

2. Dividends

	Dividend per share					Total dividends (Total)	Payout ratio (consolidated)	Dividend on equity (consolidated)
	1Q-end	2Q-end	3Q-end	Year-end	Total			
	Yen	Yen	Yen	Yen	Yen	million yen	%	%
Fiscal year ended December 31, 2018	—	0.00	—	8.00	8.00	235	29.4	5.6
Fiscal year ended December 31, 2019	—	0.00	—	8.50	8.50	249	32.6	5.3
Fiscal year ending December 31, 2020 (Forecast)	—	0.00	—	8.50	8.50		31.1	

3. Forecast of Consolidated financial results for the fiscal year ending December 2020 (January 1, 2020 to December 31, 2020)

(Increase or decrease from the previous fiscal year shown as percentage)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Net income per share
	million yen	%	million yen	%	million yen	%	million yen	%	Yen
At the end of 2nd quarter (cumulative)	5,200	7.2	600	3.1	600	2.6	380	0.7	12.99
Full year	10,700	8.1	1,250	7.2	1,250	6.7	800	4.6	27.35

* Notes

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in changes in the scope of consolidation): None

(2) Changes in accounting policies and changes or restatements of accounting estimates

- 1) Changes in accounting policies in accordance with revisions of accounting standards, etc.: None
- 2) Changes in accounting policies other than 1) above: None
- 3) Changes in accounting estimates: None
- 4) Restatements: None

(3) Number of shares issued (common stock)

1) Number of obtaining shares at the end of this period (including treasury shares)	As of December 31, 2019	30,955,000 shares	As of December 31, 2018	30,955,000 shares
2) Number of treasury share at the end of this period	As of December 31, 2019	1,704,000 shares	As of December 31, 2018	1,622,800 shares
3) Average number of shares during the period	Fiscal year ended December 31, 2019	29,292,262 shares	Fiscal year ended December 31, 2018	29,324,773 shares

Note: The number of treasury shares deducted when calculating 2) and 3) includes shares held by the Master Trust Bank of Japan, Ltd. as trust assets on the Employee Stock Ownership Plan (ESOP). The numbers are as follows.

As of December 31, 2019: 154,000 shares

As of December 31, 2018: 72,800 shares

Reference: The outline of the individual results

1. Individual business results of the fiscal year ending December 31, 2019 (from January 1, 2019 to December 31, 2019)

(1) Non-consolidated financial results

(Increase or decrease from the previous fiscal year shown as percentage)

	Net sales		Operating income		Ordinary income		Net income	
	million yen	%	million yen	%	million yen	%	million yen	%
Fiscal year ended December 31, 2019	4,639	9.7	702	0.4	795	3.0	614	13.7
Fiscal year ended December 31, 2018	4,229	14.1	699	20.5	772	32.2	540	30.8

	Net income per share	Diluted net income per share
	Yen	Yen
Fiscal year ended December 31, 2019	20.99	—
Fiscal year ended December 31, 2018	18.44	—

(2) Individual financial status

	Total assets	Net assets	Equity ratio	Net assets per share
	million yen	million yen	%	Yen
As of December 31, 2019	4,625	3,412	73.8	116.67
As of December 31, 2018	4,389	3,073	70.0	104.79

Reference: Owned capital (million yen) As of Dec. 31, 2019: 3,412 As of Dec. 31, 2018: 3,073

*The Consolidated Financial Report is outside the scope of auditing by a certified public accountant or an auditing firm.

*Statement regarding the proper use of financial forecasts and other special remarks

(Precautions for writing about the outlook for the future)

The statements in this material discussing possible future events, including performance forecasts, are based on the information we obtained and certain premises deemed reasonable. Actual results may vary greatly according to a variety of factors. See "1. Analysis on management results and financial condition (4) Future outlook" on page 3 as for precautions for premises for the forecast and result forecast that is the base for the business forecast.

