

## CHAPTER 3

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# Medium-term Management Plan (2022-2028)

## Background of Formulation of the Plan

**Updated the medium-term management policy announced in 2021 and formulated a performance plan up to 2028 in accordance with the launch of “.c Series,” cloud-based software.**

### **February 2021 Announced the mid-term management policy**

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**Establishment of growth strategies and priority measures under the theme of “2 DX”**

DX (1) Promote clients' digital transformation

DX (2) Add values to its service infrastructure as the Data Exchanger

### **October 2021 Released “.c Series,” cloud-based software**

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Started offering from 2022. The transition from conventional software is expected to be completed in 2028.

### **February 2022 Announced medium-term management plan (2022-2028)**

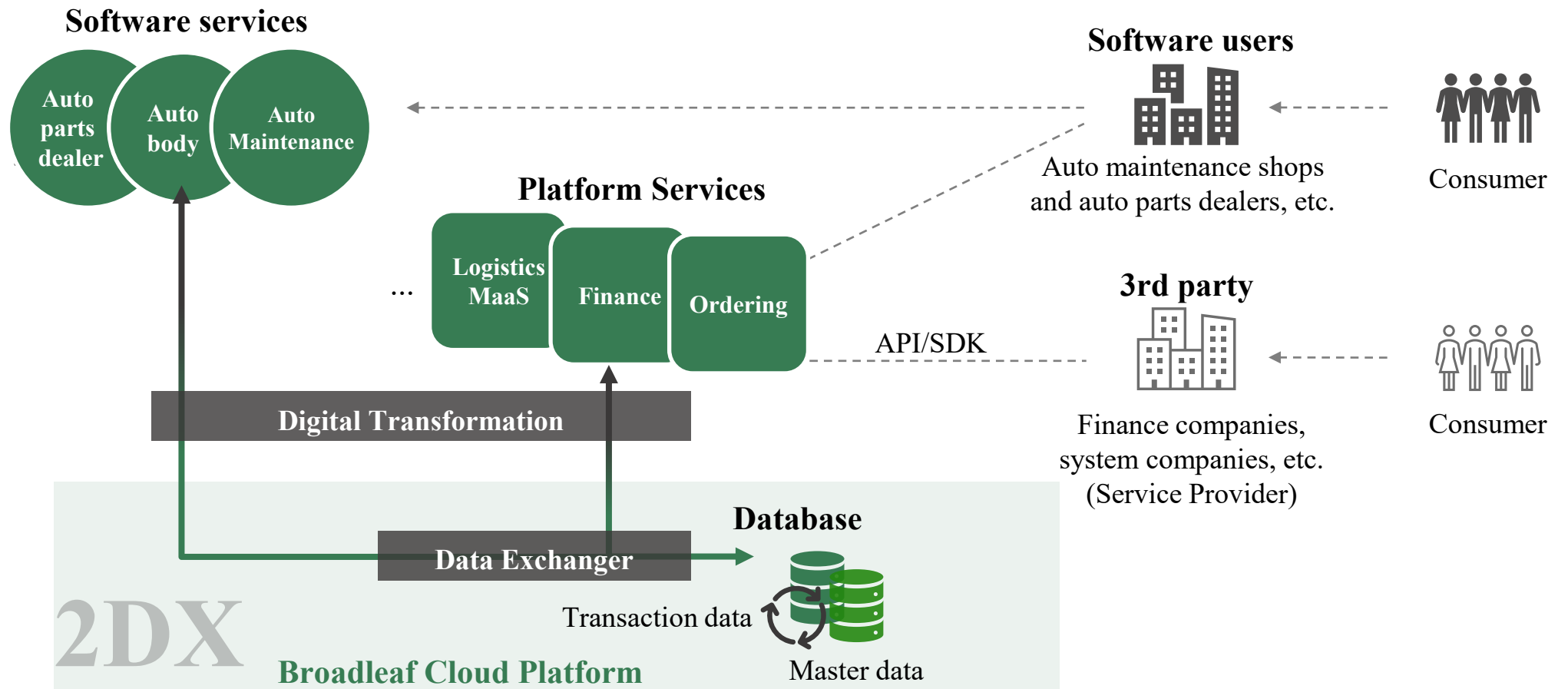
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Updated the medium-term management policy announced in 2021 and formulated a performance plan up to 2028

