

3Q FY12/2025

Business Results Briefing Material

Broadleaf Co., Ltd
November 12, 2025

Contents

Summary	P 3
Business Results for 3Q FY12/2025	P 9
Full-Year Forecast for FY12/2025	P 16
Progress on the Medium-Term Management Plan	P 22

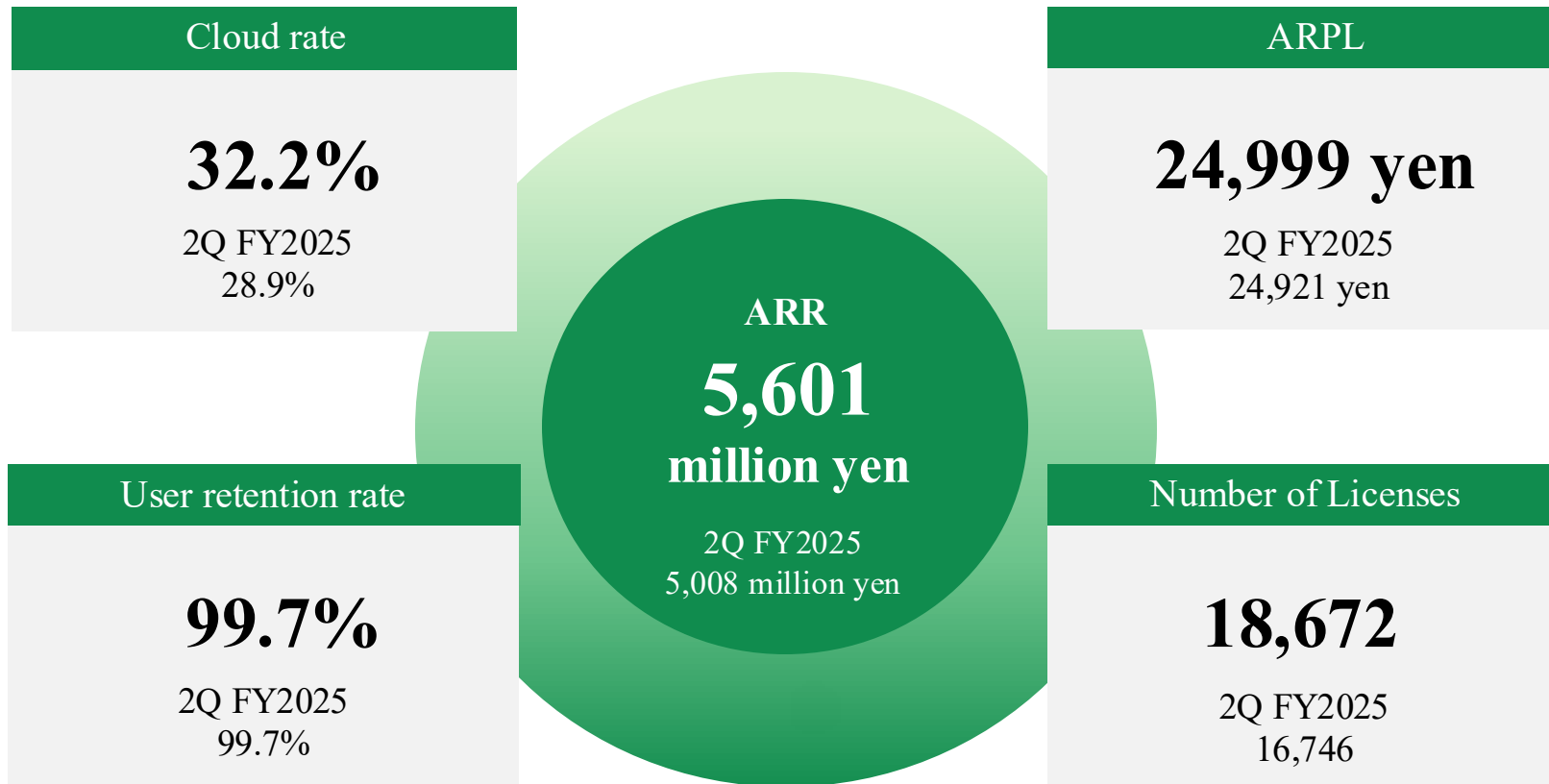
Summary

Business Performance

- Revenue for the third quarter **increased by 17.5% year over year**, driven by an increase in customers for subscription-based software and strong demand for PC replacements.
- Operating income and profit attributable to owners of the parent rose **more than fivefold**.
- Based on progress through the third quarter and the outlook for the business environment, we have revised our **full-year earnings forecast upward**.

Initiatives Overview

- Revenue initially delayed due to the timing of IT subsidy approvals has been largely **recognized** in the third quarter.
- As a result, **the cloud rate continued to rise steadily** by the end of the third quarter.
- We are actively working to **mitigate risks** by securing external engineering resources, primarily through our existing partner companies.



