



# Becoming a leading SaaS company in Japan

3Q FY12/2022 Business Results Briefing Material

**Broadleaf Co., Ltd (3673)**  
**November 9, 2022**

Copyright©2022 Broadleaf Co.,Ltd. All rights reserved.

## Contents

---

- 1. Overview of 3Q FY12/2022 Business Results**
- 2. Results Forecast for FY12/2022**
- 3. Progress of the Medium-Term Management Plan (2022-2028)**
- 4. Topics**
- 5. Supplemental Information**

## 1. Overview of 3Q FY12/2022 Business Results

## Summary

### ▶ Growth in 3Q sales of monthly subscription-type services accelerated compared to 2Q.

- Explanation
- The number of expired contracts for packaged system “.NS Series” increased from June.\*
  - Average monthly license fee of cloud-based software service “.c Series” increased.
  - Sales activities of solution corresponding to Electronic Book Storage Act “Dencho.DX” have fully started from June.

### ▶ Sales of packaged systems and their ancillary services was steady.

- Explanation
- “.NS Series” are sold under multi-year lease contracts to clients who belong to industries which do not have “.c Series.”

### ▶ The Company has continued to enhance the efficiency of sales activities.

- Explanation
- The Company has promoted participation in digital events and penetration of online sales and contracts.

\* When clients' multi-year lease contracts for “.NS Series” expire, “.c Series” will be provided in general. However, to some clients (A. clients with multiple contracts, B. clients who need specific functions), monthly contracts of “.NS Series” will be provided for a limited period (A. until last contract expires, B. until necessary functions are equipped).

What clients with expired contracts chose	3Q	Ref.) 1H
“.NS Series” (monthly contract)	30%	65%
“.c Series”	70%	35%

Copyright©2022 Broadleaf Co.,Ltd. All rights reserved. | 4

- In Q3, as a result of progress in the medium-term management plan, growth of sales of monthly subscription-type services accelerated compared to 2Q.
- There are three reasons for the accelerated growth in sales:
  - The number of expired multi-year lease contracts of packaged system “.NS series” increased from June.
  - Average monthly license fees for cloud-based software service “.c Series,” which the Company started full-scale provision in 2022, increased.
  - Sales activities of solution corresponding to Electronic Book Storage Act “Dencho.DX” have fully started from June.
- Clients whose contracts of “.NS Series” have expired basically switch to “.c Series.”
- However, in cases where the clients have several contracts with varying expiration dates (due to addition of licenses in the middle of the period, for example), or in cases where the clients wish to use a particular function, they may use “.NS series” under monthly contracts for a limited period.
- Regarding clients who belong to industries which do not have “.c Series,” “.NS Series” are sold under multi-year lease contracts as in the past.
- These sales were steady, and the same applies to ancillary services.
- At the same time, since the Company anticipates cloud-based software services becoming a mainstay product in the future, it also promoted online sales activities and online promotional activities.

## Overview of Consolidated Financial Results

From 2022, the Company has limited sales of packaged systems under multi-year lease contracts to industries with no “c series,” so revenue and profit has decreased.

(Millions of yen)	FY2022 Cumulative 3Q	FY2021 Cumulative 3Q	YoY change
Revenue	10,067	15,181	-5,114
Cloud service	1,767	1,302	+465
Packaged system	8,300	13,879	-5,579
Cost of sales	3,902	4,309	-407
Gross profit	6,165	10,871	-4,707
SG&A expenses, etc.	8,028	8,529	-501
Operating profit *	-1,863	2,342	-4,205
Profit before tax *	-1,914	2,340	-4,254
Profit attributable to owners of the parent *	-1,433	1,500	-2,933
Basic earnings per share*	-16.23 yen	17.07 yen	-

\*minus (-) represents loss

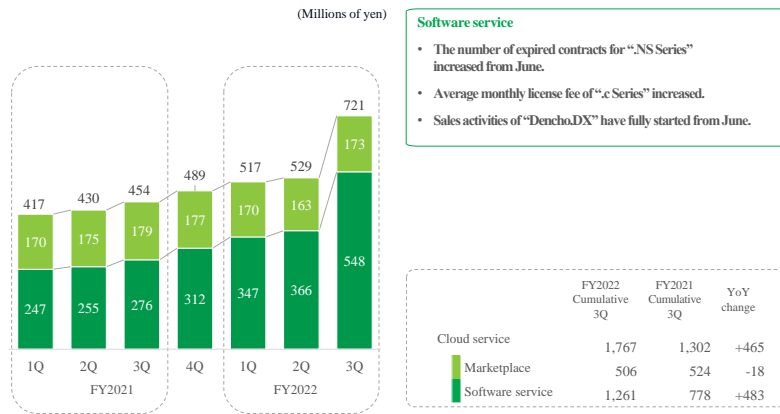
Copyright©2022 Broadleaf Co.,Ltd. All rights reserved. |

5

- Revenue was 10,067 million yen, a year-on-year decrease of 5,114 million yen.
- Operating loss was 1,863 million yen, a year-on-year decrease of 4,205 million yen.
- Loss attributable to owners of parent was 1,433 million yen, a year-on-year decrease of 2,933 million yen.

