FY12/2023
Business Results Briefing Material

February 9, 2024

Broadleaf Co., Ltd

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Summary

After the scheduled deficit period of 2022-2023, the Company will move to the stage of profit accumulation starting in 2024.

FY12/2023
Increase in revenue, decrease in loss

	Result
Revenue	**YoY change +11%**
Operating loss	**Improved by a billion yen year-on-year**

Reason

The number of clients of monthly subscription products has increased which led to the increase in recurring revenue.

FY12/2024
Acceleration of revenue growth, return to profitability

	Forecast
Revenue	**YoY change +14%**
Operating profit	**Return to profitability**

Reason

The number of clients of monthly subscription products will further increase, leading to the growth of recurring revenue.

FY12/2025-
Continued revenue growth, profit growth

	Plan
Revenue	CAGR (2025-28) **+17%**
Operating profit	CAGR (2025-28) **+105%**

Reason

Since there are still clients scheduled to switch to monthly subscription products, recurring revenue is expected to continue growing.

- In 2022, the Company drastically shifted to a monthly subscription-type revenue model, and as a result, we posted operating loss for the first two years. In 2023, however, loss improved significantly year-on-year.
- In 2024, the third year of the plan, revenue is expected to continue growing and exceed the break-even point, returning to profitability.
- We expect to achieve profitability on a monthly basis during the third quarter.
- In 2025 and beyond, revenue is expected to continue growing as not only new clients come in, but also as users of the packaged software switch to monthly subscription-type cloud software when their current usage period expires.
- Since the Company has a revenue model with high marginal profit ratio, operating profit will grow as revenue increases.
- In summary, 2023 is the year in which the foundation for profit growth has been established, and from 2024, it will move to the stage of profit accumulation.

Overview of Consolidated Financial Results for FY12/2023

The Company recorded double-digit revenue growth against the backdrop of a favorable business environment, and the loss decreased due to improved operational efficiency. Both revenue and loss were better than the forecasts.

(Millions of yen)	FY2023	FY2022	YoY change	YoY ratio	FY2023 forecast (November 9)	Difference
Revenue	**15,385**	13,833	+1,552	+11.2%	15,300	+85
Cost of sales	**6,045**	5,346	+699	+13.1%	6,100	-55
Gross profit	**9,340**	8,487	+853	+10.1%	9,200	+140
SG&A expenses, etc.	**11,242**	11,384	-142	-1.2%	11,400	-158
Operating profit*	**-1,902**	-2,897	+995	-	-2,200	+298
Profit before tax*	**-1,921**	-3,005	+1,084	-	-2,300	+379
Profit attributable to owners of the parent*	**-1,487**	-2,431	+944	-	-1,900	+413
Basic earnings per share*	**-16.76 yen**	-27.54 yen	-	-	-21.42 yen	-

*Minus (-) represents loss

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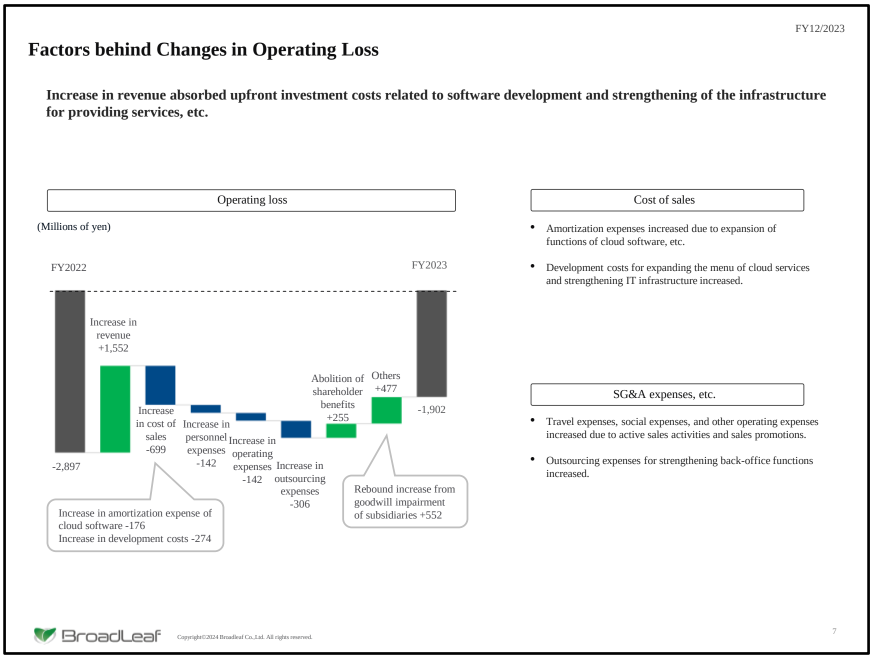
- Revenue increased by 11.2% year-on-year, and loss improved significantly.
- Revenue and loss were both better than the upwardly revised forecasts.
- Interests in DX and installation of cloud software are increasing among clients year by year, so the business environment continued to be favorable.
- Utilization of the favorable business environment and active efforts to improve operational efficiency led to the excess of the forecasts.

Sales by Service Category

**Sales of "Software service," which the Company has been focusing on, increased by 134% year-on-year.
The increasing number of monthly subscription users led to the increase in recurring revenue and ratio.**

(Millions of yen)	FY2023	FY2022	YoY change	YoY ratio	FY2023 forecast (November 9)	Difference
Cloud service	**5,236**	2,628	+2,608	+99.2%	5,300	-64
Software service	**4,587**	1,958	+2,629	+134.3%	4,650	-63
Marketplace	**649**	670	-21	-3.2%	650	-1
Packaged system	**10,149**	11,205	-1,056	-9.4%	10,000	+149
Software sales	**2,983**	3,539	-555	-15.7%	3,000	-17
Operation and support service	**7,166**	7,666	-500	-6.5%	7,000	+166
Total	**15,385**	13,833	+1,552	+11.2%	15,300	+85
Recurring revenue	**12,401**	10,294	+2,107	+20.5%	12,300	+101
Recurring revenue ratio	**81%**	74%	-	-	80%	-

- "Software service" drove revenue growth.
- Clients of the packaged software have been switched to monthly subscription contracts when the usage period expires. Acquisition of new clients has been also steady.
- Sales of "Packaged system" decreased due to the termination of leasing sales to clients of mobility sector, which fully changed to the provision under monthly subscription contracts.
- Meanwhile, leasing sales of the packaged software for clients of non-mobility sector continues, and the sales were stronger than expected.



- Increase in revenue due to accumulation of monthly subscription contracts contributed to improvement in operating loss.

- Amortization expenses increased due to the function expansion of cloud software.

- Upfront investments for strengthening IT infrastructures in preparation for future growth in the number of users, such as enhancement of processing performance, were booked as a cost of sales.

- In terms of SG&A expenses, the Company promoted the development of operational infrastructure, including the strengthening of back-office functions in addition to aggressive sales activities.

