

## Summary of financial statements for the fiscal year ended July 2019 [JGAAP basis] (Consolidated)

September 12, 2019

Company name Bestone.com Co. Ltd. Stock exchange listing Tokyo Stock Exchange  
 Stock code 6577 URL <http://www.best1cruise-corp.info/>  
 Representative (Title) Representative Director and (Name) Hidetaka Sawada  
 President  
 (Title) Director and General Manager of  
 Responsible contact person Corporate Management and Corporate (Name) Takao Ogawa (TEL) +81-3-5312-6247  
 Planning  
 Scheduled date of ordinary general meeting of October 29, 2019 Scheduled date of submission of securities report October 29, 2019  
 Scheduled date of commencing dividend payment —  
 Preparation of supplementary material on financial results : Yes  
 Holding of financial results briefing : Yes (for securities analysts and institutional investors)

(Amounts less than one million yen are rounded down)

### 1. Consolidated financial results for the fiscal year ended July 2019 (from August 1, 2018 to July 31, 2019)

#### (1) Consolidated operating results (Percentages indicate year-over-year changes)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of the parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended July 2019	2,173	36.9	134	11.5	131	13.6	84	8.9
Fiscal year ended July 2018	1,587	32.7	120	147.8	115	122.9	77	123.1
(Note) Comprehensive income	Fiscal year ended July 2019		83 million yen (8.9%)		Fiscal year ended July 2018		77 million yen (117.5%)	

	Net income per share		Diluted net income per share		Equity capital Net income to net sales		Total assets Ordinary income to net sales		Net sales Operating income to net sales	
	Yen	Sen	Yen	Sen	%	%	%	%		
Fiscal year ended July 2019	68.62		66.75		12.3	5.2	6.2			
Fiscal year ended July 2018	69.15		66.01		16.6	7.0	7.6			

(Note)1. We carried out a common stock split at 60-for-1 on February 8, 2018. We also carried out another common stock split at 2-for-1 on February 1, 2019.

Net income per share and diluted net income per share were based on the assumption that these stock splits were carried out at the beginning of the previous consolidated fiscal year.

2. Our stocks were listed on Tokyo Stock Exchange Mothers market on April 25, 2018, and so diluted net income per share for the previous fiscal year was calculated, considering the average stock price from the listing date to the end of the previous consolidated fiscal year as an average stock price during the period.

#### (2) Consolidated financial position

	Total assets		Net assets		Equity ratio		Net assets per share	
	Millions of yen		Millions of yen		%		Yen	Sen
Fiscal year ended July 2019	2,855		713		25.0		579.86	
Fiscal year ended July 2018	2,146		653		30.4		536.41	

(Reference) Equity capital Fiscal year ended July 2019 713 million yen Fiscal year ended July 2018 653 million yen

(Note) We carried out a common stock split at 60-for-1 on February 8, 2018. We also carried out another common stock split at 2-for-1 on February 1, 2019. Net assets per share was based on the assumption that these stock splits were carried out at the beginning of the previous consolidated fiscal year.

#### (3) Consolidated cash flows

	Cash flow from operating activities	Cash flow from investing activities	Cash flow from financing activities	Cash and cash equivalents at the end of the period
Fiscal year ended July 2019	Millions of yen 171	Millions of yen (208)	Millions of yen 241	Millions of yen 1,759
Fiscal year ended July 2018	123	(4)	769	1,554

## 2. Dividends

	Annual dividends					Total amount of dividends (Total)	Payout ratio (Consolidated)	Dividends to net assets (Consolidated)
	End of first quarter	End of second quarter	End of third quarter	Year-end	Total			
	Yen Sen	Yen Sen	Yen Sen	Yen Sen	Yen Sen	Millions of yen	%	%
Fiscal year ended July 2018	—	0.00	—	0.00	0.00	0	—	—
Fiscal year ended July 2019	—	0.00	—	0.00	0.00	0	—	—
Fiscal year ending July 2020 (Forecast)	—	0.00	—	0.00	0.00		—	

## 3. Forecast of consolidated financial results for the fiscal year ending July 2020 (from August 1, 2019 to July 31, 2020)

(Percentages for the full year and quarter indicate year-over-year changes.)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of the parent		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	
Second quarter (cumulative)	—	—	—	—	—	—	—	—	Yen Sen
Full-year	2,775	27.7	162	20.5	160	22.3	102	21.1	82.91

### \* Notes

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the : No change in scope of consolidation)

Number of subsidiaries newly consolidated — companies (company name), Number of subsidiaries excluded from consolidation — companies (company name)

(2) Changes in accounting policies/Changes in accounting estimates/Restatements

(i) Changes in accounting policies due to revisions to : No accounting standards, etc.

(ii) Changes in accounting policies due to reasons other than (i) : No

(iii) Changes in accounting estimates : No

(iv) Restatements : No

(3) Number of issued stocks (common stocks)

(i) Number of issued stocks at the end of period (including treasury stocks)	Fiscal year ended July 2019	1,243,800	stocks	Fiscal year ended July 2018	1,218,000	stocks
(ii) Number of treasury stocks at the end of period	Fiscal year ended July 2019	13,539	stocks	Fiscal year ended July 2018	—	stocks
(iii) Average number of stocks during the period	Fiscal year ended July 2019	1,227,052	stocks	Fiscal year ended July 2018	1,118,000	stocks

(Note) We carried out a common stock split at 60-for-1 on February 8, 2018. We also carried out another common stock split at 2-for-1 on February 1, 2019.

Therefore, the number of issued stocks at the end of period (including treasury stocks), the number of treasury stocks at the end of the period and the average number of stocks during the period (cumulative for the current period) were based on the assumption

that these stock splits were carried out at the beginning of the previous consolidated fiscal year.

(Reference) Summary of non-consolidated financial results

Non-consolidated financial results for the fiscal year ended July 2019 (from August 1, 2018 to July 31, 2019)

(1) Non-consolidated operating results

(Percentages indicate year-over-year changes)

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended July 2019	2,150	36.8	137	14.4	134	15.8	88	13.2
Fiscal year ended July 2018	1,572	33.3	120	156.0	116	126.9	78	128.6

	Net income per share	Diluted net income per share
	Yen Sen	Yen Sen
Fiscal year ended July 2019	72.10	70.13
Fiscal year ended July 2018	69.93	66.75

(Note) 1. We carried out a common stock split at 60-for-1 on February 8, 2018. We also carried out another common stock split at 2-for-1 on February 1, 2019.

Net income per share and diluted net income per share were based on the assumption that these stock splits were carried out at the beginning of the previous fiscal year.

2. Our stocks were listed on Tokyo Stock Exchange Mothers market on April 25, 2018, and so diluted net income per share for the previous fiscal year was calculated, considering an average stock price from the listing date to the end of the previous fiscal year as an average stock price during the period.

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen Sen
Fiscal year ended July 2019	2,725	716	26.3	582.18
Fiscal year ended July 2018	2,144	651	30.4	535.25

(Reference) Equity capital Fiscal year ended July 2019 716 million yen Fiscal year ended July 2018 651 million yen

(Note) We carried out a common stock split at 60-for-1 on February 8, 2018. We also carried out another common stock split at 2-for-1 on February 1, 2019.

