



# Becoming a leading SaaS company in Japan

2Q FY12/2022 Business Results Briefing Material

Broadleaf Co., Ltd (3673)  
August 9, 2022

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## 1. Overview of 2Q FY12/2022 Business Results

## Overview of Consolidated Financial Results

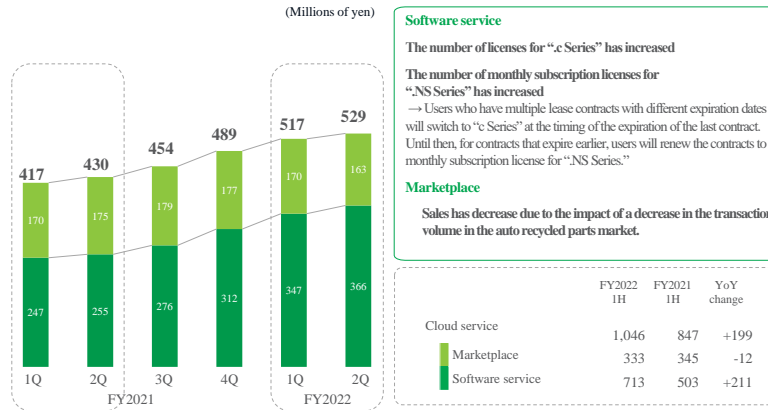
From 2022, the Company has suppressed sales of packaged systems and began switching to cloud services which are recorded as monthly sales.

(Millions of yen)	FY2022 1H	FY2021 1H	YoY change
Revenue	6,520	9,937	-3,417
Cloud service	1,046	847	+199
Packaged system	5,474	9,090	-3,615
Cost of sales	2,459	2,867	-408
Gross profit	4,061	7,070	-3,009
SG&A expenses, etc.	5,460	5,827	-368
Operating profit *	-1,398	1,243	-2,641
Profit before tax *	-1,458	1,239	-2,697
Profit attributable to owners of the parent *	-1,109	795	-1,904
Basic earnings per share*	-12.57 yen	9.05 yen	-

\*minus (-) represents loss

### Quarterly Trends in Sales of Cloud Service

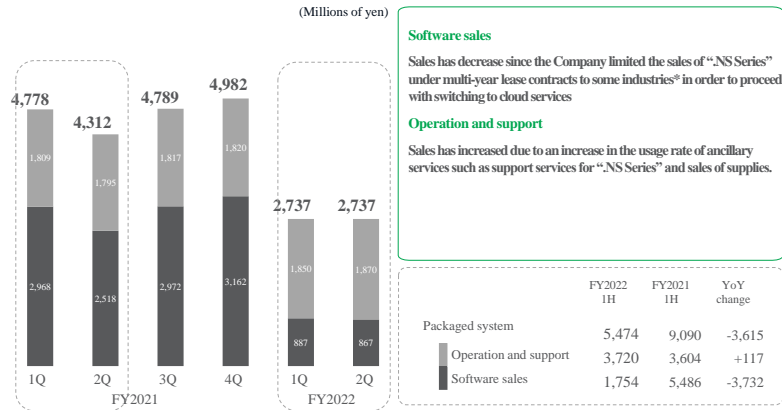
Sales of software services has progressed as planned.



- Sales of “Software service” has increased due to an increase in the number of licenses for “.c Series” and an increase in the number of licenses for “.NS Series” in the form of monthly contracts.
- For “.NS Series,” users with multiple contracts will switch to “.c Series” after all contracts expire if the expiration dates differ.
- If the user switch to “.c Series” before the expiration of the contract, negative sales will be recorded. Therefore, users will keep using “.NS Series” in the form of monthly contract until all contracts expire.
- Sales of “Marketplace” has declined due to the impact of a temporary decrease in transaction volume in the auto recycled parts trading market.

## Quarterly Trends in Sales of Packaged System

Sales of Packaged system has decreased due to the switch to cloud services.

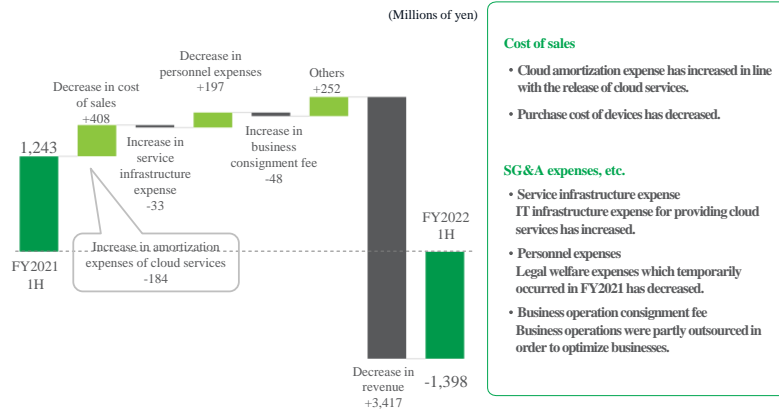


\* Industries with no “.NS Series” lineup (Car dealers, auto electrical equipment shops, radiator shops, auto glass shops, mobile phone shops, machine tool dealers, travel agencies, bus operators)

- Sales of “Packaged system” has decreased because sales of “.NS Series” under multi-year lease contracts were limited to some industries.
- Sales of “Operation and support,” an ancillary service for users of “.NS Series,” has increased due to an increase in the adoption rate of support service, etc.

