

2023

Broadleaf Report

January 1, 2023 > December 31, 2023

Top Message

I would like to express my sincere appreciation to all our shareholders for your continued extraordinary support. The Broadleaf Group (hereinafter referred to as the “Broadleaf Group”) is committed to realizing the principles embodied in our corporate philosophy—“Gratitude and Happiness”—as well as the spirit behind our company name. Even in the face of a rapidly evolving business environment, we continue to pursue initiatives that support the continuity and growth of our customers’ businesses. Under our Medium-Term Management Plan (2022-2028).

We have set consolidated performance targets for the final year ending December 2028 and are promoting 2 growth strategies: “Cloud penetration” and “Expansion of services.”

Revenue 32.5 billion yen

**Operating income 13 billion yen
(Operating profit margin: 40%)**

**Profit attributable to owners
of the parent 8 billion yen**

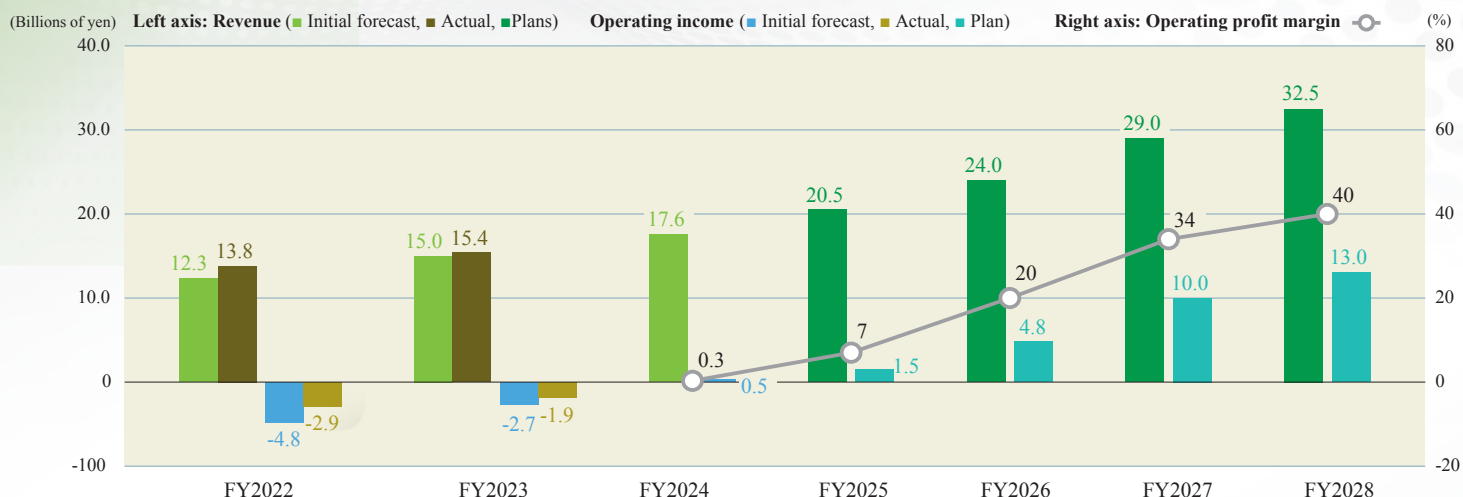
In the fiscal year ended December 2023, we saw steady progress in the transition of existing users to cloud-based software and an increase in subscriptions for our cloud-based services. This was driven by proactive proposals aligned with our customers’ digital transformation (DX) needs. As a result, revenue increased 11.2% year-on-year, and net income attributable to owners of the parent improved by over 900 million yen, once again exceeding our initial consolidated earnings forecast, following a similar positive variance in the fiscal year ended December 2022. In the fiscal year ending December 2024, we will not only continue this trend in revenue growth, but also to accelerate it through the collective efforts of all Group employees, with the goal of achieving full-year profitability. Through the continued execution of the Medium-Term Management Plan (2022-2028), we will strive to ensure that our Group can achieve sustainable growth.

We look forward to your continued support.



Representative Director and President **Kenji Oyama**

Progress of Medium-Term Management Plan (2022-2028) *Figures for the plan are as of February 9, 2024





Since its founding, Broadleaf has developed and provided optimal products and services that contribute to the continuity of customers' businesses and the creation of businesses in a changing business environment through the implementation of the ideas embodied in our Corporate Philosophy and Company Name.

