3Q FY12/2023
Business Results Briefing Material

November 9, 2023

Broadleaf Co., Ltd.

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Points

Business results for the cumulative third quarter are on track toward meeting the full-year earnings forecast.
“Dencho.DX,” a solution compliant with the Revised Electronic Book Storage Act, has facilitated additional sales opportunities, but deviations from the original sales plan have emerged since September.

Item	Highlights	Lowlights
Environment	・Increasing interest in DX and adoption of cloud products are spreading among our clients.	・Clients' cautious stances toward responding regulatory changes in Japan such as the Invoice System and the Revised Electronic Book Storage Act are seen.
Initiatives	・Transition of packaged software users to monthly subscription contracts has progressed in line with plan. ・Industries provided with cloud-based software has expanded.	・The number of projects where sales resources are allocated to support clients responding to the Invoice System are increasing.
Business results	・Business results for cumulative third quarter was steady. ・Sales forecast for “Packaged system” was raised due to strong sales in the non-mobility sector.	・In consideration of the above variable factors, the Company revised the sales plan of “Dencho.DX” for the fourth quarter, and lowered the sales forecast for “Cloud services.”

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- Highlights :
  The Company has promoted market-penetration and functional expansion of mainstay cloud software without delay under a favorable business environment where clients are becoming increasingly interested in DX and adoption of cloud products.

- 3Q cumulative financial result progressed steadily toward achieving the full-year forecast.

- Lowlights:
  When responding to the Invoice System and the Revised Electronic Book Storage Act, there is a conspicuous movement among our clients regarding adoption of the system compliant with the Revised Electronic Book Storage Act.

- Some sales resources were allocated to support clients responding to the Invoice System.

- The Company provided an increasing number of clients with answers to questions and guidance regarding the Invoice System.

- These influenced the sales activities of “Dencho.DX,” and deviations from the sales plan began to materialize in September.

- There is no change in the revenue forecast, as sales of the packaged software are expected to cover the shortfall from “Dencho.DX.”

Overview of Consolidated Financial Results for the 3Q

The Company achieved double-digit growth in revenue and reduced the amount of loss.
Steady progress has been made toward meeting the full-year earnings forecast.

(Millions of yen)	FY2023 Cumulative 3Q	FY2022 Cumulative 3Q	YoY Change	YoY Ratio
Revenue	**11,249**	10,067	+1,182	+11.7%
Cloud services	**3,624**	1,767	+1,857	+105.1%
Packaged system	**7,625**	8,300	-675	-8.1%
Cost of sales	**4,520**	3,902	+618	+15.8%
Gross profit	**6,729**	6,165	+564	+9.2%
SG&A expenses, etc.	**8,250**	8,028	+223	+2.8%
Operating profit *	**-1,522**	-1,863	+341	-
Profit before tax *	**-1,485**	-1,914	+429	-
Profit attributable to owners of the parent *	**-1,028**	-1,433	+405	-
Basic earnings per share*	**-11.60 yen**	-16.23 yen	-	-

*Minus (-) represents a loss

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- The Company recorded double-digit growth in revenue compared with the same period of the previous fiscal year, and loss recovered as well.
- 3Q cumulative financial result progressed steadily toward achieving the full-year forecast, which was revised upward on August 10.

Sales by Service Categories

Sales of “Software services” increased significantly due to increase in the number of contracts for monthly subscription software.
Sales of “Packaged system” decreased since multi-year lease contracts for packaged software was limited to non-mobility sector.

(Millions of yen)	FY2023 Cumulative 3Q	FY2022 Cumulative 3Q	YoY YoY change	YoY YoY ratio	Reasons for the Change
Cloud services	**3,624**	1,767	+1,857	+105.1%	
Software service	**3,138**	1,261	+1,877	+148.9%	• Progress of transition to monthly subscription software was steady
Marketplace	**486**	506	-20	-4.0%	• No significant change in number of users and frequency of use
Packaged system	**7,625**	8,300	-675	-8.1%	
Software sales	**2,266**	2,586	-320	-12.4%	• Leasing sales to mobility sector ended from 2023 • Leasing sales to non-mobility sector remained strong
Operation and support service	**5,359**	5,714	-355	-6.2%	• Sales decreased in line with the transition to cloud software
Total	**11,249**	10,067	+1,182	+11.7%	

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- Sales of "Software service" drove the revenue growth.

- Revenue growth is attributable to both the transition of clients of packaged software to monthly subscriptions as lease contracts expire and steady progress in acquiring of new clients.

- Sales of “Software sales” decreased year-on-year due to the termination of leasing sales of packaged software to the mobility sector clients and the shift to monthly subscriptions.

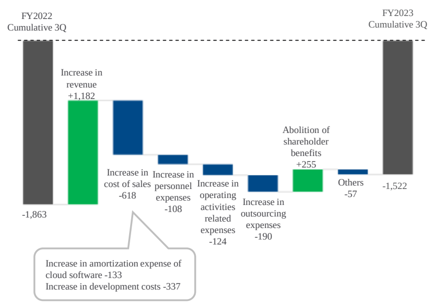
- Meanwhile, leasing sales of packaged software to non-mobility sector clients continued, and sales were firm.

