

# **2Q FY12/2025 Business Results Briefing Material**

**Broadleaf Co., Ltd  
August 6, 2025**

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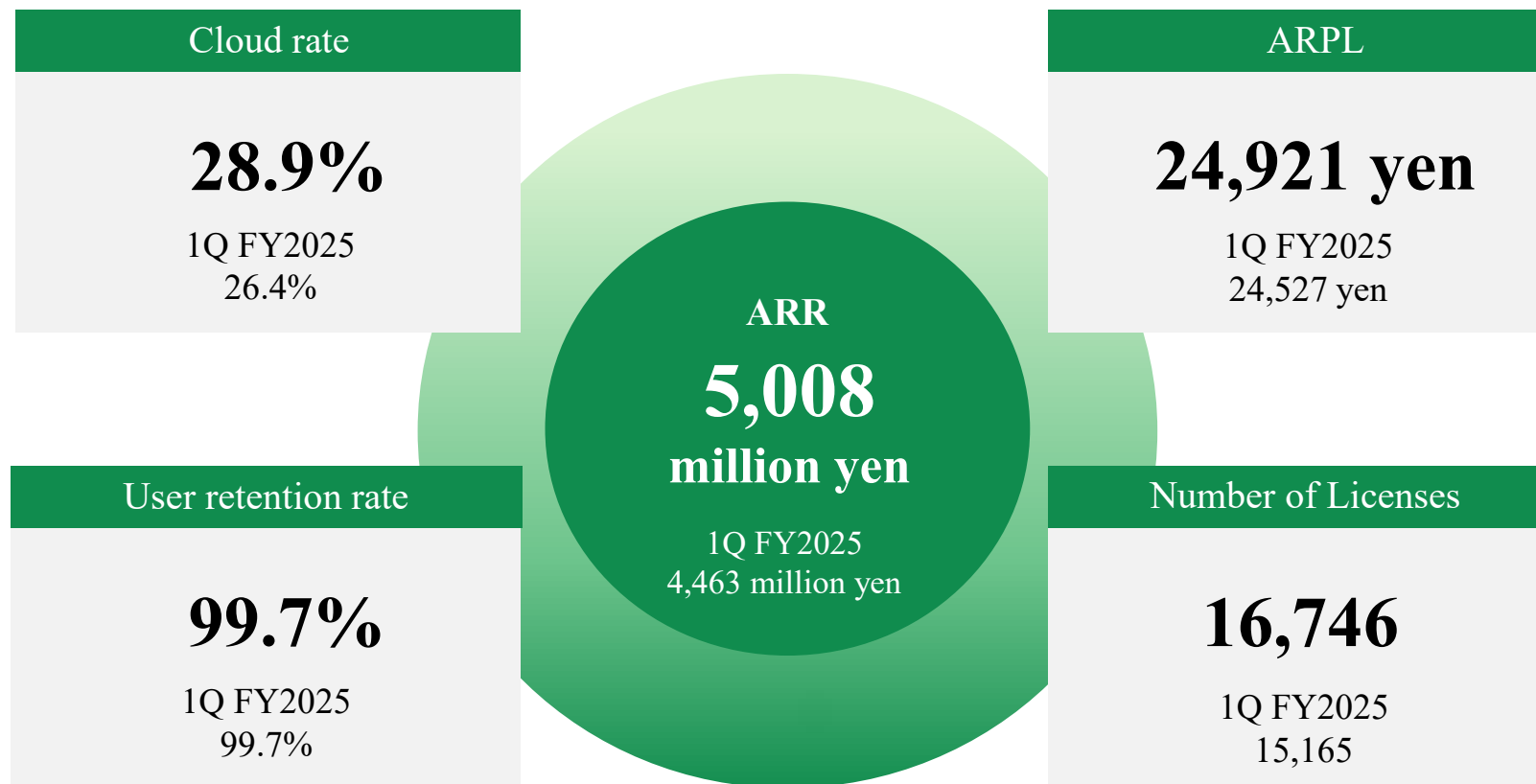
# Summary

## Performance

- Revenue for the second quarter (interim period) **increased by 16.6% year over year**, driven by growth in subscription-based software customers and rising demand for PC replacements.
- Revenue growth offset rising costs, resulting in a significant year-over-year improvement in profitability. **Operating profit and all subsequent profit lines returned to profitability.**
- In light of our progress through the second quarter and the outlook for the business environment, **we have revised our full-year operating profit forecast upward.**

