



# **1Q FY12/2024 Business Results Briefing Material**

**May 9, 2024  
Broadleaf Co., Ltd.**

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# Information & Consideration

## **[Basic IR Policy]**

If a new risk that causes fluctuations in business results arises, the Company will appropriately disclose the estimated impact on business results.

## **[Risks and Notes that occurred in the 1Q of the current fiscal year under review]**

The sales timing of cloud software for auto parts dealers has been changed from the first half of the initial plan to the third quarter and beyond. The expected impact on business results, which is calculated based on the worst-case scenario (sales commencement at the beginning of 2025) because the start of sales is not yet determined at this time, is included in this document. The Company is implementing measures to avoid fluctuations in business results, but it takes time to rationally calculate the expected effects. Accordingly, the "maximum risk" in this document is a figure that does not take into account the effects of countermeasures.

## **[Summary]**

- 1Q results were favorable, 1H forecasts were revised upward, and the probability of achieving the full-year forecasts increased.
- Initiated measures to deal with newly occurring risks, and is currently working to avoid any impact on future results.

# First quarter summary

- Steady start toward achieving full-year operating profit
- Initiate measures for new risk factors at an early stage to improve the accuracy of plan achievement

## Business environment

- Our customers are increasingly **interested in DX (Digital Transformation)**
- Aggressively reforming businesses for environmental application and **diversifying IT requirements**  
(Response to digital infrastructure, application to supply chain automation, real-time linkage with mission critical systems, etc.)

## Priority initiatives

- Cloud penetration: **Propose optimal DX** to meet the diverse needs of each customer
- Service expansion: **Continue additional development** aimed at expanding targeted business formats and functions for cloud software

## Positive Business Results

- The accumulation of monthly subscription products was in line with expectations, Packaged system settled in excess of expectations  
⇒ **Increased sales** forecast for the 1H by **150 million yen**
- Improving Operational Efficiency and Restrain Cost Increases  
⇒ **Reduced total cost** forecast for the 1H by **100 million yen**
- ※Results of the above 2 points
  - **Upward** revision of 1H **operating income** forecast by **250 million yen**

## New Risks

- Postpone sales of cloud software for parts merchants  
⇒ **Risk of up to 150 million yen in sales** in the 2H
  - Raising costs for IT infrastructure, etc. are rising more than expected  
⇒ **Total costs** in 2H **exceed** previous forecast by **100 million yen**
  - ※Results of the above 2 points
    - Revised **down 2H operating income** forecast by **250 million yen**
- Suppl.) Delay in sales of cloud software for auto parts dealers, **Risk of up to 400 million yen to operating income** for the coming year\*
- (Decrease in revenues: ¥350 million+Increase in costs: ¥50 million)

# Summary of first quarter results

- Continued double-digit revenue growth as software users increasingly switch to monthly subscriptions
- Promoted measures to improve operational efficiency and absorbed cost increase factors, resulting in significant improvement in profit and loss

(Millions of yen)	FY2024 1Q	FY2023 1Q	Y o Y change	Y o Y ratio
Revenue	4,014	3,629	+ 384	+10.6%
Cost of sales	1,409	1,483	-75	-5.0%
Gross profit	2,605	2,146	+ 459	+ 21.4%
SG&A expenses, etc.	2,715	2,682	+ 33	+ 1.2%
Operating profit*	-109	-536	+ 426	-
Profit before tax*	-42	-541	+ 499	-
Profit attributable to owners of the parent*	-35	-405	+ 370	-
Basic earnings per share*	-0.39 yen	-4.58 yen	-	-

\* Minus(-) shown loss

# Revenue by service category

- The increase in software service revenue exceeded the decrease in operation and support service revenue due to the shift to monthly subscriptions

(Millions of yen)	FY2024 1Q	FY2023 1Q	Y o Y change	Y o Y ratio
Cloud service	1,676	935	+741	+79.3%
Software service	1,529	775	+753	+97.2%
Marketplace	148	160	-12	-7.6%
Package system	2,337	2,694	-357	-13.2%
software sales	619	754	-135	-17.9%
Operation and support service	1,719	1,941	-222	-11.4%
Total	4,014	3,629	+384	+10.6%
Recurring revenue*	3,395	2,876	+519	+18.1%
Recurring revenue ratio	85%	79%	-	-