## Factors Behind Changes in Operating Profit

Profit has decreased due to negative impact of decrease in revenue, partly offset by reduction in SG&A expenses, etc.



- Due to the release of cloud services, amortization expenses of cloud services has increased. Due to a decrease in the purchase of devices, etc., overall cost of sales has decreased by 408 million yen.
- SG&A expenses has decreased due to a decrease in legal welfare expenses which temporarily occurred in 2021.
- Outsourcing of back-office operations to optimize operations resulted in an increase in business operation consignment fee.
- The Company reduced expenses included in “Other.” However, operating profit declined due to the significant impact of decrease in sales.

## Balance Sheet Status

Current assets has decreased due to suppression of sales of packaged systems under multi-year lease contracts. The Company maintains sound financial position despite dividend payments and the recording of loss.

(Millions of yen)	FY2022 1H-end	FY2021 Year-end	Change	Major factors of increase/decrease
Current assets	6,309	8,405	-2,095	Cash and cash equivalents -311 Operating and other receivables -1,775
Non-current assets	26,770	26,071	+699	Intangible assets +654
Total assets	33,079	34,476	-1,397	
Current liabilities	7,691	7,512	+179	Operating and other payables -845 Short-term interest-bearing debts +1,509
Non-current liabilities	637	850	-213	Long-term interest-bearing debts -99
Total liabilities	8,328	8,362	-34	
Total equity	24,751	26,114	-1,363	Dividends payout -414 Loss -1,109
Total liabilities and shareholders' equity	33,079	34,476	-1,397	

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- Within current assets, trade receivables has decreased due to a decrease in the number of packaged systems sold under lease contracts.
- Within current liabilities, trade payables has decreased due to a decrease in purchases of devices, etc., which is a result of a decrease in the sales volume of packaged systems.
- In addition, due to payment of year-end dividend for FY2021 and loss recorded in the first six months of FY2022, total equity has decreased, but the Company maintains a sound financial condition.



## Cash Flow Status

Cash flow from operating activities has decreased due to a decrease in profit before tax, but there was no shortage in working capital.

(Millions of yen)	FY2022 1H	FY2021 1H	YoY change	Major factors of increase/decrease
Cash flow from operating activities	460	1,080	-619	Decrease in income before income taxes -2,697 Decrease in trade and other receivables +1,755
Cash flow from investment activities	-1,424	-1,564	+140	Decrease in purchase of intangible assets +92
Cash flow from financing activities	649	537	+112	Decrease in dividends paid +164
Free cash flow	-964	-485	-479	
Cash and cash equivalents	3,212	3,287	-76	

- Operating cash flow has decreased due to a decrease in profit before tax, but there is no shortage in working capital.

## 2. Results Forecast for FY12/2022

## Consolidated Results Forecasts (Compared with Previous Forecast)

Full-year results forecast has been revised in order to reflect business results for the first six months as well as current business condition.

(Millions of yen)	FY2022 Full-year forecast		Difference
	Revised forecast	Previous forecast (May 11)	
Revenue	12,700	12,300	+400
Cost of sales	5,200	5,200	-
Gross profit	7,500	7,100	+400
SG&A expenses, etc.	11,500	11,900	-400
Operating profit *	-4,000	-4,800	+800
Profit before tax *	-4,100	-4,800	+700
Profit attributable to owners of the parent *	-3,200	-5,000	+1,800
Basic earnings per share*	-36.24 yen	-56.62 yen	-

\*minus (-) represents loss

- The Company has revised results forecasts based on situations up to the second quarter.
- Sales of cloud-based software services, a key measure of the medium-term management plan, remain unchanged from the initial plan, and are expected to steadily make progress as the Company continues to focus on acquiring contracts from new clients.
- Annual sales plan has been revised upward since sales of packaged systems went ahead of schedule in the second quarter.
- Revenues, operating profit, and profit before tax have been revised to reflect the reduction of operating expenses, which the Company plans to continue.
- In addition, profit attributable to owners of the parent has been revised upward by 1.8 billion yen since the Company decided to record a deficit for the period as a deferred tax asset.

## Consolidated Results Forecasts (YoY)

Revenue will decrease since the Company will restrain sales of packaged software under multi-year lease contracts and sell software services whose sales are recorded on monthly basis from 2022.

