

The following information was originally prepared and published by the Company in Japanese as it contains timely disclosure materials to be submitted to the Tokyo Stock Exchange. This English translation is for your convenience only. If there is any discrepancy between this English translation and the original Japanese version, please refer to the Japanese version.



## Summary of Financial Results for the Second Quarter of the Fiscal Year Ending December 31, 2023 [IFRS] (Consolidated)

Broadleaf Co., Ltd  
 Stock listing: Tokyo Stock Exchange Prime Market  
 Representative: Representative Director, President and CEO Kenji Oyama  
 Scheduled date of commencement of dividend payout: -  
 Earnings Supplementary Explanatory Documents: Yes  
 Earnings Results Briefing: Yes (For institutional investors and analysts)

(Amounts of less than JPY one million are rounded)

### 1. Consolidated Financial Results for the 2Q FY2023 (January 1, 2023 to June 30, 2023)

#### (1) Consolidated Operating Results (Cumulative)

(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	%
2Q FY2023	7,390	13.3	-1,111	-	-1,102	-	-844	-	-826	-	-635	-
2Q FY2022	6,520	-34.4	-1,398	-	-1,458	-	-1,109	-	-1,109	-	-1,083	-

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
2Q FY2023	-9.33	-9.33
2Q FY2022	-12.57	-12.57

#### (2) Consolidated Financial Position

	Total assets	Total equity	Owners of the parent Equity attributable	Owners of the parent Percentage of equity
	Millions of yen	Millions of yen	Millions of yen	%
2Q FY2023	35,728	23,090	23,077	64.6
FY2022	33,535	23,662	23,632	70.5

### 2. Dividends

	Dividend per share				
	End of 1Q	Interim	End of 3Q	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
FY 2022	-	0.00	-	1.00	1.00
FY 2023	-	0.00	-	-	-
FY2023 (forecast)	-	-	-	1.00	1.00

(NOTE) Revisions to the latest announced dividend forecasts: None

### 3. Consolidated Earnings Forecast FY2023 (January 1, 2023-December 31, 2023)

(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
FY2023	15,300	10.6	-2,200	-	-2,300	-	-1,900	-	-21.42

(NOTE) Revisions to the most recently announced earnings forecasts: Yes

The following information was originally prepared and published by the Company in Japanese as it contains timely disclosure materials to be submitted to the Tokyo Stock Exchange. This English translation is for your convenience only. If there is any discrepancy between this English translation and the original Japanese version, please refer to the Japanese version.

※ 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 1. Changes in accounting policies required by IFRS: None
- ② ① Changes in accounting policies other than the above: None
- ③ Changes in accounting estimates: None

(3) Number of shares outstanding (common stock)

- ① 1. Number of shares outstanding  
(including treasury shares)
- ② 2. Number of shares of treasury shares
- ③ 3. Average number of shares outstanding  
(during the period)

2Q FY2023	97,896,800 Shares	FY 2022	97,896,800 Shares
2Q FY2023	9,095,224 Shares	FY 2022	9,507,349 Shares
2Q FY2023	88,600,610 Shares	2Q FY2022	88,212,462 Shares

※ \* Summary of financial statements is outside the scope of audit procedures by certified public accountants and audit 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 an online live presentation for institutional investors and analysts on Thursday, August 10, 2023. The materials used at the meeting will be posted on its website.

The following information was originally prepared and published by the Company in Japanese as it contains timely disclosure materials to be submitted to the Tokyo Stock Exchange. This English translation is for your convenience only. If there is any discrepancy between this English translation and the original Japanese version, please refer to the Japanese version.

