



Becoming the Top SaaS company in Japan

1Q FY12/2022 Business Results Briefing Material

Broadleaf Co., Ltd (3673)
May 11, 2022

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① Outline of the Mid-Term Management Plan (2022-2028)

Performance Plan for the Mid-Term Management Plan (2022-2028)

Outline of the Mid-Term Management Plan
(2022-2028)

The Company views record-high performance in 2026 as a milestone.

Transition to recurring revenue will progress and revenue will continue to grow.

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
Revenue	12.3	14.7	18.5	22.0	25.5	29.0	32.5
Operating profit	-4.8	-2.7	1.0	3.3	6.7	10.0	13.0
Operating margin	-	-	5%	15%	25%	34%	40%
Profit attributable To owners of the parent	-5.0	-2.9	0.6	2.0	4.2	6.3	8.0
Equity attributable to owners of the parent	20.0	17.5	18.0				
Percentage of equity attributable to owners of the parent	60%	50%	52%				

Revenue Plan by Service Categories

Outline of the Mid-Term Management Plan
(2022-2028)

The Company plans to grow the new cloud services while shrinking packaged systems.
Out of cloud service, software service is expected to drive the revenue growth.

(Billions of yen)	FY2022	FY2023	FY2024	FY2025	FY2026	FY2027	FY2028
Cloud service	2.6	5.9	10.4	15.2	19.9	25.0	29.1
Software service	1.9	5.0	9.0	13.6	18.0	22.1	25.0
Marketplace	0.7	0.9	1.4	1.6	1.9	2.9	4.1
Packaged system	9.7	8.8	8.1	6.8	5.5	4.0	3.4
Software sale	3.2	2.8	3.0	3.0	2.9	2.5	2.2
Operation and support	6.5	6.0	5.2	3.8	2.7	1.5	1.2
Total	12.3	14.7	18.5	22.0	25.5	29.0	32.5

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- The Company will shrink the sales of "Packaged system" and instead grow the sales of new "Cloud service."
- Out of "Cloud service," "Software service" will drive the revenue growth.
- Conventionally, the Company used to provide ".NS Series," a packaged system, to clients with 6-year usage rights.
- Starting in 2022, the Company has been promoting the conversion to ".c Series," a cloud-based software service, from ".NS Series" users whose usage right has expired.
- The Company has information of the expected number of contracts for ".c Series" per fiscal year since it has the information of expiration dates of all users.
- Furthermore, the Company simulated revenue after predicting the range of functions and services that each users will select, based on the information of the user's current system usage status.
- For these reasons, the Company has a high confidence in achieving the revenue plan of "Software service."

Positioning as a SaaS company

Outline of the Mid-Term Management Plan
(2022-2028)

The Company will become the top SaaS company in Japan.

Securities Code	Company Name	Market capitalization (Millions of yen)	Revenue (Millions of yen)	Revenue growth rate
4443	Sansan, Inc.	139,553	16,184	21.1%
3994	Money Forward, Inc.	192,970	15,632	38.1%
3923	RAKUS Co., Ltd.	237,574	15,387	32.6%
4478	freee K.K	178,943	10,258	48.8%
2492	Infomart Corporation	130,494	9,835	12.1%

The Company's
revenue of software
service in 2026

18,000 million yen

NOTE) Major SaaS providing companies that the Company refer to (made by the Company)
Calculation of market capitalization is based on closing price on May 9, 2022, revenue is based on the most recent fiscal year, and growth rate is compared to the previous fiscal year.

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- In 2026, revenue of software service will become top class among the major SaaS companies in Japan.
- In addition, revenue of "Marketplace," which includes ordering platform for auto repair parts, will be added to above.
- The Company aims to become one of the leading SaaS companies in Japan, in terms of revenue volume, revenue growth rate, and profits.

The Company will switch existing users whose contract of ".NS Series," a packaged software, has expired, to ".c Series," a cloud-based software service, in order.

Cloud penetration

Measures (1)

Switch existing users (33,000 companies) to ".c Series"

The Company will switch users of ".NS Series," to ".c Series" during 2022-2028, in line with their expiration date.

Measures (2)

Acquire new users

In addition to acquiring users from other companies, the Company will become active in providing the products to service stations and car dealers.

