



2Q FY12/2024
Business Results Briefing Material

August 8, 2024

Broadleaf Co., Ltd

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Financial Results for the 2Q and Full-Year Forecast **P 3**

Status of cloud business P13

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Financial Highlights

Phase of reduction of planned loss ended in 1Q, converting from 2Q to profit accumulation phase

Sales

Forecast for Full-Year Sales: Steady
Progress Towards Achievement

1H progress rate
47.8%

In the same period of FY2023
48.0%

Profit

Operating income improved
on 2Q(April - June)
Return to black in figure

Operating income for the 1H
-44 million yen
(2Q 66 million yen)

In the same period of FY2023
-1,111 million yen
(FY2024 1Q result -109 million yen)

Cash flow

Free cash flow turned positive amid
development investment

1H Free Cash Flow
51 million yen

In the same period of FY2023
-791 million yen

1H results

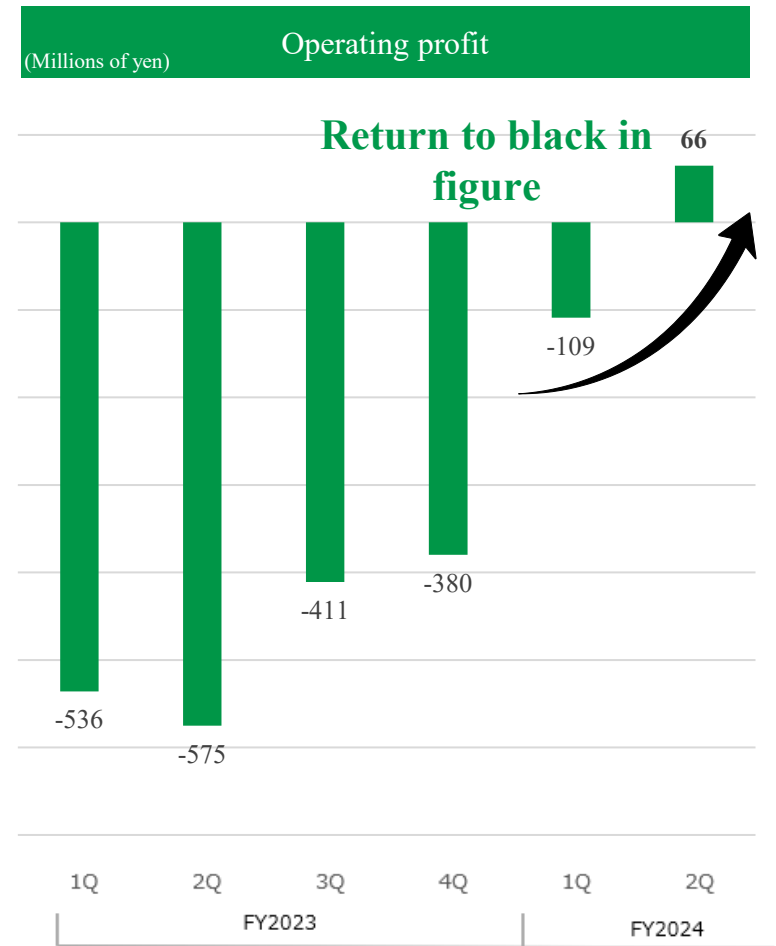
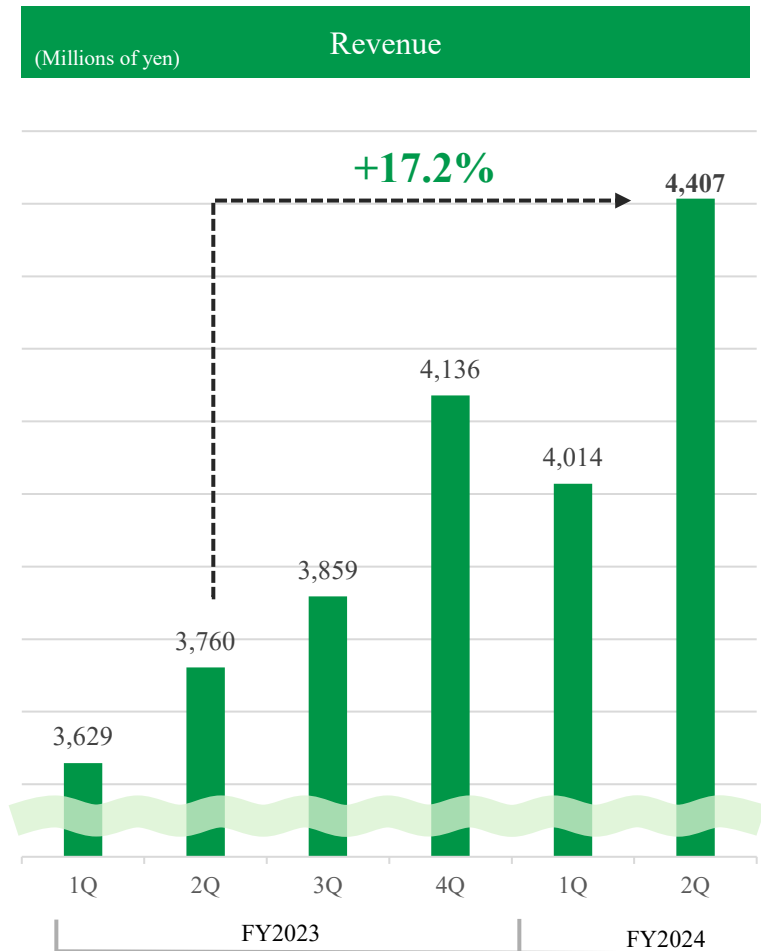
Stronger cost reductions amid double-digit sales growth, resulting in significant improvement in profitability