○Table of Contents of the Attached Material

1. Qualitative Information on Quarterly Financial Results for the First Six Months Ended June 30, 2023.....	4
(1) Explanation of Operating Results.....	4
(2) Explanation of Financial Position.....	5
(3) Explanation of Consolidated Earnings Forecasts and Other Forward-Looking Information.....	6
2. Condensed Quarterly Consolidated Financial Statements and Major Notes.....	7
(1) Condensed Quarterly Consolidated Statements of Financial Position.....	7
(2) Condensed Quarterly Consolidated Statements of Income.....	8
(3) Condensed Quarterly Consolidated Statements of Comprehensive Income.....	9
(4) Condensed Quarterly Consolidated Statements of Changes in Equity.....	10
(5) Condensed Quarterly Consolidated Statements of Cash Flows.....	12
(6) Notes to the Condensed Quarterly Consolidated Financial Statements.....	14
(Notes on the going concern) .....	14
(Segment information) .....	14

## 1. Qualitative Information on Quarterly Financial Results for the First Six Months Ended June 30, 2023

### (1) Explanation of Operating Results

During the first six months of the current fiscal year (January 1, 2023 to June 30, 2023) under review, Japanese economy was gradually picking up with normal economic development due to the lessening of the impact of COVID-19. On the other hand, The Russian military's invasion of Ukraine has become protracted, and price of things and items have continued to rise. Therefore, the economic outlook remains uncertain.

Under such social and economic conditions, companies have been increasingly moving toward digital transformation (hereinafter "DX"), such as automating and streamlining business processes and responding to new digital infrastructures. In the domestic Mobility industry, where many of our customers belong, Broadleaf Co., Ltd group (hereinafter "the Group") has seen a positive stance toward investing in IT that not only improves operational productivity, but also enhances the added value of products and services provided to consumers and leads to the creation of new businesses.

Based on the Group's corporate philosophy of "Gratitude and Happiness", the Group implements our Medium-Term Management Plan (2022-2028) (hereinafter "the Plan"). The Group's performance targets for the fiscal year ending December 31, 2028, the final year of the plans, which are consolidated revenue of 32.5 billion yen, operating income of 13 billion yen (operating margin of 40%), and profit attributable to owners of the parent of 8 billion yen. The Group promotes two growth strategies, "Cloud Penetration" and "Service Expansion."

In the previous fiscal year (fiscal year ending December 31, 2022), the first year of the Plan, the Group has started offering cloud services and shifted to a monthly subscription-type business model as a foundation for revenue growth. In the current fiscal year (fiscal year ending December 31, 2023), the second year of the Plan, the Group was able to actively propose cloud-based software that will lead to customer DX, resulting in a significant rise in the number of monthly subscriptions and steady progress in recurring sales accumulation. As a result of the steady progress of these measures, the Group believes that revenue has shifted to a Growth Trend.

In parallel with these efforts to achieve the performance targets in the Plan, the Group will incorporate OPEN AI's "ChatGPT" and Broadleaf's proprietary Large-sized Language Model\*1, which utilizes the knowledge the Group has cultivated in the Mobility industry to date, as well as the generation Artificial Intelligence (hereinafter "AI") function developed by combining Knowledge Databases\*2, into ".c Series" of cloud information and other software. By utilizing this function, customers can help to improve productivity by streamlining operations in the Mobility industry, and resolve issues such as chronic labor shortages. At the same time, by developing our products and services and having customers use them, the Group will promote the DX transformation of the entire Mobility industry.

In addition, the Group has a Knowledge Database possessed, including information on vehicle models, parts information, and maintenance history of automobiles. Based on this Knowledge Database, the Group has developed an analytical AI function to detect business irregularities and fraud, and plan to develop it as a new Infrastructure Services. As a result, the Group will contribute to restoring the credibility of the Mobility industry as a whole by providing safe and secure maintenance and repair procedure services from a neutral standpoint such as a third-party organization. By implementing these measures, the Group aims to create a society where car owners can enjoy a safe, secure and fulfilling car life.

Amid the steady progress of various proposals and measures for these customers, in the second quarter of the current fiscal year under review, the Group strengthened sales of monthly subscription-type software, centered on the mainstay cloud-based software product ".c Series". As a consequence, recurring sales has increased as the total number of customers has increased. Orders for packaged software, mainly for Non-mobility industry, also progressed steadily. In terms of costs, the Group continued to make upfront investments to prepare for future service expansion, such as strengthening the infrastructure for providing cloud-based software.

