

**Loadstar Capital K.K.**  
**Consolidated Financial Results for the**  
**Fiscal year ended December 31, 2019 (Japanese GAAP)**

February 14, 2020

Stock listing: Tokyo Stock Exchange Securities code: 3482  
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(Amounts rounded down to the nearest million yen)

**1. Consolidated Financial Results for the Fiscal year ended December 31, 2019 (January 1, 2019 to December 31, 2019)**

(1) Consolidated Operating Results

(Percentages indicate year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of the parent	
	million yen	%	million yen	%	million yen	%	million yen	%
Fiscal year ended December 31, 2019	15,116	56.3	3,653	52.7	3,272	54.5	2,077	52.8
Fiscal year ended December 31, 2018	9,670	10.0	2,392	75.3	2,117	78.0	1,359	71.2

Note: Comprehensive income: Fiscal year ended December 31, 2019: ¥2,077 million, 52.8%  
 Fiscal year ended December 31, 2018: ¥1,359 million, 66.6%

	Earnings per share	Diluted earnings per share	ROE	Ordinary profit on Total assets	Operating profit on Net sales
	yen	yen	%	%	%
Fiscal year ended December 31, 2019	97.42	96.77	30.3	8.5	24.2
Fiscal year ended December 31, 2018	64.93	63.49	26.0	7.7	24.7

Note: Income on equity method investments: Fiscal year ended December 31, 2019: -  
 Fiscal year ended December 31, 2018: -

Notes: 1. Based on the decision made at the Board of Directors meeting held on October 30, 2018, the Company conducted a 2-for-1 stock split on November 30, 2018. Earnings per share was calculated assuming that the stock split took effect at the beginning of the fiscal year ended December 31, 2018 (January 1, 2018).

(2) Consolidated Financial Position

	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
	million yen	million yen	%	yen
December 31, 2019	44,337	7,821	17.6	364.69
December 31, 2018	33,028	5,880	17.8	277.03

Reference: Total equity: December 31, 2019: ¥7,820 million, December 31, 2018: ¥5,879 million

(3) Consolidated Statement of Cash Flows

	Cash flows from operating activities	Cash flows from investment activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	million yen	million yen	million yen	million yen
December 31, 2019	△3,986	△31	5,913	7,766
December 31, 2018	△4,398	△153	5,807	5,871

**2. Dividends**

	Dividend per share					Total amount of dividends	Payout ratio (Consolidated)	Ratio of dividend to equity attributable to owners of the parent (Consolidated)
	End-Q1	End-Q2	End-Q3	Year-end	Total			
	yen	yen	yen	yen	yen	million yen	%	%
FY2018	-	-	-	9.50	9.50	201	14.8	3.9
FY2019	-	-	-	14.50	14.50	310	15.0	4.5
FY2020 (forecast)	-	-	-	16.00	16.00		14.8	

### 3. Forecast for the FY2020 (January 1, 2020 to December 31, 2020)

(Percentages indicate year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of the parent		Earnings per share
	million yen	%	million yen	%	million yen	%	million yen	%	yen
Full year	16,862	11.6	4,120	12.8	3,741	14.3	2,319	11.7	108.18

#### \*Notes

- (1) Changes in significant subsidiaries during the period (changes in specified subsidiaries causing changes in scope of consolidation): None
- (2) Adoption of simplified accounting methods and special accounting practices to preparation of quarterly consolidated financial statements: None
- (3) Changes in accounting policy, changes in accounting estimates, and retrospective restatement
- 1) Changes in accordance with revisions to accounting and other standards: Applicable
  - 2) Changes other than 1) above: None
  - 3) Changes in accounting estimates: None
  - 4) Retrospective restatement: None
- (4) Number of shares issued (common stock)

	December 31, 2019	December 31, 2018
1) Number of shares issued (including treasury stock)	21,444,000	21,224,000
2) Number of shares held in treasury	112	112
	Fiscal year ended December 31, 2019	Fiscal year ended December 31, 2018
3) Average number of shares outstanding during the period	21,322,222	20,937,060