(Millions of yen)	FY2024 1H	FY2023 1H	YoY change	YoY ratio
Revenue	8,421	7,390	+1,031	+14.0%
Cost of sales	2,961	2,985	-24	-0.8%
Gross profit	5,460	4,405	+1,055	+24.0%
Selling, general and administrative expenses, etc.	5,504	5,516	-12	-0.2%
Operating profit *	-44	-1,111	+1,067	-
Profit before tax *	16	-1,102	+1,118	-
Attributable to owners of the parent Interim profit*	-14	-826	+813	-
Basic interim earnings per share*	-0.15 yen	-9.33 yen	-	-

*-is loss

Quarterly Sales & Earnings Performance

Revenue increased 17.2% YoY in the 2Q and operating income improved significantly to return to black in figure.

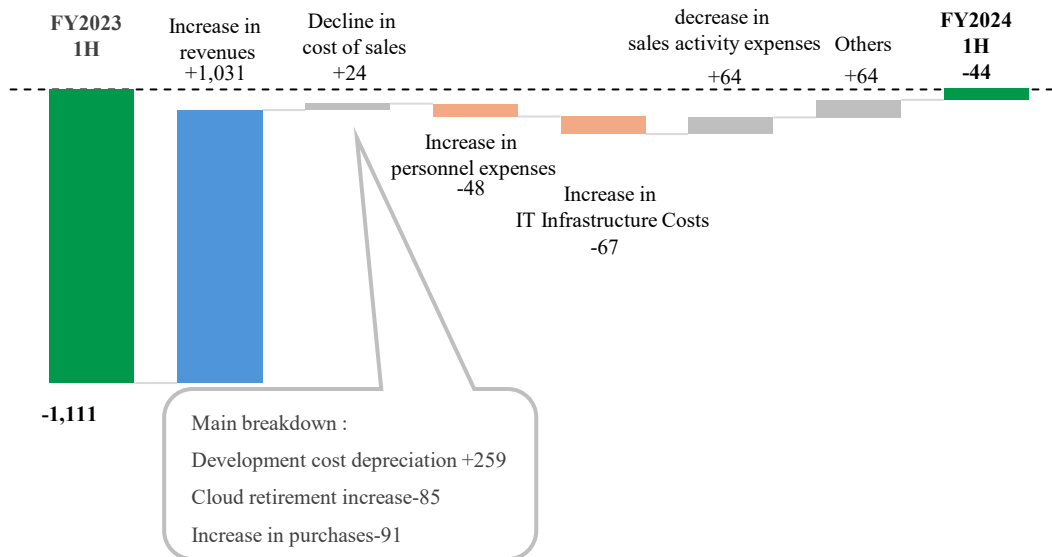


Breakdown of Changes in Operating Income (Loss) for the 1H

Both cost of sales and SG&A expenses were at the same level as the same period of the previous fiscal year, with the factors of the increase being offset by the decrease factor.

(Millions of yen) Breakdown of Changes in Operating Income (Loss)

+:Positive factors
-:Factors behind the decline in profits



Cost of sales

- Decrease in cloud service development costs subject to cost recording
- Depreciation costs increase due to expansion of target industries and functional expansion of cloud services
- Increase in purchasing amount due to increased hardware sales

SG&A expenses, etc.

- Increase in personnel expenses due to increase in statutory welfare expenses, etc.
- Increase in IT infrastructure procurement costs for providing cloud services
- Reduction of sales-related expenses such as transportation and entertainment expenses
- Reduction of various management costs

Balance Sheet Status

While multi-year contracts for cloud software are increasing, contract liabilities, which are advances received, are increasing

(Millions of yen)	FY2024 1H-end	FY2023 Year-end	YoY change	Major breakdown of increase/decrease
Current assets	7,791	7,053	+737	Cash and cash equivalents +116 Trade and other receivables +438
Non-current assets	31,060	29,696	+1,363	Intangible assets +1,261
Total assets	38,851	36,750	+2,101	
Current liabilities	11,566	11,079	+487	Short-term interest-bearing debts -964 Contract liabilities +1,147
Non-current liabilities	4,635	3,184	+1,451	Long-term interest-bearing debts+1,456
Total liabilities	16,201	14,263	+1,938	
Total equity	22,649	22,487	+163	Dividends paid-89
Total liabilities and equity	38,851	36,750	+2,101	

Supplemental) Contract Liabilities

This is mainly due to advances received under a 5-year package (5-year lump-sum payment) contract for cloud software. 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 curbing the "ease of cancellation," which is a weak point in subscriptions, and also leads to an improvement in the customer retention rate.

Cash flows

Free cash flow turned positive due to improved performance and return on investment, etc.