\* Total of Cloud service and Operation and support

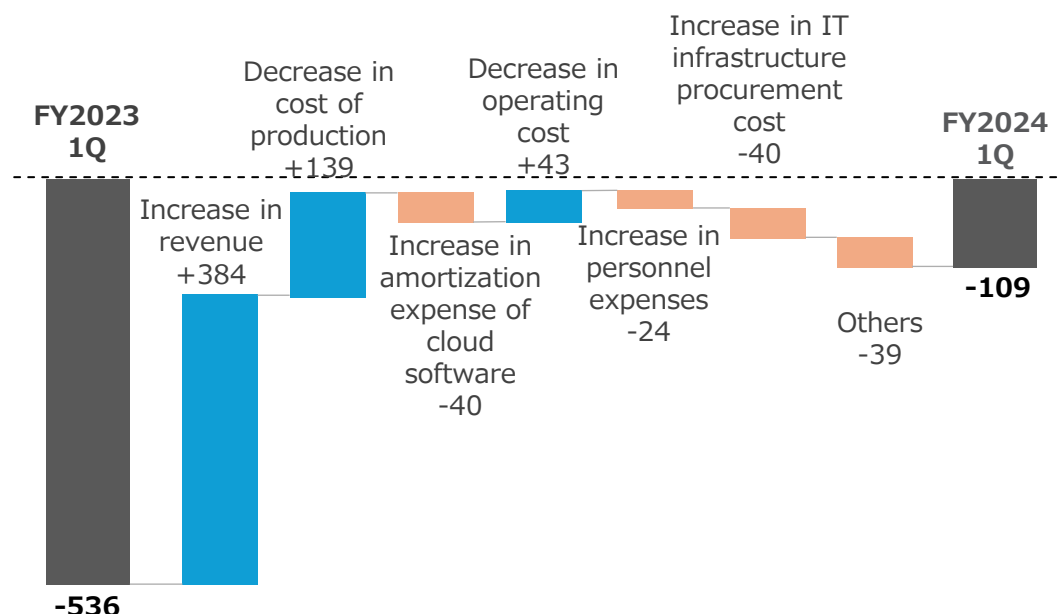
# Factors behind changes in Operating profit Y to Y

- While fixed costs are on the rise, the Company is promoting variable cost optimization and consumption control

## Operating loss

(Millions of yen)

+ : Profit increase factors  
- : Profit decrease factors



## Cost of sales

- Decrease in development costs to expand cloud service menu
- Increase in amortization expenses due to expansion of the scope of functions provided by cloud services
- Increase in cost of services

## SG&A expenses, etc.

- Decrease in operating-related expenses such as transportation expenses
- Increase in personnel costs due to increase in personnel, etc
- Increase in IT infrastructure procurement costs for providing cloud services
- Increase in administrative outsourcing costs, etc



## Balance sheet status

- Cash and cash equivalents increased due to increases in borrowings and contract liabilities, etc.
- Intangible assets increased due to continued investment in cloud service development

(Millions of yen)	FY2024 End of 1Q	FY2023 Year-end	Y o Y change	Major breakdown of increase/decrease
Current assets	<b>8,450</b>	7,053	+ 1,397	Cash and cash equivalent + 1,310
Non-current assets	<b>30,156</b>	29,696	+ 460	Intangible assets + 596
Total assets	<b>38,606</b>	36,750	+ 1,857	
Current liabilities	<b>10,228</b>	11,079	- 851	Short-term interest-bearing debt - 1,062 Contract liabilities + 596
Non-current liabilities	<b>5,845</b>	3,184	+ 2,661	long-term interest-bearing debt + 2,669
Total liabilities	<b>16,073</b>	14,263	+ 1,810	
Total equity	<b>22,533</b>	22,487	+ 47	Dividend payout - 91
Total liabilities and equity	<b>38,606</b>	36,750	+ 1,857	

Supplement)

This is mainly due to advances received under a 5-year package (5-year lump-sum payment) cloud software contract for contracted debt. Sales are booked on a pro rata basis over the period. Accordingly, an increase in contractual liabilities is a positive indicator of cash flow. Furthermore, it has the effect of suppressing the “ease of cancellation”, which is the weak point of monthly subscriptions. And it also helps improve customer retention.

## Cash flows status

- Operating cash flow increased due to increased revenue due to stock sales and decreased purchasing amount.

(百万円)	FY2024 1Q	FY2023 1Q	Y o Y change	Major breakdown of increase/decrease
Cash flow from operating activities	<b>806</b>	136	+ 670	Improvement in loss before-tax +499 Decrease in operating and other payable -218 Increase in contract liabilities +159
Cash flow from investment activities	<b>-889</b>	-854	-35	Increase in payments for acquisition of intangible assets -258 Proceeds from sales and redemptions of investments + 331
Cash flow from financing activities	<b>1,391</b>	561	+ 829	Decrease in short-term debts -3,820 Proceeds from long-term +4,700
Free Cash flow	<b>-83</b>	-718	+ 635	

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# Forecast for the second quarter and beyond

The risks listed here are calculated based on the risks and notes listed on page 4.

