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MEMBERSHIP

October 25, 2022

## Non-consolidated Financial Results for the Fiscal Year Ended September 30, 2022 <under Japanese GAAP>

Company name: Makuake, Inc.  
 Listing: Tokyo Stock Exchange  
 Stock code: 4479  
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 Scheduled date of annual general meeting of shareholders: December 8, 2022  
 Scheduled date to commence dividend payments: –  
 Scheduled date to file annual securities report: December 9, 2022  
 Preparation of supplementary materials for financial results: Yes  
 Holding of financial results presentation meeting: Yes

(Millions of yen with fractional amounts discarded, unless otherwise noted)

### 1. Performance for the fiscal year ended September 30, 2022 (from October 1, 2021 to September 30, 2022)

#### (1) Operating results

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended								
September 30, 2022	4,206	(9.0)	(324)	–	(302)	–	(1,347)	–
September 30, 2021	4,621	43.3	329	(35.5)	326	(36.3)	246	(33.3)

	Basic earnings per share	Diluted earnings per share	Return on equity	Ordinary profit/total assets	Operating profit/net sales
Fiscal year ended	Yen	Yen	%	%	%
September 30, 2022	(107.55)	–	(21.8)	(3.3)	(7.7)
September 30, 2021	20.44	19.58	5.2	4.0	7.1

Reference: Share of profit (loss) of entities accounted for using equity method  
 For the fiscal year ended September 30, 2022: ¥– million  
 For the fiscal year ended September 30, 2021: ¥– million

## (2) Financial position

	Total assets	Net assets	Equity ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
September 30, 2022	8,255	5,576	67.0	439.84
September 30, 2021	10,331	6,873	66.2	551.56

Reference: Equity

As of September 30, 2022

¥5,528 million

As of September 30, 2021

¥6,841 million

## (3) Cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
Fiscal year ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
September 30, 2022	(814)	(488)	33	7,321
September 30, 2021	151	(586)	3,915	8,591

## 2. Cash dividends

	Annual dividends					Total cash dividends (Total)	Dividend payout ratio	Ratio of dividends to net assets
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Fiscal year ended September 30, 2021	—	0.00	—	0.00	0.00	—	—	—
Fiscal year ended September 30, 2022	—	0.00	—	0.00	0.00	—	—	—
Fiscal year ending September 30, 2023 (Forecast)	—	0.00	—	0.00	0.00		—	

## 3. Earnings forecasts for the fiscal year ending September 30, 2023 (from October 1, 2022 to September 30, 2023)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Fiscal year ending September 30, 2023	3,840	(8.7)	(880)	—	(880)	—	(890)	—	(70.81)

Note: As the Company manages its operations on an annual basis, earnings forecasts for the first six months are omitted. For further details, please refer to the attached materials, “(4) Future outlook” under “1. Overview of operating results and others.”

**\* Notes**

(1) Changes in accounting policies, changes in accounting estimates, and restatement

(i) Changes in accounting policies due to revisions to accounting standards and other regulations: Yes

(ii) Changes in accounting policies due to other reasons: None

(iii) Changes in accounting estimates: None

(iv) Restatement: None

(3) Number of issued shares (common shares)

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

As of September 30, 2022	12,568,700 shares
As of September 30, 2021	12,404,700 shares

(ii) Number of treasury shares at the end of the period

As of September 30, 2022	130 shares
As of September 30, 2021	87 shares

(iii) Average number of shares during the period

For the fiscal year ended September 30, 2022	12,528,045 shares
For the fiscal year ended September 30, 2021	12,068,819 shares

\* Financial results reports are exempt from audits conducted by certified public accountants or an audit corporation.

\* Proper use of earnings forecasts, and other special matters

The forward-looking statements, including earnings forecasts, contained in these materials are based on information currently available to the Company and on certain assumptions deemed to be reasonable. These statements do not purport that the Company pledges to realize such statements. Actual business and other results may differ substantially due to various factors.

