

Summary of Consolidated Financial Results for the Year Ended December 31, 2019 [Japanese GAAP]

February 14, 2020

Company name: Medley, Inc.

Stock exchange listing: Tokyo

Code number: 4480

URL: <https://www.medley.jp>

Representative: Kohei Takiguchi

President and Chief Executive Officer

Representative: Goichiro Toyoda

Representative Director (Medical Doctor)

Contact: Yuta Tamaru

Director and Head of Corporate Division

Phone: 03-4520-9823

Scheduled date of Annual General Meeting of Shareholders: March 27, 2020

Scheduled date of commencing dividend payments: -

Scheduled date of filing annual securities report: March 27, 2020

Availability of supplementary briefing material on annual financial results: Yes

Schedule of annual financial results briefing session: Yes (for institutional investors and analysts)

(Amounts of less than one million yen are rounded down)

1. Consolidated Financial Results for the Fiscal Year Ended December 31, 2019 (January 01, 2019 to December 31, 2019)

(1) Consolidated Operating Results

(% indicates changes from the previous corresponding period.)

	Net sales		EBITDA※		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended December 31, 2019	4,765	-	249	-	153	-	178	-	(381)	-
December 31, 2018	-	-	-	-	-	-	-	-	-	-

(Note) Comprehensive income: Fiscal year ended December 31, 2019: ¥ (381) million [-%]
Fiscal year ended December 31, 2018: ¥ - million [-%]

	Basic earnings per share	Diluted earnings per share	Rate of return on equity	Ordinary profit to total assets ratio	Operating profit to net sales ratio
Fiscal year ended December 31, 2019	Yen (14.87)	Yen -	% (11.4)	% 3.3	% 3.2
December 31, 2018	-	-	-	-	-

- (Notes)
1. Because the Company began preparing consolidated financial statements in the fiscal year ended December 31, 2019 (FY2019), figures for the fiscal year ended December 31, 2018 (FY2018) and year-on-year comparisons are not provided herein. Return on shareholders' equity (rate of return on equity) and ordinary profit to total assets ratio (return on total assets) are calculated based on ratios of consolidated fiscal-year-end balances.
 2. Although potentially dilutive shares exist, they are not factored in to FY2019 diluted net profit per share (diluted earnings per share) because the Company has posted negative diluted earnings per share.
 3. EBITDA = Operating profit / loss + depreciation and amortization of goodwill
Because the Company has posted no amortization of goodwill in FY2019, it is not included in calculation of EBITDA.

(2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
As of December 31, 2019	Million yen 5,400	Million yen 3,359	% 62.0	Yen 118.88
December 31, 2018	-	-	-	-

(Reference) Equity: As of December 31, 2019: ¥ 3,345 million
As of December 31, 2018: ¥ - million

(Note) Because the Company began preparing consolidated financial statements in FY2019, figures for FY2018 are not provided herein.

(3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at the end of period
Fiscal year ended December 31, 2019	Million yen 513	Million yen (767)	Million yen 3,075	Million yen 4,477
December 31, 2018	-	-	-	-

(Note) Because the Company began preparing consolidated financial statements in FY2019, figures for FY2018 are not provided herein.

2. Dividends

	Annual dividends					Total dividends	Payout ratio (consolidated)	Dividends to net assets (consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total			
Fiscal year ended	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
December 31, 2018	-	0.0	-	0.0	0.0	-	-	-
December 31, 2019	-	0.0	-	0.0	0.0	-	-	-
Fiscal year ending December 31, 2020(Forecast)	-	0.0	-	0.0	0.0		-	

3. Consolidated Financial Results Forecast for the Fiscal Year Ending December 31, 2020 (January 01, 2020 to December 31, 2020)

(% indicates changes from the previous corresponding period.)

	Net sales		EBITDA※		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	6,600	38.5	500	100.8	330	115.5	350	96.2	300	-	10.66
	~	~	~	~	~	~	~	~	~	-	~
	6,900	44.8	800	221.3	630	311.3	650	264.5	550	-	19.54

(Note) Forecast earnings per share are calculated by dividing forecast net profit attributable to owners of the parent company by the number of common shares outstanding (excluding treasury stock) at end-FY2019.