## Quarterly Trends in Sales of Cloud Service

Growth in sales of software service accelerated in 3Q.

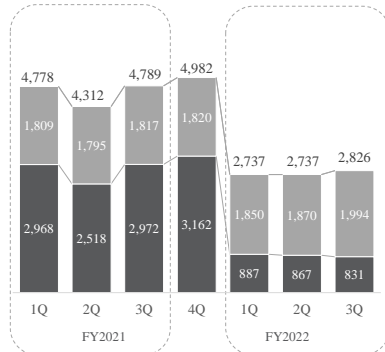


- Within Cloud service, growth in the sales of Software service accelerated due to the followings.
  - The number of expired contracts of “.NS Series” increased from June, resulting in an increase in the number of clients using the monthly subscription-type services.
  - Average monthly license fee of “.c Series” increased.
  - Sales activities of “Dencho.DX” started in June.

### Quarterly Trends in Sales of Packaged System

Sales have decreased since sales of packaged systems under multi-year lease contracts have been limited to industries with no “.c Series.”

(Millions of yen)



**Operation and support**

Usage rates of ancillary services for “.NS Series” increased.

**Software sales**

Sales of “.NS Series” under multi-year lease contracts have been limited to industries with no “.c Series.”\*

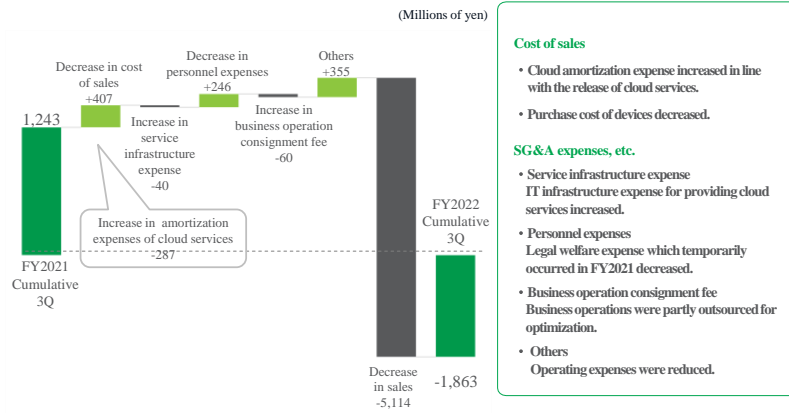
	FY2022 Cumulative 3Q	FY2021 Cumulative 3Q	YoY change
Packaged system	8,300	13,879	-5,579
Operation and support	5,714	5,420	+294
Software sales	2,586	8,458	-5,873

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

- Factors behind the decrease in revenue of Packaged system were that sales of “.NS Series” under multi-year lease contracts were limited to industries where “.c Series” are not sold.
- On the other hand, sales of “Operation and support,” which consist of ancillary services for users of “.NS Series,” increased due to rising usage rate of ancillary services.

## Factors Behind Changes in Operating Profit

Operating loss was recorded due to negative impact of decrease in revenue, partly offset by reduction in SG&A expenses, etc.



- Amortization expenses of cloud services increased due to the release of cloud services. On the other hand, due to a decrease in the purchase of devices, the overall cost of sales decreased by 407 million yen.
- SG&A expenses decreased due to a decrease in legal welfare expenses which temporarily occurred in 2021.
- Business operation consignment fee increased due to progress in the outsourcing of back-office business operation in order to optimize operations.
- Operating loss of 1,863 million yen was recorded due to the impact of the decrease in sales, despite efforts in reduction of operating costs, etc.



## Balance Sheet Status

Current assets decreased due to limited sales of packaged systems under multi-year lease contracts to industries with no “.c Series.” The Company maintains sound financial position despite dividend payments and the recording of loss.

(Millions of yen)	FY2022 End of 3Q	FY2021 Year-end	Change	Major factors of increase/decrease
Current assets	6,240	8,405	-2,164	Cash and cash equivalents -369 Operating and other receivables -1,676
Non-current assets	27,223	26,071	+1,151	Intangible assets +948
Total assets	33,463	34,476	-1,013	
Current liabilities	8,234	7,512	+722	Operating and other payables -922 Short-term interest-bearing debts +2,188
Non-current liabilities	664	850	-185	Long-term interest-bearing debts -79
Total liabilities	8,898	8,362	+537	
Total equity	24,565	26,114	-1,549	Dividends payout -414 Loss -1,433
Total liabilities and shareholders' equity	33,463	34,476	-1,013	

Copyright©2022 Broadleaf Co.,Ltd. All rights reserved. |

9

- Within current assets, operating receivables decreased due to the limited sales of packaged systems under multi-year lease contracts to industries with no “.c Series.”
- Within current liabilities, operating payables decreased due to a decrease in purchases of devices, which is a result of a decrease in sales volume of packaged system.
- Total equity decreased due to payment of year-end dividend for FY2021 and recording of loss in the third quarter of FY2022, but the Company maintains a sound financial condition.

