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## Summary of Financial Statements for the Third Quarter of the Fiscal Year Ending December 31, 2022 [IFRS] (Consolidated)

November 9, 2022

Broadleaf Co., Ltd

Stock listing: Prime Market of Tokyo Stock Exchange

Representative: Kenji Oyama, Representative Director and President

Earnings Supplementary Explanatory Documents: Yes

Earnings Results Briefing: Yes (For institutional investors and analysts)

(Figures are rounded to the nearest million yen)

Consolidated Financial Results for the 3Q FY2022 (January 1, 2022 to September 30, 2022)

### (1) Consolidated Operating Results (Cumulative)

(Percentage below represents increase (decrease) from the same period of previous year)

	Revenue		Operating profit		Profit before tax		Profit		Profit attributable to owners of the parent		Total comprehensive income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
3Q FY2022	10,067	-33.7	-1,863	-	-1,914	-	-1,438	-	-1,433	-	-1,376	-
3Q FY2021	15,181	-2.3	2,342	-18.2	2,340	-16.9	1,501	-19.5	1,500	-19.6	1,566	-10.1

	Basic Earnings per share		Diluted earnings per share	
	Yen		Yen	
3Q FY2022	-16.23		-16.23	
3Q FY2021	17.07		16.78	

### (2) Consolidated Financial Position

	Total assets	Total equity	Equity attributable to owners of the parent	Percentage of equity attributable to owners of the parent
	Millions of yen	Millions of yen	Millions of yen	%
3Q FY2022	33,463	24,565	24,539	73.3
FY2021	34,476	26,114	26,114	75.7

### 2.Dividend Status

	Dividend per share				
	End of 1Q	Interim	End of 3Q	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
FY2021	-	4.00	-	4.70	8.70
FY2022	-	0.00	-	-	-
FY2022 (forecast)	-	-	-	1.00	1.00

(NOTE)Revisions to the latest announced dividend forecasts: None

Forecast of Consolidated Financial Results for the Fiscal Year Ending December 3, 2022 (January 1, 2022-December 31, 2022)

(Percentage below represents increase (decrease) from the same period of previous year)

	Revenue		Operating profit		Profit before tax		Profit attributable to owners of the parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
FY2022	13,300	-35.6	-3,200	-	-3,400	-	-2,700	-	-30.58

(NOTE)Revisions to the latest announced earnings forecasts: Yes

※ Notes

(1) Changes in significant subsidiaries during the current period (changes in specified subsidiaries with changes in the scope of consolidation): None

(2) Changes in accounting policies and changes in accounting estimates

- ① Changes in accounting policies required by IFRS: None
- ② Other changes in accounting policies: None
- ③ Changes in accounting estimates: None

(3) Number of shares outstanding (common stock)

① Number of shares outstanding  
(including treasury shares)

② Number of shares of treasury shares

③ Average number of shares outstanding  
(during the period)

3Q for FY2022	97,896,800 Shares	FY2021	97,896,800 Shares
3Q for FY2022	9,507,349 Shares	FY2021	9,901,018 Shares
3Q for FY2022	88,272,106 Shares	3Q FY2021	87,873,220 Shares

※ Summary of financial statements is outside the scope of audit procedures by certified public accountants and audit firm.

※ Comments regarding appropriate usage of earnings forecasts, and other special notes

(Notes on forward-looking statements)

The forward-looking statements such as earnings forecasts contained in this document are based on the information currently available to the Company and certain assumptions which are regarded as legitimate. The Company makes no warranty as to the achievability of what is described in the statements. Actual results may differ from these forecasts due to various factors.

(Availability of earnings supplementary explanatory documents and information on earnings results briefings)

The Company plans to hold an earnings results briefing for institutional investors and analysts on November 9, 2022, in the form of a telephone conference. The materials used at the meeting will be posted on its website.

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## 1. Qualitative Information on Consolidated Financial Results for the First Nine Months Ended September 30

### (1) Explanation of Operating Results

During the first nine months of the current fiscal year (January 1, 2022 to September 30, 2022), COVID-19 restrictions were gradually lifted and normalization of economic and social activities in Japan have progressed. On the other hand, it is becoming necessary to closely monitor economic downside risks caused by the impacts of rising prices, constraints regarding supplies, the depreciation of the yen, and changes in financial markets.

