

2 Mid-term Management Policy



Basic Policy

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

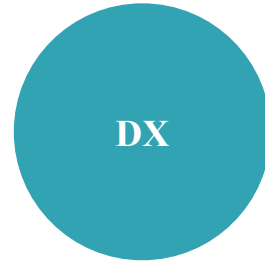


Approach

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



Growth opportunities



Online/ remote/
digital administration



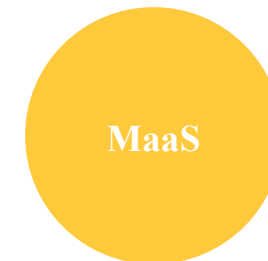
Increase in IT investment
by companies



New statutory safety inspection
system and maintenance techniques



Sophistication and digitalization of
auto maintenance



Entries of a variety of players



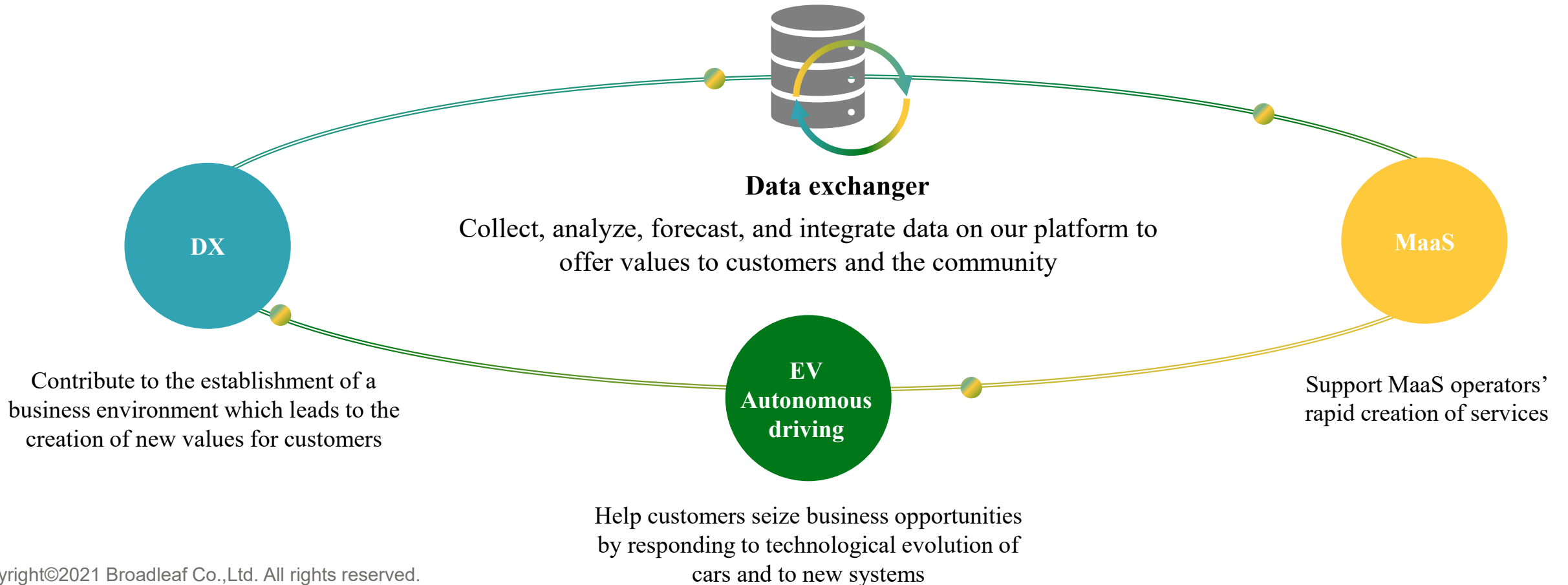
Increased demand for
service infrastructure



**Theme for
2021-23**

"Two DX"

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



Priority measures



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 to 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 to 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

