3Q FY12/26

Business Results Briefing Material

Broadleaf Co., Ltd.

Nov 11, 2026

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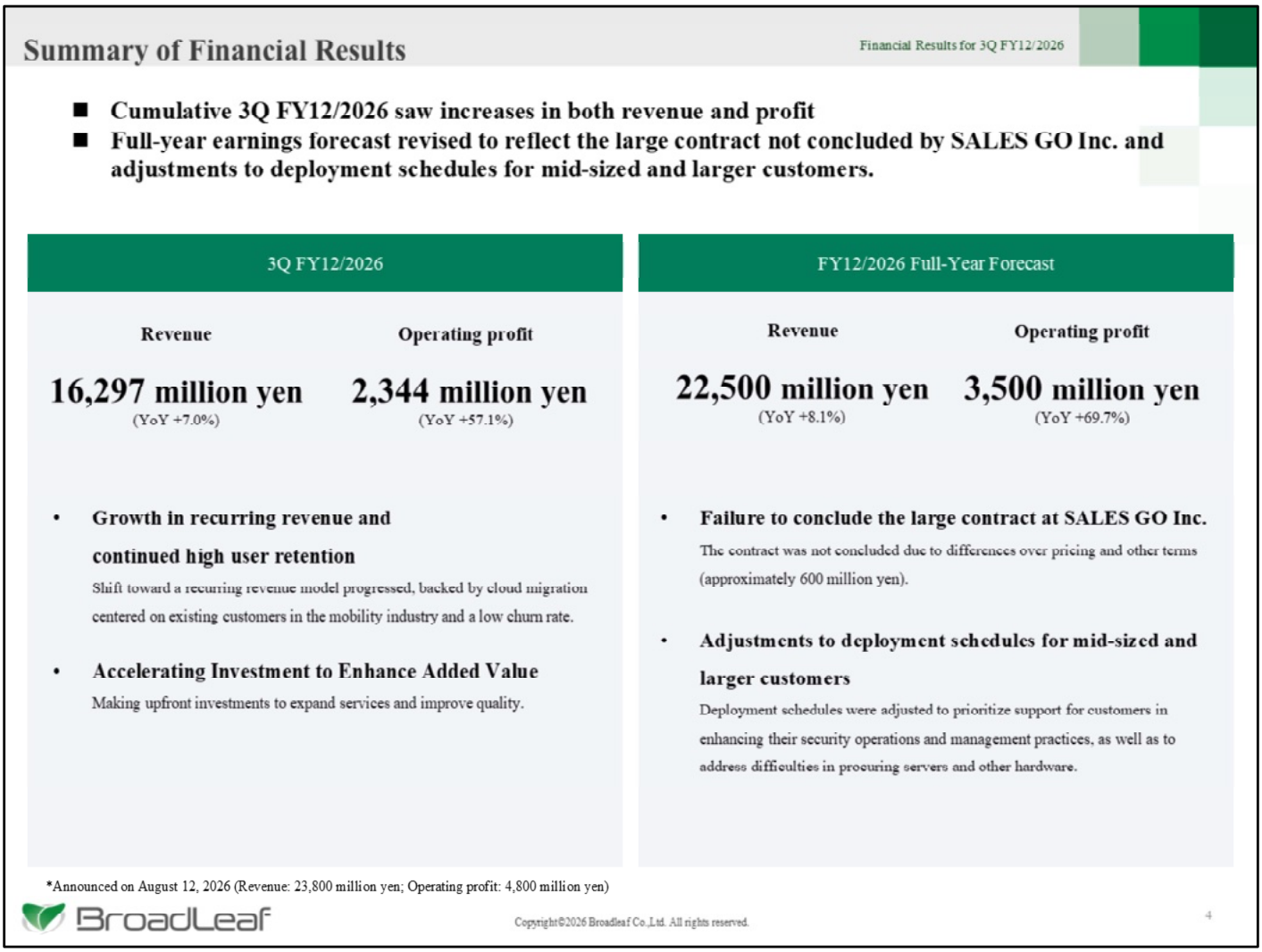
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Consolidated (IFRS)
Amounts are rounded to the nearest unit. Amount and percentage changes are calculated based on figures before rounding.