## Cash Flow Status

Cash flow from operating activities decreased due to an increase in contract ratio of monthly subscription-type services, 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	644	1,413	-769	Decrease in profit before tax -4,254 Decrease in trade and other receivables +2,437
Cash flow from investment activities	-2,173	-2,329	+156	Decrease in purchase of intangible assets +226
Cash flow from financing activities	1,157	711	+446	Decrease in dividends paid +516
Free cash flow	-1,529	-916	-614	
Cash and cash equivalents	3,153	3,029	+124	

- Operating cash flow decreased due to the rising contract rate of monthly subscription services, but there was no shortage in working capital.

## 2. Results Forecast for FY12/2022

## Consolidated Results Forecasts

Full-year results forecasts was revised in order to reflect business results for the first nine months as well as current business condition.

(Millions of yen)	FY2022 Full-year forecast		Difference	FY2021 Full-year
	Revised forecast	Previous forecast (August 9)		
Revenue	13,300	12,700	+600	20,652
Cost of sales	5,400	5,200	+200	5,753
Gross profit	7,900	7,500	+400	14,898
SG&A expenses, etc.	11,100	11,500	-400	11,503
Operating profit *	-3,200	-4,000	+800	3,395
Profit before tax *	-3,400	-4,100	+700	3,233
Profit attributable to owners of the parent *	-2,700	-3,200	+500	2,173
Basic earnings per share*	-30.58 yen	-36.24 yen	-	24.72 yen

\*minus (-) represents loss

- Results forecasts was revised based on situations up to the 3Q.
- In addition to expected demand for monthly subscription-type services such as “.c Series,” sales of “.NS series” under multi-year lease contracts, which are sold to industries with no “.c Series,” are expected to exceed the plan.
- In addition, since the Company will continue the reduction of operating expenses, it revised revenue, operating profit, profit before tax, and profit attributable to owners of the parent.

## Revenue Forecast by Service Category

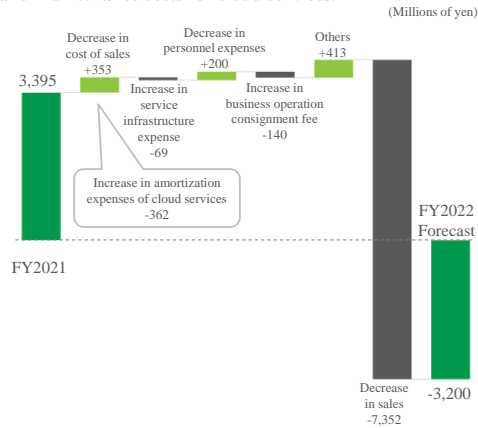
No change in sales plan for cloud services in FY12/2022. Revenue forecast for packaged system was revised since both sales and support services are expected to exceed the plan.

(Millions of yen)	FY2022 Full-year forecast		Difference	FY2021 Full-year
	Revised forecast	Previous forecast (August 9)		
Cloud service	2,540	2,540	-	1,791
Software service	1,860	1,860	-	1,090
Marketplace	680	680	-	701
Packaged system	10,760	10,160	+600	18,860
Software sales	3,250	2,830	+420	11,620
Operation and support	7,510	7,330	+180	7,240
Total	13,300	12,700	+600	20,652

- Revenue forecast of Cloud service is unchanged from the previous forecast.
- Within Packaged system, sales of Software sales was revised upward due to steady sales of “.NS Series” under multi-year lease contracts.
- The Company updated revenue forecast of “Operation and support” in light of rising usage rates 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.



### Cost of sales

- Amortization expense is expected to increase due to the release of cloud services.
- Maintenance cost of cloud services is expected to increase.

### SG&A expenses, etc.

- Service infrastructure expense  
Strengthening and extension of operational infrastructure cloud services, etc.
- 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  
Reduction of operating expenses.

- Decrease in cost of sales is expected to be limited due to an increase in amortization expenses of cloud services.
- Amortization of cloud services is conducted using 10-year fixed-amount method starting from the time of release.
- Within SG&A expenses, service infrastructure expenses, which are expected to increase year-on-year, are expenses necessary for the operation and maintenance of IT infrastructure for providing cloud services.
- Operating expenses are expected to decrease due to the reduction of operating expenses by improving the efficiency of sales activities.

## Dividend Forecast

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%

#### Dividend

- 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.
- The Company announced annual dividend forecast of 1.0 yen per share for FY12/2022.

- Dividends for 2022 is unchanged from previous forecast.

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



## KPI

Since market penetration of the core product “c Series” is the key factor for achieving the mid-term performance plan, the Company has set four KPIs to manage their progresses.