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1. Analysis of management results and financial figures

(1) Analysis of management results

(Analysis of consolidated financial results for this fiscal year)

Consolidated financial results for this fiscal year were:

Net sales	9,894 million yen (up 7.7 YOY)
Operating income	1,166 million yen (down 5.5% YOY)
Ordinary income	1,172 million yen (down 5.5% YOY)
Profit attributable to owners of parent	764 million yen (down 4.0% YOY)

In this consolidated fiscal year, Japanese economy kept moving toward recovery moderately along with the improvement in corporate earnings and employment and personal income climate. However, the outlook remains uncertain due to uncertainties in overseas economic trends and policies such as the slowdown in the Chinese economy caused by trade issues between the United States and China and the effect of the increase in crude oil prices, and changes in the financial and capital markets.

With this economic situation, we formulated “SOFTBRAIN Medium-to-Long-Term Management Plan 2018- 2020” in January 2018, and positioned this term as the preparation phase of foundation toward stable and continuous high growth, aiming to switching our profit model from “flow” to “stock”.

1. Sales Innovation business

For this business, regarding sales activities, we’ve continuously promoted development of new customers through holding seminars, and strengthened our business training for group users as well as the existing usage support services to promote the further usage by existing customers. As for development, we’ve continuously worked on the development to pursue the usability of our flagship product, the “e-Sales Manager” CRM/SFA software and the development of the self-serve type “e-Sales Manager Remix MS”.

In this fiscal period, sales of our flagship product, the “e-Sales Manager” CRM/SFA software steadily increased, so net sales were 5,159 million yen (up 9.9% YoY). On the other hand, regarding profits, due to development expenses for further growth and personnel expenses increased, segment profit was 812 million yen (down 3.7% YoY).

2. Field Marketing business

For this business, we’ve actively worked on grasping customer needs, finding projects, and proposing new projects through continuous sales activities centering on major consumer goods manufacturers, and we’ve promoted initiatives for developing new markets under the concept of “Field Crowdsourcing” that expanded the ranges of industries and businesses.

In this fiscal period, our main services such as regular field business and human resources dispatching business were trending steadily, and our sales increased. Consequently, net sales were 4,089 million yen (up 8.7% YoY), and segment profit was 351 million yen (up 10.8% YoY).

3. System Development business

In this fiscal period, the sales were strong but the profitability have declined due to additional development expenses incurred in some projects. As a result, net sales were 431 million yen (up 2.7% YoY), and segment profit was 11 million yen (down 45.9% YoY).

4. Publication business

In this fiscal period, regarding sales, revenue decreased amidst a background of decreasing publication sales. Regarding expenses, despite of the efforts on controlling costs, it fell short of offsetting the decrease in sales, and net sales were 214 million yen (down 31.4% YoY), and segment profitability was a loss of 8 million yen (it was a profit of 52 million yen in the previous fiscal year).

(2) Analysis of financial figures

Status of assets, liabilities, and net assets

Assets, liabilities, and net assets at the end of the fiscal year were:

Assets	7,278 million yen (up 6.1% YOY)
Liabilities	2,054 million yen (down 4.4% YOY)
Net assets	5,223 million yen (up 10.9% YOY)

Analysis of the financial situation at the end of this fiscal year is as follows:

<Assets>

Total assets at the end of this fiscal year were 7,278 million yen, up 416 million yen YOY. The primary reason is that notes and accounts receivable increased by 96 million yen, and software in progress increased by 108 million yen.

<Liabilities>

Liabilities at the end of this fiscal year decreased by 95 million yen YOY to 2,054 million yen. The primary reason is that account payable other increased by 45 million yen, however, income taxes payable decreased by 108 million yen and current portion of long-term loans payable decreased by 28 million yen.

<Net assets>

Net assets at the end of this fiscal year increased by 511 million yen YOY to 5,223 million yen. The primary reason is that retained earnings increased by 529 million yen. As a result, shareholders' equity ratio was 68.4%.

(3) Analysis of cash flows

Cash and cash equivalents (hereinafter referred to as 'capital') was up 0 million yen YOY at 4,010 million yen.

Increases/decreases in each cash flow and the underlying reasons were as follows:

(Cash flow from sales activities)

Capital accumulated through sales activities reached 951 million yen (1,461 million yen in revenue last fiscal year). This was a result of factors such as profit before income taxes of 1,165 million yen and depreciation of 332 million yen.

(Cash flow from investment activities)

Capital expenditures from investment activities reached 607 million yen (314 million yen in expenditures last fiscal year). This was a result of factors such as expenditures of 338 million yen on acquisitions of intangible fixed assets and expenditures of 153 million yen on payments for guarantee deposits.