[For Reference] Overview of Non-consolidated Results

**Non-consolidated Results for the Fiscal year ended December 31, 2019 (January 1, 2019 to December 31, 2019)**

(1) Non-consolidated Operations Results

(Percentages indicate year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Net profit	
	million yen	%	million yen	%	million yen	%	million yen	%
Fiscal year ended December 31, 2019	14,747	55.9	3,288	51.0	2,874	55.3	1,989	53.0
Fiscal year ended December 31, 2018	9,456	8.3	2,177	68.1	1,851	71.2	1,300	69.3

	Earnings per share	Diluted earnings per share
	yen	yen
Fiscal year ended December 31, 2019	93.33	92.70
Fiscal year ended December 31, 2018	62.10	60.73

Notes: 1. Based on the decision made at the Board of Directors meeting held on October 30, 2018, the Company conducted a 2-for-1 stock split on November 30, 2018. Earnings per share was calculated assuming that the stock split took effect at the beginning of the fiscal year ended December 31, 2018 (January 1, 2018).

(2) Non-consolidated Financial Position

	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
	million yen	million yen	%	yen
December 31, 2019	37,986	7,645	20.1	356.48
December 31, 2018	27,485	5,792	21.1	272.85

Reference: Total equity: December 31, 2019: ¥7,644 million, December 31, 2018: ¥5,790 million

\*This report is exempt from the audit.

\*Appropriate Use of Forecasts and Other Important Information

The above forecasts, which constitute forward-looking statements, are based on information available to the Company as of the date of the release of this document. Loadstar Capital makes no assurances as to the actual results, which may differ materially from the above forecasts due to a range of factors. For information related to the forecast, please refer to "(3) Forecasts on operating performance" on page 2 in section "1. Qualitative Information Regarding Financial Results" in the Appendix.

In addition, the Company has scheduled to hold the earnings briefing on February 20, 2020 for institutional investors and analysts. The presentation materials for the earnings briefing will be posted on the Company's website later.



## Appendix

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## 1. Qualitative Information Regarding Financial Results

### (1) Summary of operating performance

In 2019, the Japanese economy was solid on improved corporate earnings and stronger labor market and income environments. Meanwhile, a number of factors need to be watched closely, including consumer sentiment trends following the consumption tax rate hike, the impact on the global economy of the prolonged China-United States trade issue, and the COVID-19, as well as the unstable situation in the EU, including the Brexit issue.

In the real estate and real estate finance sectors, to which the Group belongs, particularly in the B to B office real estate market, the financing environment is favorable due to the Bank of Japan maintaining its monetary easing policy, and financial institutions have continued to proactively lend while the appetite for acquiring properties remains robust. According to Miki Shoji Co., Ltd.'s latest office building market data (for December 2019), the vacancy rate for existing office buildings in Tokyo's five central wards (Chiyoda-ku, Chuo-ku, Minato-ku, Shinjuku-ku, and Shibuya-ku) remains low at 1.55%, while the average rent is ¥22,206 per tsubo, and has been rising for 72 consecutive months.

Meanwhile, according to Yano Research Institute Ltd.'s "Crowdfunding Market in Japan: Key Research Findings 2018" webpage (published on December 3, 2018) (URL: [https://www.yano.co.jp/press-release/show/press\\_id/2036](https://www.yano.co.jp/press-release/show/press_id/2036)), the domestic crowdfunding market is expanding at a high growth rate, as the market size in fiscal 2018 is projected to have been ¥204.4 billion, representing a 20.3% increase versus the previous year.

In this environment, in the Corporate Funding Business, we increased the assets held on our balance sheet by investing in mid-size office buildings ranging in price from roughly several hundred million yen to approximately three billion yen in central Tokyo. In the Crowdfunding Business, in addition to expanding loan-type crowdfunding with real estate as collateral, we started offering overseas equity investment-type crowdfunding for the first time, as we expanded the potential of the Crowdfunding Business. Furthermore, we began operating the Asset Management Business in earnest, and with this we will strengthen our stock-type business responding to both domestic and overseas real estate investment needs, and we plan to develop the Asset Management Business into the third pillar of our business alongside the Corporate Funding Business and the Crowdfunding Business.

