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Consolidated Financial Results for the Fiscal Year Ended December 31, 2020 [IFRS]

February 12, 2021

Broadleaf Co., Ltd

Stock listing: Tokyo Stock Exchange 1st Section

Representative: Representative Director, President & CEO Kenji Oyama

Scheduled date of Annual General Meeting of Shareholders March 26, 2021

Scheduled date of commencement of dividend payout March 29, 2021

Scheduled date to file Securities Report March 29, 2021

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

(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	%
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
FY2019	22,586	6.1	4,525	10.0	4,486	9.3	3,093	16.5	3,093	16.5	3,057	12.7

	Basic earnings per share	Diluted earnings per share	Return on equity attributable to owners of parent	Return on assets	Operating margin
	Yen	Yen	%	%	%
FY2020	28.16	27.70	10.3	11.9	19.5
FY2019	35.40	34.95	14.0	14.7	20.0

(Reference) Share of (profit) loss of entities accounted for using equity method FY2020: -28 million yen

FY2019: -16 million yen

(2) Consolidated Financial Position

	Total assets	Total equity	Equity attributable to owners of the parent	Percentage of equity attributable to owners of parent	Equity attributable to owners of parent per share
	Millions of yen	Millions of yen	Millions of yen	%	Yen
FY2020	32,274	24,602	24,600	76.2	280.87
FY2019	31,689	23,220	23,217	73.3	265.56

(3) Cash Flow Status

	Operating activities	Investing activities	Financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
FY2020	5,056	-2,774	-2,084	3,232
FY2019	3,762	-3,990	-2,366	3,034

2. Status of dividends

	Dividend per share					Total dividend (Annual)	Dividend payout ratio (Consolidated)	Ratio of dividends to equity attributable to owners of the parent (consolidated)
	End of Q1	End of Q2	End of Q3	Year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
FY2019	-	6.50	-	6.50	13.00	1,185	36.7	5.1
FY2020	-	6.60	-	6.60	13.20	1,205	46.9	4.8
FY2021 (forecast)	-	3.50	-	3.50	7.00		39.7	

3. Consolidated results forecasts for FY2021 (from January 1, 2021 to December 31, 2021)

(%: increase (decrease) 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
1H of FY2021	9,500	-7.2	700	-57.0	700	-56.6	430	-59.6	4.90
FY2021	20,100	-5.0	2,400	-42.0	2,400	-37.2	1,550	-37.1	17.64

* Notes

(1) Changes in significant subsidiaries during the fiscal year ended December 31, 2020 (changes of specified subsidiaries with change of the scope of consolidation): No

(2) Changes in Accounting Policies and Changes in Accounting Estimates

1. Changes in accounting policies required by IFRS: No
2. Other changes in accounting policies: No
3. Changes in accounting estimates: No

(3) Number of shares outstanding (common stocks)

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

FY2020	97,896,800	FY2019	97,896,800
FY2020	10,313,058	FY2019	10,469,263
FY2020	87,529,600	FY2019	87,383,125

(Reference) Summary of non-consolidated financial results

Non-consolidated business results for FY2020 (from January 1, 2020 to December 31, 2020)

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

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
FY2020	19,378	-2.4	3,659	7.1	3,438	1.4	1,791	-22.9
FY2019	19,860	4.5	3,416	-2.3	3,389	-3.3	2,322	14.8

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
FY2020	20.46		20.13	
FY2019	26.57		26.24	

(2) Non-Consolidated Financial Position

	Total assets		Net assets		Equity Ratio		Net assets per share	
	Millions of yen		Millions of yen		%		Yen	
FY2020	25,476		19,875		78.0		226.92	
FY2019	24,850		19,205		77.3		219.67	

Reference: Shareholders' equity FY2020: 19,875 million yen FY2019: 19,205 million yen

* Summaries of financial statements are 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)

We plan to hold a results briefing on February 12, 2021, in an online live format for institutional investment and analysts. The materials used at the meeting will be posted on our website.

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1. Overview of Results of Operations, etc.

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

(i) Financial Results for the Fiscal Year under Review

During the fiscal year under review (January 1, 2020 to December 31, 2020), the Japanese economy experienced stagnant socio-economic activities due to the spread of COVID-19. Although there are signs of a recovery due to the implementation of measures to prevent the spread of infections and the gradual increase in activity levels, the outlook remains uncertain as the spread of infections continues.