Net assets per share was based on the assumption that these stock splits were carried out at the beginning of the previous fiscal year.

\* The summary of financial statements is outside the scope of audit by a certified public accountant or an audit corporation.

\* Explanation about appropriate usage of financial results forecasts and other specified matters

Forward-looking statements such as the forecast of financial results included herein are based on the information available as of the announcement of the materials, and therefore please understand that the statements may differ from actual results due to future uncertainties.

○ Table of Contents of the Attached Materials

1. Overview of operating results, etc. ....	2
(1) Overview of operating results for the current period.....	2
(2) Overview of fiscal position for the current fiscal year .....	2
(3) Overview of cash flows for the current period .....	3
(4) Future prospects .....	3
(5) Significant events regarding the going concern assumption.....	3
2. Basic policy regarding selection of accounting standards.....	3
3. Consolidated financial statements and major notes .....	4
(1) Consolidated balance sheet .....	4
(2) Consolidated statements of income and comprehensive income.....	6
(3) Consolidated statements of changes in net assets.....	8
(4) Consolidated statement of cash flows .....	9
(5) Notes to consolidated financial statements.....	10
(Note regarding the going concern assumption) .....	10
(Changes in scope of consolidation or scope of application of the equity method) .....	10
(Change in the presentation methods).....	10
(Relationship such as business merger) .....	10
(Segment information, etc.) .....	11
(Per Share Information) .....	12
(Significant Subsequent Event).....	12

## 1. Overview of operating results, etc.

### (1) Overview of operating results for the current period

For the current consolidated fiscal year, the business environment has enjoyed a gradual economic recovery mainly due to an increase in domestic demand before the 2020 Tokyo Olympic Games and the assistance of demand from inbound tourists, partially arising from an improvement in the employment environment and the effect of various policies in Japan despite the global economic uncertainties and geopolitical risks.

In the cruise tour market in Japan, the two cruise ship companies, Princess Cruises and Costa Cruises, offers cruise tours departing from and arriving in Japan throughout the year (excluding certain periods). Other foreign cruise ships also increase spot services during peak seasons, including during the long vacations. Therefore, there is an increase in opportunities to ride on foreign ships in Japan easily. Consequently, cruise user population increased to 321,000 (up 1.8% year-over-year) in Japan, above 300,000 for the second consecutive year, exceeding a historical high (The Ministry of Land, Infrastructure, Transport and Tourism “2018 Japanese Cruise Trend”).

In this environment, our group has continuously increased operating results mainly by selling tickets for cruises departing from and arriving in Japan and overseas cruises as an OTA (online travel agent) that specializes in cruises.

We have entered into PSA (preferred sales agent) contracts with Compagnie des Iles du Ponant, Oceania Cruises and Regent Seven Seas, which will run new premium and luxury cruise ships, to improve buying terms, while also having made efforts to expand the product lineup on our website through the linkage of route and inventory information via the system. Additionally, we have made progress in the discount tour market using our own purchase routes and our own products including Asian cruises (departing from and arriving in Singapore), Aegean cruises (departing from and arriving in Venice) and Caribbean Sea cruises (departing from and arriving in Miami) and other discount cruises such as “Mystery Cruises” where the shipping routes and cruise ships are not announced. In July, our first escorted tour plans were also announced (They will be hosted after December 2019).

We will host our first chartered cruise in April 2020 and advance reservation has been open since May 2019. We received many inquiries and orders immediately after start of sales, and more than 50% of the cabin categories have already sold out.

Including API (Application Programming Interface) linkage and improved usability of our web site, our efforts have increased the percentage of online reservations. This leads to an increase in efficiency of services and close rate.

As a result, we reached new record highs in inquiries and the number and amount of advance reservations received, first in May 2019, and then again in June. Recently, the number of accesses to our website, inquiries and advance reservations received have also remained solid.

In addition, we have made effort to reduce risks and have established a governing structure by establishing an in-house system for personal information management as a tour agent dealing with customer information and obtaining the certification of Privacy Mark.

As a result of the above, net sales increased to 2,173,845,000 yen (up 36.9% year-over-year) for the current consolidated fiscal year with operating income of 134,475,000 yen (up 11.5%), ordinary income of 131,263,000 yen (up 13.6%) and net income attributable to owners of the parent of 84,203,000 yen (up 8.9%).

Segment information is omitted because the travel agency business accounts for more than 90% of total net sales and operating income or loss of all segments in our group.

### (2) Overview of fiscal position for the current fiscal year

#### (Assets)

At the end of the current consolidated fiscal year, total assets have increased by 708,811,000 yen year-over-year to 2,855,297,000 yen. This is mainly because of increases in cash and deposits of 206,399,000 yen, advance payments for tours of 155,355,000 yen and investment securities of 136,578,000 yen, as well as an increase in property, plant and equipment of 146,443,000 yen resulting from making Ebisu Ryokan a consolidated subsidiary.

#### (Liabilities)

At the end of the current consolidated fiscal year, total liabilities increased by 648,770,000 yen year-over-year to 2,141,914,000 yen. This is mainly because of increases in long-term loans payable of 296,772,000 yen, the current portion of long-term loans payable

of 83,604,000 yen and advance payments received for tours of 249,998,000 yen.

(Net assets)

At the end of the current consolidated fiscal year, net assets increased by 60,040,000 yen year-over-year to 713,382,000 yen. This is mainly because of an increase in retained earnings of 84,203,000 yen resulting from the recording of net income attributable to owners of the parent and an acquisition of treasury stocks of 34,573,000 yen.

### **(3) Overview of cash flows for the current period**

The following shows cash flows for the current consolidated fiscal year and their factors.

(Cash flow from operating activities)

Net cash provided by operating activities amounted to 171,599,000 yen for the current consolidated fiscal year (123,064,000 yen for the previous consolidated fiscal year). This is mainly because of the recording of net income before income taxes of 131,263,000 yen and increases in advance payments received for tours of 249,998,000 yen and advance payments paid for tours of 157,855,000 yen.

(Cash flow from investing activities)

Net cash used by investing activities amounted to 208,290,000 yen for the current consolidated fiscal year (4,824,000 yen for the previous consolidated fiscal year). This is because of payments for the purchase of investment securities of 138,191,000 yen and for the purchase of a subsidiary's shares resulting in changes in the scope of consolidation of 56,354,000 yen.

(Cash flow from financing activities)

Net cash provided by financing activities amounted to 241,120,000 yen for the current consolidated fiscal year (769,766,000 yen for the previous consolidated fiscal year). This is mainly because of payments for long-term loans payable of 235,064,000 yen and revenues from long-term loans payable of 500,000,000 yen.

As a result of the above, cash and cash equivalents increased by 204,328,000 yen year-over-year to 1,759,261,000 yen for the current consolidated fiscal year.

### **(4) Future prospects**

In this environment, for the next consolidated fiscal year (fiscal year ending July 2020), we expect that consolidated net sales will amount to 2,775 million yen (up 27.7% year-over-year) with an operating income of 162 million yen (up 20.5%), ordinary income of 160 million yen (up 22.3%) and net income attributable to owners of the parent of 102 million yen (up 21.1%).