## Strategy

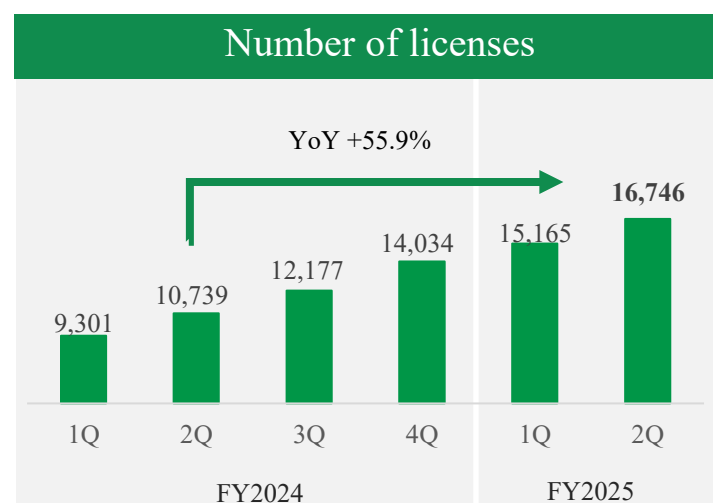
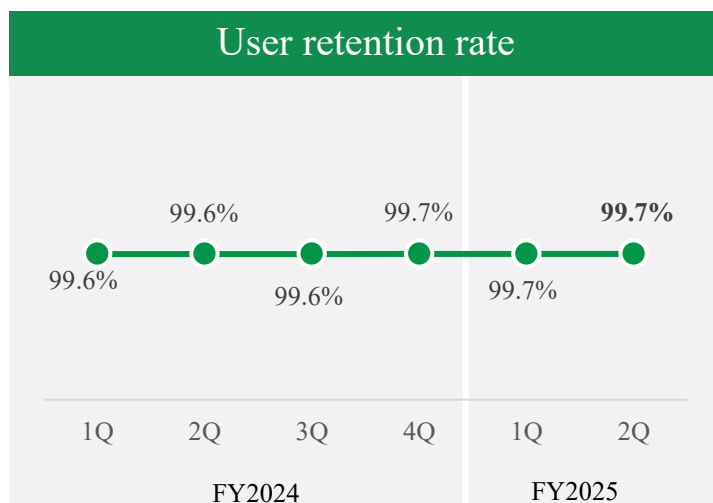
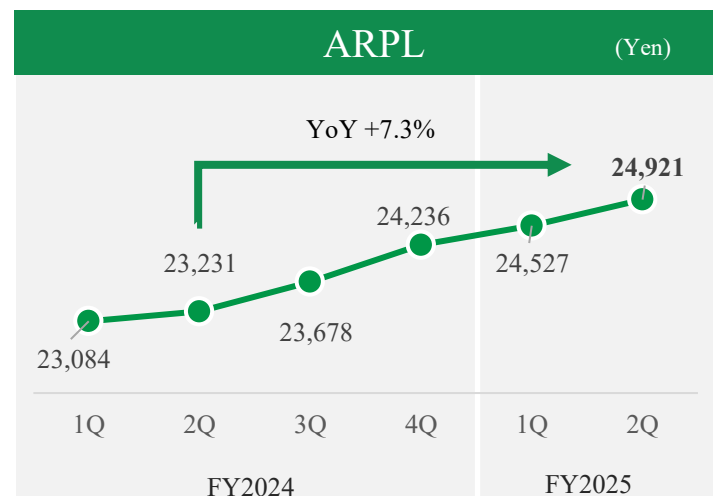
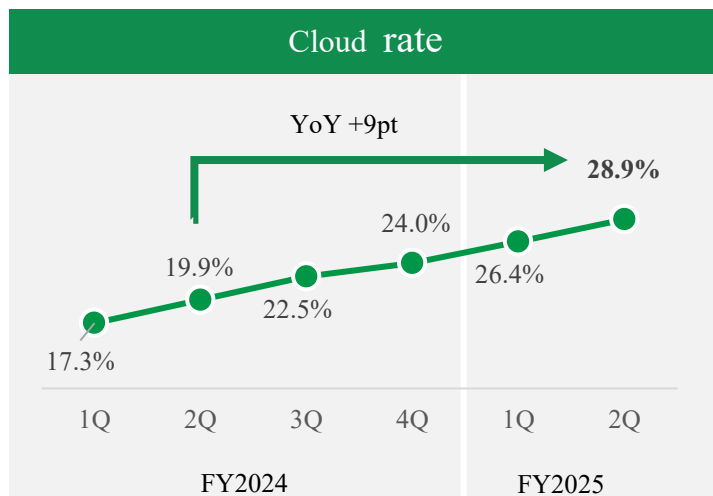
- We are continuing to invest in enhancing the functionality and performance of our cloud software, while gradually expanding its availability to **mid-sized and large enterprise customers.**
- Amid growing demand for IT talent, **securing external engineers** has emerged as a new risk.
- As the medium-term impact is expected to be limited, we remain on track to complete the transition of our customers to the cloud by the **end of 2028**, as planned.

**NOTE:**

- ARR is calculated by multiplying the MRR for the final month 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.
- ARPL (Average Monthly Revenue Per License) is calculated as:  $MRR \div \text{Number of licenses}$
- The number of licenses refers to the total number of industry-specific and job-specific licenses as of the final month of each quarter.
- 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.

The cloud software, a key to achieving the Medium-Term Management Plan (2022–2028), is steadily increasing in cloud adoption rate, ARPL, and license count, while maintaining a high customer retention rate.



