Note: This English translation is solely for reference purposes and not a legally definitive translation of the original Japanese text.
In the event a difference arises regarding the meaning herein, the original Japanese version will prevail as the official authoritative version.

February 10, 2020

Consolidated Financial Results for the Fiscal Year Ended December 31, 2019(Japan GAAP)

Name of listed company:	Information Services International-Dentsu, Ltd.
Listed exchange:	Tokyo
Code number:	4812
URL:	https://www.isid.co.jp/english/index.html
Representative:	Ryoichi Nawa, President, CEO and COO
Contact for inquiries:	Naoto Momiki, General Manager, Corporate Planning Office
	Tel: (03) 6713-6160

Date of the general meeting of the shareholders:	March 24, 2020
Date of scheduled payment of dividends:	March 25, 2020
Date of scheduled filing of securities report:	March 24, 2020
Supplementary explanatory documents:	Yes
Presentation:	Yes

(Amounts less than one million yen are rounded down.)

1. Consolidated Business Performance for the FY2019 (from January 1, 2019 to December 31, 2019)

(1) Consolidated Operating Results

(% of change from previous year)

	Net sales		Operating income (loss)		Ordinary income (loss)		Net income (loss)*	
	(million yen)	(%)	(million yen)	(%)	(million yen)	(%)	(million yen)	(%)
FY2019	100,679	10.6	10,075	22.3	9,648	17.7	6,226	20.0
FY2018	91,024	9.1	8,239	50.1	8,197	45.3	5,187	16.9

Note: Comprehensive income: FY2019: 6,210 million yen (up 25.0%); FY2018: 4,969 million yen (up 9.4%)

	EPS	Diluted EPS	ROE	ROA	Ratio of operating income to net sales
	(yen)	(yen)	(%)	(%)	(%)
FY2019	191.11	–	11.8	11.5	10.0
FY2018	159.22	–	10.5	10.8	9.1

Reference: Equity in earnings of affiliated companies: FY2019: (316) million yen; FY2018: (59) million yen
* Net income attributable to owners of parent

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Shareholders' equity per share
	(million yen)	(million yen)	(%)	(yen)
FY2019	87,035	54,882	62.8	1,683.70
FY2018	80,273	50,966	63.5	1,563.28

Reference: Total shareholders' equity: FY2019: 54,858 million yen; FY2018: 50,935 million yen

(3) Consolidated Cash Flows

	From operating activities	From investing activities	From financing activities	Cash and cash equivalents at end of period
	(million yen)	(million yen)	(million yen)	(million yen)
FY2019	10,642	(3,952)	(3,260)	36,981
FY2018	9,319	(3,353)	(2,564)	33,620

2. Dividends

	Dividends per share					Total dividends paid (Annual)	Payout ratio (Consolidated)	Dividend on equity ratio (Consolidated)
	First quarter	Second quarter	Third quarter	Fourth quarter	Total			
	(yen)	(yen)	(yen)	(yen)	(yen)	(million yen)	(%)	(%)
FY2018	–	28.00	–	35.00	63.00	2,052	39.6	4.2
FY2019	–	35.00	–	42.00	77.00	2,508	40.3	4.7
FY2020 (forecast)	–	43.00	–	43.00	86.00		40.5	

3. Consolidated Forecasts for FY2020 January 1, 2020 to December 31, 2020

Percentages indicate year-on-year increase/(decrease)

	Net sales		Operating income (loss)		Ordinary income (loss)		Net income (loss) *		EPS
	(million yen)	(%)	(million yen)	(%)	(million yen)	(%)	(million yen)	(%)	(yen)
First half	52,300	6.3	5,300	1.8	5,164	0.2	3,450	1.1	105.89
Full year	105,000	4.3	10,500	4.2	10,217	5.9	6,911	11.0	212.11