In information service sector to which the Group belongs, there has been growing demand for investing in digital transformation (DX) to realize telework and other new work styles. On the other hand, given the uncertain outlook for the economy, a cautious stance was seen in new investments outside the DX field, and situation continues to go back and forth.

Under these conditions, based on the spirit of our corporate philosophy of "Gratitude and Happiness," we are working to support the business continuity of our customers and to contribute to the creation of new businesses. In the fiscal year under review, we strengthened our online sales promotions while restricting sales activities with prevention of COVID-19 in mind. In this context, we promoted DX support through the provision of DX tools that help customers improve their operational efficiency and through the implementation of seminars and other programs. In addition, in anticipation of the arrival of a new mobility society, we implemented the diversification of the platforms we provide to domestic and overseas mobility service providers.

In business software sales, although there was modest improvement in the tendency of prolonged business negotiations toward the second half of the fiscal year and demand began to recover, the total number of contracts for the full fiscal year declined. On the other hand, sales of supporting service and other products provided to software users continued to increase on the back of an increasing usage rate. We also worked to further improve operating efficiency and optimize operating and administrative expenses.

Consequently, financial results for the fiscal year under review were as follows: revenue was 21,162 million yen (down 6.3% year-on-year), operating profit was 4,135 million yen (down 8.6% year-on-year), profit before tax was 3,820 million yen (down 14.8% year-on-year) and profit attributable to owners of the parent was 2,465 million yen (down 20.3% year-on-year).

Our group has a single business segment, which consists of IT services. A breakdown of revenue by categories is shown in the table below.

(Millions of yen)

Classification	FY2019 (From January 1, 2019 to December 31, 2019)	FY2020 (From January 1, 2020 to December 31, 2020)	YoY ratio
Platform	10,192	10,275	0.8%
Application	12,394	10,887	-12.2%
Total	22,586	21,162	-6.3%

(ii) Outlook for the next fiscal year

With respect to consolidated results for the fiscal year ending December 31, 2021, the Company forecasts revenue of ¥20.1 billion, operating profit of ¥2.4 billion, profit before tax of ¥2.4 billion, and profits attributable to owners of the parent of ¥1.55 billion.

In the next fiscal year, we will begin sales of cloud services only for certain major customers. Cloud service provides greater functionality and usability than traditional service, resulting in more users per customer company. Compared to the previous fiscal year, revenue is expected to decrease because cloud service sales will be recorded monthly and sales to non-automotive applications will remain affected by COVID-19.

We will continue investing in the transition to a cloud-based system and in the development of new ordering platforms as planned. These developments are anticipatory investments to expand earnings in the future, and we expect expenses to be upfront in the next fiscal year.

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

(i) Assets, liabilities and net assets

Total assets at the end of the fiscal year under review increased 585 million yen, or 1.8%, compared with the end of the previous fiscal year, to 32,274 million yen. Current assets decreased 235 million yen, or 2.9%, to 7,752 million yen, while non-current assets increased 820 million yen, or 3.5%, to 24,522 million yen. The decrease in current assets was mainly due to a decrease of 502 million yen in operating and other receivables, despite an increase of 199 million yen in cash and cash equivalents. The increase in non-current assets was mainly due to an increase in intangible assets of 1,528 million yen, despite a decrease in property, plant and equipment of 204 million yen and a decrease in other non-current financial assets of ¥532 million.

Total liabilities at the end of the fiscal year under review decreased 797 million yen, or 9.4%, from the end of the previous fiscal year to 7,671 million yen. Current liabilities decreased 668 million yen, or 9.4%, to 6,432 million yen, while non-current liabilities decreased 130 million yen, or 9.5%, to 1,239 million yen. Current liabilities decreased mainly due to a decrease of 439 million yen in contract liabilities and a decrease of 223 million yen in operating and other payables. The decrease in non-current liabilities was mainly attributable to a decrease of 146 million yen in long-term interest-bearing debts.

Total equity at the end of the fiscal year under review increased 1,383 million yen, or 6.0%, compared with the end of the previous fiscal year, to 24.602 billion yen. The main reason for the increase in total equity was an increase in retained earnings of 1,337 million yen.

As a result, the percentage of equity attributable to owners of parent increased 2.9 percentage points from 73.3% at the end of the previous fiscal year to 76.2%.

