



Third Quarter of FY12/2021 Business Results Briefing

November 8, 2021

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CHAPTER 1

Overview of 3Q Business Results

Summary

Transition of industry-specific software to monthly subscription models **Progressed as planned**

Impact of transition to
subscription models
for the 3Q cumulative period

-1.1 billion yen

Current software
“.NS Series”

Next-generation software
“.c Series”

- Restrain from renewal of a contract before its expiration
- Transition from multi-year lump-sum contract to monthly subscription contract
- Limited sales to specific major clients

Transition to stock revenue

Progressed as planned

Monthly sales ratio for
the 3Q cumulative period

40.5%

(YoY +4.2pts)

Monthly subscription (SaaS) sales
for the 3Q cumulative period

Monthly support services contract
ratio at the end of 3Q

627 million yen (+23.7% YoY)

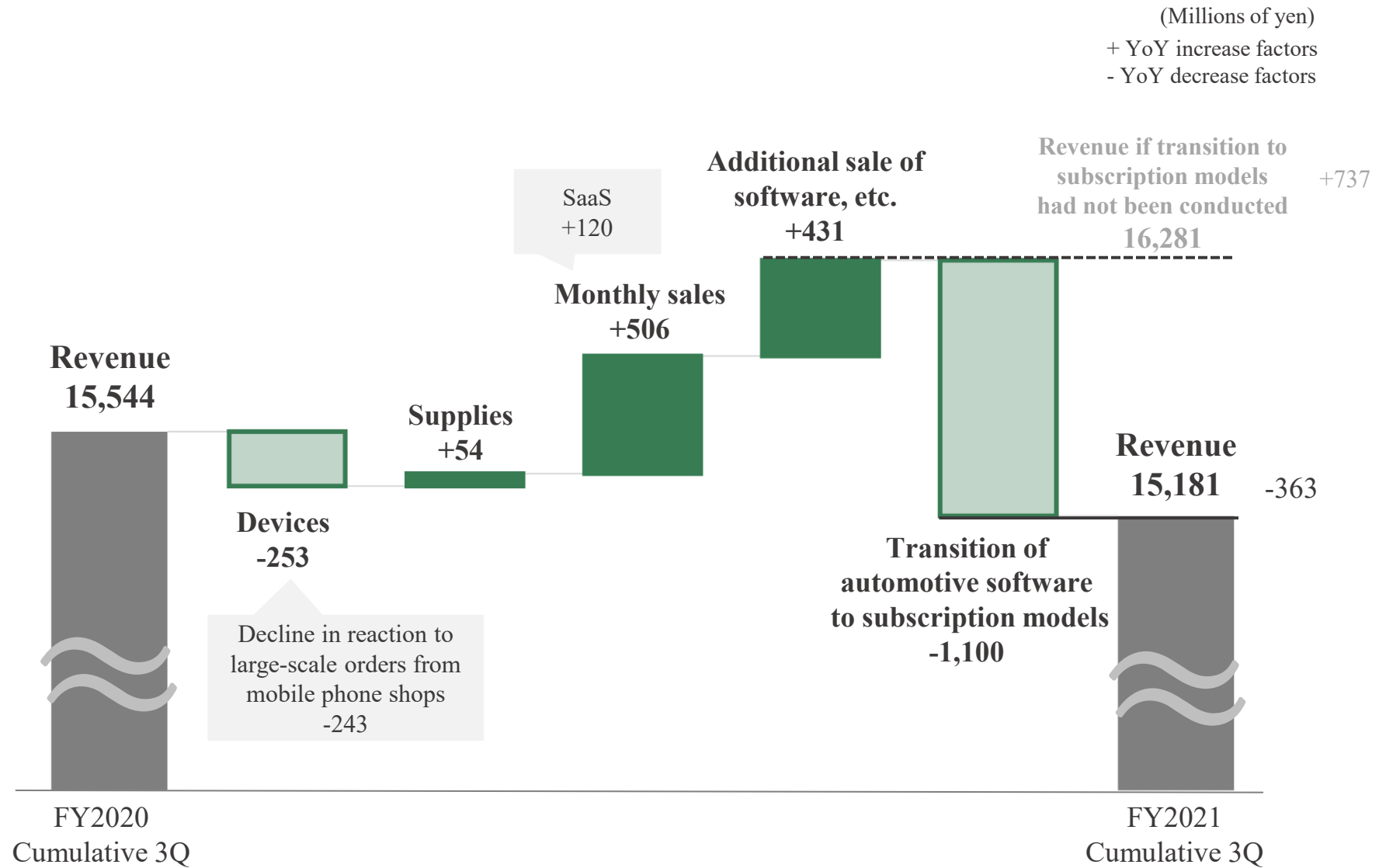
- Monthly subscription contracts of the current software
- Limited sales of the next-generation software to specific major clients

60.0% (YoY +11.3pts)

Overview of the Consolidated Business Results

(Millions of yen)	FY2021 Cumulative 3Q	FY2020 Cumulative 3Q	YoY change	YoY ratio
Revenue	15,181	15,544	-363	-2.3%
Cost of sales	4,309	4,550	-240	-5.3%
Gross profit	10,871	10,994	-122	-1.1%
SG&A expenses, etc.	8,529	8,129	+399	+4.9%
Operating profit	2,342	2,864	-522	-18.2%
Profit before tax	2,340	2,815	-475	-16.9%
Profit attributable to owners of the parent	1,500	1,867	-367	-19.6%
Basic earnings per share	17.07 yen	21.33 yen	-	-

Breakdown of Changes in Revenue (YoY)