4. Other Items

1. Changes in the scope of consolidation for significant subsidiaries (Changes in specified subsidiaries resulting in change in the scope of consolidation): None
2. Changes in accounting policies, changes in accounting estimates and restatements:
   1) Changes in accounting policies in accordance with revision of accounting standards: None
   2) Changes in accounting policies other than 1) above: None
   3) Changes in accounting estimate: None
   4) Restatements: None
3. Issued and outstanding common stock
   1) Number of shares issued and outstanding at end of period, including treasury stock:
   2) Number of treasury stock at end of period:
   3) Average number of shares outstanding for each period:

FY2019	32,591,240 shares	FY2018	32,591,240 shares
FY2019	8,869 shares	FY2018	8,663 shares
FY2019	32,582,481 shares	FY2018	32,582,637 shares

(Reference) Summary of Non-consolidated Business Performance

(Amounts less than one million yen are rounded down.)

1. Non-consolidated Business Performance for the FY2019 (from January 1, 2019 to December 31, 2019)

(1) Non-consolidated Operating Results

Percentages indicate year-on-year increase/(decrease)

	Net sales		Operating income (loss)		Ordinary income (loss)		Net income (loss)	
	(million yen)	(%)	(million yen)	(%)	(million yen)	(%)	(million yen)	(%)
FY2019	86,107	12.8	7,392	23.9	8,633	11.0	5,960	12.9
FY2018	76,343	10.5	5,966	60.9	7,777	52.8	5,278	35.1

	EPS	Diluted EPS
	(yen)	(yen)
FY2019	182.93	–
FY2018	162.01	–

(2) Non-consolidated Financial Position

	Total assets	Net assets	Equity ratio	Shareholders' equity per share
	(million yen)	(million yen)	(%)	(yen)
FY2019	79,887	48,826	61.1	1,498,56
FY2018	72,115	45,109	62.6	1,384,46

Reference: Shareholders' equity: FY 2019: 48,826 million yen; FY 2018: 45,109 million yen

Consolidated financial report is outside the scope of audit procedures by certified public accountants or an audit corporation.

Explanation regarding the appropriate use of forecasts of business results

Forecast figures are projections based on information available at the time of release, and are not intended as a guarantee that the Company will achieve these targets. Actual results may differ significantly from the above forecasts as a result of changes in the business environment and other factors.

Index of the Attachment

I. Overview of Business Results

1. Analysis of Business Results ……..……..……... 2
2. Analysis of Financial Position ……..…….. 4
3. Basic Policy Regarding Earnings Distribution, and Dividends for FY2018 and FY2019…… 5

II. Consolidated Financial Statement

1. Consolidated Balance Sheets…….. 6
2. Consolidated Statements of Income and Comprehensive Income

[Consolidated Statements of Income] …….. 8

[Consolidated Statements of Comprehensive Income] …… 9

3. Consolidated Statements of Changes in Net Assets…… 10
4. Consolidated Statements of Cash Flows…… 12

■ **Segment Information**

Sales and Income (Loss) by Reportable Segment……..……..……..… 14

* Dentsu Inc. changed its name to Dentsu Group Inc. on January 1, 2020.

In this report, "Dentsu Group" refers, in principle, to the entire corporate group.

I. Overview of Business Results

1. Analysis of Business Results

(1) Results for FY2019 (Ended December 31, 2019)

(Millions of yen)

Business segment	FY2018 (from January 1, 2018 to December 31, 2018)	FY2019 (from January 1, 2019 to December 31, 2019)	YoY	
			Variance	% change
Net sales	91,024	100,679	9,655	10.6%
Operating income	8,239	10,075	1,836	22.3%
Operating margin	9.1%	10.0%	0.9p	–
Ordinary income	8,197	9,648	1,451	17.7%
Net income attributable to owners of parent	5,187	6,226	1,039	20.0%

In the consolidated fiscal year under review (from January 1, 2019 to December 31, 2019), the Japanese economy was generally firm in corporate earnings and capital investment, despite a further increase in weakness mainly in manufacturing due to factors such as the trade issue trends centered in the United States and the slowdown in the Chinese economy. In the information services industry, business conditions remained generally favorable amid rising demand driven by corporate investment in information technology.