The following two factors represent key risks in providing cloud software to our customers:

1. Securing external engineers※

2. Timing of IT subsidy disbursements ※

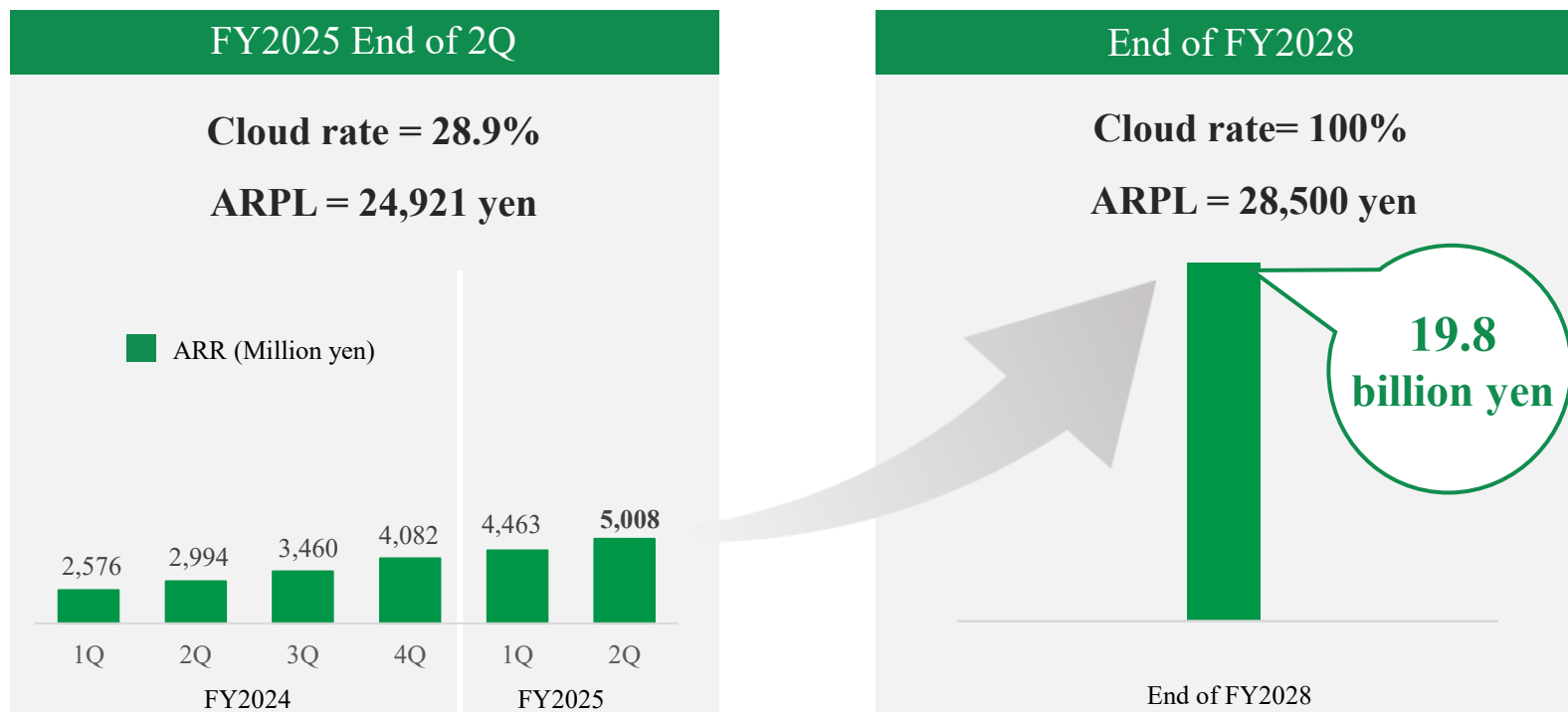
	FY2024 Year-end	FY2025 End of 1Q	FY2025 End of 2Q	FY2025 Year-end Plan	. . .	FY2028 Year-end Plan
Cloud rate	24.0%	26.4%	<b>28.9%</b>	35%	-	100%
User retention rate	99.7%	99.7%	<b>99.7%</b>	99% or more	-	99% or more
Number of licenses	14,034	15,165	<b>16,746</b>	20,000	-	57,500
(Standard version only)	12,459	13,546	<b>14,971</b>	18,000	-	54,000
Average Monthly Revenue Per License (ARPL)	24,236 yen	24,527 yen	<b>24,921 yen</b>	26,500 yen	-	28,500 yen
(Standard version only)	24,319 yen	24,663 yen	<b>24,559 yen</b>	26,500 yen	-	28,500 yen

※EXPLANATION:

- As demand for IT talent continues to rise, securing external engineers with the required skill sets has become a common challenge across the entire IT services industry. At our company as well, a shortage of external engineering resources has emerged as a new risk factor—particularly in development efforts to enhance the functionality and performance of our cloud software, as well as in add-on development and implementation support for mid-sized and large enterprise customers.
- Due to the structure of the IT subsidy program—where disbursements are administered on a quarterly basis and the budget tends to be depleted toward the end of each fiscal period—there may be cases where customers are unable to transition to our cloud software as originally scheduled.

**The ARPL at the point of 100% cloud conversion based on future implementation plans is 28,500 yen. At that time—planned for the end of 2028—ARR is expected to reach 19.8 billion yen.**

$$\text{ARR (End of FY2028)} = \text{ARR (FY2025 end of 2Q)} \times (\text{rate of increase in cloud adoption rate}) \times (\text{rate of increase in ARPL})$$



**NOTE:**

The above is based on the following assumptions.