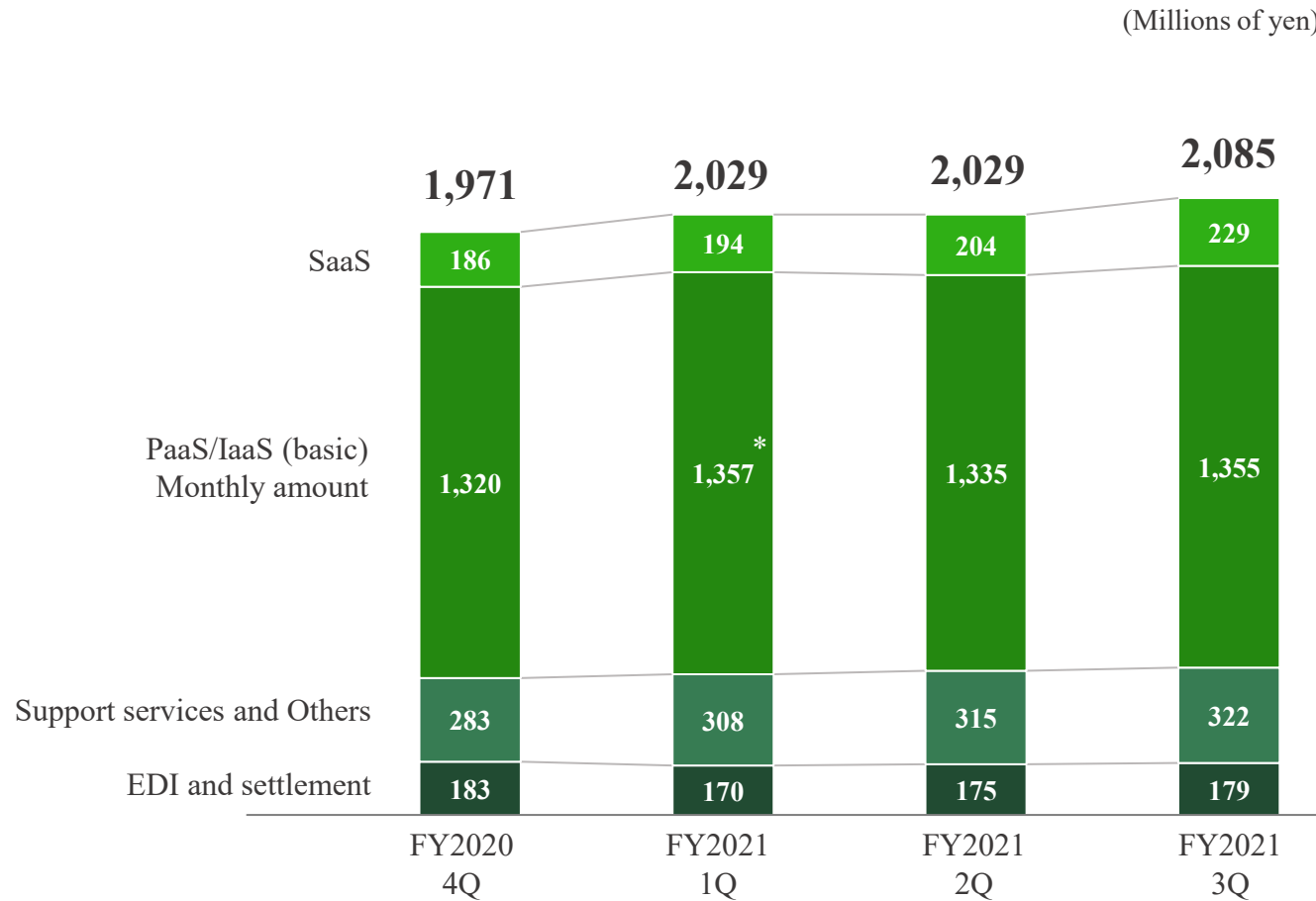
Breakdown by Revenue Categories

(Millions of yen)	FY2021 Cumulative 3Q	FY2020 Cumulative 3Q	YoY change	YoY ratio	Major factors of increase/decrease (Amount)
Platform	8,493	7,747	+746	+9.6%	
SaaS	627	507	+120	+23.7%	Increase in the number of users choosing monthly subscription contracts +120
PaaS/IaaS (basic)	5,818	5,455	+363	+6.7%	
Lump-sum	1,771	1,584	+187	+11.8%	Progress in transition to subscription models -150 Additional sale of software, etc. +337
Monthly amount	4,047	3,871	+176	+4.5%	Increase in the total number of license +176
EDI and settlement	525	509	+16	+3.2%	Increase in the number of users of the ordering platform +17
Support	1,374	1,163	+210	+18.1%	Increase in monthly support services contract ratio +156 Increase in sale of supplies +54
Others	150	113	+37	+32.8%	Increase in the number of users of DX Solutions etc. +43
Application	6,687	7,797	-1,109	-14.2%	
By industry	5,663	6,532	-868	-13.3%	Progress in transition to subscription models -950 Additional sale of automotive software, etc. +313 Decrease in sale of non-automotive software -231
OTRS	185	173	+12	+7.0%	Bottoming out of demand in the manufacturing industry +12
Devices	839	1,092	-253	-23.2%	Decrease in reaction to large-scale orders from mobile phone shops -243
Total	15,181	15,544	-363	-2.3%	

NOTE) SaaS category was established in FY12/2021, and the breakdown of Application sales has been changed retroactively due to the launch of the next-generation software.

For an explanation of revenue categories, please refer to the supplemental information on page 23.

Trends in Monthly Sales



*In some cases, monthly sales for multiple months were recorded in a lump-sum.

SaaS

- Transition of current software to subscription contracts progressed
- Prior installation of the next-generation software to specific major clients

PaaS/IaaS (basic)

- Sales is linked to increase in the number of total license which has increased due to acquisition of new users of the current software

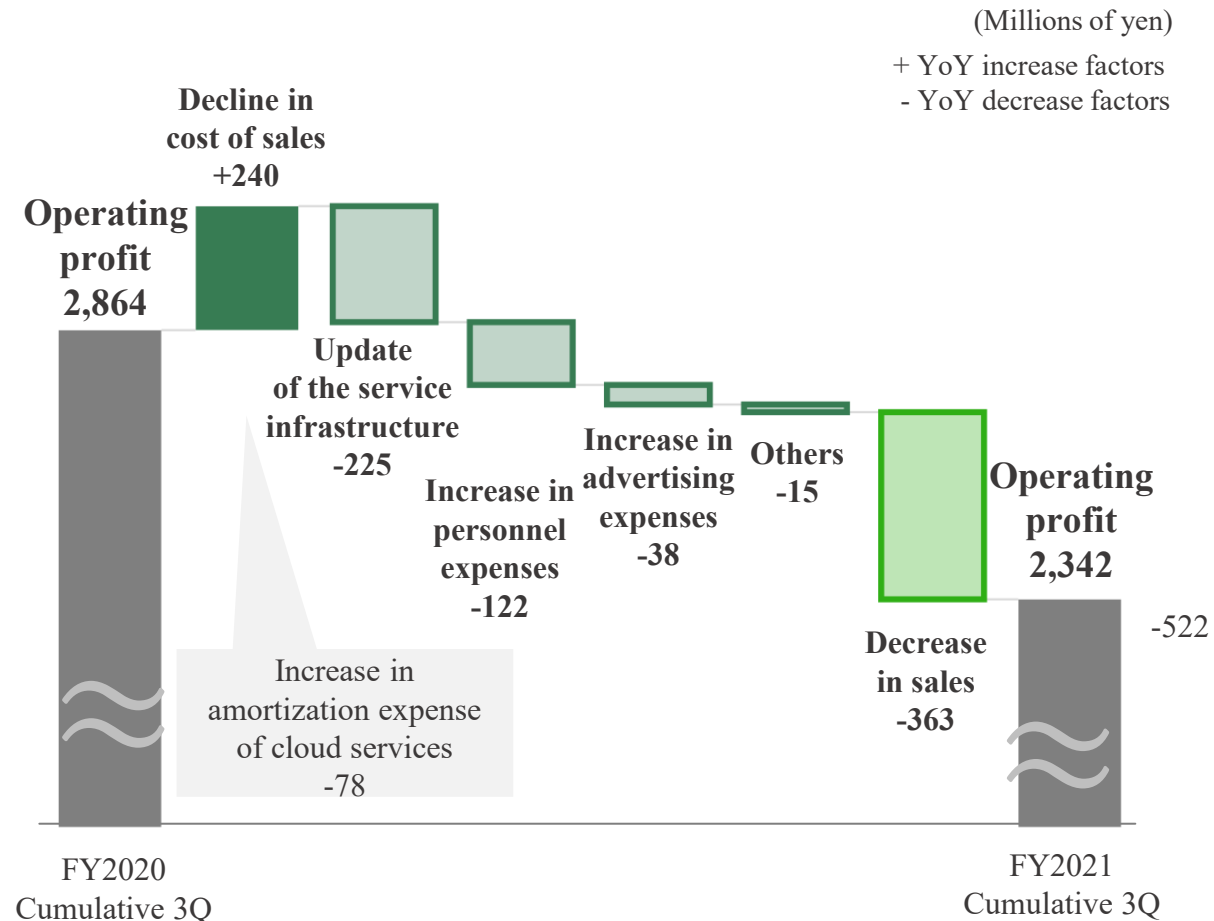
Support services and Others

- Increase in monthly support services contract ratio
- Increase in the number of users of DX solutions

EDI and settlement

- Increase in the numbers of users of parts ordering platform

Breakdown of Changes in Operating Profit (YoY)

**Cost of sales**

- Decrease in purchase cost due to a decline in reaction to large-scale orders of devices
- Increase in amortization expense of cloud services including the next-generation software

SG&A expenses, etc.

