



## Summary of Financial Statements for the Fiscal Year Ended December 31, 2021 [IFRS] (Consolidated)

February 9, 2022

Broadleaf Co., Ltd

Stock listing:

Representative:

Scheduled date of Annual General Meeting of Shareholders

Scheduled date of commencement of dividend payout

Earnings Supplementary Explanatory Documents

Earnings Results Briefing:

Tokyo Stock Exchange 1st Section

Representative Director and President Kenji Oyama

March 25, 2022

March 28, 2022

Yes

Yes (For institutional investors and analysts)

(Figures are rounded to the nearest million yen)

Consolidated Financial Results for FY2021 (January 1, 2021 to December 31, 2021)

(1) Consolidated Operating Results (Percentage below represents increase (decrease) from the same period of previous year)

	Revenue		Operating profit		Profit before tax		Profit		Profit attributable to owners of the parent		Total comprehensive income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
FY2021	20,652	-2.4	3,395	-17.9	3,233	-15.4	2,174	-11.8	2,173	-11.9	2,201	-3.2
FY2020	21,162	-6.3	4,135	-8.6	3,820	-14.8	2,465	-20.3	2,465	-20.3	2,273	-25.7

	Basic earnings per share	Diluted earnings per share	Return on equity attributable to owners of parent	Return on assets	Operating margin
	Yen	Yen	%	%	%
FY2021	24.72	24.32	8.6	9.7	16.4
FY2020	28.16	27.70	10.3	11.9	19.5

(Reference) Share of (profit) loss of entities accounted for using equity method

FY2021: -6 million yen

FY2020: -28 million yen

(2) Consolidated Financial Position

	Total assets	Total equity	Equity attributable to owners of the parent	Percentage of equity attributable to owners of the parent	Equity attributable to owners of the parent per share
	Millions of yen	Millions of yen	Millions of yen	%	Yen
FY2021	34,476	26,114	26,114	75.7	296.77
FY2020	32,274	24,602	24,600	76.2	280.87

(3) Consolidated Cash Flow Status

	Cash flow from operating activities	Cash flow from investing activities	Cash flow from financing activities	Cash and cash equivalents Balance at end of year
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
FY2021	3,783	-3,388	-108	3,522
FY2020	5,056	-2,774	-2,084	3,232

2. Dividend Status

	Dividend per share					Total dividend	Dividend payout ratio (consolidated)	Ratio of dividends to equity attributable to owners of the parent (consolidated)
	End of 1Q	End of 2Q	End of 3Q	Year-end	Total			
FY2020	Yen -	Yen 6.60	Yen -	Yen 6.60	Yen 13.20	Millions of yen 1,205	% 46.9	% 4.8
FY2021	Yen -	Yen 4.00	Yen -	Yen 4.70	Yen 8.70	Millions of yen 795	% 35.2	% 3.0
FY2022 (forecast)	Yen -	Yen -	Yen -	Yen -	Yen -	Millions of yen -	% -	% -

(NOTE) The forecast for FY2022 is currently undecided.

3. Consolidated Earnings Forecasts for FY2022 (January 1, 2022 to December 31, 2022)

(Percentage below represents increase (decrease) from the same period of previous year)

	Revenue		Operating profit		Profit before tax		Profit attributable to owners of the parent		Basic earnings per share	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen	
1H FY2022	5,800	-41.6	-2,600	-	-2,600	-	-2,700	-	-30.60	
FY2022	12,300	-40.4	-4,800	-	-4,800	-	-5,000	-	-56.62	

※ Notes

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

(2) Changes in accounting policies and changes in accounting estimates

1. Changes in accounting policies required by IFRS: None
2. Other changes in accounting policies: None
3. Changes in accounting estimates: None

(3) Number of shares outstanding (common share)

1. Number of shares outstanding (including treasury shares)	FY2021	97,896,800 shares	FY2020	97,896,800 shares
2. Number of shares of treasury shares	FY2021	9,901,018 shares	FY2020	10,313,058 shares
3. Average number of shares during the period	FY2021	87,904,113 shares	FY2020	87,529,600 shares