1. No change in cloud coverage (cloud conversion rate variable)
2. Net maintenance rate of the number of cloud companies = 100% (net inflow/outflow)
3. No change in the number of licenses per company

- ⇒ (In reality) Target industries to be expanded.  
 ⇒ (In reality) Net inflow is expected to continue.  
 ⇒ (In reality) Increase expected due to a higher proportion of semi-major and larger clients.



# Business Results for 2Q FY12/2025

# Overview of Second Quarter (Interim) Results

Business Results for 2Q FY12/2025

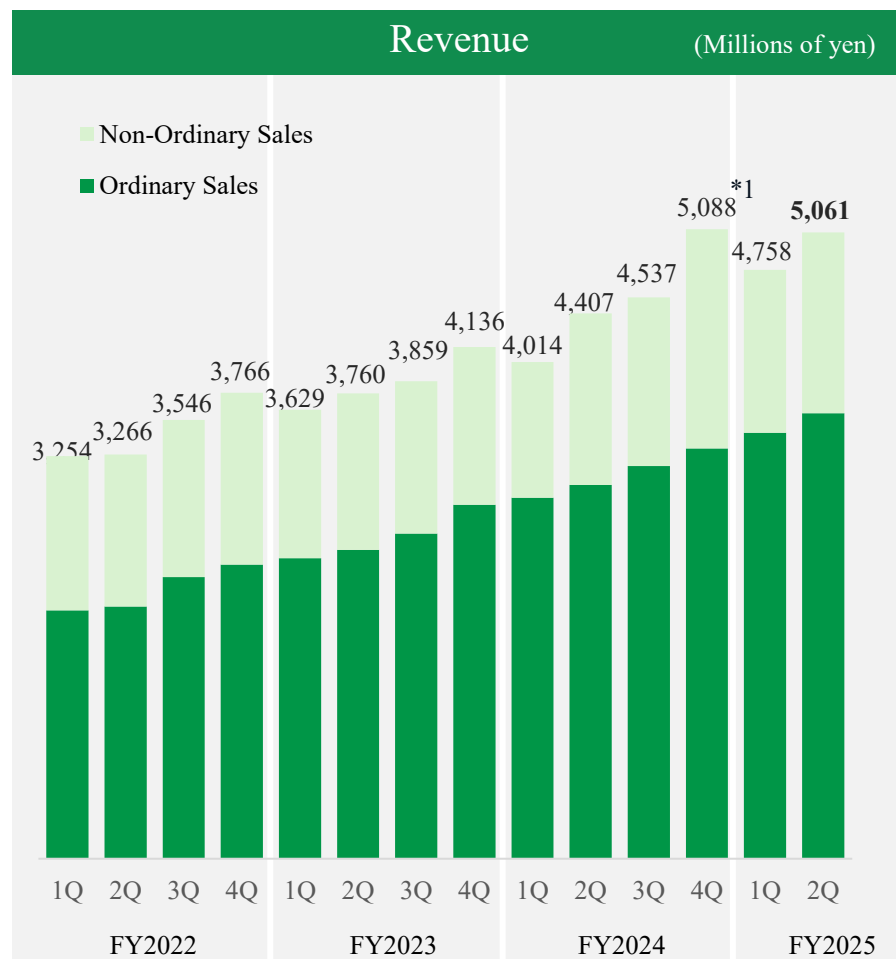
**Revenue increased by 16.6% year over year.**

**The increase in revenue offset rising costs, resulting in a return to profitability at both the operating profit and interim net income levels.**

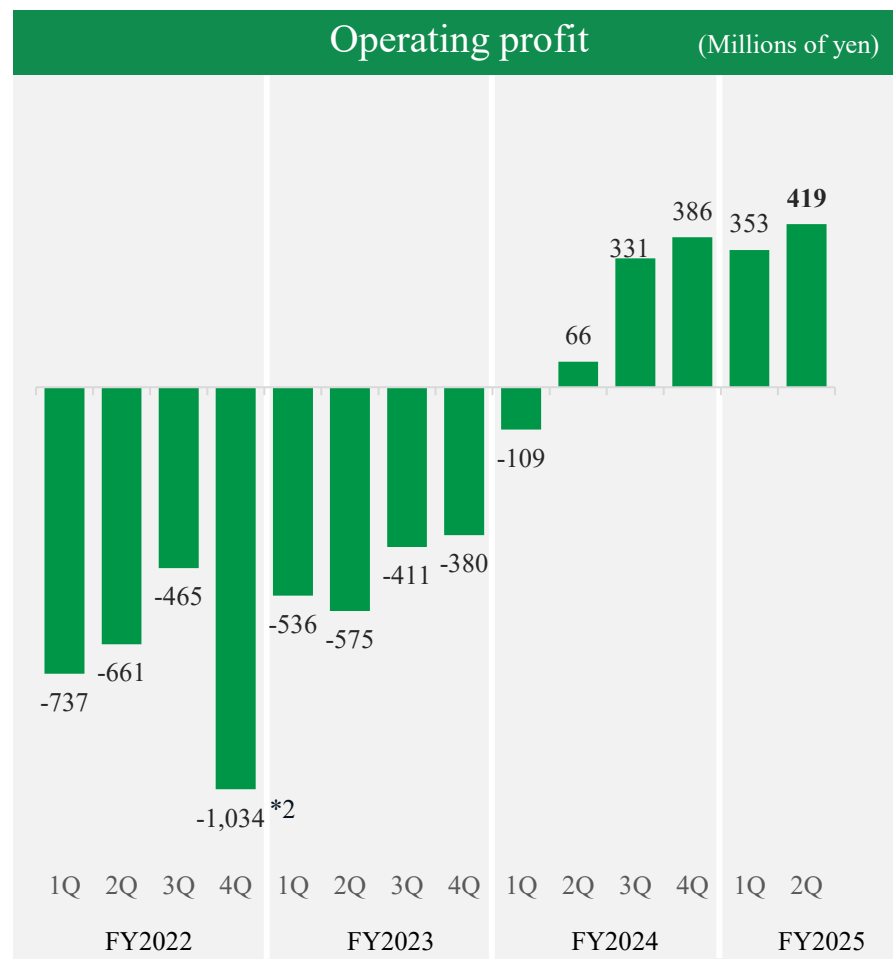
(Millions of yen)	FY2025 Interim	FY2024 Interim	YoY change	YoY ratio
Revenue	9,819	8,421	+1,398	+16.6%
Cost of sales	3,448	2,961	+487	+16.5%
Gross profit	6,371	5,460	+911	+16.7%
SG&A expenses, etc.	5,600	5,504	+96	+1.7%
Operating profit*	771	-44	+815	-
Profit before tax	600	16	+583	-
Profit attributable to owners of the parent*	417	-14	+430	-
Basic earnings per share*	4.64 yen	-0.15 yen	-	-

