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**Consolidated Financial Results for the
Fiscal Year Ended March 31, 2020
[Japanese GAAP]**

May 15, 2020

Company name: Raysum Co., Ltd. Stock exchange listing: Tokyo Securities Exchange
Code number: 8890 URL: <http://www.raysum.co.jp/>
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Scheduled date of Ordinary General Meeting of Shareholders: June 23, 2020
Scheduled date of commencing dividend payments: June 24, 2020
Scheduled date for filing of annual securities report: June 24, 2020
Availability of supplementary briefing material on financial results: None
Schedule of financial results briefing session: None

(Figures are rounded down to the nearest million yen)

1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2020 (April 1, 2019 to March 31, 2020)

(1) Consolidated Results of Operations (% indicates changes from the previous corresponding period)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	million yen	%	million yen	%	million yen	%	million yen	%
Fiscal year ended March 31, 2020	54,938	(6.2)	12,242	11.4	11,962	9.7	7,939	0.6
Fiscal year ended March 31, 2019	58,547	32.2	10,990	(2.8)	10,904	(0.4)	7,894	(14.5)

(Note) Comprehensive income: Fiscal year ended March 31, 2020: ¥7,978 million (4.5%)
Fiscal year ended March 31, 2019: ¥7,637 million (-18.1%)

	Profit per share	Diluted profit per share	Return on equity	Ordinary income to total assets	Operating income to net sales
	yen	yen	%	%	%
Fiscal year ended March 31, 2020	207.89	—	17.2	14.3	22.3
Fiscal year ended March 31, 2019	188.09	—	17.3	14.3	18.8

(Reference) Equity in earnings (losses) of affiliates: Fiscal year ended March 31, 2020: ¥- million
Fiscal year ended March 31, 2019: ¥- million

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	million yen	million yen	%	yen
As of March 31, 2020	91,502	49,040	53.6	1,291.22
As of March 31, 2019	76,398	43,322	56.7	1,126.72

(Reference) Equity: As of March 31, 2020: ¥49,040 million
As of March 31, 2019: ¥43,322 million

(3) Consolidated Cash Flows

	Net cash provided by (used in) operating activities	Net cash provided by (used in) investing activities	Net cash provided by (used in) financing activities	Cash and cash equivalents at end of period
	million yen	million yen	million yen	million yen
Fiscal year ended March 31, 2020	3,516	(1,575)	5,210	29,325
Fiscal year ended March 31, 2019	9,710	2,977	(11,318)	22,075

2. Dividends

	Annual dividends					Total dividends paid (annual)	Dividend payout ratio (consolidated)	Dividends to net assets (consolidated)
	1st quarter end	2nd quarter end	3rd quarter end	Year end	Total			
	yen	yen	yen	yen	yen	million yen	%	%
Fiscal year ended March 31, 2019	—	0.00	—	45.00	45.00	1,730	23.9	4.1
Fiscal year ended March 31, 2020	—	0.00	—	45.00	45.00	1,709	21.7	3.7
Fiscal year ending March 31, 2021 (Forecast)	—	—	—	—	—		—	

(Note) Dividends for the second quarter and the end of the fiscal year ending March 31, 2021, are not indicated as reasonable calculation of the financial results forecast is difficult as of now.

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2021 (April 1, 2020 to March 31, 2021)

The consolidated financial results forecast is yet to be decided as it is difficult to estimate the impact of the spread of COVID-19 on business activities and management results as of now. We will announce it promptly as soon as reasonable estimation becomes possible.

*Notes

- (1) Significant changes of subsidiaries during the year under review (affecting specified subsidiaries resulting in changes in scope of consolidation): Not applicable
- (2) Changes in accounting policies, changes in accounting estimates and restatements
 - 1) Changes in accounting policies due to the revision of accounting standards: No applicable
 - 2) Any changes in accounting policies other than 1) above: No applicable
 - 3) Changes in accounting estimates: Not applicable
 - 4) Restatements: Not applicable
- (3) Total number of issued shares (common stock)

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

Fiscal year ended March 31, 2020	46,081,400 shares
Fiscal year ended March 31, 2019	46,081,400 shares

- 2) Total number of treasury stock at the end of the period:

Fiscal year ended March 31, 2020	8,101,586 shares
Fiscal year ended March 31, 2019	7,631,514 shares

- 3) Average number of shares during the period:

Fiscal year ended March 31, 2020	38,189,658 shares
Fiscal year ended March 31, 2019	41,969,662 shares

(Reference) Summary of Non-Consolidated Financial Results

Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2020 (April 1, 2019 to March 31, 2020)

(1) Non-consolidated Results of Operations (% indicates changes from the previous corresponding period)

	Net sales		Operating income		Ordinary income		Profit	
	million yen	%	million yen	%	million yen	%	yen	%
Fiscal year ended March 31, 2020	51,674	(9.4)	10,588	(4.6)	10,399	(5.9)	6,891	(52.2)
Fiscal year ended March 31, 2019	57,053	149.1	11,099	118.5	11,054	124.1	14,403	64.0

	Profit per share	Diluted profit per share
	yen	yen
Fiscal year ended March 31, 2020	180.46	—
Fiscal year ended March 31, 2019	343.19	—

(2) Non-consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	million yen	million yen	%	yen
Fiscal year ended March 31, 2020	89,375	48,573	54.4	1,278.93
Fiscal year ended March 31, 2019	75,636	43,922	58.1	1,142.33

(Reference) Equity: As of March 31, 2020: ¥48,573 million

As of March 31, 2019: ¥43,922 million

<Reason for difference with actual profit for the previous fiscal year in non-consolidated financial results>

In the previous fiscal year, the Company conducted an absorption-type merger with Global Co., Ltd. (former Global Asset Management Co., Ltd.), a wholly owned subsidiary, and recorded 6,082 million yen of extraordinary income (gain on extinguishment of tie-in shares) in its non-consolidated financial results.

As a result, a difference between actual profit for the previous fiscal year and actual profit for the current fiscal year has occurred. However, such difference is due to the merger with a wholly owned consolidated subsidiary and does not have any impact on the consolidated financial results.

* The financial report is not subject to audit by a certified accountant or auditing company.

