



Second Quarter of FY12/2021

Business Results Briefing

August 10, 2021

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CHAPTER 1

Overview of 2Q Business Results

Review

(1) Transition of industry-specific software to monthly subscription models Progressed as planned

Impact on sales by transition to monthly subscription models **-700** million yen

Monthly subscription (SaaS) sales **398** million yen
(YoY +20.9%)

(2) Transition to stock sales Progress exceeded the plan

Monthly sales ratio **40.8%**
(YoY +4.6pts)

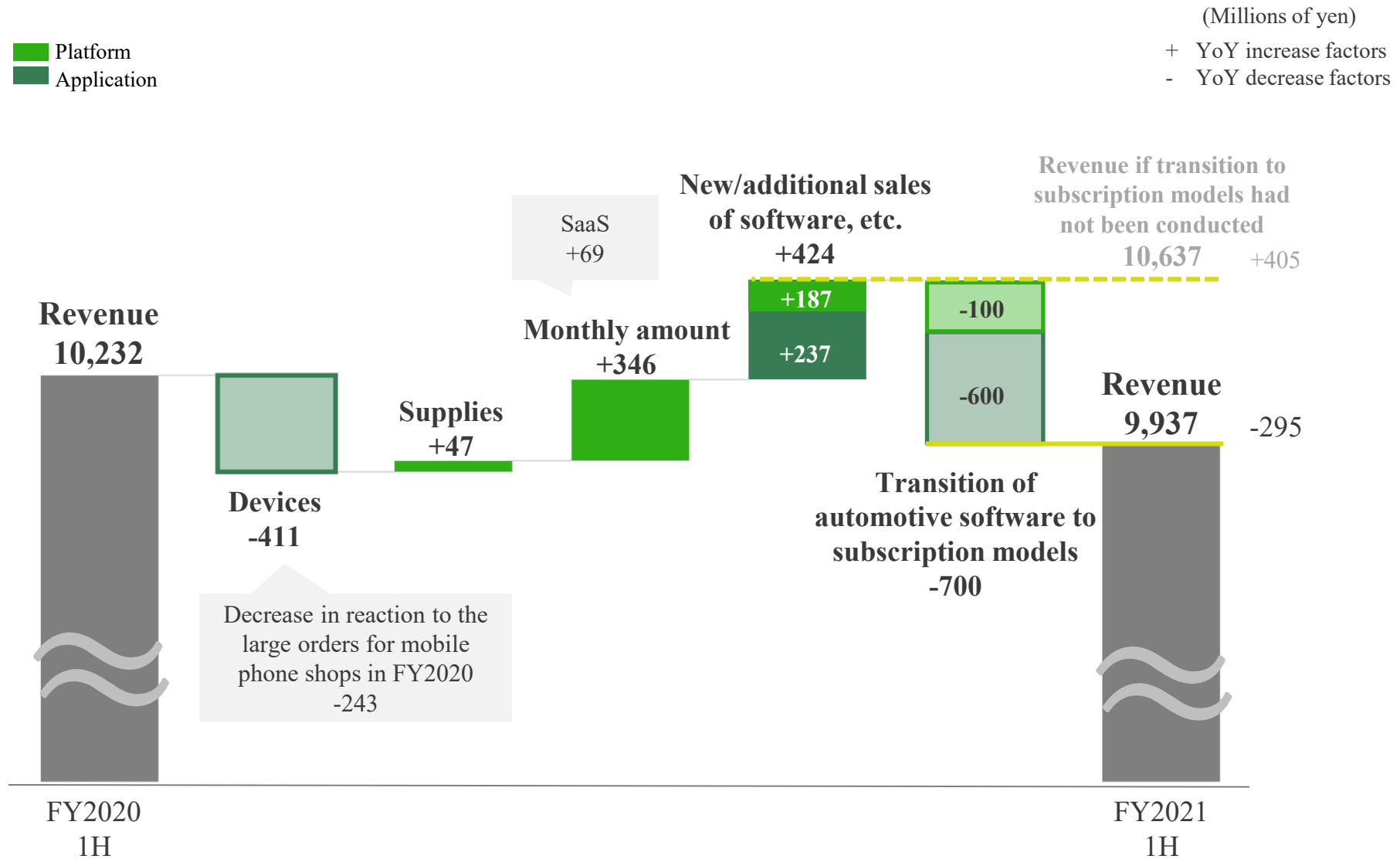
Number of clients using industry-specific software (total) **37,722** companies
(+322 companies from the end of the previous fiscal year)

Monthly support services contract ratio **56.9%**
(YoY +11.7pts)

Overview of Consolidated Business Results

(Millions of yen)	FY2021 1H	FY2020 1H	YoY change	YoY ratio
Revenue	9,937	10,232	-295	-2.9%
Cost of sales	2,867	3,006	-139	-4.6%
Gross profit	7,070	7,226	-155	-2.1%
SG&A expenses, etc.	5,827	5,598	+230	+4.1%
Operating profit	1,243	1,628	-385	-23.6%
Profit before tax	1,239	1,614	-375	-23.2%
Profit attributable to owners of the parent	795	1,066	-271	-25.4%
Basic earnings per share	9.05 yen	12.18 yen	-	-

Breakdown of Changes in Revenue (YoY)



