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Summary of Financial Statements for the First Nine Months of the Fiscal Year Ending December 31, 2019 [IFRS] (Consolidated)

November 1, 2019

Broadleaf Co., Ltd.

Stock Listing: Tokyo Stock Exchange 1st Section

Representative: Kenji Oyama, Representative Director, President & CEO

Scheduled Starting Date for Dividend Payment: -

Earnings Supplementary Explanatory Documents: Yes

Earnings Results Briefing: Yes (For institutional investors and analysts)

(Amounts are rounded off to the nearest million yen.)

1. Consolidated Financial Results for the First Nine Months of the FY2019 (from January 1, 2019 to September 30, 2019)

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

	Revenue		Operating profit		Profit before tax		Profit		Profit attributable to owners of parent		Total comprehensive income	
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%
Q3 FY2019	16,840	11.5	3,558	31.5	3,523	30.4	2,319	32.9	2,320	32.9	2,224	29.5
Q3 FY2018	15,104	21.0	2,706	48.8	2,701	49.7	1,745	50.7	1,745	50.7	1,717	43.7

	Basic earnings per share		Diluted earnings per share	
	Yen		Yen	
Q3 FY2019	26.55		26.21	
Q3 FY2018	19.94		19.80	

(Note) The Company conducted a 2-for-1 common stock split effective April 1, 2018. The basic earnings per share and the diluted earnings per share for Q3 FY2018 are calculated on the assumption that the said stock split was implemented at the beginning of the previous fiscal year.

(2) Consolidated Financial Position

	Total assets		Total equity		Equity attributable to owners of parent		Percentage of equity attributable to owners of parent	
	Millions of Yen		Millions of Yen		Millions of Yen		%	
End of Q3 FY2019	28,937		22,322		22,320		77.1	
End of FY2018	29,413		21,033		21,033		71.5	

2. Dividends

	Dividends Per Share				
	End of Q1	End of Q2	End of Q3	Year-end	Total
	Yen				
FY2018	-	5.50	-	6.50	12.00
FY2019	-	6.50	-	-	-
FY2019 (Forecast)	-	-	-	6.50	13.00

(Note) Revisions to the latest forecast of dividends: No

3. Earnings Forecast for FY2019 (from January 1, 2019 to December 31, 2019)

(Percentages below represent increases (decreases) from the same period of the previous fiscal year.)

	Revenue		Operating profit		Profit before tax		Profit attributable to owners of parent		Basic earnings per share
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Yen
FY2019	22,300	4.8	4,500	9.4	4,500	9.6	2,800	5.4	32.07

(Note) Revisions to the latest forecast of earnings: Yes

* Notes

(1) Changes in significant subsidiaries during the nine months ended September 30, 2019 (changes of specified subsidiaries with change of the scope of consolidation): No

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

1. Changes in accounting policies required by IFRS: Yes

2. Other changes in accounting policies: No

3. Changes in accounting estimates: No

(Note) For details, see “2. Summary Consolidated Financial Statements and Major Notes, (6) Notes regarding the summary consolidated financial statements (Changes in accounting policies)” on page 12 of the attached material.

(3) Number of shares outstanding (common stock)

1. Number of shares outstanding (including treasury stock)

Q3 FY2019	97,896,800	FY2018	97,896,800
Q3 FY2019	10,473,263	FY2018	10,588,336
Q3 FY2019	87,369,228	Q3 FY2018	87,541,102

2. Number of shares of treasury stock

3. Average number of shares outstanding (during the period)

(Note) The Company conducted a 2-for-1 stock split effective April 1, 2018. The average number of shares for the first nine months of the fiscal year ending December 2018 is calculated on the assumption that the stock split was conducted at the beginning of the previous period.

* The quarterly earnings report is outside the scope of audit procedures by certified public accountants and audit firm.

* Comment regarding appropriate usage of earnings forecast, and other special notes

(Note 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 will hold a results briefing for institutional investors and analysts on Friday, November 1, 2019. A document to be used in the briefing will be posted on the website.

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1. Qualitative Information on Operating Results, etc. for the Nine Months Ended September 30, 2019

(1) Qualitative information on financial results

In the first nine months of the fiscal year under review (January 1 through September 30, 2019), the Japanese economy was on a moderate recovery trend, attributable to improvements in the employment and income environment. However, the economic conditions in Japan and abroad remain uncertain due to the effects of the higher consumption tax, anxieties about the future of the Chinese economy associated with the trade friction between the US and China, and Brexit.