* Explanation of the proper use of performance forecast and other notes

(Note on forward-looking statements, etc.)

The consolidated financial results forecast for the fiscal year ending March 31, 2021, is yet to be decided as it is difficult to reasonably estimate the financial results forecast. We will announce it promptly as soon as reasonable estimation becomes possible.

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1. Overview of Results of Operations

(1) Overview of Results of Operations for the Fiscal Year under Review

The consolidated financial results for the fiscal year under review recorded net sales of 54,938 million yen (year-on-year decrease of 6.2%), operating income of 12,242 million yen (year-on-year increase of 11.4 %), ordinary income of 11,962 million yen (year-on-year increase of 9.7 %), and profit attributable to owners of parent of 7,939 million yen (year-on-year increase of 0.6%).

Operating income to net sales increased from 18.8% to 22.3% compared with that for the previous fiscal year. Although the segment income margin of the Wealth Management Business, which is the main business, for the previous fiscal year was 20.8%, the segment income margin for the current fiscal year was 25.7%, and the above increase resulted from the sale of a property at an income margin higher than the initially assumed margin.

Due to the withdrawal of the Servicing Business in the previous fiscal year, the Group has three reporting segments (Wealth Management Business, Property Management Business, and Other Business) for the fiscal year under review.

Business results by segment are as follows.

(Wealth Management Business)

In this business, we work out schemes for high-net-worth individuals suited to client asset specifics and objectives such as business succession and inheritance tax measures, and provide relevant properties with future potential. The products cover a wide range of properties from commercial/office buildings, residential, accommodation facilities and educational facilities to medical facilities among others, and come with a diversified price range from some hundred million yen to as high as over some ten billion yen.

Furthermore, we have worked on development of operation-type products to create businesses that can generate higher rent-paying capabilities by addressing future social issues. We have launched community hostels, advanced medical care surgery centers, community-based restaurants and such, and began providing products incorporating these.

As a recent trend, the number of large transaction cases with large companies interested in our initiatives has started to rise as a result of the price range of products for high-net-worth individuals largely exceeding 1 billion yen, and we are beginning to feel the expansion of the customer base.

In the fiscal year under review, the Wealth Management Business posted 47,621 million yen (year-on-year decrease of 8.2%) in net sales and 12,221 million yen in segment income (year-on-year increase of 13.3%) partially due to the abovementioned sales of operation-type products and large transactions with large companies at a high price range.

(Property Management Business)

In order to achieve the property-owning objectives of clients who own income properties purchased from our company, this business seeks to attract optimal tenants and make various arrangements in order to make the most efficient use of properties in various usage categories and provides detailed building leasing and management services.

In the fiscal year under review, the Property Management Business posted 5,041 million yen (year-on-year increase of 10.3%) in net sales and 1,250 million yen (year-on-year increase of 9.2%) in segment income.

(Other Business)

In this segment, Asset Holdings, Ltd., a consolidated subsidiary of the Company, runs Raysum Golf & Spa Resort, a golf course, WeBase Co, Ltd. runs community hostels, and LIBERTE JAPON Co., Ltd. runs stores of LIBERTE PÂTISSERIE BOULANGERIE from Paris, France in Japan.

In addition, from the fiscal year under review, RayPower Inc., which develops, manufactures and sells gas engine-driven power generators as its environment and energy business, has started sales activities; and Best Medical Inc., which engages in business supporting advanced medical services, has started providing support for newly opening clinics.

In the fiscal year under review, net sales for the segment totaled 2,275 million yen (year-on-year increase of 33.0%), and segment loss was 645 million yen (segment loss of 336 million yen in the previous fiscal year) partially due to the initial costs of new facilities, etc.

(2) Overview of Financial Position for the Fiscal Year under Review

(Assets)

Current assets increased 14,538 million yen compared with the end of the previous fiscal year to 81,207 million yen. This was primarily attributable to cash and deposits increasing 7,250 million yen to 29,325 million yen, real estate for sale decreasing 3,845 million yen to 30,496 million yen, and real estate for sale in process increasing 10,548 million yen to 17,894 million yen.

Noncurrent assets increased 565 million yen from the end of the previous fiscal year to 10,294 million yen. This was primarily attributable to increase of 514 million yen in property, plant and equipment from the increase due to acquisition and decrease due to depreciation and removal; decrease of 50 million yen in intangible assets due to depreciation; and increase of 100 million yen in investments and other assets.

As a result, total assets as at the end of the fiscal year under review increased 15,103 million yen compared with the end of the previous fiscal year to 91,502 million yen.

(Liabilities)

Liabilities increased 9,385 million yen compared with the end of the previous fiscal year to 42,461 million yen. This was primarily attributable to an increase of 1,158 million yen in income tax payable, an increase of 495 million yen in advances received due to deposits for property sales contracts, an increase of 166 million yen in property construction expenses payable, etc., an increase of 7,672 million yen in loans payable due to the difference between new fundraising and repayment of loans payable, and a decrease of 866 million yen in deposits received from tenants along with the change of management contract for properties managed by the Company.

(Net Assets)

Total net assets increased 5,718 million yen compared with the end of the previous fiscal year to 49,040 million yen. This was primarily attributable to decrease of 1,730 million yen from dividend of retained earnings payment, increase of 170 million yen from the disposal of treasury shares as restricted stock compensation to the executives and employees of the Company, and decrease of 700 million yen from purchase of treasury shares offsetting increase in retained earnings of 7,939 million yen following the recording of profit attributable to owners of parent.

Furthermore, equity ratio as of the end of the fiscal year under review has become 53.6%.

(3) Overview of Cash Flows for the Fiscal Year under Review

Cash and cash equivalents (hereinafter, "funds") at the end of the fiscal year under review increased 7,250 million yen compared to the end of the previous fiscal year to 29,325 million yen.

Cash flows in the fiscal year under review and the major contributing factors are as follows.

(Net cash provided by (used in) operating activities)

Net cash provided by operating activities increased 3,516 million yen. The main factor for increase was increased funds related to 47,621 million yen in net sales in the Wealth Management Business. The main factors for decrease were decrease in funds related to 36,088 million yen of payment for purchases of real estate for sale, and 3,082 million yen due to payment in line with the progressing development of real estate for sale in process and payment for repair works on real estate for sale in the Wealth Management Business; 3,295 million yen of payment for income tax; and the expenditure of selling, general and administrative expenses.