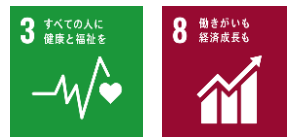
Customers will be able to trade auto repair parts and a variety of products in an integrated manner, which will lead to improved management efficiency

MaaS operators will be able to quickly start their business by using services of our business partners (3rd parties)

Effects to society



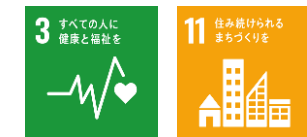
By responding to EV/PHV, we will support the spread of eco-friendly vehicles



By encouraging penetration of the new work style, we will support improvements in labor productivity



By establishing a framework for smooth transactions of recycled products, we will support the efficient use of natural resources



We will improve the convenience of daily life, eliminate the mobility gap, and support the reduction of environmental impact

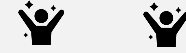
Chapter 2

Relationship of Priority Measures

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

Consumer

Mobility Service Users/Car Owners



User company
(Servicer)



Maintenance



Retail/Wholesale



Delivery/Transportation



Sharing



Transportation

Application
layer

Measure 1

Introduction of new cloud-based model to the market



Business software
(.c Series)

Measure 3

EDI extension and opening of the ordering platform



Ordering platform

Broadleaf branded service

Measure 2

Strengthening of DX Solutions

Google Cloud



Groupware
(Google Workspace *)

Company X



...

Measure 4

Deployment of the MaaS platform

Zenmov Inc.



Operation control
platform

Company Y



...

3rd party service

API

Infrastructure
layer

IT infrastructure

Data

Common functions

EDI
(Enhanced gateway)

* Google Workspace is currently in preparation

Broadleaf Cloud Platform

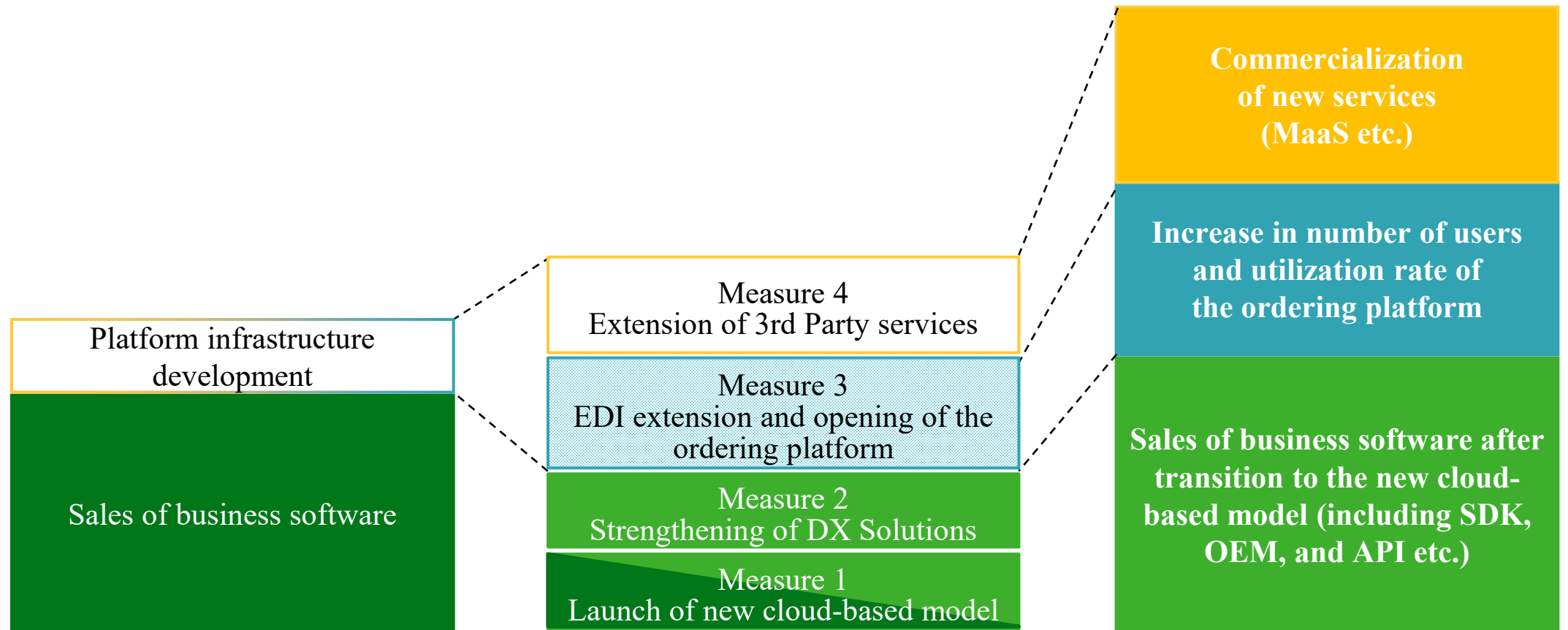
In 2021-23, profits will decline temporarily due to introduction of new cloud-based model to the market (Measure 1)