\* - indicates loss

Since the full-scale shift to a subscription-based model in 2022, the company has maintained a steady trend of revenue and profit growth. Recurring revenue is also increasing steadily.



\*1 Large non-recurring sales recorded in FY2024's 4Q



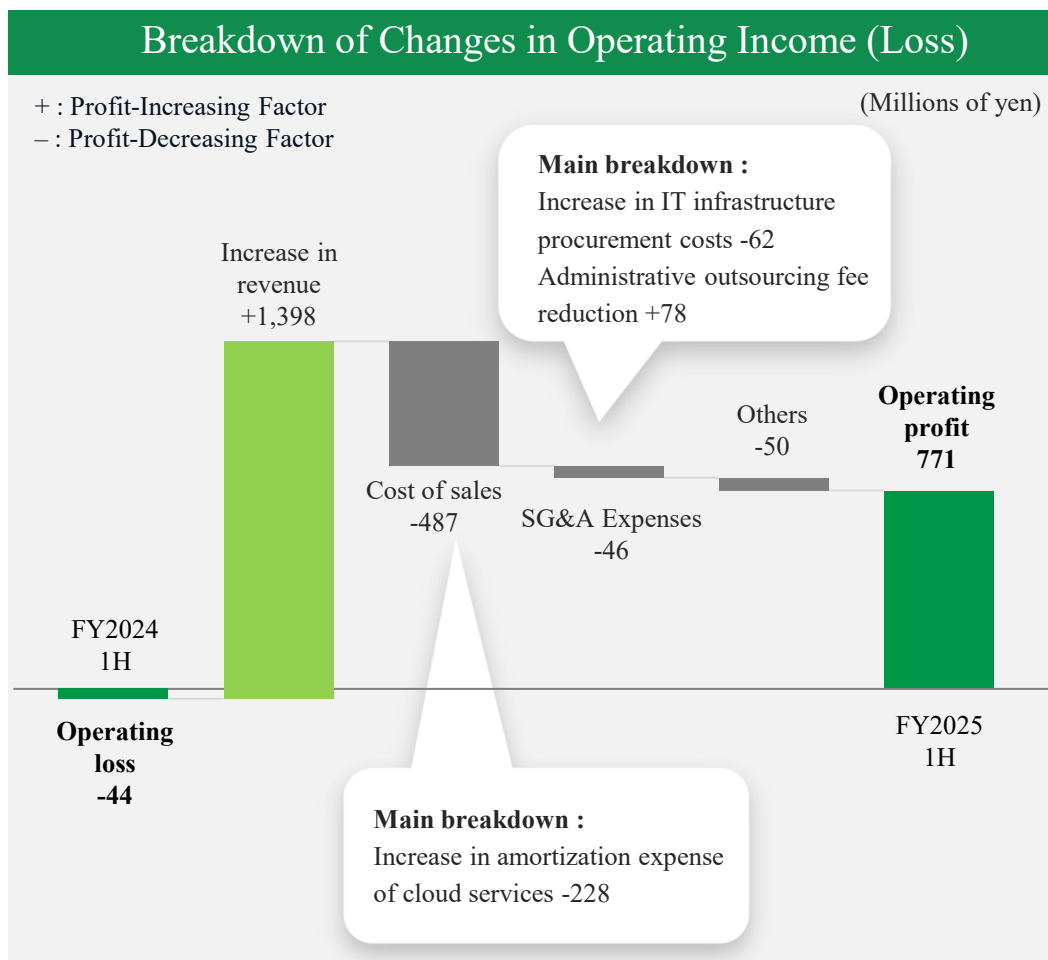
\*2 FY2022's 4Q impaired goodwill (-615 million yen)

**Driven by the shift to subscription-based contracts, revenue from software services increased significantly. In addition, steady replacement demand for PCs and other hardware led to higher revenue in the “Others” category.**