As a result of the above, in the consolidated first six months of the current fiscal year, revenue was 7,390 million yen (up 13.3% year on year), operating loss was 1,111 million yen (operating loss of 1,398 million yen in the same period of the previous fiscal year), loss before income taxes was 1,102 million yen (loss before income taxes of 1,458 million yen in the same period of the previous fiscal year), and loss attributable to owners of the parent was 826 million yen (loss attributable to owners of the parent of 1,109 million yen in the same period of the previous fiscal year).

The following information was originally prepared and published by the Company in Japanese as it contains timely disclosure materials to be submitted to the Tokyo Stock Exchange. This English translation is for your convenience only. If there is any discrepancy between this English translation and the original Japanese version, please refer to the Japanese version.

The Group only has a single segment of IT Services, but the breakdown of revenues by service category is as follows.

(Millions of yen)

Classification	First six months of FY2022 (January 1, 2022 To June 30, 2022)	First six months of FY2023 (January 1, 2023 To June 30, 2023)	YoY ratio
Cloud services	1,046	2,141	104.7%
Packaged system	5,474	5,248	-4.1%
Total	6,520	7,390	13.3 %

#### Cloud Services

Revenue from cloud services consists of usage fees for “.c Series” and other monthly subscription-based software, as well as usage fees or commissions related to platforms for ordering automotive aftermarket parts.

Monthly subscription-based software is primarily sold to Mobility industry, and customers using legacy packaged software gradually switch to “.c Series” as usage rights expire (mostly for 6 years). “.c Series” has also increased the number of new customers because it is highly convenient, and the menu system is flexible.

Furthermore, secondary products such as the “Dencho.DX” which is covered Electronics Book Storage Act, and other DX solutions offered increased. With the number of new customers for these monthly subscription-based software, revenue from cloud services increased 104.7% year on year.

#### Packaged system

Revenue of packaged system consist of sales proceeds from sales of industry-specific packaged software (lease sales or bulk sales) for Non-mobility industry such as manufacturing, mobile phone shops, travel services, bus operators, and machine tool trading companies, and commissions for various services for packaged software, and the sales price of equipment such as PCs and supplies.

In packaged system revenue, in addition to support services related to the use of packaged software, sales of packaged software and equipment for Non-mobility industry were favorable. On the other hand, the Group has terminated the leasing of packaged software for Mobility industry by our distributors. As a result, packaged system revenue decreased 4.1% year on year.

\*1 Large-sized Language Model: A type of AI model used in the field of natural language processing. It is designed to perform tasks such as understanding, generating, and translating natural languages by learning large amounts of text data.

\*2 Knowledge Database: A database for collecting, organizing, and managing knowledge and information on specific areas and themes.

## (2) Explanation of Financial Position

### (i) Analysis of financial condition

#### (Assets)

Assets at the end of the second quarter of the current fiscal year increased by 2,192 million yen from the end of the previous fiscal year to 35,728 million yen. Current assets increased 135 million yen to 6,690 million yen, while non-current assets increased 2,058 million yen to 29,038 million yen. The increase in current assets was mainly due to increases of 107 million in other current assets and 104 million in trade and other receivables, despite a decrease of 71 million in cash and cash equivalents. The increase in non-current assets was mainly due to increases of 1,034 million yen in intangible assets, 592 million yen in property, plant and equipment, 337 million yen in other financial assets, and 167 million yen in deferred tax assets.

#### (Liabilities)

Liabilities at the end of the second quarter of the current fiscal year increased by 2,765 million yen from the end of the previous fiscal year to 12,638 million yen. Current liabilities increased 2,683 million yen to 9,265 million yen, while non-current liabilities increased 82 million yen to 3,373 million yen. The increase in current liabilities was mainly attributable to increases of 1,747 million yen in short-term interest-bearing debt and 911 million yen in contract liabilities. The increase in non-current liabilities was mainly attributable to an increase of 79 million yen in long-term interest-bearing debt.

The following information was originally prepared and published by the Company in Japanese as it contains timely disclosure materials to be submitted to the Tokyo Stock Exchange. This English translation is for your convenience only. If there is any discrepancy between this English translation and the original Japanese version, please refer to the Japanese version.