Under such social condition and against the backdrop of the promotion of digitalization of administrative procedures, companies are accelerating their efforts to reform management through digital transformation (DX). In the Japanese mobility industry, where many of the Group's clients belong, DX-related efforts are becoming more active not only in terms of operations, such as the digitization of business processes and the remote working styles, but also in terms of business expansion and creation.

Based on the Group's corporate philosophy of "Gratitude and Happiness," the Group continues its activities to contribute to the business continuity and business creation of its clients. At the same time, the Group focuses on "Penetration of the cloud-based products" and "Expansion of services," which are the two basic strategies outlined in the Medium-Term Management Plan (2022-2028). In the first nine months of the current fiscal year, the Group also actively provided cloud services corresponding to the Revised Electronic Book Storage Act and ".c Series," a cloud-based software, which has evolved into a total management system, to clients in order to support DX of their entire businesses. The Group also promoted the expansion of its service originating from Broadleaf Cloud Platform, including capital and business alliance with SALES GO Corporation and implementation of joint development in AI field with Fujitsu Ltd. In such a situation, sales of ".c series," mainly to new clients, progressed steadily, and sales of other software, support services, and other ancillary services were in favorable condition as well. In addition, the Group reduced costs by streamlining sales activities, etc.

As a result of steady progress in transition of sales from multi-year lump-sum type to monthly subscription type, in the first nine months of the current fiscal year (from January 1, 2022 to September 30, 2022), the Group posted revenue of 10,067 million yen (a year-on-year decrease of 33.7%), operating loss of 1,863 million yen (operating profit of 2,342 million yen in the same period of the previous fiscal year), loss before tax of 1,914 million yen (profit before tax of 2,340 million yen in the same period of the previous fiscal year), and loss attributable to owners of the parent of 1,433 million yen (profit attributable to owners of the parent of 1,500 million yen in the same period of the previous fiscal year).

The Group has a single segment of IT services business, but the breakdown of revenue by service category is as follows.

(Millions of yen)

Category	First nine months of FY2021 (From January 1, 2021 to September 30, 2021)	First nine months of FY2022 (From January 1, 2022 to September 30, 2022)	YoY ratio
Cloud service	1,302	1,767	35.7%
Packaged system	13,879	8,300	-40.2%
Total	15,181	10,067	-33.7%

## (2) Explanation of Financial Position

### ① Analysis of financial condition

#### (Assets)

Assets at the end of the third quarter of the current fiscal year decreased by 1,013 million yen from the end of the previous fiscal year to 33,463 million yen. Current assets decreased by 2,164 million yen to 6,240 million yen, while non-current assets increased by 1,151 million yen to 27,223 million yen. Current assets decreased mainly due to decreases in trade and other receivables of 1,676 million yen and cash and cash equivalents of 369 million yen. The increase in non-current assets was mainly attributable to increases in intangible assets of 948 million yen and deferred tax assets of 343 million yen, which offset a decrease in property, plant and equipment of 149 million yen.

#### (Liabilities)

Liabilities at the end of the 3Q of the current fiscal year increased by 537 million yen from the end of the previous fiscal year to 8,898 million yen. Current liabilities increased by 722 million to 8,234 million yen, while non-current liabilities decreased by 185 million yen to 664 million yen. Current liabilities increased mainly due to an increase in short-term interest-bearing debt of 2,188 million yen, which was partially offset by decreases in trade and other payables of 922 million yen and income taxes payable of 392 million yen. The decrease in non-current liabilities was mainly due to decreases in deferred tax liabilities of 116 million yen and long-term interest-bearing debt of 79 million yen.

#### (Equity)

Shareholders' equity at the end of the 3Q of the current fiscal year decreased by 1,549 million yen from the end of the previous fiscal year to 24,565 million yen. The decrease in shareholders' equity was mainly due to a decrease in retained earnings of 1,839 million .

### ② Analysis of cash flows

Cash and cash equivalents (hereinafter referred to as "cash") at the end of the third quarter of the current fiscal year decreased by 369 million yen from the end of the previous fiscal year to 3,153 million yen.

The status of each cash flow and its factors in the first nine months of the current fiscal year are as follows.

#### (Cash flow from operating activities)

Cash provided by operating activities was 644 million yen (a-year-on-year decrease of 54.4%). This was mainly due to depreciation and amortization expenses of 1,977 million yen, a decrease in trade and other receivables of 1,753 million yen, and share-based payment expenses of 202 million yen, while there were loss before tax of 1,914 million yen, a decrease in trade and other payables of 920 million yen, and income taxes paid of 394 million yen.