Expansion of services

Measures (3)

Increase the number of companies using marketplace-based services

The Company will increase the use rate of ordering platform for auto repair parts. It will also increase the number of companies participating in the auto finance platform.

- "Cloud penetration" is a strategy for achieving revenue of software service.
- Measure (1)
Switch the contracts of 33,000 users from ".NS Series," a packaged system, to ".c Series," a cloud-based software service, at the timing of the expiration of their usage rights.

By the end of 2028, the Company plans to switch all contracts of the target clients to those of ".c Series."
- Measure (2)
Not only will the Company acquire users from those of other companies' systems, but it will also expand the targets, such as service stations and car dealers.
- "Expansion of services" mainly aims to increase the usage rate of marketplace-type services and increase the number of participating companies.
- The Company will include ordering platform for auto repair parts and auto finance platform as the standard functions of ".c Series" and realize seamless usage.
- The Company will increase the number of participating companies not only on the user side of products and services, but also on the provider side.

The Company established indicators that measure the penetration of ".c Series," which is the core of software service sales.

Cloud
penetration

Cloud installation status

= Cloud conversion rate (Number of user-companies of cloud-based software
÷ Total number of user-companies*)

	End of 2024
Cloud conversion rate	40%

Sales of standard version of ".c Series," a cloud-based software service **

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

	End of 2024
Number of licenses	24,000 licenses
Average monthly license fee	23,000 yen/month
Churn rate	Less than 1% (per year)

* Four industries (auto maintenance shops, auto repair shops, auto parts dealers, and recycling shops) are included.

** Sales of products for specific major companies and service stations are excluded.

- The core element of "Software service" is ".c Series," a cloud-based software service, which the Company began offering in earnest from 2022.
- Penetration of ".c Series" is the key for achievement of revenue target.
- There are various types of ".c Series" licenses for multiple industries based on job types. Monthly unit price of the license is widely distributed, so the average is closely monitored.

Progress (end of 1Q FY2022)

Outline of the Mid-Term Management Plan
(2022-2028)

Cloud penetration has progressed as planned.
Acquisition of new users has progressed ahead of the plan.

Cloud installation status 【Progressed as planned】

	End of 1Q FY2022	Description
Cloud conversion rate	1.2%	<ul style="list-style-type: none"> Switching of existing users began in earnest in the second half of March Switching has a seasonal factor because it is linked to the number of contracts 6 years ago (many deals are in June and December)

Sales of the standard version of ".c Series" 【Progressed as planned】

	End of 1Q FY2022	Description
Number of licenses	307 licenses Existing users 136 / New users 171	<ul style="list-style-type: none"> Number of licenses acquired from new users has exceeded the plan.
Average monthly license fee	16,131yen/month Existing 18,588yen/month New 14,830yen/month	<ul style="list-style-type: none"> Regarding existing users, it has been installed from small users as planned. There is greater demand than anticipated for new users with a small business scale, which lead to and increase in installation of low-priced licenses.

Sales of ".c Series" for specific major clients 【Progressed as planned】

- Prior installation started from 2020, which completed in 2021 as planned.
- Other deals are also planned to be installed in order.

(NOTE) Churn rate is not disclosed at the timing due to insufficient number of data for calculation.

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- Cloud conversion rate at the end of 1Q progressed as planned.
- Switching of existing users began in earnest from the second half of March. Contracts whose charging starts in April are not included at the end of 1Q.
- The number of expired contracts for the packaged system is not equally distributed monthly. Many of the contracts are concluded in June and December, so there is fewer deals in the 1Q.
- The number of licenses has exceeded the plan due to many inquiries from new clients since the launch of ".c Series" in November 2021.
- Regarding the average monthly license fee, the amount is relatively small. For existing users, the products are being switched from small business operators. For new clients, products are mainly installed to small business operators.
- Certain major companies that have already installed the licenses (Number of companies: 100, Number of licenses: approx. 1,000) are not included in the number of licenses and the average monthly license fee.

2 Overview of 1Q FY12/2022 Business Results

Even though actual business status is good, business results declined year-on-year since the Company mainly sold ".c Series," a cloud-based software service, which is recorded as monthly sales.