As a result of these activities, net sales in the Fiscal year ended December 31, 2019, totaled ¥15,116 million (up 56.3% compared with the previous fiscal 2018), operating profit was ¥3,653 million (up 52.7%), ordinary profit was ¥3,272 million (up 54.5%), and profit attributable to owners of the parent amounted to ¥2,077 million (up 52.8%).

Overviews of operating performance by key services are as follows. Because the Group has a single segment, information is categorized by service rather than by segment.

#### (a) Corporate Funding Business

##### 1) Real estate investment

Real estate investment sales totaled ¥12,919 million (up 57.3%), due to the sale of six properties.

##### 2) Real estate leasing

Although six properties were sold as mentioned above, fourteen new properties were acquired, resulting in real estate leasing sales of ¥1,408 million (up 14.1%).

#### (b) Crowdfunding Business

Sales in the Crowdfunding Business totaled ¥378 million (up 71.3%), due to the fact that operating loans increased to ¥6,128 million (up 83.5%).

#### (c) Asset Management Business

We gained two news mandates, which resulted in assets under management (AUM) of ¥10,980 million, and sales in the Asset Management Business totaled ¥153 million.

#### (d) Other

The total was ¥256 million due to brokerage revenue, etc.

## (2) Financial Position

### (Assets)

As of December 31, 2019, total assets were ¥44,337 million (up 34.2% compared with the end of fiscal 2018). This was mainly due to the acquisition of real estate as inventory and the increase of operating loans receivable.

### (Liabilities)

As of December 31, 2019, total liabilities were ¥36,516 million (up 34.5%). This was mainly due to the increase in both loans payable and deposits received from silent partnership.

### (Net Assets)

As of December 31, 2019, net assets were ¥7,821 million (up 33.0%). This was mainly due to the increase in retained earnings resulting from profit attributable to owners of the parent, and the decline in retained earnings due to dividends.

## (3) Overview of Cash flows

As of December 31, 2019, the outstanding balance of cash and cash equivalents (hereinafter, "cash") was ¥7,766 million, an increase of ¥1,895 million from December 31, 2018.

The cash flows during the fiscal year ended December 31, 2019, and the factors behind these cash flows, are discussed below.

### (Cash flows from operating activities)

Net cash used in operating activities was ¥3,986 million. The main sources of operating cash flow were ¥3,004 million from profit before income taxes, and a ¥2,005 million increase in deposits received. On the other hand, major uses of operating cash flow included a ¥7,272 million increase in Real estate as inventory resulting from steady up-front investment mainly focused on property acquisitions, and a ¥2,788 million increase in operating loans due to the expansion of the Crowdfunding Business

### (Cash flows from investment activities)

Net cash used in investment activities was ¥31 million. This was mainly due to ¥4 million in expenditure to purchase property, plant and equipment, ¥4 million the acquisition of intangible assets, and ¥21 million in expenditure to purchase investment securities.

### (Cash flows from financing activities)

Net cash provided by financing activities was ¥5,913 million yen. This was mainly due to proceeds of ¥798 million from short-term borrowings, proceeds of ¥13,640 million from long-term borrowings, repayments of ¥8,268 million from long-term borrowings, and a ¥201 million in outflow due to the payment of dividends, and other factors.

	Fiscal year ended December 31, 2015	Fiscal year ended December 31, 2016	Fiscal year ended December 31, 2017	Fiscal year ended December 31, 2018	Fiscal year ended December 31, 2019
Equity-to-asset ratio	25.9	15.3	20.7	17.8	17.6
Equity-to-asset ratio on a market capitalization basis	-	-	71.4	48.2	54.4

### (Notes)

1. The above indicators have been calculated based on the following formulas, using consolidated financial figures for each.

Equity-to-asset ratio: Total equity / Total assets

Equity-to-asset ratio on a market capitalization basis: Market capitalization / Total assets

2. The equity-to-asset ratio on a market capitalization basis for the fiscal year ended December 31, 2015, and the fiscal year ended December 31, 2016, have been omitted due to the fact that the Company's shares were not listed at the time.