### KPI Targets for the End of 2024

**Cloud transition rate: 40%**

Definition:  $\text{Number of “c Series” user companies} \div \text{Number of industry-specific software user companies (target industries of “c Series”*)}$

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:  $\text{Sales in the target month} \div \text{Number of charge licenses in the target month}$

Churn rate: **Less than 1%**

Definition:  $\text{12-month average of } <\frac{\text{the number of cancelled licenses in the target month}}{\text{the number of chargeable licenses in one month before the target month}}>$

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

Copyright©2022 Broadleaf Co.,Ltd. All rights reserved. |

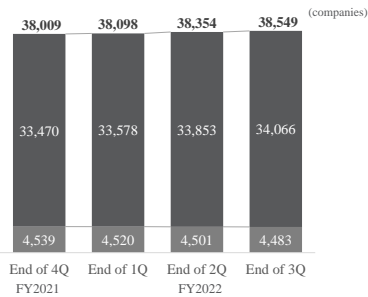
17

- Market penetration of “c Series,” which are the Company’s core product, is the key for achieving the mid-term performance plan, so it uses four KPIs to manage the progresses.
- KPI for measuring penetration into clients is the "cloud transition rate." Cloud transition rate of 40% is the KPI target as of the end of 2024.
- “Number of licenses” and “Average monthly license fee” are KPIs for measuring the progress of number of licenses and unit price based on the sales plan. 24,000 licenses and average monthly license fee of 23,000 yen are the KPI targets as of the end of 2024.
- 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.
- "Churn rate" is also set as a KPI, and the KPI target is less than 1%.

## Total Number of Clients of Industry-Specific Software

Total number of clients\* increased due to the progress in acquisition of new clients in target industries of “.c Series.”

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



### Clients in target industries of “.c Series”

- Competitiveness has further improved due to the launch of “.c Series,” and the acquisition of clients of other companies’s products progressed.
- Target clients has expanded since “.c Series” have a broad price structure.

#### Reference:

Difference between the number of clients at the end of FY2021 and those at the end of FY2022: +606 companies

\* Number of user companies of cloud-based software service “.c Series”+ packaged system “.NS Series”

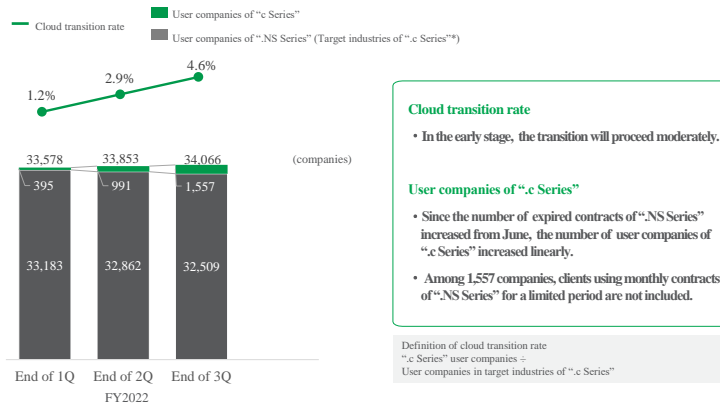
\*\* Car dealers, auto electrical equipment shops , radiator shops, auto glass shops, mobile phone shops, machine tool dealers, travel agencies, bus operators

Note) “.c Series” for auto parts dealers and recycling shops have not yet been provided.

- The graph shows trend in the total number of user companies of the Company’s industry-specific software.
- The number of clients is the total number of companies using “.c Series” or “.NS Series.”
- The new product “.c Series” are highly evaluated, and the number of inquiries increased. Therefore, acquisition of new clients progressed and the total number of user companies increased.

## Switching to “.c Series”

Cloud transition rate at the end of 3Q is 4.6%.



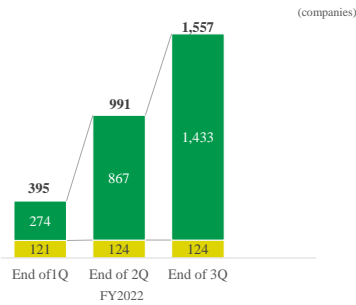
\* Auto maintenance shops, service stations, auto body shops, auto parts dealers, and recycling shops  
 Note) “.c Series” for auto parts dealers and recycling shops have not yet been provided.

- Cloud transition rate as of the end of 3Q was 4.6%
- The number of the user companies of “.c Series” is 1,557 companies.  
 This figure does not include clients who are using monthly contracts of “.NS Series” for a limited period after the contracts of “.NS series” have expired.
- These clients are scheduled to switch to “.c Series” as the functions of “.c Series” are fulfilled.

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

The increased number of “.c Series” user companies in 3Q are using the standard version of “.c Series.”

- Number of user companies of the standard version of “.c Series”
- Number of user companies of “.c Series” for specific major companies and service stations



### Standard version

- The Company started full-scale provision from 2022.
- Since the number of expired contracts of “.NS Series” increased from June, the number of user companies of “.c Series” increased linearly.

### Specific major companies and service stations

- Early installation started from 2021.
- The pace of growth is not constant because of they are installed to multiple stores in bulk for each project.

Definitions of standard version and specific major companies and service stations

Standard version:  
Clients using “.c series” with standard specification

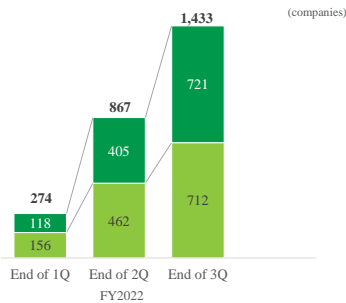
Specific major companies and service stations:  
Clients using “.c series” with special specifications such as licensing system, etc.