Factors behind Changes in Operating Loss

Increase in revenue absorbed upfront investment costs for software development and strengthening of the infrastructure for providing services, etc.

Operating Loss

(Millions of yen)



Cost of Sales

- Development costs for expanding the menu of cloud services and strengthening IT infrastructure increased.
- Amortization expenses increased due to expansion of functions of cloud software, etc.

SG&A Expenses, etc.

- Travel expenses, social expenses, and other operating expenses increased due to active sales activities and sales promotions.
- Outsourcing expenses for strengthening back-office functions increased.

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- Amortization expenses increased due to the expansion of cloud software functions.
- Upfront investment in IT infrastructure, including the strengthening of processing performance in preparation for future client growth, was booked as cost of sales.
- Upfront investments for future growth, such as active sales activities and strengthening of back-office functions in preparation for an increase in the number of clients, have been made and categorized as SG&A expenses.

Balance Sheet Status

Non-current assets increased due to investment in software development and capitalization of office leasing fees.
Current liabilities increased due to the implementation of borrowing and rising ratio of long-term contracts for cloud software.

(Millions of yen)	FY2023 End of 3Q	FY2022 Year-End	Change from the Previous Year	Major Breakdown of Increase/Decrease
Current assets	**6,926**	6,555	+370	Cash and cash equivalents +164 Operating and other receivables +182
Non-current assets	**29,238**	26,980	+2,258	Intangible assets +1,646 Property, plant and equipment +534
Total assets	**36,164**	33,535	+2,628	
Current liabilities	**9,590**	6,583	+3,007	Short-term interest-bearing debts +1,511 Contract liabilities +1,485
Non-current liabilities	**3,720**	3,291	+429	Long-term interest-bearing debts +420
Total liabilities	**13,310**	9,873	+3,436	
Total equity	**22,854**	23,662	-808	Loss -1,062 Dividends payout -88
Total liabilities and equity	**36,164**	33,535	+2,628	

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- Property, plant and equipment increased due to an increase in leased assets such as office leasing fees, and intangible assets increased due to investment in the development of cloud software.

- Interest-bearing debt increased due to borrowings from banks, and contract liabilities increased.

- Contract liabilities consist primarily of advances received through a 5-year lump-sum payment of cloud software.

- Accordingly, an increase in contract liabilities is a positive indicator of cash flow.

- The percentage of clients of cloud software who adopted a 5-year lump-sum payment rose from 29% in the previous fiscal year to 56% in the current fiscal year.

- Equity decreased due to the recording of loss and payment of dividend at the end of the previous fiscal year, but remained at a level sufficient for business operations.

Cash flows Status

Operating cash flow increased due to rising ratio of long-term contracts for cloud software.
Investment cash flow increased due to strengthening of investment in cloud services.

(Millions of yen)	FY2023 Cumulative 3Q	FY2022 Cumulative 3Q	YoY Change	Major Breakdown of Increase/Decrease
Cash flow from operating activities	**2,079**	644	+1,435	Increase in operating and other receivables -1,959 Increase in operating and other payables +1,161 Increase in contract liabilities +1,350
Cash flow from investment activities	**-2,573**	-2,173	-400	Increase in payments for acquisition of intangible assets -742
Cash flow from financing activities	**655**	1,157	-502	Decrease in short-term loans payable -798 Proceeds from long-term debt +500 Repayment of long-term debt -446
Free cash flow	**-494**	-1,529	+1,036	
Cash and cash equivalents at the end of the period	**3,621**	3,153	+468	

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- Operating cash flow was negatively impacted by lower “Packaged system” sales, but the growth in recurring sales, driven by increase in monthly subscription contracts, was a more significant positive factor.

- Increase in contract liabilities corresponding to advances received for cloud software was also a positive factor.

- Cash flows from investing activities increased because the Company has strengthened investment in cloud services development.

- Changes in borrowings were reflected in cash flows from financing activities.

Full-Year Consolidated Earnings Forecast

Trends in IT investments such as growing interest in DX and cloud adoption is expected to continue.
Full-year forecast is unchanged considering the progress up to 3Q (revised upward when 2Q business results were announced).

(Millions of yen)	FY2023 Full-Year Forecast	FY2022 Full-Year	YoY Change	YoY Ratio
Revenue	**15,300**	13,833	+1,467	+10.6%
Cost of sales	**6,100**	5,346	+754	+14.1%
Gross profit	**9,200**	8,487	+713	+8.4%
SG&A expenses, etc.	**11,400**	11,384	+16	+0.1%
Operating profit *	**-2,200**	-2,897	+697	-
Profit before tax *	**-2,300**	-3,005	+705	-
Profit attributable to owners of the parent *	**-1,900**	-2,431	+531	-
Basic earnings per share*	**-21.42 yen**	-27.54 yen	-	-

*Minus (-) represents a loss

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- No change has been made to full-year forecast announced on August 10.
- The base business environment remains favorable.
- Considering the financial result up to the 3Q, the achievement of the full-year forecast is nearing.

Sales Forecast by Service Categories

Taking into account client trends in response to regulatory changes (the Invoice System and the Revised Electronic Book Storage Act), the Company revised the breakdown of sales forecasts after reviewing the sales plan for the solution compliant with the Act.