- In other operating expenses, the impairment of goodwill for subsidiaries was greater in the previous fiscal year compared to the current fiscal year, so this became a factor behind the year-on-year improvement in loss.

- As a result, operating loss improved by 995 million yen year-on-year.

Balance Sheet Status

Intangible assets increased since the Company is in the initial investment phase of cloud service development.
Contract liabilities increased due to the increase in multi-year contracts for monthly subscription products.

(Millions of yen)	FY2023 Year-end	FY2022 Year-end	YoY change	Major breakdown of increase/decrease
Current assets	**7,053**	6,555	+498	Cash and cash equivalents +463 Operating and other receivables +109
Non-current assets	**29,696**	26,980	+2,716	Intangible assets +2,297 Property, plant and equipment +449
Total assets	**36,750**	33,535	+3,214	
Current liabilities	**11,079**	6,583	+4,496	Contract liabilities +2,244 Short-term interest-bearing debts +2,206
Non-current liabilities	**3,184**	3,291	-107	Long-term interest-bearing debts -105
Total liabilities	**14,263**	9,873	+4,390	
Total equity	**22,487**	23,662	-1,176	Loss -1,525 Dividend payout -88
Total liabilities and equity	**36,750**	33,535	+3,214	

- Property, plant and equipment increased due to an increase in leased assets such as office leasing fees, and intangible assets increased due to investment in the development of cloud software.
- Interest-bearing debt increased as a result of borrowings from banks.
- Contract liabilities increased. These correspond to advances received from 5-year lump-sum payment of cloud software.
- Increase in contract liabilities is a positive indicator of cash flow.
- Adoption rate of 5-year lump-sum payment rose from 29% in the previous fiscal year to 63% in the current fiscal year.
- 5-year lump-sum payment covers only the basic license portion. Addition of optional functions can be made from time to time with additional monthly payments.
- This enables timely and flexible implementation of proposals that lead to up-selling without locking the future sales.
- Equity decreased due to reflection of loss and dividend payout of the previous fiscal year, but remained at a level sufficient for business operations.

Cash Flows Status

Operating cash flow increased due to an increase in the ratio of multi-year contracts for monthly subscription products.
Investing cash flow increased due to stepped-up investment in cloud services development.

(Millions of yen)	FY2023	FY2022	YoY change	Major breakdown of increase/decrease
Cash flow from operating activities	**3,425**	1,606	+1,819	Increase in operating and other receivables -1,911 Increase in operating and other payables +1,026 Increase in contract liabilities +1,672
Cash flow from investment activities	**-3,669**	-2,910	-759	Increase in payments for acquisition of intangible assets -1,065
Cash flow from financing activities	**705**	1,237	-532	Increase in short-term debts +2,639 Proceeds from long-term debts -3,000 Repayment of long-term debts -446
Free cash flow	**-244**	-1,304	+1,060	
Cash and cash equivalents at the end of the period	**3,920**	3,457	+463	

- Operating cash flow was negatively impacted by lower "Packaged system" sales, but the growth in recurring revenue led by the increase in monthly subscription contracts was a bigger positive factor.

- Increase in contract liabilities, which represent advances received for cloud software, was also a positive factor.

- Cash flow from investing activities increased due to stepped-up development investment mainly in cloud software.

- Cash flows from financing activities reflected changes in borrowings.

Consolidated Results Forecast for FY12/2024

Revenue will increase by 14% year-on-year due to further increase in the number of users of monthly subscription products. Operating loss is expected to improve by 1,952 million yen year-on-year, and return to profitability.

(Millions of yen)	FY2024 Full-year forecast	FY2023 Full-year	YoY ratio	FY2024 1H forecast	FY2023 1H	YoY ratio
Revenue	**17,600**	15,385	+14.4%	8,000	7,390	+8.3%
Cost of sales	**6,050**	6,045	+0.1%	3,000	2,985	+0.5%
Gross profit	**11,550**	9,340	+23.7%	5,000	4,405	+13.5%
SG&A expenses, etc.	**11,500**	11,242	+2.3%	5,750	5,516	+4.2%
Operating profit *	**50**	-1,902	-	-750	-1,111	-
Profit before tax *	**50**	-1,921	-	-750	-1,102	-
Profit attributable to owners of the parent *	**40**	-1,487	-	-600	-826	-
Basic earnings per share*	**0.45 yen**	-16.76 yen	-	-6.74 yen	-9.33 yen	-

*Minus (-) represents loss

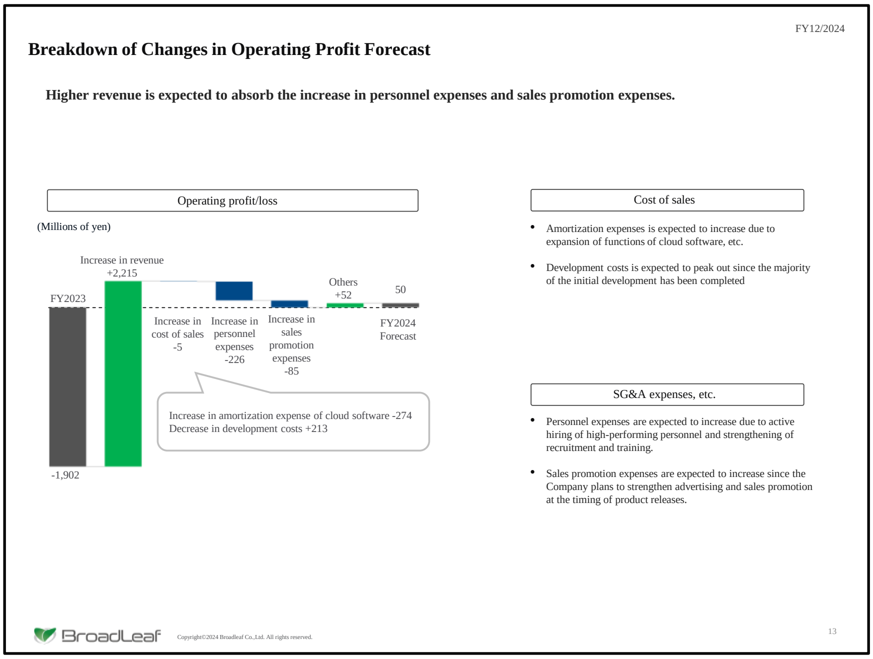
- Revenue is expected to increase by 2,215 million yen, or 14.4%, to 17.6 billion yen.
- Operating profit is expected to improve by 1,952 million yen to 50 million yen.
- Profit attributable to owners of the parent is expected to improve by 1,527 million yen to 40 million yen.
- Operating profit and other profits are slightly above the break-even point, but the amount of increase in profit is expected to be larger than in the previous fiscal year.