- Standard version of “.c Series” and “.c Series” for specific major companies and service stations are distinguished based on differences in license system, etc.
- “.c Series” for specific major companies are installed to multiple stores in bulk for each project, so it takes about 1-2 years to preparation, which is the reason the pace of increase varies.

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

Growth in the number of existing clients accelerated compared to 2Q.

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



### Existing clients

- Since the number of expired contracts increased from June, the pace of growth in the number of existing clients accelerated a little compared to 2Q.

### New clients

- Acquisition of new clients remained steady due to the strong market reputation of “.c Series.”

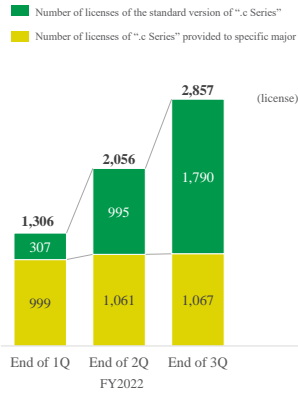
### Definitions of new clients and existing clients

Existing client: Clients who switched from “.NS Series” to “.c Series”  
New client: Clients who became a new user

- The number of user companies of the standard version of “.c Series” was steady, regarding both switching of existing clients and acquisition of new clients.
- Since the number of expired contracts of “.NS Series” increased from June, the number of existing clients who switched to “.c Series” increased as well.
- Reputation of “.c Series” was strong, so the acquisition of new clients was steady.

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

The majority of licenses of “.c Series” that increased in 3Q consists of standard version.



### Standard version

- The growth in the number of licenses increased compared to 2Q since they were installed not only to small-sized companies but also to middle-sized companies to some extent.

Definitions of standard version and those for specific major companies and service stations

Standard version:

Clients using “.c series” with standard specification

Specific major companies and service stations:

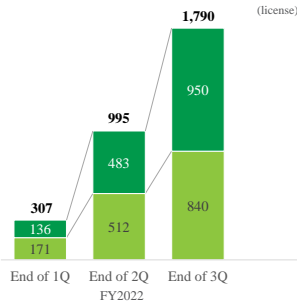
Clients using “.c series” with special specifications such as licensing system, etc.

- The number of licenses of “.c Series” for specific major companies increased slightly because clients who have already installed it made additional purchase of licenses.

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

The number of licenses of “.c Series” at the end of 3Q was 1,790 licenses.

- Existing client: Number of user companies of the standard version of “.c Series” switched from “.NS Series”
- New client: Number of user companies of the standard version of “.c Series” who newly became a user



### Existing clients

- The growth in the number of licenses of “.c Series” increased compared to 2Q since they were installed not only to small-sized companies but also to middle-sized companies to some extent.

### New clients

- Since many of new clients are small-sized companies, the licenses per company is slightly lower compared to existing clients, but the number steadily increased.

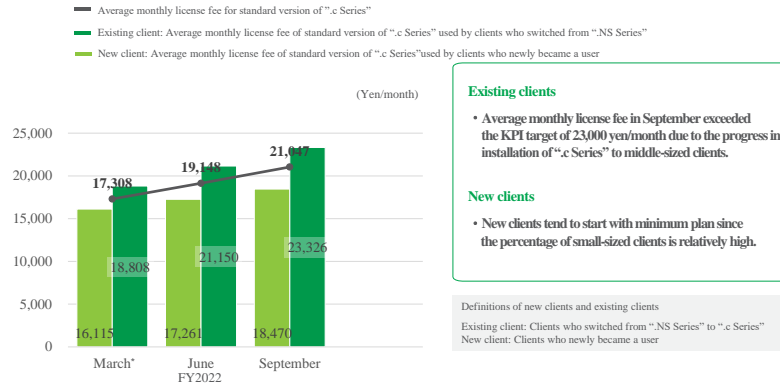
### Definitions of new clients and existing clients

Existing client: Clients who switched from “.NS Series” to “.c Series”  
 New client: Clients who newly became a user

- The number of licenses for “.c Series” as of the end of 3Q was 1,790 licenses.
- Regarding existing clients, the pace of growth in licenses accelerated more than those of the number of user companies since “.c Series” are being installed not only to small-sized companies but also to middle-sized companies.
- Regarding new clients, “.c Series” are being installed from relatively small-sized companies, so the number of licenses per company tends to be small compared to existing clients.

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

Average monthly license fee at the end of 3Q was 21,047 yen/month.



### Existing clients

- Average monthly license fee in September exceeded the KPI target of 23,000 yen/month due to the progress in installation of “.c Series” to middle-sized clients.

### New clients

- New clients tend to start with minimum plan since the percentage of small-sized clients is relatively high.

Definitions of new clients and existing clients

Existing client: Clients who switched from “.NS Series” to “.c Series”

New client: Clients who newly became a user

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

- Average monthly license fee for the standard version of “.c Series” as of the end of 3Q was 21,047 yen/month.
- Regarding existing clients, average monthly fees in September exceeded KPI target of 23,000 yen/month because they are being installed to middle-sized companies, not only small-sized companies.
- Since the percentage of small-sized companies is high among new clients, new clients tend to start with the minimum plan.



