



**Business Results for FY12/2022  
Briefing Material**

**(January 1, 2022-December 31, 2022)**

**Broadleaf Co., Ltd (3673)  
February 10, 2023**

Copyright©2023 Broadleaf Co.,Ltd. All rights reserved.

## Table of Contents

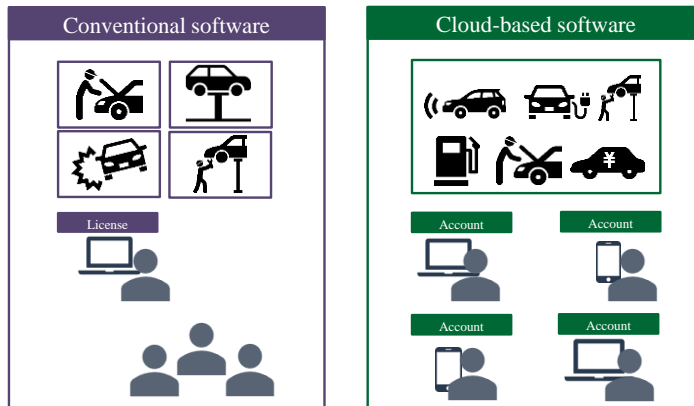
---

- 1. Overview of Business Results for FY12/2022**
- 2. Results Forecasts for FY12/2023**
- 3. Progress of the Medium-Term Management Plan (2022-2028)**
- 4. Supplemental Information**

## Overview of Business Results for FY12/2022

## Changing from Conventional Software to Cloud-based Software Mainly in the Mobility Sector

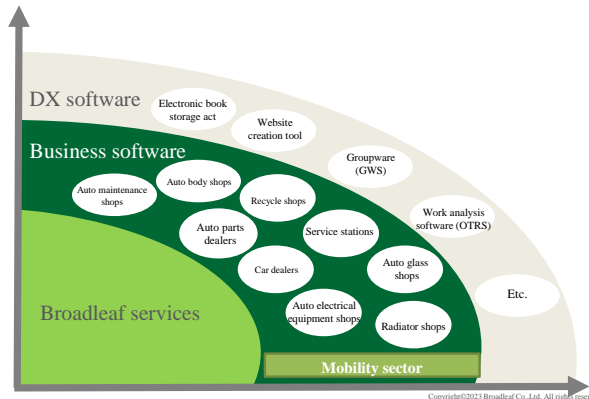
- Existing clients in the mobility sector are expanding their business from a single format to total shops in order to meet the diverse needs of car owners.
- The Company speedily provides cloud-based software to clients in line with business expansion.



- The following is explanation of cloud transition that the Company are promoting.
- The Company continues selling business software to clients in the mobility sector (car aftermarket).
- As the trend in the mobility sector, many companies are evolving into a total shop that provide multiple services as business changes and integration proceeds inside the sector.
- In response, the Company is evolving from a software company that sells business software for each industry to a service company that provides a total management system that supports the entire operations of the sector.
- License structure changes from the conventional form of selling licenses per store (left picture) to the form of providing cloud services that support business operations to each employee through accounts, and charging for each service (right picture).

## Promote Digitalization of Clients through Transition to Cloud-based Software

- The Company changes conventional software to cloud-based software, mainly those for the mobility sector.
- Through transition to cloud-based software, employees accounts will be issued.
- As the scope of digitization of clients expand, the number of employee users will increase.
- This will increase sales per company.

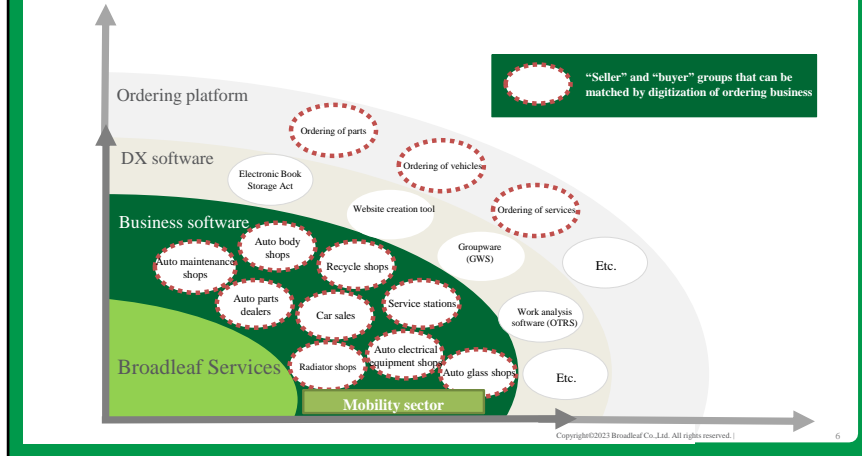


Copyright©2023 Broadleaf Co.,Ltd. All right reserved. 5

- Cloud-based software is provided to the mobility sector. There are various industries in the mobility sector, such as auto maintenance shops and auto body shops.
- The Company provides total management systems to clients of business software.
- In addition to conventional business software, DX software is also provided to contribute to the digitization of areas other than conventionally covered area.
- As a result, sales from existing clients will increase.
- Clients will be able to improve the efficiency of the company as a whole, rather than specializing in only a portion of their business operations.

Promote Digitalization of Ordering Business through Transition to Cloud-based Software

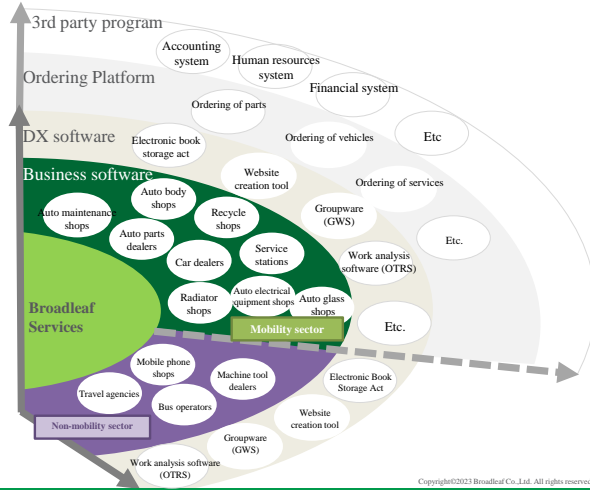
- The Company will promote digitization of ordering business operations through the business software of existing clients, which are changed to cloud-based software.



- Regarding solution for the Electronic Book Storage Act, one of the Company’s DX software, approximately 1,500 licenses was introduced in 2022. The Company introduced the product to clients who are users of business software.
- The reason the product was adopted by so many clients is that clients trust in the services the Company provide. It would be difficult for other companies to provide services to such number of clients.
- The Company is utilizing its strengths to promote digitization.
- Circles surrounded by red dotted lines refer to services with electronic connections, which will expand by advancing the digitization of clients' businesses.

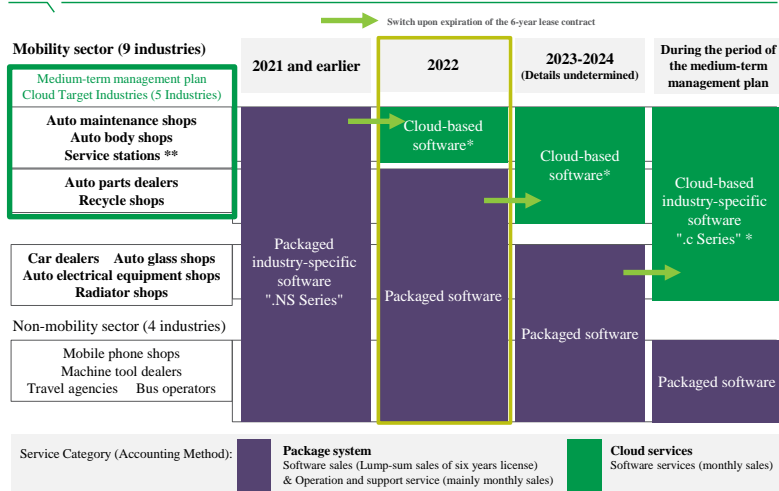
### Future of Conventional Software for Non-mobility Sector

- Depending on the client's market environment, the Company will consider whether to develop cloud-based software for non-mobility sector.
- It is necessary to judge whether it is possible to expand the client base and the ordering platform in the sector.