(Millions of yen)	FY2024 1H	FY2023 1H	YoY change	Major breakdown of increase/decrease
Cash flow from operating activities	2,089	1,126	+963	Improvement in loss before income taxes +1,118 Increase in trade and other payables -327 Increase in contractual liabilities +237
Cash flow from investment activities	-2,038	-1,917	-121	Increase in payments for purchase of intangible assets -370 Proceeds from sales and redemption of investments +324
Cash flow from financing activities	63	717	-654	Decrease in short-term borrowings -4,580 Proceeds from long-term debt +4,700
Free cash flow	51	-791	+842	

Forecast of Full-year Results

Revenue and operating profit remained unchanged from the forecast, taking into account 1H results and business trends in 2H.

Cost of sales and SG&A costs of sales were revised, and profit before tax and below were revised upward to reflect 1H results.

(Millions of yen)	FY2024 Full-year forecast	FY2024 Full-year previous forecast	Revised amount	FY2023 Full-year	YoY change	YoY ratio
Revenue	17,600	17,600	±0	15,385	+2,215	+14.4%
Cost of sales	6,250	6,050	+200	6,045	+205	+3.4%
Gross profit	11,350	11,550	-200	9,340	+2,010	+21.5%
Selling, general and administrative expenses, etc.	11,300	11,500	-200	11,242	+58	+0.5%
Operating profit *	50	50	±0	-1,902	+1,952	-
Profit before tax *	100	50	+50	-1,921	+2,021	-
Attributable to owners of the parent Basic earnings per share	90	40	+50	-1,487	+1,577	-
Basic earnings per share *	1.01 yen	0.45 yen	-	-16.76 yen	-	-

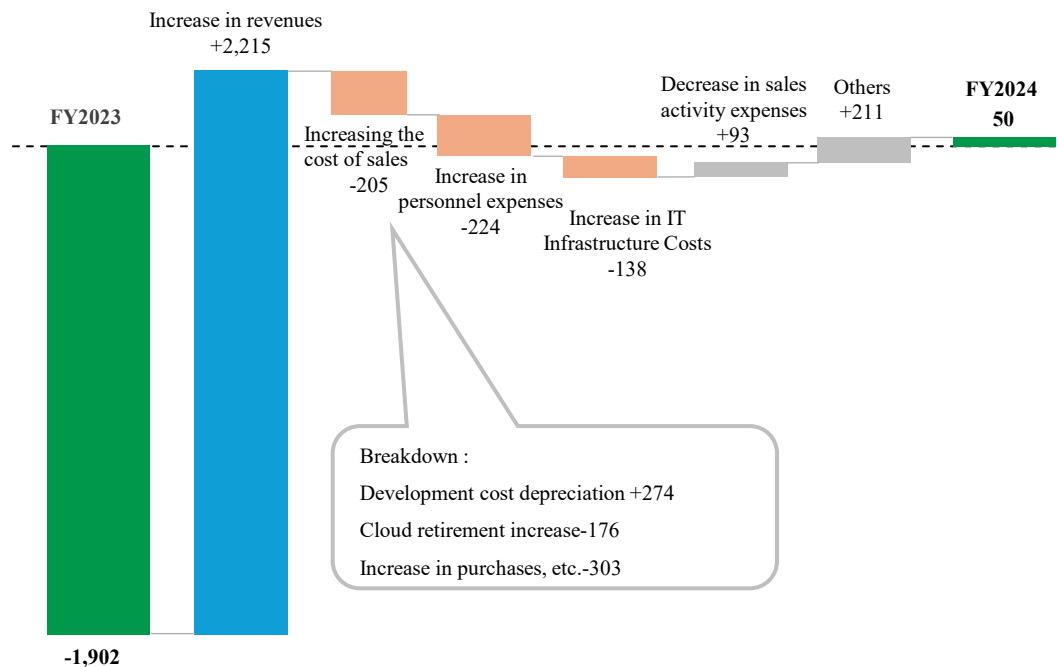
※ Previous forecast announced on February 9, 2024

Breakdown of Changes in Full-Year Operating Income (Loss)

Cost of sales increased year on year due to higher amortization expenses of cloud services and purchases. Controlling the increase in SG&A expenses by continuing measures to reduce administrative expenses and other costs

(Millions of yen) Breakdown of Changes in Operating Income (Loss)

+:Positive factors
- :Factors behind the decline in profits



Cost of sales

- Decrease in cloud service development costs subject to cost recording
- Depreciation costs increase due to expansion of target industries and functional expansion of cloud services
- Increase in purchases due to increased hardware sales

SG&A expenses, etc.

- Increase in personnel costs due to increase in personnel, etc.
- Increase in IT infrastructure procurement costs for providing cloud services
- Reduction of sales-related expenses such as transportation and entertainment expenses

Dividend forecast

No 1H dividend for the year ended December 31, 2024

Year-end dividend is forecast at 2 yen per share, up 1 yen from the previous fiscal year.

Dividend per share

(Yen)	FY2024 (Forecast)	FY2023
1H dividend	0.00 yen	0.00 yen
Year-end dividend	2.00 yen	1.00 yen
Yearly dividend	2.00 yen	1.00 yen
Consolidated dividend payout ratio	-	-

Basic Policy

- Although there was a net loss in the fiscal years ending December 2022 and December 2023, dividends were paid in consideration of the status of internal reserves and the progress of the medium-term management plan.
- For the fiscal year ending December 2024, we will formulate a dividend forecast after factoring in the full-year performance outlook and future development investment plans.
- In the medium to long term, our policy is to implement shareholder returns that balance profit growth and improvement of capital efficiency.

