



**First Quarter of FY12/2021**  
**Business Results Briefing**



**May 10, 2021**

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# CHAPTER 1

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## 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)
Operating profit	672 million yen (YoY +10.1%)	Operating profit margin	12.9% (YoY +1.4pts)

**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.

- In this quarter, the number of software users increased as a result of steady progress in acquiring new users, mainly those who switched from competitors.
- Sales of monthly services, including usage fee and support service fee for network server and database, increased as the number of software users increased.
- In parallel with acquiring new users, we have promoted provision of monthly subscription (SaaS) contracts for the “.NS Series,” which is the current mainstay product.
- This will enable quick and smooth transition to the new cloud software, the “.c Series ,” which is scheduled to be fully launched in the fourth quarter.
- These attempts not only stabilize sales as stock revenue increases, but also make progress in shifting to a higher-margin sales mix.
- Associated with the transition to the new cloud software, the “.c Series,” we are strategically shifting to a monthly revenue model at an early stage, assuming sales of current product will be terminated. Therefore, we expect a major change in our revenue structure.
- The decline in sales associated with the shift to monthly subscription is seemingly negative, but not only will the quality of profits improve through the transition to monthly subscription contracts, but it will also enable an accelerated increase in sales and profits in the future.

## Overview of Consolidated Business Results

(Millions of yen)	FY2021 1Q	FY2020 1Q	YoY change	YoY ratio	
<b>Revenue</b>	<b>5,195</b>	<b>5,279</b>	<b>-84</b>	<b>-1.6%</b>	<b>Revenue</b> <ul style="list-style-type: none"> <li>Decreased in reaction to the big deal of devices (FY2020 243 million yen).</li> <li>Monthly sales increased by 187 million yen due to an increase in the number of software users.</li> <li>The impact of software sale shifting to monthly subscription model was approximately 100 million yen.</li> </ul>
<b>Operating profit</b>	<b>672</b>	<b>610</b>	<b>+62</b>	<b>+10.1%</b>	
<b>Profit before tax</b>	<b>669</b>	<b>627</b>	<b>+43</b>	<b>+6.8%</b>	
<b>Profit attributable to owners of the parent</b>	<b>426</b>	<b>413</b>	<b>+13</b>	<b>+3.1%</b>	<b>Operating profit</b> <ul style="list-style-type: none"> <li>Sales ratio of high-margin monthly service rose.</li> <li>Streamlined operating activities under COVID-19 pandemic.</li> </ul>
<b>Basic earnings per share</b>	<b>4.86 yen</b>	<b>4.72 yen</b>	<b>-</b>	<b>-</b>	

- Revenue decreased by 84 million yen year on year to 5,195 million yen.
- Despite a reactionary decline in sales of devices, stock revenue, which is linked to the number of software users, increased.
- Software sales have been affected by the ongoing shift to monthly subscription, which caused sales to decline by around 100 million yen in this quarter.
- Factors behind this include the installation of the new cloud software, the “.c Series,” to specific major clients in advance and the decision to refrain from selling software with a trade-in of remaining lease payment.
- Transition to monthly subscription will temporarily lower the sales of the current product, the “.NS Series,” but it will accelerate the shift to monthly sales, which is strategically positive situation.
- Consolidated operating profit increased by 62 million yen to 672 million yen.
- Sales mix improved due to an increase in the monthly sales ratio. Under the COVID-19 pandemic, operating expenses decreased due to increased efficiency in operating activities by promoting DX, including online and remote operations.
- In addition, the number of inquiries for DX-related products from user companies (industries) is increasing, and in the sense of promoting DX, the environment caused by COVID-19 pandemic is a tailwind for us.
- Although DX tools are still a minor sales in the current quarter, contract acquisition is in favorable condition.

Breakdown by Revenue Categories

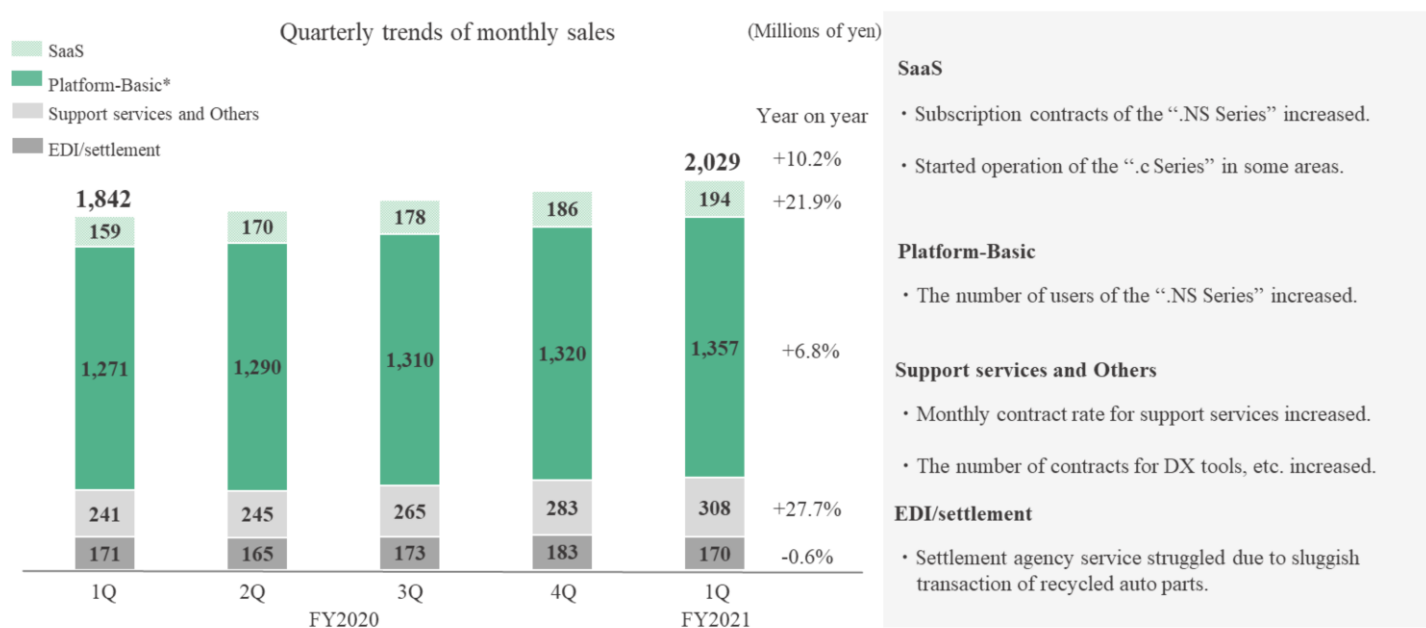
(Millions of yen)	FY2021 1Q	FY2020 1Q	YoY change	YoY ratio	
Platform	2,883	2,506	+377	+15.0%	<b>Platform</b>  • SaaS: Monthly subscription contracts increased.  • Basic: The number of software users increased.  • Support: Monthly support service contract rate increased. Strong sales of supplies.  <b>Application</b>  • 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.
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%	