- As an element of further service extension, the Company will provide 3rd party programs within its cloud platform.
- By forming alliances and collaborating with various 3rd parties companies, the Company can link its services with their services in areas where each company excels, such as accounting, human resources, and financial systems.
- The Company succeeded in building a cloud platform that will serve as the infrastructure and began to expand it.
- The purple area is the area where the Company currently plans to continue selling conventional business software, and it is off the target of cloud-based software. Therefore, it is separated from the mobility sector in this diagram.
- The Company also provide these clients with DX software such as solution for the Electronic Book Storage Act, website creation tool, and Google's GWS.

### Release Plan of Cloud-based Software



\*Sales of packaged software is ended in principle, but it is provided to some users based on monthly fees for a limited time (see page 41)  
 \*\*Service stations became a new market from cloud-based software  
 Copyright©2023 Broccoli Co.,Ltd. All rights reserved. 8

- Currently, three industries (auto maintenance shops, auto body shops, and service stations) are switching to cloud-based software.
- The Company plans to launch the sales of cloud-based software for auto parts dealers and recycle shops in 2023-2024.
- These industries are subject to KPIs outlined in the medium-term management plan.
- Although the software is segmented by industry, position of the software as a total management system that supports the company’s business operations is the same.
- Sales of cloud-based software for other industries in the mobility sector are planned to be launched during the period of the medium-term management plan. Depending on the development status, it may be launched in 2023-2024.
- As for non-mobility industry, the Company currently has not decided whether to change the software to cloud-based software.
- Existing clients are switching to cloud-based software after the 6-year contracts expire.
- For some clients, there are cases where conventional business software is provided for a limited period even after the cloud-based software is launched, but by 2028, the Company plans to finish the cloud transition of all target clients.
- Overall, current progress in cloud transition is good.



## Summary

### Sales

▶ Sales of cloud services largely increased year on year.

Explanation

- The Company started full-scale provision of cloud-based software for auto maintenance shops and auto body shops in 2022.

- Sales of other services were also strong, such as “Dencho.DX,” a new solution corresponding to Electronic Book Storage Act launched in 2022.

▶ Sales of packaged system largely decreased year on year.

Explanation

- In principle, sales of conventional packaged software for auto maintenance shops and auto body shops were ended\*
- For other industries, the Company continues to sell packaged industry-specific software

### Cost

▶ The Company reduced SG&A expenses by improving operational efficiency

Explanation

- The Company streamlined sales activities by participating in digital events and utilizing online sales contracts
- The Company streamlined back-office operations by outsourcing, etc.

▶ Impairment of goodwill of group company Tajima was recorded in SG&A expenses, etc.

Explanation

- “Impairment loss: -615 million yen” was recorded in other operating expenses.
- The Group will promote market penetration of cloud-based industry-specific software as a whole by actively changing its conventional software to cloud-based software.

\*It is provided to some clients with monthly contract for a limited period (see page 41)

Copyright©2023 Broadlco Co.,Ltd. All rights reserved.

9

- The following is the overview of FY12/2022 Financial Results.
- Sales of “Cloud service” increased significantly since the provision of monthly subscription-type services proceeded as planned, including cloud-based software for major client industries (auto maintenance shops and auto body shops), and “Dencho.DX,” a solution for the Electronic Book Storage Act.
- Sales of “Packaged system,” which includes sales of packaged software for auto maintenance shops and auto body shops, decreased significantly due to the termination of sales under lease contracts for above industries.
- Sales of packaged software under lease contracts continues in other industries, and sales of this portion exceeded the plan.
- In terms of costs, the Company worked to reduce SG&A expenses by penetrating online sales activities and promotions, and further streamlining back-office business operations.
- On the other hand, the Company decided to impair goodwill of the group company Tajima and recorded it as other operating expenses.
- This is due to a positive change in strategy to accelerate Tajima’s sales of cloud-based software ahead of the initial plan and realize quick transition of Tajima’s revenue model to a monthly subscription-type.

## Overview of Consolidated Financial Results

- Revenue and profits decreased due to the large impact of the closing sales of packaged software for auto maintenance shops and auto body shops
- Sales of packaged software to industries other than the above were firm, so results exceeded forecasts.

(Millions of yen)	FY2022	FY2021	YoY change	FY2022 Forecast (11/9)	Difference
Revenue	13,833	20,652	-6,819	13,300	+533
Cloud services	2,628	1,791	+837	2,540	+88
Packaged system	11,205	18,860	-7,656	10,760	+445
Cost of sales	5,346	5,753	-407	5,400	-54
Gross profit	8,487	14,898	-6,412	7,900	+587
SG&A expenses, etc.	11,384	11,503	-120	11,100	+284
Operating profit *	-2,897	3,395	-6,292	-3,200	+303
Profit before tax *	-3,005	3,233	-6,238	-3,400	+395
Profit attributable to owners of the parent *	-2,431	2,173	-4,604	-2,700	+269
Basic earnings per share*	-27.54 yen	24.72 yen	-	-30.58 yen	-

\*minus (-) represents loss

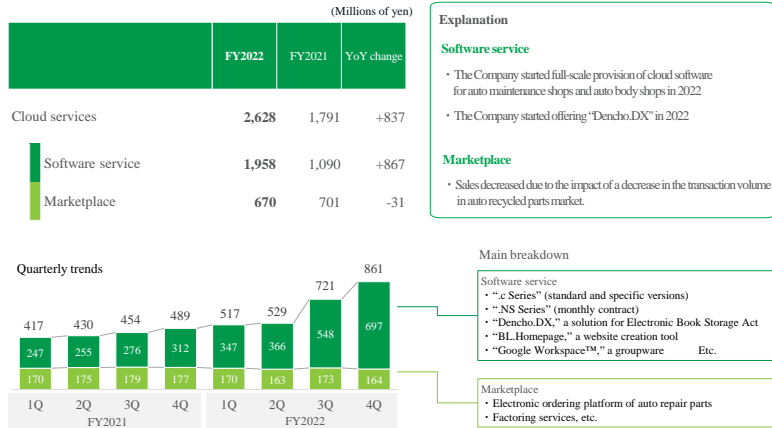
Copyright©2023 Broadleaf Co.,Ltd. All rights reserved. |

10

- Revenue decreased by 6,819 million yen year-on-year to 13,833 million yen.
- Operating loss was 2,897 million yen, a year-on-year decrease of 6,292 million yen.
- Loss attributable to owners of the parent was 2,431 million yen, a year-on-year decrease of 4,604 million yen.
- Revenue decreased significantly since FY2022 was the first year of full-scale transition to a monthly subscription-type revenue model.
- On the other hand, in addition to acquiring new clients, renewals of contracts and additional sales of business software by existing clients exceeded expectations, so the result exceeded the forecast.
- Even the figures of financial results may seem low, the actual business condition was favorable.

