



## Summary of Financial Statements for the First Quarter of the Fiscal Year Ending December 31, 2021 [IFRS] (Consolidated)

May 10, 2021

Broadleaf Co., Ltd

Stock listing: Tokyo Stock Exchange 1st Section

Representative: Representative Director and President Kenji Oyama

Scheduled Commencement Date of Dividend Payout: -

Earnings Supplementary Explanatory Documents: Yes

Earnings Results Briefing: Yes (For institutional investors and analysts)

(Figures are rounded to the nearest million yen)

1Q FY2021 (from January 1, 2,021 to March 31, 2021)

(1) Consolidated Operating Results (Cumulative)

(Percentage below represents increase (decrease) from the same period of previous year)

	Revenue		Operating profit		Profit before tax		Profit		Profit attributable to owners of parent		Total comprehensive income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
1Q FY2021	5,195	-1.6	672	10.1	669	6.8	427	3.5	426	3.1	504	89.0
1Q FY2020	5,279	7.2	610	45.3	627	48.0	413	50.8	413	50.9	267	16.8

	Basic earnings per share		Diluted earnings per share	
	Yen		Yen	
1Q FY2021	4.86		4.77	
1Q FY2020	4.72		4.65	

(2) Consolidated Financial Position

	Total assets	Total equity	Equity attributable to owners of parent	Percentage of equity attributable to owners of parent
	Millions of yen	Millions of yen	Millions of yen	%
End of 1Q FY2021	32,216	24,595	24,591	76.3
End of FY2020	32,274	24,602	24,600	76.2

2. Dividend Status

	Dividend per share				
	End of 1Q	End of 2Q	End of 3Q	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
FY2020	-	6.60	-	6.60	13.20
FY2021	-				
FY2021 (forecast)		3.50	-	3.50	7.00

(NOTE) Revisions to the latest announced dividend forecasts: None

Consolidated results forecast for FY2021 (from January 1, 2,021 to December 31, 2021)

(Percentage below represents increase (decrease) from the same period of previous year)

	Revenue		Operating profit		Profit before tax		Profit attributable to owners of the parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
1H FY2021	9,500	-7.2	700	-57.0	700	-56.6	430	-59.6	4.90
FY2021	20,100	-5.0	2,400	-42.0	2,400	-37.2	1,550	-37.1	17.64

(NOTE) Revisions to the most recently announced results forecast: None

\* Notes

(1) Changes in significant subsidiaries during the quarter under review (changes in specified subsidiaries accompanied by changes in the scope of consolidation): None

(2) Changes in accounting policies and changes in accounting estimates

1. Changes in accounting policies required by IFRS: None
2. Other changes in accounting policies: None
3. Changes in accounting estimates: None

(3) Number of shares outstanding (common stock)

1. Number of shares outstanding (including treasury shares)
2. Number of shares of treasury stocks
3. Average number of shares outstanding during the period

1Q FY2021	97,896,800	FY2020	97,896,800
1Q FY2021	10,058,613	FY2020	10,313,058
1Q FY2021	87,682,693	1Q FY2020	87,432,021

\* Summary of financial statements is outside the scope of audit procedures by certified public accountants and audit firm.

\* Comment regarding appropriate usage of results forecast, and other special notes

(Note on forward-looking statements)

The forward-looking statements such as results forecasts contained in this document are based on the information currently available to the Company and certain assumptions which are regarded as legitimate. The Company makes no warranty as to the achievability of what is described in the statements. Actual results may differ from these forecasts due to various factors.

(Availability of earnings supplementary explanatory documents)

The Company plans to hold an earnings results briefing for institutional investors and analysts on May 10, 2021, in the form of a telephone conference. The materials used at the meeting will be posted on our website.

