The following information was originally prepared and published by the Company in Japanese as it contains timely disclosure materials to be submitted to the Tokyo Stock Exchange. This English translation is for your convenience only. If there is any discrepancy between this English translation and the original Japanese version, please refer to the Japanese version.

Consolidated Financial Results for the Third Quarter of the Fiscal Year Ending December 31, 2024 [IFRS] (Consolidated)

November 12, 2024

Broadleaf Co., Ltd
Stock listing: Prime Market of Tokyo Stock Exchange
Representative: Kenji Oyama, Representative Director and President
Scheduled date of commencement of dividend payout -
Earnings Supplementary Explanatory Documents Yes
Earnings Results Briefing: Yes (For institutional investors and analysts)

(Amounts of less than JPY one million are rounded)

1. Consolidated Financial Results for the 3Q FY2024 (From January 1, 2024 to September 30, 2024)

(1) Consolidated Operating Results (Cumulative)

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

	Revenue		Operating profit		Profit before tax		Profit		Profit attributable to owners of the parent		Total comprehensive income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
3Q FY2024	12,958	15.2	288	-	293	-	153	-	161	-	224	-
3Q FY2023	11,249	11.7	-1,522	-	-1,485	-	-1,062	-	-1,028	-	-948	-

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
3Q FY2024	1.81	1.76
3Q FY2023	-11.60	-11.60

(2) Consolidated Financial Position

	Total assets	Total equity	Equity attributable to owners of the parent	Percentage of equity attributable to owners of the parent
	Millions of yen	Millions of yen	Millions of yen	%
3Q FY2024	39,005	22,876	22,871	58.6
FY2023	36,750	22,487	22,473	61.2

2. Dividends

	Dividend per share				
	End of 1Q	Interim	End of 3Q	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
FY2023	-	0.00	-	1.00	1.00
FY2024	-	0.00	-		
FY2024 (forecast)				2.00	2.00

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

Forecast of Consolidated Financial Results for FY2024 (From January 1, 2024 to December 31, 2024)

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

	Revenue		Operating profit		Profit before tax		Profit attributable to owners of the parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
FY2024	17,800	15.7	450	-	350	-	125	-	1.40

(NOTE)Revisions to the most recently announced earnings forecasts: Yes

※ Notes

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

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

① Changes in accounting policies required by IFRS: None

② ① Changes in accounting policies other than the above: None

③ Changes in accounting estimates: None

(3)Number of shares outstanding (common stock)

① Number of shares outstanding (including treasury shares)	3Q FY2024	97,896,800 Shares	FY2023	97,896,800 Shares
② Number of shares of treasury shares	3Q FY2024	8,684,028 Shares	FY2023	9,095,224 Shares
③ Average number of shares outstanding (during the period)	3Q FY2024	89,087,481 Shares	FY2023	88,668,335 Shares

※ Review of the accompanying quarterly consolidated financial statements by a certified public accountant or auditing firm: None

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

(Notes on forward-looking statements)

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

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

The Company plans to hold an earnings results briefing for institutional investors and analysts on November 12, 2024, in the form of a telephone conference. The materials used at the meeting will be posted on its website.

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1. Qualitative Information on Quarterly Financial Results for the First Nine Months Ended September 30, 2024

(1) Explanation of Results of Operations

During the first nine months of the current fiscal year (January 1, 2024 to September 30, 2024), the Japanese economy continued its moderate recovery trend. As for capital investment, there were marked signs of a pick-up against the backdrop of firm corporate profits. On the other hand, there are risk factors that could exert downward pressure on the economy in the future, such as rising prices, high interest rates in the United States and Europe, and the situation in the Middle East, and the situation remains highly uncertain.

In terms of trends in IT investing, efforts were active in digital transformation (DX), including not only operational reforms but also the creation of new digital services using generating AI and other resources. Mobility sector, in which many of Broadleaf Co., Ltd. group (hereinafter “the Group”) customers belong, is not limited to work style innovation and efforts to address labor shortages. The Group actively invested in IT in a wide range of areas, including reviewing the Group supply chain to improve productivity and responding to digital administration.

In this business environment, the Group is promoting the "penetration of the cloud" and "expansion of services," which are the growth strategies of the Medium-Term Management Plan (2022-2028) (hereinafter “the Plan”). The Group is gradually switching to cloud services for customers using packaged system that belong to the Mobility sector, and is also working to acquire new customers. In addition, in order to expand the types of industries and customer sizes that are subject to cloud services, the Group is expanding our service menu and improving processing speed to increase added value for our customers.