The above-mentioned forecast of financial results is based on the information available as of the announcement day of this material, and actual results may differ from the forecast due to various factors in the future.

### **(5) Significant events regarding the going concern assumption**

Not applicable

## **2. Basic policy regarding selection of accounting standards**

Our group will prepare the consolidated financial statements according to JGAAP for the time being, taking into account comparability over time and among companies.

IFRS is appropriately applied, taking into account domestic and overseas situations.

**3. Consolidated financial statements and major notes****(1) Consolidated balance sheet**

(Unit: thousands of yen)

	Previous consolidated fiscal year (July 31, 2018)	Current consolidated fiscal year (July 31, 2019)
<b>Assets</b>		
Current assets		
Cash and deposits	1,548,792	1,755,191
Advance payments for tours	417,952	573,307
Other accounts receivable	92,025	110,318
Other	8,556	8,965
<b>Total current assets</b>	<b>2,067,327</b>	<b>2,447,783</b>
Non-current assets		
Property, plant and equipment		
Buildings and structures	7,189	78,378
Tool, furniture and fixtures	1,287	1,287
Land	—	76,651
Accumulated depreciation	(1,403)	(2,800)
<b>Total property, plant and equipment</b>	<b>7,073</b>	<b>153,517</b>
Intangible assets		
Software	7,046	9,469
Software in progress	12,046	21,092
Goodwill	—	34,181
<b>Total intangible assets</b>	<b>19,093</b>	<b>64,744</b>
Investment and other assets		
Investment securities	21,773	158,352
Other	27,092	28,321
<b>Total investment and other assets</b>	<b>48,866</b>	<b>186,674</b>
<b>Total non-current assets</b>	<b>75,033</b>	<b>404,935</b>
Deferred assets		
Stock issuance expenses	4,125	2,578
<b>Total deferred assets</b>	<b>4,125</b>	<b>2,578</b>
<b>Total assets</b>	<b>2,146,486</b>	<b>2,855,297</b>

(Unit: thousands of yen)

	Previous consolidated fiscal year (July 31, 2018)	Current consolidated fiscal year (July 31, 2019)
<b>Liabilities</b>		
Current liabilities		
Current portion of long-term loans payable	196,272	279,876
Accounts payable	35,927	31,083
Income taxes payable	30,787	33,231
Advances received for tours	555,489	805,487
Other	14,302	26,457
Total current liabilities	832,778	1,176,136
Non-current liabilities		
Long-term loans payable	660,366	957,138
Other	—	8,639
Total non-current liabilities	660,366	965,778
Total liabilities	1,493,144	2,141,914
Net assets		
Shareholders' equity		
Capital stock	281,457	286,836
Legal capital surplus	197,957	203,336
Retained earnings	173,833	258,037
Treasury stocks	—	(34,573)
Total shareholders' equity	653,247	713,637
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	93	(254)
Total accumulated other comprehensive income	93	(254)
Total net assets	653,341	713,382
Total liabilities and net assets	2,146,486	2,855,297



**(2) Consolidated statements of income and comprehensive income**

## Consolidated Statement of Income

(Unit: thousands of yen)

	Previous consolidated fiscal year (from August 1, 2017 to July 31, 2018)	Current consolidated fiscal year (from August 1, 2018 to July 31, 2019)
Net sales	1,587,520	2,173,845
Cost of sales	1,248,645	1,721,169
Gross profit	338,874	452,676
Selling, general and administrative expenses	218,249	318,200
Operating income	120,625	134,475
Non-operating income		
Interest income	94	177
Dividend income	193	589
Gain on sales of investment securities	5,153	37
Commission fees	1,371	2,775
Compensation income	—	1,143
Other	733	1
Total non-operating income	7,545	4,724
Non-operating expenses		
Interest expense	3,042	5,354
Going public expense	8,798	—
Amortization of stock issuance expenses	515	1,547
Other	305	1,035
Total non-operating expenses	12,662	7,936
Ordinary income	115,508	131,263
Net income before income taxes	115,508	131,263
Income taxes-current	38,647	47,211
Income taxes-deferred	(448)	(151)
Total income taxes	38,199	47,060
Net income	77,308	84,203
Net income attributable to owners of the parent	77,308	84,203

## Consolidated Statement of Comprehensive Income

(Unit: thousands of yen)

	Previous consolidated fiscal year (from August 1, 2017 to July 31, 2018)	Current consolidated fiscal year (from August 1, 2018 to July 31, 2019)
Net income	77,308	84,203
Other comprehensive income		
Valuation difference on available-for-sale securities	(296)	(348)
Total other comprehensive income	(296)	(348)
Comprehensive income	77,012	83,855
(Breakdown)		
Comprehensive income attributable to owners of the parent	77,012	83,855
Comprehensive income attributable to non-controlling interests	—	—

**(3) Consolidated statements of changes in net assets**

Previous consolidated fiscal year (from August 1, 2017 to July 31, 2018)

(Unit: thousands of yen)

	Shareholders' equity				Accumulated other comprehensive income		Total net assets
	Capital stock	Legal capital surplus	Retained earnings	Total shareholders' equity	Valuation difference on available-for-sale securities	Total accumulated other comprehensive income	
Balance at the beginning of current period	132,072	48,572	96,525	277,169	389	389	277,559
Changes of items during the period							
Issuance of new stocks	149,385	149,385		298,770			298,770
Net income attributable to owners of the parent			77,308	77,308			77,308
Net changes of items other than shareholders' equity					(296)	(296)	(296)
Total changes of items during the period	149,385	149,385	77,308	376,078	(296)	(296)	375,782
Balance at the end of current period	281,457	197,957	173,833	653,247	93	93	653,341

Current consolidated fiscal year (from August 1, 2018 to July 31, 2019)

(Unit: thousands of yen)

	Shareholders' equity					Accumulated other comprehensive income		Total net assets
	Capital stock	Legal capital surplus	Retained earnings	Treasury stocks	Total shareholders' equity	Valuation difference on available-for-sale securities	Total accumulated other comprehensive income	
Balance at the beginning of current period	281,457	197,957	173,833	-	653,247	93	93	653,341
Changes of items during the period								
Issuance of new stocks	5,379	5,379			10,758			10,758
Net income attributable to owners of the parent			84,203		84,203			84,203
Purchase of treasury stocks				(34,573)	(34,573)			(34,573)
Net changes of items other than shareholders' equity						(348)	(348)	(348)
Total changes of items during the period	5,379	5,379	84,203	(34,573)	60,389	(348)	(348)	60,040
Balance at the end of current period	286,836	203,336	258,037	(34,573)	713,637	(254)	(254)	713,382

**(4) Consolidated statement of cash flows**

(Unit: thousands of yen)