(Equity)

Equity at the end of the second quarter of the current fiscal year decreased by 573 million yen from the end of the previous fiscal year to 23,090 million yen. The decrease in other components of equity was mainly attributable to an increase of 137 million yen in other components of equity, a decrease of 122 million yen in treasury stock, an increase of 104 million yen in capital surplus, and a decrease of 918 million yen in retained earnings.

(ii) Analysis of cash flows

Cash and cash equivalents (hereinafter referred to as "cash") at the end of the second quarter of the current fiscal year decreased by 71 million yen from the end of the previous fiscal year to 3,386 million yen.

The status of each cash flow and its factors for the first six months of the current fiscal year are as follows.

(Cash flow from operating activities)

Net cash provided by operating activities was 1,126 million yen (year-on-year increase of 144.6%). This was mainly due to depreciation and amortization of 1,340 million yen and an increase in contract liabilities of 911 million yen, despite a quarterly loss before tax of 1,102 million yen.

(Cash flow from investment activities)

Net cash used in investing activities was 1,917 million yen (year-on-year increase of 34.6%). This was mainly due to the purchase of intangible assets of 1,900 million yen.

(Cash flow from financing activities)

Net cash provided by financing activities was 717 million yen (year-on-year increase of 10.4%). This was mainly due to a net increase in short-term loans payable of 1,680 million yen, despite repayments of long-term loans payable of 438 million yen, repayments of lease liabilities of 427 million yen, and cash dividends paid of 88 million yen.

(3) Explanation of Consolidated Earnings Forecasts and Other Forward-Looking Statements

As described in the Plan (2022-2028) announced on February 9, 2022, the Group aims to expand the business through the provision of various cloud services and to become a "Leading Company in SaaS" and "One-of-a-kind Platform Company".

For the fiscal year ending December 31, 2023 (January 1, 2023 to December 31, 2023), taking into account the results for the second quarter of the current fiscal year under review, the Group revised its forecasts from the previous one. Revenue is 15,300 million yen (year-on-year increase of 10.6%), operating loss is 2,200 million yen (loss of 2,897 million yen in the previous fiscal year), loss before income taxes is 2,300 million yen (loss of 3,005 million yen in the previous fiscal year), and loss attributable to owners of the parent is 190 million yen (loss of 2,431 million yen in the previous fiscal year). For details, please refer to "Notice Regarding Differences between Consolidated Earnings Forecast and Actual Results for the First Six Months and Revisions to Consolidated Earnings Forecast for the Full Year" dated August 10, 2023.

The following information was originally prepared and published by the Company in Japanese as it contains timely disclosure materials to be submitted to the Tokyo Stock Exchange. This English translation is for your convenience only. If there is any discrepancy between this English translation and the original Japanese version, please refer to the Japanese version.

## 2. Condensed Quarterly Consolidated Financial Statements and Major Notes

### (1) Consolidated Statements of Financial Position

	Previous consolidated fiscal year (As of December 31, 2022)	End of 2nd quarter of the current fiscal year (As of June 30, 2023)
(Thousands of yen)		
<b>Assets</b>		
Current assets		
Cash and cash equivalents	3,456,772	3,385,572
Operating and other receivables	2,602,057	2,705,822
Inventories	130,890	125,794
Other current assets	365,715	473,014
Total current assets	6,555,434	6,690,201
Non-current assets		
Property, plant and equipment	1,038,983	1,630,761
Goodwill	11,189,504	11,189,504
Intangible assets	11,771,237	12,805,679
Investments accounted for using equity method	83,012	73,608
Other financial assets	1,364,416	1,701,861
Other non-current assets	250,391	186,414
Deferred tax assets	1,282,511	1,449,931
Total non-current assets	26,980,055	29,037,758
Total assets	33,535,490	35,727,958
<b>Liabilities and equity</b>		
<b>Liabilities</b>		
Current liabilities		
Operating and other payables	2,672,827	2,749,689
Contract liabilities	926,182	1,837,000
Short-term interest-bearing debts	2,270,443	4,016,989
Accrued income taxes	8,421	6,310
Other current liabilities	704,634	655,292
Total current liabilities	6,582,508	9,265,281
Non-current liabilities		
Long-term interest-bearing debts	2,877,710	2,956,230
Obligations for retirement pay	232,191	241,865
Provisional sum	142,292	139,611
Other non-current liabilities	38,671	35,409
Total non-current liabilities	3,290,865	3,373,114
Total liabilities	9,873,373	12,638,395
<b>Equity</b>		
Capital stock	7,147,905	7,147,905
Share premium	7,366,245	7,470,271
Treasury shares	-3,167,193	-3,045,268
Retained earnings	11,656,730	10,739,032
Other components of equity	628,237	765,435
Total equity attributable to owners of the parent	23,631,923	23,077,375
Non-controlling interests	30,194	12,188
Total equity	23,662,116	23,089,563
Total liabilities and equity	33,535,490	35,727,958