* Notes:

(1) Changes in significant subsidiaries during the period under review (changes in specified subsidiaries resulting in changes in scope of consolidation): No

New - (Company name:)

Exclusion: - (Company name:)

(2) Changes in accounting policies, changes in accounting estimates and retrospective restatement

1) Changes in accounting policies due to the revision of accounting standards: No

2) Changes in accounting policies other than 1) above: No

3) Changes in accounting estimates: No

4) Retrospective restatement: No

(3) Total number of issued shares (common shares)

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

December 31, 2019: 28,145,100 shares

December 31, 2018: 26,094,400 shares

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

December 31, 2019: - shares

December 31, 2018: - shares

3) Average number of shares during the period:

Fiscal Year ended December 31, 2019: 25,636,762 shares

Fiscal Year ended December 31, 2018: 26,094,400 shares

* This preliminary earnings report has not been reviewed by a certified public accountant or an auditing firm.

* Cautionary Statements with Respect to Forward-Looking Statements and Other Notes

This preliminary earnings report contains forward-looking statements such as earnings forecasts which are based on information currently available to the Company and certain assumptions deemed to be reasonable. The Company makes no guarantee regarding the accuracy of the forecasts contained herein.

1. Outline of Business Performance

(1) Outline of operating results for the consolidated fiscal year

During consolidated FY2019, the Japanese medical and nursing industry continued to face human resource shortages and issues related to financial resources and the ratio of job offers to applicants also trended many times higher than the average for all industries. Also, in June 2019, a “Follow-up on the Growth Strategy” was approved by the Cabinet, which referenced the regular review and promotion of guidelines for telemedicine based on data and case studies on effectiveness and efficiency.

Amid this business environment, sales trends in the Recruitment Platform Business were strong, enabling us to achieve companywide sales growth in consolidated FY2019. In addition to achieving sales growth, we also conducted investments aimed at expanding the scale of our business operations including continued investment in growth in the Recruitment Platform Business to develop systems functionality and increase the number of employees. We also made aggressive up-front investments in the Medical Platform Business to increase the number of employees with the aim of strengthening our product lineup.

Under these conditions, in consolidated FY2019, the Company posted net sales of ¥4,765,312 thousand, EBITDA of ¥249,465 thousand, operating profit of ¥153,159 thousand, and ordinary profit of ¥178,347 thousand.

In addition, during consolidated 1Q FY2019, the Company acquired all shares of NaCl Medical, Inc. (NaCl Medical), converting it into a consolidated subsidiary (wholly owned subsidiary). Because a high ratio of the Company’s expected future cash flow is from new businesses and we therefore see a lack of certainty in terms of future cash flow, the Company posted a goodwill impairment loss of ¥494,489 thousand associated with the acquisition of NaCl Medical in consolidated 1Q FY2019. As a result, net profit attributable to owners of the parent company came to ¥381,226 thousand in consolidated FY2019.

The Recruitment Platform Business posts sales based on the hiring dates of persons using the Group’s services to find employment at companies seeking employees. The posting of sales therefore tends to be concentrated in April, when Japanese companies tend to hire more employees (because this is often the beginning of Japanese companies’ fiscal years). The posting of the Company’s net sales therefore tends to be concentrated in 2Q of our consolidated fiscal year (ending on December 31).

Earnings by business segment are as follows.

1. Recruitment Platform Business

In consolidated FY2019, the number of customer offices served rose by 22.9% YoY to over 182,000 locations and the number of positions listed rose 24.7% YoY to over 202,000. We also continuously improved the functionality of our service websites to enhance user convenience.

As a result of the above, FY2019 segment net sales were ¥4,111,533 thousand and segment profit before allocation of companywide shared costs (operating profit) was ¥1,768,472 thousand.

2. Medical Platform Business

During consolidated FY2019, in addition to our CLINICS telemedicine system, launched in 2016, we also expanded the functionality and launched our CLINICS EMR. As a result, the number of medical institutions using our CLINICS cloud medical support systems remained on a YoY uptrend, rising 22.1% YoY to 1,180. In addition, in March 2019, we acquired all shares of NaCl Medical, which has been entrusted with the development of Online Receipt Computer Advantage (ORCA) medical accounting software and converted the company into a consolidated subsidiary (wholly owned subsidiary). We also continued to update and expand content for our Medley media service.