Sales Forecast by Service Category

Accelerating revenue growth is expected to be driven by "Software service" sales, with recurring revenue growth expected to outpace the growth in 2023.

(Millions of yen)	FY2024 Full-year forecast	FY2023 Full-year	YoY ratio	FY2024 1H forecast	FY2023 1H	YoY ratio
Cloud service	**8,600**	5,236	+64.3%	3,600	2,141	+68.1%
Software service	**7,950**	4,587	+73.3%	3,300	1,824	+81.0%
Marketplace	**650**	649	+0.2%	300	318	-5.6%
Packaged system	**9,000**	10,149	-11.3%	4,400	5,248	-16.2%
Software sales	**2,800**	2,983	-6.1%	1,200	1,546	-22.4%
Operation and support service	**6,200**	7,166	-13.5%	3,200	3,702	-13.6%
Total	**17,600**	15,385	+14.4%	8,000	7,390	+8.3%
Recurring revenue	**14,800**	12,401	+19.3%	6,800	5,844	+16.4%
Recurring revenue ratio	**84%**	81%	-	85%	79%	-

- Within "Cloud service", "Software service" sales are expected to accelerate due to the full-year recording of monthly sales for contracts acquired in 2023. Also, the pace of increase in the number of clients switching to cloud software is expected to rise compared to the previous fiscal year.
- "Marketplace" sales are expected to be on par with the previous fiscal year as the overall market for recycled auto parts is likely to remain flat.
- While measures are being implemented to increase the number of trading participants in line with the launch of a cloud ordering platform, it is expected to take 2 to 3 years to contribute to sales.
- Within "Packaged system", "Software sales" sales are expected to experience a downturn as a result of a reactionary decline, following increased sales of packaged software for non-mobility sector in the previous fiscal year.
- "Operation and support service" sales are expected to decline as clients of packaged software switch to cloud software.



- Increase in revenue due to accumulation of monthly subscription contracts is expected to contribute to improvement in profit.

- Cost of sales is expected to be on par with the previous fiscal year as R&D costs for strengthening of IT infrastructures are expected to peak out.

- In terms of SG&A expenses, significant change in the number of employees is not planned, but personnel expenses are expected to increase due to aggressive hiring of high performers and strengthening of recruiting activities and employee trainings.

- Aggressive advertising and sales promotions is necessary to capture clients' DX needs.

- The Company will continue to streamline business operations and improve efficiency to reduce unnecessary and urgent costs.

- As a result, operating profit is expected to improve by 1,952 million yen year-on-year.

Dividend Forecast

Regarding dividend for FY12/2023, the Company plans to pay 1 yen as planned.
Dividends for FY12/2024 are currently undetermined.

Dividend per share

(Yen)	FY2024 (Forecast)	FY2023 (Planned amount at the end of the fiscal year)
Interim dividend	Undecided	0.00 yen
Year-end dividend	Undecided	1.00 yen
Annual dividend	Undecided	1.00 yen
Consolidated dividend payout ratio	-	-

Explanation

- Although loss was recorded in FY12/2023, the Company plans to pay a dividend based on the status of retained earnings and progress of the medium-term management plan.
- Taking into account the progress of the Medium-Term Management Plan , the Company will consider the implementation of dividend for FY12/2024.
- In the medium to long term, the Company aims to implement shareholder returns that achieve both profit growth and improved capital efficiency.

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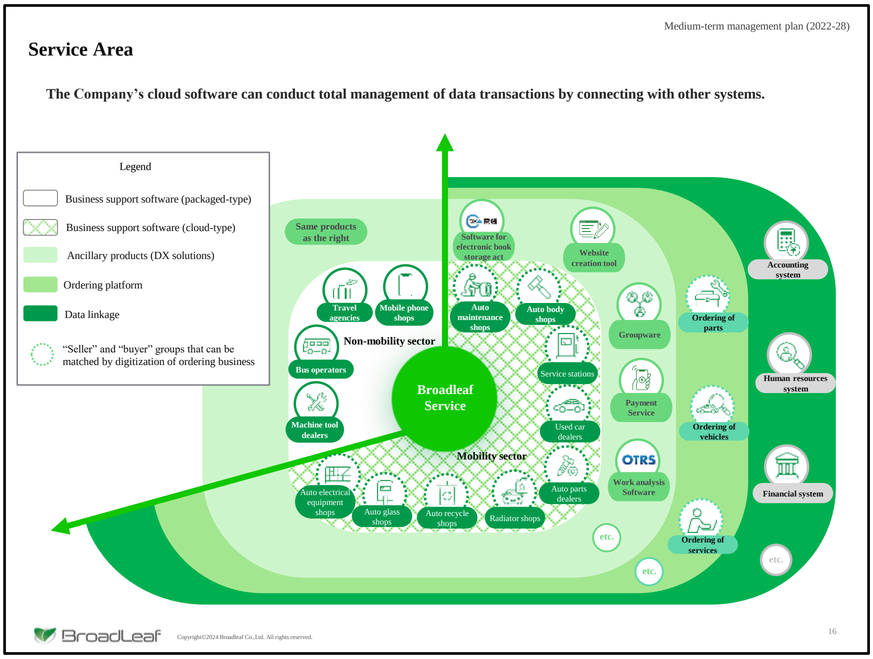
- The year-end dividend of FY12/2023 is planned to be proposed at the general shareholders' meeting as 1 yen per share.
- Dividends for FY12/2024 are not yet determined.
- Profit for FY12/2024 is expected to be slightly higher than the break-even point, so the Company is willing to return to shareholder as much as possible, taking into consideration the progress of the medium-term management plan, the status of retained earnings, measures for improvement of capital efficiency, and other factors in a comprehensive manner.
- Forecast will be announced as soon as reasonable calculation becomes possible.



- The first objective of switching the Company's mainstay products into cloud software is to enhance product competitiveness, increase market share, and raise the unit price per client by upgrading functions and performance and providing them as monthly subscription products.

- Another objective is to manage all data transactions within and between clients in a comprehensive manner by seamlessly linking data not only with our ancillary products, but also with other companies' systems and social infrastructure systems.

- This allows the Company to not only store data, but also receive, send, extract, process, and transform data on our cloud platform, which can be a new billing point.

- Especially for semi-major companies, it is important not only to run cloud software on a stand-alone basis but also to build linkage with other systems.

Service Scalability

Service linkage is an important factor that leads to the expansion of usage-based fee and the accumulation of valuable data.