Financial Results for the 2Q and Full-Year Forecast P 3

Status of cloud business P13

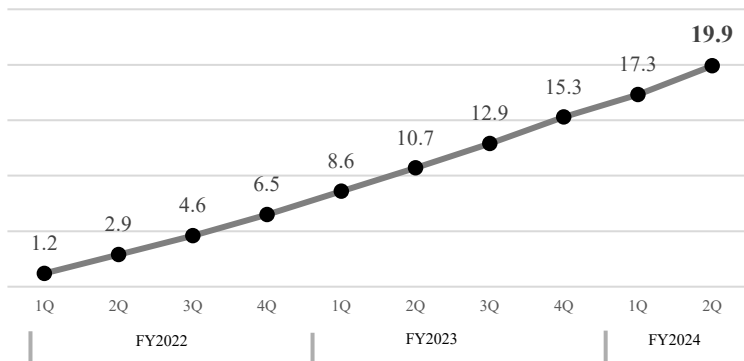
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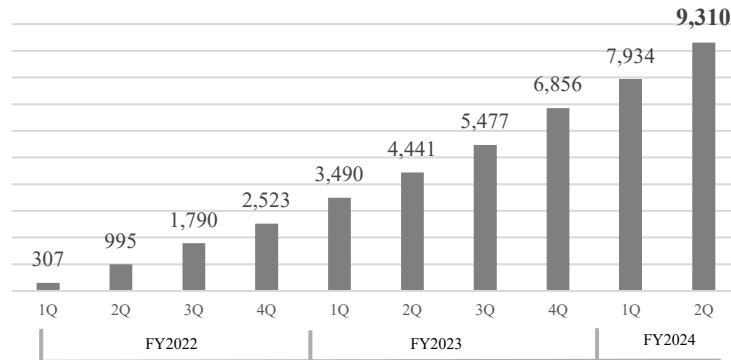
Cloud Business Highlights

Cloud software penetration accelerated to 2Q, and licensing averages monthly and customer retention rates were in line with plan

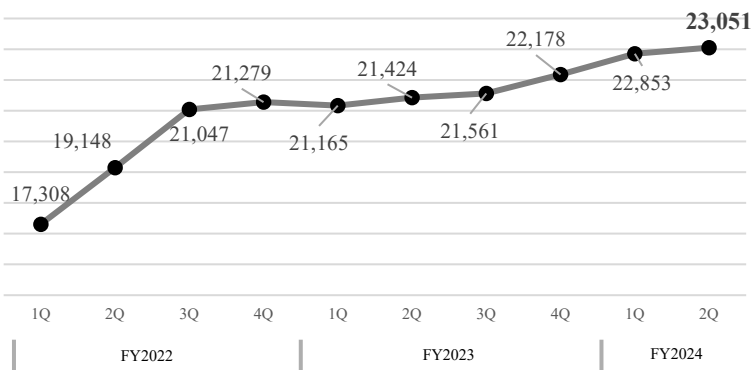
Cloud rate (%)



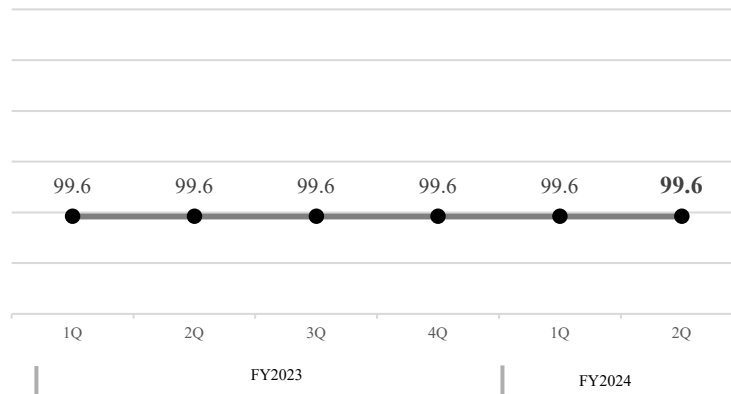
Number of licenses (standard version)



Average monthly license sales (standard version, yen)



User retention rate (standard version, %)



Continue and update cloud software sales strategy

**As a cloud software manufacturer, prioritize customer needs and update sales strategy
Aggressively developing strategies that leverage the Group's strengths of a nationwide sales network and close contact with customers**

2H of FY2023

1H of FY2024

2H of FY2024

From the 2H of 2023

Auto maintenance shop and auto body shops, including major chains, are increasingly requesting DX to prevent fraud, reflecting on the occurrence of scandals. Diversification of needs for our software (realization of close linkage with core systems, enhancement of fraud detection functions, etc.)

<Measures>

Part of Auto maintenance shops and auto body shops, and auto parts dealers will continue to be offered on a monthly basis even after package software leases expire.

⇒ Implemented optimal cloud proposals for individual customers (timing and menu)

From 1Q 2024

In cloud software for auto parts dealers, such as supply chain automation, demand for DX to improve operational efficiency has been increasing, and the need for our software has become more sophisticated. (Increase processing speed of large transactions, strengthen demand forecasting function, etc.)

From 2Q 2024

Ahead of the start of operation of the new vehicle inspection system from October, an increasing number of auto maintenance shops larger than semi-majors are taking time to resolve operational issues identified during pre-operation.