In the information service segment, to which the Company belongs, corporate investments continue to be diversified in strategic areas, such as digital marketing and big data analysis, and in IT systems with an eye on improving productivity on the back of the promotion of workstyle reform.

In this situation, the Group made “acceleration from a package vendor to platformer” a medium-/long-term management policy. In the first nine months of the fiscal year under review, the Group moved forward with the development of the next generation of business applications, etc. to enhance services that run on the digital business platform, the Broadleaf Cloud Platform. In February 2019, the Company concluded a strategic partnership with Kaizen Global Enterprises, which provides consulting services in more than 60 countries worldwide. In September 2019, it started to provide Kaizen Institute and its group companies with an OEM version of the work analysis/optimization software OTRS, as part of initiatives for strengthening the Company’s sales channel overseas.

As a result, in the first nine months of the fiscal year under review (January 1 through September 30, 2019), the Company posted revenue of 16,840 million yen (up 11.5% year on year), operating profit of 3,558 million yen (up 31.5% year on year), profit before tax of 3,523 million yen (up 30.4% year on year) and profit attributable to owners of parent of 2,320 million yen (up 32.9% year on year).

The Company has a single business segment, which consists of IT services. A breakdown of sales by business domain is shown in the table below.

(Unit: Millions of Yen)

Domain	First Nine Months, FY2018 (From January 1 to September 30, 2018)	First Nine Months, FY2019 (From January 1 to September 30, 2019)	Year-on-year rate of change
Platforms	6,879	7,579	10.2%
Applications	8,225	9,261	12.6%
Total	15,104	16,840	11.5%

(Note) From the first nine months of the consolidated fiscal year under review, based on the Medium-term Management Strategies <2019-2021> described in the “FY12/2018 Business Results Briefing,” which was announced on February 14, 2019, the classification of the revenue by segment is changed in line with the progress of the Group’s growth strategies. The figures for the first nine months of the previous fiscal year are also indicated based on this new classification.

(2) Qualitative information on financial position

(i) Analysis of financial position

(Assets)

Assets at the end of the third quarter of the consolidated fiscal year under review decreased 475 million yen from the end of the previous consolidated fiscal year, to 28,937 million yen. Current assets fell 3,319 million yen, to 7,299 million yen, and non-current assets increased 2,844 million yen, to 21,638 million yen. The decrease in current assets was mainly attributable to decreases in cash and cash equivalents of 3,699 million yen. The main factor contributing to the increase in non-current assets was 1,599 million yen in additional intangible assets.

(Liabilities)

Liabilities at the end of the third quarter of the consolidated fiscal year under review declined 1,764 million yen from the end of the previous consolidated fiscal year, to 6,615 million yen. Current liabilities fell 1,924 million yen, to 5,989 million yen, and non-current liabilities increased by 159 million yen, to 626 million yen. The main factors contributing to the decrease in current liabilities were reductions in income taxes payable of 666 million yen and in other current liabilities of 681 million yen, respectively. The increase in non-current liabilities was mainly due to an increase in long-term interest-bearing debt of 188 million yen.

(Equity)

Equity at the end of the third quarter of the consolidated fiscal year under review increased 1,289 million yen from the end of the previous consolidated fiscal year, to 22,322 million yen. The increase was chiefly attributable to an increase in retained earnings of 1,394 million yen.

(ii) Analysis of cash flows

Cash and cash equivalents (“cash”) at the end of the third quarter of the consolidated fiscal year under review declined 3,699 million yen from the end of the previous consolidated fiscal year, to 1,928 million yen.

The following is a description of the situation and major factors of each category of cash flows in the nine months ended September 30, 2019.

(Net cash from operating activities)

Net cash provided by operating activities stood at 1,376 million yen, mainly reflecting increases in income taxes paid of 1,945 million yen, which partially offset the posting of profit before tax of 3,523 million yen, and depreciation and amortization expenses of 1,388 million yen.

(Net cash from investing activities)

Net cash used in investing activities came to 2,961 million yen, mainly due to the acquisition of intangible assets of 2,255 million yen.