## 2Q (Apr-Jun)

**Our situation:** We have postponed the sales timing of cloud software for auto parts dealers to after 3Q and are considering more details. Started recovery measures (sales) after postponement of sales

**Revenue:** 2Q is expected to be in line with initial forecasts, and the excess over revenue in 1Q is reflected in 1H forecasts: . . . . . +150 million yen

**Cost:** Reduce 2Q costs, including delays from 1Q, and reflect them in 1H forecast: . . . . . -100 million yen

## Second half (Jul-Dec)

**Our situation:** There are many projects for which leases for package software have expired, and **the number of projects for switching to cloud software is increasing**. **Continue to invest** in expanding targeted businesses and functions for cloud software (P21 sales schedule)

**Revenue:** **Including the maximum risk** associated with the postponement of sales against the initial assumption. -150 million yen

**Cost:** Deferral of sales was offset by higher development costs and lower depreciation costs, and the impact during the period was limited. Considering the depreciation of the yen and other factors, **the risk of an increase in various funding costs is incorporated** . . . . . up +100 million yen

## FY2025

**Our situation:** The number of projects switching from packaged software to cloud software continues at **a high level**. **Continue to invest in development** to expand targeted business formats and expand functions for cloud software.

**Performance Plan:** In the worst scenario (sales commenced in January 2025) due to the postponement of sales to auto parts dealers, **Risks of up to 400 million yen** in operating income (breakdown: Decrease in sales 350 million yen + Increase in costs 50 million yen)



# Earnings forecast for the first half

- Previous forecasts (Feb 9, 2024) have been revised upward to reflect for the first quarter results within current business conditions.
- The Company reviewed the sales schedule for cloud software, but the impact on first half results was limited.

(Millions of yen)	FY2024 Revisions to forecast for the 1H	FY2024 Before revisions to forecast for the 1H	Change	FY2023 1st Half	Y o Y	Y o Y ratio
Revenue	<b>8,150</b>	8,000	+150	7,390	+760	+10.3%
Cost of sales	<b>2,900</b>	3,000	-100	2,985	-85	-2.8%
Gross profit	<b>5,250</b>	5,000	+250	4,405	+745	+16.9%
SG&A expenses, etc.	<b>5,750</b>	5,750	±0	5,516	+234	+4.2%
Operating profit*	<b>-500</b>	-750	+250	-1,111	+611	-
Profit before-tax*	<b>-500</b>	-750	+250	-1,102	+602	-
Profit attributable to owners of the parent*	<b>-400</b>	-600	+200	-826	+426	-
Basic earnings per share*	<b>-4.49yen</b>	-6.74yen	-	-9.33yen	-	-

\* Minus(-) shown loss

# Earnings forecast for the first half of Revenue by service category

- The Company is prepared to continue to move toward subscriptions as planned, and cloud service is expected to continue as expected.
- Package system sales and ancillary services are strong, upward revision of package system

(Millions of yen)	FY2024 Revisions to forecast for the 1H	FY2024 Before revisions to forecast for the 1H	Change	FY2023 1st Half	Y o Y	Y o Y ratio
Cloud service	3,600	3,600	±0	2,141	+1,458	+68.1%
Software service	3,300	3,300	±0	1,824	+1,476	+81.0%
Marketplace	300	300	±0	318	-18	-5.6%
Package system	4,550	4,400	+150	5,248	-698	-13.3%
software sales	1,250	1,200	+50	1,546	-296	-19.2%
Operation and support service	3,300	3,200	+100	3,702	-402	-10.9%
Total	8,150	8,000	+150	7,390	+760	+10.3%

# Earnings forecast for the second half

- The Company has factored into our second-half forecast a decrease in sales revenue of 150 million yen and an increase in cost of sales of 100 million yen as risks to business results due to a review of the cloud software sales schedule.

(Millions of yen)	FY2024 Revisions to forecast for the 2H	FY2024 Before revisions to forecast for the 2H	Change	FY2023 2nd Half	Y o Y	Y o Y ratio
Revenue	9,450	9,600	-150	7,995	+1,455	+18.2%
Cost of sales	3,150	3,050	+100	3,060	+90	+2.9%
Gross profit	6,300	6,550	-250	4,935	+1,365	+27.7%
SG&A expenses, etc.	5,750	5,750	± 0	5,726	+24	+0.4%
Operating profit*	550	800	-250	-791	+1,341	-
Profit before-tax*	550	800	-250	-819	+1,369	-
Profit attributable to owners of the parent*	440	640	-240	-661	+1,101	-

\* Minus(-) shown loss

## Earnings forecast for the second half of Revenue by service category

- As a risk to sales revenue due to a review of the cloud software sales schedule, a decrease of 100 million yen for Software services and 50 million yen for Marketplaces has been factored into the forecast.

(Millions of yen)	FY2024 Revisions to forecast for the 2H	FY2024 Before revisions to forecast for the 2H	Change	FY2023 2nd Half	Y o Y	Y o Y ratio
Cloud service	<b>4,850</b>	5,000	-150	3,094	+1,756	+56.7%
Software service	<b>4,550</b>	4,650	-100	2,763	+1,787	+64.7%
Marketplace	<b>300</b>	350	-50	331	-31	-9.4%
Package system	<b>4,600</b>	4,600	± 0	4,901	-301	-6.1%
software sales	<b>1,600</b>	1,600	± 0	1,437	+163	+11.3%
Operation and support service	<b>3,000</b>	3,000	± 0	3,464	-464	-13.4%
Total	<b>9,450</b>	9,600	-150	7,995	+1,455	+18.2%



# Earnings forecast for full-year

- The first half forecast has been revised upward and the second half forecast has been revised downward from the previous forecast (Feb 9, 2024). With these factors offsetting, the full-year forecast remains unchanged, and the Company expects to return to operating profit as the Plan.