NOTE) SaaS category has been newly established  
For an explanation of revenue categories, please refer to the supplementary information on Page 17.

- From this quarter, monthly subscription sales of software are disclosed as “SaaS.”
- “SaaS” is comprised of sales of the “.c Series,” which has been installed to major users in advance, and monthly subscription sales of the current mainstay product, the “.NS Series,” as well as sales of the tablet-type business software “CarpodTab.”
- “Basic” of “Platform” includes the sales of the infrastructure service necessary to operate software such as the “.NS Series.”
- “SaaS,” “Basic,” and “EDI” are all sales of our cloud platform services.
- In this quarter, sales of these cloud services grew to about 40% of total sales.
- “Application” includes lump-sum sales of multi-year license of software such as the “.NS Series.”
- Automotive sector of ”By industry” steadily acquired contracts, including the acquisition of new users.
- On the other hand, non-automotive sector, including mobile phone shops, travel agencies, and bus operators, continued to struggle due to the impact of COVID-19.

Reference: Detailed breakdown by revenue categories (1Q) (P.20)

## Quarterly Trends of Monthly Sales



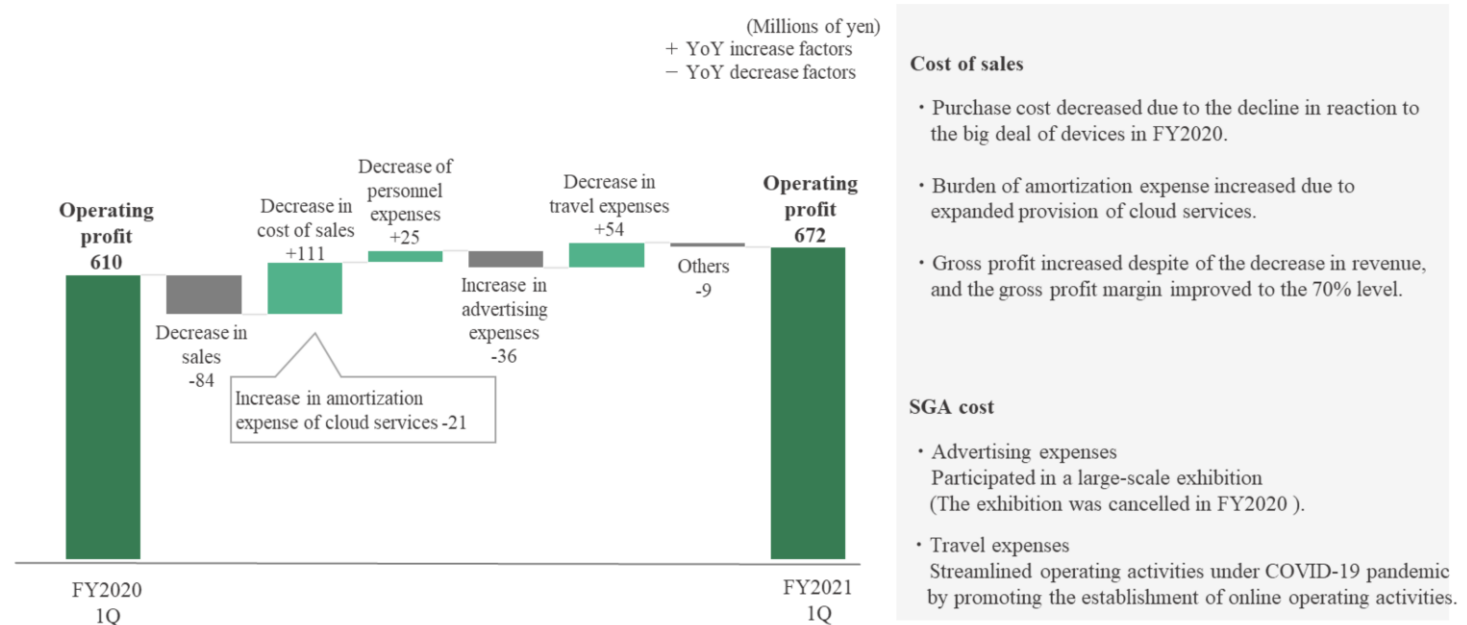
\*Platform-Basic-PaaS (Database/Monthly) + IaaS

