



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

February 9, 2022

Broadleaf Co., Ltd

Stock listing:

Tokyo Stock Exchange 1st Section

Representative:

Representative Director and President Kenji Oyama

Scheduled date of Annual General Meeting of Shareholders

March 25, 2022

Scheduled date of commencement of dividend payout

March 28, 2022

Earnings Supplementary Explanatory Documents

Yes

Earnings Results Briefing:

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 |                 |                                      |  |
|                   | Yen                | Yen       | Yen       | Yen      | Yen   | Millions of yen | %                                    | %  |
| FY2020            | -                  | 6.60      | -         | 6.60     | 13.20 | 1,205           | 46.9                                 | 4.8  |
| FY2021            | -                  | 4.00      | -         | 4.70     | 8.70  | 795             | 35.2                                 | 3.0  |
| FY2022 (forecast) | -                  | -         | -         | -        | -     | -               | -                                    | -  |

(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)

2. Number of shares of treasury shares

3. Average number of shares during the period

|        |                      |        |                      |
|--------|----------------------|--------|----------------------|
| FY2021 | 97,896,800<br>shares | FY2020 | 97,896,800<br>shares |
| FY2021 | 9,901,018<br>shares  | FY2020 | 10,313,058<br>shares |
| FY2021 | 87,904,113<br>shares | FY2020 | 87,529,600<br>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<br>(January 1, 2020 to<br>December 31, 2020) | FY2021<br>(January 1, 2021 to<br>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<br>(As of December 31, 2020) | FY2021<br>(As of December 31, 2021) |
|---|-------------------------------------|-------------------------------------|
| <b>Assets</b>                                     |                                     |                                     |
| Current assets                                    |                                     |                                     |
| 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                             |
| Total current assets                              | 7,751,988                           | 8,404,523                           |
| Non-current assets                                |                                     |                                     |
| 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                             |
| Total non-current assets                          | 24,521,935                          | 26,071,452                          |
| Total assets                                      | 32,273,923                          | 34,475,975                          |
| <b>Liabilities and equity</b>                     |                                     |                                     |
| <b>Liabilities</b>                                |                                     |                                     |
| Current liabilities                               |                                     |                                     |
| 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                             |
| Total current liabilities                         | 6,432,430                           | 7,512,295                           |
| Non-current liabilities                           |                                     |                                     |
| 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                              |
| Total non-current liabilities                     | 1,239,027                           | 849,596                             |
| Total liabilities                                 | 7,671,457                           | 8,361,891                           |
| <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                             |
| Total equity attributable to owners of the parent | 24,600,015                          | 26,114,084                          |
| Non-controlling interests                         | 2,451                               | -                                   |
| Total equity                                      | 24,602,466                          | 26,114,084                          |
| Total liabilities and equity                      | 32,273,923                          | 34,475,975                          |

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

## Consolidated statements of income

(Thousands of yen)

|  | FY2020<br>(January 1, 2020 to<br>December 31, 2020) | FY2021<br>(January 1, 2021 to<br>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<br>(January 1, 2020 to<br>December 31, 2020) | FY2021<br>(January 1, 2021 to<br>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<br>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  | -188,851  | 27,853  |
| 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<br>for using the equity method                                 | -258  | 873   |
| Total items that may be reclassified to profit or loss   | -2,757  | -1,344  |
| Total other comprehensive income, net of tax   | -191,608  | 26,509  |
| Comprehensive income   | 2,273,015   | 2,200,710   |
| Comprehensive income attributable to:  |   |   |
| Owners of the parent   | 2,273,261   | 2,199,281   |
| Non-controlling interests  | -246  | 1,429   |
| Comprehensive income   | 2,273,015   | 2,200,710   |

(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   |   |          |            | 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, 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  |

(Thousands of yen)

|   | 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<br>(January 1, 2020 to<br>December 31, 2020) | FY2021<br>(January 1, 2021 to<br>December 31, 2021) |
|---|---|---|
| Cash flow from operating activities   |   |   |
| 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  |
| Cash flow from operating activities   | 5,056,393   | 3,782,557   |
| Cash flow from investing activities   |   |   |
| 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  |
| Cash flow from investing activities   | -2,773,681  | -3,387,525  |
| Cash flow from financing activities   |   |   |
| 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   |
| Cash flow from financing activities   | -2,084,336  | -108,345  |
| Impact of exchange fluctuations for cash and cash equivalents   | 265   | 2,950   |
| 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   | 3,232,409   | 3,522,045   |

(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<br>(January 1, 2020 to<br>December 31, 2020) | FY2021<br>(January 1, 2021 to<br>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.