At the same time, we will strengthen DX solutions (Measure 2) and continue efforts to achieve high growth (Measures 3 and 4)

**~2020 Structural Reform Period
(Development of Growth Base)**

**2021- Transition Period
(Shift to stock-type sales)**

**High-growth period
(Full stock-type sales/3-layer structure)**

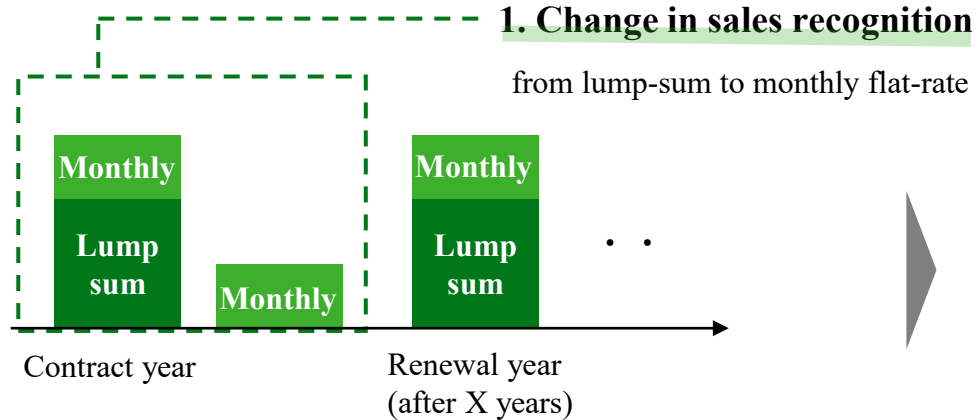


In the new model of software, not only will the functions and UI be improved, but the sales model itself will change significantly.

Image of changes in software sales per customer

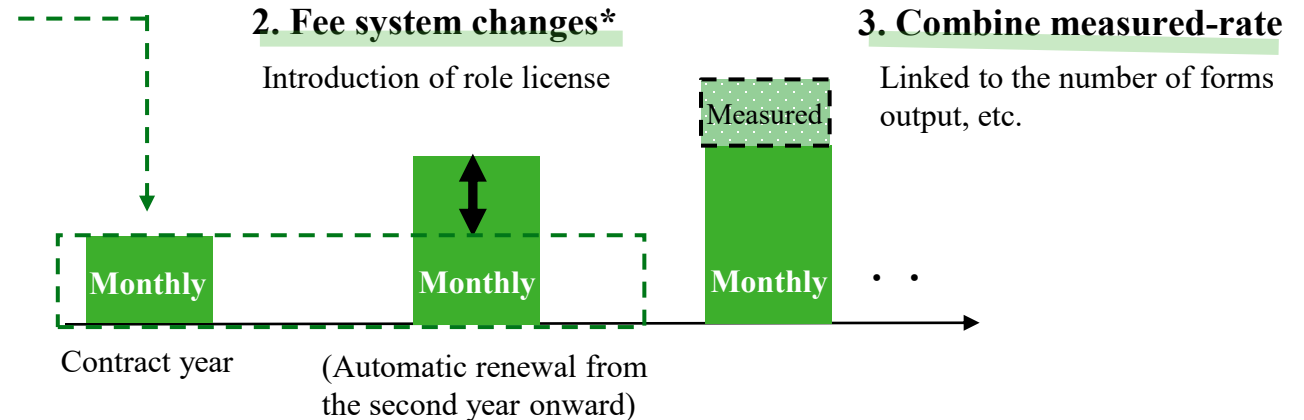
Current model ".NS Series"