Growth strategy

**Growth strategy ①**  
**Cloud penetration**

**Growth strategy ②**  
**Expansion of services**



## Consolidated Performance Plan

**Record-high performance in 2026 is a milestone, continuing to grow as transition to stock revenue continues. The Company aims to achieve operating margin of 40% and profit of 8 billion yen in 2028.**

(Billions of yen)	FY2022	FY2023	FY2024	FY2025	FY2026	FY2027	FY2028
<b>Revenue</b>	12.3	14.7	18.5	22.0	25.5	29.0	32.5
<b>Operating profit (loss)</b>	-4.8	-2.7	1.0	3.3	6.7	10.0	13.0
<b>Operating margin</b>	—	—	5%	15%	25%	34%	40%
<b>Profit (loss) attributable to owners of the parent</b>	-5.0	-2.9	0.6	2.0	4.2	6.3	8.0
<b>Equity attributable to owners of the parent</b>	20.0	17.5	18.0				
<b>Percentage of equity attributable to owners of the parent</b>	60%	50%	52%				

## Revenue Plan by Business Categories

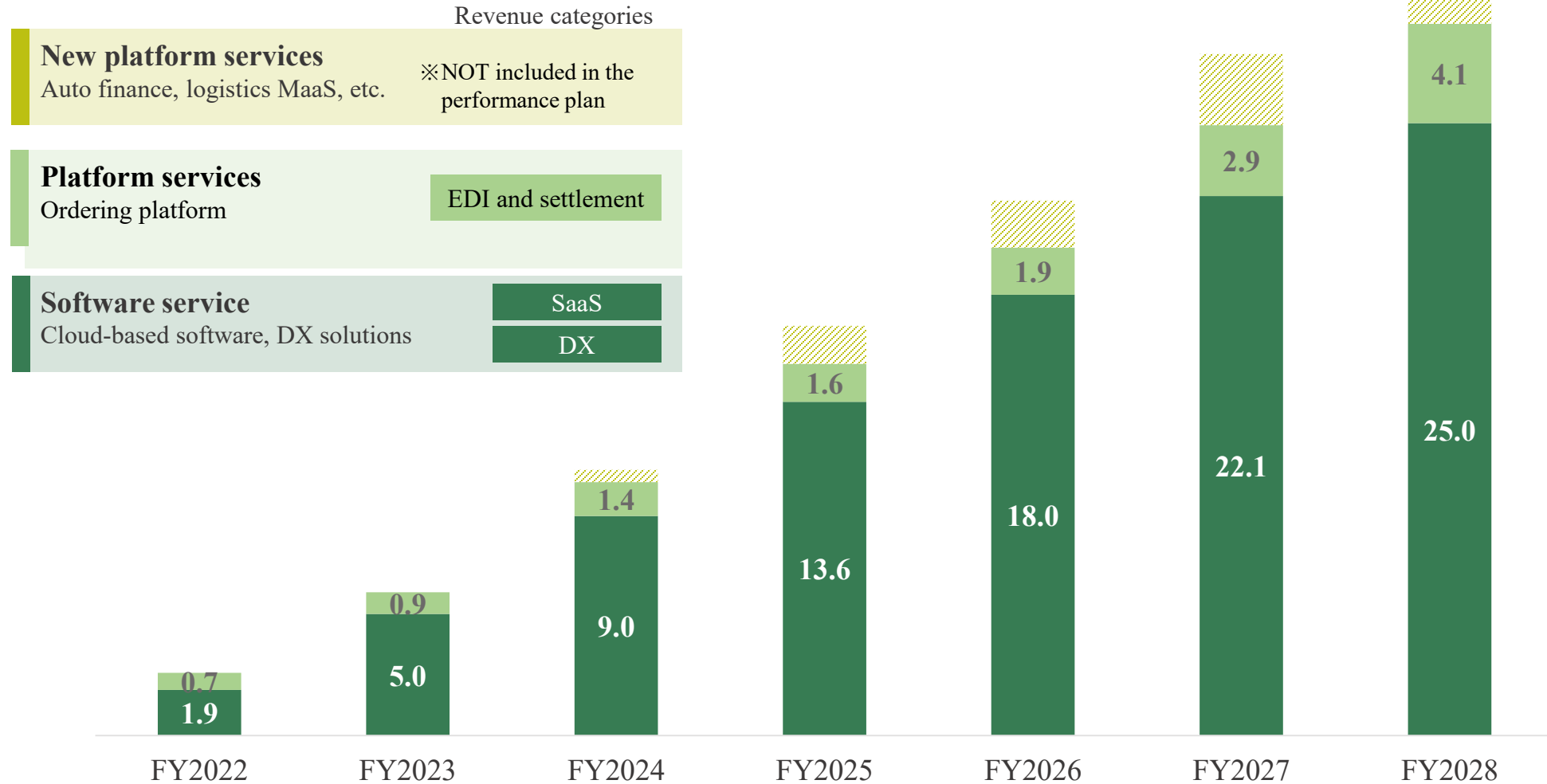
(Billions of yen)	FY2022	FY2023	FY2024	FY2025	FY2026	FY2027	FY2028
<b>Cloud business</b>	2.6	5.9	10.4	15.2	20.0	25.0	29.1
<b>Platform services</b>	0.7	0.9	1.4	1.6	1.9	2.9	4.1
<b>Software service</b>	1.9	5.0	9.0	13.6	18.0	22.1	25.0
<b>Conventional business</b>	9.7	8.8	8.1	6.8	5.5	4.0	3.4
<b>License sale</b>	1.9	1.6	1.6	1.6	1.6	1.5	1.5
<b>Ancillary services</b>	6.5	6.0	5.2	3.8	2.7	1.5	1.2
<b>Device sale, etc.</b>	1.3	1.2	1.3	1.4	1.3	1.1	0.7
<b>Total Revenue</b>	12.3	14.7	18.5	22.0	25.5	29.0	32.5

