

# **Business Results Briefing for FY12/2020**

January 1, 2020 — -December 31, 2020

DATE 2021.2.12

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- This is Oyama, president and CEO of Broadleaf Co., Ltd.
- Thank you for participating in the online briefing session for FY2020.
- I would like to start with a summary of the financial results for FY2020. Please refer to page 3.

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## 1 Summary

Business results	Operating profit exceeded the forecast, but revenue and profit declined year on year	
	Revenue	¥21.162 billion (-0.6% compared to forecast, -6.3% YoY)
	Operating income	¥4.135 billion (+6.0% compared to forecast, -8.6% YoY)
Operating activities	We promoted the penetration of DX of customers by conducting sales activities using both online and face-to-face methods.	
	While the number of customers has increased in 2020, negotiation period prolonged from Q2 to Q3	
Customer status	Automotive: There is demand for automobile inspection and statutory inspections, and the business environment is generally stable. Operators are actively responding to the sophistication of maintenances and adapting to digital administration	
	Non-automotive: Travel agencies and bus operators continue to face challenging business environment	
	OTRS: Priorities for investing in work analysis tools continue to decline in manufacturing and service industries	

- Operating profit exceeded forecasts, but both revenue and profit decreased year on year.
- The reason for the shortfall in sales was the additional freezing deals in non-automotive sector and the concentration in the number of business negotiations in automotive sector in December, which pushed some of them back to 2021.
- Negotiation period in sales activities prolonged due to the impact of COVID-19, but we were able to recover the negotiation period to normal level in Q4 by promoting the penetration of online negotiations.
- In terms of customer status, business conditions have been stable in automotive sector, mainly in auto maintenance shops, while business conditions have remained severe for travel agencies and bus operators.
- Demand in work analysis software OTRS have also stayed weak due to the impact of COVID-19.
- Next, I will provide an overview of the consolidated financial results. Please refer to page 4.

Revenue and profit decreased due to prolonged business negotiations

(Millions of yen)	FY2020	FY2019	YoY change	YoY ratio
Revenue	21,162	22,586	-1,424	-6.3%
Platform	10,275	10,192	+83	+0.8%
Application	10,887	12,394	-1,507	-12.2%
Operating profit	4,135	4,525	-390	-8.6%
Income before tax	3,820	4,486	-665	-14.8%
Profit attributable to owners of parent	2,465	3,093	-628	-20.3%
Basic earnings per share	28.16 yen	35.40 yen	-	-

- From Q2 to Q3, business negotiation period prolonged due to the impact of COVID-19.
- Revenue declined for the full fiscal year.
- The decline in Profit before tax was larger than the decline in Operating profit due to financial expenses incurred as a result of revaluation of investment financial assets.
- Next, I will explain revenue by the category of Platform. Please refer to page 5.

Sales proportional to the number of customers (stock) increased, while sales linked to annual software sales (flow) decreased

(Millions of yen)		FY2020	FY2019	YoY change	YoY ratio
Basic		7,616	7,654	-38	-0.5%
PaaS/SaaS		5,365	5,542	-177	-3.2%
	Lump sum	2,365	2,735	-370	-13.5%
	Monthly	3,000	2,807	+193	+6.9%
IaaS		2,251	2,113	+139	+6.6%
EDI and settlement		905	920	-15	-1.6%
PSF *	Monthly	554	603	-49	-8.1%
BLP/CPT *	Monthly	351	317	+34	+10.8%
Support		1,596	1,478	+119	+8.0%
Maintenance	Monthly amount	878	708	+170	+24.0%
Supplies	Lump sum	719	770	-51	-6.6%
Others	—	157	140	+17	+11.8%
Total		10,275	10,192	+83	+0.8%

\*[PSF] Settlement agent fee for automobile recycled parts transaction market "Parts Station NET" [BLP] Use fee for "BL Parts Order System"  
[CPT] Use fee for "CarpodTab"

- For Basic, lump-sum of PaaS/SaaS is linked with the annual number of software sales, so revenue decreased.
- Meanwhile, monthly-sales of PaaS/SaaS and IaaS continued to increase because these sections mainly consist of stock sales, which are proportional to the number of customers.
- Within EDI/Payment, PSF is a payment agent fee for recycled auto parts transactions. The slump in the recycled parts market was the main factor behind decrease in revenue.
- BLP/CPT is an ordering platform for auto parts through our products. Due to an increasing number of user companies, we are steadily building up sales.
- Among Support services, revenue of Maintenance continue to increase in line with an increase in the contract rate.
- Supplies are sales of printed forms and other products associated with our service. Purchase behavior seem to be influenced by the external environment, resulting in a decrease in revenue.
- Revenue of Others increased due to steady growth in the number of companies using BL. Homepage Premiums, which is one of the DX products.
- Next, I will explain revenue by the category of Application. Please refer to page 6.

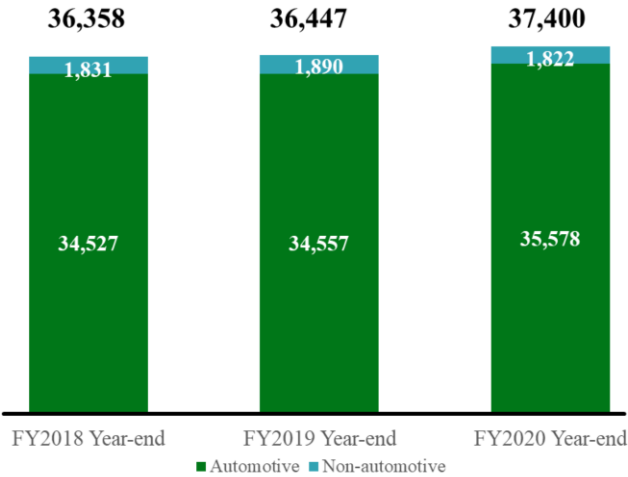
In Automotive sector, annual sales (flow) decreased due to prolonged business negotiations, but the number of customers (stock) increased. Non-automotive sector and OTRS were affected by frozen deals

(Millions of yen)	FY2020	FY2019	YoY change	YoY ratio
By industry	8,806	10,448	-1,642	-15.7%
Automotive	7,545	8,874	-1,329	-15.0%
Non-automotive	1,261	1,574	-312	-19.8%
OTRS	204	338	-134	-39.7%
Others	1,877	1,608	+269	+16.7%
Total	10,887	12,394	-1,507	-12.2%

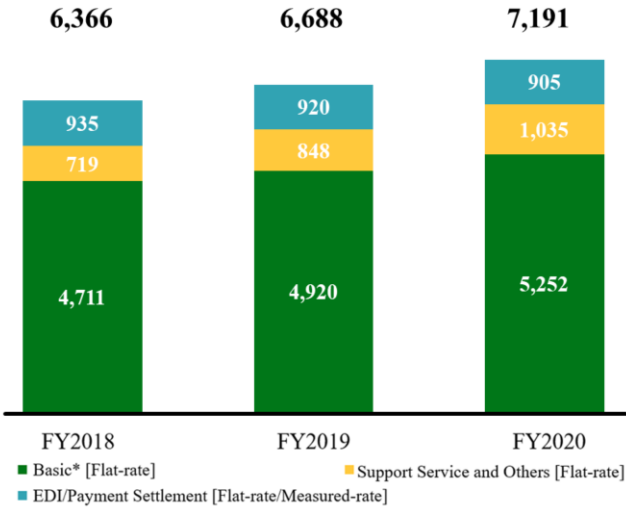
- For Application, revenue decreased due to lower annual software sales.
- For By industry, revenue decreased in Automotive section due to prolonged business negotiations.
- Non-automotive section was impacted by prolonged business negotiations as well as fewer renewals of customer and some deals being postponed or frozen.
- The Company’s work analysis software, OTRS, is used for operational analysis of production lines and other facilities, mainly in manufacturing industries. Therefore, demand declined due to restrained investment on plants and other facilities as well as lower operation rate.
- For Others, revenue increased due to a big deal of equipment sales.
- Next, I will explain the trends in customer numbers and monthly sales. Please refer to page 7.

Revenue declined year on year, but the number of customers increased in 2020, and monthly sales increased accordingly

Changes in the number of customers  
(the number of companies)



Changes in the monthly sales  
(Millions of yen)

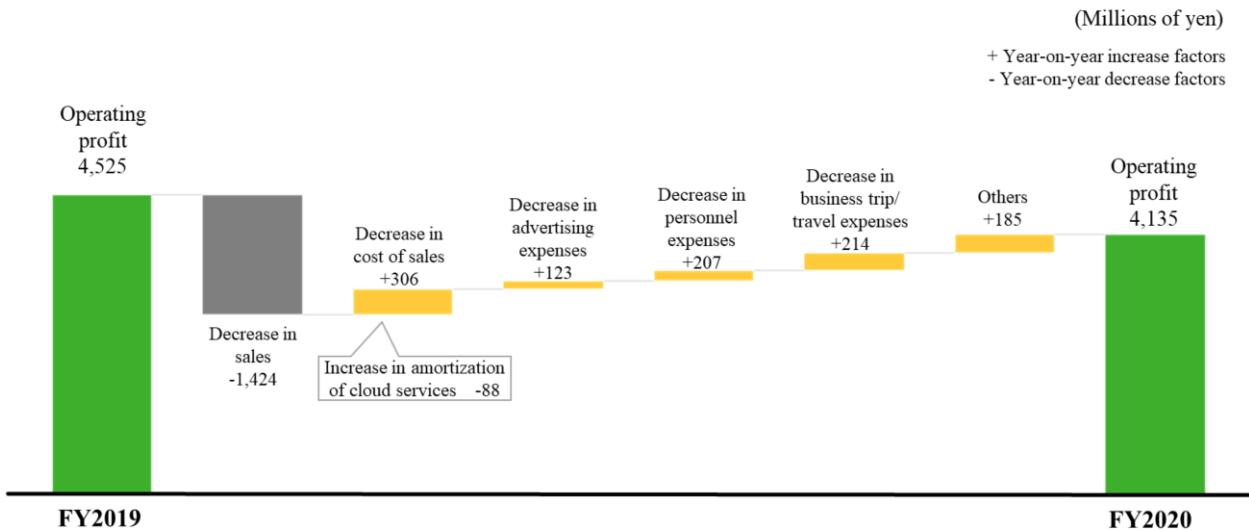


\*The sum of PaaS/SaaS (monthly) and IaaS of Platform Basic

- In FY2020, the number of customer continued to grow due to acquisition of new customers, despite a year-on-year decrease in software sales.
- In addition, various types of service required when using software adopt monthly contract. Therefore, they are stock-type sales that increase as the number of customers increases.
- In revenue categories, these services are included in monthly sales of Platform and continue to increase their sales without being affected by external conditions, as shown in the graph on the right.
- Next, I will explain the breakdown of changes in operating profit. Please refer to page 8.