(Millions of yen)	FY2022 Full-year forecast	FY2021 Full-year	YoY change
Revenue	12,700	20,652	-7,952
Cost of sales	5,200	5,753	-553
Gross profit	7,500	14,898	-7,398
SG&A expenses, etc.	11,500	11,503	-3
Operating profit *	-4,000	3,395	-7,395
Profit before tax *	-4,100	3,233	-7,333
Profit attributable to owners of the parent *	-3,200	2,173	-5,373
Basic earnings per share*	-36.24 yen	24.72 yen	-

\* minus (-) represents loss

- In 2022, sales will decline year-on-year since the Company will restrict sales of packaged systems under multi-year lease contracts throughout the year, and instead sell software services whose sales are recorded on a monthly basis.

## Revenue Forecast by Service Category (Compared with Previous Forecast)

No change in sales plan for software services in FY12/2022.

(Millions of yen)	FY2022 Full-year forecast		Difference	Reason for revision
	Revised forecast	Previous forecast (May 11)		
Cloud service	2,540	2,570	-30	
Software service	1,860	1,860	-	
Marketplace	680	710	-30	Reflected the decrease of transaction volume in auto recycled parts market
Packaged system	10,160	9,730	+430	
Software sales	2,830	2,500	+330	Updated the number of software sales for the current fiscal year due to the shortening of business negotiation period
Operation and support	7,330	7,230	+100	Reflected an increase in the usage rate of ancillary services
Total	12,700	12,300	+400	

- Within “Cloud service,” “Software service” has not changed from the previous forecast.
- “Marketplace” has been updated to reflect the decrease in trading volume in the auto recycled parts trading market.
- For “Packaged system,” sales plan of “Software sales” for FY2022 has been revised upward due to the progress in the shortening of the business negotiation period due to the penetration of online business negotiations and other factors.
- Sales plan of “Operation and support” has also been updated due to an increase in the adoption of support service and other ancillary services, as well as steady sales of supplies.

## Revenue Forecast by Service Category (YoY)

Sales of Software service is expected to increase due to an increased number of users. Sales of Packaged system is expected to decline due to restrained sales under multi-year lease contracts.

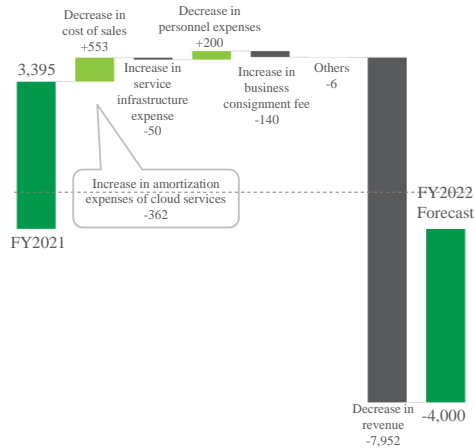
(Millions of yen)	FY2022 Full-year forecast	FY2021 Full-year	YoY change
Cloud services	2,540	1,791	+749
Software service	1,860	1,090	+770
Marketplace	680	701	-21
Package system	10,160	18,860	-8,700
Software sales	2,830	11,620	-8,790
Operations and support	7,330	7,240	+90
Total	12,700	20,652	-7,952

- For “Cloud services,” sales are expected to increase due to an increase in the number of licenses for “.c Series” and a new service which corresponds to the Electronic Book Storage Act (launched in May 2022).
- For “Packaged system,” sales are expected to decline significantly, as sales of “.NS Series” under multi-year lease contracts will be limited to industries that do not have a lineup of “.c Series.”
- For “Operation and support,” sales are expected to increase due to steady adoption of ancillary services.

## Factors Behind Changes in Operating Profit

Decrease in cost of sales is expected to be limited due to an increase in amortization expenses and maintenance costs for cloud services.

(Millions of yen)



### Cost of sales

- Amortization expense is expected to increase due to the release of cloud services.
- Development cost of cloud services at a maintenance phase is expected to increase.

### SG&A expenses, etc.

- Service infrastructure expense  
IT infrastructure expense for providing cloud services is expected to increase.
- Personnel expenses  
Legal welfare expenses which temporarily occurred in FY2021 is expected to decrease.
- Business operation consignment fee  
Partial outsourcing of business operations for optimization.
- Others  
Active promotion and sales activities for new services.

- Decrease in cost of sales will be limited due to increase in amortization expenses of cloud services.
- Amortization of cloud services is conducted using 10-year fixed-amount method from the time they are released.
- Service infrastructure expense is a cost necessary for operating and maintaining the IT infrastructure for providing cloud services.
- Operating expenses are expected to increase due to the deployment of new cloud services and the strengthening of sales.

## Dividend Forecast

As announced on June 22, no interim dividend will be paid (0 yen per share).  
Year-end dividend is unchanged from the forecast of 1 yen per share

### Dividend per share

(Yen)	FY2022	FY2021
Interim dividend	-	4.0
Year-end dividend (Forecast)	1.0	4.7
Annual dividend (Forecast)	1.0	8.7
Consolidated dividend payout ratio	-	35.2%

#### Dividends

• Although financial results for FY12/2022 and FY12/2023 is planned to be a loss, the Company judged that it is possible to pay a dividend in consideration of retained earnings, so it announced annual dividend forecast of 1.0 yen per year for FY12/2022.