Expansion

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

Expansion

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

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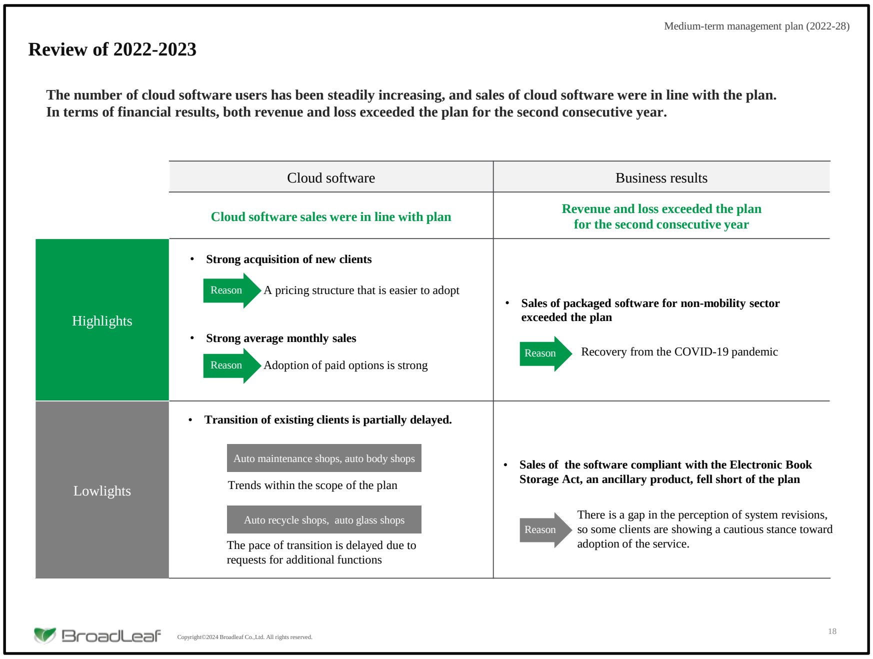
- The Company segmented various components and applications as a service to facilitate easier system linkage.

- As an example from the client's point of view, invoices prepared by the clients are processed by the Company's business software, which is linked seamlessly to software compliant with the Electrical Book Storage Act, enabling efficient administrative processing.

- From the Company's perspective, data transactions occur on the cloud platform. Usage-based transaction charge can be applied, and the data itself may become a valuable asset that leads to the creation of another new service.

- As the vision of medium-term management plan, the Company aims not only to become leading SaaS company, but also to become an unique platform company as a data exchanger.



- The number of cloud software clients acquired in the 2 years since the launch of cloud software is generally in line with plan.

- As a breakdown, while the number of new clients exceeded the plan, the number of clients switching from packaged software was slightly below the plan.

- The situation of transition to cloud software was within the scope of the plan for auto maintenance shops and auto body shops. However, for auto recycle shops and auto glass shops, the progress was below the plan due to an increased number of clients who postponed from switching to cloud software. This was attributable to many requests for additional functions from clients.

- The number of licenses for cloud software did not grow as much as expected since the number of job licenses adopted by clients was lower than planned.

- Monthly license sales exceeded our expectations due to strong adoption of paid options.

- There is a tendency among clients to prioritize the introduction of paid options rather than granting licenses to more employees. Therefore, cloud software sales were in line with plan as these two factors balanced each other out.

- The number of companies adopting software compliant with the Electrical Book Storage Act fell short of the target, partly because of clients' insufficient understanding of the system changes. However, this was offset by the sales of packaged software for non-mobility sector which recovered from COVID-19 pandemic.

Future Outlook

The Company strategically review plans for cloud transition in consideration of client needs and the situation of some products. We expect to achieve record-high financial results in 2026 even after the performance plan is updated.

Strategic change	Reviewed plans for cloud transition to leverage opportunities for medium-to long-term increase in LTV
Reason	**1. To take full advantage of the timing of switching to cloud software** Transition to cloud software + Reflect client needs and realize linkage with other systems + Proposals for optional functions and ancillary products ⇒ Additional sales resources will be required, but it will lead to increased data-transactions in the future and higher LTV over the medium to long term **2. Due to the slow transition to cloud software for auto recycle shops and auto glass shops** ⇒ No changes to the plan to complete the transition to cloud software by 2028
Impact	**1. Updated sales plan for "Software service" (up to FY2026) & Updated outlook for cloud indicators** Reason: Due to revision of cloud software transition plan **2. Updated sales plan for "Marketplace" (up to FY2026)** Reason: Due to the revision of cloud software transition plan for sellers (auto parts dealers and auto recycle shops) ⇒ Revised performance plan up to FY2026 (no change in plan for achieving record-high performance in FY2026 even after the update)

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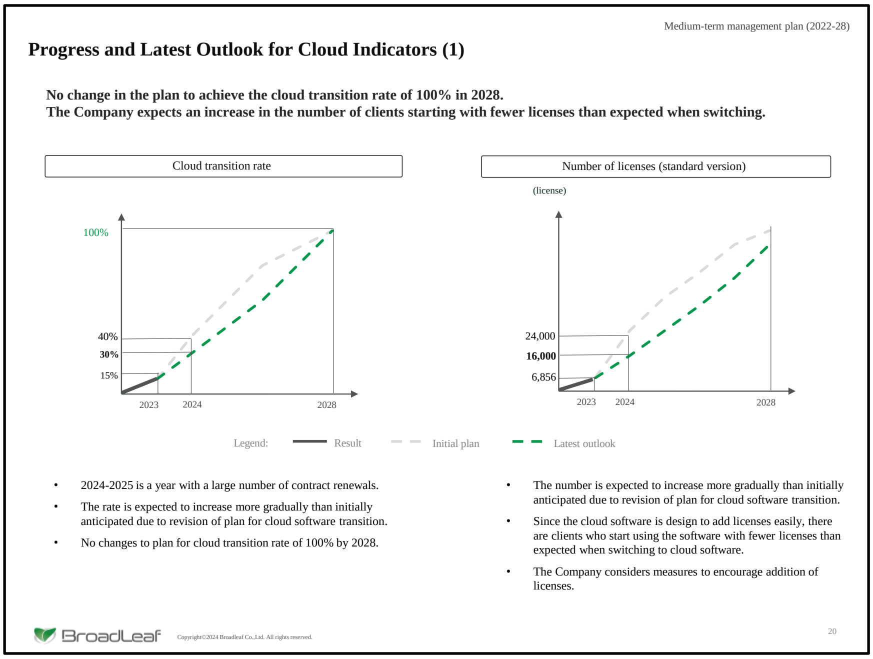
- There is no change in the plan to switch all clients to cloud software by 2028, but the pace of cloud transition has been revised.
- From 2024 onward, the number of clients switching to cloud software is expected to increase among semi-major clients, which is the volume zone of the Company's clients.
- Since simply replacing packaged software with cloud software does not lead to an increase in data transactions, it is important to propose additional options, ancillary products, and the realization of linkage with other systems.
- It turned out that more resources and time are required than expected when constructing and applying linkage functions.
- The slow start of the transition to cloud software for industries other than auto maintenance shops and auto body shops is also a factor behind the change in the pace of transition to cloud software.
- Strengthening cooperation with car manufacturer-affiliated auto parts dealers is also an important measure, so it will be further promoted in the future.
- Based on the calculation of sales per license and the number of licenses installed per company, the Company expects to achieve cloud software sales as planned when the transition to cloud software is completed.
- While it looks like a bit behind in time, the review of the plan is intended to increase the lifetime value of clients over the medium-to-long term.



