



FY12/2023
Business Results Briefing Material

February 9, 2024

Broadleaf Co., Ltd

Table of Contents

Summary	P2
Business Results for the FY12/2023	P4
Results Forecasts for FY12/2024	P10
Progress of Medium-Term Management Plan (2022-28)	P15
Supplemental Information	P26

Summary

After the scheduled deficit period of 2022-2023, the Company will move to the stage of profit accumulation starting in 2024.

FY12/2023		FY12/2024		FY12/2025-	
Increase in revenue, decrease in loss		Acceleration of revenue growth, return to profitability		Continued revenue growth, profit growth	
	Result		Forecast		Plan
Revenue	YoY change +11%	Revenue	YoY change +14%	Revenue	CAGR (2025-28) +17%
Operating loss	Improved by a billion yen year-on-year	Operating profit	Return to profitability	Operating profit	CAGR (2025-28) +105%
Reason		Reason		Reason	
The number of clients of monthly subscription products has increased which led to the increase in recurring revenue.		The number of clients of monthly subscription products will further increase, leading to the growth of recurring revenue.		Since there are still clients scheduled to switch to monthly subscription products, recurring revenue is expected to continue growing.	

Summary	P2
Business Results for the FY12/2023	P4
Results Forecasts for FY12/2024	P10
Progress of Medium-Term Management Plan (2022-28)	P15
Supplemental Information	P26

Overview of Consolidated Financial Results for FY12/2023

The Company recorded double-digit revenue growth against the backdrop of a favorable business environment, and the loss decreased due to improved operational efficiency. Both revenue and loss were better than the forecasts.

(Millions of yen)	FY2023	FY2022	YoY change	YoY ratio	FY2023 forecast (November 9)	Difference
Revenue	15,385	13,833	+1,552	+11.2%	15,300	+85
Cost of sales	6,045	5,346	+699	+13.1%	6,100	-55
Gross profit	9,340	8,487	+853	+10.1%	9,200	+140
SG&A expenses, etc.	11,242	11,384	-142	-1.2%	11,400	-158
Operating profit*	-1,902	-2,897	+995	-	-2,200	+298
Profit before tax*	-1,921	-3,005	+1,084	-	-2,300	+379
Profit attributable to owners of the parent*	-1,487	-2,431	+944	-	-1,900	+413
Basic earnings per share*	-16.76 yen	-27.54 yen	-	-	-21.42 yen	-

*Minus (-) represents loss

Sales by Service Category

Sales of “Software service,” which the Company has been focusing on, increased by 134% year-on-year. The increasing number of monthly subscription users led to the increase in recurring revenue and ratio.

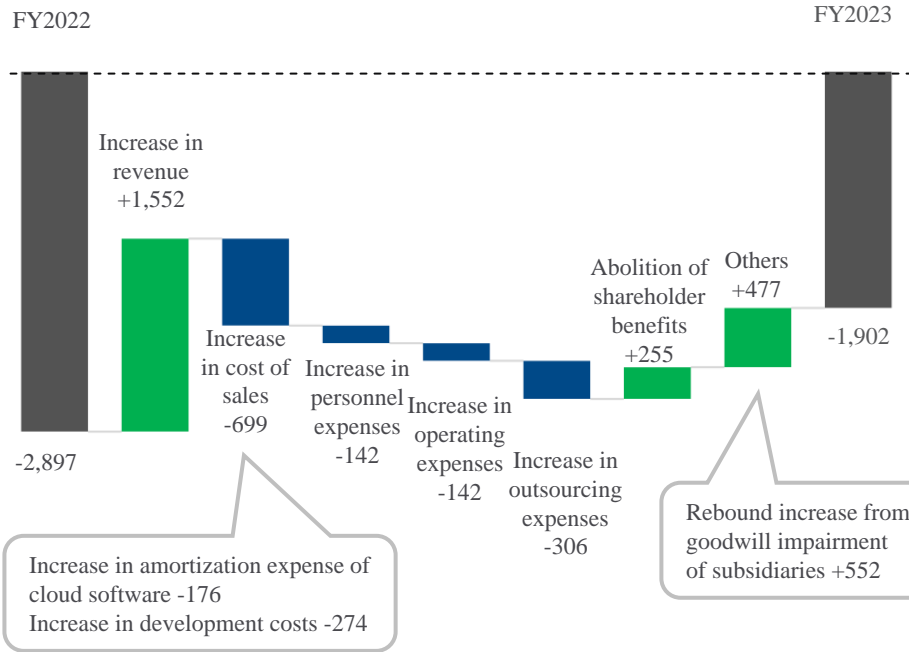
(Millions of yen)	FY2023	FY2022	YoY change	YoY ratio	FY2023 forecast (November 9)	Difference
Cloud service	5,236	2,628	+2,608	+99.2%	5,300	-64
Software service	4,587	1,958	+2,629	+134.3%	4,650	-63
Marketplace	649	670	-21	-3.2%	650	-1
Packaged system	10,149	11,205	-1,056	-9.4%	10,000	+149
Software sales	2,983	3,539	-555	-15.7%	3,000	-17
Operation and support service	7,166	7,666	-500	-6.5%	7,000	+166
Total	15,385	13,833	+1,552	+11.2%	15,300	+85
Recurring revenue	12,401	10,294	+2,107	+20.5%	12,300	+101
Recurring revenue ratio	81%	74%	-	-	80%	-

Factors behind Changes in Operating Loss

Increase in revenue absorbed upfront investment costs related to software development and strengthening of the infrastructure for providing services, etc.

Operating loss

(Millions of yen)



Cost of sales

- Amortization expenses increased due to expansion of functions of cloud software, etc.
- Development costs for expanding the menu of cloud services and strengthening IT infrastructure increased.

SG&A expenses, etc.

- Travel expenses, social expenses, and other operating expenses increased due to active sales activities and sales promotions.
- Outsourcing expenses for strengthening back-office functions increased.

Balance Sheet Status

**Intangible assets increased since the Company is in the initial investment phase of cloud service development.
Contract liabilities increased due to the increase in multi-year contracts for monthly subscription products.**

(Millions of yen)	FY2023 Year-end	FY2022 Year-end	YoY change	Major breakdown of increase/decrease
Current assets	7,053	6,555	+498	Cash and cash equivalents +463 Operating and other receivables +109
Non-current assets	29,696	26,980	+2,716	Intangible assets +2,297 Property, plant and equipment +449
Total assets	36,750	33,535	+3,214	
Current liabilities	11,079	6,583	+4,496	Contract liabilities +2,244 Short-term interest-bearing debts +2,206
Non-current liabilities	3,184	3,291	-107	Long-term interest-bearing debts -105
Total liabilities	14,263	9,873	+4,390	
Total equity	22,487	23,662	-1,176	Loss -1,525 Dividend payout -88
Total liabilities and equity	36,750	33,535	+3,214	

Cash Flows Status

**Operating cash flow increased due to an increase in the ratio of multi-year contracts for monthly subscription products.
Investing cash flow increased due to stepped-up investment in cloud services development.**

(Millions of yen)	FY2023	FY2022	YoY change	Major breakdown of increase/decrease
Cash flow from operating activities	3,425	1,606	+1,819	Increase in operating and other receivables -1,911 Increase in operating and other payables +1,026 Increase in contract liabilities +1,672
Cash flow from investment activities	-3,669	-2,910	-759	Increase in payments for acquisition of intangible assets -1,065
Cash flow from financing activities	705	1,237	-532	Increase in short-term debts +2,639 Proceeds from long-term debts -3,000 Repayment of long-term debts -446
Free cash flow	-244	-1,304	+1,060	
Cash and cash equivalents at the end of the period	3,920	3,457	+463	

Summary	P2
Business Results for FY12/2023	P4
Results Forecasts for FY12/2024	P10
Progress of Medium-Term Management Plan (2022-28)	P15
Supplemental Information	P26

Consolidated Results Forecast for FY12/2024

Revenue will increase by 14% year-on-year due to further increase in the number of users of monthly subscription products. Operating loss is expected to improve by 1,952 million yen year-on-year, and return to profitability.