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## 1. Overview of operating results and others

### (1) Overview of operating results for the fiscal year

Based on its vision of “Create a world where worthy things can come to be, grow and endure,” the mission of Makuake, Inc. (the Company) is to “Connect the world through the creation of the ‘new.’ ” We operate the Makuake service, a “support” pre-order platform to connect project owners (Businesses) who are providing something new to the world with supporters (Consumers) who purchase new items and experiences based on their knowledge of the background and the ideas of the project owners.

As ancillary services, we also provide Makuake Incubation Studio, which supports the generation of new businesses that leverage research and development technology owned by companies; agency operations for the distribution of advertisements to facilitate the growth of “support” pre-order value at Makuake; Makuake STORE, which enables continued sales on e-commerce sites even after projects have ended; Makuake Global, which accepts “support” pre-orders from overseas; “Support” Pre-order Service for Buyers, which enables buyers in Japan to watch how new products that have just launched are selling and to stock them on the internet; Makuake SHOP, which works with partner companies in a variety of formats nationwide to enable products launched on Makuake to be displayed and sold in real-world stores.

During the fiscal year ended September 30, 2022 (from October 1, 2021 to September 30, 2022), the Japanese economy witnessed the increasing normalization of economic activities based on the stance of taking every possible measure toward preventing the spread of COVID-19 backed by the rollout of the vaccines both in Japan and overseas, and expectations have been high for an economic recovery. In March 2022, the focused measures to prevent the proliferation of COVID-19 were lifted and personal consumption involving travel and dining has been on a gradual recovery trend, while border controls have also been lifted in stages toward the resumption of cross-border travel. Meanwhile, uncertainty toward the future remained, reflecting the increasing prices of raw materials caused by global monetary tightening and the prolonged situation in Ukraine, and the continuing rise in commodity prices due to supply constraints.

Our business is affected by the e-commerce market for debuting new products and the e-commerce market for pre-ordering new services. During the period from 2020 to 2021, demand in these markets grew rapidly due to changes in lifestyles and working styles, which emerged as a result of the spread of COVID-19, and subsequently, with the normalization of economic activities in Japan, demand has calmed down but continues to grow in a more stable and consistent manner. Therefore, going forward, we believe that the e-commerce market for debuting new products and services has extraordinarily high growth potential.

Under these conditions, during the first half of the fiscal year under review, in response to the decline in user experience in relation to finding new products and services due to the pandemic-driven increase in the workload for curators and the rise in the number of new projects and the issue of the declining trend in the conversion rate (CVR), which expresses how well owners and supporters are matched, we focused our efforts on the development of new functionality for owners and supporters, in addition to strengthening the hiring of curators and screening staff and building a new organizational structure in both divisions to improve operations. In addition, during the second half of the fiscal year, to accelerate growth in the next fiscal year and beyond, rather than focusing on measures with a short-term perspective that merely aims to increase revenue in the current fiscal year, we have been deliberating new support measures to encourage challenges by more owners and expand “support” pre-orders by supporters through a Committee of External Experts comprising owners, supporters, and experts in a wide range of fields including manufacturing, the SDGs, and the economy, for the purpose of building a new training system mainly for the staff that we hired in the first half of the fiscal year and providing an environment, namely a platform that owners and supporters can use with greater confidence. As a result of these measures, the number of new project publications increased by 5.1% year on year to 8,314 and the number of access UUs increased by 19.9% year on year to 53,180 thousand.

On the other hand, from the second half of the fiscal year, with the normalization of economic activities underway, the effects of economic reopening began to be felt, and as offline product distribution channels and consumption increased, the trend of decreasing platform usage by owners and decreasing

“support” pre-orders has gradually become more marked. As a result, the CVR, which was on an improving trend through the third quarter declined in the fourth quarter by 1.3 percentage points year on year to 3.1% and total “support” pre-order value declined by 8.2% year on year to ¥19,776,217 thousand.

After conducting a comparative review of our future cash flows, and carrying amounts and remaining useful life of non-current assets, we recorded impairment losses of ¥1,009,307 thousand.