- As of the end of 2023, the number of clients of cloud software was 5,381 companies, with a cloud transition rate of 15%.

- In 2024, the number of clients whose packaged software usage period expires will increase, and the target industries is expected to expand due to the addition of functions for large-sized auto maintenance shops and the launch of cloud software for auto parts dealers.

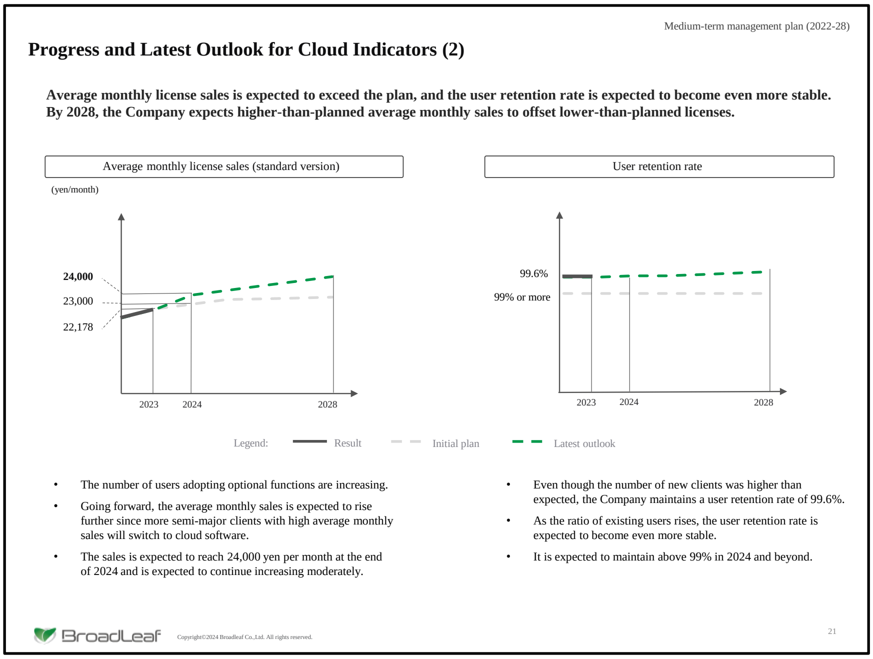
- In the original plan, a cloud transition rate of 40% by the end of 2024 was the target.

- If the goal is strictly set at achieving a 40% transition rate, there is a risk of cloud transition becoming merely a replacement of packaged software with cloud software. Therefore, the target has been adjusted to 30% to emphasize proposals that encompass a total solution approach.

- As of the end of 2023, the number of licenses was 6,856 for the standard version and 1,300 for specific major companies version, totaling 8,156 licenses.

- In consideration of the change in the pace of transition to cloud software and the situation of the number of job licenses, the target for the end of 2024 was changed from 24,000 licenses to 16,000 licenses

- Currently, there is a possibility of the number of licenses falling below the initial plan when the cloud transition rate of 100% is achieved. However, there are a considerable number of clients who add licenses after the initial installation, so ultimately it is expected to go close to the target of the initial plan.



- Monthly sales per license were 22,178 yen at the end of 2023.

- As a breakdown, those for existing clients switching from packaged software were 24,823 yen and those for new clients were 17,881 yen, both exceeding initial expectations.

- In 2024, the number of semi-major clients, which consists the volume zone of the Company’s clients, switching to cloud software is expected to increase, and the sales of cloud software for auto parts dealers will also be added to the figures.

- Average monthly sales outlook for the end of 2024 were changed to 24,000 yen, exceeding the initial target of 23,000 yen.

- It is expected to remain above the level of 24,000 yen.
  The target for 2028 will be set after assessing the actual situation in 2024.

- User retention rate for cloud software was 99.6% in 2023.

- Despite the certain number of bankruptcies and exits, user retention rate is expected to rise further as the number of clients switching from packaged software increases.

- Looking at the outlook for cloud indicators in the future, the cloud transition rate is unchanged from 100% in 2028, but the number of licenses may be lower than initially planned. On the other hand, the average monthly sales are expected to be higher than the initial plan, so cloud software sales in 2028 are expected to be in line with initial plan.

Performance Plan

Performance plan for 2024-2026 was updated to reflect the revision of the transition plan and trends such as inflation of costs. The plan to achieve record-high performance in 2026 remains unchanged, and the plan for 2028 remains unchanged.

(Billions of yen)	FY2019	FY2022	FY2023	FY2024 Plan	FY2024 Forecast	FY2025 Old plan	FY2025 New plan	FY2026 Old plan	FY2026 New plan	FY2027 Plan	FY2028 Plan
Revenue	22.6	13.8	15.5	18.5	**17.6**	22.0	**20.5**	25.5	**24.0**	29.0	32.5
Operating profit *	4.5	-2.9	-1.9	1.0	**0.05**	3.3	**1.5**	6.7	**4.8**	10.0	13.0
Operating margin	20%	-	-	5%	**0.3%**	15%	**7%**	25%	**20%**	34%	40%
Profit attributable to owners of the parent *	3.1	-2.4	-1.5	0.6	**0.04**	2.0	**1.0**	4.2	**3.2**	6.3	8.0

*Minus (-) indicates a loss

NOTE) Planned figures and old planned figures were announced on February 9, 2022, and forecasts and new planned figures were announced on February 9, 2024.

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- The Company has updated the sales plan for three years between 2024-2026 due to revisions to the timeline for cloud software transition plan for semi-major clients.
- Increases in various procurement costs due to higher prices have been reflected to the plan.
- No change in path to return to profitability in 2024 and achieve record-high results in 2026.
- The performance plan for 2028, the final year of the medium-term management plan, remains unchanged.