(Net cash from financing activities)

Net cash used in financing activities came to 2,112 million yen, chiefly attributable to cash dividends paid of 1,136 million yen, and repayments of lease obligations of 662 million yen.

(3) Qualitative information on consolidated earnings forecast

In view of recent trends in performance, the consolidated financial forecast announced on February 14, 2019 has been revised. For more details, please refer to the “Notice Concerning Revision of Consolidated Earnings Forecasts” dated November 1, 2019.

2. Summary Consolidated Financial Statements and Major Notes

(1) Summary consolidated statement of financial position

(Unit: Thousands of Yen)

	FY2018 (As of December 31, 2018)	Q3 FY2019 (As of September 30, 2019)
Assets		
Current assets		
Cash and cash equivalents	5,626,723	1,928,027
Operating and other receivables	4,447,390	4,860,102
Inventories	238,461	185,236
Other current financial assets	30	-
Other current assets	306,121	326,039
Total current assets	10,618,726	7,299,404
Non-current assets		
Property, plant and equipment	442,641	1,128,168
Goodwill	11,739,040	11,802,502
Intangible assets	4,633,235	6,231,794
Investments accounted for using equity method	37,152	27,426
Other non-current financial assets	1,405,853	1,852,046
Other non-current assets	115,372	106,117
Deferred tax assets	420,864	489,937
Total non-current assets	18,794,156	21,637,989
Total assets	29,412,881	28,937,393
Liabilities and Equity		
Liabilities		
Current liabilities		
Operating and other payables	3,623,665	3,310,523
Contract liabilities	1,616,791	1,196,716
Short-term interest-bearing debt	378,551	515,034
Income taxes payable	1,004,527	338,805
Other current financial liabilities	72,820	92,861
Other current liabilities	1,216,718	535,273
Total current liabilities	7,913,072	5,989,212
Non-current liabilities		
Long-term interest-bearing debt	84,738	272,935
Net defined benefit liability	196,345	195,123
Non-current provisions	133,207	134,863
Deferred tax liabilities	52,097	22,829
Total non-current liabilities	466,386	625,751
Total liabilities	8,379,457	6,614,963
Equity		
Capital stock	7,147,905	7,147,905
Share premium	7,180,289	7,200,371
Treasury shares	-3,500,454	-3,458,288
Retained earnings	9,759,561	11,153,433
Other components of equity	446,124	276,207
Total equity attributable to owners of parent	21,033,424	22,319,627
Non-controlling interests	-	2,804
Total equity	21,033,424	22,322,431
Total liabilities and equity	29,412,881	28,937,393

(2) Summary consolidated statement of income

(Unit: Thousands of Yen)

	First Nine Months, FY2018 (From January 1, 2018 to September 30, 2018)	First Nine Months, FY2019 (From January 1, 2019 to September 30, 2019)
Revenue	15,103,511	16,840,304
Cost of sales	-3,801,838	-4,657,858
Gross profit	11,301,673	12,182,446
Selling, general and administrative expenses	-8,617,718	-8,671,108
Other operating income	39,537	53,497
Other operating expense	-17,787	-7,153
Operating profit	2,705,705	3,557,681
Finance income	9,957	8,012
Finance costs	-7,784	-33,428
Equity in loss of affiliates	-6,581	-8,991
Profit before tax	2,701,297	3,523,275
Income tax	-955,871	-1,203,880
Profit	1,745,426	2,319,394
Profit attributable to:		
Owners of parent	1,745,426	2,319,540
Non-controlling interests	-	-145
Profit	1,745,426	2,319,394
Earnings per share		
Basic earnings per share (yen)	19.94	26.55
Diluted earnings per share (yen)	19.80	26.21

(3) Summary consolidated statement of comprehensive income

(Unit: Thousands of Yen)

	First Nine Months, FY2018 (From January 1, 2018 to September 30, 2018)	First Nine Months, FY2019 (From January 1, 2019 to September 30, 2019)
Profit	1,745,426	2,319,394
Other comprehensive income		
Components 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	-22,058	-97,286
Remeasurements of defined benefit plans	8,603	—
Total components that will not be reclassified to profit or loss	-13,455	-97,286
Components that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	-11,573	1,459
Share of other comprehensive income of associates accounted for using equity method	-3,089	389
Total components that may be reclassified to profit or loss	-14,662	1,848
Total other comprehensive income, net of tax	-28,117	-95,438
Comprehensive income	1,717,309	2,223,956
Comprehensive income attributable to:		
Owners of parent	1,717,309	2,224,102
Non-controlling interests	—	-145
Profit	1,717,309	2,223,956