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



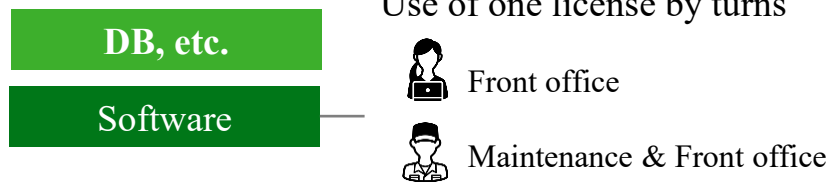
New cloud-based model ".c Series"

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

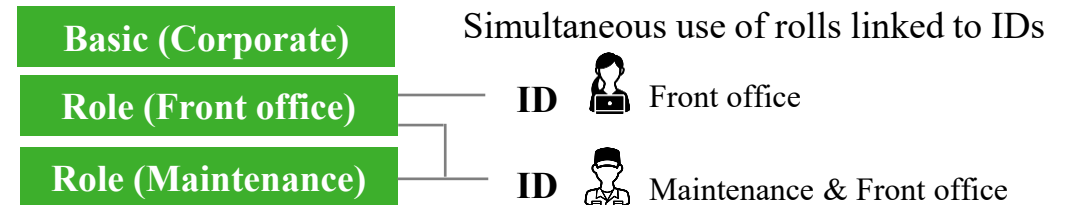


*Fee system

Software license + DB, etc.