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Financial Results for 3Q FY12/2026

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- For the first nine months of the fiscal year, revenue rose 7.0% year on year to 16.297 billion yen, and operating profit increased 57.1% to 2.344 billion yen.

- Recurring revenue grew steadily, supported by high customer retention and continued migration to our cloud software, primarily among existing customers in the mobility industry.

- We made upfront investments to expand our services and improve service quality. The increase in revenue more than offset the higher costs, resulting in higher operating profit.

- We revised our full-year consolidated forecast to 22.5 billion yen in revenue and 3.5 billion yen in operating profit. Our consolidated subsidiary, SALES GO, lost a major deal that was expected to contribute approximately 600 million yen in revenue this fiscal year. The revised forecast also reflects changes to cloud deployment schedules. We adjusted those schedules because we prioritized deployment support for large and upper mid-sized customers and faced difficulties procuring servers and other hardware.

- Under the revised forecast, we continue to expect year-on-year growth in both revenue and operating profit, with increases of 8.1% and 69.7%, respectively.

Consolidated Results for 3Q

Customer migration to cloud software continues to progress
Revenue growth more than offset the increase in SG&A and other expenses, resulting in higher operating profit

(Millions of yen)	FY2026 Cumulative 3Q	FY2025 Cumulative 3Q	YoY Change	YoY Ratio
Revenue	**16,297**	15,231	+1,066	+7.0%
Cost of sales	**5,117**	5,374	-257	-4.8%
Gross profit	**11,180**	9,857	+1,323	+13.4%
SG&A expenses, etc.	**8,836**	8,365	+470	+5.6%
Operating profit	**2,344**	1,492	+852	+57.1%
Quarterly profit before tax	**2,239**	1,301	+938	+72.1%
Quarterly profit attributable to owners of the parent	**1,481**	872	+609	+69.8%
Basic earnings per share for the quarter*	**8.19 yen**	4.86 yen	-	-

*A two-for-one stock split was conducted effective July 1, 2026; all figures shown are post-split equivalents

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- Revenue for the first nine months of the fiscal year rose 7.0% year on year to 16.297 billion yen.
- Revenue growth from customers' continued migration to our cloud software more than offset higher selling, general and administrative expenses and other costs. As a result, operating profit rose 57.1% year on year to 2.344 billion yen.
- Profit attributable to owners of the parent increased 69.8% year on year to 1.481 billion yen.
- On a split-adjusted basis, basic earnings per share rose to 8.19 yen from 4.86 yen in the same period last year. Both figures reflect the two-for-one split of our common shares that took effect on July 1, 2026.

Sales by Service Category

Revenue from software services increased as we continued to provide high-value-added cloud services. The recurring revenue ratio also rose.

(Millions of yen)	FY2026 Cumulative 3Q	FY2025 Cumulative 3Q	YoY Change	YoY Ratio
Cloud services	**10,664**	8,408	+2,256	+26.8%
Software services	**10,291**	8,008	+2,283	+28.5%
Software	**9,189**	6,997	+2,192	+31.3%
Maintenance contract	**606**	461	+145	+31.4%
Initial setup	**496**	550	-54	-9.9%
Marketplace	**373**	400	-26	-6.6%
Packaged system	**3,688**	4,412	-724	-16.4%
Software sales	**1,220**	1,091	+129	+11.9%
Operation and support service	**2,467**	3,321	-854	-25.7%
Others	**1,945**	2,411	-466	-19.3%
Hardware	**1,448**	1,910	-463	-24.2%
Supply	**497**	501	-4	-0.8%
Total	**16,297**	15,231	+1,066	+7.0%
Recurring revenue*	**12,262**	10,779	+1,483	+13.8%
Recurring revenue ratio	**75.2%**	70.8%	-	-

*Recurring revenue: Software and maintenance contract revenue under Software services, plus operation and support service revenue under Packaged system.