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- From “Platform” category, the followings are revenue recognized on a monthly basis: “SaaS,” “Basic” excluding lump-sum payments, “EDI/settlement,” “Support services,” and “Others.”
- Full-fledged acceleration in sales of “SaaS” will be after the launch of cloud-based software “.c Series” to normal clients.
- Prior to this, in software sales, we are promoting monthly subscription contracts for the current product “.NS Series.”
- “Support services and Others” refer to monthly sales of DX tools including monthly support services, website creation tools, and groupware such as GoogleWorkSpace, etc.
- Monthly support service contracts increased by 11.3 points year-on-year to 53.6%.
- Among the DX tools, sales of the website creation tool “BL Homepage” are growing. Currently, it has been installed to more than 500 companies.
- Although there used to be many cases in which we failed to obtain contracts, demand rapidly increased from the end of last year to the beginning of this year, and the basic website service with a price of 10 thousand yen per month grew.
- We are also offering groupware such as Google Workspace, and plan to promote DX eventually targeting all users (about 37,000 companies).
- As explained, our monthly sales are not only proportional to the number of users of software, but also the accelerating elements of monthly sales are already in place. In addition, it will accelerate further triggered by the full-scale launch of the “.c Series.”
- By strategically promoting the transition to the “.c Series” at an early stage, it will greatly accelerate our future revenue. Therefore, if the needs for the “.c Series” increases, we will attempt to shift our users ahead of schedule.

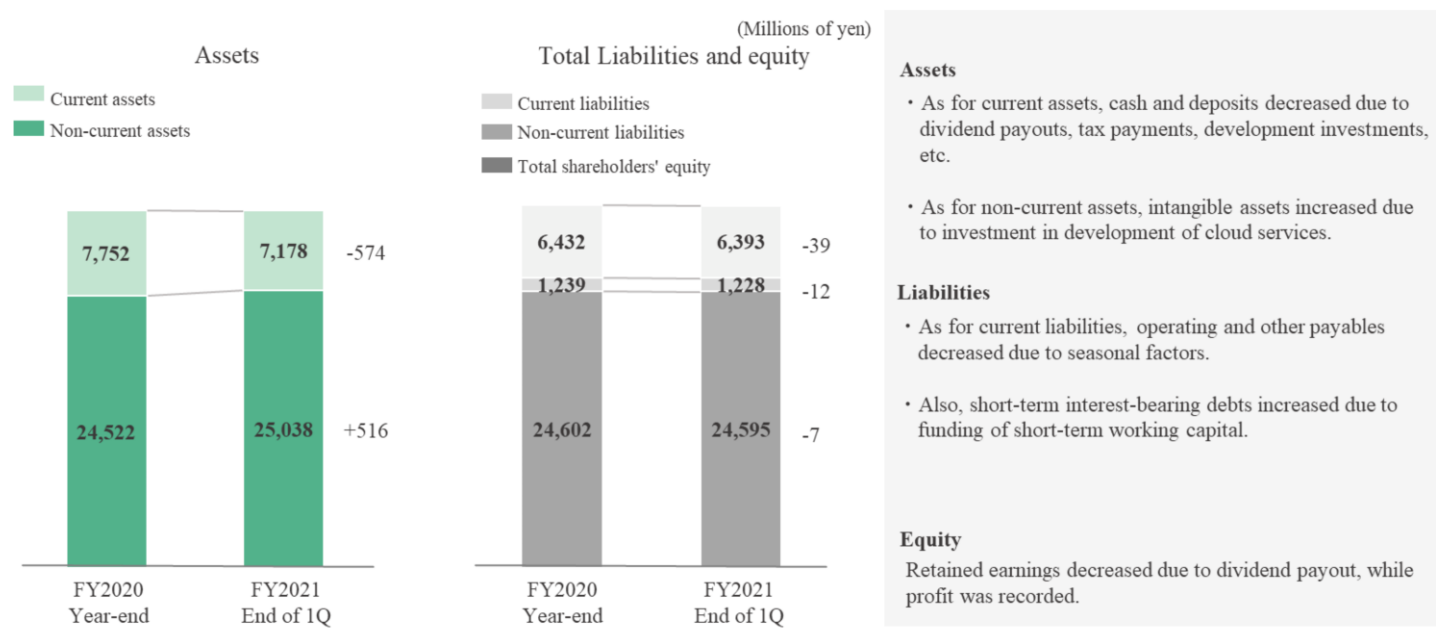
## Breakdown of Changes in Operating Profit



- Purchase cost declined due to a reactionary decline in the big deal of devices.
- In addition, cost of sales declined as higher-margin monthly service absorbed the increase in amortization expenses related to cloud services.
- Consequently, despite decrease in revenue, gross profit increased by 27 million yen and the gross profit margin recovered to the 70% level.
- In addition, in SG&A expenses, advertising expenses increased, including participation in large-scale exhibitions that were not held last year.
- On the other hand, with COVID-19 showing no sign of termination, we promoted the establishment of online operating activities and reduced sales-related expenses.
- Consequently, operating profit increased by 62 million yen.



Overview of the Balance Sheet



- In terms of assets, intangible assets increased from the end of previous fiscal year due to investments in cloud service development.
- In terms of debt, short-term interest-bearing debts increased due to borrowing.
- In terms of total equity, retained earnings decreased due to dividends payouts, while profit was recorded.
- Short-term borrowings were made partly due to seasonal factors, but the Company maintained a sound financial position.

