Note: This document is a translation of a part of the original Japanese version and provided for reference purposes only. In the event of any discrepancy between the Japanese original and this English translation, the Japanese original shall prevail.

Summary of Financial Results (Japanese GAAP) for FY2020 (Non-consolidated)

February 10, 2021

Name of the listed company: Cacco Inc.
Stock exchange listings: Tokyo Stock Exchange
Code#: 4166 URL https://cacco.co.jp
Representative: (Title) Representative Director, President and CEO (Name) Hiroyuki Iwai
Person in charge of inquiries: (Title) Senior Managing Director, CFO in charge of administration unit (Name) Kentaro Sekine
TEL: +81-03-6447-4534
Scheduled date of the Ordinary General Meeting of Shareholders: March 26, 2021
Scheduled date to commence dividend payments: -
Scheduled date of filing of Annual Securities Report: March 29, 2021
Preparation of supplementary explanatory materials for financial results: Yes
Holding of financial results briefing: Yes (for institutional investors and analysts)

(Amounts less than one million yen have been omitted)

1. Results for the fiscal year ending December 31, 2020 (January 1, 2020 to December 31, 2020)

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
FY2020	831	11.5	138	39.5	115	26.2	130	13.6
FY2019	745	3.6	99	19.4	91	11.6	114	42.1

	Earnings per share	Diluted earnings per share	Return on equity	Ordinary income to total assets ratio	Operating income to net sales ratio
	Yen.00	Yen.00	%	%	%
FY2020	55.37	49.97	15.9	8.5	16.6
FY2019	48.99	—	26.4	12.0	13.3

(1) Business Performance (%figures represent changes from the previous fiscal year)

(Reference) Holding method investment profit and loss FY2020 - million yen, FY2019 - million yen

(Note) 1. We conducted a stock split on September 9, 2020 at a ratio of 3 shares per share of common stock. Earnings per share and diluted earnings per share are calculated on the assumption that the said stock split was conducted at the beginning of the previous fiscal year.
2. Diluted earnings per share for the previous fiscal year is not shown because our shares are unlisted and the average share price during the period cannot be determined, although there are residual shares.
3. Since our shares were listed on the Mothers market of the Tokyo Stock Exchange on December 17, 2020, the diluted earnings per share for the current fiscal year is calculated by deeming the average share price from the date of initial listing to the end of the current fiscal year as the average share price during the period.

	Total assets	Net assets	Capital adequacy ratio	Per share net assets
	Millions of yen	Millions of yen	%	Yen.00
FY2020	1,822	1,148	62.8	437.15
FY2019	894	494	54.9	210.08

(2) Financial Position

(Reference) Equity: FY2020: 1,145 million yen, FY2019: 490 million yen

(Note) On September 9, 2020, we conducted a 3-for-1 stock split of common stock. Net assets per share is calculated on the assumption that the said stock split was conducted at the beginning of the previous fiscal year.

(3) Status of Cash Flows

	Cash flows from operating activities	Cash flows from investment activities	Cash flows from financial activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	%	Yen.00
FY2020	166	(197)	734	1, 293
FY2019	73	(112)	110	590

Note: This document is a translation of a part of the original Japanese version and provided for reference purposes only. In the event of any discrepancy between the Japanese original and this English translation, the Japanese original shall prevail.

2. Dividends

	Annual dividend					Total amount of dividend	Dividend payout ratio	Dividend to net assets
	1Q-end	2Q-end	3Q-end	FY-end	Total			
	Yen.00	Yen.00	Yen.00	Yen.00	Yen.00	Millions of yen	%	%
FY2019	-	-	-	0.00	0.00	-	-	-
FY2020	-	-	-	0.00	0.00	-	-	-
FY2021 (Forecast)	-	-	-	0.00	0.00		-	

3. Forecast for the fiscal year ending December 31, 2021 (January 1, 2021 to December 31, 2021)

(%figures represent changes from the previous fiscal year)

	Net sales		Operating income		Ordinary income		Net income		Per share net income
Full Year	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen.00
	909	9.4	154	11.8	149	29.3	102	(21.3)	39.05

(Note) Since the Company manages its operations on an annual basis, the forecast for the first half of the fiscal year has been omitted. For details, please refer to "1. Business Results, etc. (4) Outlook" on page 3.