During the first nine months of the current fiscal year under review, the Group made progress in switching from packaged system's 6-year leasing contracts to monthly subscription contracts, including “.c Series” cloud software. Furthermore, the acquisition of new customers also contributed to the increase in sales, resulting in a 51.6% year-on-year increase in cloud service sales.

In addition, sales of packaged software for non-mobility sector remained flat year on year. On the other hand, packaged system revenues declined 2.1% year on year for Mobility sector customers as they switched from badge software to “.c Series” of cloud software.

The switch to “.c Series” of cloud software by customers using packaged software is a factor behind the decline in packaged system revenues, but it is also a factor behind the rise in sales not only of cloud services but also of total sales. This factor will be expected to continue until 2028, when the switch for all customers is completed.

In terms of costs, while continuing to develop cloud software to expand functions and improve performance, the Group worked to reduce costs for sales activities and administrative work by improving the efficiency of business processes. As a result, selling, general and administrative expenses decreased by 103 million yen year on year.

As a result, revenue for the first nine months of the current fiscal year under review was 12,958 million yen, an increase of 15.2% year on year. Operating income was 288 million yen (compared to a loss of 1,522 million yen a year earlier), profit before income taxes was 293 million yen (a loss of 1,485 million yen a year earlier), and profit attributable to owners of the parent was 161 million yen (a loss of 1,028 million yen), both of which returned to profitability.

Our Group is a single segment of IT Services Business, but the breakdown of revenues by service category is as follows.

(Millions of yen)

Classification	First nine months of FY2023 (From January 1, 2023 To September 30, 2023)	First nine months of FY2024 (From January 1, 2024 To September 30, 2024)	YoY ratio
Cloud services	3,624	5,492	51.6%
Packaged system	7,625	7,466	△2.1%
Total	11,249	12,958	15.2%

(2) Explanation of Financial Position

(i) Analysis of financial condition

(Assets)

Assets at the end of the 3Q of the current fiscal year increased by 2,255 million yen from the end of the previous fiscal year to 39,005 million yen. Current assets increased 396 million yen to 7,450 million yen, while non-current assets increased 1,859 million yen to 31,555 million yen. The main factors contributing to the increase in current assets were a 138 million yen decrease in cash and cash equivalents, a 403 million yen increase in trade and other receivables, and a 77 million yen increase in inventories. The increase in non-current assets was mainly attributable to an increase of 1,922 million yen in intangible assets, despite a decrease of 209 million yen in other financial assets.

(Liabilities)

Liabilities at the end of the 3Q of the current fiscal year increased by 1,866 million yen from the end of the previous fiscal year to 16,129 million yen. Current liabilities increased 733 million yen to 11,812 million yen, while non-current liabilities increased 1,133 million yen to 4,318 million yen. The primary reason for the increase in current liabilities was a 1,769 million yen increase in contractual liabilities, despite a 970 million yen decrease in short-term interest-bearing liabilities. The increase in non-current liabilities was mainly attributable to a 1,130 million yen increase in long-term interest-bearing debt.

(Equity)

Equity at the end of the 3Q of the current fiscal year increased by 389 million yen from the end of the previous fiscal year to 22,876 million yen. The increase in capital was mainly attributable to an increase of 164 million yen in retained earnings, a decrease of 118 million yen in treasury stock, and an increase of 107 million yen in capital surplus.

(ii) Analysis of cash flows

Cash and cash equivalents (hereinafter referred to as "funds") at the end of the 3Q of the current fiscal year decreased by 138 million yen from the end of the previous fiscal year to 3,782 million yen.

The situation of each cash flow and its factors for the 3Q of the current fiscal year are as follows.

(Cash flow from operating activities)

Net cash provided by operating activities was 3,542 million yen (up 70.4% year on year). This was mainly due to increases in depreciation and amortization of 2,137 million yen and contract liabilities of 1,769 million yen, which outweighed a decrease in cash resulting from an increase in trade and other receivables of 403 million yen.

(Cash flow from investment activities)

Net cash used in investing activities was 3,200 million yen, an increase of 24.4% year on year. This was mainly due to payments for purchase of intangible assets of 3,440 million yen, despite proceeds from sales and redemption of investments of 331 million yen.