(Net cash provided by (used in) investing activities)

Net cash provided by investing activities decreased 1,575 million yen. The main factor for increase was proceeds of 500 million yen from sales of investment securities while the main factors for decrease were expenditure of 922 million yen related to purchase of property, plant and equipment and expenditure of 376 million yen for executing loans.

(Net cash provided by (used in) financing activities)

Net cash provided by financing activities increased 5,210 million yen. The main factor for the increase was the increase of 7,672 million yen in loans payable due to the difference between new fundraising and repayment of loans payable; and the main factors for the decrease were the expenditure of 700 million yen for purchase of treasury shares and payment of dividends of 1,729 million yen.

(Reference) Indicators relative to cash flows

	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Equity ratio (%)	62.7	63.0	56.7	53.6
Equity ratio on a market value basis (%)	72.7	80.0	61.4	33.2
Interest-bearing liabilities/Cash flow ratio (%)	9.3	5.1	2.4	8.9
Interest coverage ratio (multiple)	20.9	25.1	48.8	12.2

Equity ratio: Equity/Total assets

Equity ratio on a market value basis: Total market capitalization/Total assets

Interest-bearing liabilities/Cash flow ratio: Interest-bearing liabilities/Cash flows

Interest coverage ratio: Cash flows/Interest expenses paid

(Notes) 1. All indicators are calculated using consolidated financial results.

2. Cash flows used as basis of the above calculation are net cash provided by operating activities.

(4) Future Outlook

The Japanese economy is forecasted to remain unpredictable due to the trend of overseas economies regarding trade issues, impact of fluctuation of the financial and capital markets and the spread of COVID-19. In particular, due to the rapid spread of COVID-19 on a global scale, countries is preoccupied with carrying out urgent responses, and there are concerns that there may be a serious and prolonged impact not only on the Japanese economy but also on the global economy. It is assumed that the spread of COVID-19 will have a significant impact on the financial results of all business fields of the Group. In addition, we have judged that it is difficult to forecast when the spread of infection will end and estimate objectively the significance of the stagnation of consumption activities caused by the spread of infection and its impact on the financial results. Accordingly, the consolidated financial results forecast for the fiscal year ending March 31, 2021, is yet to be decided as of now. We will announce it promptly as soon as reasonable calculation becomes possible.

We will continue to create value by maintaining financial soundness and enhancing equity to respond flexibly to any risk of market fluctuation.

(5) Principles of Appropriation of Profits and Dividend Payment for the Current Fiscal Year and the Next Fiscal Year

(Principles of appropriation of profits and dividend payment)

We have set a basic policy to pay dividends by also considering future business development, etc. based on the performance-based approach with a consolidated dividend payout ratio of 20% or more while maintaining steady dividend payments as the basis. Our basic is to pay dividends once a year as year-end dividend.

(Dividend payment for the current fiscal year)

The dividend to be paid at the end of the current fiscal year is expected to be ¥45 per share.

(Dividend payment for the next fiscal year)

The dividend to be paid at the end of the next fiscal year is based on the abovementioned principles of appropriation of profits and dividend payment. However, it is yet to be decided as of now as it is difficult to forecast the financial results. We will announce it promptly as soon as reasonable estimation becomes possible.

(6) Risks Related to Business

Principal matters with potential impact on results of operations, financial position, share price, etc. of the Group are as follows. Forward looking statements in this section are based on the judgment of the Group as at the end of the fiscal year under review.

(Economic trend)

As the Group engages primarily in arranging and selling investment products not least those involving real estate for investment, along with physical management of such real estate, severe deterioration of the funding environment, increase in vacancy rate, or decline in rents resulting from an economic downturn, may have an adverse impact on the Group's business results and financial position.

(Interest rate risk)

Increase in short-term interest rate may cause increase in funding cost, while increase in medium-to-long-term interest rate may cause increase in expected return in real estate investment and decline in real estate price. All of these may have an adverse impact on the Group's business results and financial position.

(Risks associated with changes in various regulations)

The Group engages in business in compliance with the current regulations, and thus exposed to associated regulatory risks (including impact from the changes in laws, taxation, regulations, government policies, business practices, interpretations, and finance). In the future, changes in laws, taxation, regulations, government policies, business practices, interpretations, and finance or other policies, and associated developments may have an adverse impact on the Group's business performance, results and financial position.

(Risks associated with human resources)

Each business within the Group is run on the basis of human capital. In each aspect of the Group's business including procurement, construction, sales and management of real estate, it makes a huge difference to the outcome whether there is a commitment backed up by profound knowledge and experience, along with accumulation of effort in detail, and thus it is critical that each staff member maintains basic discipline to accomplish his/her job responsibly and keeps up such accomplishment. As such, securing excellent staff capable to catch up with the Group's rapid growth is believed to be a critical challenge. However, if we cannot secure sufficient staff up to the standard required within the Group, or if there is a significant increase in resignation of such qualified staff, that may have an adverse impact on the Group's business promotion as well as results.

(Risks associated with natural and man-made disasters)

In the event of storm, flood, earthquake and other natural disasters, or accident, fire, riot, terrorism, war and other man-made disasters, value of the Group's assets may decline, which may have an adverse impact on the promotion of the Group's business and its business results as well as financial position.

(Risks associated with infectious diseases, etc.)

While COVID-19 is spreading rapidly across the world, there are concerns over the following impacts in each business segment of the Group, and there is a possibility that prolonged issues relating to COVID-19 due to the spread of infection may have an adverse impact on the Group's business promotion and performance.

In the Wealth Management Business, it may become difficult to secure personnel and materials in construction work of development properties and large-scale renovation properties, and a remarkable delay in the period of commercialization, a significant increase in construction costs as well as a decline in the assumed sales price due to the decline in profitability of real estate caused by the declining rent-paying capabilities of end tenants may be seen. Furthermore, there is a possibility that sales may become sluggish as a result of the decline in investment appetite due to damage to assets under management owned by customers caused by the sluggish economy and the volatility of the stock market.

