	51,221
Amortization of goodwill	11,217	25,708	36,926	-	36,926

Note: 1. The adjustment of (88,147 thousand yen) in the segment profit includes depreciation expenses of (51,221 thousand yen) and amortization of goodwill of (36,926 thousand yen) for the reporting segments.

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

2) Three months ended November 30, 2017 (from September 1, 2017 to November 30, 2017)

Net sales and profit or loss in reportable segments

(Thousands of yen)

	Reportable segments			Adjustments Note 1	Total Note 2
	<i>Demae-can</i> business	Mail order business	Segments total		
Sales					
Sales to external customers	858,906	347,962	1,206,868	-	1,206,868
Intersegment sales or transfers	-	44,989	44,989	(44,989)	-
Net sales	858,906	392,951	1,251,857	(44,989)	1,206,868
Segment profit	221,620	48,748	270,368	(64,457)	205,911
Other items					
Depreciation	35,800	2,948	38,748	-	38,748
Amortization of goodwill	-	25,708	25,708	-	25,708

Note: 1. The adjustment of (64,457 thousand yen) in the segment profit includes depreciation expenses of (38,748 thousand yen) and amortization of goodwill of (25,708 thousand yen) for the reporting segments.

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