## Cloud Service Sales

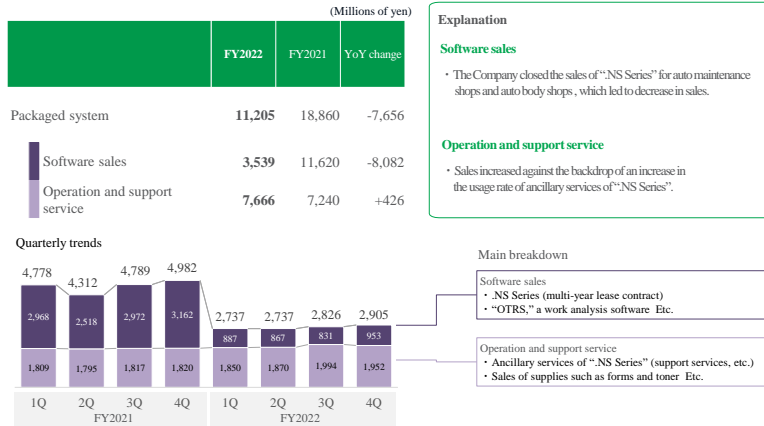
- Sales of cloud service increased due to the start of full-scale provision of multiple software services in 2022



- Sales of "Cloud service" increased by 837 million yen year-on-year to 2,628 million yen.
- Sales of "Software service" increased by 867 million yen due to the launch of cloud-based software for major industries (auto maintenance shops, auto body shops, and service stations) as well as the launch of "Dencho.DX."
- When switching to cloud-based software, clients that meet certain conditions are allowed to continue using packaged software under monthly subscription contract for a limited period, which is also recorded as sales of "Software service."
- For "Marketplace," sales decreased by 31 million yen due to the impact of the leveling-off of transaction volume in the overall market of recycled auto parts.

## Packaged System Sales

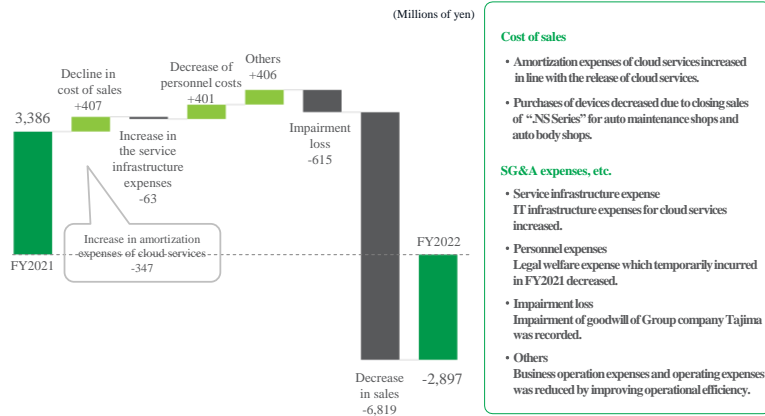
- Sales decreased due to the closing of sales of “.NS Series” for auto maintenance shops and auto body shops.



- Sales of “Packaged system” decreased by 7,656 million yen year-on-year to 11,205 million yen.
- Sales of “Software sales” decreased by 8,082 million yen due to the termination of sales of packaged software for auto maintenance shops and auto body shops under lease contract.
- Sales of “Operation and support service,” which includes ancillary services for clients of “.NS Series,” increased by 426 million yen due to an increase in the contract rate for support service and the addition of SALES GO Inc. to the scope of consolidation.

## Factors Behind Changes in Operating Profit

- Despite reduction of SG&A expenses, etc., negative impact of the decline in sales led to operating loss.



- Amortization expenses of cloud services increased in line with the release of “.c Series” and other cloud services. Still, overall cost of sales declined by 407 million yen due to a decrease in purchases, etc.
- Among SG&A expenses, personnel expenses decreased due to a reactionary decline of legal welfare expense which temporarily incurred in FY12/2021.
- Further, as a result of further streamlining of the business operations and reduction of operating expenses and general and administrative expenses, SG&A expenses decreased by 735 million yen.
- Nevertheless, due to recording of impairment for goodwill of the group company Tajima and the impact of the significant decline in sales, operating profit decreased by 6,292 million yen.

## Balance Sheet Status

- Current assets decreased since the Company limited multi-year lump-sum sales of “.NS Series” to some industries. The Company maintains sound financial position despite dividend payments and the recording of loss.

(Millions of yen)	FY2022 Year-end	FY2021 Year-end	YoY change	Major factors of increase/decrease
Current assets	6,555	8,405	-1,849	Cash and cash equivalents -65 Operating and other receivables -1,691
Non-current assets	26,980	26,071	+909	Intangible assets +1,223 Goodwill -613
Total assets	33,535	34,476	-940	
Current liabilities	6,583	7,512	-930	Operating and other payables -895 Short-term interest-bearing debts -210 Contract liabilities +572
Non-current liabilities	3,291	850	+2,441	Long-term interest-bearing debts +2,540
Total liabilities	9,873	8,362	+1,511	
Total equity	23,662	26,114	-2,452	Dividends payout -414 Loss -2,431
Total liabilities and equity	33,535	34,476	-940	

- In line with the decline in sales of “.NS Series” under lease contracts, trade receivables in current assets decreased by 1,691 million yen year-on-year.
- In addition, trade payables in current liabilities decreased by 895 million yen due to a decrease in purchases.
- Total equity decreased by 2,452 million due to year-end dividend payouts for FY12/2021 and recording of loss for FY12/2022. Still, there is no problem in financial condition.

## Cash Flows Status

- Operating cash flow decreased due to increased monthly subscription contracts for “.c Series.” Still, there was no shortage in working capital.

(Millions of yen)	FY2022	FY2021	YoY change	Major factors of increase/decrease
Cash flow from operating activities	1,606	3,783	-2,176	Decrease in income before tax -6,238 Decrease in trade and other receivables +2,281
Cash flow from investment activities	-2,910	-3,388	+478	Decrease in purchase of intangible assets +452
Cash flow from financing activities	1,237	-108	+1,345	Decrease in dividends paid +516
Free cash flow	-1,304	395	-1,699	
Cash and cash equivalents at year-end	3,457	3,522	-65	

- Operating cash flow decreased by 2,176 million yen year-on-year to 1,606 million yen due to a decline in sales of “.NS Series” under lease contract and an increase in the ratio of monthly subscription-type services.
- In addition to investment in additional functions and improvement of performance of “.c Series” for auto maintenance shops, the Company continued to invest in developing cloud-based software for auto parts dealers, etc. As a result, investing cash flow was 2,910 million yen.
- Free cash flow decreased by 1,699 million yen to 1,304 million yen.

## 2. Results Forecasts for FY12/2023



## Forecast of Consolidated Results

- Sales are expected to increase due to the accumulation of sales following the transition to cloud services.
- Nevertheless, the shrinking of loss will be limited due to the anticipated increase in cost by further investments.

(Millions of yen)	FY2023 Full-year forecast	FY2022 Full-year	YoY change	FY2023 1H forecast	FY2022 1H	YoY change
Revenue	15,000	13,833	+1,167	6,700	6,520	+180
Cost of sales	6,000	5,346	+654	2,850	2,459	+391
Gross profit	9,000	8,487	+513	3,850	4,061	-211
SG&A expenses, etc.	11,700	11,384	+316	6,000	5,460	+540
Operating profit *	-2,700	-2,897	+197	-2,150	-1,398	-752
Profit before tax *	-2,800	-3,005	+205	-2,200	-1,458	-742
Profit attributable to owners of the parent *	-2,400	-2,431	+31	-1,900	-1,109	-791
Basic earnings per share*	-27.07 yen	-27.54 yen	-	-21.45 yen	-12.57 yen	-

\*minus (-) represents loss

Copyright©2023 Broadleaf Co.,Ltd. All rights reserved. |

17

- Revenue will increase by 1,167 million yen year-on-year to 15,000 million yen, operating loss will decrease 197 million yen to 2,700 million yen, and loss attributable to owners of the parent will decrease by 31 million yen to 2,400 million yen.
- Since FY12/2023 is the second year of full-scale transition of the revenue model to a monthly subscription type, revenue will significantly increase due to further increase in recurring revenue.
- On the other hand, in order to increase the competitiveness of the Company's products and diversify its revenue sources, the Company plans to develop additional functions of software and expand platform services.
- Due to these upfront costs for future growth, decrease in the loss will be limited.