Actual business status

".c Series" is highly evaluated in the market, and the pace of acquisition of new users is faster than expected. Existing users are also switching to ".c Series" at an expected rate, so the actual business status is favorable.

Business results

Revenue decreased year-on-year.

From 2022, the Company limited the sales of ".NS Series," a packaged system with multi-year lump-sum sales, to particular industries that do not have a lineup of ".c Series," a cloud-based software service.

Despite a decrease in SG & A and other expenses as a result of cost reductions, profit decreased year-on-year since it was not enough to offset the impact of the decrease in sales due to the cost structure of high fixed cost ratio.

- The Company has acquired more new clients than expected, so actual business status are favorable, even though revenue and profits decreased year-on-year.
- Starting in 2022, main product is ".c Series," which are recorded as monthly sales. Until 2021, the main product used to be ".NS Series," which is recorded as multi-year lump-sum sales.
- Regardless of the actual business status, the difference between "monthly sales" and "multi-year lump-sum sales" appeared as a decrease in revenue.

Overview of Consolidated Business Results

Overview of FY12/2022 1Q Business Results

Sales decreased since the Company started provision of ".c Series," a cloud-based software service, which is recorded as monthly sales.

(Millions of yen)	FY2022 1Q	FY2021 1Q	YoY change
Revenue	3,254	5,195	-1,941
Cost of sales	1,195	1,530	-335
Gross profit	2,060	3,665	-1,605
SG&A expenses, etc.	2,797	2,993	-197
Operating profit (loss)	-737	672	-1,409
Profit (loss) before tax	-646	669	-1,315
Profit (loss) attributable to owners of the parent	-570	426	-996
Basic earnings (losses) per share	-6.48 yen	4.86 yen	-

Revenues by Service Categories

Overview of FY12/2022 1Q Business Results

Regarding cloud service, recurring revenue increased due to acquisition of users and switching to ".c Series." Meanwhile, revenue of packaged system declined since the Company limited the sale to certain clients.

(Millions of yen)	FY2022 1Q	FY2021 1Q	YoY change	Factors of increase/decrease
Cloud service	517	417	+100	
Software service	347	247	+100	• Increase in the number of licenses of software service
Marketplace	170	170	-0	• Increase in the number of users • Decrease in transaction volume of recycled parts market
Packaged system	2,737	4,778	-2,040	
Software sale	887	2,968	-2,081	• Limited sale of ".NS Series," a packaged software, to certain industries
Operation and support	1,850	1,809	+41	• Increase in the number of ".NS Series" users
Total	3,254	5,195	-1,941	

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"Cloud service"

- For "Software service," revenue increased due to an increase in the number of licenses for ".c Series" and other subscription-type software.
- "Marketplace" consists of the fee-based sales of ordering platform, which has been provided as a service, and the amount is at the same level as the previous year.

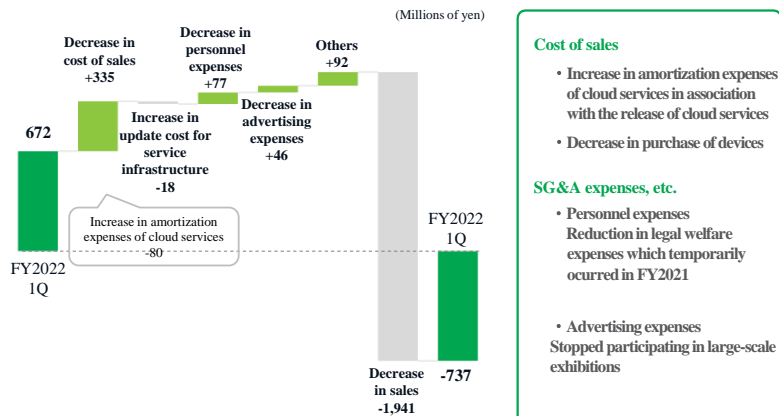
"Packaged system"

- For "Software sale," revenue decreased since the Company limited the provision of ".NS Series," which is recorded as multi-year lump-sum sales, to some industries, which became a factor behind the decrease in revenue.
- Revenue of "Operation and support" increased due to an increase in the number of users of ancillary services of ".NS Series."