(Millions of yen)	FY2023 Full-Year Forecast	FY2022 Full-Year	YoY Change	YoY Ratio	Prior Forecast (August 10)	VS Prior Forecast
Cloud services	**5,300**	2,628	+2,672	+101.7%	5,900	-600
Software service	**4,650**	1,958	+2,692	+137.5%	5,250	-600
Marketplace	**650**	670	-20	-3.0%	650	±0
Packaged system	**10,000**	11,205	-1,205	-10.8%	9,400	+600
Software sales	**3,000**	3,539	-539	-15.2%	2,500	+500
Operation and support service	**7,000**	7,666	-666	-8.7%	6,900	+100
Total	**15,300**	13,833	+1,467	+10.6%	15,300	±0

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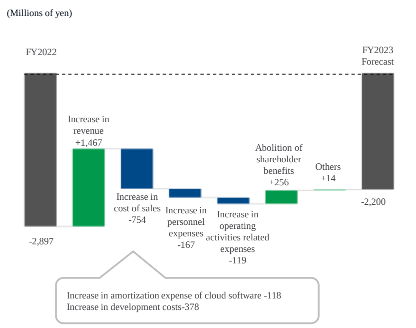
- The number of contracts of monthly subscription-type business support software, a mainstay product, is expected to increase as planned.
- Sales of the software compliant with the Electronic Book Storage Act, an ancillary product, were revised downward because the timing of adoption by clients was longer than initially anticipated.
- As a result, the sales forecast for the “Software service” was lowered by 600 million yen.
- Sales forecast for the “Packaged system” was revised upward by 600 million yen because leasing sales of software to non-mobility sector are expected to remain firm in the second half of FY2023.

Breakdown of Changes in Operating Loss Forecast

Increase in revenue is expected to absorb the costs of upfront investment and increase in operating expenses.

Operating Loss



Cost of Sales

- Development costs for expanding the menu of cloud services and strengthening IT infrastructure are expected to increase.
- Amortization expense is expected to increase due to expansion of functions, etc. of cloud software.

SG&A Expenses, etc.

- In addition to the strengthening of recruitment activities, expenses related to share-based compensation are expected to increase.
- Travel expenses, social expenses, and other operating expenses are expected to increase due to active sales activities and sales promotions.
- Outsourcing expenses for strengthen back-office functions are expected to increase.
- As a result of the abolishment of the shareholder benefit program in FY2022, its related expenses in FY2023 are expected to decrease.

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- Higher sales accompanying the accumulation of monthly subscription contracts are expected to contribute to reduction of loss.
- Amortization and development costs for cloud software are expected to increase.
- While the abolishment of the shareholder benefit program is expected to contribute to a reduction in loss, this will be offset by an expected increase in the cost of operating activities.
- The current fiscal year is a year of transitioning to increased sales, so the Company plans to actively invest in strengthening sales and promotional activities to capture the DX needs of its clients.
- As a result, operating loss is expected to decrease by 697 million yen year on year.

Dividend forecast

The Company plans to pay a year-end dividend for FY2023, which is 1.00 yen per share.

Dividend per Share

(Yen)	FY2023 (Forecast)	FY2022
Interim dividend	0.00 yen	0.00 yen
Year-end dividend	1.00 yen	1.00 yen
Annual dividend	1.00 yen	1.00 yen
Consolidated dividend payout ratio	-	-

Explanation

- Although financial results for FY12/2023 is planned to be a loss, the Company judged that it is possible to pay a dividend in consideration of retained earnings and revenue plan, etc. in the future.
- Annual dividend forecast for FY2023 is 1.00 yen per share (interim dividend :0.00 yen, year-end dividend: 1.00 yen).

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- For the current fiscal year, a dividend will be paid at the end of the current fiscal year, and is planned to be 1.00 yen per share.
- Although financial results for FY2023 are planned to show a loss, the Company decided to implement shareholder return as much as possible in consideration of the progress made in the medium-term management plan and the situation of retained earnings.

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Points

2 strategies: "Cloud penetration" and "Service expansion" are progressing as planned.
Concerns about the potential impact of clients' response to regulatory changes on the cloud transition plan are transient, and the regulatory changes themselves provide the Company an opportunity for our business.

Item	Highlights	Lowlights
Environment	・New regulations such as "Specific Maintenance System" and "New Vehicle Examination System" are implemented in Japan in line with the spread of CASE. ・Car owners' awareness towards automotive repair, inspection, and maintenance are increasing.	・Some major clients are giving priority to taking actions to respond to the Invoice System and the Revised Electronic Book Storage Act (e.g. upfront renovation of core system).
Initiatives	・Progress of the transition of packaged software users to cloud software is in line with plan. ・Total number of clients is increasing due to the strengthening of acquisition of new clients. ・The Company is preparing for the launch of new services (e.g. AI fraud detection service for vehicle examination quotes).	・Currently the Company is in the process of coordinating the start time for cloud software installation, etc. with clients whose above trend are becoming more pronounced.
Business results	・Financial results are expected to exceed the original plan for second consecutive fiscal years.	-

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- Highlights:
  Social changes provide IT service companies with business opportunities.

- The inflow of new clients is continuing and transition of existing clients to cloud software is also going smoothly.

- Progress of development for service expansion has been steady to this point.

- Financial results are expected to exceed the original plan for the second consecutive years.