#### (Cash flow from investment activities)

Cash used in investing activities was 2,173 million yen (a-year-on-year decrease of 6.7%). This was mainly due to purchase of intangible assets of 2,236 million yen.

#### (Cash flow from financing activities)

Cash provided by financing activities was 1,157 million yen (year-on-year increase of 62.7%). This was mainly due to increase in short-term loans payable of 2,198 million yen, despite repayments of lease liabilities of 646 million yen and cash dividends paid of 414 million yen.

## (3) Explanation of Consolidated Earnings Forecasts and Other Forward-Looking Statements

The Group will promote the initiatives of the Medium-Term Management Plan (2022-2028) and expand its business through the provision of various cloud services, with the aim of becoming a "leading SaaS company" and "one-of-a-kind platform company" in Japan.

The forecast of consolidated financial results for the fiscal year ending December 31, 2022 (from January 1, 2022 to December 31, 2022) has been revised upward from the forecast announced on August 9, 2022. Considering the demand prospect of the Group's mainstay cloud software and other monthly subscription-type services, as well as steady sales of packaged software and ongoing reduction in operating expenses, the Group has revised our consolidated results forecasts for revenue, operating profit, profit before tax, and profit attributable to owners of the parent. For details, please refer to "Notice of Revisions to Consolidated Earnings Forecasts" dated November 9, 2022.

## 2. Consolidated Financial Statements and Major Notes

### (1) Consolidated Statement of Financial Position

(Thousands of yen)

	FY2021 (As of December 31, 2021)	End of 3Q of FY2022 (As of September 30, 2022)
<b>Assets</b>		
Current assets		
Cash and cash equivalents	3,522,045	3,153,173
Operating and other receivables	4,293,360	2,616,864
Inventories	208,050	126,389
Other financial assets	85,000	-
Other current assets	296,069	343,701
Total current assets	8,404,523	6,240,128
Non-current assets		
Property, plant and equipment	1,273,532	1,124,138
Goodwill	11,802,504	11,804,504
Intangible assets	10,548,334	11,495,848
Investments accounted for using equity method	93,490	80,486
Other financial assets	1,241,649	1,344,214
Other non-current assets	238,413	157,018
Deferred tax assets	873,530	1,216,691
Total non-current assets	26,071,452	27,222,898
Total assets	34,475,975	33,463,026
<b>Liabilities and equity</b>		
<b>Liabilities</b>		
Current liabilities		
Operating and other payables	3,567,899	2,646,362
Contract liabilities	354,403	489,422
Short-term interest-bearing debts	2,480,024	4,668,314
Accrued income taxes	405,660	13,624
Other current liabilities	704,310	416,231
Total current liabilities	7,512,295	8,233,954
Non-current liabilities		
Long-term interest-bearing debts	337,721	259,072
Obligations for retirement pay	208,906	221,818
Provisional sum	143,903	142,148
Deferred tax liabilities	115,830	-
Other non-current liabilities	43,235	41,414
Total non-current liabilities	849,596	664,451
Total liabilities	8,361,891	8,898,405
<b>Equity</b>		
Capital stock	7,147,905	7,147,905
Share premium	7,291,792	7,366,133
Treasury shares	-3,285,446	-3,167,193
Retained earnings	14,488,974	12,649,732
Other components of equity	470,859	542,822
Total equity attributable to owners of the parent	26,114,084	24,539,399
Non-controlling interests	-	25,222
Total equity	26,114,084	24,564,621
Total liabilities and equity	34,475,975	33,463,026

## (2) Consolidated Statements of Income

(Thousands of yen)

	First nine months of FY2021 (From January 1, 2021 to September 30, 2021)	First nine months of FY2022 (From January 1, 2022 to September 30, 2022)
Revenue	15,180,678	10,066,831
Cost of sales	-4,309,411	-3,902,263
Gross profit	10,871,267	6,164,569
Selling, general and administrative expenses	-8,555,879	-8,057,569
Other operating income	34,424	36,396
Other operating expenses	-7,403	-6,455
Operating profit (loss)	2,342,409	-1,863,060
Finance income	41,971	31,787
Finance costs	-38,061	-79,343
Equity in losses of affiliates	-6,302	-3,280
Profit (loss) before tax	2,340,018	-1,913,897
Income tax	-838,735	475,426
Profit (loss)	1,501,283	-1,438,471
Profit (loss) attributable to		
Owners of the parent	1,499,854	-1,432,693
Non-controlling interests	1,429	-5,778
Profit (loss)	1,501,283	-1,438,471
Profit (loss) per share		
Basic earnings (losses) per share (yen)	17.07	-16.23
Diluted share (loss) per share (yen)	16.78	-16.23