Factors Behind Changes in Operating Profit

Overview of FY12/2022 1Q Business Results

Even though the Company reduced SG&A expenses, etc., operating profit decreased due to the significant negative impact of decrease in sales.



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- Total cost of sales

Amortization expenses increased due to the release of ".c Series," a cloud-based software service, but total cost of sales decreased due to a decrease in purchase of devices, etc.

- SG&A expenses

Personnel expenses decreased due to reduction in legal welfare expenses which temporarily occurred in 2021.

Advertising expenses decreased due to the cancellation of participation in large-scale exhibitions, despite strengthening of sales promotions for ".c Series."

Balance Sheet Status

Overview of FY12/2022 1Q Business Results

Current assets decreased due to limited sale of ".NS Series" by lease contracts, which is recorded as multi-year lump-sum sales. Despite dividend payout and booking of loss, there is no shortage in equity capital.

(Millions of yen)	FY2022 End of 1Q	FY2021 Year-end	YoY change	Factors of increase/decrease
Current assets	6,362	8,405	-2,043	Cash and cash equivalents -164 Operating and other receivables -1,882
Non-current assets	26,491	26,071	+419	Intangible assets +409
Total assets	32,853	34,476	-1,623	
Current liabilities	6,944	7,512	-568	Operating and other payables -1,007 Short-term interest-bearing debts +1,188
Non-current liabilities	723	850	-127	Long-term interest-bearing debts -38
Total liabilities	7,667	8,362	-695	
Total equity	25,186	26,114	-928	Dividend payout -414 Loss -570
Total liabilities and equity	32,853	34,476	-1,623	

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- Operating receivables, within current assets, decreased due to a decrease in the number of sale of ".NS Series" under lease contracts.
- Operating payables, within current liabilities, decreased due to a decrease in purchase of devices, etc., which is linked to the sale of ".NS Series."

③ Results Forecasts for FY12/2022

Consolidated Results Forecasts (Compared to Beginning of the Term)

Results Forecasts for FY12/2022

In light of progress up to 1Q, the Company updated full-year forecast for cost of sales and SG&A expenses, etc. It also updated 1H forecast since part of lump-sum sales was recorded ahead of plan.

(Millions of yen)	FY2022 Full-year Forecast		Difference	FY2022 1H Forecast		Difference
	After revision	Beginning of the term		After revision	Beginning of the term	
Revenue	12,300	12,300	-	6,000	5,800	+200
Cost of sales	5,200	5,500	-300	2,300	2,600	-300
Gross profit	7,100	6,800	+300	3,700	3,200	+500
SG&A expenses, etc.	11,900	11,600	+300	5,800	5,800	-
Operating profit (loss)	-4,800	-4,800	-	-2,100	-2,600	+500
Profit (loss) before tax	-4,800	-4,800	-	-2,000	-2,600	+600
Profit (loss) attributable to owners of the parent	-5,000	-5,000	-	-2,100	-2,700	+600
Basic earnings (losses) per share	-56.62 yen	-56.62 yen	-	-23.80 yen	-30.60 yen	-

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- The Company has updated results forecasts.
- The Company has updated cost of sales, SG&A expenses, etc. for the full-year. Revenue and operating profit (loss) are unchanged.
- Revenue, cost of sales, and operating profit (loss) and below for the first-half of the fiscal year has been updated as well.

Consolidated Results Forecasts (YoY)

Results Forecasts for FY12/2022

Revenue will decrease since the Company will continue switching to ".c Series," a cloud-based software service, which is recorded as monthly sales.

(Millions of yen)	FY2022 Full-year forecast	FY2021 Full-year	YoY change	FY2022 1H Forecast	FY2021 1H	YoY change
Revenue	12,300	20,652	-8,352	6,000	9,937	-3,937
Cost of sales	5,200	5,753	-553	2,300	2,867	-567
Gross profit	7,100	14,898	-7,798	3,700	7,070	-3,370
SG&A expenses, etc.	11,900	11,503	+397	5,800	5,827	-27
Operating profit (loss)	-4,800	3,395	-8,195	-2,100	1,243	-3,343
Profit (loss) before tax	-4,800	3,233	-8,033	-2,000	1,239	-3,239
Profit (loss) attributable to owners of the parent	-5,000	2,173	-7,173	-2,100	795	-2,895
Basic earnings (losses) per share	-56.62 yen	24.72 yen	-	-23.80 yen	9.05 yen	-

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- In 2022, revenue will decline throughout the year due to the difference between the recording of monthly sales and the recording of multi-year lump-sum sales.