The drop in cost of sales was limited due to big deals of equipment sales and increased amortization burden of cloud services. We implemented cost-control measures such as reduction of operating-related expenses



- The decrease in cost of sales was limited due to an increase in amortization expenses of cloud services.
- On the other hand, advertising expenses declined, since we withdrew from attending exhibitions due to the spread of COVID-19.
- Selling, general and administrative (SG&A) expenses decreased by 718 million yen as a result of reduction in operating and other expenses.
- Next, I will explain the status of our balance sheet. Please refer to page 9.

Intangible assets increased due to investment in development of cloud services

(Millions of yen)	FY2020 Year-end	FY2019 Year-end	YoY Change	Breakdown of Major Changes
Current assets	7,752	7,987	-235	Cash and cash equivalents +199 Operating and other receivables -502
Non-current assets	24,522	23,702	+820	Intangible assets +1,528 Other financial assets -532
Total assets	32,274	31,689	+585	
Current liabilities	6,432	7,100	-668	Contract liabilities -439
Non-current liabilities	1,239	1,369	-130	Long-term interest-bearing debts -146
Total liabilities	7,671	8,469	-797	
Total shareholders' equity	24,602	23,220	+1,383	Recognition of profit +2,465 Dividend payout -1,146
Total liabilities and shareholders' equity	32,274	31,689	+585	

- In assets, intangible assets increased due to investment in development of cloud services.
- Other financial assets decreased due to revaluation of financial assets.
- Contract liabilities are decreasing.
- This is because network use fee (monthly sales) of the subsidiary Tajima was received in advance for several years in a lump sum, so the balance will decline along with the recording of sales.
- In addition, long-term interest-bearing debts decreased.
- Total equity increased due to recognition of profit of FY2020.
- Next, I will explain the cash flow situation. Please refer to page 10.

Free cash flow increased due to control of investments, etc.

(Millions of yen)	FY2020	FY2019	YoY Change	Breakdown of Major Changes
Cash flow from operating activities	5,056	3,762	+1,294	Decrease in operating and other receivables +340 Decrease in operating and other payables -226 Decrease in income taxes paid +510
Cash flow from investing activities	-2,774	-3,990	+1,216	Decrease in purchase of intangible assets +532 Decrease in purchase of investments +1,044
Cash flow from financing activities	-2,084	-2,366	+281	Decrease in repayments of long-term debts +316
Free Cash Flow	2,283	-228	+2,510	
Cash and cash equivalents	3,232	3,034	+199	

- Cash flow from operating activities increased year on year, mainly due to a large decrease in operating and other receivables.
- Cash flow from investing activities decreased. While making progress in cloud services development, we decreased other investments.
- As a result, free cash flow increased by 2,510 million yen year on year, to 2,283 million yen.
- Next, I will explain our mid-term management policies. Please refer to page 12.

## 2 Mid-term Management Policy



### Basic Policy

Aiming to evolve into a high-growth company in addition to maintaining stability as a company



### Approach

Measures to improve profitability in the core business software business,  
Continue to implement measures to create businesses in new areas in parallel



### Growth opportunities



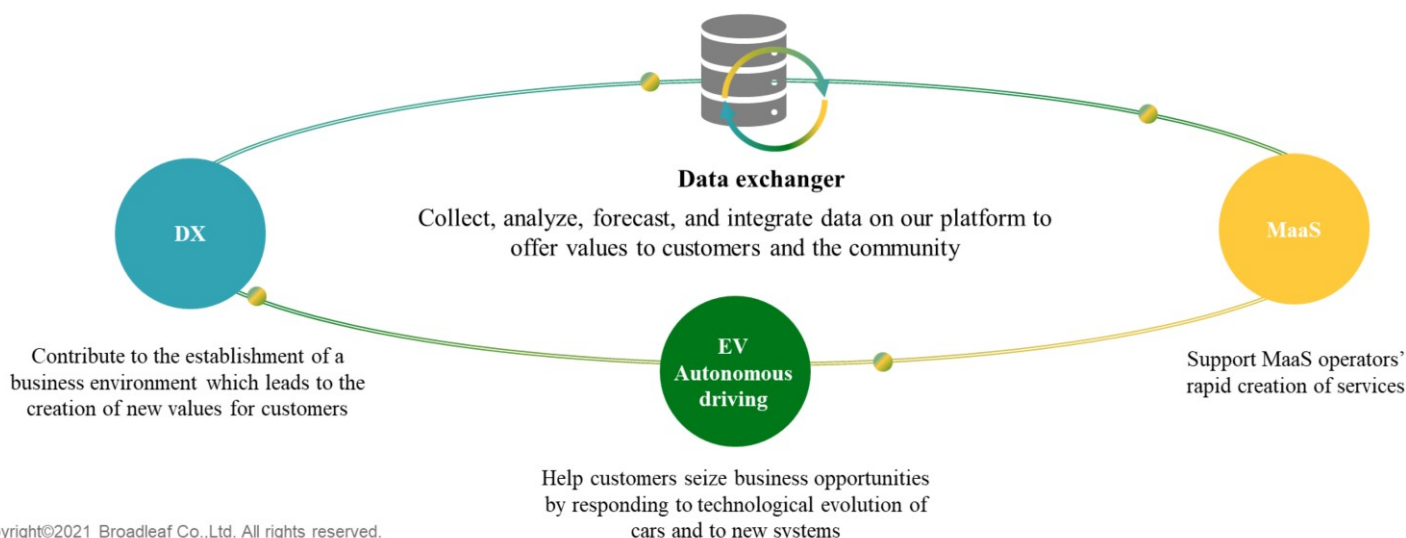
- Our basic management policy is not only to stabilize as a company, but also to evolve into a high-growth company.
- We have gained a large market share within the stable market. However, we are aiming to achieve higher growth not only by providing services in the market alone, but also digitally connecting various customers with each others.
- Our main product is business software, which is responsible for the core operations of customers' business. This business area is stable, but we believe there is still room for extension.
- As an approach, we will continue to implement measures to improve the profitability of our core software business and measures to create businesses in new areas in parallel.
- In DX area, which is a growing market, we will make progress in DX of our customer companies and ourselves, taking into account the movements of online shift, remote shift, and digitalization which is a national policy.
- In addition, there are major changes in development of electronic vehicle and autonomous driving, and we believe that there will be more opportunities for investing in various types of ITs.
- In MaaS, a variety of players have started entering the market We are focusing on developments focusing on MaaS such as development of service provision infrastructure, and we expect demand to increase further.
- Next, I will explain our efforts to link these growth opportunities to our evolution. Please refer to page 13.



**Theme for  
2021-23**

"Two DX"

- ① Promote customers' Digital Transformation (DX)
- ② Add value to our service infrastructure as the Data Exchanger (DX).



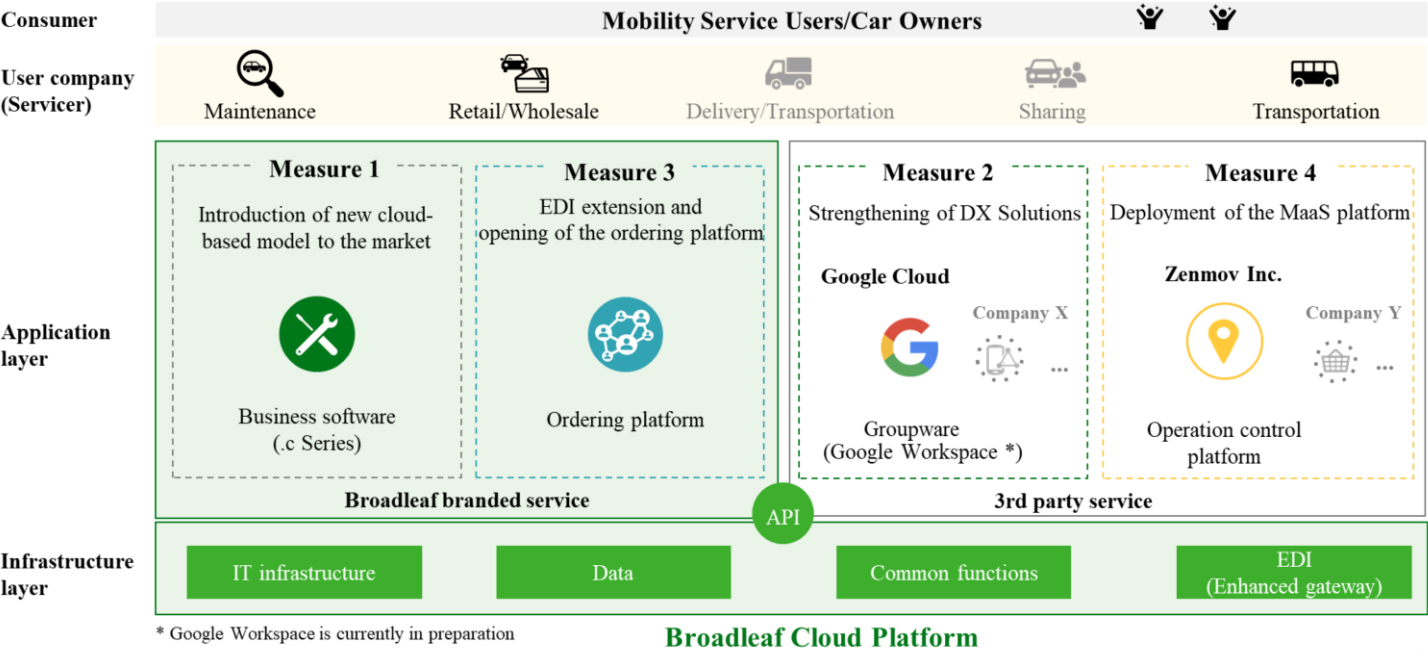
- Over the 3-year period from 2021 to 2023, we will advance measures for evolution under the theme of "2 DX."
- The first DX is to promote the Digital Transformation (DX) of our customers and contribute to the creation of a business environment that will lead to the creation of new value for them.
- In the second DX, on our unique IT platform, we gather, analyze, anticipate, and integrate information obtained from not only software users but also from various 3rd parties, and provide them after increasing the added value of information.
- This is what we call Data Exchangers (DX) which is a key element in organically linking our business development to digital transformations (DX), evolution of vehicles such as EV and autonomous driving, and MaaS domain.
- As a data exchanger (DX), we will accelerate our efforts to solve social issues by providing value to our customers.
- We will continue these efforts to evolve into a high-growth company.
- Next, I will explain our priority measures for the period from 2021 to 2023. Please refer to page 14.