## 4. Topics

## Shareholder benefits

The shareholder special benefit plan will be abolished from the fiscal year ending December 31, 2022.

### Reasons for the abolition of the shareholder benefit program

After careful consideration from the perspective of how to fairly return profits to its shareholders, the Company has decided to abolish the shareholder benefit program and concentrate on returning profits to shareholders through dividends, etc.

### Date of abolition of the shareholder benefit program

The shareholder special benefit program will be abolished upon delivery to shareholders holding 5 units (500 shares) or more as recorded in the Company's shareholder registry as of the end of December 2021.

- After careful consideration from the perspective of how to fairly return profits to its shareholders, the Company decided to abolish the shareholder benefit program and concentrate on returning profits to shareholders through dividends, etc.

## AI / Metaverse

---

### **Broadleaf agreed to jointly develop with Fujitsu in AI field**

Broadleaf Co., Ltd. and Fujitsu Ltd. agreed to jointly develop to largely reduce the operational burden of "OTRS," an operation analysis and optimization solution, by equipping operational segmentation AI technology.

→[Link](#) to the press release (October 19, 2022) \*Japanese only

### **Group Company SpiralMind is promoting the establishment of metaverse space**

Taku Kamata, the Representative of SpiralMind Co., Ltd. (Broadleaf Group), will participate as an advisor in the creation of a metaverse space in Tokyo Information Design Professional University, which will open next spring.

He is also in charge of open campus lectures in the field of metaverse.

→[Link](#) to the press release (September. 7, 2022) \*Japanese only

- As an IT company, the Company is implementing a variety of initiatives related to cutting-edge technologies.
- In AI field, for example, an agreement was made in October 2022 to incorporate Fujitsu's AI technology into one of the products offered by Broadleaf and jointly develop them with Fujitsu Ltd. with the aim to largely reduce the operational burden of the product users.
- Inside the Company, it is also using AI in its database to in order to enhance learning effectiveness on issues such as proposals related to various auto parts and priority on the usage of parts.
- Spiral Mind (Broadleaf Group) is promoting the establishment of metaverse space. Kamata, the representative, will participate as an advisor in the creation of metaverse space at Tokyo Information Design Professional University, which will open next spring.
- The Company will continue to contribute to clients' business development by actively incorporating cutting-edge technologies into its businesses.

## 5. Supplemental Information

## KPI Related Data (Cloud Transition Rate/Breakdown of User Companies)

	FY2022			(companies)
	End of 1Q	End of 2Q	End of 3Q	End of 2024 (KPI target)
<b>Cloud transition rate*</b>	1.2%	2.9%	4.6%	40%
Total number of user company	38,098	38,354	38,549	-
Target user company of “.c Series”**	33,578	33,853	34,066	-
“.c Series” user company*	395	991	1,557	-
Standard version	274	867	1,433	-
Existing client	118	405	721	-
New client	156	462	712	-
Specific major company	121	124	124	-
“.NS Series” user company	33,183	32,862	32,509	-
Non-target user company of “.c Series”	4,520	4,501	4,483	-

\*Cloud transition rate = “.c Series” users ÷ Users in target industries of “.c Series”

Copyright©2022 Broadleaf Co.,Ltd. All rights reserved. |

29

## KPI Related Data (Number of Licenses/Average Monthly Fee)

(license)

	FY2022			End of 2024
	End of 1Q	End of 2Q	End of 3Q	(KPI Target)
<b>The number of “.c Series” license</b>	1,306	2,056	2,857	-
Standard version	307	995	1,790	24,000
Existing client	136	483	950	-
New client	171	512	840	-
Specific major company	999	1,061	1,067	-

(Yen/month)

	2022			End of 2024
	March	June	September	(KPI Target)
<b>Average monthly fee of “.c Series”</b>	-	-	-	-
Standard version	17,308	19,148	21,047	23,000
Existing client	18,808	21,150	23,326	-
New client	16,115	17,261	18,470	-
Specific major company	-	-	-	-

## Medium-Term Management Plan (2022-2028)

### Performance Plan

(Billions of yen)	FY2022 After revision	FY2023	FY2024	FY2025	FY2026	FY2027	FY2028
Revenue	13.3	14.7	18.5	22.0	25.5	29.0	32.5
Operating profit *	-3.2	-2.7	1.0	3.3	6.7	10.0	13.0
Operating margin	-	-	5%	15%	25%	34%	40%
Profit attributable to owners of the parent *	-3.4	-2.9	6	2.0	4.2	6.3	8.0
Equity attributable to owners of the parent	20.0	17.5	18.0				
Percentage of equity attributable to owners of the parent	60%	50%	52%				