(4) Summary consolidated statement of changes in equity

First Nine Months, FY2018 (From January 1, 2018 to September 30, 2018)

(Unit: Thousands of Yen)

	Equity attributable to owners of parent					
	Capital stock	Share premium	Treasury shares	Retained earnings	Other components of equity	
					Warrants	Exchange differences on translation of foreign operations
Balance as of January 1, 2018	7,147,905	7,116,269	-2,736,155	8,009,349	165,866	-36,065
Changes in accounting policies	-	-	-	52,729	-	-
Balance after restatement of prior period's financial results after error corrections	7,147,905	7,116,269	-2,736,155	8,062,078	165,866	-36,065
Profit	-	-	-	1,745,426	-	-
Other comprehensive income	-	-	-	-	-	-14,662
Total comprehensive income	-	-	-	1,745,426	-	-14,662
Purchase of treasury shares	-	-	-1,005,603	-	-	-
Disposal of treasury shares	-	64,993	239,830	-	-8,829	-
Dividends	-	-	-	-967,192	-	-
Share-based payment transactions	-	-	-	-	123,454	-
Reclassification from other components of equity to retained earnings	-	-	-	8,603	-	-
Total transactions with owners	-	64,993	-765,773	-958,589	114,625	-
Balance as of September 30, 2018	7,147,905	7,181,262	-3,501,927	8,848,915	280,491	-50,727

(Unit: Thousands of Yen)

	Equity attributable to owners of parent					Total equity
	Other components of equity			Total	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, 2018	70,255	-	200,056	19,737,424	19,737,424	
Changes in accounting policies	-	-	-	52,729	52,729	
Balance after restatement of prior period's financial results after error corrections	70,255	-	200,056	19,790,153	19,790,153	
Profit	-	-	-	1,745,426	1,745,426	
Other comprehensive income	-22,058	8,603	-28,117	-28,117	-28,117	
Total comprehensive income	-22,058	8,603	-28,117	1,717,309	1,717,309	
Purchase of treasury shares	-	-	-	-1,005,603	-1,005,603	
Disposal of treasury shares	-	-	-8,829	295,994	295,994	
Dividends	-	-	-	-967,192	-967,192	
Share-based payment transactions	-	-	123,454	123,454	123,454	
Reclassification from other components of equity to retained earnings	-	-8,603	-8,603	-	-	
Total transactions with owners	-	-8,603	106,022	-1,553,347	-1,553,347	
Balance as of September 30, 2018	48,197	-	277,961	19,954,115	19,954,115	

First Nine Months, FY2019 (From January 1, 2019 to September 30, 2019)

(Unit: Thousands of Yen)

	Equity attributable to owners of parent					
	Capital stock	Share premium	Treasury shares	Retained earnings	Other components of equity	
					Warrants	Shares with restriction on transfer
Balance as of January 1, 2019	7,147,905	7,180,289	-3,500,454	9,759,561	363,850	-
Changes in accounting policies	-	-	-	38,969	-	-
Balance after restatement of prior period's financial results after error corrections	7,147,905	7,180,289	-3,500,454	9,798,530	363,850	-
Profit	-	-	-	2,319,540	-	-
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income	-	-	-	2,319,540	-	-
Acquisition of subsidiaries	-	-	-	-	-	-
Disposal of treasury shares	-	-1,936	6,174	-	-5,610	-
Dividends	-	-	-	-1,135,758	-	-
Share-based payment transactions	-	22,018	35,993	-	130,252	-28,000
Reclassification from other components of equity to retained earnings	-	-	-	171,121	-	-
Total transactions with owners	-	20,082	42,167	-964,637	124,642	-28,000
Balance as of September 30, 2019	7,147,905	7,200,371	-3,458,288	11,153,433	488,492	-28,000

(Unit: Thousands of Yen)