(Millions of yen)	FY2024 Full-year forecast	FY2023 Full-year	YoY ratio	FY2024 1H forecast	FY2023 1H	YoY ratio
Revenue	17,600	15,385	+14.4%	8,000	7,390	+8.3%
Cost of sales	6,050	6,045	+0.1%	3,000	2,985	+0.5%
Gross profit	11,550	9,340	+23.7%	5,000	4,405	+13.5%
SG&A expenses, etc.	11,500	11,242	+2.3%	5,750	5,516	+4.2%
Operating profit *	50	-1,902	-	-750	-1,111	-
Profit before tax *	50	-1,921	-	-750	-1,102	-
Profit attributable to owners of the parent *	40	-1,487	-	-600	-826	-
Basic earnings per share*	0.45 yen	-16.76 yen	-	-6.74 yen	-9.33 yen	-

*Minus (-) represents loss

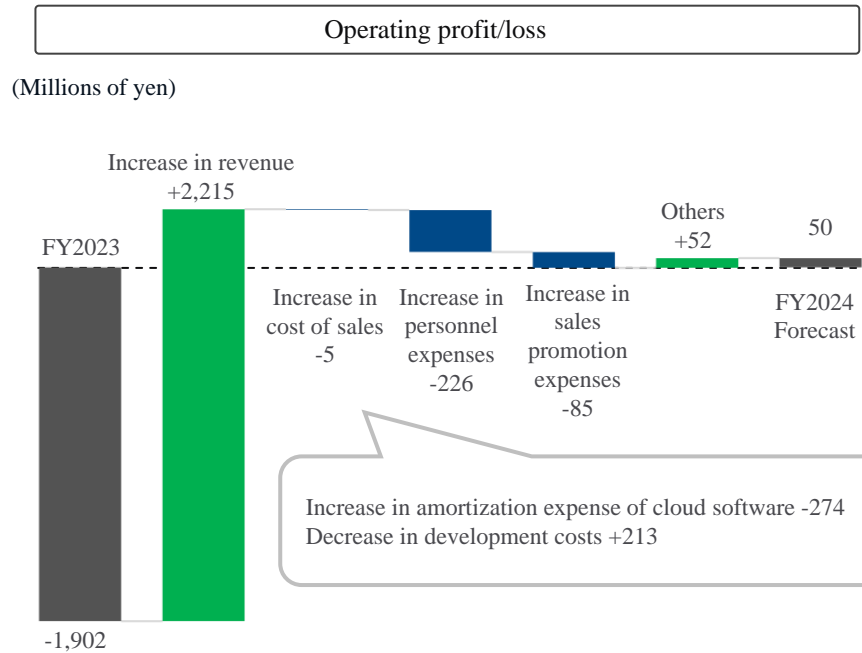
Sales Forecast by Service Category

Accelerating revenue growth is expected to be driven by “Software service” sales, with recurring revenue growth expected to outpace the growth in 2023.

(Millions of yen)	FY2024 Full-year forecast	FY2023 Full-year	YoY ratio	FY2024 1H forecast	FY2023 1H	YoY ratio
Cloud service	8,600	5,236	+64.3%	3,600	2,141	+68.1%
Software service	7,950	4,587	+73.3%	3,300	1,824	+81.0%
Marketplace	650	649	+0.2%	300	318	-5.6%
Packaged system	9,000	10,149	-11.3%	4,400	5,248	-16.2%
Software sales	2,800	2,983	-6.1%	1,200	1,546	-22.4%
Operation and support service	6,200	7,166	-13.5%	3,200	3,702	-13.6%
Total	17,600	15,385	+14.4%	8,000	7,390	+8.3%
Recurring revenue	14,800	12,401	+19.3%	6,800	5,844	+16.4%
Recurring revenue ratio	84%	81%	-	85%	79%	-

Breakdown of Changes in Operating Profit Forecast

Higher revenue is expected to absorb the increase in personnel expenses and sales promotion expenses.



Cost of sales

- Amortization expenses is expected to increase due to expansion of functions of cloud software, etc.
- Development costs is expected to peak out since the majority of the initial development has been completed

SG&A expenses, etc.

- Personnel expenses are expected to increase due to active hiring of high-performing personnel and strengthening of recruitment and training.
- Sales promotion expenses are expected to increase since the Company plans to strengthen advertising and sales promotion at the timing of product releases.

Dividend Forecast

**Regarding dividend for FY12/2023, the Company plans to pay 1 yen as planned.
Dividends for FY12/2024 are currently undetermined.**

Dividend per share

(Yen)	FY2024 (Forecast)	FY2023 (Planned amount at the end of the fiscal year)
Interim dividend	Undecided	0.00 yen
Year-end dividend	Undecided	1.00 yen
Annual dividend	Undecided	1.00 yen
Consolidated dividend payout ratio	-	-

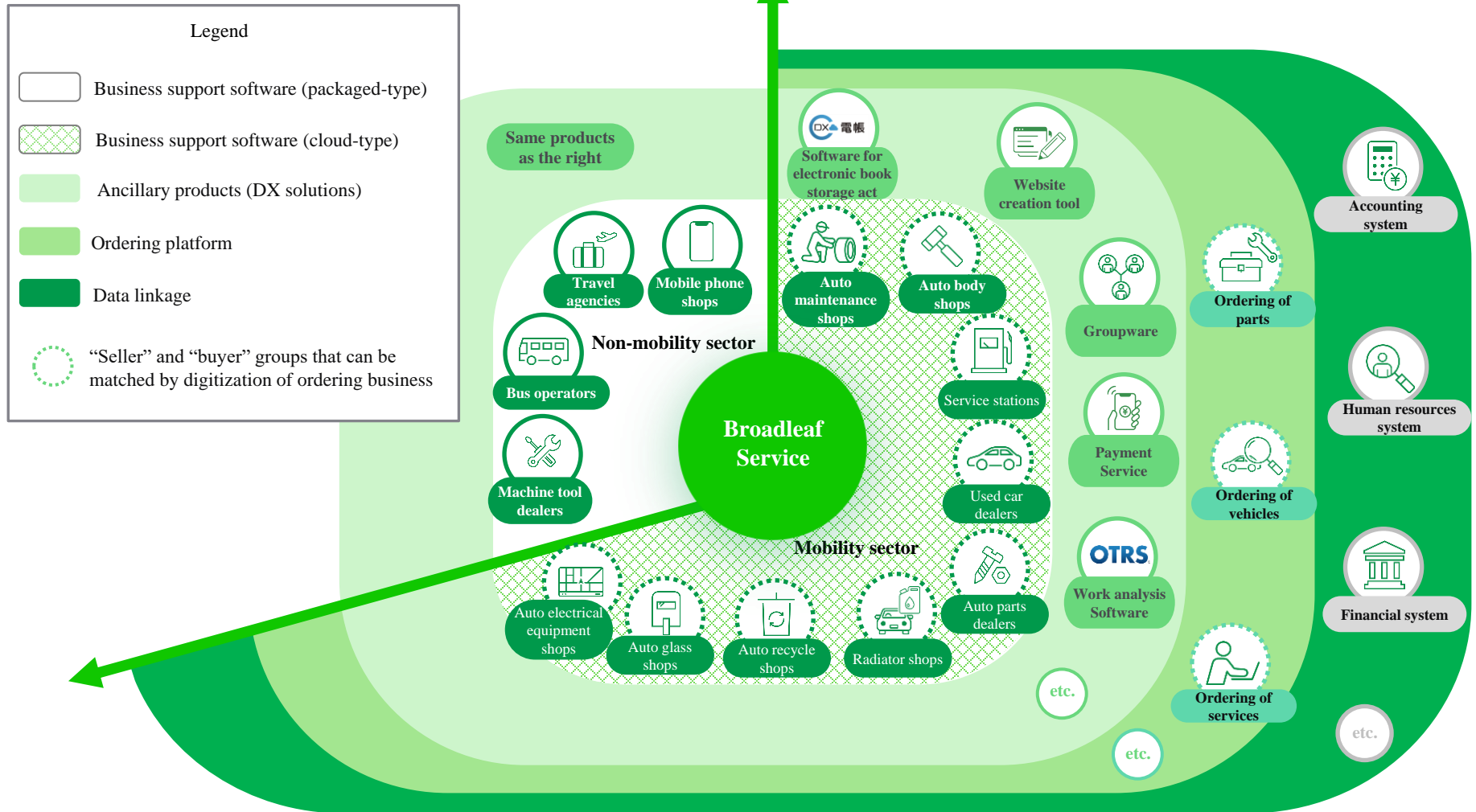
Explanation

- Although loss was recorded in FY12/2023, the Company plans to pay a dividend based on the status of retained earnings and progress of the medium-term management plan.
- Taking into account the progress of the Medium-Term Management Plan , the Company will consider the implementation of dividend for FY12/2024.
- In the medium to long term, the Company aims to implement shareholder returns that achieve both profit growth and improved capital efficiency.