Priority measures	Measure 1	Measure 2	Measure 3	Measure 4
	Introduction of new cloud-based model to the market	Strengthening of DX solutions	EDI extension and opening of the ordering platform	Deployment of the MaaS platform
Effects on the Company	Operational efficiency in the software business will improve, and the margin will rise	It will bring synergistic effects to the software business, and sales per customer will increase	The number of the platform users will rise, which will increase the monthly flat-rate/measured-rate sales	Through commercialization in new area, it will create new revenue sources (including overseas)
Effects on customers	Customers will be able to capitalize demand for maintenance and inspections adaptive to the new automobile inspection system and technological evolution of cars	By introducing DX, customers will be able to increase the number of contact with consumers and expand business opportunities	Customers will be able to trade auto repair parts and a variety of products in an integrated manner, which will lead to improved management efficiency	MaaS operators will be able to quickly start their business by using services of our business partners (3rd parties)
Effects on society	<div><div>7 AFFORDABLE AND CLEAN ENERGY</div><div>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</div></div> <p>By responding to EV/PHV, we will support the spread of eco-friendly vehicles</p>	<div><div>3 GOOD HEALTH AND WELL-BEING</div><div>8 DECENT WORK AND ECONOMIC GROWTH</div></div> <p>By encouraging penetration of the new work style, we will support improvements in labor productivity</p>	<div><div>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</div></div> <p>By establishing a framework for smooth transactions of recycled products, we will support the efficient use of natural resources</p>	<div><div>3 GOOD HEALTH AND WELL-BEING</div><div>11 SUSTAINABLE CITIES AND COMMUNITIES</div></div> <p>We will improve the convenience of daily life, eliminate the mobility gap, and support the reduction of environmental impact</p>

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- There are 4 priority measures.
- Measure 1 is to introduce new cloud-based model of the software to the market.
- Measure 2 is to extend our DX solutions and strengthen their linkage function with our software.
- Measure 3 is to greatly improve the ordering platform for auto parts, and improve its convenience, increase the variety of goods handled, and open the platform to software non-users.
- Measure 4 is to extend the service of providing platform for MaaS businesses, which have already been launched abroad, and increase the number of users, the scope of use, and the volume of use.
- For each of these priority measures, this slide show on which elements of our profitability will the measures give effect, how the measures will be beneficial for customers, and how the measures can impact the society and to which aspects can the measures contribute.
- With regard to social benefits, we intend to connect expansion of earnings with contribution to society by actively engaging in the society from the perspective of SDGs' basic philosophy.
- Next, I will explain the relationship between priority measures. Please refer to page 15.

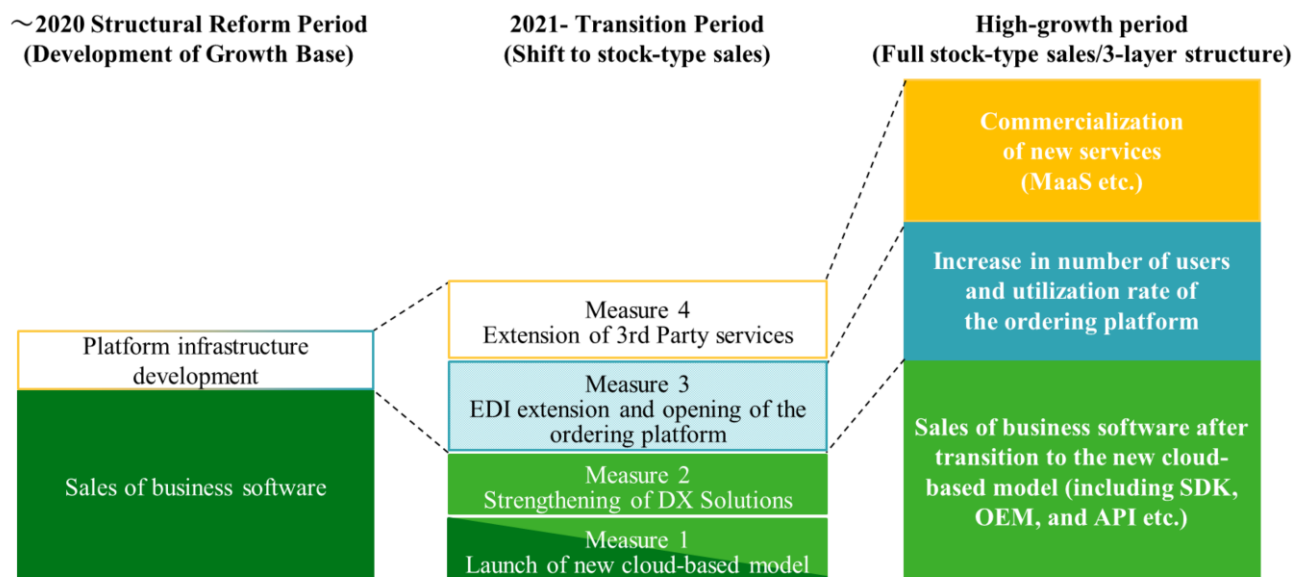
Improve convenience and efficiency of development/operation by constructing all service on the same platform



- Our service are all standardized on the infrastructure layer of cloud platform.
- Components of infrastructure-layer platform is provided to the 3rd party as API in the form of service menu for each module.
- We provide a development program to a system development company (3rd party), which we can offer without customization.
- Currently, Zenmov, which operates operation management platform for MaaS, is providing integrated service including operational management system to MaaS operators, using our API.
- In addition to companies such as Zenmov which have specialized applications, we also have API that facilitate functional collaboration and data collaboration with accounting software, ERPs, groupware, and other products.
- In this way, we have been developing cloud platforms with the aim of expanding the number of providers of our platform to a wide range of fields, centered on mobility, through various 3rd parties.
- Up until now, software business was the object of public attention, but we have already started the platform business, and we have built an infrastructure layer that can expand our knowledge, data, and service to a wide range of industries, and we have gained a foothold in this fiscal year that enables us to expand into a different business area than in the past.
- We believe that aggressively promoting new cloud platform is a shortcut to growth, so our strategy is to continue additional investment in the development investment and achieve early growth as well as expansion of earnings at an early stage.
- Next, I will explain how our sales structure will change due to the 4 priority measures. Please refer to page 16.



In 2021-23, profits will decline temporarily due to introduction of new cloud-based model to the market (Measure 1)  
At the same time, we will strengthen DX solutions (Measure 2) and continue efforts to achieve high growth (Measures 3 and 4)



- As a result of measure 1, sales recognition will change to full monthly charge due to the cloud shift.
- Sales in the software business will temporally decline as majority of the present customers migrate to a new cloud-based software.
- By the time most of customers complete their transition to the new cloud-based model, we expect not only the sales of the software business to change to stock-type, but also revenue to grow.
- Strategy 2 is expected to provide synergies through functional coordination between DX Solutions and cloud-based software.
- Measures 3 will lead to an increase in the number of users of the ordering platform and an increase in the utilization rate.
- Through Policy 4, we will diversify our revenue sources and evolve into a high-profit, high-growth company through the provision of platforms services centered on MaaS area.
- Next, I will explain each of our priority measures. Please refer to page 17.

In the new model of software, not only will the functions and UI be improved, but the sales model itself will change significantly.

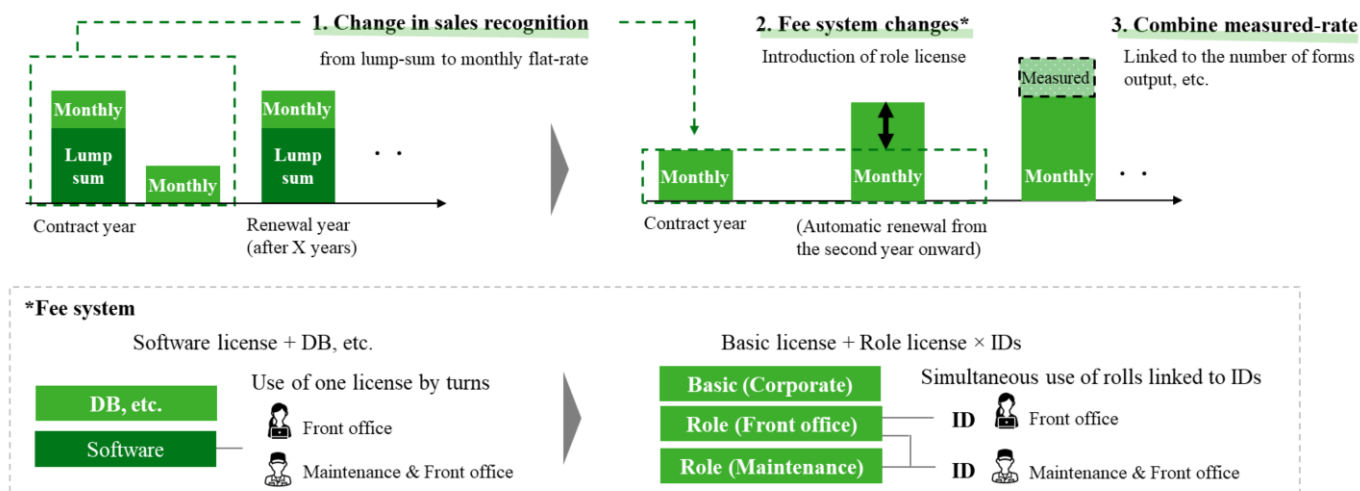
### Image of changes in software sales per customer