(Reference) Summary of Non-consolidated Financial Results

Non-consolidated financial results for FY2021 (January 1, 2021 to December 31, 2021)

(1) Non-Consolidated Operating Results (Percentage below represents increase (decrease) from the same period of previous year)

	Net sales		Operating profit		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
FY2021	18,639	-3.8	2,672	-27.0	2,435	-29.2	731	-59.2
FY2020	19,378	-2.4	3,659	7.1	3,438	1.4	1,791	-22.9

	Earnings per share	Diluted earnings per share
	Yen	Yen
FY2021	8.32	8.19
FY2020	20.46	20.13

(2) Non-Consolidated Financial Position

	Total assets	Net assets	Equity Ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
FY2021	27,049	19,875	73.5	225.87
FY2020	25,484	19,875	78.0	226.92

Reference: Shareholders' equity FY2021: 19,875 million yen FY2020: 19,875 million yen

※ This financial results report is not subject to the audit by a certified public accountant or an auditing firm.

※ Comments regarding appropriate usage of earnings forecasts, and other special notes

(Notes on forward-looking statements)

The forward-looking statements such as earnings forecasts contained in this document are based on the information currently available to the Company and certain assumptions which are regarded as legitimate. The Company makes no warranty as to the achievability of what is described in the statements. Actual results may differ from these forecasts due to various factors.

(Availability of earnings supplementary explanatory documents and information on earnings results briefings)

The Company plans to hold a briefing for institutional investors and analysts in an online live format on February 9, 2022. The materials used at the meeting will be posted on its website.

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## 1. Overview of Operating Results, etc.

### (1) Overview of financial results in the fiscal year under review

#### (i) Qualitative information on financial Current management results

During the fiscal year under review (January 1, 2021 to December 31, 2021), the Japanese economy showed signs of recovery due to measures to prevent the spread of COVID-19 and popularization of vaccinations. However, the outlook remains uncertain due to concerns over the impact of COVID-19, constraints on supply, and downside risks against the backdrop of trends in raw material prices, as the emergence of new variant has resulted in a re-expansion of COVID-19.

In the information technology services industry to which the Group belongs, corporate investment in DX (Digital Transformation) towards the realization of "new ways of working," including telework and contactless work, has expanded. On the other hand, against the backdrop of uncertain economic outlook, there is a cautious stance toward new investments in non-strategic areas, so there is a mixed sense of strong and weak IT investment demand. In addition, due to the tight supply-demand balance for semiconductors and the ongoing impact on the supply chain due to the spread of COVID-19, supply of some hardware such as PCs has become unstable, so the Group needs to continue to closely monitor the situation in the future.

Under such environment, the Group continues its activities to contribute to the business continuity and business creation of its clients based on the spirit of "Gratitude and Happiness," which is its corporate philosophy. During the fiscal year under review, along with sales of business software, the Group expanded its DX solutions, including groupware, to support its clients' DX. In addition, the Group began transition of software sales to a monthly subscription contract for some clients so that they can quickly and smoothly transit to ".c Series," the new cloud-based software, which the Group will begin offering on a full scale from 2022. Furthermore, the Group promoted measures that focuses on future trends in the mobility society, such as commencement of collaboration with car maker-affiliated finance companies. In parallel with these activities, the Group expanded its internal system in preparation for the diversification of its services. In addition, the Group promoted the DX of its business management infrastructure, including the shift to online sales activities and the establishment of telework.

The transition to monthly subscription contracts will not only stabilize the Group's revenue but will also generate medium to long term growth. However, the fiscal year under review is in the early stage of the transition, so it became a factor behind the decline in revenue. On the other hand, the Group strengthened its proposal capabilities to support its clients' DX. As a result, in addition to DX solution sales, various monthly sales increased, including network usage fees and support service fees, which are ancillary services for business software. In terms of costs, upfront expenses which will lead to future business growth increased. These include investment in the development of the ".c Series" and other products, strengthening of the service infrastructure, and the production of content for online promotions.

As a result of the above, in the current fiscal year, the Group posted revenue of 20,652 million yen (down 2.4% year-on-year), operating profit of 3,395 million yen (down 17.9% year-on-year), profit before income taxes of 3,233 million yen (down 15.4% year-on-year), and profit attributable to owners of the parent of 2,173 million yen (down 11.9% year-on-year).