## Revenues Forecast by Service Category

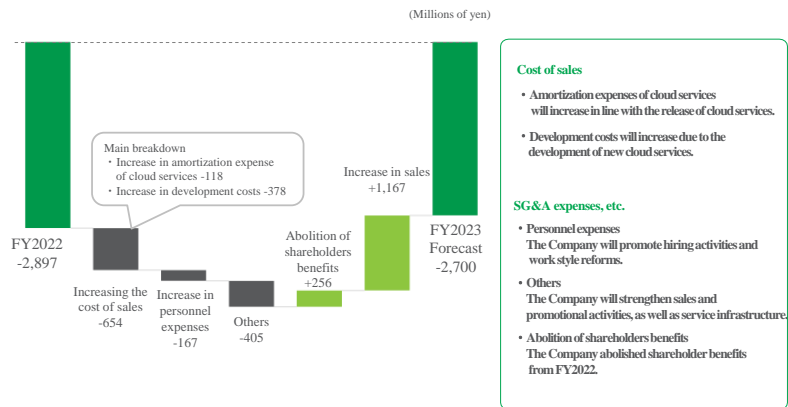
- Sales of cloud services are expected to increase since the Company will continue to promote the penetration of cloud services.
- Packaged system is expected to decline due to continued sales restrictions of “.NS Series”.

(Millions of yen)	FY2023 Full-year forecast	FY2022 Full-year	YoY change	FY2023 1H forecast	FY2022 1H	YoY change
Cloud service	5,900	2,628	+3,272	2,100	1,046	+1,054
Software service	5,250	1,958	+3,292	1,800	713	+1,087
Marketplace	650	670	-20	300	333	-33
Packaged system	9,100	11,205	-2,105	4,600	5,474	-874
Software sales	2,200	3,539	-1,339	1,100	1,754	-654
Operation and support service	6,900	7,666	-766	3,500	3,720	-220
Total	15,000	13,833	+1,167	6,700	6,520	+180

- Within “Cloud service,” sales of “Software service” are expected to accelerate in the 2H of FY12/2023. This is because the number of user companies is expected to continue to increase in FY12/2023, and the monthly subscription sales acquired in FY12/2022 will be fully recorded as sales from FY12/2023 onwards.
- Sales of “Marketplace” are expected to be about the same as FY12/2022 as the overall market for recycled auto parts is likely to remain stagnant.
- Within “Packaged system,” sales of “Software sales” are expected to decline since sales of business software for auto maintenance shops and auto body shops through agents of both Broadleaf and Tajima will be generally limited to the cloud-based software.
- Sales of “Operation and support service” are expected to continue to decrease as the number of “.NS Series” user companies declines, but the portion will be converted to sales of “Software service.”

## Factors Behind Changes in Operating Profit

- Costs for sales promotions and strengthening the service infrastructure is expected to increase, but the operating loss is expected to shrink in line with the increase in sales.



- Development costs will increase since the Company will work to expand platform services in addition to an increase in amortization expenses of cloud services.
- Therefore, the cost of sales is expected to increase by 654 million yen year-on-year.
- Within SG&A expenses, personnel expenses are expected to increase due to recruitment activities and promotion of work style reforms.
- In addition, operating expenses are expected to increase due to plans of active sales activities and promotions.
- On the other hand, the abolishment of the shareholder benefit program and increase in sales are expected to be factors behind the increase in profit, which will contribute to decrease in operating loss.

## Dividends

- The Company plans to pay a year-end dividend of 1 yen per share for FY12/2022
- Dividends for FY12/2023 are undetermined.

### Dividend per share

(Yen)	FY2023 (Forecast)	FY2022 (Planned amount at the end of the fiscal year)
Interim dividend	Undecided	-
Year-end dividend	Undecided	1.00
Annual dividend	Undecided	1.00
Consolidated dividend payout ratio	-	-

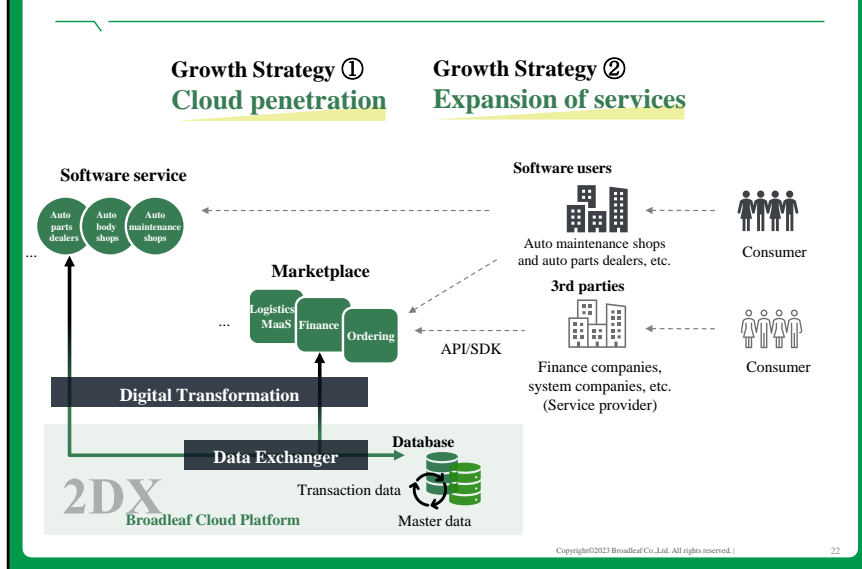
#### Dividends

- For FY12/2022, the Company plans to pay an annual dividend of 1 yen per share.
- For 12/2023, the Company plans to announce forecast once a reasonable calculation becomes possible in light of the progress of the medium-term management plan and the status of retained earnings.

- The Company plans to pay a dividend of 1 yen per share for FY12/2022, as announced.
- Dividends for FY12/2023 are currently undetermined.
- In light of the progress of the medium-term management plan and the status of retained earnings, the forecast will be announced when reasonable calculations become possible.

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

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



- The Company’s products are using “Broadleaf Cloud Platform,” a highly scalable IT platform which was developed in-house, as common infrastructure.
- Therefore, not only software services and marketplaces developed by the Company, but also services of various 3rd parties can be provided as a one-stop service on “Broadleaf Cloud Platform.”
- The Company promotes deployment of such platform-based businesses from the standpoint of "2DX"
- The first DX is to promote clients' digital transformation (DX) and contribute to a construction of a business foundation that will lead to the creation of new value.
- The second DX is to become a data exchanger (DX).
- On “Broadleaf Cloud Platform,” a variety of data is obtained not only from clients of the Company’s cloud services, such as “.c Series,” but also from 3rd parties. The obtained data is circulated on the platform.
- In other words, the data becomes the added value of the service, and the data is accumulated again from it. This will create an "eco-cycle" of the data which becomes the source of the further added value.
- The Company refer to this concept as the data exchanger (DX), and it is one of the theme of measure to be promoted in the medium-term management plan.

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

- The Company will achieve record-high performance in 2026, with a target of operating margin of 40% and profit of 8 billion yen in 2028.

(Billions of yen)	FY2021 (Reference)	FY2022	FY2023 Forecast	FY2024 Plan	FY2025 Plan	FY2026 Plan	FY2027 Plan	FY2028 Plan
Revenue	20.7	13.8	15.0	18.5	22.0	25.5	29.0	32.5
Operating profit *	3.4	-2.9	-2.7	1.0	3.3	6.7	10.0	13.0
Operating margin	16%	-	-	5%	15%	25%	34%	40%
Profit attributable to owners of the parent *	2.1	-2.4	-2.4	0.6	2.0	4.2	6.3	8.0
Equity attributable to owners of the parent	26.1	23.6	17.5	18.0				
Owners' equity ratio	76%	71%	50%	52%				

\*minus (-) represents loss

Copyright©2023 Broadleaf Co.,Ltd. All rights reserved. |

23

- The Group has excellent client assets and offers competitive cloud products.
- In addition, the Company already have the resources to sell its products as well as the management foundation for its business operations.
- From this viewpoint, it can be said that the management plan is reliable, so the Company is confident that it will be able to achieve the stated performance plan.
- In FY12/2026, the performance will reach a record highs Using this as a milestone, the Company is planning to achieve an operating margin of 40% and profit attributable to owners of the parent of 8 billion yen in FY12/2028.
- The Company announced FY12/2028 as the final year of its management plan. However, the Company is expanding its cloud services with “Broadleaf Cloud Platform” as the starting point so that performance will continue to rise.
- This is an additional factor behind the performance plan, so the Company plans to provide relevant information at an appropriate timing.