NOTE) Please refer to page 39 for a comparison between the breakdown of FY2022 sales forecasts and sales forecasts by revenue category.

## Revenue Trend in Cloud Business

(Billions of yen)

### Cloud business drives revenue growth

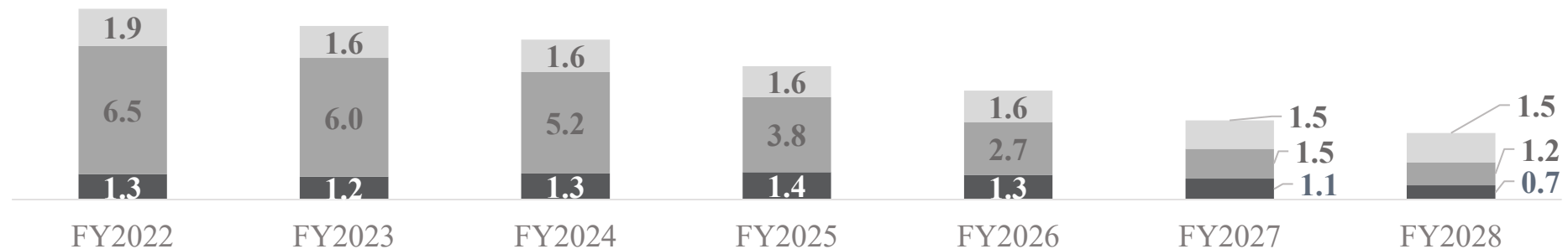


Revenue Trend in Previous Business

(Billions of yen)

**As cloud business progresses, revenue of conventional business is expected to shrink.**

Revenue categories	
By industry	
<b>License sale</b> License fees for conventional software	OTRS
<b>Ancillary services</b> Network usage fees and support services fee for conventional software	PaaS/IaaS (basic) Support Support services
<b>Device sales and Other</b> Devices , forms, etc.	Support Supply Devices



Growth Strategy ① Penetration of cloud-based products (1)

Key to achieving the performance target is the penetration of “.c Series,” cloud-based software

## Key Factors for Success



= **Cloud transition rate** (Rate of transition to cloud-based software)



= **Number of licenses** × **Average monthly license fee** × **(1 - churn rate)**

