

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 Year Ended July 31, 2021 [Japanese GAAP]

September 13, 2021

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 28, 2021

Scheduled date of commencing dividend payments: -

Scheduled date of filing annual securities report: October 28, 2021

Availability of supplementary briefing material on annual financial results: Yes

Schedule of annual financial results briefing session: Yes

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

1. Non-consolidated Financial Results for the Fiscal Year Ended July 31, 2021 (August 01, 2020 to July 31, 2021)

(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, 2021	1,624	(5.5)	(358)	-	(358)	-	(482)	-
July 31, 2020	1,718	13.4	(150)	-	(159)	-	(431)	-

	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, 2021	(50.10)	-	(50.5)	(13.8)	(22.1)
July 31, 2020	(46.81)	-	(33.9)	(7.9)	(8.8)

(Reference) Equity in earnings (losses) of affiliated companies: Fiscal year ended July 31, 2021: ¥ - million
Fiscal year ended July 31, 2020: ¥ - 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, 2021	3,037	879	27.5	64.91
July 31, 2020	2,162	1,074	49.6	113.43

(Reference) Equity: As of July 31, 2021: ¥ 835 million
As of July 31, 2020: ¥ 1,073 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, 2021	(437)	(105)	1,221	2,197
July 31, 2020	(78)	(526)	753	1,519

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, 2020	-	0.00	-	0.00	0.00	-	-	-
July 31, 2021	-	0.00	-	0.00	0.00	-	-	-
Fiscal year ending July 31, 2022 (Forecast)	-	0.00	-	0.00	0.00		-	

(Note) Breakdown of the year-end dividend for the fiscal year ended July 31, 2021 :

Commemorative dividend	- yen
Special dividend	- yen

3. Non-consolidated Financial Results Forecast for the Fiscal Year Ending July 31, 2022 (August 01, 2021 to July 31, 2022)

(% 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	2,450	50.8	(890)	-	(911)	-	(911)	-	(93.04)

(Note) In FY2021, we intend to invest to maximize the value of the "cowcamo" business. In FY2021, we expect to grow the gross merchandise volume of the platform in the cowcamo business and improve the take rate. As a result, we are forecasting net sales of 2,450 million yen (+50.8% year-on-year). As for profit and loss at each stage, we expect to post a loss due to upfront investment aimed at building competitiveness of the platform over the medium to long term, including enhancement of services for sellers. Specifically, we forecast an operating loss of 890 million yen, an ordinary loss of 911 million yen, and a net loss of 911 million yen. These profits and losses include stock compensation expenses of 57 million yen. The above forecasts do not assume that COVID-19 will cause another large-scale stagnation of economic activities. Actual results may differ from these forecasts 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, 2021:	10,126,900 shares
July 31, 2020:	9,799,700 shares

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

July 31, 2021:	335,671 shares
July 31, 2020:	335,600 shares

3) Average number of shares during the period:

Fiscal Year ended July 31, 2021:	9,630,467 shares
Fiscal Year ended July 31, 2020:	9,223,821 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 13th, 2021. 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 31,2020	As of July 31,2021
Assets		
Current assets		
Cash and deposits	1,613,625	2,243,310
Accounts receivable - trade	20,847	30,845
Real estate for sale	-	319,106
Work in process	3,161	176
Advance payments to suppliers	-	11,448
Prepaid expenses	17,102	26,272
Other	5,652	15,722
Allowance for doubtful accounts	(300)	-
Total current assets	1,660,089	2,646,884
Non-current assets		
Property, plant and equipment		
Buildings, net	195,908	157,624
Structures, net	1,659	1,538
Tools, furniture and fixtures, net	22,096	24,509
Land	161,215	99,923
Total property, plant and equipment	380,880	283,595
Investments and other assets		
Investment securities	15,150	2,754
Shares of subsidiaries and associates	2,000	2,000
Leasehold and guarantee deposits	101,916	95,391
Long-term prepaid expenses	2,315	7,234
Other	20	20
Total investments and other assets	121,401	107,400
Total non-current assets	502,281	390,996
Total assets	2,162,370	3,037,880