## (4) Future Outlook

We expect the real estate and real estate finance sectors, to which the Group belongs, to remain firm going forward in light of the favorable financing environment, but we will also keep a close watch on moves made by the Bank of Japan and the Financial Services Agency, as well as the global situation. Amid this type of environment, we will aim to increase the amount of real estate assets held and build a stable management base, and also increase the ratio of stable revenue by bolstering the Crowdfunding Business and the Asset Management Business. For the upcoming fiscal year (the fiscal

year ending December 31, 2020), we are forecasting consolidated net sales of ¥16,862 million, consolidated operating profit of ¥4,120 million, consolidated ordinary profit of ¥3,741 million, and consolidated profit attributable to owners of parent of ¥2,319 million.

## **2. Basic Rationale for Selecting Accounting Standards**

The Group plans to continue to use Japanese accounting standards in the near term, as doing so allows for comparison with other domestic companies in the industry. Going forward, the Group will address the issue of the possible adoption of IFRS (International Financial Reporting Standards) as appropriate, taking into consideration the situation both in Japan and overseas.



### 3. Consolidated Financial Statements and Notes

#### (1) Consolidated Financial Position

(Millions of yen)

	As of December 31, 2018	As of December 31, 2019
<b>Assets</b>		
Current assets		
Cash and deposits	5,871	7,766
Operating loans	3,340	6,128
Real estate as inventory	23,194	30,045
Other	350	106
Total current assets	32,756	44,048
Non-current assets		
Property, plant and equipment	71	61
Intangible assets	8	9
Investments and other assets	191	218
Total non-current assets	271	289
Total assets	33,028	44,337
<b>Liabilities</b>		
Current liabilities		
Short-term loans	50	849
Current portion of long-term loans	4,365	1,526
Income taxes payable	454	702
Deposits received	33	2,038
Other	455	409
Total current liabilities	5,359	5,526
Non-current liabilities		
Long-term loans	14,751	22,962
Deposits received from silent partnership	6,358	7,022
Other	677	1,004
Total non-current liabilities	21,787	30,989
Total liabilities	27,147	36,516
<b>Net assets</b>		
Shareholders' equity		
Share capital	1,369	1,402
Capital surplus	1,359	1,392
Retained earnings	3,150	5,025
Treasury shares	(0)	(0)
Total shareholders' equity	5,879	7,820
Stock acquisition rights to shares	1	1
Total net assets	5,880	7,821
Total liabilities and net assets	33,028	44,337

(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income  
Consolidated Statements of Income

(Millions of yen)

	Fiscal year ended December 31, 2018	Fiscal year ended December 31, 2019
Net sales	9,670	15,116
Cost of sales	6,401	10,378
Gross profit	3,269	4,738
Selling, general and administrative expenses	876	1,084
Operating profit	2,392	3,653
Non-operating income		
Penalty Charges	3	-
Interest on tax refund	-	1
Dividend income	0	0
Gain on investments in silent partnerships	-	0
Consumption tax differences	6	-
Other	4	0
Total non-operating income	14	2
Non-operating expenses		
Interest expenses	187	219
Loss on valuation of derivatives	25	16
Commission fee	76	144
Other	0	3
Total non-operating expenses	289	384
Ordinary profit	2,117	3,272
Extraordinary losses		
Head office transfer cost	14	-
Total extraordinary losses	14	-
Profit before dividend distribution from silent partnerships and income taxes	2,102	3,272
Dividends distribution from silent partnership	174	267
Profit before income taxes	1,928	3,004
Income taxes - current	595	959
Income taxes - deferred	(26)	(32)
Total income taxes	569	927
Profit	1,359	2,077
Profit attributable to non-controlling interests	-	-
Profit attributable to owners of the parent	1,359	2,077

## Consolidated Statements of Comprehensive Income

(Millions of yen)