(ii) Cash flows

Cash and cash equivalents (hereinafter referred to as "cash") at the end of the fiscal year under review increased 199 million yen from the end of the previous fiscal year to 3,232 million yen. Cash provided by operating activities were 5,056 million yen, cash used in investing activities were 2,774 million yen, and cash used in financing activities were 2,084 million yen.

Status of cash flows for the fiscal year under review and the factors behind them are as follows.

(Cash flow from (used in) operating activities)

Net cash provided by operating activities was 5,056 million yen (up 34.4% year on year), mainly due to the recording of 3,820 million yen in profit before tax and 2,166 million yen in depreciation and amortization, despite a decrease in cash due to income taxes paid of 1,441 million yen.

(Cash flows from (used in) investing activities)

Net cash used in investing activities was 2,774 million yen (down 30.5% year-on-year), mainly due to 2,651 million yen in purchases of intangible assets.

(Cash flows from (used in) financing activities)

Net cash used in financing activities amounted to ¥2,084 million, down 11.9% from the previous fiscal year. This was mainly due to cash dividends paid of ¥1,146 million and repayment of lease liabilities of ¥931 million.

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

We regard the return of profits to shareholders as an important management issue. Our 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. We aim for a consolidated dividend payout ratio of 35% or more.

To secure opportunities for returning profits to shareholders, we distribute dividends twice a year: interim dividends and year-end dividends. Interim dividends are determined by the Board of Directors, and year-end dividends are determined by the annual shareholders' meeting. The Articles of Incorporation stipulate that by a resolution of the Board of Directors, the Company may pay interim dividends to the shareholders or registered pledgees of shares stated or recorded in the final shareholder registry on June 30 every year.

Combined with an interim dividend of ¥6.6, the Company will pay an annual dividend of ¥13.2 per share for the fiscal year under review.

In addition, the dividend forecast for the next fiscal year is 7.0 yen per share (interim dividend of 3.5 yen and year-end dividend of 3.5 yen).

2. Basic Policy on the Selection of Accounting Standards

Our 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)	
	FY2019 (As of December 31, 2019)	FY2020 (As of December 31, 2020)
Assets		
Current assets		
Cash and cash equivalents	3,033,768	3,232,409
Operating and other receivables	4,300,009	3,797,819
Inventories	252,684	355,682
Other current financial assets	5,000	55,000
Other current assets	395,541	311,078
Total current assets	<u>7,987,002</u>	<u>7,751,988</u>
Non-current assets		
Property, Plant and Equipment	2,026,600	1,822,803
Goodwill	11,802,504	11,802,504
Intangible assets	6,897,109	8,425,546
Investments accounted for using equity method	94,655	95,703
Other non-current financial assets	1,953,076	1,420,760
Other non-current assets	234,224	175,836
Deferred tax assets	693,392	778,783
Total non-current assets	<u>23,701,560</u>	<u>24,521,935</u>
Total assets	<u><u>31,688,562</u></u>	<u><u>32,273,923</u></u>
LIABILITIES AND EQUITY		
Liabilities		
Current liabilities		
Operating and other payables	3,761,538	3,538,577
Contract liabilities	1,051,622	612,413
Short-term interest-bearing debts	754,091	748,408
Accrued income taxes	655,300	554,956
Other financial liabilities	76,986	105,529
Other current liabilities	800,431	872,547
Total current liabilities	<u>7,099,967</u>	<u>6,432,430</u>
Non-current liabilities		
Long-term interest-bearing debts	933,932	787,905
Obligations for retirement pay	185,866	172,196
Provisional sum	134,834	139,102
Deferred tax liabilities	114,337	139,825
Total non-current liabilities	<u>1,368,970</u>	<u>1,239,027</u>
Total liabilities	<u>8,468,936</u>	<u>7,671,457</u>
Capital		
Capital stock	7,147,905	7,147,905
Share premium	7,199,403	7,215,824
Equity shares	-3,456,820	-3,403,618
Retained earnings	11,928,868	13,265,826
Other components of equity	397,573	374,078
Total equity attributable to owners of parent	<u>23,216,929</u>	<u>24,600,015</u>
Non-controlling interests	2,697	2,451
Total equity	<u>23,219,626</u>	<u>24,602,466</u>
Total liabilities and equity	<u><u>31,688,562</u></u>	<u><u>32,273,923</u></u>

(2) Consolidated statements of income and consolidated statements of comprehensive income
 Consolidated Statements of Income

(Thousands of yen)