(Cash flow from financial activities)

Capital expenditures from financial activities reached 342 million yen (271 million yen in expenditures last fiscal year). This was a result of factors such as dividend payments of 240 million yen and purchase of treasury shares of 43 million yen.

(4) Future outlook

The forecast for consolidated financial results for the fiscal year ending in December 2020 is below.

Net sales	10,700 million yen (up 8.1% YOY)
Operating income	1,250 million yen (up 7.2% YOY)
Ordinary income	1,250 million yen (up 6.7% YOY)
Profit attributable to owners of parent	800 million yen (up 4.6% YOY)

On January 30, 2018, our corporate group formulated a Medium-Term Management Plan with the fiscal year ending in December 2020 as the final year. The next fiscal year will be the third year (last year) of the plan, and we will continuously work to achieve our goals through steady execution of strategies.

For details on the Medium-Term Management Plan, please refer to the January 30, 2018 *Notice Regarding the Formulation of the Medium-Term Management Plan*.

(5) Basic policy on distribution of profits as well as current and next period dividends

Our company recognizes returning profits to shareholders as a top concern for management, and we wish to steadily pay out dividends while taking account of our company's and corporate group's current results. At the same time, to realize sustainable increases in corporate value as well as shareholder returns, we also believe that we need firm establishment of business foundations that lead to stable and consistent profits, as well as active development of and capital investment etc. in new businesses. Consequently, we believe we must have strong internal reserves and must secure capital etc. as we seek balance of these various factors while also accounting for mid-to-long-term business policies etc.

Regarding our strategy for returning profits to our shareholders, we think of distribution of results through dividends as a core feature, and unless there is an unusual demand for capital, we plan to consistently distribute dividends with a payout ratio of 30% as the target.

In accordance with this basic policy, we plan to pay out an ordinary dividend of 8.5 yen per share for this fiscal year.

Additionally, we plan to pay out an ordinary dividend of 8.5 yen per share for the next fiscal year.

2. Basic policy regarding the selection of accounting practices

For the time being, we will continue to follow the policy of creating our consolidated financial statements according to Japanese standards. This facilitates comparison between the periods used in our statements with those of other corporations.

In the future, we will examine the idea of adopting IFRS, after looking at changes in the percent of foreign shareholders, and the extent to which international accounting standards are used by other companies in the same industry in Japan.

3. Consolidated financial statements

(1) Consolidated balance sheet

(Unit: thousand yen)

	As of Dec 31, 2018	As of Dec 31, 2019
Assets		
Current assets		
Cash and deposits	4,010,159	4,010,923
Notes and accounts receivable	1,702,662	1,799,399
Merchandise	65,728	56,081
Work in process	65,917	110,871
Other	161,270	250,989
Allowance for doubtful accounts	-17,776	-20,211
Total current assets	5,987,962	6,208,053
Non-current assets		
Property, plant and equipment		
Buildings and structure	94,064	107,716
Accumulated depreciation	-42,664	-15,404
Buildings and structure (net)	51,400	92,312
Tools, appliance and fixtures	316,181	357,563
Accumulated depreciation	-243,244	-278,238
Tools, appliance and fixture (net)	72,937	79,324
Total property, plant and equipment	124,338	171,637
Intangible assets		
Software	460,642	450,944
Software in progress	64,965	173,621
Other	915	915
Total intangible fixed assets	526,523	625,480
Investments and other assets		
Investment securities	2,500	2,500
Guarantee deposits	134,853	187,635
Long-term delinquent loans	40,840	40,840
Deferred tax assets	82,798	79,941
Other	3,000	3,000
Allowance for doubtful accounts	-40,840	-40,840
Total investments and other assets	223,152	273,076
Total non-current assets	874,014	1,070,195
Total assets	6,861,977	7,278,248

(Unit: thousand yen)