(Millions of yen)	FY2025 Interim	FY2024 Interim	YoY change	YoY ratio
Cloud services	5,336	3,679	+1,657	+45.0%
Software services	5,076	3,394	+1,682	+49.6%
Software	4,465	2,898	+1,567	+54.1%
Maintenance contract	295	169	+126	+74.3%
Initial setup	316	326	-10	-3.2%
Marketplace	260	285	-25	-8.7%
Packaged system	3,002	3,627	-626	-17.3%
Software sales	719	758	-39	-5.2%
Operation and support service	2,283	2,870	-586	-20.4%
Others	1,481	1,114	+367	+32.9%
Hardware	1,142	766	+376	+49.0%
Supply	340	348	-9	-2.5%
Total	9,819	8,421	+1,398	+16.6%
Recurring revenue*	7,044	5,937	+1,106	+18.6%
Recurring revenue ratio	71.7%	70.5%	-	-

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

While growth investment costs—such as cloud-related depreciation and IT infrastructure procurement—have increased, we are actively leveraging AI to enhance efficiency in administrative operations, sales proposals, and development processes.



## Cost of sales

- Depreciation related to cloud software increased due to ongoing functionality enhancements.

## SG&A expenses

- IT infrastructure procurement costs increased to support the delivery of cloud services.
- By actively leveraging AI to improve operational efficiency, we reduced costs such as administrative outsourcing expenses.

**The addition of new features to our cloud software led to an increase in intangible assets. In addition to a shift toward short-term interest-bearing debt, contract liabilities also increased due to the introduction of 5-year cloud software contracts.**

(Millions of yen)	FY2025 End of 2Q	FY2024 Year-end	YoY change	Main breakdown
Current assets	7,952	8,211	-259	Cash and cash equivalents -684 Trade and other receivables +203
Non-current assets	32,612	31,684	+929	Intangible assets +1,126
Total assets	40,564	39,895	+670	-
Current liabilities	14,798	13,681	+1,117	Contract liabilities +498 Short-term interest-bearing debts +902
Non-current liabilities	2,190	3,071	-881	Long-term interest-bearing debts-884
Total liabilities	16,988	16,751	+237	-
Total equity	23,577	23,143	+433	Net income +407
Total liabilities and equity	40,564	39,895	+670	-

**NOTE: Contract liabilities**

The main component consists of advance payments received under five-year cloud software contracts (paid in a lump sum).

Revenue is recognized on a straight-line basis over the contract period. The availability of IT implementation subsidies is one of the key drivers behind the adoption of these five-year packages.

Such long-term contracts help mitigate a common weakness of subscription models—the ease of cancellation—and contribute to higher customer retention.

**While revenue increased, operating cash flow remained flat year over year, as the increase in contract liabilities—driven by IT implementation subsidies—was smaller compared to the previous year.**

(Millions of yen)	FY2025 Interim	FY2024 Interim	YoY change	Main breakdown
Cash flow from operating activities	<b>2,126</b>	2,089	+37	Increase in profit before tax +583 Decrease in contract liabilities -650 Decrease in long-term prepaid expenses +156
Cash flow from investment activities	<b>-2,273</b>	-2,038	-235	Decrease in proceeds from sales and redemption of investments-331 Decrease in expenditures for acquisition of intangible assets +2
Cash flow from financing activities	<b>-556</b>	63	-619	Net increase in short-term borrowings +3,890 Decrease in proceeds from long-term debt -4,204
Free cash flow	<b>-147</b>	51	-198	-
Cash and cash equivalents at the end of the period	<b>3,622</b>	4,036	-415	-

