

The following information was originally prepared and published by the Company in Japanese as it contains timely disclosure materials to be submitted to the Tokyo Stock Exchange. This English translation is for your convenience only. To the extent there is any discrepancy between this English translation and the original Japanese version, please refer to the Japanese version.



## Summary of Financial Statements for the First Half of the Fiscal Year Ending December 31, 2020 [IFRS] (Consolidated)

August 7, 2020

Broadleaf Co., Ltd.

Stock Listing: Tokyo Stock Exchange 1st Section

Representative: Kenji Oyama, Representative Director, President & CEO

Scheduled Submission Date for Quarterly Report: August 12, 2020

Scheduled Starting Date for Dividend Payment: September 18, 2020

Earnings Supplementary Explanatory Documents: Yes

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

(Amounts are rounded off to the nearest million yen.)

### 1. Consolidated Financial Results for the 1st Half of the FY2020 (from January 1, 2020 to June 30, 2020)

#### (1) Consolidated Results of Operations (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	%
H1 FY2020	10,232	-7.6	1,628	-21.7	1,614	-22.2	1,065	-21.8	1,066	-21.7	967	-26.8
H1 FY2019	11,072	9.7	2,080	34.9	2,075	34.1	1,361	36.4	1,361	36.4	1,320	40.2

	Basic earnings per share		Diluted earnings per share	
	Yen		Yen	
H1 FY2020	12.18		11.98	
H1 FY2019	15.59		15.39	

#### (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 Q2 FY2020	32,091	23,757	23,755	74.0
End of FY2019	31,689	23,220	23,217	73.3

### 2. Dividends

	Dividends Per Share				
	End of Q1	End of Q2	End of Q3	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
FY2019	—	6.50	—	6.50	13.00
FY2020	—	6.60	—	—	—
FY2020 (Forecast)	—	—	—	6.60	13.20

(Note) Revisions to the latest forecasts of dividends: No

### 3. Earnings Forecasts for FY2020 (from January 1, 2020 to December 31, 2020)

(Percentages below represent increases (decreases) from the same period of the previous fiscal year.)

	Revenue		Operating profit		Profit before tax		Profit attributable to owners of parent		Basic earnings per share
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Yen
FY2020	21,300	-5.7	3,900	-13.8	3,900	-13.1	2,700	-12.7	30.87

(Note) Revisions to the latest forecasts of earnings: Yes

\* Notes

(1) Changes in significant subsidiaries during the six months ended June 30, 2019 (changes of specified subsidiaries with change of the scope of consolidation): No

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

1. Changes in accounting policies required by IFRS: No
2. Other changes in accounting policies: No
3. Changes in accounting estimates: No

(3) Number of shares outstanding (common stock)

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

Q2 FY2020	97,896,800	FY2019	97,896,800
Q2 FY2020	10,318,811	FY2019	10,469,263
Q2 FY2020	87,475,499	Q2 FY2019	87,341,624

\* The quarterly earnings report is outside the scope of audit procedures by certified public accountants and audit firm.

\* Comment regarding appropriate usage of earnings forecasts, and other special notes

(Note on forward-looking statements)

The forward-looking statements such as earnings 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 and information on earnings results briefings)

The Company will hold a results briefing for institutional investors and analysts, streaming it live over the internet, on Tuesday, August 11, 2020. A document to be used in the briefing will be posted on the website.

○Table of Contents of Attached Material

1. Qualitative Information on Operating Results, etc. for the Six Months Ended June 30, 2020.....	4
(1) Qualitative information on financial results.....	4
(2) Qualitative information on financial position .....	4
(3) Qualitative Information on consolidated earnings forecasts .....	5
2. Summary Consolidated Financial Statements and Major Notes .....	6
(1) Summary consolidated statement of financial position.....	6
(2) Summary consolidated statement of income.....	7
(3) Summary consolidated statement of comprehensive income.....	8
(4) Summary consolidated statement of changes in equity.....	9
(5) Summary consolidated statement of cash flow .....	11
(6) Notes regarding the summary consolidated financial statements.....	12
(Notes on going concern assumption).....	12
(Segment information).....	12