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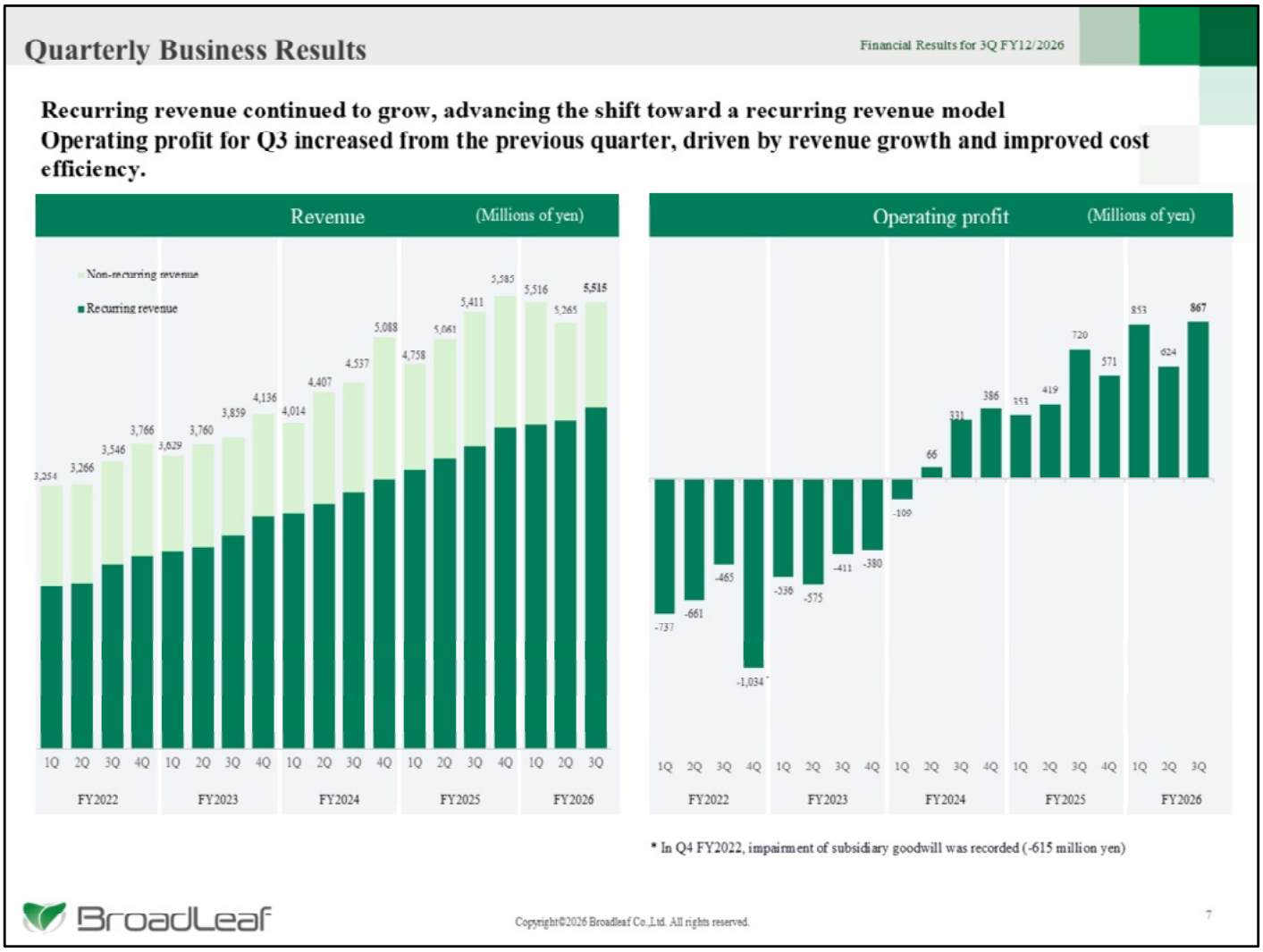
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- Cloud services revenue rose 26.8% year on year to 10.664 billion yen. Within this category, software revenue increased 31.3%. Customers continued to migrate to the cloud, but adjustments to deployment plans reduced the number of deployments, and initial deployment fee revenue fell 9.9% year on year.