○Table of Contents of Attached Material

1. Qualitative Information on Operating Results, etc. for the First Three Months Ended March 31, 2021 .....	2
(1) Qualitative information on financial results .....	2
(2) Qualitative information on financial position .....	3
(3) Qualitative Information on consolidated results forecast .....	3
2. Consolidated Financial Statements and Major Notes .....	4
(1) Consolidated statements of financial position .....	4
(2) Consolidated statements of income .....	5
(3) Consolidated statements of comprehensive income .....	6
(4) Consolidated statements of changes in equity .....	7
(5) Consolidated statements of cash flows .....	9
(6) Notes regarding consolidated financial statements .....	10
(Notes on going concern) .....	10
(Segment Information) .....	10

## 1. Qualitative Information on Operating Results, etc. for the First Three Months Ended March 31, 2021

### (1) Qualitative information on financial results

In the first quarter of the current fiscal year under review (from January 1, 2021 to March 31, 2021), with no signs of an end to COVID-19 pandemic, economic activities in Japan were significantly affected by the re-announcement of the state of emergency. After the state of emergency was lifted, business conditions tended to improve particularly in manufacturing industries, and capital investment showed signs of recovery. However, non-manufacturing industries remained in a severe situation, especially among small and medium-sized enterprises.

In information service sector to which the Group belongs, there has been growing demand for investing in digital transformation (DX) to realize new work styles such as telework and contactless work. On the other hand, due to the uncertain outlook for the economy, a cautious stance was seen in new investments in non-strategic fields, and the situation continues to fluctuate.

Under such environment, based on the spirit of the corporate philosophy of “Gratitude and Happiness,” the Group is working to contribute to the business continuity and business creation of its customers. In the first quarter of the fiscal year under review, we supported the customers' DX by expanding DX solutions in addition to providing business software in order to further improve their operational efficiency. In addition, the Group is expanding its business domains by starting the provision of digital platform including operational management systems to overseas mobility service operators.

In terms of business performance, monthly sales including network use fees and support service fees increased in line with an increase in the number of the business software users, while sales of devices dropped in reaction to the big deal in the previous fiscal year. In addition, the ratio of monthly sales in the consolidated revenue rose due to an increase in the number of monthly subscription contracts for the “.NS series” of business software, and the gross profit margin improved. The Group also made progress in streamlining the selling, general and administrative expenses by accelerating the shift to remote internal operations and online sales activities. At the same time, the Company implemented measures to further increase corporate value such as investment in development for remodeling the business software to the “.c-Series” and research for creating new services.

As a result, in the first quarter of the current fiscal year under review (from January 1, 2021 to March 31, 2021), revenue was 5,195 million yen (down 1.6% year on year), operating profit was 672 million yen (up 10.1% year on year), profit before income taxes was 669 million yen (up 6.8% year on year), and profit attributable to owners of the parent was 426 million yen (up 3.1% year on year).

The Company has a single business segment, which consists of IT services. A breakdown of revenue by category is shown in the table below.

(Millions of yen)

Category	1Q FY2020 (From January 1, 2020 to March 31, 2020)	1Q FY2021 (From January 1, 2021 to March 31, 2021)	YoY ratio of change
Platform	2,506	2,883	15.0%
Application	2,773	2,312	-16.6%
Total	5,279	5,195	-1.6%

(NOTE) From the first quarter of the current fiscal year, the Group changed revenue categories in order to clarify the progress of their growth strategy in launching the new cloud-based model “.c Series.” Figures for the first quarter of the previous fiscal year have also been rearranged.

## (2) Qualitative information on consolidated financial position

### (i) Analysis of financial condition

#### (Assets)

Assets at the end of the first quarter of the current fiscal year decreased by 58 million yen from the end of previous consolidated fiscal year period to 32,216 million yen. Current assets decreased by 574 million yen to 7,178 million yen, while non-current assets increased by 516 million yen to 25,038 million yen. The decrease in current assets was mainly due to decreases in cash and cash equivalents of 382 million yen and inventories of 197 million yen. The increase in non-current assets was mainly attributable to an increase in intangible assets of 420 million yen.

#### (Liabilities)

Liabilities at the end of the first quarter of the current fiscal year decreased by 51 million yen from the end of previous consolidated fiscal year period to 7,621 million yen. Current liabilities decreased by 39 million yen to 6,393 million yen and non-current liabilities decreased by 12 million yen to 1,228 million yen. Current liabilities decreased mainly due to decreases in operating and other payables of 609 million yen, income taxes payable of 319 million yen, other current liabilities of 262 million yen, other financial liabilities of 106 million yen, and contract liabilities of 62 million yen, despite an increase in short-term interest-bearing debts of 1,318 million yen. The decrease in non-current liabilities was mainly due to a decrease in long-term interest-bearing debts of 58 million yen, despite an increase in deferred tax liabilities of 46 million yen.