## 1. Qualitative Information on Operating Results, etc. for the Six Months Ended June 30, 2020

### (1) Qualitative information on financial results

In the first six months of the fiscal year under review (January 1, 2020 through June 30, 2020), the Japanese economy was very severe, with corporate activities and consumption trends rapidly stagnating due to the declaration of a state of emergency because of the COVID-19 coronavirus pandemic. Although it was expected that the economy would move toward recovery alongside a gradual rise in social and economic activities, the future of the pandemic in Japan and abroad still remains unpredictable.

In these circumstances, in the information service segment, in which the Company operates, initiatives for digital transformation (DX) to realize new workstyles have accelerated and demand increased for investments facilitating the transfer of operations to the internet, including teleworking. Meanwhile, there were signs of caution being taken regarding new investments outside the DX area against the backdrop of uncertain business sentiment.

Based on the spirit of “gratitude and happiness,” part of the Group’s corporate philosophy, we have been engaged in such activities that contribute to customers’ ability to create business as well as supporting their business continuity. Based on the recognition that we provide essential core systems for our customers, we believe that it’s our social responsibility to provide customers with services and support the same as we would in normal times and responded to customers in line with the changing environment, including the facilitation of transitions to internet operations. Meanwhile, as a considerable number of customers were not accustomed to online negotiations, a period through closing prolonged the overall negotiations including a continuous use of software. Consequently, many negotiations that were scheduled for the second quarter slid into the third quarter and onward, resulting in the number of completed deals being less than projected.

As a result, in the first six months of the fiscal year under review (January 1, 2020 through June 30, 2020), the Company posted revenue of 10,232 million yen (down 7.6% year on year), operating profit of 1,628 million yen (down 21.7% year on year), profit before tax of 1,614 million yen (down 22.2% year on year), and profit attributable to owners of parent of 1,066 million yen (down 21.7% 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.

(Unit: Millions of yen)

Classification	1st Half, FY2019 (From Jan. 1 to Jun. 30, 2019)	1st Half, FY2020 (From Jan. 1 to Jun. 30, 2020)	Year-on-year rate of change
Platforms	4,948	4,872	-1.5%
Applications	6,123	5,360	-12.5%
Total	11,072	10,232	-7.6%

### (2) Qualitative information on financial position

#### (i) Analysis of financial position

##### (Assets)

Assets at the end of the first half of the consolidated fiscal year under review increased 402 million yen from the end of the previous consolidated fiscal year, to 32,091 million yen. Current assets fell 53 million yen, to 7,934 million yen, and non-current assets increased 455 million yen, to 24,157 million yen. The main factor contributing to the increase in non-current assets was 728 million yen additional intangible assets.

##### (Liabilities)

Liabilities at the end of the first half of the consolidated fiscal year under review declined 135 million yen from the end of the previous consolidated fiscal year, to 8,334 million yen. Current liabilities fell 69 million yen, to 7,031 million yen, and non-current liabilities decreased by 66 million yen, to 1,303 million yen. The main factor for the reduction of current liabilities was a decrease in operating and other liabilities of 466 million yen, decreases in contract liabilities of 219 million yen and in other current liabilities of 256 million yen, despite an increase in short-term interest-bearing debt of 987 million yen. The main factor for the fall in non-current liabilities was a decrease in long-term interest-bearing debt of 66 million yen.

##### (Equity)

Equity at the end of the first half of the consolidated fiscal year under review increased 537 million yen from the end of the previous consolidated fiscal year, to 23,757 million yen. The increase was chiefly attributable to an increase in retained earnings of 497 million yen.

(ii) Analysis of cash flows

Cash and cash equivalents (“cash”) at the end of the first half of the consolidated fiscal year under review declined 208 million yen from the end of the previous consolidated fiscal year, to 2,826 million yen.

The following is a description of the situation and major factors of each category of cash flows in the six months ended June 30, 2020.