## CHAPTER 2

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# Results Forecast

Forecast of Consolidated Results

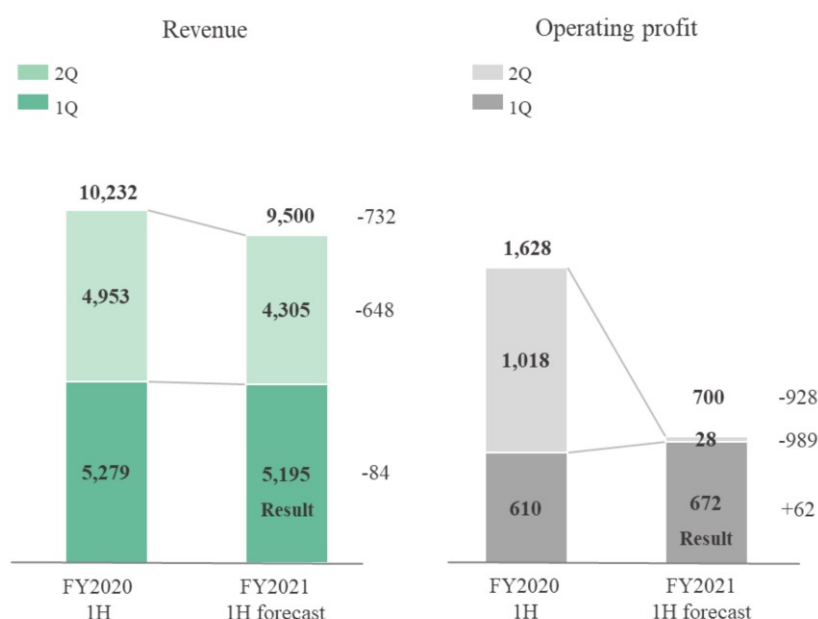
(Millions of yen)	FY2021 1H forecast	FY2020 1H results	YoY change	YoY ratio	FY2021 Full-year forecast	FY2020 Full-year results	YoY change	YoY ratio
Revenue	9,500	10,232	-732	-7.2%	20,100	21,162	-1,062	-5.0%
Operating profit	700	1,628	-928	-57.0%	2,400	4,135	-1,735	-42.0%
Profit before tax	700	1,614	-914	-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.

- No change from results forecast announced on February 12 for the first half and full year.

## 1H Results Forecast

(Millions of yen)



## 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

- Revenue in the second quarter is expected decrease by 648 million yen year on year.
- Due to promotion of software sales in the form of monthly subscription and controlling of the number of acquired contracts, sales are expected to decline by around 600 million yen.
- Transition to monthly subscription is scheduled to be sequentially implemented by installing the new cloud software, the “.c Series,” to major users in advance.
- For other users, we will provide the current product, the “.NS Series,” as a SaaS in the form of monthly subscription, in order to shift to the “.c Series” quickly and smoothly in the future.
- As a result of these measures, software usage fee will change from recording sales of multiple years license in a lump-sum to recording sales on a monthly basis, so sales will initially decline.
- Controlling of the number of acquired contracts is to recommend not to trade in the amount of remaining license period but to use the current software until the expiration of the current contract for the users planning to shift to the “.c Series.”
- As a result, the number of contract renewals for a certain period of time, such as fiscal years and quarters, will decrease, and this impact will become apparent from the second quarter of this fiscal year.
- Decrease in revenue is not due to losing sales power, but is a result of strategical shift to monthly revenue.
- Operating profit in the second quarter is expected to decline by 989 million yen.
- In addition to decrease in revenue, increase in costs related to cloud services including the “.c Series” is expected to be a factor behind the decline in profits.

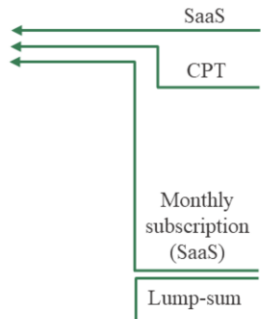
1H Forecast by Revenue Categories

Post-recomposition (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-recomposition (Previous forecast)

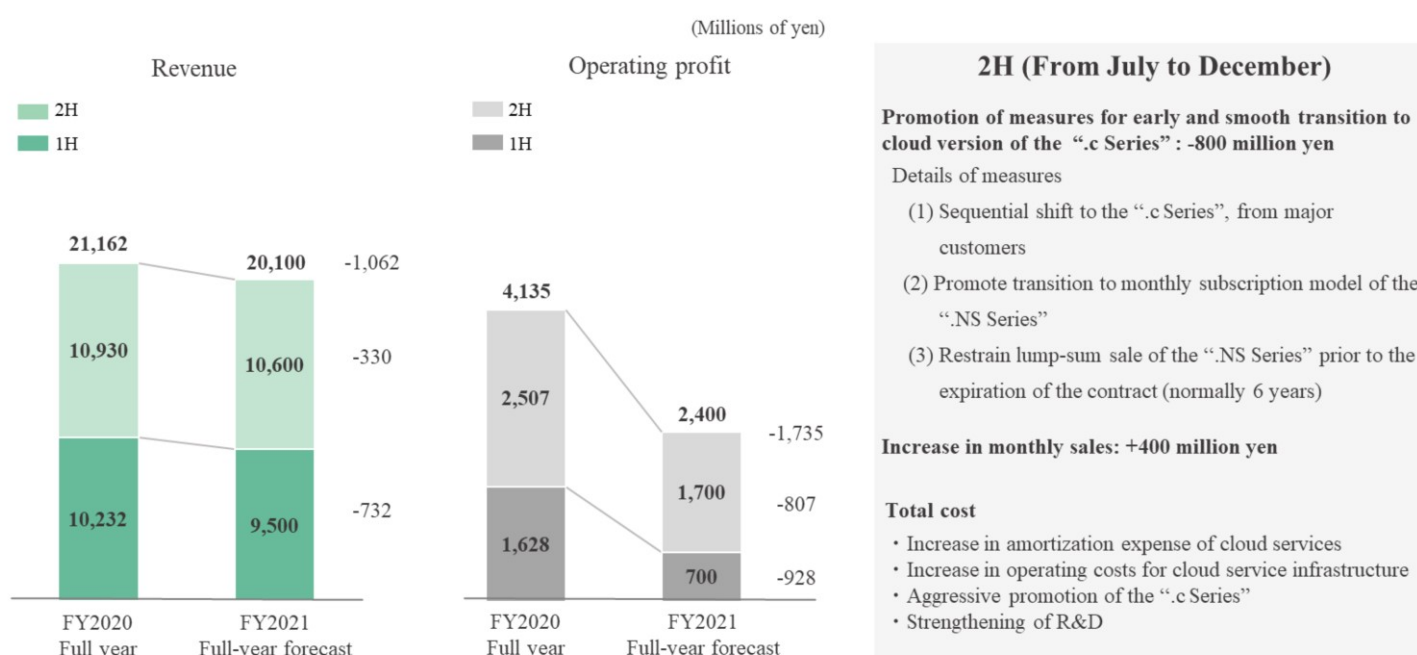
(Millions of yen)	FY2021 1H Forecast	FY2020 1H Results
Platform	4,900	4,872
Basic	3,600	3,600
EDI/settlement	420	439
Support	800	761
Others	80	72
Application	4,600	5,360
By industry	3,800	4,165
OTRS	100	132
Others	700	1,064
Total	9,500	10,232