Sales Plan by Service Category

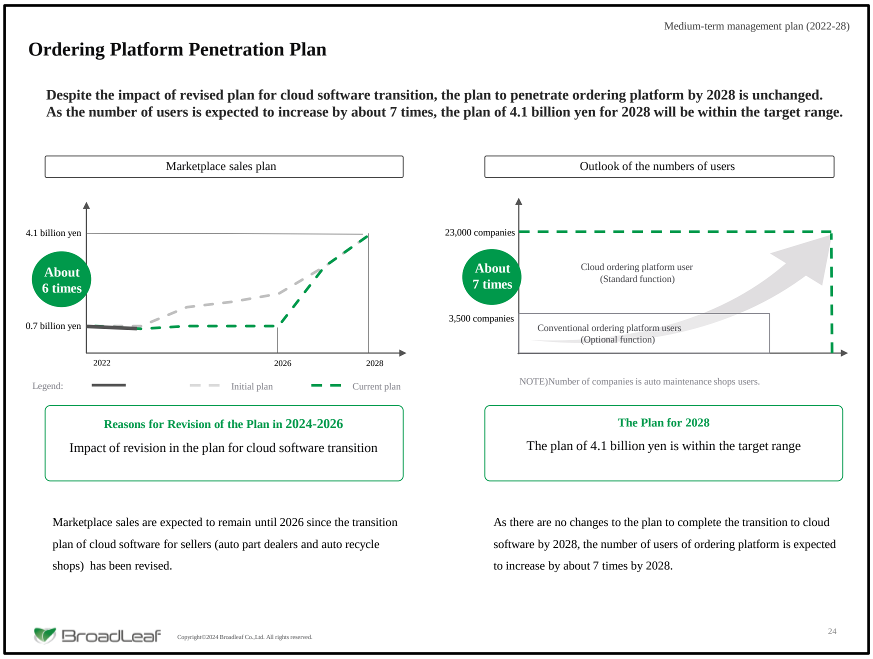
Growth in “Cloud service” sales is expected to slow down as the plan for cloud software transition has been revised.
Decline in “Operation and support service” sales will slow down since the provision of packaged software will continue in some areas.

(Billions of yen)	FY2022	FY2023	FY2024 Plan	FY2024 Forecast	FY2025 Old plan	FY2025 New plan	FY2026 Old plan	FY2026 New plan	FY2027 Plan	FY2028 Plan
Cloud services	2.6	5.2	10.4	**8.6**	15.2	**11.8**	19.9	**15.7**	25.0	29.1
Software service	2.0	4.6	9.0	**8.0**	13.6	**11.2**	18.0	**15.1**	22.1	25.0
Marketplace	0.7	0.6	1.4	**0.7**	1.6	**0.7**	1.9	**0.7**	2.9	4.1
Packaged system	11.2	10.2	8.1	**9.0**	6.8	**8.7**	5.5	**8.3**	4.0	3.4
Software sales	3.5	3.1	2.5	**2.8**	2.6	**2.6**	2.5	**2.9**	2.2	2.0
Operation and support service	7.7	7.1	5.6	**6.2**	4.2	**6.1**	3.0	**5.4**	1.8	1.4
Revenue	13.8	15.5	18.5	**17.6**	22.0	**20.5**	25.5	**24.0**	29.0	32.5
Recurring revenue ratio*	74%	80%	86%	**84%**	88%	**87%**	90%	**88%**	92%	94%

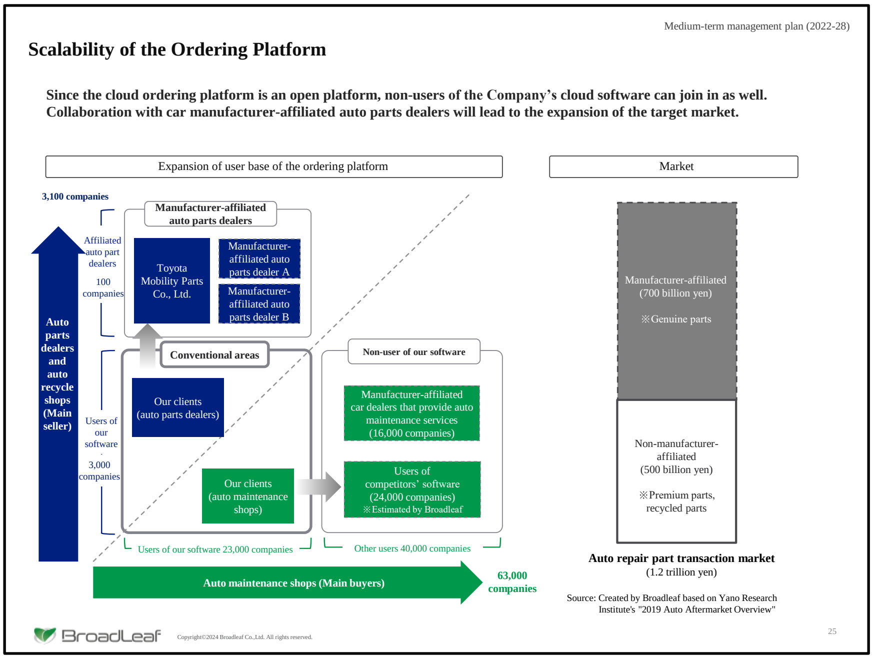
*Recurring revenue ratio: (Software service, Marketplace, and Operation and support service) / Revenue

NOTE) Planned figures and old planned figures were announced on February 9, 2022, and forecasts and new planned figures were announced on February 9, 2024.

- The Company has updated 2024-2026 sales plan by service category.
- The Company has updated sales plan for “Cloud service” in line with revisions to the plan of transition to cloud software.
- As the transition plan has been revised, the timing of the increase in the number of trading participants in the ordering platform for auto parts will be delayed, leading to the revision of “Marketplace” sales plan.
- The Company has revised the sales plan for “Packaged system” to reflect the fact that sales of packaged software offered to non-mobility sector recovered from COVID-19 pandemic more than the initial expectation.
- The decline in “Operation and support service” sales received from packaged software users is not expected to be as large as initially planned due to the revision of the plan of transition to cloud software.



- Ordering platform is the Company’s unique platform service for trading auto repair parts.
- Previously, this was positioned as an optional function for the packaged software, but all users of the cloud software can use the cloud ordering platform as a standard function which was launched in 2023.
- The number of participants in the ordering platform is expected to increase significantly both for buyers and sellers.
- Revisions to the plan for transition to cloud software resulted in delays in the timing of sellers such as auto parts dealers and auto recycle shops starting using the ordering platform. In addition, the Company has loosened the transition pace of semi-major auto maintenance shops. As a result, the sales plan up to 2026 has been revised.
- In 2028, both buyers and sellers are expected to increase to the number of participants as originally planned, so the “Marketplace” sales plan in 2028 remains unchanged.



- In the figure on the left, the horizontal axis indicates the spread of buyers, and the vertical axis indicates the spread of sellers.
- Because the cloud ordering platform is an open platform, even non-users of the Company's cloud software can participate in trading.
- Companies using other companies' business software and car manufacturer-affiliated car dealers that provide auto maintenance services using their own software can also participate as buyers.
- Besides the auto parts dealers and auto recycle shops who are users of the Company's cloud software, car manufacturer-affiliated auto parts dealers who are not the user of the Company's cloud software can participate in transactions as a seller.
- Car manufacturer-affiliated auto parts dealers exclusively handle manufacturer-affiliated auto parts, so their participation will dramatically increase the amount and the number of transactions on the ordering platform.
- As an initiative to realize the above measure, the Company began collaboration with Toyota Mobility Parts in December 2023.
- Going forward, the Company will actively collaborate with other car manufacturer-affiliated auto parts dealers to increase transaction volume on the ordering platform.