(Millions of yen)	FY2024 Revisions to forecast	FY2024 Before revisions to forecast	Change	FY2023 full-year	Y o Y	Y o Y ratio
Revenue	<b>17,600</b>	17,600	± 0	15,385	+2,215	+14.4%
Cost of sales	<b>6,050</b>	6,050	± 0	6,045	+5	+0.1%
Gross profit	<b>11,550</b>	11,550	± 0	9,340	+2,210	+23.7%
SG&A expenses, etc.	<b>11,500</b>	11,500	± 0	11,242	+258	+2.3%
Operating profit*	<b>50</b>	50	± 0	-1,902	+1,952	-
Profit before tax*	<b>50</b>	50	± 0	-1,921	+1,971	-
Profit attributable to owners of the parent*	<b>40</b>	40	± 0	-1,487	+1,527	-
Basic earnings per share*	<b>0.45yen</b>	-	-	-16.76yen	-	-

\* Minus(-) shown loss

## Earnings forecast for the full-year of Revenue by service category

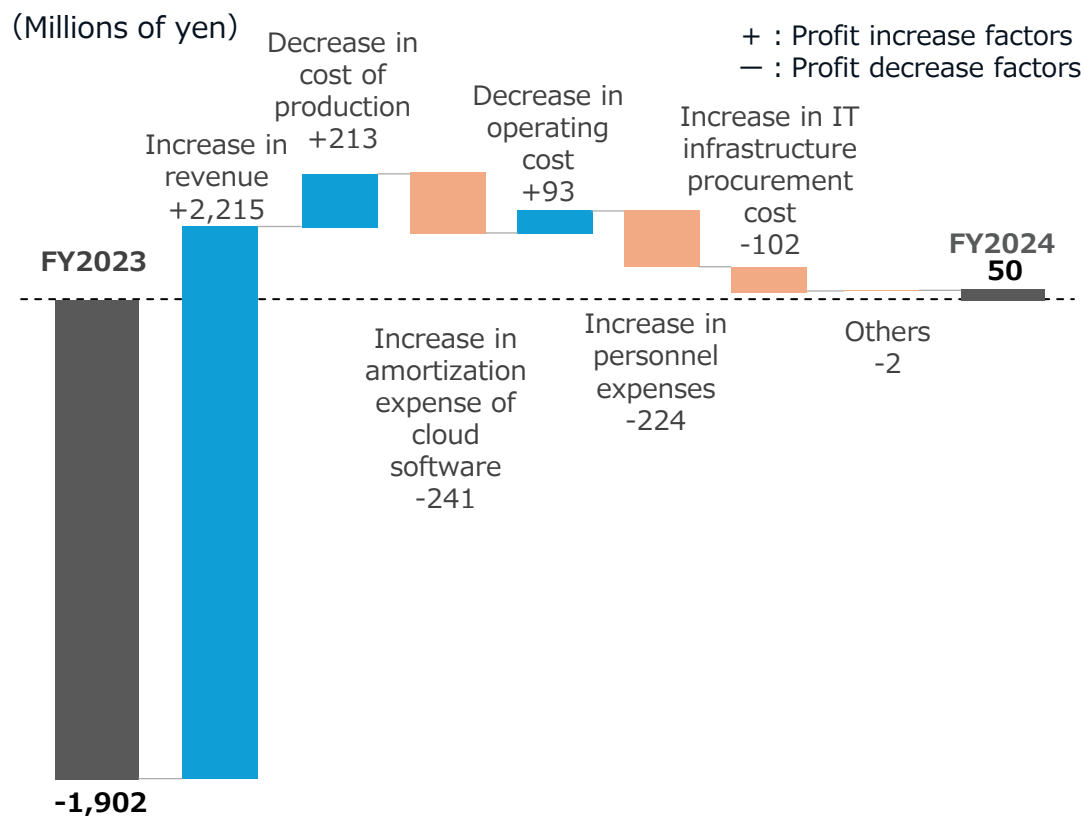
- The number monthly subscription plans has increased significantly from the second half. In parallel with this, the Company has been implementing recovery measures against development extension risks since the second quarter.