	As of Dec 31, 2018	As of Dec 31, 2019
Liabilities		
Current liabilities		
Accounts payable trade	324,113	384,695
Accounts payable other	419,592	465,418
Directors' bonuses payable	49,505	32,727
Short-term debt	100,000	100,000
Current portion of long-term debt	56,000	28,000
Income taxes payable	284,064	175,955
Advances received	548,758	547,616
Provision for directors' bonuses	64,267	57,653
Provision for sales returns	11,461	8,017
Other	243,584	222,739
Total current liabilities	2,101,347	2,022,823
Non-current liabilities		
Long-term debt	28,000	-
Provisions for stock distribution	7,360	18,317
Other	12,935	13,353
Total non-current liabilities	48,295	31,671
Total liabilities	2,149,642	2,054,494
Net assets		
Shareholders' equity		
Capital stock	826,064	826,064
Capital surplus	367,795	367,795
Retained earnings	3,541,844	4,071,426
Treasury shares	-249,503	-290,104
Total shareholders' equity	4,486,200	4,975,182
Non-controlling interests	226,134	248,572
Total net assets	4,712,334	5,223,754
Total liabilities and net assets	6,861,977	7,278,248

(2) Consolidated profit and loss statements and consolidated comprehensive profit statement

(Consolidated profit and loss statement)

(Unit: thousand yen)

	Fiscal year ended December 31, 2018	Fiscal year ended December 31, 2019
Net sales	9,188,497	9,894,471
Cost of sales	5,766,927	6,372,861
Gross profit	3,421,569	3,521,609
Selling, general and administrative expenses	2,187,715	2,355,546
Operating income	1,233,854	1,166,063
Non-operating income		
Interest and dividend income	276	64
Subsidy income	4,245	2,576
Repayment	—	1,050
Foreign exchange gains	156	819
Other	3,074	2,511
Total non-operating income	7,752	7,021
Non-operating expenses		
Interest expenses	1,158	807
Other	53	84
Total non-operating expenses	1,212	891
Ordinary income	1,240,395	1,172,193
Extraordinary loss		
Loss on cancellation of leases	5,272	—
Loss on retirement of non-current assets	2,071	1,679
Head office relocation expenses	—	5,248
Total extraordinary loss	7,343	6,928
Profit before income taxes	1,233,051	1,165,264
Income taxes-current	414,872	365,490
Income taxes-deferred	-20,270	2,857
Total income taxes	394,602	368,348
Net income	838,449	796,916
Net income attributable to:		
Non-controlling interests	41,450	32,094
Owners of parent	796,999	764,822

(Consolidated comprehensive income statement)

(Unit: thousand yen)

	Fiscal year ended December 31, 2018	Fiscal year ended December 31, 2019
Net income	838,449	796,916
Comprehensive income	838,449	796,916
(Breakdown)		
Comprehensive income attributable to owners of parent	796,999	764,822
Comprehensive income attributable to non-controlling shareholders	41,450	32,094

(3) Consolidated statements of changes in shareholders and equity

Previous consolidated fiscal year (from January 1, 2018 to December 31, 2018)

(Unit: thousand yen)

	Shareholders' equity				
	Capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at the beginning of this period	826,064	367,795	2,950,680	-251,820	3,892,719
Amount of current change					
Dividends from surplus			-205,835		-205,835
Net income attributable to owners of parent			796,999		796,999
Purchase of treasury shares					-
Retirement of treasury shares				2,316	2,316
The amount of current change other than shareholders' equity (net)					-
Total amount of current change	-	-	591,164	2,316	593,480
Balance at the end of this period	826,064	367,795	3,541,844	-249,503	4,486,200

	Non-controlling shareholders interest	Total net assets
Balance at the beginning of this period	192,103	4,084,822
Amount of current change		
Dividends from surplus		-205,835
Net income attributable to owners of parent		796,999
Purchase of treasury shares		-
Retirement of treasury shares		2,316
The amount of current change other than shareholders' equity (net)	34,031	34,031
Total amount of current change	34,031	627,512
Balance at the end of this period	226,134	4,712,334

This consolidated fiscal year (from January 1, 2019 to December 31, 2019)

(Unit: thousand yen)

	Shareholders' equity				
	Capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at the beginning of this period	826,064	367,795	3,541,844	-249,503	4,486,200
Amount of current change					
Dividends from surplus			-235,240		-235,240
Profit attributable to owners of parent			764,822		764,822
Purchase of treasury shares				-43,530	-43,530
Retirement of treasury shares				2,929	2,929
The amount of current change other than shareholders' equity (net)					-
Total amount of current change	-	-	529,582	-40,600	488,981
Balance at the end of this period	826,064	367,795	4,071,426	-290,104	4,975,182