# Full-Year Forecast for FY12/2025



# Full-year Sales Forecast by Service Category

Full-Year Forecast for FY12/2025

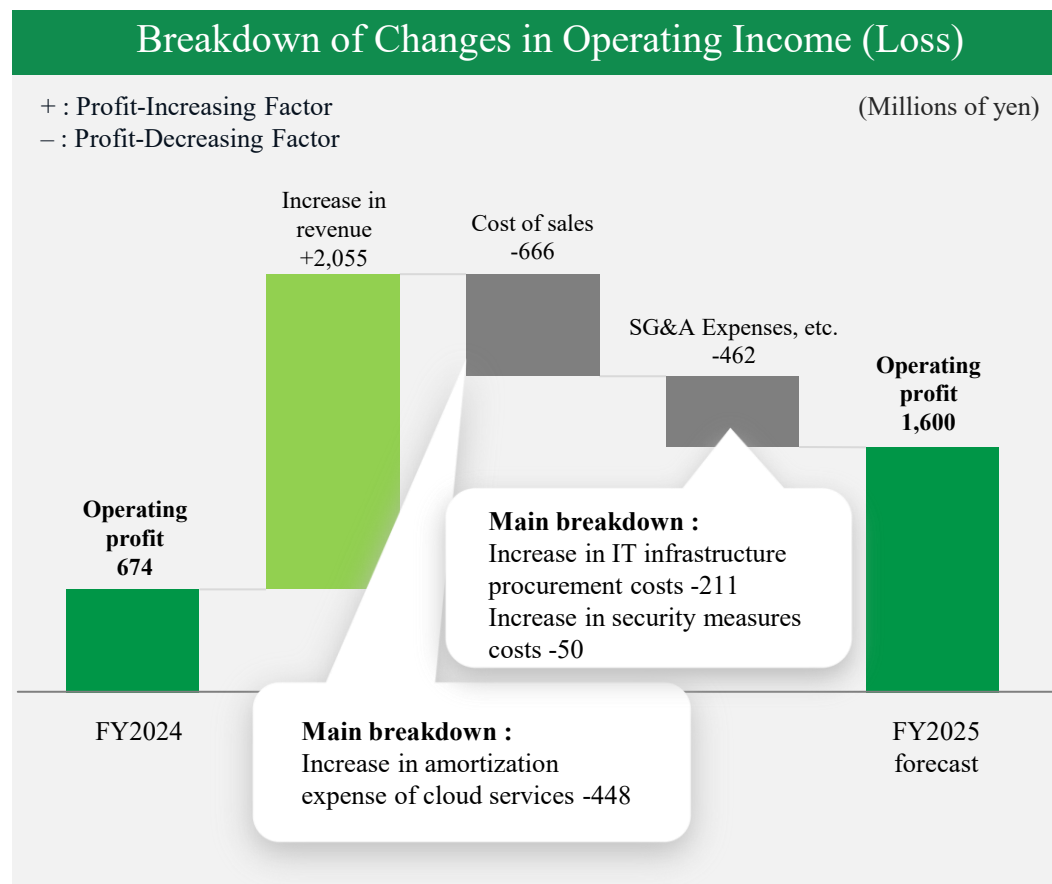
**Taking into account progress through the second quarter and the risk factors outlined on page 7, we have maintained our overall sales forecast while revising the forecasts for each service category.**

(Millions of yen)	FY2025 Current forecast for the Full-year	FY2025 Previous forecast for the Full-year	Change	FY2024 Full-year	YoY change	YoY ratio
Cloud services	<b>11,520</b>	12,000	-480	8,210	+3,310	+40.3%
Software services	<b>11,000</b>	11,400	-400	7,626	+3,374	+44.2%
Marketplace	<b>520</b>	600	-80	584	-64	-11.0%
Packaged system	<b>6,000</b>	6,000	±0	7,450	-1,450	-19.5%
Software sales	<b>1,600</b>	1,500	+100	1,941	-341	-17.6%
Operation and support service	<b>4,400</b>	4,500	-100	5,508	-1,108	-20.1%
Other, net	<b>2,580</b>	2,100	+480	2,386	+194	+8.1%
Hardware	<b>1,900</b>	1,420	+480	1,689	+211	+12.5%
Supply	<b>680</b>	680	±0	697	-17	-2.4%
Total	<b>20,100</b>	20,100	±0	18,045	+2,055	+11.4%

**Reflecting the status of cost consumption, we have revised our operating profit forecast upward. Both operating profit and net income are expected to more than double year over year, indicating strong growth.**

(Millions of yen)	FY2025 Current forecast for the Full-year	FY2025 Previous forecast for the Full-year	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>7,000</b>	6,800	+200	6,334	+666	+10.5%
Gross profit	<b>13,100</b>	13,300	-200	11,712	+1,388	+11.9%
SG&A expenses, etc.	<b>11,500</b>	11,800	-300	11,038	+462	+4.2%
Operating profit	<b>1,600</b>	1,500	+100	674	+926	+137.4%
Profit before-tax	<b>1,450</b>	1,500	-50	545	+905	+166.1%
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	-	-

**While we anticipate higher growth investment costs, including IT infrastructure procurement, we continue to improve business processes across sales, administrative, and development functions by actively leveraging AI.**



## Cost of sales

- Depreciation related to cloud software increased due to ongoing functionality enhancements.

## SG&A expenses, etc.

- IT infrastructure procurement costs increased to support the delivery of cloud services.
- Implemented enhanced security measures aimed at improving service quality.
- Actively leveraging AI to continuously improve operational processes

**Shareholder return is positioned as an important management issue, and the policy is to appropriately consider dividend policies from a comprehensive perspective, including stock liquidity.**

## Dividend per share

	<b>FY2025 (Forecast)</b>	<b>FY2024</b>
Interim dividend	<b>2.50 yen</b> (Decided)	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

- We position shareholder returns as a key management priority, with a basic policy of maintaining a consolidated dividend payout ratio of 35% or higher.
- We aim to enhance shareholder value by implementing an optimal shareholder return policy in a flexible and agile manner, based on a comprehensive perspective.

# Progress on the Medium-Term Management Plan

## Sales plan

### Software services

From the second half of 2025 onward, the proportion of mid-sized and large enterprise customers transitioning to the cloud is expected to increase, leading to a rise in ARPL.

### Marketplace

From 2027 onward, transaction volume is expected to grow at an accelerated pace, driven by deeper cloud penetration among large-scale buyers and sellers, as well as the anticipated participation of parts dealers affiliated with automobile manufacturers.

### Package software sales

As software renewals by non-mobility industry customers continue, revenue is expected to remain in line with the historical average.

### Operation and support service

From 2026 onward, the shift of customers to cloud-based software is expected to accelerate, resulting in a greater portion of revenue being recorded under software services.

### Hardware, supply

As our offerings are primarily focused on PCs and printers provided in conjunction with cloud software adoption, revenue is expected to remain in line with the historical average.