The Group has a single business segment of the IT services. A breakdown of revenue by categories is shown in the table below.

(Millions of yen)

Classification	FY2020 (January 1, 2020 to December 31, 2020)	FY2021 (January 1, 2021 to December 31, 2021)	YoY ratio
Platform	10,692	11,479	7.4%
Application	10,469	9,173	-12.4%
Total	21,162	20,652	-2.4%

(NOTE)In the fiscal year under review, the Group changed its revenue categories to clarify the progress of the Group's growth strategy in the launch of the new cloud-based model, ".c Series." Figures for the previous fiscal year have also been recomposed.

## (ii) Outlook for the Next Fiscal Year

With respect to consolidated results for the next fiscal year (January 1, 2022 to December 31, 2022), the Group forecasts revenue of 12.3 billion yen, operating loss of 4.8 billion yen, loss before tax of 4.8 billion yen, and loss attributable to owners of parent of 5 billion yen.

The client base for the fiscal year ending December 31, 2022 is expected to grow steadily. However, in the fiscal year ending December 31, 2022, the number of sales of “.c Series,” the new cloud-based software, will account for the majority of the total number of annual software sales. As a result, since sales of the “.c Series” are recorded on a monthly basis compared to sales of conventional software which is recorded on multi-year lump-sum basis, the amount of annual sales recorded is expected to decrease by approximately 8 billion yen. This becoming the main factor, the consolidated revenue for the fiscal year ending December 31, 2022 will decrease year-on-year. With the increase in the number of users of the “.c Series,” monthly sales are expected to accumulate year by year. Therefore, consolidated revenue is expected to turn upward year-on-year from the fiscal year ending in December 31, 2023 onward.

The Group does not expect a significant decrease in fixed cost items in terms of costs because the client base is expected to grow steadily and revenues is expected to recover from the fiscal year ending December 31, 2023 onward. In addition, it anticipates an increase in expenses related to sales promotion of the “.c Series,” so it expects SG&A expenses to be about the same level as the previous fiscal year.

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

### (i) Analysis of financial position

Total assets at the end of the fiscal year under review increased by 2,202 million yen from the end of the previous fiscal year to 34,476 million yen (up 6.8% year on year). Current assets increased by 653 million yen (up 8.4% year-on-year), to 8,405 million yen, and non-current assets increased by 1,550 million yen (up 6.3% year-on-year), to 26,071 million yen. The increase in current assets was mainly due to an increase of 496 million yen in trade and other receivables and an increase of 290 million yen in cash and cash equivalents, despite a decrease of 148 million yen in inventories. The increase in non-current assets was mainly due to an increase in intangible assets of 2,123 million yen, despite a decrease in property, plant and equipment of 549 million yen.

Total liabilities at the end of the fiscal year under review increased by 690 million yen (up 9.0% year-on-year) to 8,362 million yen. Current liabilities increased by 1,080 million yen (up 16.8% year-on-year), to 7,512 million yen. Non-current liabilities decreased by 389 million yen (down 31.4% year-on-year), to 850 million yen. Current liabilities increased mainly due to an increase of 1,732 million yen in short-term interest-bearing debt, despite a decrease of 258 million yen in contract liabilities, a decrease of 168 million yen in other current liabilities, and a decrease of 149 million yen in income taxes payable. The decrease in non-current liabilities was mainly due to a decrease in long-term interest-bearing debt of 450 million yen, despite an increase in other non-current liabilities of 43 million yen.

Total equity at the end of the fiscal year under review increased by 1,512 million yen, (up 6.1% year-on-year) to 26,114 million yen. The increase in total shareholders' equity was mainly due to an increase of 1,223 million yen in retained earnings and a decrease of 118 million yen in treasury shares.

As a result, the ratio of equity attributable to owners of the parent to total assets decreased by 0.5% from 76.2% at the end of the previous fiscal year to 75.7%.