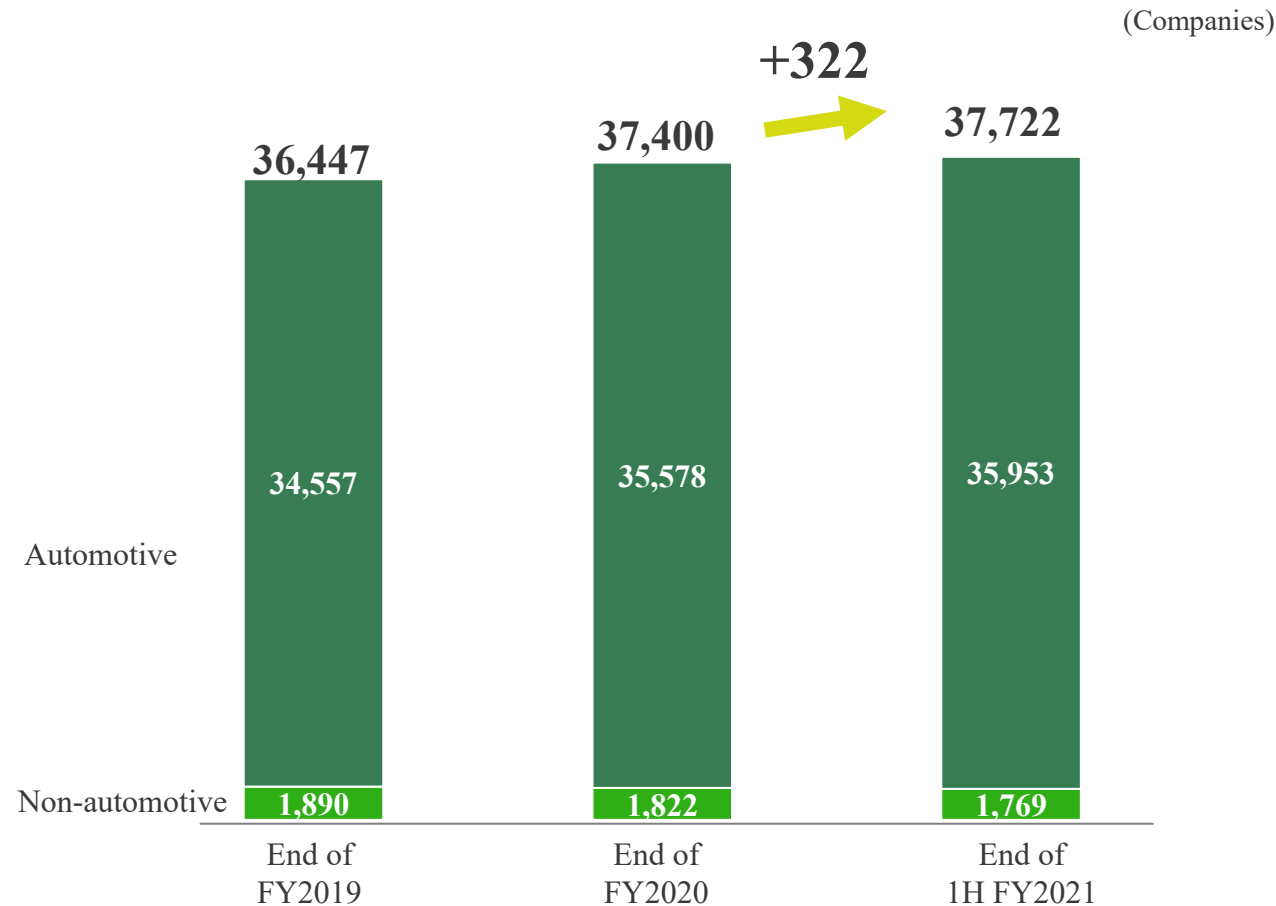
Breakdown by Revenue Categories

(Millions of yen)	FY2021 1H	FY2020 1H	YoY change	YoY ratio	Major factors of increase/decrease (Amount)
Platform	5,552	5,072	+480	+9.5%	
SaaS	398	329	+69	+20.9%	The number of clients choosing subscription models grew due to the transition to subscription models
PaaS/IaaS (basic)	3,793	3,575	+218	+6.1%	Impact of transition to subscription models -100 Increase in the total number of licenses +187 (lump sum) / +131 (monthly amount)
EDI and settlement	346	336	+10	+2.8%	Increased number of clients using the ordering platform +12
Support	912	761	+151	+19.9%	Increased usage rate of monthly support services +104
Others	104	72	+33	+45.6%	Increased number of DX solutions adopted and other products
Application	4,385	5,160	-774	-15.0%	
By industry	3,595	3,964	-369	-9.3%	Impact of transition to subscription models -600
OTRS	138	132	+6	+4.7%	Bottoming out of demand in the manufacturing industry
Devices	652	1,064	-411	-38.7%	Decrease in reaction to the large orders from mobile phone shops in FY2020 -243
Total	9,937	10,232	-295	-2.9%	

NOTE) SaaS categories have been established from FY12/2021.

For an explanation of revenue categories, please refer to the supplementary information on page 20.

Trends in the Number of Companies Using the Industry-Specific Software (Total)

**Automotive**

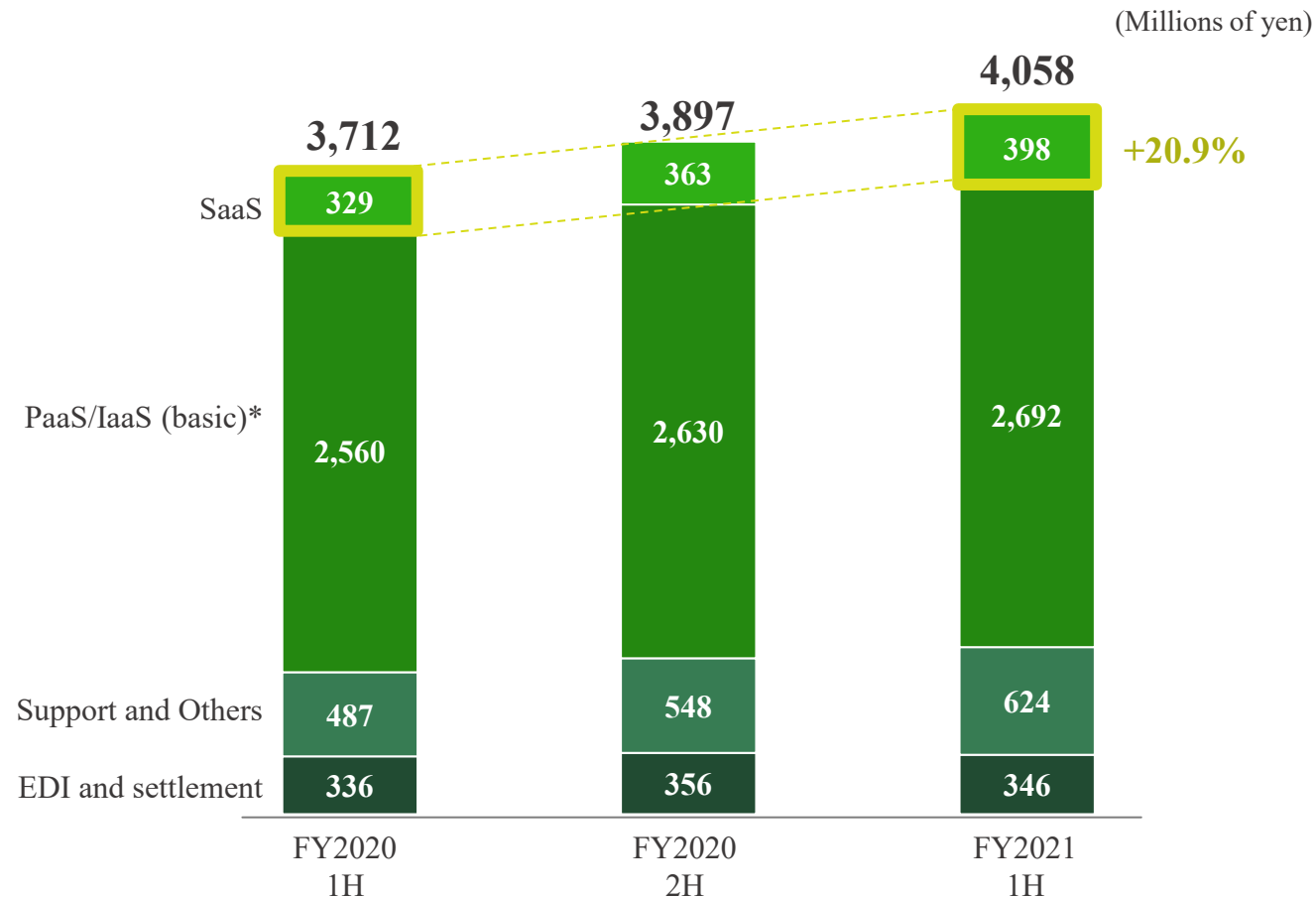
- Enhancement of competitive advantages (sales capabilities, support capabilities, product capabilities)
Aquisitions of new clients, mainly from major companies
- Shortened the lead time necessary for business negotiations through the penetration of online sales activities
- Increased the number of business negotiations by strengthening collaboration between the sales and support divisions

Non-automotive

- Travel agencies and sightseeing bus operators remained to be affected by COVID-19

NOTE) One or more licenses per company

Trends in Monthly Sales

**SaaS**

- Transition of current software to subscription models progressed
- The number of companies using new software increased

PaaS/IaaS (basic)

- The amount is linked to the total number of license which has increased by acquiring new users of current software

Support and Others

- Contract rate of monthly support service rose.
- The number of DX solutions, etc. adopted increased.