- The dividend for 2022 remains unchanged from the announced forecast, so no interim dividend will be paid. Meanwhile, year-end dividend is expected to be 1 yen per share.
- In 2022 and 2023, the Company plans to pay a year-end dividend despite the expected loss, taking into account the recent performance outlook and the status of retained earnings.



### **3. Progress of the Medium-Term Management Plan (2022-2028)**

## Performance Plan

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 After revision	FY2023	FY2024	FY2025	FY2026	FY2027	FY2028
Revenue	127	147	185	220	255	290	325
Operating profit *	-40	-27	10	33	67	100	130
Operating margin	-	-	5%	15%	25%	34%	40%
Profit attributable to owners of the parent *	-32	-29	6	20	42	63	80
Equity attributable to owners of the parent	200	175	180				
Percentage of equity attributable to owners of the parent	60%	50%	52%				

\*minus (-) represents loss

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- Record-high performance in 2026 and operating profit of 13 billion yen and an operating margin of 40% in 2028 is planned.
- Because the marginal profit ratio of cloud services will become higher, the operating margin is expected to increase in line with the increase in revenue.

## Revenue Plan by Service Category

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 After revision	FY2023	FY2024	FY2025	FY2026	FY2027	FY2028
Cloud services	25	59	104	152	199	250	291
Software service	19	50	90	136	180	221	250
Marketplace	7	9	14	16	19	29	41
Packaged system*	102	88	81	68	55	40	34
Software sales	28	22	25	26	25	22	20
Operation and support	73	66	56	42	30	18	14
Total	127	147	185	220	255	290	325

\* Changed the breakdown of Packaged system to figures in line with actual recording standard

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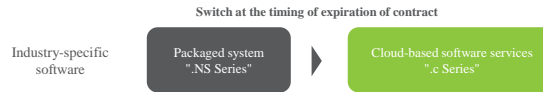
- The Company plans to shrink the sales of "Packaged system" while growing the sales of the new "Cloud service"
- Revenue will be driven by "Software service."
- Conventionally, the Company has been providing ".NS Series," a packaged system, under a 6-year contract.
- Starting from 2022, users are switching to ".c Series," a cloud-based software service, in order, from users whose contracts expire.
- The Company grasps the planned number of contracts to be switched to ".c Series" per year from the expiration dates of all users' contracts.
- Furthermore, the Company simulates sales after assuming the range of functions and services users will select based on the user's actual system usage status.
- For these reasons, the sales plan for "Software service" is highly likely to be achieved.

## Growth Strategy

The Company will promote “Penetration of cloud-based products” as a Growth Strategy for “Software service,” and promote “Expansion of services” as a Growth Strategy for “Marketplace.”

### Penetration of cloud-based products

Measure (1) Starting in 2022, existing users using industry-specific software will gradually switch to “.c Series,” a cloud-based software service.



### Measure (2) Acquisition of new users

In addition to acquiring users from other companies, the Company will actively provide “.c Series” to service stations and car dealers that provide auto maintenance services as well.

### Expansion of services

#### Measure (3) Increase in the number of companies using marketplace-type services

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

- Growth strategy is “Penetration of cloud-based products” and “Expansion of services.”
- “Penetration of cloud-based products” is a strategy for achieving sales of software services.
- Strategy 1  
The Company will switch the contracts of “.NS Series” to those of “.c Series” when their usage periods expire. It plans to switch all contracts to “.c Series” by 2028.
- Strategy 2  
The Company will not only acquire new users of other companies, but also expand the target industries to service stations and car dealers that provide auto maintenance services as well.
- “Expansion of services” mainly aims to increase the utilization rate of marketplace-type services and increase the number of participating companies.
- The Company will realize seamless use of the ordering platform for auto repair parts and the auto finance platform by equipping them as standard functions of “.c Series.”
- 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.

## KPI

The Company has set four KPIs to show the progress of “Penetration of cloud-based products,” which is one of the growth strategies.

### KPI Targets for the End of 2024

**Cloud transition rate: 40%**

Definition: Number of “c Series” user companies / Number of industry-specific software users (target industries switching to “c Series”\*)

**Standard version of “c Series”**

Number of licenses: **24,000 licenses**

Definition: Number of chargeable licenses in the target month

Average monthly license fee: **23,000 yen /month**

Definition: Sales in the target month ÷ Number of charge licenses in the target month

Churn rate: **less than 1%**

Definition: 12-month average of <the number of cancelled licenses in the target month ÷ the number of chargeable licenses in one month before the target month>

\* Users in auto maintenance shops, service stations, auto body shops, auto parts dealers, and recycling shops