	Previous consolidated fiscal year (from August 1, 2017 to July 31, 2018)	Current consolidated fiscal year (from August 1, 2018 to July 31, 2019)
<b>Cash flow from operating activities</b>		
Net income before income taxes	115,508	131,263
Depreciation and amortization	2,951	4,117
Amortization of goodwill	—	579
Loss (Gain) from sales of investment securities	(5,153)	(37)
Interest and dividend income	(288)	(766)
Interest expense	3,042	5,354
Going public expense	8,798	—
Foreign exchange losses (gains)	(294)	101
Increase (decrease) in advance received for tours	127,094	249,998
Decrease (increase) in advance payment for tours	(104,093)	(157,855)
Decrease (increase) in other accounts receivable	(11,048)	(18,293)
Other	19,794	7,353
Sub-total	156,313	221,814
Interest and dividend income received	288	766
Interest expenses paid	(3,042)	(5,354)
Income taxes (paid) refunded	(30,494)	(45,627)
Cash flow from operating activities	123,064	171,599
<b>Cash flow from investing activities</b>		
Purchase of non-current assets	(10,816)	(14,600)
Purchase of investment securities	(8,820)	(138,191)
Proceeds from sales of investment securities	14,812	856
Purchase of subsidiaries' stock resulting in change in the scope of consolidation	—	(56,354)
Cash flow from investing activities	(4,824)	(208,290)
<b>Cash flow from financing activities</b>		
Proceeds from long-term loans payable	600,000	500,000
Repayments of long-term loans payable	(115,564)	(235,064)
Proceeds from issuance of stocks	294,128	—
Purchase of treasury stocks	—	(34,573)
Proceeds from issuance of stocks resulting from exercise of equity warrants	—	10,758
Payment of going public expense	(8,798)	—
Cash flow from financing activities	769,766	241,120
Effect of exchange rate change on cash and cash equivalents	294	(101)
Increase (decrease) in cash and cash equivalents	888,299	204,328
Cash and cash equivalents at the beginning of period	666,633	1,554,933
Cash and cash equivalents at the end of period	1,554,933	1,759,261

**(5) Notes to consolidated financial statements**

(Note regarding the going concern assumption)

Not applicable

(Changes in scope of consolidation or scope of application of the equity method)

Current consolidated fiscal year (from August 1, 2018 to July 31, 2019)
<p>Significant changes in scope of consolidation</p> <p>Ebisu Ryokan, which was newly acquired by us, has been included in the scope of consolidation since the current consolidated fiscal year.</p>

(Change in the presentation methods)

(Changes due to “Application of ‘Partial Amendments to ‘Accounting Standard for Tax Effect Accounting’”)

The “Partial Amendments to ‘Accounting Standard for Tax Effect Accounting’” (ASBJ Statement No. 28 issued on February 16, 2018) has been applied since the beginning of the current consolidated fiscal year. Accordingly, deferred tax assets and deferred tax liabilities were presented under investments and other assets and non-current liabilities, respectively. To reflect the change in presentation method, the consolidated financial statements for the previous consolidated fiscal year have been reclassified.

As a result of this, deferred tax assets of 1,928,000 yen, which were included under other within the current assets on the balance sheet for the previous consolidated fiscal year, have been reclassified to other within investment and other assets of 27,092,000 yen.

(Consolidated statement of income)

Commission fees, which was included under other within non-operating income for the previous consolidated fiscal year, has been presented separately since the current consolidated fiscal year because of a significant increase in the amount of money. To reflect the change in presentation method, the consolidated financial statements for the previous consolidated fiscal year have been reclassified.

As a result of this, 2,104,000 yen, which was presented under other within non-operating income on the consolidated statement of income for the previous consolidated fiscal year, has been reclassified to commission fees of 1,371,000 yen and other of 733,000 yen.

(Relationship such as business merger)

Business merger through acquisition

(1) Summary of business merger

(i) Name and business activities of the company acquired in business merger

Name of acquired company: Ebisu Ryokan

Business activities: Hotel business

(ii) Major reason for business merger

The business merger will contribute to future business expansion and increase competitiveness due to the synergy between the hotel and cruise businesses.

(iii) Date of business merger

December 26, 2018

(iv) Legal form of business merger

Stock acquisition for cash

(v) Name of the merged company

Unchanged

(vi) Percentage of voting rights acquired

100%

(vii) Main basis for determining the acquired company

This is because we have obtained its stocks for cash.

(2) Period for financial results of the acquired company reflected in the consolidated financial statements

From February 1, 2019 to April 30, 2019

(3) Acquisition cost of the acquired company and breakdown of the acquisition cost by type of consideration

Consideration for acquisition (Cash):	60,000,000 yen
Acquisition cost:	60,000,000 yen

(4) Breakdown and amount of major expenses related to the acquisition

Advisor charges, etc.: 6,400,000 yen

(5) Amount, cause and amortization method and period of goodwill incurred

(i) Amount of goodwill incurred

34,760,000 yen

(ii) Cause

The goodwill was incurred due to future excess earning power expected from future business expansion.

(iii) Amortization method and period

The goodwill will be equally amortized over 15 years.

(6) Amounts and breakdown of assets or liabilities received on the date of business combination

Current assets:	6,693,000 yen
Non-current assets	147,840,000 yen
Total assets:	154,533,000 yen

Current liabilities:	9,938,000 yen
Non-current liabilities:	119,356,000 yen
Total liabilities:	129,294,000 yen

(Segment information, etc.)

(Segment information)

Previous consolidated fiscal year (from August 1, 2017 to July 31, 2018)

Segment information is omitted because business segment of our group consists of only tour agency business and the information is insignificant.

Current consolidated fiscal year (from August 1, 2018 to July 31, 2019)

Segment information is omitted because tour agency business accounts for more than 90% of total net sales and operating income or loss of all segments in our group.

## (Per Share Information)

	Previous consolidated fiscal year (from August 1, 2017 to July 31, 2018)	Current consolidated fiscal year (from August 1, 2018 to July 31, 2019)
Net assets per share	536.41 yen	579.86 yen
Net income per share	69.15 yen	68.62 yen
Diluted net income per share	66.01 yen	66.75 yen

(Note) 1. We carried out a common stock split at 60-for-1 on February 8, 2018. We also carried out another common stock split at 2-for-1 on February 1, 2019. Net assets per share, net income per share and diluted net income per share were based on the assumption that these stock splits were carried out at the beginning of the previous consolidated fiscal year.

2. We listed our stocks on Tokyo Stock Exchange Mothers market on April 25, 2018, and so diluted net income per share for the previous fiscal year was calculated, considering an average stock price from the listing date to the end of the previous consolidated fiscal year as an average stock price during the period.

