



2Q FY12/2020

(from January 1, 2020 to June 30, 2020)

Business Results Briefing

August 7, 2020



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* Financial figures indicated in this material are based on consolidated accounting to which International Financial Reporting Standards (IFRS) are applied. The indicated figures are rounded off.

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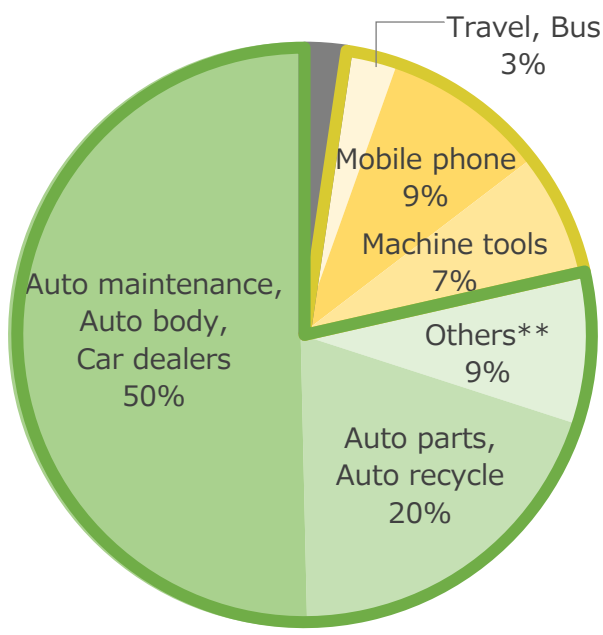
Negotiations were prolonged overall because many customers were unaccustomed to online negotiations. As a result, about 0.9 billion yen slid into 2H. In addition, about 0.1 billion yen was generated from frozen deals due to the deterioration of the business outlook. Therefore, the sales fell short of the target by about 1 billion yen in total.

Market conditions	Automotive	The business management environment is relatively stable thanks to demand for car inspection and legal inspection, which are resistant to the effects of the economy. The deadline for car inspection was delayed until July 1. Customers became busy since June, after the state of emergency was lifted.
	Non-automotive	The severe business management environment continues in the travel industry and the tourist bus industry.
	OTRS	Manufacturing industry, the main purchaser of OTRS, continues to be passive in investments to cut costs.
Orders received/Sales	The Company has shifted from face-to-face sales activities to online sales activities since late March. As a result, negotiations tend to be protracted. Consequently, about 0.9 billion yen slid into 2H. In addition, about 0.1 billion yen was generated from frozen deals, making sales fall short of the target by about 1 billion yen in total.	
Expenses/Investment	Expenses were controlled due to a reduction in advertising expenses and restrictions on sales activities. Although cloud software development is generally progressing as planned, the product launch timing was reviewed strategically.	
Financial activities/Credit limit	Borrowed 1.7 billion yen in February as scheduled at the beginning of the period. Despite the seasonality, working capital was secured. It is unlikely that a loss exceeding a provision for loss will be generated.	

About 0.9 billion yen slid into 2H, mainly deals in automotive industry, machine tools dealers, and mobile phone distributors. About 0.1 billion yen were frozen, mainly deals in travel agencies, bus operators, and OTRS (manufacturing industry). Similar trend is expected to continue in 2H.