As a result, for the fiscal year under review, the Company recorded net sales of ¥4,206,839 thousand (down 9.0% year on year), an operating loss of ¥324,080 thousand (compared to an operating profit of ¥329,101 thousand in the previous fiscal year), an ordinary loss of ¥302,562 thousand (compared to an ordinary profit of ¥326,089 thousand in the previous fiscal year) and loss of ¥1,347,356 thousand (compared to a profit of ¥246,642 thousand in the previous fiscal year).

## (2) Overview of financial position for the fiscal year

### Assets

At the end of the fiscal year under review, total assets decreased by ¥2,076,413 thousand from the previous fiscal year-end to ¥8,255,134 thousand.

Current assets decreased by ¥1,377,034 thousand to ¥7,892,528 thousand. The main components included decreases of ¥756,435 thousand in cash and deposits and ¥513,020 thousand in cash segregated as deposits.

Non-current assets decreased by ¥687,867 thousand to ¥353,719 thousand. The main components included a decrease of ¥410,908 thousand in software.

### Liabilities

At the end of the fiscal year under review, liabilities decreased by ¥779,429 thousand from the previous fiscal year-end to ¥2,678,784 thousand.

Current liabilities decreased by ¥798,920 thousand to ¥2,616,440 thousand. The main components included a decrease of ¥514,069 thousand in deposits received.

Non-current liabilities increased by ¥19,490 thousand to ¥62,344 thousand. This was due to an increase of ¥18,169 thousand in provision for continuous services benefits.

### Net assets

At the end of the fiscal year under review, net assets decreased by ¥1,296,983 thousand from the previous fiscal year-end to ¥5,576,349 thousand. This was caused by a decrease of ¥1,347,356 thousand in retained earnings due to the recording of loss.

## (3) Overview of cash flows for the fiscal year

The balance of cash and cash equivalents (“cash”) at the end of the fiscal year under review amounted to ¥7,321,798 thousand, down ¥1,269,455 thousand compared with the previous fiscal year-end. The respective cash flow positions and the factors thereof in the fiscal year under review are as follows.

### Cash flows from operating activities

Net cash used in operating activities was ¥814,559 thousand (¥151,414 thousand was provided in the previous fiscal year). This was primarily due to loss before income taxes of ¥1,264,138 thousand, a decrease in deposits received of ¥514,069 thousand, a decrease in accounts payable - other of ¥203,236 thousand, and impairment losses of ¥1,009,307 thousand.

Cash flows from investing activities

Net cash used in investing activities was ¥488,554 thousand (¥586,413 thousand was used in the previous fiscal year). This was primarily due to purchase of intangible assets of ¥501,435 thousand.

Cash flows from financing activities

Net cash provided by financing activities was ¥33,658 thousand (¥3,915,091 thousand was provided in the previous fiscal year). This was primarily due to proceeds from issuance of shares of ¥33,784 thousand.

**(4) Future outlook**

For the fiscal year ending September 30, 2023, the Company expects net sales to decline 8.7% from the fiscal year under review to ¥3,840 million. We forecast operating loss of ¥880 million, ordinary loss of ¥880 million, and loss of ¥890 million. Interim earnings forecasts have not been disclosed due to the lack of visibility regarding the impact of the economic reopening accompanying the normalization of economic activities and the effects of the depreciating yen, the soaring prices of raw materials and other factors in Japan and overseas.

Furthermore, the above-mentioned earnings forecasts are based on information available at this time, and actual results may differ substantially due to various factors.

**(5) Significant events regarding premise of going concern**

No applicable items.

## **2. Basic rationale for selection of accounting standards**

The Company adopts the generally accepted accounting standards in Japan (Japanese GAAP), taking into account the year-on-year comparability and intercompany comparability of financial statements.