(Millions of yen)	FY2024 Revisions to forecast	FY2024 Before revisions to forecast	Change	FY2023 full-year	Y o Y	Y o Y ratio
Cloud service	<b>8,450</b>	8,600	-150	5,236	+3,214	+61.4%
Software service	<b>7,850</b>	7,950	-100	4,587	+3,263	+71.1%
Marketplace	<b>600</b>	650	-50	649	-49	-7.5%
Package system	<b>9,150</b>	9,000	+150	10,149	-999	-9.8%
software sales	<b>2,850</b>	2,800	+50	2,983	-133	-4.5%
Operation and support service	<b>6,300</b>	6,200	+100	7,166	-866	-12.1%
Total	<b>17,600</b>	17,600	± 0	15,385	+2,215	+14.4%

# Breaking down of changes in operating profit forecast

- The decrease in upfront costs that occurred in the previous period and the increase in costs due to high property prices are balanced

## Operating profit/loss



## Cost of sales

- Reduction in development costs to expand cloud service menu
- Increase in amortization costs due to expansion of the scope of functions provided by cloud service

## SG&A expenses, etc.

- Decrease in sales-related expenses such as transportation expenses
- Increase in personnel costs due to increase in manpower, etc.
- Increase in IT infrastructure procurement costs for providing cloud services (Including the effects of yen depreciation, etc.)

## Dividends forecast

- The dividends forecast for FY2024 is underdetermine
- Scheduled to be announced as soon as the decision is made

### Dividend per share

(Yen)	FY2024 (Forecast)	FY2023
Interim dividend	underdetermine	0.00 yen
Year-end dividend	Underdetermine	1.00 yen
Annual dividend	underdetermine	1.00 yen
Consolidated dividend pay out ratio	-	-

### Explanation

- Although net loss was recorded in FY12/2022 and FY12/2023, dividends were paid in view of the status of retained earnings and progress in 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.

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# Sales schedule for cloud software

- Introduced auto maintenance shops and auto body shops in advance to some customers in FY2020 and began sales in the 4Q of FY2021
- Since then, we have been responding to diversifying customer needs by expanding target industries and providing an expanded version of functions.

	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025
<b>For Mobility sector</b>								
Auto maintenance shops	★ Beta version release		★ Preliminary introduction started		★ Sales started	Enhanced version (Designated factory)	★ Enhanced version (New Car Inspection System)	
Auto Body shops			★ Preliminary introduction started		★ Sales started			
Recycle shops						★ Sales started	★ Enhanced version	
Auto Glass shops						★ Sales started	★ Enhanced version	
Auto Parts Dealers						★ Test introduction	★...▶ <b>Postpone launch of sales</b>	
Used car dealers							★ Sales started	★ Enhanced version
Auto electrical equipment shops								Sales start after 2025y

Appendix 1) Even after the launch of the above sales started, we plan to implement version upgrades (additional functions, etc.) for each industry as needed.

Appendix 2) **For non-mobility** sector, we are planning to develop cloud software for machinery tool shops (the timing of sales is yet to be determined).

In other industries, we do not plan to develop cloud software at this time, and plan to continue selling packaged software (including leasing).

# Performance plan

- Performance plan for 2024-2028 remain unchanged from the planned figures announced on Feb 9, 2024.
- Plan to achieve operating profit in FY2024 and renew record high performance in FY2026

(Billions of yen)	FY2022	FY2023	FY2024 Forecast	FY2025 Plan	FY2026 Plan	FY2027 Plan	FY2028 Plan
Revenue	13.8	15.5	17.6	20.5	24.0	29.0	32.5
Operating profit *	-2.9	-1.9	0.05	1.5	4.8	10.0	13.0
Operating margin	-	-	0.3%	7%	20%	34%	40%
Profit attributable to owners of the parent *	-2.4	-1.5	0.04	1.0	3.2	6.3	8.0

\*Minus (-) shown loss

(NOTE) Forecasts and planned figures were announced on February 9, 2024.

# Revenue forecast by service category

- Only the sales breakdown for FY2024 has been revised from the forecast announced on Feb 9<sup>th</sup>, 2024.

(Billions of yen)	FY2022	FY2023	FY2024 Forecast	FY2025 Plan	FY2026 Plan	FY2027 Plan	FY2028 Plan
Cloud service	5.2	8.5	11.8	15.7	25.0	29.1	29.1
Software service	4.6	7.9	11.2	15.1	22.1	25.0	25.0
Marketplace	0.6	0.6	0.7	0.7	2.9	4.1	4.1
Package system	10.2	9.2	8.7	8.3	4.0	3.4	3.4
Software sales	3.1	2.9	2.6	2.9	2.2	2.0	2.0
Operation and support service	7.1	6.3	6.1	5.4	1.8	1.4	1.4
Total	15.5	17.6	20.5	24.0	29.0	32.5	32.5
Recurring revenue ratio	80%	84%	87%	88%	92%	94%	94%

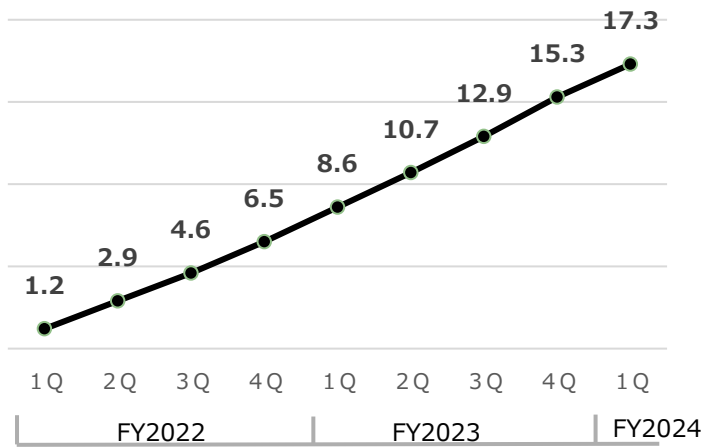
NOTE) Forecasts and planned figures were announced on February 9, 2024.