#### (Equity)

At the end of the first quarter of the current fiscal year, equity decreased by 7 million yen from the end of previous consolidated fiscal year to 24,595 million yen. The decrease in equity was mainly due to a decrease in retained earnings of 144 million yen, despite a decrease in treasury shares of 67 million yen and an increase in share premium of 67 million yen.

### (ii) Analysis of cash flows

Cash and cash equivalents ("cash") at the end of the first quarter of the consolidated fiscal year under review decreased by 382 million yen from the end of previous consolidated fiscal year period to 2,850 million yen.

The status of each cash flow and its factors in the first quarter of the current fiscal year are as follows.

#### (Cash flow from (used in) operating activities)

Cash used in operating activities was 96 million yen (up 116.8% year on year). This was mainly due to a decrease in operating and other payables of 620 million yen, a decrease in accrued employee bonuses of 281 million yen, and income taxes paid of 553 million yen, despite income before tax of 669 million yen, depreciation and amortization expense of 567 million yen, and a decrease in inventories of 197 million yen.

#### (Cash flows from (used in) investing activities)

Cash used in investing activities was 740 million yen (up 21.2% year on year). This was mainly due to an expenditure of 739 million yen for acquisition of intangible assets.

#### (Cash flows from (used in) financing activities)

Cash from financing activities was 452 million yen (down 50.5% year on year). This was mainly due to a net increase in short-term loans payable of 1.302 billion yen, despite repayment of lease obligations of 222 million yen and cash dividends paid of 578 million yen.

## (3) Qualitative Information on consolidated results forecast

No change has been made to the consolidated results forecast for the first half year and the full year of the current fiscal year published in the "FY12/2020 Financial Results" on February 12, 2021.

## 2. Consolidated Financial Statements and Major Notes

### (1) Consolidated statements of financial position

(Thousands of yen)

	FY2020 (As of December 31, 2020)	1Q FY2021 (As of March 31, 2021)
<b>Assets</b>		
Current assets		
Cash and cash equivalents	3,232,409	2,850,241
Operating and other receivables	3,797,819	3,778,541
Inventories	355,682	158,766
Other current financial assets	55,000	55,000
Other current assets	311,078	335,282
Total current assets	<u>7,751,988</u>	<u>7,177,830</u>
Non-current assets		
Property, plant and equipment	1,822,803	1,776,273
Goodwill	11,802,504	11,802,504
Intangible assets	8,425,546	8,845,759
Investments accounted for using equity method	95,703	90,018
Other non-current financial assets	1,420,760	1,532,086
Other non-current assets	175,836	199,901
Deferred tax assets	778,783	791,648
Total non-current assets	<u>24,521,935</u>	<u>25,038,189</u>
Total assets	<u><u>32,273,923</u></u>	<u><u>32,216,019</u></u>
<b>Liabilities and equity</b>		
<b>Liabilities</b>		
Current liabilities		
Operating and other payables	3,538,577	2,929,194
Contract liabilities	612,413	550,805
Short-term interest-bearing debts	748,408	2,066,509
Accrued income taxes	554,956	236,453
Other financial liabilities	105,529	-
Other current liabilities	872,547	610,308
Total current liabilities	<u>6,432,430</u>	<u>6,393,268</u>
Non-current liabilities		
Long-term interest-bearing debts	787,905	729,621
Obligations for retirement pay	172,196	173,201
Provisional sum	139,102	139,353
Deferred tax liabilities	139,825	185,344
Total non-current liabilities	<u>1,239,027</u>	<u>1,227,518</u>
Total liabilities	<u>7,671,457</u>	<u>7,620,786</u>
<b>Equity</b>		
Capital stock	7,147,905	7,147,905
Share premium	7,215,824	7,282,540
Treasury shares	-3,403,618	-3,336,507
Retained earnings	13,265,826	13,121,415
Other components of equity	374,078	375,999
Total equity attributable to owners of parent	<u>24,600,015</u>	<u>24,591,353</u>
Non-controlling interests	2,451	3,880
Total equity	<u>24,602,466</u>	<u>24,595,233</u>
Total Liabilities and equity	<u><u>32,273,923</u></u>	<u><u>32,216,019</u></u>