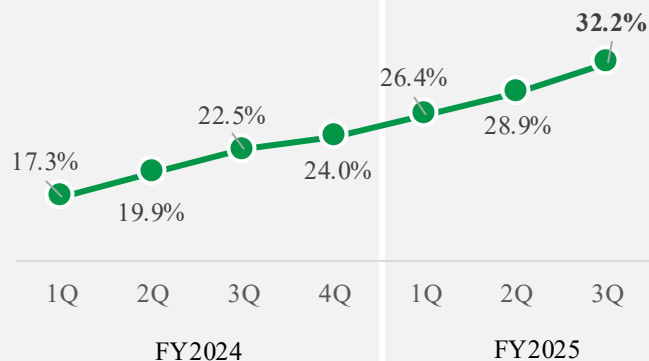
NOTE:

- ARR is calculated by multiplying the MRR for the final month of the quarter by 12.
MRR is calculated by excluding 1-time sales such as the initial setup fees from the total monthly sales of cloud software.
- ARPL (Average Monthly Revenue Per License) is calculated as: $MRR \div \text{Number of licenses}$
- The number of licenses refers to the total number of industry-specific and job-specific licenses as of the final month of each quarter.
- The cloud rate is calculated as: $\text{Number of cloud software customers} \div (\text{Number of cloud software customers} + \text{Number of packaged software customers (Cloud software to be switched has been released)})$ as of the final month of each quarter.
- The user retention rate is calculated as the average of the monthly retention rates over the past 12 months. (Most cancellations are due to business closures or bankruptcies.)

*All indicators reflect the total figures for the entire ".c Series" cloud software, including both the Standard Edition and the Specific Major Companies Edition.

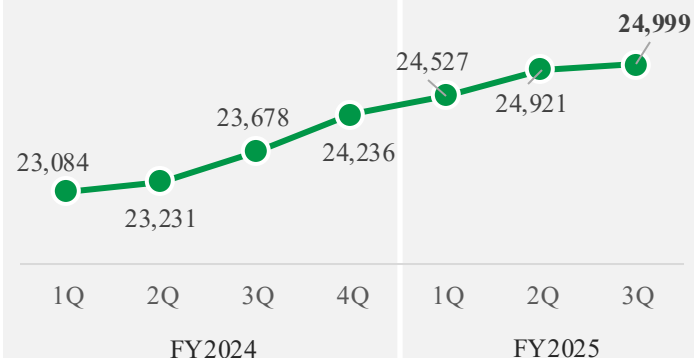
The cloud software, a key to achieving the Medium-Term Management Plan (2022–2028), is steadily increasing in cloud rate, ARPL, and number of licenses, while maintaining a high user retention rate.

Cloud rate

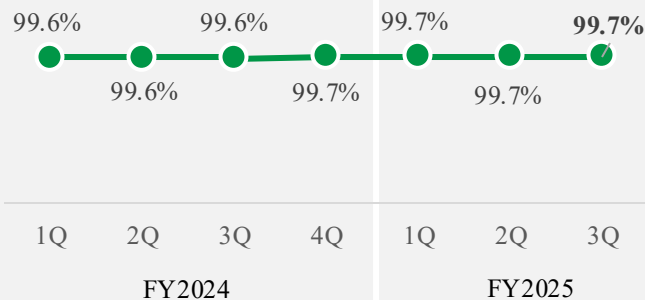


ARPL

(Yen)



User retention rate



Number of licenses



As a result of addressing the risk factors* identified as of the second quarter, the cloud rate increased steadily. Meanwhile, the expansion of deployments to mid- and large-sized customers is expected to take place from the fourth quarter onward.

	FY2024 Year-end	FY2025 End of 1Q	FY2025 End of 2Q	FY2025 End of 3Q	FY2025 Year-end Plan	• • •	FY2028 Year-end Plan
Cloud rate	24.0%	26.4%	28.9%	32.2%	35%	-	100%
User retention rate	99.7%	99.7%	99.7%	99.7%	99% or more	-	99% or more
Number of licenses	14,034	15,165	16,746	18,672	20,000	-	57,500
(Standard version only)	12,459	13,546	14,971	16,574	18,000	-	54,000
Average Monthly Revenue Per License (ARPL)**	24,236 yen	24,527 yen	24,921 yen	24,999 yen	26,500 yen	-	28,500 yen
(Standard version only)	24,319 yen	24,663 yen	24,559 yen	24,804 yen	26,500 yen	-	28,500 yen