Summary	P2
Business Results for the FY12/2023	P4
Results Forecasts for FY12/2024	P10
Progress of Medium-Term Management Plan (2022-28)	P15
Supplemental Information	P26

Service Area

The Company's cloud software can conduct total management of data transactions by connecting with other systems.



Service Scalability

Service linkage is an important factor that leads to the expansion of usage-based fee and the accumulation of valuable data.



Recipient		Industries that cloud business support software are provided or planned to be provided							Industries provided with packaged business support software			Others		
		Auto maintenance shops	Auto body shops	Used car dealers	Auto parts dealers	Auto recycle shops	Auto glass shops	Electrical equipment and radiator shops	Mobile phone shop	Machine tool dealers	Travel agencies and bus operators	Finance company	System company	Others
The Company's service	Open EDI	1	2	2	1	2	2	2		3				3
	EC	2	2	2	1	1	2	2						
Other services (secondary products, etc.)	Software for the Electronic Book Storage Act	2	2	2	2	2	2	2	3	3	3			3
	Website creation tool	1	1	3	3	3	1	3						
	Work analysis software	3	3	3	3	3	3	3	3	3	3			1
	Settlement agency	2	2	2	1	1	2	2	3	3	3			
	Data analysis	3	3	3	3	3	3	3				3	3	3
	Employee benefits	1	1	1	1	1	1	1	1	1	1			
AI function	Operational assistance	2	2	2	2	2	2	2						
	Generative AI	2	2	2	2	2	2	2					3	
	Fraud detection	2	2	2								3	3	2
Data linkage (Financial)	Loan	2	2	2								2		
	Insurance	3	3	3								3		
IT infrastructures	Operating environment											2	2	2
	Development environment												2	

Expansion

1 Conventional service range + 2 New service range expanded by cloud transition + 3 Range where services can be further expanded

Review of 2022-2023

The number of cloud software users has been steadily increasing, and sales of cloud software were in line with the plan. In terms of financial results, both revenue and loss exceeded the plan for the second consecutive year.

	Cloud software	Business results
	Cloud software sales were in line with plan	Revenue and loss exceeded the plan for the second consecutive year
Highlights	<ul style="list-style-type: none"> Strong acquisition of new clients Reason → A pricing structure that is easier to adopt Strong average monthly sales Reason → Adoption of paid options is strong 	<ul style="list-style-type: none"> Sales of packaged software for non-mobility sector exceeded the plan Reason → Recovery from the COVID-19 pandemic
Lowlights	<ul style="list-style-type: none"> Transition of existing clients is partially delayed. Auto maintenance shops, auto body shops Trends within the scope of the plan Auto recycle shops, auto glass shops The pace of transition is delayed due to requests for additional functions 	<ul style="list-style-type: none"> Sales of the software compliant with the Electronic Book Storage Act, an ancillary product, fell short of the plan Reason → There is a gap in the perception of system revisions, so some clients are showing a cautious stance toward adoption of the service.

Future Outlook

The Company strategically review plans for cloud transition in consideration of client needs and the situation of some products. We expect to achieve record-high financial results in 2026 even after the performance plan is updated.

Strategic change

Reviewed plans for cloud transition to leverage opportunities for medium-to long-term increase in LTV

Reason

1. To take full advantage of the timing of switching to cloud software

Transition to cloud software

- + Reflect client needs and realize linkage with other systems
- + Proposals for optional functions and ancillary products

⇒ Additional sales resources will be required,
but it will lead to increased data-transactions in the future and higher LTV over the medium to long term

2. Due to the slow transition to cloud software for auto recycle shops and auto glass shops

⇒ No changes to the plan to complete the transition to cloud software by 2028

Impact

1. Updated sales plan for “Software service” (up to FY2026) & Updated outlook for cloud indicators

Reason

Due to revision of cloud software transition plan

2. Updated sales plan for "Marketplace" (up to FY2026)

Reason

Due to the revision of cloud software transition plan for sellers (auto parts dealers and auto recycle shops)

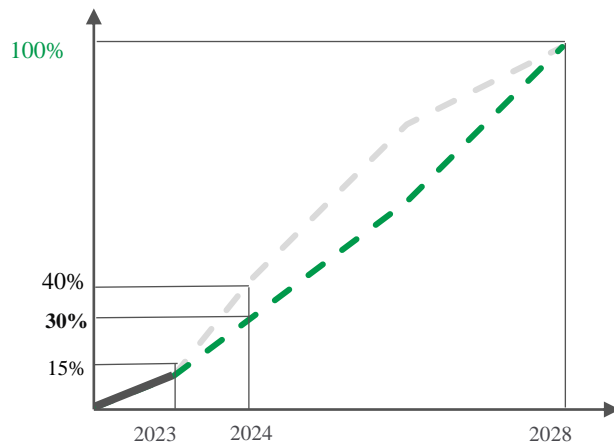
⇒ Revised performance plan up to FY2026
(no change in plan for achieving record-high performance in FY2026 even after the update)

Progress and Latest Outlook for Cloud Indicators (1)

No change in the plan to achieve the cloud transition rate of 100% in 2028.

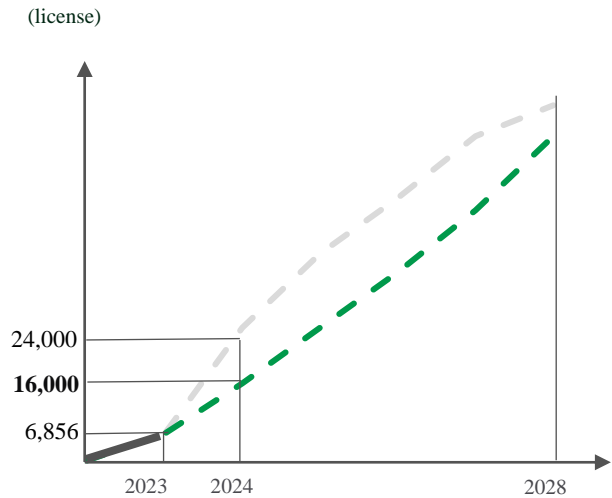
The Company expects an increase in the number of clients starting with fewer licenses than expected when switching.

Cloud transition rate



Legend: — Result - - - Initial plan - - - Latest outlook

Number of licenses (standard version)



- 2024-2025 is a year with a large number of contract renewals.
- The rate is expected to increase more gradually than initially anticipated due to revision of plan for cloud software transition.
- No changes to plan for cloud transition rate of 100% by 2028.

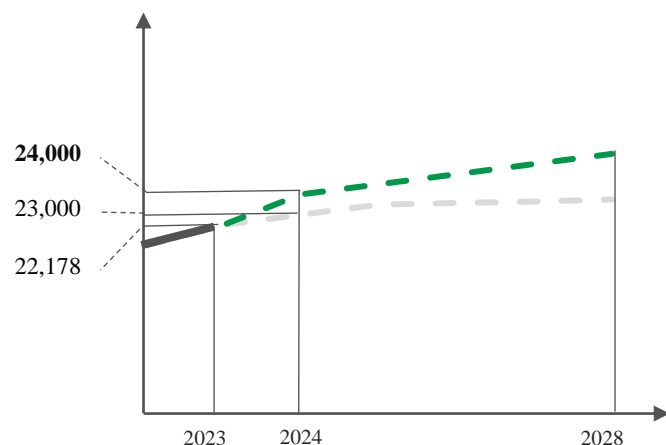
- The number is expected to increase more gradually than initially anticipated due to revision of plan for cloud software transition.
- Since the cloud software is design to add licenses easily, there are clients who start using the software with fewer licenses than expected when switching to cloud software.
- The Company considers measures to encourage addition of licenses.

