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Summary of Non-Consolidated Financial Results for the Three Months Ended November 30, 2019 (Based on Japanese GAAP)

January 14, 2020

Company name:	and factory, inc	
Stock exchange listing:	Tokyo	
Stock code:	7035	URL https://andfactory.co.jp/
Representative:	Rinji Aoki, President and Representative Director	
Contact:	Tomoki Hasumi, Director	Phone: +81-3-6712-7646
Scheduled date to file quarterly securities report:		January 14, 2020
Scheduled date to commence dividend payments:		—
Preparation of supplementary material on quarterly financial results:		Yes
Holding of quarterly financial results meeting:		No

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

1. Non-Consolidated financial results for the three months ended November 30, 2019

(From September 1, 2019 to November 30, 2019)

(1) Non-consolidated operating results (cumulative)

Percentages indicate year-on-year changes.

	Net sales		Operating income		Ordinary profit		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Three months ended November 30, 2019	802	70.9	37	(12.3)	36	(1.6)	19	(20.9)
Three months ended November 30, 2018	469	—	42	—	37	—	25	—

	Earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended November 30, 2019	2.05	2.02
Three months ended November 30, 2018	2.70	2.56

- Notes: 1. The Company did not prepare quarterly financial statements for the three months ended November 30, 2017. Accordingly, no year-on-year percentage changes are indicated for the three months ended November 30, 2018.
2. The Company's shares were listed on the Mothers market of the Tokyo Stock Exchange on September 6, 2018. For that reason, the average share price between the listing date and November 30, 2018 is used to calculate average diluted earnings per share for the three months ended November 30, 2018.
3. The Company conducted a two-for-one split of common stock on August 1, 2019. However, earnings per share and diluted earnings per share are calculated as if the stock split had occurred on September 1, 2018.

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of November 30, 2019	3,054	1,830	59.9
As of August 31, 2019	3,040	1,798	59.1

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Total
Year ended August 31, 2019	—	0.00	—	0.00	0.00
Year ending August 31, 2020	—	—	—	—	—
Year ending August 31, 2020 (Forecast)	—	0.00	—	0.00	0.00

3. Forecast of non-consolidated financial results for the year ending August 31, 2020 (From September 1, 2019 to August 31, 2020)

Percentages indicate year-on-year changes.

	Net sales		Operating income		Ordinary profit		Profit		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	5,999	53.2	580	13.2	560	15.7	390	18.9	41.08

4. Notes

(1) Application of special accounting methods for preparing quarterly non-consolidated financial statements: Yes

Note: In calculating tax expenses for the current fiscal year, including the first quarter under review, income taxes were estimated rationally, using the effective tax rate after applying tax effect accounting multiplied by income before income taxes, to estimate the appropriate effective tax rate.

(2) 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

(3) Number of issued shares (common stock)

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

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

As of November 30, 2019	9,744,720 shares	As of August 31, 2019	9,494,640 shares
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Number of treasury shares at the end of the period

As of November 30, 2019	189 shares	As of August 31, 2019	189 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, 2019	9,678,635 shares	Three months ended November 30, 2018	9,305,620 shares
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Note: The Company conducted a two-for-one split of common stock on August 1, 2019. The average number of shares during the three months ended November 30, 2018 is calculated as if the stock split had occurred on September 1, 2018.

Notes: This quarterly financial report is exempt from the quarterly review.

Explanation about appropriate usage of business forecasts and other special notes:

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

Quarterly Non-Consolidated Financial Statements
Quarterly Non-Consolidated Balance Sheets

(Thousands of yen)

	As of August 31, 2019	As of November 30, 2019
Assets		
Current assets		
Cash and deposits	1,352,934	1,053,245
Accounts receivable–trade	484,044	574,449
Work in process	7,880	1,622
Real estate for sale in process	276,102	428,212
Prepaid expenses	20,902	33,099
Advances paid	278,451	345,236
Other	32,521	46,475
Total current assets	2,452,838	2,482,341
Non-current assets		
Property, plant and equipment		
Buildings	64,992	58,983
Tools, furniture and fixtures	44,838	48,798
Construction in progress	1,922	—
Accumulated depreciation	(35,249)	(46,042)
Total property, plant and equipment	76,503	61,738
Intangible assets		
Software	129,520	121,072
Software in progress	807	15,628
Total intangible assets	130,327	136,700
Investments and other assets		
Investment securities	78,597	78,597
Deferred tax assets	28,194	28,194
Other	273,775	266,865
Total investments and other assets	380,566	373,656
Total non-current assets	587,398	572,095
Total assets	3,040,236	3,054,437

As of August 31, 2019

As of November 30, 2019

	As of August 31, 2019	As of November 30, 2019
Liabilities		
Current liabilities		
Accounts payable–trade	98,301	87,082
Short-term borrowings	65,000	65,000
Current portion of long-term borrowings	339,093	434,295
Accounts payable–other	400,872	440,347
Income taxes payable	108,757	14,395
Provision for bonuses	—	11,998
Provision for shareholder benefit program	10,296	1,118
Other	72,396	35,218
Total current liabilities	1,094,717	1,089,455
Non-current liabilities		
Long-term borrowings	147,395	134,469
Total non-current liabilities	147,395	134,469
Total liabilities	1,242,112	1,223,924
Net assets		
Shareholders' equity		
Share capital	543,263	549,066
Capital surplus	542,174	547,782
Retained earnings	713,138	733,001
Treasury shares	(452)	(452)
Total shareholders' equity	1,798,123	1,829,398
Share acquisition rights	—	1,114
Total net assets	1,798,123	1,830,512
Total liabilities and net assets	3,040,236	3,054,437

Quarterly Non-Consolidated Statements of Income
Quarterly Non-Consolidated Statements of Income (First Three Months)

(Thousands of yen)

	Three months ended November 30, 2018	Three months ended November 30, 2019
Net sales	469,522	802,311
Cost of sales	208,297	336,476
Gross profit	261,225	465,834
Selling, general and administrative expenses	218,829	428,633
Operating profit	42,395	37,201
Non-operating income		
Interest income	6	17
Gain on sale of businesses	2,000	—
Surrender value of insurance policies	—	743
Other	50	265
Total non-operating income	2,056	1,026
Non-operating expenses		
Interest expenses	644	964
Share issuance cost	5,238	—
Loss on valuation of investment securities	1,009	—
Commission expenses	—	606
Other	351	61
Total non-operating expenses	7,244	1,632
Ordinary profit	37,207	36,595
Extraordinary losses		
Impairment loss	—	6,409
Total extraordinary losses	—	6,409
Profit before income taxes	37,207	30,186
Income taxes	12,102	10,322
Profit	25,105	19,863