- Update of service infrastructure
Extension and strengthening of service operating infrastructure in preparation for the diversification of cloud services
- Personnel expenses
Legal welfare expenses temporarily increased due to the commencement of stock compensation system
- Advertising expenses
Active creation of online content and holding of webinars

Overview of Balance Sheet

(Millions of yen)	FY2021 End of 3Q	End of FY2020	YoY change	Main breakdown
Current assets	8,064	7,752	+312	Operating and other receivables +676 Inventories -197
Non-current assets	25,824	24,522	+1,302	Intangible assets +1,519
Total assets	33,888	32,274	+1,614	
Current liabilities	7,478	6,432	+1,045	Short-term interest-bearing debts +2,394
Non-current Liabilities	1,005	1,239	-234	Long-term interest-bearing debts -312
Total liabilities	8,483	7,671	+811	
Total equity	25,405	24,602	+803	Recognition of profit +1,501 Dividend payout -930
Total liabilities and shareholders' equity	33,888	32,274	+1,614	

Cash Flow Analysis

(Millions of yen)	FY2021 Cumulative 3Q	FY2020 Cumulative 3Q	YoY change	Main breakdown
Cash flow from operating activities	1,413	2,114	-701	Profit before tax -475 Changes in operating and other receivables (minus shows increase) -327
Cash flow from investment activities	-2,329	-1,938	-391	Expenditures due to acquisition of intangible assets -627
Cash flow from financing activities	711	-441	+1,152	Net increase (decrease) in short-term loans payable +1,001
Free cash flow	-916	176	-1,092	
Cash and cash equivalents	3,029	2,769	+260	

CHAPTER 2

Results forecasts

Points

Transition of industry-specific software to monthly subscription models **Will be implemented as planned**

Impact of transition to subscription models Full-year **-1.7 billion** yen / 4Q **-600 million** yen

Transition to stock revenue **Will be implemented as planned**

Monthly sales Full-year **8.27 billion** yen / 4Q **2,126 million** yen

- Monthly subscription (SaaS) sales **870 million** yen / 4Q **243 million** yen

Strengthening of service quality **Will be implemented as planned**

Service infrastructure update expenses Full-year **389 million** yen / 4Q **164 million** yen

-Extension and strengthening of service operating infrastructure in preparation for the diversification of cloud services
(Enhancement of availability and expansion of scale accompanied by increase in offered menu, etc.)

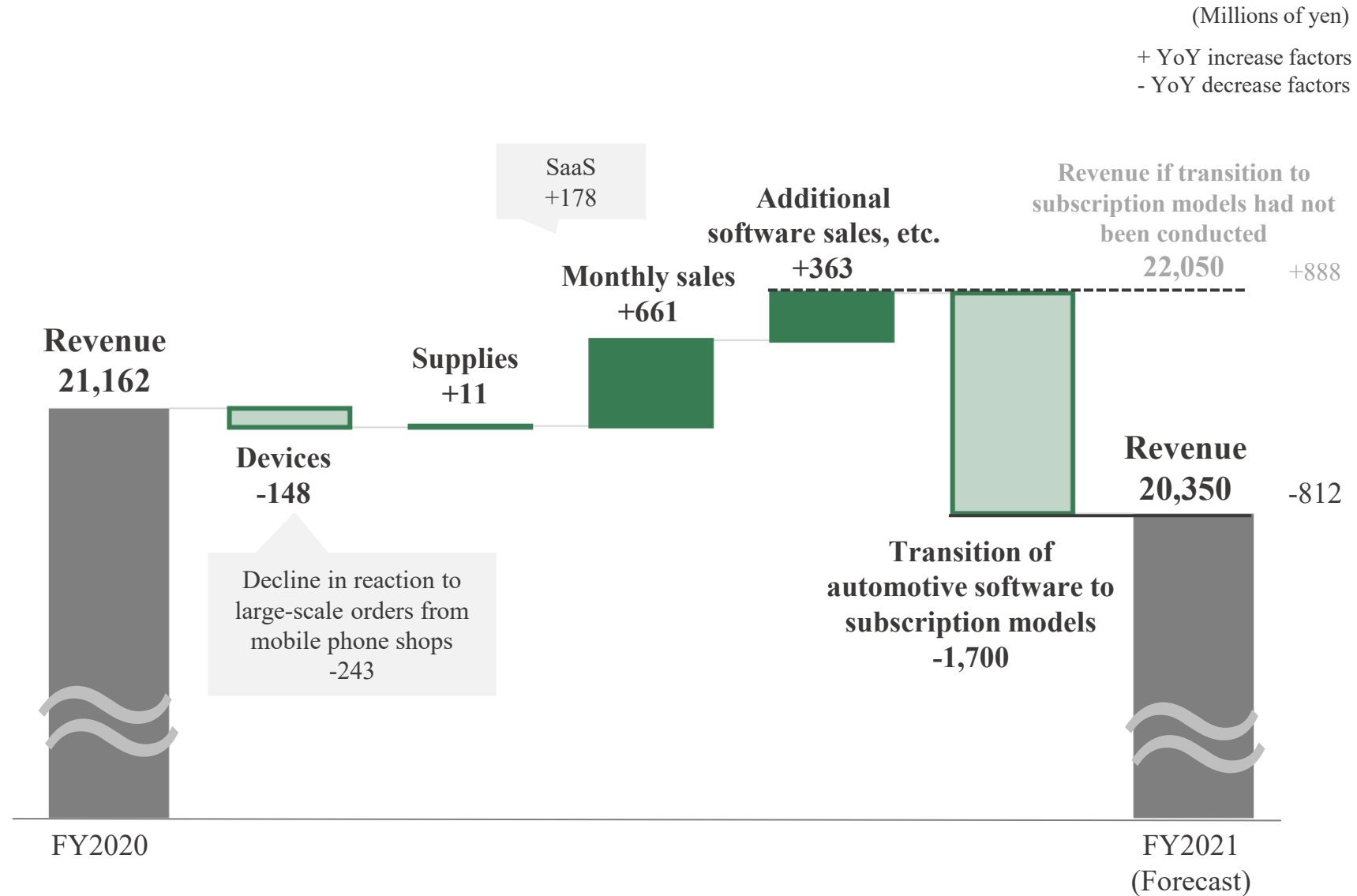
Risk factors

Delay in sale of industry-specific software and devices due to shortage of PCs 4Q **~250 million** yen