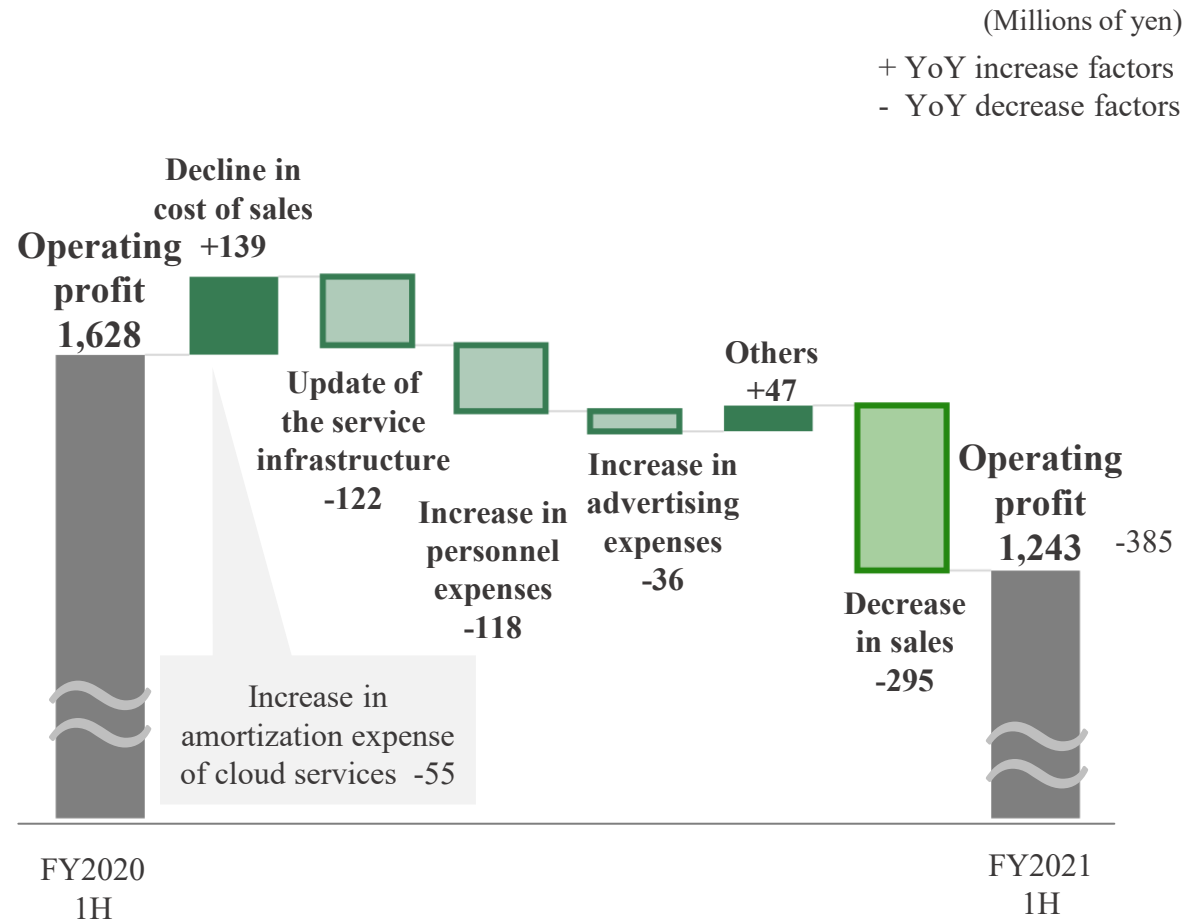
EDI and settlement

- The number of companies using the parts ordering platform increased.

* Excluding PaaS (lump-sum)

NOTE) Current software “.NS Series” / New software “.c Series” (Provision to general clients are planned to start from 4Q onwards)

Breakdown of Changes in Operating Profit (YoY)



Cost of sales

- Purchase cost decreased due to a decline in reaction to large orders of devices in FY2020.
- Increase in amortization expense of cloud services including the new software.

SG&A expenses, etc.

- Update of the service infrastructure
Increase in update cost of IT infrastructure for improving service levels (availability, etc.).
- Personnel expenses
Legal welfare expenses increased due to stock compensation.
- Advertising expenses
Preparation of online content and active holding of webinars.
- Others
Decrease in travel and entertainment expenses due to the active shift to online sales.

Overview of the Balance Sheet

(Millions of yen)	End of FY2021 1H	End of FY2020	YoY change	Major factors of increase/decrease
Current assets	7,667	7,752	-85	Decrease in inventories -171
Non-current assets	25,548	24,522	+1,027	Increase in intangible assets +963
Total assets	33,216	32,274	+942	
Current liabilities	7,099	6,432	+666	Increase in short-term interest-bearing debts +1,669 Decrease in operating and other payables -451
Non-current liabilities	1,138	1,239	-101	Decrease in long-term interest-bearing debts -181
Total liabilities	8,237	7,671	+565	
Total equity	24,979	24,602	+376	Recognition of profit +796 Dividend payout -578
Total liabilities and shareholders' equity	33,216	32,274	+942	

Cash Flow Analysis

(Millions of yen)	FY2021 1H	FY2020 1H	YoY change	Major factors of increase/decrease
Cash flows from operating activities	1,080	1,100	-21	Decrease in profit before tax-375 Decrease in operating receivables and inventories +331
Cash flows from investing activities	-1,564	-1,284	-280	Increase in acquisition of intangible assets -363
Cash flows from financing activities	537	-23	+560	Increase in short-term loans payable +651
Free cash flow	-485	-184	-300	
Cash and cash equivalents	3,287	2,826	+461	