Progress and Latest Outlook for Cloud Indicators (2)

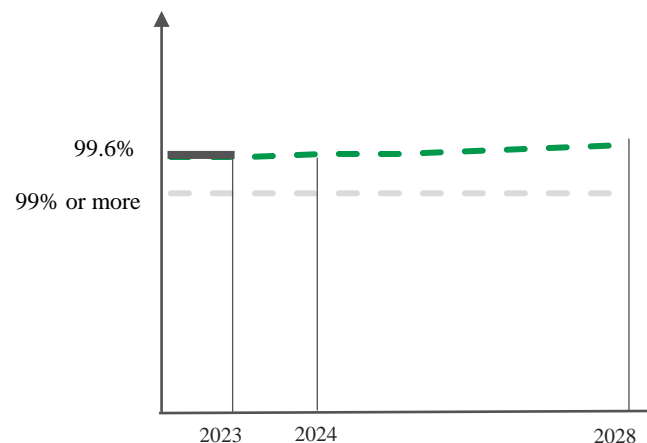
Average monthly license sales is expected to exceed the plan, and the user retention rate is expected to become even more stable. By 2028, the Company expects higher-than-planned average monthly sales to offset lower-than-planned licenses.

Average monthly license sales (standard version)

(yen/month)



User retention rate



Legend: — Result - - - Initial plan - - - Latest outlook

- The number of users adopting optional functions are increasing.
- Going forward, the average monthly sales is expected to rise further since more semi-major clients with high average monthly sales will switch to cloud software.
- The sales is expected to reach 24,000 yen per month at the end of 2024 and is expected to continue increasing moderately.

- Even though the number of new clients was higher than expected, the Company maintains a user retention rate of 99.6%.
- As the ratio of existing users rises, the user retention rate is expected to become even more stable.
- It is expected to maintain above 99% in 2024 and beyond.

Performance Plan

Performance plan for 2024-2026 was updated to reflect the revision of the transition plan and trends such as inflation of costs. The plan to achieve record-high performance in 2026 remains unchanged, and the plan for 2028 remains unchanged.

(Billions of yen)	FY2019	FY2022	FY2023	FY2024 Plan	FY2024 Forecast	FY2025 Old plan	FY2025 New plan	FY2026 Old plan	FY2026 New plan	FY2027 Plan	FY2028 Plan
Revenue	22.6	13.8	15.5	18.5	17.6	22.0	20.5	25.5	24.0	29.0	32.5
Operating profit *	4.5	-2.9	-1.9	1.0	0.05	3.3	1.5	6.7	4.8	10.0	13.0
Operating margin	20%	-	-	5%	0.3%	15%	7%	25%	20%	34%	40%
Profit attributable to owners of the parent *	3.1	-2.4	-1.5	0.6	0.04	2.0	1.0	4.2	3.2	6.3	8.0

*Minus (-) indicates a loss

NOTE) Planned figures and old planned figures were announced on February 9, 2022, and forecasts and new planned figures were announced on February 9, 2024.

Sales Plan by Service Category

**Growth in “Cloud service” sales is expected to slow down as the plan for cloud software transition has been revised.
Decline in “Operation and support service” sales will slow down since the provision of packaged software will continue in some areas**

(Billions of yen)	FY2022	FY2023	FY2024 Plan	FY2024 Forecast	FY2025 Old plan	FY2025 New plan	FY2026 Old plan	FY2026 New plan	FY2027 Plan	FY2028 Plan
Cloud services	2.6	5.2	10.4	8.6	15.2	11.8	19.9	15.7	25.0	29.1
Software service	2.0	4.6	9.0	8.0	13.6	11.2	18.0	15.1	22.1	25.0
Marketplace	0.7	0.6	1.4	0.7	1.6	0.7	1.9	0.7	2.9	4.1
Packaged system	11.2	10.2	8.1	9.0	6.8	8.7	5.5	8.3	4.0	3.4
Software sales	3.5	3.1	2.5	2.8	2.6	2.6	2.5	2.9	2.2	2.0
Operation and support service	7.7	7.1	5.6	6.2	4.2	6.1	3.0	5.4	1.8	1.4
Revenue	13.8	15.5	18.5	17.6	22.0	20.5	25.5	24.0	29.0	32.5
Recurring revenue ratio*	74%	80%	86%	84%	88%	87%	90%	88%	92%	94%

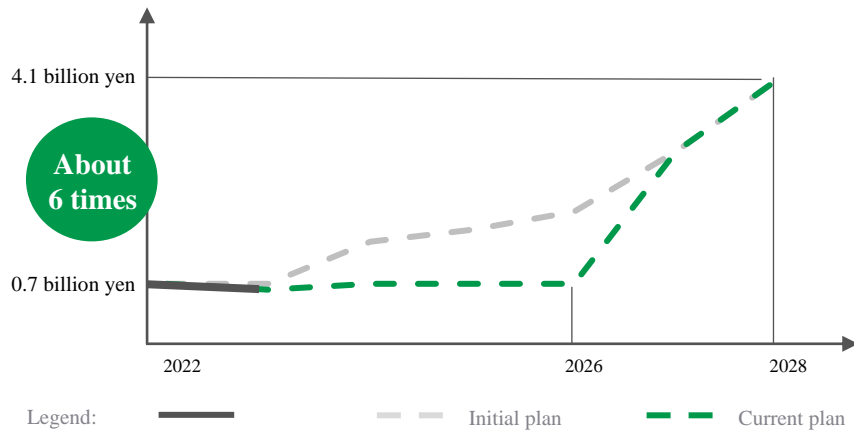
*Recurring revenue ratio: (Software service, Marketplace, and Operation and support service) / Revenue

(NOTE) Planned figures and old planned figures were announced on February 9, 2022, and forecasts and new planned figures were announced on February 9, 2024.

Ordering Platform Penetration Plan

Despite the impact of revised plan for cloud software transition, the plan to penetrate ordering platform by 2028 is unchanged. As the number of users is expected to increase by about 7 times, the plan of 4.1 billion yen for 2028 will be within the target range.

Marketplace sales plan

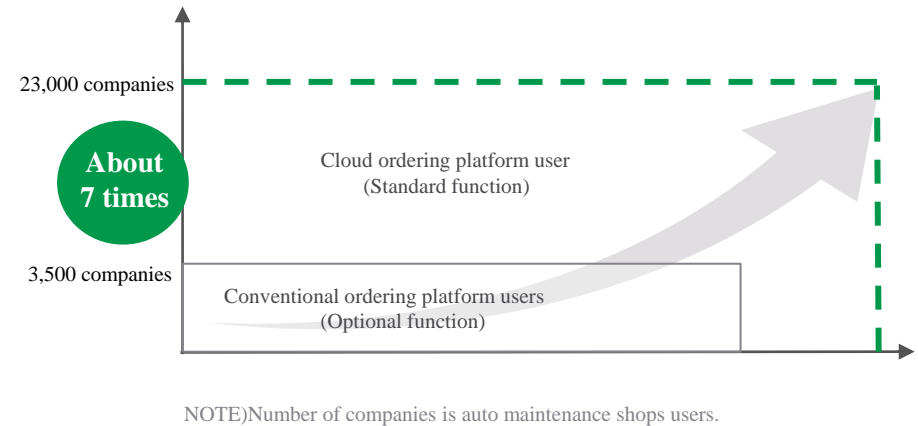


Reasons for Revision of the Plan in 2024-2026

Impact of revision in the plan for cloud software transition

Marketplace sales are expected to remain until 2026 since the transition plan of cloud software for sellers (auto part dealers and auto recycle shops) has been revised.

