



First Quarter of FY2021

Business Results Briefing

May 10, 2021

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CHAPTER 1

Overview of 1Q Business Results

Summary

 Rise in stock revenue ratio

- ◆ Sales of monthly services increased due to increasing number of software users.
- ◆ The number of software sale in the form of monthly subscription increased.

 Increase in high-margin revenue

- ◆ Ratio of high-margin monthly revenue in total sales rose.

Revenue	5.195 billion yen (YoY-1.6%)	Monthly sales ratio	39.1% (YoY +4.2pts)
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Operating profit	672 million yen (YoY +10.1%)	Operating profit margin	12.9% (YoY +1.4pts)
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Impact of COVID-19

- In automotive aftermarket sector, demand for vehicle inspections remained firm, so IT investment remained firm as well.
- Regarding mobile phone shops, travel agencies, and sightseeing bus operators, business conditions remained severe, so IT investment failed to recover.
- In the manufacturing industry, cautious stances toward IT investment were seen, so more time was needed for business negotiations to progress.

Overview of Consolidated Business Results

(Millions of yen)	FY2021 1Q	FY2020 1Q	YoY change	YoY ratio
Revenue	5,195	5,279	-84	-1.6%
Operating profit	672	610	+62	+10.1%
Profit before tax	669	627	+43	+6.8%
Profit attributable to owners of the parent	426	413	+13	+3.1%
Basic earnings per share	4.86 yen	4.72 yen	-	-

Revenue

- Decreased in reaction to the big deal of devices (FY2020 243 million yen).
- Monthly sales increased by 187 million yen due to an increase in the number of software users.
- The impact of software sale shifting to monthly subscription model was approximately 100 million yen.

Operating profit

- Sales ratio of high-margin monthly service rose.
- Streamlined operating activities under COVID-19 pandemic.

Breakdown by Revenue Categories

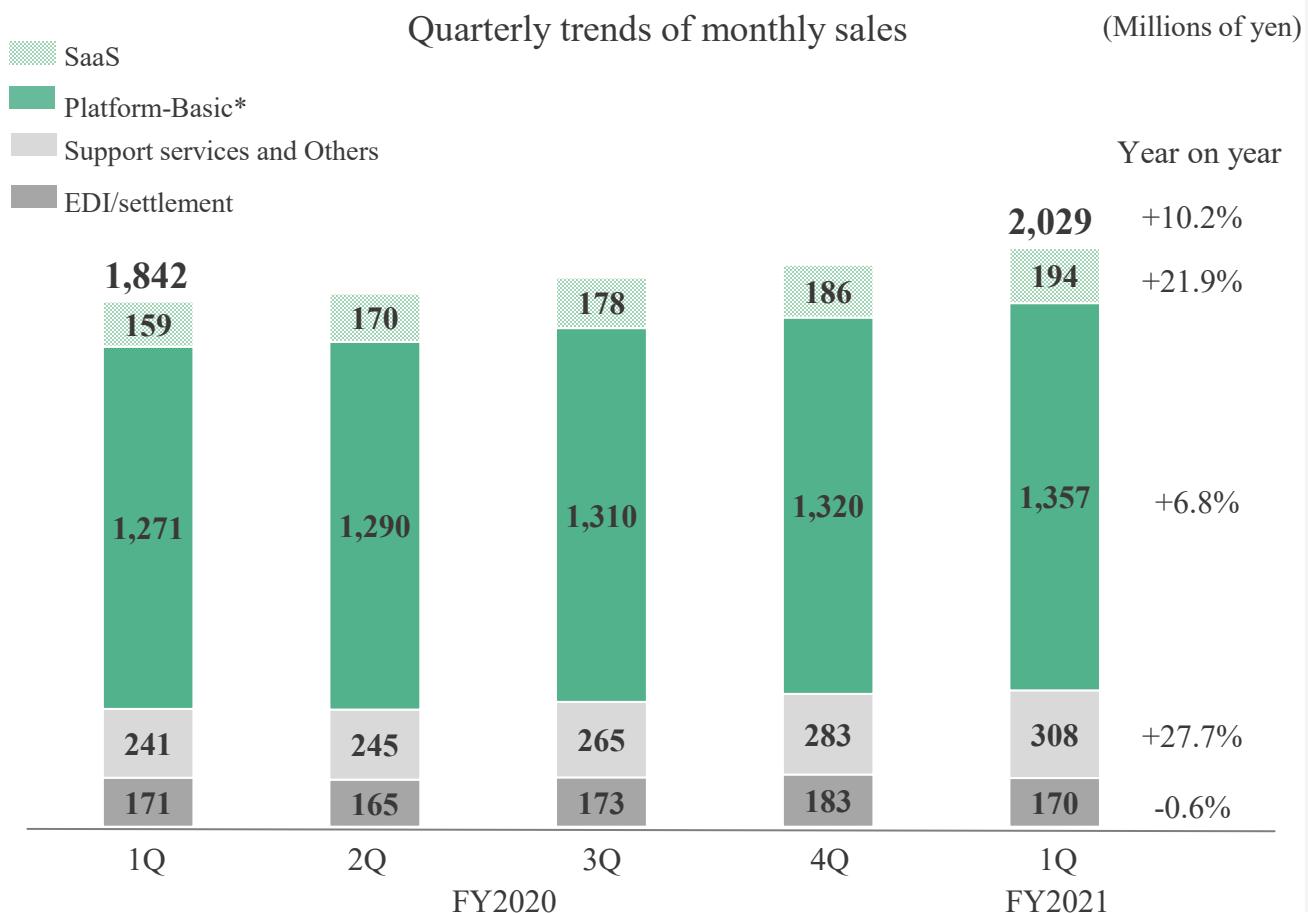
(Millions of yen)	FY2021 1Q	FY2020 1Q	YoY change	YoY ratio
Platform	2,883	2,506	+377	+15.0%
SaaS	194	159	+35	+21.9%
Basic	2,013	1,759	+254	+14.4%
EDI/settlement	170	171	-1	-0.6%
Support	452	380	+72	+19.0%
Others	53	37	+16	+44.6%
Application	2,312	2,773	-461	-16.6%
By industry	1,867	1,985	-118	-6.0%
OTRS	69	90	-21	-23.5%
Devices	376	697	-321	-46.1%
Total	5,195	5,279	-84	-1.6%

Platform
• SaaS: Monthly subscription contracts increased.
• Basic: The number of software users increased.
• Support: Monthly support service contract rate increased. Strong sales of supplies.
Application
• By industry: Automotive sector was influenced by the shift of software to subscription model. In non-automotive sector, the number of software sale decreased due to the impact of COVID-19.
• Devices: Decreased in reaction to the big deal of devices in FY2020.