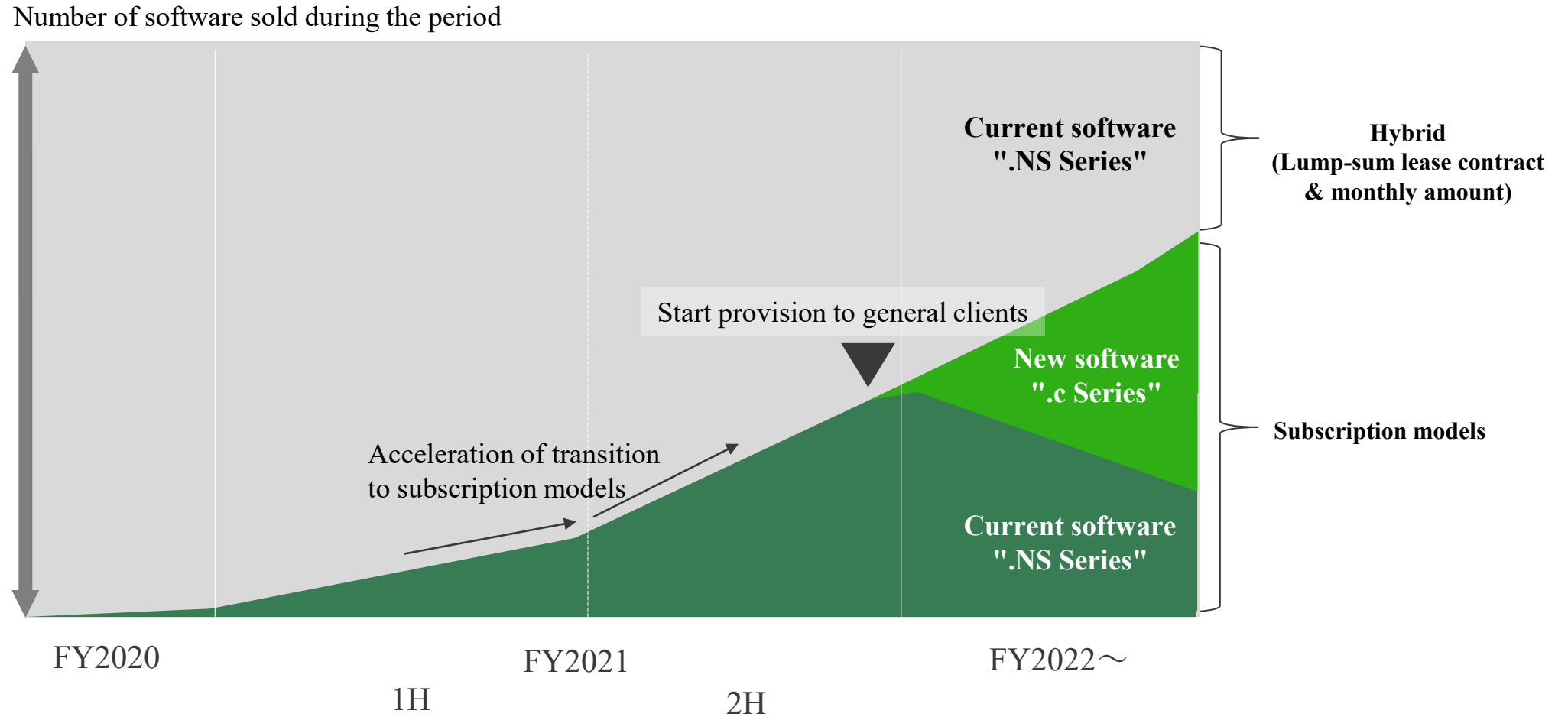
CHAPTER 2

Results Forecasts

Forecast of Consolidated Results

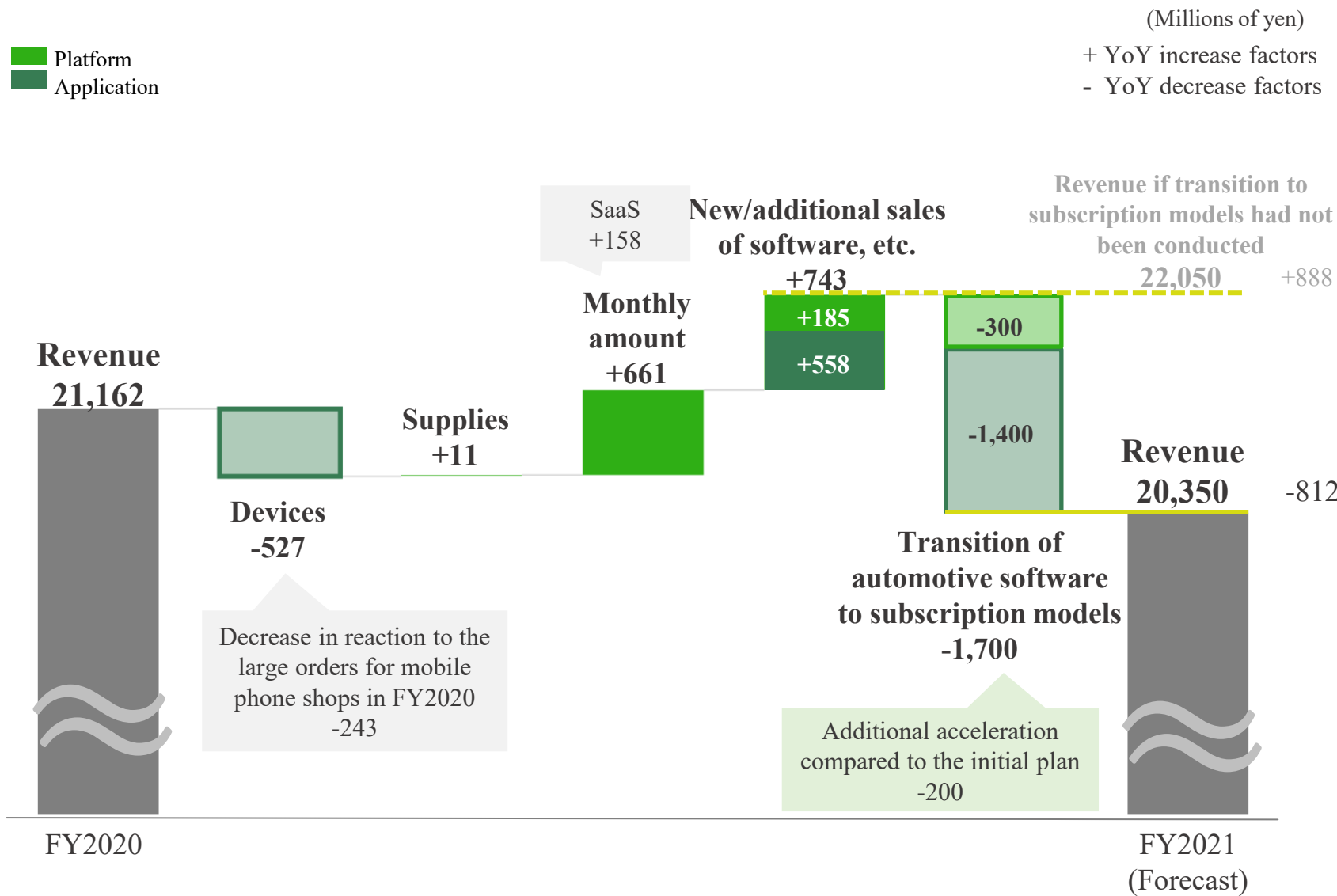
(Millions of yen)	FY2021 Full-year forecast	FY2020 Full-year	YoY change	YoY ratio	FY2021 2H forecast	FY2020 2H	YoY change	YoY ratio
Revenue	20,350	21,162	-812	-3.8%	10,413	10,930	-517	-4.7%
Cost of sales	6,050	6,088	-38	-0.6%	3,183	3,082	+101	+3.3%
Gross profit	14,300	15,074	-774	-5.1%	7,230	7,848	-619	-7.9%
SG&A expenses, etc.	11,700	10,939	+761	+7.0%	5,873	5,341	+532	+10.0%
Operating profit	2,600	4,135	-1,535	-37.1%	1,357	2,507	-1,150	-45.9%
Profit before tax	2,580	3,820	-1,240	-32.5%	1,341	2,206	-865	-39.2%
Profit attributable to owners of the parent	1,640	2,465	-825	-33.5%	845	1,399	-554	-39.6%
Basic earnings per share	18.66 yen	28.16 yen	-	-	-	-	-	-

Illustration of Transition to Monthly Subscription Models



Sales recording method of software changed to subscription models by revenue categories are described on the supplemental information (p. 24).