Amid these circumstances, the Group started "ISID X (Cross) Innovation 2021," a new medium-term management plan targeting the three years starting in the fiscal year under review and renewed its corporate philosophy. Under the basic policies of "core business evolution", "the new business creation" and "the business foundation innovations" in addition to strengthening existing businesses, we are promoting initiatives for collaborative creation of new value that transcends the boundaries of technology, industries, and companies.

Through these efforts, we are aiming to achieve the quantitative targets for the fiscal year ending December 31, 2021 (consolidated net sales of ¥110,000 million, operating income of ¥11,000 million, an operating margin of 10.0% and ROE of 12.5%)

In the consolidated fiscal year under review, net sales were ¥100,679 million (up 10.6% year on year), operating income was ¥10,075 million (up 22.3% year on year), ordinary income was ¥9,648 million (up 17.7% year on year) and net income attributable to owners of parent was ¥6,226 million (up 20.0% year on year), all of which achieved record-high for the second consecutive year.

Year on year sales increased in all business segments due to rising demand for IT-related investments by many companies and public institutions. Despite an increase in selling, general and administrative expenses, year on year income also increased significantly due to effects of the increase in sales.

The operating income margin was 10.0%, achieving the targets of the medium-term management plan in the first year.

Net sales, operating income and status of business operations by business segment are as follows:

Net Sales and Operating Income (Loss) by Business Segment

(Millions of yen)

Business segment	FY2018 (from January 1, 2018 to December 31, 2018)			FY2019 (from January 1, 2019 to December 31, 2019)			Variance	
	Net sales	Operating income	Operating margin	Net sales	Operating income	Operating margin	Net sales	Operating income
Financial Solutions	23,242	1,794	7.7%	24,622	1,542	6.3%	1,380	(252)
Business Solutions	16,810	701	4.2%	19,289	1,741	9.0%	2,479	1,040
Manufacturing Solutions	29,252	2,228	7.6%	30,027	2,103	7.0%	775	(125)
Communication IT	21,718	3,515	16.2%	26,739	4,688	17.5%	5,021	1,173
Total	91,024	8,239	9.1%	100,679	10,075	10.0%	9,655	1,836

Note: Starting from the fiscal year under review, the name of the "Engineering Solutions" business segment has changed to "Manufacturing Solutions."

Status of Business Operations by Business Segment

Financial Solutions

The main business of this segment is providing IT solutions that support various financial operations at financial institutions and other companies.

In the consolidated fiscal year under review, system development projects for government-affiliated financial institution and business companies expanded. In addition, sales rose, reflecting favorable performance in services for introducing RPA to improve operational efficiency provided mainly to financial institutions and channel reform services to acquire new customers. Profits decreased mainly due to an increase in the cost of sales for some projects.

Business Solutions

The main business of this segment is providing IT solutions for core systems and the business and human resource management fields.

In the consolidated fiscal year under review, both sales and profits increased due to an expansion of licensing sales and installation of the human resource management solution POSITIVE, the consolidated accounting solution STRAVIS, and software in the accounting or ERP fields. This was attributable to an expansion of system introduction studies backed by corporate work style reforms, and increased demand for system upgrades triggered by the deterioration of existing systems and the expiration of support periods.

Manufacturing Solutions

The main business of this segment is providing IT solutions for the entire product lifecycle, from product development and production, to sales and maintenance in the manufacturing industry.

In the consolidated fiscal year under review, sales increased due to an expansion of licensing sales and installation of the MBSE solution QUAVIS[*1], software in CAE[*2] and the Smart Factory domain. Profits declined due to an increase in personnel expenses, resulting from an increase in the number of employees.

*1 MBSE: Model Based Systems Engineering

*2 CAE: Computer Aided Engineering

Communication IT

The main business of this segment is providing IT solutions for core systems at the Dentsu Group, as well as in collaboration with the Dentsu Group.

In the consolidated fiscal year under review, both sales and profits increased due to the start of large-scale system renewal projects in the Dentsu Group's core system field and a significant expansion of collaborative

businesses with Dentsu Group, mainly for the public sector.