#### Current model ".NS Series"

Software use fee for X years (lump-sum)  
+ DB and other use fee (monthly flat-rate)

#### New cloud-based model ".c Series"

Basic use fee (monthly flat-rate) + Role use fee (monthly flat-rate) × Number of IDs  
+ Volume-based Charge (monthly measured-rate)



- Policy 1 is to introduce new cloud-based model of the software in the market.
- Instead of merely changing the model of the software, through the introduction of the software, companies will be able to introduce only the required number of ID for required roles.
- For the Company, we will work to optimize revenues by establishing an optimal fee system, change sales recognition to a monthly type, and increase the stock of sales.
- We will expand revenue further by combining measured-rate charges.
- These changes will greatly change the sales model of our software business.
- In addition, because we have a standardized service provision platform, we will be able to reduce running costs for software maintenance and IT infrastructures, which will lead to higher margin in the business.
- Next, I will explain the timing of the market introduction and how it will be deployed. Please refer to page 8.

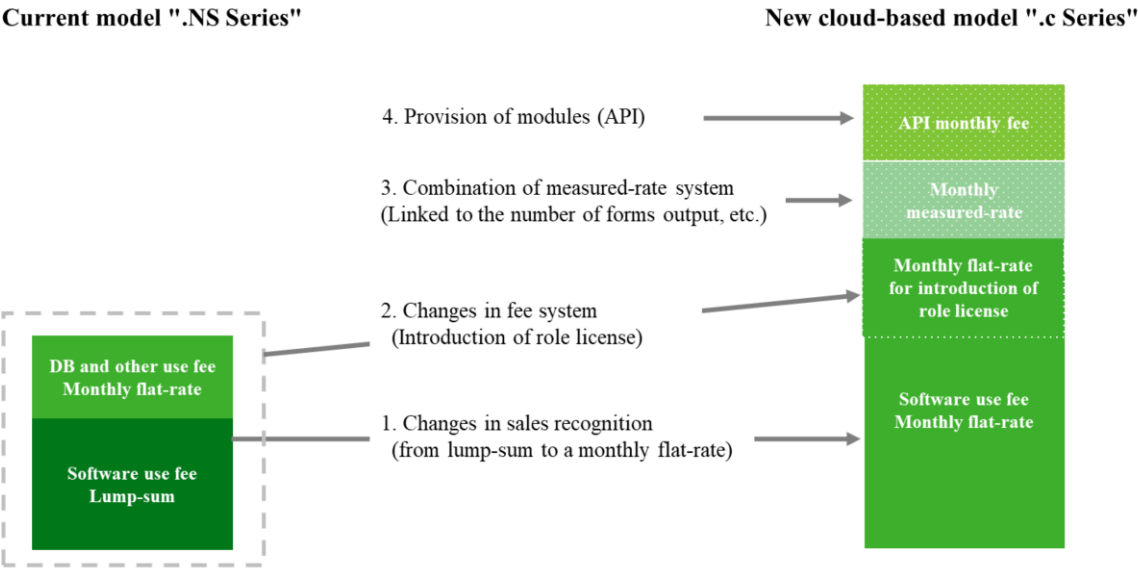
In addition to providing modules (APIs) to certain major users,  
Expand the software customer segment by making it a mechanism that can be contracted and introduced via the Web

Segment expansion measures				Transition schedule					
	Current model	New cloud-based model		FY2021		FY2022		FY2023	
		Products	Sales Channels	1H	2H	1H	2H	1H	2H
Certain major users	Provide package Customization is limited	Provide module (API) Ad-on development by 3 <sup>rd</sup> party (provide SDK)	• In-house • 3 <sup>rd</sup> party	Deployment					
SS/Non-users*	Not applicable for non-users	Provide limited functions editions that match with the scale of operations	• Web • 3 <sup>rd</sup> party • In-house	Partial deployment (Limited targets)	Deployment (All Targets)				
Medium to large	Replace competitors’ products through operating activities	Provide standard editions (with full functions) for each industry Provide OEMs to competitors	• In-house • Competitors	Development	Partial deployment (Limited targets)	Deployment (All targets)			

\*"SS" are gas stations, and "non-users" are companies that do not install any business software  
NOTE)Schedules may change according to external environment, etc.

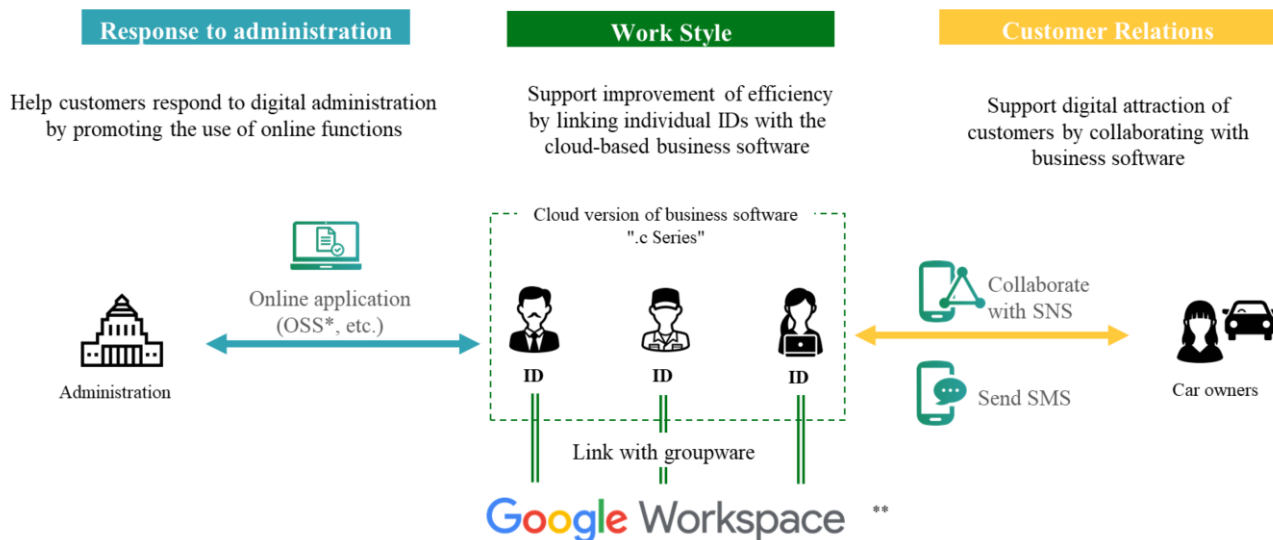
- Some of the major customer are already in the process of introduction through provision of modules.
- We have begun to propose orders through a similar scheme by narrowing down the number of proposals.
- Previously, our business model was to listen to customers’ requests and customize the service with our resources. The cloud model, however, allows us to provide a foundation and service, and customization will be easily conducted by customer and 3rd parties.
- Since 3rd parties will put a dedicated system on our system, we are transforming to a model in which infrastructure use fee is collected from development companies by receiving a portion of their revenue.
- Regarding products for gas stations, we will narrow the number proposal to customers during 2021.
- In order to prioritize early market penetration, the standard version will be launched in stages from the end of 2021, delaying the schedule by about 1 year, in order to make large promotions at the optimum timing. We sill first introduce the software mainly in specific major companies that will frequently use the platform.
- However, depending on the external environment, including the situation of the COVID-19, the schedule may be strategically revised, so please be aware.
- In addition, with the early adoption of the ordering platform for auto parts in mind, we are planning to launch products for industries other than auto maintenance shops at the same time.
- Ordering platform is also designed to meet all the requirements of a standardized open EDI. We are developing an infrastructure that can introduce ordering processes for various industry.
- Pricing is currently undecided, but will be announced as soon as it is determined.
- Next, I will explain the sales model of our software business. Please refer to page 19.

In the new cloud-based model, ".c Series," sales recognition not only change to monthly system, but also change to a sales model that combines introduction of role licenses, a new measured-rate system, and provision of modules.



- Currently, sales in the software business are based on multi-year use fee of the software which is recognized as sales in a lump sum, plus flat-rate monthly sales such as database use fee.
- When this moves to the new cloud-based model “.c Series”, sales recognition of lump-sum becomes monthly flat-rate, and role licenses are charged for each ID of end users.
- In addition, we will also use charges based on measured-rate, such as the number of forms output.
- In addition to these, we will provide cloud modules as API to certain major customer, and the provision of SDKs and API to 3rd parties will increase.
- Like Apple Store, 3<sup>rd</sup> parties will provide applications on our platforms and share a portion of their profit.
- In this way, we believe that the multi-layered sales structure of the software business and the fee system that is easier for customers to introduce, will lead to sales growth.
- Next, I will explain the strengthening of DX solutions. Please refer to page 20.