Outlook of the numbers of users



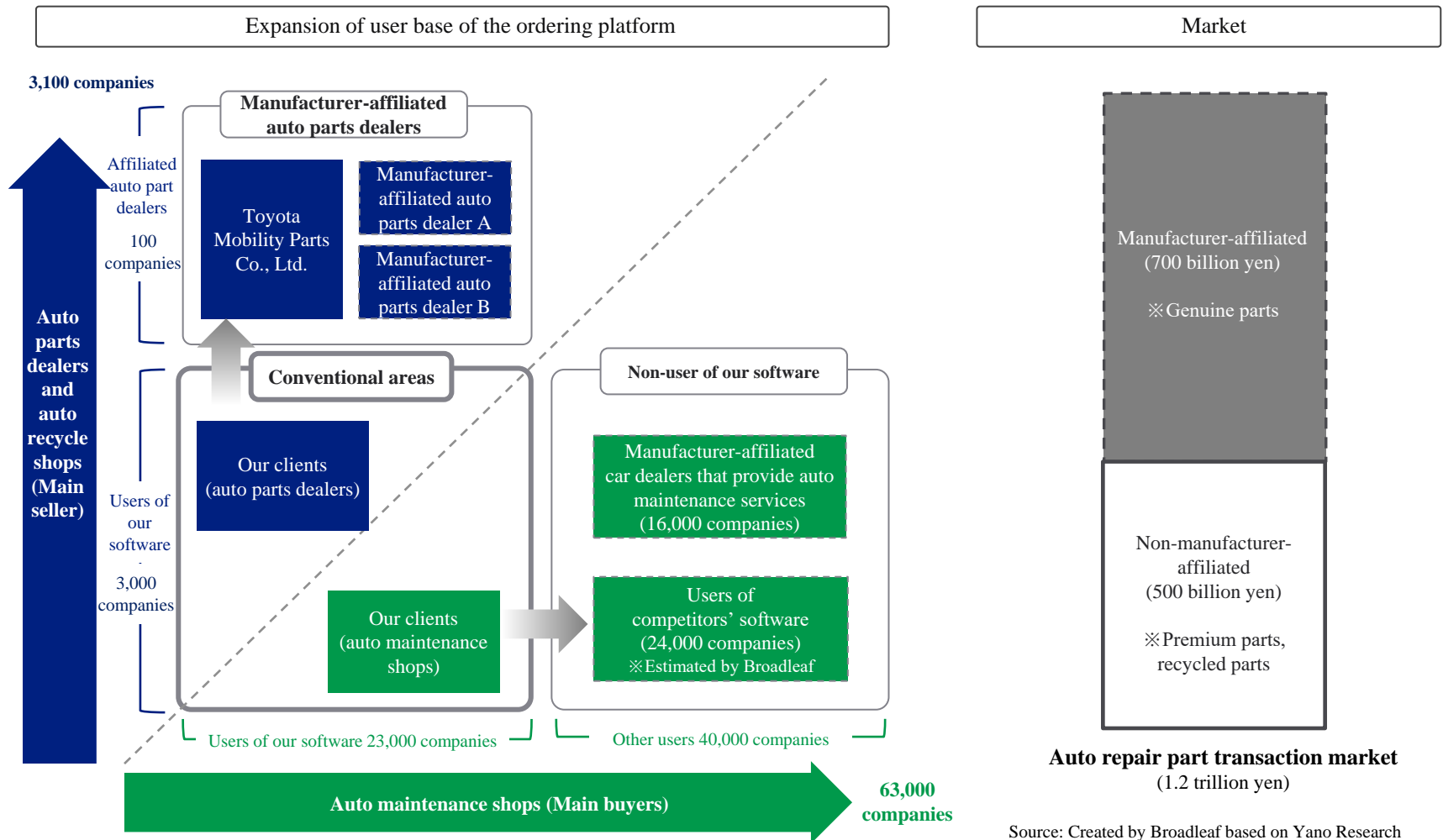
The Plan for 2028

The plan of 4.1 billion yen is within the target range

As there are no changes to the plan to complete the transition to cloud software by 2028, the number of users of ordering platform is expected to increase by about 7 times by 2028.

Scalability of the Ordering Platform

Since the cloud ordering platform is an open platform, non-users of the Company's cloud software can join in as well. Collaboration with car manufacturer-affiliated auto parts dealers will lead to the expansion of the target market.



Source: Created by Broadleaf based on Yano Research Institute's "2019 Auto Aftermarket Overview"

Summary	P2
Business Results for the FY12/2023	P4
Results Forecasts for FY12/2024	P10
Progress of Medium-Term Management Plan (2022-28)	P15
Supplemental Information	P26

List of the Company's Indicators (1)

(Millions of yen)	FY2022				FY2023			
	1Q	1H	Cumulative 3Q	Full-year	1Q	1H	Cumulative 3Q	Full-year
Recurring revenue	2,367	4,766	7,481	10,294	2,876	5,844	8,983	12,401
Recurring revenue ratio (%)	73%	73%	74%	74%	79%	79%	80%	81%

(companies)	FY2022				FY2023				End of 2024
	End of 1Q	End of 2Q	End of 3Q	End of 4Q	End of 1Q	End of 2Q	End of 3Q	End of 4Q	Outlook
Companies using business support software	38,098	38,354	38,549	39,345	39,547	39,771	39,955	39,985	—
Mobility sector *	36,373	36,650	36,858	37,643	37,855	38,095	38,289	38,350	—
Non-Mobility sector *	1,725	1,704	1,691	1,702	1,692	1,676	1,666	1,635	—
Target companies for cloud software**	33,578	33,853	34,066	34,357	34,618	34,887	35,127	35,229	—
Cloud software user companies	395	991	1,557	2,231	2,973	3,744	4,527	5,381	—
Standard edition	274	867	1,433	2,099	2,831	3,604	4,382	5,222	—
Existing client	118	405	721	1,094	1,492	1,937	2,370	3,010	—
New client	156	462	712	1,005	1,339	1,667	2,012	2,212	—
Specific edition	121	124	124	132	142	140	145	159	—
Packaged software users	33,183	32,862	32,509	32,126	31,645	31,143	30,600	29,848	—
Non-Target of cloud software	4,520	4,501	4,483	4,988	4,929	4,884	4,828	4,756	—
Cloud transition rate	1.2%	2.9%	4.6%	6.5%	8.6%	10.7%	12.9%	15.3%	30%

*Mobility sector: auto maintenance shops (& service stations), auto body shops, auto parts dealers, auto recycle shops, used car dealers, auto electrical equipment shops, radiator shops

Non-mobility sector: 13 industries: Mobile phone shops, machine tools dealers, travel agencies, and bus operators

**Of the 13 industries, the industries targeted for cloud software in the medium-term management plan are auto maintenance shops (& service stations), auto body shops, auto parts dealers, and auto recycle shops

	FY2022				FY2023			
	1Q	1H	Cumulative 3Q	Full-year	1Q	1H	Cumulative 3Q	Full-year
When the contract expires*								
switch to cloud software	—	35%	45%	44%	76%	78%	76%	82%
switch to packaged software (monthly)	—	65%	55%	56%	24%	22%	24%	18%

*The denominator is the industry in which the cloud software has been released (e.g., auto maintenance shops and auto body shops).

List of the Company's Indicators (2)

(license)	FY2022				FY2023				End of 2024
	End of 1Q	End of 2Q	End of 3Q	End of 4Q	End of 1Q	End of 2Q	End of 3Q	End of 4Q	Outlook
Number of licenses*	1,306	2,056	2,857	3,620	4,656	5,649	6,721	8,156	—
Standard Edition	307	995	1,790	2,523	3,490	4,441	5,477	6,856	16,000
Existing client	136	483	950	1,381	1,970	2,552	3,166	4,244	—
New client	171	512	840	1,142	1,520	1,889	2,311	2,612	—
Specific edition	999	1,061	1,067	1,097	1,166	1,208	1,244	1,300	—

* License refers to “Company license” and “Job license”

(yen/month)	FY2022				FY2023				End of 2024
	March	June	September	December	March	June	September	December	Outlook
Average monthly license sales*	—	—	—	—	—	—	—	—	—
Standard Edition	17,308	19,148	21,047	21,279	21,165	21,424	21,561	22,178	24,000
Existing client	18,808	21,150	23,326	24,074	23,837	24,324	24,553	24,823	—
New client	16,115	17,261	18,470	17,900	17,701	17,507	17,461	17,881	—
Specific edition	—	—	—	—	—	—	—	—	—

* License refers to “Company license” and “Job license”

