

Translation

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## Summary of Consolidated Financial Results for the Three Months Ended November 30, 2018 (Based on Japanese GAAP)

January 11, 2019

Company name: SOTSU CO.,LTD.  
 Stock exchange listing: Tokyo  
 Stock code: 3711 URL <http://www.sotsu-co.jp>  
 Representative: President Hideyuki Nanba  
 Inquiries: Director General Manager Yoshinori Nemoto TEL 03-6386-0311  
 Scheduled date to file Quarterly Securities Report: January 15, 2019  
 Scheduled date to commence dividend payments: –  
 Preparation of supplementary material on quarterly financial results: No  
 Holding of quarterly financial results meeting: No

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the three months ended November 30, 2018 (from September 1, 2018 to November 30, 2018)

(1) Consolidated operating results (cumulative)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Three months ended November 30, 2018	3,224	(2.8)	669	27.8	673	28.7	461	17.2
Three months ended November 30, 2017	3,317	(11.6)	524	11.5	523	16.1	393	27.3

Note: Comprehensive income Three months ended November 30, 2018 ¥536 million [38.4%]  
 Three months ended November 30, 2017 ¥387 million [(6.8)%]

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Three months ended November 30, 2018	31.47		–	
Three months ended November 30, 2017	26.86		–	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of November 30, 2018	26,703	21,871	80.6	1,469.27
As of August 31, 2018	26,675	21,664	79.9	1,455.12

Reference: Equity As of November 30, 2018 ¥21,531 million  
 As of August 31, 2018 ¥21,323 million

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen				
Year ended August 31, 2018	–	15.00	–	22.00	37.00
Year ending August 31, 2019	–				
Year ending August 31, 2019 (Forecast)		15.00	–	21.00	36.00

Note: Revision of cash dividend forecast most recently announced: No

Notes: (1) Details of year-end dividends for the year ended August 31, 2018 ordinary dividends 15 yen special dividends 7 yen  
 (2) Details of year-end dividends for the year ending August 31, 2019 ordinary dividends 15 yen special dividends 6 yen

3. Forecast of consolidated financial results for the year ending August 31, 2019 (from September 1, 2018 to August 31, 2019)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending February 28, 2019	7,100	(20.3)	1,300	1.0	1,300	(4.4)	870	(9.1)	59.36
Full year	15,700	(7.0)	2,540	(2.9)	2,565	(5.9)	1,760	(5.9)	120.10

Note: Revision of consolidated financial results forecast most recently announced: No

4. Notes

- (1) Changes in significant subsidiaries during the three months ended November 30, 2018 (changes in specified subsidiaries resulting in the change in scope of consolidation): No
- (2) Application of special accounting methods for preparing quarterly consolidated financial statements: No
- (3) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements
- Changes in accounting policies due to revisions to accounting standards and other regulations: No
- Changes in accounting policies due to other reasons: No
- Changes in accounting estimates: No
- Restatement of prior period financial statements: No

(4) Number of issued shares (common shares)

Total number of issued shares at the end of the period (including treasury shares)

As of November 30, 2018	15,000,000 shares	As of August 31, 2018	15,000,000 shares
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Number of treasury shares at the end of the period

As of November 30, 2018	345,745 shares	As of August 31, 2018	345,745 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Three months ended November 30, 2018	14,654,255 shares	Three months ended November 30, 2017	14,654,255 shares
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\* Quarterly financial results reports are exempt from the quarterly review conducted by certified public accountants or an audit corporation.

\* Proper use of forecasts of financial results, and other special matters

(Caution regarding forward-looking statements)

The above forecasts of consolidated financial results are based on information currently available to the Company and on certain assumptions deemed to be reasonable. Actual results may differ substantially due to various factors.