- Package system revenue declined 16.4% year on year to 3.688 billion yen as more customers switched to cloud software. Operations and support revenue declined, while strong sales of packaged software to customers outside the mobility industry drove an 11.9% year-on-year increase in software sales. The monthly support fees for packaged software increased by an average of 21% in September, so only one month of the increase was reflected in third-quarter results.

- Other revenue fell 19.3% year on year to 1.945 billion yen. This reflected weaker PC replacement demand following strong demand in the prior year, as well as fewer hardware deployments due to adjustments to deployment plans.

- As a result, recurring revenue increased 13.8% year on year to 12.262 billion yen. Recurring revenue accounted for 75.2% of total revenue, up from 70.8% in the same period last year.



- Since we began shifting in earnest to a subscription-based revenue model in 2022, revenue and operating profit have continued to trend upward over the medium to long term, despite quarter-to-quarter fluctuations.

- Recurring subscription revenue grows as more customers adopt our cloud software. We expect this to support continued revenue growth over time.

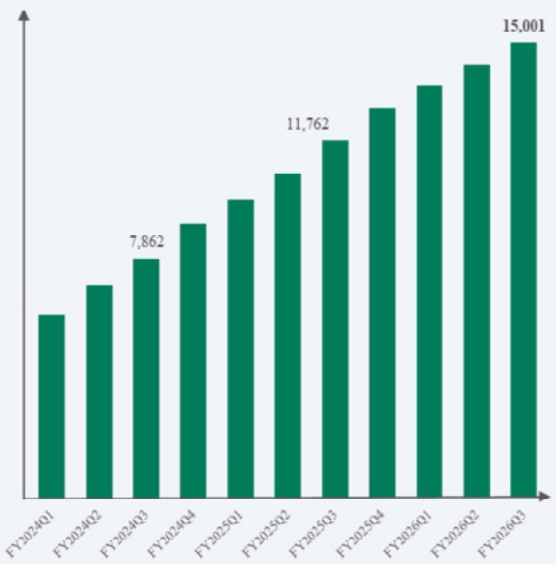
- Third-quarter revenue rose 1.9% year on year to 5.515 billion yen. Revenue growth slowed as hardware sales fell from a strong level a year earlier and adjustments to deployment plans reduced initial deployment fee revenue.

- Third-quarter operating profit rose to 867 million yen from 624 million yen in the second quarter, the highest quarterly level since 2022. The increase reflected the timing of seasonal expenses, which were recorded in the second quarter, as well as higher revenue and improved cost efficiency.

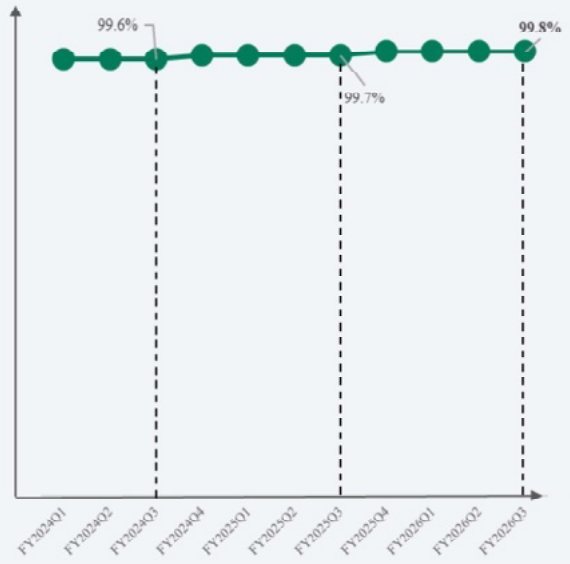
Number of Cloud Software Users

The number of cloud software users increased, and the user retention rate remained high