*Notes:

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

(1) Changes in accounting policies due to revision of accounting standards, etc.: None
(2) Changes in accounting policies other than (1) : None
(3) Changes in accounting estimates : None
(4) Restatements : None

(2) Number of shares issued (common stock)

(i) #shares outstanding at end of period	FY2020	2,619,581 shares	FY2019	2,337,081 shares
(ii) #treasury share at end of period	FY2020	-	FY2019	-
(iii) #average shares during FY	FY2020	2,348,611 shares	FY2019	2,337,081 shares

(Note) On September 9, 2020, the Company conducted a 3-for-1 stock split of common stock. The number of shares is based on the assumption that the said stock split was conducted at the beginning of the previous fiscal year.

*The financial statements are not subject to audit by certified public accountants or auditing firms.

*Explanation of the appropriate use of financial forecasts and other special notes

(Cautionary Note Regarding Forward-Looking Statements, etc.)

The forward-looking statements, including business forecasts, contained in this document are based on information currently available to the Company and on certain assumptions deemed reasonable, and are not intended as a promise by the Company that they will be achieved. Actual results may differ significantly from these forecasts due to various factors. Please refer to "1. Business Results, etc. (4) Outlook" on page 3 of the attached materials for matters concerning the forecast of business results.

(How to obtain supplementary explanatory materials and explanations of financial results)

The supplementary explanatory materials for the financial results for the fiscal year ending December 31, 2020 will be disclosed on TDnet on the same day and then posted on the Company's website. In addition, the Company is scheduled to hold a briefing session for institutional investors and analysts on Wednesday, February 10, 2020. The video of this briefing and the materials for the financial results briefing to be distributed on that day will be posted on the Company's website promptly after the briefing.

○ Table of contents of attached documents

1. Summary of Business Results, etc. 2
(1) Summary of Business Results for the Current Fiscal Year 2
(2) Summary of Financial Position 2
(3) Summary of Cash Flows for the Current Fiscal Year 3
(4) Outlook for the future 3
2. Basic Approach to the Selection of Accounting Standards 4
3. Financial Statements and Major Notes 5
(1) Balance Sheet 5
(2) Statement of Income 7
(3) Statement of Changes in Net Assets 9
(4) Statement of Cash Flows 10
(5) Notes to the Financial Statements 11
(Notes on Going Concern Assumption) 11
(Equity in earnings of affiliates, etc.) 11
(Segment Information, etc.) 11
(Per Share Information) 11
(Significant Subsequent Event) 11

1. Summary of Business Results, etc.

(1) Summary of Business Results for the Current Fiscal Year

During the fiscal year under review (January 1, 2020 to December 31, 2020), the Japanese economy remained in an extremely difficult situation with sluggish personal consumption and corporate performance due to the impact of the spread of COVID19. Although there were some signs of recovery due to the effects of various policies and other factors, the future of the economy remains uncertain due to the reemergence of the COVID19 infection, as well as the impact of the change in the U.S. administration and trade issues caused by the U.S.-China trade friction in the global economic situation.

According to a 2019 survey by the Ministry of Economy, Trade and Industry (METI), the consumer electronic commerce (B to C-EC) market grew 7.65% year on year to 19.3 trillion yen, maintaining a high growth rate. On the other hand, there has been a sharp increase in the number theft of credit card numbers and other information, and according to the "Japan Credit Statistics 2019" by the Japan Credit Association, the amount of damage caused by number theft in 2019 increased about 19% from the previous year to about 22.3 billion yen, which is about 3.3 times that of 2014.

In response to this situation, the revised Installment Sales Act mandates that necessary measures be taken to prevent the unauthorized use of credit card numbers, etc. In addition, the "Credit Card Security Guidelines Version 1.0 (Credit Card Transaction Security Council)," which serves as a practical guideline, requires member stores to introduce measures such as "attribute and behavior analysis (fraud detection system)" according to the risk situation as a countermeasure against fraudulent use of credit cards in non-face-to-face transactions.

In this business environment, we have been developing the "SaaS-type algorithm business" to support companies in solving their problems and challenges by developing and providing algorithms and software based on our data science technology and know-how, with the management vision of "giving shape to the future game changers' 'Let's do it'".

