

# **1Q FY12/2025**

## **Business Results Briefing Material**

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Broadleaf Co., Ltd  
May 14, 2025

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# Summary

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# Summary

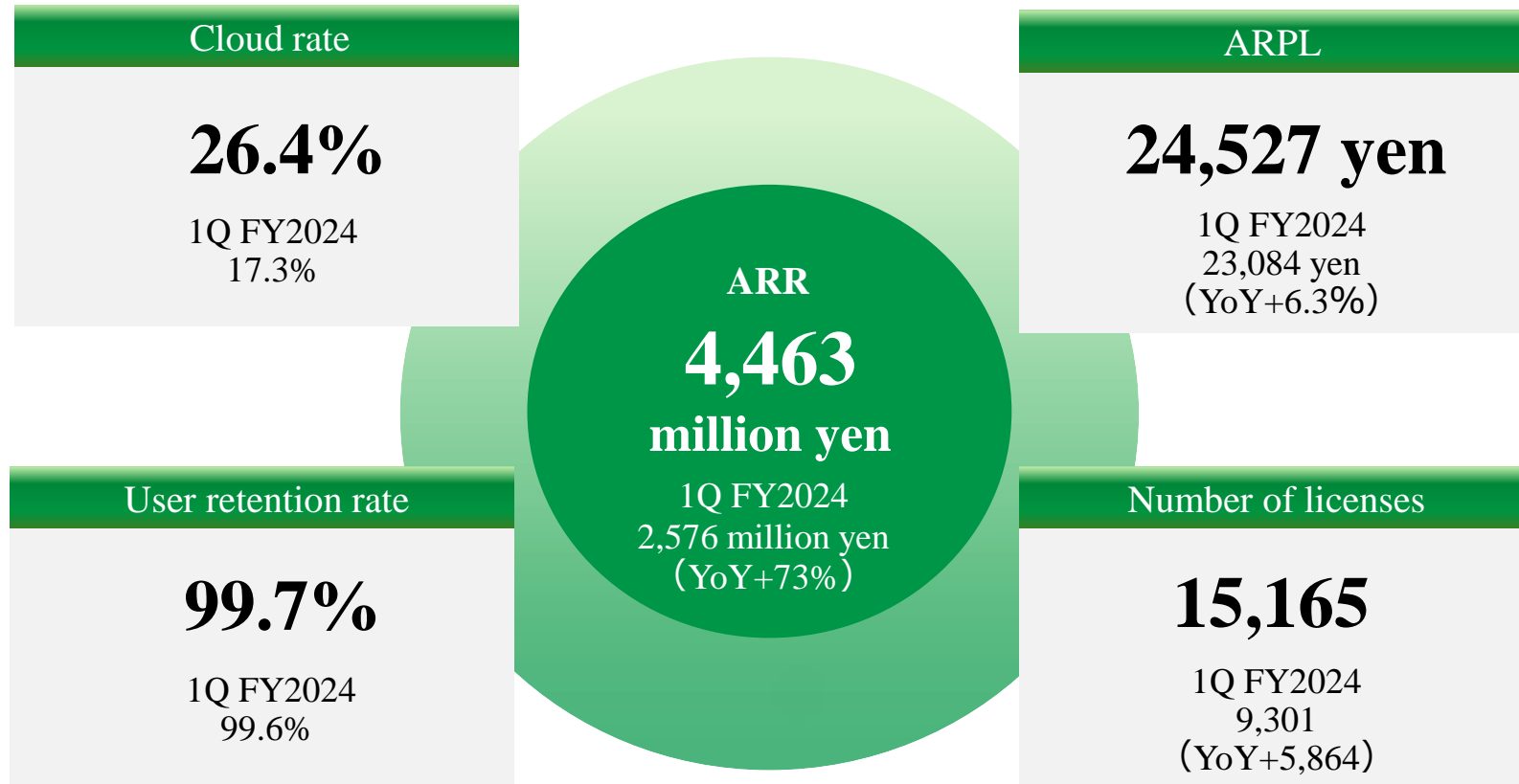
## Business results

- Revenue for the first quarter **Increased by 18.5% year on year** driven by the growing number of customers using our subscription-based software
- The increase in revenue offset rising costs, resulting in a significant improvement in profitability compared to the same period of the previous year  
The Company **returned to profitability** at the operating profit level and below.
- Based on the progress of revenue and the status of cost consumption, **the forecast for the first half has been revised upward.**

## Strategy

- **Plan to migrate 100% to the cloud by the end of 2028** for customers eligible for the released cloud software (already announced to customers).
- **Migration to subscription-based cloud software is ongoing as planned** while taking into account the specific circumstances of each customer
- Progress indicators for cloud software are **progressing in line with the medium-term plan**

## 4 KPI and ARR of Cloud Software



### NOTE:

ARR is calculated by multiplying MRR at the end of the quarter by 12. MRR is calculated by excluding 1-time sales such as the initial setup fees from the total monthly sales of cloud software.

The number of licenses refers to the total number of industry-specific and job-specific licenses as of the final month of each quarter.

ARPL (Average Monthly Revenue Per License) is calculated as:  $MRR \div \text{Number of licenses}$

The cloud adoption rate is calculated as:  $\text{Number of cloud software customers} \div (\text{Number of cloud software customers} + \text{Number of packaged software customers (Cloud software to be switched has been released)})$  as of the final month of each quarter.