(Net cash from (used in) operating activities)

Net cash provided by operating activities stood at 1,100 million yen (up 22.5% year on year), mainly reflecting a decrease in operating and other payables of 482 million yen, the payment of 646 million yen of income taxes paid, which partially offset the posting of profit before tax of 1,614 million yen, and depreciation and amortization expenses of 1,029 million yen.

(Net cash from (used in) investing activities)

Net cash used in investing activities came to 1,284 million yen (down 37.0% year on year), mainly due to the acquisition of intangible assets of 1,233 million yen.

(Net cash from (used in) financing activities)

Net cash used in financing activities came to 23 million yen (while 1,324 million yen was used in the same period of the previous year), chiefly attributable to the net increase in short-term loans payable of 1,001 million yen, which offset repayments of lease obligations of 454 million yen and cash dividends paid of 568 million yen.

(3) Qualitative Information on consolidated earnings forecasts

Based on recent performance trends, the consolidated earnings forecasts published on February 14, 2020 were revised. Please refer to the “Notice of Revisions to Consolidated Earnings Forecasts (Full Year)” dated August 7, 2020 for details.

## 2. Summary Consolidated Financial Statements and Major Notes

### (1) Summary consolidated statement of financial position

(Unit: Thousands of Yen)

	FY2019 (As of December 31, 2019)	Q2 FY2020 (As of June 30, 2020)
<b>Assets</b>		
Current assets		
Cash and cash equivalents	3,033,768	2,826,208
Operating and other receivables	4,300,009	4,457,639
Inventories	252,684	210,311
Other current financial assets	5,000	55,000
Other current assets	395,541	384,889
Total current assets	7,987,002	7,934,047
Non-current assets		
Property, plant and equipment	2,026,600	1,907,789
Goodwill	11,802,504	11,802,504
Intangible assets	6,897,109	7,625,601
Investments accounted for using equity method	94,655	77,701
Other non-current financial assets	1,953,076	1,820,308
Other non-current assets	234,224	197,661
Deferred tax assets	693,392	725,255
Total non-current assets	23,701,560	24,156,818
Total assets	31,688,562	32,090,866
<b>Liabilities and Equity</b>		
<b>Liabilities</b>		
Current liabilities		
Operating and other payables	3,613,128	3,146,915
Contract liabilities	1,051,622	832,902
Short-term interest-bearing debt	754,091	1,740,787
Income taxes payable	655,300	559,571
Other current financial liabilities	76,986	58,295
Other current liabilities	948,841	692,517
Total current liabilities	7,099,967	7,030,986
Non-current liabilities		
Long-term interest-bearing debt	933,932	868,242
Net defined benefit liability	185,866	191,218
Non-current provisions	134,834	137,020
Deferred tax liabilities	114,337	106,384
Total non-current liabilities	1,368,970	1,302,864
Total liabilities	8,468,936	8,333,850
<b>Equity</b>		
Capital stock	7,147,905	7,147,905
Share premium	7,199,403	7,215,515
Treasury shares	-3,456,820	-3,404,219
Retained earnings	11,928,868	12,426,185
Other components of equity	397,573	369,873
Total equity attributable to owners of parent	23,216,929	23,755,258
Non-controlling interests	2,697	1,757
Total equity	23,219,626	23,757,015
Total liabilities and equity	31,688,562	32,090,866

## (2) Summary consolidated statement of income

(Unit: Thousands of Yen)

	First Half, FY2019 (From January 1, 2019 to June 30, 2019)	First Half, FY2020 (From January 1, 2020 to June 30, 2020)
Revenue	11,071,558	10,231,942
Cost of sales	-3,065,442	-3,006,341
Gross profit	8,006,116	7,225,601
Selling, general and administrative expenses	-5,948,089	-5,603,115
Other operating income	37,233	10,996
Other operating expense	-15,471	-5,670
Operating profit	2,079,789	1,627,812
Finance income	11,795	41,577
Finance costs	-8,890	-37,916
Equity in loss of affiliates	-7,231	-17,043
Profit before tax	2,075,463	1,614,430
Income tax	-714,188	-549,774
Profit	1,361,274	1,064,656
Profit attributable to:		
Owners of parent	1,361,391	1,065,596
Non-controlling interests	-117	-940
Profit	1,361,274	1,064,656
Earnings per share		
Basic earnings per share (yen)	15.59	12.18
Diluted earnings per share (yen)	15.39	11.98