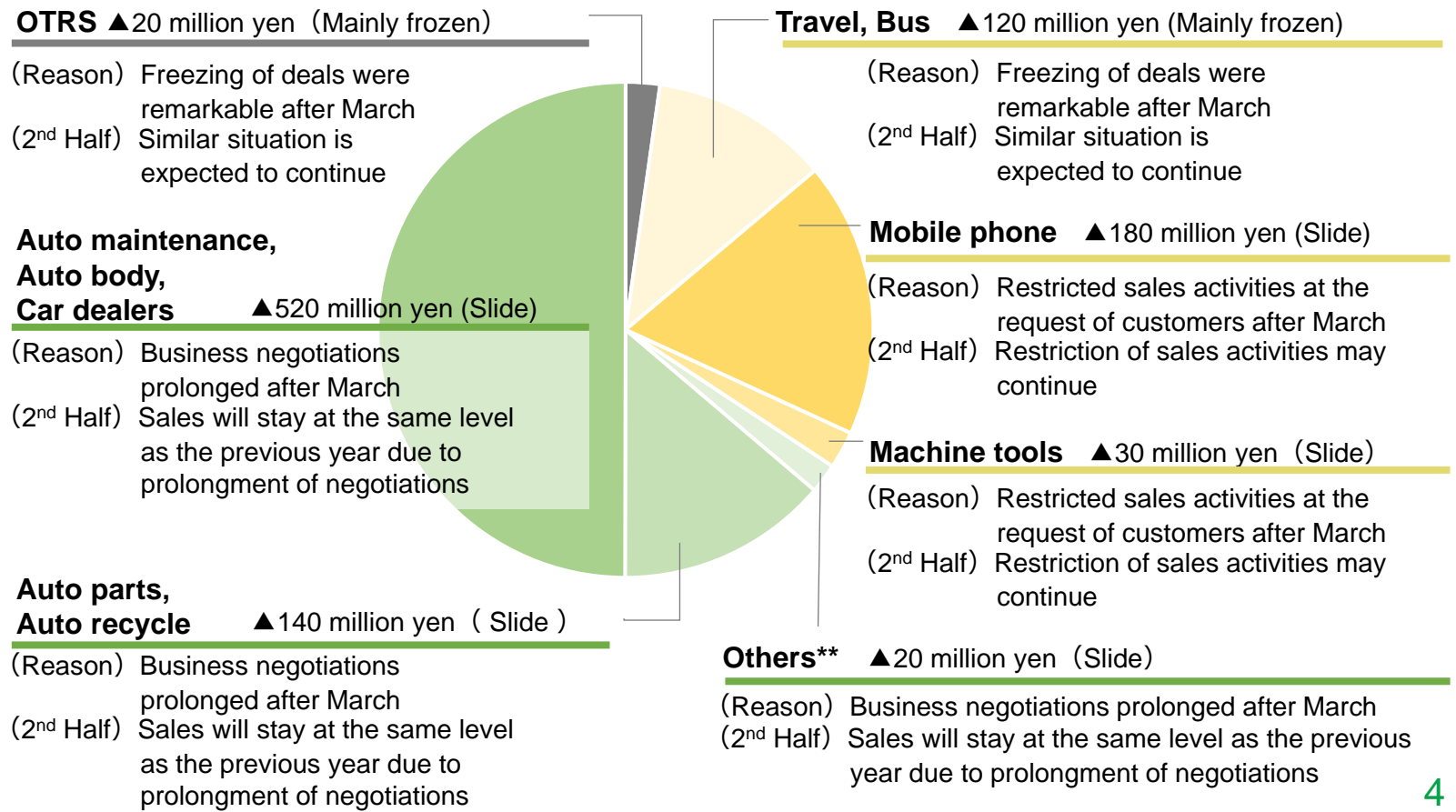
Sales composition by industry*

Automotive 79% Non-automotive 19% OTRS 2%



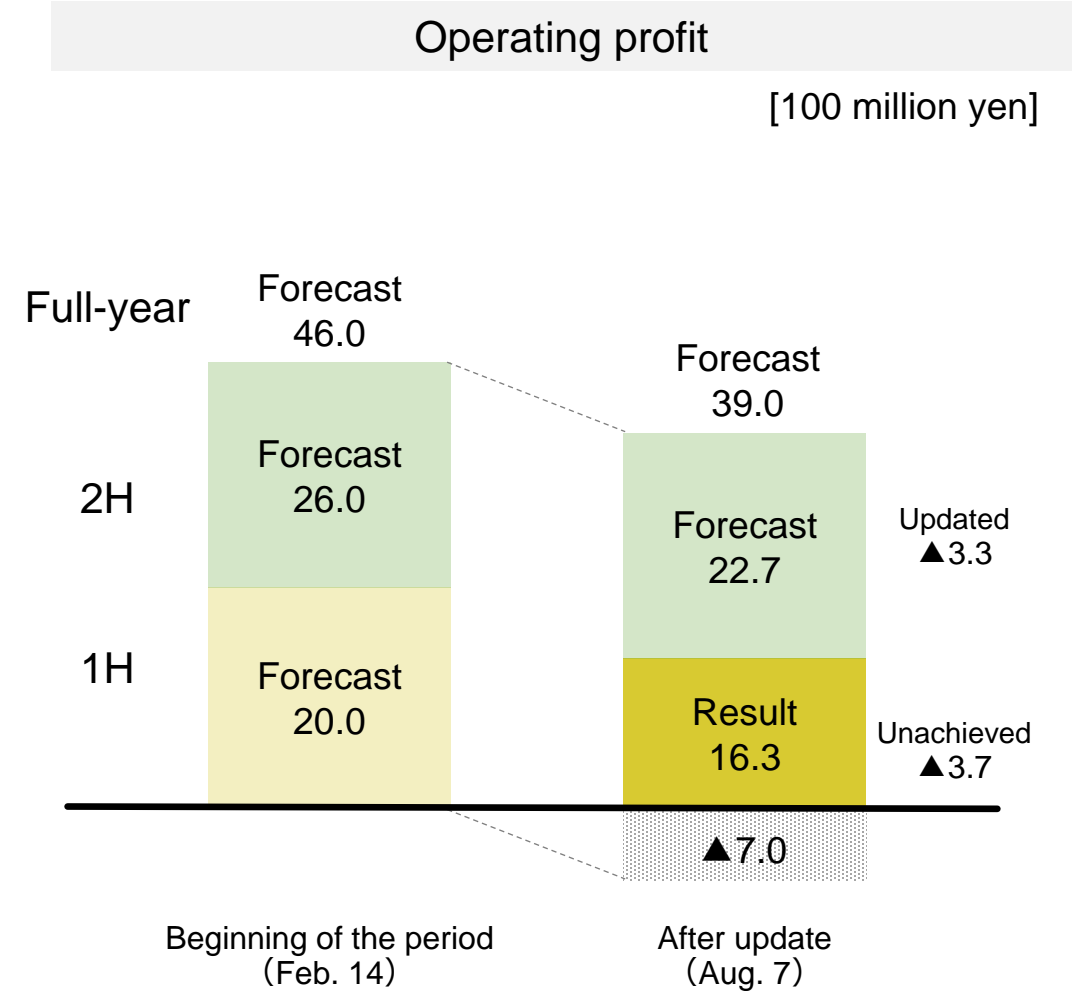
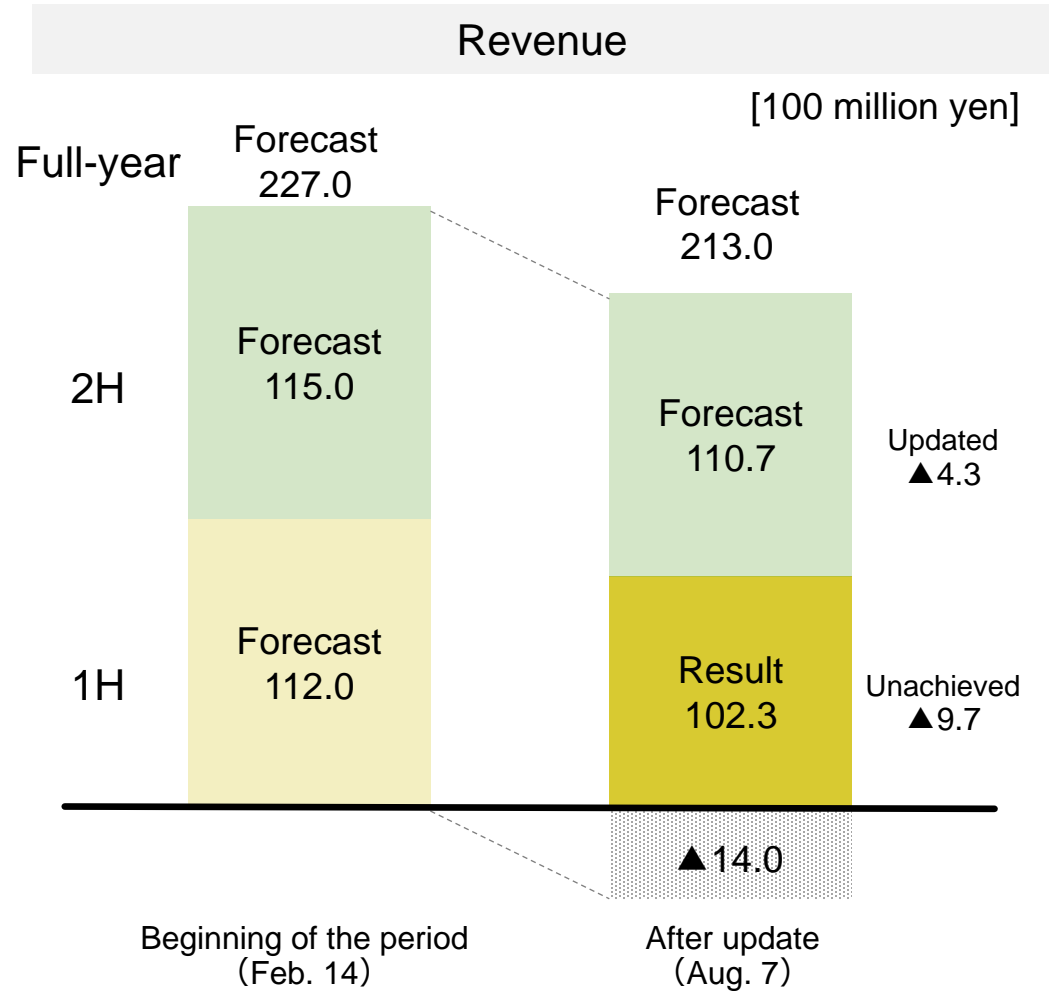
* 1st Half Sales Forecast Composition (Software and Equipment)
 **Auto glass, Auto electrical equipment and radiator