In the area of fraud detection service, we continued to promote system collaboration with EC package and shopping cart vendors for its fraudulent order detection service “O-PLUX”, and also worked to increase awareness and cultivate new customers by expanding its owned media and actively holding online seminars. As a result of these efforts, the amount of ARR (Annual Recurring Revenue, the sum of the monthly fee, which is a fixed charge, and the screening fee, which is a pay-per-use fee based on the number of screenings) for “O-PLUX” expanded to 594,709 thousand yen (up 13.5% year-on-year) in the current fiscal year, supported by an increase in the use of EC services triggered by demand for those staying and working from home due to the impact of COVID19. The total amount of the service (the sum of the monthly fee, which is a fixed charge, and the screening fee, which is a pay-per-use charge based on the number of screening cases) increased to 594,709 thousand yen (up 13.5% year-on-year). With regard to the “O-MOTION” unauthorized access detection service, the Company worked to develop sales channels by strengthening alliances, such as with IceWall MFA, a multi-factor authentication platform provided by Hewlett-Packard Japan, Ltd.

In the payment consulting service, orders for system development projects were steady, and in the data science service, we started providing "SAKIGAKE KPI," a new data analysis service that aggregates, analyzes, and reports up to 100 million records in 30 business days.

As a result of the above, net sales for the current fiscal year were 831,354 thousand yen (up 11.5% year on year), operating income was 138,120 thousand yen (up 39.5% year on year), ordinary income was 115,497 thousand yen (up 26.2% year on year), and net income was 130,035 thousand yen (up 13.6% year on year).

As we are in a single segment of SaaS-type algorithm provision business, segment information has been omitted.

(2) Summary of Financial Position

(Assets)

Current assets at the end of the current fiscal year totaled 1,402,765 thousand yen, an increase of 707,560 thousand yen from the end of the previous fiscal year. This was mainly due to an increase of 703,166 thousand yen in cash and deposits. Fixed assets totaled 420,172 thousand yen, an increase of 220,685 thousand yen from the end of the previous fiscal year. This was mainly due to an increase of 156,740 thousand yen in software in progress.

As a result, total assets amounted to 1,822,938 thousand yen, an increase of 928,246 thousand yen from the end of the previous fiscal year.

(Liabilities)

Current liabilities at the end of the current fiscal year were 383,483 thousand yen, an increase of 226,278 thousand yen over the end of the previous fiscal year. This was mainly due to an increase of 169,570 thousand yen in current portion of long-term borrowings. Fixed liabilities totaled 291,009 thousand yen, an increase of 47,788 thousand yen from the end of the previous fiscal year. This was mainly due to an increase of 77,788 thousand yen in long-term loans payable.
As a result, total liabilities amounted to 674,492 thousand yen, an increase of 274,066 thousand yen from the end of the previous fiscal year.

(Net assets)
Total net assets at the end of the current fiscal year were 1,148,445 thousand yen, an increase of 654,179 thousand yen from the end of the previous fiscal year. This was mainly due to an increase of 262,499 thousand yen in share capital and capital surplus, respectively, and an increase of 130,035 thousand yen in retained earnings as a result of the initial public offering.
As a result, the shareholders' equity ratio was 62.8% (54.9% at the end of the previous fiscal year).

(3) Summary of Cash Flows for the Current Fiscal Year

Cash and cash equivalents (hereinafter referred to as "cash") at the end of the current fiscal year increased by 703,166 thousand yen from the end of the previous fiscal year to 1,293,117 thousand yen. The status of each cash flow and its factors in the current fiscal year are as follows.

(Cash flows from operating activities)
Cash flows from operating activities amounted to 166,755 thousand yen (73,548 thousand yen in the previous fiscal year). This was mainly due to net income before taxes of 115,497 thousand yen.

(Cash flows from investing activities)
Cash flows from investing activities amounted to 197,669 thousand yen (112,221 thousand yen of expenditure in the previous fiscal year). This was mainly due to the expenditure of 166,021 thousand yen for the purchase of intangible assets.

(Cash flows from financing activities)
Cash flows from financing activities amounted to 734,080 thousand yen (110,824 thousand yen in the previous fiscal year). This was mainly due to proceeds from long-term borrowings of 300,000 thousand yen and proceeds from issuance of new shares of 524,998 thousand yen.

