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## Non-consolidated Financial Results for the Year Ended July 31, 2020 [Japanese GAAP]

September 14, 2020

Company name: tsukuruba inc.

Stock exchange listing: Tokyo

Code number: 2978

URL: <https://tsukuruba.com/>

Representative: Hiroki Murakami

Contact: Ryohei Koike

Phone: 03-4400-2946

Representative Director, CEO

Director, CFO

Scheduled date of Annual General Meeting of Shareholders: October 29, 2020

Scheduled date of commencing dividend payments: —

Scheduled date of filing annual securities report: October 29, 2020

Availability of supplementary briefing material on annual financial results: Yes

Schedule of annual financial results briefing session: Yes (For institutional investors and analysts)

(Amounts of less than one million yen are rounded down)

### 1. Non-consolidated Financial Results for the Fiscal Year Ended July 31, 2020 (August 01, 2019 to July 31, 2020)

#### (1) Non-consolidated Operating Results

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended July 31, 2020	1,718	13.4	(150)	-	(159)	-	(431)	-
July 31, 2019	1,515	185.3	19	-	7	-	10	-

  

	Basic earnings per share	Diluted earnings per share	Rate of return on equity	Ordinary profit to total assets ratio	Operating profit to net sales ratio
	Yen	Yen	%	%	%
Fiscal year ended July 31, 2020	(46.81)	-	(33.9)	(7.9)	(8.8)
July 31, 2019	1.34	1.17	1.1	0.5	1.3

(Reference) Equity in earnings (losses) of affiliated companies: Fiscal year ended July 31, 2020: ¥ - million  
Fiscal year ended July 31, 2019: ¥ - million

#### (2) Non-consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of July 31, 2020	2,162	1,074	49.6	113.43
July 31, 2019	1,869	1,475	78.9	163.84

(Reference) Equity: As of July 31, 2020: ¥ 1,073 million  
As of July 31, 2019: ¥ 1,473 million

#### (3) Non-consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at the end of period
	Million yen	Million yen	Million yen	Million yen
Fiscal year ended July 31, 2020	(78)	(526)	753	1,519
July 31, 2019	399	(169)	837	1,371

## 2. Dividends

	Annual dividends					Total dividends	Payout ratio	Dividends to net assets
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total			
Fiscal year ended	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
July 31, 2019	-	-	-	0.00	0.00	-	-	-
July 31, 2020	-	0.00	-	0.00	0.00	-	-	-
Fiscal year ending July 31, 2021 (Forecast)	-	0.00	-	0.00	0.00		-	

## 3. Non-consolidated Financial Results Forecast for the Fiscal Year Ending July 31, 2021 (August 01, 2020 to July 31, 2021)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Net income		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	1,472	(14.3)	(563)	-	(573)	-	(587)	-	(62.0)

(Note) In the fiscal year ending July 2021, we would like to make an investment to maximize the value of our cowcamo business.

In the fiscal year ending July 2021, the total platform profit is expected to increase due to the growth of the gross merchandise value of the cowcamo platform. However, we expect revenue of 1,472 million yen (-14.3% from the previous fiscal year) and gross profit of 1,237 million yen (+3.6% from the fiscal year), because labor-intensive services for businesses will be temporary decreased due to business-model conversion and partial outsourcing will increase in order to control risk and improve profitability.

Operating profit, ordinary profit and net profit are expected to be in deficit due to investment to build competitiveness of the cowcamo platform over the medium- to long-term, conversion of some business models, and the introduction cost of stock incentives for growth in the medium- to long-term. Based on the above, we expect operating profit of -563 million yen from the previous year, ordinary profit of -573 million yen from the previous year, and net profit of -587 million yen from the previous year. These profits include 75 million yen as stock-based compensation expenses.

The above forecast of financial results is conservatively estimated because the outlook for the economic environment is uncertain due to the prolonged trade friction between the US and China and the spread of COVID-19.

In addition, the above forecast does not assume that a large-scale stagnation of economic activity due to COVID-19 will occur. Actual financial results may fluctuate due to various factors.

## \* Notes:

## (1) Changes in accounting policies, changes in accounting estimates and retrospective restatement

- 1) Changes in accounting policies due to the revision of accounting standards: No
- 2) Changes in accounting policies other than 1) above: No
- 3) Changes in accounting estimates: No
- 4) Retrospective restatement: No

## (2) Total number of issued shares (common shares)

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

July 31, 2020:	9,799,700 shares
July 31, 2019:	9,331,700 shares

## 2) Total number of treasury shares at the end of the period:

July 31, 2020:	335,600 shares
July 31, 2019:	335,600 shares

## 3) Average number of shares during the period:

Fiscal Year ended July 31, 2020:	9,223,821 shares
Fiscal Year ended July 31, 2019:	8,010,711 shares

\* These financial results are unaudited by certificated public accountants or audit firms.