Forecast of Consolidated Results

(Millions of yen)	FY2021 Full-year forecast	FY2020 Full-year	YoY change	YoY ratio	FY2021 4Q forecast	FY2020 4Q	YoY change	YoY ratio
Revenue	20,350	21,162	-812	-3.8%	5,169	5,618	-449	-8.0%
Cost of sales	6,050	6,088	-38	-0.6%	1,741	1,538	+203	+13.2%
Gross profit	14,300	15,074	-774	-5.1%	3,429	4,080	-652	-16.0%
SG&A expenses, etc.	11,700	10,939	+761	+7.0%	3,171	2,809	+362	+12.9%
Operating profit	2,600	4,135	-1,535	-37.1%	258	1,271	-1,013	-79.7%
Profit before tax	2,580	3,820	-1,240	-32.5%	240	1,006	-766	-76.1%
Profit attributable to owners of the parent	1,640	2,465	-825	-33.5%	140	598	-458	-76.6%
Basic earnings per share	18.66 yen	28.16 yen	-	-	-	-	-	-

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



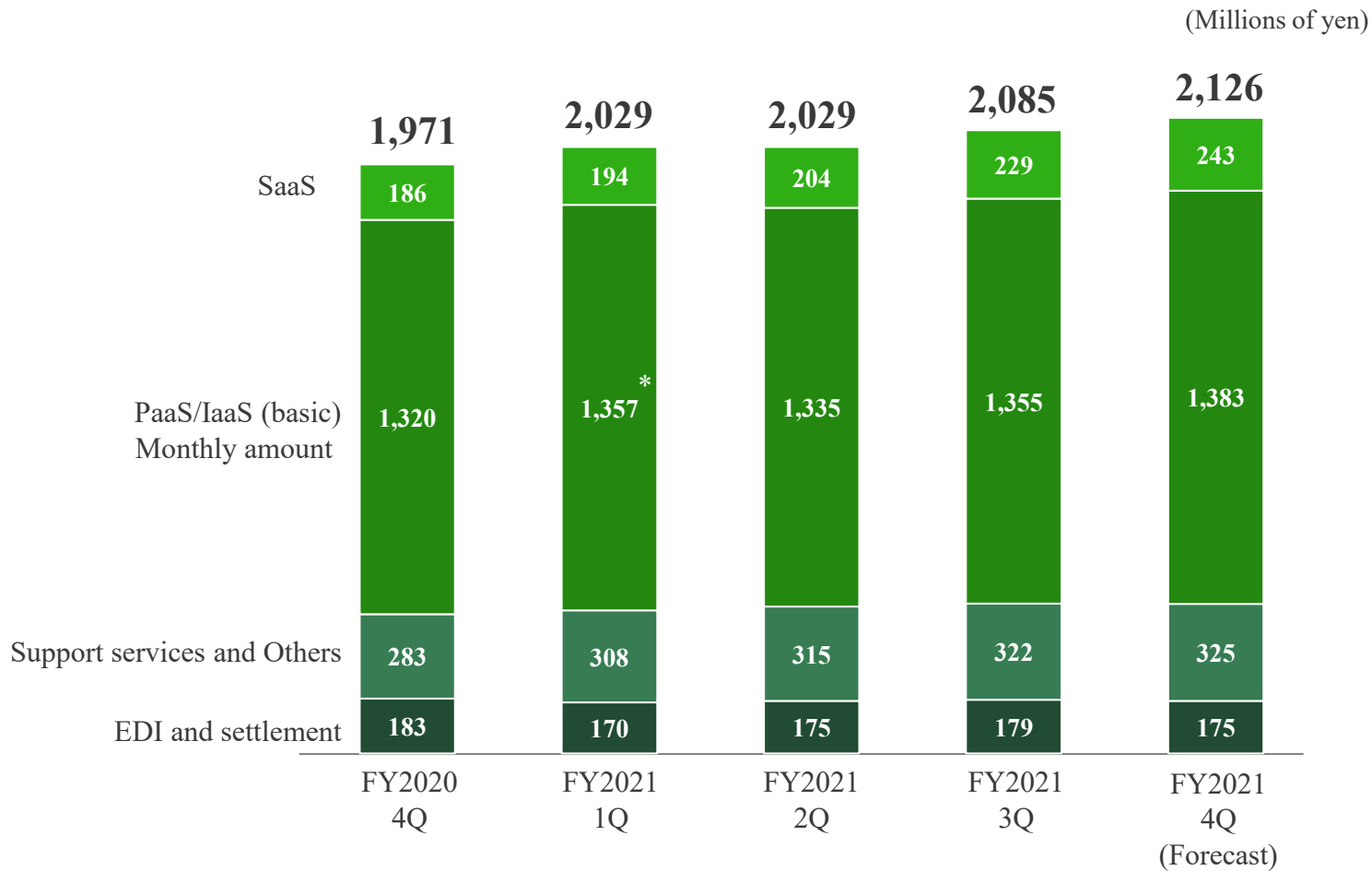
Forecast by Revenue Categories

(Millions of yen)	FY2021 Full-year forecast	FY2020 Full-year	YoY change	YoY ratio	FY2021 4Q forecast	FY2020 4Q	YoY change	YoY ratio
Platform	11,350	10,692	+658	+6.2%	2,857	2,946	-89	-3.0%
▷ SaaS	870	692	+178	+25.7%	243	186	+58	+31.1%
PaaS/IaaS (basic)	7,780	7,555	+225	+3.0%	1,962	2,100	-138	-6.6%
▷ Lump-sum	2,350	2,365	-15	-0.6%	579	780	-201	-25.8%
▷ Monthly amount	5,430	5,190	+240	+4.6%	1,383	1,320	+64	+4.8%
EDI and settlement	700	692	+8	+1.1%	175	183	-8	-4.4%
Support	1,800	1,596	+204	+12.8%	426	433	-7	-1.5%
Others	200	157	+43	+27.5%	50	44	+6	+13.8%
Application	9,000	10,469	-1,469	-14.0%	2,313	2,673	-360	-13.5%
By industry	7,500	8,868	-1,368	-15.4%	1,837	2,337	-500	-21.4%
OTRS	250	204	+46	+22.7%	65	31	+34	+110.6%
▷ Devices	1,250	1,398	-148	-10.6%	411	305	+105	+34.5%
Total	20,350	21,162	-812	-3.8%	5,169	5,618	-449	-8.0%

Forecasts for ▷ items are updated.

NOTE) The breakdown of Application sales has been retroactively changed due to the launch of the next-generation software.

Forecast of Monthly Sales



* In some cases, monthly sales for multiple months were recorded in a lump-sum.

