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Non-consolidated Financial Results for the Year Ended July 31, 2019 [Japanese GAAP]

September 13, 2019

Company name: tsukuruba inc.

Stock exchange listing: Tokyo

Code number: 2978

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

Representative: Hiroki Murakami

Representative Director, CEO

Contact: Ryohei Koike

Director, CFO

Phone: 03-4400-2946

Scheduled date of Annual General Meeting of Shareholders: October 25, 2019

Scheduled date of commencing dividend payments: —

Scheduled date of filing annual securities report: October 25, 2019

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, 2019 (August 01, 2018 to July 31, 2019)

(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, 2019	1,515	185.3	19	-	7	-	10	-
July 31, 2018	531	-	(485)	-	(486)	-	(401)	-

	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, 2019	1.34	1.17	1.1	0.5	1.3
July 31, 2018	(52.19)	-	(120.6)	(66.1)	(91.5)

(Reference) Equity in earnings (losses) of affiliated companies: Fiscal year ended July 31, 2019: ¥ - million
 Fiscal year ended July 31, 2018: ¥ - 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, 2019	1,869	1,475	78.9	163.84
July 31, 2018	975	446	45.6	(31.80)

(Reference) Equity: As of July 31, 2019: ¥ 1,473 million
 As of July 31, 2018: ¥ 445 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, 2019	399	(169)	837	1,371
July 31, 2018	(618)	(135)	753	304

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, 2018	-	-	-	0.00	0.00	-	-	-
July 31, 2019	-	-	-	0.00	0.00	-	-	-
Fiscal year ending July 31, 2020 (Forecast)	-	0.00	-	0.00	0.00		-	

3. Non-consolidated Financial Results Forecast for the Fiscal Year Ending July 31, 2020 (August 01, 2019 to July 31, 2020)

(% 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	2,122	40.0	-	-	-	-	-	-	-

(Note) For the fiscal year ending July 31, 2020, in order to enhance intrinsic value of the company, tsukuruba inc. (the “Company”) considers it most important to continuously reinvest to enhance platform value. In line with this policy, the Company aims to achieve year-on-year growth of +40% at least for net sales and gross profit, which is a source of corporate value enhancement. The Company is also expected to generate operating profit, ordinary profit, and net profit, and is not disclosing forecasts of detailed profits amounts in order to make decisions for investments flexible.

* 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, 2019:	9,331,700 shares
July 31, 2018:	8,131,700 shares

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

July 31, 2019:	335,600 shares
July 31, 2018:	357,600 shares

3) Average number of shares during the period:

Fiscal Year ended July 31, 2019:	8,010,711 shares
Fiscal Year ended July 31, 2018:	7,696,740 shares

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

* Explanation on the proper use of financial results forecast and other notes

Annual financial results briefing sessions for institutional investors and analysts is planned to be held on September 17th, 2019.

The presentation materials of the sessions 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 31,2018	As of July 31,2019
Assets		
Current assets		
Cash and deposits	333,302	1,420,974
Accounts receivable - trade	17,746	54,487
Real estate for sale	184,019	-
Work in process	1,475	2,261
Advance payments - trade	5,134	173
Prepaid expenses	33,600	27,117
Other	63,069	3,278
Allowance for doubtful accounts	(1,293)	(2,800)
Total current assets	637,054	1,505,492
Non-current assets		
Property, plant and equipment		
Buildings, net	61,013	59,056
Structures, net	-	1,779
Tools, furniture and fixtures, net	18,510	19,418
Land	49,055	-
Total property, plant and equipment	128,579	80,254
Intangible assets		
Software	79,243	127,827
Total intangible assets	79,243	127,827
Investments and other assets		
Investment securities	39,920	45,170
Shares of subsidiaries and associates	2,000	2,000
Leasehold and guarantee deposits	74,700	88,702
Long-term loans receivable	4,078	3,963
Long-term time deposits	5,000	2,000
Long-term prepaid expenses	5,175	4,125
Deferred tax assets	-	9,466
Other	60	60
Total investments and other assets	130,934	155,488
Total non-current assets	338,757	363,570
Total assets	975,812	1,869,062

(Thousand yen)

	As of July 31,2018	As of July 31,2019
Liabilities		
Current liabilities		
Current portion of long-term loans payable	85,275	64,540
Accounts payable - other	136,581	74,020
Accrued expenses	9,400	16,088
Income taxes payable	691	17,886
Accrued consumption taxes	-	68,793
Advances received	13,920	1,393
Deposits received	10,915	13,722
Unearned revenue	4,023	13,387
Total current liabilities	260,807	269,832
Non-current liabilities		
Long-term loans payable	265,958	116,340
Other	2,400	7,697
Total non-current liabilities	268,358	124,037
Total liabilities	529,166	393,870
Net assets		
Shareholders' equity		
Capital stock	90,000	594,505
Capital surplus		
Legal capital surplus	346,275	850,780
Other capital surplus	451,611	456,319
Total capital surpluses	797,886	1,307,099
Retained earnings		
Other retained earnings		
Retained earnings brought forward	(376,002)	(365,266)
Total retained earnings	(376,002)	(365,266)
Treasury shares	(66,513)	(62,421)
Total shareholders' equity	445,370	1,473,916
Share acquisition rights	1,276	1,276
Total net assets	446,646	1,475,192
Total liabilities and net assets	975,812	1,869,062

Non-consolidated Statements of Income

(Thousand yen)