## Medium-Term Management Plan (2022-2028) Sales Plan by Service Category

- Within “Cloud services,” “Software service” is expected to drive the revenue growth.
- “Packaged system” is expected to shrink as conventional software are changed to cloud services.

(Billions of yen)	FY2021 (Reference)	FY2022	FY2023 Forecast	FY2024 Plan	FY2025 Plan	FY2026 Plan	FY2027 Plan	FY2028 Plan
Cloud service	1.8	2.6	5.9	10.4	15.2	19.9	25.0	29.1
Software service	1.1	2.0	5.3	9.0	13.6	18.0	22.1	25.0
Marketplace	0.7	0.7	0.7	1.4	1.6	1.9	2.9	4.1
Packaged system	18.9	11.2	9.1	8.1	6.8	5.5	4.0	3.4
Software sales	11.6	3.5	2.2	2.5	2.6	2.5	2.2	2.0
Operation and support service	7.2	7.7	6.9	5.6	4.2	3.0	1.8	1.4
Revenue	20.7	13.8	15.0	18.5	22.0	25.5	29.0	32.5
(Reference) Recurring sales ratio*	45%	74%	85%	86%	88%	90%	92%	94%

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

Copyright©2023 Broadleaf Co., Ltd. All rights reserved. |

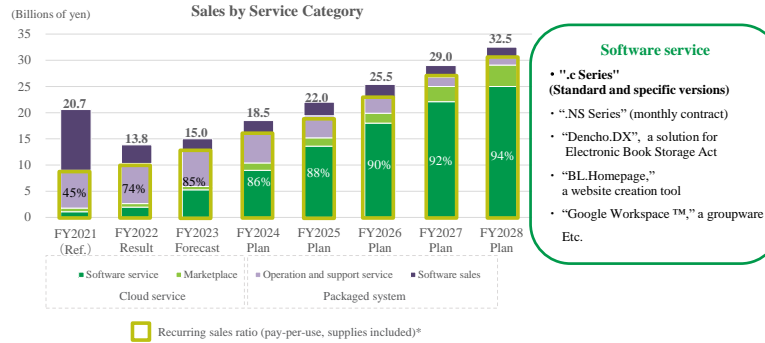
24

- Among “Cloud service,” “Software service,” which includes “.c Series,” are expected to drive the revenue growth at first.
- As a result, current KPIs of the performance plan announced are mainly indicators related to “.c Series.”
- The reason sales of “Packaged system” will not disappear despite the decline in the future is that business software for some industries currently do not have plan to develop cloud-based software.
- It is highly likely that the Company will continue selling packaged software to these industries, but the plan for “Cloud service” will not be delayed due to this factor since it is already incorporated into the plan.



## Medium-Term Management Plan (2022-2028) Sales Plan by Service Category

- As the sales of “Software service” increases, recurring sales ratio will increase as well.
- The key product for increasing the sales of “Software service” is “.c Series,” a cloud-based industry-specific software.



- Above is the graph of revenue forecast by service category described in P.24.
- In FY12/2022, 74% of revenue consist of recurring sales with monthly subscriptions.
- In other words, it can be said that the revenue model has already been converted to a “monthly subscription model.”
- Cloud services will account for the majority of revenue by FY12/2024.
- Among “Cloud service,” “Software service” accounts for a large portion. Various software services are included in the category, but “.c Series” will become the core element of the sales.

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

- In order to penetrate the cloud-based products, the Company implements the following measures and manages the progress using the following KPIs.

### ① Cloud transition

In 2022, the Company started transition to “.c Series” when existing clients’ 6-year contracts for “.NS Series” expires. The transition is scheduled to be completed in 2028.

Related KPI: Cloud transition rate

### ② Market expansion

“.c Series,” which has evolved into a total management system, is deployed not only in existing markets but also in new markets such as car shop chains, car dealers that provide auto maintenance services, and service stations.

Related KPI : “.c Series” licenses and retention rate of “.c Series” users

Related indicators: Total number of users, retention rate of “.NS Series” users, and the number of “.c Series” users

### ③ Menu expansion

In addition to the various optional services of “.c Series,” the Company provides various software services, including groupware, solutions that comply with law and regulation, and website creation tools.

Related KPI : Average monthly sales of “.c Series”

Related indicators: Number of licenses for major software services

- Above are the KPIs of “.c Series.”
- KPI for measuring the progress of switching to “.c Series” (the progress of cloud transition) is "cloud transition rate," which will become 100% by the end of FY12/2028 when the transition is completed.
- As a total management system, “.c Series” can provide comprehensive support for clients’ businesses. Therefore, the Company will expand its market by introducing the products to client segments that were not main targets in the past, such as car shop chains, car manufacturer-affiliated car dealers that provide auto maintenance services, and service stations.
- Therefore, the "number of licenses" provided is important. The "user retention rate" is also set as a KPI.
- A related indicator is the number of user companies and the retention rate of ".NS series"
- “.c Series” has a variety of optional services. It also uses a measured-rate payment method, so the Company closely monitor “average monthly sales per license.”
- The number of licenses for other major software services is a related indicator.

## "c Series" KPIs

• The situation of KPIs in 2022 is as follows.

	Results at the end of FY12/2022	Targets for the end of FY12/2024
<p><u>KPI of cloud transition</u></p> <ul style="list-style-type: none"> <li>• Cloud transition rate</li> </ul>	6.5%	40%
<p><u>KPI of market expansion</u></p> <ul style="list-style-type: none"> <li>• Number of "c Series" licenses</li> </ul>	2,523 licenses	24,000 licenses
<ul style="list-style-type: none"> <li>• Retention rate of "c Series" users</li> </ul>	- (disclosed from FY12/2023)	99% or more
<p><u>KPI of menu extension</u></p> <ul style="list-style-type: none"> <li>• Average monthly sales of "c Series"</li> </ul>	21,279 yen/month	23,000 yen/month

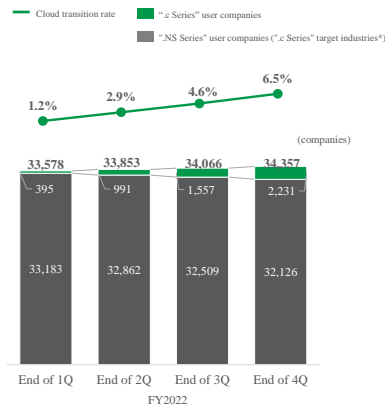
### KPI Definition

Cloud transition rate: Number of "c Series" user companies / Number of "c Series" target user companies\*  
 Number of licenses: The number of charge licenses for the standard version of "c Series"  
 User retention rate: Planned to be announced when disclosing the result  
 Average monthly sales: Monthly sales / number of charged licenses for the standard version of "c Series"

- Above are targets for KPIs at the End of FY12/2024 and result for the end of FY12/2022.
- the Company believes that if it is able to achieve the target by the end of FY12/2024, the degree of certainty of achievement of the performance plan until FY12/2028 will increase considerably.
- Results for FY12/2022 may seem to be behind the schedule at a first glance, but the actual situation is generally in line with the plan.

## ".c Series" KPI ①: Cloud Transition Rate

- Some clients temporarily switched to monthly subscription contracts of ".NS Series." As a result, the progress of cloud transition rate was moderate.



## Cloud transition rate

- In the early stage, the transition will proceed moderately.

## ".c Series" user companies

- The number does not include users using ".NS Series" under monthly subscription contracts for a limited time.