<Measures>

Shift sales resources to new acquisitions, hardware, and option proposals

⇒ From the 2H onward, further aggressively develop new small and medium companies (Effective from 2Q)

Sales schedule for cloud software

**For auto parts dealers, preparations are being made for release in 3Q of FY2024.
The launch of the expanded version, including for auto maintenance shops, is proceeding as planned.**

	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025
For Mobility sector								
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	★ Postpone launch of sales	
Used car dealers							★ Sales started	★ Enhanced version
Auto electrical equipment shops								Sales start after FY2025

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).

1H sales by service category

Significant increase in sales of software services due to an increase in switching to contracts
Due to strategic updates, software services missed forecast but packaged system exceeded forecast

(Millions of yen)	FY2024 1H	FY2024 1H forecast	Actual budget variance	FY2023 First half	YoY change	YoY ratio
Cloud services	3,498	3,600	-102	2,141	+1,357	+63.4%
Software service	3,213	3,300	-87	1,824	+1,389	+76.2%
Marketplace	285	300	-15	318	-32	-10.2%
Packaged system	4,923	4,400	+523	5,248	-326	-6.2%
Software sales	1,524	1,200	+324	1,546	-22	-1.4%
Operation and support	3,399	3,200	+199	3,702	-303	-8.2%
Total Sales revenue	8,421	8,000	+421	7,390	+1,031	+14.0%
Stock revenue *	6,897	-	-	5,844	+1,054	+18.0%
Recurring sales Ratio	82%	-	-	79%	-	-

* Sum of cloud services and Operation and support service

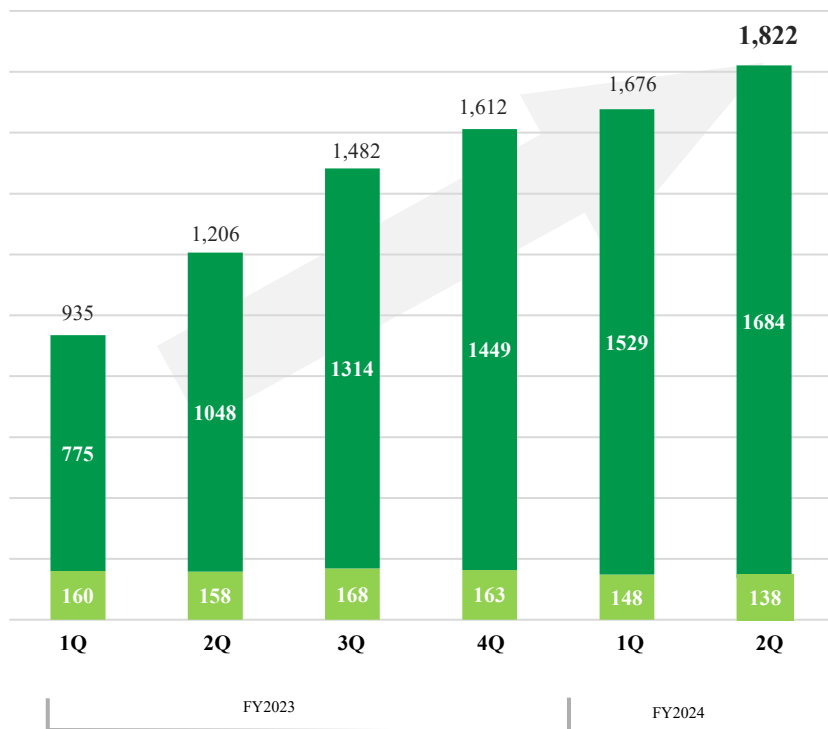
※ Forecast announced on May 9, 2024

Quarterly Revenues Trends

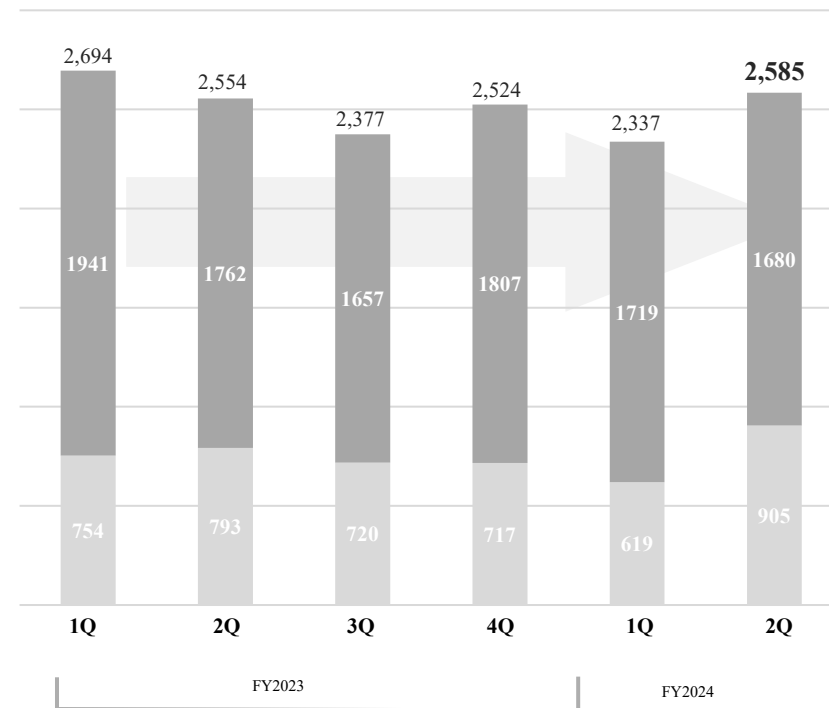
Increasing number of cloud software and other subscriptions

As a consequence, software services (SaaS) drove the overall revenues growth trend

(Millions of yen) Cloud service revenues



(Millions of yen) Packaged system Revenues



■ Marketplace

■ Software service

■ Software sales

■ Operation and support service

Full-year revenues forecast by service category

Due to the strategic update, the number of users switching to cloud software will increase more than planned. On the other hand, the effectiveness of the measures came from 2Q to packaged system, and the forecast of total sales was not changed.