Amount of impact (1.03 billion yen) and breakdown by industry

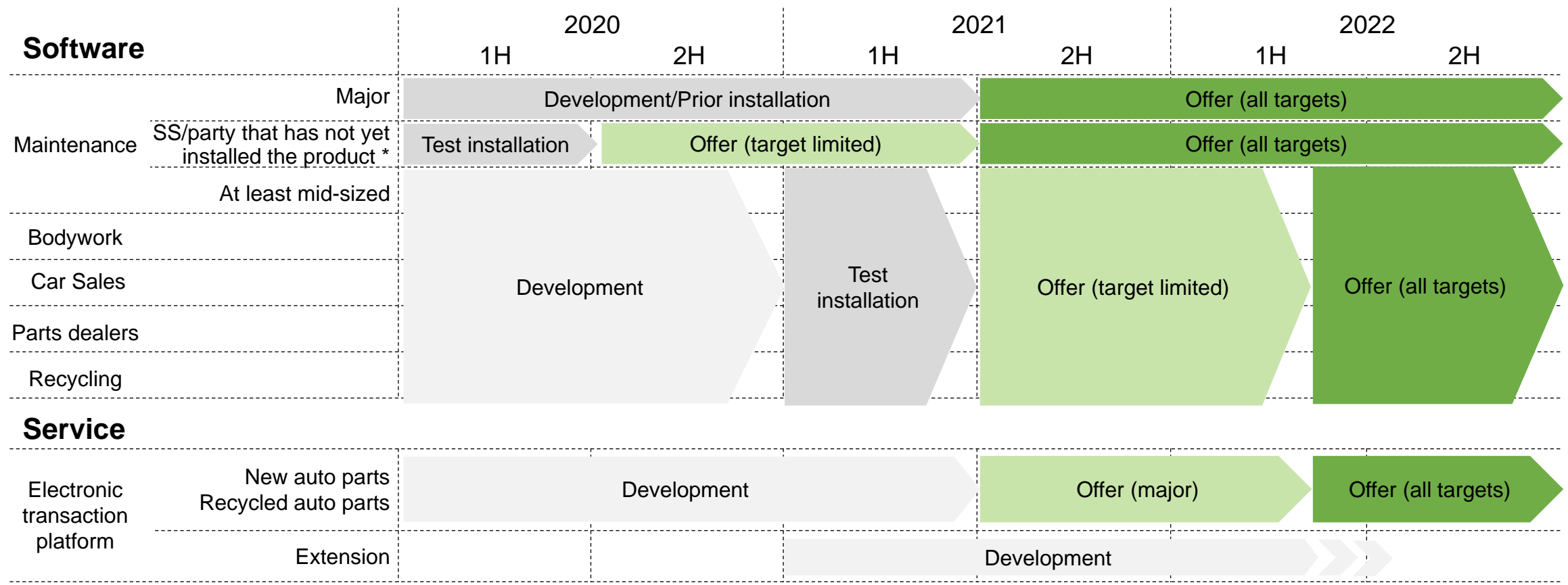


1H Results and Full-year Forecasts

Under the unpredictable external environment, the forecasts of the 2H have been updated from the forecasts at the beginning of the period due to delay in the starting of business negotiations and the prolonged time used to conclude the negotiations.



The Company introduced software in advance to major customers (car inspection chains and car accessories shops) who hold the key to the early popularization of the cloud software. Simultaneously it will offer software to diverse industries in 2021, and the electronic transaction platform is scheduled for operation sequentially.



* SS means gas station. A party who has not yet installed the product is an operator who has not yet installed business software.
 Note: The schedule may change due to the external environment.

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Revenue and profit decreased due to prolonged business negotiations under the influence of the spread of COVID-19

(¥ million)	FY2020 1H	FY2019 1H	YoY change	YoY ratio
Revenue	10,232	11,072	-840	-7.6%
Operating profit	1,628	2,080	-452	-21.7%
Profit before tax	1,614	2,075	-461	-22.2%
Profit attributable to owners of parent	1,066	1,361	-296	-21.7%
Basic earnings per share	¥12.18	¥15.59	-	-

Sales of platforms and applications both decreased due to drop in the number of sales of software led by prolonged business negotiations

(¥ million)	FY2020 1H	FY2019 1H	YoY change	YoY ratio
Platforms	4,872	4,948	-76	-1.5%
Basic	3,600	3,717	-117	-3.1%
EDI/Payment settlement	439	455	-15	-3.4%
Support	761	706	+55	+7.7%
Others	72	70	+1	+2.0%
Applications	5,360	6,123	-763	-12.5%
By industry	4,165	5,173	-1,008	-19.5%
OTRS	132	208	-76	-36.6%
Others	1,064	743	+321	+43.2%
Total	10,232	11,072	-840	-7.6%