## (3) Summary consolidated statement of comprehensive income

(Unit: Thousands of Yen)

	First Half, FY2019 (From January 1, 2019 to June 30, 2019)	First Half, FY2020 (From January 1, 2020 to June 30, 2020)
Profit	1,361,274	1,064,656
Other comprehensive income		
Components 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	-43,714	-96,909
Total components that will not be reclassified to profit or loss	-43,714	-96,909
Components that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	825	-572
Share of other comprehensive income of associates accounted for using equity method	2,108	-286
Total components that may be reclassified to profit or loss	2,933	-858
Total other comprehensive income, net of tax	-40,781	-97,767
Comprehensive income	1,320,493	966,889
Comprehensive income attributable to:		
Owners of parent	1,320,610	967,829
Non-controlling interests	-117	-940
Profit	1,320,493	966,889



(4) Summary consolidated statement of changes in equity  
 First Half, FY2019 (From January 1, 2019 to June 30, 2019)

(Unit: 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, 2019	7,147,905	7,180,906	-3,500,454	9,758,944	363,850	—
Changes in accounting policies	—	—	—	38,969	—	—
Beginning balance after adjustment	7,147,905	7,180,906	-3,500,454	9,797,913	363,850	—
Profit	—	—	—	1,361,391	—	—
Other comprehensive income	—	—	—	—	—	—
Total comprehensive income	—	—	—	1,361,391	—	—
Acquisition of subsidiaries	—	—	—	—	—	—
Disposal of treasury shares	—	-1,936	6,174	—	-5,610	—
Dividends	—	—	—	-567,505	—	—
Share-based payment transactions	—	22,018	35,993	—	86,955	-42,000
Reclassification from other components of equity to retained earnings	—	—	—	171,121	—	—
Total transactions with owners	—	20,082	42,167	-396,384	81,345	-42,000
Balance as of June 30, 2019	7,147,905	7,200,988	-3,458,288	10,762,920	445,196	-42,000

	Equity attributable to owners of parent				Non-controlling interests	Total equity
	Other components of equity			Total		
	Exchange differences on translation of 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, 2019	-49,109	131,383	446,124	21,033,424	—	21,033,424
Changes in accounting policies	—	—	—	38,969	—	38,969
Beginning balance after adjustment	-49,109	131,383	446,124	21,072,393	—	21,072,393
Profit	—	—	—	1,361,391	-117	1,361,274
Other comprehensive income	2,933	-43,714	-40,781	-40,781	—	-40,781
Total comprehensive income	2,933	-43,714	-40,781	1,320,610	-117	1,320,493
Acquisition of subsidiaries	—	—	—	—	2,949	2,949
Disposal of treasury shares	—	—	-5,610	-1,372	—	-1,372
Dividends	—	—	—	-567,505	—	-567,505
Share-based payment transactions	—	—	44,956	102,967	—	102,967
Reclassification from other components of equity to retained earnings	—	-171,121	-171,121	—	—	—
Total transactions with owners	—	-171,121	-131,775	-465,911	2,949	-462,962
Balance as of June 30, 2019	-46,176	-83,452	273,567	21,927,092	2,832	21,929,925

First Half, FY2020 (From January 1, 2020 to June 30, 2020)

(Unit: 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	—	—	—	1,065,596	—	—
Other comprehensive income	—	—	—	—	—	—
Total comprehensive income	—	—	—	1,065,596	—	—
Disposal of treasury shares	—	1,969	10,744	—	-15,372	—
Dividends	—	—	—	-568,279	—	—
Share-based payment transactions	—	14,142	41,857	—	113,439	-28,000
Total transactions with owners	—	16,112	52,601	-568,279	98,068	-28,000
Balance as of June 30, 2020	7,147,905	7,215,515	-3,404,219	12,426,185	635,812	-42,000

