



## Consolidated Financial Results for the Six Months Ended February 28, 2019 [Japanese GAAP]

April 12, 2019

Company name: SOU Inc.

Securities code: 9270

Representative: Shinsuke Sakimoto, Representative

Director and President

Contact: Ryoji Fukaya, General Manager, Office of the President

Stock exchange listing: Tokyo Stock Exchange

URL: <https://www.ai-sou.co.jp/en/>

Phone: +81-3-4580-9983

Scheduled date for filing quarterly securities report:

Scheduled date for commencing dividend payments: —

April 12, 2019

Preparation of supplementary quarterly financial results briefing materials: Yes

Holding of quarterly financial results briefing:

Yes (for institutional investors and analysts)

(Amounts of less than one million yen are truncated.)

### 1. Consolidated financial results for the six months ended February 28, 2019 (September 1, 2018 to February 28, 2019)

#### (1) Consolidated operating results (cumulative)

(% indicates year-over-year change)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Six months ended February 28, 2019	18,956	23.2	1,152	(3.3)	1,149	(2.1)	770	(11.2)
Six months ended February 28, 2018	15,390	—	1,191	—	1,174	—	867	—

(Note) Comprehensive income: Six months ended February 28, 2019: 769 million yen [(11.0)%]  
Six months ended February 28, 2018: 864 million yen [—%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended February 28, 2019	126.94	115.66
Six months ended February 28, 2018	155.12	—

(Notes) 1. The year-over-year changes for the six months ended February 28, 2018 are not presented. This is because the Company did not prepare quarterly consolidated financial statements for the six months ended February 28, 2017.

2. Effective November 25, 2017, the Company conducted a 5-for-1 stock split of its common stock. Figures for basic earnings per share are calculated as if the stock split had occurred at the beginning of the fiscal year ended August 31, 2018.

3. The figure of diluted earnings per share for the six months ended February 28, 2018 is not presented despite the fact that there were dilutive shares during the period. This is because the Company's shares were not listed at that time, and therefore it was not able to calculate the average share price.

#### (2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of February 28, 2019	14,800	6,255	42.3
As of August 31, 2018	12,258	5,796	47.3

(Reference) Equity: As of February 28, 2019: 6,255 million yen  
As of August 31, 2018: 5,796 million yen

### 2. Dividends

	Annual dividends				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended August 31, 2018	—	0.00	—	51.50	51.50
Fiscal year ending August 31, 2019	—	0.00			
Fiscal year ending August 31, 2019 (Forecast)			—	—	—

(Notes) 1. Revision to the dividend forecast announced most recently: None

2. The year-end dividend forecast for the fiscal year ending August 31, 2019 is undecided at this time.

3. Consolidated financial results forecast for the fiscal year ending August 31, 2019 (September 1, 2018 to August 31, 2019)  
(% indicates year-over-year change)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
Full year	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
	35,650	13.1	2,200	17.2	2,130	17.9	1,450	16.7	242.30

(Note) Revision to the financial results forecast announced most recently: None

\* Notes

- (1) Changes in significant subsidiaries during the current period: None
- (2) Accounting treatments adopted specially for the preparation of quarterly consolidated financial statements: None
- (3) Changes in accounting policies, changes in accounting estimates, and retrospective restatements
- 1) Changes in accounting policies due to application of new or revised accounting standards: None
- 2) Changes in accounting policies other than 1) above: None
- 3) Changes in accounting estimates: None
- 4) Retrospective restatements: None

(4) Number of shares of common stock issued

1) Number of shares issued at the end of the period (including treasury stock)	As of February 28, 2019	6,072,580 shares	As of August 31, 2018	6,070,510 shares
2) Number of shares of treasury stock at the end of the period	As of February 28, 2019	— shares	As of August 31, 2018	— shares
3) Average number of shares of common stock during the period (cumulative)	Six months ended February 28, 2019	6,071,371 shares	Six months ended February 28, 2018	5,594,785 shares

(Note) Effective November 25, 2017, the Company conducted a 5-for-1 stock split of its common stock. Figures for the number of shares of common stock issued are calculated as if the stock split had occurred at the beginning of the fiscal year ended August 31, 2018.

