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Non-consolidated Financial Results for the Year Ended July 31, 2022 [Japanese GAAP]

September 12, 2022

Company name: TSUKURUBA Inc.

Stock exchange listing: Tokyo

Code number: 2978

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

Representative: Hiroki Murakami

Representative Director, CEO

Contact: Ryohei Koike

Executive Officer, CAO

Phone: 03-4400-2946

Scheduled date of Annual General Meeting of Shareholders: October 27, 2022

Scheduled date of commencing dividend payments: -

Scheduled date of filing annual securities report: October 27, 2022

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, 2022 (August 01, 2021 to July 31, 2022)

(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, 2022	2,766	70.3	(773)	-	(795)	-	(822)	-
July 31, 2021	1,624	(5.5)	(358)	-	(358)	-	(482)	-

	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, 2022	(74.37)	-	(99.4)	(26.9)	(28.0)
July 31, 2021	(50.10)	-	(50.5)	(13.8)	(22.1)

(Reference) Equity in earnings (losses) of affiliated companies: Fiscal year ended July 31, 2022: ¥ - million
Fiscal year ended July 31, 2021: ¥ - 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, 2022	2,878	909	28.4	73.67
July 31, 2021	3,037	879	27.5	64.91

(Reference) Equity: As of July 31, 2022: ¥ 818 million
As of July 31, 2021: ¥ 835 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, 2022	(1,025)	(108)	544	1,607
July 31, 2021	(437)	(105)	1,221	2,197

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, 2021	-	0.00	-	0.00	0.00	0.00	-	-
July 31, 2022	-	0.00	-	0.00	0.00	0.00	-	-
Fiscal year ending								
July 31, 2023 (Forecast)	-	0.00	-	0.00	0.00		-	

(Note) Breakdown of the year-end dividend for the fiscal year ended July 31, 2022 :

Commemorative dividend	- yen
Special dividend	- yen

3. Non-consolidated Financial Results Forecast for the Fiscal Year Ending July 31, 2023 (August 01, 2022 to July 31, 2023)

(% 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	4,000	45.3	(220)	-	(241)	-	(242)	-	(21.77)

* 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: Yes
- 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, 2022:	11,451,600 shares
July 31, 2021:	10,126,900 shares

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

July 31, 2022:	335,671 shares
July 31, 2021:	335,671 shares

3) Average number of shares during the period:

Fiscal Year ended July 31, 2022:	11,059,227 shares
Fiscal Year ended July 31, 2021:	9,630,467 shares

Non-consolidated Financial Statements

Non-consolidated Balance Sheets

(Thousand yen)

	As of July 31,2021	As of July 31,2022
Assets		
Current assets		
Cash and deposits	2,243,310	1,653,629
Accounts receivable - trade	30,845	-
Accounts receivable - trade and contract assets	-	44,484
Real estate for sale	319,106	810,602
Work in process	176	-
Advance payments to suppliers	11,448	19,201
Prepaid expenses	26,272	29,973
Other	15,722	3,496
Total current assets	2,646,884	2,561,388
Non-current assets		
Property, plant and equipment		
Buildings, net	157,624	142,992
Structures, net	1,538	1,418
Tools, furniture and fixtures, net	24,509	34,298
Land	99,923	19,927
Total property, plant and equipment	283,595	198,637
Investments and other assets		
Investment securities	2,754	22,864
Shares of subsidiaries and associates	2,000	2,000
Leasehold and guarantee deposits	95,391	89,211
Long-term prepaid expenses	7,234	4,719
Other	20	20
Total investments and other assets	107,400	118,815
Total non-current assets	390,996	317,453
Total assets	3,037,880	2,878,842

(Thousand yen)