### (ii) Cash flow

Cash and cash equivalents ("cash") at the end of the fiscal year under review increased by 290 million yen from the end of the previous fiscal year to 3,522 million yen. Cash provided by operating activities was 3,783 million yen, cash used in investing activities was 3,388 million yen, and cash used in financing activities was 108 million yen.

The situation of each cash flow for the fiscal year under review and their factors are as follows.

#### (Cash flow from operating activities)

Cash provided by operating activities amounted to 3,783 million yen (down 25.2% year-on-year). This was mainly due to the recording of profit before tax of 3,233 million yen and depreciation and amortization expense of 2,335 million yen, despite a decrease in cash due to income tax paid of 1,331 million yen and an increase in trade and other receivables of 503 million yen.

#### (Cash flow from investment activities)

Net cash used in investing activities was 3,388 million yen (up 22.1% year-on-year), mainly due to expenditure of 3,452 million yen in acquisition of intangible assets.

(Cash flow from financing activities)

Cash used in financing activities amounted to 108 million yen (down 94.8% year-on-year). This was mainly due to cash dividends paid of 930 million yen, repayments of lease obligations of 884 million yen, and commitment line-related expenses of 62 million yen, despite an increase in cash resulting from a net increase in short-term loans payable of 1,802 million yen.

(3) Basic policy on profit distribution and dividends for the current and next fiscal years

The Group regards the return of profits to shareholders as an important management issue. Its basic policy is to distribute earnings in accordance with business results while retaining the surplus required for business development and maintenance of financial soundness to increase corporate value. The Group aims for a consolidated dividend payout ratio of 35% or more.

In addition, in order to enhance opportunities for returning profits to shareholders, the Group's basic policy is to pay dividends from retained earnings twice a year, consisting of an interim dividend and a year-end dividend. Interim dividends are determined by the Board of Directors, and year-end dividends are determined by the annual shareholders' meeting.

Based on the above policy, the Company will pay an annual dividend of 8.7 per share, including an interim dividend of 4 yen per share.

The dividend forecast for the next fiscal year is undecided at this stage, and will be announced promptly when it becomes possible to disclose reasonable forecasts in light of the progress of the medium-term management plan announced on February 9, 2022 and the status of retained earnings.

2. Basic policy on selection of accounting standards

The Group has decided to voluntarily adopt International Financial Reporting Standards (IFRS) instead of the previous Japanese GAAP from the consolidated financial statements in the financial report for the fiscal year ended December 31, 2016, with the aim of enhancing the convenience of various stakeholders, including domestic and overseas shareholders and investors, by improving the international comparability of financial information and expanding disclosures.

### 3. Consolidated financial statements and major notes

#### (1) Consolidated statements of financial position

	(Thousands of yen)	
	FY2020 (As of December 31, 2020)	FY2021 (As of December 31, 2021)
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	3,232,409	3,522,045
Operating and other receivables	3,797,819	4,293,360
Inventories	355,682	208,050
Other financial assets	55,000	85,000
Other current assets	311,078	296,069
<b>Total current assets</b>	<u>7,751,988</u>	<u>8,404,523</u>
<b>Non-current assets</b>		
Property, plant and equipment	1,822,803	1,273,532
Goodwill	11,802,504	11,802,504
Intangible assets	8,425,546	10,548,334
Investments accounted for using equity method	95,703	93,490
Other financial assets	1,420,760	1,241,649
Other non-current assets	175,836	238,413
Deferred tax assets	778,783	873,530
<b>Total non-current assets</b>	<u>24,521,935</u>	<u>26,071,452</u>
<b>Total assets</b>	<u>32,273,923</u>	<u>34,475,975</u>
<b>Liabilities and equity</b>		
<b>Liabilities</b>		
<b>Current liabilities</b>		
Operating and other payables	3,538,577	3,567,899
Contract liabilities	612,413	354,403
Short-term interest-bearing debts	748,408	2,480,024
Accrued income taxes	554,956	405,660
Other financial liabilities	105,529	-
Other current liabilities	872,547	704,310
<b>Total current liabilities</b>	<u>6,432,430</u>	<u>7,512,295</u>
<b>Non-current liabilities</b>		
Long-term interest-bearing debts	787,905	337,721
Obligations for retirement pay	172,196	208,906
Provisional sum	139,102	143,903
Deferred tax liabilities	139,825	115,830
Other non-current liabilities	-	43,235
<b>Total non-current liabilities</b>	<u>1,239,027</u>	<u>849,596</u>
<b>Total liabilities</b>	<u>7,671,457</u>	<u>8,361,891</u>
<b>Equity</b>		
Capital stock	7,147,905	7,147,905
Share premium	7,215,824	7,291,792
Treasury shares	-3,403,618	-3,285,446
Retained earnings	13,265,826	14,488,974
Other components of equity	374,078	470,859
<b>Total equity attributable to owners of the parent</b>	<u>24,600,015</u>	<u>26,114,084</u>
Non-controlling interests	2,451	-
<b>Total equity</b>	<u>24,602,466</u>	<u>26,114,084</u>
<b>Total liabilities and equity</b>	<u>32,273,923</u>	<u>34,475,975</u>