(Cash flow from financing activities)

Net cash used in financing activities was 476 million yen (655 million yen provided in the same period of the previous fiscal year). This was mainly due to a net decrease in short-term loans payable of 2,900 million yen, repayments of long-term loans payable of 1,463 million yen, repayments of lease liabilities of 688 million yen, and cash dividends paid of 89 million yen despite proceeds from long-term loans payable of 4,700 million yen.

(3) Explanation of Consolidated Earnings Forecasts and Other Forward-Looking Statement.

During the first nine months of the current fiscal year under review, sales of hardware and packaged software for the non-mobility sector exceeded forecasts. The Company also worked to reduce costs in sales activities and management operations by improving the efficiency of business processes. As these trends are expected to continue in the fourth quarter, the forecasts for the current fiscal year (January 1, 2024 to December 31, 2024) have been revised to 17,800 million yen for revenue, 450 million yen for operating profit, 350 million yen for profit before tax, and 125 million yen for profit attributable to owners of the parent. For details, please refer to the "Notice Regarding Revisions to Consolidated Financial Forecasts" dated November 12, 2024.

2. Condensed Quarterly Consolidated Financial Statements and Major Notes

(1) Condensed Quarterly Consolidated Statements of Financial Position

(Thousands of yen)

	FY2023 (As of December 31, 2023)	End of 3Q of FY2024 (As of September 30, 2024)
Assets		
Current assets		
Cash and cash equivalents	3,920,033	3,782,117
Operating and other receivables	2,710,922	3,114,086
Inventories	100,931	178,255
Other current assets	321,609	375,401
Total current assets	7,053,496	7,449,859
Non-current assets		
Property, plant and equipment	1,488,379	1,304,528
Goodwill	11,126,040	11,126,040
Intangible assets	14,067,950	15,989,858
Investments accounted for using equity method	81,175	215,125
Other financial assets	1,181,240	972,457
Other non-current assets	145,297	225,140
Deferred tax assets	1,606,193	1,721,958
Total non-current assets	29,696,276	31,555,106
Total assets	36,749,771	39,004,965
Liabilities and equity		
Liabilities		
Current liabilities		
Operating and other payables	2,827,827	2,599,853
Contract liabilities	3,169,790	4,938,434
Short-term interest-bearing debts	4,476,551	3,506,311
Accrued income taxes	3,925	287,024
Other current liabilities	600,877	479,998
Total current liabilities	11,078,970	11,811,619
Non-current liabilities		
Long-term interest-bearing debts	2,772,578	3,902,740
Obligations for retirement pay	235,776	244,718
Provisional sum	137,049	137,218
Other non-current liabilities	38,814	32,889
Total non-current liabilities	3,184,217	4,317,564
Total liabilities	14,263,186	16,129,184
Equity		
Capital stock	7,147,905	7,147,905
Share premium	7,449,297	7,556,187
Treasury shares	-3,045,268	-2,927,139
Retained earnings	10,057,477	10,221,385
Other components of equity	864,081	872,333
Total equity attributable to owners of the parent	22,473,492	22,870,671
Non-controlling interests	13,093	5,110
Total equity	22,486,585	22,875,781
Total liabilities and equity	36,749,771	39,004,965

(2) Condensed Quarterly Consolidated Statements of Income and Condensed Quarterly Consolidated Statements of Comprehensive Income

(Condensed Quarterly Consolidated Statements of Income)

(Thousands of yen)

	First nine months of FY2023 (From January 1, 2023 To September 30, 2023)	First nine months of FY2024 (From January 1, 2024 To September 30, 2024)
Revenue	11,248,551	12,957,722
Cost of sales	-4,519,897	-4,548,898
Gross profit	6,728,654	8,408,824
Selling, general and administrative expenses	-8,272,234	-8,169,368
Other operating income	52,345	53,022
Other operating expenses	-30,531	-4,668
Operating income (- is loss)	-1,521,765	287,810
Finance income	86,035	32,395
Finance costs	-49,222	-60,536
Share of profit (loss) of entities accounted for using equity method (- is loss)	-162	33,300
Profit before income taxes or quarterly loss before income taxes (- is loss)	-1,485,115	292,969
Income tax	423,505	-140,129
Quarterly profit (- is loss)	-1,061,610	152,840
Attribution of profit or quarterly loss (-)		
Owners of the parent	-1,028,151	160,822
Non-controlling interests	-33,459	-7,982
Profit or quarterly loss (-)	-1,061,610	152,840
Profit per share or quarterly loss per share (-)		
Basic profit per share or basic quarterly loss per share (-) (yen)	-11.60	1.81
Profit per diluted share or quarterly loss per diluted share (-) (yen)	-11.60	1.76