Basic license + Role license × IDs



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

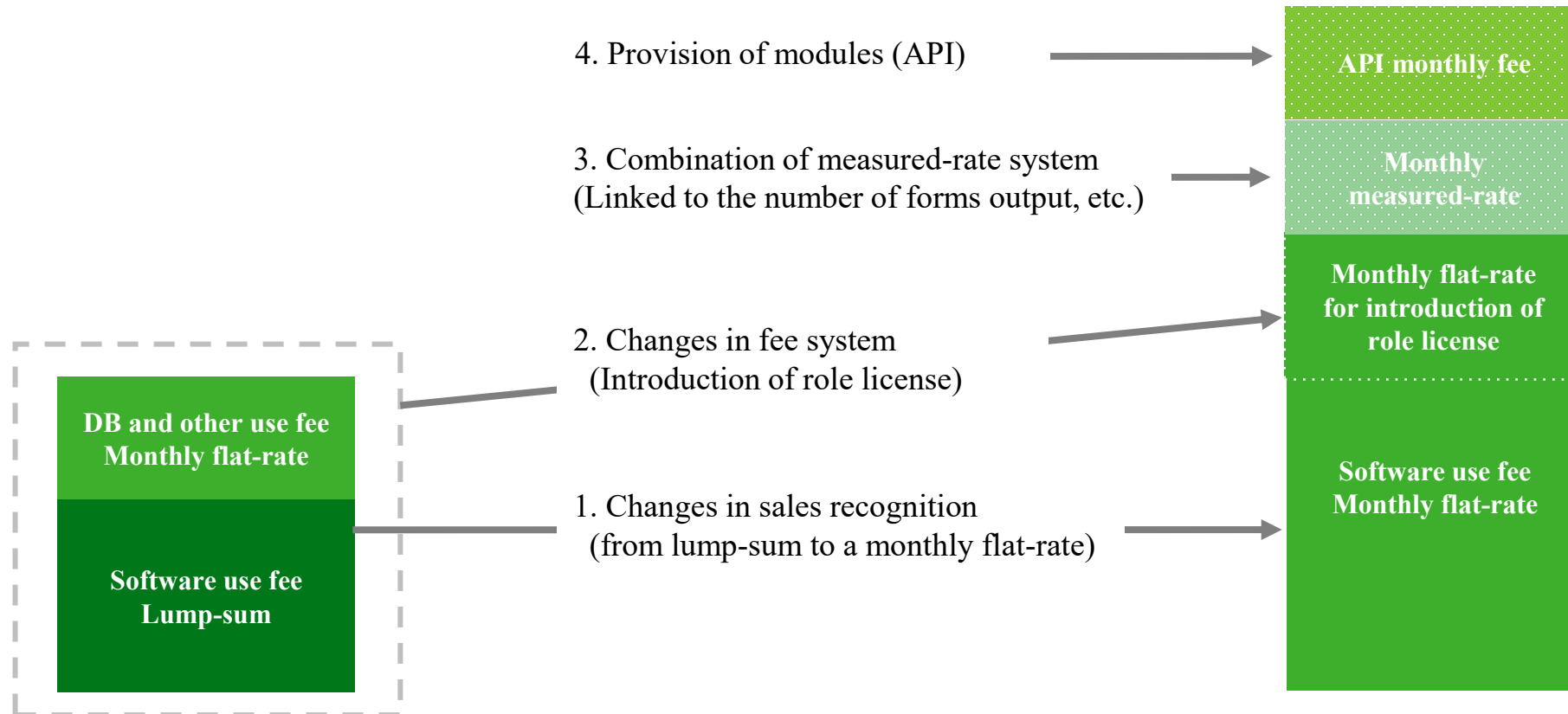
		Segment expansion measures		Transition schedule						
		Current model	New cloud-based model	FY2021		FY2022		FY2023		
			Products	Sales Channels	1H	2H	1H	2H	1H	2H
Certain major users	Provide package Customization is limited	Provide module (API) Ad-on development by 3 rd party (provide SDK)	• In-house • 3 rd party	Deployment						
SS/Non-users*	Not applicable for non-users	Provide limited functions editions that match with the scale of operations	• Web • 3 rd 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.