	Fiscal year ended December 31, 2018	Fiscal year ended December 31, 2019
Profit	1,359	2,077
Comprehensive income	1,359	2,077
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	1,359	2,077
Comprehensive income attributable to non- controlling interests	-	-

(3) Consolidated Statements of Changes in Net Assets  
Year ended December 31, 2018 (January 1, 2018 to December 31, 2018)

(Millions of yen)

	Shareholders' Equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	1,330	1,320	1,905	-	4,557
Changes during period					
Issuance of new shares	39	39	-	-	78
Dividends of surplus	-	-	(114)	-	(114)
Purchase of treasury shares	-	-	-	(0)	(0)
Profit attributable to owners of the parent	-	-	1,359	-	1,359
Net changes of items other than shareholders' equity	-	-	-	-	-
Total changes during period	39	39	1,244	(0)	1,322
Balance at end of period	1,369	1,359	3,150	(0)	5,879

	Stock acquisition rights to shares	Total net assets
Balance at beginning of period	0	4,557
Changes during period		
Issuance of new shares	-	78
Dividends of surplus	-	(114)
Purchase of treasury shares	-	(0)
Profit attributable to owners of the parent	-	1,359
Net changes of items other than shareholders' equity	0	0
Total changes during period	0	1,323
Balance at end of period	1	5,880

Year ended December 31, 2019 (January 1, 2019 to December 31, 2019)

(Millions of yen)

	Shareholders' Equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	1,369	1,359	3,150	(0)	5,879
Changes during period					
Issuance of new shares	32	32	-	-	65
Dividends of surplus	-	-	(201)	-	(201)
Profit attributable to owners of the parent	-	-	2,077	-	2,077
Net changes of items other than shareholders' equity	-	-	-	-	-
Total changes during period	32	32	1,875	-	1,940
Balance at end of period	1,402	1,392	5,025	(0)	7,820

	Stock acquisition rights to shares	Total net assets
Balance at beginning of period	1	5,880
Changes during period		
Issuance of new shares	-	65
Dividends of surplus	-	(201)
Profit attributable to owners of the parent	-	2,077
Net changes of items other than shareholders' equity	(0)	(0)
Total changes during period	(0)	1,940
Balance at end of period	1	7,821

## (4) Consolidated Statement of Cash Flows

(Millions of yen)

	Year ended December 31, 2018	Year ended December 31, 2019
<b>Cash flows from operating activities</b>		
Profit before income taxes	1,928	3,004
Depreciation and amortization	361	439
Interest expenses	187	219
Commission expenses	76	144
Decrease (increase) in operating loans receivable	(2,172)	(2,788)
Decrease (increase) in Real estate as inventory	(7,556)	(7,272)
Increase (decrease) in deposits received from silent partnership	3,369	664
Increase (decrease) in deposits received	11	2,005
Increase (decrease) in accounts payable-other and accrued expenses	2	(6)
Decrease/increase in consumption taxes receivable/payable	(386)	251
Increase (decrease) in guarantee deposits received	82	310
Other	276	(14)
Subtotal	(3,816)	(3,042)
Interest and dividends income received	0	0
Interest expenses paid	(187)	(219)
Income taxes paid	(397)	(725)
Proceeds from insurance income	3	0
Net cash provided by (used in) operating activities	(4,398)	(3,986)
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(73)	(4)
Purchase of intangible assets	(0)	(4)
Purchase of investment securities	(13)	(21)
Payments for lease and guarantee deposits	(60)	(0)
Other	(4)	-
Net cash provided by (used in) investing activities	(153)	(31)
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-term loans payable	-	798
Proceeds from long-term loans payable	10,470	13,640
Repayment of long-term loans payable	(4,561)	(8,268)
Commission of loans payable	(64)	(119)
Proceeds from issuance of common stock	77	64
Cash dividends paid	(114)	(201)
Other	1	-
Net cash provided by (used in) financing activities	5,807	5,913
Effect of exchange rate change on cash and cash equivalents	-	-
Net increase (decrease) in cash and cash equivalents	1,256	1,895
Cash and cash equivalents at beginning of period	4,615	5,871
Cash and cash equivalents at end of period	5,871	7,766

(5) Notes to quarterly consolidated financial statements

(Note on the going-concern assumption)

Not applicable

(Segment and other information)

**【Segment information】**

Year ended December 31, 2018 (January 1, 2018 to December 31, 2018)

Segment information is omitted here, as all operations of the Group belong to a single segment of real estate related business.