List of the Company's Indicators (1)

(Millions of yen)	FY2022				FY2023			
	1Q	1H	Cumulative 3Q	Full-year	1Q	1H	Cumulative 3Q	Full-year
Recurring revenue	2,367	4,766	7,481	10,294	2,876	5,844	8,983	12,401
Recurring revenue ratio (%)	73%	73%	74%	74%	79%	79%	80%	81%

(companies)	FY2022				FY2023				End of 2024
	End of 1Q	End of 2Q	End of 3Q	End of 4Q	End of 1Q	End of 2Q	End of 3Q	End of 4Q	Outlook
Companies using business support software	38,098	38,354	38,549	39,345	39,547	39,771	39,955	39,985	—
Mobility sector *	36,373	36,650	36,858	37,643	37,855	38,095	38,289	38,350	—
Non-Mobility sector *	1,725	1,704	1,691	1,702	1,692	1,676	1,666	1,635	—
Target companies for cloud software**	33,578	33,853	34,066	34,357	34,618	34,887	35,127	35,229	—
Cloud software user companies	395	991	1,557	2,231	2,973	3,744	4,527	5,381	—
Standard edition	274	867	1,433	2,099	2,831	3,604	4,382	5,222	—
Existing client	118	405	721	1,094	1,492	1,937	2,370	3,010	—
New client	156	462	712	1,005	1,339	1,667	2,012	2,212	—
Specific edition	121	124	124	132	142	140	145	159	—
Packaged software users	33,183	32,862	32,509	32,126	31,645	31,143	30,600	29,848	—
Non-Target of cloud software	4,520	4,501	4,483	4,988	4,929	4,884	4,828	4,756	—
Cloud transition rate	1.2%	2.9%	4.6%	6.5%	8.6%	10.7%	12.9%	15.3%	30%

*Mobility sector: auto maintenance shops (& service stations), auto body shops, auto parts dealers, auto recycle shops, used car dealers, auto electrical equipment shops, radiator shops

Non-mobility sector: 13 industries: Mobile phone shops, machine tools dealers, travel agencies, and bus operators

**Of the 13 industries, the industries targeted for cloud software in the medium-term management plan are auto maintenance shops (& service stations), auto body shops, auto parts dealers, and auto recycle shops

	FY2022				FY2023			
	1Q	1H	Cumulative 3Q	Full-year	1Q	1H	Cumulative 3Q	Full-year
When the contract expires*								
switch to cloud software	—	35%	45%	44%	76%	78%	76%	82%
switch to packaged software (monthly)	—	65%	55%	56%	24%	22%	24%	18%

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

List of the Company's Indicators (2)

(license)	FY2022				FY2023				End of 2024
	End of 1Q	End of 2Q	End of 3Q	End of 4Q	End of 1Q	End of 2Q	End of 3Q	End of 4Q	Outlook
Number of licenses*	1,306	2,056	2,857	3,620	4,656	5,649	6,721	8,156	―
Standard Edition	307	995	1,790	2,523	3,490	4,441	5,477	6,856	16,000
Existing client	136	483	950	1,381	1,970	2,552	3,166	4,244	―
New client	171	512	840	1,142	1,520	1,889	2,311	2,612	―
Specific edition	999	1,061	1,067	1,097	1,166	1,208	1,244	1,300	―

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

(yen/month)	FY2022				FY2023				End of 2024
	March	June	September	December	March	June	September	December	Outlook
Average monthly license sales*	―	―	―	―	―	―	―	―	―
Standard Edition	17,308	19,148	21,047	21,279	21,165	21,424	21,561	22,178	24,000
Existing client	18,808	21,150	23,326	24,074	23,837	24,324	24,553	24,823	―
New client	16,115	17,261	18,470	17,900	17,701	17,507	17,461	17,881	―
Specific edition	―	―	―	―	―	―	―	―	―

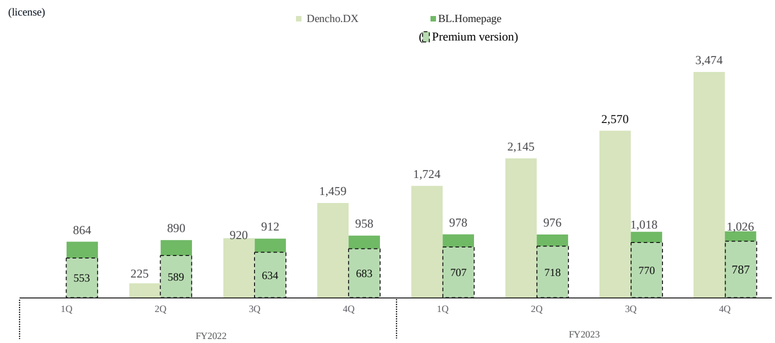
* License refers to "Company license" and "Job license"

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

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

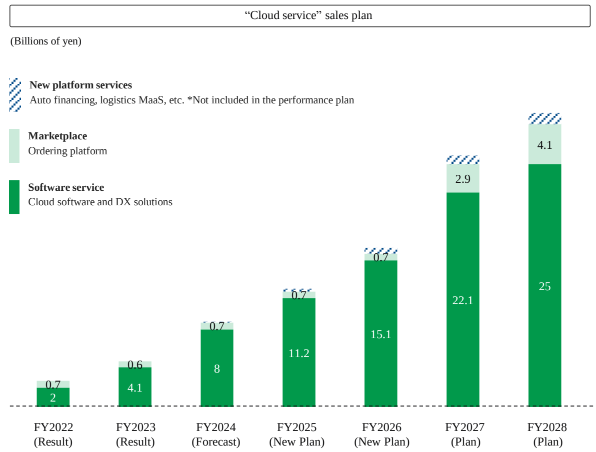
Ancillary Products (Subscription-Type Software)

Main ancillary products (subscription-type software)



	Monthly fee	Others
Software for Electronic Book Storage Act (“Dencho.DX”)	About 8,000 yen	Usage-based fee, initial installation cost
Website creation tool (“BL.Homepage Premium”)	About 20,000 yen	Option, initial installation cost

Sales Trend of Cloud Service Expected in the Future



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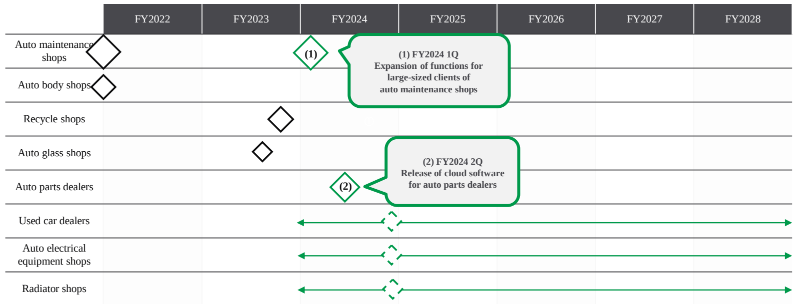
Release Plan of Cloud Software