\*Explanation about appropriate usage of business forecasts and other special notes

The forecasts above are based on the judgments made in accordance with information currently available. Forecasts therefore include risks and uncertainties. Actual figures may differ from these forecasts due to subsequent changes in the circumstances.

Annual financial results briefing session for institutional investors and analysts is planned to be held on September 14<sup>th</sup>, 2020. The presentation materials for the session will be posted on TDnet (Company Announcements Disclosure Service) and the company's website today.

## Non-consolidated Financial Statements

## Non-consolidated Balance Sheets

(Thousand yen)

	As of July 31,2019	As of July 31,2020
<b>Assets</b>		
Current assets		
Cash and deposits	1,420,974	1,613,625
Accounts receivable - trade	54,487	20,847
Work in process	2,261	3,161
Advance payments - trade	173	-
Prepaid expenses	27,117	17,102
Other	3,278	5,652
Allowance for doubtful accounts	(2,800)	(300)
Total current assets	1,505,492	1,660,089
Non-current assets		
Property, plant and equipment		
Buildings, net	59,056	195,908
Structures, net	1,779	1,659
Tools, furniture and fixtures, net	19,418	22,096
Land	-	161,215
Total property, plant and equipment	80,254	380,880
Intangible assets		
Software	127,827	-
Total intangible assets	127,827	-
Investments and other assets		
Investment securities	45,170	15,150
Shares of subsidiaries and associates	2,000	2,000
Leasehold and guarantee deposits	88,702	101,916
Long-term loans receivable	3,963	-
Long-term time deposits	2,000	-
Long-term prepaid expenses	4,125	2,315
Deferred tax assets	9,466	-
Other	60	20
Total investments and other assets	155,488	121,401
Total non-current assets	363,570	502,281
Total assets	1,869,062	2,162,370

(Thousand yen)

	As of July 31,2019	As of July 31,2020
<b>Liabilities</b>		
Current liabilities		
Current portion of bonds payable	-	40,000
Current portion of long-term borrowings	64,540	115,407
Accounts payable - other	74,020	83,371
Accrued expenses	16,088	30,495
Income taxes payable	17,886	7,788
Accrued consumption taxes	68,793	5,770
Advances received	1,393	4,950
Deposits received	13,722	8,938
Unearned revenue	13,387	8,845
Total current liabilities	269,832	305,565
Non-current liabilities		
Bonds payable	-	160,000
Long-term borrowings	116,340	602,799
Other	7,697	19,198
Total non-current liabilities	124,037	781,997
Total liabilities	393,870	1,087,562
<b>Net assets</b>		
Shareholders' equity		
Share capital	594,505	610,183
Capital surplus		
Legal capital surplus	850,780	866,458
Other capital surplus	456,319	456,319
Total capital surpluses	1,307,099	1,322,777
Retained earnings		
Other retained earnings		
Retained earnings brought forward	(365,266)	(797,006)
Total retained earnings	(365,266)	(797,006)
Treasury shares	(62,421)	(62,421)
Total shareholders' equity	1,473,916	1,073,531
Share acquisition rights	1,276	1,276
Total net assets	1,475,192	1,074,807
Total liabilities and net assets	1,869,062	2,162,370

## Non-consolidated Statements of Income

(Thousand yen)

	For the fiscal year ended July 31,2019	For the fiscal year ended July 31,2020
Net sales	1,515,187	1,718,876
Cost of sales	455,285	524,855
Gross profit	1,059,901	1,194,020
Selling, general and administrative expenses	1,040,468	1,344,525
Operating profit (loss)	19,432	(150,504)
Non-operating income		
Interest income	74	688
Dividend income	0	2
Subsidy income	8,479	-
Compensation income	-	2,860
Other	793	712
Total non-operating income	9,347	4,262
Non-operating expenses		
Interest expenses	3,382	2,759
Interest on bonds	-	226
Bond issuance costs	-	8,237
Share issuance costs	8,415	-
Commission expenses	8,759	1,610
Other	770	168
Total non-operating expenses	21,327	13,002
Ordinary profit (loss)	7,451	(159,244)
Extraordinary losses		
Loss on liquidation of investments	-	9,951
Loss on valuation of investment securities	-	5,920
Impairment loss	-	244,456
Total extraordinary losses	-	260,327
Profit (loss) before income taxes	7,451	(419,572)
Income taxes - current	6,182	2,701
Income taxes - deferred	(9,466)	9,466
Total income taxes	(3,283)	12,168
Profit (loss)	10,735	(431,740)

## Non-consolidated Statements of Changes in Net Assets

For the fiscal year ended July 31, 2019

(Thousand yen)