NOTE) SaaS category has been newly established

For an explanation of revenue categories, please refer to the supplementary information on Page 17.

Quarterly Trends of Monthly Sales



SaaS

- Subscription contracts of the “.NS Series” increased.
- Started operation of the “.c Series” in some areas.

Platform-Basic

- The number of users of the “.NS Series” increased.

Support services and Others

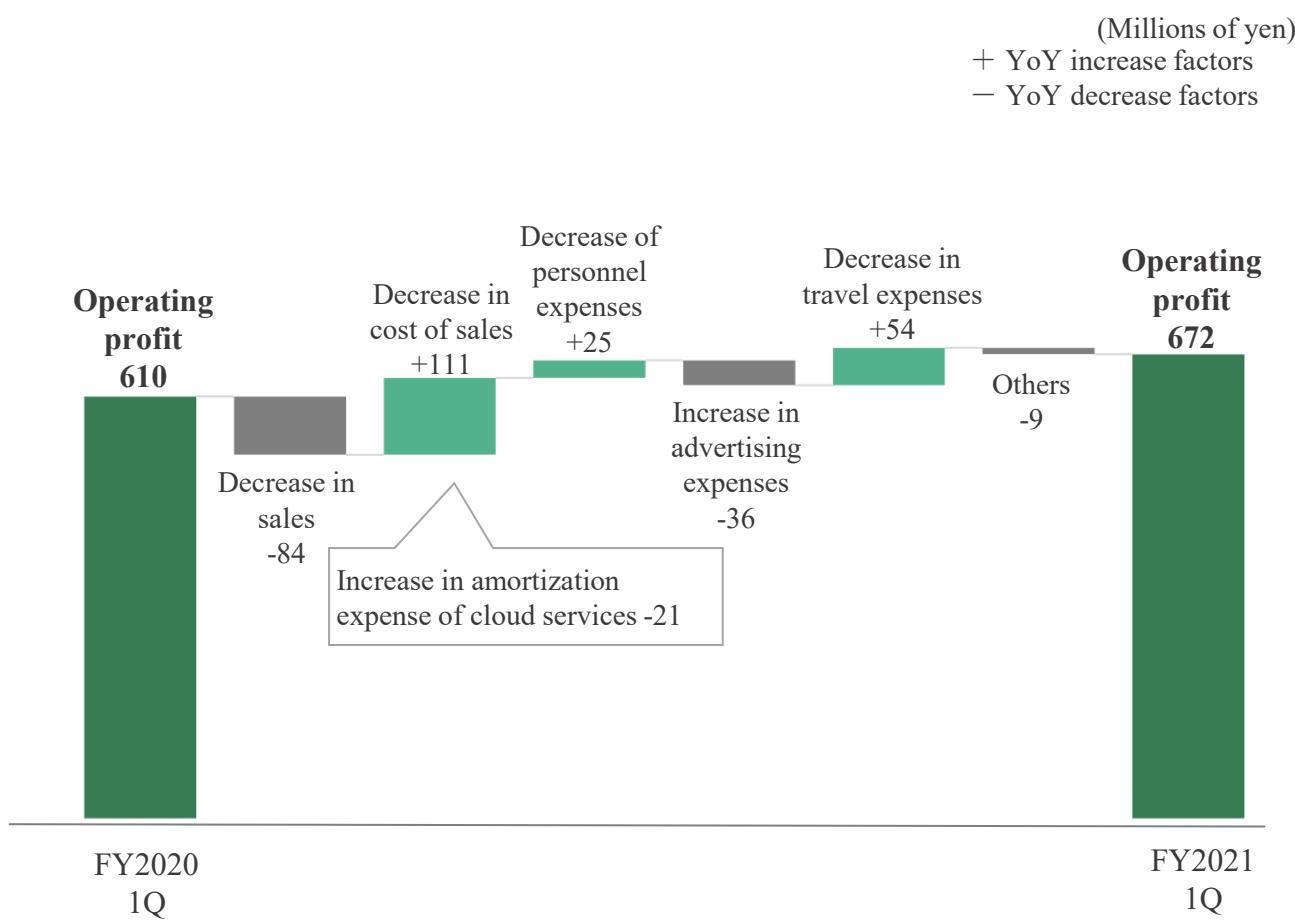
- Monthly contract rate for support services increased.
- The number of contracts for DX tools, etc. increased.

EDI/settlement

- Settlement agency service struggled due to sluggish transaction of recycled auto parts.