**Quarterly consolidated financial statements**  
**Consolidated balance sheets**

(Thousands of yen)

	As of August 31, 2018	As of November 30, 2018
Assets		
Current assets		
Cash and deposits	19,804,712	19,949,164
Notes and accounts receivable - trade	3,371,832	3,159,210
Merchandise	65	62
Work in process	8,994	19,137
Supplies	9,208	10,652
Other	446,412	444,253
Allowance for doubtful accounts	(99,765)	(100,054)
Total current assets	23,541,461	23,482,425
Non-current assets		
Property, plant and equipment		
Buildings, net	38,518	37,818
Vehicles, net	10,350	11,613
Tools, furniture and fixtures, net	26,084	28,626
Land	322,711	322,711
Total property, plant and equipment	397,665	400,769
Intangible assets	29,112	27,034
Investments and other assets		
Investment securities	2,512,945	2,602,884
Deferred tax assets	34,277	35,577
Other	159,933	154,505
Total investments and other assets	2,707,155	2,792,968
Total non-current assets	3,133,932	3,220,771
Total assets	26,675,394	26,703,197

(Thousands of yen)

	As of August 31, 2018	As of November 30, 2018
<b>Liabilities</b>		
Current liabilities		
Accounts payable - trade	4,044,039	3,890,039
Income taxes payable	376,139	204,153
Provision for bonuses	38,100	33,600
Other	203,251	313,359
Total current liabilities	4,661,530	4,441,152
Non-current liabilities		
Deferred tax liabilities	253,859	292,110
Net defined benefit liability	87,178	90,417
Other	7,876	7,876
Total non-current liabilities	348,914	390,404
Total liabilities	5,010,445	4,831,556
<b>Net assets</b>		
Shareholders' equity		
Capital stock	414,750	414,750
Capital surplus	391,240	391,240
Retained earnings	20,355,307	20,494,136
Treasury shares	(582,123)	(582,123)
Total shareholders' equity	20,579,173	20,718,002
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	744,484	813,013
Total accumulated other comprehensive income	744,484	813,013
Non-controlling interests	341,290	340,624
Total net assets	21,664,948	21,871,640
<b>Total liabilities and net assets</b>	<b>26,675,394</b>	<b>26,703,197</b>

**Consolidated statements of income (cumulative) and consolidated statements of comprehensive income (cumulative)**

**Consolidated statements of income (cumulative)**

(Thousands of yen)

	Three months ended November 30, 2017	Three months ended November 30, 2018
Net sales	3,317,119	3,224,632
Cost of sales	2,550,962	2,312,814
Gross profit	766,157	911,818
Selling, general and administrative expenses	242,156	242,368
Operating profit	524,000	669,449
Non-operating income		
Interest income	1,009	256
Dividend income	2,637	3,379
Foreign exchange gains	11	1,153
Other	1,082	1,025
Total non-operating income	4,740	5,815
Non-operating expenses		
Listing related expenses	2,149	2,083
expenditure for research and development	3,450	–
Total non-operating expenses	5,599	2,083
Ordinary profit	523,141	673,182
Extraordinary income		
Gain on sales of investment securities	29,226	2,800
Total extraordinary income	29,226	2,800
Extraordinary losses		
Loss on sales of investment securities	–	1,135
Total extraordinary losses	–	1,135
Profit before income taxes	552,367	674,847
Income taxes - current	149,274	200,067
Income taxes - deferred	4,210	6,728
Total income taxes	153,484	206,795
Profit	398,883	468,052
Profit attributable to non-controlling interests	5,271	6,829
Profit attributable to owners of parent	393,611	461,222

**Consolidated statements of comprehensive income (cumulative)**

(Thousands of yen)

	Three months ended November 30, 2017	Three months ended November 30, 2018
Profit	398,883	468,052
Other comprehensive income		
Valuation difference on available-for-sale securities	(11,308)	68,477
Total other comprehensive income	(11,308)	68,477
Comprehensive income	387,575	536,529
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	382,228	529,751
Comprehensive income attributable to non-controlling interests	5,346	6,778