In the Property Management Business, among the lessees of the properties owned and managed by the Company, there are many retail stores that are forced to close due to the declaration of a state of emergency and state of emergency measures such as accommodation businesses, restaurants and service businesses, and retail stores suffering from a significant decrease in demand even though they are not closed. There is a possibility that business performance may become sluggish as a result of a requests for lower rent, deferment of rent payments and a rise in vacancy rates due to the deterioration of the financial position of lessees.

In Other Business, there is a possibility that business performance may become sluggish as a result of the increase in cancellation and avoidance of reservations at accommodation facilities and golf courses due to the restriction of the entry of travelers from foreign countries including China and the self-restraint exercised by domestic consumers.

In addition, when employees are infected with the virus, there is a possibility that operating activities may be disrupted due to health hazards and closure of workplaces and the Group's business performance and financial position may be adversely impacted.

2. Management Policy

(1) Basic Policy of Raysum Management

The real estate market in Japan, where population decline is imminent, is facing pressing societal issues such as surplus real estate stock and rising infrastructure maintenance costs. On the other hand, “people,” which are the source of real estate value, now have very different lifestyles, workstyles, spending behaviors, sets of values and expectations, and we often see mismatches of the location, tenant and use as a result. The Group will create new services beyond the existing real estate business and businesses contributing to social issues in order to not only solve such mismatches, but also offer future story-based products that contribute to clients’ asset formation, remaining a step ahead in considering the status of society.

(2) Management Indicators as Objectives

In order for us to be able to continue taking risks that will lead to value creation even if market conditions change, we aim for a capital-to-assets ratio of 50% or higher and an ROE of 10% to 20%.

(3) The Company’s Mid- to Long-Term Management Strategy and Issues to be Addressed

The growth strategies of the Group are accelerating expansion of the customer base and advancing value creation of individual real estate. As a result of the price range of our products shifting to the level significantly exceeding one billion yen in recent years, transactions with owners of publicly traded companies, large landowners and long-established entrepreneur families who own total assets of several tens of billions of yen among high-net-worth individuals have accumulated, and we will further expand transactions with these high-net-worth individuals. Furthermore, for products with the price range of over three billion yen, we will work to strengthen overseas deals and accelerate expansion of new businesses while also strengthening sales skills for large companies interested in the unique features of our products, keeping transactions with high-net-worth individuals as our basic policy.

As to financial strategies, we will aim for an ROE of 10% to 20% while firmly maintaining the capital-to-assets ratio at a conservative level to allow us to flexibly acquire real estate that could be subject to commodification for high-net-worth clients and to sustain unprecedented bold investment for renovation and development of new business categories/projects at any phase.

3. Reasoning behind Selection of Accounting Standards

The Group follows the Japanese accounting standards (Japanese GAAP) in order to ensure comparability with other domestic companies in the same business.

4. Consolidated Financial Statements
(1) Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2019	As of March 31, 2020
Assets		
Current assets		
Cash and deposits	22,075	29,325
Trade accounts receivable	299	335
Real estate for sale	* ₃ 34,342	* ₃ 30,496
Real estate for sale in process	* ₃ 7,346	* ₃ 17,894
Advance payments - trade	1,201	1,171
Income taxes receivable	58	48
Other	1,359	1,947
Allowance for doubtful accounts	(13)	(13)
Total current assets	66,669	81,207
Non-current assets		
Property, plant and equipment		
Buildings, net	* ₃ 2,106	* ₃ 1,973
Land	* ₃ 1,131	* ₃ 1,176
Other, net	* ₃ 730	* ₃ 1,333
Total property, plant and equipment	*₁ 3,968	*₁ 4,483
Intangible assets		
Other	462	411
Total intangible assets	462	411
Investments and other assets		
Investment securities	* ₂ 3,306	* ₂ 2,469
Deferred tax assets	723	1,116
Investments in capital	13	80
Long-term loans receivable	622	988
Other	632	744
Total investments and other assets	5,298	5,399
Total non-current assets	9,729	10,294
Total assets	76,398	91,502

(Millions of yen)

	As of March 31, 2019	As of March 31, 2020
Liabilities		
Current liabilities		
Short-term borrowings	1,000	—
Current portion of long-term borrowings	1,084	1,071
Accounts payable - other	990	1,156
Income taxes payable	2,255	3,414
Advances received	443	939
Provision for bonuses	9	10
Provision for loss on liquidation of subsidiaries and associates	123	123
Other	835	1,632
Total current liabilities	6,743	8,346
Non-current liabilities		
Long-term borrowings	21,420	30,106
Provision for adjustment of securitization	0	0
Asset retirement obligations	4	—
Deposits received from tenants	4,781	3,915
Other	126	93
Total non-current liabilities	26,333	34,115
Total liabilities	33,076	42,461
Net assets		
Shareholders' equity		
Share capital	100	100
Capital surplus	12,253	12,160
Retained earnings	42,344	48,553
Treasury shares	(11,379)	(11,817)
Total shareholders' equity	43,317	48,996
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(51)	(31)
Foreign currency translation adjustment	56	75
Total accumulated other comprehensive income	5	44
Non-controlling interests	—	0
Total net assets	43,322	49,040
Total liabilities and net assets	76,398	91,502

(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income
(Consolidated Statements of Income – Consolidated Fiscal Year)

(Millions of yen)

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Net sales	58,547	54,938
Cost of sales	42,868	*1 38,190
Gross profit	15,679	16,747
Selling, general and administrative expenses	*2 4,688	*2 4,504
Operating profit	10,990	12,242
Non-operating income		
Interest income	20	22
Foreign exchange gains	111	—
Rental income from buildings	5	5
Gain on reversal of asset retirement obligations	—	4
Other	8	10
Total non-operating income	145	43
Non-operating expenses		
Interest expenses	201	285
Commission for a financial loan	6	8
Foreign exchange losses	—	13
Other	24	16
Total non-operating expenses	231	323
Ordinary profit	10,904	11,962
Extraordinary income		
Gain on sales of shares of subsidiaries and associates	208	—
Gain on sales of investment securities	10	127
Gain on sale of businesses	—	116
Total extraordinary income	218	244
Extraordinary losses		
Loss on withdrawal from business	*3 40	—
Loss on retirement of non-current assets	—	27
Loss on valuation of investment securities	—	56
Loss on valuation of investments in capital	—	123
Total extraordinary losses	40	206
Profit before income taxes	11,083	12,000
Income taxes - current	2,443	4,464
Income taxes - deferred	746	(403)
Total income taxes	3,189	4,061
Profit	7,894	7,939
Profit (loss) attributable to non-controlling interests	(0)	0
Profit attributable to owners of parent	7,894	7,939