## (2) Consolidated statements of income

(Thousands of yen)

	1Q FY2020 (From January 1, 2020 to March 31, 2020)	1Q FY2021 (From January 1, 2021 to March 31, 2021)
Revenue	5,279,027	5,194,880
Cost of sales	-1,641,304	-1,529,947
Gross profit	3,637,722	3,664,934
Selling, general and administrative expenses	-3,024,470	-3,006,433
Other operating revenue	2,521	13,851
Other operating expenses	-5,593	-661
Operating profit	610,181	671,691
Finance income	39,033	18,927
Financing cost	-14,055	-9,960
Equity in losses of affiliates	-8,525	-11,458
Profit before tax	626,634	669,200
Income tax	-213,795	-241,923
Profit	412,839	427,277
Profit attributable to:		
Owners of the parent	412,959	425,848
Non-controlling interests	-120	1,429
Profit	412,839	427,277
Earnings per share		
Basic earnings per share (yen)	4.72	4.86
Diluted earnings per share (yen)	4.65	4.77

## (3) Consolidated statements of comprehensive income

(Thousands of yen)

	1Q FY2020 (From January 1, 2020 to March 31, 2020)	1Q FY2021 (From January 1, 2021 to March 31, 2021)
Profit	412,839	427,277
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Net change in fair value of financial assets of equity nature measured at fair value through other comprehensive income	-143,973	73,876
Total items that will not be reclassified to profit or loss	<u>-143,973</u>	<u>73,876</u>
Items that may be reclassified to profit or loss		
Exchange differences on translating foreign operations	-1,745	1,432
Share of other comprehensive income of associates accounted for using the equity method	-531	1,273
Total items that may be reclassified to profit or loss	<u>-2,277</u>	<u>2,705</u>
Total other comprehensive income, net of tax	<u>-146,250</u>	<u>76,581</u>
Comprehensive income	<u>266,589</u>	<u>503,858</u>
Comprehensive income attributable to		
Owners of the parent	266,709	502,429
Non-controlling interests	<u>-120</u>	<u>1,429</u>
Profit	<u>266,589</u>	<u>503,858</u>



(4) Consolidated statements of changes in equity  
1Q FY2020 (From January 1, 2020 to March 31, 2020)

(Thousands of yen)

	Equity attributable to owners of parent					
	Capital stock	Share premium	Treasury shares	Retained earnings	Other components of equity	
					Warrants	Shares with restriction on transfer
Balance as of January 1, 2020	7,147,905	7,199,403	-3,456,820	11,928,868	537,744	-14,000
Profit	-	-	-	412,959	-	-
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income	-	-	-	412,959	-	-
Disposal of treasury shares	-	-2,904	4,404	-	-	-
Dividends	-	-	-	-568,279	-	-
Share-based payment transactions	-	-	-	-	56,909	14,000
Total transactions with owners	-	-2,904	4,404	-568,279	56,909	14,000
Balance as of March 31, 2020	7,147,905	7,196,499	-3,452,416	11,773,548	594,653	-

(Thousands of yen)

	Equity attributable to owners of parent				Non-controlling interests	Total equity
	Other components of equity			Total		
	Exchange differences on translating foreign operations	Net change in fair value of financial assets of equity nature measured at fair value through other comprehensive income	Total			
Balance as of January 1, 2020	-44,269	-81,903	397,573	23,216,929	2,697	23,219,626
Profit	-	-	-	412,959	-120	412,839
Other comprehensive income	-2,277	-143,973	-146,250	-146,250	-	-146,250
Total comprehensive income	-2,277	-143,973	-146,250	266,709	-120	266,589
Disposal of treasury shares	-	-	-	1,500	-	1,500
Dividends	-	-	-	-568,279	-	-568,279
Share-based payment transactions	-	-	70,909	70,909	-	70,909
Total transactions with owners	-	-	70,909	-495,870	-	-495,870
Balance as of March 31, 2020	-46,546	-225,876	322,232	22,987,767	2,577	22,990,344

1Q FY2021 (From January 1, 2021 to March 31, 2021)

(Thousands of yen)