(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.

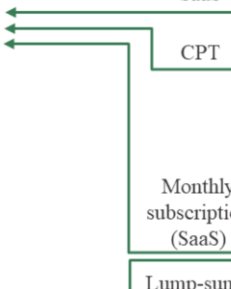
- The establishment of “SaaS” in revenue categories has resulted in recomposition as described in the material.
- In addition to the recomposition, forecasts for “Support” of “Platform” and “Others” were revised upward due to the steady progress of both the support services and the DX tools.
- Against this backdrop, the probability of achieving sales forecast for the first half rose, making it easier to strategically accelerate the transition from the lump sum recording of software sales to monthly subscription. Therefore, we reduced the sales forecast for “By industry” of “Application.”

## Full-year Results Forecast



- Revenue for the second half is expected to decrease by 330 million yen year on year.
- The main factor is the promotion of monthly subscriptions in software sales, and sales is expected to decrease by about 800 million yen.
- On the other hand, in addition to monthly services which are proportional to the increase in the number of users, software sales in the form of monthly subscription will also be gradually accelerating as the transition progresses.
- We assume that the accumulation of these monthly sales will cover the decline associated with shift to subscription to a certain extent.
- Operating profit for the second half is expected to decrease by 807 million yen.
- In addition to decrease in revenue, upfront costs to accelerate monthly subscription sales are expected to increase significantly, including promotional campaigns in conjunction with the full-scale launch of the “.c Series.”
- Continued growth in the number of users is a tailwind for us in driving our strategy.
- From this fiscal year to the next fiscal year, we will largely promote the shift to monthly subscription, and this is positioned as a basic strategy for the early and smooth transition to the “.c Series.”

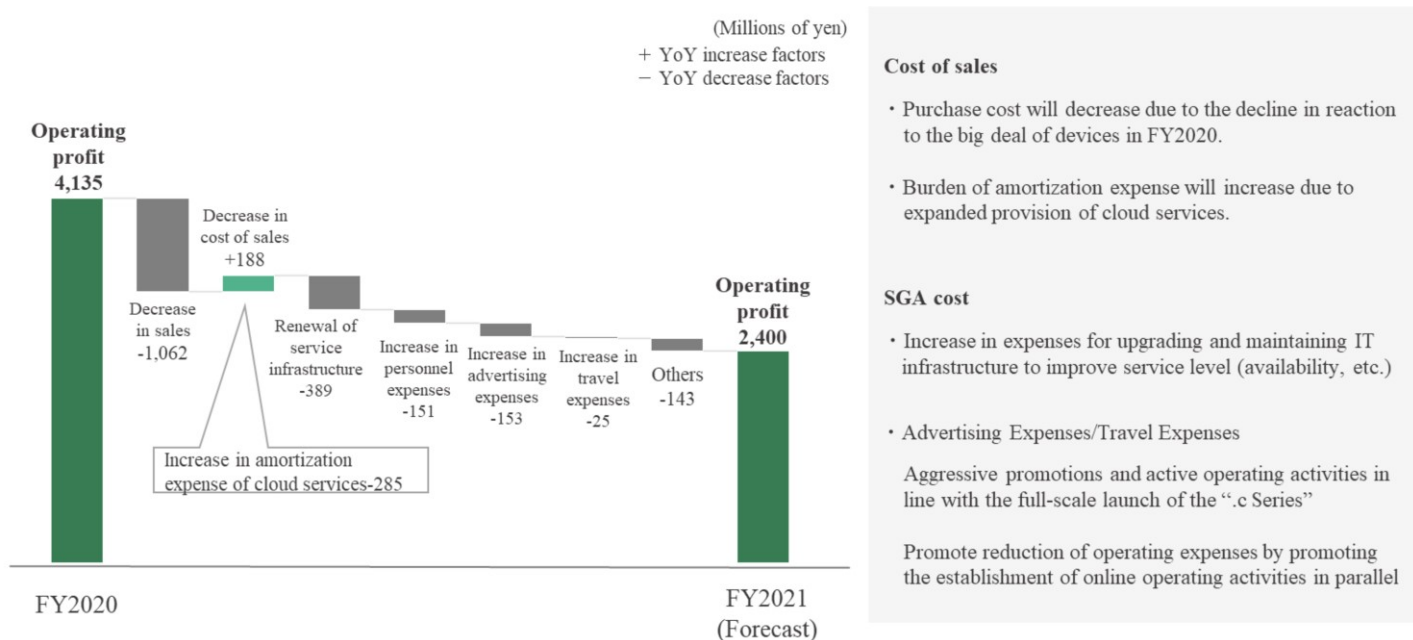
Full-year Forecast by Revenue Categories