(Consolidated Statements of Comprehensive Income – Consolidated Fiscal Year)

(Millions of yen)

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Profit	7,894	7,939
Other comprehensive income		
Valuation difference on available-for-sale securities	(230)	19
Foreign currency translation adjustment	(26)	19
Total other comprehensive income	(256)	38
Comprehensive income	7,637	7,978
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	7,637	7,978
Comprehensive income attributable to non-controlling interests	(0)	0

(3) Consolidated Statement of Changes in Equity
Fiscal Year ended March 31, 2019 (April 1, 2018 to March 31, 2019)

(Millions of yen)

	Shareholders' equity					Accumulated other comprehensive income			Non-controlling interests	Total net assets
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance at beginning of period	100	12,253	36,275	(679)	47,948	179	82	261	0	48,211
Changes during period										
Dividends of surplus			(1,825)		(1,825)					(1,825)
Profit attributable to owners of parent			7,894		7,894					7,894
Purchase of treasury shares				(10,700)	(10,700)					(10,700)
Net changes in items other than shareholders' equity						(230)	(26)	(256)	(0)	(257)
Total changes during period	—	—	6,069	(10,700)	(4,631)	(230)	(26)	(256)	(0)	(4,888)
Balance at end of period	100	12,253	42,344	(11,379)	43,317	(51)	56	5	—	43,322

Fiscal year ended March 31, 2020 (April 1, 2019 to March 31, 2020)

(Millions of yen)

	Shareholders' equity					Accumulated other comprehensive income			Non-controlling interests	Total net assets
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance at beginning of period	100	12,253	42,344	(11,379)	43,317	(51)	56	5	—	43,322
Changes during period										
Dividends of surplus			(1,730)		(1,730)					(1,730)
Profit attributable to owners of parent			7,939		7,939					7,939
Purchase of treasury shares				(700)	(700)					(700)
Disposal of treasury shares		(92)		262	170					170
Net changes in items other than shareholders' equity						19	19	38	0	38
Total changes during period	—	(92)	6,208	(437)	5,679	19	19	38	0	5,718
Balance at end of period	100	12,160	48,553	(11,817)	48,996	(31)	75	44	0	49,040

(4) Consolidated Statements of Cash Flows

(Millions of yen)

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Cash flows from operating activities		
Profit before income taxes	11,083	12,000
Depreciation	266	388
Loss (gain) on valuation of investment securities	—	56
Increase (decrease) in provision for bonuses	(5)	(2)
Increase (decrease) in allowance for doubtful accounts	5	(0)
Increase (decrease) in provision for adjustment of securitization	(0)	0
Loss on retirement of non-current assets	—	27
Loss on valuation of investments in capital	—	123
Loss (gain) on sales of investment securities	(10)	(127)
Loss (gain) on sale of businesses	—	(116)
Interest and dividend income	(20)	(22)
Interest expenses	201	285
Loss (gain) on sales of shares of subsidiaries and associates	(208)	—
Loss on withdrawal from business	40	—
Decrease (increase) in trade receivables	(38)	56
Decrease (increase) in real estate for sale	2,028	5,050
Decrease (increase) in real estate for sale in process	(5,105)	(10,548)
Decrease (increase) in purchased receivables	(266)	—
Decrease (increase) in advance payments - trade	(922)	35
Decrease (increase) in deposits paid	200	(111)
Increase (decrease) in advances received	112	490
Increase (decrease) in accounts payable - other	549	21
Decrease/increase in consumption taxes receivable/payable	(14)	1,040
Increase (decrease) in lease deposits received	660	(782)
Decrease (increase) on investments in silent partnership	679	—
Other, net	(292)	(786)
Subtotal	8,940	7,078
Interest and dividends received	20	22
Interest paid	(198)	(289)
Income taxes (paid) refund	949	(3,295)
Net cash provided by (used in) operating activities	9,710	3,516
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,856)	(922)
Purchase of intangible assets	(0)	(48)
Purchase of investment securities	(1,136)	—
Proceeds from sales of investment securities	23	500
Payments for investments in capital	(8)	(165)
Purchase of shares of subsidiaries and associates	(1,856)	(582)
Proceeds from sales of shares of subsidiaries and associates	1,710	—
Proceeds on withdrawal from Servicing business	6,583	—
Proceeds from sale of businesses	—	39
Loan advances	(389)	(376)
Collection of loans receivable	121	11
Other, net	(214)	(32)
Net cash provided by (used in) investing activities	2,977	(1,575)

(Millions of yen)

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Cash flows from financing activities		
Increase (decrease) in short-term borrowings	700	(1,000)
Proceeds from long-term borrowings	22,787	27,002
Repayments of long-term borrowings	(22,271)	(18,329)
Purchase of treasury shares	(10,700)	(700)
Dividends paid	(1,823)	(1,729)
Other, net	(9)	(31)
Net cash provided by (used in) financing activities	(11,318)	5,210
Effect of exchange rate change on cash and cash equivalents	71	(5)
Net increase (decrease) in cash and cash equivalents	1,441	7,146
Cash and cash equivalents at beginning of period	20,634	22,075
Increase in cash and cash equivalents resulting from inclusion of subsidiaries in consolidation	—	104
Cash and cash equivalents at end of period	* 22,075	* 29,325

(5) Notes on Quarterly Consolidated Financial Statements

(Notes on the Going Concern Assumption)

Not applicable.

(Basis of Preparing the Consolidated Financial Statements)

1. Matters related to the scope of consolidation

(1) Number of consolidated subsidiaries: 12

Names of major consolidated subsidiaries:

Asset Holdings Co., Ltd.

WeBase Co., Ltd.

RayPower Inc.