## (3) Consolidated Statements of Comprehensive Income

(Thousands of yen)

	First nine months of FY2021 (From January 1, 2021 to September 30, 2021)	First nine months of FY2022 (From January 1, 2022 to September 30, 2022)
Profit (loss)	1,501,283	-1,438,471
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Net change in fair value of financial assets of equity nature measured at fair value through other comprehensive income	66,225	58,513
Total items that will not be reclassified to profit or loss	<u>66,225</u>	<u>58,513</u>
Items that may be reclassified to profit or loss		
Exchange differences on translating foreign operations	-1,902	-2,913
Share of other comprehensive income of associates accounted for using the equity method	521	2,565
Reclassification adjustments of shares of other comprehensive income of associates accounted for using the equity method	-	4,486
Total items that may be reclassified to profit or loss	<u>-1,381</u>	<u>4,138</u>
Total other comprehensive income, net of tax	<u>64,844</u>	<u>62,651</u>
Comprehensive income	<u>1,566,128</u>	<u>-1,375,820</u>
Comprehensive income attributable to		
Owners of the parent	1,564,698	-1,370,042
Non-controlling interests	1,429	-5,778
Comprehensive income	<u>1,566,128</u>	<u>-1,375,820</u>



(4) Consolidated Statements of Changes in Equity  
3Q FY2021 (From January 1, 2021 to September 30, 2021)

(Thousands of yen)

	Equity attributable to owners of the parent					
	Capital stock	Share premium	Treasury shares	Retained earnings	Other components of equity	
					Warrants	Shares with restriction on transfer
Balance as of January 1, 2021	7,147,905	7,215,824	-3,403,618	13,265,826	724,241	-14,000
Profit	-	-	-	1,499,854	-	-
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income	-	-	-	1,499,854	-	-
Disposal of treasury shares	-	105,560	118,172	-	-171,167	-56,000
Dividends	-	-	-	-930,035	-	-
Share-based payment transactions	-	-	-	7,794	153,794	42,000
Changes in ownership interest in subsidiaries	-	-29,592	-	-	-	-
Total transactions with owners	-	75,968	118,172	-922,242	-17,373	-14,000
Balance as of September 30, 2021	7,147,905	7,291,792	-3,285,446	13,843,439	706,868	-28,000

(Thousands of yen)

	Equity attributable to owners of the parent				Non-controlling interests	Total equity
	Other components of equity			Total		
	Exchange differences on translating foreign operations	Net change in fair value of financial assets of equity nature measured at fair value through other comprehensive income	Total			
Balance as of January 1, 2021	-47,026	-289,136	374,078	24,600,015	2,451	24,602,466
Profit	-	-	-	1,499,854	1,429	1,501,283
Other comprehensive income	-1,381	66,225	64,844	64,844	-	64,844
Total comprehensive income	-1,381	66,225	64,844	1,564,698	1,429	1,566,128
Disposal of treasury shares	-	-	-227,167	-3,434	-	-3,434
Dividends	-	-	-	-930,035	-	-930,035
Share-based payment transactions	-	-	195,794	203,588	-	203,588
Changes in ownership interest in subsidiaries	-	-	-	-29,592	-3,880	-33,472
Total transactions with owners	-	-	-31,373	-759,474	-3,880	-763,354
Balance as of September 30, 2021	-48,408	-222,911	407,550	25,405,240	-	25,405,240

3Q FY2022 (From January 1, 2022 to September 30, 2022)

(Thousands of yen)

	Equity attributable to owners of the parent					
	Capital stock	Share premium	Treasury shares	Retained earnings	Other components of equity	
					Warrants	Shares with restriction on transfer
Balance as of January 1, 2022	7,147,905	7,291,792	-3,285,446	14,488,974	772,216	-14,000
Loss	-	-	-	-1,432,693	-	-
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income	-	-	-	-1,432,693	-	-
Obtaining of control of subsidiaries	-	-	-	-	-	-
Purchase of treasury shares	-	-	-14	-	-	-
Disposal of treasury shares	-	74,341	118,267	-	-141,056	-51,552
Dividends	-	-	-	-413,579	-	-
Share-based payment transactions	-	-	-	7,031	162,144	39,776
Total transactions with owners	-	74,341	118,253	-406,548	21,088	-11,776
Balance as of September 30, 2022	7,147,905	7,366,133	-3,167,193	12,649,732	793,304	-25,776

