

# 2022

## **Broadleaf Report**

January 1<sup>st</sup>, 2022 > December 31<sup>st</sup>, 2022



# Message from the Top Management

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

Pursuing its corporate philosophy of “Gratitude and Happiness” and practicing the spirit behind its company name, Broadleaf Group continuously works to contribute to clients and to their business continuity and business creation.

For FY2022 (from January 1, 2022 to December 31, 2022), as the first year of medium-term management plan (2022-2028) announced in February 2022, we worked to increase the penetration of cloud-based products and expand services in line with the basic strategies. We thus solidified the base for the transformation of our business model.

Specifically, for the penetration of cloud-based products in the market, we provide “.c Series,” a cloud-based business support software which are our new core products, to not only existing clients but also new clients. For the expansion of services, in addition to “.c Series,” we provide the digital services that can be connected to “.c Series,” such as website creation tools, groupware and solutions that comply with Amended Electronic Book Storage Act in Japan . We are implementing these strategies to accelerate our clients' digital transformation (DX). The acceleration of DX will give us an advantage in the future in the enhancement of services digitalizing the orders placed between clients. Also, we will expand these services outward from the mobility industry that is the home to our major clients to other industries.

For “.c Series” and other new cloud services, sales are recorded on a monthly subscription basis. Therefore, in the first fiscal year of the plan, revenue was lower than in the previous fiscal year. However, the number of clients increased which indicates the actual briskness of the business. From FY2023 onwards, revenue will start to increase as monthly sales accumulate. We plan to achieve revenue stability and growth as the number of clients using cloud services increases.

We will implement the medium-term management plan (2022-2028) to establish a virtuous cycle enabling the Group's continuous growth and the increase of its corporate value. We ask for our shareholders' continued support.

Representative Director, President and CEO  
Kenji Oyama

# Broadleaf's Spirit

Since its founding, based on its corporate philosophy and the spirit behind origin of company name, Broadleaf has developed and provided the best services and products to contribute to our clients' business continuity and business creation, regardless of changing business environment.

## Corporate Philosophy

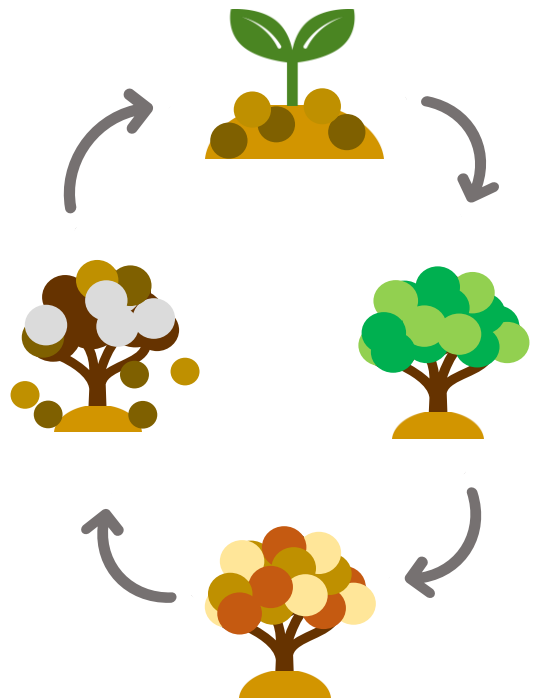
### Gratitude and Happiness

Based on the spirit of "Gratitude and Happiness," we will develop business applications specializing in a wide range of sectors and industries, and contribute to the creation of our clients' businesses by providing better products and services.

## Origin of the Company Name

Broadleaf means just what it says – a broad leaf. Broad leaves bathe in sunlight during spring and summer so that they can grow. In winter, the leaves and fruit fall from the tree and return to the ground as nutrients. This cycle creates a broader field in which a range of different plants and animals can live together.

We chose the name Broadleaf because we wanted to put down roots as a broadleaf tree in the land of business, so that we can grow countless more leaves, produce fruit and keep on growing in the future, hand in hand with our clients and everyone else.



# Continue contributing to clients' businesses

At the moment, the mobility sector is facing a major turning point. This includes spread of autonomous driving technologies and electric vehicles. To ensure the safety and security of the car society, laws and systems are changing to adapt to the new automobiles. Our clients, including auto maintenance sops, have been urged to adapt to the changes in the business environment. For example, they now must check new items during maintenance and inspections due to changes in laws and regulations.

In these circumstances, the Company fully released the “.c Series,” a cloud-based business support software, in 2022 as our new core products.