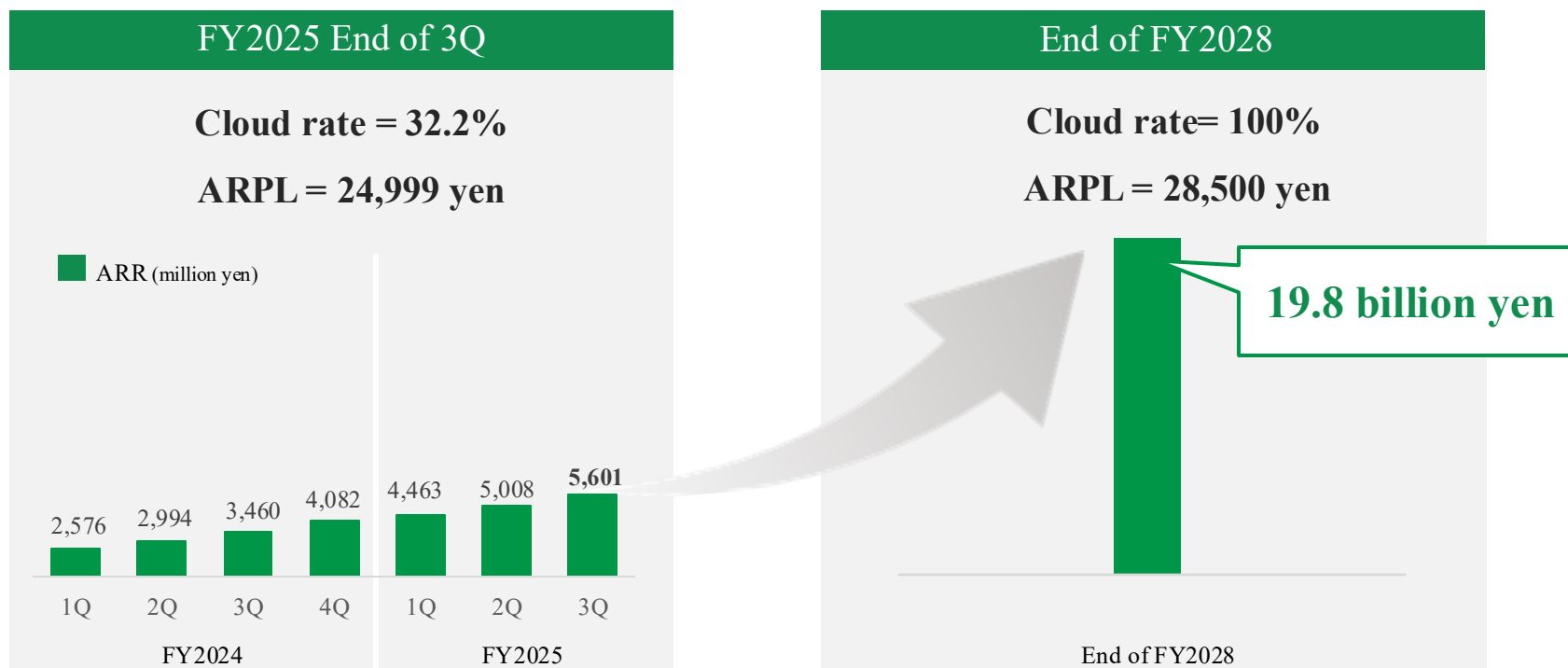
- * ① Timing of IT subsidy approvals
 ② Securing external engineer resources

** Characteristics of Average Monthly Revenue Per License (ARPL):

- ARPL is calculated based on the actual result for the final month of each quarter, using the simple total of enterprise licenses and job-function licenses in that month. As such, the figure is subject to fluctuations depending on factors such as the industry, size, and optional features selected by newly onboarded customers.
- As usage of metered billing remains limited at this stage, ARPL is expected to increase from the fourth quarter onward.

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

$$\text{ARR (End of FY2028)} = \text{ARR (FY2025 end of 3Q)} \times (\text{rate of increase in cloud rate}) \times (\text{rate of increase in ARPL})$$



NOTE:

The above is based on the following assumptions.

1. No change in cloud coverage (cloud conversion rate variable)
 2. Net maintenance rate of the number of cloud companies = 100% (net inflow/outflow)
 3. No change in the number of licenses per company
- ⇒ (In reality) Target industries to be expanded.
 ⇒ (In reality) Net inflow is expected to continue.
 ⇒ (In reality) Increase expected due to a higher proportion of semi-major and larger clients.

Business Results for 3Q FY12/2025

Overview of Third Quarter Results

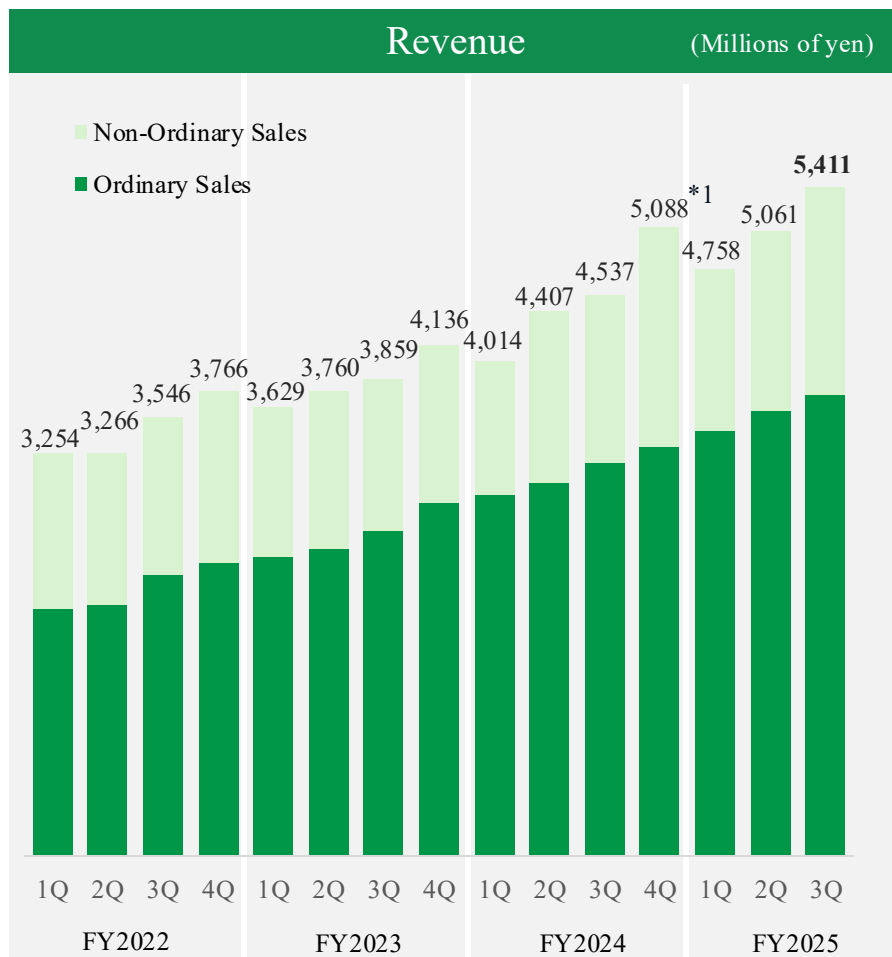
Business Results for 3Q FY12/2025

Revenue increased by 17.5% year over year.