## Financial statements and significant notes thereto

### (1) Balance sheet

(Thousands of yen)

	As of September 30, 2021	As of September 30, 2022
<b>Assets</b>		
Current assets		
Cash and deposits	5,949,943	5,193,507
Cash segregated as deposits	2,641,311	2,128,290
Accounts receivable - trade	551,330	339,328
Prepaid expenses	79,585	121,814
Other	54,674	116,869
Allowance for doubtful accounts	(7,282)	(7,282)
Total current assets	9,269,563	7,892,528
Non-current assets		
Property, plant and equipment		
Buildings	39,169	15,214
Accumulated depreciation	(10,649)	(15,214)
Buildings, net	28,520	–
Tools, furniture and fixtures	32,236	24,429
Accumulated depreciation	(17,636)	(24,429)
Tools, furniture and fixtures, net	14,599	–
Total property, plant and equipment	43,119	–
Intangible assets		
Goodwill	17,333	–
Software	410,908	–
Software in progress	165,632	–
Total intangible assets	593,873	–
Investments and other assets		
Investment securities	138,733	153,984
Investments in capital	–	330
Long-term prepaid expenses	–	8,073
Leasehold and guarantee deposits	192,351	191,331
Deferred tax assets	73,508	–
Other	7,537	7,537
Allowance for doubtful accounts	(7,537)	(7,537)
Total investments and other assets	404,594	353,719
Total non-current assets	1,041,587	353,719
Deferred assets		
Share issuance costs	20,396	8,886
Total deferred assets	20,396	8,886
<b>Total assets</b>	<b>10,331,547</b>	<b>8,255,134</b>

(Thousands of yen)

	As of September 30, 2021	As of September 30, 2022
<b>Liabilities</b>		
Current liabilities		
Accounts payable - other	579,528	381,679
Accrued expenses	61,288	81,027
Advances received	–	775
Income taxes payable	72,286	14,565
Deposits received	2,652,462	2,138,393
Other	49,795	–
Total current liabilities	3,415,360	2,616,440
Non-current liabilities		
Provision for retirement benefits	337	1,658
Provision for continuous services benefits	42,516	60,685
Total non-current liabilities	42,853	62,344
Total liabilities	3,458,214	2,678,784
<b>Net assets</b>		
Shareholders' equity		
Share capital	3,103,387	3,120,279
Capital surplus		
Legal capital surplus	3,103,387	3,120,279
Total capital surplus	3,103,387	3,120,279
Retained earnings		
Other retained earnings		
Retained earnings brought forward	635,591	(711,764)
Total retained earnings	635,591	(711,764)
Treasury shares	(499)	(625)
Total shareholders' equity	6,841,867	5,528,170
Share acquisition rights	31,464	48,179
Total net assets	6,873,332	5,576,349
<b>Total liabilities and net assets</b>	<b>10,331,547</b>	<b>8,255,134</b>

**(2) Statement of income**

(Thousands of yen)

	Fiscal year ended September 30, 2021	Fiscal year ended September 30, 2022
Net sales	4,621,419	4,206,839
Cost of sales	815,518	847,925
Gross profit	3,805,900	3,358,913
Selling, general and administrative expenses	3,476,799	3,682,993
Operating profit (loss)	329,101	(324,080)
Non-operating income		
Interest income	0	2
Dividend income	–	17
Lecture's fee income	7,645	9,398
Subsidy income	–	20,744
Other	606	2,916
Total non-operating income	8,252	33,079
Non-operating expenses		
Amortization of share issuance costs	9,549	11,510
Loss on retirement of non-current assets	1,447	–
Other	266	51
Total non-operating expenses	11,264	11,561
Ordinary profit (loss)	326,089	(302,562)
Gain on sale of investment securities	–	97,500
Total extraordinary income	–	97,500
Impairment losses	–	1,009,307
Loss on valuation of investment securities	–	49,768
Total extraordinary losses	–	1,059,076
Profit (loss) before income taxes	326,089	(1,264,138)
Income taxes - current	117,038	9,708
Income taxes - deferred	(37,590)	73,508
Total income taxes	79,447	83,217
Profit (loss)	246,642	(1,347,356)

**(3) Statement of changes in equity**

Fiscal year ended September 30, 2021

(Thousands of yen)