SaaS

- Accelerate the transition of current software to monthly subscription contracts
- Launch sales of the next-generation software to general clients (4Q)

PaaS/IaaS (basic)

- Increase the total number of current software license by focusing on the conclusion of contracts for deals under negotiation

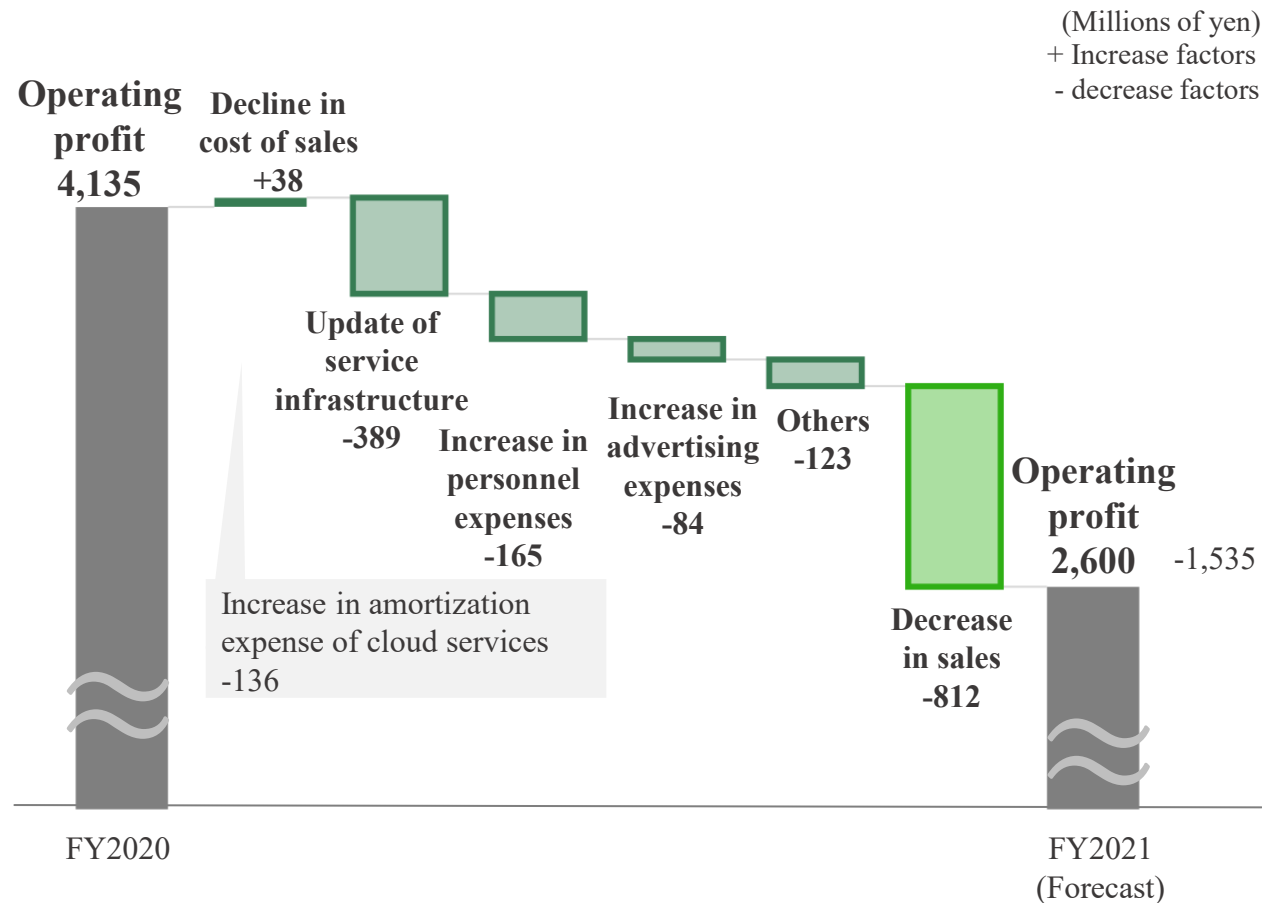
Support services and Others

- Further increase the monthly support services contract ratio
- Increase the number of users of DX solutions

EDI and settlement

- Focus on acquiring users of parts ordering platform

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

**Cost of sales**

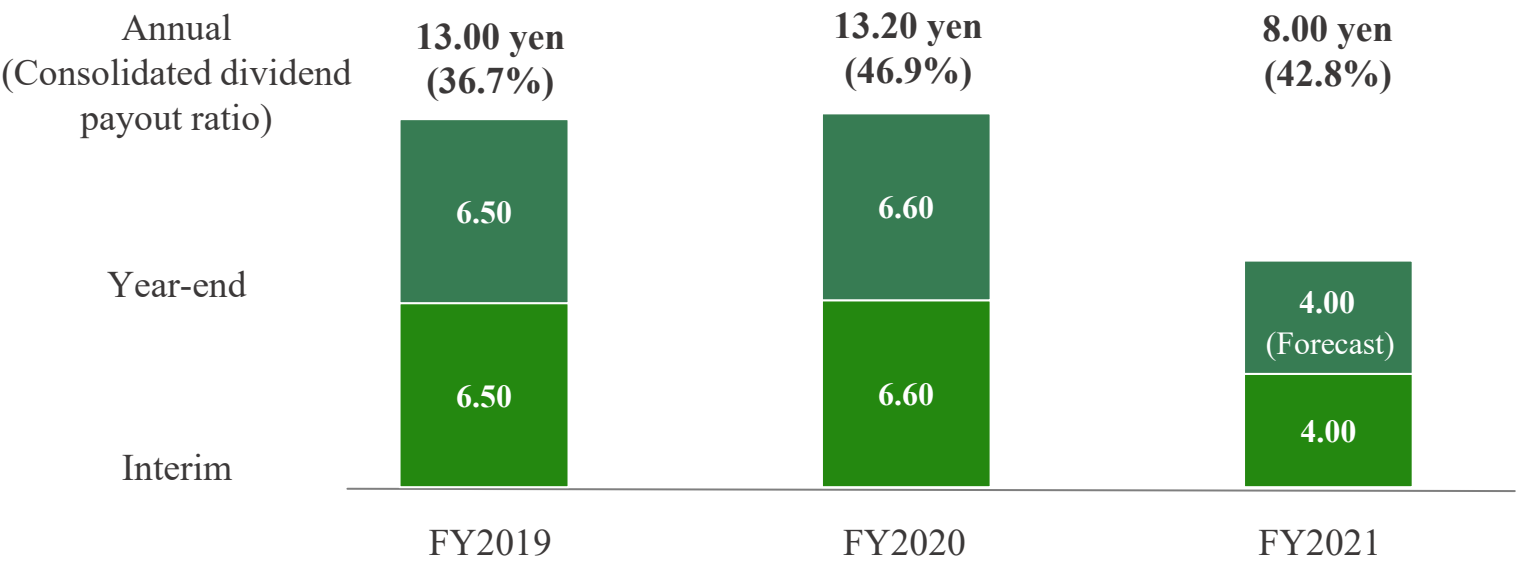
- Purchase cost will decrease due to a decline in reaction to large-scale orders of devices
- Add expenses subject to amortization and strengthen backyard systems, etc. in accordance with the release of the next-generation software

SG&A expenses, etc.

- Update of service infrastructure
Extension and strengthening of service operating infrastructure in preparation for the diversification of cloud services
- Personnel expenses
Legal welfare expenses will temporarily increase due to the commencement of stock compensation system
- Advertising expenses
Active creation of online content and holding of webinars
- Others
Relocation expenses of business offices, etc.

Dividend Forecast

Dividend per share



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

Topics

Determination of Details of Shareholder Benefits for FY2021 (Announced in October)

The Company announced that it will provide electronic money on the Toyota Group's smartphone payment app TOYOTA Wallet as its shareholder benefits for FY12/2021.

<Reasons for choosing TOYOTA Wallet electronic money as the shareholder benefits>

Through business alliance with Toyota Finance Corporation, the Company will begin distributing various financial services of the Toyota Group. As part of these efforts, it decided to adopt the below amount of electronic money on the Toyota Group's smartphone payment app TOYOTA Wallet as the stockholder benefits.

