



Consolidated Financial Results for the Nine Months Ended May 31, 2019 [Japanese GAAP]

July 12, 2019

Company name: SOU Inc.

Securities code: 9270

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Director and President

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President

Scheduled date for filing quarterly securities report:
July 12, 2019

Preparation of supplementary quarterly financial results briefing materials: Yes

Holding of quarterly financial results briefing: No

Stock exchange listing: Tokyo Stock Exchange

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Scheduled date for commencing dividend payments: —

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

1. Consolidated financial results for the nine months ended May 31, 2019 (September 1, 2018 to May 31, 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	%
Nine months ended May 31, 2019	27,538	19.3	1,537	5.4	1,537	10.1	1,015	6.0
Nine months ended May 31, 2018	23,084	—	1,458	—	1,396	—	958	—

(Note) Comprehensive income: Nine months ended May 31, 2019: 1,012 million yen [5.8%]
Nine months ended May 31, 2018: 956 million yen [—%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Nine months ended May 31, 2019	167.85	153.89
Nine months ended May 31, 2018	167.65	152.47

- (Notes) 1. The year-over-year changes for the nine months ended May 31, 2018 are not presented. This is because the Company did not prepare quarterly consolidated financial statements for the nine months ended May 31, 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 and diluted earnings per share are calculated as if the stock split had occurred at the beginning of the fiscal year ended August 31, 2018.
3. As the Company listed its stock on the Tokyo Stock Exchange Mothers market on March 22, 2018, the figure of diluted earnings per share for the nine months ended May 31, 2018 is calculated by deeming the average share price for that period to be the average share price from the date of listing to May 31, 2018.

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of May 31, 2019	13,467	5,608	41.6
As of August 31, 2018	12,258	5,796	47.3

(Reference) Equity: As of May 31, 2019: 5,608 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	238.03

(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 May 31, 2019	6,290,640 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 May 31, 2019	179,000 shares	As of August 31, 2018	— shares
3) Average number of shares of common stock during the period (cumulative)	Nine months ended May 31, 2019	6,052,492 shares	Nine months ended May 31, 2018	5,714,962 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.

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Quarterly consolidated financial statements

(1) Quarterly consolidated balance sheets

(Thousand yen)

	Previous fiscal year (As of August 31, 2018)	Nine months under review (As of May 31, 2019)
Assets		
Current assets		
Cash and deposits	3,650,766	4,673,524
Accounts receivable – trade	131,253	247,556
Merchandise	4,606,990	4,425,442
Other	336,610	326,215
Allowance for doubtful accounts	(109,948)	(119,473)
Total current assets	8,615,672	9,553,266
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	1,314,004	1,625,806
Other, net	389,174	317,774
Total property, plant and equipment	1,703,178	1,943,580
Intangible assets		
Goodwill	514,961	404,095
Other	127,430	176,483
Total intangible assets	642,392	580,578
Investments and other assets		
Guarantee deposits	983,330	1,060,950
Other	315,137	332,176
Allowance for doubtful accounts	(1,700)	(2,667)
Total investments and other assets	1,296,767	1,390,460
Total non-current assets	3,642,337	3,914,619
Total assets	12,258,009	13,467,886

(Thousand yen)

	Previous fiscal year (As of August 31, 2018)	Nine months under review (As of May 31, 2019)
Liabilities		
Current liabilities		
Accounts payable – trade	13,864	12,195
Short-term loans payable	3,050,000	5,060,000
Current portion of bonds	160,000	160,000
Current portion of long-term loans payable	504,088	269,088
Income taxes payable	447,799	296,622
Provision for bonuses	186,378	299,037
Asset retirement obligations	18,943	17,451
Other	481,837	500,889
Total current liabilities	4,862,910	6,615,283
Non-current liabilities		
Bonds payable	160,000	—
Long-term loans payable	826,198	631,882
Provision for directors' retirement benefits	50,375	60,380
Asset retirement obligations	432,691	527,848
Other	129,156	23,933
Total non-current liabilities	1,598,421	1,244,044
Total liabilities	6,461,332	7,859,328
Net assets		
Shareholders' equity		
Capital stock	948,582	1,005,934
Capital surplus	936,360	993,712
Retained earnings	3,912,029	4,615,329
Treasury shares	—	(1,002,400)
Total shareholders' equity	5,796,973	5,612,577
Accumulated other comprehensive income		
Foreign currency translation adjustment	(295)	(4,019)
Total accumulated other comprehensive income	(295)	(4,019)
Total net assets	5,796,677	5,608,557
Total liabilities and net assets	12,258,009	13,467,886

(2) Quarterly consolidated statements of income and comprehensive income

Quarterly consolidated statements of income

For the nine months ended May 31

(Thousand yen)

	Previous nine month period (September 1, 2017 to May 31, 2018)	Nine months under review (September 1, 2018 to May 31, 2019)
Net sales	23,084,941	27,538,531
Cost of sales	16,652,132	20,464,197
Gross profit	6,432,808	7,074,333
Selling, general and administrative expenses	4,974,160	5,537,137
Operating profit	1,458,647	1,537,195
Non-operating income		
Interest income	165	60
Foreign exchange gains	2,972	30,666
Other	14,028	16,431
Total non-operating income	17,165	47,158
Non-operating expenses		
Interest expenses	22,326	23,197
Commission fee	55,873	10,205
Other	1,254	13,672
Total non-operating expenses	79,454	47,076
Ordinary profit	1,396,358	1,537,278
Extraordinary losses		
Impairment loss	40,945	7,498
Total extraordinary losses	40,945	7,498
Profit before income taxes	1,355,412	1,529,780
Income taxes – current	587,346	531,668
Income taxes – deferred	(190,062)	(17,819)
Total income taxes	397,284	513,849
Profit	958,128	1,015,931
Profit attributable to owners of parent	958,128	1,015,931

Quarterly consolidated statements of comprehensive income
For the nine months ended May 31

(Thousand yen)

	Previous nine month period (September 1, 2017 to May 31, 2018)	Nine months under review (September 1, 2018 to May 31, 2019)
Profit	958,128	1,015,931
Other comprehensive income		
Foreign currency translation adjustment	(1,605)	(3,724)
Total other comprehensive income	(1,605)	(3,724)
Comprehensive income	956,522	1,012,207
Comprehensive income attributable to:		
Owners of parent	956,522	1,012,207