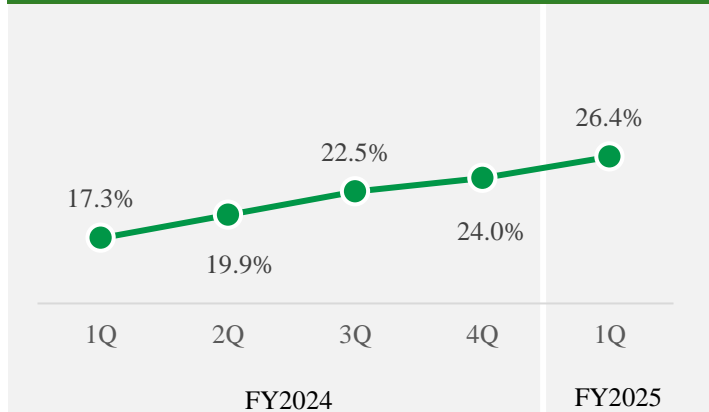
The user retention rate is calculated as the average of the monthly retention rates over the past 12 months. (Most cancellations are due to business closures or bankruptcies.)

All indicators reflect the total figures for the entire ".c Series" cloud software, including both the Standard Edition and the Specific Major Companies Edition.

# Changes in the 4 KPI

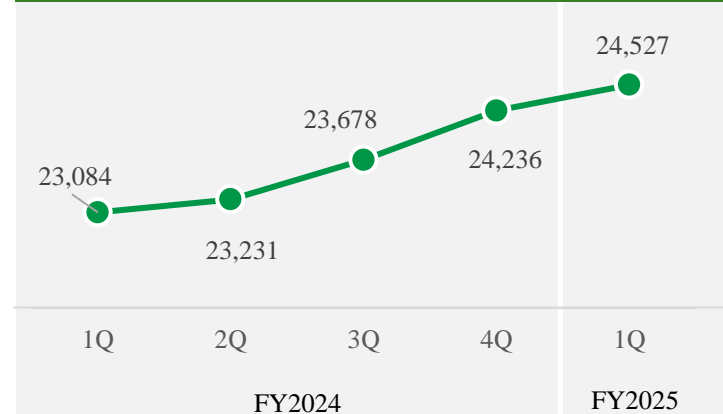
Cloud software, the key driver to achieving the Medium-Term Management Plan (2022-2028), is progressing in line with the plan across all indicators.

### Cloud rate

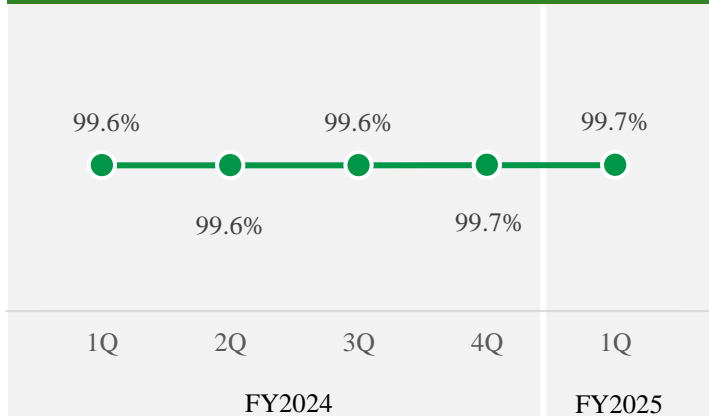


### ARPL

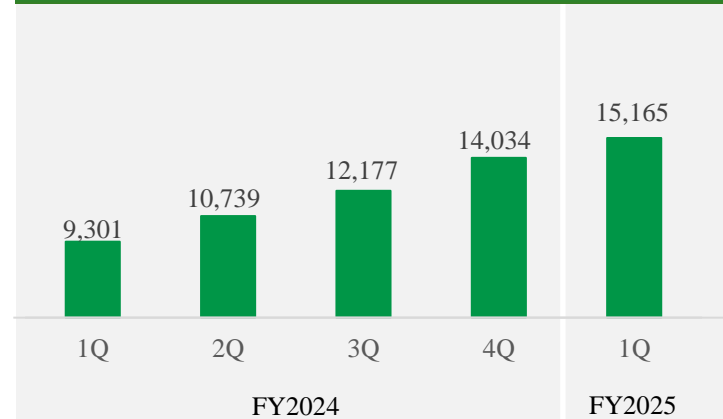
(Yen)