# Progress and Latest Outlook for Cloud Indicators (1)

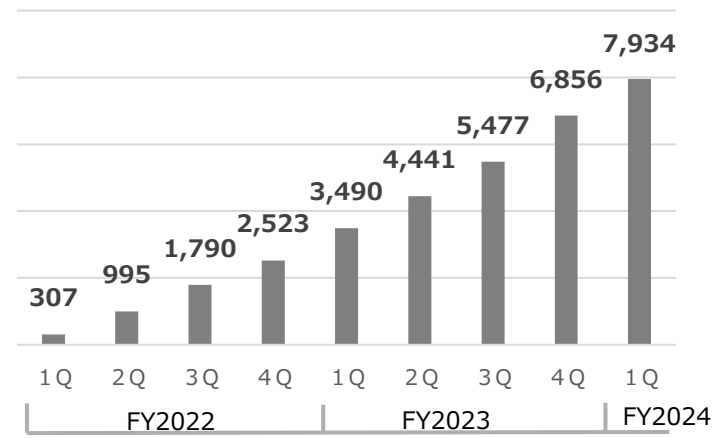
- Targets for the end of FY2024: cloud adoption rate = 30%, number of licenses = 16,000
- The number of projects switching to cloud software is expected to increase from the 2H of FY2024

## Cloud transition rate (%)



- For package software users in the 2H of 2024 Number of contracts expected to increase
- Target value at the end of 2024: 30%
- No changes to plan for cloud transition rate of 100% by 2028.

## Number of licenses (standard version)

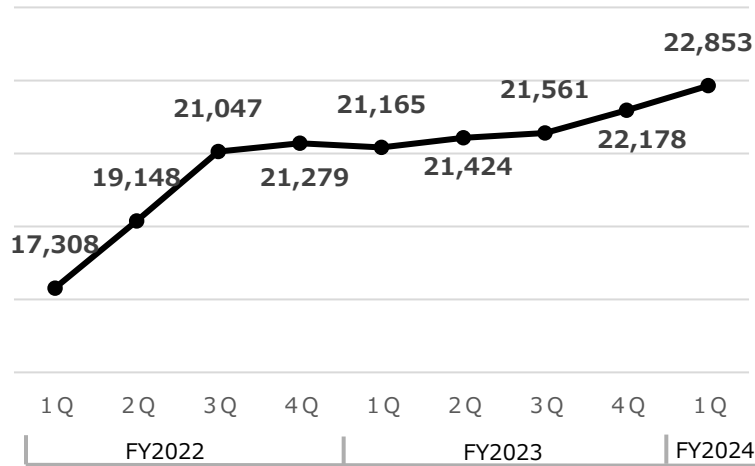


- To switching to cloud software in the 2H of FY2024 The percentage of mid-to large-sized users is expected to increase.
- Target value at the end of 2024 is 16,000 licenses
- In the postponement of sales of cloud software for parts merchants, Risk Factors for Achieving Targets

## Progress and Latest Outlook for Cloud Indicators (2)

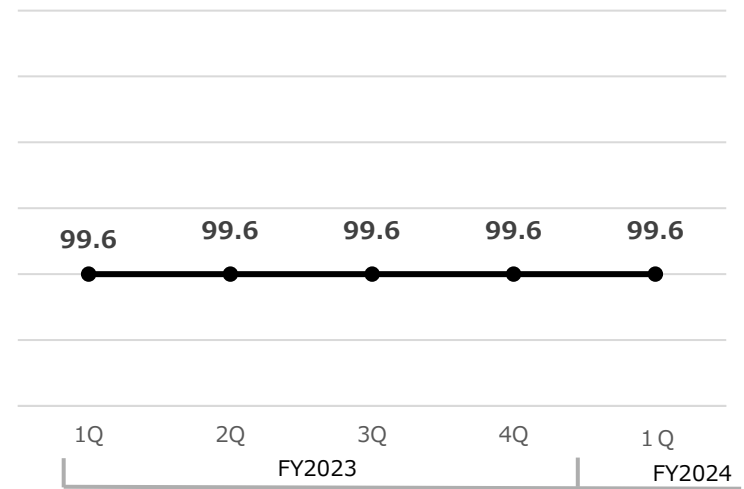
- **Targets for the end of FY2024: Average monthly license sales = 24,000yen, user retention rate = 99% or more**
- **Mid-to large-sized users are expected to switch to cloud software from the 2H of FY2024.**

Average monthly license sales (standard version, yen)



- The percentage of medium to large-sized users is increasing.
- Target value at the end of FY2024 is 24,000 yen/license
- Delay in sales of cloud software for parts merchants is a risk factor for achieving targets

User retention rate (standard version, %)



- Although there is a large influx of new users, the retention rate remains above 99%.
- If the percentage of existing users increases in the future, the percentage of users retained tends to be even higher.
- It is expected to maintain above 99% in 2024 and beyond.