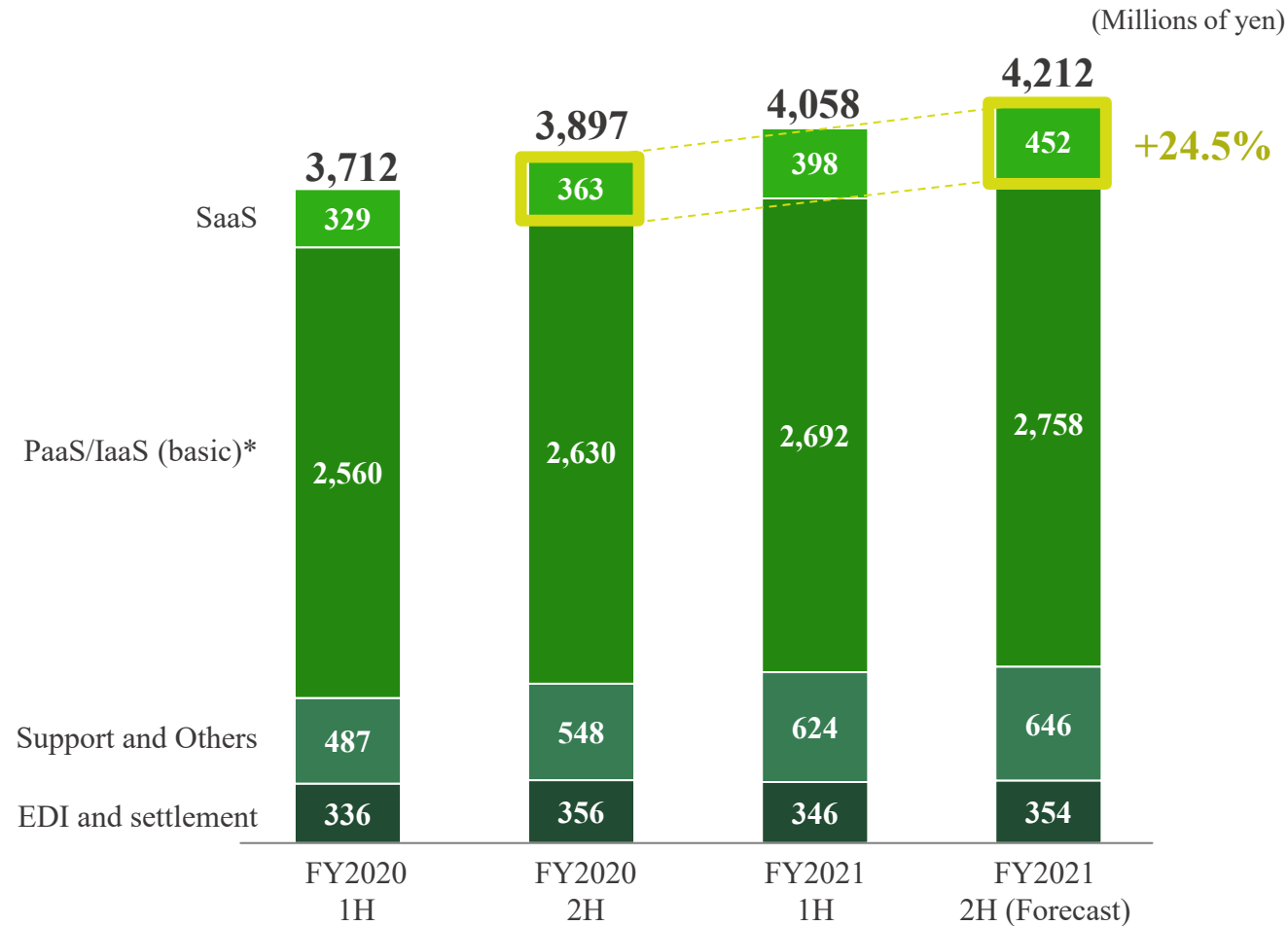
Breakdown of Major Changes in Revenue (Full Year, YoY)



Forecasts by Revenue Categories

(Millions of yen)	FY2021 Full-year forecast	FY2020 Full-year	YoY change	YoY ratio	FY2021 2H forecast	FY2020 2H	YoY change	YoY ratio
Platform	11,250	10,692	+558	+5.2%	5,698	5,620	+78	+1.4%
SaaS	850	692	+158	+22.8%	452	363	+89	+24.5%
PaaS/IaaS (basic)	7,700	7,555	+145	+1.9%	3,907	3,980	-73	-1.8%
EDI and settlement	700	692	+8	+1.1%	354	356	-2	-0.5%
Support	1,800	1,596	+204	+12.8%	888	835	+52	+6.3%
Others	200	157	+43	+27.5%	96	85	+10	+12.3%
Application	9,100	10,469	-1,369	-13.1%	4,715	5,310	-595	-11.2%
By industry	7,500	8,389	-889	-10.6%	3,905	4,424	-519	-11.7%
OTRS	250	204	+46	+22.7%	112	72	+40	+55.5%
Devices	1,350	1,877	-527	-28.1%	698	813	-116	-14.2%
Total	20,350	21,162	-812	-3.8%	10,413	10,930	-517	-4.7%

Forecasts of Monthly Sales

**SaaS**

- Accelerate the transition of current software to the subscription model.
- Start provision of new software to general clients (4Q).

PaaS/IaaS (basic)

- Increase the total number of licenses of current software by focusing on acquiring new clients.

Support and Others

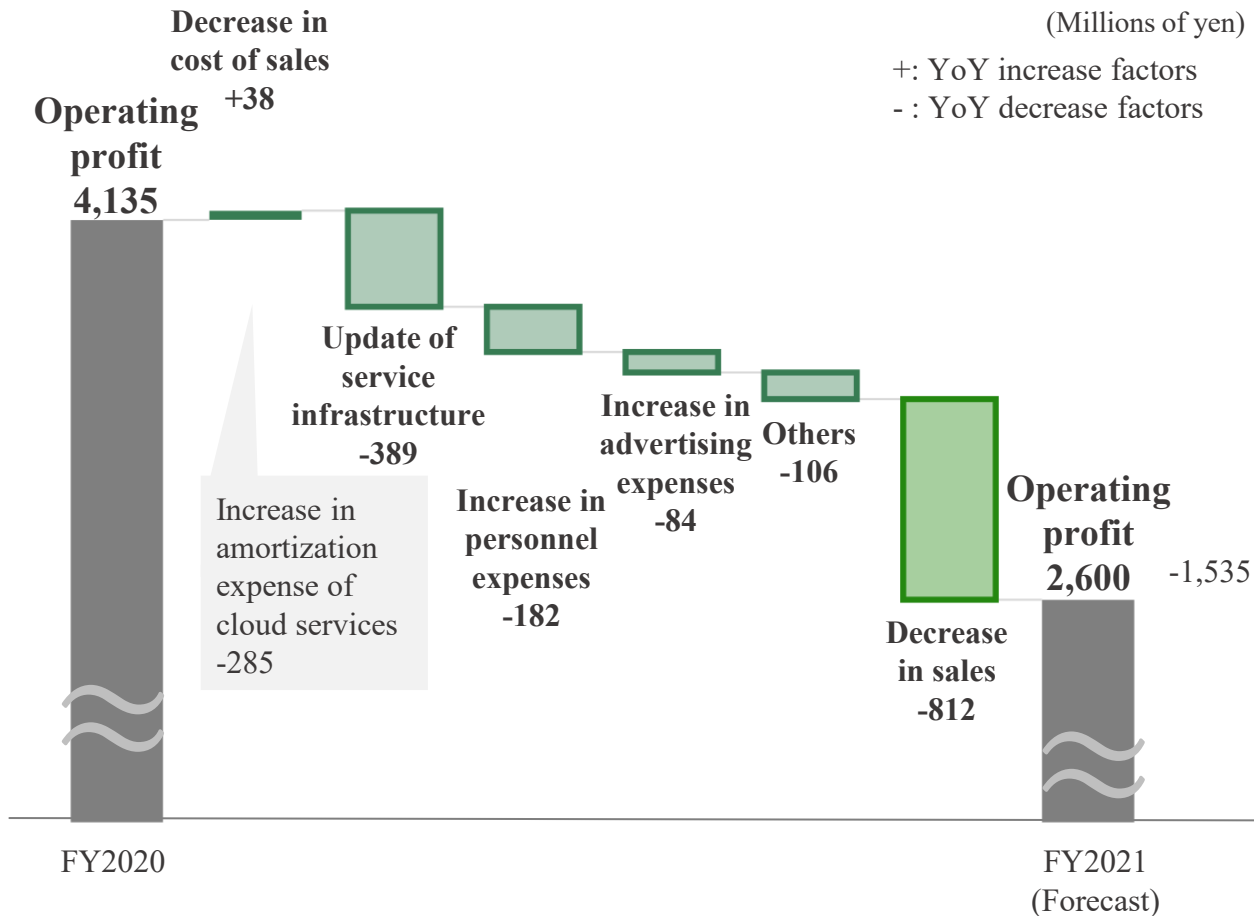
- Further raise the monthly support services contract rate.
- Increase in the number of DX solutions adopted.