### User retention rate



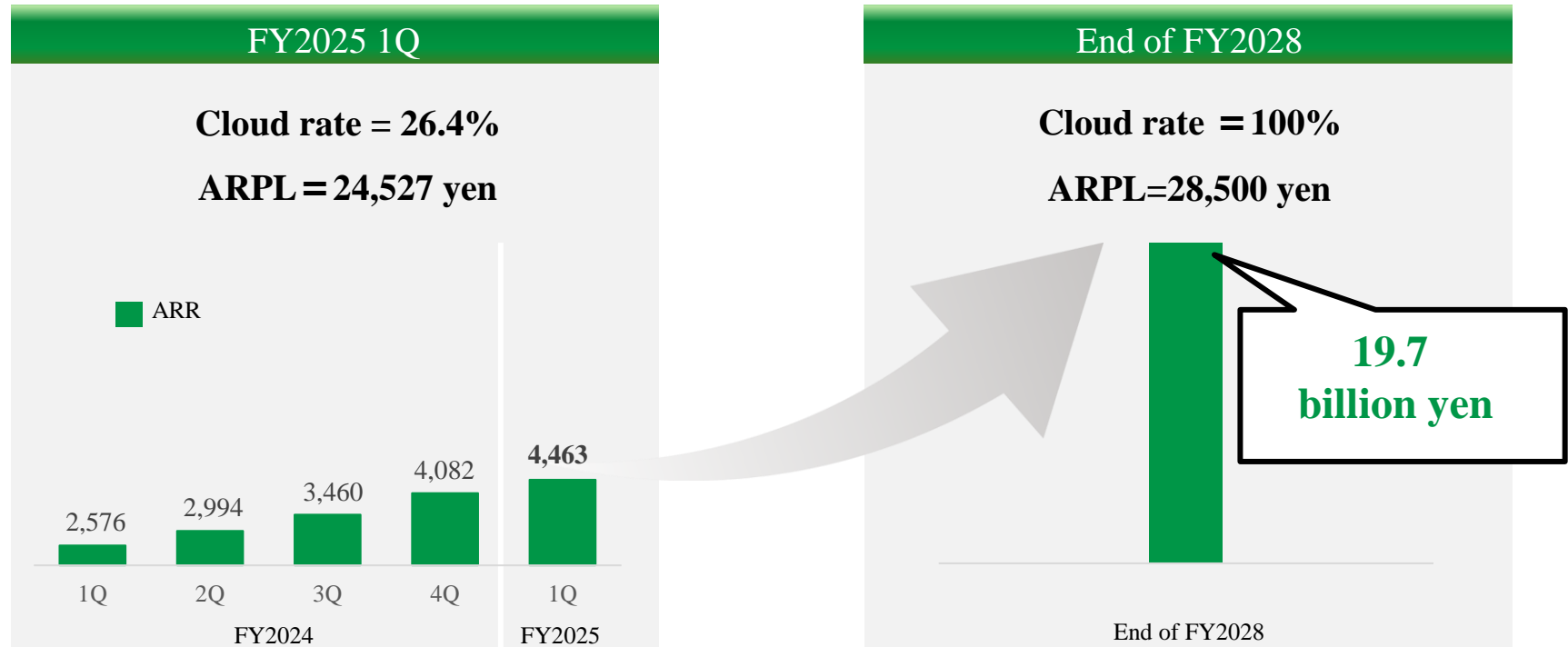
### Number of licenses



# ARR Outlook

Based on future implementation plans, ARPL as of 100% of cloud adoption is 28.5 thousand yen.  
ARR forecast for the end of 2028 is 19.7 billion yen.

$$\text{ARR(FY2028 year-end)} = \text{ARR(2025 1Q)} \times (\text{rate of increase in cloud adoption rate}) \times (\text{rate of increase in ARPL})$$



## NOTE:

The above is based on the following assumptions.

- ① No change in cloud coverage (cloud conversion rate variable) ⇒ (In reality) Target industries to be expanded.
- ② Net maintenance rate of the number of cloud companies = 100% (net inflow/outflow) ⇒ (In reality) Net inflow is expected to continue.
- ③ No change in the number of licenses per company ⇒ (In reality) Increase expected due to a higher proportion of semi-major and larger clients.

# Business Results for 1Q FY2025

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# Overview of Results for 1Q FY2025

**Revenue increased by 18.5% year on year.**

**The increase in revenue offset higher costs, resulting in a return to profitability at the operating profit level and below.**

(Millions of yen)	FY2025 1Q	FY2024 1Q	YoY change	YoY ratio
Revenue	4,758	4,014	+744	+18.5%
Cost of sales	1,638	1,409	+229	+16.3%
Gross profit	3,120	2,605	+515	+19.8%
SG&A expenses, etc.	2,767	2,715	+53	+1.9%
Operating profit*	353	-109	+462	-
Profit before tax*	298	-42	+340	-
Profit attributable to owners of the parent*	196	-35	+231	-
Basic earnings per share*	2.19 yen	-0.39 yen	-	-