	Non-controlling shareholders interest	Total net assets
Balance at the beginning of this period	226,134	4,712,334
Amount of current change		
Dividends from surplus		-235,240
Net income attributable to owners of parent		764,822
Purchase of treasury shares		-43,530
Retirement of treasury shares		2,929
The amount of current change other than shareholders' equity (net)	22,437	22,437
Total amount of current change	22,437	511,419
Balance at the end of this period	248,572	5,223,754

(4) Consolidated cash flow statement

(Unit: thousand yen)

	Fiscal year ended December 31, 2018	Fiscal year ended December 31, 2019
Cash flows from operating activities		
Profit before income taxes	1,233,051	1,165,264
Depreciation	288,246	332,522
Increase (decrease) in allowance for doubtful accounts	403	2,435
Increase (decrease) in provision for bonuses	9,533	-6,614
Increase (decrease) in provision for sales returns	-1,404	-3,443
Interest and dividends receivable	-276	-64
Interest payable	1,158	807
Loss on cancellation of lease	5,272	-
Head office relocation expenses	-	5,248
Loss on retirement of non-current assets	2,071	1,679
Decrease (increase) in notes and accounts receivable-trade	-110,404	-96,736
Decrease (increase) in inventories	-25,899	-35,306
Subsidy income	-4,245	-2,576
Increase (decrease) in notes and accounts payable - trade	40,832	60,581
Increase (decrease) in advances received	133,850	-1,141
Increase (decrease) in accounts payable - other	86,885	39,797
Other	113,957	-53,727
Subtotal	1,773,032	1,408,725
Interest and dividend income received	276	64
Interest expenses paid	-1,116	-830
Proceeds from subsidy income	4,245	2,576
Income taxes paid	-316,364	-467,756
Income taxes refund	1,179	8,434
Cash flows from operating activities	1,461,253	951,213
Cash flows from investing activities		
Purchase of property, plant and equipment	-61,200	-131,352
Purchase of intangible assets	-286,004	-338,893
Proceeds from collection of guarantee deposits	37,036	16,899
Payments for guarantee deposits	-4,653	-153,999
Cash flows from investing activities	-314,822	-607,345
Cash flows from financing activities		
Expenditures from the repayment of short-term debts	-70,000	-100,000
Income by borrowing short-term debts	70,000	100,000
Expenditures from the repayment of long-term debts	-56,000	-56,000
Payment for dividends	-213,444	-240,423
Purchase of treasury shares	-	-43,530
Other	-2,079	-2,764
Cash flows from financing activities	-271,523	-342,717
Effect of exchange rate change on cash and cash equivalents	-520	-386
Increase (decrease) in cash and cash equivalents	874,385	764
Cash and cash equivalents balance at the beginning of the period	3,135,773	4,010,159
Cash and cash equivalents balance at the end of the period	4,010,159	4,010,923

(5) Notes concerning the consolidated financial statements

Notes regarding the premise of a going concern

There were no such matters.

(Segment information)

[Segment information]

1. Outline of the reported segments

The reports of segments from our group are available with separate financial statements from our constituent units, and the board of directors use these to examine each segment regularly to determine the distribution of management resources and to evaluate earnings.

We promoted business activities for each product and service separately, and four segments—"Sales Innovation business," "Field Marketing business," "System development business," and "Publication business"—are the segments reported upon.

The major products and services belonging to each reported segment are shown in the table below.

Reported segment	Major products
Sales Innovation business	Hosting and on-premise service of sales support systems (CRM/SFA), cloud services, customized development, sales consulting, sales skills training, consulting on management using iPads and education business
Field Marketing business	Field activity operation, marketing research
System development business	Software development on consignment
Publication business	Planning, editing, and publishing business books

2. Method used to calculate sales, profits or losses, assets and other items for each segment

The accounting methods used to report on the business segments are in accordance with the accounting policies applied to prepare consolidated statements. The profits of the reported segment are based on operating income. Internal sales or transfers between segments are based on market prices.