Total number of licenses  
for cloud-based software

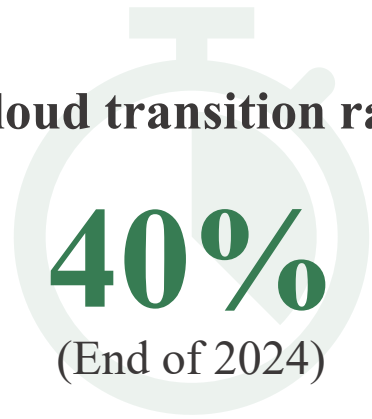
Monthly sales per license  
for cloud-based software

Average churn rate per  
year for cloud-based  
software



Growth Strategy ① Penetration of cloud-based products (2)

Cloud transition rate



Users of conventional software will gradually transit to cloud-based software over the next 6 years



Client base

Number of users \*

**33,000 companies**



Repeat rate \*\*

**95% or more**



Product

Fully remodeled

**Cloud-based software**



\* Auto maintenance shops, auto body shops, auto parts dealers, and recycle shops are covered.

\*\* Repeat rate of conventional software

Growth Strategy ① Penetration of cloud-based products (3)

Number of licenses      Average monthly license fee

**24,000** × **23,000** yen/month

(End of 2024)                      (2024)

In addition to expanding the market through high scalability, license system is changed to an easy-to-introduce system

Market expansion

Number of Companies \*

More than **100,000** companies



Car dealers (16,000 companies) becomes the new market due to easier customization of the software

Change in the license system

Number of personnel \*

More than **500,000** people



From industry-specific to job-specific license

\*Number of companies and personnel in auto maintenance shops, auto body shops, auto parts dealers, and recycle shops

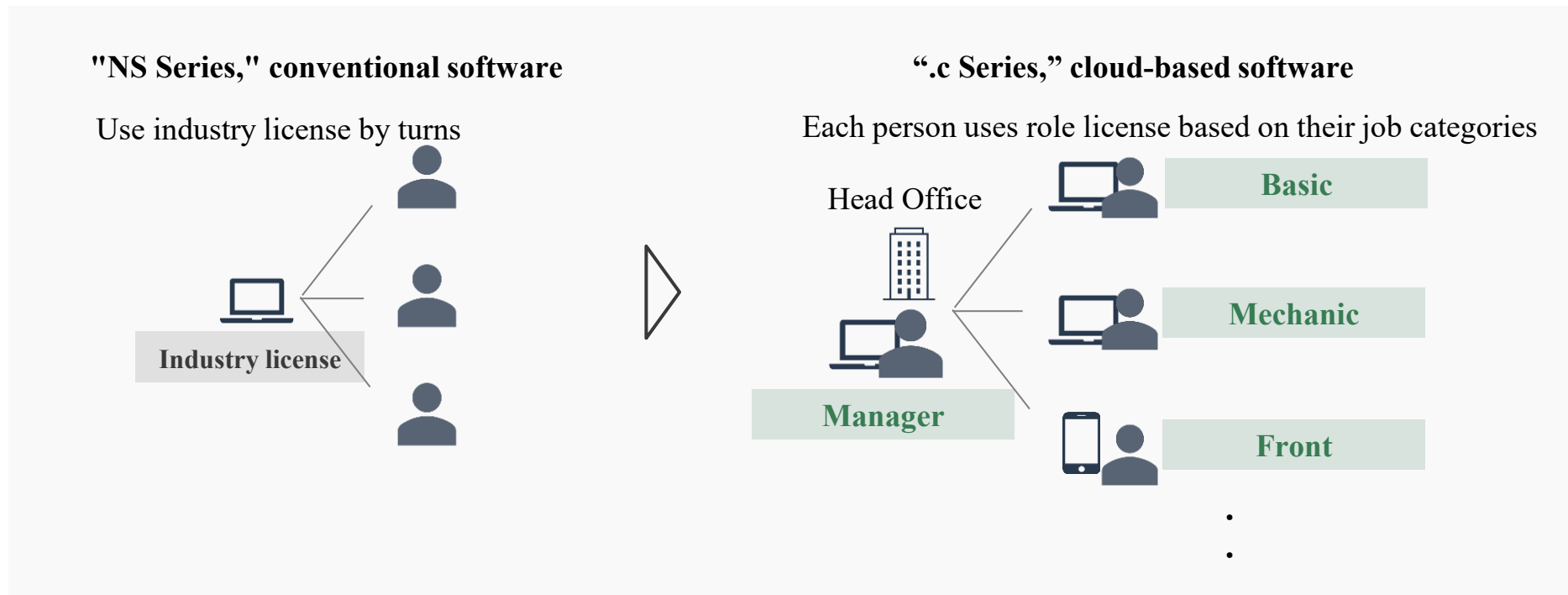
## Growth Strategy ① Penetration of cloud-based products (4)