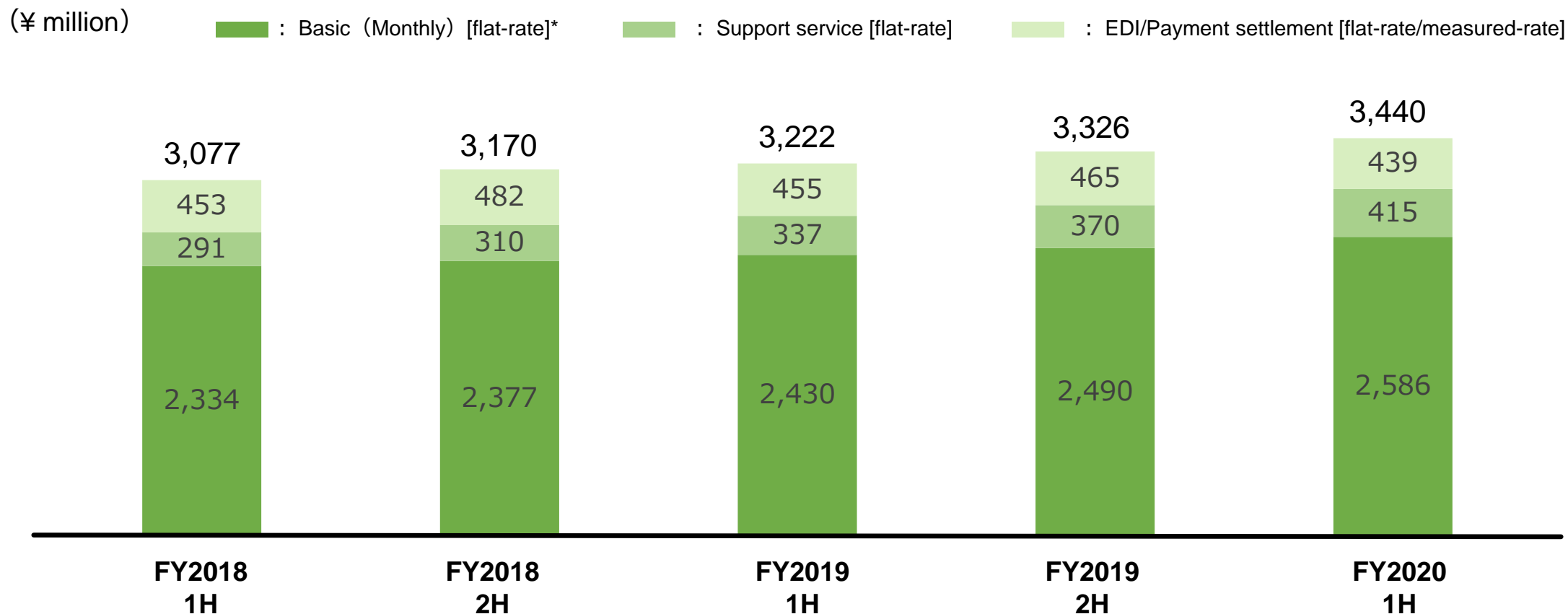
While monthly sales steadily increased, basic lump-sum sales which is linked to the number of software sales decreased

(¥ million)		FY2020 1H	FY2019 1H	YoY change	YoY ratio
Basic		3,600	3,717	-117	-3.1%
PaaS/SaaS		2,490	2,682	-193	-7.2%
	lump-sum	1,014	1,287	-273	-21.2%
	monthly	1,475	1,395	+80	+5.7%
IaaS	monthly	1,110	1,035	+76	+7.3%
EDI / Payment settlement		439	455	-15	-3.4%
PSF *	monthly	269	299	-30	-10.0%
BLP/CPT *	monthly	170	155	+14	+9.3%
Support		761	706	+55	+7.7%
Support service	monthly	415	337	+78	+23.0%
Provision of consumables	lump-sum	346	369	-23	-6.3%
Others	-	72	70	+1	+2.0%
Total		4,872	4,948	-76	-1.5%

Half-yearly Transition of Monthly Sales

Sales of ancillary service (Basic/Support service) remained firm regardless of the environment due to increase in the number of software users.

Sales of EDI/Payment settlement struggled influenced by the environment of recycled auto parts market.