Number of cloud software users (end of quarter)



User retention rate (%)



Note) Number of cloud software users: Total number of industry-specific licenses for the cloud software ".c series"; however, if a single company has also introduced an industry-specific license for a different industry, it is counted as two companies
User retention rate = 1 - churn rate
Churn rate is the percentage of companies that have adopted the cloud software and terminated their contracts in a month, averaged over the most recent 12 months (most cancellations are due to bankruptcy or business closure)

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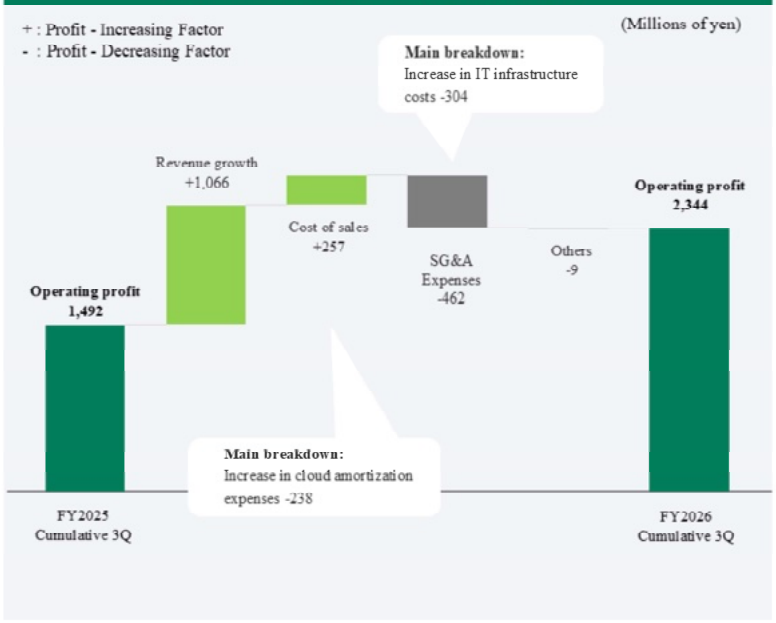
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- The number of companies using our cloud software has grown steadily each quarter, reaching 15,001 at the end of the third quarter.
- Customer retention remained very high at 99.8%. Most cancellations occurred when customers ceased operations or went bankrupt.
- The steady increase in cloud software customers has helped us maintain a strong and stable customer base.

Breakdown of Major Cost Changes

Promoting initiatives to enhance the value of services provided to customers

Breakdown of Changes in Operating Profit



Cost of sales

- Due to functional enhancements of cloud software, cloud amortization expenses increased.
- As initial development of cloud software has largely been completed, outsourcing costs decreased.
- Purchases decreased in line with lower sales volumes of PCs and other hardware.

SG&A Expenses

- IT infrastructure costs increased, including expenses for middleware updates to enhance security.
- Travel and transportation expenses increased due to enhanced sales activities and implementation support.

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- Cost of sales decreased by 257 million yen year on year.
- Amortization expenses increased by 238 million yen as we expanded the functionality of our cloud software. This increase was more than offset by lower outsourced development costs following the completion of the initial development phase and lower procurement costs due to fewer sales of PCs and other hardware.
- Selling, general and administrative expenses increased by 462 million yen year on year.
- IT infrastructure costs rose by 304 million yen as we expanded the infrastructure supporting our cloud services and took steps to strengthen security, including updating middleware. Travel and transportation expenses also increased as we stepped up sales activities and support for cloud deployments.