\*minus (-) represents loss

## Medium-Term Management Plan (2022-2028)

### Revenue Plan by Service Category

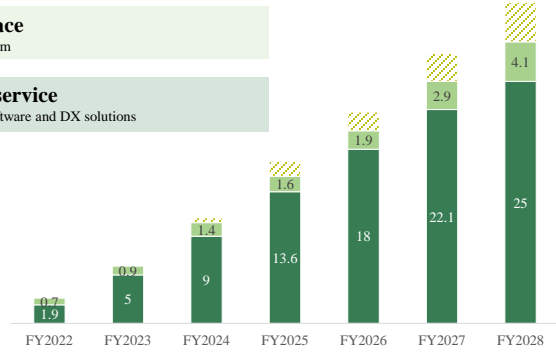
(Billions of yen)	FY2022 After revision	FY2023	FY2024	FY2025	FY2026	FY2027	FY2028
Cloud services	2.5	5.9	10.4	15.2	19.9	25.0	29.1
Software service	1.9	5.0	9.0	13.6	18.0	22.1	25.0
Marketplace	0.7	0.9	1.4	1.6	1.9	2.9	4.1
Packaged system*	10.8	8.8	8.1	6.8	5.5	4.0	3.4
Software sales	3.3	2.2	2.5	2.6	2.5	2.2	2.0
Operation and support	7.5	6.6	5.6	4.2	3.0	1.8	1.4
Total	13.3	14.7	18.5	22.0	25.5	29.0	32.5

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



## Medium-Term Management Plan (2022-2028) Revenue Trend of Cloud Service in the Future

- New platform services**  
 Auto finance, logistics MaaS, etc. ※ Not included in the performance plan
- Marketplace**  
 Ordering platform
- Software service**  
 Cloud-based software and DX solutions



## Medium-Term Management Plan (2022-2028)

### 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.”

#### Growth Strategy (1) Penetration of cloud-based products

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

Industry-specific software

Packaged system “.NS Series”  
【Multi-year (basically 6 years)  
lump-sum lease contract】



Cloud-based software services “.c Series”  
【Monthly subscription contract】

Switch at the timing of expiration of contract

#### Measure (2) Acquisition of new clients

In addition to acquiring clients from other companies, the Company will actively provide “.c Series” to service stations and car manufacturer-affiliated car dealers that provide auto maintenance services.

#### Growth Strategy (2) Expansion of services

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

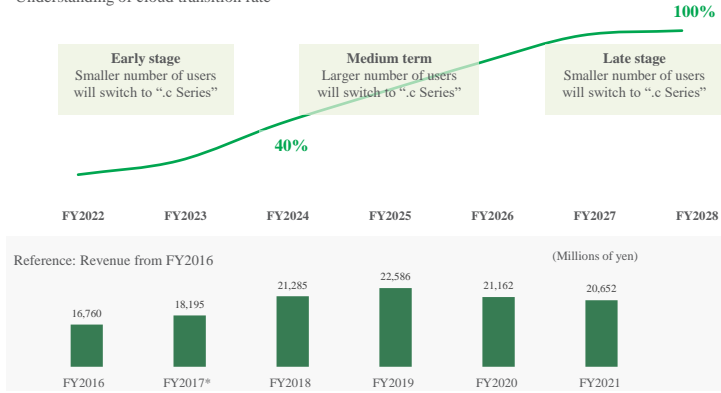
The Company will increase the utilization rate of ordering platform for auto repair parts. It will also increase the number of companies participating in the auto finance platform.

## Medium-Term Management Plan (2022-2028)

### Understanding of Cloud Transition Rate (1)

Switching to “.c Series” will not proceed at a constant pace. Clients switch when 6-years contracts expire, so the number of switching users depends on the number of deals 6 years ago.

Understanding of cloud transition rate



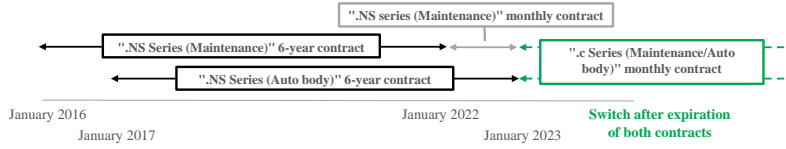
\* Tajima Inc. became consolidated subsidiary of Broadleaf Group from 3Q FY2017.  
 Note) “.c Series” for auto parts dealers and recycling shops have not yet been provided.

## Medium-Term Management Plan (2022-2028) Understanding of Cloud Transition Rate (2)

Since some clients will keep using “.NS Series” under monthly contracts for a limited period, the number of clients switching to “.c Series” is relatively small at the beginning of the plan.