*Platform-Basic-PaaS (Database/Monthly) + IaaS

Breakdown of Changes in Operating Profit



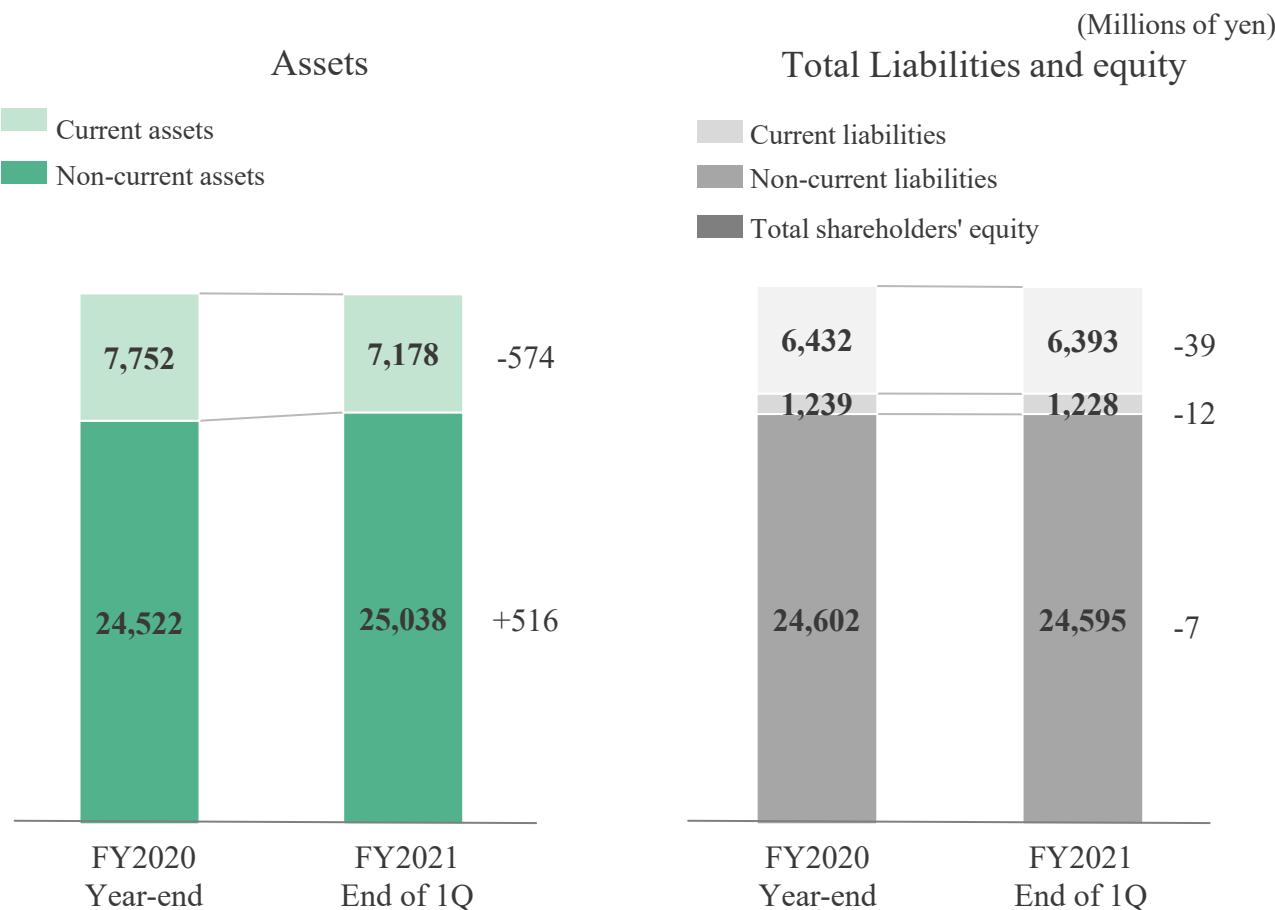
Cost of sales

- Purchase cost decreased due to the decline in reaction to the big deal of devices in FY2020.
 - Burden of amortization expense increased due to expanded provision of cloud services.
 - Gross profit increased despite of the decrease in revenue, and the gross profit margin improved to the 70% level.

SGA cost

- Advertising expenses
Participated in a large-scale exhibition
(The exhibition was cancelled in FY2020).
 - Travel expenses
Streamlined operating activities under COVID-19 pandemic
by promoting the establishment of online operating activities.

Overview of the Balance Sheet



Assets

- As for current assets, cash and deposits decreased due to dividend payouts, tax payments, development investments, etc.
 - As for non-current assets, intangible assets increased due to investment in development of cloud services.

Liabilities

- As for current liabilities, operating and other payables decreased due to seasonal factors.
 - Also, short-term interest-bearing debts increased due to funding of short-term working capital.

Equity

Retained earnings decreased due to dividend payout, while profit was recorded.

CHAPTER 2

Results Forecast

Forecast of Consolidated Results

(Millions of yen)	FY2021 1H forecast	FY2020 1H results	YoY change	YoY ratio	FY2021 Full-year forecast	FY2020 Full-year results	YoY change	YoY ratio
Revenue	9,500	10,232	-732	-7.2%	20,100	21,162	-1,062	-5.0%
Operating profit	700	1,628	-928	-57.0%	2,400	4,135	-1,735	-42.0%
Profit before tax	700	1,614	-914	-56.6%	2,400	3,820	-1,420	-37.2%
Profit attributable to the owners of parent	430	1,066	-636	-59.6%	1,550	2,465	-915	-37.1%
Basic earnings per share	4.90 yen	12.18 yen	-	-	17.64 yen	28.16 yen	-	-

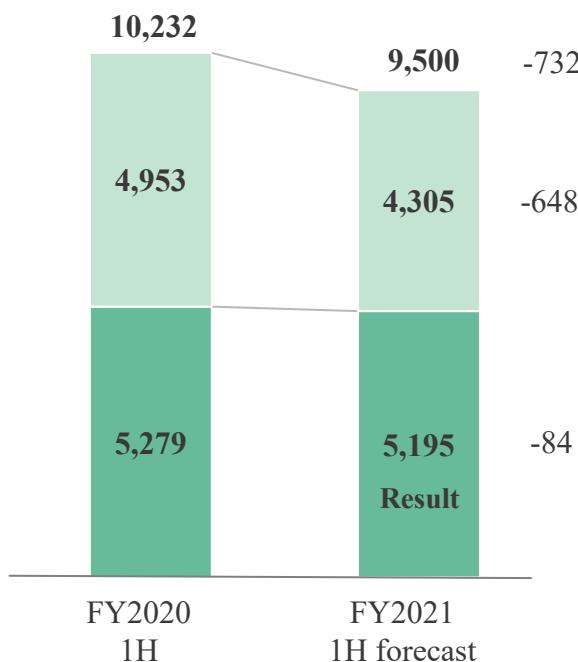
NOTE)There is no change in forecast.

1H Results Forecast

(Millions of yen)

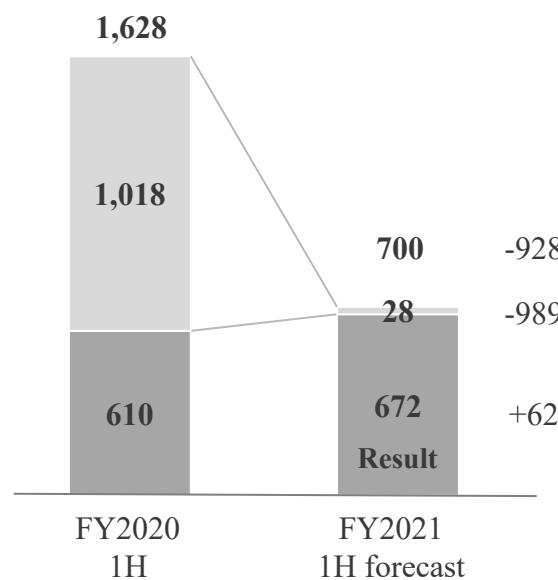
Revenue

2Q
1Q



Operating profit

2Q
1Q



2Q(From April to June)