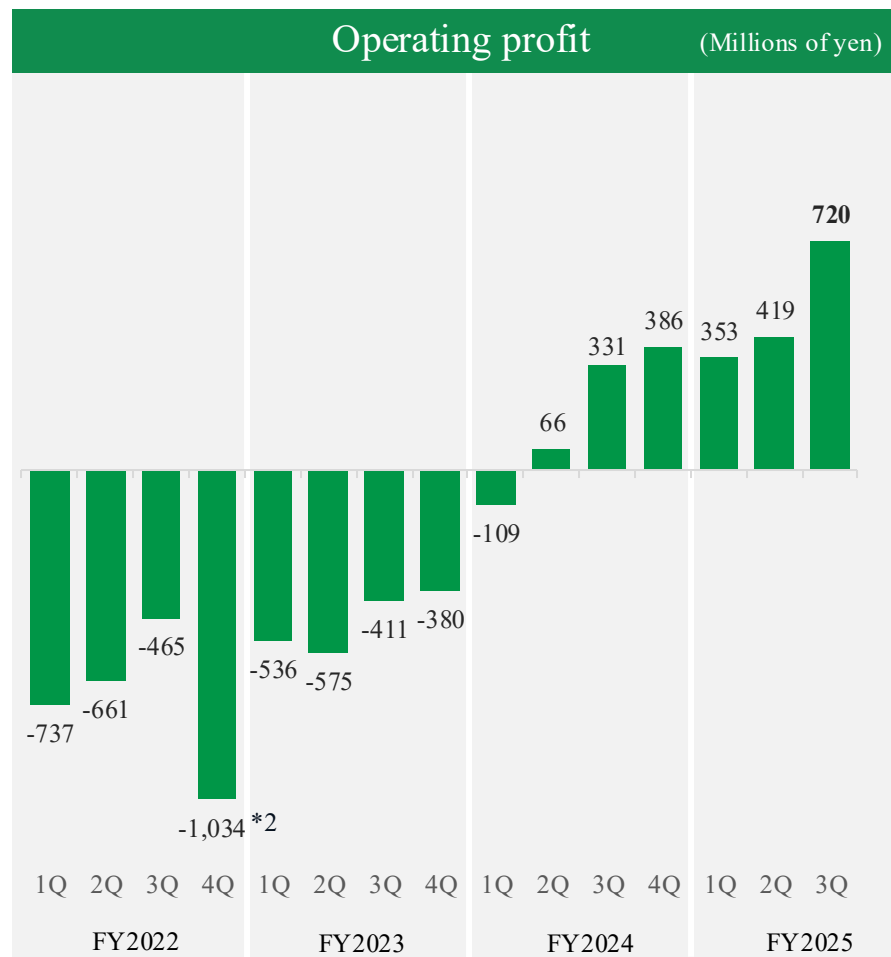
Operating profit and Profit attributable to owners of the parent increased more than fivefold.

(Millions of yen)	FY2025 Cumulative 3Q	FY2024 Cumulative 3Q	YoY change	YoY ratio
Revenue	15,231	12,958	+2,273	+17.5%
Cost of sales	5,374	4,549	+825	+18.1%
Gross profit	9,857	8,409	+1,448	+17.2%
SG&A expenses, etc.	8,365	8,121	+244	+3.0%
Operating profit	1,492	288	+1,204	+418.3%
Profit before tax	1,301	293	+1,008	+344.0%
Profit attributable to owners of the parent	872	161	+712	+442.5%
Basic earnings per share	9.71 yen	1.81 yen	-	-