As a result of the above, FY2019 segment net sales were ¥536,814 thousand and the segment loss before allocation of companywide shared costs (operating loss) was ¥515,748 thousand.

Factors behind the posting of an operating loss in the segment included investments aimed at securing new medical institution users and aggressive investment in growth including investments to expand teams working to augment the functionality of our CLINICS cloud medical support systems.

3. New Services Segment

In FY2019, we proactively conducted operations to continuously expand the content and expand the lineup of facilities that can be introduced using our Kaigo-no Honne service.

As a result of the above, FY2019 segment net sales were ¥116,964 thousand and the segment loss before allocation of companywide shared costs (operating loss) was ¥88,715thousand.

Factors behind the posting of an operating loss in the segment included investments in growth of our Kaigo-no Honne service including aggressive hiring.

Intersegment eliminations and unallocated companywide shared costs totaled ¥1,010,849 thousand.

(2) Outline of financial position for the consolidated fiscal year

Total assets as of end-consolidated FY2019 totaled ¥5,400,488thousand.

Current assets

Current assets as of end-consolidated FY2019 totaled ¥4,755,577thousand, including cash and deposits of ¥4,477,395 thousand and accounts receivable (trade) of ¥241,498thousand.

Non-current assets

Non-current assets as of end-consolidated FY2019 totaled ¥638,181thousand, including leasehold deposits of ¥359,717 thousand and software of ¥222,324 thousand.

Current liabilities

Current liabilities as of end-consolidated FY2019 totaled ¥1,767,604 thousand, including accounts payable (other) of ¥557,636thousand, short-term loans payable of ¥500,000thousand, current portion of long-term loans payable of ¥190,256thousand, and advances received of ¥149,286thousand.

Non-current liabilities

Non-current liabilities as of end-consolidated FY2019 totaled ¥273,095 thousand, including long-term loans payable of ¥273,095 thousand.

Net assets

Net assets as of end-consolidated FY2019 totaled ¥3,359,789thousand, including shareholders' equity of ¥1,011,523 thousand and capital surplus of ¥2,833,471thousand.

(3) Outline of cash flows for the consolidated fiscal year

The balance of cash and cash equivalents at end-FY2019 totaled ¥4,477,395 thousand.

Cash flows from operating activities

Cash flow from operating activities totaled ¥513,982 thousand. The main factor behind the increase in cash flow from operating activities was an increase in operating profit.

Cash flows from investing activities

Net cash used in investing activities totaled ¥767,964 thousand. The main uses included ¥496,636 thousand for acquisition of all shares of NaCl Medical, investment in software development, and ¥104,001 thousand payment of a leasehold deposit to expand office floor space.

Cash flows from financing activities

Cash flows from financing activities totaled ¥3,075,285 thousand, mainly from ¥1,923,047 thousand in income related to the issuance of new shares associated with our listing on the Mothers section of the Tokyo Stock Exchange and ¥727,500 thousand from the sale of treasury shares.

(4) Outlook

The Medley Group views the providing of value to our customers, in other words, maximization of Groupwide sales, as essential to maximization of long-term free cash flow, leading to growth in corporate value. We have therefore positioned net sales as a key performance indicator to be considered when making management decisions. Specifically, we will focus on developing our business based on a business model focused on stable relationships with customers in order to achieve continuous high growth in sales (number of customer offices × ARPU*1). We will also strive to maximize customer numbers while strengthening our product lineup in order to continuously improve ARPU. In order to achieve these goals, to the extent possible, we plan to conduct the necessary investment in growth to continue to win customers, increase our Group's customer usage rate, and expand the range of functions offered by our services.

Based on the above, in addition to net sales, which we view as the main source of long-term free cash flow, we focus on EBITDA, a profit indicator that we view as closer to free cash flow. We will proactively disclose information on these two indicators to shareholders and investors. Profit indicators other than EBITDA include operating profit, ordinary profit, and net profit attributable to owners of the parent company. When M&A is conducted, accounting standards can have a sizable impact on progress made in terms of the abovementioned investment in growth. The Group therefore focuses on EBITDA as a profit indicator that measures actual profitability and is not impacted by such factors.