EDI and settlement

- Further increase the number of companies using the parts ordering platform.

* Excluding PaaS (lump-sum)

Breakdown of Changes in Operating Profit (Full-Year, Year-on-Year)



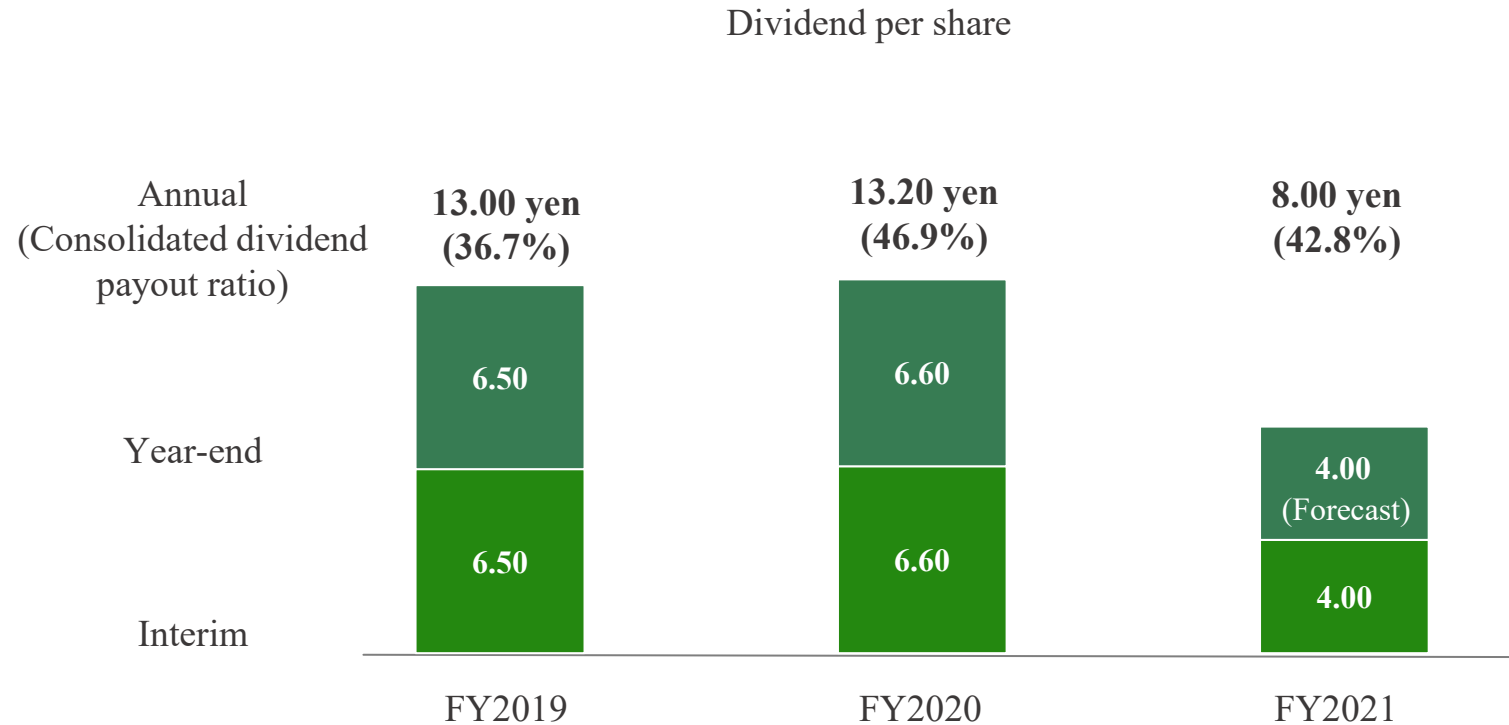
Cost of sales

- Amortization expense of cloud services will rise after the new software is launched to general clients.

SG&A expenses, etc.

- Update of the service infrastructure
Increase in update cost of IT infrastructure for improving service levels (availability, etc.).
- Personnel expenses
Increase in legal welfare expenses due to stock compensation.
- Advertising expenses
Preparation of contents for online sales and active holding of webinars.
- Others
Increase expenses for sales activities after the new software is launched to general clients.

Dividend Policy and Dividend Forecast



Dividend Policy

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.