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



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



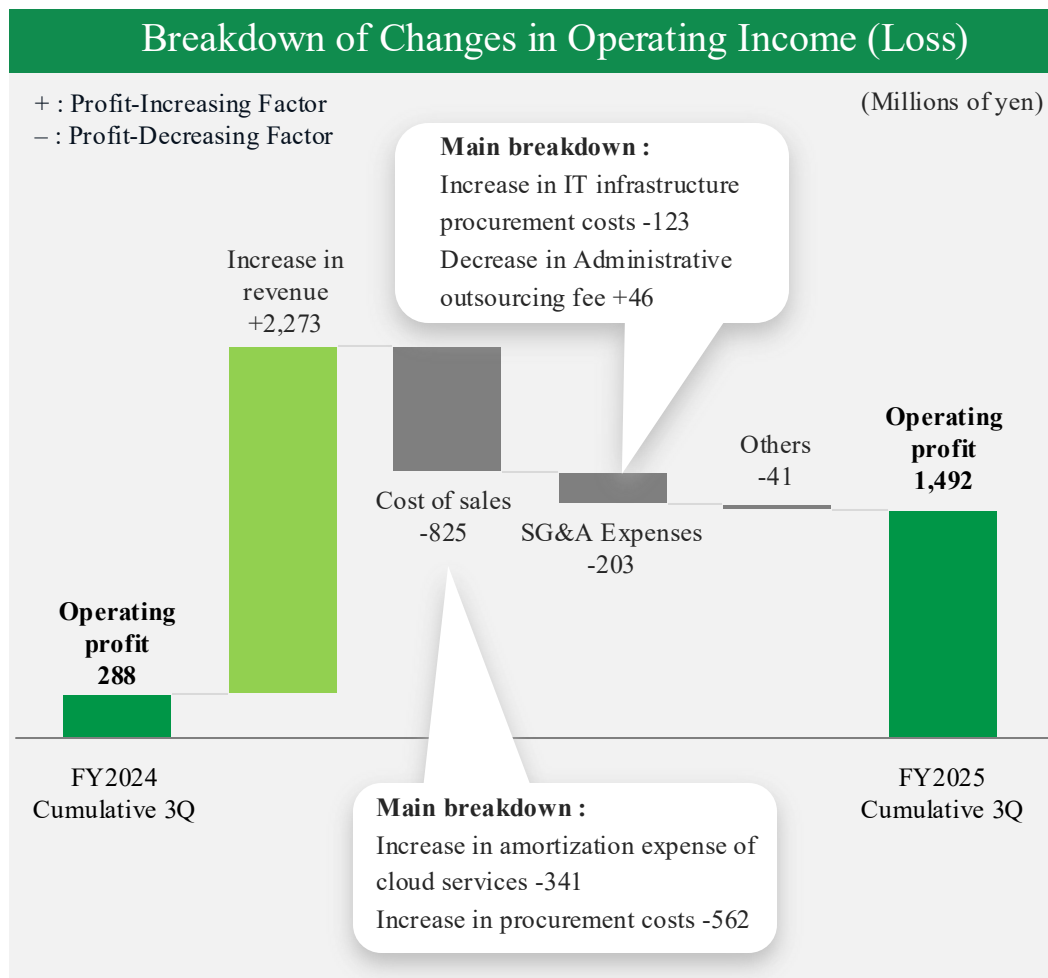
*2 FY2022's 4Q impaired goodwill (-615 million yen)

Driven by the shift to subscription-based contracts, revenue from software services increased significantly. Meanwhile, solid replacement demand for PCs and other hardware contributed to higher revenue in the “Others” category.

(Millions of yen)	FY2025 Cumulative 3Q	FY2024 Cumulative 3Q	YoY change	YoY ratio
Cloud services	8,408	5,790	+2,618	+45.2%
Software services	8,008	5,353	+2,655	+49.6%
Software	6,997	4,614	+2,382	+51.6%
Maintenance contract	461	272	+189	+69.6%
Initial setup	550	466	+84	+17.9%
Marketplace	400	437	-37	-8.5%
Packaged system	4,412	5,444	-1,033	-19.0%
Software sales	1,091	1,219	-128	-10.5%
Operation and support service	3,321	4,226	-905	-21.4%
Others	2,411	1,724	+687	+39.9%
Hardware	1,910	1,207	+703	+58.3%
Supply	501	517	-16	-3.1%
Total	15,231	12,958	+2,273	+17.5%
Recurring revenue*	10,779	9,112	+1,667	+18.3%
Recurring revenue ratio	70.8%	70.3%	-	-

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

While growth-related costs such as cloud depreciation and IT infrastructure procurement have increased, we are actively leveraging AI to drive efficiency across administrative tasks, sales proposals, and development processes.



Cost of sales

- Depreciation related to cloud software increased due to ongoing functionality enhancements.
- Higher hardware sales drove an increase in procurement costs.

SG&A expenses

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

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

(Millions of yen)	FY2025 End of 3Q	FY2024 Year-end	YoY change	Main breakdown
Current assets	8,433	8,211	+222	Cash and cash equivalents -276 Trade and other receivables +387
Non-current assets	32,999	31,684	+1,316	Intangible assets +1,615
Total assets	41,432	39,895	+1,538	-
Current liabilities	15,417	13,681	+1,736	Contract liabilities +1,187 Short-term interest-bearing debts +880
Non-current liabilities	2,138	3,071	-933	Long-term interest-bearing debts-942
Total liabilities	17,554	16,751	+803	-
Total equity	23,878	23,143	+735	Quarterly profit +855
Total liabilities and equity	41,432	39,895	+1,538	-

NOTE: Contract liabilities

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

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

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

While the growth in contract liabilities has moderated, operating cash flow increased on the back of higher revenue. Excluding one-time factors, investment is trending downward, resulting in a year-on-year doubling of free cash flow.

(Millions of yen)	FY2025 Cumulative 3Q	FY2024 Cumulative 3Q	YoY change	Main breakdown
Cash flow from operating activities	4,045	3,542	+502	Increase in profit before tax +1,008 Decrease in contract liabilities -582 Decrease in long-term prepaid expenses +130
Cash flow from investment activities	-3,337	-3,200	-137	Decrease in proceeds from sales and redemption of investments -320 Decrease in expenditures for acquisition of intangible assets +81
Cash flow from financing activities	-1,003	-476	-526	Net increase in short-term borrowings +4,187 Decrease in proceeds from long-term debt -4,204
Free cash flow	707	342	+365	-
Cash and cash equivalents at the end of the period	4,030	3,782	+248	-

NOTE: Adoption Rate of 5-Year Contracts

3Q FY2024: 44% (1H: 36%)

3Q FY2025: 28% (1H: 15%)

Full-Year Forecast for FY12/2025

Full-year Sales Forecast by Service Category

Full-Year Forecast for FY12/2025

Based on progress through the third quarter, we have updated the sales forecast for each segment and raised the overall sales outlook.