1H Revenue Forecast by Service Categories (Compared to Beginning of the Term)

Results Forecasts for FY12/2022

1H forecast for packaged system has been updated since the software sale progressed ahead of the plan. No change to the full-year forecast.

(Millions of yen)	FY2022 1H Forecast		Difference
	After revision	Beginning of the term	
Cloud service	1,050	1,050	-
Software service	710	710	-
Marketplace	340	340	-
Packaged system	4,950	4,750	+200
Software sale	1,330	1,130	+200
Operation and support	3,620	3,620	-
Total	6,000	5,800	+200

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- For "Cloud service," there are no changes from the initial forecasts for both first-half and full-year of the fiscal year.
- "Package system" has increased by 200 million yen for 1H forecast only.
- This is because some of the deals scheduled in the second-half of the fiscal year are expected to be recorded as sales in the first-half, as sale of ".NS series" progressed ahead of schedule.
- Revenue forecast for the full-year is unchanged from the initial forecast.

Revenue Forecast by Service Categories (YoY)

Results Forecasts for FY12/2022

Revenue growth of "Software service" will accelerate in the second half of FY12/2022 since the monthly sales will grow steadily as the number of deals increase in the second half.

(Millions of yen)	FY2022 Full-year forecast	FY2021 Full-year	YoY change	FY2022 1H Forecast	FY2021 1H	YoY change
Cloud service	2,570	1,791	+779	1,050	847	+203
Software service	1,860	1,090	+770	710	503	+207
Marketplace	710	701	+9	340	345	-5
Packaged system	9,730	18,860	-9,130	4,950	9,090	-4,140
Software sale	2,500	11,620	-9,120	1,330	5,486	-4,156
Operation and support	7,230	7,240	-10	3,620	3,604	+16
Total	12,300	20,652	-8,352	6,000	9,937	-3,937

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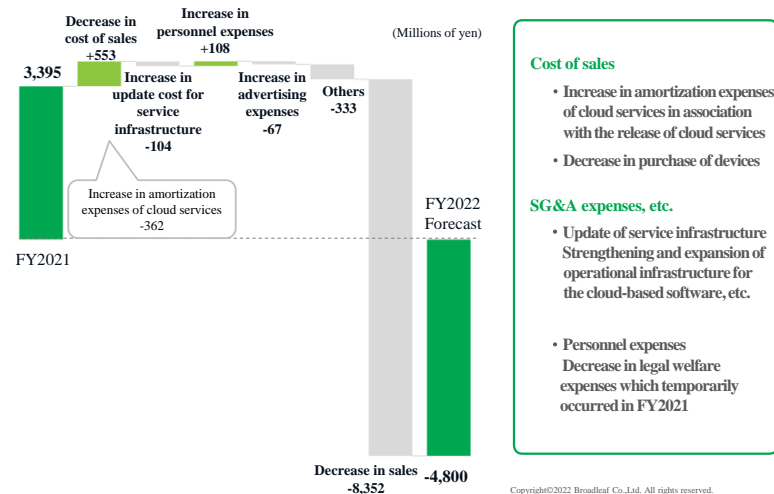
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- For "Cloud service," revenue is expected to increase due to an increase in the number of users of ".c Series" and the start of the provision of solution for electronic book storage.
- For "Packaged System," revenue is expected to decline significantly as sale of ".NS Series" is limited to certain industries that do not have the lineup of ".c Series."
- For "Operation and support," the decline in revenue in 2022 is expected to be limited since the number of users of ".NS Series" will not decline dramatically, and the support service contract rate is trending upward.

Factors Behind Changes in Operating Profit

Results Forecasts for FY12/2022

Decrease in cost of sales will be limited due to increase in amortization expenses of cloud services.