## Characteristics of the new cloud-based business support software

<b>1. A total management system that enables integrated use of various functions</b>	<b>2. Service provision format that enable easy use by multiple employees</b>	<b>3. Clients can choose form a range of services. Easy and quick addition of functions is also available.</b>
<p>The software fully adopts cloud technologies. It can be easily combined with not only the Company's services but also with the services of other companies.</p> <p>By linking individual services to “.c Series,” it can be used as a total management system that integrates the use of the diverse functions businesses require.</p>	<p>Since “.c Series” acts as a total management system that broadly support business operations, it becomes more convenient when it is used by multiple people at the same time.</p> <p>“.c Series” is provided in a format which combines licenses and employee accounts, so it can be provided at a reasonable price even when they are used simultaneously by multiple people.</p>	<p>Since it “.c Series” cloud-based services, it provides a wide range of services and that clients can freely choose the functions they need from them.</p> <p>When there is a change in a law or system, necessary functions will be swiftly added. This ensures that clients are always able to use the latest and most optimal services in an ever-changing business environment.</p>

By providing this new cloud-based business support software which has the features above combined with diverse other digital services, the Company will continue to be a company that is essential to clients.

# Financial Highlights

## ■ Consolidated financial results and financial position

(Millions of yen)

	FY2021	FY2022	FY2023 (forecast)
Revenue	20,652	13,833	15,000
Operating profit (loss)	3,395	-2,897	-2,700
Profit (loss) attributable to owners of parent	2,173	-2,431	-2,400
Total assets	34,476	33,535	
Total liabilities	8,632	9,873	
Total equity	26,114	23,662	
Cash flows from operating activities	3,783	1,606	
Cash flows from investing activities	-3,788	-2,910	
Cash flows from financing activities	-108	1,237	

## About financial results and financial position

In FY2022, we offered cloud-based software as planned. As a result, the base for the transition to a monthly subscription-type business model has been established.

In FY2023, we will continue sales of cloud-based software. In addition, sales of cloud-based software contracts obtained in FY2022 will be recorded throughout the year, so the growth of sales of the cloud-based software is expected to accelerate.

## ■ Dividends per share

	FY2022	FY2023
Annual dividend	1.0 yen	Undetermined
Interim dividend	0 yen	Undetermined
Year-end dividend	1.0 yen	Undetermined

## About dividend

Year-end dividend of FY2022 was determined to be 1.0 yen per share (annual dividend of 1.0 yen per share). For dividend of FY2023, it will be announced when a reasonable calculation becomes possible in light of the progress of the medium-term management plan and the status of retained earnings.

# Progress of Mid-term Management Plan①

## Overview of the plan

(Millions of yen)

### Management policy

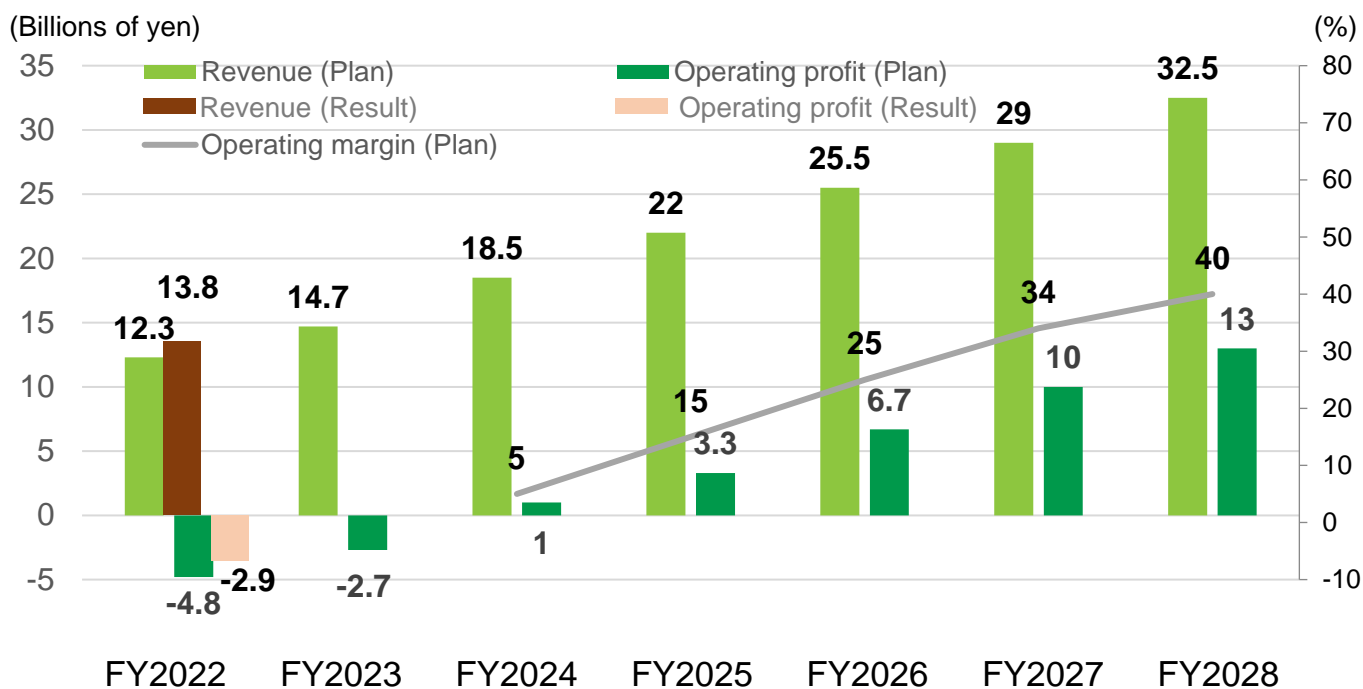
We seek to evolve into a unique platform company through promotion of DX in the mobility industry.