(2) Forecast for FY2020 (Ending December 31, 2020)

The ISID Group's forecasts for FY 2020 are as follows:

Consolidated Earnings Forecast for FY 2020 (January 1, 2020 to December 31, 2020)

(Millions of yen)

	Amount	YoY % change
Net sales	105,000	4.3%
Operating income	10,500	4.2%
Ordinary income	10,217	5.9%
Net income attributable to owners of parent	6,911	11.0%

As in fiscal 2019, net sales are expected to increase, driven by all segments.

In terms of profits, we aim to increase profits while actively investing in human resources and business growth activities. Net sales, operating income, ordinary income, and net income attributable to owners of the parent are all expected to reach record-high.

The next fiscal year marks the second year of our three-year medium-term management plan. Although uncertain risks to the future have increased since the beginning of the year, such as the Middle East problem triggered by the US-Iran conflict and the spread of outbreaks of new diseases caused by Wuhan in China, corporate IT investment in strategic areas such as DX (Digital Transformation) has remained steady at this point.

We aim to grow toward the achievement of the targets in the medium-term management plan by expanding existing businesses and creating new businesses through "X Innovation."

Note: Forecast figures are projections based on information available at the time of release, are not intended as a guarantee that the Company will achieve these targets. Actual results may differ significantly from the above forecasts as a result of changes in the business environment and other factors.

2. Analysis of Financial Position

(1) Status of Assets, Liabilities and Net Assets

Assets

Total assets at the end of the consolidated fiscal year under review increased ¥7,032 million yen from the end of the previous fiscal year to ¥87,305 million yen. Current assets increased ¥5,060 million to ¥69,728 million, due mainly to increases in deposits paid, work in process and advance payments due to expanded business scale. Non-current assets increased by ¥1,972 million yen from the end of the previous fiscal year to ¥17,576 million yen mainly due to investment in affiliates.

Liabilities

Total liabilities at the end of the current consolidated fiscal year increased by ¥3,116 million yen from the end of the previous consolidated fiscal year to ¥32,423 million yen. Current liabilities increased by ¥2,905 million yen from the end of the previous fiscal year to ¥29,456 million yen, mainly due to an increase in notes and accounts payable and advances received accompanying an increase in the scale of transactions. Non-current liabilities increased by ¥211 million yen from the end of the previous fiscal year to ¥2,966 million yen, mainly due to an increase in lease obligations and asset retirement obligations.

Net assets

Net assets at the end of the fiscal year under review increased by ¥3,916 million yen from the end of the previous fiscal year to ¥54,882 million yen, mainly due to an increase in retained earnings resulting from the recording of

profit attributable to owners of parent, despite the payment of dividends from surplus.

(2) Status of Cash Flows

Cash and cash equivalents (hereinafter referred to as "cash") increased by ¥3,360 million yen from the end of the previous fiscal year to ¥36,981 million yen.

Cash flows from operating activities

Net cash increased ¥10,642 million, mainly due to the posting of income before income taxes and minority interests.

Compared to the previous consolidated fiscal year, net cash provided by operating activities increased ¥1,323 million, mainly due to an increase in income before income taxes and minority interests.

Cash flows from investing activities

Net cash used in investing activities decreased ¥3,952 million due to the acquisition of software and other fixed assets and shares of subsidiaries and affiliates.

Compared to the previous consolidated fiscal year, cash used in investing activities was ¥599 million due to an increase in the purchase of shares of subsidiaries and associates.

Cash flows from financing activities

Net cash used in financing activities decreased ¥3,260 million due to dividend payments and repayment of lease obligations.

Compared to the previous consolidated fiscal year, expenditures increased by ¥696 million yen mainly due to an increase in dividends paid and repayments of lease obligations.

3. Basic Policy Regarding Earnings Distribution, and Dividends for FY2019 and FY2020

ISID recognizes that returning profits to shareholders is an important management issue, and ISID has established a basic policy for continually providing an appropriate and stable dividend, while retaining earnings to realize sustainable growth. Also, ISID set a target consolidated dividend payout ratio of 40% or more.