\* These quarterly financial results are not subject to quarterly review procedures to be performed by certified public accountants or an audit firm.

\* Explanation on appropriate use of financial results forecasts and other matters of note

- Financial results forecasts and other forward-looking statements provided in these materials are based on information available to the Company and certain other assumptions deemed reasonable as of the date of publication of this document, and do not represent any guarantee that the Company will achieve these results. Actual financial results and other aspects of business performance may differ significantly from these forecasts owing to various factors. Please refer to “1. (3) Explanation of financial results forecast and other forward-looking information” on page 3 of the Japanese version of the attached materials for conditions forming the basis for financial results forecasts, notes regarding the use of financial results forecasts, and other information.
- As described in “2. (4) Notes to quarterly consolidated financial statements (Significant subsequent events)” on page 9 of the Japanese version of the attached materials, the Company resolved at its Board of Directors meeting held on January 11, 2019 to acquire its treasury shares. “Basic earnings per share” in the Consolidated financial results forecast for the fiscal year ending August 31, 2019 factors in this acquisition of treasury shares.

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Quarterly consolidated financial statements

(1) Quarterly consolidated balance sheets

(Thousand yen)

	Previous fiscal year (As of August 31, 2018)	Six months under review (As of February 28, 2019)
Assets		
Current assets		
Cash and deposits	3,650,766	5,695,568
Accounts receivable – trade	131,253	1,220,215
Merchandise	4,606,990	3,859,163
Other	336,610	264,848
Allowance for doubtful accounts	(109,948)	(109,079)
Total current assets	8,615,672	10,930,716
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	1,314,004	1,504,813
Other, net	389,174	398,273
Total property, plant and equipment	1,703,178	1,903,086
Intangible assets		
Goodwill	514,961	441,072
Other	127,430	174,440
Total intangible assets	642,392	615,513
Investments and other assets		
Guarantee deposits	983,330	1,050,433
Other	315,137	301,158
Allowance for doubtful accounts	(1,700)	—
Total investments and other assets	1,296,767	1,351,592
Total non-current assets	3,642,337	3,870,192
Total assets	12,258,009	14,800,908

(Thousand yen)

	Previous fiscal year (As of August 31, 2018)	Six months under review (As of February 28, 2019)
<b>Liabilities</b>		
Current liabilities		
Accounts payable – trade	13,864	6,682
Short-term loans payable	3,050,000	5,310,000
Current portion of bonds	160,000	160,000
Current portion of long-term loans payable	504,088	284,088
Income taxes payable	447,799	420,466
Provision for bonuses	186,378	202,056
Asset retirement obligations	18,943	4,650
Other	481,837	762,259
Total current liabilities	4,862,910	7,150,202
Non-current liabilities		
Bonds payable	160,000	80,000
Long-term loans payable	826,198	691,654
Provision for directors' retirement benefits	50,375	57,014
Asset retirement obligations	432,691	509,108
Other	129,156	57,513
Total non-current liabilities	1,598,421	1,395,290
Total liabilities	6,461,332	8,545,493
Net assets		
Shareholders' equity		
Capital stock	948,582	949,457
Capital surplus	936,360	937,235
Retained earnings	3,912,029	4,370,068
Total shareholders' equity	5,796,973	6,256,761
Accumulated other comprehensive income		
Foreign currency translation adjustment	(295)	(1,345)
Total accumulated other comprehensive income	(295)	(1,345)
Total net assets	5,796,677	6,255,415
Total liabilities and net assets	12,258,009	14,800,908

(2) Quarterly consolidated statements of income and comprehensive income

Quarterly consolidated statements of income

For the six months ended February 28

(Thousand yen)