3. The basis for calculation of net income per share and diluted net income per share is as follows.

Items	Previous consolidated fiscal year (from August 1, 2017 to July 31, 2018)	Current consolidated fiscal year (from August 1, 2018 to July 31, 2019)
Net income per share		
Net income attributable to owners of the parent (thousands of yen)	77,308	84,203
Amount not attributable to common shareholders (thousands of yen)	—	—
Net income attributable to owners of the parent regarding common stocks (thousands of yen)	77,308	84,203
Average number of common shares during the period (shares)	1,118,000	1,227,052
Diluted net income per share		
Adjustments on net income attributable to owners of the parent (thousands of yen)	—	—
Increase in common stock (shares)	53,232	34,459
(of which, equity warrants (shares))	53,232	34,459
Overview of diluted shares not reflected in calculation of diluted net income per share due to no dilutive effect	—	—

## (Significant Subsequent Event)

Not applicable

## Summary of financial statements for the fiscal year ended July 2019 [JGAAP basis] (Consolidated)

September 12, 2019

Company name Bestone.com Co. Ltd. Stock exchange listing Tokyo Stock Exchange  
 Stock code 6577 URL <http://www.best1cruise-corp.info/>  
 Representative (Title) Representative Director and (Name) Hidetaka Sawada  
 President  
 (Title) Director and General Manager of  
 Responsible contact person Corporate Management and Corporate (Name) Takao Ogawa (TEL) +81-3-5312-6247  
 Planning  
 Scheduled date of ordinary general meeting of October 29, 2019 Scheduled date of submission of securities report October 29, 2019  
 Scheduled date of commencing dividend payment —  
 Preparation of supplementary material on financial results : Yes  
 Holding of financial results briefing : Yes (for securities analysts and institutional investors)

(Amounts less than one million yen are rounded down)

### 1. Consolidated financial results for the fiscal year ended July 2019 (from August 1, 2018 to July 31, 2019)

#### (1) Consolidated operating results (Percentages indicate year-over-year changes)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of the parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended July 2019	2,173	36.9	134	11.5	131	13.6	84	8.9
Fiscal year ended July 2018	1,587	32.7	120	147.8	115	122.9	77	123.1
(Note) Comprehensive income	Fiscal year ended July 2019		83 million yen (8.9%)		Fiscal year ended July 2018		77 million yen (117.5%)	

	Net income per share		Diluted net income per share		Equity capital Net income to net sales		Total assets Ordinary income to net sales		Net sales Operating income to net sales	
	Yen	Sen	Yen	Sen	%	%	%	%		
Fiscal year ended July 2019	68.62		66.75		12.3	5.2	6.2			
Fiscal year ended July 2018	69.15		66.01		16.6	7.0	7.6			

(Note)1. We carried out a common stock split at 60-for-1 on February 8, 2018. We also carried out another common stock split at 2-for-1 on February 1, 2019.

Net income per share and diluted net income per share were based on the assumption that these stock splits were carried out at the beginning of the previous consolidated fiscal year.

2. Our stocks were listed on Tokyo Stock Exchange Mothers market on April 25, 2018, and so diluted net income per share for the previous fiscal year was calculated, considering the average stock price from the listing date to the end of the previous consolidated fiscal year as an average stock price during the period.

#### (2) Consolidated financial position

	Total assets		Net assets		Equity ratio		Net assets per share	
	Millions of yen		Millions of yen		%		Yen	Sen
Fiscal year ended July 2019	2,855		713		25.0		579.86	
Fiscal year ended July 2018	2,146		653		30.4		536.41	

(Reference) Equity capital Fiscal year ended July 2019 713 million yen Fiscal year ended July 2018 653 million yen

(Note) We carried out a common stock split at 60-for-1 on February 8, 2018. We also carried out another common stock split at 2-for-1 on February 1, 2019. Net assets per share was based on the assumption that these stock splits were carried out at the beginning of the previous consolidated fiscal year.

#### (3) Consolidated cash flows



	Cash flow from operating activities	Cash flow from investing activities	Cash flow from financing activities	Cash and cash equivalents at the end of the period
Fiscal year ended July 2019	Millions of yen 171	Millions of yen (208)	Millions of yen 241	Millions of yen 1,759
Fiscal year ended July 2018	123	(4)	769	1,554

## 2. Dividends

	Annual dividends					Total amount of dividends (Total)	Payout ratio (Consolidated)	Dividends to net assets (Consolidated)
	End of first quarter	End of second quarter	End of third quarter	Year-end	Total			
	Yen Sen	Yen Sen	Yen Sen	Yen Sen	Yen Sen	Millions of yen	%	%
Fiscal year ended July 2018	—	0.00	—	0.00	0.00	0	—	—
Fiscal year ended July 2019	—	0.00	—	0.00	0.00	0	—	—
Fiscal year ending July 2020 (Forecast)	—	0.00	—	0.00	0.00		—	

## 3. Forecast of consolidated financial results for the fiscal year ending July 2020 (from August 1, 2019 to July 31, 2020)

(Percentages for the full year and quarter indicate year-over-year changes.)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of the parent		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	
Second quarter (cumulative)	—	—	—	—	—	—	—	—	Yen Sen
Full-year	2,775	27.7	162	20.5	160	22.3	102	21.1	82.91

### \* Notes

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the : No change in scope of consolidation)

Number of subsidiaries newly consolidated — companies (company name), Number of subsidiaries excluded from consolidation — companies (company name)

(2) Changes in accounting policies/Changes in accounting estimates/Restatements

(i) Changes in accounting policies due to revisions to : No accounting standards, etc.

(ii) Changes in accounting policies due to reasons other than (i) : No

(iii) Changes in accounting estimates : No

(iv) Restatements : No

(3) Number of issued stocks (common stocks)

(i) Number of issued stocks at the end of period (including treasury stocks)	Fiscal year ended July 2019	1,243,800	stocks	Fiscal year ended July 2018	1,218,000	stocks
(ii) Number of treasury stocks at the end of period	Fiscal year ended July 2019	13,539	stocks	Fiscal year ended July 2018	—	stocks
(iii) Average number of stocks during the period	Fiscal year ended July 2019	1,227,052	stocks	Fiscal year ended July 2018	1,118,000	stocks

(Note) We carried out a common stock split at 60-for-1 on February 8, 2018. We also carried out another common stock split at 2-for-1 on February 1, 2019.

Therefore, the number of issued stocks at the end of period (including treasury stocks), the number of treasury stocks at the end of the period and the average number of stocks during the period (cumulative for the current period) were based on the assumption

that these stock splits were carried out at the beginning of the previous consolidated fiscal year.

(Reference) Summary of non-consolidated financial results

Non-consolidated financial results for the fiscal year ended July 2019 (from August 1, 2018 to July 31, 2019)

(1) Non-consolidated operating results

(Percentages indicate year-over-year changes)

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended July 2019	2,150	36.8	137	14.4	134	15.8	88	13.2
Fiscal year ended July 2018	1,572	33.3	120	156.0	116	126.9	78	128.6

	Net income per share	Diluted net income per share
	Yen Sen	Yen Sen
Fiscal year ended July 2019	72.10	70.13
Fiscal year ended July 2018	69.93	66.75

(Note) 1. We carried out a common stock split at 60-for-1 on February 8, 2018. We also carried out another common stock split at 2-for-1 on February 1, 2019.

Net income per share and diluted net income per share were based on the assumption that these stock splits were carried out at the beginning of the previous fiscal year.

2. Our stocks were listed on Tokyo Stock Exchange Mothers market on April 25, 2018, and so diluted net income per share for the previous fiscal year was calculated, considering an average stock price from the listing date to the end of the previous fiscal year as an average stock price during the period.

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen Sen
Fiscal year ended July 2019	2,725	716	26.3	582.18
Fiscal year ended July 2018	2,144	651	30.4	535.25

(Reference) Equity capital Fiscal year ended July 2019 716 million yen Fiscal year ended July 2018 651 million yen

(Note) We carried out a common stock split at 60-for-1 on February 8, 2018. We also carried out another common stock split at 2-for-1 on February 1, 2019.