## Definition of cloud transition rate

".c Series" user companies ÷ user companies in the target industries of ".c Series"\*

\* Auto maintenance shops and service stations/auto body shops/auto parts dealers/auto recycle shops

NOTE) ".c Series" for auto parts dealers and auto recycle shops are before the launch

Copyright©2023 Broccoli Co., Ltd. All rights reserved. |

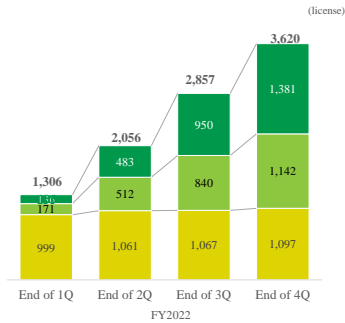
28

- As of the end of FY12/2022, the cloud transition rate was 6.5%. Compared to the target of 40% at the end of FY12/2024, it looks like a moderate pace. There are 2 reasons for this.
- The first reason is that the number of users switching in FY12/2022 was small as predicted.
- ".NS Series" is mainly used under a 6-year lease contract, so the number of contracts for the year depends on the number of contracts 6 years ago. In FY12/2016, which is 6 years before FY12/2022, the number of contracts was small.
- The second reason is that some of the clients whose contracts expired in FY12/2022 switched to ".NS Series" under monthly subscription contracts.
- For FY12/2022, more than half of the users with expired contracts fall under this category.
- There are 2 patterns for this category. The first pattern is applied to clients with multiple contracts with different contract expiration dates. In such cases, ".NS Series" is offered for a limited time under monthly subscription contract until all contracts are expired.
- The second pattern is applied to clients who wish to use a specific function. Since the Company prepare from high-demanded functions in order, it will provide ".NS series" under monthly subscription contract until the functions they need are prepared.
- Simply dividing the number of user companies, the results seems to be behind the schedule, but it is already incorporated into the plan.
- Clients who use ".NS series" under monthly subscription contracts can quickly switch to cloud service as soon as conditions are met.

## “.c Series” KPI ②: Number of Licenses

- The increased number of “.c Series” licenses in 4Q mostly consist of the standard version.

- Standard version (existing clients): Licensing of the standard version of “.c Series,” which was switched from .NS Series
- Standard version (new clients): Number of licenses for the standard version of “.c Series,” which has newly become the Company’s client
- Specific major companies and service stations: Number of licenses of “.c Series,” with special licensing system, etc.



### Standard version

- Acquisition of new users and switching of existing users  
Both remained firm.

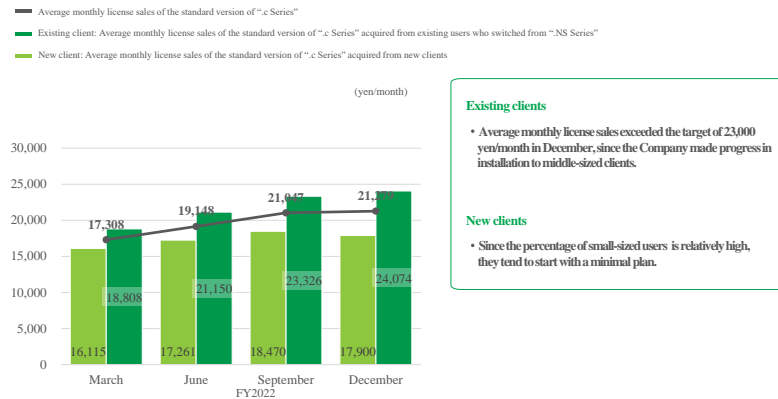
### Specific version

- “.c Series” for specific major companies and service stations will be installed to multiple stores in a lump sum for each project, so the pace of growth will not be constant.

- As of the end of FY12/2022, the number of licenses for the standard version of “.c Series” was 2,523 licenses for existing clients and for new clients in total.
- As described in P.34, there are a considerable number of clients who switched to “.NS series” under monthly subscription contracts for a limited period, but the situation is as expected.
- Acquisition of new clients was stronger than expected.
- User retention rate of “.c Series” will be announced from FY12/2023, as the population factor increased.

### “.c Series” KPI ③: Average Monthly License Sales

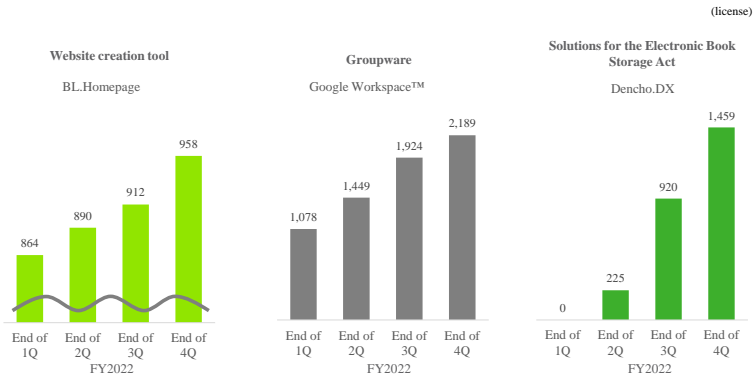
- Average monthly license sales as of the end of 2022 were 21,279 yen/month.



- “Average monthly sales per license” for the standard version of “.c Series” was 21,279 yen as of December 2022.
- For existing clients, the figure exceeded KPI target of 23,000 yen per month, as installation of the software to middle-sized companies proceeded.
- As a large proportion of new clients consists of small-sized companies, many of them tend to start with the minimum plan required.
- Currently, the ratio of new clients is high, so it is putting downward pressure on the average monthly sales, but the fact that the number of new clients is increasing more than expected is a positive factor.
- The Company believes that KPI will surpass 23,000 yen in the future as transition of existing clients proceeds.
- After FY12/2023, the proportion of the number of licenses by existing clients will increase, so the current situation can be said to be as expected.

## Examples of Other Software Services

- “.c Series” will drive the software service sales, but the Company also provides other software services as well, which contribute to clients' businesses.

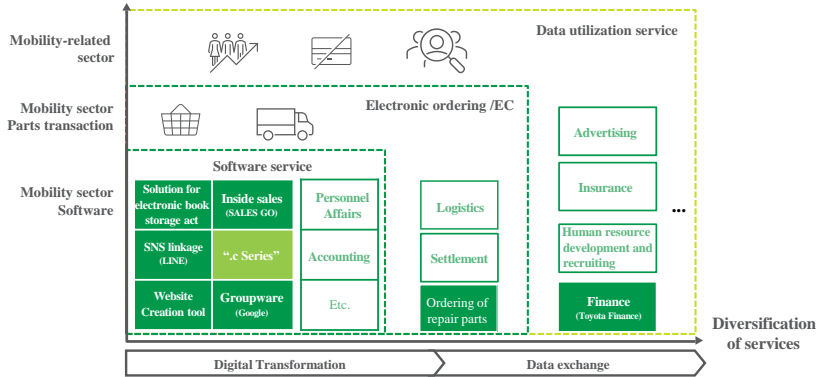


- “.c Series” is the revenue driver for “Software service,” but the Company also provides various other software services.
- Inquiries for these services are rapidly increasing since “.c Series” can be closely linked to these peripheral services as a total management system, and the demand for DX of clients' businesses is growing.
- Above are quarterly trends in licenses of website creation tool, groupware, and solution for the Electronic Book Storage Act, which are services available regardless of industry.
- These products currently account for only a limited portion of total sales, but they are important products that will lead to an increase in client loyalty and lead to an increase in lifetime value.
- The website creation tool is linked to the Company's business software, such as the reservation function via the website, so it is not a mere business tool, but a tool that leads to clients' DX and improvement of profitability.
- By providing these highly convenient tools and providing total support to our clients, the Company can also improve the retention rate of “.c Series.”, which is one of the KPIs.

## 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



- In addition to the software services shown in the material, the Company will continue enhancing its IT services that are essential for our clients’ business operations by using “Broadleaf Cloud Platform,” which is a common IT infrastructure for its services, as the starting point.
- The Company plans to expand the menu of software services (not only in-house developed services but also other companies’ services), strengthen the functions of the marketplace that connects its clients, expand the range of tradable items in the marketplace, and deploy platform services that utilize big data.