## Cost

In addition to organizational flattening implemented in 2025, we plan to strengthen investment in talent development from 2026 onward to accelerate further growth.

At the same time, we will actively leverage automation tools such as AI to optimize business processes and promote cost control.

**The sales plan based on the new service categories will be disclosed in conjunction with the update of the medium-term business plan.**

[Reference] Sales plan by old category

(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.

**Migrating package software customers to the cloud is a key initiative in our medium-term plan. As this shift can be implemented without increasing service delivery costs, we expect profit margins to continue improving.**

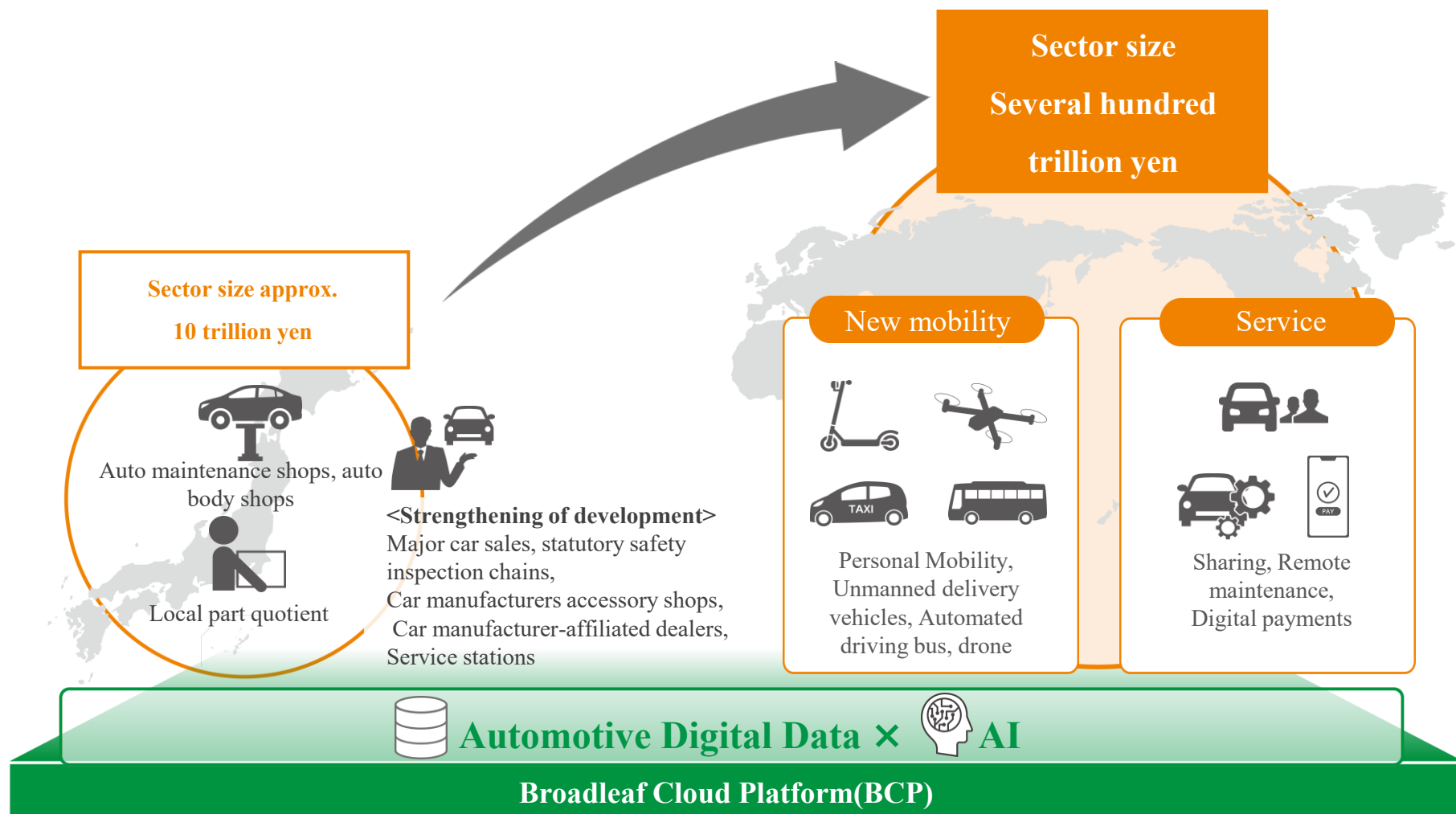
(Millions of yen)	FY2022	FY2023	FY2024	FY2025 Forecast※	FY2026 Plan ※	FY2027 Plan ※	FY2028 Plan ※
Revenue	13,833	15,385	18,045	20,100	23,500	27,500	31,500
Operating profit*	-2,897	-1,902	674	1,600	4,800	9,000	13,000
Operating profit rate	-	-	3.7%	8.0%	20.4%	32.7%	41.3%
Profit attributable to owners of 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%

\*- indicates a loss

※FY2025 annual Forecasts announced on August 6, 2025, plans after FY2026 announced on February 7, 2025.



**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.**



# 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**

Broadleaf Co., Ltd

Investor Relations Office

E-mail: [bl-ir@broadleaf.co.jp](mailto:bl-ir@broadleaf.co.jp)