- Based on these points, we judge that the two strategies of the medium-term management plan are progressing as planned.

- Lowlights:
  Adaptation to regulatory changes may affect the timing of clients installing cloud software, even though the influence will be short-term and transient.

- With some major clients, we are in the process of adjusting the timing of the installation of cloud software.

Medium-Term Management Plan (2022-28) Performance Plan

Following on from FY2022, financial result for FY2023 is expected to exceed the performance plan.

(Billions of yen)	FY2022 Plan	FY2022 Result	FY2023 Plan	FY2023 Forecast	FY2024 Plan	FY2025 Plan	FY2026 Plan	FY2027 Plan	FY2028 Plan
Revenue	12.3	13.8	14.7	15.3	18.5	22.0	25.5	29.0	32.5
Operating profit *	-4.8	-2.9	-2.7	-2.2	1.0	3.3	6.7	10.0	13.0
Operating margin	-	-	-	-	5%	15%	25%	34%	40%
Profit attributable to owners of the parent*	-5.0	-2.4	-2.9	-1.9	0.6	2.0	4.2	6.3	8.0

*Minus (-) represents loss

NOTE) Figures of "Plan" were announced on February 9, 2022, and figure of "Forecast" was announced on November 9, 2023.

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- Our group possesses excellent client assets and competitive cloud products.
- In addition, it will continue strengthening the competitiveness of cloud products by expanding the menu.
- It also possesses sales resources for selling products and a management base for business operations.
- Following FY2022, financial results of FY2023 are expected to exceed the initial performance plan.
- The plan began smoothly and the Company progressed steadily toward achieving the plan.

Medium-Term Management Plan (2022-28) Sales Plan by Service Categories

Coordination with major clients is under way to ensure that the schedule of transition to cloud software will not be affected by the clients' responses to regulatory changes such as the Invoice System and the Revised Electronic Book Storage Act.

(Billions of yen)	FY2022 Plan	FY2022 Result	FY2023 Plan	FY2023 Forecast	FY2024 Plan	FY2025 Plan	FY2026 Plan	FY2027 Plan	FY2028 Plan
Cloud services	2.6	2.6	5.9	5.3	10.4	15.2	19.9	25.0	29.1
Software service	1.9	2.0	5.0	4.7	9.0	13.6	18.0	22.1	25.0
Marketplace	0.7	0.7	0.9	0.7	1.4	1.6	1.9	2.9	4.1
Packaged system	9.7	11.2	8.8	10.0	8.1	6.8	5.5	4.0	3.4
Software sales	3.2	3.5	2.2	3.0	2.5	2.6	2.5	2.2	2.0
Operation and support service	6.5	7.7	6.6	7.0	5.6	4.2	3.0	1.8	1.4
Revenue	12.3	13.8	14.7	15.3	18.5	22.0	25.5	29.0	32.5
(Ref.) Recurring revenue ratio*	80%	74%	85%	80%	86%	88%	90%	92%	94%

*Recurring revenue ratio: (Software service, Marketplace, and Operation and support service) / Revenue

NOTE) Figures of "Plan" were announced on February 9, 2022, and figure of "Forecast" was announced on November 9, 2023.