	Equity attributable to owners of parent				Non-controlling interests	Total equity
	Other components of equity			Total		
	Exchange differences on translation of 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, 2019	-49,109	131,383	446,124	21,033,424	-	21,033,424
Changes in accounting policies	-	-	-	38,969	-	38,969
Balance after restatement of prior period's financial results after error corrections	-49,109	131,383	446,124	21,072,393	-	21,072,393
Profit	-	-	-	2,319,540	-145	2,319,394
Other comprehensive income	1,848	-97,286	-95,438	-95,438	-	-95,438
Total comprehensive income	1,848	-97,286	-95,438	2,224,102	-145	2,223,956
Acquisition of subsidiaries	-	-	-	-	2,949	2,949
Disposal of treasury shares	-	-	-5,610	-1,372	-	-1,372
Dividends	-	-	-	-1,135,758	-	-1,135,758
Share-based payment transactions	-	-	102,252	160,263	-	160,263
Reclassification from other components of equity to retained earnings	-	-171,121	-171,121	-	-	-
Total transactions with owners	-	-171,121	-74,479	-976,868	2,949	-973,919
Balance as of September 30, 2019	-47,261	-137,024	276,207	22,319,627	2,804	22,322,431

(5) Summary consolidated statement of cash flow

(Unit: Thousands of Yen)

	First Nine Months, FY2018 (From January 1, 2018 to September 30, 2018)	First Nine Months, FY2019 (From January 1, 2019 to September 30, 2019)
Cash flows from operating activities		
Profit before tax	2,701,297	3,523,275
Depreciation and amortization expense	573,480	1,388,112
Share-based payment expenses	123,454	158,252
Finance costs (income)	-2,173	25,416
Equity in loss (earnings) of affiliates	6,581	8,991
Decrease (increase) in operating and other receivables	335,416	-419,177
Decrease (increase) in inventories	-57,241	54,744
Increase (decrease) in operating and other payables	-261,869	-296,923
Increase (decrease) in accrued expenses	195,113	-206,018
Increase (decrease) in employees' bonuses payable	-23,385	-411,501
Increase (decrease) in contract liabilities	-359,710	-420,076
Increase (decrease) in consumption taxes payable	-552	-66,706
Other, net	110,614	-12,537
Subtotal	3,341,026	3,325,851
Interest received	387	77
Dividends received	1,597	1,646
Interest expenses paid	-3,421	-6,912
Income taxes paid	-1,207,824	-1,945,125
Cash flows provided by (used in) operating activities	2,131,765	1,375,536
Cash flows from investing activities		
Acquisition of property, plant and equipment	-68,199	-41,548
Acquisition of intangible assets	-1,442,367	-2,255,345
Acquisition of investments	—	-1,048,346
Proceeds from sales and redemption of investments	—	745,500
Purchase of investments in subsidiaries resulting in change in scope of consolidation	—	-64,215
Loan advances	-1,637	-301,300
Collection of loans receivable	1,855	1,939
Payments for lease and guarantee deposits	-30,102	-15,754
Proceeds from collection of lease and guarantee deposits	25,224	7,197
Other, net	24,741	10,715
Cash flows provided by (used in) investing activities	-1,490,486	-2,961,157
Cash flows from financing activities		
Repayments of long-term loans payable	-497,350	-316,000
Repayments of lease obligations (during the first nine months of the previous consolidated fiscal year)	-43,590	-661,607
Cash dividends paid	-967,192	-1,135,758
Purchase of treasury shares	-1,005,603	—
Proceeds from sales of treasury shares	297,157	4,238
Other, net	-17,403	-3,247
Cash flows provided by (used in) financing activities	-2,233,981	-2,112,374
Impact of exchange fluctuations for cash and cash equivalents	-4,791	-702
Net increase (decrease) in cash and cash equivalents	-1,597,493	-3,698,697
Cash and cash equivalents at beginning of period	5,970,318	5,626,723
Balance of cash and cash equivalents at the end of the quarter	4,372,825	1,928,027

(6) Notes regarding the summary consolidated financial statements

(Notes on going concern assumption)

Not applicable.

(Changes in accounting policies)

The important accounting policy applied to the Summary Quarterly Financial Statements was also applied to the consolidated financial statements for the previous consolidated fiscal year, excluding the following.

The income tax expense during the first nine months of the consolidated fiscal year under review is calculated based on the effective tax rate for the fiscal year of estimate.