Add DX-related functions to business software and provide DX-tools at the same time



\*OSS (one-stop service)

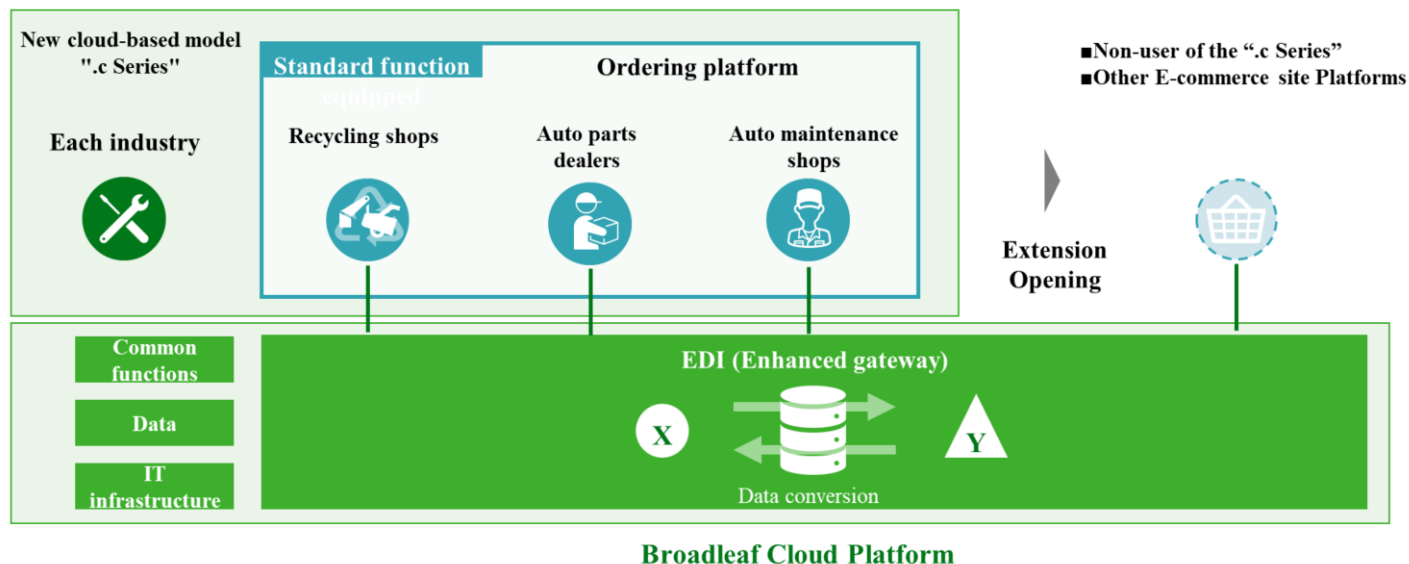
A service that can file applications online for payment of administrative procedures for car ownership, automobile tax, inspection registration fees, etc.

\*\* Google Workspace is currently in preparation

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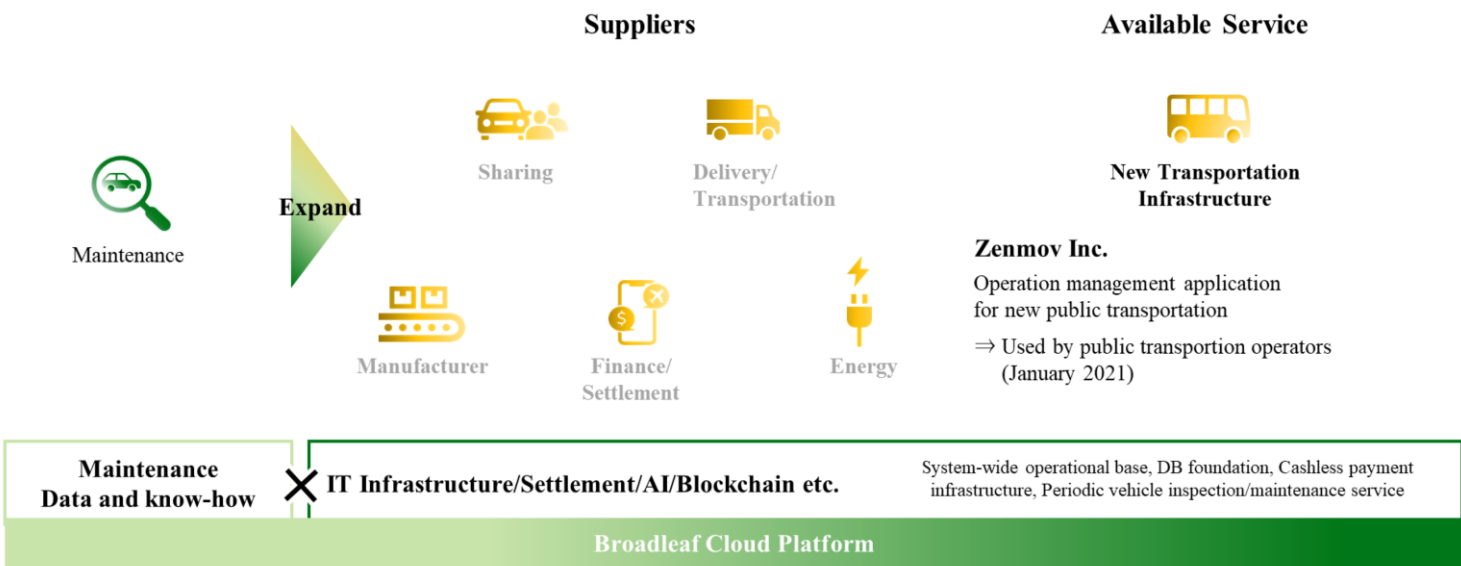
- As a result of the impact of COVID-19, there are growing needs among our customers for DX solutions as tools to strengthen and expand their contacts with car owners.
- In addition, with the advancement of digital administration, various procedures are changing to online.
- We have been providing information technology tools to enhance the function of business software and increase contact with car owners and other consumers so that customers can respond to these needs.
- In addition, we have decided to provide Google Workspace from us to customers.
- Google Workspace and our business software will be linked through the ID of end user and will be able to collaborate their functions.
- Originally, the introduction rate of IT in the industry was considered to be slightly lower than in other industries, but the recent situation of COVID-19 has increased the needs and motivations for contacting with car owners and making estimation using remote methods.
- Car owners will also be able to make reservations from their smartphones and check the car repair status at any time 24 hours a day.
- By providing highly convenient tools, we will continue to promote DX, including car owners, maintenance factories, and ourselves.
- Next, I will explain the EDI extension and the opening of the ordering platform to software non-users. Please refer to page 21.

In the new cloud model, ".c Series," the ordering platform is installed as a standard function. In addition, we will implement extension measures such as opening of trading participants.



- Currently, we are providing the BL Parts Order System as an optional function of business software, and we plan to renovate this function as well.
- The new cloud model, ".c Series," will incorporate a new ordering platform as a standard function.
- This greatly improves convenience because when end users are making estimates and inputting auto parts information, the system will automatically display information on delivery dates and prices of multiple auto parts in real time at the back end.
- We are also expanding the functions of this system so that orders and payment information of auto parts can be exchanged in an integrated manner, including recycled parts.
- In addition, we are working to expand EDIs to include products other than auto parts, as well as to enable collaborations with other E-commerce site market places.
- Since the construction of extremely complex database is one of our strengths, we have prepared a infrastructure for supporting EDI in industries that require ordering systems and in industries that handles many goods.
- The ordering platform is not a user compensation such as business software and IT services, but is positioned as a commission related to commodity transactions and payments, so it leads to billing points, or market expansion, for us.
- For this reason, we will continue to strengthen our efforts to evolve into a high-growth company.
- Next, I will explain the development of MaaS platforms. Please refer to page 22.

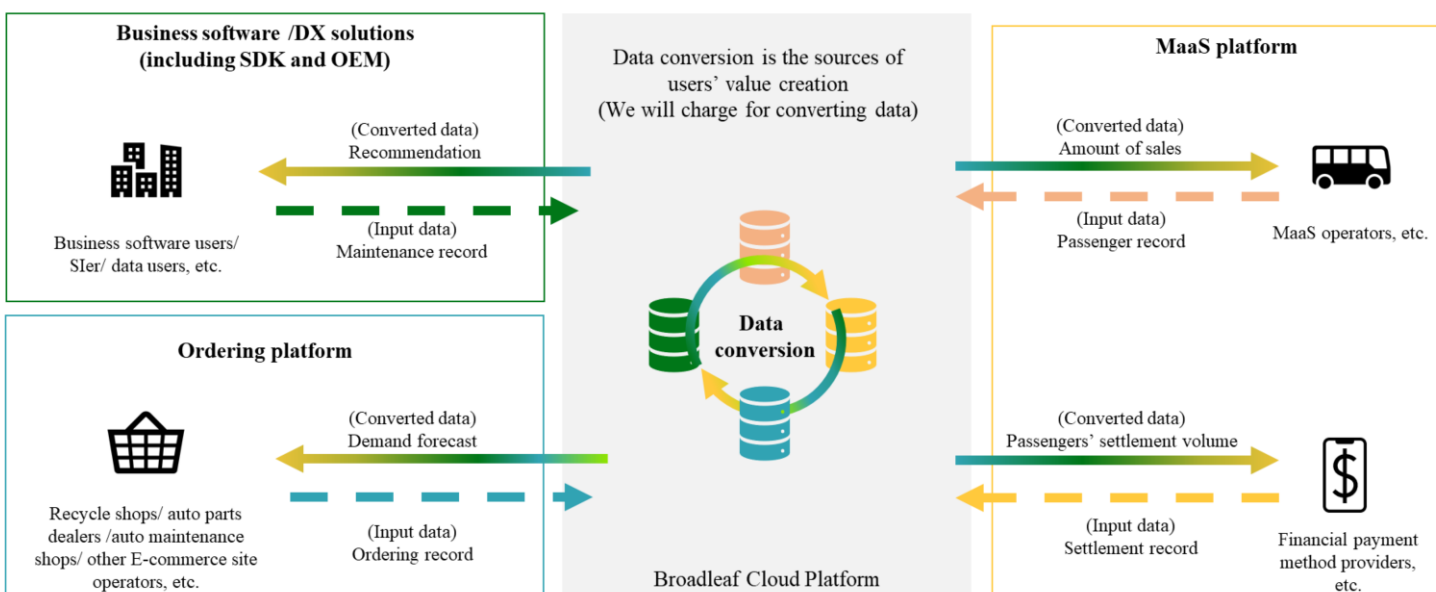
In January 2021, we began offering a service menu for public transportation (MaaS operators) in the Philippines. We will gradually add general function modules to the service menu and deploy them to a wide range of MaaS operators



- Mobility refers to all new moving objects that replaces the position current vehicles.
- Under parallel trends in the evolution of both hardware and service, it is certain that the entry of new players and the emergence of new service will proceed.
- In terms of hardware, in addition to major information technology companies (GAFA, etc.) and electronics manufacturers (SONY, etc.), ventures are entering the market as manufacturers.
- In terms of service, the content and methods of maintenance will change significantly, and as autonomous driving progresses, we anticipate further rising demand for safety.
- In addition to the emergence of new transportation infrastructures, we believe that new service will emerge, including service of spaces in the moving objects.
- Under this condition, we have already begun commercialization by providing a near-distance transportation network platform to a new transportation infrastructure operated as a MaaS business by Pasay city in the Philippines.
- Regarding MaaS in Pasay city, I will explain the topic in more detail later.
- The priority measures are described above, but we will continue to explain the concept of Data Exchanger. Please refer to page 23.