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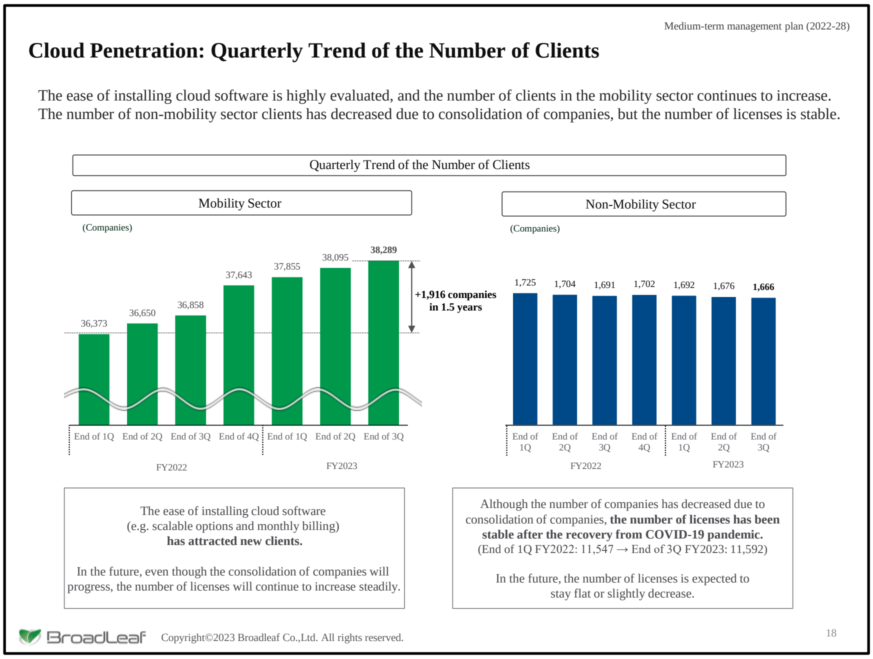
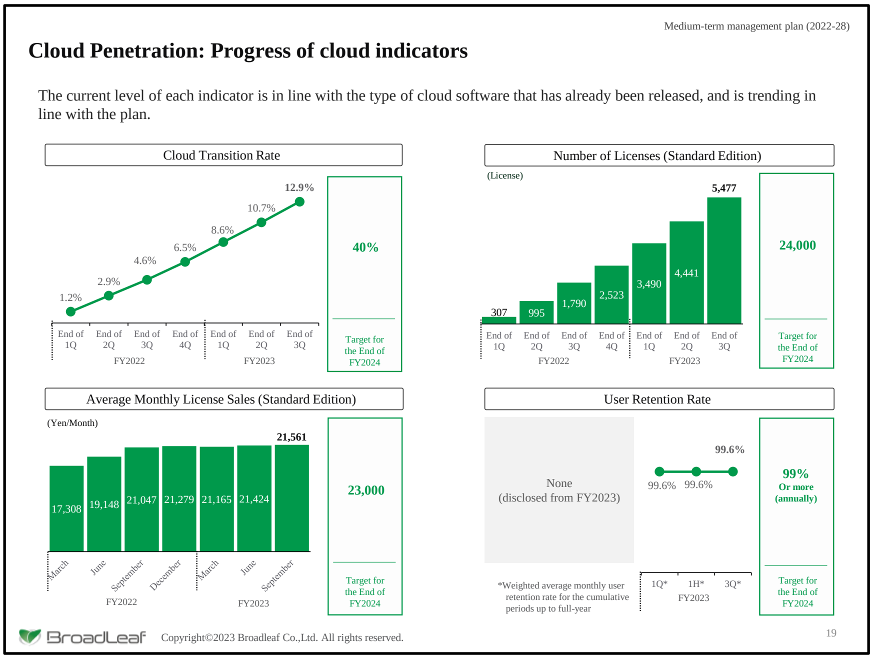
- The majority of "Software service" sales comes from clients of packaged software switching to cloud software.
- The number of contracts switching to cloud software is scheduled to increase between FY2024 and FY2025.
- At present, there are some major clients who give priority to renovation of their existing core systems and review of business processes in response to regulatory changes including the Invoice System and the Revised Electronic Book Storage Act.
- Coordination with these clients is underway to ensure that they do not impact the schedule of transition to cloud software.



- The ease of adopting cloud software for clients, such as scalability of menus and monthly fees, leads to the acquisition of new clients.
- As a result, the number of clients in the mobility sector continues to increase.
- The number of clients in the non-mobility sector decreased due to consolidation of companies, but the number of licenses remained stable after recovering from the COVID-19 pandemic.



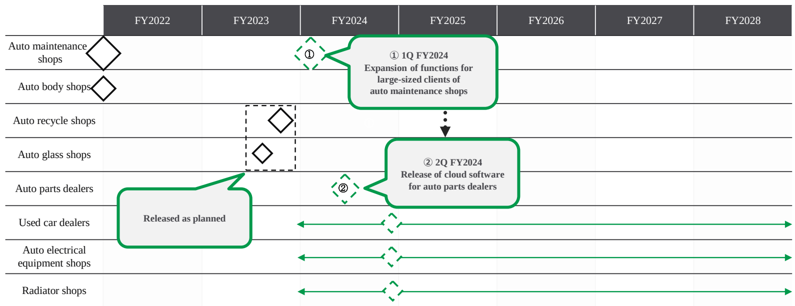
- As an indicator of the penetration of cloud software, emphasis is placed on the four indicators.

- Trends in all four indicators are within the range assumed.

- The targets for the end of FY2024 are as described on the material. To achieve these targets, we will further expand the industries provided with cloud software and expand the functions required by major clients. These are the prerequisites for achieving the targets.

Service Expansion: Roadmap for Cloud Software Development

The Company released cloud software for auto recycle shops and auto glass shops as planned. Development for the expansion of functions for large-sized clients and release of cloud software to other industries is proceeding as planned.



Reference: Indicators for packaged software (comparison by industry)		Auto parts dealers and auto recycle shops
Number of licenses per company (as of the end of 2022)	When comparing with auto maintenance and auto body shops	About 2.5 times
Average monthly amount Sales (average of 2015-2020 *)		About 1.1 times
Number of companies (as of the end of 2022)	Auto maintenance and auto body shops: 29,182 companies	2,944 companies

*Since monthly contracts and multi-year lease contracts are mixed from 2021 onward, comparisons are made using figures prior to 2020

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- The cloud software for auto recycle shops scheduled to be released in 4Q FY2023 was released in October.
- As a result, the cloud ordering platform began operation.
- Cloud software for auto glass shops was also released in September.
  As a whole, development of cloud software is progressing steadily as planned.
- Looking ahead, in 1Q FY2024, we will expand the functions of cloud software for auto maintenance shops in order to provide them to major clients.
- Auto maintenance shops have the largest number of users, so they are expected to be the biggest trigger for accelerating cloud indicators.
- The release of cloud software for auto parts dealers is scheduled for 2Q FY2024. Even though the number of clients in auto parts dealers is smaller than auto maintenance shops, it is also expected to contribute to the acceleration of cloud indicators because the number of licenses per company and average monthly sales tend to be higher.
- By steadily implementing these plans, the Group will make an effort to achieve the target for the end of FY2024 for cloud indicators, and to achieve profitability in FY2024.