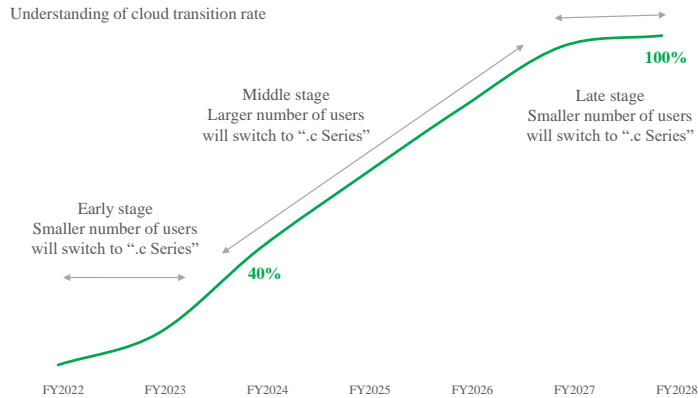
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- The Company determined four KPIs to show the progress of the growth strategy “Penetration of cloud-based products.”
- “Cloud transition rate”: KPI that measures user penetration
- "Number of licenses" and "Average monthly license fee": KPIs that measure whether progresses are being made in accordance with the sales plan in terms of number and unit price
- The monthly unit price of “c Series” varies depending on the type of licenses, since there are licenses for multiple industries and jobs. Therefore, the Company closely monitors the average amount.

## Understanding of Cloud Transition Rate (1)

Switching to “.c Series” will not proceed at a constant speed.  
The number at an early stage will be small, but will increase in the middle stage.



- The cloud transition rate does not progress at a constant pace for the first three year from 2022. In 2022 and 2023, the number of users who switch to “.c Series” is expected to be small. In 2024 and after, more users will switch to “.c Series.”
- Since the majority of users will switch to “.c Series” by 2027, the number of target users will be small in 2028.

## Understanding of Cloud Transition Rate (2)

One reason the number of users switching to “.c Series” is small at an early stage is that the number of contracts renewed six years ago was small.

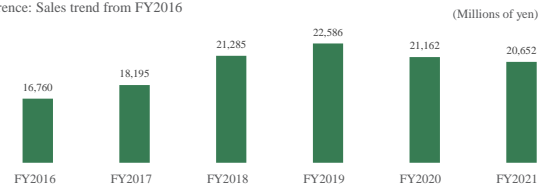
### Target users switching to “.c Series”

1) Users in auto maintenance shops, auto body shops, auto parts dealers, and recycling shops whose contracts for “.NS Series” is about to expire

→ Users who signed contracts for “.NS Series” six years ago

In FY2016-17, which is six years prior to the early stage of switching to “.c Series” (FY2022-23), the number of contracts to be renewed was small, so there are relatively few users whose contracts expire in FY2022-23.

Reference: Sales trend from FY2016



\* Tajima Inc. became consolidated subsidiary of Broadleaf Group from 3Q FY2017.  
Note) “.c Series” for auto parts dealers and recycling shops have not yet been provided.

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- There are two reasons why the number of users who switch to “.c Series” is small in the early stages (2022-2023).
- The first reason is that the number of users who concluded the contract 6 years ago is small.
- Target users who switch to “.c Series” are those whose contracts for “.NS Series” have expired.
- Since “.NS Series” is sold under a 6-year contract, users who signed up 6 years ago are eligible to switch to “.c Series”.
- Since the number of users who signed the contracts in 2016 and 2017 was small, 2022 and 2023 is a period with little users eligible for switching to “.c Series.”

### Understanding of Cloud Transition Rate (3)

Another reason the number of users switching to “.c Series” is small at an early stage is that users with multiple contracts switch to “.c Series” when all contracts expire.

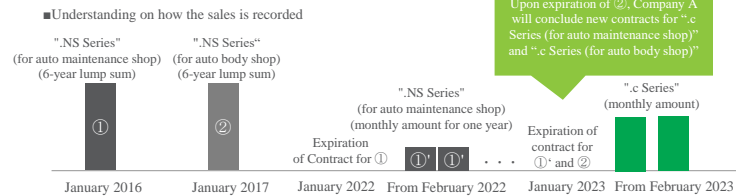
#### Target users switching to “.c Series”

- 2) Users who have multiple lease contracts of “.NS Series” for multiple industries switch when all contracts expire  
→Switching to “.c Series” when contracts period is remaining will result in negative sales\*

Example: Company A

- ①6-year contract for “.NS Series (for auto maintenance shop)” concluded in January 2016 → expires in January 2022  
②6-year contract for “.NS Series (for auto body shop)” concluded in January 2017 → expires in January 2023

→In this case, in order to adjust the expiration date of ① with ②, the user will renew the contract to ①' monthly subscription contract of “.NS Series (for auto maintenance shop)” for one year when the contract of ① expires. After contract of ② expires, the company will switch to “.c Series.”