(Thousands of yen)

	Equity attributable to owners of the parent				Non-controlling interests	Total equity
	Other components of equity			Total		
	Exchange differences on translating foreign operations	Net change in fair value of financial assets of equity nature measured at fair value through other comprehensive income	Total			
Balance as of January 1, 2022	-48,370	-238,987	470,859	26,114,084	-	26,114,084
Loss	-	-	-	-1,432,693	-5,778	-1,438,471
Other comprehensive income	4,138	58,513	62,651	62,651	-	62,651
Total comprehensive income	4,138	58,513	62,651	-1,370,042	-5,778	-1,375,820
Obtaining of control of subsidiaries	-	-	-	-	31,000	31,000
Purchase of treasury shares	-	-	-	-14	-	-14
Disposal of treasury shares	-	-	-192,608	-	-	-
Dividends	-	-	-	-413,579	-	-413,579
Share-based payment transactions	-	-	201,920	208,951	-	208,951
Total transactions with owners	-	-	9,312	-204,643	31,000	-173,643
Balance as of September 30, 2022	-44,233	-180,474	542,822	24,539,399	25,222	24,564,621

## (5) Consolidated Statements of Cash Flows

(Thousands of yen)

	First nine months of FY2021 (From January 1, 2021 to September 30, 2021)	First nine months of FY2022 (From January 1, 2022 to September 30, 2022)
Cash flow from operating activities		
Profit (loss) before tax	2,340,018	-1,913,897
Depreciation and amortization expense	1,694,753	1,977,450
Share-based payment expense	192,358	201,920
Finance costs (income)	405	47,556
Equity in loss (earnings) of affiliates	6,302	3,280
Decrease (increase) in trade and other receivables	-684,639	1,752,790
Decrease (increase) in inventories	197,477	81,709
Increase (decrease) in trade and other payables	-144,805	-920,114
Decrease (increase) in prepaid expenses	-85,114	-35,072
Decrease (increase) in long-term prepaid expenses	-50,924	47,083
Increase (decrease) in employees' bonuses payable	-280,518	-257,271
Increase (decrease) in contract liabilities	-224,456	135,019
Increase (decrease) in consumption taxes payable	-211,958	-7,269
Others	6,199	-67,111
Subtotal	2,755,098	1,046,075
Interest received	4,281	1,136
Dividend received	2,033	2,130
Interest expenses paid	-8,641	-10,984
Income taxes paid (refunded)	-1,339,431	-394,343
Cash flow from operating activities	1,413,340	644,013
Cash flow from investing activities		
Acquisition of property, plant and equipment	-30,746	-12,097
Proceeds from sales of property, plant and equipment	-	15,429
Acquisition of intangible assets	-2,461,573	-2,235,589
Purchase of shares of subsidiaries resulting in change in scope of consolidation	-	-5,000
Loan advances	-600	-15,900
Collection of loans receivable	156,026	66,480
Payments for lease and guarantee deposits	-12,995	-506
Proceeds from collection of lease and guarantee deposits	9,548	1,131
Purchase of shares of subsidiaries resulting in change in scope of consolidation	-	14,831
Others	11,338	-2,228
Cash flow from investing activities	-2,329,002	-2,173,449

(Thousands of yen)

	First nine months of FY2021 (From January 1, 2021 to September 30, 2021)	First nine months of FY2022 (From January 1, 2022 to September 30, 2022)
Cash flow from financing activities		
Net increase (decrease) in short-term loans payable	2,401,000	2,197,500
Repayments of lease obligations	-670,358	-645,872
Cash dividends paid	-930,035	-413,579
Proceeds from share issuance to non-controlling shareholders	-	31,000
Purchase of treasury shares	-	-14
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	-33,472	-
Expenses related to commitment lines	-56,263	-12,498
Cash flow from financing activities	710,871	1,156,537
Impact of exchange fluctuations for cash and cash equivalents	1,693	4,028
Net increase (decrease) in cash and cash equivalents	-203,098	-368,871
Cash and cash equivalents at beginning of period	3,232,409	3,522,045
Balance of cash and cash equivalents at end of period	3,029,310	3,153,173

(6)Notes on Consolidated Financial Statements

(Notes on the going concern)

Not applicable.

(Segment information)

This information is omitted because the Group only has a single business segment of the IT services.