### **Role license** **based on each industry and job category**

- Role licenses \* subdivided by job categories is set in addition to basic licenses for each industry

### **Terminal free** **since the software is running on the Web**

- Real-time integrated management of information and systems of each base is available at the headquarter.
- Portability that enables usage in any location



\*Available functions are set based on each account ID

Growth Strategy ① Penetration of cloud-based products (5)

**Churn rate**  
Less than **1** %  
(Average per year)

**Cloud-based software is essential for business operations**

● API

**Provided as a total management system**



Real-time linkage with other systems

● Data Analysis

**Achieve client success**



Support knowledge management

Growth Strategy ① Penetration of cloud-based products (6)

Single sign-on

- Login to other systems with the same cloud-based software account ID

Real-time linkage by using the API

- Function linkage and data linkage

Analysis and sharing of the knowledge

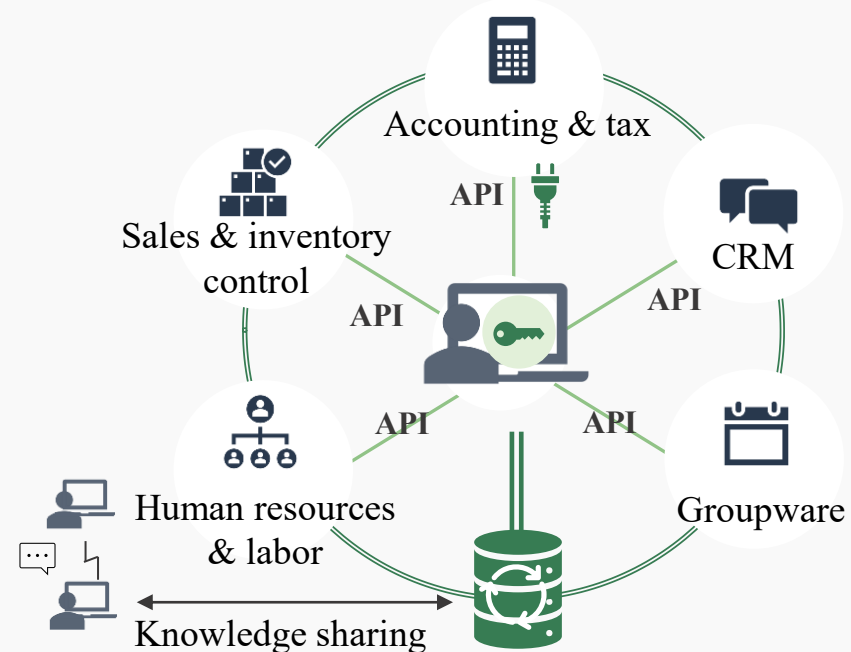
- Support knowledge management based on the usage conditions, etc.