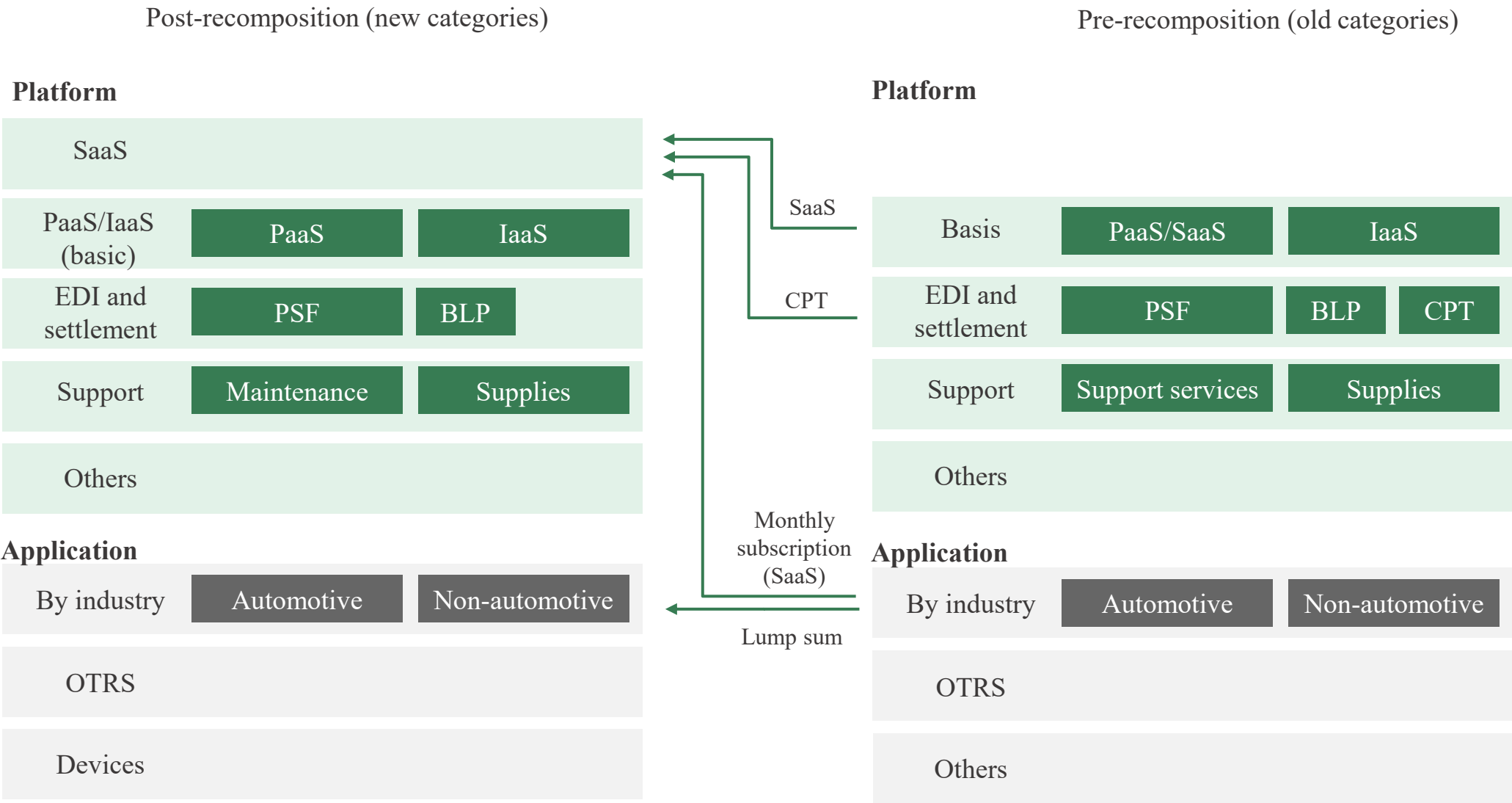
CHAPTER 3

Supplemental Information

Details of Revenue Categories

Category			Details
Major category	Medium category	Small category	
Platform	SaaS		<ul style="list-style-type: none"> • Provision of business software (monthly) • Provision of tablet-type operation terminals “CarpodTab (CPT)”
	PaaS/IaaS (basic)	PaaS lump sum	• Provision of basic software and common function
		PaaS monthly	• Provision of database for business software (auto parts, vehicle and index information, transportation data, tourist spot data, etc.)
		IaaS	• Provision of network server function required for the use of business software
	EDI and settlement	PSF	• Provision of settlement agency services for “Parts Station NET,” a network specialized in the transaction of recycled auto parts
		BLP	• Provision of “BL Parts Order System,” an ordering platform for auto parts
	Support	Support services	• Provision of support and hardware maintenance services for clients in various industries
		Supplies	• Sale of exclusive forms and OA supplies
	Others		• Analysis, processing and provision of a large amount of accumulated anonymization data collected from clients, etc.
Application	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		• Sale of "OTRS", a work analysis and business optimization software
	Devices		• Sale of devices such as PCs and printers, etc.

Changes in Revenue Categories



Detailed Breakdown by Revenue Categories (1H)

Post-recomposition (new categories)

(Millions of yen)	FY2021 1H	FY2020 1H	YoY change	YoY ratio
Platform	5,552	5,072	+480	+9.5%
SaaS	398	329	+69	+20.9%
PaaS/IaaS (basic)	3,793	3,575	+218	+6.1%
PaaS (Basic software/ lump sum)	1,101	1,014	+87	+8.5%
PaaS (database/ monthly)	1,502	1,450	+52	+3.6%
IaaS	1,190	1,110	+79	+7.2%
EDI and settlement	346	336	+10	+2.8%
PSF	267	269	-2	-0.8%
BLP	78	67	+12	+17.5%
Support	912	761	+151	+19.9%
Support services	519	415	+104	+25.1%
Supplies	393	346	+47	+13.6%
Others	104	72	+33	+45.6%
Application	4,385	5,160	-774	-15.0%
By industry	3,595	3,964	-369	-9.3%
Automotive	3,129	3,463	-334	-9.7%
Non-automotive	466	501	-35	-7.0%
OTRS	138	132	+6	+4.7%
Devices	652	1,064	-411	-38.7%
Total	9,937	10,232	-295	-2.9%

Pre-recomposition (old categories)

(Millions of yen)	FY2020 1H
Platform	4,872
Basis	3,600
PaaS/SaaS	2,490
Lump sum	1,014
Monthly	1,475
IaaS	1,110
EDI and settlement	439
PSF	269
BLP/CPT	170
Support	761
Support services	415
Supplies	346
Others	72
Application	5,360
By industry	4,165
Automotive	3,606
Non-automotive	559
OTRS	132
Others	1,064
Total	10,232

Changes in Sales Recording Method by Revenue Categories through Transition to Monthly Subscription Models

● : Multi-year lump sum/ ● : Monthly/ ● : When needed

	①	②	③
Software Type	Current software “.NS Series”	Current software “.NS Series”	New software “.c Series”
Form of contract	Hybrid	Monthly subscription	—
Platform	● ●	●	●
SaaS	—	●	●
PaaS/IaaS (basic)	● ●	●	—
PaaS (lump sum)	●	—	—
PaaS (monthly)	●	●	—
IaaS (monthly)	●	●	—
Support	● ●	● ●	●
Support services	●	●	—
Supplies	●	●	●
Application	●	●	●
By industry	●	—	
Devices	—	●	●

①→②

“Basic software (lump sum)” and “By industry” are moved to “SaaS”