## Indicators List ①

(Millions of yen)

	FY2021	FY2022			
	Full-year	1Q	1H	Cumulative 3Q	Full-year
Recurring sales	9,031	2,367	4,766	7,481	10,294
Recurring sales ratio (%)	44%	73%	73%	74%	74%

(companies)

	FY2021	FY2022			
	End of 4Q	End of 1Q	End of 2Q	End of 3Q	End of 4Q
Total number of user companies of industry-specific software	38,006	38,098	38,354	38,549	39,345
Mobility sector*	36,269	36,373	36,650	36,858	37,643
Non-mobility sector*	1,737	1,725	1,704	1,691	1,702

\*Mobility sector: auto maintenance shops, auto body shops, auto parts dealers, auto recycle shops, car dealers, auto electrical equipment shops, radiator shops, auto glass shops, and service stations  
 Non-mobility sector: mobile phone shops, machine tools dealers, travel agencies, and bus operators (13 industries in total)

## Indicators List ②

	FY2022				(companies)
	End of 1Q	End of 2Q	End of 3Q	End of 4Q	End of 2024
<b>Cloud transition rate</b>	1.2%	2.9%	4.6%	6.5%	40%
Target user company of “.c Series”*	33,578	33,853	34,066	34,357	-
“.c Series” user companies	395	991	1,557	2,231	-
Standard version	274	867	1,433	2,099	-
Existing client	118	405	721	1,094	-
New client	156	462	712	1,005	-
Specific version	121	124	124	132	-
“.NS Series” users	33,183	32,862	32,509	32,126	-
Non-target user company of “.c Series”	4,520	4,501	4,483	4,988	-

	FY2022			
	1Q	1H	Cumulative 3Q	Full-year
<b>Upon expiration of “.NS Series” lease contract</b>				
Transition ratio to “.c Series”	-	35%	45%	44%
Transition ratio to “.NS Series” (monthly)	-	65%	55%	56%

\*Of the 13 industries, “.c Series” target industries covered in the medium-term management plan are auto maintenance shops, auto body shops, auto parts dealers, auto recycle shops, and service stations.

## Indicators List ③

(license)

	FY2022				End of 2024
	End of 1Q	End of 2Q	End of 3Q	End of 4Q	Target
Number of ".c Series" licenses	1,306	2,056	2,857	3,620	-
Standard version	307	995	1,790	2,523	24,000
Existing client	136	483	950	1,381	-
New client	171	512	840	1,142	-
Specific version	999	1,061	1,067	1,097	-

(yen/month)

	FY2022				End of 2024
	March	June	September	December	Target
Average monthly sales of ".c Series"	-	-	-	-	-
Standard version	17,308	19,148	21,047	21,279	23,000
Existing client	18,808	21,150	23,326	24,074	-
New client	16,115	17,261	18,470	17,900	-
Specific version	-	-	-	-	-

## Indicators List ④

	(License/Company)			
	FY2022			
	End of 1Q	End of 2Q	End of 3Q	End of 4Q
"c Series"				
Number of licenses per company	3.4	2.1	1.8	1.6
Standard Edition	1.1	1.1	1.2	1.2
Existing client	1.2	1.2	1.3	1.3
New client	1.1	1.1	1.2	1.1
Specific major companies	8.6	8.6	8.8	8.3

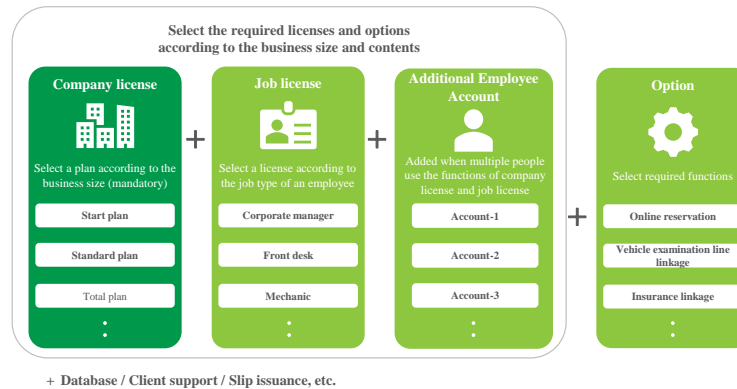
	FY2021	FY2022			
	End of 4Q	1Q	1H	Cumulative 3Q	Full-year
Retention rate of ".NS Series"*	-	-	99.7%	99.5%	99.3%
Number of outflows (companies)	-	-	104	161	242
Transfer to other companies (companies)	-	-	19	36	51
Bankruptcy or exit (companies)	-	-	85	125	191
".NS Series" users **	33,293	-	-	-	-

\*Retention rate: 1 - (outflow / number of ".NS Series" users ("c Series" target industries))

\*\*Sum of auto maintenance shops, auto body shops, auto parts dealers, and auto recycle shops

#### 4. Supplemental Information

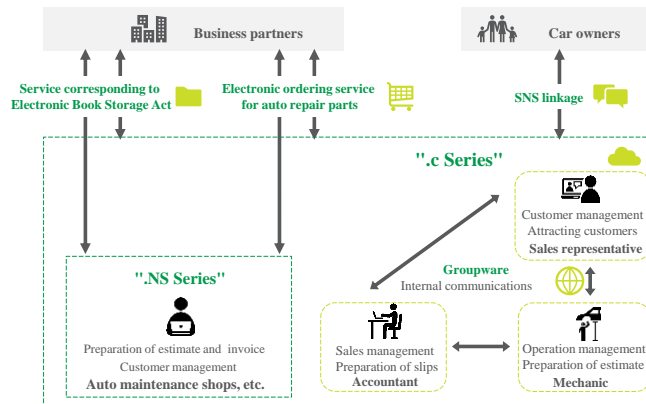
## Service Structure (Cloud-based Software Service)



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.

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

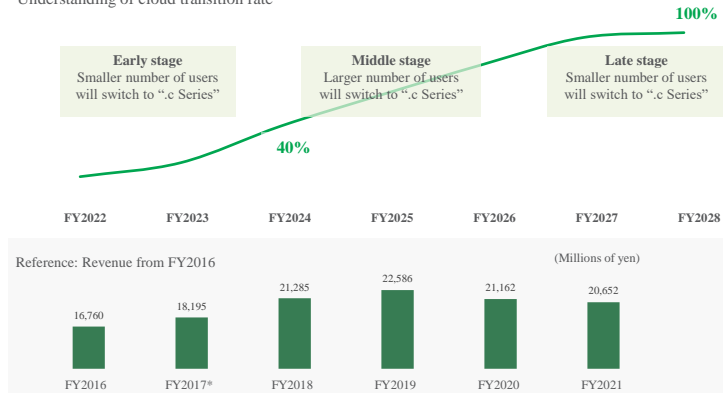
- “.c Series” go beyond the scope of estimation preparation and client management. It contributes to improvement of users’ operational efficiencies in wider range.



## Understanding of Cloud Transition Rate

- 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

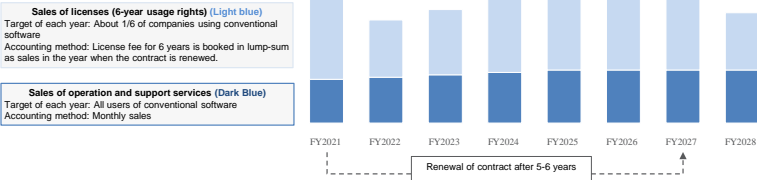


\* Tajima Inc. became consolidated subsidiary of Broadleaf Group from 3Q FY2017.  
 Note) “.c Series” for auto parts dealers and recycling shops have not yet been provided.