“.NS Series,” conventional software  
= Administrative processing system

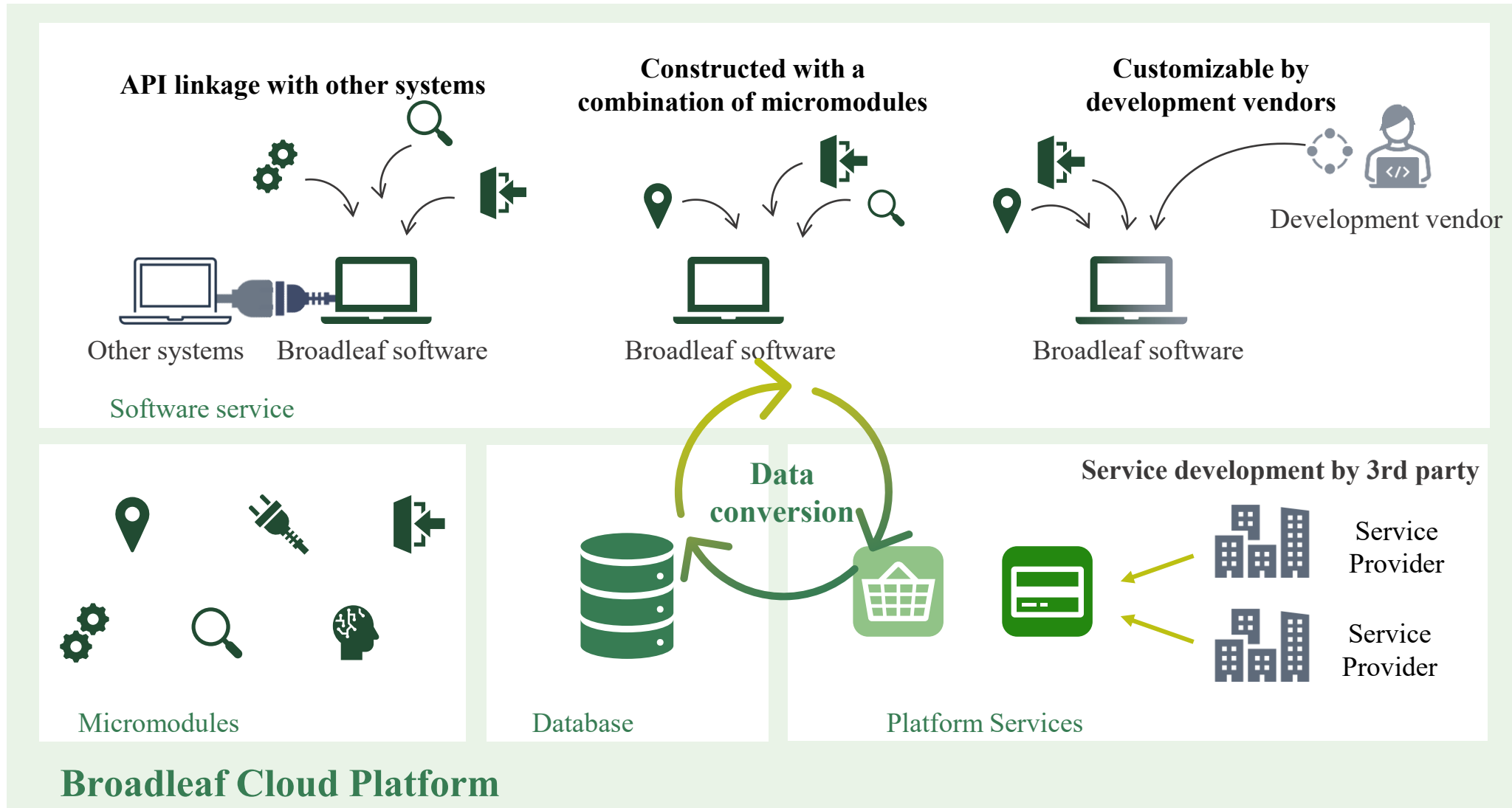
Issuance of estimates and invoices,  
client management, etc.



“.c Series,” cloud-based software  
= Total management system



Growth Strategy ② Expansion of Services (1)