(Millions of yen)	FY2024 Full-year revised forecast	FY2024 Full-year forecast	Revised amount	FY2023 Full-year	YoY change	YoY ratio
Cloud services	8,200	8,450	-250	5,236	+2,964	+56.6%
Software service	7,600	7,850	-250	4,587	+3,013	+65.7%
Marketplace	600	600	±0	649	-49	-7.5%
Packaged system	9,400	9,150	+250	10,149	-749	-7.4%
Software sales	3,000	2,850	+150	2,983	+17	+0.6%
Operation and support	6,400	6,300	+100	7,166	-766	-10.7%
Total Sales revenue	17,600	17,600	±0	15,385	+2,215	+14.4%

※Previous forecasts announced on May 9, 2024

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Revenue forecast by service category

The average monthly license fee and customer retention rate for cloud software are trending as planned, and users who temporarily subscribe to packaged software on a monthly basis will gradually switch to cloud software as products are released, so sales from 2025 onwards Plans remain unchanged

(Billions of yen)	FY2022	FY2023	FY2024 Forecast	FY2025 Plan	FY2026 Plan	FY2027 Plan	FY2028 Plan
Cloud service	2.6	5.2	8.2	11.8	15.7	25.0	29.1
Software service	2.0	4.6	7.6	11.2	15.1	22.1	25.0
Marketplace	0.7	0.6	0.6	0.7	0.7	2.9	4.1
Package system	11.2	10.2	9.4	8.7	8.3	4.0	3.4
Software sales	3.5	3.1	3.0	2.6	2.9	2.2	2.0
Operation and support service	7.7	7.1	6.4	6.1	5.4	1.8	1.4
Total	13.8	15.5	17.6	20.5	24.0	29.0	32.5
Recurring revenue ratio	74%	80%	83%	87%	88%	92%	94%

(NOTE) Forecast announced on August 8, 2024 and planned figures announced on February 9, 2024.

Performance plan

Performance for 2025-2028 remains unchanged from the planned figures announced on February 9th.

Plan to achieve operating profit in FY2024 and record high performance in FY2026

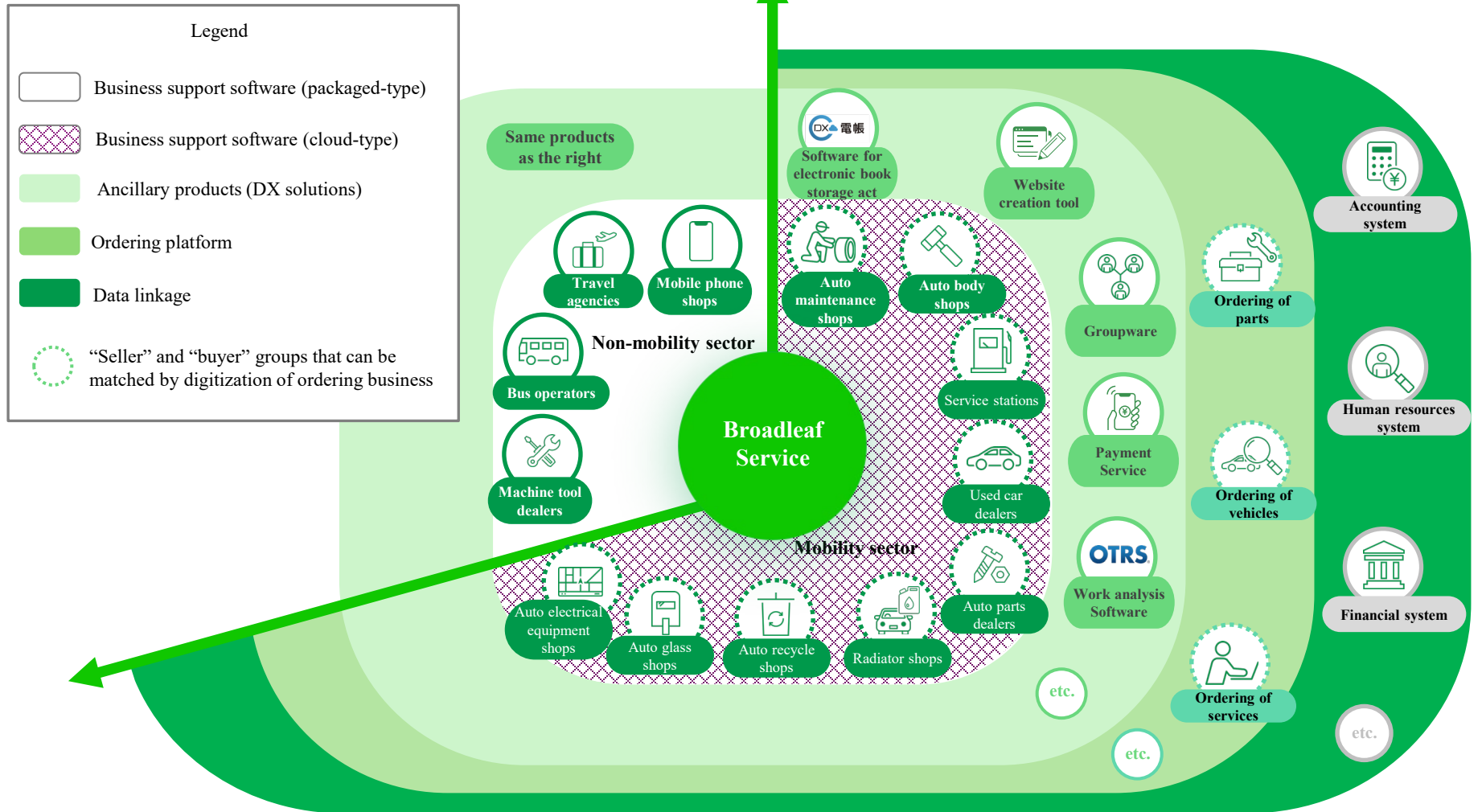
(Billions of yen)	FY2022	FY2023	FY2024 Forecast	FY2025 Plan	FY2026 Plan	FY2027 Plan	FY2028 Plan
Revenue	13.8	15.5	17.6	20.5	24.0	29.0	32.5
Operating profit *	-2.9	-1.9	0.05	1.5	4.8	10.0	13.0
Operating margin	-	-	0.3%	7%	20%	34%	40%
Profit attributable to owners of the parent *	-2.4	-1.5	0.09	1.0	3.2	6.3	8.0