Net assets per share was based on the assumption that these stock splits were carried out at the beginning of the previous fiscal year.

\* The summary of financial statements is outside the scope of audit by a certified public accountant or an audit corporation.

\* Explanation about appropriate usage of financial results forecasts and other specified matters

Forward-looking statements such as the forecast of financial results included herein are based on the information available as of the announcement of the materials, and therefore please understand that the statements may differ from actual results due to future uncertainties.

○ Table of Contents of the Attached Materials

1. Overview of operating results, etc. ....	2
(1) Overview of operating results for the current period.....	2
(2) Overview of fiscal position for the current fiscal year .....	2
(3) Overview of cash flows for the current period .....	3
(4) Future prospects .....	3
(5) Significant events regarding the going concern assumption.....	3
2. Basic policy regarding selection of accounting standards.....	3
3. Consolidated financial statements and major notes .....	4
(1) Consolidated balance sheet .....	4
(2) Consolidated statements of income and comprehensive income.....	6
(3) Consolidated statements of changes in net assets.....	8
(4) Consolidated statement of cash flows .....	9
(5) Notes to consolidated financial statements.....	10
(Note regarding the going concern assumption) .....	10
(Changes in scope of consolidation or scope of application of the equity method) .....	10
(Change in the presentation methods).....	10
(Relationship such as business merger) .....	10
(Segment information, etc.) .....	11
(Per Share Information) .....	12
(Significant Subsequent Event).....	12

## 1. Overview of operating results, etc.

### (1) Overview of operating results for the current period

For the current consolidated fiscal year, the business environment has enjoyed a gradual economic recovery mainly due to an increase in domestic demand before the 2020 Tokyo Olympic Games and the assistance of demand from inbound tourists, partially arising from an improvement in the employment environment and the effect of various policies in Japan despite the global economic uncertainties and geopolitical risks.

In the cruise tour market in Japan, the two cruise ship companies, Princess Cruises and Costa Cruises, offers cruise tours departing from and arriving in Japan throughout the year (excluding certain periods). Other foreign cruise ships also increase spot services during peak seasons, including during the long vacations. Therefore, there is an increase in opportunities to ride on foreign ships in Japan easily. Consequently, cruise user population increased to 321,000 (up 1.8% year-over-year) in Japan, above 300,000 for the second consecutive year, exceeding a historical high (The Ministry of Land, Infrastructure, Transport and Tourism “2018 Japanese Cruise Trend”).

In this environment, our group has continuously increased operating results mainly by selling tickets for cruises departing from and arriving in Japan and overseas cruises as an OTA (online travel agent) that specializes in cruises.

We have entered into PSA (preferred sales agent) contracts with Compagnie des Iles du Ponant, Oceania Cruises and Regent Seven Seas, which will run new premium and luxury cruise ships, to improve buying terms, while also having made efforts to expand the product lineup on our website through the linkage of route and inventory information via the system. Additionally, we have made progress in the discount tour market using our own purchase routes and our own products including Asian cruises (departing from and arriving in Singapore), Aegean cruises (departing from and arriving in Venice) and Caribbean Sea cruises (departing from and arriving in Miami) and other discount cruises such as “Mystery Cruises” where the shipping routes and cruise ships are not announced. In July, our first escorted tour plans were also announced (They will be hosted after December 2019).

We will host our first chartered cruise in April 2020 and advance reservation has been open since May 2019. We received many inquiries and orders immediately after start of sales, and more than 50% of the cabin categories have already sold out.

Including API (Application Programming Interface) linkage and improved usability of our web site, our efforts have increased the percentage of online reservations. This leads to an increase in efficiency of services and close rate.

As a result, we reached new record highs in inquiries and the number and amount of advance reservations received, first in May 2019, and then again in June. Recently, the number of accesses to our website, inquiries and advance reservations received have also remained solid.

In addition, we have made effort to reduce risks and have established a governing structure by establishing an in-house system for personal information management as a tour agent dealing with customer information and obtaining the certification of Privacy Mark.

As a result of the above, net sales increased to 2,173,845,000 yen (up 36.9% year-over-year) for the current consolidated fiscal year with operating income of 134,475,000 yen (up 11.5%), ordinary income of 131,263,000 yen (up 13.6%) and net income attributable to owners of the parent of 84,203,000 yen (up 8.9%).

Segment information is omitted because the travel agency business accounts for more than 90% of total net sales and operating income or loss of all segments in our group.

### (2) Overview of fiscal position for the current fiscal year

#### (Assets)

At the end of the current consolidated fiscal year, total assets have increased by 708,811,000 yen year-over-year to 2,855,297,000 yen. This is mainly because of increases in cash and deposits of 206,399,000 yen, advance payments for tours of 155,355,000 yen and investment securities of 136,578,000 yen, as well as an increase in property, plant and equipment of 146,443,000 yen resulting from making Ebisu Ryokan a consolidated subsidiary.

#### (Liabilities)

At the end of the current consolidated fiscal year, total liabilities increased by 648,770,000 yen year-over-year to 2,141,914,000 yen. This is mainly because of increases in long-term loans payable of 296,772,000 yen, the current portion of long-term loans payable

of 83,604,000 yen and advance payments received for tours of 249,998,000 yen.

(Net assets)

At the end of the current consolidated fiscal year, net assets increased by 60,040,000 yen year-over-year to 713,382,000 yen. This is mainly because of an increase in retained earnings of 84,203,000 yen resulting from the recording of net income attributable to owners of the parent and an acquisition of treasury stocks of 34,573,000 yen.

### **(3) Overview of cash flows for the current period**

The following shows cash flows for the current consolidated fiscal year and their factors.

(Cash flow from operating activities)

Net cash provided by operating activities amounted to 171,599,000 yen for the current consolidated fiscal year (123,064,000 yen for the previous consolidated fiscal year). This is mainly because of the recording of net income before income taxes of 131,263,000 yen and increases in advance payments received for tours of 249,998,000 yen and advance payments paid for tours of 157,855,000 yen.

(Cash flow from investing activities)

Net cash used by investing activities amounted to 208,290,000 yen for the current consolidated fiscal year (4,824,000 yen for the previous consolidated fiscal year). This is because of payments for the purchase of investment securities of 138,191,000 yen and for the purchase of a subsidiary's shares resulting in changes in the scope of consolidation of 56,354,000 yen.

(Cash flow from financing activities)

Net cash provided by financing activities amounted to 241,120,000 yen for the current consolidated fiscal year (769,766,000 yen for the previous consolidated fiscal year). This is mainly because of payments for long-term loans payable of 235,064,000 yen and revenues from long-term loans payable of 500,000,000 yen.

As a result of the above, cash and cash equivalents increased by 204,328,000 yen year-over-year to 1,759,261,000 yen for the current consolidated fiscal year.

### **(4) Future prospects**

In this environment, for the next consolidated fiscal year (fiscal year ending July 2020), we expect that consolidated net sales will amount to 2,775 million yen (up 27.7% year-over-year) with an operating income of 162 million yen (up 20.5%), ordinary income of 160 million yen (up 22.3%) and net income attributable to owners of the parent of 102 million yen (up 21.1%).