### Basic strategies

We seek "Penetration of the cloud-based products" through the provision of ".c Series" which are launched in full-scale in 2022, and at the same time, we will promote "Expansion of services," including enhancement of the functions of cloud services and development of a diverse services.

## Consolidated Performance Plan (2022-2028)

(Figures of the plan are as of February 9, 2022)



# Progress of Mid-term Management Plan②

## Main actions in FY2022

### Full-scale release of “.c Series” as our core products and the enhancement of its functions

- **Added a loan linkage function**

Clients can now offer Toyota Finance's financial services to car owners.

- **Added a “Official LINE Account” linkage function**

Clients can now conduct marketing activities using their “Official LINE Account.”

### Release of new cloud services beyond our core products

- **Released "Dencho.DX"**

"Dencho.DX" is a cloud service that complies with the Amended Electronic Book Storage Act.

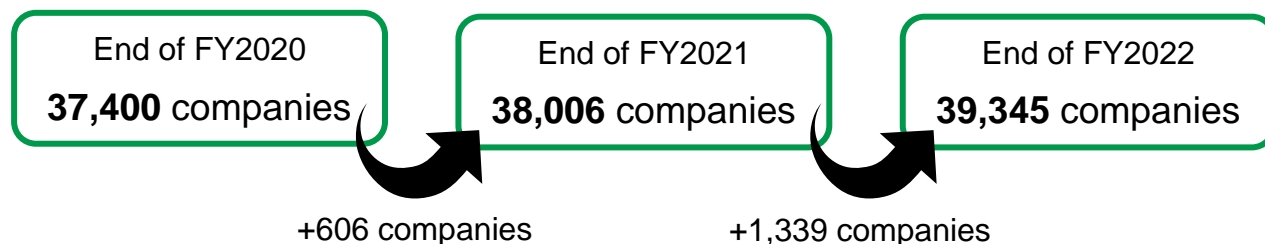
- **Released Mobile OTRS®**

Mobile OTRS® is a mobile version of the OTRS®, a work analysis software.

## Performance in FY2022

### The number of clients increased considerably.

- **The newly released cloud-based services earned high praise.**



### Summary: Progress was better than the original plan.

- **Revenue stood at 13.8 billion yen and operating loss at 2.9 billion yen. Both were better than forecast.**
- **The basic strategies in the medium-term management plan were implemented as planned, and the base for the transition to a business model based on monthly subscriptions was established.**

# Main topics in 2022

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We are working to form partnerships with different companies with a view toward evolving into a platform company in line with the medium-term management plan.

## June 1

### **Loan linkage function was added to “.c Series” due to alliance with Toyota Finance.**

Using our products, companies in the mobility industry, which are our main client base, are able to offer Toyota Finance's financial services to car owners.

## July 20

### **SALES GO Inc., a developer and provider of “SALES GO ISM” (inside sales DX tool), joined the Group.**

SALES GO Inc. has ample knowledge for the expansion of sales and development of SaaS products. Following it becoming a part of our Group, we aim to create synergy including the functional enhancement of our products.

## July 21

### **“Official LINE Account” linkage function was added to “.c Series” after conclusion of an official distributor agreement with LINE.**

We signed an official distributor agreement with LINE Corporation which operates LINE, a messenger app widely used in Japan. Following this, we can support our clients' marketing activities that utilize “Official LINE Account.”

## October 19

### **An agreement was reached with Fujitsu for joint development with the goal of reducing operation load of OTRS® by adding Fujitsu’s work segmentation AI technology to it.**

We will incorporate Fujitsu’s work segmentation AI technology into our product to enable AI to learn and partially automate work that previously had to be done manually, aiming to massively reduce the time necessary for work to be accomplished.



# Our environmental conservation activities

## Grow Leaf Project

We understand that it is our social responsibility to resolve issues in society. We implement environmental conservation activities through the Grow Leaf Project in collaboration with clients who participate in this project.

As part of these activities, we have been continually planting trees in cooperation with clients since 2008 through “Present Tree,” a forest restoration project operated by the NPO named “Environmental Relations Laboratory.” A total of 1,167 trees have been planted as of December 2022. Going forward, together with our clients who support the objectives of the project, we will continue to engage in activities that standalone companies will not be able to achieve.



Tree-planting activities at Fuefuki-Ashigawa  
in Yamanashi Prefecture in May 2022

## 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 and include potential risks and uncertainties.

Accordingly, please note that actual business results may differ from these results forecasts due to various factors.

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