Regarding Group sales in FY2020, owing to uncertain factors such as the rate of earnings growth and the pace of new business startups, in order to provide investors with highly transparent information disclosure, our full-year forecast is provided in the form of a range.

We are also providing our full-year EBITDA and other profit forecasts in the form of ranges because we are providing our full-year sales forecast in the form of a range and also because, owing to uncertain factors regarding planned companywide hiring that is part of our efforts to strengthen our organization, hiring costs and labor costs may be higher or lower than expected.

Based on the above factors, our full-year forecast for FY2020 is as shown below. The potential impacts of revisions to official medical fees and deregulation are not factored into our forecast.

Our full-year forecast for consolidated FY2020

Net Sales	6,600 Million yen	~	6,900 Million yen
EBITDA	500 Million yen	~	800 Million yen
Operating profit	330 Million yen	~	630 Million yen
Ordinary profit	350 Million yen	~	650 Million yen
Profit attributable to owners of parent	300 Million yen	~	550 Million yen

The above forward-looking statements include forecasts are based on information currently available to the Group and certain assumptions deemed to be reasonable. These statements include risks and uncertainties. Actual results may vary due to various uncertain factors.

Please note that, because we are providing our full-year sales forecasts in the form of ranges, if, during FY2020, we calculate new in-house forecasts, it is likely that we will revise our forecast and disclose our new forecast in accordance with earnings forecast disclosure standards.

Please also refer to our financial results presentation materials for more details.

Note 1) ARPU (Average Revenue Per User) = average sales per Group customer business office

2. Fundamental view regarding selection of accounting standards

The Group has adopted Japanese accounting standards as a means to allow comparison between companies. The Group has the policy of appropriately adopting International Financial Reporting Standards (IFRS), taking into consideration conditions in Japan and overseas.

3. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Thousand yen)

As of December 31,2019

Assets	
Current assets	
Cash and deposits	4,477,395
Accounts receivable - trade	241,498
Merchandise and finished goods	211
Other	60,467
Allowance for doubtful accounts	(23,995)
Total current assets	4,755,577
Non-current assets	
Property, plant and equipment	
Buildings	44,100
Accumulated depreciation	(5,188)
Buildings, net	38,911
Tools, furniture and fixtures	40,264
Accumulated depreciation	(23,168)
Tools, furniture and fixtures, net	17,096
Total property, plant and equipment	56,007
Intangible assets	
Software	222,324
Total intangible assets	222,324
Investments and other assets	
Leasehold deposits	359,717
Other	131
Total investments and other assets	359,849
Total non-current assets	638,181
Deferred assets	
Other	6,729
Total deferred assets	6,729
Total assets	5,400,488

(Thousand yen)

As of December 31,2019

Liabilities	
Current liabilities	
Accounts payable - trade	1,495
Short-term loans payable	500,000
Current portion of long-term loans payable	190,256
Accounts payable - other	557,636
Advances received	149,286
Income taxes payable	106,922
Provision for bonuses	1,461
Provision for refund of sales	8,596
Provision for cashback for newly hired	12,987
Other provision	7,295
Other	231,666
Total current liabilities	1,767,604
Non-current liabilities	
Long-term loans payable	273,095
Total non-current liabilities	273,095
Total liabilities	2,040,699
Net assets	
Shareholders' equity	
Capital stock	1,011,523
Capital surplus	2,833,471
Retained earnings	(499,137)
Total shareholders' equity	3,345,857
Share acquisition rights	13,932
Total net assets	3,359,789
Total liabilities and net assets	5,400,488

(2) Consolidated Statements of Income and Comprehensive Income

Consolidated Statements of Income

(Thousand yen)

	For the fiscal year ended December 31,2019
Net sales	4,765,312
Cost of sales	1,551,336
Gross profit	3,213,975
Selling, general and administrative expenses	3,060,816
Operating profit	153,159
Non-operating income	
Interest income	15
Subsidy income	13,560
Settlement received	29,417
Other	7,041
Total non-operating income	50,034
Non-operating expenses	
Interest expenses	6,995
Amortization of share issuance cost	1,583
Listing Expenses	15,467
Other	799
Total non-operating expenses	24,845
Ordinary profit	178,347
Extraordinary losses	
Impairment loss	494,489
Loss on abandonment of non-current assets	0
Total extraordinary losses	494,489
Loss before income taxes	(316,141)
Income taxes - current	65,084
Total income taxes	65,084
Loss	(381,226)
Loss attributable to owners of parent	(381,226)