Promotion of measures for early and smooth transition to cloud version of the “.c Series” : -600 million yen

Details of measures

- (1) Sequential shift to the “.c Series”, beginning from major customers
- (2) Promote transition to monthly subscription model of the “.NS Series”
- (3) Restrain lump-sum sale of the “.NS Series” prior to the expiration of the contract (normally 6 years)

Decrease in sale of devices:-100 million yen
Increase in monthly sales: +100 million yen

Total cost

- Increase in amortization expense of cloud services
- Increase in operating costs for cloud service infrastructure
- Costs postponed from 1Q

1H Forecast by Revenue Categories

Post-recombination (New forecast)

(Millions of yen)	FY2021 1H Forecast	FY2020 1H Results	YoY change	YoY ratio
Platform	5,250	5,072	+178	+3.5%
SaaS	400	329	+71	+21.6%
Basic	3,550	3,575	-25	-0.7%
EDI/settlement	320	336	-16	-4.8%
Support	880	761	+119	+15.6%
Others	100	72	+28	+39.6%
Application	4,250	5,160	-910	-17.6%
By industry	3,450	3,964	-514	-13.0%
OTRS	100	132	-32	-24.0%
Devices	700	1,064	-364	-34.2%
Total	9,500	10,232	-732	-7.2%

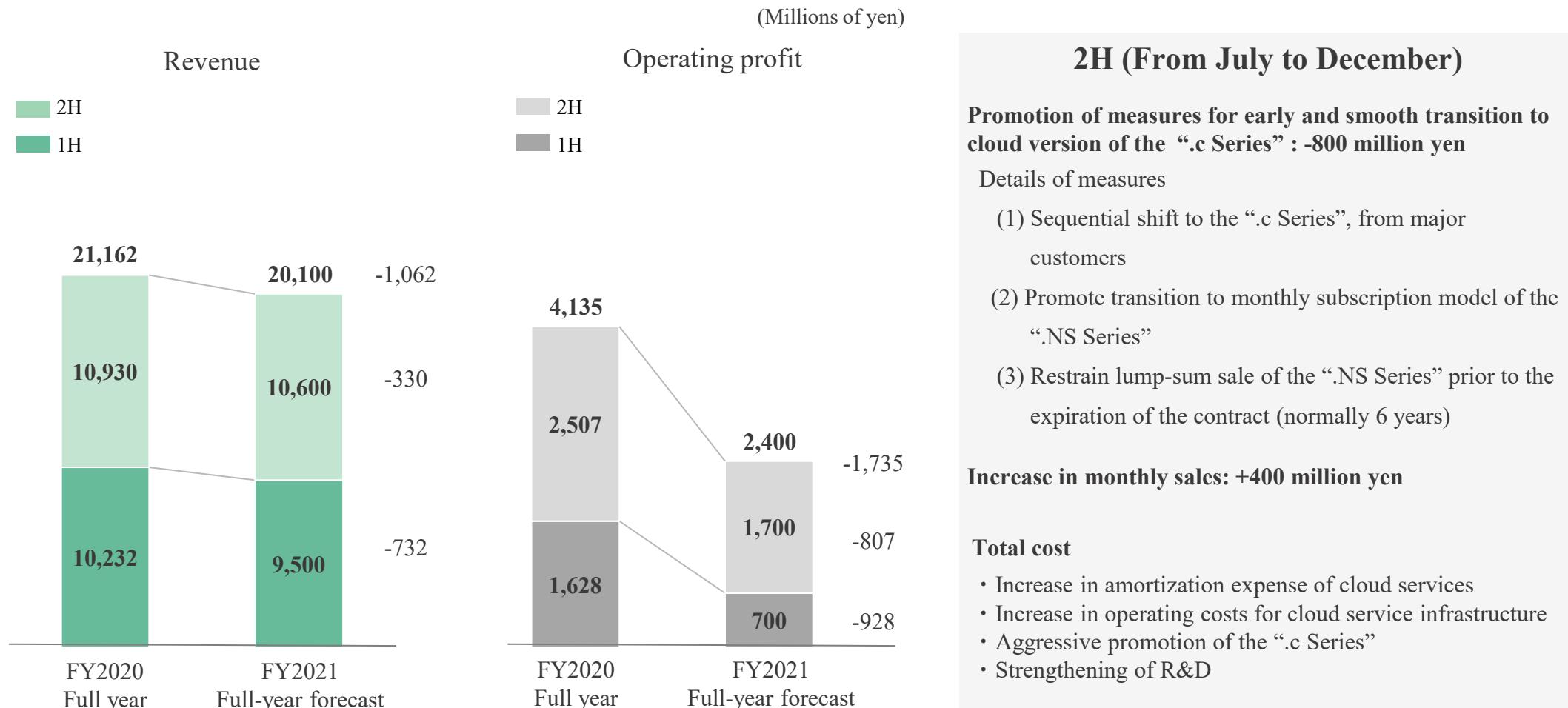
Pre-recombination (Previous forecast)

(Millions of yen)	FY2021 1H Forecast	FY2020 1H Results
Platform	4,900	4,872
Basic	3,600	3,600
EDI/settlement	420	439
Support	800	761
Others	80	72
Application	4,600	5,360
By industry	3,800	4,165
OTRS	100	132
Others	700	1,064
Total	9,500	10,232

(NOTE) The forecast for Platform-Support and Platform-Others has been revised upward due to the steady progress of support services and DX tools.

Against this backdrop, we have decided to further accelerate the shift to monthly subscription model, hence lowered the forecast for Application-By industry.