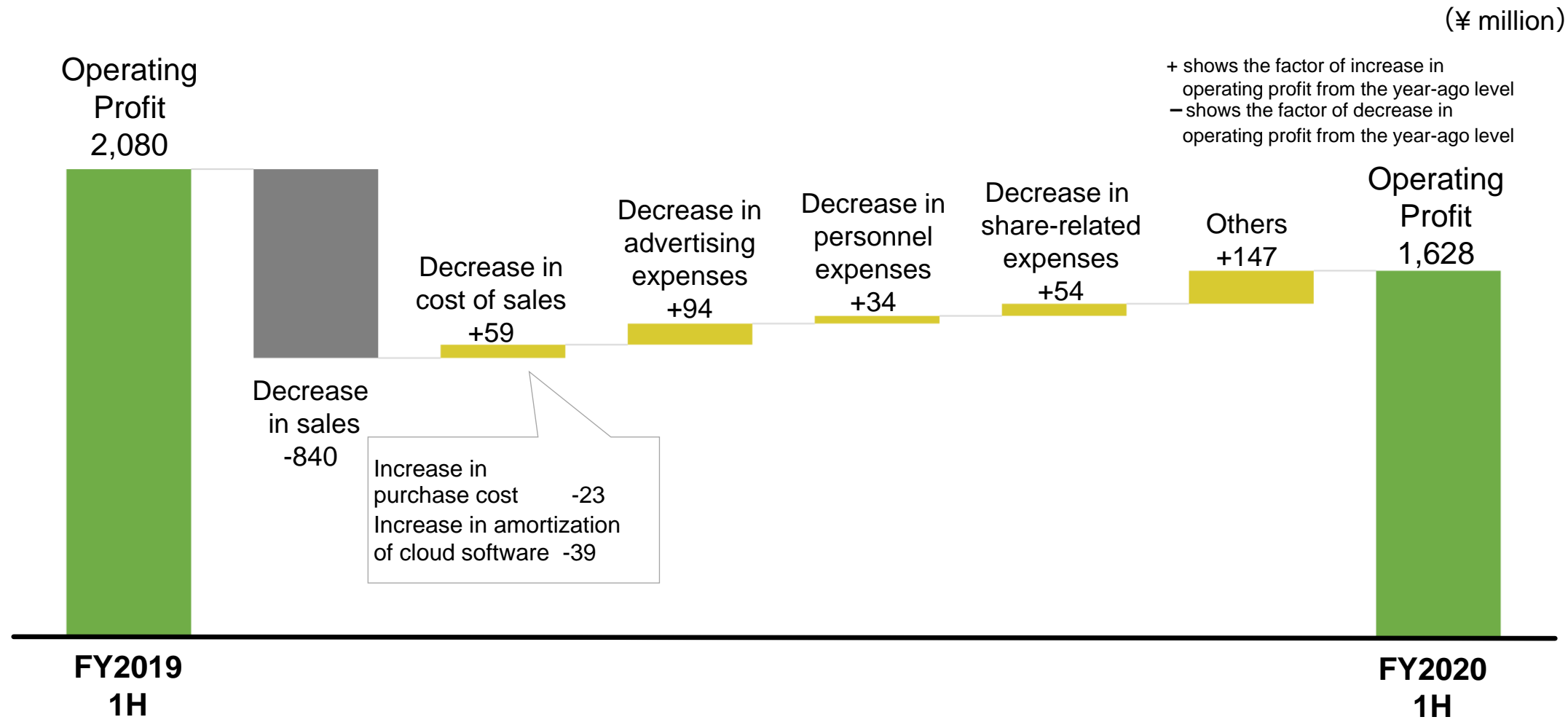


Sales were largely influenced by decrease in software sales due to prolonged business negotiations.
In non-automotive sector and OTRS, the original pool of deals were small and some of the deals were cancelled.

(¥ million)	FY2020 1H	FY2019 1H	YoY change	YoY ratio
By industry	4,165	5,173	-1,008	-19.5%
Automotive	3,606	4,387	-781	-17.8%
Non-automotive	559	786	-227	-28.9%
OTRS	132	208	-76	-36.6%
Others	1,064	743	+321	+43.2%
Total	5,360	6,123	-763	-12.5%

Breakdown of Operating Profit

Decline in cost of sales was limited due to increase in sales of equipment and amortization expense.
 Reduced costs including advertising expense and operating expense but failed to complement the impact.



No significant changes other than increase in intangible assets gained by cloud software development investment and borrowing from the bank.

(¥ million)	FY2020 End of 1H	End of FY2019	YoY change	Main factors of increase/decrease
Current assets	7,934	7,987	-53	Decrease in cash and deposits -208 Increase in operating and other receivables +158
Non-current assets	24,157	23,702	+455	Increase in intangible assets +728
Total assets	32,091	31,689	+402	
Current liabilities	7,031	7,100	-69	Decrease in operating and other payables -466 Increase in short-term interest-bearing debt +987
Non-current liabilities	1,303	1,369	-66	Decrease in long-term interest-bearing debt -66
Total liabilities	8,334	8,469	-135	
Total shareholders' equity	23,757	23,220	+537	Recognition of profit +1,066 Dividend payout -568
Total liabilities and shareholders' equity	32,091	31,689	+402	

Cash deposit balance remained stable due to investment control and borrowing from the bank.

(¥ million)	FY2020 1H	FY2019 1H	YoY change	Main factors of increase/decrease
Cash flow from operating activities	1,100	898	+202	Decrease in operating and other receivables +569 Decrease in operating and other payables -574 Decrease in income taxes paid +345
Cash flow from investing activities	-1,284	-2,039	+755	Decrease in acquisition of intangible assets +419 Decrease in acquisition of investment +1,048
Cash flow from financing activities	-23	-1,324	+1,300	Increase in short-term debt +1,001
Free cash flow	-184	-1,140	+956	
Cash and cash equivalents	2,826	3,153	-327	

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Under the unpredictable external environment, the forecasts of the 2H of FY2020 has been updated from the forecasts at the beginning of the period due to delay in the starting of business negotiations and prolongment in time used to conclude the negotiations.

(¥ million)	FY2020 Full-year forecast	FY2019 Full-year	YoY change	YoY (ratio)	FY2020 2H forecast	FY2019 2H	YoY change	YoY ratio
Revenue	21,300	22,586	-1,286	-5.7%	11,068	11,514	-446	-3.9%
Operating profit	3,900	4,525	-625	-13.8%	2,272	2,445	-173	-7.1%
Profit before tax	3,900	4,486	-586	-13.1%	2,286	2,410	-125	-5.2%
Profit attributable to owners of parent	2,700	3,093	-393	-12.7%	1,634	1,732	-97	-5.6%
Basic earnings per share	¥30.87	¥35.40	-	-	-	-	-	-