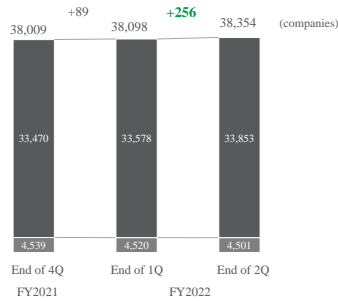
- The second reason is that users who have contracts for multiple licenses for different industries will switch at the timing when all contracts expire.
- If the users switch to “.c Series” before the expiration of the 6-year contract for “.NS Series,” the sales equivalent to remaining contract period becomes negative sales.
- For example, a user who are using “.NS Series” for auto maintenance shops and auto body shops may have different contract starting dates.
- In that case, the user will switch to ".c Series" after all contracts expire.
- Contracts which expired before all contracts expire will be switched to monthly contracts of ".NS Series" until all contracts expire.
- The user will switch to “.c Series” when all contracts expire.
- Due to these two reasons, the number of users who are eligible to switch to “.c Series” in 2022 and 2023 will be small. Taking this into account, performance plan and the cloud transition rate are set.



## Total Number of Users of Industry-Specific Software

Acquisition of new users has progressed, and the total number of users of industry-specific software\* has increased

- Clients in auto maintenance shops, service stations, auto body shops, auto parts dealers, and recycling shops (target industries switching to ".c Series")
- \*\* Clients in other industries



Acquisition of new users progresses mainly in auto maintenance shops.

- Competitiveness has further improved due to the launch of ".c Series," and the acquisition of users from other companies has progressed.
- Target clients has expanded due to the launch of ".c Series," which has a broad price structure

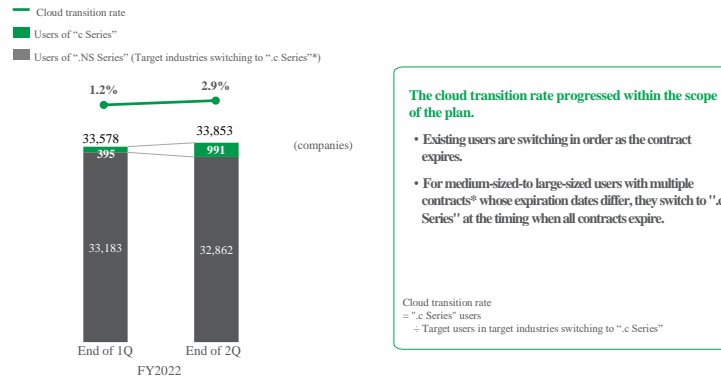
Reference: Difference between the number of users at the end of FY2021 and those at the end of FY2020: +606 companies

\* Number of users of cloud-based software service ".c Series" + packaged system ".NS Series"  
 \*\* Car dealers, auto electrical equipment shops, radiator shops, auto glass shops, mobile phone shops, machine tool dealers, travel agencies, bus operators  
 (Note) ".c Series" for auto parts dealers and recycling shops have not yet been provided.

- The graph shows trends in the total number of users of the Company's industry-specific software.
- The number of users is the total of companies in using ".c Series" and companies using ".NS Series."
- The number of users has increased against the backdrop of increase in inquiries from potential clients due to high evaluation of the new ".c Series."
- Out of the total users, the total number of users of ".c Series" and users planning to switch in the future was 33,853 companies at the end of the 2Q.

## Switching to “.c Series”

Switching to “.c Series” has progressed as planned.



\* Auto maintenance shops, service stations, auto body shops, auto parts dealers, and recycling shops  
 Note) “.c Series” for auto parts dealers and recycling shops have not yet been provided.

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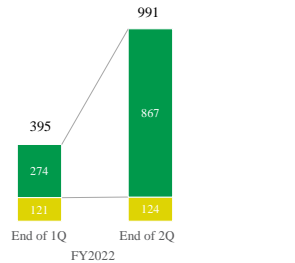
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- Cloud transition rate at the end of 2Q was 2.9%, generally in progress as planned.
- Existing clients gradually switch to “.c Series” upon the expiration of the contract.
- Timing of switching for users with multiple contracts is when all contracts expire.
- Four target industries switching to “.c Series” are auto maintenance shops, auto body shops, auto parts dealers, and recycling shops.
- Currently, “.c Series” for auto maintenance shops and auto body shops have been launched.
- Launch dates of “.c Series” for auto parts dealers and recycling shops will be announced when the services are released.

## Breakdown of “.c Series” Users (Standard Version/Specific Major Companies)

The number of “.c Series” users progressed as planned.

- Number of users of the standard version of “.c Series”
- Number of Users of “.c Series” in specific major companies and service stations



The number of users has steadily increased as planned

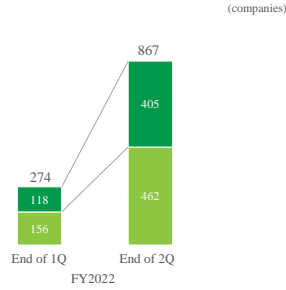
- The Company started full-scale provision of the standard version of “.c Series” to auto maintenance shops and auto body shops in 2022
- Regarding specific major companies and service stations, “.c Series” are installed to multiple stores in bulk for each project. Early installation started from 2021.