(Thousand yen)

	As of July 31,2020	As of July 31,2021
Liabilities		
Current liabilities		
Current portion of bonds payable	40,000	80,000
Current portion of long-term borrowings	115,407	111,193
Accounts payable - other	83,371	118,962
Accrued expenses	30,495	54,178
Income taxes payable	7,788	690
Accrued consumption taxes	5,770	20,148
Advances received	4,950	4,500
Deposits received	8,938	32,597
Unearned revenue	8,845	8,190
Total current liabilities	305,565	430,460
Non-current liabilities		
Bonds payable	160,000	260,000
Long-term borrowings	602,799	746,549
Convertible-bond-type bonds with share acquisition rights	-	700,000
Other	19,198	21,077
Total non-current liabilities	781,997	1,727,626
Total liabilities	1,087,562	2,158,087
Net assets		
Shareholders' equity		
Share capital	610,183	30,632
Deposits for subscriptions of shares	-	200,000
Capital surplus		
Legal capital surplus	866,458	30,632
Other capital surplus	456,319	1,119,283
Total capital surplus	1,322,777	1,149,915
Retained earnings		
Other retained earnings		
Retained earnings brought forward	(797,006)	(482,465)
Total retained earnings	(797,006)	(482,465)
Treasury shares	(62,421)	(62,486)
Total shareholders' equity	1,073,531	835,596
Share acquisition rights	1,276	44,197
Total net assets	1,074,807	879,793
Total liabilities and net assets	2,162,370	3,037,880

Non-consolidated Statements of Income

(Thousand yen)

	For the fiscal year ended July 31,2020	For the fiscal year ended July 31,2021
Net sales	1,718,876	1,624,420
Cost of sales	524,855	359,867
Gross profit	1,194,020	1,264,553
Selling, general and administrative expenses	1,344,525	1,623,274
Operating loss	(150,504)	(358,720)
Non-operating income		
Interest income	688	21
Dividend income	2	0
Subsidy income	-	22,516
Compensation income	2,860	-
Other	712	819
Total non-operating income	4,262	23,356
Non-operating expenses		
Interest expenses	2,759	7,305
Interest on bonds	226	4,179
Bond issuance costs	8,237	10,017
Commission expenses	1,610	1,064
Other	168	385
Total non-operating expenses	13,002	22,952
Ordinary loss	(159,244)	(358,316)
Extraordinary income		
Gain on reversal of share acquisition rights	-	1,276
Gain on sale of non-current assets	-	961
Gain on reversal of asset retirement obligations	-	1,895
Total extraordinary income	-	4,133
Extraordinary losses		
Loss on liquidation of investments	9,951	3,028
Loss on valuation of investment securities	5,920	12,395
Impairment losses	244,456	103,636
Office transfer related expenses	-	8,531
Total extraordinary losses	260,327	127,592
Loss before income taxes	(419,572)	(481,775)
Income taxes - current	2,701	690
Income taxes - deferred	9,466	-
Total income taxes	12,168	690
Loss	(431,740)	(482,465)

Non-consolidated Statements of Changes in Net Assets

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	Total retained earnings
				Retained earnings brought forward		
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

For the fiscal year ended July 31,2021

(Thousand yen)

	Shareholders' equity						
	Share capital	Deposits for subscriptions of shares	Capital surplus			Retained earnings	
			Legal capital surplus	Other capital surplus	Total capital surplus	Other retained earnings	Total retained earnings
						Retained earnings brought forward	
Balance at beginning of period	610,183	-	866,458	456,319	1,322,777	(797,006)	(797,006)
Changes during period							
Issuance of new shares - exercise of share acquisition rights	22,297		22,297		22,297		
Payment of deposit for subscriptions to shares		200,000					
Capital reduction	(601,848)		(858,123)	1,459,971	601,848		
Deficit disposition				(797,006)	(797,006)	797,006	797,006
Profit (loss)						(482,465)	(482,465)
Purchase of treasury shares							
Net changes in items other than shareholders' equity							
Total changes during period	(579,550)	200,000	(835,825)	662,964	(172,861)	314,541	314,541
Balance at end of period	30,632	200,000	30,632	1,119,283	1,149,915	(482,465)	(482,465)