Year ended December 31, 2019 (January 1, 2019 to December 31, 2019)

Segment information is omitted here, as all operations of the Group belong to a single segment of real estate related business.

**【Related information】**

Year ended December 31, 2018 (January 1, 2018 to December 31, 2018)

(1) Information by product and service

(Millions of yen)

	Corporate Funding (real estate investment)	Corporate Funding (real estate leasing)	Crowdfunding	Asset Management	Other	Total
Sales to outside customers	8,214	1,234	220	-	0	9,670

(2) Information by geographic area

1) Net sales

Information is omitted here, as sales to outside customers in Japan exceeds 90% of the total net sales in the consolidated statements of income.

2) Property, plant and equipment

Information is omitted here, as property, plant and equipment held in Japan exceeds 90% of the total property, plant and equipment in the consolidated balance sheets.

(3) Information by major customer

(Millions of yen)

Name of customer	Net sales	Segment
MetLife Insurance K.K.	2,350	Real estate related business
NIPPON REIT Investment Corporation	1,460	Real estate related business
Broadia Private REIT, Inc.	1,150	Real estate related business

Year ended December 31, 2019 (January 1, 2019 to December 31, 2019)

(1) Information by product and service

(Millions of yen)

	Corporate Funding (real estate investment)	Corporate Funding (real estate leasing)	Crowdfunding	Asset Management	Other	Total
Sales to outside customers	12,919	1,408	378	153	256	15,116

(2) Information by geographic area

1) Net sales

Information is omitted here, as sales to outside customers in Japan exceeds 90% of the total net sales in the consolidated statements of income.

2) Property, plant and equipment

Information is omitted here, as property, plant and equipment held in Japan exceeds 90% of the total property, plant and equipment in the consolidated balance sheets.

(3) Information by major customer

(Millions of yen)

Name of customer	Net sales	Segment
WARMLIGHT Co., Ltd.	4,050	Real estate related business
NAKAMEGUROPROPERTY LLC	3,109	Real estate related business
NIPPON KINZOKU Co., Ltd.	2,370	Real estate related business
MetLife Insurance K.K.	2,350	Real estate related business



(Per Share Information)

	Year ended December 31, 2018 (January 1, 2018 to December 31, 2018)	Year ended December 31, 2019 (January 1, 2019 to December 31, 2019)
Net assets per share	277.03 yen	364.69 yen
Earnings per share	64.93 yen	97.42 yen
Diluted earnings per share	63.49 yen	96.77 yen

Notes: 1. Based on the decision made at the Board of Directors meeting held on October 30, 2018, the Company conducted a 2-for-1 stock split on November 30, 2018. Earnings per share was calculated assuming that the stock split took effect at the beginning of the fiscal year ended December 31, 2018 (January 1, 2018).  
2. Earnings per share and diluted earnings per share were calculated based on the following data.

	Year ended December 31, 2018 (January 1, 2018 to December 31, 2018)	Year ended December 31, 2019 (January 1, 2019 to December 31, 2019)
Earnings per share		
Profit attributable to owners of the parent (millions of yen)	1,359	2,077
Amount not attributable to common stock shareholders (millions of yen)	-	-
Profit attributable to common stock shareholders of the parent (millions of yen)	1,359	2,077
Average number of common stock during period (shares)	20,937,060	21,322,222
Diluted earnings per share		
Adjustments to profit attributable to owners of the parent (millions of yen)	-	-
Increase in the number of common stock (shares)	473,299	144,993
Residual securities that are not dilutive and not included in the calculation for earnings per share	The number of stock acquisition rights to shares:150 (common shares:300,000)	The number of stock acquisition rights to shares:136 (common shares:272,000)

(Material subsequent events)

Not applicable