	For the fiscal year ended July 31,2018	For the fiscal year ended July 31,2019
Net sales	531,013	1,515,187
Cost of sales	92,816	455,285
Gross profit	438,197	1,059,901
Selling, general and administrative expenses	923,895	1,040,468
Operating profit (loss)	(485,698)	19,432
Non-operating income		
Interest income	54	74
Dividend income	1	0
Subsidy income	10,265	8,479
Other	687	793
Total non-operating income	11,008	9,347
Non-operating expenses		
Interest expenses	4,548	3,382
Interest on bonds	541	-
Bond issuance cost	1,760	-
Share issuance cost	4,337	8,415
Commission expenses	-	8,759
Other	936	770
Total non-operating expenses	12,124	21,327
Ordinary profit (loss)	(486,813)	7,451
Extraordinary income		
Gain on sales of shares of subsidiaries and associates	85,744	-
Total extraordinary income	85,744	-
Profit (loss) before income taxes	(401,069)	7,451
Income taxes - current	651	6,182
Income taxes - deferred	-	(9,466)
Total income taxes	651	(3,283)
Profit (loss)	(401,721)	10,735

Non-consolidated Statements of Changes in Net Assets
For the fiscal year ended July 31,2018

(Thousand yen)

	Shareholders' equity					
	Capital stock	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 current period	95,400	99,960	-	99,960	25,695	25,695
Changes of items during period						
Issuance of new shares	346,275	346,275		346,275		
Capital reduction	(351,675)		351,675	351,675		
Transfer to other capital surplus funds from legal capital surplus		(99,960)	99,960	-		
Transfer to retained earnings brought forward from other capital surplus			(23)	(23)	23	23
Profit (loss)					(401,721)	(401,721)
Purchase of treasury shares						
Disposal of treasury shares						
Net changes of items other than shareholders' equity						
Total changes of items during period	(5,400)	246,315	451,611	697,926	(401,697)	(401,697)
Balance at end of current period	90,000	346,275	451,611	797,886	(376,002)	(376,002)

	Shareholders' equity		Share acquisition rights	Total net assets
	Treasury shares	Total shareholders' equity		
Balance at beginning of current period	-	221,055	-	221,055
Changes of items during period				
Issuance of new shares		692,550	-	692,550
Capital reduction		-		-
Transfer to other capital surplus funds from legal capital surplus		-		-
Transfer to retained earnings brought forward from other capital surplus		-		-
Profit (loss)		(401,721)		(401,721)
Purchase of treasury shares	(100,440)	(100,440)		(100,440)
Disposal of treasury shares	33,926	33,926		33,926
Net changes of items other than shareholders' equity			1,276	1,276
Total changes of items during period	(66,513)	224,315	1,276	225,591
Balance at end of current period	(66,513)	445,370	1,276	446,646

For the fiscal year ended July 31,2019

(Thousand yen)

	Shareholders' equity					
	Capital stock	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 current period	90,000	346,275	451,611	797,886	(376,002)	(376,002)
Changes of items 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 of items during period	504,505	504,505	4,708	509,213	10,735	10,735
Balance at end of current 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 current period	(66,513)	445,370	1,276	446,646
Changes of items 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 of items during period	4,092	1,028,545	-	1,028,545
Balance at end of current period	(62,421)	1,473,916	1,276	1,475,192

Non-consolidated Statements of Cash Flows

	(Thousand yen)	
	For the fiscal year ended July 31,2018	For the fiscal year ended July 31,2019
Cash flows from operating activities		
Profit (loss) before income taxes	(401,069)	7,451
Depreciation	24,933	43,804
Increase (decrease) in allowance for doubtful accounts	708	1,506
Interest and dividend income	(56)	(74)
Subsidy income	(10,265)	(8,479)
Interest expenses	4,548	3,382
Interest on bonds	541	-
Bond issuance cost	1,760	-
Share issuance cost	4,337	8,415
Commission expenses	-	8,759
Gain on sales of shares of subsidiaries and associates	(85,744)	-
Decrease (increase) in notes and accounts receivable -trade	(10,108)	(36,741)
Decrease (increase) in inventories	(183,150)	268,937
Increase (decrease) in notes and accounts payable - trade	(934)	-
Increase (decrease) in accounts payable - other	100,100	(67,170)
Increase (decrease) in accrued consumption taxes	-	68,793
Increase (decrease) in advances received	9,631	(12,527)
Other, net	(78,290)	109,191
Subtotal	(623,058)	395,250
Interest and dividend income received	9	11
Interest expenses paid	(5,064)	(3,308)
Proceeds from subsidy income	10,265	8,479
Income taxes (paid) refund	(491)	(690)
Net cash provided by (used in) operating activities	(618,340)	399,741
Cash flows from investing activities		
Payments into time deposits	(76,000)	(20,002)
Proceeds from withdrawal of time deposits	53,000	3,000
Purchase of property, plant and equipment	(68,055)	(57,825)
Purchase of intangible assets	(43,683)	(74,688)
Purchase of investment securities	(39,920)	(5,250)
Proceeds from sales of shares of subsidiaries and associates	95,600	-
Payments for leasehold and guarantee deposits	(50,572)	(16,038)
Payments of loans receivable	(5,479)	-
Collection of loans receivable	-	1,260
Net cash provided by (used in) investing activities	(135,110)	(169,543)
Cash flows from financing activities		
Proceeds from long-term loans payable	208,190	-
Repayments of long-term loans payable	(76,254)	(170,354)
Proceeds from issuance of bonds with share acquisition rights	144,540	-
Proceeds from issuance of common shares	541,912	1,003,425
Proceeds from disposal of treasury shares	33,926	8,800
Purchase of treasury shares	(100,440)	-
Proceeds from issuance of share acquisition rights	1,276	-
Payment of commission	-	(4,400)
Net cash provided by (used in) financing activities	753,149	837,471
Net increase (decrease) in cash and cash equivalents	(300)	1,067,669
Cash and cash equivalents at beginning of period	304,603	304,302
Cash and cash equivalents at end of period	304,302	1,371,971