	Shareholders' equity							Share acquisition rights	Total net assets
	Share capital	Capital surplus		Retained earnings		Treasury shares	Total shareholders' equity		
		Legal capital surplus	Total capital surplus	Other retained earnings Retained earnings brought forward	Total retained earnings				
Balance at beginning of period	1,136,847	1,136,847	1,136,847	388,949	388,949	(115)	2,662,529	10,488	2,673,017
Changes during period									
Issuance of new shares	1,937,792	1,937,792	1,937,792				3,875,585		3,875,585
Issuance of new shares - exercise of share acquisition rights	24,308	24,308	24,308				48,616		48,616
Issuance of new shares - restricted stock	4,440	4,440	4,440				8,880		8,880
Purchase of treasury shares						(384)	(384)		(384)
Profit (loss)				246,642	246,642		246,642		246,642
Net changes in items other than shareholders' equity								20,976	20,976
Total changes during period	1,966,540	1,966,540	1,966,540	246,642	246,642	(384)	4,179,338	20,976	4,200,315
Balance at end of period	3,103,387	3,103,387	3,103,387	635,591	635,591	(499)	6,841,867	31,464	6,873,332

Fiscal year ended September 30, 2022

(Thousands of yen)

	Shareholders' equity							Share acquisition rights	Total net assets
	Share capital	Capital surplus		Retained earnings		Treasury shares	Total shareholders' equity		
		Legal capital surplus	Total capital surplus	Other retained earnings Retained earnings brought forward	Total retained earnings				
Balance at beginning of period	3,103,387	3,103,387	3,103,387	635,591	635,591	(499)	6,841,867	31,464	6,873,332
Changes during period									
Issuance of new shares - exercise of share acquisition rights	16,892	16,892	16,892				33,784		33,784
Purchase of treasury shares						(125)	(125)		(125)
Profit (loss)				(1,347,356)	(1,347,356)		(1,347,356)		(1,347,356)
Net changes in items other than shareholders' equity								16,714	16,714
Total changes during period	16,892	16,892	16,892	(1,347,356)	(1,347,356)	(125)	(1,313,697)	16,714	(1,296,983)
Balance at end of period	3,120,279	3,120,279	3,120,279	(711,764)	(711,764)	(625)	5,528,170	48,179	5,576,349

**(4) Statement of cash flows**

(Thousands of yen)

	Fiscal year ended September 30, 2021	Fiscal year ended September 30, 2022
<b>Cash flows from operating activities</b>		
Profit (loss) before income taxes	326,089	(1,264,138)
Depreciation	99,305	157,240
Impairment losses	–	1,009,307
Amortization of goodwill	2,666	4,000
Increase (decrease) in allowance for doubtful accounts	285	–
Increase (decrease) in provision for retirement benefits	337	1,321
Increase (decrease) provision for continuous services benefits	14,180	18,169
Amortization of share issuance costs	9,549	11,510
Interest and dividend income	–	(20)
Decrease (increase) in trade receivables	(21,011)	212,002
Loss (gain) on sale of investment securities	–	(97,500)
Loss (gain) on valuation of investment securities	–	49,768
Increase (decrease) in advances received	–	775
Increase (decrease) in accounts payable - other	(216,487)	(203,236)
Increase (decrease) in accrued expenses	(16,531)	14,524
Increase (decrease) in deposits received	306,858	(514,069)
Increase (decrease) in accrued consumption taxes	(49,972)	(57,660)
Other, net	(89,106)	(59,837)
Subtotal	366,163	(717,842)
Interest and dividends received	–	2
Income taxes refund	148	38
Income taxes paid	(214,897)	(96,758)
Net cash provided by (used in) operating activities	151,414	(814,559)
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(7,114)	(21,516)
Purchase of intangible assets	(306,265)	(501,435)
Purchase of investment securities	(148,731)	(80,020)
Proceeds from sale of investment securities	–	112,500
Payments of leasehold and guarantee deposits	(124,301)	(2,660)
Proceeds from refund of leasehold and guarantee deposits	–	4,907
Payments for investments in capital	–	(330)
Net cash provided by (used in) investing activities	(586,413)	(488,554)
<b>Cash flows from financing activities</b>		
Proceeds from issuance of shares	3,915,475	33,784
Purchase of treasury shares	(384)	(125)
Net cash provided by (used in) financing activities	3,915,091	33,658
Net increase (decrease) in cash and cash equivalents	3,480,092	(1,269,455)
Cash and cash equivalents at beginning of period	5,109,351	8,591,254
Increase in cash and cash equivalents resulting from merger	1,810	–
Cash and cash equivalents at end of period	8,591,254	7,321,798