*Minus (-) shown loss

(NOTE) Forecast announced on August 8, 2024 and planned figures announced on February 9, 2024.

Service Area

Cloud software centrally manages data transactions by linking with other systems



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Status of cloud business P13

Progress of the Medium-Term Management Plan (2022-28) P20

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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	End of 2 Q	Forecast
Companies using business support software*	38,098	38,354	38,549	39,345	39,547	39,771	39,955	39,985	39,677	39,870	—
Mobility sector **	36,373	36,650	36,858	37,643	37,855	38,095	38,289	38,350	38,075	38,287	—
Non-Mobility sector **	1,725	1,704	1,691	1,702	1,692	1,676	1,666	1,635	1,602	1,583	—
Target companies for cloud software***	33,578	33,853	34,066	34,357	34,618	34,887	35,127	35,229	35,026	35,285	—
Cloud software user companies	395	991	1,557	2,231	2,973	3,744	4,527	5,381	6,048	7,027	—
Standard edition	274	867	1,433	2,099	2,831	3,604	4,382	5,222	5,871	6,837	—
Existing client	118	405	721	1,094	1,492	1,937	2,370	3,010	3,326	3,749	—
New client	156	462	712	1,005	1,339	1,667	2,012	2,212	2,545	3,088	—
Specific edition	121	124	124	132	142	140	145	159	177	190	—
Packaged software users	33,183	32,862	32,509	32,126	31,645	31,143	30,600	29,848	28,978	28,258	—
Non-Target of cloud software	4,520	4,501	4,483	4,988	4,929	4,884	4,828	4,756	4,651	4,585	—
Cloud transition rate	1.2%	2.9%	4.6%	6.5%	8.6%	10.7%	12.9%	15.3%	17.3%	19.9%	25%

* Companies using business support software : For package software, 1 product = 1 customer, and for cloud software, 1 company license = 1 customer.

**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 2Q	End of 2Q	End of 3Q	End of 4Q	End of 1Q	End of 2Q	End of 3Q	End of 4Q	End of 1Q	End of 2Q	Forecast
Number of licenses*	1,306	2,056	2,857	3,620	4,656	5,649	6,721	8,156	9,301	10,739	—
Standard Edition	307	995	1,790	2,523	3,490	4,441	5,477	6,856	7,934	9,310	13,000
Existing client	136	483	950	1,381	1,970	2,552	3,166	4,244	4,807	5,483	—
New client	171	512	840	1,142	1,520	1,889	2,311	2,612	3,127	3,827	—
Specific edition	999	1,061	1,067	1,097	1,166	1,208	1,244	1,300	1,367	1,429	—

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

(Yen/Month)	FY2022				FY2023				FY2024		End of FY2024
	Mar	Jun	Sep	Dec	Mar	Jun	Sep	Dec	Mar	Jun	Forecast
Average monthly license sales*	—	—	—	—	—	—	—	—	—	—	—
Standard Edition	17,308	19,148	21,047	21,279	21,165	21,424	21,561	22,178	22,853	23,051	24,000
Existing client	18,808	21,150	23,326	24,074	23,837	24,324	24,553	24,823	25,598	25,580	—
New client	16,115	17,261	18,470	17,900	17,701	17,507	17,461	17,881	18,632	19,429	—
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	1 H	Forecast
Cloud software user retention rate*	—	99.6%	99.6%	99.6%	99.6%	99.6%	99.6%	Over 99%