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List of Company's Indicators ①

(Millions of yen)	FY2022				FY2023		
	1Q	1H	Cumulative 3Q	Full-year	1Q	1H	Cumulative 3Q
Recurring revenue	2,367	4,766	7,481	10,294	2,876	5,844	8,983
Recurring revenue ratio (%)	73%	73%	74%	74%	79%	79%	80%

(Companies)	FY2022				FY2023			Target for the End of FY2024
	End of 1Q	End of 2Q	End of 3Q	End of 4Q	End of 1Q	End of 2Q	End of 3Q	
Companies using business support software	38,098	38,354	38,549	39,345	39,547	39,771	39,955	―
Mobility sector *	36,373	36,650	36,858	37,643	37,855	38,095	38,289	―
Non-Mobility sector *	1,725	1,704	1,691	1,702	1,692	1,676	1,666	―
Target companies for cloud software**	33,578	33,853	34,066	34,357	34,618	34,887	35,127	―
Companies using cloud software	395	991	1,557	2,231	2,973	3,744	4,527	―
Standard edition	274	867	1,433	2,099	2,831	3,604	4,382	―
Existing client	118	405	721	1,094	1,492	1,937	2,370	―
New client	156	462	712	1,005	1,339	1,667	2,012	―
Specific edition	121	124	124	132	142	140	145	―
Companies using packaged software	33,183	32,862	32,509	32,126	31,645	31,143	30,600	―
Non-Target companies for cloud software	4,520	4,501	4,483	4,988	4,929	4,884	4,828	―
Cloud transition rate	1.2%	2.9%	4.6%	6.5%	8.6%	10.7%	12.9%	40%

*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

	FY2022				FY2023		
	1Q	1H	Cumulative 3Q	Full-year	1Q	1H**	Cumulative 3Q **
When packaged software contract expires*							
switch to cloud software	―	35%	45%	44%	76%	78%	76%
switch to packaged software (monthly contract)	―	65%	55%	56%	24%	22%	24%

*The denominator is the industry in which the cloud software has been released (e.g., auto maintenance shops and auto body shops).

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List of the Company's Indicators ②

(license)	FY2022				FY2023			End of 2024
	End of 1Q	End of 2Q	End of 3Q	End of 4Q	End of 1Q	End of 2Q	End of 3Q	Target
Number of cloud software licenses*	1,306	2,056	2,857	3,620	4,656	5,649	6,721	—
Standard Edition	307	995	1,790	2,523	3,490	4,441	5,477	24,000
Existing client	136	483	950	1,381	1,970	2,552	3,166	—
New client	171	512	840	1,142	1,520	1,889	2,311	—
Specific edition	999	1,061	1,067	1,097	1,166	1,208	1,244	—

* License refers to "Company license" and "Job license"

(yen/month)	FY2022				FY2023			End of 2024
	March	June	September	December	March	June	September	Target
Average monthly license sales*	—	—	—	—	—	—		—
Standard Edition	17,308	19,148	21,047	21,279	21,165	21,424	21,561	23,000
Existing client	18,808	21,150	23,326	24,074	23,837	24,324	24,553	—
New client	16,115	17,261	18,470	17,900	17,701	17,507	17,461	—
Specific edition	—	—	—	—	—	—	—	—

* License refers to "Company license" and "Job license"

	FY2022	FY2023			End of 2024
	End of 4Q	1Q	1H	Cumulative 3Q	Target
Cloud software user retention rate*	-	99.6%	99.6%	99.6%	99% or more
Number of cloud software users (companies)	2,099	-	-	-	-

**Cloud software user retention rate: Weighted average monthly user retention rate for the cumulative periods up to full-year
Monthly user retention rate: 1-{number of monthly cancellations/ (number of cloud software users at the end of the previous fiscal year + number of newly acquired companies)

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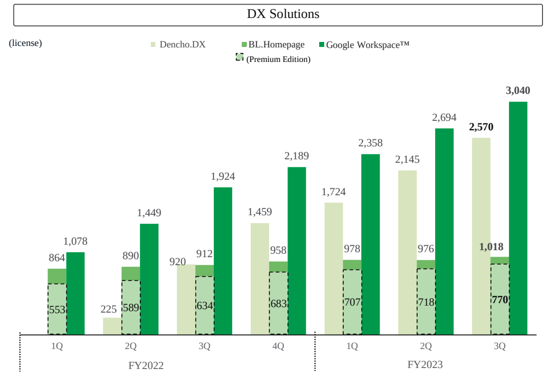
Licenses of DX Solutions

By aggressively proposing secondary products (various DX solutions), the company aims to realize upsells.



Future Outlook

Solution compliant with the Electronic Book Storage Act (“Dencho.DX”)

Grace period will be abolished at the end of December 2023, so we anticipate a surge in last-minute demand.

Website creation tool (“BL.Homepage”)

With the tailwind of DX demand, we anticipate a gradual increase will continue in the future

Groupware (“Google Workspace™ ”)

Driven by DX demand and branding power, we anticipate continued growth in the future.