Consolidated Statements of Comprehensive Income

(Thousand yen)

	For the fiscal year ended December 31,2019
Loss	(381,226)
Other comprehensive income	
Total other comprehensive income	-
Comprehensive income	(381,226)
Comprehensive income attributable to	
Comprehensive income attributable to owners of parent	(381,226)
Comprehensive income attributable to non-controlling interests	-

(3) Consolidated Statements of Changes in Net Assets

Fiscal Year Ended December 31, 2019 (January 01, 2019 to December 31, 2019)

(Thousand yen)

	Shareholders' equity					Share acquisition rights	Total net assets
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity		
Balance at beginning of current period	50,000	1,144,447	(117,911)	-	1,076,536	13,932	1,090,468
Changes of items during period							
Issuance of new shares	961,523	961,523			1,923,047		1,923,047
Disposal of treasury stock		727,500			727,500		727,500
Loss attributable to owners of parent			(381,226)		(381,226)		(381,226)
Purchase of treasury shares				(475,000)	(475,000)		(475,000)
Disposal of treasury shares				475,000	475,000		475,000
Total changes of items during period	961,523	1,689,023	(381,226)	-	2,269,320		2,269,320
Balance at end of current period	1,011,523	2,833,471	(499,137)	-	3,345,857	13,932	3,359,789

(4) Consolidated Statements of Cash Flows

(Thousand yen)

For the fiscal year
ended December 31, 2019

Cash flows from operating activities	
Loss before income taxes	(316,141)
Depreciation	96,402
Impairment loss	494,489
Amortization of security deposit	4,522
Increase (decrease) in allowance for doubtful accounts	(15,534)
Increase (decrease) in provision for bonuses	(2,297)
Interest and dividend income	(15)
Interest expenses	6,995
Amortization of share issuance cost	1,583
Settlement received	(29,417)
Loss on abandonment of non-current assets	0
Decrease (increase) in notes and accounts receivable - trade	(26,961)
Decrease (increase) in inventories	(211)
Increase (decrease) in notes and accounts payable - trade	488
Increase (decrease) in accounts payable - other	209,688
Other, net	84,422
Subtotal	508,013
Interest and dividend income received	15
Interest expenses paid	(6,670)
Settlement package received	14,918
Income taxes paid	(2,294)
Net cash provided by (used in) operating activities	513,982
Cash flows from investing activities	
Purchase of property, plant and equipment	(17,434)
Purchase of intangible assets	(149,761)
Payments for leasehold and guarantee deposits	(104,001)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(496,636)
Other, net	(131)
Net cash provided by (used in) investing activities	(767,964)
Cash flows from financing activities	
Increase in short-term loans payable	500,000
Proceeds from long-term loans payable	100,000
Repayments of long-term loans payable	(175,262)
Proceeds from issuance of common shares	1,923,047
Purchase of treasury shares	(475,000)
Proceeds from disposal of treasury shares	1,202,500
Net cash provided by (used in) financing activities	3,075,285
Net increase (decrease) in cash and cash equivalents	2,821,303
Cash and cash equivalents at beginning of period	1,656,092
Cash and cash equivalents at end of period	4,477,395

(5) Notes on consolidated financial statements

(Notes related to of going concern assumptions)

Not applicable

(Segment information, etc.)

(Segment information)

1. Overview of reportable segments

(1) Classification of reportable segments

The business segments the Company reports are the business units for which it is able to obtain individual financial information separately in order for the Board of Directors to conduct periodic investigations to determine the appropriate distribution of operational resources and evaluate business performance.

Based on our mission of “Creating the future of medical healthcare”, the Group develops and provides online services in the field of medical healthcare. In this field, despite daily advances in medical treatment technologies, owing to regulations and delays in the application of technologies, there are many obstacles that must be overcome before large numbers of patients can benefit from advances in medicine. Faced with this situation, we believe that joining together with a wide range of stakeholders in the field of medical healthcare to leverage network technologies to solve issues one by one will allow medical care businesses to provide patients with excellent medical care. The Medley Group therefore provides services that respond to the needs of society.