Full-year Results Forecast



Full-year Forecast by Revenue Categories

Post-recombination (New forecast)

(Millions of yen)	FY2021 Full-year forecast	FY2020 Full-year results	YoY change	YoY ratio
Platform	11,100	10,692	+408	+3.8%
SaaS	850	692	+158	+22.8%
Basic	7,500	7,555	-55	-0.7%
EDI/settlement	700	692	+8	+1.1%
Support	1,850	1,596	+254	+15.9%
Others	200	157	+43	+27.5%
Application	9,000	10,469	-1,469	-14.0%
By industry	7,350	8,389	-1,039	-12.4%
OTRS	250	204	+46	+22.7%
Devices	1,400	1,877	-477	-25.4%
Total	20,100	21,162	-1,062	-5.0%

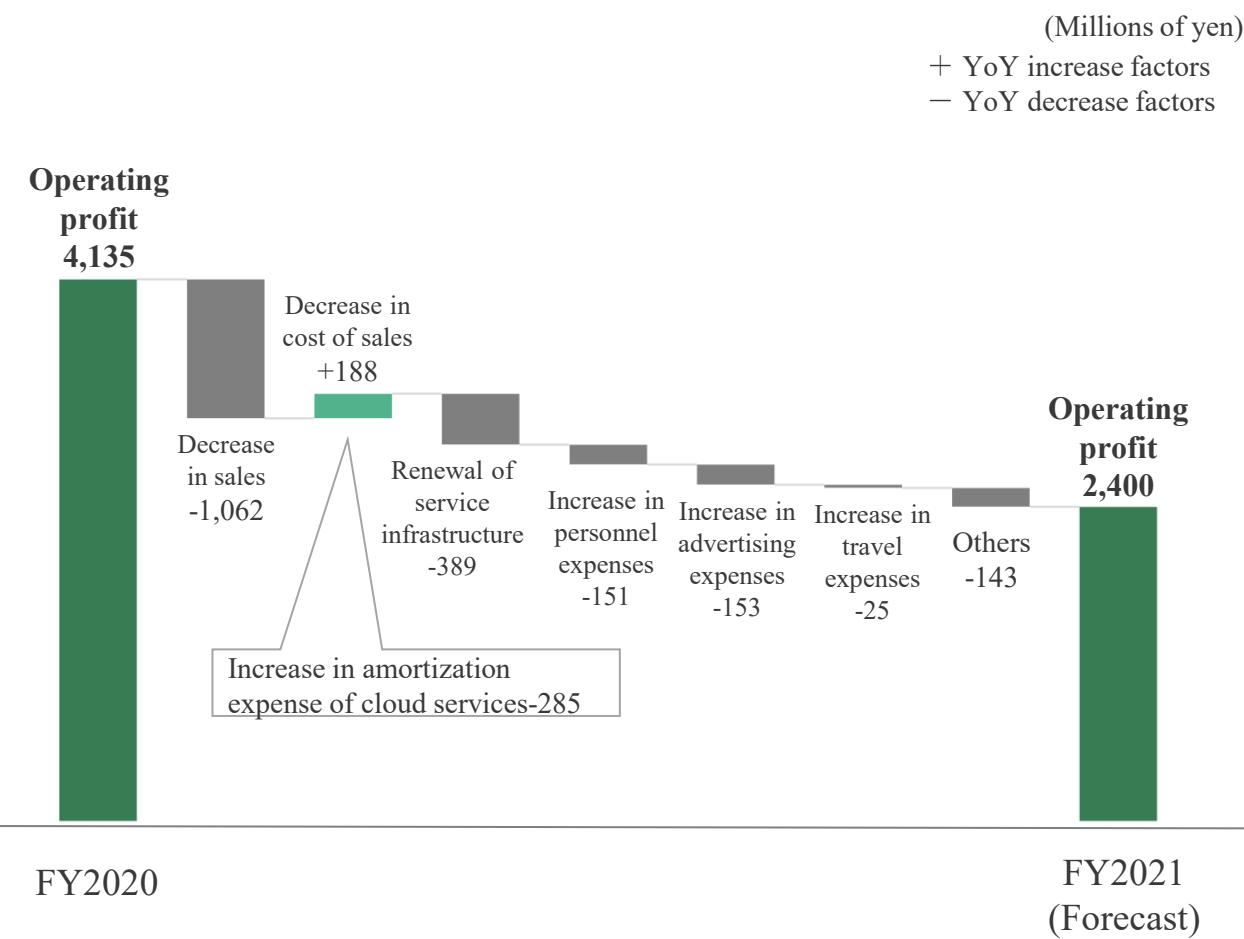
Pre-recombination (Previous forecast)

(Millions of yen)	FY2021 Full-year forecast	FY2020 Full-year results
Platform	10,400	10,275
Basic	7,600	7,616
EDI/settlement	920	905
Support	1,700	1,596
Others	180	157
Application	9,700	10,887
By industry	8,050	8,806
OTRS	250	204
Others	1,400	1,877
Total	20,100	21,162

(NOTE) The forecast for Platform-Support and Platform-Others has been revised upward due to the steady progress of support services and DX tools.

Against this backdrop, we have decided to further accelerate the shift to monthly subscription model, hence lowered the forecast for Application-By industry.

Breakdown of Changes in operating profit (Full Year)