(2) Consolidated Statement of Income and Consolidated Statement of Comprehensive Income

Consolidated statements of income

(Thousands of yen)

	FY2020 (January 1, 2020 to December 31, 2020)	FY2021 (January 1, 2021 to December 31, 2021)
Revenue	21,161,858	20,651,549
Cost of sales	-6,087,917	-5,753,263
Gross profit	15,073,941	14,898,285
Selling, general and administrative expenses	-11,011,958	-11,520,747
Other operating income	80,023	29,637
Other operating expenses	-6,784	-12,058
Operating profit	4,135,221	3,395,118
Finance income	37,953	84,704
Finance costs	-324,802	-241,024
Equity in losses of affiliates	-28,071	-6,085
Profit before tax	3,820,301	3,232,712
Income tax	-1,355,678	-1,058,511
Profit	2,464,623	2,174,202
Profit attributable to:		
Owners of the parent	2,464,869	2,172,773
Non-controlling interests	-246	1,429
Profit	2,464,623	2,174,202
Profit per share		
Basic earnings per share (yen)	28.16	24.72
Diluted earnings per share (yen)	27.70	24.32

Consolidated statements of comprehensive income

(Thousands of yen)

	FY2020 (January 1, 2020 to December 31, 2020)	FY2021 (January 1, 2021 to December 31, 2021)
Profit	2,464,623	2,174,202
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Net change in fair value of financial assets of equity nature measured at fair value through other comprehensive income	-207,234	50,149
Remeasurements of defined benefit plans	18,383	-22,297
Total items that will not be reclassified to profit or loss	<u>-188,851</u>	<u>27,853</u>
Items that may be reclassified to profit or loss		
Exchange differences on translating foreign operations	-2,499	-2,217
Share of other comprehensive income of associates accounted for using the equity method	-258	873
Total items that may be reclassified to profit or loss	<u>-2,757</u>	<u>-1,344</u>
Total other comprehensive income, net of tax	<u>-191,608</u>	<u>26,509</u>
Comprehensive income	<u><u>2,273,015</u></u>	<u><u>2,200,710</u></u>
Comprehensive income attributable to:		
Owners of the parent	2,273,261	2,199,281
Non-controlling interests	-246	1,429
Comprehensive income	<u><u>2,273,015</u></u>	<u><u>2,200,710</u></u>

(3) Consolidated statements of changes in equity

FY2020 (January 1, 2020 to December 31, 2020)

(Thousands of yen)

	Equity attributable to owners of the parent						
	Capital stock	Share premium	Treasury shares	Retained earnings	Other components of equity		
					Share acquisition rights	Shares with restriction on transfer	Exchange differences on translating foreign operations
Balance as of January 1, 2020	7,147,905	7,199,403	-3,456,820	11,928,868	537,744	-14,000	-44,269
Profit	-	-	-	2,464,869	-	-	-
Other comprehensive income	-	-	-	-	-	-	-2,757
Total comprehensive income	-	-	-	2,464,869	-	-	-2,757
Purchase of treasury shares	-	-	-29	-	-	-	-
Disposal of treasury shares	-	2,279	11,374	-	-18,899	-	-
Dividends	-	-	-	-1,146,294	-	-	-
Share-based payment transactions	-	14,142	41,857	-	205,396	-0	-
Transfer from other components of equity to retained earnings	-	-	-	18,383	-	-	-
Total transactions with owners	-	16,421	53,202	-1,127,911	186,496	-0	-
Balance as of December 31, 2020	7,147,905	7,215,824	-3,403,618	13,265,826	724,241	-14,000	-47,026