(Unit: Thousands of Yen)

	Equity attributable to owners of parent				Non-controlling interests	Total equity
	Other components of equity			Total		
	Exchange differences on translation of 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	—	—	—	1,065,596	-940	1,064,656
Other comprehensive income	-858	-96,909	-97,767	-97,767	—	-97,767
Total comprehensive income	-858	-96,909	-97,767	967,829	-940	966,889
Disposal of treasury shares	—	—	-15,372	-2,659	—	-2,659
Dividends	—	—	—	-568,279	—	-568,279
Share-based payment transactions	—	—	85,439	141,439	—	141,439
Total transactions with owners	—	—	70,068	-429,499	—	-429,499
Balance as of June 30, 2020	-45,127	-178,812	369,873	23,755,258	1,757	23,757,015

## (5) Summary consolidated statement of cash flow

(Unit: Thousands of Yen)

	First Half, FY2019 (From January 1, 2019 to June 30, 2019)	First Half, FY2020 (From January 1, 2020 to June 30, 2020)
Cash flows from operating activities		
Profit before tax	2,075,463	1,614,430
Depreciation and amortization expense	908,498	1,029,260
Share-based payment expenses	95,345	141,439
Finance costs (income)	-2,905	-3,661
Equity in loss (earnings) of affiliates	7,231	17,043
Decrease (increase) in operating and other receivables	-740,341	-171,524
Decrease (increase) in inventories	81,804	42,201
Increase (decrease) in operating and other payables	91,773	-482,463
Decrease (increase) in prepaid expenses	-19,965	10,440
Decrease (increase) in long-term prepaid expenses	4,108	26,529
Increase (decrease) in accrued expenses	-168,023	-122,380
Increase (decrease) in employees' bonuses payable	-133,747	-199,628
Increase (decrease) in contract liabilities	-271,733	-218,720
Increase (decrease) in consumption taxes payable	-73,775	65,538
Other, net	36,418	-3,457
Subtotal	1,890,150	1,745,048
Interest received	70	3,891
Dividends received	1,646	1,839
Interest expenses paid	-3,163	-5,068
Income taxes refunded (paid)	-990,259	-645,503
Cash flows provided by (used in) operating activities	898,443	1,100,207
Cash flows from investing activities		
Acquisition of property, plant, and equipment	-28,807	-12,579
Acquisition of intangible assets	-1,652,392	-1,233,383
Acquisition of investments	-1,048,346	—
Proceeds from sales of investments	745,500	—
Purchase of investments in subsidiaries resulting in change in scope of consolidation	-64,215	—
Loan advances	-1,000	-51,100
Collection of loans receivable	644	771
Payments for lease and guarantee deposits	-15,717	-1,097
Proceeds from collection of lease and guarantee deposits	4,754	1,706
Other, net	20,800	11,406
Cash flows provided by (used in) investing activities	-2,038,779	-1,284,277
Cash flows from financing activities		
Increase (decrease) in short-term loans payable	—	1,001,000
Repayments of long-term loans payable	-316,000	—
Repayments of lease obligations	-441,140	-454,185
Cash dividends paid	-567,505	-568,279
Proceeds from sales of treasury shares	4,238	1,500
Commitment line related expenses	-3,247	-3,231
Cash flows provided by (used in) financing activities	-1,323,653	-23,195
Impact of exchange fluctuations for cash and cash equivalents	-9,992	-294
Net increase (decrease) in cash and cash equivalents	-2,473,981	-207,560
Cash and cash equivalents at beginning of period	5,626,723	3,033,768
Balance of cash and cash equivalents at the end of the first half	3,152,742	2,826,208

(6) Notes regarding the summary consolidated financial statements

(Notes on going concern assumption)

Not applicable.

(Segment information)

Since the Group has only a single business segment (IT services), the statement is omitted.