The following information was originally prepared and published by the Company in Japanese as it contains timely disclosure materials to be submitted to the Tokyo Stock Exchange. This English translation is for your convenience only. If there is any discrepancy between this English translation and the original Japanese version, please refer to the Japanese version.

(2) Consolidated Statements of Income

(Thousands of yen)

	First six months of FY2022 (January 1, 2022 To June 30, 2022)	First six months of FY2023 (January 1, 2023 To June 30, 2023)
Revenue	6,520,351	7,389,797
Cost of sales	-2,458,970	-2,984,930
Gross profit	4,061,382	4,404,867
Selling, general and administrative expenses	-5,478,214	-5,528,472
Other operating income	19,152	42,409
Other operating expenses	-620	-29,846
Operating profit	-1,398,300	-1,111,043
Finance income	18,735	53,757
Finance costs	-61,613	-35,085
Equity in losses of affiliates	-16,559	-9,404
Quarterly profit before income taxes	-1,457,738	-1,101,775
Income tax	349,079	257,383
Quarterly profit	-1,108,659	-844,392
Quarterly profit attributable		
Owners of the parent	-1,108,659	-826,386
Non-controlling interests	-	-18,006
Quarterly profit	-1,108,659	-844,392
Quarterly profit per share		
Basic quarterly profit per share (yen)	-12.57	-9.33
Diluted quarterly profit per share (yen)	-12.57	-9.33

The following information was originally prepared and published by the Company in Japanese as it contains timely disclosure materials to be submitted to the Tokyo Stock Exchange. This English translation is for your convenience only. If there is any discrepancy between this English translation and the original Japanese version, please refer to the Japanese version.

(3) Consolidated Statements of Comprehensive Income

(Thousands of yen)

	First six months of FY2022 (January 1, 2022 To June 30, 2022)	First six months of FY2023 (January 1, 2023 To June 30, 2023)
Quarterly profit	-1,108,659	-844,392
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Net change in fair value of equity financial assets measured at fair value through other comprehensive income	20,665	209,831
Total items that will not be reclassified to profit or loss	20,665	209,831
Items that may be reclassified to profit or loss		
Exchange differences on translating foreign operations	-2,527	-68
Share of other comprehensive income of associates accounted for using the equity method	2,565	-
Reclassification adjustments of share of other comprehensive income of associates accounted for using the equity method	4,486	-
Total items that may be reclassified to profit or loss	4,523	-68
Total other comprehensive income, net of tax	25,188	209,763
Comprehensive income	-1,083,471	-634,629
Comprehensive income attributable to		
Owners of the parent	-1,083,471	-616,623
Non-controlling interests	-	-18,006
Comprehensive income	-1,083,471	-634,629

The following information was originally prepared and published by the Company in Japanese as it contains timely disclosure materials to be submitted to the Tokyo Stock Exchange. This English translation is for your convenience only. If there is any discrepancy between this English translation and the original Japanese version, please refer to the Japanese version.