- Decrease in cost of sales is expected to be limited due to an increase in amortization expenses of cloud services.
- Amortization of cloud services will be conducted using 10-year straight-line method from the time the services are released.
- Within SG&A expenses, service infrastructure update cost, which are expected to increase year-on-year, are expenses for strengthening and expanding the IT infrastructure for providing cloud services.
- The Company plans to strengthen sales promotions for new products such as ".c Series" and solution for electronic book storage.

Dividend Forecast

Results Forecasts for FY12/2022

In light of the progress of the mid-term management plan and the status of retained earnings, the Company plans to announce forecasts when it becomes possible to make reasonable calculations.

Dividends per share

(Yen)	FY2022	FY2021
Interim dividend	Undecided	4.00
Year-end dividend	Undecided	4.70
Annual dividend	Undecided	8.70
Consolidated dividend payout ratio	-	35.2%

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- The dividend forecast for 2022 has not been determined at the time.
- It will be announced when the transition of retained earnings, not only in 2022 but also after that, becomes more accurately foreseeable.

④ Supplemental Information

Description of Revenue by Service Categories

Supplemental Information

Category	Description
Cloud service	
Software service	<ul style="list-style-type: none">• ".c Series," a cloud-base software service• Software services with subscription contracts, etc.
Marketplace	<ul style="list-style-type: none">• Ordering platform for auto repair parts, etc.
Packaged system	
Software sale	<ul style="list-style-type: none">• Sale of ".NS Series," a packaged system, with lease contracts• Sale of "OTRS," a work analysis software
Operation and support	<ul style="list-style-type: none">• Ancillary services of ".NS Series"

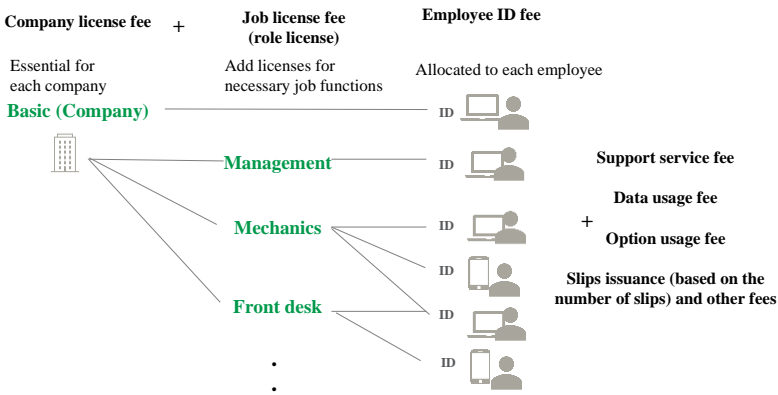
Revenue by Service Categories (2021)

Supplemental Information

(Millions of yen)	FY2021 1Q	FY2021 1H	FY2021 Cumulative 3Q	FY2021 Full-year
Cloud service	417	847	1,302	1,791
Software service	247	503	778	1,090
Marketplace	170	345	524	701
Package system sale	4,778	9,090	13,879	18,860
Software sale	2,968	5,486	8,458	11,620
Operation and support	1,809	3,604	5,420	7,240
Total	5,195	9,937	15,181	20,652

Fee System (Cloud-based Software Service)

Supplemental Information



Company Profile

Supplemental Information

Company name	Broadleaf Co., Ltd
Representative	Kenji Oyama, Representative Director and President
Listed on	Listed on Prime Market of Tokyo Stock Exchange (3673)
Sector	Information and telecommunication
Founded/Established	December 2005/September 2009
Capital stock	7.148 billion yen (consolidated)
Fiscal year	From January 1 to December 31
Business outline	<p>Using proprietary "Broadleaf Cloud Platform" as its infrastructure, the Company provides SaaS cloud services, marketplace-type services, and partner programs that enable functional and service collaboration with various players.</p> <p>These services are utilized as IT solutions that lead environmental changes, which are occurring in various industries including mobility industry, to business opportunities.</p>
Head office location	Floor 8, Glasscube Shinagawa, 4-13-14 Higashi-Shinagawa, Shinagawa-ku, Tokyo
Domestic offices	28 business offices and 3 development centers in Japan
Major subsidiaries	Tajima Inc.

Disclaimer

The results forecasts and forward-looking statements contained in this document are forecasts made by the Company based on information available at the time of preparation of the document, so they include potential risks and uncertainties.

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

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