(Millions of yen)	FY2025 Current forecast for the Full-year	FY2025 Previous forecast for the Full-year*	Change	FY2024 Full-year	YoY change	YoY ratio
Cloud services	11,530	11,520	+10	8,210	+3,320	+40.4%
Software services	11,000	11,000	±0	7,626	+3,374	+44.2%
Marketplace	530	520	+10	584	-54	-9.3%
Packaged system	5,700	6,000	-300	7,450	-1,750	-23.5%
Software sales	1,400	1,600	-200	1,941	-541	-27.9%
Operation and support service	4,300	4,400	-100	5,508	-1,208	-21.9%
Others	3,170	2,580	+590	2,386	+784	+32.9%
Hardware	2,500	1,900	+600	1,689	+811	+48.0%
Supply	670	680	-10	697	-27	-3.8%
Total	20,400	20,100	+300	18,045	+2,355	+13.0%

*FY2025 Previous forecast for the Full-year was announced on August 6, 2025.

The operating profit forecast has been revised upward, reflecting both higher revenue and cost conditions. All profit levels are expected to significantly exceed the results of the previous year.

(Millions of yen)	FY2025 Current forecast for the Full-year	FY2025 Previous forecast for the Full-year*	Change	FY2024 Full-year	YoY change	YoY ratio
Revenue	20,400	20,100	+300	18,045	+2,355	+13.0%
Cost of sales	7,300	7,000	+300	6,334	+966	+15.3%
Gross profit	13,100	13,100	±0	11,712	+1,388	+11.9%
SG&A expenses, etc.	11,400	11,500	-100	11,038	+362	+3.3%
Operating profit	1,700	1,600	+100	674	+1,026	+152.2%
Profit before-tax	1,450	1,450	±0	545	+905	+166.1%
Profit attributable to owners of the parent	1,000	1,000	±0	343	+657	+191.3%
Basic earnings per share	11.13 yen	11.13 yen	-	3.85 yen	-	-

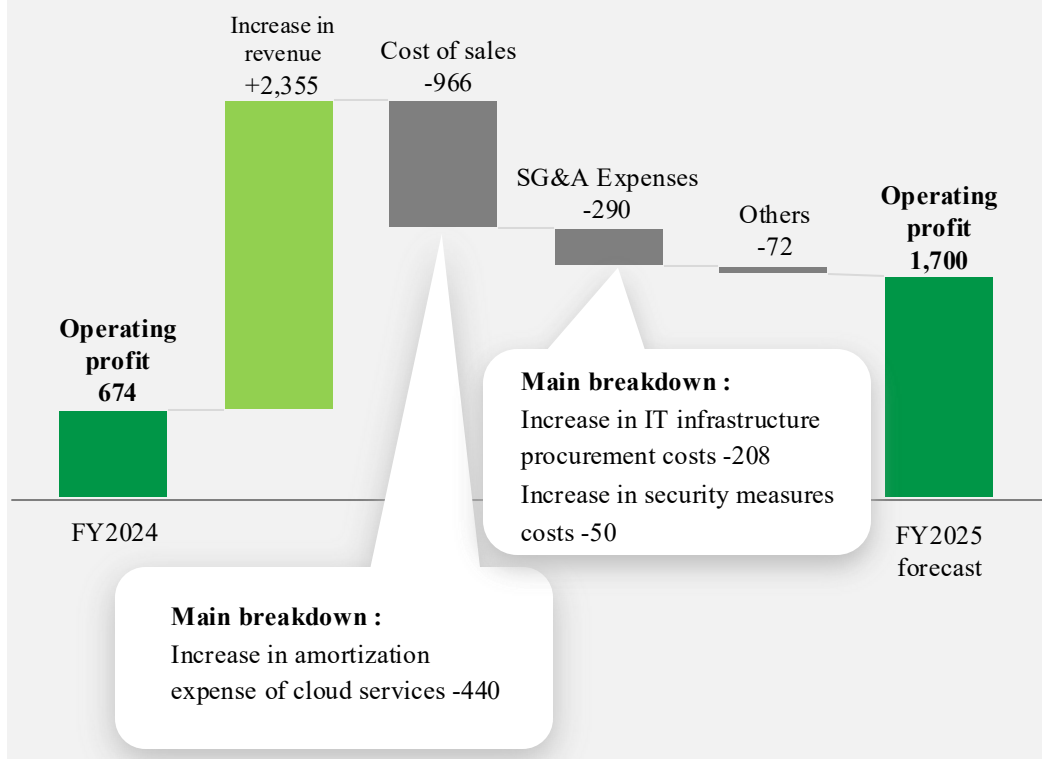
*FY2025 Previous forecast for the Full-year was announced on August 6, 2025.

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

Breakdown of Changes in Operating Income (Loss)

+ : Profit-Increasing Factor
- : Profit-Decreasing Factor

(Millions of yen)



Cost of sales

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

SG&A expenses

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

Sales Up

Cloud software

Number of licenses

- Naturally accumulating as cloud migration progresses
- Cloud migration for **mid- to large-sized customers** is being **implemented as planned**

×

ARPL

- Increase driven by changes customer composition (Increase in proportion of mid- to large-sized customers)
- **Strengthen promotion of optional features**
- **Promote adoption of usage-based menu.**

Other services

Cloud collaboration

- **Strengthen cross-selling proposals** (e.g., website creation services)
- ※ In conjunction with promoting usage-based services to cloud users

Cost

IT infrastructure

- **Optimized cloud infrastructure configuration based on analysis of system utilization.**
- Reduced procurement costs by **reviewing contract structures, such as extending contract periods.**

Salaries Labor costs Outsourcing costs

- **Reduce administrative outsourcing costs** by improving business processes using generative AI, such as automating the creation of sales materials and quotations, and streamlining back-office operations.
- Enhance development efficiency and **mitigate the risk of relying on external engineers** through code auto-generation powered by generative AI.