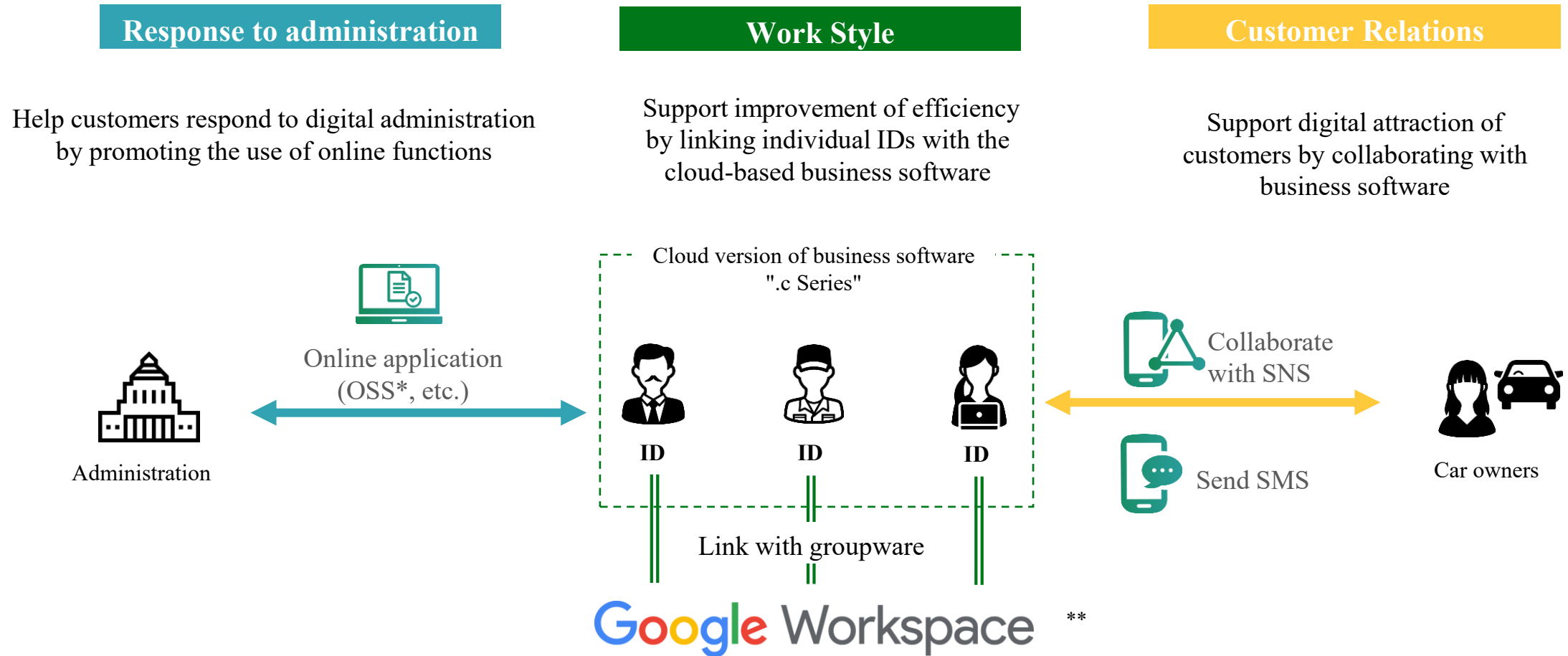
In the new cloud-based model, ".c Series," sales recognition not only change to monthly system, but also change to a sales model that combines introduction of role licenses, a new measured-rate system, and provision of modules.

Current model ".NS Series"

New cloud-based model ".c Series"