Shares held	Amount of TOYOTA Wallet electronic money to be presented
500 to 999 shares	5,000 yen worth
1,000 to 1,999 shares	10,000 yen worth
2,000 shares~	20,000 yen worth

Full-Scale Release of the Next-Generation Software ".c Series" (Announced in October)

As the next-generation software service that operates on the "Broadleaf Cloud Platform," which is the Company's unique cloud infrastructure, the Company released "Maintenance.c" with extended functions to auto maintenance shops and "Repair.c" to auto body shops.

■ Characteristics of products

[Advanced operation reform]

- Abundant industry-specific functions
- New UI /UX that allows intuitive operation with significantly improved operability
- Alliances with external partner companies through the usage of API

[Reform of digital contact]

- Significantly strengthened CRM (Customer Relationship Management) functions
- Linkage with SMS and Chat service. Web reservation management.
- Equipped with Marketing Automation (MA) function that enables different approaches according to record data of maintenance, inspection, and repair.

[Business reform through the platform]

- Realization of business collaboration on the platform, including EDI (Electronic Data Interchange) transactions.

■ Sale strategy

Large-sized chain stores and franchises

- Responded to the needs of linkage with the core systems and accounting systems used by each company
- Realized integrated management at headquarters

Medium-sized

- Responded to demand for digitalization of contact with car owners
- Support better operational efficiency through automation and digitization

Small-sized

- Realized usage of software by each functions
- Respond to needs of usage at low-price



Collaboration with Toyota Finance for Mobility Financial Services (Announced in October)

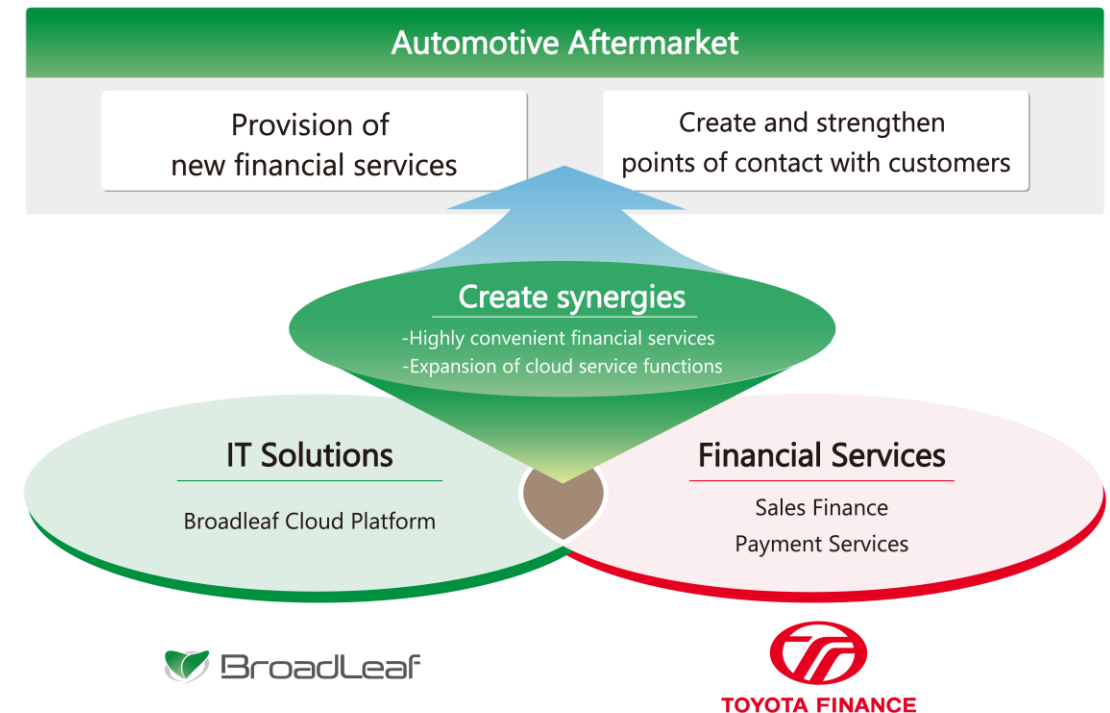
The Company announced a collaboration in the field of mobility financial services through a linkage between "Broadleaf Cloud Platform," which is the Company's unique cloud infrastructure, and the mobility financial services offered by Toyota Finance.



The Company will provide Toyota Finance's financial service for car sale and auto maintenance through the Company's network of business operators in automotive aftermarket including auto maintenance shops.

By linking Toyota Finance's financial services with the cloud services for business operators in automotive aftermarket, which are built on the "Broadleaf Cloud Platform," the Company and Toyota Finance enables car owners to apply for loans when purchasing used cars or undergoing vehicle inspections. Through this attempt, the Company and Toyota Finance aim to improve the environment that allows the operators to use various services, from estimation to settlement, as a one-stop service. They also aim to contribute to a prosperous automotive society by providing highly convenient financial services to Toyota and other car owners.

The service is scheduled to be launched next spring, and preparations are currently underway.



CHAPTER 4

Supplemental Information

Details of Revenue Categories

Classification			Details
Major category	Medium category	Small category	
Platform	SaaS		<ul style="list-style-type: none"> • Provision of business software (monthly) • Provision of "CarpodTab (CPT)," a tablet-type business terminal
	PaaS/IaaS (basic)	PaaS lump-sum	• Provision of basic software and common functions
		PaaS monthly	• Provision of database for business software (auto parts, vehicles, and index information, tourist spot data, etc.)
		IaaS monthly	• Provision of network server function required for the use of business software
	EDI and settlement	PSF	• Provision of settlement agency service 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 service and hardware maintenance service for clients in various industries
		Supplies	• Sale of exclusive forms and OA supplies
	Others		• Provision of website creation tools and groupware, etc.
Application	By industry		<ul style="list-style-type: none"> • Sale of industry-specific business software (excluding basic software) (Automotive category: auto maintenance shops, auto body shops, car dealers, auto parts dealers, auto glass shops, electrical equipment shops, recycling shops, etc.) (Non-automotive category: machine tools dealers, mobile phone shops, travel agencies, sightseeing bus operators, etc.)
	OTRS		• Sale of "OTRS," a work analysis and business optimization software
	Devices		• Sale of devices such as PCs, printers, and peripheral devices, etc.