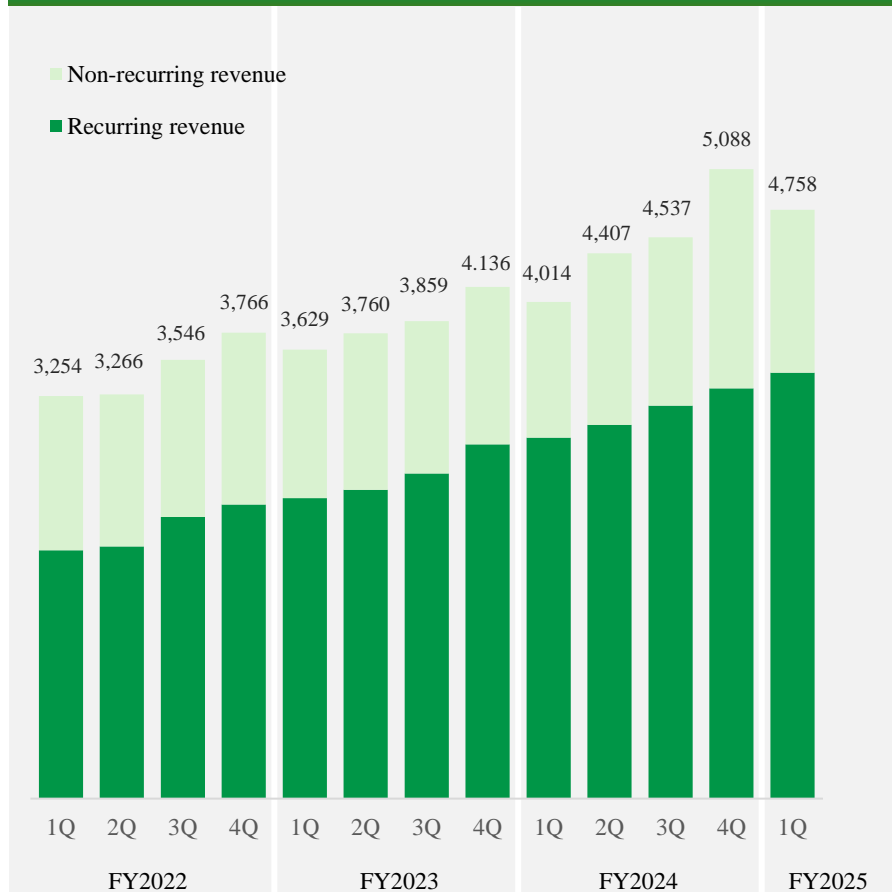
\* Minus(-) shown loss

# Quarterly Sales & Earnings Performance

The trend of increasing revenue and profit has continued since 2022, when the company shifted to a subscription-based model. Although total sales declined due to a reactionary drop following large-scale transactions in Q4 2024, recurring revenue has continued to grow steadily.

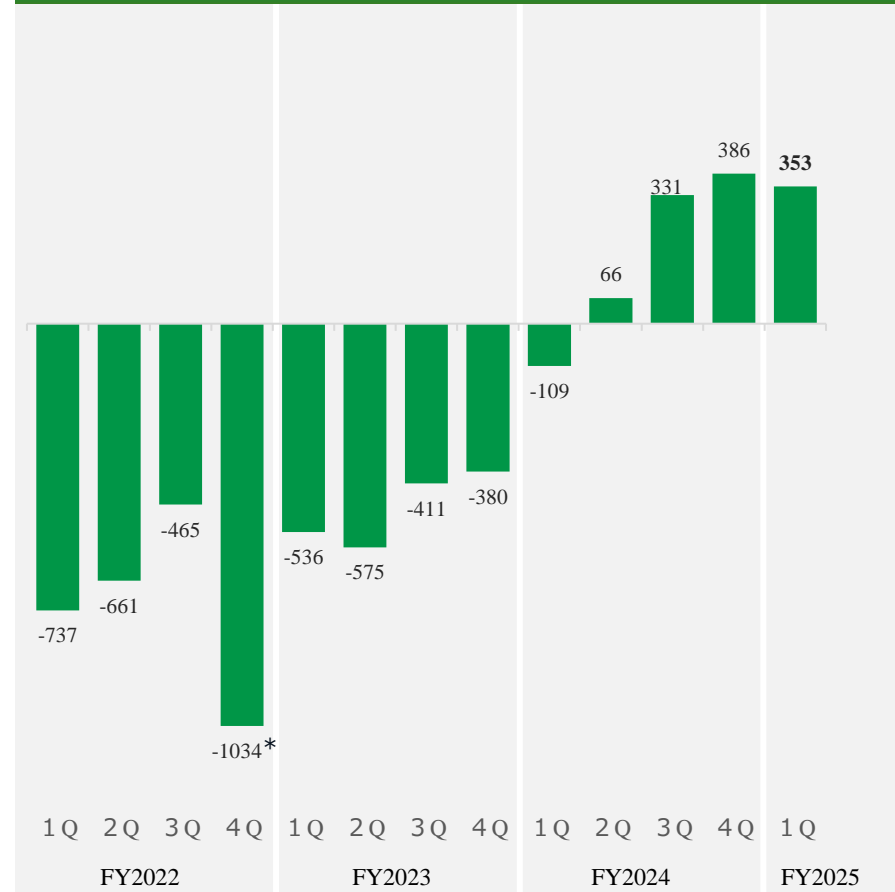
## Revenue

(Millions of yen)



## Operating profit

(Millions of yen)



\*FY2022's 4Q impaired goodwill (-615 million yen)

## (NEW)Sales by Service Category

**The subscription transition by business software customers is progressing as planned.  
Others increased, driven by replacement demand for PCs and related hardware.**

(Millions of yen)	FY2025 1Q	FY2024 1Q	YoY change	YoY ratio
Cloud services	2,330	1,676	+653	+39.0%
Software services*1	2,196	1,529	+667	+43.6%
Software	1,957	1,300	+657	+50.5%
Maintenance contract	108	70	+38	+54.3%
Initial setup	130	158	-28	-17.6%
Marketplace	134	148	-14	-9.2%
Packaged system	1,770	1,885	-115	-6.1%
Software sales	393	338	+55	+16.2%
Operation and support service	1,377	1,547	-170	-11.0%
Others	659	453	+206	+45.5%
Hardware*2	489	281	+209	+74.3%
Supply*3	170	172	-3	-1.5%
Total	4,758	4,014	+744	+18.5%
Recurring revenue*4	3,442	2,917	+525	+18.0%
Recurring revenue ratio	72.3%	72.7%	-	-

\*1 Transferred maintenance contract revenue from monthly software, previously categorized under "Operation and support service"

\*2 Hardware: Previously included under software sales, now reported as a separate item.

\*3 Supply: Previously included under operations and support, now reported as a separate item.

\*4 Recurring revenue: Total of software, support, and operations and support service.

