



Consolidated Financial Results for the Three Months Ended November 30, 2019 [Japanese GAAP]

January 14, 2020

Company name: SOU Inc.
Securities code: 9270
Representative: Shinsuke Sakimoto, Representative
Director and President

Stock exchange listing: Tokyo Stock Exchange
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Scheduled date for filing quarterly securities report:

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Scheduled date for commencing dividend payments: —

January 14, 2020

Preparation of supplementary quarterly financial results briefing materials: Yes
Holding of quarterly financial results briefing: No

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

1. Consolidated financial results for the three months ended November 30, 2019 (September 1, 2019 to November 30, 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	%
Three months ended November 30, 2019	11,613	29.6	746	20.3	724	15.5	467	10.7
Three months ended November 30, 2018	8,961	18.1	620	3.6	627	4.3	422	7.7

(Note) Comprehensive income: Three months ended November 30, 2019: 474 million yen [11.4%]
Three months ended November 30, 2018: 425 million yen [8.6%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended November 30, 2019	36.64	35.20
Three months ended November 30, 2018	34.77	31.68

(Note) The Company conducted a 2-for-1 stock split of its common stock effective September 1, 2019. Figures for basic earnings per share and diluted earnings per share are calculated as if the stock splits had occurred at the beginning of the fiscal year ended August 31, 2019.

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of November 30, 2019	14,163	6,802	48.0
As of August 31, 2019	14,111	6,695	47.4

(Reference) Equity: As of November 30, 2019: 6,802 million yen
As of August 31, 2019: 6,695 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, 2019	—	0.00	—	70.00	70.00
Fiscal year ending August 31, 2020	—				
Fiscal year ending August 31, 2020 (Forecast)		0.00	—	—	—

- (Notes) 1. Revision to the dividend forecast announced most recently: None
2. The Company conducted a 2-for-1 stock split of its common stock effective September 1, 2019. Dividends for the fiscal year ended August 31, 2019 are presented as the actual amounts of dividends paid prior to the stock split.
3. The year-end dividend forecast for the fiscal year ending August 31, 2020 is undecided at this time.

3. Consolidated financial results forecast for the fiscal year ending August 31, 2020 (September 1, 2019 to August 31, 2020)
(% 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
	43,700	15.6	2,650	18.3	2,600	14.9	1,650	13.1	128.24

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

* Notes

- (1) Changes in significant subsidiaries during the current period (changes in specified subsidiaries resulting in the changes in the scope of consolidation): 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 November 30, 2019	12,933,310 shares	As of August 31, 2019	12,747,860 shares
2) Number of shares of treasury stock at the end of the period	As of November 30, 2019	30,052 shares	As of August 31, 2019	21,612 shares
3) Average number of shares of common stock during the period (cumulative)	Three months ended November 30, 2019	12,757,209 shares	Three months ended November 30, 2018	12,141,020 shares

(Note) The Company conducted a 2-for-1 stock split of its common stock effective September 1, 2019. Figures for the number of shares of common stock issued are calculated as if the stock splits had occurred at the beginning of the fiscal year ended August 31, 2019.

* 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, 2019)	Three months under review (As of November 30, 2019)
Assets		
Current assets		
Cash and deposits	4,103,508	5,011,006
Accounts receivable – trade	346,011	627,265
Merchandise	4,863,395	3,649,288
Other	766,581	804,589
Allowance for doubtful accounts	(205,240)	(191,036)
Total current assets	9,874,255	9,901,113
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	1,617,327	1,668,529
Other, net	310,866	312,548
Total property, plant and equipment	1,928,194	1,981,078
Intangible assets		
Goodwill	367,101	330,231
Other	220,113	257,788
Total intangible assets	587,214	588,020
Investments and other assets		
Guarantee deposits	1,084,640	1,100,838
Other	640,157	595,736
Allowance for doubtful accounts	(2,667)	(3,262)
Total investments and other assets	1,722,131	1,693,312
Total non-current assets	4,237,540	4,262,411
Total assets	14,111,795	14,163,525

(Thousand yen)

	Previous fiscal year (As of August 31, 2019)	Three months under review (As of November 30, 2019)
Liabilities		
Current liabilities		
Accounts payable – trade	19,205	90,331
Short-term loans payable	4,440,000	4,380,000
Current portion of bonds	160,000	80,000
Current portion of long-term loans payable	254,088	239,088
Income taxes payable	607,496	348,625
Provision for bonuses	191,575	289,081
Asset retirement obligations	14,577	22,081
Other	552,468	788,230
Total current liabilities	6,239,411	6,237,438
Non-current liabilities		
Long-term loans payable	572,518	512,746
Provision for directors' retirement benefits	63,746	59,125
Asset retirement obligations	537,965	550,826
Other	2,703	437
Total non-current liabilities	1,176,933	1,123,134
Total liabilities	7,416,344	7,360,572
Net assets		
Shareholders' equity		
Capital stock	1,027,507	1,066,648
Capital surplus	1,015,284	1,054,425
Retained earnings	4,721,656	4,743,667
Treasury shares	(59,783)	(59,783)
Total shareholders' equity	6,704,665	6,804,957
Accumulated other comprehensive income		
Foreign currency translation adjustment	(9,214)	(2,005)
Total accumulated other comprehensive income	(9,214)	(2,005)
Total net assets	6,695,450	6,802,952
Total liabilities and net assets	14,111,795	14,163,525

(2) Quarterly consolidated statements of income and comprehensive income

Quarterly consolidated statements of income

For the three months ended November 30

(Thousand yen)

	Previous three month period (September 1, 2018 to November 30, 2018)	Three months under review (September 1, 2019 to November 30, 2019)
Net sales	8,961,270	11,613,180
Cost of sales	6,519,384	8,720,950
Gross profit	2,441,886	2,892,230
Selling, general and administrative expenses	1,821,807	2,146,126
Operating profit	620,078	746,103
Non-operating income		
Interest income	8	14
Foreign exchange gains	15,048	—
Gain on valuation of derivatives	—	4,109
Other	2,714	6,231
Total non-operating income	17,771	10,354
Non-operating expenses		
Interest expenses	6,696	8,280
Commission fee	880	375
Foreign exchange losses	—	4,275
Loss on extinguishment of share-based remuneration expenses	—	14,427
Other	2,693	4,510
Total non-operating expenses	10,271	31,869
Ordinary profit	627,579	724,588
Extraordinary losses		
Impairment loss	7,498	3,290
Total extraordinary losses	7,498	3,290
Profit before income taxes	620,080	721,298
Income taxes – current	231,574	288,888
Income taxes – deferred	(33,679)	(35,019)
Total income taxes	197,894	253,868
Profit	422,186	467,429
Profit attributable to owners of parent	422,186	467,429

Quarterly consolidated statements of comprehensive income
For the three months ended November 30

(Thousand yen)

	Previous three month period (September 1, 2018 to November 30, 2018)	Three months under review (September 1, 2019 to November 30, 2019)
Profit	422,186	467,429
Other comprehensive income		
Foreign currency translation adjustment	3,747	7,208
Total other comprehensive income	3,747	7,208
Comprehensive income	425,934	474,638
Comprehensive income attributable to:		
Owners of parent	425,934	474,638