	Shareholders' equity					
	Share capital	Capital surplus			Retained earnings	
		Legal capital surplus	Other capital surplus	Total capital surplus	Other retained earnings Retained earnings brought forward	Total retained earnings
Balance at beginning of period	90,000	346,275	451,611	797,886	(376,002)	(376,002)
Changes during period						
Issuance of new shares	504,505	504,505		504,505		
Profit (loss)					10,735	10,735
Disposal of treasury shares			4,708	4,708		
Total changes during period	504,505	504,505	4,708	509,213	10,735	10,735
Balance at end of period	594,505	850,780	456,319	1,307,099	(365,266)	(365,266)

	Shareholders' equity		Share acquisition rights	Total net assets
	Treasury shares	Total shareholders' equity		
Balance at beginning of period	(66,513)	445,370	1,276	446,646
Changes during period				
Issuance of new shares		1,009,010		1,009,010
Profit (loss)		10,735		10,735
Disposal of treasury shares	4,092	8,800		8,800
Total changes during period	4,092	1,028,545	-	1,028,545
Balance at end of period	(62,421)	1,473,916	1,276	1,475,192

For the fiscal year ended July 31,2020

(Thousand yen)

	Shareholders' equity					
	Share capital	Capital surplus			Retained earnings	
		Legal capital surplus	Other capital surplus	Total capital surplus	Other retained earnings Retained earnings brought forward	Total retained earnings
Balance at beginning of period	594,505	850,780	456,319	1,307,099	(365,266)	(365,266)
Changes during period						
Issuance of new shares - exercise of share acquisition rights	15,678	15,678		15,678		
Profit (loss)					(431,740)	(431,740)
Total changes during period	15,678	15,678		15,678	(431,740)	(431,740)
Balance at end of period	610,183	866,458	456,319	1,322,777	(797,006)	(797,006)

	Shareholders' equity		Share acquisition rights	Total net assets
	Treasury shares	Total shareholders' equity		
Balance at beginning of period	(62,421)	1,473,916	1,276	1,475,192
Changes during period				
Issuance of new shares - exercise of share acquisition rights		31,356		31,356
Profit (loss)		(431,740)		(431,740)
Total changes during period		(400,384)		(400,384)
Balance at end of period	(62,421)	1,073,531	1,276	1,074,807



## Non-consolidated Statements of Cash Flows

(Thousand yen)

	For the fiscal year ended July 31,2019	For the fiscal year ended July 31,2020
Cash flows from operating activities		
Profit (loss) before income taxes	7,451	(419,572)
Depreciation	43,804	64,834
Impairment loss	-	244,456
Increase (decrease) in allowance for doubtful accounts	1,506	(2,500)
Interest and dividend income	(74)	(690)
Subsidy income	(8,479)	-
Interest expenses	3,382	2,759
Interest expenses on bonds	-	226
Bond issuance costs	-	8,237
Share issuance costs	8,415	-
Commission expenses	8,759	1,610
Loss on valuation of investment securities	-	5,920
Loss on liquidation of investments	-	9,951
Decrease (increase) in trade receivables	(36,741)	33,640
Decrease (increase) in inventories	268,937	(900)
Increase (decrease) in accounts payable - other	(67,170)	16,179
Increase (decrease) in accrued consumption taxes	68,793	(57,512)
Increase (decrease) in advances received	(12,527)	3,556
Other, net	109,191	23,132
Subtotal	395,250	(66,670)
Interest and dividends received	11	816
Interest paid	(3,308)	(3,288)
Proceeds from subsidy income	8,479	-
Income taxes (paid) refund	(690)	(9,392)
Net cash provided by (used in) operating activities	399,741	(78,533)

(Thousand yen)

	For the fiscal year ended July 31,2019	For the fiscal year ended July 31,2020
Cash flows from investing activities		
Payments into time deposits	(20,002)	(45,733)
Proceeds from withdrawal of time deposits	3,000	3,000
Purchase of property, plant and equipment	(57,825)	(226,579)
Purchase of intangible assets	(74,688)	(98,399)
Purchase of investment securities	(5,250)	(9,900)
Proceeds from redemption of investment securities	-	34,000
Payments for investments in silent partnerships	-	(300,000)
Proceeds from withdrawal of investments in silent partnerships	-	128,548
Payments of leasehold and guarantee deposits	(16,038)	(15,302)
Collection of loans receivable	1,260	3,972
Other payments	-	(250)
Net cash provided by (used in) investing activities	(169,543)	(526,644)
Cash flows from financing activities		
Proceeds from long-term borrowings	-	627,000
Repayments of long-term borrowings	(170,354)	(89,674)
Proceeds from issuance of bonds	-	193,214
Proceeds from exercise of employee share options	-	31,356
Proceeds from issuance of shares	1,003,425	-
Proceeds from disposal of treasury shares	8,800	-
Payment of commission	(4,400)	(5,969)
Other payments	-	(2,831)
Net cash provided by (used in) financing activities	837,471	753,095
Net increase (decrease) in cash and cash equivalents	1,067,669	147,917
Cash and cash equivalents at beginning of period	304,302	1,371,971
Cash and cash equivalents at end of period	1,371,971	1,519,889