# Breakdown of major costs

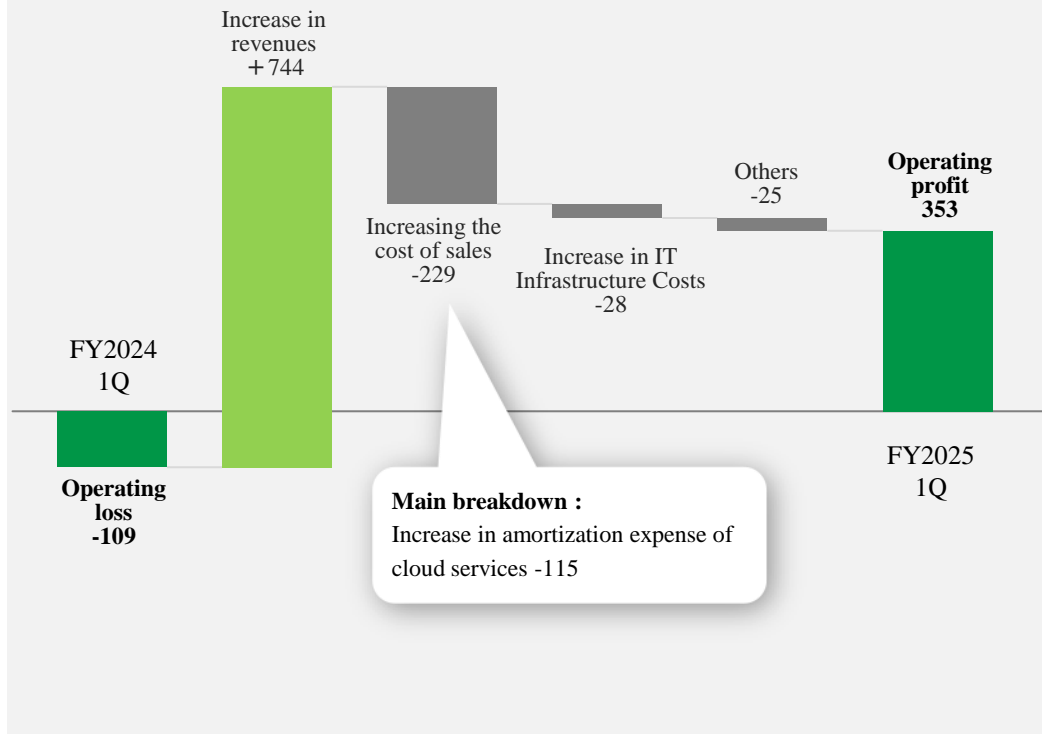
**Growth investment costs increased, including cloud amortization expenses and IT infrastructure procurement costs. Meanwhile, we are actively leveraging AI to enhance efficiency in administrative operations, sales proposals, and development processes.**

## Breakdown of Changes in Operating Income (Loss)

+:Positive factors

- :Factors behind the decline in profits

(Millions of yen)



## Cost of sales

- Amortization expenses of cloud services increased as cloud software expanded.
- Purchases increased due to higher hardware sales.

## SG&A expenses, etc.

- Increased cost of procuring IT infrastructures to provide cloud services.
- Active use of AI to streamline sales proposals, curb sales-related expenses, and optimize SG&A expenses by streamlining administrative operations and development processes.

## Balance sheet status

**Intangible assets increased due to the addition of new functions to cloud software.**

**Other current liabilities decreased, reflecting tax payments and the shift of interest-bearing debt to the short term.**

(Millions of yen)	FY2025 End of 1Q	FY2024 Year-end	YoY change	Major breakdown of increase/decrease
Current assets	7,302	8,211	-909	Cash and cash equivalents -972
Non-current assets	32,206	31,684	+522	Intangible assets +602
Total assets	39,507	39,895	-387	-
Current liabilities	13,468	13,681	-212	Short-term interest-bearing debts +506 Other current liabilities - 439
Non-current liabilities	2,783	3,071	-287	Long-term interest-bearing debts -282
Total liabilities	16,251	16,751	-500	-
Total equity	23,256	23,143	+113	Net income +193
Total liabilities and equity	39,507	39,895	-387	-

## Cashflow situation

**The main factors behind the decrease in operating cash flow were an increase in tax payments associated with the return to profitability and a smaller increase in contract liabilities\*.**

(Millions of yen)	FY2025 1Q	FY2024 1Q	YoY change	Major breakdown of increase/decrease
Cash flow from operating activities	<b>337</b>	806	-469	Increase in income before income taxes +340 Decrease in contractual liabilities -384 Income taxes paid -209 Prepaid expenses increase -156
Cash flow from investment activities	<b>-1,171</b>	-889	-282	Decrease in proceeds from sales of investments -331
Cash flow from financing activities	<b>-158</b>	1,391	-1,549	Net increase in short-term borrowings +3,400 Decrease in proceeds from long-term debt -4,700
Free cash flow	<b>-834</b>	-83	-751	-
Cash and cash equivalents at the end of the period	<b>3,333</b>	5,230	-1,896	-

\*The main component of contract liabilities is advance payments received under five-year bundled contracts for cloud software (lump-sum payments covering five years). Revenue is recognized on a prorated basis over the contract period.  
The adoption of five-year plans is partially driven by the availability of IT subsidies.

# Forecasts for the first-half and Full-Year

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## (NEW)First Half Sales Forecast by Service Category

Considering that the demand for PC and hardware replacements exceeded expectations.  
The package system sales forecast has been revised upwards.