(4) Outlook for the Future

As for the outlook for the future, we believe that the needs for our fraud detection services will continue to increase in the business environment of sustained growth of the EC market, rapid increase in fraudulent online payments, and growing social demands for fraud countermeasures such as legal regulations. With regard to the fraudulent order detection service "O-PLUX," we will further strengthen alliances, including collaboration with EC package and shopping cart vendors, expand the service domain by renewing the architecture and utilizing all of our technologies and know-how, and promote to the BNPL agents the introduction as well as the long-term use of our fraud detection service that generates synergy effects when it is coupled with payment consulting service. In addition, we will continue to expand sales of “O-MOTION”, an unauthorized access detection service, by further strengthening its device identification technology. In the area of payment consulting services, we will strive to expand sales. In the payment consulting service, we will make preparations for the provision of a SaaS-type BNPL settlement system, while in the data science service, we will strive to capture new revenue opportunities by expanding sales of the data analysis service "SAKIGAKE KPI," which was released in October 2020.

Based on the above, for the full year of the fiscal year ending December 31, 2021 (January 1, 2021 to December 31, 2021), we forecast net sales of 909 million yen (up 9.4% year on year), operating income of 154 million yen (up 11.8% year on year), ordinary income of 149 million yen (29.3% increase) and net income of 102 million yen (21.3% decrease from the same period of the previous year).

For details of the financial forecast, please refer to the "Financial Results for the Fiscal Year Ending December 31, 2020" posted on TDnet and our website.

Since the future of the impact of COVID19 is uncertain, the above forecast may vary depending on the timing of the end of the disease and social conditions. The above forecasts are based on information available as of the date of announcement of this document, and actual results may differ from the forecasts due to various factors.

2. Basic Approach to the Selection of Accounting Standards

Since most of our stakeholders are domestic shareholders, creditors, and business partners, and there is little need to raise funds from overseas, we apply Japanese GAAP for accounting standards.

3. Financial Statements and Major Notes

(1) Balance Sheet

(Unit: thousand yen)

	Previous fiscal year (Dec. 31, 2019)	Current fiscal year (Dec. 31, 2020)
Assets		
Current assets		
Cash and deposits	590,011	1,293,177
Accounts receivable	74,819	89,922
Work in process	2,278	135
Income tax receivable	5,784	-
Prepaid expenses	13,035	16,580
Consumption taxes refund receivable	5,667	-
Other	3,606	2,950
Total current assets	695,204	1,402,765
Non-current assets		
Property, plant and equipment		
Buildings	7,524	9,024
Accumulated depreciation	(2,093)	(2,663)
Buildings (net)	5,430	6,360
Tools, furniture and fixtures	17,718	21,748
Accumulated depreciation	(11,035)	(15,685)
Tools, furniture and fixtures (net)	6,682	6,062
Total tangible fixed assets	12,113	12,423
Intangible assets		
Software	10,808	16,834
Software in progress	138,990	295,730
Other	-	1,414
Total intangible assets	149,799	313,979
Investments and other assets		
Investment securities	2,806	22,389
Leasehold and guarantee deposits	1,339	7,655
Deferred tax assets	33,417	63,714
Other	10	10
Total investments and other assets	37,573	93,769
Total fixed assets	199,486	420,172
Total assets	894,691	1,822,938

(Unit: thousand yen)

	Previous fiscal year (Dec. 31, 2019)	Current fiscal year (Dec. 31, 2020)
Liabilities		
Current liabilities		
accounts payable - trade	17,388	14,355
Current portion of long-term borrowings	19,607	189,177
Current portion of bonds	30,000	30,000
Accounts payable - other	74,294	88,316
Income taxes payable	290	24,050
Accrued consumption tax, etc.	-	13,037
Provision for bonuses	6,652	11,763
Other	8,972	12,782
Total current liabilities	157,204	383,483
Non-current liabilities		
Long-term borrowings	138,221	216,009
corporate bond	105,000	75,000
Total non-current liabilities	243,221	291,009
Total liabilities	400,425	674,492
Net assets		
Shareholders' equity		
Share capital	100,000	362,499
Capital surplus		
Legal capital surplus	276,211	538,710
Total capital surplus	276,211	538,710
Retained earnings		
Other retained earnings		
Retained earnings brought forward	114,488	244,524
Total retained earnings	114,488	244,524
Total shareholders' equity	490,700	1,145,733
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	265	(588)
Total valuation and translation adjustments	265	(588)
Share acquisition rights	3,300	3,300
Total net assets	494,266	1,148,445
Total liabilities and net assets	894,691	1,822,938

(2) Statement of Income

(Unit: thousand yen)