3. Information about amounts of sales, profits or losses, assets, debts, and other items for each segment

Previous consolidated fiscal year (from January 1, 2018 to December 31, 2018)

(Unit: thousand yen)

	Reported segment				Total	Adjusted amount (Note 1)	Amounts recorded in the consolidated financial statements (Note 2)
	Sales Innovation business	Field Marketing business	System development business	Publication business			
Sales amount							
Sales to external customers	4,692,737	3,763,028	419,615	313,115	9,188,497	-	9,188,497
Internal sales or transfers between segments	29,647	2,233	34,116	9,879	75,875	-75,875	-
Total	4,722,385	3,765,261	453,731	322,994	9,264,372	-75,875	9,188,497
Segment profits or losses	843,320	317,129	20,880	52,316	1,233,646	207	1,233,854
Segment assets	4,921,361	2,031,741	225,244	228,291	7,406,638	-544,660	6,861,977
Other items							
Depreciation	264,325	22,030	1,356	534	288,246	-	288,246
Increased amount in property, plant and equipment and intangible assets	296,902	39,852	140	416	337,311	-	337,311

This consolidated fiscal year (from January 1, 2019 to December 31, 2019)

(Unit: thousand yen)

	Reported segment				Total	Adjusted amount (Note 1)	Amounts recorded in the consolidated financial statements (Note 2)
	Sales Innovation business	Field Marketing business	System development business	Publication business			
Sales amount							
Sales to external customers	5,159,124	4,089,413	431,129	214,804	9,894,471	-	9,894,471
Internal sales or transfers between segments	32,607	2,598	26,233	763	62,203	- 62,203	-
Total	5,191,731	4,092,012	457,362	215,567	9,956,674	- 62,203	9,894,471
Segment profits or losses	812,218	351,276	11,296	-8,718	1,166,073	-10	1,166,063
Segment assets	5,204,580	2,231,346	230,939	174,307	7,841,173	- 562,925	7,278,248
Other items							
Depreciation	306,405	25,262	426	427	332,522	-	332,522
Increased amount in property, plant and equipment and intangible assets	422,011	53,434	908	-	476,354	-	476,354

Note 1: Breakdown of the adjusted amounts are as follows.

Segment profits (Unit: thousand yen)

	Previous consolidated fiscal year	This consolidated fiscal year
Amount of non-current asset adjustment	207	-
Amount of inventory asset adjustment	-	-10
Total	207	-10

Segment assets (Unit: thousand yen)

	Previous consolidated fiscal year	This consolidated fiscal year
Clearing transactions between segments	-544,695	- 562,949
Amount of non-current asset adjustment	463	463
Amount of inventory asset adjustment	-429	-439
Total	-544,660	-562,925

2. Segment profits are adjusted against the operating income in the consolidated financial statement.

(Per share information)

Previous consolidated fiscal year (from January 1, 2018 to December 31, 2018)		This consolidated fiscal year (from January 1, 2019 to December 31, 2019)	
Net assets per share	152.94 yen	Net assets per share	170.09 yen
Current net profit per share	27.18 yen	Current net profit per share	26.11 yen

Note 1: The basis for calculating the net profit per share in this fiscal period is as follows.

	Previous consolidated fiscal year (from January 1, 2018 to December 31, 2018)	This consolidated fiscal year (from January 1, 2019 to December 31, 2019)
Profit attributable to owners of parent (thousands of yen)	796,999	764,822
Amount not attributed to common shareholders (thousands of yen)	—	—
Current net profit related to common shares (thousands of yen)	796,999	764,822
Average number of outstanding common shares during this fiscal year	29,324,773	29,292,262

2. At this time, we are not reporting a net profit per share after adjustment of potential shares because there are no potential shares.

3. Our shares owned by the Master Trust Bank of Japan, Ltd. (in a stock-supported ESOP trust account) are included in the treasury shares that are deducted from the number of shares outstanding at the end of the period to calculate net assets per share. The number is as follows.

As of December 31, 2018: 72,800 shares

As of December 31, 2019: 154,000 shares

Additionally, they are included in the treasury shares that are deducted in the calculation of the average number of shares outstanding during the period. (80,227 shares last fiscal year, 112,738 shares this fiscal year).

(Important event after the report)

There were not such events.