Changes in Revenue categories

After establishing the SaaS category

Platform

SaaS		
PaaS/IaaS (basic)	PaaS	IaaS
EDI and settlement	PSF	BLP
Support		
Others		

Application

By industry	Automotive	Non-automotive
OTRS		
Devices		

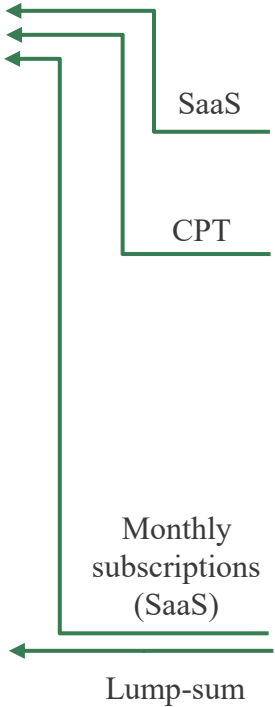
Before establishing the SaaS category

Platform

Basic	PaaS/SaaS	IaaS	
EDI and settlement	PSF	BLP	CPT
Support			
Others			

Application

By industry	Automotive	Non-automotive
OTRS		
Others		



Detailed Breakdown by Revenue Categories (Cumulative 3Q)

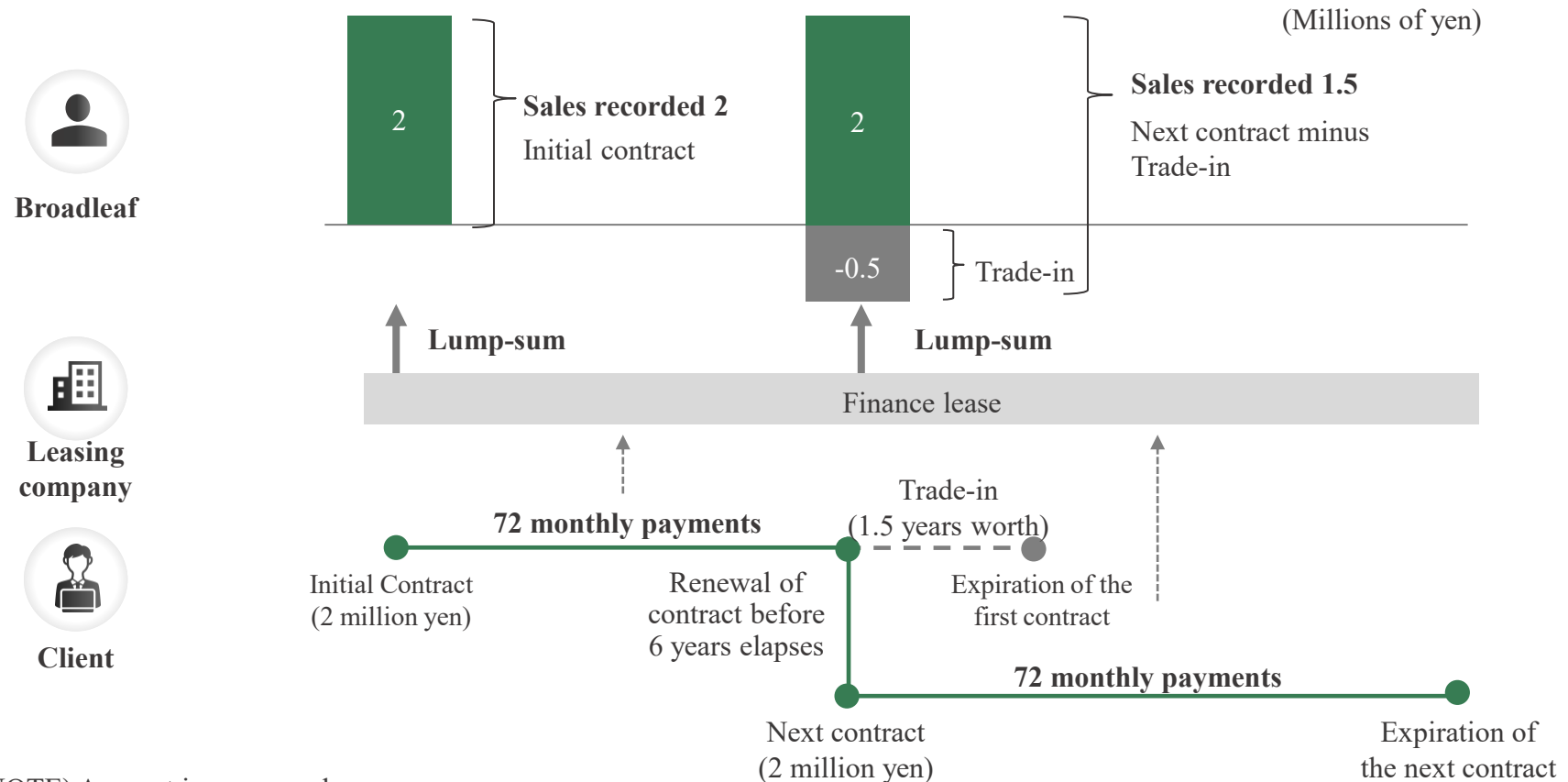
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Platform	8,493	7,747	+746	+9.6%
SaaS	627	507	+120	+23.7%
PaaS/IaaS (basic)	5,818	5,455	+363	+6.7%
PaaS (basic software/lump-sum)	1,771	1,584	+187	+11.8%
PaaS (database/monthly)	2,248	2,196	+51	+2.3%
IaaS (monthly)	1,799	1,674	+125	+7.4%
EDI and settlement	525	509	+16	+3.2%
PSF	407	407	-1	-0.1%
BLP	118	102	+17	+16.4%
Support	1,374	1,163	+210	+18.1%
Support services	795	639	+156	+24.5%
Supplies	579	525	+54	+10.3%
Others	150	113	+37	+32.8%
Application	6,687	7,797	-1,109	-14.2%
By industry	5,663	6,532	-868	-13.3%
Automotive	4,953	5,591	-637	-11.4%
Non-automotive	710	941	-231	-24.6%
OTRS	185	173	+12	+7.0%
Devices	839	1,092	-253	-23.2%
Total	15,181	15,544	-363	-2.3%

NOTE) The breakdown of Application sales has been retroactively changed due to the commencement of sale of the next-generation software.

Sales Recognition in Lease Contract

Current software (in the case of 6-year contract)