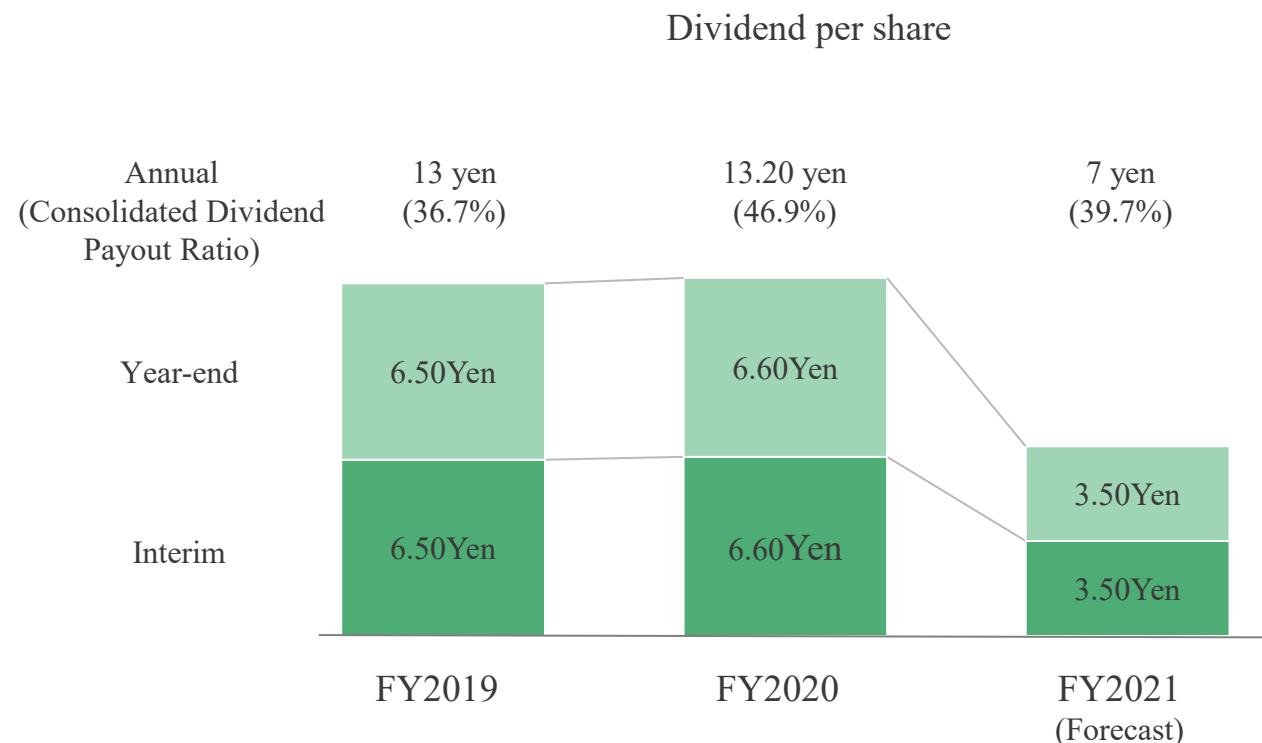
**Cost of sales**

- Purchase cost will decrease due to the decline in reaction to the big deal of devices in FY2020.
- Burden of amortization expense will increase due to expanded provision of cloud services.

SGA cost

- Increase in expenses for upgrading and maintaining IT infrastructure to improve service level (availability, etc.)
- Advertising Expenses/Travel Expenses
Aggressive promotions and active operating activities in line with the full-scale launch of the “.c Series”
- Promote reduction of operating expenses by promoting the establishment of online operating activities in parallel

Dividend Policy and Dividend Forecast



Dividend Policy (From FY2021)

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.

Change in dividend policy

- (1) 20% → 35% or more
Raised the target consolidated dividend payout ratio
- (2) Shift from stable dividends to performance-linked dividends

Reasons for changes in dividend policy

Due to upfront investment costs for accelerating growth, profit will temporarily decline, but we will pay dividends that are more closely linked to business performance in line with future growth of profit.