**(5) Notes to financial statements****Notes on premise of going concern**

No applicable items.

**Changes in accounting policies**Application of Accounting Standard for Revenue Recognition, etc.

The Company has applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020) and relevant ASBJ regulations from the beginning of the fiscal year under review, and it has recognized revenue at the time the control of promised goods or services is transferred to the customer at the amount expected to be received upon exchange of said goods or services.

The application of the Accounting Standard for Revenue Recognition and relevant ASBJ regulations is subject to the transitional treatment provided for in the proviso to paragraph 84 of the Accounting Standard for Revenue Recognition. The cumulative effect of the retrospective application, assuming the new accounting policy had been applied to periods prior to the beginning of the fiscal year under review was added to or deducted from the opening balance of retained earnings of the fiscal year under review, and thus the new accounting policy was applied from such opening balance.

There is no effect on the financial statements and per share information.

Application of Accounting Standard for Fair Value Measurement, etc.

The Company has applied the “Accounting Standard for Fair Value Measurement” (ASBJ Statement No. 30, July 4, 2019) and relevant ASBJ regulations from the beginning of the fiscal year under review, and it has applied the new accounting policy provided for by the Accounting Standard for Fair Value Measurement, etc. prospectively in accordance with the transitional measures provided for in paragraph 19 of the Accounting Standard For Fair Value Measurement, and paragraph 44-2 of the “Accounting Standard for Financial Instruments” (ASBJ Statement No. 10, July 4, 2019).

There is no effect on the financial statements.

**Profit or loss of entities accounted for using equity method**

(Thousands of yen)

	Fiscal year ended September 30, 2021	Fiscal year ended September 30, 2022
Investments in associates	–	40,000
Investments if the equity method is applied	–	39,331
Investment losses if the equity method is applied	–	(668)

Notes: Because the Company had no associates, no items are reported for the fiscal year ended September 30, 2021.

**Segment information**

As the Company consists of a single business segment, the Makuake service, a platform for people to make support purchases of new things and experiences, this information is omitted.

**Per share information**

(Yen)

	Fiscal year ended September 30, 2021	Fiscal year ended September 30, 2022
Net assets per share	551.56	439.84
Basic earnings (loss) per share	20.44	(107.55)
Diluted earnings per share	19.58	–

Notes: 1. Although dilutive shares exist, diluted earnings per share for the fiscal year under review have been omitted, as the Company reported a basic loss per share.

2. The basis of calculating basic earnings per share and diluted earnings per share is as follows:

	Fiscal year ended September 30, 2021	Fiscal year ended September 30, 2022
Basic earnings (loss) per share		
Profit (loss) (Thousands of yen)	246,642	(1,347,356)
Profit (loss) not attributable to common shareholders (Thousands of yen)	–	–
Profit (loss) available to common shares (Thousands of yen)	246,642	(1,347,356)
Average number of common shares outstanding during the period (Shares)	12,068,819	12,528,045
Diluted earnings per share	19.58	–
Adjustment to profit (Thousands of yen)	–	–
Increase in number of common shares (Shares)	527,163	246,166
[Share acquisition rights included in the above] (Shares)	[527,163]	[246,166]
Outline of diluted shares not included in the calculation of diluted earnings per share as they are non-dilutive	–	–

**Significant subsequent events**

No applicable items.