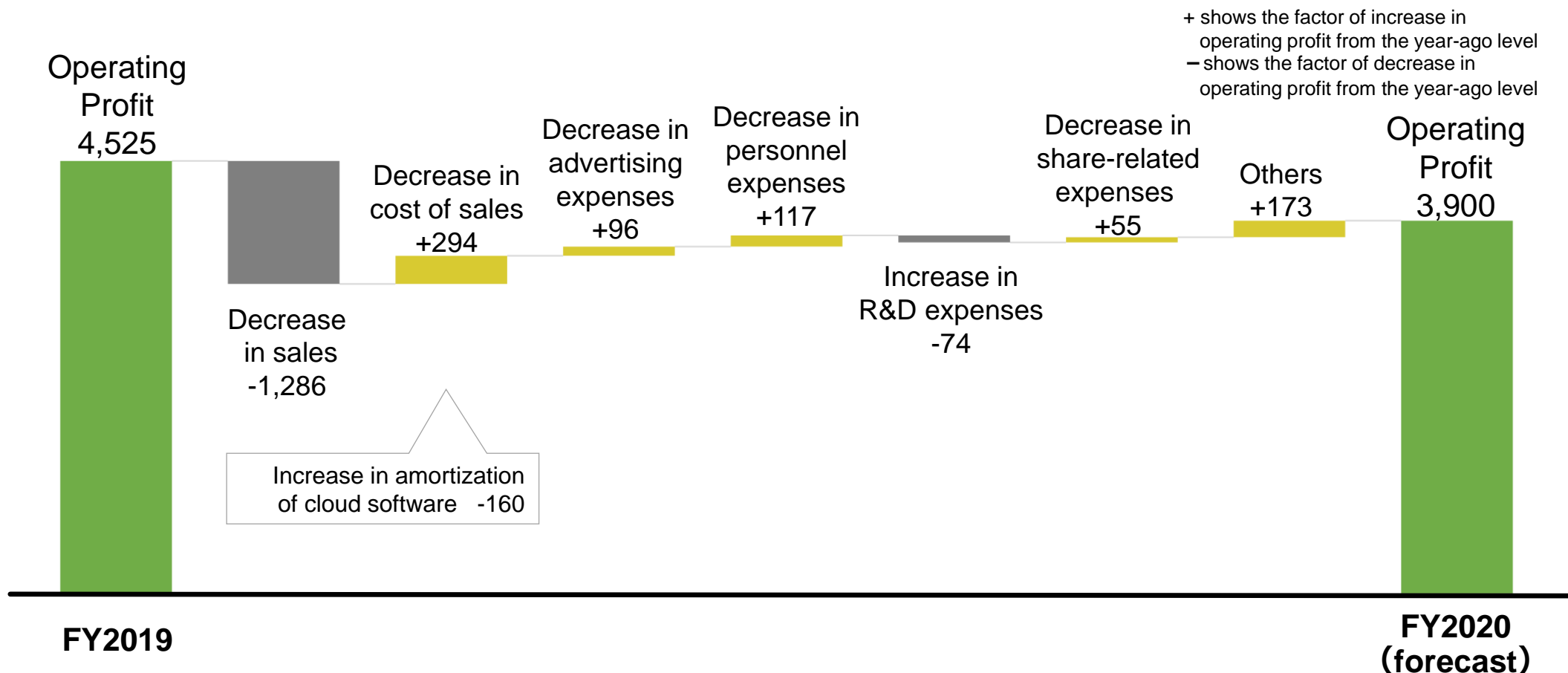
Sales of Platforms will be influenced by drop in lump-sum sales which is linked to the number of software sales. Sales of Applications is expected to decrease due to drop in software sales caused by prolonged business negotiations and frozen negotiations.

(¥ million)	FY2020 Full-year forecast	FY2019 Full-year	YoY change	YoY ratio	FY2020 2H forecast	FY2019 2H	YoY change	YoY ratio
Platforms	10,100	10,192	-92	-0.9%	5,228	5,244	-16	-0.3%
Basic	7,600	7,654	-54	-0.7%	4,000	3,937	+62	+1.6%
EDI/Payment settlement	850	920	-70	-7.6%	411	465	-54	-11.7%
Support	1,500	1,478	+22	+1.5%	739	771	-32	-4.2%
Others	150	140	+10	+6.9%	78	70	+8	+11.9%
Applications	11,200	12,394	-1,194	-9.6%	5,840	6,270	-430	-6.9%
By industry	9,200	10,448	-1,248	-11.9%	5,035	5,275	-240	-4.5%
OTRS	200	338	-138	-40.8%	68	130	-62	-47.6%
Others	1,800	1,608	+192	+12.0%	736	865	-129	-14.9%
Total	21,300	22,586	-1,286	-5.7%	11,068	11,514	-446	-3.9%

Breakdown of Operating Profit (Full-year)

While continuing R&D expenses on new service, optimize operating and personnel expenses by increasing telework ratio, and promote reduction of general expenses. Still, complementation of the decrease in revenue is expected to be difficult.

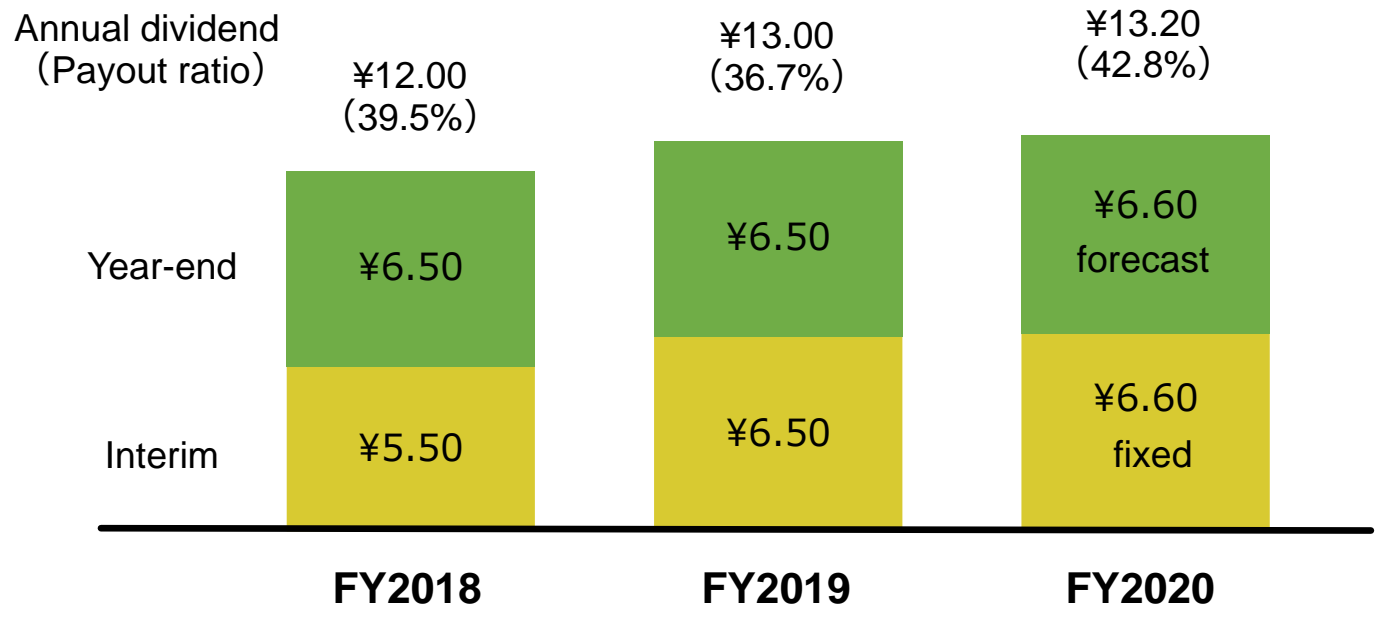
(¥ million)



The interim dividend of ¥6.60 will be paid as planned, no change year-end dividend forecast of ¥6.60, planning to continue increasing annual dividend

Annual dividend

Dividend policy



Considering to raise the target dividend payout ratio regarding the past dividend performance.