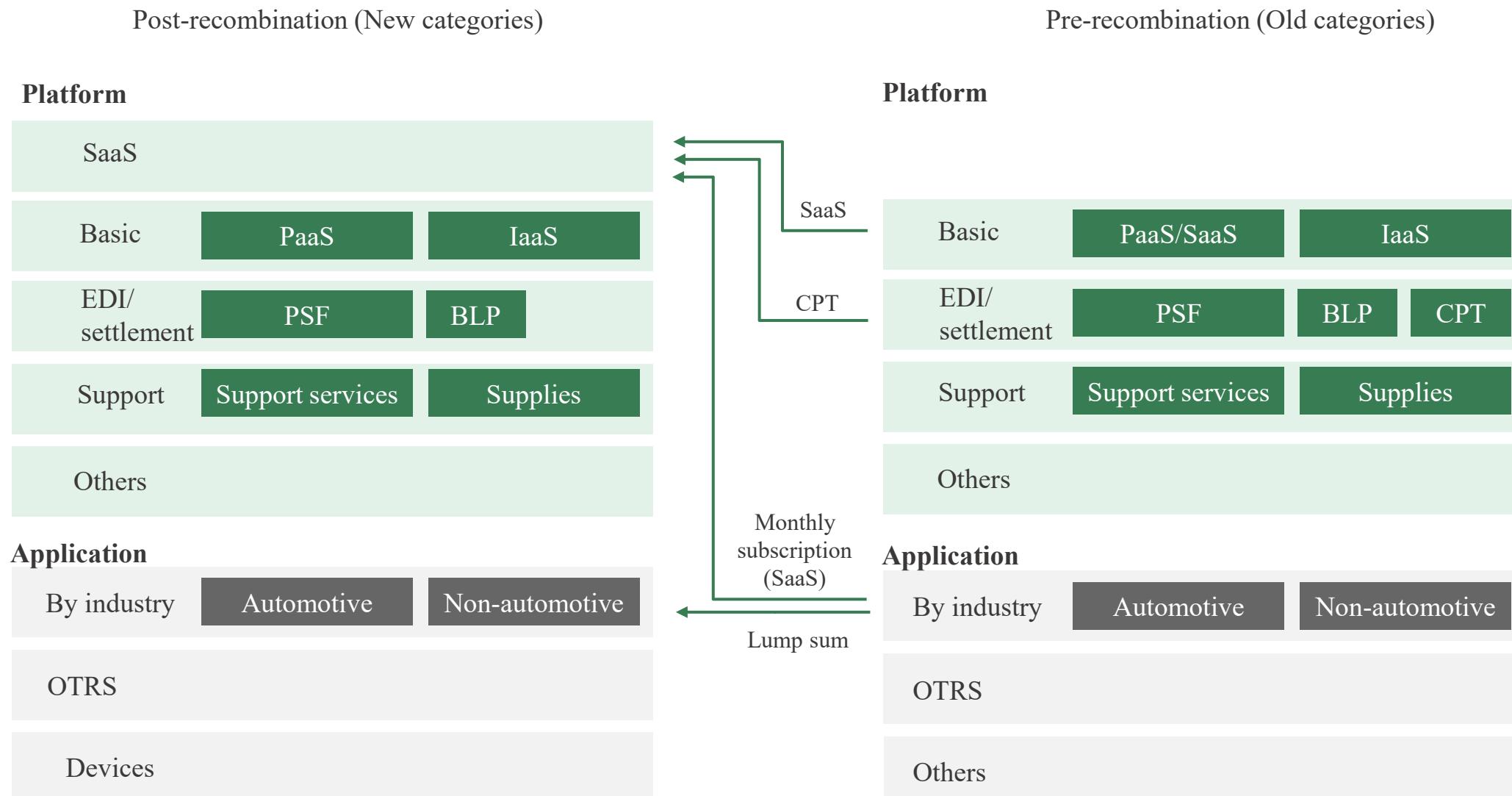
CHAPTER 3

Supplemental Information

Details of Revenue Categories

Classification			Details
Major category	Medium classification	Small classification	
Platform	SaaS		<ul style="list-style-type: none"> • Provision of business software (monthly) • Provision of tablet-type operation terminals “CarpodTab (CPT)”
	Basic	PaaS (lump-sum)	<ul style="list-style-type: none"> • Provision of basic software and common function (lump-sum)
		PaaS	<ul style="list-style-type: none"> • Provision of database for business software (auto parts, vehicle and index information, transportation data, tourist spot data, etc.) (monthly)
		IaaS	<ul style="list-style-type: none"> • Provision of network server function required for the use of business software
	EDI/settlement	PSF	<ul style="list-style-type: none"> • Provision of settlement agency services for “Parts Station NET,” a network specialized in the transaction of recycled auto parts
		BLP	<ul style="list-style-type: none"> • Provision of “BL Parts Order System,” an electronic system for receiving/placing orders for auto parts
	Support	Support services	<ul style="list-style-type: none"> • Provision of support and hardware maintenance services for clients in various industries
		Supplies	<ul style="list-style-type: none"> • Sale of exclusive forms and OA supplies
Application	Others		<ul style="list-style-type: none"> • Analysis, processing and provision of a large amount of accumulated anonymization data collected from clients, etc.
	By industry		<ul style="list-style-type: none"> • Sale of business software by industry (excluding basic software) (Automotive category: auto maintenance shops, auto body shops, car dealers, auto parts dealers, auto glass shops, auto electrical equipment shops, recycling shops, etc.) (Non-automotive category: machine tool dealers, mobile phone distributors, travel agencies, sightseeing bus operators, etc.)
	OTRS		<ul style="list-style-type: none"> • Sale of "OTRS," a work analysis and business optimization software
	Devices		<ul style="list-style-type: none"> • Sale of devices such as PCs and printers, etc.

Changes of Revenue Categories



Detailed Breakdown by Revenue Categories (1Q)

Post-recombination (New categories)

(Millions of yen)	FY2021 1Q	FY2020 1Q	YoY change	YoY ratio
Platform	2,883	2,506	+377	+15.0%
SaaS	194	159	+35	+21.9%
Basic	2,013	1,759	+254	+14.4%
PaaS (Basic software/lump sum)	656	489	+168	+34.3%
PaaS (Database/monthly)	766	716	+51	+7.1%
IaaS	591	555	+36	+6.5%
EDI/settlement	170	171	-1	-0.6%
PSF	131	138	-7	-5.0%
BLP	39	33	+6	+17.6%
Support	452	380	+72	+19.0%
Support services	255	204	+50	+24.6%
Supplies	197	176	+22	+12.4%
Others	53	37	+16	+44.6%
Application	2,312	2,773	-461	-16.6%
By industry	1,867	1,985	-118	-6.0%
Automotive	1,659	1,731	-72	-4.1%
Non-automotive	208	254	-47	-18.3%
OTRS	69	90	-21	-23.5%
Devices	376	697	-321	-46.1%
Total	5,195	5,279	-84	-1.6%

Pre-recombination (Old categories)

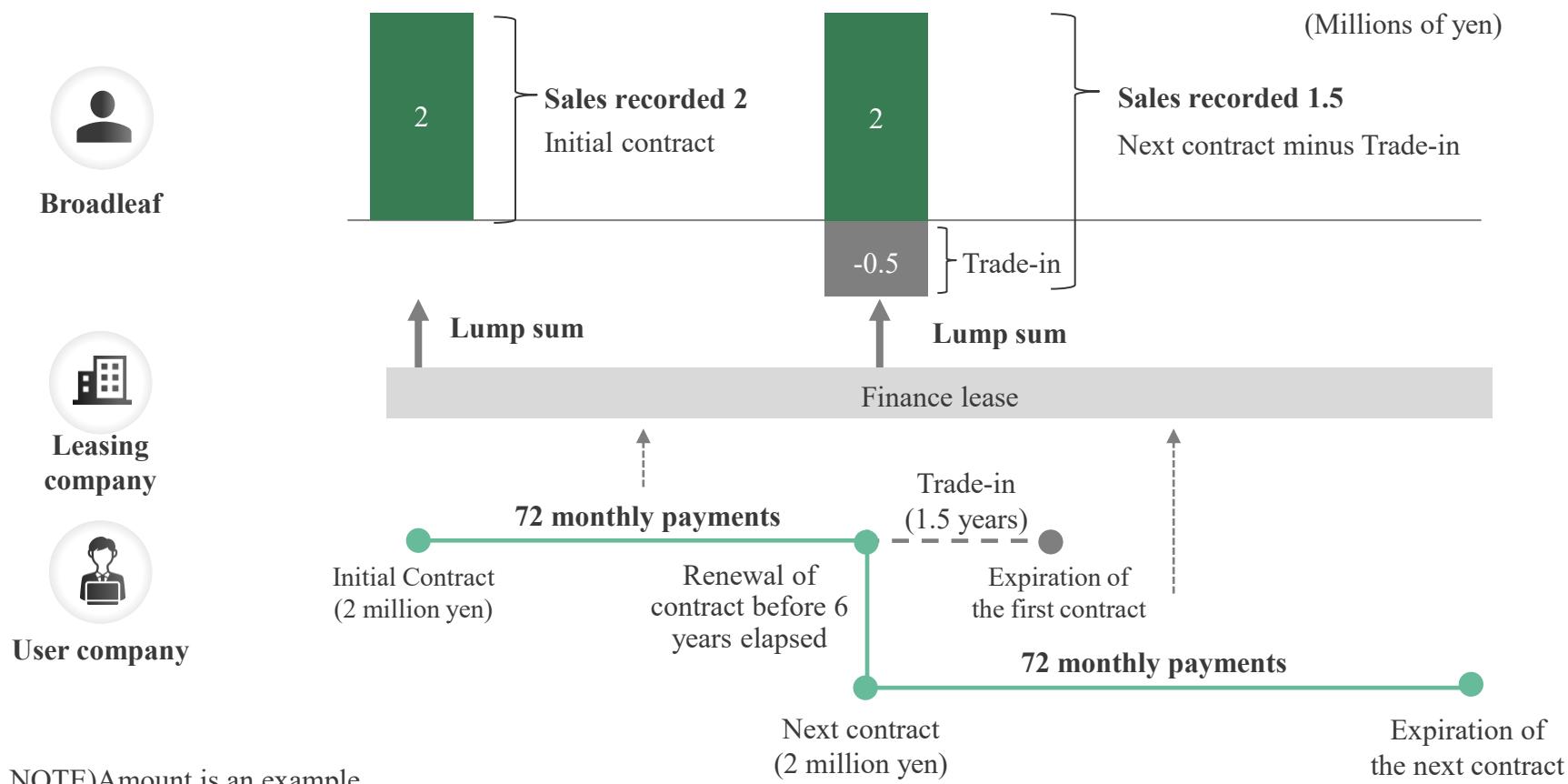
(Millions of yen)	FY2020 1Q
Platform	2,409
Basic	1,770
PaaS/SaaS	1,215
Lump sum	489
Monthly	727
IaaS	555
EDI/settlement	222
PSF	138
BLP	84
Support	380
Support services	204
Supplies	176
Others	37
Application	2,870
By industry	2,083
Automotive	1,810
Non-automotive	273
OTRS	90
Others	697
Total	5,279