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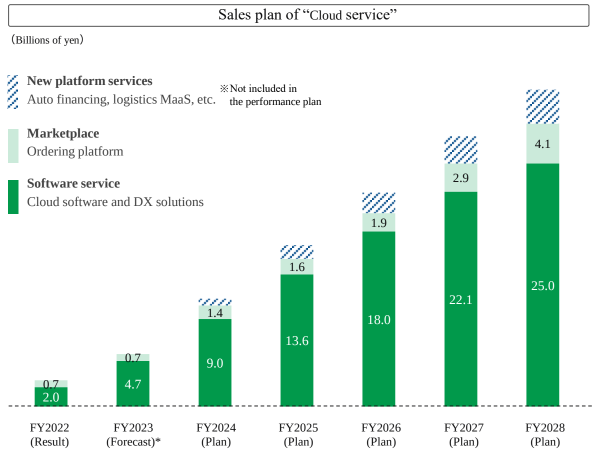
Sales Trend of Cloud Service Expected in the Future



NOTE) Figures of "Plan" were announced on February 9, 2022, and figure of "Forecast" was announced on November 9, 2023.

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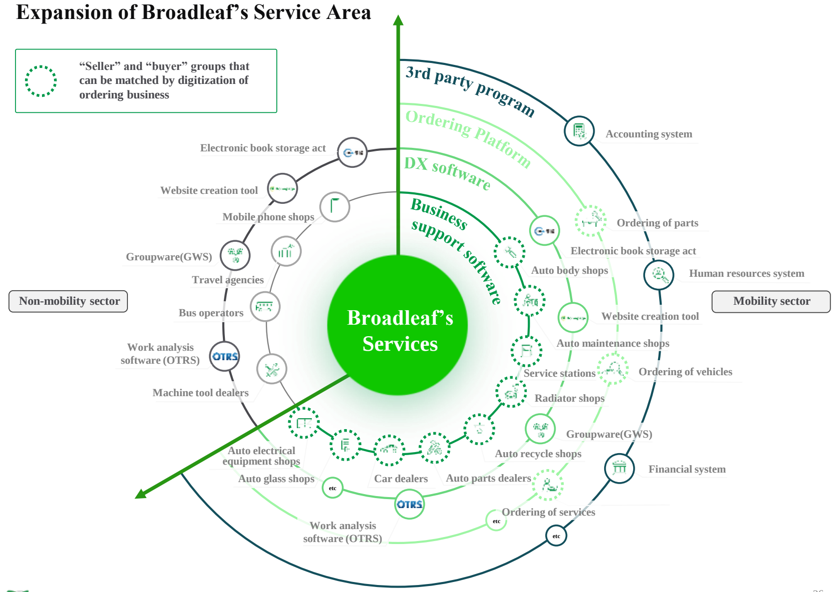
Expansion of Broadleaf's Service Area



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Service Expansion: Scalability of the Platform Service

The range of services that can be provided, including the ordering platform, has been expanded.

Expansion →

The Company's service \ Recipient		Industries that cloud business support software are provided or planned to be provided							Industries provided with packaged business support software			Others		
		Auto maintenance shops	Auto body shops	Used car dealers	Auto parts dealers	Auto recycle shops	Auto glass shops	Electrical equipment and radiator shops	Mobile phone shop	Machine tool dealers	Travel agencies and bus operators	Finance company	System company	Others
Ordering platform	Open EDI	1	2	2	1	2	2	2		3				3
	EC	2	2	2	1	1	2	2						
General-purpose software	Software for the Electronic Book Storage Act	2	2	2	2	2	2	2	3	3	3			3
	Website creation tool	1	1	3	3	3	1	3						
	Work analysis software	3	3	3	3	3	3	3	3	3	3			1
Other service	Settlement agency	2	2	2	1	1	2	2	3	3	3			
	Data analysis	3	3	3	3	3	3	3				3	3	3
	Employee benefits	1	1	1	1	1	1	1	1	1	1			
AI function	Operational assistance	2	2	2	2	2	2	2						
	Generative AI	2	2	2	2	2	2	2					3	
	Fraud detection	2	2	2								3	3	2
Data linkage (Finance)	Loan	2	2	2								2		
	Insurance	3	3	3								3		
IT infrastructure	Operating environment											2	2	2
	Development environment												2	

Expansion ↓

1 Conventional service range + 2 New service range expanded by cloud transition + 3 Range where services can be further expanded

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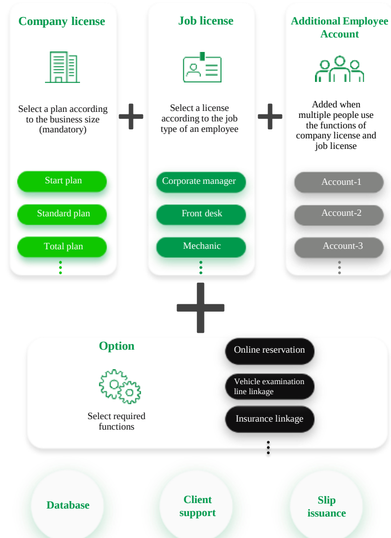
Service Structure (Cloud Software)

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.