Based on this policy, as announced on January 22, 2020, ISID plans to pay a year-end dividend of ¥42 per share, an increase of ¥7 from the initial target of ¥35 per share. Together with the already paid second quarter-end dividend, we plan to pay an annual dividend of ¥77 per share, an increase of ¥14 from the previous consolidated fiscal year, for a consolidated dividend payout ratio of 40.3%.

The dividend forecast for the next fiscal year (ending December 31, 2020) is to increase the dividend by ¥9 from the current fiscal year to ¥86 per share (¥43 at the end of the first half and ¥43 at year-end) in accordance with the basic policy. The consolidated dividend payout ratio is expected to be 40.5%.

II. Consolidated Financial Statements

1. Consolidated Balance Sheets

(Millions of yen; amounts less than one million yen are rounded down.)

Item \ Period	As of December 31, 2018	**As of December 31, 2019**
	Amount	Amount
Assets		
Current assets		
Cash and deposits	2,878	3,497
Notes and accounts receivable - trade	19,958	20,263
Lease investment assets	97	65
Merchandise and finished goods	96	152
Work in process	1,529	2,332
Raw materials and supplies	25	23
Advance payments - trade	8,080	8,634
Deposits paid	31,054	33,666
Other	949	1,103
Allowance for doubtful accounts	(1)	(11)
Total current assets	64,668	69,728
Non-current assets		
Property, plant and equipment		
Buildings, net	1,052	1,197
Tools, furniture and fixtures, net	366	389
Land	524	524
Leased assets, net	2,229	2,455
Construction in progress	0	7
Total property, plant and equipment	4,173	4,574
Intangible assets		
Software	2,815	3,033
Leased assets	108	166
Other	32	33
Total intangible assets	2,956	3,233
Investments and other assets		
Investment securities	2,876	4,040
Long-term loans receivable from subsidiaries and associates	-	180
Deferred tax assets	1,682	1,754
Leasehold and guarantee deposits	3,622	3,705
Other	294	270
Allowance for doubtful accounts	(1)	(183)
Total investments and other assets	8,475	9,769
Total non-current assets	15,604	17,576
Total assets	80,273	87,305

(Millions of yen; amounts less than one million yen are rounded down.)

Item \ Period	As of December 31, 2018	**As of December 31, 2019**
	Amount	Amount
Liabilities		
Current liabilities		
Notes and accounts payable - trade	6,839	7,668
Lease obligations	772	938
Accrued expenses	3,727	3,779
Income taxes payable	2,314	1,781
Advances received	8,735	10,097
Provision for loss on order received	523	575
Other	3,638	4,616
Total current liabilities	26,551	29,456
Non-current liabilities		
Lease obligations	1,655	1,755
Retirement benefit liability	22	34
Asset retirement obligations	872	946
Other	205	230
Total non-current liabilities	2,755	2,966
Total liabilities	29,307	32,423
Net assets		
Shareholders' equity		
Capital stock	8,180	8,180
Capital surplus	15,285	15,285
Retained earnings	27,292	31,238
Treasury shares	(29)	(30)
Total shareholders' equity	50,729	54,675
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	29	68
Foreign currency translation adjustment	176	115
Total accumulated other comprehensive income	205	183
Non-controlling interests	30	23
Total net assets	50,966	54,882
Total liabilities and net assets	80,273	87,305

2. Consolidated Statements of Income and Consolidated Statements of Comprehensive Income

[Consolidated Statements of Income]

(Millions of yen; amounts less than one million yen are rounded down.)