	As of July 31,2021	As of July 31,2022
Liabilities		
Current liabilities		
Current portion of bonds payable	80,000	102,000
Current portion of long-term borrowings	111,193	130,638
Accounts payable - other	118,962	137,626
Accrued expenses	54,178	77,963
Income taxes payable	690	2,495
Accrued consumption taxes	20,148	18,107
Contract liabilities	-	8,471
Advances received	4,500	-
Deposits received	32,597	53,675
Unearned revenue	8,190	7,296
Total current liabilities	430,460	538,275
Non-current liabilities		
Bonds payable	260,000	271,250
Long-term borrowings	746,549	439,524
Convertible-bond-type bonds with share acquisition rights	700,000	700,000
Other	21,077	20,185
Total non-current liabilities	1,727,626	1,430,959
Total liabilities	2,158,087	1,969,234
Net assets		
Shareholders' equity		
Share capital	30,632	14,314
Deposits for subscriptions of shares	200,000	-
Capital surplus		
Legal capital surplus	30,632	14,314
Other capital surplus	1,119,283	1,678,082
Total capital surplus	1,149,915	1,692,397
Retained earnings		
Other retained earnings		
Retained earnings brought forward	(482,465)	(822,420)
Total retained earnings	(482,465)	(822,420)
Treasury shares	(62,486)	(62,486)
Total shareholders' equity	835,596	821,804
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	-	(2,890)
Total valuation and translation adjustments	-	(2,890)
Share acquisition rights	44,197	90,692
Total net assets	879,793	909,607
Total liabilities and net assets	3,037,880	2,878,842

Non-consolidated Statements of Income

(Thousand yen)

	For the fiscal year ended July 31,2021	For the fiscal year ended July 31,2022
Net sales	1,624,420	2,766,313
Cost of sales	359,867	921,948
Gross profit	1,264,553	1,844,365
Selling, general and administrative expenses	1,623,274	2,618,325
Operating loss	(358,720)	(773,960)
Non-operating income		
Interest income	21	25
Dividend income	0	0
Subsidy income	22,516	-
Insurance claim income	-	1,182
Commission income	-	437
Other	819	618
Total non-operating income	23,356	2,264
Non-operating expenses		
Interest expenses	7,305	5,115
Interest on bonds	4,179	4,699
Bond issuance costs	10,017	2,100
Share issuance costs	-	8,025
Commission expenses	1,064	2,011
Other	385	1,372
Total non-operating expenses	22,952	23,325
Ordinary loss	(358,316)	(795,020)
Extraordinary income		
Gain on reversal of share acquisition rights	1,276	225
Gain on sale of non-current assets	961	1,014
Gain on reversal of asset retirement obligations	1,895	-
Total extraordinary income	4,133	1,240
Extraordinary losses		
Loss on liquidation of investments	3,028	-
Loss on valuation of investment securities	12,395	-
Impairment losses	103,636	26,141
Office transfer related expenses	8,531	-
Total extraordinary losses	127,592	26,141
Loss before income taxes	(481,775)	(819,921)
Income taxes - current	690	2,499
Total income taxes	690	2,499
Loss	(482,465)	(822,420)

Non-consolidated Statements of Changes in Net Assets

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
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		-		-
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

For the fiscal year ended July 31,2022

(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	30,632	200,000	30,632	1,119,283	1,149,915	(482,465)	(482,465)
Changes during period							
Issuance of new shares	500,000		500,000		500,000		
Issuance of new shares - exercise of share acquisition rights	4,314		4,314		4,314		
Increase (decrease) in deposit for subscriptions to shares		(200,000)					
Capital reduction	(520,632)		(520,632)	1,041,265	520,632		
Deficit disposition				(482,465)	(482,465)	482,465	482,465
Loss						(822,420)	(822,420)
Net changes in items other than shareholders' equity							
Total changes during period	(16,317)	(200,000)	(16,317)	558,799	542,481	(339,954)	(339,954)
Balance at end of period	14,314	-	14,314	1,678,082	1,692,397	(822,420)	(822,420)