	FY2019 (From January 1, 2019 to December 31, 2019)	FY2020 (From January 1, 2020 to December 31, 2020)
Revenue	22,585,813	21,161,858
Cost of sales	-6,393,692	-6,087,917
Gross profit	16,192,122	15,073,941
Selling, general and administrative expenses	-11,730,000	-11,011,958
Other operating income	80,237	80,023
Other operating expenses	-17,262	-6,784
Operating profit	4,525,097	4,135,221
Finance income	2,729	37,953
Financing costs	-26,651	-324,802
Equity in losses of affiliates	-15,573	-28,071
Profit before tax	4,485,602	3,820,301
Income tax	-1,392,860	-1,355,678
Profit	3,092,741	2,464,623
Profit attributable to:		
Owners of parent	3,092,992	2,464,869
Non-controlling interests	-251	-246
Profit	3,092,741	2,464,623
Earnings per share		
Basic earnings per share (yen)	35.40	28.16
Diluted earnings per share (yen)	34.95	27.70

Consolidated statements of comprehensive income

(Thousands of yen)

	FY2019 (From January 1, 2019 to December 31, 2019)	FY2020 (From January 1, 2020 to December 31, 2020)
Profit	3,092,741	2,464,623
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Net change in fair value of financial assets of equity nature measured at fair value through other comprehensive income	-42,164	-207,234
Remeasurements of defined benefit plans	1,982	18,383
Total items that will not be reclassified to profit or loss	-40,182	-188,851
Items that may be reclassified subsequently to profit or loss		
Exchange differences on translating foreign operations	4,239	-2,499
Share of other comprehensive income of associates accounted for using equity method	601	-258
Total items that may be reclassified subsequently to profit or loss	4,840	-2,757
Total other comprehensive income, net of tax	-35,342	-191,608
Comprehensive income	3,057,400	2,273,015
Comprehensive income attributable to:		
Owners of parent	3,057,651	2,273,261
Non-controlling interests	-251	-246
Profit	3,057,400	2,273,015

(3) Consolidated statements of changes in equity
FY2019 (January 1, 2019, to December 31, 2019)

(Thousands of yen)

	Equity attributable to owners of the parent company						
	Capital stock	Share premium	Treasury shares	Retained earnings	Other components of equity		
					Warrants	Shares with restriction on transfer	Exchange differences on translating foreign operations
Balance as of January 1, 2019	7,147,905	7,180,289	-3,500,454	9,759,561	363,850	-	-49,109
Changes in accounting policy	-	-	-	38,969	-	-	-
Balance after restatement	7,147,905	7,180,289	-3,500,454	9,798,530	363,850	-	-49,109
Profit	-	-	-	3,092,992	-	-	-
Other comprehensive income	-	-	-	-	-	-	4,840
Total comprehensive income	-	-	-	3,092,992	-	-	4,840
Changes due to acquisition of control over subsidiaries	-	-	-	-	-	-	-
Disposal of treasury shares	-	-2,904	7,642	-	-5,610	-	-
Dividends	-	-	-	-1,135,758	-	-	-
Shares Compensation Transactions	-	22,018	35,993	-	179,504	-14,000	-
Transfer from other components of equity to earnings surplus	-	-	-	173,103	-	-	-
Total transactions with owners	-	19,114	43,635	-962,655	173,894	-14,000	-
Balance at December 31, 2019	7,147,905	7,199,403	-3,456,820	11,928,868	537,744	-14,000	-44,269

(Thousands of yen)

	Equity attributable to owners of the parent company				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 at January 1, 2019	131,383	-	446,124	21,033,424	-	21,033,424
Change in accounting policy	-	-	-	38,969	-	38,969
Balance after restatement	131,383	-	446,124	21,072,393	-	21,072,393
Profit	-	-	-	3,092,992	-251	3,092,741
Other comprehensive income	-42,164	1,982	-35,342	-35,342	-	-35,342
Total comprehensive income	-42,164	1,982	-35,342	3,057,651	-251	3,057,400
Changes due to acquisition of control over subsidiaries	-	-	-	-	2,948	2,948
Disposal of treasury shares	-	-	-5,610	-872	-	-872
Dividends	-	-	-	-1,135,758	-	-1,135,758
Shares Compensation Transactions	-	-	165,504	223,515	-	223,515
Transfer from other components of equity to earnings surplus	-171,121	-1,982	-173,103	-	-	-
Total transactions with owners	-171,121	-1,982	-13,209	-913,115	2,948	-910,167
Balance at December 31, 2019	-81,903	-	397,573	23,216,929	2,697	23,219,626