(Millions of yen)	FY2025 Current forecast for the 1H	FY2025 Previous forecast for the 1H	Change	FY2024 1H	YoY change	YoY ratio
Cloud services	5,450	5,450	±0	3,679	+1,771	+48.1%
Software services*1	5,150	5,150	±0	3,394	+1,756	+51.7%
Marketplace	300	300	±0	285	+15	+5.1%
Packaged system	3,090	3,090	±0	3,627	-537	-14.8%
Software sales	740	740	±0	758	-18	-2.3%
Operation and support service	2,350	2,350	±0	2,870	-520	-18.1%
Other, net	1,060	960	+100	1,114	-54	-4.9%
Hardware*2	720	620	+100	766	-46	-6.0%
Supply*3	340	340	±0	348	-8	-2.4%
Total	9,600	9,500	+100	8,421	+1,179	+14.0%

\*1 Transferred maintenance contract revenue from monthly software, previously categorized under "Operation and support service"

\*2 Hardware: Previously included under software sales, now reported as a separate item.

\*3 Supply: Previously included under operations and support, now reported as a separate item.



## Forecast of first-half results

**Upward revision to the 1H operating income forecast, taking into account 1Q sales and expenses. Forecasts of financial expenses are also reflected for profit before income taxes and the following.**

(Millions of yen)	FY2025 Current forecast for the 1H	FY2025 Previous forecast for the 1H	Change	FY2024 1H	YoY change	YoY ratio
Revenue	<b>9,600</b>	9,500	+100	8,421	+1,179	+14.0%
Cost of sales	<b>3,350</b>	3,300	+50	2,961	+389	+13.1%
Gross profit	<b>6,250</b>	6,200	+50	5,460	+790	+14.5%
SG&A expenses, etc.	<b>5,700</b>	5,900	-200	5,504	+196	+3.6%
Operating profit*	<b>550</b>	300	+250	-44	+594	-
Profit before-tax	<b>450</b>	300	+150	16	+434	-
Profit attributable to owners of the parent*	<b>300</b>	200	+100	-14	+314	-
Basic earnings per share*	<b>3.34 yen</b>	2.23 yen	-	-0.15 yen	-	-

\* Minus(-) shown loss

## (NEW) Full-year forecast of revenues by Service Category

The upward revision in first-half results includes some factors brought forward from the second half, therefore there is no change in full-year sales forecast.

Accelerate customer cloud shift to aim for increased sales.

(Millions of yen)	FY2025 Current forecast	FY2025 Previous forecast	Change	FY2024 Full-year	YoY change	YoY ratio
Cloud services	12,000	12,000	±0	8,210	+3,790	+46.2%
Software services*1	11,400	11,400	±0	7,626	+3,774	+49.5%
Marketplace	600	600	±0	584	+16	+2.7%
Packaged system	6,000	6,000	±0	7,450	-1,450	-19.5%
Software sales	1,500	1,500	±0	1,941	-441	-22.7%
Operation and support service	4,500	4,500	±0	5,508	-1,008	-18.3%
Other, net	2,100	2,100	±0	2,386	-286	-12.0%
Hardware*2	1,420	1,420	±0	1,689	-269	-15.9%
Supply*3	680	680	±0	697	-17	-2.4%
Total	20,100	20,100	±0	18,045	+2,055	+11.4%

\*1 Transferred maintenance contract revenue from monthly software, previously categorized under "Operation and support service"

\*2 Hardware: Previously included under software sales, now reported as a separate item.

\*3 Supply: Previously included under operations and support, now reported as a separate item.