Item \ Period	Fiscal year ended December 31, 2018 (from January 1, 2018 to December 31, 2018)	**Fiscal year ended December 31, 2019 (from January 1, 2019 to December 31, 2019)**
	Amount	Amount
Net sales	91,024	100,679
Cost of sales	60,901	※67,288
Gross profit	30,123	33,390
Selling, general and administrative expenses	21,884	23,315
Operating profit	8,239	10,075
Non-operating income		
Interest and dividend income	41	42
Dividend income of insurance	48	62
Subsidy income	20	31
Miscellaneous income	44	15
Total non-operating income	155	151
Non-operating expenses		
Interest expenses	24	32
Share of loss of entities accounted for using equity method	59	316
Foreign exchange losses	41	9
Loss on investments in partnership	41	17
Loss on retirement of non-current assets	23	13
Provision of allowance for doubtful accounts	-	182
Miscellaneous loss	6	7
Total non-operating expenses	198	579
Ordinary profit	8,197	9,648
Extraordinary income		
Gain on sales of investment securities	-	265
Compensation for transfer	185	-
Total extraordinary income	185	265
Extraordinary losses		
Impairment loss	23	-
Loss on valuation of investment securities	610	682
Loss on liquidation of business	-	46
Total extraordinary losses	634	728
Profit before income taxes	7,748	9,185
Income taxes - current	3,119	3,036
Income taxes - deferred	(571)	(83)
Total income taxes	2,548	2,953
Profit	5,200	6,232
Profit attributable to non-controlling interests	12	5
Profit attributable to owners of parent	5,187	6,226

[Consolidated Statements of Comprehensive Income]

(Millions of yen; amounts less than one million yen are rounded down.)

	Fiscal year ended December 31, 2018 (from January 1, 2018 to December 31, 2018)	**Fiscal year ended December 31, 2019 (from January 1, 2019 to December 31, 2019)**
Profit	5,200	6,232
Other comprehensive income		
Valuation difference on available-for-sale securities	(66)	38
Foreign currency translation adjustment	(163)	(609)
Total other comprehensive income	(230)	(22)
Comprehensive income	4,969	6,210
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	4,956	6,204
Comprehensive income attributable to non-controlling interests	12	5

3. Consolidated Statements of Changes in Net Assets

Fiscal year ended December 31, 2018 (from January 1, 2018 to December 31, 2018)

(Millions of yen; amounts less than one million yen are rounded down.)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of period	8,180	15,285	23,897	(29)	47,334
Changes of items during period					
Dividends from surplus			(1,792)		(1,792)
Net income attributable to owners of parent			5,187		5,187
Purchase of treasury stock				(0)	(0)
Net changes of items other than shareholders' equity					
Total changes of items during period	–	–	3,395	(0)	3,395
Balance at the end of period	8,180	15,285	27,292	(29)	50,729

	Accumulated other comprehensive income			Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance at the beginning of period	96	340	436	28	47,800
Changes of items during period					
Dividends from surplus					(1,792)
Net income attributable to owners of parent					5,187
Purchase of treasury stock					(0)
Net changes of items other than shareholders' equity	(66)	(163)	(230)	1	(229)
Total changes of items during period	(66)	(163)	(230)	1	3,165
Balance at the end of period	29	176	205	30	50.966

Fiscal year ended December 31, 2019 (from January 1, 2019 to December 31, 2019)

(Millions of yen; amounts less than one million yen are rounded down.)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of period	8,180	15,285	27,292	(29)	50,729
Changes of items during period					
Dividends from surplus			(2,280)		(2,280)
Net income attributable to owners of parent			6,226		6,226
Purchase of treasury stock				(0)	(0)
Net changes of items other than shareholders' equity					–
Total changes of items during period	–	–	3,946	(0)	3,945
Balance at the end of period	8,180	15,285	31,238	(30)	54,675

	Accumulated other comprehensive income			Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance at the beginning of period	29	176	205	30	50,966
Changes of items during period					
Dividends from surplus					(2,280)
Net income attributable to owners of parent					6,226
Purchase of treasury stock					(0)
Net changes of items other than shareholders' equity	38	(60)	(22)	(6)	(28)
Total changes of items during period	38	(60)	(22)	(6)	3,916
Balance at the end of period	68	115	183	23	54,882

4. Consolidated Statements of Cash Flows

(Millions of yen; amounts less than one million yen are rounded down.)