LIBERTE JAPON Co., Ltd.

Best Medical Co., Ltd.

And other seven companies

Newly established Myanmar Asset Management Co., Ltd., Nami Co., Ltd. and Sala Azabu Co., Ltd. whose increased importance is included in the scope of consolidation starting from the fiscal year under review.

(2) Names, etc. of major non-consolidated subsidiaries:

Platinum Investment Kona Inc.

Wellness Arena Corporation

(Reason for excluding from the scope of consolidation)

Each of the non-consolidated subsidiaries is small in scale and each company's total assets, net sales, current fiscal year net profit or loss (amount corresponding to equity), and retained earnings (amount corresponding to equity) do not have a material effect on the consolidated financial statements.

2. Matters related to the application of equity method

(1) Number of non-consolidated subsidiaries and affiliated companies accounted for by equity method: —

(2) Names, etc. of major non-consolidated subsidiaries and major affiliated companies not accounted for by equity method

Names, etc. of non-consolidated subsidiaries and affiliated companies

Platinum Investment Kona Inc.

Wellness Arena Corporation

(Reason for not applying equity method)

The companies are excluded from the application of equity method because they are small in scale and do not have a material effect on the consolidated net profit or loss and the consolidated retained earnings, etc.

3. Matters related to the fiscal year, etc. of consolidated subsidiaries

Out of the consolidated subsidiaries, the accounting closing date of SOKNA PARTNERS CO., LTD. and Raysum Philippines, Inc. is December 31, and consolidated accounting is conducted based on their financial statements as of March 31 through the temporary settlement of accounts.

4. Matters relating to accounting policies

(1) Standards and method of valuation of important assets

1) Marketable securities

Other marketable securities

Marketable securities with fair market value

Stated at market value based on fair market value, etc. as of fiscal closing date (any valuation gain or loss to be reported in a designated component of shareholders' equity; cost of sale to be computed by the moving-average method).

Marketable securities without fair market value

Stated using the cost based on the moving-average method.

As to the investment-limited partnership and similar investment (investment deemed to be securities pursuant to Article 2, Paragraph 2 of the Financial Instruments and Exchange Act), valuation is stated based on the most recent financial statements available on the reporting date of financial results, which is stipulated in the association contract using a method which takes in the amount equivalent to the equity interest in the property owned on a net basis.

2) Inventories

Real estate for sale and real estate for sale in process

Stated using the cost method based on the actual cost method (the book value reduction method based on decreased profitability).

- (2) Depreciation method for important depreciable assets
 - 1) Tangible asset
 - (a) Assets acquired on March 31, 2007, or before
Stated using the former declining-balance method. However, buildings owned by some of consolidated subsidiaries are stated using the former straight-line method.
 - (b) Assets acquired on April 1, 2007, or after
Stated using the declining-balance method. However, buildings and equipment attached to buildings and structures acquired on April 1, 2016, or after are stated using the straight-line method.
 - 2) Intangible asset
Stated using the straight-line method. Capitalized software for internal use is amortized by the straight-line method over the estimated internal useful life (5 years).
- (3) Accounting standards for major allowances
 - 1) Allowance for doubtful accounts
To prepare for uncollectible credits for general allowance, the amount deemed uncollectible is recorded based on the actual ratio of bad debt, and for specific allowance such as bad debts, the amount deemed uncollectible is recorded considering the individual collectability.
 - 2) Allowance for bonus
Provisions for future employee bonus payments are recorded on an accrual basis.
 - 3) Provision for loss on liquidation of subsidiaries and associates
To prepare for loss accompanying liquidation of subsidiaries and associates, expected amount for the loss is recorded.
 - 4) Provision for adjustment of securitization
Upon transactions with clients, there is a case in which an agreement for bearing risk for a certain amount for a certain period is concluded in order to adjust the investment yields that the clients expect. Accordingly, loss estimated based on consideration of said agreement of each is recorded.
- (4) Major foreign currency assets or standards for converting debts to Japanese currency
 - Assets, liabilities, earnings and expenditures of overseas subsidiaries are converted according to the spot exchange rate on the consolidated closing date, and translation differences are included in "Foreign currency translation adjustment" as part of net assets
 - Assets and liabilities denominated in foreign currencies are converted according to the spot exchange rate on the consolidated closing date, and translation differences are processed as income and expenditures.
- (5) Scope of cash and cash equivalents in the consolidated statements of cash flows
These comprise cash on hand, demand deposits, and short-term investments that are highly liquid and readily convertible into cash, are exposed to insignificant risk of changes in value and are redeemable in three months.
- (6) Other important matters for preparation of consolidated financial statements
 - 1) Accounting treatment of consumption tax and other taxes
Stated using the tax-excluded method. Non-deductible consumption taxes and others are recognized as income or expenses under current fiscal year.
 - 2) Application of consolidated tax payment system
Consolidated tax payment system is applied.

(Matters related to Consolidated Balance Sheets)

*1 Accumulated depreciation for tangible asset

	Previous consolidated fiscal year (March 31, 2019)	Current consolidated fiscal year (March 31, 2020)
Accumulated depreciation of tangible asset	1,668 million yen	2,053 million yen

*2 Investment securities related to non-consolidated subsidiaries and affiliates are as follows

	Previous consolidated fiscal year (March 31, 2019)	Current consolidated fiscal year (March 31, 2020)
Investment securities (equity, investment)	1,571 million yen	1,095 million yen
(Of which, invested in jointly controlled entities)	(191 million yen)	(191 million yen)

*3 Assets pledged as security and corresponding liabilities

(1) Assets pledged as security

	Previous consolidated fiscal year (March 31, 2019)	Current consolidated fiscal year (March 31, 2020)
Real estate for sale	20,693 million yen	27,025 million yen
Real estate for sale in process	6,669 million yen	14,809 million yen
Building	781 million yen	745 million yen
Land	10 million yen	10 million yen
Other	30 million yen	29 million yen
Total	28,185 million yen	42,620 million yen

(2) Corresponding liabilities

	Previous consolidated fiscal year (March 31, 2019)	Current consolidated fiscal year (March 31, 2020)
Short-term loans	1,000 million yen	— million yen
Current portion of long-term loans payable	1,084 million yen	1,071 million yen
Long-term loans	21,420 million yen	30,106 million yen
Total	23,505 million yen	31,177 million yen

(Matters related to Consolidated Statements of Income)

*1 The reduced amount of book value due to the decline in profitability of inventories included in the cost of sales is as follows.