Supplement) New: Users who did not use our packaged software  
Existing: Users who used our packaged software

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# Number of software users

(number of companies)	FY2022				FY2023				FY2024	End of FY2024
	End of 1Q	End of 2Q	End of 3Q	End of 4Q	End of 1Q	End of 2Q	End of 3Q	End of 4Q	End of 1Q	Forecast
Companies using business support software	38,098	38,354	38,549	39,345	39,547	39,771	39,955	39,985	39,677	—
Mobility sector *	36,373	36,650	36,858	37,643	37,855	38,095	38,289	38,350	38,075	—
Non-Mobility sector *	1,725	1,704	1,691	1,702	1,692	1,676	1,666	1,635	1,602	—
Target companies for cloud software**	33,578	33,853	34,066	34,357	34,618	34,887	35,127	35,229	35,026	—
Cloud software user companies	395	991	1,557	2,231	2,973	3,744	4,527	5,381	6,048	—
Standard edition	274	867	1,433	2,099	2,831	3,604	4,382	5,222	5,871	—
Existing client	118	405	721	1,094	1,492	1,937	2,370	3,010	3,326	—
New client	156	462	712	1,005	1,339	1,667	2,012	2,212	2,545	—
Specific edition	121	124	124	132	142	140	145	159	177	—
Packaged software users	33,183	32,862	32,509	32,126	31,645	31,143	30,600	29,848	28,978	—
Non-Target of cloud software	4,520	4,501	4,483	4,988	4,929	4,884	4,828	4,756	4,651	—
<b>Cloud transition rate</b>	1.2%	2.9%	4.6%	6.5%	8.6%	10.7%	12.9%	15.3%	17.3%	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

# Indicators related to cloud software

(License)	FY2022				FY2023				FY2024	End of FY2024
	End of 1Q	End of 2Q	End of 3Q	End of 4Q	End of 1Q	End of 2Q	End of 3Q	End of 4Q	End of 1Q	Forecast
<b>Number of licenses*</b>	1,306	2,056	2,857	3,620	4,656	5,649	6,721	8,156	9,301	—
Standard Edition	307	995	1,790	2,523	3,490	4,441	5,477	6,856	7,934	16,000
Existing client	136	483	950	1,381	1,970	2,552	3,166	4,244	4,807	—
New client	171	512	840	1,142	1,520	1,889	2,311	2,612	3,127	—
Specific edition	999	1,061	1,067	1,097	1,166	1,208	1,244	1,300	1,367	—

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

(円/月)	FY2022				FY2023				FY2024	End of FY2024
	Mar	Jun	Sep	Dec	Mar	Jun	Sep	Dec	Mar	Forecast
<b>Average monthly license sales*</b>	—	—	—	—	—	—	—	—	—	—
Standard Edition	17,308	19,148	21,047	21,279	21,165	21,424	21,561	22,178	22,853	24,000
Existing client	18,808	21,150	23,326	24,074	23,837	24,324	24,553	24,823	25,598	—
New client	16,115	17,261	18,470	17,900	17,701	17,507	17,461	17,881	18,632	—
Specific edition	—	—	—	—	—	—	—	—	—	—

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

	FY2022	FY2023				FY2024	End of FY2024
	End of 4Q	1 Q	1 H	3Q	Full-year	1 Q	Forecast
<b>Cloud software user retention rate*</b>	—	99.6%	99.6%	99.6%	99.6%	99.6%	99%以上