The above-mentioned forecast of financial results is based on the information available as of the announcement day of this material, and actual results may differ from the forecast due to various factors in the future.

### **(5) Significant events regarding the going concern assumption**

Not applicable

## **2. Basic policy regarding selection of accounting standards**

Our group will prepare the consolidated financial statements according to JGAAP for the time being, taking into account comparability over time and among companies.

IFRS is appropriately applied, taking into account domestic and overseas situations.

### 3. Consolidated financial statements and major notes

#### (1) Consolidated balance sheet

(Unit: thousands of yen)

	Previous consolidated fiscal year (July 31, 2018)	Current consolidated fiscal year (July 31, 2019)
<b>Assets</b>		
Current assets		
Cash and deposits	1,548,792	1,755,191
Advance payments for tours	417,952	573,307
Other accounts receivable	92,025	110,318
Other	8,556	8,965
<b>Total current assets</b>	<b>2,067,327</b>	<b>2,447,783</b>
Non-current assets		
Property, plant and equipment		
Buildings and structures	7,189	78,378
Tool, furniture and fixtures	1,287	1,287
Land	—	76,651
Accumulated depreciation	(1,403)	(2,800)
<b>Total property, plant and equipment</b>	<b>7,073</b>	<b>153,517</b>
Intangible assets		
Software	7,046	9,469
Software in progress	12,046	21,092
Goodwill	—	34,181
<b>Total intangible assets</b>	<b>19,093</b>	<b>64,744</b>
Investment and other assets		
Investment securities	21,773	158,352
Other	27,092	28,321
<b>Total investment and other assets</b>	<b>48,866</b>	<b>186,674</b>
<b>Total non-current assets</b>	<b>75,033</b>	<b>404,935</b>
Deferred assets		
Stock issuance expenses	4,125	2,578
<b>Total deferred assets</b>	<b>4,125</b>	<b>2,578</b>
<b>Total assets</b>	<b>2,146,486</b>	<b>2,855,297</b>

(Unit: thousands of yen)

	Previous consolidated fiscal year (July 31, 2018)	Current consolidated fiscal year (July 31, 2019)
<b>Liabilities</b>		
Current liabilities		
Current portion of long-term loans payable	196,272	279,876
Accounts payable	35,927	31,083
Income taxes payable	30,787	33,231
Advances received for tours	555,489	805,487
Other	14,302	26,457
Total current liabilities	832,778	1,176,136
Non-current liabilities		
Long-term loans payable	660,366	957,138
Other	—	8,639
Total non-current liabilities	660,366	965,778
Total liabilities	1,493,144	2,141,914
Net assets		
Shareholders' equity		
Capital stock	281,457	286,836
Legal capital surplus	197,957	203,336
Retained earnings	173,833	258,037
Treasury stocks	—	(34,573)
Total shareholders' equity	653,247	713,637
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	93	(254)
Total accumulated other comprehensive income	93	(254)
Total net assets	653,341	713,382
Total liabilities and net assets	2,146,486	2,855,297

**(2) Consolidated statements of income and comprehensive income**

## Consolidated Statement of Income

(Unit: thousands of yen)

	Previous consolidated fiscal year (from August 1, 2017 to July 31, 2018)	Current consolidated fiscal year (from August 1, 2018 to July 31, 2019)
Net sales	1,587,520	2,173,845
Cost of sales	1,248,645	1,721,169
Gross profit	338,874	452,676
Selling, general and administrative expenses	218,249	318,200
Operating income	120,625	134,475
Non-operating income		
Interest income	94	177
Dividend income	193	589
Gain on sales of investment securities	5,153	37
Commission fees	1,371	2,775
Compensation income	—	1,143
Other	733	1
Total non-operating income	7,545	4,724
Non-operating expenses		
Interest expense	3,042	5,354
Going public expense	8,798	—
Amortization of stock issuance expenses	515	1,547
Other	305	1,035
Total non-operating expenses	12,662	7,936
Ordinary income	115,508	131,263
Net income before income taxes	115,508	131,263
Income taxes-current	38,647	47,211
Income taxes-deferred	(448)	(151)
Total income taxes	38,199	47,060
Net income	77,308	84,203
Net income attributable to owners of the parent	77,308	84,203



## Consolidated Statement of Comprehensive Income

	(Unit: thousands of yen)	
	Previous consolidated fiscal year (from August 1, 2017 to July 31, 2018)	Current consolidated fiscal year (from August 1, 2018 to July 31, 2019)
Net income	77,308	84,203
Other comprehensive income		
Valuation difference on available-for-sale securities	(296)	(348)
Total other comprehensive income	(296)	(348)
Comprehensive income	77,012	83,855
(Breakdown)		
Comprehensive income attributable to owners of the parent	77,012	83,855
Comprehensive income attributable to non-controlling interests	—	—

**(3) Consolidated statements of changes in net assets**

Previous consolidated fiscal year (from August 1, 2017 to July 31, 2018)

(Unit: thousands of yen)

	Shareholders' equity				Accumulated other comprehensive income		Total net assets
	Capital stock	Legal capital surplus	Retained earnings	Total shareholders' equity	Valuation difference on available-for-sale securities	Total accumulated other comprehensive income	
Balance at the beginning of current period	132,072	48,572	96,525	277,169	389	389	277,559
Changes of items during the period							
Issuance of new stocks	149,385	149,385		298,770			298,770
Net income attributable to owners of the parent			77,308	77,308			77,308
Net changes of items other than shareholders' equity					(296)	(296)	(296)
Total changes of items during the period	149,385	149,385	77,308	376,078	(296)	(296)	375,782
Balance at the end of current period	281,457	197,957	173,833	653,247	93	93	653,341

Current consolidated fiscal year (from August 1, 2018 to July 31, 2019)

(Unit: thousands of yen)

	Shareholders' equity					Accumulated other comprehensive income		Total net assets
	Capital stock	Legal capital surplus	Retained earnings	Treasury stocks	Total shareholders' equity	Valuation difference on available-for-sale securities	Total accumulated other comprehensive income	
Balance at the beginning of current period	281,457	197,957	173,833	-	653,247	93	93	653,341
Changes of items during the period								
Issuance of new stocks	5,379	5,379			10,758			10,758
Net income attributable to owners of the parent			84,203		84,203			84,203
Purchase of treasury stocks				(34,573)	(34,573)			(34,573)
Net changes of items other than shareholders' equity						(348)	(348)	(348)
Total changes of items during the period	5,379	5,379	84,203	(34,573)	60,389	(348)	(348)	60,040
Balance at the end of current period	286,836	203,336	258,037	(34,573)	713,637	(254)	(254)	713,382

**(4) Consolidated statement of cash flows**

(Unit: thousands of yen)