Data converted on the platform becomes a source of value creation by data users



- In addition to data on input and output via business software, we also accumulate data on automobiles, such as transaction data on the ordering platform for auto parts, as well as record on inspections, maintenance, repairs, and the purchase and sale of auto parts, as big data.
- This data and know-how of its analysis and forecast are utilized in the vehicle control by MaaS operators, and are useful for maintenance and inspection to ensure the safety of vehicle operation.
- Meanwhile, the behaviors of ordinary consumers such as reservation information, ride information, and payment information are collected through MaaS operators and are accumulated as big data.
- Behavioral record for various consumers is accumulated by expanding the scope from public transportation to various MaaS areas.
- As the handling of these items varies depending on the regulations of each country, we will analyze them while controlling the scope of acquisition and utilization of data in accordance with regulations.
- These information should be attractive to many operators who are seeking to expand their value chains by expanding points of contact with consumers.
- Our cloud platform and data exchange is a mechanism for converting these data accumulated on our platform into specific formats demanded by users and changing it to valuable information.
- Next, I will explain the results forecasts for FY2021. Please refer to page 25.



## 3 Results forecasts

Priority Measures for 2021-23		Impact on business results in 2021
Measure 1	Introduction of new cloud-based model to the market	<ul style="list-style-type: none"><li>• Modular sales for certain major customers will be recognized as monthly sales, which will be a factor for the decline in sales of approximately ¥500 million (LTV does not decrease)</li><li>• Sales of new cloud-based software for gas stations will have positive effect on sales, but contribution will be limited due to small scale and recognition of monthly sales</li></ul>
Measure 2	Strengthening of DX solutions	<ul style="list-style-type: none"><li>• Steady sales are expected, but contribution to sales will be limited due to monthly usage system</li></ul>
Measure 3	EDI extension and opening of the Ordering Platform	<ul style="list-style-type: none"><li>• Contribution to profit will be limited because the introduction of the new ordering platform will be from 4Q onward.</li></ul>
Measure 4	Deployment of the MaaS platform	<ul style="list-style-type: none"><li>• Business deployment of the MaaS platform will begin, but contribution to sales will be limited</li><li>• Others are still in R&amp;D phase</li></ul>

- Of the 3-year priority measures, the factor which affects the business results of FY2021 is the sales of cloud modules to major customer companies, which is part of Measure 1.
- In addition to add-on modules developed by other system company (3rd-party), we will provide configuration modules for cloud software.
- Until now, in the case of multi-year contracts, sales were recognized in a lump sum at the time of sale, but in the case of selling cloud products and cloud modules, sales are recognized on a monthly basis.
- The impact of this change in sales recognition is expected to be 500 million yen.
- Although this change will be a factor for decrease in revenue in a single fiscal year. the conversion to the cloud version will increase the usage rate of major customer and the use of additional functions will increase. Therefore, the Lifetime Value (LTV) per customer will increase.
- Other from that, the impact of launching cloud software is minimal, so this will be a year in which we will focus on expanding our business and make investments to encourage further growth.
- Next, I will explain our forecast of consolidated financial results. Please refer to page 26.

In addition to decrease in revenue of application sales, anticipatory cost burden is expected.

(Millions of yen)	FY2021 Full-year forecast	FY2020 Full-year	YoY change	YoY ratio	FY2021 1H Forecast	FY2020 1H	YoY change	YoY ratio
Revenue	20,100	21,162	-1,062	-5.0%	9,500	10,232	-732	-7.2%
Operating profit	2,400	4,135	-1,735	-42.0%	700	1,628	-928	-57.0%
Income before tax	2,400	3,820	-1,420	-37.2%	700	1,614	-914	-56.6%
Profit attributable to owners of parent	1,550	2,465	-915	-37.1%	430	1,066	-636	-59.6%
Basic earnings per share	17.64 yen	28.16 yen	-	-	4.90 yen	12.18 yen	-	-

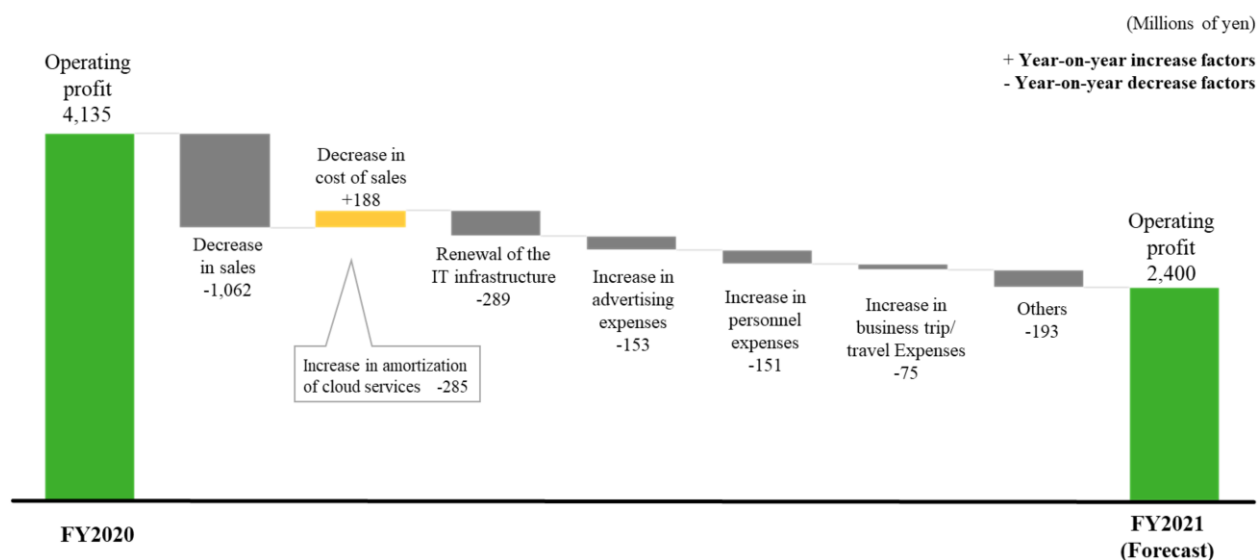
- For FY12/2021, the company forecasts revenue of 20.1 billion yen (down 1,062 million yen YoY), operating profit of 2.4 billion yen (down 1,735 million yen), and profit of 1,550 million yen (down 915 million yen).
- We intend to invest for sustainable high growth and to proceed with the transition to cloud services.
- Next, I will explain the forecasts by revenue categories. Please refer to page 27.

The main factor for decrease in revenue of Application By industry is the change in accounting methods due to partial introduction of new cloud-based modules to certain major customers

(Millions of yen)	FY2021 Full-year forecast	FY2020 Full-year	YoY change	YoY ratio	FY2021 1H forecast	FY2020 1H	YoY change	YoY ratio
Platform	10,400	10,275	+125	+1.2%	4,900	4,872	+28	+0.6%
Basic	7,600	7,616	-16	-0.2%	3,600	3,600	-0	-0.0%
EDI and settlement	920	905	+15	+1.7%	420	439	-19	-4.4%
Support	1,700	1,596	+104	6.5%	800	761	+39	+5.1%
Others	180	157	+23	+14.8%	80	72	+8	+11.7%
Application	9,700	10,887	-1,187	-10.9%	4,600	5,360	-760	-14.2%
By industry	8,050	8,806	-756	-8.6%	3,800	4,165	-365	-8.8%
OTRS	250	204	+46	+22.7%	100	132	-32	-24.0%
Others	1,400	1,877	-477	-25.4%	700	1,064	-364	-34.2%
Total	20,100	21,162	-1,062	-5.0%	9,500	10,232	-732	-7.2%