(Condensed Quarterly Consolidated Statements of Comprehensive Income)

(Thousands of yen)

	First nine months of FY2023 (From January 1, 2023 To September 30, 2023)	First nine months of FY2024 (From January 1, 2024 To September 30, 2024)
Profit or quarterly loss (-)	-1,061,610	152,840
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Net change in fair value of financial assets of equity nature measured at fair value through other comprehensive income	114,841	78,758
Total items that will not be reclassified to profit or loss	114,841	78,758
Items that may be reclassified to profit or loss		
Exchange differences on translating foreign operations	-1,514	-8,058
Total items that may be reclassified to profit or loss	-1,514	-8,058
Total other comprehensive income, net of tax	113,327	70,700
Comprehensive income (- is loss)	-948,283	223,540
Comprehensive income attributable to		
Owners of the parent	-914,824	231,522
Non-controlling interests	-33,459	-7,982
Comprehensive income	-948,283	223,540

(3) Condensed Quarterly Consolidated Statements of Changes in Equity

3Q FY2023 (From January 1, 2023 to September 30, 2023)

(Thousands of yen)

	Equity attributable to owners of the parent					
					Other components of equity	
	Capital stock	Share premium	Treasury shares	Retained earnings	Warrants	Shares with restriction on transfer
Balance as of January 1, 2023	7,147,905	7,366,245	-3,167,193	11,656,730	812,624	-12,888
Quarterly loss (-)	-	-	-	-1,028,151	-	-
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income	-	-	-	-1,028,151	-	-
Disposal of treasury shares	-	104,026	121,926	-	-173,330	-56,000
Dividends	-	-	-	-88,389	-	-
Share-based payment transactions	-	-	-	4,577	186,864	40,888
Changes in ownership interest in subsidiaries	-	-20,518	-	-	-	-
Transfer from other components of equity to retained earnings	-	-	-	-27,140	-	-
Total transactions with owners	-	83,508	121,926	-110,952	13,535	-15,112
Balance as of September 30, 2023	7,147,905	7,449,753	-3,045,268	10,517,626	826,159	-28,000

(Thousands of yen)

	Equity attributable to owners of the parent				Non-controlling interests	Total equity
	Other components of equity			Total		
	Exchange differences on translating foreign operations	Net change in fair value of financial assets of equity nature measured at fair value through other comprehensive income	Total			
Balance as of January 1, 2023	-41,414	-130,086	628,237	23,631,923	30,194	23,662,116
Quarterly loss (-)	-	-	-	-1,028,151	-33,459	-1,061,610
Other comprehensive income	-1,514	114,841	113,327	113,327	-	113,327
Total comprehensive income	-1,514	114,841	113,327	-914,824	-33,459	-948,283
Disposal of treasury shares	-	-	-229,330	-3,377	-	-3,377
Dividends	-	-	-	-88,389	-	-88,389
Share-based payment transactions	-	-	227,752	232,329	-	232,329
Changes in ownership interest in subsidiaries	-	-	-	-20,518	20,518	-
Transfer from other components of equity to retained earnings	-	27,140	27,140	-	-	-
Total transactions with owners	-	27,140	25,563	120,045	20,518	140,563
Balance as of September 30, 2023	-42,928	11,895	767,126	22,837,143	17,253	22,854,396

3Q FY2024 (From January 1, 2024 to September 30, 2024)

(Thousands of yen)

	Equity attributable to owners of the parent					
					Other components of equity	
	Capital stock	Share premium	Treasury shares	Retained earnings	Warrants	Shares with restriction on transfer
Balance as of January 1, 2024	7,147,905	7,449,297	-3,045,268	10,057,477	876,989	-14,000
Profit	-	-	-	160,822	-	-
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income	-	-	-	160,822	-	-
Disposal of treasury shares	-	106,890	118,129	-	-173,420	-55,996
Dividends	-	-	-	-88,802	-	-
Share-based payment transactions	-	-	-	1,327	215,530	41,998
Transfer from other components of equity to retained earnings	-	-	-	90,560	-	-
Total transactions with owners	-	106,890	118,129	3,086	42,110	-13,998
Balance as of September 30, 2024	7,147,905	7,556,187	-2,927,139	10,221,385	919,099	-27,998