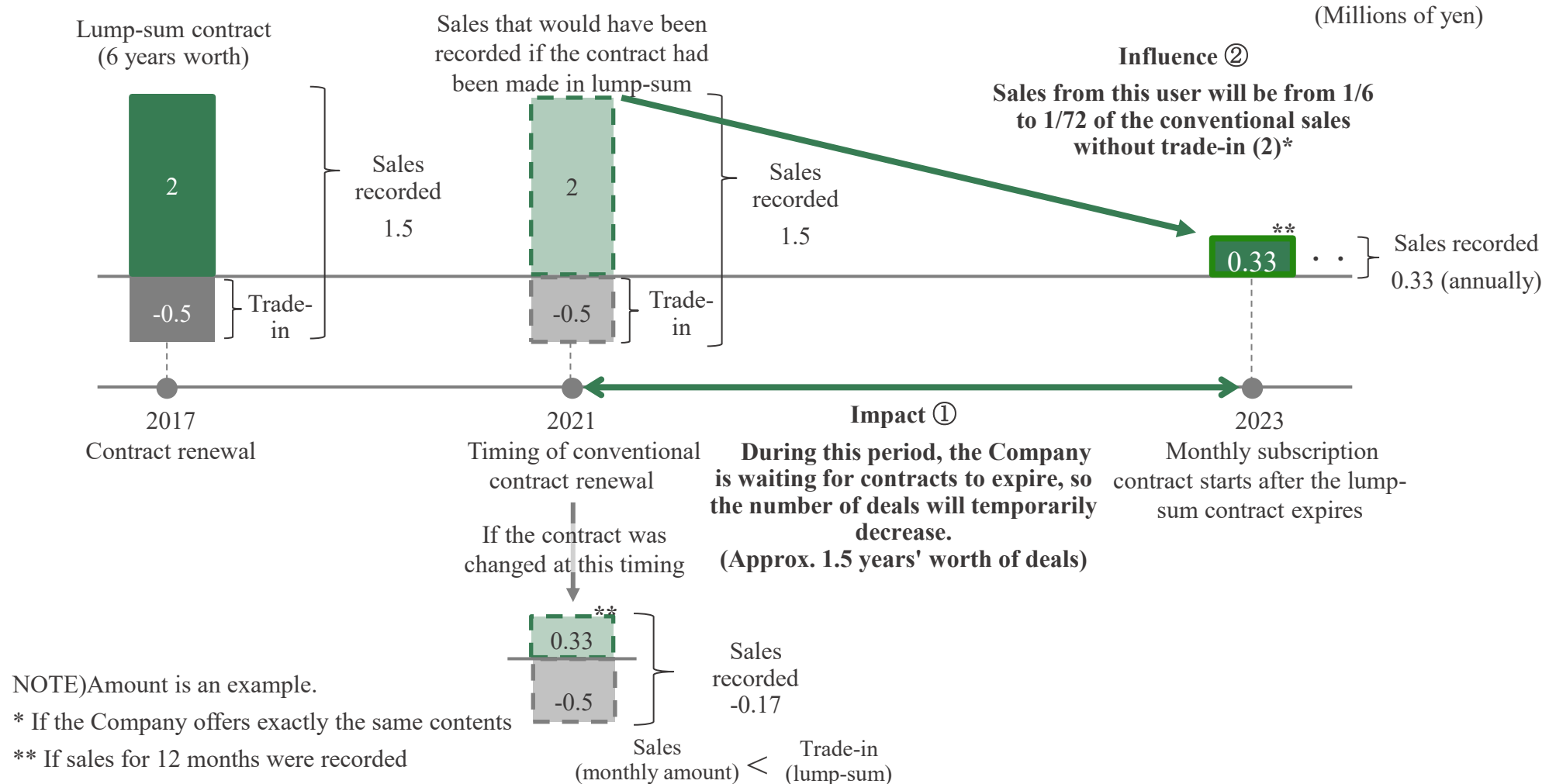
Most clients choose lease contracts. Prior to the expiration of the software rights purchase period (= lease period), the Company may trade in the remaining lease balance.



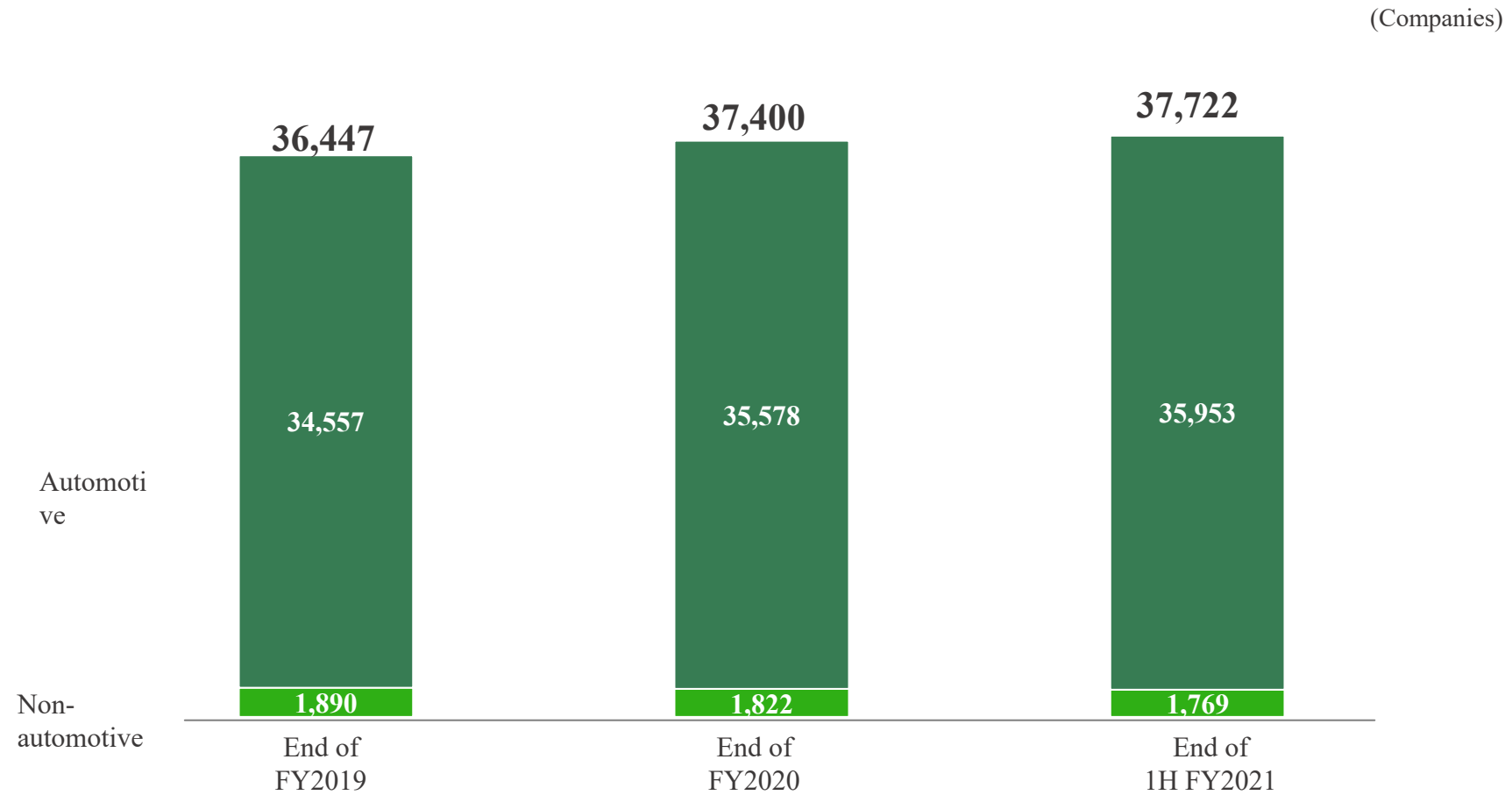
NOTE) Amount is an example.

Measure for Transition to Monthly Subscription Models and its Impact on Sales

In the case where existing clients with 6-years contract changed to monthly subscription contract



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



NOTE) One or more licenses per company

Corporate Profile

Company Name	Broadleaf Co., Ltd
Representative	Kenji Oyama, Representative Director and President
Listed on	Listed on the First Section of Tokyo Stock Exchange (3673) *Planning to move to the Prime Market
Sector	Information and telecommunication
Founded/established	December 2005/September 2009
Capital stock	7.148 billion yen (consolidated)
Business 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 a variety of unique services including an ordering platform for auto parts and big data analysis as a one-stop service.</p> <p>Looking ahead to the future evolution of mobility society, the Company is also promoting research and studies related to the practical use of leading-edge technologies.</p>
Head Office Address	Floor 8, Glass Cube Shinagawa, 4-13-14 Higashi-Shinagawa, Shinagawa-ku, Tokyo
Domestic Offices	29 Business Offices and 3 Development Centers in Japan
Major Subsidiaries	Tajima Inc.

Disclaimer

The statements regarding results forecasts and future forecasts contained in this materials are forecasts based on information available at the time of preparation of the materials, 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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