(Thousands of yen)

	Equity attributable to owners of the parent			Total	Non-controlling interests	Total equity			
	Other components of equity								
	Net change in fair value of financial assets of equity nature measured at fair value through other comprehensive income	Remeasurements of defined benefit plans	Total						
Balance as of January 1, 2020	-81,903	-	397,573	23,216,929	2,697	23,219,626			
Profit	-	-	-	2,464,869	-246	2,464,623			
Other comprehensive income	-207,234	18,383	-191,608	-191,608	-	-191,608			
Total comprehensive income	-207,234	18,383	-191,608	2,273,261	-246	2,273,015			
Purchase of treasury shares	-	-	-	-29	-	-29			
Disposal of treasury shares	-	-	-18,899	-5,247	-	-5,247			
Dividends	-	-	-	-1,146,294	-	-1,146,294			
Share-based payment transactions	-	-	205,396	261,395	-	261,395			
Transfer from other components of equity to retained earnings	-	-18,383	-18,383	-	-	-			
Total transactions with owners	-	-18,383	168,113	-890,175	-	-890,175			
Balance as of December 31, 2020	-289,136	-	374,078	24,600,015	2,451	24,602,466			

FY2021 (January 1, 2021 to December 31, 2021)

(Thousands of yen)

	Equity attributable to owners of the parent						
	Capital stock	Share premium	Treasury shares	Retained earnings	Other components of equity		
					Share acquisition rights	Shares with restriction on transfer	Exchange differences on translating foreign operations
Balance as of January 1, 2021	7,147,905	7,215,824	-3,403,618	13,265,826	724,241	-14,000	-47,026
Profit	-	-	-	2,172,773	-	-	-
Other comprehensive income	-	-	-	-	-	-	-1,344
Total comprehensive income	-	-	-	2,172,773	-	-	-1,344
Disposal of treasury shares	-	105,560	118,172	-	-171,167	-	-
Dividends	-	-	-	-930,035	-	-	-
Share-based payment transactions	-	-	-	2,708	219,142	0	-
Changes in ownership interest in subsidiaries	-	-29,592	-	-	-	-	-
Transfer from other components of equity to retained earnings	-	-	-	-22,297	-	-	-
Total transactions with owners	-	75,968	118,172	-949,625	47,975	0	-
Balance as of December 31, 2021	7,147,905	7,291,792	-3,285,446	14,488,974	772,216	-14,000	-48,370

	Equity attributable to owners of the parent				Non-controlling interests	Total equity		
	Other components of equity			Total				
	Net change in fair value of financial assets of equity nature measured at fair value through other comprehensive income	Remeasurements of defined benefit plans	Total					
Balance as of January 1, 2021	-289,136	-	374,078	24,600,015	2,451	24,602,466		
Profit	-	-	-	2,172,773	1,429	2,174,202		
Other comprehensive income	50,149	-22,297	26,509	26,509	-	26,509		
Total comprehensive income	50,149	-22,297	26,509	2,199,281	1,429	2,200,710		
Disposal of treasury shares	-	-	-171,167	52,565	-	52,565		
Dividends	-	-	-	-930,035	-	-930,035		
Share-based payment transactions	-	-	219,142	221,850	-	221,850		
Changes in ownership interest in subsidiaries	-	-	-	-29,592	-3,880	-33,472		
Transfer from other components of equity to retained earnings	-	22,297	22,297	-	-	-		
Total transactions with owners	-	22,297	70,272	-685,213	-3,880	-689,093		
Balance as of December 31, 2021	-238,987	-	470,859	26,114,084	-	26,114,084		

(4) Consolidated statements of cash flows

(Thousands of yen)