Post-recomposition (New forecast)					Pre-recomposition (Previous forecast)			
(Millions of yen)	FY2021 Full-year forecast	FY2020 Full-year results	YoY change	YoY ratio		(Millions of yen)	FY2021 Full-year forecast	FY2020 Full-year results
Platform	11,100	10,692	+408	+3.8%		Platform	10,400	10,275
SaaS	850	692	+158	+22.8%		Basic	7,600	7,616
Basic	7,500	7,555	-55	-0.7%		EDI/settlement	920	905
EDI/settlement	700	692	+8	+1.1%		Support	1,700	1,596
Support	1,850	1,596	+254	+15.9%		Others	180	157
Others	200	157	+43	+27.5%		Application	9,700	10,887
Application	9,000	10,469	-1,469	-14.0%		By industry	8,050	8,806
By industry	7,350	8,389	-1,039	-12.4%		OTRS	250	204
OTRS	250	204	+46	+22.7%		Others	1,400	1,877
Devices	1,400	1,877	-477	-25.4%		Total	20,100	21,162
Total	20,100	21,162	-1,062	-5.0%				

(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.

- Similarly, forecast for the full fiscal year was recomposed as well.
- In the second half, in addition to the recomposition, the forecasts for both “Support” and “Others” of “Platform” were revised upward.
- In line with this, we decided to further accelerate the shift to monthly subscription for software sales, and lowered the sales forecast for “By industry” of “Application.”
- We are promoting measures to complete transition to monthly subscription as early as possible, while monitoring the landing status of business performance.

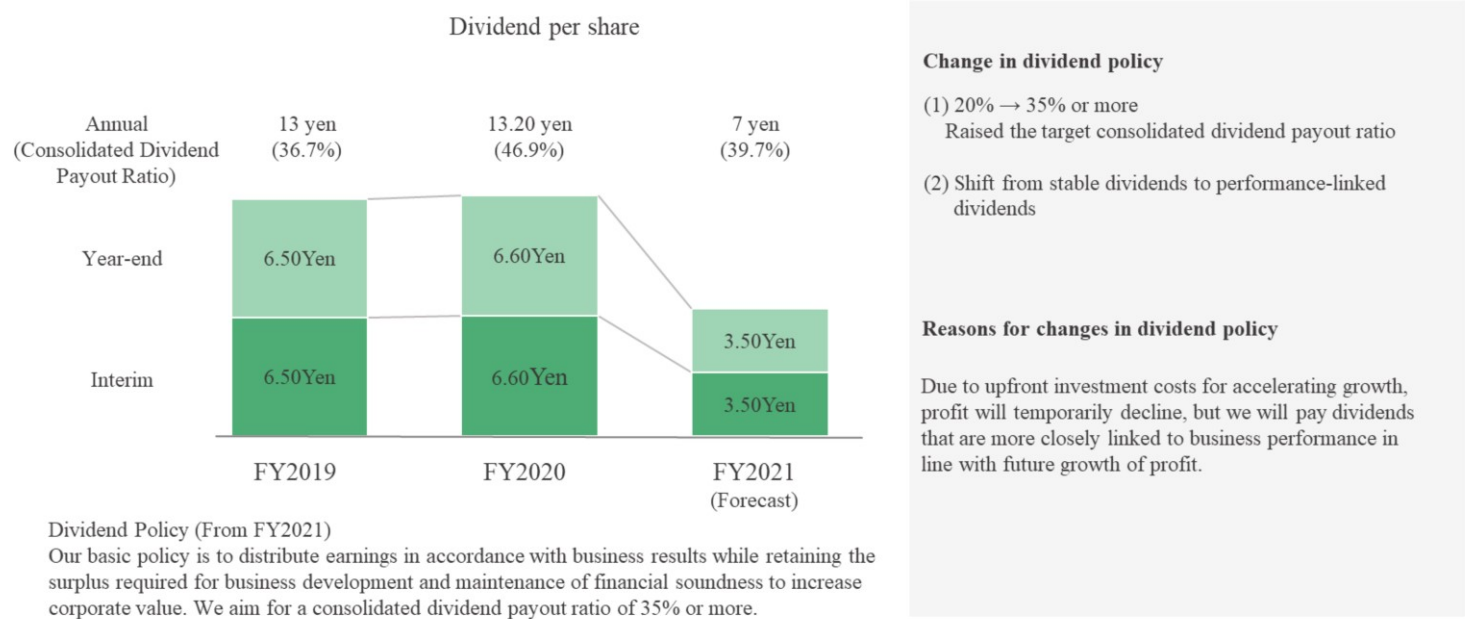
## Breakdown of Changes in operating profit (Full Year)



- Purchase costs are expected to decline due to a reactionary decline in the big deal in sales of devices.
- On the other hand, amortization expenses related to cloud services are expected to increase, and various costs associated with upgrading and maintaining service infrastructure are expected to increase.
- In addition, in conjunction with the full-scale development of the “.c Series,” we will strengthen advertising and sales activities.
- On the other hand, we are promoting the reduction of sales-related expenses by promoting the establishment of online sales activities and streamlining sales activities.
- In the second half of the fiscal year, we have formulated a cost plan based on the assumption of normalization of sales activities. However, depending on the situation of COVID-19, we may revise the breakdown of sales revenue and the cost outlook.