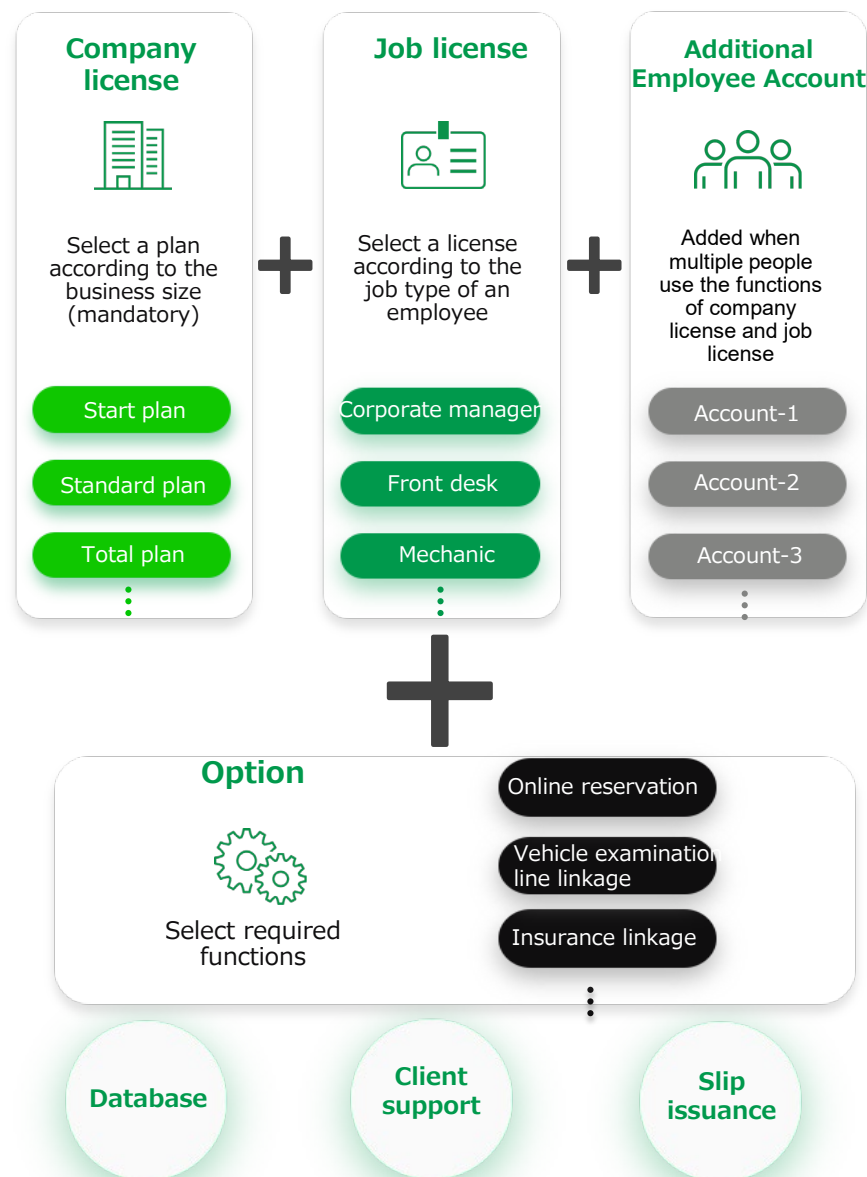
\*Cloud software user retention rate: Weighted average monthly user retention rate for the cumulative periods up to full-year

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

## 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.



# Cases of offering packaged software under the monthly subscription contracts

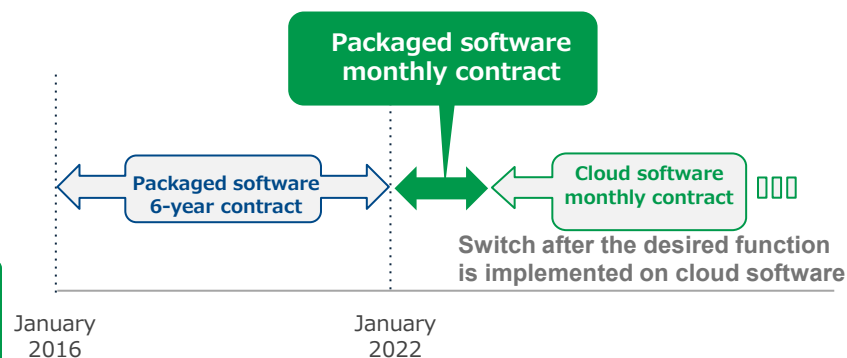
In certain cases, some clients may continue to use packaged software under monthly subscription contracts for a limited period.

## 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.**

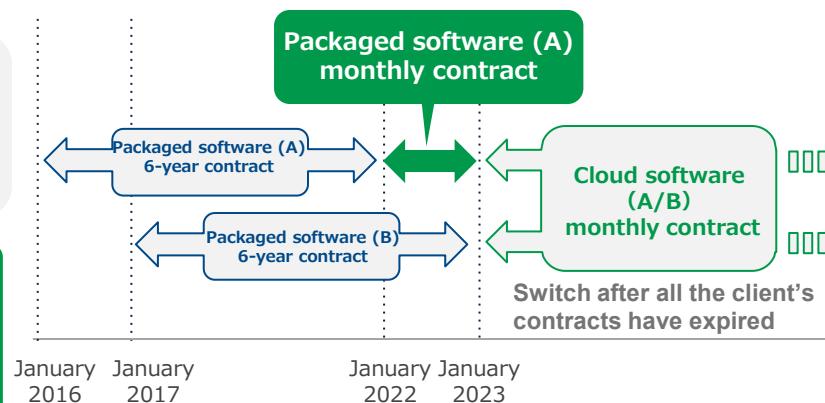


## Case 2 A single client who has multiple lease contracts



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.**



# 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	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 site	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.

## Contact Information

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