Item \ Period	Fiscal year ended December 31, 2018 (from January 1, 2018 to December 31, 2018)	**Fiscal year ended December 31, 2019 (from January 1, 2019 to December 31, 2019)**
	Amount	Amount
Cash flows from operating activities		
Profit before income taxes	7,748	9,185
Depreciation	2,262	2,531
Impairment loss	23	-
Increase (decrease) in allowance for doubtful accounts	0	191
Increase (decrease) in retirement benefit liability	7	11
Increase (decrease) in provision for loss on order received	(98)	51
Interest and dividend income	(41)	(42)
Interest expenses	24	32
Share of loss (profit) of entities accounted for using equity method	59	316
Loss (gain) on sales of investment securities	-	(265)
Loss on retirement of non-current assets	23	13
Loss (gain) on valuation of investment securities	610	682
Loss on liquidation of business	-	46
Decrease (increase) in notes and accounts receivable - trade	(1,300)	(311)
Decrease (increase) in inventories	(223)	(865)
Decrease (increase) in advance payments	(1,541)	(558)
Increase (decrease) in notes and accounts payable - trade	781	834
Increase (decrease) in accrued expenses	1,461	54
Increase (decrease) in advances received	983	1,377
Increase (decrease) in accrued consumption taxes	313	361
Other, net	255	632
Subtotal	11,349	14,277
Interest and dividend income received	41	37
Interest expenses paid	(24)	(32)
Income taxes paid	(2,047)	(3,640)
Net cash provided by (used in) operating activities	9,319	10,642
Cash flows from investing activities		
Payments into time deposits	(324)	(112)
Proceeds from withdrawal of time deposits	282	236
Purchase of property, plant and equipment	(651)	(458)
Purchase of intangible assets	(1,565)	(1,495)

Purchase of investment securities	(827)	(258)
Proceeds from sales of investment securities	—	291
Payments of loans receivable	-	(181)
Purchase of shares of subsidiaries and associates	(263)	(2,075)
Proceeds from distribution of investment in partnerships	-	189
Payments for leasehold and guarantee deposits	(70)	(92)
Proceeds from collection of leasehold and guarantee deposits	68	8
Other, net	(3)	(5)
Net cash provided by (used in) investing activities	(3,353)	(3,952)

(Millions of yen; amounts less than one million yen are rounded down.)

Item \ Period	Fiscal year ended December 31, 2018 (from January 1, 2018 to December 31, 2018)	**Fiscal year ended December 31, 2019 (from January 1, 2019 to December 31, 2019)**
	Amount	Amount
Cash flows from financing activities		
Repayments of lease obligations	(760)	(967)
Cash dividends paid	(1,792)	(2,280)
Dividends paid to non-controlling interests	(11)	(12)
Purchase of treasury shares	(0)	(0)
Net cash provided by (used in) financing activities	(2,564)	(3,260)
Effect of exchange rate change on cash and cash equivalents	(134)	(68)
Net increase (decrease) in cash and cash equivalents	3,266	3,360
Cash and cash equivalents at beginning of period	30,353	33,620
Cash and cash equivalents at end of period	33,620	36,981

■ Segment Information

Sales and Income (Loss) by Reportable Segment

The fiscal year ended December 31, 2018 (from January 1, 2018 to December 31, 2018)

(Millions of yen)

	Business segment				
	Financial Solutions	Business Solutions	Manufacturing Solutions	Communication IT	Total
Net sales					
Sales to customers	23,242	16,810	29,252	21,718	91,024
Inter-segment sales and transfers	–	–	–	–	–
Total	23,242	16,810	29,252	21,718	91,024
Segment income (loss)	1,794	701	2,228	3,515	8,239
Other items					
Depreciation	302	560	609	789	2,262

Note: Total values for segment income (loss) match those for the operating income on the “Consolidated Statements of Income.”

The fiscal year ended December 31, 2019 (from January 1, 2019 to December 31, 2019)

(Millions of yen)

	Business segment				
	Financial Solutions	Business Solutions	Manufacturing Solutions	Communication IT	Total
Net sales					
Sales to customers	24,622	19,289	30,027	26,739	100,679
Inter-segment sales and transfers	–	–	–	–	–
Total	24,622	19,289	30,027	26,739	100,679
Segment income (loss)	1,542	1,741	2,103	4,688	10,075
Other items					
Depreciation	289	587	648	1,005	2,531

Note: Total values for segment income (loss) match those for the operating income on the “Consolidated Statements of Income.”