Dividend Policy and Dividend Forecast



- Dividend policy changed from FY12/2021.
- We increased linkage of dividends to business performance and raise the target consolidated dividend payout ratio to 35% or more.
- We are now in the transition phase of the revenue model, and for FY12/2021, we anticipate a decline in profits.
- We recognize that this is the process of evolving into a highly profitable and high-growth company in the future.

I would like to ask for the continued support of our shareholders and investors.

## CHAPTER 3

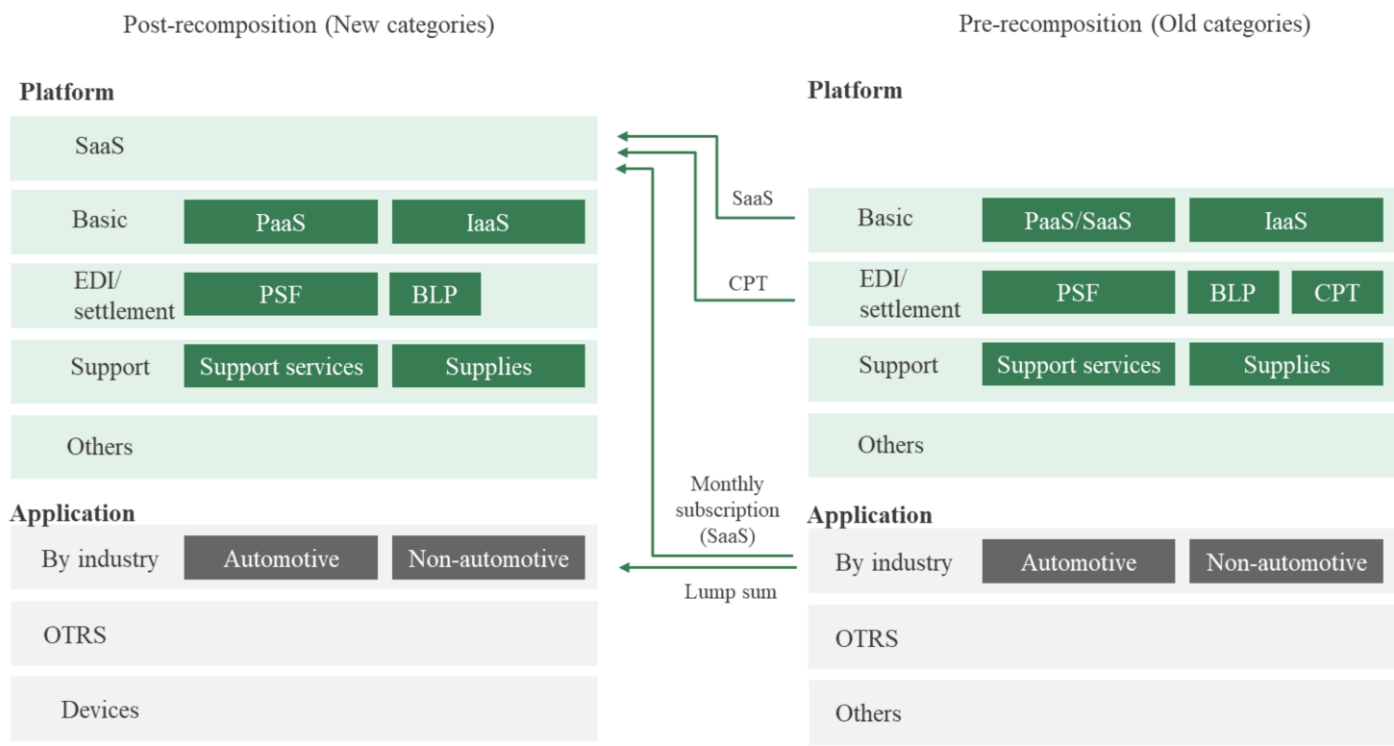
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### Supplemental Information

Details of Revenue Categories

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

Changes of Revenue Categories



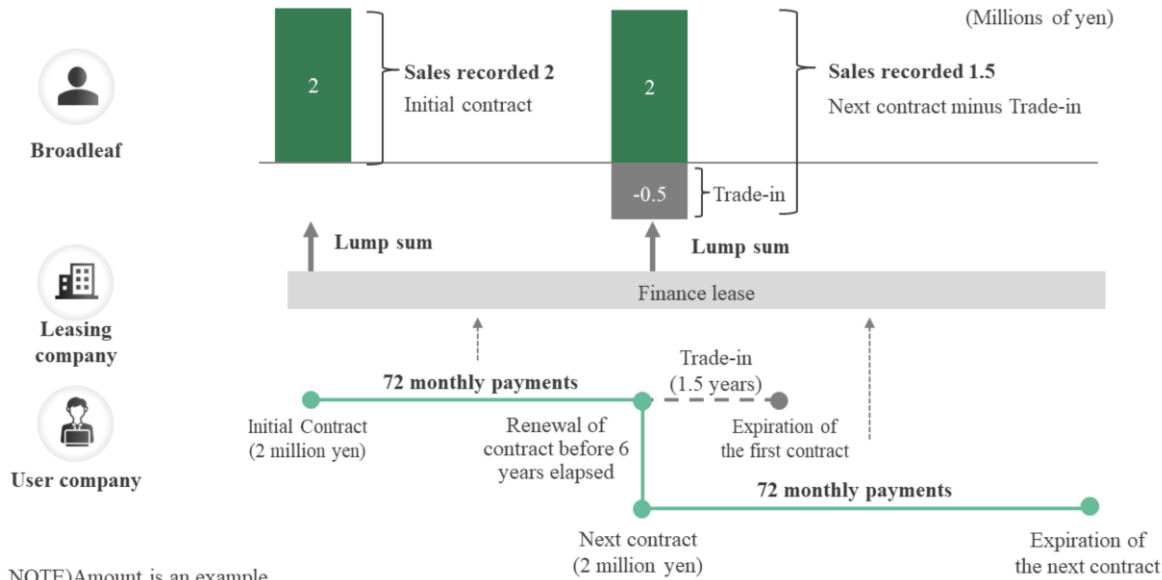
Detailed Breakdown by Revenue Categories (1Q)

