

Note: This document is a translation of a part of the original Japanese version and provided for reference purposes only. In the event of any discrepancy between the Japanese original and this English translation, the Japanese original shall prevail.



Non-consolidated Financial Results for the Six Months Ended January 31, 2020 [Japanese GAAP]

March 12, 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

Scheduled date of filing quarterly securities report: March 12, 2020

Scheduled date of commencing dividend payments: -

Availability of supplementary briefing material on quarterly financial results: Yes

Schedule of quarterly financial results briefing session: Yes

Representative Director, CEO

Director, CFO

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

1. Non-consolidated Financial Results for the Six Months Ended January 31, 2020 (August 01, 2019 to January 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 | % |
| Six months ended January 31, 2020 | 992 | - | 36 | - | 36 | - | 28 | - |
| January 31, 2019 | - | - | - | - | - | - | - | - |

| | Basic earnings per share | Diluted earnings per share |
|-----------------------------------|--------------------------|----------------------------|
| | Yen | Yen |
| Six months ended January 31, 2020 | 3.20 | 2.83 |
| January 31, 2019 | - | - |

(2) Non-consolidated Financial Position

| | Total assets | Net assets | Capital adequacy ratio |
|------------------------|--------------|-------------|------------------------|
| | Million yen | Million yen | % |
| As of January 31, 2020 | 1,833 | 1,503 | 82.0 |
| July 31, 2019 | 1,869 | 1,475 | 78.9 |

(Reference) Equity: As of January 31, 2020: ¥ 1,502 million
As of July 31, 2019: ¥ 1,473 million

2. Dividends

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

(Note) Revision to the forecast for dividends announced most recently: No

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) Revision to the financial results forecast announced most recently: No

(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 its 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) Accounting policies adopted specially for the preparation of quarterly Non-consolidated financial statements: No

(2) 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

(3) Total number of issued shares (common shares)

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

| | |
|-------------------|------------------|
| January 31, 2020: | 9,331,700 shares |
| July 31, 2019: | 9,331,700 shares |

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

| | |
|-------------------|----------------|
| January 31, 2020: | 335,600 shares |
| July 31, 2019: | 335,600 shares |

3) Average number of shares during the period:

| | |
|------------------------------------|------------------|
| Six months ended January 31, 2020: | 8,996,100 shares |
| Six months ended January 31, 2019: | - shares |

*This quarterly report of financial results is out of scope from quarterly review procedures conducted by independent auditors.

*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.

Quarterly Non-consolidated Financial Statements

Quarterly Non-consolidated Balance Sheets

(Thousand yen)

| | As of July 31,2019 | As of January 31,2020 |
|------------------------------------|--------------------|-----------------------|
| Assets | | |
| Current assets | | |
| Cash and deposits | 1,420,974 | 1,213,424 |
| Accounts receivable - trade | 54,487 | 53,668 |
| Work in process | 2,261 | 4,782 |
| Other | 30,569 | 76,280 |
| Allowance for doubtful accounts | (2,800) | (3,000) |
| Total current assets | 1,505,492 | 1,345,156 |
| Non-current assets | | |
| Property, plant and equipment | 80,254 | 157,868 |
| Intangible assets | | |
| Software | 127,827 | 156,885 |
| Total intangible assets | 127,827 | 156,885 |
| Investments and other assets | | |
| Leasehold and guarantee deposits | 88,702 | 102,774 |
| Other | 66,785 | 70,809 |
| Total investments and other assets | 155,488 | 173,583 |
| Total non-current assets | 363,570 | 488,337 |
| Total assets | 1,869,062 | 1,833,493 |

(Thousand yen)

| | As of July 31,2019 | As of January 31,2020 |
|---|--------------------|-----------------------|
| Liabilities | | |
| Current liabilities | | |
| Current portion of long-term borrowings | 64,540 | 48,442 |
| Accounts payable - other | 74,020 | 49,887 |
| Income taxes payable | 17,886 | 15,698 |
| Other | 113,385 | 99,206 |
| Total current liabilities | 269,832 | 213,234 |
| Non-current liabilities | | |
| Long-term borrowings | 116,340 | 98,508 |
| Other | 7,697 | 17,800 |
| Total non-current liabilities | 124,037 | 116,308 |
| Total liabilities | 393,870 | 329,543 |
| Net assets | | |
| Shareholders' equity | | |
| Share capital | 594,505 | 594,505 |
| Capital surplus | 1,307,099 | 1,307,099 |
| Retained earnings | (365,266) | (336,508) |
| Treasury shares | (62,421) | (62,421) |
| Total shareholders' equity | 1,473,916 | 1,502,674 |
| Share acquisition rights | 1,276 | 1,276 |
| Total net assets | 1,475,192 | 1,503,950 |
| Total liabilities and net assets | 1,869,062 | 1,833,493 |

Quarterly Non-consolidated Statements of Income

Quarterly Non-consolidated Statements of Income (For the six months)

(Thousand yen)

| | For the six months ended January 31,2020 |
|--|---|
| Net sales | 992,667 |
| Cost of sales | 267,737 |
| Gross profit | 724,930 |
| Selling, general and administrative expenses | 688,433 |
| Operating profit | 36,496 |
| Non-operating income | |
| Interest income | 656 |
| Other | 310 |
| Total non-operating income | 966 |
| Non-operating expenses | |
| Interest expenses | 894 |
| Other | 95 |
| Total non-operating expenses | 990 |
| Ordinary profit | 36,472 |
| Profit before income taxes | 36,472 |
| Income taxes - current | 6,727 |
| Income taxes - deferred | 987 |
| Total income taxes | 7,714 |
| Profit | 28,757 |

Quarterly Non-consolidated Statements of Cash Flows

(Thousand yen)

| | For the six months ended January 31,2020 |
|--|---|
| Cash flows from operating activities | |
| Profit before income taxes | 36,472 |
| Depreciation | 28,406 |
| Increase (decrease) in allowance for doubtful accounts | 200 |
| Interest and dividend income | (656) |
| Interest expenses | 894 |
| Decrease (increase) in trade receivables | 818 |
| Decrease (increase) in inventories | (2,521) |
| Increase (decrease) in accrued consumption taxes | (50,718) |
| Increase (decrease) in accounts payable - other | (18,714) |
| Increase (decrease) in advances received | 9,771 |
| Other, net | (10,030) |
| Subtotal | (6,076) |
| Interest and dividends received | 128 |
| Interest paid | (881) |
| Income taxes paid | (6,194) |
| Net cash provided by (used in) operating activities | (13,024) |
| Cash flows from investing activities | |
| Proceeds from withdrawal of time deposits | 1,000 |
| Purchase of property, plant and equipment | (86,336) |
| Purchase of intangible assets | (46,969) |
| Purchase of investment securities | (9,900) |
| Payments of leasehold and guarantee deposits | (15,171) |
| Collection of loans receivable | 3,972 |
| Net cash provided by (used in) investing activities | (153,405) |
| Cash flows from financing activities | |
| Repayments of long-term borrowings | (33,930) |
| Payment of commission | (4,359) |
| Other, net | (2,831) |
| Net cash provided by (used in) financing activities | (41,120) |
| Net increase (decrease) in cash and cash equivalents | (207,549) |
| Cash and cash equivalents at beginning of period | 1,371,971 |
| Cash and cash equivalents at end of period | 1,164,422 |