Lease

The Group has applied IFRS 16 Leases (released in January 2016, hereinafter, "IFRS 16") since the first quarter of the consolidated fiscal year. For the application of IFRS 16, the transitional provision under C5 (b) is taken, and the cumulative effects of the start of application is recognized as retained earnings on the date of application (January 1, 2019).

During the period of comparison, the Company, as a borrower, classifies the type of lease with which risk and economic value for owning it is transferred effectively as a finance lease, and posts assets/liabilities related to lease transactions. Other types of lease contracts are classified as operating leases, and the lease payment based on the operating lease is recognized as expenses on a straight-line basis during the lease period.

In the transition to IFRS 16, shortcuts on a practical level under IFRS 16 C3 are chosen regarding whether a lease is included in a contract, and the judgment under IAS 17 Leases (hereinafter, "IAS 17") and IFRIC 4 "Judgment on whether a lease is included in a contract" is continued.

Lease liabilities in a lease transaction are initially measured as the present value discounted using a calculated interest rate of the unsettled portion of the total lease payment on the start date of the lease. If calculation of the interest rate of the lease is difficult, the Group's additional borrowing interest rate is used, and the Group generally uses the additional borrowing interest rate as the discount rate.

With regard to the right of use asset, the initial measurement is conducted on the initial measured amount of lease liabilities adjusted by prepaid lease payments, etc. Depreciation is conducted for the right of use asset on a regular basis during the lease period.

The Group includes the right of use assets in property, plant and equipment and lease liabilities in interest-bearing debt in the summary consolidated statement of financial position.

The Group judges based on the substance of a contract whether the contract is a lease or not, or whether a lease is included in the contract, even if the contract is not a type of lease from the standpoint of the law.

With regard to a lease for which the lease period is terminated within 12 months and a lease with a small amount of underlying assets, the lease fee related to the lease is recognized as expenses during the lease period.

The Group recognizes lease liabilities for leases, to which IAS 17 was applied in the past for classification as operating leases, on the start date of the application of IFRS 16. The lease liabilities are measured with the present value of the remaining lease fee discounted using the borrower's additional borrowing interest rate on the start date of the application. The weighted average of the borrower's additional borrowing interest rate applied to lease liabilities, which is recognized in the Summary Quarterly Financial Statements on the start date of the application, is 0.54%.

For the measurement of the right of use assets, a method is adopted in which the measured amount of lease liabilities is adjusted by prepaid lease fee and unsettled lease fee.

In addition, the Group uses the following shortcut methods on a practical level for the application of IFRS 16.

- A single discount rate is applied to a portfolio of leases with rationally similar characteristics
- With regard to a contract with an extension or cancellation option, ex-post judgment is made for the calculation of the lease period.
- A replacement for impairment loss review is based on the evaluation of the disadvantages of applying IAS 37 "Non-current provisions, contingent liabilities, and contingent assets" to a lease immediately before the start date of the application.
- Initial direct cost is excluded from the right of use assets on the start date of the application.

As a result, in the (beginning-of-year) Summary Quarterly Financial Statements of the first nine months of the consolidated fiscal year under review, property, plant and equipment, and interest-bearing debt increased by 942,455 thousand yen and 886,287 thousand yen, respectively.

The impact on the summary consolidated statement of income is limited.

In addition, in the summary consolidated statement of cash flow, cash flows from financing activities declined by 611,887 thousand yen, while cash flows from operating activities increased by the same amount during the first nine months of the

consolidated fiscal year under review.

The list of adjustment below indicates the non-cancelable operating lease contract to which IAS 17 was applied, which was disclosed at the end of the previous consolidated fiscal year, and lease liabilities on the start date of the application recognized in the summary consolidated statement of financial position.

(Unit: Thousands of Yen)	
	Amount
Non-cancelable operating lease contract disclosed on December 31, 2018	452,272
Non-cancelable operating lease contract disclosed on December 31, 2018 (after discounting by additional borrowing rate)	429,418
Finance lease obligations (as of December 31, 2018)	147,288
Cancellable lease operating lease contract	418,276
Other	38,592
Lease obligations as of January 1, 2019	1,033,574

(Segment information)

Since the Group has only a single business segment (IT services), the statement is omitted.