# Forecast of full-year results

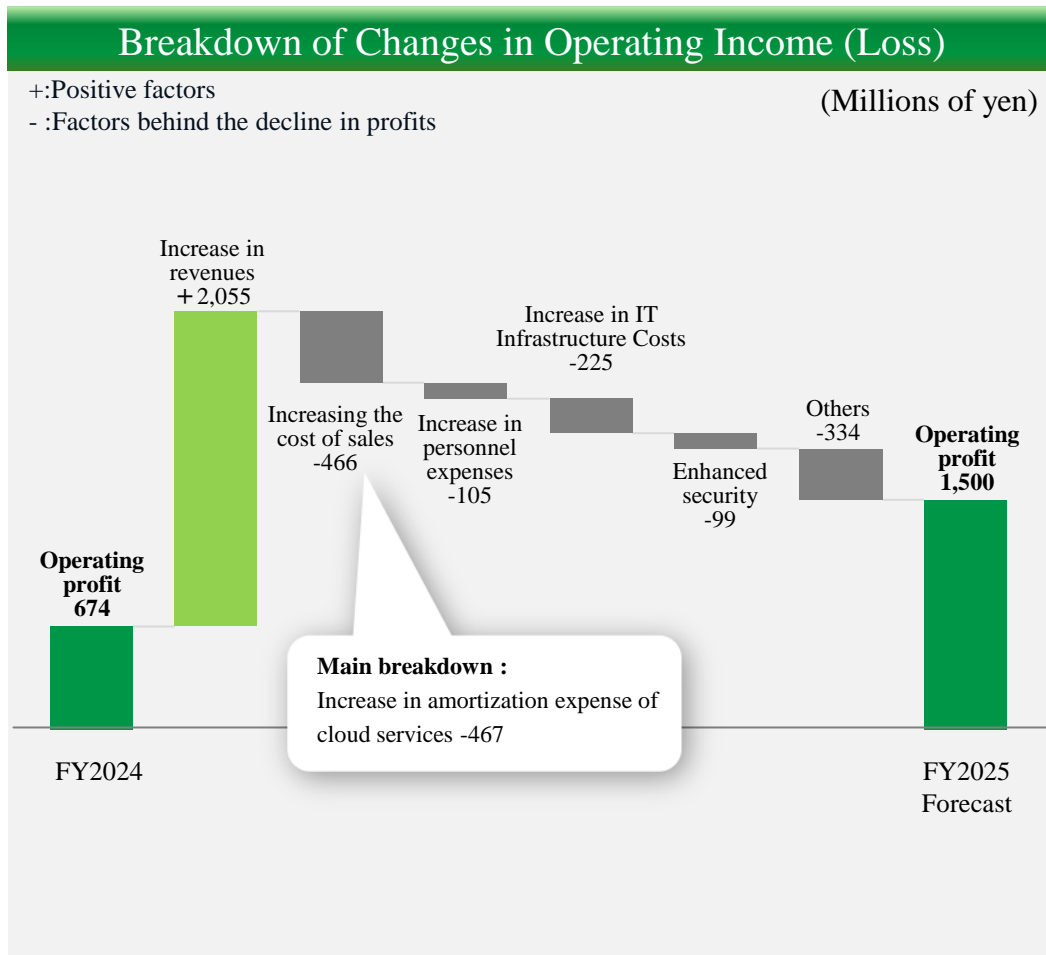
**Full-year forecasts unchanged.**

**Aim to exceed forecasts while assessing the business environment in the 2H.**

(Millions of yen)	FY2025 Current forecast	FY2025 Previous forecast	Change	FY2024 Full-year	YoY change	YoY ratio
Revenue	<b>20,100</b>	20,100	±0	18,045	+2,055	+11.4%
Cost of sales	<b>6,800</b>	6,800	±0	6,334	+466	+7.4%
Gross profit	<b>13,300</b>	13,300	±0	11,712	+1,588	+13.6%
SG&A expenses, etc.	<b>11,800</b>	11,800	±0	11,038	+762	+6.9%
Operating profit	<b>1,500</b>	1,500	±0	674	+826	+122.5%
Profit before-tax	<b>1,500</b>	1,500	±0	545	+955	+175.3%
Profit attributable to owners of the parent	<b>1,000</b>	1,000	±0	343	+657	+191.3%
Basic earnings per share	<b>11.13 yen</b>	11.13 yen	-	3.85 yen	-	-

# Breakdown of major costs

**While anticipating increases in IT infrastructure procurement costs and other growth-related investment costs, we will continue to improve business processes in the sales, administrative, and development domains by actively utilizing AI.**



## Cost of sales

- Amortization expenses of cloud services increased due to continued R&D spending aimed at enhancing value provided to customers.

## SG&A expenses, etc.

- Personnel expenses increased as a result of promoting human resource development with the aim of improving productivity over the medium to long term.
- Increased expenses for strengthening IT infrastructures and security measures that lead to stable provision of services.

# Dividends forecast

**Shareholder returns are an important management issue, and the Company's policy is to consider dividend policy as appropriate from a comprehensive perspective, including stock liquidity.**

## Dividend per share

(Yen)	FY2025 (Forecast)	FY2024
Interim dividend	<b>2.50 yen</b>	0.00 yen
Year-end dividend	<b>2.50 yen</b>	2.00 yen
Annual dividend	<b>5.00 yen</b>	2.00 yen
Consolidated dividend pay out ratio	<b>44.9%</b>	51.9%

## Shareholder Return Policy and Reasons for Dividend Revision

- We regard shareholder returns as an important management issue, and our basic policy is to maintain a consolidated dividend payout ratio of at least 35%.
- Entered the profit accumulation phase from FY12/2025, and continued examination of profit reduction measures from the beginning.
- The company revised its annual dividend forecast to 5 yen per share (consolidated dividend payout ratio of 44.9%) on March 14, based on the judgment that it was more likely than not that the forecasts for the current fiscal year were achieved in comparison with the assumptions made at the beginning of the fiscal year.
- Policy of flexibly and flexibly implementing "optimal shareholder return policy" from a comprehensive perspective to lead to the improvement of share value.

# Medium-term management plan (2022-2028)

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## (Former)Sales plan by Service Category

**We will announce the sales plan under the new service category once it has been determined.**

(Millions of yen)	FY2022	FY2023	FY2024	FY2025 Forecast※	FY2026 Plan※	FY2027 Plan※	FY2028 Plan※
Cloud service	2,628	5,236	7,781	11,300	15,400	20,700	26,400
Software service	1,958	4,587	7,197	10,700	14,700	18,900	23,300
Marketplace	670	649	584	600	700	1,800	3,100
Package system	11,205	10,149	10,264	8,800	8,100	6,800	5,100
Software sales	3,539	2,983	3,630	2,600	2,700	2,700	2,600
Operation and support service	7,666	7,166	6,634	6,200	5,400	4,100	2,500
Total Sales revenue	13,833	15,385	18,045	20,100	23,500	27,500	31,500

※FY2025 annual Forecasts and Plans after FY2026 announced on February 7, 2025.

# Performance plan

**Profit margin continues to increase because the cloud migration of package software customers is a priority measure in the medium-term plan and can be handled without increasing the cost of providing services.**

(Millions of yen)	FY2022	FY2023	FY2024	FY2025 Forecast※	FY2026 Plan※	FY2027 Plan※	FY2028 Plan※
Revenue	13,833	15,385	18,045	20,100	23,500	27,500	31,500
Operating profit*	-2,897	-1,902	674	1,500	4,800	9,000	13,000
Operating profit rate	-	-	3.7%	7.5%	20.4%	32.7%	41.3%
Profit attributable to owners of the parent*	-2,431	-1,487	343	1,000	3,200	6,000	8,000
Return on revenue	-	-	1.9%	5.0%	13.6%	21.8%	25.4%

\*Minus(-) shown loss

※FY2025 annual Forecasts and Plans after FY2026 announced on February 7, 2025.