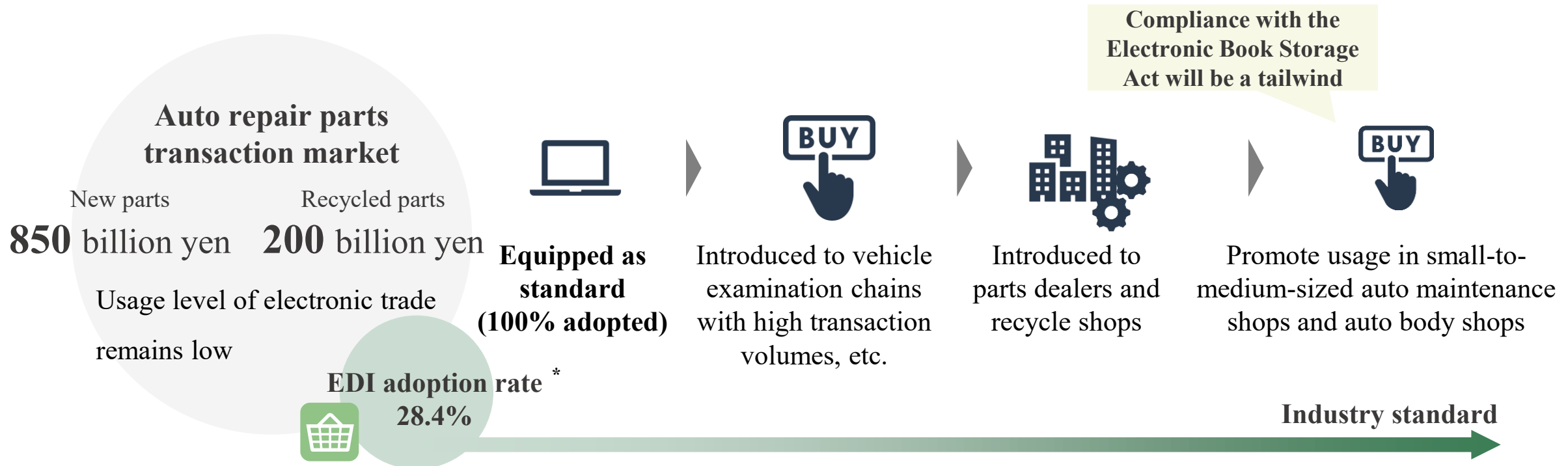
Growth Strategy ② Expansion of Services (2)

Establish industry standards with the Ordering platform

CAGR

30% or more

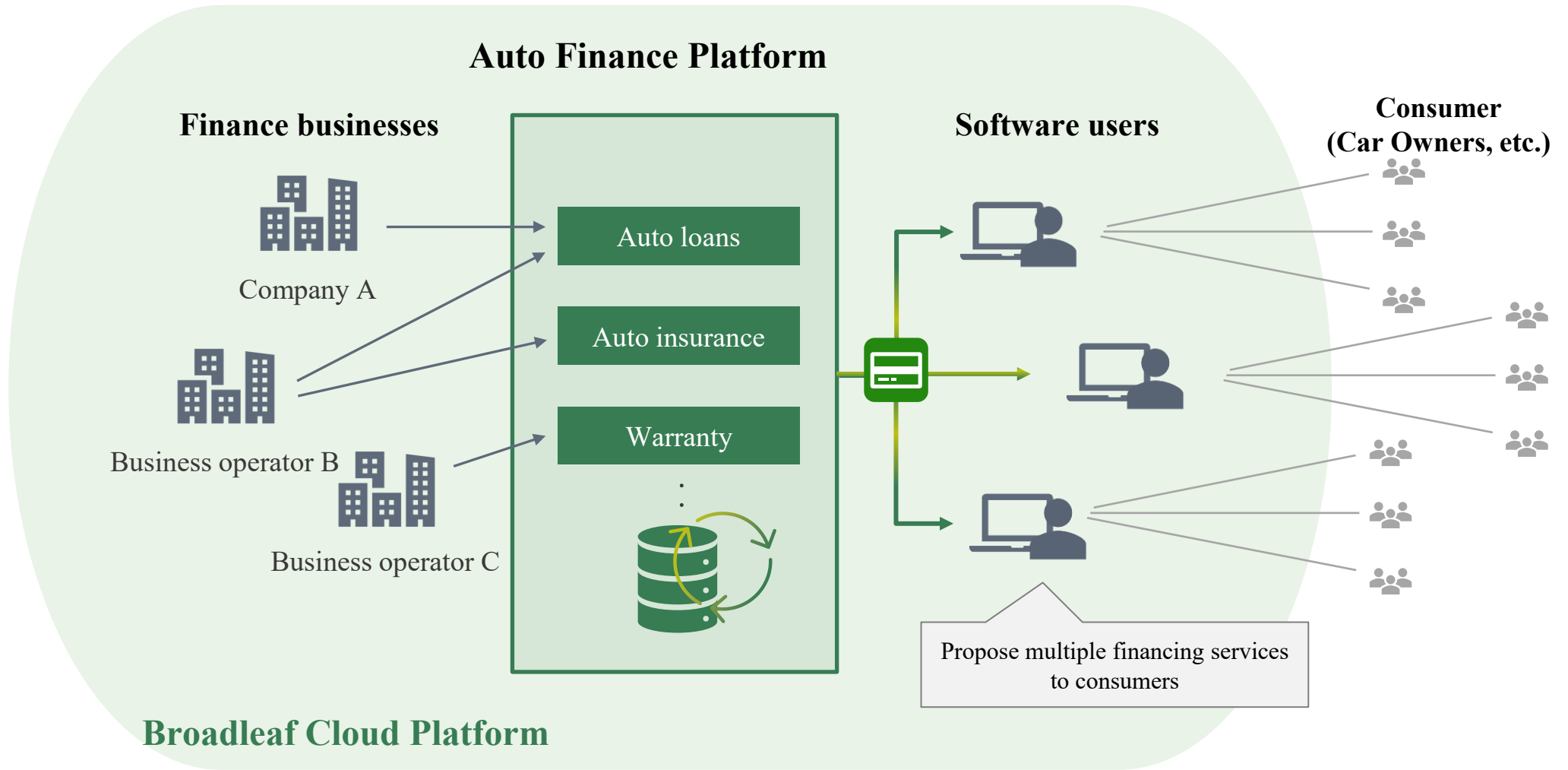
Aims to penetrate the ordering platform by incorporating the ordering platform into cloud-based software as a standard function (100% adopted)