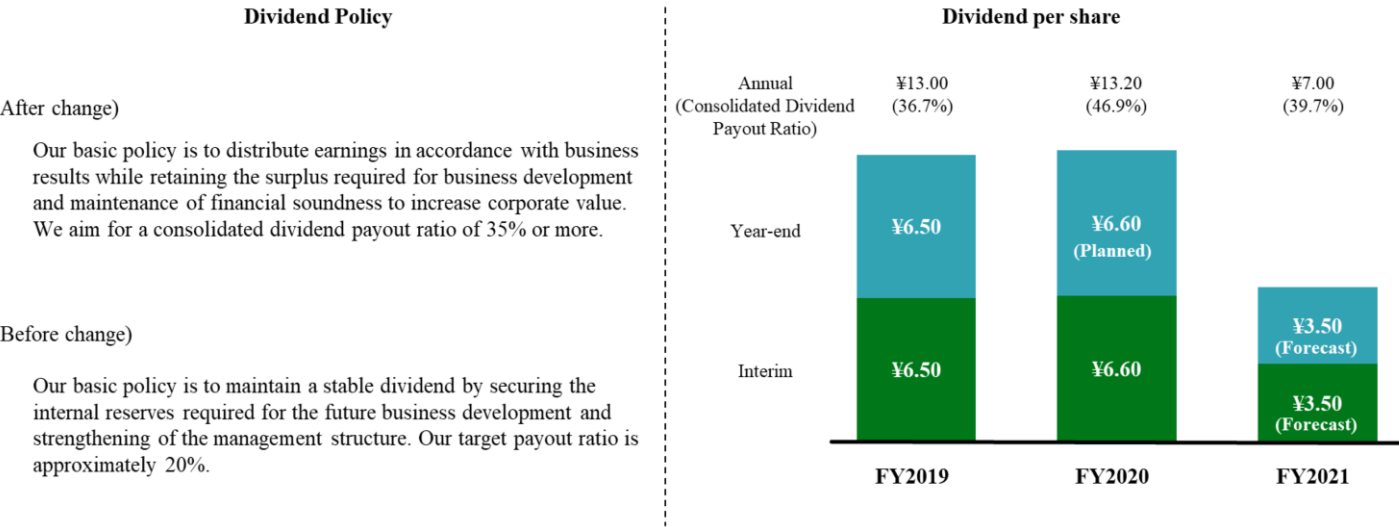
- For Platform Basic, revenue is expected to be about same level year on year. While monthly fees such as database use fee will be accumulated, the revenue linked to the number of software sales will decrease.
- For EDI and settlement, revenue is expected to increase due to an increasing trend in the number of users of ordering platforms.
- For Support service, revenue is expected to increase due to an increase in the contract rate for monthly maintenance service for software users.
- For Application By industry, revenue is expected to decrease primarily due to a change in sales recognition associated with offering of cloud modules to certain major customers.
- Another factor behind the decrease in revenue is the expected decline in the number of deals in non-automotive sector.
- For OTRS, the forecast is particularly cautious in the first half of the fiscal year, as we believe it will take some time before demand recovers in the market.
- Next, I will explain the breakdown of changes in operating profit. Please refer to page 28.

In addition to the burden of amortization of cloud services, operating-related expenses is expected to increase on the assumption that operating activities will return to a similar level as the normal period.



- Amortization expenses included in cost of sales is expected to increase as cloud-based software and various platform menus are released in stages.
- SG&A expenses also include expenses related to upgrading service provision infrastructure due to cloud migration.
- We anticipate that operating expenses will gradually return to its normal level on the assumption that the level of operating activities would gradually return.
- Consequently, operating profit is expected to be 2.4 billion yen (down 1,735 million yen year on year).
- Next, I will explain the dividend. Please refer to page 29.

Year-end dividend for the year ended December 2020 is expected to be ¥6.60 per share as forecasted at the beginning of the fiscal year. For the fiscal year ending December 2021, the company forecasts an annual dividend of ¥7.00 per share (interim dividend of ¥3.50 and year-end dividend of ¥3.50) due to the introduction of a new dividend policy.



- As previously announced, the year-end dividend in FY2020 will be 6.60 yen per share.
- We decided to change our dividend policy from FY2021.
- The new dividend policy is “Our basic policy is to distribute earnings in accordance with business results and we aim for a consolidated dividend payout ratio of 35% or more.”
- Based on this new dividend policy, we expect to pay an interim dividend of 3.5 yen per share, year-end dividend of 3.5 yen per share and a full-year dividend of 7 yen for FY2021. The forecast for the consolidated dividend payout ratio is 39.7%.
- We will make investments for acceleration, which will temporarily result in a decline in profits. However, our policy is to expand earnings through future growth and pay dividends based on this dividend payout ratio, so please take this opportunity.
- Finally, as a topic, I will provide a supplemental explanation of the situation of the business of Platform service for MaaS operators. Please refer to page 32.

## 4 Topics

An emergency webinar was held on December 25, 2020, after a vehicle equipped with an autonomous driving level 3 received type approval from MLIT

On Tuesday, November 11, 2020, the Ministry of Land, Infrastructure, Transport and Tourism (MLIT) became the first in the world to give type approval to a vehicle with autonomous driving level 3. In order to provide updated information to operators involved in auto maintenance that are entering an era of major transformation, we held an emergency webinar entitled "This is how auto maintenance will change due to appearance of the autonomous driving level 3 of Honda Legend announced on November 11".

In the webinar, we provided information on possible changes in the automobile society that may occur after the launch of vehicles equipped with autonomous driving level 3 and the accompanying trends in administration, as well as administrative trends associated with the automobile specific maintenance system which was enforced in April 2020, from the viewpoint of DX.

Reference) Specific Maintenance System  
In April 2020, the auto maintenance system was launched as a new system. The system expanded the scope from the previous "disassembly and maintenance", in which engines and brakes were removed, to maintenance or modification without removal (maintenance of electronic control equipment) which may influence movements of installed equipment. In addition, the "autonomous operation equipment" installed in vehicles with autonomous driving levels of at least 3 was added as the target equipment, and the name of the system was changed to "specific maintenance."

Source: MLIT "About Specific Maintenance System"  
[https://www.mlit.go.jp/jidosha/jidosha\\_f09\\_000016.html](https://www.mlit.go.jp/jidosha/jidosha_f09_000016.html)

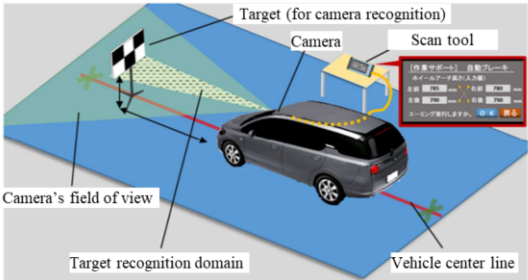


Figure: An Example of inspection subject to maintenance of electronic control equipment

Source: MLIT "Training session for Maintenance Leaders of Electronic Control Devices"  
<https://www.mlit.go.jp/jidosha/content/001331469.pdf>



Participated in a new public transportation model business launched in Pasay, Philippines, which started operations on January 15, 2021

<Traffic issues facing the Philippines>

Traffic congestion is a social issue in the Philippines, and its economic loss amounts to 3.5 billion pesos per day (about 7.6 billion yen).  
Pasai City, which is implementing this model business, has no means of on-time transportation from train stations to shopping malls, and needs for on-time transportation services are extremely high.

<Service content of model business>

The following service will be provided as "New Public Transportation" to solve the above issues.

- |   |  |
|---|--|
| ● E-Tricycle Operation service                                  | [Provided by MC Metro]                     |
| └ Operation management system necessary for efficient operation | [Provided by Zenmov Inc.]                  |
| └ Data infrastructure that can analyze the data on the system   | [Provided by Broadleaf Co., Ltd]           |
| └ Cashless payments compatible with mobile QR payments          | [Provided by Broadleaf IT. Solutions Inc.] |
| └ Visiting periodic inspection/maintenance service for vehicles | [Provided by BLISAM TRADING CORP.]         |



Figure 1: Images of the E-Tricycle and Payment Terminal

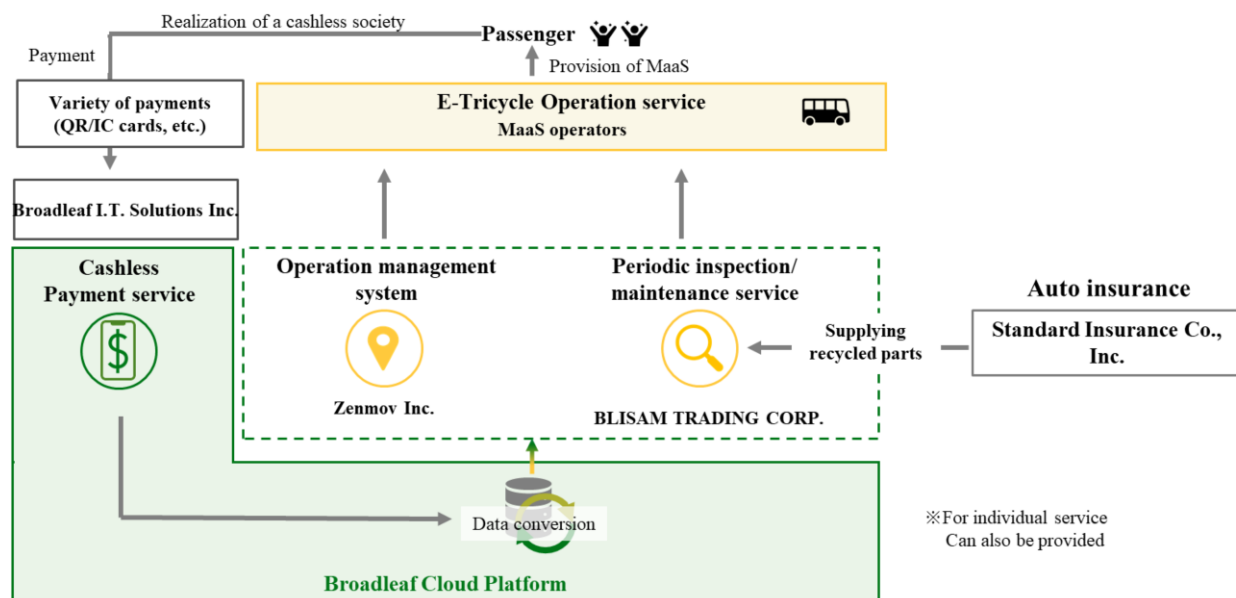


Figure 2: The operation route of the model business

- As explained in the press release released on February 9, our group provided platform for the operation of the new transportation infrastructure in Pasay city, the Philippines, as an one-stop service.
- This is not a demonstration experiment of the new transportation infrastructure, but it is already in a practical phase.
- Please refer to page 33 for an overview of service offered by our group.