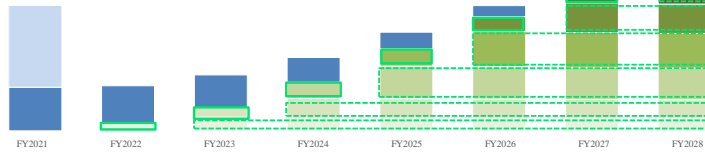


## Understanding of changes in software sales due to cloud transition (e.g. auto maintenance shops and auto body shops)

**If the Company continues to sell conventional 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.



**If the Company starts selling new software (Green) from 2022:**  
About 1/6 of companies using conventional software will switch to new software each year. Average sales are expected to rise after the transition completes due to different licensing systems.



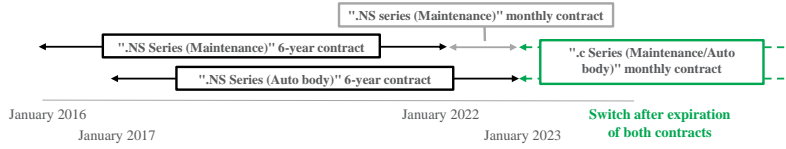
- For the year in which the contract is switched, the period after the contract is concluded will be booked as sales (Green).
- Therefore, sales from the following year onward (Light blue) will be roughly doubled because sales for 12 months are fully booked.
- Sales of operation and support services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

## Cases for Providing a Monthly Contract of “.NS Series”

- Some clients will keep using “.NS Series” under monthly contracts for a limited period.

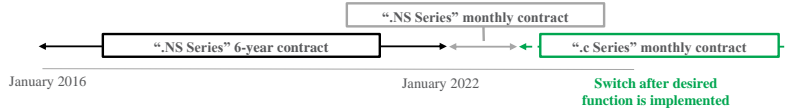
### Case (1): Clients with multiple lease contracts

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



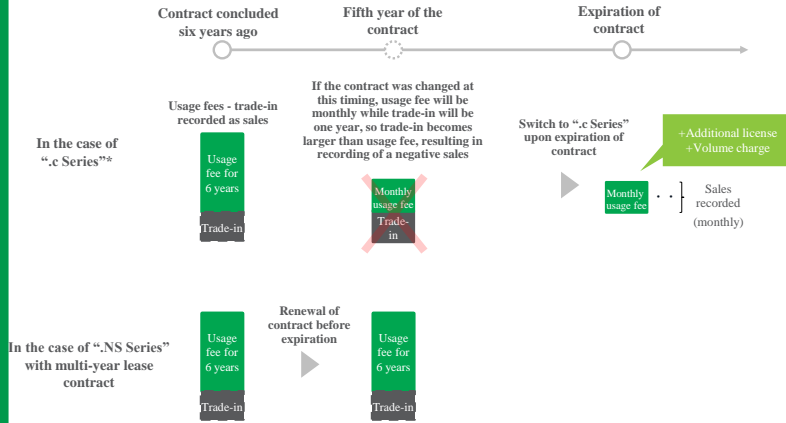
### Case (2): Clients who wish to use a specific function

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

## Sales Trend of Cloud Service Expected in the Future

**New platform services**

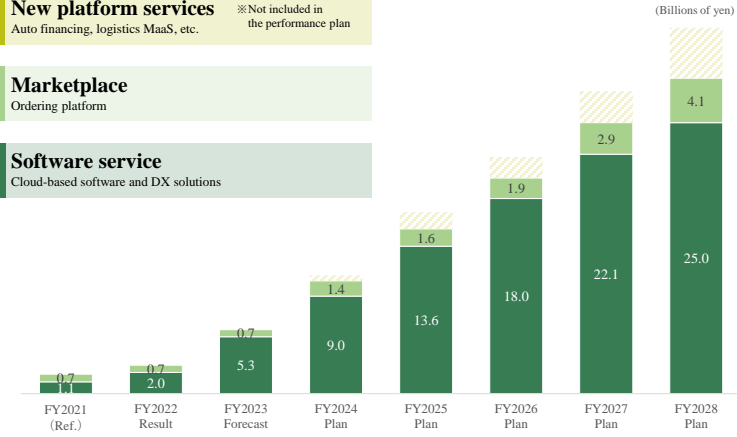
Auto financing, logistics MaaS, etc.

※Not included in  
the performance plan**Marketplace**

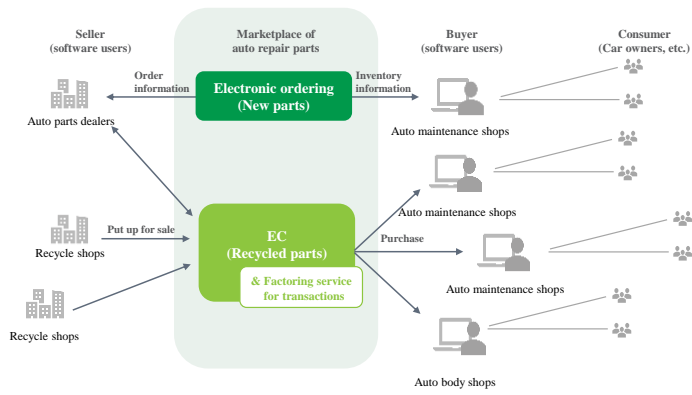
Ordering platform

**Software service**

Cloud-based software and DX solutions



### Current service form of ordering platforms



## Growth strategy for the ordering platform in the future

Ordering platform  
To industry standards

CAGR  
**30% or more**

Aims to penetrate the ordering platform by incorporating the ordering platform into cloud-based software as a standard function (100% adopted)

### Auto repair parts transaction market

New parts **850 billion yen**  
Recycle parts **200 billion yen**

Usage level of electronic trades remains low

EDI adoption rate\*  
28.4%



Equip ordering platform as standard function (100% adopted)



Introduce them to vehicle examination chains with high transaction volumes, etc.



Introduce them to parts dealers and recycle shops



Promote usage in small-to-medium-sized auto maintenance shops and auto body shops

Compliance with the Electronic Book Storage Act will be a tailwind

Industry standards

\*Adoption rate of ordering platforms by the Company's software users (auto maintenance shops) (as of the end of 2021)

## Consolidated Financial Results for FY2022 (Comparison with Forecast)

(Millions of yen)	FY2022	FY 2022 Forecast (11/9)	FY2022 Forecast (8/11)	FY2022 Forecast (5/11)	FY2022 Forecast (2/9)
Revenue	13,833	13,300	12,700	12,300	12,300
Cost of sales	5,346	5,400	5,200	5,200	5,500
Gross profit	8,487	7,900	7,500	7,100	6,800
SG&A expenses, etc.	11,384	11,100	11,500	11,900	11,600
Operating profit *	-2,897	-3,200	-4,000	-4,800	-4,800
Profit before tax *	-3,005	-3,400	-4,100	-4,800	-4,800
Profit attributable to owners of the parent	-2,431	-2,700	-3,200	-5,000	-5,000
Basic earnings per share*	-27.54 yen	-30.58 yen	-36.24 yen	-56.62 yen	-56.62 yen

\*Minus (-) represents loss

Copyright©2023 Biomedical Co.,Ltd. All rights reserved. |

47

## Revenue of FY2022 by Service Category (Comparison with Forecast)

(Millions of yen)	FY2022	FY 2022 Forecast (11/9)	FY2022 Forecast (8/11)	FY2022 Forecast (5/11)	FY2022 Forecast (2/9)*
Cloud service	2,628	2,540	2,540	2,570	-
Software service	1,958	1,860	1,860	1,860	-
Marketplace	670	680	680	710	-
Packaged system	11,205	10,760	10,160	9,730	-
Software sales	3,539	3,250	2,830	2,500	-
Operation and support service	7,666	7,510	7,330	7,230	-
Total	13,833	13,300	12,700	12,300	-

\*Revenue forecasts by new service category was disclosed from May 11



## 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 sector, 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., SALES GO Inc., etc.

## 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  
Investor Relations Office  
E-mail: [bl-ir@broadleaf.co.jp](mailto:bl-ir@broadleaf.co.jp)