About Cloud Software

Released industries: October 2021 Auto maintenance shops, auto body shops
September 2023 Auto glass shops
October 2023 Auto recycle shops

Industries to be released this fiscal year: 2Q 2024 Auto parts dealers

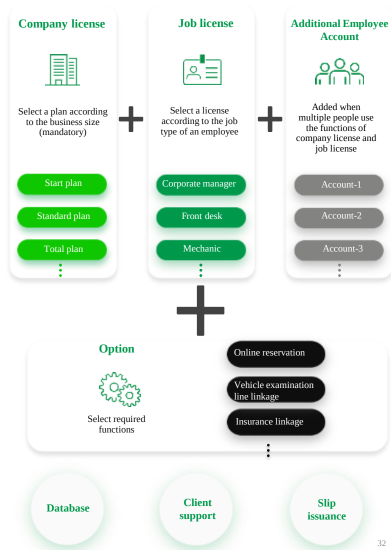
Industries to be released during the medium-term management plan: Used car dealers, auto electrical equipment shops, and radiator shops

BroadLeaf

Service Structure (Cloud Software)

Select the required licenses and options according to the business size and contents

Clients will select a plan from the company license menu and select necessary job licenses in addition. When multiple people use the functions of company license and job license, purchase of additional employee account is necessary according to the number of users. There are also other service menus such as database and client support.



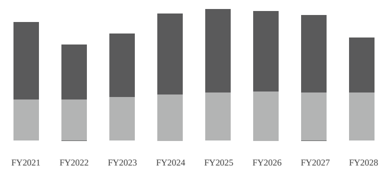
Understanding of Changes in Software Sales due to Cloud Transition (The Case of Auto Maintenance Shops and Auto Body Shops)

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

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

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

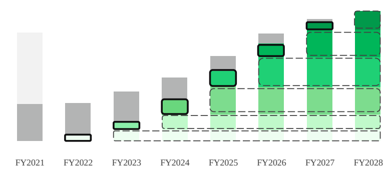
Sales of operation and support services
Target of each year: All users of packaged software
Accounting method: Monthly sales



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

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

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



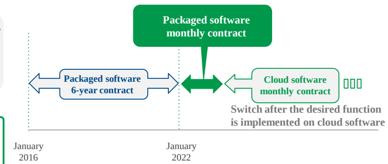
Cases of Offering Packaged Software under the Monthly Subscription Contracts

In certain cases, some clients may continue to use packaged software under monthly subscription contracts for a limited period.

Case 1 A client who wishes to use a specific function on cloud software

If a client's contract for packaged software expires before a desired function is implemented:

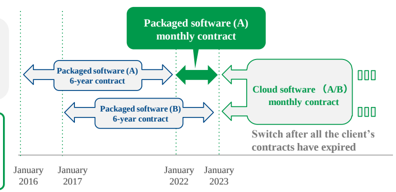
The client may continue to use the packaged software under monthly subscription contract **until the desired function becomes available on our cloud software**.



Case 2 A single client who has multiple lease contracts

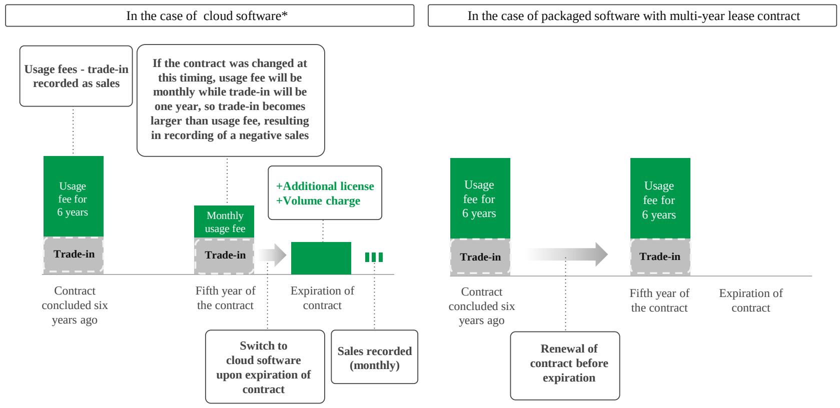
If a client has multiple 6-year contracts for packaged software, each with different expiration dates:

The client may continue to use the packaged software under monthly subscription contracts after each contract expires, **until all their contracts have expired.**



Reason for Switching to Cloud Software when the Previous Contract Expires

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



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

Explanation of Service Category

Cloud service

Software service

Sales related to monthly subscription-type software

[Product type]

・“.c series”, a cloud business support software
・“.NS Series”, a packaged business support software ＊1
・“Dencho.DX”, a software compliant with the Electronic Book Storage Act
・“CarpodTab”, a tablet-based business support tool
・“BL.Homepage”, a website creation and management tool
・Other monthly fee-based services

[Sales type]

・Fixed monthly fee, usage-based fee, installation support fee, etc.

Marketplace

Sales related to ordering platform

[Product type]

・“Cloud Ordering Platform“, an open-type EC/EDI
・“BL Parts Order System”, an automotive parts transaction network
・“Parts Station NET” a auto recycle parts transaction network

[Sales type]

・Basic fee, transaction fee, settlement agency fee, etc.

Packaged system

Software sales

Sales related to the sale of licensed software

[Product type]

・“.NS Series” , a packaged business support software ＊2
・“OTRS”, a work-analysis software
・Other software and IT tools
・Devices such as PC and printers

[Sales type]

・Leasing sales, one-time sales, installation support fee, etc.

Operation and support service

Sales related to the use of licensed software

[Product type]

・Network and database delivery services
・Client support and device maintenance services
・Supplies such as stock form paper

[Sales type]

・Monthly fixed fee, one-time sales, etc.

*1 Provision in the form of monthly subscription is limited until the scheduled transition period to “.c series”.

*2 New leasing sales of “.c series” to target industries is terminated.

Corporate Profile

Company Name	Broadleaf Co., Ltd
Representative	Kenji Oyama, Representative Director and President
Listed on	Tokyo Stock Exchange Prime Market (3673)
Sector	Information and telecommunication
Founded/established	December 2005/September 2009
Capital stock	7.148 billion yen (consolidated)
Business Year	From January 1 to December 31
Business Outline	Based on our proprietary Broadleaf Cloud Platform, we provide SaaS cloud services, marketplace services, and partner programs that enable functions and service collaboration with a diverse range of players. Mobility sector is used as a IT solution that leads to business opportunities in various industries and industries.
Head Office	8th Floor, Glascube Shinagawa, 13-14, Higashi-Shinagawa 4-chome, Shinagawa-ku, Tokyo
Domestic sites	26 sales offices/3 development offices
Main Subsidiaries	Tajima Co., Ltd, SALES GO Corporation, SpiralMind Corporation

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.

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