Sales Recognition in Lease Contract

In the case of 6-year contract with a trade-in

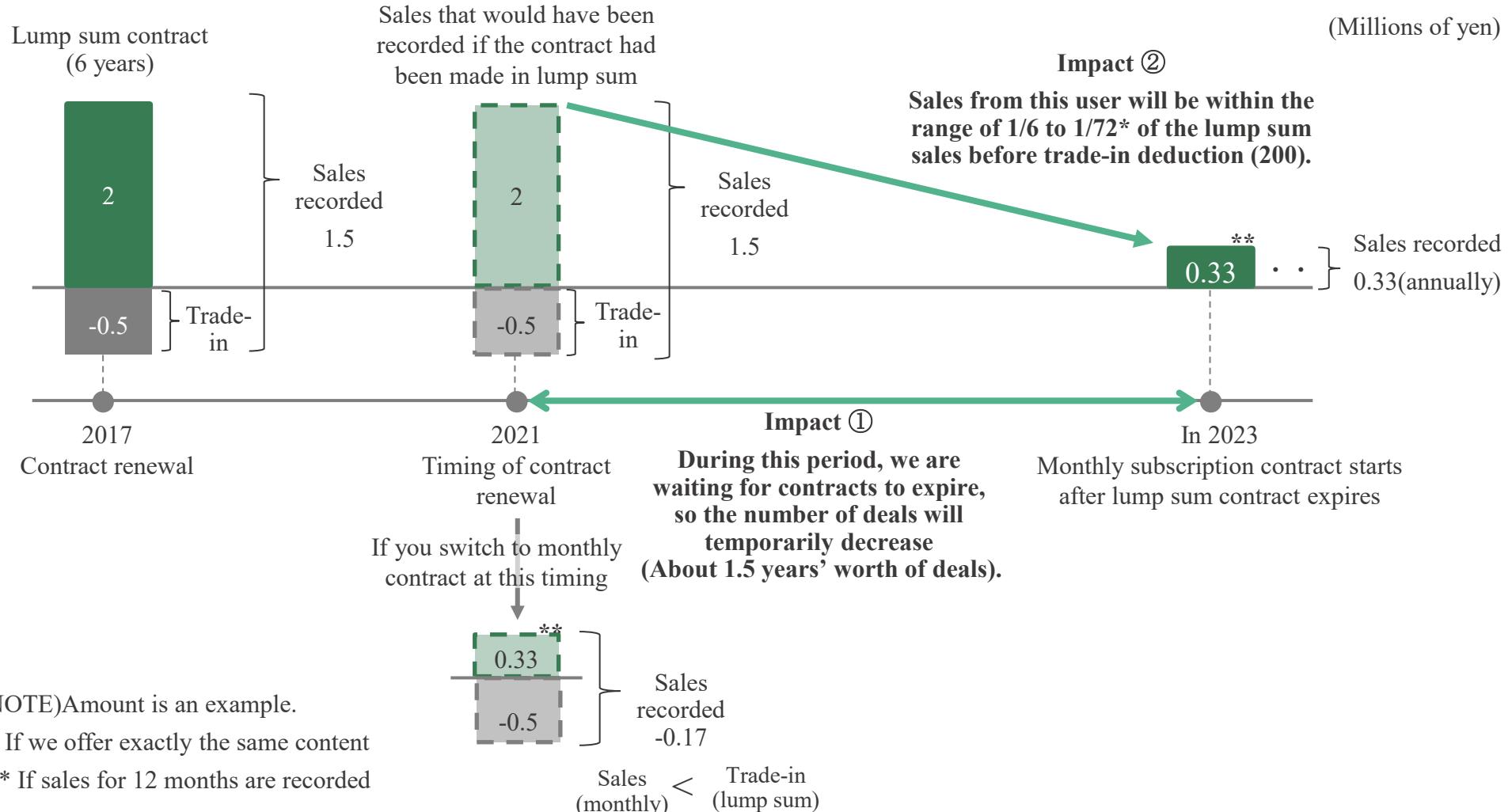
Most user companies choose to sign a lease contract.

Prior to the expiration of the software rights purchase period (= lease period), we may trade in the remaining lease balance.



Measures for Monthly Subscription Shift and Impacts on Sales

In the case existing users with 6-year contract change to monthly subscription contract



Corporate Profile

Company name	Broadleaf Co., Ltd
Representative	Kenji Oyama, Representative Director and President
Listed on	Listed on the First Section of the Tokyo Stock Exchange (3673)
Sector	Information and telecommunications
Founded/Established	December 2005/September 2009
Capital Stock	7.148 billion yen (consolidated)
Fiscal Year	From January 1 to December 31
Business Outline	<p>The Company offers a wide range of IT services, including its independently developed business software. In addition to providing business software that serves as core systems, mainly to business operators in the automotive aftermarket industry, the Company delivers diverse, unique one stop services including an electronic network for trading automotive parts and big data analysis.</p> <p>Looking ahead to the future evolution of mobility society, the Company is also pursuing research and studies related to the practical application of leading-edge technologies.</p>
Head Office Address	Floor 8, Glass Cube Shinagawa, 4-13-14 Higashi-Shinagawa, Shinagawa-ku, Tokyo
Domestic Offices	29 Sales Offices and 3 Technology Development Centers in Japan
Main Subsidiaries	Tajima Inc.

Disclaimer

The statements regarding results forecasts and future forecasts contained in this material are forecasts based on information available at the time of preparation of the materials. They include potential risks and uncertainties. Therefore, please be aware that actual results may differ from the results forecast due to various factors.

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