②→③

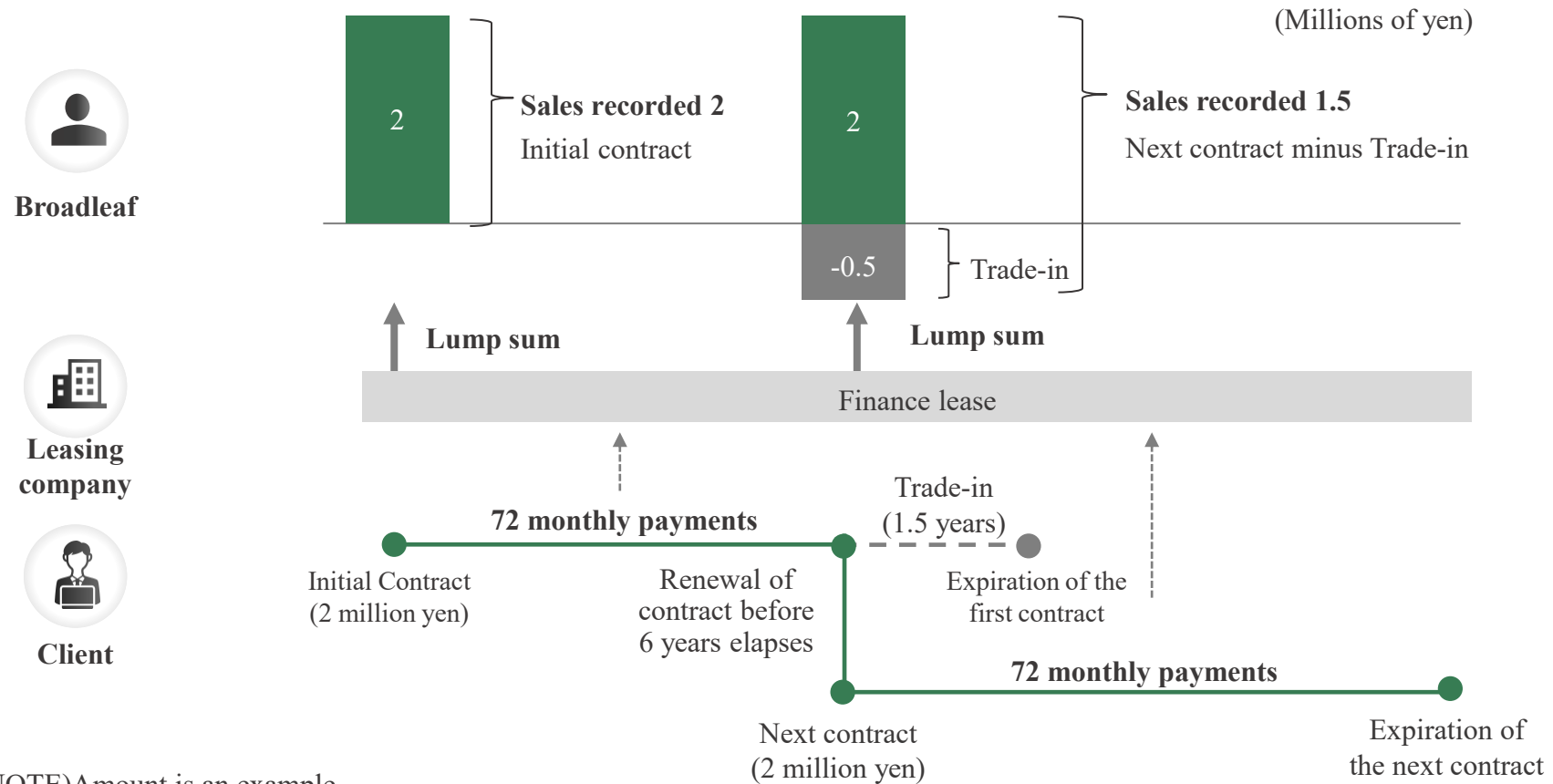
“PaaS/IaaS (basic)” and “Support services” are integrated into “SaaS”

Sales Recognition in Lease Contract

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

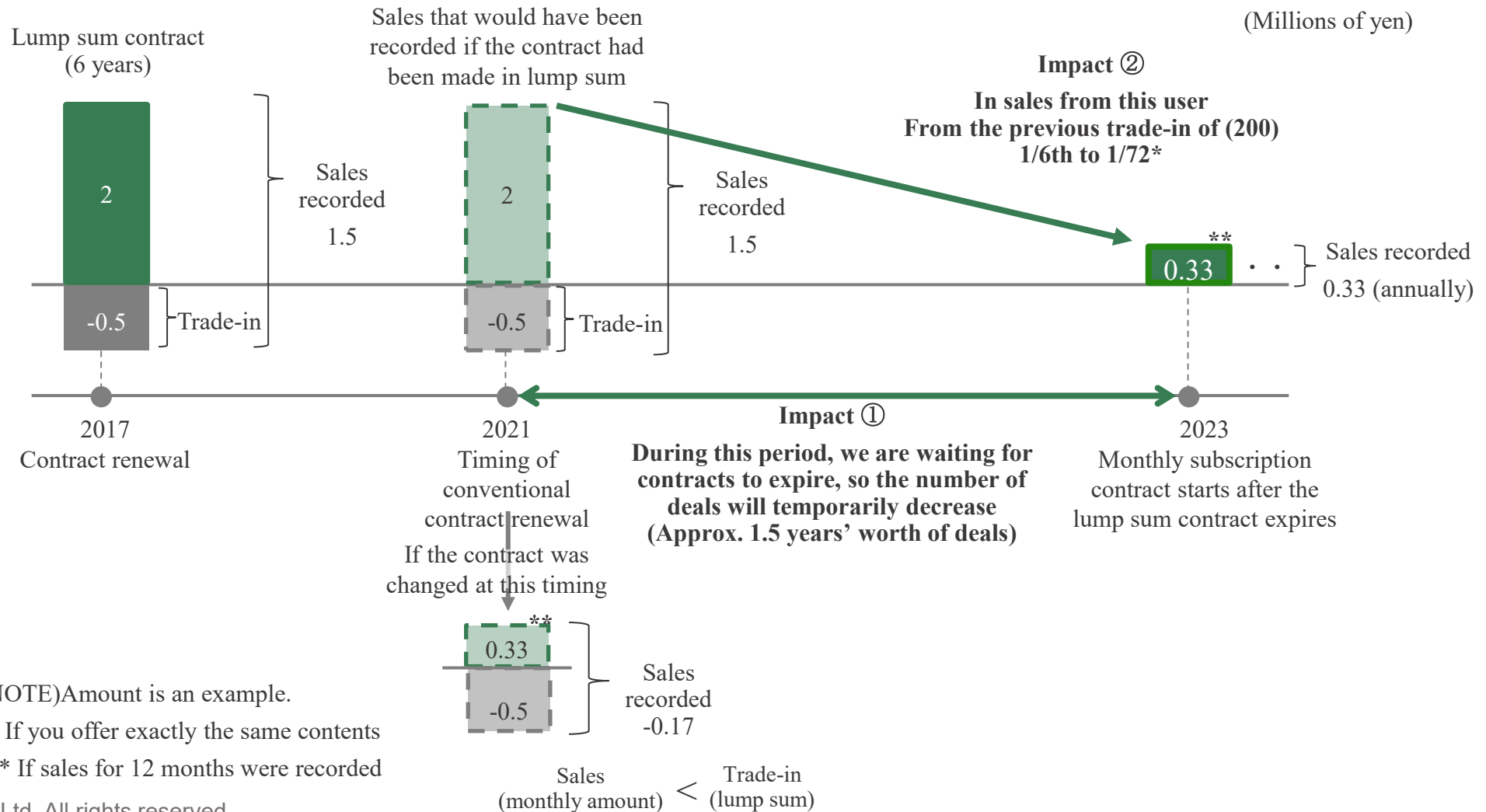
Most clients choose to sign a lease contract.

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



Measures for Transition to Monthly Subscription Models and Impact on Sales

In the case where existing clients with 6-years contract changed 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) *Planning to move to prime market
Sector	Information and telecommunication
Founded/established	December 2005/September 2009
Capital stock	7.148 billion yen (consolidated)
Fiscal year	From January 1 to December 31
Business Outline	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. 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.
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
Major 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 material, so they include potential risks and uncertainties.

Therefore, please be aware that actual results may differ from these results forecasts due to various factors.

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