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

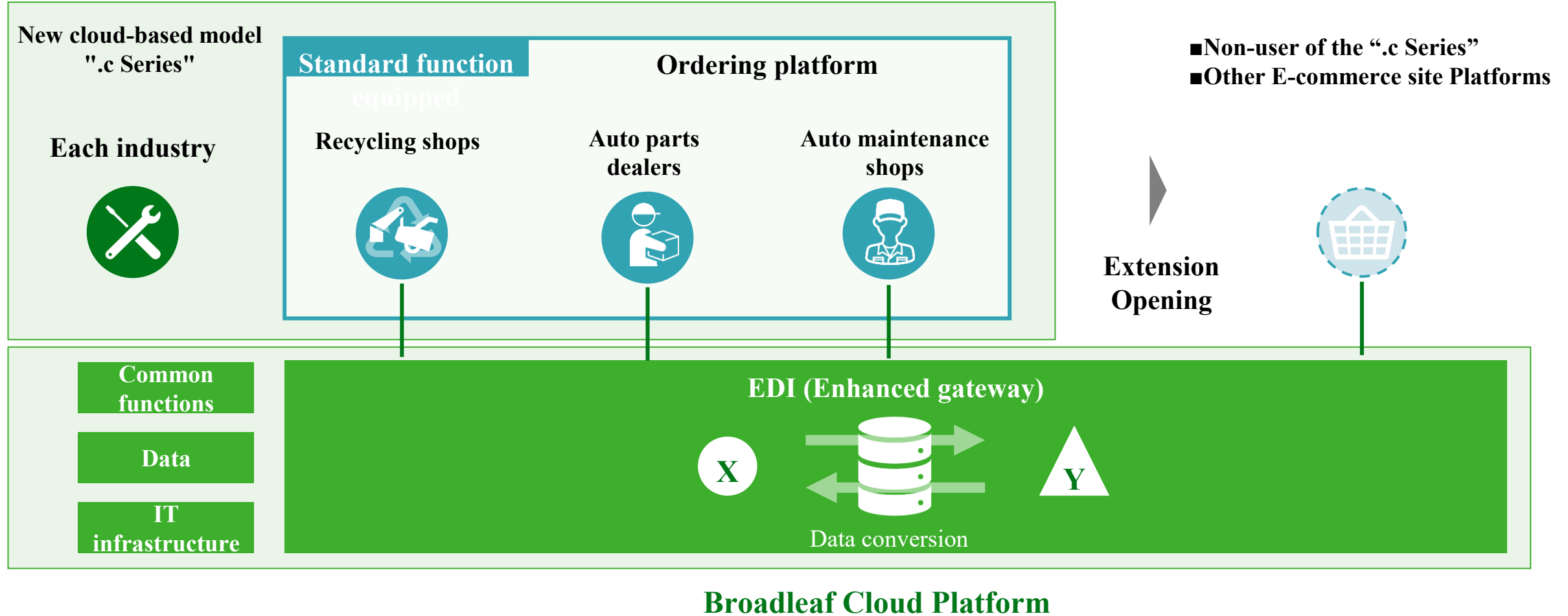


*OSS (one-stop service)

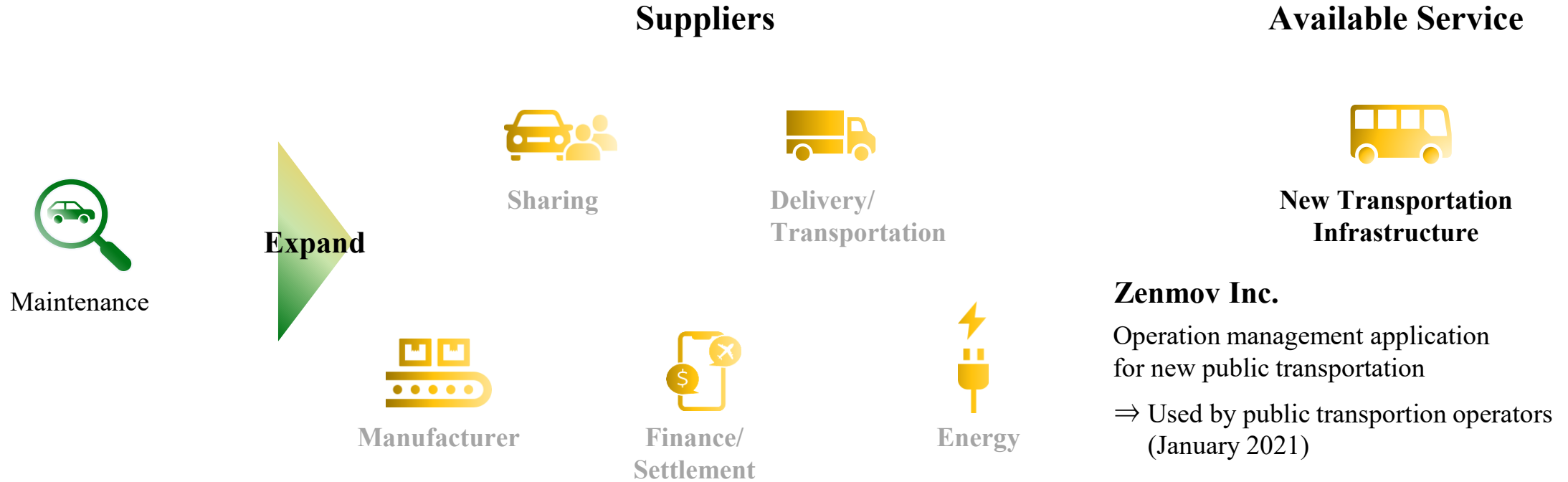
A service that can file applications online for payment of administrative procedures for car ownership, automobile tax, inspection registration fees, etc.