	Fiscal year ended March 31, 2019 (April 1, 2018 to March 31, 2019)	Fiscal year ended March 31, 2020 (April 1, 2019 to March 31, 2020)
	— million yen	1,126 million yen

*2 Main items and amounts in selling and general administrative expenses

	Fiscal year ended March 31, 2019 (April 1, 2018 to March 31, 2019)	Fiscal year ended March 31, 2020 (April 1, 2019 to March 31, 2020)
Advertising expense	117 million yen	54 million yen
Sales promotion expense	482 million yen	280 million yen
Directors' remuneration	302 million yen	345 million yen
Salaries and allowances	1,259 million yen	1,259 million yen
Bonuses	183 million yen	182 million yen
Provision of bonuses	9 million yen	10 million yen
Legal welfare expenses	206 million yen	220 million yen
Rent	307 million yen	300 million yen
Commission paid	689 million yen	577 million yen
Provision of allowance for doubtful accounts	5 million yen	(0 million yen)

*3 Loss on withdrawal from business

The loss on withdrawal from business recorded in the previous fiscal year is the loss associated with the withdrawal from the Servicing Business.

(Matters related to Consolidated Statements of Changes in Net Assets)

Fiscal Year ended March 31, 2019 (April 1, 2018 to March 31, 2019)

1. Matters related to the class and total number of issued shares and the class and total number of treasury stocks

	No. of shares at the beginning of the fiscal year ended March 31, 2019	No. of shares increased during the fiscal year ended March 31, 2019	No. of shares decreased during the fiscal year ended March 31, 2019	No. of shares at the end of the fiscal year ended March 31, 2019
Issued shares Common share	46,081,400	—	—	46,081,400
Treasury stock Common stock	450,063	7,181,451	—	7,631,514

(Note) Increase in the treasury stocks of 7,181,451 units is due to purchase of treasury shares resolved at the General Meeting of Shareholders (7,181,400 units) and purchase of shares less than one unit (51 units).

2. Matters related to subscription rights to shares

Not applicable.

3. Matters related to dividend

(1) Amount of dividend payment

(Resolution)	Class of shares	Total amount of dividends (million yen)	Dividend per share (yen)	Record date	Effective date
Ordinary General Meeting of Shareholders held on June 22, 2018	Common share	1,825	40	March 31, 2018	June 25, 2018

(2) Among dividends whose record date falls within the current fiscal year, dividends whose effective date falls within the following fiscal year

(Resolution)	Class of shares	Total amount of dividends (million yen)	Dividend resource	Dividend per share (yen)	Record date	Effective date
Ordinary General Meeting of Shareholders held on June 21, 2019	Common share	1,730	Retained earnings	45	March 31, 2019	June 24, 2019

Fiscal Year ended March 31, 2020 (April 1, 2019 to March 31, 2020)

1. Matters related to the class and total number of issued shares and the class and total number of treasury stocks

	No. of shares at the beginning of the fiscal year ended March 31, 2020	No. of shares increased during the fiscal year ended March 31, 2020	No. of shares decreased during the fiscal year ended March 31, 2020	No. of shares at the end of the fiscal year ended March 31, 2020
Issued shares Common shares	46,081,400	—	—	46,081,400
Treasury stock Common stock	7,631,514	646,072	176,000	8,101,586

(Note) Increase in the treasury stocks of 646,072 units is due to purchase of treasury shares resolved by the Board of Directors (646,000 units) and purchase of shares less than one unit (72 units), and decrease in the treasury stocks of 176,000 units is due to the disposal of treasury shares as restricted stock compensation to the executives and employees of the Company resolved by the Board of Directors.

2. Matters related to subscription rights to shares

Not applicable.

3. Matters related to dividend

(1) Amount of dividend payment

(Resolution)	Class of shares	Total amount of dividends (million yen)	Dividend per share (yen)	Record date	Effective date
Ordinary General Meeting of Shareholders held on June 21, 2019	Common share	1,730	45	March 31, 2019	June 24, 2019

(3) Among dividends whose record date falls within the current fiscal year, dividends whose effective date falls within the following fiscal year

(Resolution)	Class of shares	Total amount of dividends (million yen)	Dividend resource	Dividend per share (yen)	Record date	Effective date
Ordinary General Meeting of Shareholders to be held on June 23, 2020	Common share	1,709	Retained earnings	45	March 31, 2020	June 24, 2020

(Matters related to Consolidated Statements of Cash Flows)

* Relationship between balance of cash and cash equivalents at the end of fiscal year and the amounts of items stated in the consolidated balance sheet

	Fiscal year ended March 31, 2019 (April 1, 2018 to March 31, 2019)	Fiscal year ended March 31, 2020 (April 1, 2019 to March 31, 2020)
Cash and deposits	22,075 million yen	29,325 million yen
Time deposits with deposit terms of over three months	— million yen	— million yen
Cash and cash equivalents	22,075 million yen	29,325 million yen

(Segment Information, Etc.)

[Segment Information]

1. Overview of reporting segments

Reporting segments of the Company Group are segments for which financial data is available and of which performance evaluation and allocation of management resources are subject to periodical review by the management team. The main businesses of reporting segments are as follows.

Wealth Management: Acquisition of income properties and formation/sales of investment products utilizing such properties

Property Management: Leasing management, building management, improving earnings from real estate assets

Other Businesses: Operation of golf courses, accommodation facilities, etc.

2. Calculation method for net sales, profit or loss, asset, liability and other items by reporting segment

Accounting treatment for each business segment reported follows the basic rules and procedure of accounting treatment used in preparing the consolidated financial statements. Profit or loss in reporting segments is calculated based on operating income. Intersegment sales or transfers are determined based on market prices, etc.