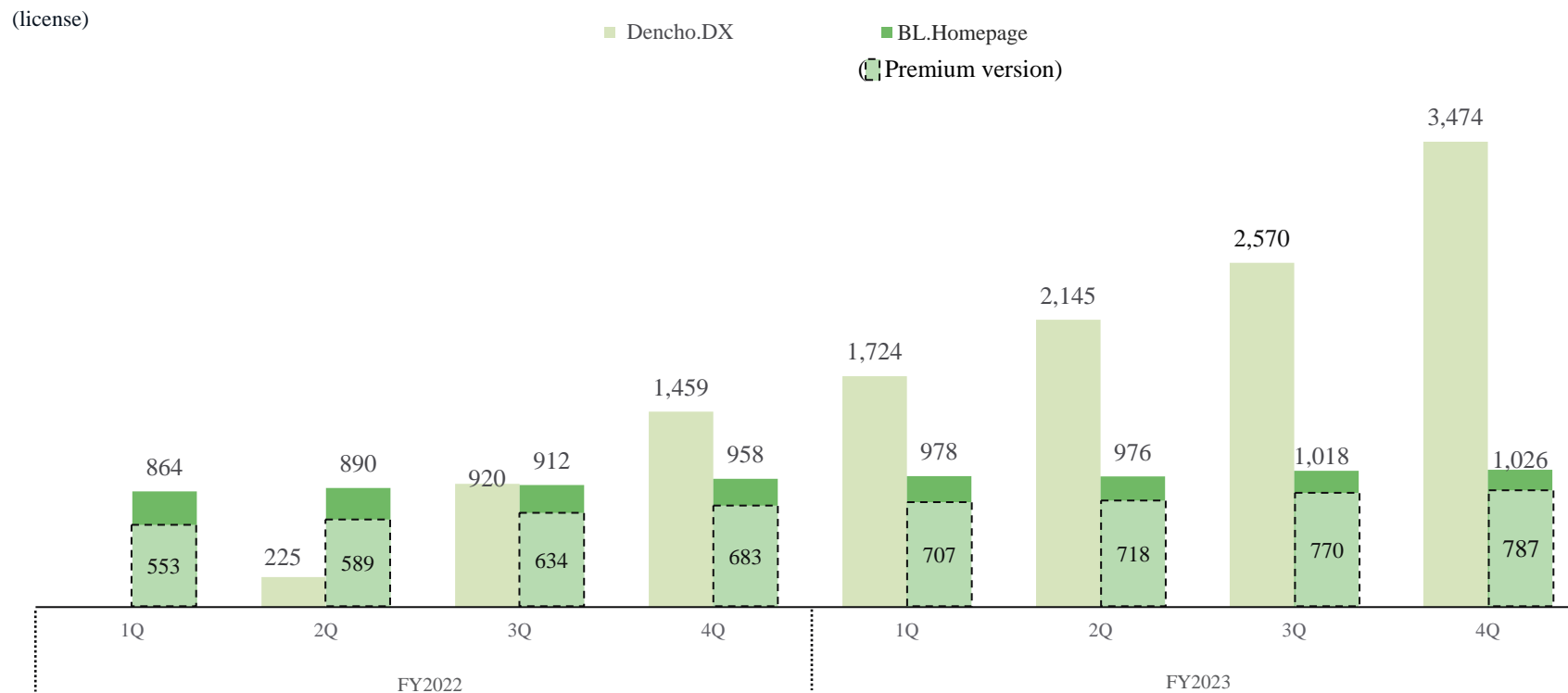
	FY2022	FY2023				End of 2024
	End of 4Q	1Q	1H	Cumulative 3Q	Full-year	Outlook
Cloud software user retention rate*	—	99.6%	99.6%	99.6%	99.6%	99% or more
Number of cloud software users (companies)	2,099	—	—	—	—	—

**Cloud software user retention rate: Weighted average monthly user retention rate for the cumulative periods up to full-year

Monthly user retention rate: $1 - \{ \text{number of monthly cancellations} / (\text{number of cloud software users at the end of the previous fiscal year} + \text{number of newly acquired companies}) \}$

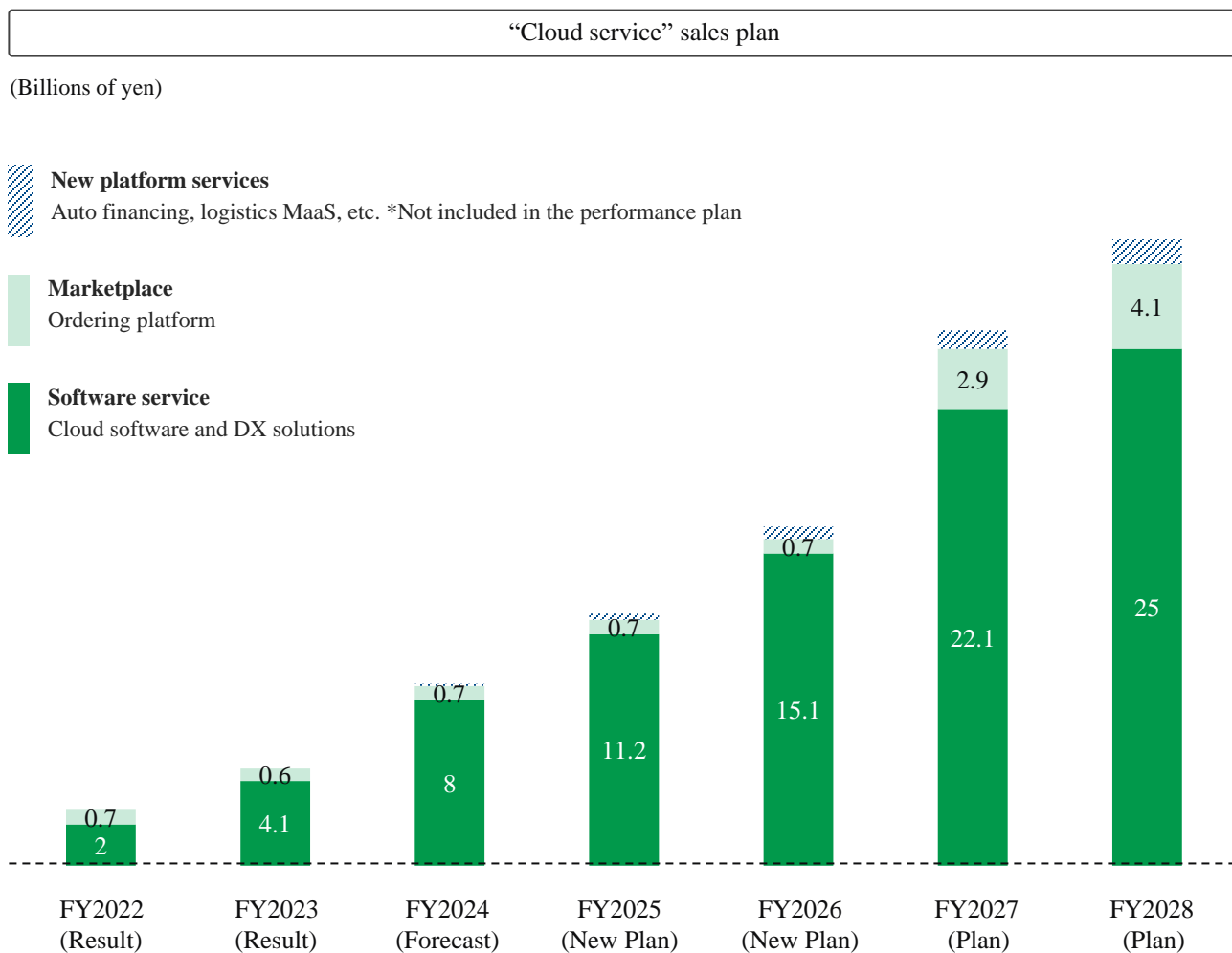
Ancillary Products (Subscription-Type Software)

Main ancillary products (subscription-type software)