	Equity attributable to owners of parent					
	Capital stock	Share premium	Treasury shares	Retained earnings	Other components of equity	
					Warrants	Shares with restriction on transfer
Balance as of January 1, 2021	7,147,905	7,215,824	-3,403,618	13,265,826	724,241	-14,000
Profit	-	-	-	425,848	-	-
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income	-	-	-	425,848	-	-
Disposal of treasury shares	-	66,716	67,111	-	-133,826	-
Dividends	-	-	-	-578,052	-	-
Share-based payment transactions	-	-	-	7,794	45,165	14,000
Total transactions with owners	-	66,716	67,111	-570,258	-88,660	14,000
Balance as of March 31, 2021	7,147,905	7,282,540	-3,336,507	13,121,415	635,581	-

(Thousands of yen)

	Equity attributable to owners of parent				Non-controlling interests	Total equity
	Other components of equity			Total		
	Exchange differences on translating foreign operations	Net change in fair value of financial assets of equity nature measured at fair value through other comprehensive income	Total			
Balance as of January 1, 2021	-47,026	-289,136	374,078	24,600,015	2,451	24,602,466
Profit	-	-	-	425,848	1,429	427,277
Other comprehensive income	2,705	73,876	76,581	76,581	-	76,581
Total comprehensive income	2,705	73,876	76,581	502,429	1,429	503,858
Disposal of treasury shares	-	-	-133,826	2	-	2
Dividends	-	-	-	-578,052	-	-578,052
Share-based payment transactions	-	-	59,165	66,959	-	66,959
Total transactions with owners	-	-	-74,660	-511,091	-	-511,091
Balance as of March 31, 2021	-44,321	-215,260	375,999	24,591,353	3,880	24,595,233

## (5) Consolidated statements of cash flows

(Thousands of yen)

	1Q FY2020 (From January 1, 2020 to March 31, 2020)	1Q FY2021 (From January 1, 2021 to March 31, 2021)
Cash flow from operating activities		
Profit before tax	626,634	669,200
Depreciation and amortization expense	512,447	566,708
Share-based payment expense	70,909	59,165
Finance costs (income)	-24,978	-8,967
Equity in loss (earnings) of affiliates	8,525	11,458
Decrease (increase) in operating and other receivables	317,588	16,605
Decrease (increase) in inventories	65,110	197,166
Increase (decrease) in operating and other payables	-607,889	-619,864
Decrease (increase) in prepaid expenses	-37,408	-25,441
Decrease (increase) in long-term prepaid expenses	12,886	19,816
Increase (decrease) in employees' bonuses payable	-347,095	-281,453
Increase (decrease) in contract liabilities	-113,358	-61,787
Increase (decrease) in consumption taxes payable	106,291	-56,311
Other, net	14,071	-28,378
Subtotal	603,731	457,917
Interest received	164	651
Interest expenses paid	-1,320	-2,088
Income taxes paid or refunded (paid)	-646,919	-552,633
Cash flow from operating activities	-44,344	-96,152
Cash flow from investing activities		
Acquisition of property, plant and equipment	-5,973	-12,537
Acquisition of intangible assets	-615,701	-738,941
Loan advances	-300	-300
Collection of loans receivable	405	316
Payments for lease and guarantee deposits	-1,019	-619
Proceeds from collection of lease and guarantee deposits	846	4,056
Other, net	11,617	8,256
Cash flow from investing activities	-610,124	-739,770
Cash flow from financing activities		
Increase (decrease) in short-term loans payable	1,701,000	1,302,000
Repayments of lease obligations	-218,572	-222,024
Cash dividends paid	-568,279	-578,052
Proceeds from sales of treasury shares	1,500	-
Expenses related to commitment lines	-1,194	-49,528
Cash flow from financing activities	914,456	452,395
Impact of exchange fluctuations for cash and cash equivalents	-355	1,359
Net increase (decrease) in cash and cash equivalents	259,632	-382,167
Cash and cash equivalents at beginning of period	3,033,768	3,232,409
Balance of cash and cash equivalents at the end of the period	3,293,400	2,850,241

(6) Notes regarding consolidated financial statements

(Notes on the Going Concern Assumption)

Not applicable.

(Segment Information)

This information is omitted because the Group is a single segment (IT services).