3. Information on net sales, income (loss), assets, liabilities and other items by reporting segment

Fiscal Year ended March 31, 2019 (April 1, 2018 to March 31, 2019)

(Millions of yen)

	Reportable segments				Total	Reconciling items	Per consolidated financial statements
	Wealth Management	Property Management	Servicing	Others			
Sales							
Revenues from external customers	51,884	4,570	381	1,711	58,547	—	58,547
Transactions with other segments	—	36	—	24	60	(60)	—
Net sales	51,884	4,606	381	1,735	58,607	(60)	58,547
Operating profit (loss)	10,791	1,144	2	(336)	11,601	(610)	10,990

(Notes) 1. The amount of (-610 million yen) in adjustments of segment profit (loss) is the elimination of inter-segment transactions (0 million yen) and the company-wide expenses of administrative expenses (-610 million yen) that are not allocated to each segment. The amount of segment profit (loss) after deduction of this adjustment is the same as the amount of 10,990 million yen of operating income stated in the consolidated statements of income.

2. Since the Company does not conduct segment allocation for all items in assets and liabilities on the consolidated balance sheets, "Amounts of assets and liabilities by reporting segment" are not disclosed.

Fiscal Year ended March 31, 2020 (April 1, 2019 to March 31, 2020)

(Millions of yen)

	Reportable segments			Total	Reconciling items	Per consolidated financial statements
	Wealth Management	Property Management	Others			
Sales						
Revenues from external customers	47,621	5,041	2,275	54,938	—	54,938
Transactions with other segments	—	99	32	132	(132)	—
Net sales	47,621	5,141	2,308	55,071	(132)	54,938
Operating profit (loss)	12,221	1,250	(645)	12,826	(583)	12,242

(Notes) 1. The amount of (-583 million yen) in adjustments of segment profit (loss) is the elimination of inter-segment transactions (0 million yen) and the company-wide expenses of administrative expenses (-583 million yen) that are not allocated to each segment. The amount of segment profit (loss) after deduction of this adjustment is the same as the amount of 12,242 million yen of operating income stated in the consolidated statements of income.

2. Since the Company does not conduct segment allocation for all items in assets and liabilities on the consolidated balance sheets, "Amounts of assets and liabilities by reporting segment" are not disclosed.

(Related information)

Fiscal year ended March 31, 2019 (April 1, 2018 to March 31, 2019)

1. Information by product and service

Since information by product and service is provided in 3. Information on net sales, income (loss), assets, liabilities and other items by reporting segment of “Segment Information,” the information is omitted.

2. Information by region

(1) Sales

Since the sales from outside clients exceeded 90% of net sales in the consolidated statements of income, the information is omitted.

(2) Tangible assets

Not applicable as there is no tangible assets located overseas.

3. Information by major client

Since the Company Group’s clients are unspecified companies and individuals, the information is omitted.

Fiscal year ended March 31, 2020 (April 1, 2019 to March 31, 2020)

1. Information by product and service

Since information by product and service is provided in 3. Information on net sales, income (loss), assets, liabilities and other items by reporting segment of “Segment Information,” the information is omitted.

2. Information by region

(1) Sales

Since the sales from outside clients exceeded 90% of net sales in the consolidated statements of income, the information is omitted.

(2) Tangible assets

Not applicable as there is no tangible assets located overseas

3. Information by major client

Since the Company Group’s clients are unspecified companies and individuals, the information is omitted.

[Information on impairment loss of non-current assets by reporting segment]

Not applicable.

[Information on depreciation of goodwill and unamortized balance by reporting segment]

Not applicable.

[Information on gain on negative goodwill by reporting segment]

Not applicable.

(Information per Share)

Item	Fiscal year ended March 31, 2019 (April 1, 2018 to March 31, 2019)	Fiscal year ended March 31, 2020 (April 1, 2019 to March 31, 2020)
Net assets per share	1,126.72 yen	1,291.22 yen
Profit per share	188.09 yen	207.89 yen

(Notes) 1. Diluted profit per share is not reported due to the absence of dilutive shares.

2. Basis for calculation of net assets per share is as follows.

	End of the previous fiscal year (March 31, 2019)	End of the current fiscal year (March 31, 2020)
Total of items in net assets (million yen)	43,322	49,040
Amounts to be deducted from the total of items in net assets (million yen)	—	0
Main items in balance (million yen)		
Non-controlling interests	—	0
Net assets related to common share at period-end (million yen)	43,322	49,040
No. of common shares used in calculation of net assets per share (shares)	38,449,886	37,979,814

3. Basis for calculation of profit per share is as follows.

	Fiscal year ended March 31, 2019 (April 1, 2018 to March 31, 2019)	Fiscal year ended March 31, 2020 (April 1, 2019 to March 31, 2020)
Profit attributable to owners of parent (million yen)	7,894	7,939
Amounts not attributable to common shareholders (million yen)	—	—
Profit attributable to owners of parent related to common shares (million yen)	7,894	7,939
Average number of common shares during period (shares)	41,969,662	38,189,658
Description of residual equity which was not included in the calculation of profit per share after adjustment for residual equity due to not holding a dilutive effect	—	—

(Important Subsequent Events)

The Company resolved at the board of directors' meeting held on March 31, 2020, to purchase treasury shares as follows pursuant to the provisions of Article 165, Paragraph 3 and Article 156 of the Companies Act, and made the purchase.

(1) Reason for the purchase of treasury shares

The Company has decided to purchase treasury shares with an aim to improve capital efficiency as well as to increase return of profit to shareholders, comprehensively taking into account the stock market as of late, trends in the Company's share prices and such.

(2) Details of resolution concerning purchase of treasury shares made at the board of directors' meeting

- | | |
|---|---|
| 1) Type of shares to be purchased | Company's common stock |
| 2) Total number of shares to be purchased | 3,000,000 shares (maximum)
(7.9% of the total number of issued shares (excluding treasury shares)) |
| 3) Total share purchase amount | 1,400 million yen (maximum) |
| 4) Purchase period | April 1, 2020 to April 30, 2020 |
| 5) Purchase method | Open-market purchase at Tokyo Stock Exchange, Inc. |

(3) Result of purchase of treasury shares

As a result of the purchase through the abovementioned market purchase, the Company purchased 1,592,000 common shares (acquisition price: 1,399 million yen) between April 2, 2020, and April 21, 2020.