Our reportable segments are composed of the following three units: the Recruitment Platform Business, the Medical Platform Business, and the New Services Segment.

(2) Services provided by each reportable segment

The Recruitment Platform Business handles our JobMedley hiring support service that runs on a placement fee business model and assists companies in the medical healthcare field to address issues such as labor shortages and uneven regional distribution of medical professionals.

The Medical Platform Business handles our CLINICS cloud medical support system and our MEDLEY medical information service and also includes consolidated subsidiary (wholly owned subsidiary) NaCl Medical, which conducts outsourced development of medical accounting software.

The New Services Segment handles our Kaigo-no Honne nursing facility search website aimed at people searching for nursing care facilities.

2. Method of calculating sales and profit (loss), identifiable assets and liabilities, and other items by reportable segment

Accounting methods for reportable segments are basically the same as those used when creating financial statements. Profit by reportable segment is reported on an operating profit basis.

3. Information on net sales and operating profit (loss), identifiable assets and liabilities, and other items by reportable segment

Fiscal 2019 (from January 1, 2019 to December 31, 2019)

(Thousands of yen)

	Reportable segment				Adjustment (Note) 1	Amount in the consolidated financial statement (Note) 2
	Recruitment Platform Business	Medical Platform Business	New Services	Total		
Net sales						
Sales to external customers	4,111,533	536,814	116,964	4,765,312	–	4,765,312
Inter-segment sales and transfers	–	–	–	–	–	–
Total	4,111,533	536,814	116,964	4,765,312	–	4,765,312
Segment profit (loss)	1,768,472	(515,748)	(88,715)	1,164,009	(1,010,849)	153,159
Segment assets	225,555	6,622	263	232,441	5,168,047	5,400,488
Other items						
Depreciation	87,169	2,592	465	90,227	6,175	96,402
Increase in property, plant and equipment and intangible assets	156,234	6,511	363	163,110	7,517	170,627

Notes: 1. Segment profit (loss) adjustments of (¥1,010,849) thousand include intersegment eliminations and corporate expenses unallocated to reportable segments.

2. Segment profit (loss) is adjusted under operating profit on the Consolidated Statements of Comprehensive Income.

3. Adjustments of identifiable segment assets of ¥5,168,047 thousand mainly include corporate expenses unallocated to reportable segments.

4. Items related to changes in reportable segments

In consolidated 1Q FY2019, the Company acquired all shares of NaCl Medical, converting it into a consolidated subsidiary under the Medical Platform Business reporting segment.

As the acquisition was deemed effective as of the final day of consolidated 1Q FY2019, NaCl Medical was integrated into the Consolidated Statements of Income starting April 1, 2019.

5. Information on impairment losses on non-current assets or amortization of goodwill by reportable segment

(Major impairment losses on non-current assets)

As future cash flow trends which are related to the goodwill in the Medical Platform Business are deemed to be uncertain, the entire amount of goodwill was posted as an extraordinary loss.

The total amount of goodwill posted as mentioned above in consolidated FY2019 amounted to ¥494,489 thousand.

(Significant changes in goodwill values)

In consolidated 1Q FY2019, the acquisition of all shares of NaCl Medical and its conversion into a consolidated subsidiary in the Medical Platform Business reporting segment resulted in goodwill of ¥494,489 thousand. However, as the full amount was posted as an extraordinary loss, there was no increase in goodwill during consolidated FY2019.

(Significant gains in negative goodwill)

Not applicable

(Per share information)

	For the fiscal year ended December 31,2019
Net assets per share	118.88 Yen
Net loss per share	(14.87) Yen

Notes: 1. Although potentially dilutive shares exist, they are not factored in to diluted net profit (loss) per share (diluted earnings per share) because the Company has posted negative diluted earnings per share.

2. Net loss per share is calculated as below.

	For the fiscal year ended December 31,2019
Diluted net profit per share	
Net loss adjustment attributable to owners of parent (unit: ¥1,000)	(381,226)
Amount not attributable to common shareholders (unit: ¥1,000)	—
Net loss attributable to parent company shareholders of common stock (unit: ¥1,000)	(381,226)
Average number of common shares during FY2019 (unit: number of shares)	25,636,762

(Significant subsequent events)

Not applicable