\*Rate of adoption of the ordering platform by the Company's software users (auto maintenance shops)

Growth Strategy ② Expansion of Services (3)

Development of Auto Finance Platform





## Policy for Allocating Management Resources

**Concentrate all management resources on growth strategies of “Penetration of cloud-based products” and “Expansion of services”**

### Portfolio management

Implementation of portfolio management to realize optimal allocation of management resources

Economic value  
(ROIC, sales growth rate, etc.)

+

Market attractiveness and  
the Company’s strengths and advantages  
(Market growth rate, market share, etc.)

### Investment in human capital and intellectual property

Recognize human resources and intellectual property as the core assets for realizing the Company’s growth strategy, and make active investments in maximizing human capital and IP resources

Environmental changes and their impact on the Company's business  
~Automobility Industry~

**EV shift**

**Sophistication of vehicle**

**Sophistication of maintenance**

- Increasing demand for IT systems that support maintenance of EV and sophisticated vehicle
- Increasing demand for accumulation and sharing of knowledge
- In the case of large-scale business there is increasing demand for DX investment in order to improve management efficiency  
→Introduced cloud-based software in the market

**Polarization of business operators**

- The number of companies tends to decrease while the number of cars tends to increase
- Demand for maintenance such as preventive inspection is increasing  
→Changed the market from the number of companies to the number of employees

**DX in administrations**

**Response to computerization due to changes in the legal system**

- Increasing demand for electronic storage of documents












## Sustainability Policy

**The Company aims to "realize a sustainable society" and "enhance its corporate value" through the practice of the ideas embodied in the "Corporate Philosophy" and "Origin of Company Name" of Broadleaf**

### Basic Policy

From a long-term perspective, the Company will strive to expand direct and indirect positive impacts (value creation) and reduce negative impacts (social responsibility) to various stakeholders by addressing priority issues, materiality, within "sustainability."

Relationship between the Company's business and SDGs

Theme of resolution	Corporate activities that lead to the resolution of issues	Related SDGs
 <p><b>Realization of a safe, secure, and comfortable mobility society</b></p>	<ul style="list-style-type: none"> <li>• Provision of IT system for proper vehicle inspections and maintenance</li> <li>• Promote the popularization of EVs and sophistication of vehicle</li> </ul>	  
 <p><b>Promotion of recycle-oriented usage of resources</b></p>	<ul style="list-style-type: none"> <li>• Provision of ordering platforms for recycled auto parts</li> </ul>	  
 <p><b>Realization of a comfortable working society</b></p>	<ul style="list-style-type: none"> <li>• Promotion of home and remote work (establishment of systems and infrastructure)</li> <li>• Selected as one of “Telework Pioneer 100 company in Japan”</li> </ul>	 

## Disclaimer

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The statements regarding results forecasts and future forecasts contained in this materials are forecasts based on information available at the time of preparation of the materials, so they include potential risks and uncertainties.

Therefore, please be aware that actual results may differ from these results forecasts due to various factors.

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