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

(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	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 company				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

(4) Consolidated statements of cash flows

(Thousands of yen)

	FY2019 (From January 1, 2019 to December 31, 2019)	FY2020 (From January 1, 2020 to December 31, 2020)
Cash flow from operating activities		
Profit before tax	4,485,602	3,820,301
Depreciation and amortization expense	1,880,815	2,165,722
Share-based payment expenses	221,504	257,868
Finance costs (income)	23,922	286,854
Equity in loss (earnings) of affiliates	15,573	28,071
Decrease (increase) in operating and other receivables	140,178	480,454
Decrease (increase) in inventories	-12,487	-86,800
Increase (decrease) in operating and other payables	-197,182	-258,546
Decrease (increase) in prepaid expenses	-73,224	63,047
Decrease (increase) in long-term prepaid expenses	-87,607	41,650
Increase (decrease) in employees' bonuses payable	-61,556	-83,568
Increase (decrease) in contract liabilities	-565,169	-439,209
Increase (decrease) in consumption taxes payable	-33,279	175,762
Other, net	-20,833	50,062
Subtotal	5,716,257	6,501,666
Interest received	741	3,289
Dividend received	3,291	3,388
Interest expenses paid	-6,982	-10,602
Income taxes refunded (paid)	-1,951,150	-1,441,348
Cash flow provided by (used in) operating activities	3,762,157	5,056,393
Cash flow from investing activities		
Purchase of property, plant and equipment	-41,793	-24,780
Purchase of intangible assets	-3,183,773	-2,651,442
Purchase of investments	-1,107,346	-63,636
Proceeds from sales and redemption of investments	745,500	490
Purchase of investments in subsidiaries resulting in change in scope of consolidation	-64,215	-
Loan advances	-302,430	-51,400
Collection of loans receivable	2,276	6,587
Payments for lease and guarantee deposits	-18,171	-16,709
Proceeds from collection of lease and guarantee deposits	7,735	3,317
Acquisition of investments accounted for using the equity method	-70,975	-1
Other, net	43,483	23,894
Cash flow provided by (used in) investing activities	-3,989,710	-2,773,681
Cash flow from financing activities		
Repayments of long-term loans payable	-316,000	-
Repayments of lease liabilities	-877,186	-931,362
Cash dividends paid	-1,135,758	-1,146,294
Purchase of treasury shares	-	-29
Proceeds from sales of treasury shares	4,738	1,500
Expenses related to commitment lines	-41,500	-8,151
Cash flow provided by (used in) financing activities	-2,365,706	-2,084,336
Impact of exchange fluctuations for cash and cash equivalents	303	265
Net increase (decrease) in cash and cash equivalents	-2,592,956	198,641
Cash and cash equivalents at beginning of period	5,626,723	3,033,768
Year-end in cash and cash equivalents	3,033,768	3,232,409

(5) Notes regarding consolidated financial statements

(Notes on the Going Concern Assumption)

Not applicable.

(Segment information)

(1) Overview of the reportable segments

The Group provides its customers with industry-specific business applications through networks, maintenance service and supplies, and various network services on the Industrial Platform mainly in the automotive aftermarket industry. The Group develops business in a single-segment of an IT service business to the service categories of platforms and applications.

(2) Segment income and results

Since the Group has only a single business segment, the statement is omitted.

(Profit per share)

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

	End of previous fiscal year (1 January 2019 From December 31, 2019)	Current Consolidated Fiscal Year (On January 1, 2020 To December 31, 2020)
Profit attributable to owners of the parent (thousand yen)	3,092,992	2,464,869
Adjustments to net income (thousand yen)	-	-
Diluted profit attributable to owners of parent (thousand yen)	3,092,992	2,464,869
Average number of common shares during the period (shares)	87,383,125	87,529,600
Impact of dilutive common shares with dilutive effects		
Stock acquisition rights (shares)	17,898	2,162
Stock benefit trust (shares)	1,093,342	1,440,987
Diluted average number of common shares during the period (shares)	88,494,365	88,972,750
Basic earnings per share (yen)	35.40	28.16
Diluted earnings per share (yen)	34.95	27.70

(Significant Subsequent Events)

Not applicable.