Corporate Philosophy

Gratitude and Happiness

Based on the spirit of "gratitude and happiness," we will develop business applications specializing in a wide range of sectors and industries, and contribute to the creation of our clients' businesses by providing better products and services.



Origin of our name

Broadleaf means just what it says – a broad leaf.

Broad leaves bathe in sunlight during spring and summer so that they can grow. In winter, the leaves and fruit fall from the tree and return to the ground as nutrients. This cycle creates a broader field in which a range of different plants and animals can live together.

We chose the name Broadleaf because we wanted to put down roots as a broadleaf tree in the land of business, so that we can grow countless more leaves, produce fruit and keep on growing in the future, hand in hand with our clients and everyone else.

Topics in 2023

Apr

Started trial operation of software equipped with a generation AI function



We announced the commencement of trial operations for our cloud software with a generative AI function built on our extensive proprietary data assets. In the mobility sector, where businesses face challenges such as a chronic labor shortage and the rapid evolution of autonomous driving technologies, we aim to leverage cutting-edge technologies to streamline our customers' operations and enhance their productivity.

Aug

Upward revision of full-year consolidated earnings forecast



Sales of packaging software for non-mobility sector and PCs were remained strong. As a result, following the fiscal year ending December 2022, we revised full-year consolidated earnings forecast for the fiscal year ending December 2023, which was disclosed at the beginning of the fiscal year, upward in August.

Aug

Develop functions to detect defects and fraud



We announced the development of an AI-based analytics function—powered by our proprietary database built over the past 40 years—that detects anomalies and potential fraud in various customer operations. This functionality is planned to be integrated into our cloud software. By doing so, we aim to support our customers in providing safe and reliable maintenance and repair services to car owners, from a neutral and objective standpoint similar to that of a third-party institution. We will continue to contribute to ensuring safety and peace of mind for car owners throughout their automotive life.

Dec

Collaboration with Toyota Mobility Parts Corporation



We have agreed to begin discussions on initiating transactions for components handled by Toyota Mobility Parts Co., Ltd. on our cloud-based ordering platform. This platform provides a one-stop solution for processes ranging from parts quotation to ordering and delivery. Collaborations with car manufacturer-affiliated companies such as this are expected to contribute to the expansion of the number of components available through the platform. We will continue to support our customers in improving operational efficiency and productivity.

Financial Highlights

Consolidated Operating Results and Financial Position

(Millions of yen)

	FY2022	FY2023	FY2024 Forecast
Revenue	13,833	15,385	17,600
Operating income (- indicates a loss)	-2,897	-1,902	50
Net income attributable to owners of the parent (- indicates a loss)	-2,431	-1,487	40
Total assets	33,535	36,750	
Total liabilities	9,873	14,263	
Total equity	23,662	22,487	
Cash flow from operating activities	1,606	3,425	
Cash flow from investing activities	-2,910	-3,669	
Cash flow from financing activities	1,237	705	

Dividend per share

(Yen)

	FY2022	FY2023	FY2024 Forecast
Annual dividend	1.00	1.00	Undecided

Click here for more IR information
<https://www.broadleaf.co.jp/english/ir/>



Report on Financial Results for the Fiscal Year under Review and Forecast for the Next Fiscal Year

In the year ended December 31, 2023, we strengthened sales of subscription-based cloud software, our core offering. We also made steady progress in migrating customers from legacy packaged software to our cloud platform as their usage periods expired. As a result, the number of cloud software subscriptions increased, contributing to the accumulation of recurring revenue. In terms of costs, we made strategic upfront investments to strengthen our cloud infrastructure and back-office operations in preparation for future functional enhancements and service expansion. As a result, revenue increased by 11.2% year on year, and profit/loss attributable to owners of the parent improved by more than 900 million yen.

In the forecast for the fiscal year ending December 2024, we expect continued migration to cloud software to drive further revenue growth, along with a return to operating profitability.

About Dividend

For the year ended December 31, 2023, we paid a dividend of 1 yen.

For the year ended December 31, 2024, we will announce our forecasts as soon as we are able to make reasonable calculations.

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