By utilizing the one-stop services offered by the Broadleaf Group, MaaS operators will be able to smoothly develop their businesses

### <Service Structure>



※ Broadleaf I.T. Solutions Inc.: Wholly owned subsidiary / BLISAM TRADING CORP.: Equity-method affiliate / Zemov Inc.: Equity-method affiliate / Standard Insurance Co., Inc.: Partner  
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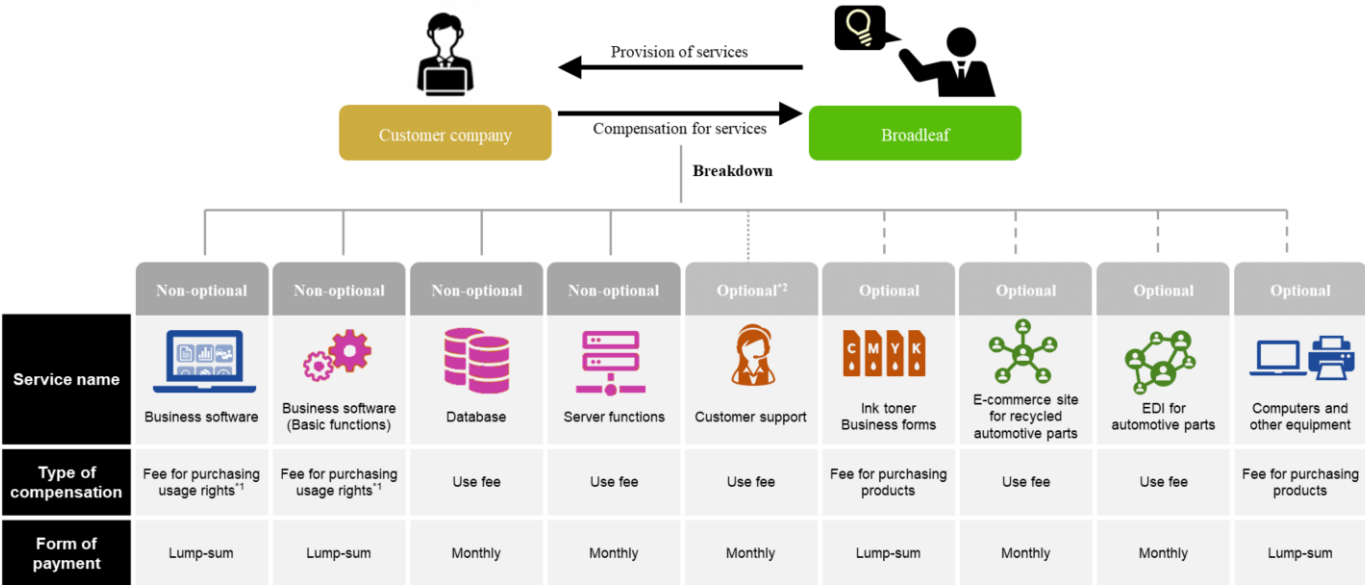
- We are providing Broadleaf Cloud Platform.
- The system is now in operation by controlling data conversion as well as data accumulation and analysis of the data operation management system through the payment service and linking it with the operation management system through API.
- BLISAM TRADING CORP, which provides one-stop service for periodic inspections, is a joint venture with Broadleaf Co., Ltd. and Standard Insurance Co, Inc. which is a major non-life insurance company in the Philippines.
- We also provide coverage of insurances at the same time.
- Broadleaf IT. Solutions Inc is a local subsidiary which conducts businesses in the Philippines and is structured to provide Broadleaf Cloud Platform through this subsidiary.
- Currently, there are offers of this one-stop service as well as business negotiations on payment service outside Pasay city, and we will work hard to expand them.
- The benefit of this service is that all the services can be performed in one-stop operation, including management and operation of vehicles, payments and collections of cash, periodic inspections and insurance coverage, which significantly reduces management costs of the administration.
- E-tricycle, which is electric vehicle, is seen as a tool to improve traffic conditions and emission conditions in Southeast Asia, and we are receiving inquiries from various cities.

I would like to close my explanation. Thank you for your participation.

# Appendix

Corporate Name	Broadleaf Co., Ltd.
Representative	Kenji Oyama, Representative Director, President and CEO
Listed on	Listed on the First Section of the Tokyo Stock Exchange on March 22, 2013 (3673)
Industry	Information and communication industry
Founded/Established	December 2005/September 2009
Capital Stock	JPY 7,148 million (consolidated)
Fiscal Year	From January 1 <sup>st</sup> to December 31 <sup>st</sup>
Business Outline	<p>The Company offers a wide range of IT services, including its independently developed business software.</p> <p>In addition to provision of business software that serves as core business systems, mainly for business operators belonging to the automotive aftermarket sector, the Company provides diverse, unique one-stop services, including the ordering platform for auto parts and big data analysis.</p> <p>In addition, looking ahead to the evolution of the mobility society going forward, it has been conducting surveys and research for the commercialization of advanced technologies.</p>
Head Office Address	Floor 8, Glass Cube Shinagawa, 4-13-14 Higashi-Shinagawa, Shinagawa-ku, Tokyo
Sales Offices	29 offices in Japan
Development Centers	3 centers in Japan (Sapporo, Tokyo and Fukuoka)
Main Subsidiaries	Tajima Inc.

We provide customers with multiple services, including business software, as a single package.

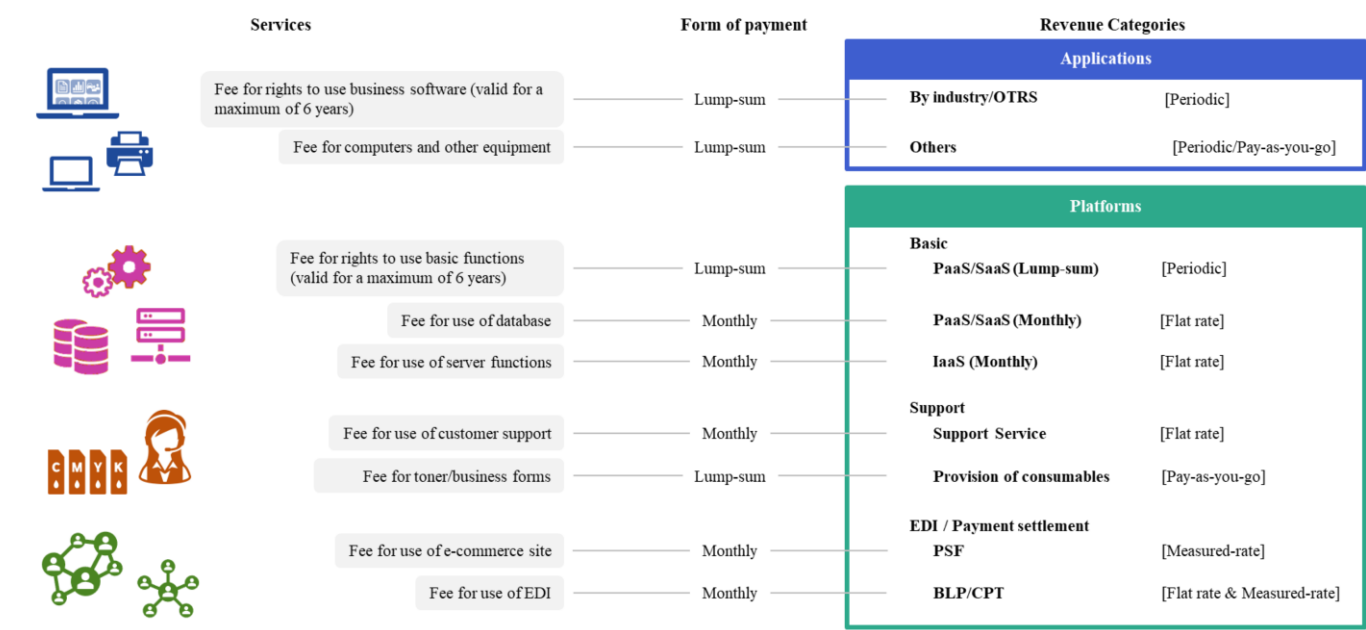


<sup>\*1</sup> Usage rights valid for a maximum of 6 years

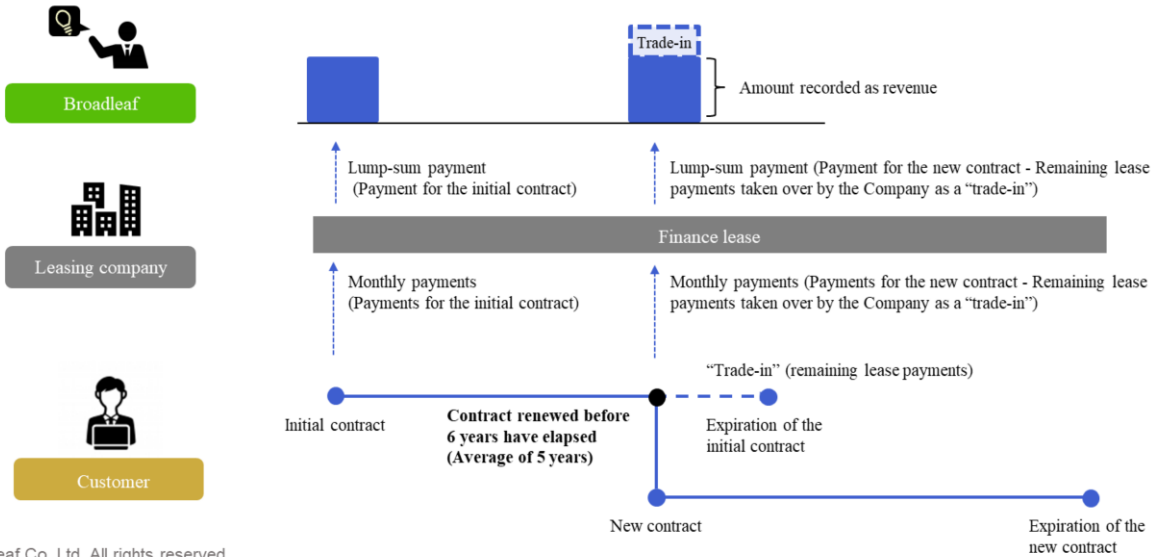
<sup>\*2</sup> Measures for improving the contract ratio were strengthened in the second half of 2019.

NOTE: The scope of provided service varies depending on industry of the customer.

The form of payment differs according to the type of service.  
The correspondence relationship between the type of service and revenue categories is as indicated below.



Most customers choose a lease contract.  
Sometimes we take over the remaining lease payments as a “trade-in” before the expiration of the software lease period.



# 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 and include potential risks and uncertainties.

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

## Contact Information

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