- The number of users has increased as planned.
- Due to differences in license system, etc., the Company established a classification of standard version of “.c Series” and “.c Series” for specific major companies and service stations.
- Installation of the standard version began in 2022. Installation of “.c Series” for specific major companies started in advance from 2021.
- Since “.c Series” for specific major companies needs developments of add-ons such as customization, the service is installed on a case-by-case basis after preparation of around one to two years. Therefore, the pace of increase in the number of “.c Series” for specific major companies is not constant.

## Breakdown of Users of Standard Version of “.c Series” (Existing/New Clients)

Users of standard version of “.c Series” has progressed as planned.  
There were more inquiries from new clients than expected

- Existing client: Number of users of the standard version of “.c Series” that was switched from “.NS Series”
- New client: Number of users of the standard version of “.c Series” who newly become the users



Definitions of new clients and existing clients  
Existing client: Client who switched from packaged system to cloud-based software service  
New client: Client who newly became users of cloud-based software services

### Existing clients

- Switched users in order from those whose contracts for “.NS Series” expire.

### New clients

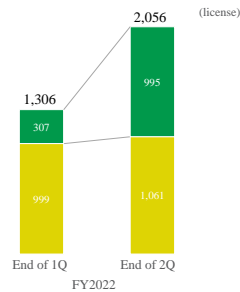
- High reputation of “.c Series” in the market increased new clients switching from other companies’ system, etc.
- Target clients have expanded due to wide-ranging price system.

- The number of users for the standard version has increased as planned.
- Especially, the number of new clients increased more than anticipated due to the high reputation of “.c Series” in the market.

## Breakdown of “.c Series” Licenses (Standard Version/Specific Major Companies)

“.c Series” licenses has progressed as planned.

- Number of licenses of the standard version of “.c Series”
- Number of licenses of “.c Series” provided to specific major companies and service stations



### Standard version

- Number of installed licenses per company: 1.1 (End of 2Q FY2022)
- The number of licenses has increased along with the increase in the number of user companies.

### Certain major companies and service stations

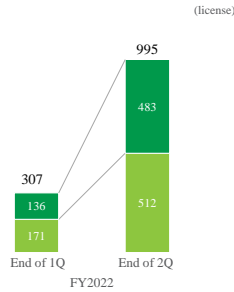
- Number of installed licenses per company: 8.6 (End of 2Q FY2022)
- This is because there are many large-sized users.

- Number of licenses has increased as planned.
- The standard version is installed from relatively small users, both for existing clients and new clients, so the number of installed licenses per company is 1.1 licenses.
- For “.c Series” for specific major companies, the number of installed licenses per company is 8.6 licenses. This is because these users operate multiple stores and have a large number of workers per a store.

### Breakdown of Licenses for Standard Version of “.c Series” (Existing/New Clients)

Licenses for standard version of “.c Series” have progressed as planned.  
 For both existing and new clients, licenses progressed almost in conjunction with the increase in the number of companies.

- Number of licenses of the standard version of “.c Series” used by existing clients
- Number of licenses of the standard version of “.c Series” used by new clients



Definitions of new clients and existing clients  
 Existing client: Client who switched from packaged system to cloud-based software service  
 New client: Client who newly became users of cloud-based software services

- Existing clients**

  - Number of installed licenses per company: 1.2 (End of 2Q FY2022)
  - Started installation from small-sized users

**New clients**

  - Number of installed licenses per company: 1.1 (End of FY2022 2Q)
  - The current number of licenses per company is few due to an increase in small-sized users that were not users in the past.
  - In the initial stage of installation, users tend to install multiple licenses on a trial basis, and then cancel some of them in accordance with the use situation.

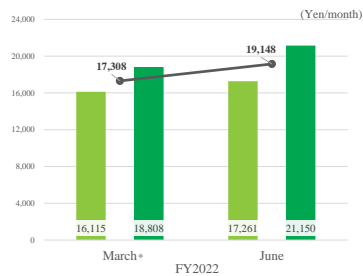
- The number of licenses for the standard version of “.c Series” has increased as planned.
- The number of installed licenses per company is 1.2 licenses for existing clients and 1.1 licenses for new clients, as they are installed from relatively small users.
- As explained in the cloud transition rate, existing clients who switched to “.c Series” were relatively small users who do not have multiple contracts.

## Average Monthly License Fee for Standard Version of “.c Series”

Average monthly license fee has progressed as planned.

Average monthly license fee has increased due to progress in installation to existing users.

■ Average monthly license fee for standard version of “.c Series”  
 ■ Average monthly license fee of standard version of “.c Series” used by existing clients  
 ■ Average monthly license fee of standard version of “.c Series” used by new clients



### Existing clients

- Average monthly license fee has rose steadily.
- Installed from relatively small-sized users.

### New clients

- Although the percentage of small-sized users who were not seen as target before is high at the moment, average monthly license fee is rising steadily.

\*Until 1Q, monthly license fee was calculated using the 3-month average, but it has been changed based on the judgment that average monthly license fee at the latest month is appropriate.