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

Dividend per share

	FY2025 (Forecast)	FY2024
Interim dividend	2.50 yen (Implemented)	0.00 yen
Year-end dividend	2.50 yen	2.00 yen
Annual dividend	5.00 yen	2.00 yen
Consolidated dividend pay out ratio	44.9%	51.9%

Shareholder Return Policy

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

Progress on the Medium-Term Management Plan

Sales plan

Software services

As the proportion of mid- to large-sized customers among those transitioning to the cloud increases through 2026, ARPL is expected to rise accordingly.

Marketplace

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

Package software sales

Revenue is expected to remain in line with historical averages, supported by continued software renewals from non-mobility industry customers.

Operation and support service

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

Hardware, supply

As hardware replacements such as PCs are primarily tied to cloud software migration, revenue is expected to remain in line with historical averages.

Cost

In addition to the organizational flattening carried out in 2025, we plan to step up investment in talent development from 2026 onward to drive further growth.

At the same time, we will continue actively leveraging automation tools, including AI, to enhance business processes and optimize costs.

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

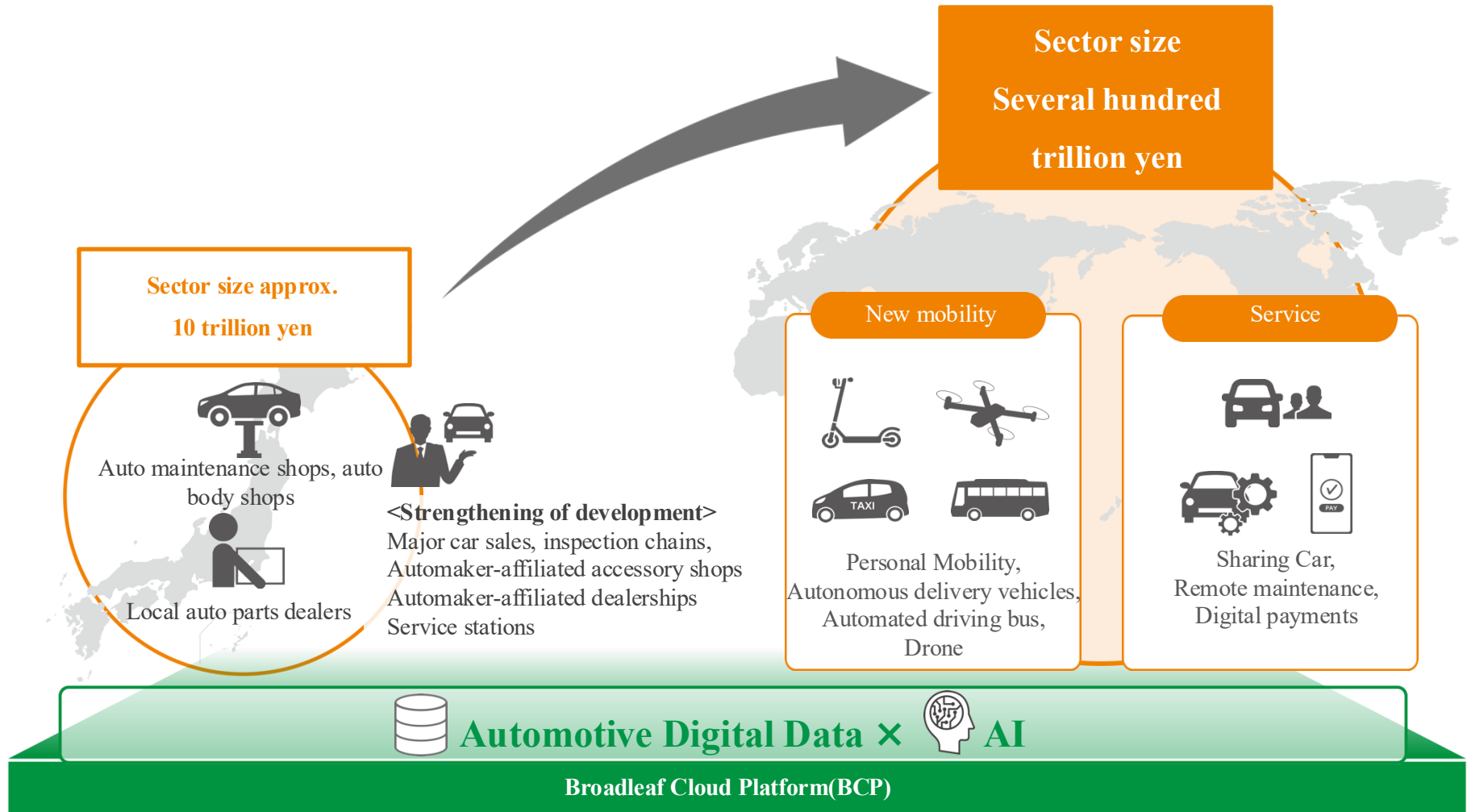
(Millions of yen)	FY2022	FY2023	FY2024	FY2025 Forecast※	FY2026 Plan ※	FY2027 Plan ※	FY2028 Plan ※
Revenue	13,833	15,385	18,045	20,400	23,500	27,500	31,500
Operating profit*	-2,897	-1,902	674	1,700	4,800	9,000	13,000
Operating profit rate	-	-	3.7%	8.3%	20.4%	32.7%	41.3%
Profit attributable to owners of the parent*	-2,431	-1,487	343	1,000	3,200	6,000	8,000
Return on revenue	-	-	1.9%	4.9%	13.6%	21.8%	25.4%