Balance Sheet

Continuing development investments aimed at enhancing the added value of cloud services

(Millions of yen)	FY2026 End of 3Q	FY2025 Year-end	Change	Main change factors
Current assets	**8,408**	8,464	-56	Trade and other receivables +33 Inventories -172 Other current assets +78
Non-current assets	**35,091**	32,960	+2,131	Property, plant and equipment +914* Intangible assets +1,371
Total assets	**43,499**	41,425	+2,075	-
Current liabilities	**16,166**	15,344	+822	Contract liabilities +583 Short-term interest-bearing debts +506
Non-current liabilities	**2,257**	1,788	+469	Long-term interest-bearing debts +474
Total liabilities	**18,423**	17,132	+1,291	-
Total equity	**25,076**	24,293	+783	Quarterly profit attributable to owners of the parent +1,481 Dividends -995
Total liabilities and equity	**43,499**	41,425	+2,075	-

* Recognition of right-of-use assets due to the renewal of the lease agreement for Broadleaf's head office

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- At the end of the third quarter, total assets stood at 43.499 billion yen, up 2.075 billion yen from the end of the previous fiscal year.
- Intangible assets increased by 1.371 billion yen as we invested in development to enhance the value of our cloud services.
- Total liabilities increased by 1.291 billion yen from the end of the previous fiscal year to 18.423 billion yen, mainly due to increases in contract liabilities and interest-bearing debt. The contract liabilities represent advance payments under five-year cloud software contracts.
- Total equity increased by 783 million yen from the end of the previous fiscal year to 25.076 billion yen, mainly reflecting profit for the period.

Cash Flows

Free cash flow increased year on year, driven by higher revenue

(Millions of yen)	FY2026 Cumulative 3Q	FY2025 Cumulative 3Q	YoY Change	Main change factors
Cash flows from operating activities	**4,776**	4,045	+731	Increase in quarterly profit before tax +938 Decrease in trade and other receivables +331 Smaller increase in contract liabilities −604
Cash flows from investing activities	**-3,196**	-3,337	+141	Increase in distributions from investment partnerships +164
Cash flows from financing activities	**-1,602**	-1,003	-600	Increase in dividends paid -591
Free cash flow	**1,580**	707	+873	-
Cash and cash equivalents at end of quarter	**4,129**	4,030	+99	-

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- Net cash provided by operating activities increased by 731 million yen year on year to 4.776 billion yen, as recurring revenue continued to build with customers' migration to our cloud software.
- We continued to invest in expanding the functionality of our cloud software, while free cash flow more than doubled to 1.580 billion yen from 707 million yen in the same period last year. Our cash generation continued to improve even after excluding a one-time distribution of 164 million yen from an investment partnership.

Full-Year Forecasts for FY12/2026

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Forecast of Full-Year Consolidated Results

Full-year earnings forecast revised to reflect the failure to secure the large contract at SALES GO Inc., a consolidated subsidiary, and revisions to cloud deployment plans, particularly for major customers

(Millions of yen)	FY2026 Full-year Current forecast	FY2026 Full-year Previous forecast*1	Revision	FY2025 Full-year	YoY Change	YoY Ratio
Revenue	**22,500**	23,800	-1,300	20,815	+1,685	+8.1%
Cost of sales	**7,100**	7,300	-200	7,296	-196	-2.7%
Gross profit	**15,400**	16,500	-1,100	13,520	+1,880	+13.9%
SG&A expenses, etc.	**11,900**	11,700	+200	11,457	+443	+3.9%
Operating profit	**3,500**	4,800	-1,300	2,063	+1,437	+69.7%
Profit before tax	**3,400**	4,750	-1,350	1,854	+1,546	+83.4%
Profit attributable to owners of the parent	**2,300**	3,200	-900	1,240	+1,060	+85.4%
Basic earnings per share*2	**12.71 yen**	17.68 yen	-	6.90 yen	-	-

*1 Announced on August 12, 2026
*2 A two-for-one stock split was conducted effective July 1, 2026; all figures shown are presented on a post-split basis.