	FY2020 (January 1, 2020 to December 31, 2020)	FY2021 (January 1, 2021 to December 31, 2021)
<b>Cash flow from operating activities</b>		
Profit before tax	3,820,301	3,232,712
Depreciation and amortization expense	2,165,722	2,335,383
Share-based payment expense	257,868	279,313
Finance costs (income)	286,854	163,181
Equity in loss (earnings) of affiliates	28,071	6,085
Decrease (increase) in trade and other receivables	480,454	-503,473
Decrease (increase) in inventories	-86,800	147,991
Increase (decrease) in trade and other payables	-258,546	-41,533
Decrease (increase) in prepaid expenses	63,047	6,860
Decrease (increase) in long-term prepaid expenses	41,650	-28,025
Increase (decrease) in employees' bonuses payable	-83,568	-22,380
Increase (decrease) in contract liabilities	-439,209	-258,010
Increase (decrease) in consumption taxes payable	175,762	-232,067
Others	50,062	29,930
Subtotal	6,501,666	5,115,966
Interest received	3,289	5,434
Dividend received	3,388	3,775
Interest expenses paid	-10,602	-11,349
Income taxes refunded (paid)	-1,441,348	-1,331,269
<b>Cash flow from operating activities</b>	<b>5,056,393</b>	<b>3,782,557</b>
<b>Cash flow from investing activities</b>		
Acquisition of property, plant and equipment	-24,780	-45,362
Acquisition of intangible assets	-2,651,442	-3,452,483
Acquisition of investments	-63,636	-
Proceeds from sales and redemption of investments	490	-
Loan advances	-51,400	-65,600
Collection of loans receivable	6,587	156,343
Payments for lease and guarantee deposits	-16,709	-13,031
Proceeds from collection of lease and guarantee deposits	3,317	19,093
Purchase of investments accounted for using equity method	-1	-442
Others	23,894	13,957
<b>Cash flow from investing activities</b>	<b>-2,773,681</b>	<b>-3,387,525</b>
<b>Cash flow from financing activities</b>		
Net increase (decrease) in short-term loans payable	-	1,801,500
Repayments of lease obligations	-931,362	-884,294
Cash dividends paid	-1,146,294	-930,035
Purchase of treasury shares	-29	-
Proceeds from sales of treasury shares	1,500	-
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	-	-33,472
Expenses related to commitment lines	-8,151	-62,044
<b>Cash flow from financing activities</b>	<b>-2,084,336</b>	<b>-108,345</b>
<b>Impact of exchange fluctuations for cash and cash equivalents</b>	<b>265</b>	<b>2,950</b>
Net increase (decrease) in cash and cash equivalents	198,641	289,636
Cash and cash equivalents at beginning of period	3,033,768	3,232,409
Cash and cash equivalents at year-end	<b>3,232,409</b>	<b>3,522,045</b>

(5) Notes regarding consolidated financial statements

(Notes on the going concern)

Not applicable.

(Segment information)

(1) Overview of the reportable segments

With Broadleaf Cloud Platform as the infrastructure of its services, the Group provides core operational software mainly to the automotive aftermarket. In addition to providing support services and supplies to the Group's client, it operates business in a single segment of the IT services business, which provides a one-stop service of various network services, including an ordering platform for auto parts.

(2) Segment revenue and results

This information is omitted because the Group only has a single business segment.

(Profits per share)

Basic earnings per share and diluted earnings per share and the basis of their calculation are as follows.

	FY2020 (January 1, 2020 to December 31, 2020)	FY2021 (January 1, 2021 to December 31, 2021)
Profit attributable to owners of the parent (thousand yen)	2,464,869	2,172,773
Adjustments to profit (thousand yen)	-	-
Diluted profit attributable to owners of the parent (thousand yen)	2,464,869	2,172,773
Average number of common shares during the period (shares)	87,529,600	87,904,113
Impact of dilutive common shares with dilutive effects		
Share acquisition rights (shares)	2,162	-
Board benefit trust (shares)	1,440,987	1,439,447
Diluted average number of common shares during the period (shares)	88,972,750	89,343,560
Basic earnings per share (yen)	28.16	24.72
Diluted earnings per share (yen)	27.70	24.32

(Significant subsequent events)

Not applicable.