	Previous fiscal year (From January 1, 2019 to December 31, 2019)	Current fiscal year (From January 1, 2020 to December 31, 2020)
Net sales	745,680	831,354
Cost of sales	248,576	243,573
Gross income	497,103	587,781
Selling, general and administrative expenses	398,066	449,660
Operating income	99,036	138,120
Non-operating income		
Interest and dividend income	80	113
Commission income	40	13
Interest on tax refund	21	55
Total non-operating income	142	183
Non-operating expenses		
Interest expenses	4,071	6,776
Foreign exchange losses	590	605
Listing expenses	-	15,423
Bond issuance costs	3,013	-
Other	4	-
Total non-operating expenses	7,678	22,806
Ordinary income	91,499	115,497
Extraordinary loss		
Loss on retirement of non-current assets	3,007	-
Total extraordinary loss	3,007	-
Profit before taxes	88,492	115,497
Income tax - current	290	15,624
Income tax - refund	(3,050)	-
Income tax - deferred	(23,235)	(30,162)
Total income taxes	(25,996)	(14,537)
Net Income	114,488	130,035

Statement of Cost of Sales

Classifications	Annotation#	Previous fiscal year (From January 1, 2019 to December 31, 2019) Amount (thousand yen)	Composition ratio (%)	Current fiscal year (From January 1, 2020 to December 31, 2020) Amount (thousand yen)	Composition ratio (%)
I Labor Costs		55,959	22.3	60,580	25.1
II Expenses	*	194,895	77.7	180,848	74.9
Gross manufacturing costs		250,855	100.0	241,429	100.0
Total inventories in progress at the beginning of the year				2,278	
Total		250,855		243,708	
Total inventories in progress at the end of the year		2,278		135	
Cost of Sales for the year		248,576		243,573	

Cost accounting methods

The cost accounting method is based on individual cost accounting, and in principle, the actual amount incurred during the relevant cost accounting period is used for calculation.

*The main breakdown is as follows.

Items	Previous fiscal year (From January 1, 2019 to December 31, 2019)	Current fiscal year (From January 1, 2020 to December 31, 2020)
Outsourcing processing costs (thousand yen)	96,970	98,748
Server costs (thousand yen)	54,657	39,500
Data costs (thousand yen)	25,208	27,413

(3) Statement of Changes in Equity

Previous fiscal year (Jan. 1, 2019 - Dec. 31, 2019)

(Unit: thousand yen)

	Shareholders' equity							Valuation and translation adjustments		Share acquisition rights	Total net assets
	Share capital	Capital surplus			Retained earnings		Shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments		
		Legal capital surplus	Other capital surplus	Total capital surplus	Other retained earnings	Total retained earnings					
					Retained earnings brought forward						
Balance at the beginning of FY	372,651	370,151	-	370,151	(366,591)	(366,591)	376,211	(523)	(523)	3,300	378,987
Changes during the FY											
Net income					114,488	114,488	114,488				114,488
Transfer from share capital to capital surplus	(272,651)		272,651	272,651			-				-
Transfer from legal capital surplus to capital surplus		(93,939)	93,939	-			-				-
Capital reduction			(366,591)	(366,591)	366,591	366,591	-				-
Net changes in items other than shareholders' equity								789	789	-	789
Total changes during FY	(272,651)	(93,939)	-	(93,939)	481,080	481,080	114,488	789	789	-	115,278
Balance at the end of FY	100,000	276,211	-	276,211	114,488	114,488	490,700	265	265	3,300	494,266

Current fiscal year (Jan. 1, 2020 - Dec. 31, 2020)

(Unit: thousand yen)

	Shareholders' equity							Valuation and translation adjustments		Share acquisition rights	Total net assets
	Share capital	Capital surplus			Retained earnings		Shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments		
		Legal capital surplus	Other capital surplus	Total capital surplus	Other retained earnings	Total retained earnings					
					Retained brought forward						
Balance at the beginning of FY	100,000	276,211	-	276,211	114,488	114,488	490,700	265	265	3,300	494,266
Changes during the FY											
Issuance of new shares	262,499	262,499		262,499			524,998				524,998
Net income					130,035	130,035	130,035				130,035
Net changes in items other than shareholders' equity								(853)	(853)	-	(853)
Net changes	262,499	262,499	-	262,499	130,035	130,035	655,033	(853)	(853)	-	654,179
Balance at the end of FY	362,499	538,710	-	538,710	244,524	244,524	1,145,733	(588)	(588)	3,300	1,148,445

(4) Statement of Cash Flows

(Unit: thousand yen)

