

# 2020 Interim Broadleaf Report

January 1<sup>st</sup>, 2020 ► June 30<sup>th</sup>, 2020



# TOP MESSAGE

We would like to express our sincere gratitude to our shareholders for continued support.

We would also like to express our deepest sympathies to people affected by COVID-19 and show sincere gratitude to medical workers as well as other professionals who are supporting the infrastructure of daily life.

Based on our corporate philosophy of "gratitude and happiness," Broadleaf Group considers that contribution to the development of our customers' business activities is the basis of our corporate activities. In the situation where COVID-19 is spreading, we have taken measures in line with environmental changes in order to continue providing services to our customers, such as promoting online dialogue with our customers. In addition, we have strengthened our proposals for services that lead to digital transformation, such as the installment of online infrastructure necessary for our customers' business activities. On the other hand, influenced by shift of business negotiations with customers from visiting sales to online sales, the period needed to close deals of business negotiations has prolonged. Therefore, some of the deals of business negotiations scheduled for the first half slid to the second half.

As a result, sales and profits for the first half of the fiscal year ending December 2020 (January 1<sup>st</sup>, 2020 to June 30<sup>th</sup>, 2020) decreased year on year.

The interim dividend was set at 6.60 yen per share. We plan to pay a year-end dividend of 6.60 yen per share and an annual dividend of 13.20 yen per share (up 0.20 yen year on year).

We would like to ask our shareholders for continued support.

Representative Director and President  
Kenji Oyama



# FINANCIAL HIGHLIGHTS

## Financial Results

(Million yen)

	FY2019 1H	FY2020 1H
Revenue	11,702	10,232
Operating profit	2,080	1,628
Profit before tax	2,075	1,614
Profit attributable to owners of parent	1,361	1,066
Basic earnings per share	15.59 yen	12.18 yen
Dividend per share	6.50 yen	6.60 yen

## Financial Results Forecasts

(Million yen)

	FY2019 Full-year	FY2020 Full-year (Forecast)
Revenue	22,586	21,300
Operating profit	4,525	3,900
Profit before tax	4,486	3,900
Profit attributable to owners of parent	3,093	2,700
Basic earnings per share	35.40 yen	30.87 yen
Dividend per share	13.00 yen	13.20 yen

## Financial Status

(Million yen)

	End of FY 2019	End of FY 2020 1H
Current assets	7,987	7,934
Non-current assets	23,702	24,157
Total assets	31,689	32,091
Current liabilities	7,100	7,031
Non-current liabilities	1,369	1,303
Total liabilities	8,469	8,334
Total equity	23,220	23,757

# TOPIC 1: Impact of COVID-19 pandemic

## Timeline

### Movement of the Society

**Jan. 16**

First case confirmed in Japan

**Feb. 27**

Request for temporary closure of elementary, middle and high schools nationwide

**Mar. 24**

Postpone of the Tokyo Olympics and Paralympics

**Apr. 7**

"State of emergency" issued in 7 prefectures

**Apr. 16**

Target of "state of emergency" expanded nationwide

**May. 14, 21, 25**

Lift of "state of emergency"

### Movement of the Group

**Jan.**

**Feb.**

**Feb. 26**

Start staggered work  
(Target: Public transportation users)

**Mar.**

**Mar. 13**

Ban of overseas business trips

**Apr.**

**Apr. 7**

Task force established  
Instruction of telework at target area

**Apr. 21**

Health and risk management through employee questionnaire and stress care service

**May.**

**May. 15, 22, 25**

Change of telework from instruction to recommendation  
(Goal: Weekly average attendance in office 50% or less)

### Impact on the Society

- Avoid Three Cs(Crowded places, Close-contact settings, Confined and enclosed spaces)
- Avoid using public transportation
- Refrain from traveling and eating out
- Temporary closure of attractions
- Requirement of wearing mask and hand washing
- Usage of telework and staggered work
- Increase in consumption from staying at home
- Increase in online events

etc.

### Impact on the Group's activities

#### Sales Division

- Shift from visiting sales to online sales
- Promotion of remote support service by Contact Center Section

#### Development Division

- Development of next-generation cloud-type business software progressed as planned
- The launch time will be set in consideration of the external environment.



# TOPIC 2: Supporting the social infrastructure

## Increasing presence of the car

In the situation where COVID-19 is spreading, consumer behavior has changed significantly. Consumption from staying at home increased and more people started using delivery services.

In addition, many people are refraining from using public transportation to avoid crowded places and instead, are using cars as an alternative means of transportation.

In the situation where people's actions and means of transportation are restricted as above, the presence of cars as social infrastructure or infrastructure of daily life is increasing.

## For the car aftermarket industry

As the demand of cars as social infrastructure and infrastructure of daily life increases, the importance of the car aftermarket industry, which supports a safe and secure car society, is increasing as well.

The Group provides a variety of IT services to customers in the car aftermarket industry, which supports the automobile society. Since we provide the IT infrastructure that is indispensable for our customers' business, we organize a complete system so that we can continue providing services and support in any situation.



# TOPIC 3: Support service in the situation of COVID-19

We will introduce two sections that contributed to continuation of customers' business to show how we have continued providing customers services in the situation where COVID-19 is spreading.

## Sales Division Contact Center Section

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### Business Outline

The Group provides various IT services that are indispensable for customers to carry out their business. Therefore, we receive inquiries from customers about our services on daily basis. In addition to responding to these inquiries, Contact Center Section provides planning to Sales Division and support for sales staff so that customers can use the Group's services more comfortably.

### Business operation and work system

By using remote connection, we operate our customers' PC online to deal with problems and provide operational guidance. Even when sales staff cannot visit our customers, we utilize remote connections to support them. In addition, the contact center department also switched to telework after the issue of "state of emergency." Since "the state of emergency" are now lifted, we switched back the work shift system to office work while thoroughly taking counter-measures against COVID-19, such as wearing masks and ventilating the room.

## Development Division System Support Section

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### Business Outline

While Contact Center Section mainly handles inquiries from customers, detailed inquiries regarding IT services (mainly business software) customers are using are dealt by Systems Support Section. They support our customers' operations by solving complex system problems and distributing update programs.

### Business operation and work system

In order to cooperate smoothly with other sections, System Support Section have been using system for communication with other sections from before COVID-19 pandemic. Therefore, even after the section switched from office work to telework, they successfully handle the work as usual. In anticipation of transportation congestion due to the Tokyo Olympics and Paralympics, the section have been conducting telework on a trial basis since February. They are continuing telework since April.

# TOPIC 4: Restoration support

## Support for customers affected by the heavy rainfall in July 2020

Broadleaf conducted the following measures to support reconstruction.

- Payment of relief money according to the customer's damage situation
- Free rental of wireless Wi-Fi to customers who need an internet environment
- Safety confirmation through Contact Center Section, which also functioned as an inquiry counter
- Employee volunteer activities and activity support  
(Bearing of volunteer insurance costs, provision of means of transportation, etc.)



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