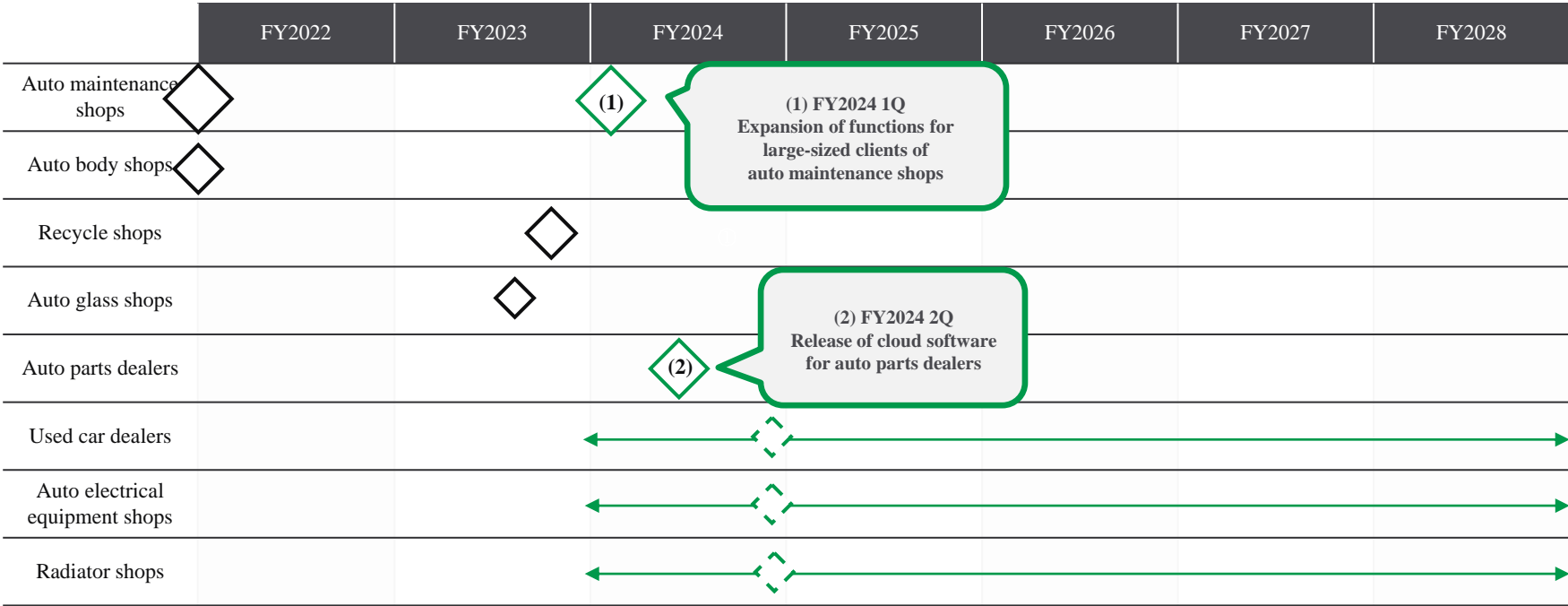
	Monthly fee	Others
Software for Electronic Book Storage Act (“Dencho.DX”)	About 8,000 yen	Usage-based fee, initial installation cost
Website creation tool (“BL.Homepage Premium”)	About 20,000 yen	Option, initial installation cost

Sales Trend of Cloud Service Expected in the Future



NOTE) Planned figures were announced on February 9, 2022, and forecasts and new plan figures were announced on February 9, 2024.

Release Plan of Cloud Software



About Cloud Software

◊ Released industries: October 2021 Auto maintenance shops, auto body shops
 September 2023 Auto glass shops
 October 2023 Auto recycle shops

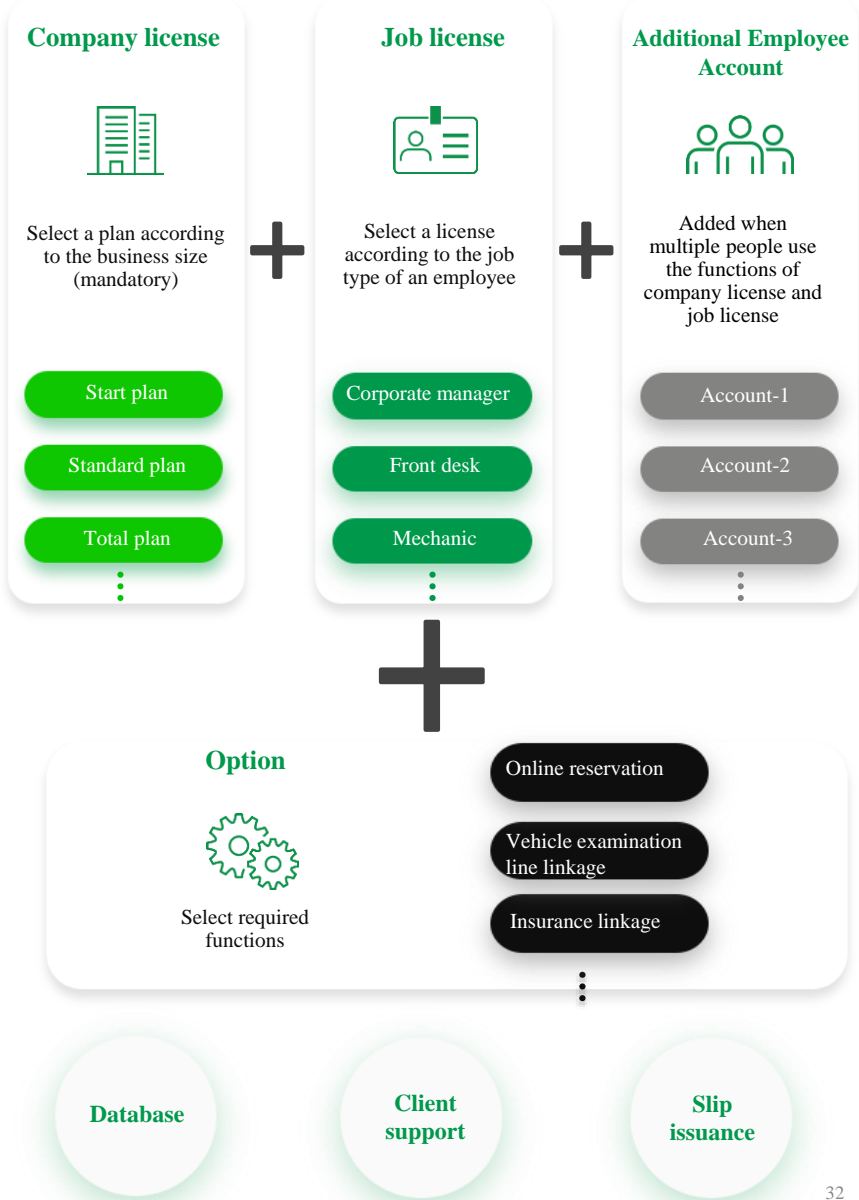
◊ Industries to be released this fiscal year: 2Q 2024 Auto parts dealers

- - - Industries to be released during the medium-term management plan: Used car dealers, auto electrical equipment shops, and radiator shops

Service Structure (Cloud Software)

Select the required licenses and options according to the business size and contents

Clients will select a plan from the company license menu and select necessary job licenses in addition. When multiple people use the functions of company license and job license, purchase of additional employee account is necessary according to the number of users. There are also other service menus such as database and client support.



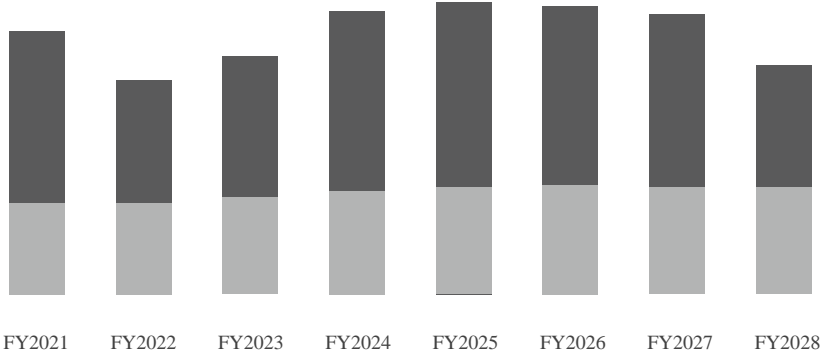
Understanding of Changes in Software Sales due to Cloud Transition (The Case of Auto Maintenance Shops and Auto Body Shops)

If the Company continues to sell packaged software in 2022 and beyond

About 1/6 of user companies renew their contracts each year, but there is a wave in the number of contract renewals depending on the year.

Sales of licenses (6-year usage rights)
 Target of each year: Companies who renew the contract for packaged software (About 1/6)
 Accounting method: License fee for 6 years is booked in lump-sum as sales in the year when the contract is renewed.