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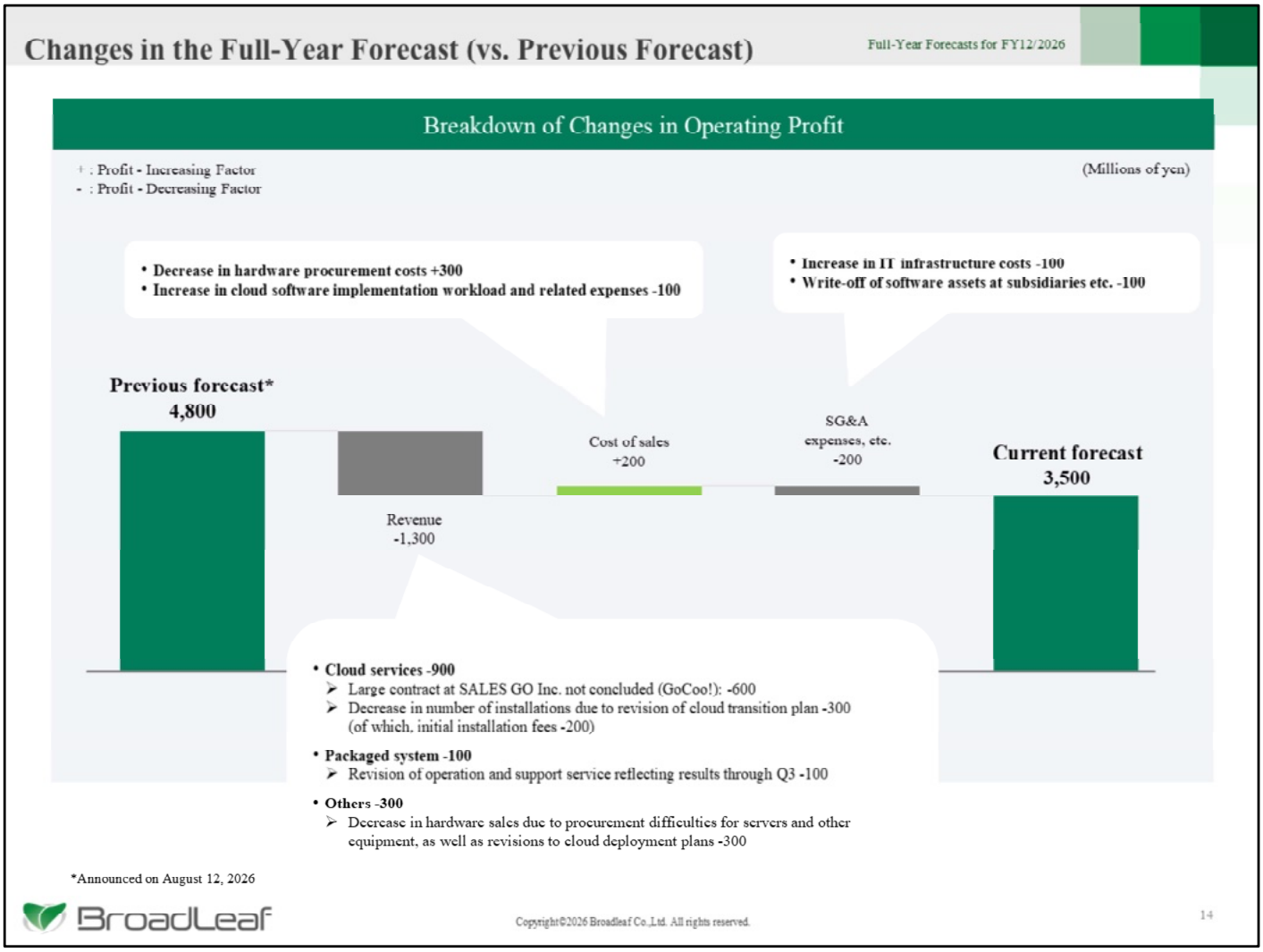
- Two main factors led us to revise our full-year consolidated forecast.