	Previous fiscal year (From January 1, 2019 to December 31, 2019)	Current fiscal year (From January 1, 2020 to December 31, 2020)
Cash flows from operating activities		
Profit before taxes	88,492	115,497
Depreciation and amortization	7,960	9,283
Increase (decrease) in provision of bonuses	160	5,111
Interest and dividends income	(80)	(113)
Interest expense	4,071	6,776
Bond issuance costs	3,013	-
Listing expenses	-	15,423
Loss on retirement of non-current assets	3,007	-
Decrease (increase) in trade receivables	(16,800)	(15,102)
Decrease (increase) in inventories	(2,278)	2,143
Decrease (increase) in consumption taxes refund receivables	(5,640)	5,667
Decrease (increase) in other current assets	(2,623)	(159)
Increase (decrease) in trade payables	(3,042)	(3,032)
Increase (decrease) in accrued expenses	14,687	2,882
Increase (decrease) in accrued consumption taxes	(9,377)	13,037
Increase (decrease) in other current liabilities	(2,863)	12,253
Other	(191)	883
Subtotal	78,494	170,553
Interest and dividends received	80	113
Interest paid	(3,943)	(6,676)
Income taxes refund	1,645	3,055
Income taxes refund (paid)	(2,729)	(290)
Net cash flows from operating activities	73,548	166,755
Cash flows from investing activities		
Purchase of investment securities	(480)	(20,526)
Purchase of property, plant and equipment	(7,960)	(4,678)
Purchase of intangible fixed assets	(103,780)	(166,021)
Payments for leasehold and guarantee deposits	-	(6,443)
Net cash provided by (used in) investing activities	(112,221)	(197,669)
Cash flows from financing activities		
Proceeds from long-term borrowings	-	300,000
Repayments of long-term borrowings	(21,162)	(52,642)
Proceeds from issuance of bonds	146,986	-
Redemption of bonds	(15,000)	(30,000)
Proceeds from issuance of shares	-	524,998
Expenditure on listing expenses	-	(8,275)
Net cash flows from financing activities	110,824	734,080
Net increase (decrease) in cash and cash equivalents	72,151	703,166
Cash and cash equivalents at beginning of period	517,860	590,011
Cash and cash equivalents at end of period	590,011	1,293,177

(5) Notes to the Financial Statements

(Notes on Going Concern Assumption)

Not applicable.

(Equity in earnings of affiliates, etc.)

Not applicable.

(Segment Information, etc.)

This information is omitted because we have only a single segment of SaaS-type algorithm provision business.

(Per share information)

	Previous fiscal year (From January 1, 2019 to December 31, 2019)	Current fiscal year (From January 1, 2020 to December 31, 2020)
Net asset per share	210.08 yen	437.15 yen
Earnings per share	48.99 yen	55.37 yen
Earnings per share (diluted)	—	49.97 yen

(Note) 1. Diluted earnings per share for the previous fiscal year is not shown because our shares are unlisted and the average share price during the period cannot be determined, although there are residual shares.

2. On September 9, 2020, we conducted a 3-for-1 stock split of its common stock. Net assets per share, earnings per share and diluted earnings per share are calculated on the assumption that the said stock split was conducted at the beginning of the previous fiscal year.

3. Since our shares were listed on the Mothers market of the Tokyo Stock Exchange on December 17, 2020, the diluted earnings per share for the current fiscal year is calculated by deeming the average share price from the date of initial listing to the end of the current fiscal year as the average share price during the period.

4. The basis for calculating earnings per share and diluted earnings per share is as follows.

	Previous fiscal year (From January 1, 2019 to December 31, 2019)	Current fiscal year (From January 1, 2020 to December 31, 2020)
Earnings per share		
Net income (thousand yen)	114,488	130,035
Amount not attributable to common shareholders (thousand yen)	—	—
Net income related to common stock (thousand yen)	114,488	130,035
Average number of shares of common stock during the period (shares)	2,337,081	2,348,611
Earnings per share (diluted)		
Adjustment of net income (thousand yen)	—	—
Increase in number of common stocks (shares)	—	253,585
(Of which, share acquisition rights (shares))	—	253,585
As there is no dilutive effect, diluted earnings per share is not shown. Outline of latent shares not included in the calculation of earnings per share	Seven types of share acquisition rights (number of share acquisition rights: 95,988). (Note) 5.	

5. The number of share acquisition rights is the number after subtracting those that have forfeited their rights due to retirement or other reasons.

(Significant subsequent events)

Not applicable.