*- indicates a loss

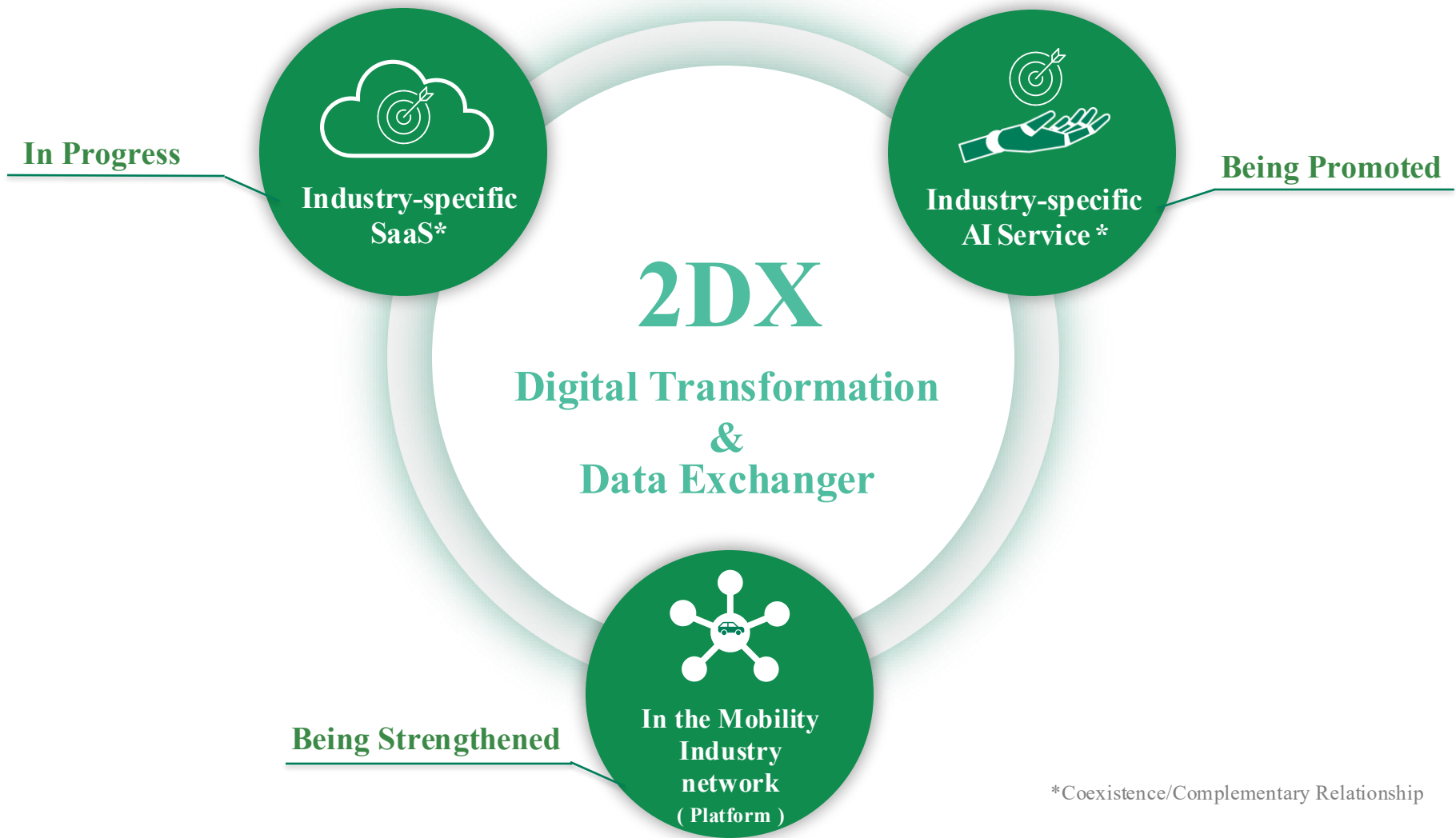
※FY2025 forecasts announced on November 12, 2025, plans after FY2026 announced on February 7, 2025.

Sales plan by service category will be disclosed on the announcement date of the full-year financial results for the fiscal year ending December 2025, in conjunction with the update of the medium-term business plan.

More than 40 years of digital data accumulated through business software evolves into a platform that can be used by all players in the Mobility sector.



Not only SaaS, but also for various players involved in the mobility industry, we are promoting the strengthening of platform services and AI services.



Disclaimer

Statements contained in these materials regarding operating results and future projections,
These are estimates based on information available to the Company at the time the materials were prepared,
Which are subject to potential risks and uncertainties.
Accordingly, due to a variety of factors, actual results may differ materially.
Please note that these forecasts may differ from the forecasts.

Contact Information

Broadleaf Co., Ltd
Investor Relations Office
E-mail: bl-ir@broadleaf.co.jp