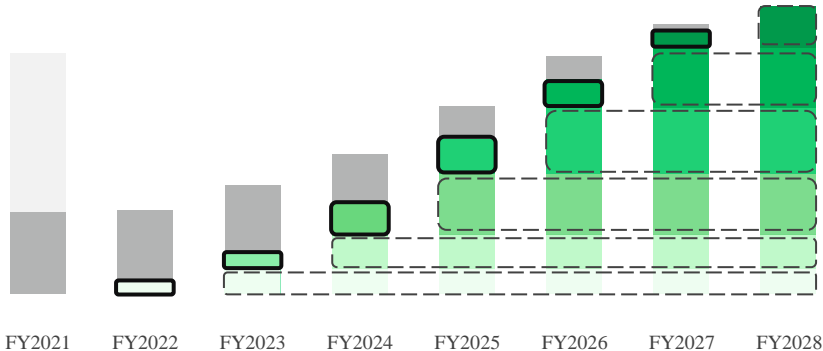
Sales of operation and support services
 Target of each year: All users of packaged software
 Accounting method: Monthly sales



If the Company starts selling cloud software (Green) from 2022

About 1/6 of companies using packaged software will switch to cloud software each year. Average sales are expected to rise after the transition completes due to different licensing systems

- For the year in which the contract is switched, the period after the contract is concluded will be booked as sales (). Therefore, sales from the following year onward () will be roughly doubled because sales for 12 months are fully booked
- Sales of operation and support services are received from users of packaged software, so it will gradually decline as the transition proceeds.



Cases of Offering Packaged Software under the Monthly Subscription Contracts

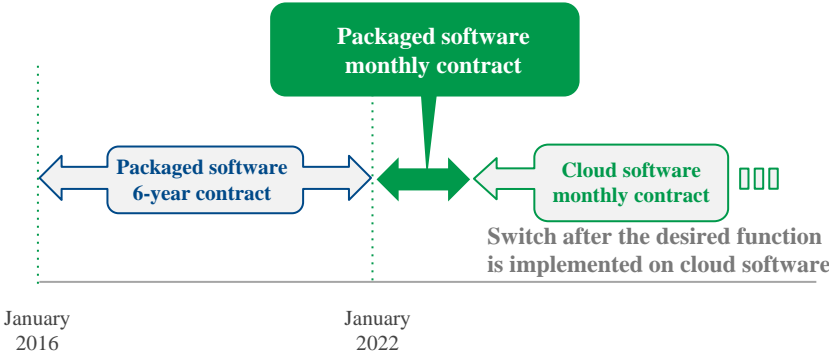
In certain cases, some clients may continue to use packaged software under monthly subscription contracts for a limited period.

Case 1 A client who wishes to use a specific function on cloud software



If a client's contract for packaged software expires before a desired function is implemented:

The client may continue to use the packaged software under monthly subscription contract **until the desired function becomes available on our cloud software.**

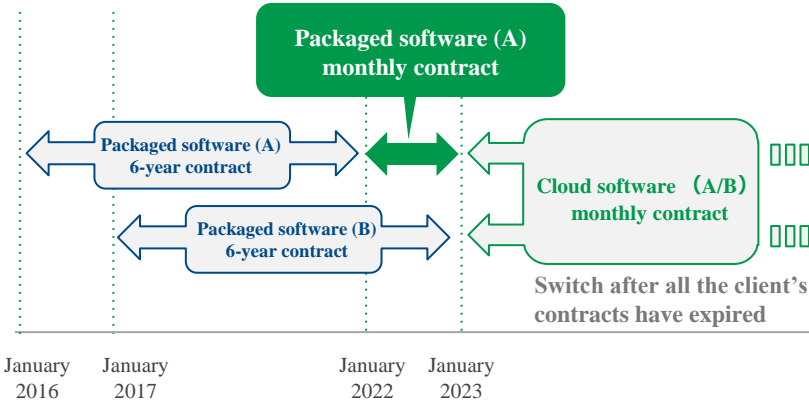


Case 2 A single client who has multiple lease contracts



If a client has multiple 6-year contracts for packaged software, each with different expiration dates:

The client may continue to use the packaged software under monthly subscription contracts after each contract expires, **until all their contracts have expired.**



Reason for Switching to Cloud Software when the Previous Contract Expires

If existing clients who have lease contracts of packaged software for 6 years switch to cloud-based software before the expiration of the contract, negative sales will be recorded.

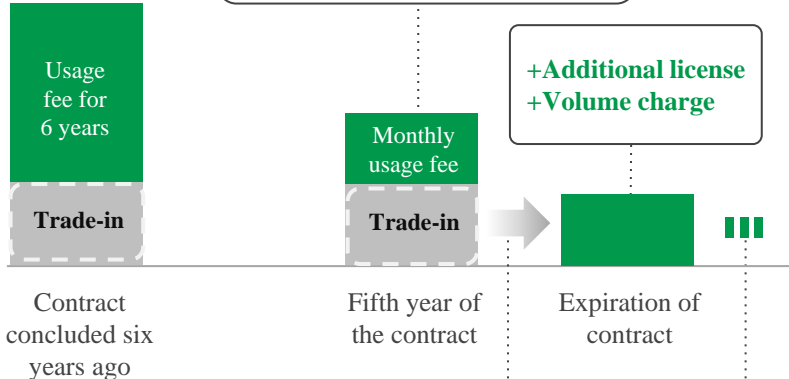
In the case of cloud software*

In the case of packaged software with multi-year lease contract

Usage fees - trade-in recorded as sales

If the contract was changed at this timing, usage fee will be monthly while trade-in will be one year, so trade-in becomes larger than usage fee, resulting in recording of a negative sales

+Additional license
+Volume charge



Switch to cloud software upon expiration of contract

Sales recorded (monthly)

Renewal of contract before expiration

*The same applies when selling packaged software under a monthly subscription contract

Explanation of Service Category

Cloud service

Software service

Sales related to monthly subscription-type software

[Product type]

- “.c series”, a cloud business support software
- “.NS Series”, a packaged business support software *1
- “Dencho.DX”, a software compliant with the Electronic Book Storage Act
- “CarpodTab”, a tablet-based business support tool
- “BL.Homepage”, a website creation and management tool
- Other monthly fee-based services

[Sales type]

- Fixed monthly fee, usage-based fee, installation support fee, etc.

Marketplace

Sales related to ordering platform

[Product type]

- “Cloud Ordering Platform“, an open-type EC/EDI
- “BL Parts Order System”, an automotive parts transaction network
- “Parts Station NET” a auto recycle parts transaction network

[Sales type]

- Basic fee, transaction fee, settlement agency fee, etc.

Packaged system

Software sales

Sales related to the sale of licensed software

[Product type]

- “.NS Series” , a packaged business support software *2
- “OTRS”, a work-analysis software
- Other software and IT tools
- Devices such as PC and printers

[Sales type]

- Leasing sales, one-time sales, installation support fee, etc.

Operation and support service

Sales related to the use of licensed software

[Product type]

- Network and database delivery services
- Client support and device maintenance services
- Supplies such as stock form paper

[Sales type]

- Monthly fixed fee, one-time sales, etc.

*1 Provision in the form of monthly subscription is limited until the scheduled transition period to “.c series”.

*2 New leasing sales of “.c series” to target industries is terminated.

Corporate Profile

Company Name	Broadleaf Co., Ltd
Representative	Kenji Oyama, Representative Director and President
Listed on	Tokyo Stock Exchange Prime Market (3673)
Sector	Information and telecommunication
Founded/established	December 2005/September 2009
Capital stock	7.148 billion yen (consolidated)
Business Year	From January 1 to December 31
Business Outline	Based on our proprietary Broadleaf Cloud Platform, we provide SaaS cloud services, marketplace services, and partner programs that enable functions and service collaboration with a diverse range of players. Mobility sector is used as a IT solution that leads to business opportunities in various industries and industries.
Head Office	8th Floor, Glascube Shinagawa, 13-14, Higashi-Shinagawa 4-chome, Shinagawa-ku, Tokyo
Domestic sites	26 sales offices/3 development offices
Main Subsidiaries	Tajima Co., Ltd, SALES GO Corporation, SpiralMind Corporation

Disclaimer

Statements contained in these materials regarding operating results and future projections, These are estimates based on information available to the Company at the time the materials were prepared, Which are subject to potential risks and uncertainties. Accordingly, due to a variety of factors, actual results may differ materially. Please note that these forecasts may differ from the forecasts.

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