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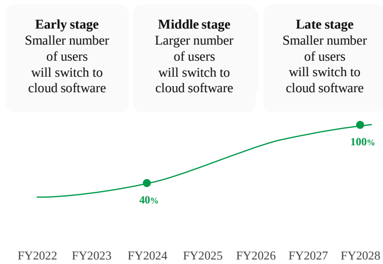
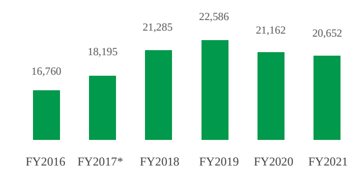
Understanding of Cloud Transition Rate

Switching to cloud-based software 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



Reference: Revenue from FY2016



* Tajima Inc. became consolidated subsidiary of Broadleaf Group from 3Q FY2017.
Note) cloud software for auto parts dealers and auto recycle shops have not yet been provided.

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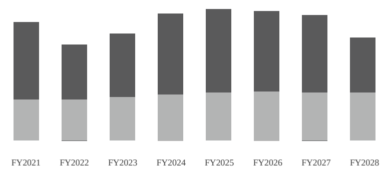
Understanding of Changes in Software Sales due to Cloud Transition (The Case of Auto Maintenance Shops and Auto Body Shops)

If the Company continues to sell packaged software in 2022 and beyond

About 1/6 of user companies renew their contracts each year, but there is a wave in the number of contract renewals depending on the year.

Sales of licenses (6-year usage rights)
Target of each year: Companies who renew the contract for packaged software (About 1/6)
Accounting method: License fee for 6 years is booked in lump-sum as sales in the year when the contract is renewed.

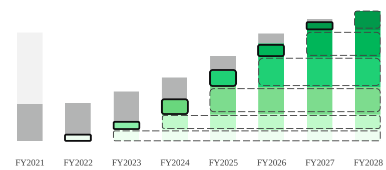
Sales of operation and support services
Target of each year: All users of packaged software
Accounting method: Monthly sales



If the Company starts selling cloud software (Green) from 2022

About 1/6 of companies using packaged software will switch to cloud software each year. Average sales are expected to rise after the transition completes due to different licensing systems

- For the year in which the contract is switched, the period after the contract is concluded will be is booked as sales ( ) . Therefore, sales from the following year onward ( ) will be roughly doubled because sales for 12 months are fully booked
- Sales of operation and support services are received from users of packaged software, so it will gradually decline as the transition proceeds.



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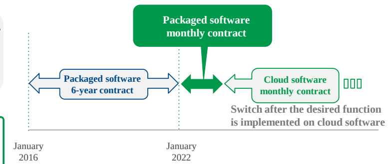
Cases of Offering Packaged Software under the Monthly Subscription Contracts

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:

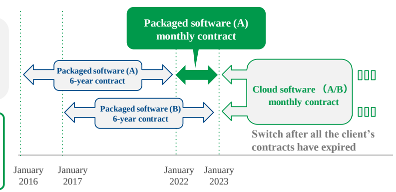
The client may continue to use the packaged software under monthly subscription contract **until the desired function becomes available on our cloud software**.



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.**



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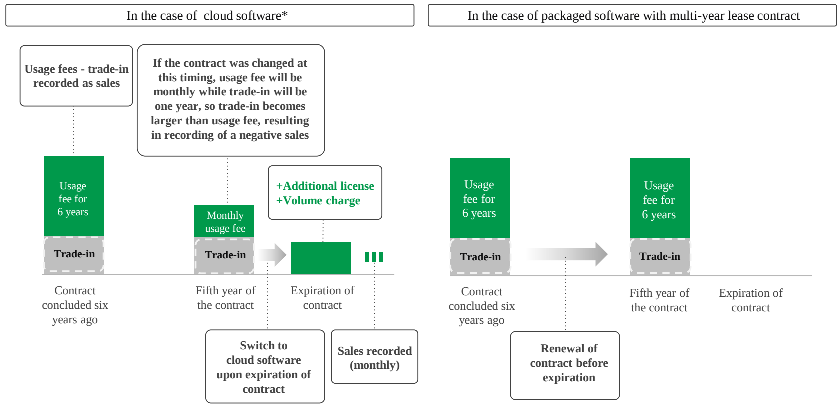
Reason for Switching to Cloud Software when the Previous Contract Expires

- If existing clients who have lease contracts of packaged software for 6 years switch to cloud-based software before the expiration of the contract, negative sales will be recorded.



*The same applies when selling packaged software under a monthly subscription contract

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Explanation of Service Category

Cloud services

Software service

・Provision of cloud software*
・Sales of packaged software under monthly contract
・Provision of DX solutions*
  ・"Dencho DX," a solution compliant with the Electronic Book Storage Act
  ・"BL.Homepage," a website creation tool

Marketplace

・Provision of platforms for ordering auto repair parts
  ・"BL Parts Order System," a transaction system for auto parts
  ・"Parts Station NET," a transaction network for recycled auto parts
  ・Cloud ordering platform
・Provision of settlement agency service

Packaged system

Software sales

・Sales of packaged software under multi-year lease contract
・Sales of "OTRS," a work-analysis software
・Sales of PCs and other devices

Operation and support service

・Ancillary services of packaged software such as support service
・ Sales of supplies such as forms and toners

*Include initial installation costs

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Corporate Profile

Company Name	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 sites	26 sales offices/3 development offices
Main Subsidiaries	Tajima Co., Ltd, SALES GO Corporation, SpiralMind Corporation

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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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