(4) Consolidated Statements of Changes in Equity

First six months of FY2022 (From January 1, 2022 to June 30, 2022)

(Thousands of yen)

	Equity attributable to owners of the parent					
	Capital stock	Share premium	Treasury shares	Retained earnings	Other components of equity	
					Warrants	Shares with restriction on transfer
Balance as of January 1, 2022	7,147,905	7,291,792	-3,285,446	14,488,974	772,216	-14,000
Quarterly profit	-	-	-	-1,108,659	-	-
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income	-	-	-	-1,108,659	-	-
Purchase of treasury stock	-	-	-14	-	-	-
Disposal of treasury shares	-	74,341	118,267	-	-141,056	-51,552
Dividends	-	-	-	-413,579	-	-
Share-based payment transactions	-	-	-	7,031	100,443	26,888
Total transactions with owners	-	74,341	118,253	-406,548	-40,613	-24,664
Balance as of June 30, 2022	7,147,905	7,366,133	-3,167,193	12,973,767	731,603	-38,664

(Thousands of yen)

	Equity attributable to owners of the parent					Total equity
	Other components of equity				Total	
	Exchange differences on translating foreign operations	Net change in fair value of financial assets of equity nature measured at fair value through other comprehensive income	Total	Total		
Balance as of January 1, 2022	-48,370	-238,987	470,859	26,114,084	26,114,084	
Quarterly profit	-	-	-	-1,108,659	-1,108,659	
Other comprehensive income	4,523	20,665	25,188	25,188	25,188	
Total comprehensive income	4,523	20,665	25,188	-1,083,471	-1,083,471	
Purchase of treasury stock	-	-	-	-14	-14	
Disposal of treasury shares	-	-	-192,608	-	-	
Dividends	-	-	-	-413,579	-413,579	
Share-based payment transactions	-	-	127,331	134,362	134,362	
Total transactions with owners	-	-	-65,277	-279,232	-279,232	
Balance as of June 30, 2022	-43,847	-218,322	430,770	24,751,381	24,751,381	

The following information was originally prepared and published by the Company in Japanese as it contains timely disclosure materials to be submitted to the Tokyo Stock Exchange. This English translation is for your convenience only. If there is any discrepancy between this English translation and the original Japanese version, please refer to the Japanese version.

First six months of FY2023 (From January 1, 2023 to June 30, 2023)

(Thousands of yen)

	Equity attributable to owners of the parent					
	Capital stock	Share premium	Treasury shares	Retained earnings	Other components of equity	
					Warrants	Shares with restriction on transfer
Balance as of January 1, 2023	7,147,905	7,366,245	-3,167,193	11,656,730	812,624	-12,888
Quarterly profit	-	-	-	-826,386	-	-
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income	-	-	-	-826,386	-	-
Disposal of treasury shares	-	104,026	121,926	-	-173,330	-56,000
Dividends	-	-	-	-88,389	-	-
Share-based payment transactions	-	-	-	4,577	122,378	26,888
Transfer from other components of equity to retained earnings	-	-	-	-7,500	-	-
Total transactions with owners	-	104,026	121,926	-91,312	-50,952	-29,112
Balance as of June 30, 2023	7,147,905	7,470,271	-3,045,268	10,739,032	761,673	-42,000

(Thousands of yen)

	Equity attributable to owners of the parent				Non-controlling interests	Total equity
	Other components of equity			Total		
	Exchange differences on translating foreign operations	Net change in fair value of financial assets of equity nature measured at fair value through other comprehensive income	Total			
Balance as of January 1, 2023	-41,414	-130,086	628,237	23,631,923	30,194	23,662,116
Quarterly profit	-	-	-	-826,386	-18,006	-844,392
Other comprehensive income	-68	209,831	209,763	209,763	-	209,763
Total comprehensive income	-68	209,831	209,763	-616,623	-18,006	-634,629
Disposal of treasury shares	-	-	-229,330	-3,377	-	-3,377
Dividends	-	-	-	-88,389	-	-88,389
Share-based payment transactions	-	-	149,266	153,843	-	153,843
Transfer from other components of equity to retained earnings	-	7,500	7,500	-	-	-
Total transactions with owners	-	7,500	-72,564	62,076	-	62,076
Balance as of June 30, 2023	-41,482	87,245	765,435	23,077,375	12,188	23,089,563

The following information was originally prepared and published by the Company in Japanese as it contains timely disclosure materials to be submitted to the Tokyo Stock Exchange. This English translation is for your convenience only. If there is any discrepancy between this English translation and the original Japanese version, please refer to the Japanese version.