Reference) Current dividend policy :

Stable dividend is the basic policy, with payout ratio of approximately 20%

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Assuming that society will continue to live with COVID-19, the Company will pursue initiatives to secure the safety of customers, business partners, and employees.

Workstyle

- Control the coming-to-work rate using a system of rotation (a weekly average of less than 50%) and use staggered work hours.
- Prohibit employees from coming to work if they do not feel well or have symptoms such as a fever or a cough.

Office use/Meeting

- Meetings are held on web. When employees must hold a meeting face-to-face, avoid crowding by using a spacious meeting room, where seats are spaced out and employees take a seat from one side to the other and sit face-to-face.
- Ensure that masks are worn, hands are regularly washed, and social distancing is maintained.

Visitation/Sales activities

- Raise the online response ratio by directing customer inquiries to the Company's call center.
- Take basic preventive measures, such as wearing a mask, and observe the rules set by places that employees are visiting.
- Install the COVID-19 Contact Confirming Application (COCOA) on the smartphones used by employees at work.

To pursue recovery and restoration efforts for damage caused by the downpour that continued across Kyushu as quickly as possible, the Company supported customers in terms of funds, IT infrastructure, and activities.

Finance

- Made a consolation payment depending on the level of damage.
- Temporarily suspended the billing of running expenses for business software.

IT infrastructure

- Lent portable Wi-Fi for free when the Internet environment was needed.

Support

- Confirmed the safety and damage situation through the Company's call center and functioned as a consultation contact.
- Upheld employees' volunteer activities and activity support (bearing the cost of volunteer insurance, providing a means of transportation)

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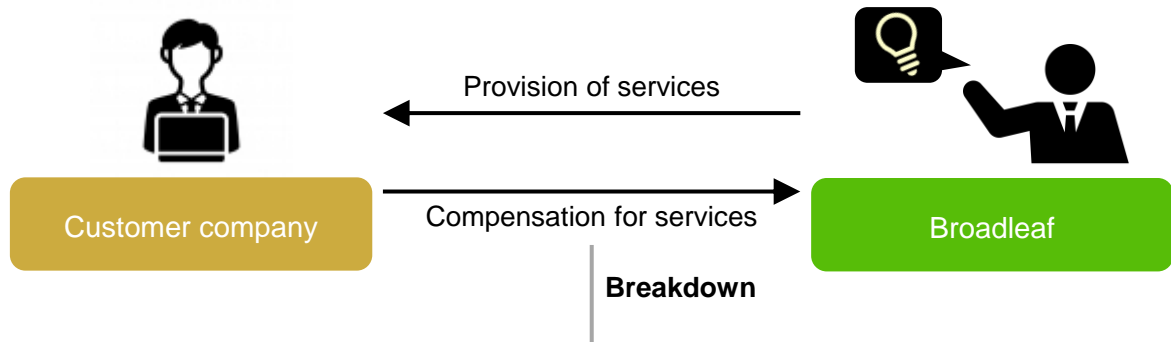
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Corporate Name	Broadleaf Co., Ltd.
Representative	Kenji Oyama, Representative Director, President and CEO
Listed on	Listed on the First Section of the Tokyo Stock Exchange on March 22, 2013 (3673)
Sector	Information and communication sector
Founded/Established	December 2005/September 2009
Capital Stock	JPY 7,148 million (consolidated)
Fiscal Year	From January 1 st to December 31 st
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 electronic trading network 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.

Revenue Categories (1) Types of Service

For a customer company, the Company provides multiple services, including business software, as a single package.



	Non-optional	Non-optional	Non-optional	Non-optional	Optional ^{*2}	Optional	Optional	Optional	Optional
Service name	Business software	Business software (Basic functions)	Database	Server functions	Customer support	Ink toner Business forms	E-commerce site for recycled automotive parts	EDI for automotive parts	Computers and other equipment
Type of compensation	Fee for purchasing usage rights ^{*1}	Fee for purchasing usage rights ^{*1}	Use fee	Use fee	Use fee	Fee for purchasing products	Use fee	Use fee	Fee for purchasing products
Form of payment	Lump-sum	Lump-sum	Monthly	Monthly	Monthly	Lump-sum	Monthly	Monthly	Lump-sum

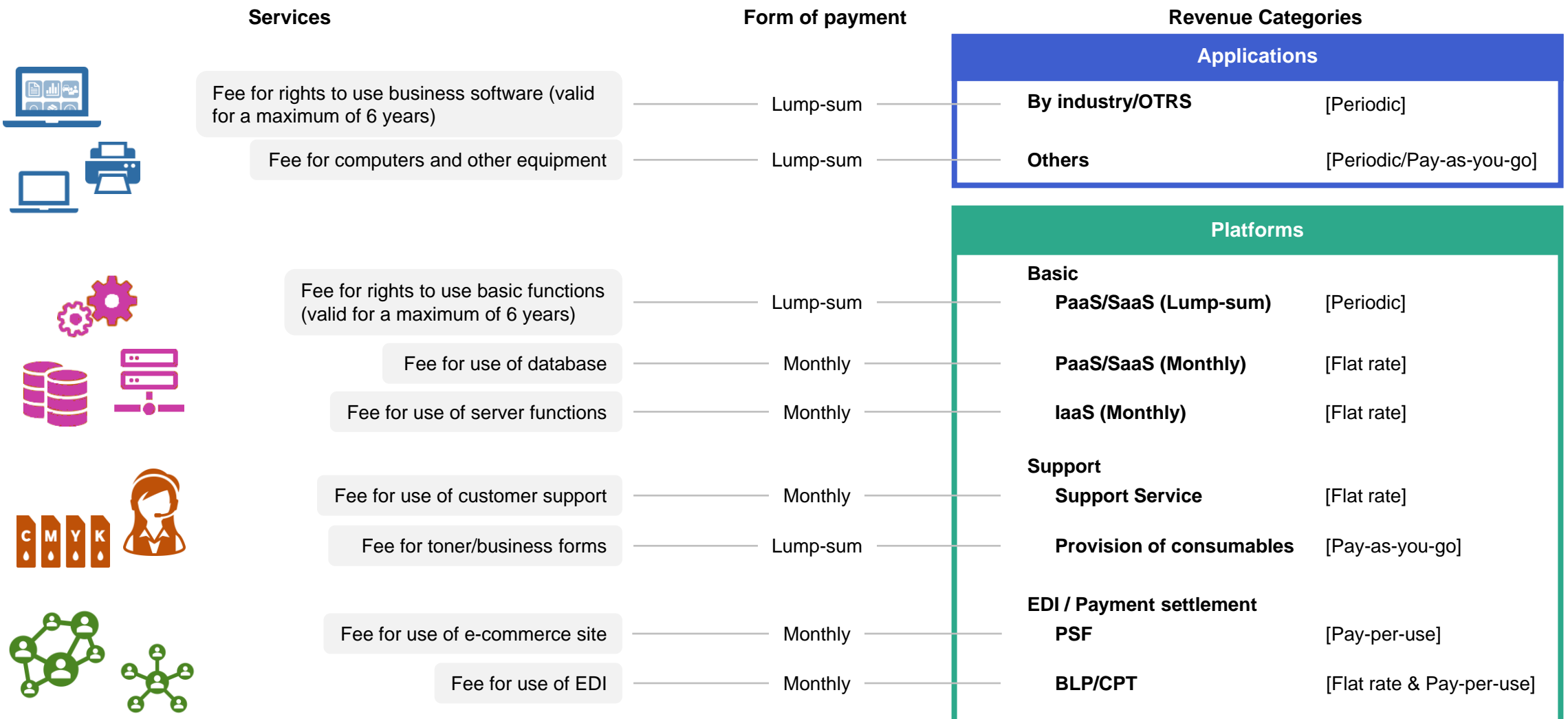
*1 Usage rights valid for a maximum of 6 years