	Shareholders' equity		Share acquisition rights	Total net assets
	Treasury shares	Total shareholders' equity		
Balance at beginning of period	(62,421)	1,073,531	1,276	1,074,807
Changes during period				
Issuance of new shares - exercise of share acquisition rights		44,595		44,595
Payment of deposit for subscriptions to shares		200,000		200,000
Capital reduction		-		-
Deficit disposition		-		-
Profit (loss)		(482,465)		(482,465)
Purchase of treasury shares	(65)	(65)		(65)
Net changes in items other than shareholders' equity			42,921	42,921
Total changes during period	(65)	(237,935)	42,921	(195,014)
Balance at end of period	(62,486)	835,596	44,197	879,793

Non-consolidated Statements of Cash Flows

(Thousand yen)

	For the fiscal year ended July 31,2020	For the fiscal year ended July 31,2021
Cash flows from operating activities		
Loss before income taxes	(419,572)	(481,775)
Depreciation	64,834	32,773
Impairment losses	244,456	103,636
Office transfer related	-	8,531
Share-based payment expenses	-	34,570
Increase (decrease) in allowance for doubtful accounts	(2,500)	(300)
Interest and dividend income	(690)	(21)
Subsidy income	-	(22,516)
Interest expenses	2,759	7,305
Interest expenses on bonds	226	4,179
Bond issuance costs	8,237	10,017
Commission expenses	1,610	1,064
Gain on sale of non-current assets	-	(961)
Gain on reversal of share acquisition rights	-	(1,276)
Gain on reversal of asset retirement obligations	-	(1,895)
Loss on valuation of investment securities	5,920	12,395
Loss on liquidation of investments	9,951	3,028
Decrease (increase) in trade receivables	33,640	(9,998)
Decrease (increase) in inventories	(900)	(209,840)
Increase (decrease) in accounts payable - other	16,179	33,661
Increase (decrease) in accrued consumption taxes	(57,512)	14,378
Increase (decrease) in advances received	3,556	(450)
Other, net	23,132	15,888
Subtotal	(66,670)	(447,604)
Interest and dividends received	816	21
Interest paid	(3,288)	(10,402)
Subsidies received	-	22,516
Income taxes refund (paid)	(9,392)	(2,351)
Net cash provided by (used in) operating activities	(78,533)	(437,819)

(Thousand yen)

	For the fiscal year ended July 31,2020	For the fiscal year ended July 31,2021
Cash flows from investing activities		
Payments into time deposits	(45,733)	-
Proceeds from withdrawal of time deposits	3,000	47,730
Purchase of property, plant and equipment	(226,579)	(33,713)
Proceeds from sale of property, plant and equipment	-	1,099
Purchase of intangible assets	(98,399)	(108,449)
Purchase of investment securities	(9,900)	-
Payments for asset retirement obligations	-	(8,100)
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	(15,302)	(45,682)
Proceeds from refund of leasehold and guarantee deposits	-	44,220
Proceeds from collection of loans receivable	3,972	-
Other payments	(250)	(3,028)
Net cash provided by (used in) investing activities	(526,644)	(105,924)
Cash flows from financing activities		
Proceeds from long-term borrowings	627,000	260,000
Repayments of long-term borrowings	(89,674)	(120,464)
Proceeds from issuance of bonds	193,214	189,982
Redemption of bonds	-	(60,000)
Proceeds from issuance of convertible bond-type bonds with share acquisition rights	-	698,548
Proceeds from exercise of employee share options	31,356	44,595
Proceeds from issuance of share acquisition rights	-	9,627
Payment of commission	(5,969)	(1,064)
Proceeds from deposit for subscriptions to shares	-	200,000
Other payments	(2,831)	(65)
Net cash provided by (used in) financing activities	753,095	1,221,159
Net increase (decrease) in cash and cash equivalents	147,917	677,415
Cash and cash equivalents at beginning of period	1,371,971	1,519,889
Cash and cash equivalents at end of period	1,519,889	2,197,304