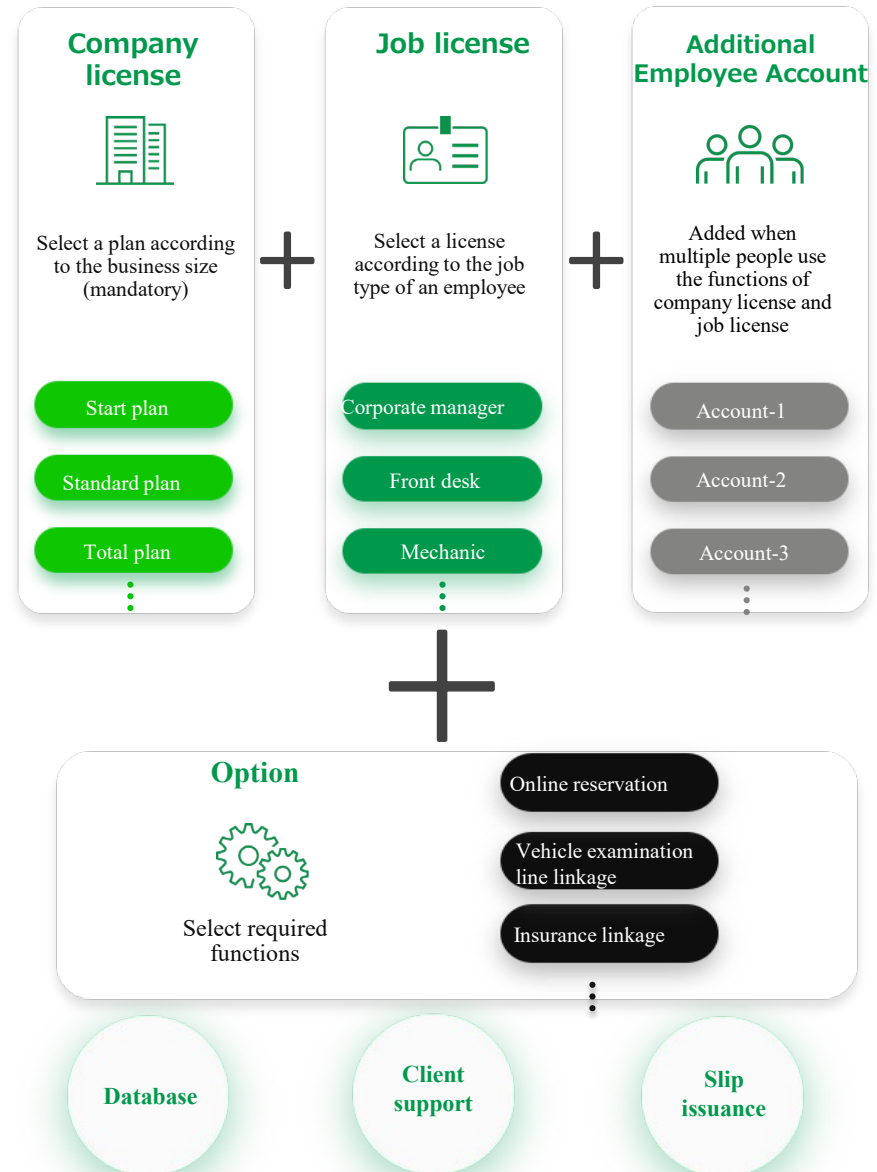
*Cloud software user retention rate: Weighted average monthly user retention rate for the cumulative periods up to full-year

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

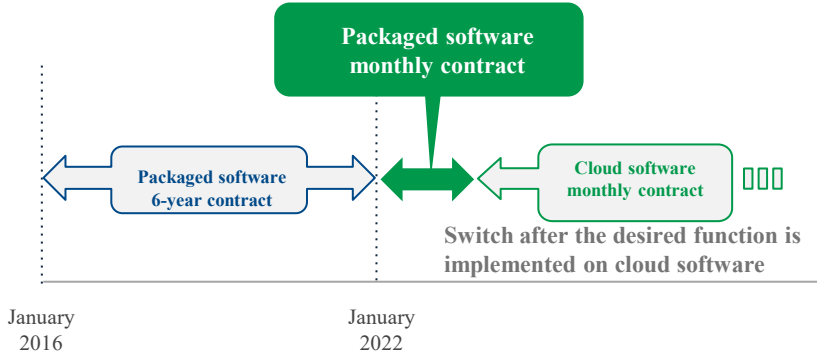
In certain cases, some clients may continue to use packaged software under monthly subscription contracts for a limited period.

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.**

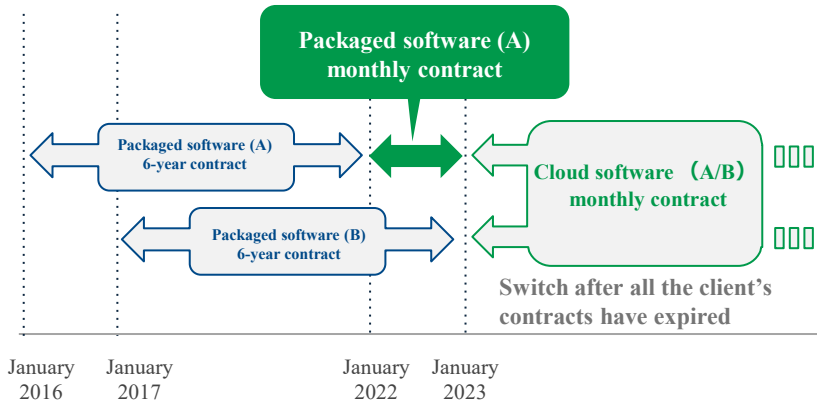


Case 2 A single client who has multiple lease contracts



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.

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