*2 Measures for improving the contract ratio were strengthened in the second half of 2019.

Note: The range of services to be provided differs according to the type of business of customer company.

Revenue Categories (2) Correspondence Relationship with Revenue Categories

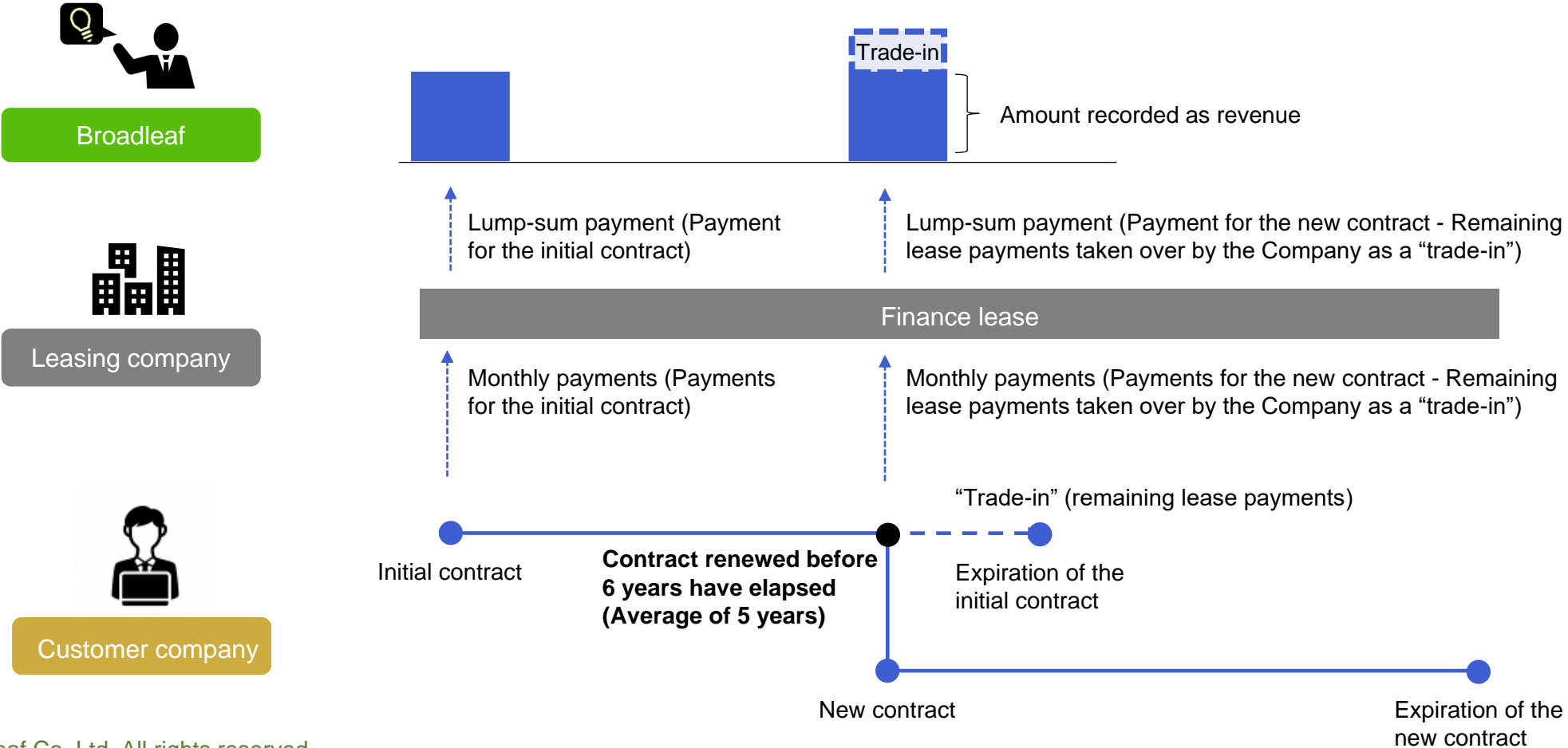
The form of payment differs according to the type of service. The correspondence relationship between the type of service and revenue categories is as indicated below.



Revenue Categories (3) Contract Renewal Timing

Most customer companies choose a lease contract. There are cases where the Company takes over the remaining lease payments as a “trade-in” before the expiration of the software lease period.

In the case of a 6-year contract



Disclaimer

Results forecasts and future predictions provided in this document are the Company's judgment based on the information available as of the time of preparation of the document and contain potential risks and uncertainties.

Accordingly, please understand that the actual results may differ from the results forecasts provided here.

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