** Google Workspace is currently in preparation

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.



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



**Maintenance
Data and know-how**

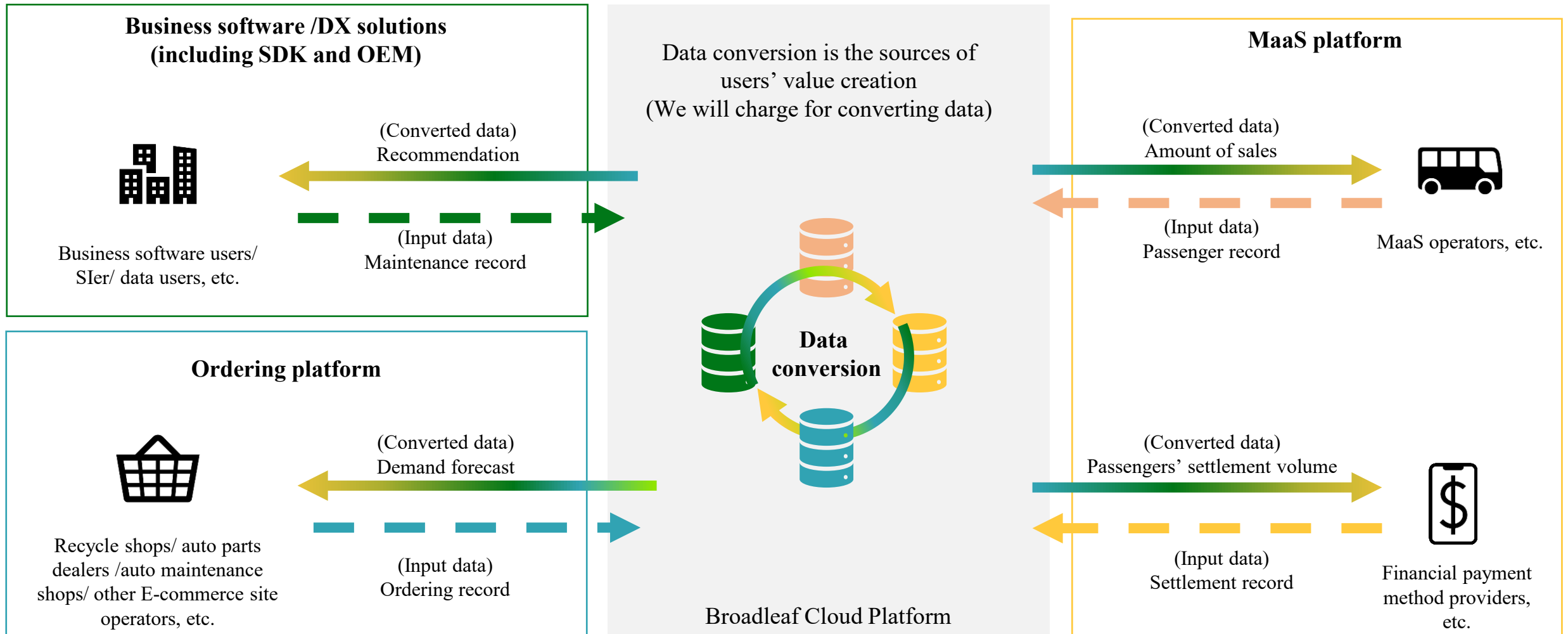


IT Infrastructure/Settlement/AI/Blockchain etc.

System-wide operational base, DB foundation, Cashless payment infrastructure, Periodic vehicle inspection/maintenance service

Broadleaf Cloud Platform

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



Disclaimer

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

Broadleaf Co., Ltd

Investor Relations Department

E-mail: bl-ir@broadleaf.co.jp