	Shareholders' equity		Valuation and translation adjustments		Share acquisition rights	Total net assets
	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments		
Balance at beginning of period	(62,486)	835,596	-	-	44,197	879,793
Changes during period						
Issuance of new shares		1,000,000				1,000,000
Issuance of new shares - exercise of share acquisition rights		8,629				8,629
Increase (decrease) in deposit for subscriptions to shares		(200,000)				(200,000)
Capital reduction		-				-
Deficit disposition		-				-
Loss		(822,420)				(822,420)
Net changes in items other than shareholders' equity			(2,890)	(2,890)	46,495	43,605
Total changes during period	-	(13,791)	(2,890)	(2,890)	46,495	29,813
Balance at end of period	(62,486)	821,804	(2,890)	(2,890)	90,692	909,607

Non-consolidated Statements of Cash Flows

(Thousand yen)

	For the fiscal year ended July 31,2021	For the fiscal year ended July 31,2022
Cash flows from operating activities		
Loss before income taxes	(481,775)	(819,921)
Depreciation	32,773	36,653
Impairment losses	103,636	26,141
Office transfer related	8,531	-
Share-based payment expenses	34,570	46,425
Increase (decrease) in allowance for doubtful accounts	(300)	-
Interest and dividend income	(21)	(26)
Insurance claim income	-	(1,182)
Subsidy income	(22,516)	-
Interest expenses	7,305	5,115
Interest expenses on bonds	4,179	4,699
Bond issuance costs	10,017	2,100
Commission expenses	1,064	2,011
Share issuance costs	-	8,025
Gain on sale of non-current assets	(961)	(1,014)
Gain on reversal of share acquisition rights	(1,276)	(225)
Gain on reversal of asset retirement obligations	(1,895)	-
Loss on valuation of investment securities	12,395	-
Loss on liquidation of investments	3,028	-
Decrease (increase) in trade receivables	(9,998)	(13,638)
Decrease (increase) in inventories	(209,840)	(377,584)
Increase (decrease) in accounts payable - other	33,661	19,162
Increase (decrease) in accrued consumption taxes	14,378	(2,041)
Increase (decrease) in contract liabilities	-	3,971
Increase (decrease) in advances received	(450)	-
Other, net	15,888	45,849
Subtotal	(447,604)	(1,015,478)
Interest and dividends received	21	26
Interest paid	(10,402)	(10,394)
Subsidies received	22,516	-
Proceeds from insurance income	-	1,182
Income taxes refund (paid)	(2,351)	(694)
Net cash provided by (used in) operating activities	(437,819)	(1,025,358)

(Thousand yen)

	For the fiscal year ended July 31,2021	For the fiscal year ended July 31,2022
Cash flows from investing activities		
Proceeds from withdrawal of time deposits	47,730	-
Purchase of property, plant and equipment	(33,713)	(86,063)
Proceeds from sale of property, plant and equipment	1,099	1,014
Purchase of intangible assets	(108,449)	-
Purchase of investment securities	-	(23,000)
Payments for asset retirement obligations	(8,100)	-
Payments of leasehold and guarantee deposits	(45,682)	(731)
Proceeds from refund of leasehold and guarantee deposits	44,220	-
Other payments	(3,028)	(1)
Net cash provided by (used in) investing activities	(105,924)	(108,781)
Cash flows from financing activities		
Proceeds from long-term borrowings	260,000	-
Repayments of long-term borrowings	(120,464)	(287,580)
Proceeds from issuance of bonds	189,982	122,149
Redemption of bonds	(60,000)	(91,000)
Proceeds from issuance of convertible bond-type bonds with share acquisition rights	698,548	-
Proceeds from issuance of shares	-	793,974
Proceeds from exercise of employee share options	44,595	8,629
Proceeds from issuance of share acquisition rights	9,627	295
Payment of commission	(1,064)	(2,011)
Proceeds from deposit for subscriptions to shares	200,000	-
Other payments	(65)	-
Net cash provided by (used in) financing activities	1,221,159	544,457
Net increase (decrease) in cash and cash equivalents	677,415	(589,682)
Cash and cash equivalents at beginning of period	1,519,889	2,197,304
Cash and cash equivalents at end of period	2,197,304	1,607,621