(Thousands of yen)

	Equity attributable to owners of the parent				Non-controlling interests	Total equity
	Other components of equity			Total		
	Exchange differences on translating foreign operations	Net change in fair value of financial assets of equity nature measured at fair value through other comprehensive income	Total			
Balance as of January 1, 2024	-41,960	43,051	864,081	22,473,492	13,093	22,486,585
Profit	-	-	-	160,822	-7,982	152,840
Other comprehensive income	-8,058	78,758	70,700	70,700	-	70,700
Total comprehensive income	-8,058	78,758	70,700	231,522	-7,982	223,540
Disposal of treasury shares	-	-	-229,416	-4,398	-	-4,398
Dividends	-	-	-	-88,802	-	-88,802
Share-based payment transactions	-	-	257,528	258,856	-	258,856
Transfer from other components of equity to retained earnings	-	-90,560	-90,560	-	-	-
Total transactions with owners	-	-90,560	-62,448	165,656	-	165,656
Balance as of September 30, 2024	-50,017	31,249	872,333	22,870,671	5,110	22,875,781

(4) Condensed Quarterly Consolidated Statements of Cash Flows

(Thousands of yen)

	First nine months of FY2023 (From January 1, 2023 To September 30, 2023)	First nine months of FY 2024 (From January 1, 2024 To September 30, 2024)
Cash flow from operating activities		
Profit before income taxes or quarterly loss before income taxes (- is loss)	-1,485,115	292,969
Depreciation and amortization expense	2,026,603	2,136,859
Impairment loss	-	38,926
Share-based payment expense	193,462	217,443
Finance costs (- is income)	-14,362	28,141
Equity in loss (- is earnings) of affiliates	162	-33,300
Decrease (increase) in trade and other receivables (- is increased)	-206,207	-403,382
Decrease (- is increase) in inventories	-13,913	-77,323
Increase (decrease) in trade and other payables (- is decreased)	240,576	-245,996
Decrease (- is increase) in prepaid expenses	17,922	-23,043
Decrease (- is increase) in long-term prepaid expenses	64,306	-74,300
Increase (- is decrease) in employees' bonuses payable	-243,394	-235,445
Increase (- is decrease) in contract liabilities	1,485,009	1,768,644
Increase (- is decrease) in consumption taxes payable	-74,776	157,240
Others	106,461	14,586
Subtotal	2,096,734	3,562,020
Interest received	4,571	6,753
Dividend received	7,005	2,614
Interest expenses paid	-19,450	-23,410
Income taxes paid or refunded (Payment in -)	-9,640	-5,688
Cash flow from operating activities	2,079,220	3,542,288
Cash flow from investing activities		
Acquisition of property, plant and equipment	-27,579	-4,728
Proceeds from sales of property, plant and equipment	600	1,639
Acquisition of intangible assets	-2,978,047	-3,440,071
Acquisition of investments	-	-10,608
Proceeds from sales and redemption of investments	466,465	331,441
Loan advances	-48,832	-230
Collection of loans receivable	3,886	7,631
Payments for lease and guarantee deposits	-1,112	-3,454
Proceeds from collection of lease and guarantee deposits	10,968	6,889
Purchase of shares of subsidiaries resulting in change in scope of consolidation	-	-100,650
Others	522	12,080
Cash flow from investing activities	-2,573,131	-3,200,062

(Thousands of yen)

	First nine months of FY2023 (From January 1, 2023 To September 30, 2023)	First nine months of FY 2024 (From January 1, 2024 To September 30, 2024)
Cash flow from financing activities		
Net increase (- is decrease) in short-term loans payable	1,400,000	-2,900,000
Proceeds from long-term debt	500,000	4,700,000
Repayments of long-term debt	-445,834	-1,463,410
Repayments of lease obligations	-691,227	-688,361
Cash dividends paid	-88,389	-88,802
Expenses related to commitment lines	-19,963	-35,829
Cash flow from financing activities	654,587	-476,402
Impact of exchange fluctuations for cash and cash equivalents	3,522	-3,740
Net increase (- is decrease) in cash and cash equivalents	164,198	-137,916
Cash and cash equivalents at beginning of period	3,456,772	3,920,033
Balance of cash and cash equivalents at end of period	3,620,971	3,782,117

(5) Notes to the Condensed Quarterly Consolidated Financial Statements

(Segment information)

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

(Notes on the going concern)

Not applicable.