Post-recomposition (New categories)					Pre-recomposition (Old categories)	
(Millions of yen)	FY2021 1Q	FY2020 1Q	YoY change	YoY ratio	(Millions of yen)	FY2020 1Q
Platform	2,883	2,506	+377	+15.0%	Platform	2,409
SaaS	194	159	+35	+21.9%	Basic	1,770
Basic	2,013	1,759	+254	+14.4%	PaaS/SaaS	1,215
PaaS (Basic software/lump sum)	656	489	+168	+34.3%	Lump sum	489
PaaS (Database/monthly)	766	716	+51	+7.1%	Monthly	727
IaaS	591	555	+36	+6.5%	IaaS	555
EDI/settlement	170	171	-1	-0.6%	EDI/settlement	222
PSF	131	138	-7	-5.0%	PSF	138
BLP	39	33	+6	+17.6%	BLP	84
Support	452	380	+72	+19.0%	Support	380
Support services	255	204	+50	+24.6%	Support services	204
Supplies	197	176	+22	+12.4%	Supplies	176
Others	53	37	+16	+44.6%	Others	37
Application	2,312	2,773	-461	-16.6%	Application	2,870
By industry	1,867	1,985	-118	-6.0%	By industry	2,083
Automotive	1,659	1,731	-72	-4.1%	Automotive	1,810
Non-automotive	208	254	-47	-18.3%	Non-automotive	273
OTRS	69	90	-21	-23.5%	OTRS	90
Devices	376	697	-321	-46.1%	Others	697
Total	5,195	5,279	-84	-1.6%	Total	5,279

Sales Recognition in Lease Contract

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

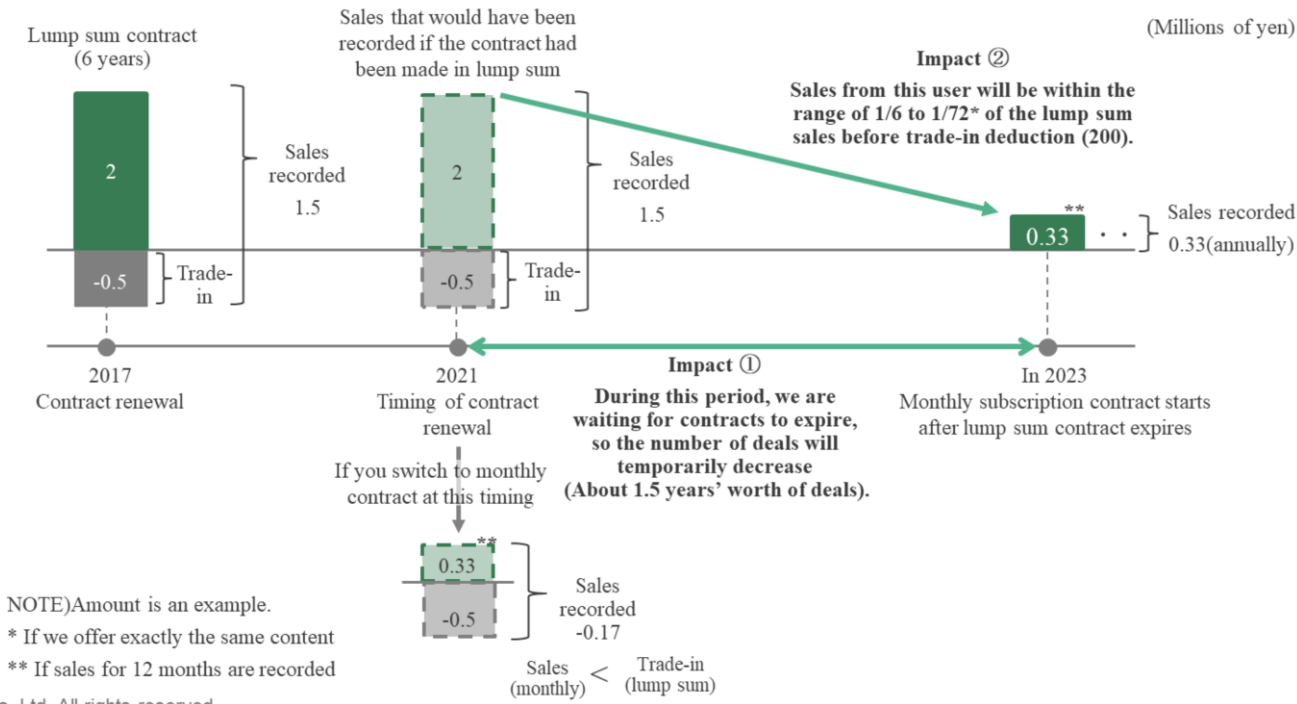
Most user companies choose to sign a lease contract.  
Prior to the expiration of the software rights purchase period (= lease period), we may trade in the remaining lease balance.



NOTE)Amount is an example.

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

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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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