(5) Consolidated Statements of Cash Flows

(Thousands of yen)

	First six months of FY2022 (January 1, 2022 To June 30, 2022)	First six months of FY2023 (January 1, 2023 To June 30, 2023)
Cash flow from operating activities		
Quarterly profit before income taxes	-1,457,738	-1,101,775
Depreciation and amortization expense	1,309,241	1,339,862
Share-based payment expense	127,331	128,975
Finance costs (- shown is income)	42,878	-18,109
Equity in loss (- shown is earnings) of affiliates	16,559	9,404
Decrease (increase) in trade and other receivables (- shown is increase)	1,785,131	-109,691
Decrease (- shown is increase) in inventories	43,067	5,096
Increase (decrease) in trade and other payables (- shown is decrease)	-844,128	60,542
Decrease (- shown is increase) in prepaid expenses	-111,872	-100,847
Decrease (- shown is increase) in long-term prepaid expenses	38,872	45,256
Increase (- shown is decrease) in employees' bonuses payable	48	22,288
Increase (- shown is decrease) in contract liabilities	-41,843	910,819
Increase (- shown is decrease) in consumption taxes payable	-10,326	-43,824
Others	-37,936	-6,873
Subtotal	859,284	1,141,123
Interest received	188	77
Dividend received	2,130	7,005
Interest expenses paid	-6,843	-16,054
Income taxes paid or refunded (- shown is payment)	-394,407	-6,189
Cash flow from operating activities	460,352	1,125,961
Cash flow from investing activities		
Acquisition of property, plant and equipment	-6,528	-22,322
Proceeds from sales of property, plant and equipment	6,995	-
Acquisition of intangible assets	-1,504,670	-1,900,130
Proceeds from sales and redemption of investments	-	7,500
Loan advances	-300	-5,332
Collection of loans receivable	65,430	2,185
Payments for lease and guarantee deposits	-297	-878
Proceeds from collection of lease and guarantee deposits	856	1,463
Proceeds from sales of investments accounted for using equity method	14,626	-
Others	-	522
Cash flow from investing activities	-1,423,888	-1,916,991

The following information was originally prepared and published by the Company in Japanese as it contains timely disclosure materials to be submitted to the Tokyo Stock Exchange. This English translation is for your convenience only. If there is any discrepancy between this English translation and the original Japanese version, please refer to the Japanese version.

(Thousands of yen)

	First six months of FY2022 (January 1, 2022 To June 30, 2022)	First six months of FY2023 (January 1, 2023 To June 30, 2023)
Cash flow from financing activities		
Net increase (- shown is decrease) in short-term loans payable	1,501,000	1,680,000
Repayments of long-term debt	-	-437,500
Repayments of lease obligations	-428,327	-427,229
Cash dividends paid	-413,579	-88,389
Purchase of treasury stock	-14	-
Expenses related to commitment lines	-9,777	-9,962
Cash flow from financing activities	649,303	716,919
Impact of exchange fluctuations for cash and cash equivalents	3,706	2,910
Net increase (- shown is decrease) in cash and cash equivalents	-310,528	-71,201
Cash and cash equivalents at beginning of period	3,522,045	3,456,772
Balance of cash and cash equivalents at end of period	3,211,517	3,385,572

The following information was originally prepared and published by the Company in Japanese as it contains timely disclosure materials to be submitted to the Tokyo Stock Exchange. This English translation is for your convenience only. If there is any discrepancy between this English translation and the original Japanese version, please refer to the Japanese version.

(6) Notes to the Condensed Quarterly Consolidated Financial Statements

(Notes on the going concern)

Not applicable.

(Segment information)

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