Definitions of new clients and existing clients

Existing client: Client who switched from packaged system to cloud-based software service

New client: Client who newly became users of cloud-based software services

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- Average monthly license fee for the standard version of “.c Series” is in line with the plan.
- Average monthly license fee has been increasing from March to June since the number of installation to existing clients has gradually increased.
- The average monthly license fee is expected to rise further after the launch of “.c Series” for auto parts dealers and recycling shops, which are currently under development.
- On the other hand, inquiries from new clients, who were not users in auto maintenance shops and auto body shops, exceeded the Company’s expectations.
- Since this is an opportunity to increase the number of users in the auto maintenance shops and auto body shops, the Company gives priority to developments of additional functions and services for auto maintenance shops and auto body shops.

End

## 4. Supplemental Information



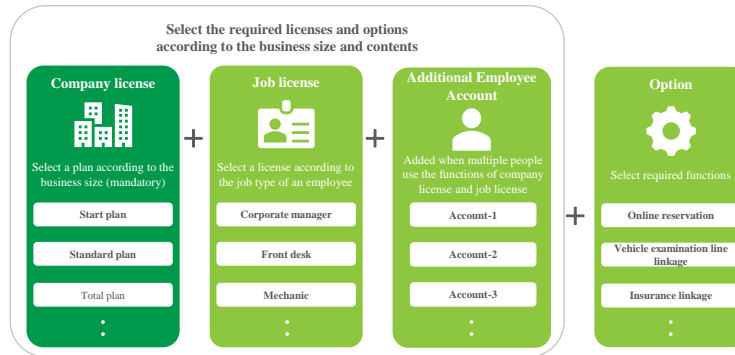
## Explanation of Sales by Service Category

Category Name	Description
<b>Cloud services</b>	
<b>Software service</b>	<ul style="list-style-type: none"> <li>• ".c Series," a cloud-based software service</li> <li>• Software services with monthly subscription contracts, etc.</li> </ul>
<b>Marketplace</b>	<ul style="list-style-type: none"> <li>• Ordering platform for auto repair parts, etc.</li> </ul>
<b>Packaged system</b>	
<b>Software sales</b>	<ul style="list-style-type: none"> <li>• Sales of ".NS Series," a packaged system, with lease contracts</li> <li>• Sales of "OTRS," a work analysis software</li> </ul>
<b>Operation and support</b>	<ul style="list-style-type: none"> <li>• Ancillary services of ".NS Series" such as support services</li> <li>• Sales of supplies such as forms and toners</li> </ul>

## Revenue by Service Category (FY2021)

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

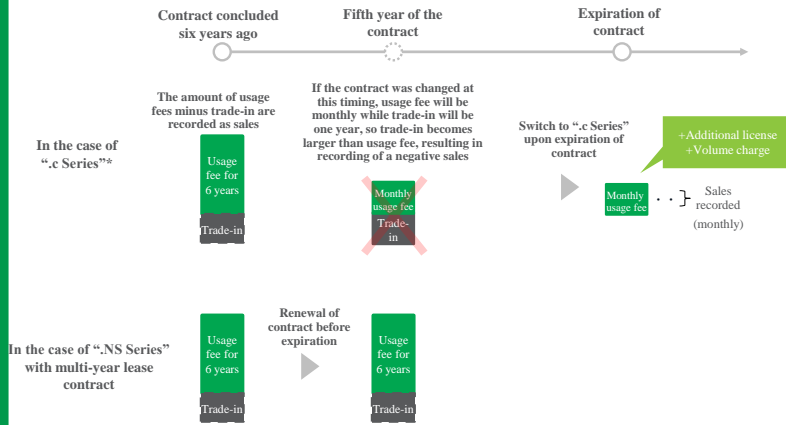
## Service Structure (Cloud-based Software Service)



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.

## Reasons for Switching to “.c Series” at the Expiration of Previous Contract

If existing users who have lease contracts of “.NS Series” for 6 years switch to “.c Series” before the expiration of the contract, negative sales will be recorded.



\*The same applies when selling “.NS Series” under a monthly subscription contract

## Company Profile

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<b>Company name</b>	Broadleaf Co., Ltd
<b>Representative</b>	Kenji Oyama, Representative Director and President
<b>Listed on</b>	Prime Market of Tokyo Stock Exchange (3673)
<b>Sector</b>	Information and telecommunication
<b>Founded/Established</b>	December 2005/September 2009
<b>Capital stock</b>	7.148 billion yen (consolidated)
<b>Fiscal year</b>	From January 1 to December 31
<b>Business outline</b>	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. These services are utilized as IT solutions that lead environmental changes, which are occurring in various industries including mobility industry, to business opportunities.
<b>Head office location</b>	Floor 8, Glasscube Shinagawa, 4-13-14 Higashi-Shinagawa, Shinagawa-ku, Tokyo
<b>Domestic offices</b>	27 business offices and 3 development centers in Japan
<b>Major subsidiaries</b>	Tajima Inc.

## Disclaimer

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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 and 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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