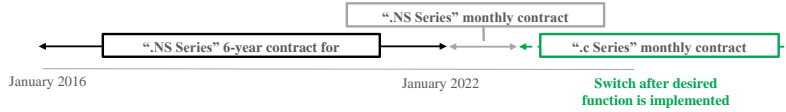
### Case (1): Clients with multiple lease agreements

Example: Client with 6-year contract “.NS Series (for auto maintenance shop)” in 2016 and “.NS Series (for auto body shop)” in 2017



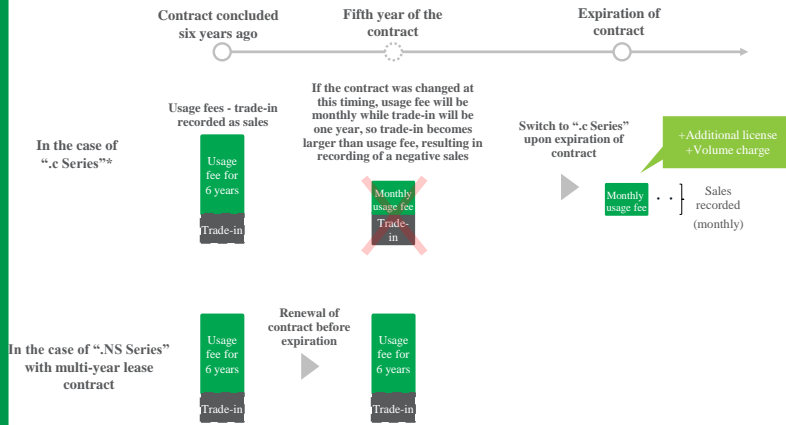
### Case (2): Clients who wish to use a specific function

Example: Client whose contract of “.NS Series” will expire in 2022, but the desired function is not implemented at the time.



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

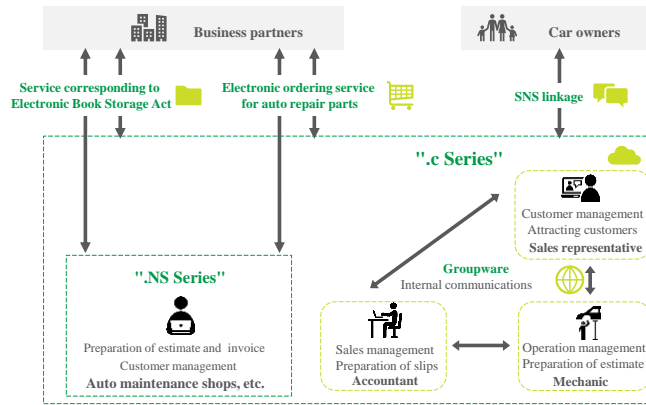
If existing clients who have lease contracts of “.NS Series” for 6 years switch to “.c Series” before the expiration of the contract, negative sales will be recorded.



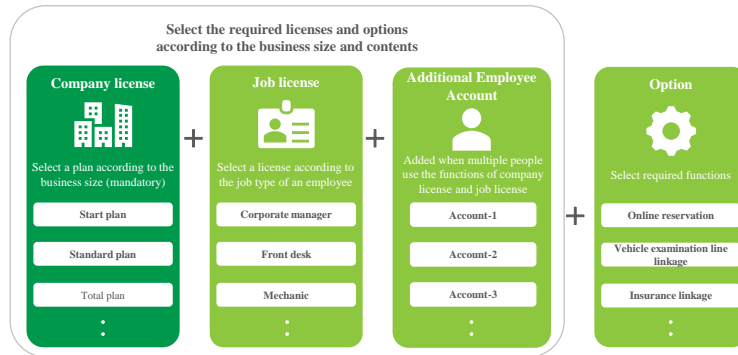
\*The same applies when selling “.NS Series” under a monthly subscription contract

## Difference between “.NS Series” and “.c Series”

“.c Series” go beyond the scope of estimation preparation and client management. It contributes to improvement of users’ operational efficiencies in wider range.



## Service Structure (Cloud-based Software Service)

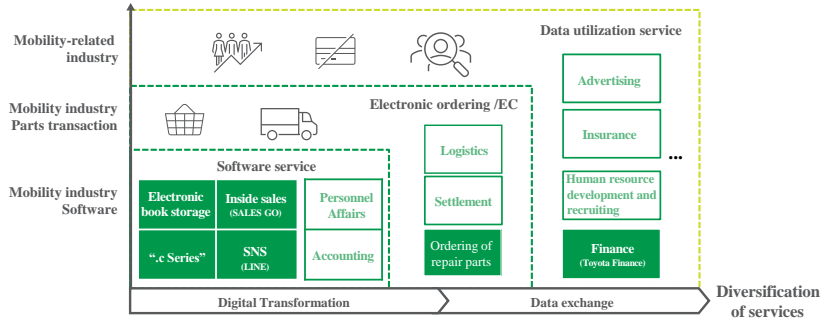


Clients will select a plan from the company license menu and select necessary job licenses in addition. When multiple people use the functions of company license and job license, purchase of additional employee account is necessary according to the number of users. There are also other service menus such as database and client support.

## Expansion of Service

The Company will promote diversification of services through business alliances with various companies in addition to in-house services, starting from “c Series.”

### Business area expansion





## 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
Software service	247	503	778	1,090
Marketplace	170	345	524	701
<b>Packaged system</b>	4,778	9,090	13,879	18,860
Software sales	2,968	5,486	8,458	11,620
Operation and support	1,809	3,604	5,420	7,240
<b>Total</b>	5,195	9,937	15,181	20,652

## Company Profile

---

<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

---

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.

Contact Information  
Broadleaf Co., Ltd  
Corporate Communication Department  
E-mail: [bl-ir@broadleaf.co.jp](mailto:bl-ir@broadleaf.co.jp)