	Previous six month period (September 1, 2017 to February 28, 2018)	Six months under review (September 1, 2018 to February 28, 2019)
Net sales	15,390,414	18,956,982
Cost of sales	10,988,551	14,139,405
Gross profit	4,401,862	4,817,576
Selling, general and administrative expenses	3,210,825	3,665,363
Operating profit	1,191,037	1,152,212
Non-operating income		
Interest income	149	45
Foreign exchange gains	—	19,692
Other	11,659	7,649
Total non-operating income	11,809	27,388
Non-operating expenses		
Interest expenses	13,819	14,225
Commission fee	8,241	5,231
Foreign exchange losses	5,406	—
Other	882	10,351
Total non-operating expenses	28,350	29,807
Ordinary profit	1,174,496	1,149,794
Extraordinary losses		
Impairment loss	14,820	7,498
Total extraordinary losses	14,820	7,498
Profit before income taxes	1,159,676	1,142,295
Income taxes – current	438,856	358,332
Income taxes – deferred	(147,021)	13,293
Total income taxes	291,835	371,625
Profit	867,840	770,670
Profit attributable to owners of parent	867,840	770,670

Quarterly consolidated statements of comprehensive income  
For the six months ended February 28

(Thousand yen)

	Previous six month period (September 1, 2017 to February 28, 2018)	Six months under review (September 1, 2018 to February 28, 2019)
Profit	867,840	770,670
Other comprehensive income		
Foreign currency translation adjustment	(3,139)	(1,050)
Total other comprehensive income	(3,139)	(1,050)
Comprehensive income	864,700	769,619
Comprehensive income attributable to:		
Owners of parent	864,700	769,619

## (3) Quarterly consolidated statements of cash flows

(Thousand yen)

	Previous six month period (September 1, 2017 to February 28, 2018)	Six months under review (September 1, 2018 to February 28, 2019)
<b>Cash flows from operating activities</b>		
Profit before income taxes	1,159,676	1,142,295
Depreciation	139,763	147,244
Amortization of goodwill	73,891	73,890
Increase (decrease) in allowance for doubtful accounts	14,797	(2,569)
Increase (decrease) in provision for bonuses	14,976	15,678
Increase (decrease) in provision for directors' retirement benefits	4,879	6,639
Interest and dividend income	(149)	(45)
Interest expenses	13,819	14,225
Impairment loss	14,820	7,498
Decrease (increase) in notes and accounts receivable – trade	(640,692)	(1,088,962)
Decrease (increase) in inventories	(532,261)	748,168
Increase (decrease) in notes and accounts payable – trade	979	(7,181)
Other	183,485	342,778
<b>Subtotal</b>	<b>447,985</b>	<b>1,399,659</b>
Interest and dividend income received	149	45
Interest expenses paid	(14,237)	(15,069)
Income taxes paid	(346,367)	(390,572)
<b>Cash flows from operating activities</b>	<b>87,530</b>	<b>994,063</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(140,565)	(224,453)
Purchase of intangible assets	(3,985)	(65,104)
Payments for asset retirement obligations	(3,942)	(4,400)
Payments for guarantee deposits	(35,181)	(85,783)
Proceeds from collection of guarantee deposits	5,766	1,719
Other	(17,838)	(17,699)
<b>Cash flows from investing activities</b>	<b>(195,747)</b>	<b>(395,721)</b>
<b>Cash flows from financing activities</b>		
Increase (decrease) in short-term loans payable	1,136,566	2,260,000
Repayments of long-term loans payable	(227,856)	(354,544)
Redemption of bonds	(80,000)	(80,000)
Proceeds from issuance of common shares	—	1,749
Cash dividends paid	(98,468)	(312,500)
Other	(87,897)	(85,290)
<b>Cash flows from financing activities</b>	<b>642,344</b>	<b>1,429,414</b>
Effect of exchange rate change on cash and cash equivalents	(3,480)	(966)
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>530,647</b>	<b>2,026,790</b>
Cash and cash equivalents at beginning of period	2,657,806	3,297,704
<b>Cash and cash equivalents at end of period</b>	<b>3,188,453</b>	<b>5,324,495</b>