## Initiative in medium-term management plan

In addition to increasing recurring revenue and expanding the accessible market through enhanced software functionality, we are actively pursuing initiatives to further improve profitability.

1

**Dramatic improvement in business productivity through active use of generated AI.**



2

**Flatten the organization to accelerate business execution and maximize results.**



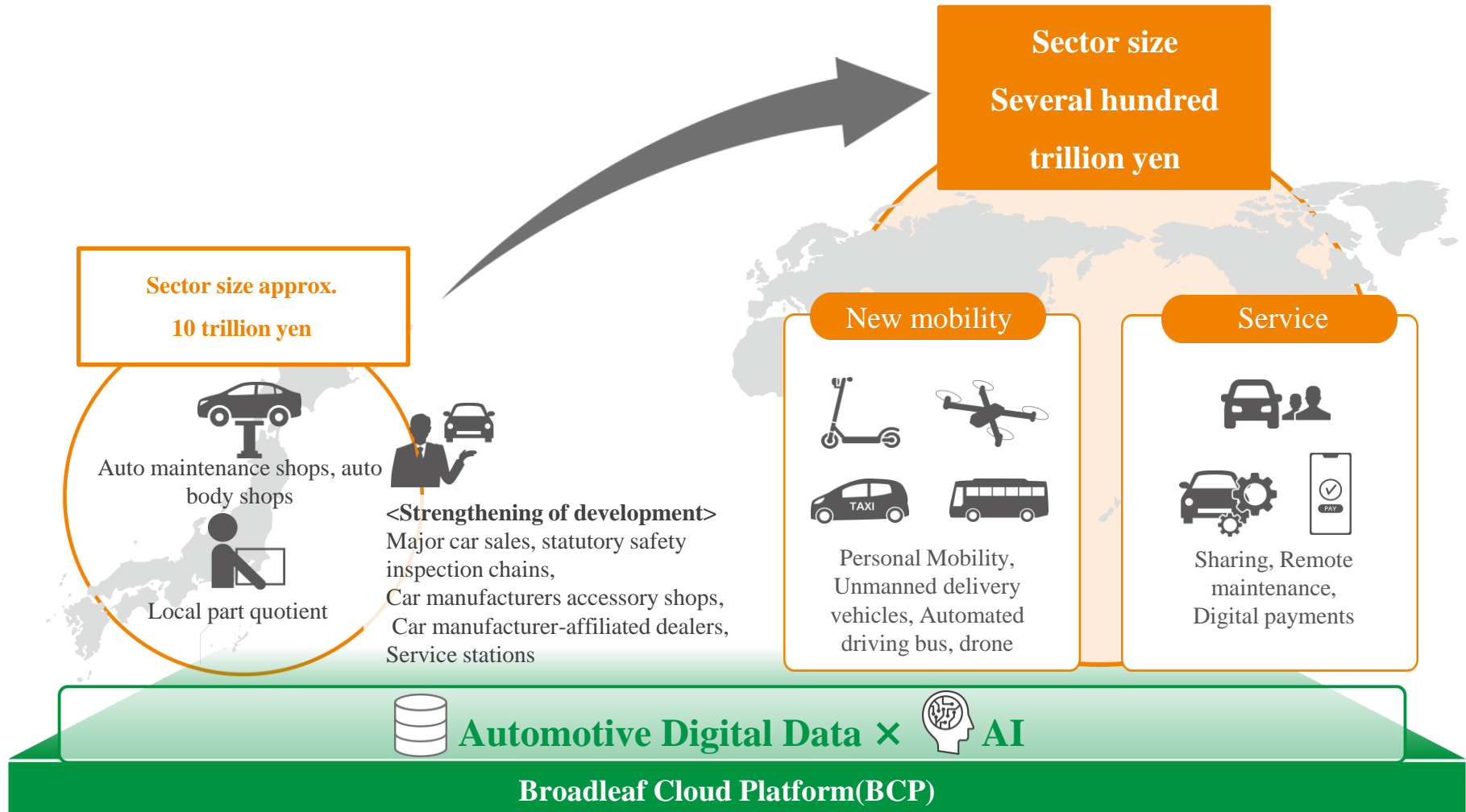
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**Improve cost efficiency by thoroughly eliminating waste in businesses.**



# Image of Broadleaf economic zone expansion

More than 40 years of digital data accumulated through business software evolves into a platform that can be used by all players in the Mobility sector.



## [Reference] Key Indicator Plans for Cloud Software

(Millions of yen)	FY2024 Year-end	FY2025 1 Q	FY2025 Year-end plan	. . .	FY2028 Year-end plan
Cloud rate	24.0%	26.4%	35%	-	100%
User retention rate	99.7%	99.7%	99% or more	-	99% or more
Number of licenses	14,034	15,165	20,000	-	57,500
(Standard version only)	12,459	13,546	18,000	-	54,000
Average licensing unit price (ARPL)	24,236 yen	24,527 yen	26,500 yen	-	28,500 yen
(Standard version only)	24,319 yen	24,663 yen	26,500 yen	-	28,500 yen

# 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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