	Previous consolidated fiscal year (from August 1, 2017 to July 31, 2018)	Current consolidated fiscal year (from August 1, 2018 to July 31, 2019)
<b>Cash flow from operating activities</b>		
Net income before income taxes	115,508	131,263
Depreciation and amortization	2,951	4,117
Amortization of goodwill	—	579
Loss (Gain) from sales of investment securities	(5,153)	(37)
Interest and dividend income	(288)	(766)
Interest expense	3,042	5,354
Going public expense	8,798	—
Foreign exchange losses (gains)	(294)	101
Increase (decrease) in advance received for tours	127,094	249,998
Decrease (increase) in advance payment for tours	(104,093)	(157,855)
Decrease (increase) in other accounts receivable	(11,048)	(18,293)
Other	19,794	7,353
Sub-total	156,313	221,814
Interest and dividend income received	288	766
Interest expenses paid	(3,042)	(5,354)
Income taxes (paid) refunded	(30,494)	(45,627)
Cash flow from operating activities	123,064	171,599
<b>Cash flow from investing activities</b>		
Purchase of non-current assets	(10,816)	(14,600)
Purchase of investment securities	(8,820)	(138,191)
Proceeds from sales of investment securities	14,812	856
Purchase of subsidiaries' stock resulting in change in the scope of consolidation	—	(56,354)
Cash flow from investing activities	(4,824)	(208,290)
<b>Cash flow from financing activities</b>		
Proceeds from long-term loans payable	600,000	500,000
Repayments of long-term loans payable	(115,564)	(235,064)
Proceeds from issuance of stocks	294,128	—
Purchase of treasury stocks	—	(34,573)
Proceeds from issuance of stocks resulting from exercise of equity warrants	—	10,758
Payment of going public expense	(8,798)	—
Cash flow from financing activities	769,766	241,120
Effect of exchange rate change on cash and cash equivalents	294	(101)
Increase (decrease) in cash and cash equivalents	888,299	204,328
Cash and cash equivalents at the beginning of period	666,633	1,554,933
Cash and cash equivalents at the end of period	1,554,933	1,759,261

**(5) Notes to consolidated financial statements**

(Note regarding the going concern assumption)

Not applicable

(Changes in scope of consolidation or scope of application of the equity method)

Current consolidated fiscal year (from August 1, 2018 to July 31, 2019)
<p>Significant changes in scope of consolidation</p> <p>Ebisu Ryokan, which was newly acquired by us, has been included in the scope of consolidation since the current consolidated fiscal year.</p>

(Change in the presentation methods)

(Changes due to “Application of ‘Partial Amendments to ‘Accounting Standard for Tax Effect Accounting’”)

The “Partial Amendments to ‘Accounting Standard for Tax Effect Accounting’” (ASBJ Statement No. 28 issued on February 16, 2018) has been applied since the beginning of the current consolidated fiscal year. Accordingly, deferred tax assets and deferred tax liabilities were presented under investments and other assets and non-current liabilities, respectively. To reflect the change in presentation method, the consolidated financial statements for the previous consolidated fiscal year have been reclassified.

As a result of this, deferred tax assets of 1,928,000 yen, which were included under other within the current assets on the balance sheet for the previous consolidated fiscal year, have been reclassified to other within investment and other assets of 27,092,000 yen.

(Consolidated statement of income)

Commission fees, which was included under other within non-operating income for the previous consolidated fiscal year, has been presented separately since the current consolidated fiscal year because of a significant increase in the amount of money. To reflect the change in presentation method, the consolidated financial statements for the previous consolidated fiscal year have been reclassified.

As a result of this, 2,104,000 yen, which was presented under other within non-operating income on the consolidated statement of income for the previous consolidated fiscal year, has been reclassified to commission fees of 1,371,000 yen and other of 733,000 yen.

(Relationship such as business merger)

Business merger through acquisition

(1) Summary of business merger

(i) Name and business activities of the company acquired in business merger

Name of acquired company: Ebisu Ryokan

Business activities: Hotel business

(ii) Major reason for business merger

The business merger will contribute to future business expansion and increase competitiveness due to the synergy between the hotel and cruise businesses.

(iii) Date of business merger

December 26, 2018

(iv) Legal form of business merger

Stock acquisition for cash

(v) Name of the merged company

Unchanged

(vi) Percentage of voting rights acquired

100%

(vii) Main basis for determining the acquired company

This is because we have obtained its stocks for cash.

(2) Period for financial results of the acquired company reflected in the consolidated financial statements

From February 1, 2019 to April 30, 2019

(3) Acquisition cost of the acquired company and breakdown of the acquisition cost by type of consideration

Consideration for acquisition (Cash):	60,000,000 yen
Acquisition cost:	60,000,000 yen

(4) Breakdown and amount of major expenses related to the acquisition

Advisor charges, etc.: 6,400,000 yen

(5) Amount, cause and amortization method and period of goodwill incurred

(i) Amount of goodwill incurred

34,760,000 yen

(ii) Cause

The goodwill was incurred due to future excess earning power expected from future business expansion.

(iii) Amortization method and period

The goodwill will be equally amortized over 15 years.

(6) Amounts and breakdown of assets or liabilities received on the date of business combination

Current assets:	6,693,000 yen
Non-current assets	147,840,000 yen
Total assets:	154,533,000 yen

Current liabilities:	9,938,000 yen
Non-current liabilities:	119,356,000 yen
Total liabilities:	129,294,000 yen

(Segment information, etc.)

(Segment information)

Previous consolidated fiscal year (from August 1, 2017 to July 31, 2018)

Segment information is omitted because business segment of our group consists of only tour agency business and the information is insignificant.

Current consolidated fiscal year (from August 1, 2018 to July 31, 2019)

Segment information is omitted because tour agency business accounts for more than 90% of total net sales and operating income or loss of all segments in our group.

## (Per Share Information)

	Previous consolidated fiscal year (from August 1, 2017 to July 31, 2018)	Current consolidated fiscal year (from August 1, 2018 to July 31, 2019)
Net assets per share	536.41 yen	579.86 yen
Net income per share	69.15 yen	68.62 yen
Diluted net income per share	66.01 yen	66.75 yen

(Note) 1. We carried out a common stock split at 60-for-1 on February 8, 2018. We also carried out another common stock split at 2-for-1 on February 1, 2019. Net assets per share, net income per share and diluted net income per share were based on the assumption that these stock splits were carried out at the beginning of the previous consolidated fiscal year.

2. We listed our stocks on Tokyo Stock Exchange Mothers market on April 25, 2018, and so diluted net income per share for the previous fiscal year was calculated, considering an average stock price from the listing date to the end of the previous consolidated fiscal year as an average stock price during the period.

3. The basis for calculation of net income per share and diluted net income per share is as follows.

Items	Previous consolidated fiscal year (from August 1, 2017 to July 31, 2018)	Current consolidated fiscal year (from August 1, 2018 to July 31, 2019)
Net income per share		
Net income attributable to owners of the parent (thousands of yen)	77,308	84,203
Amount not attributable to common shareholders (thousands of yen)	—	—
Net income attributable to owners of the parent regarding common stocks (thousands of yen)	77,308	84,203
Average number of common shares during the period (shares)	1,118,000	1,227,052
Diluted net income per share		
Adjustments on net income attributable to owners of the parent (thousands of yen)	—	—
Increase in common stock (shares)	53,232	34,459
(of which, equity warrants (shares))	53,232	34,459
Overview of diluted shares not reflected in calculation of diluted net income per share due to no dilutive effect	—	—

## (Significant Subsequent Event)

Not applicable