- First, our consolidated subsidiary, SALES GO, lost a major deal for GoCoo!, its sales force automation system, due to factors including pricing terms and organizational restructuring at the prospective customer. SALES GO had conducted preliminary deployment tests, and we had included the deal in our forecast because we considered it highly likely to go ahead.

- Second, we adjusted cloud deployment schedules for large and upper mid-sized customers. Given the complexity of their operations, configuring networks across multiple sites and integrating our software with third-party systems required more work than expected. As the risk of cyberattacks increased, customers also tested the security of system connections, and additional work was needed to meet stringent security requirements. To ensure that the software would run reliably once it went live, we postponed some deployments scheduled for the second half of the fiscal year. The revised forecast also reflects lower hardware sales volumes due to difficulties procuring servers and other equipment.

- Taking these factors into account, we revised our full-year consolidated forecast to 22.5 billion yen in revenue and 3.5 billion yen in operating profit, each down 1.3 billion yen from our previous forecast. We also revised our forecast for profit attributable to owners of the parent to 2.3 billion yen, down 900 million yen, and our forecast for basic earnings per share to 12.71 yen.

- We take this downward revision seriously. Under the revised forecast, we still expect revenue to increase 8.1% and operating profit to increase 69.7% from the previous fiscal year, continuing our trend of revenue and profit growth.



- The 1.3 billion yen reduction in our revenue forecast is mainly attributable to three factors. The loss of a major deal at our subsidiary SALES GO reduced forecast revenue by 600 million yen. Fewer cloud software deployments following revisions to our deployment plans reduced it by another 300 million yen. Lower hardware sales volumes, reflecting difficulties procuring servers and other equipment as well as changes to deployment schedules, accounted for a further 300 million yen.

- Across cost of sales, selling, general and administrative expenses, and other expenses, we expect lower hardware sales volumes to reduce procurement costs by 300 million yen. We also expect three cost increases of 100 million yen each. These relate to additional work required for cloud software deployments and related factors, higher IT infrastructure costs, and the disposal of a subsidiary's software assets outside our core cloud services business and related items.

- We expect these cost increases and savings to largely offset each other. We now forecast operating profit of 3.5 billion yen, down 1.3 billion yen from our previous forecast of 4.8 billion yen.

Full-year Sales Forecast by Service Category

Forecast revisions centered on cloud services
Main factors: the large contract at the consolidated subsidiary was not concluded, and the cloud rollout plan was adjusted.

(Millions of yen)	FY2026 Full-year Current forecast	FY2026 Full-year Previous forecast*	Revision	FY2025 Full-year	YoY Change	YoY Ratio
Cloud services	**14,700**	15,600	-900	11,832	+2,868	+24.2%
Software services	**14,200**	15,100	-900	11,302	+2,898	+25.6%
Marketplace	**500**	500	±0	530	-30	-5.6%
Packaged system	**4,900**	5,000	-100	5,699	-799	-14.0%
Software sales	**1,600**	1,600	±0	1,441	+159	+11.0%
Operation and support service	**3,300**	3,400	-100	4,258	-958	-22.5%
Others	**2,900**	3,200	-300	3,285	-385	-11.7%
Hardware	**2,300**	2,600	-300	2,613	-313	-12.0%
Supply	**600**	600	±0	672	-72	-10.7%
Total	**22,500**	23,800	-1,300	20,815	+1,685	+8.1%

* Announced on August 12, 2026

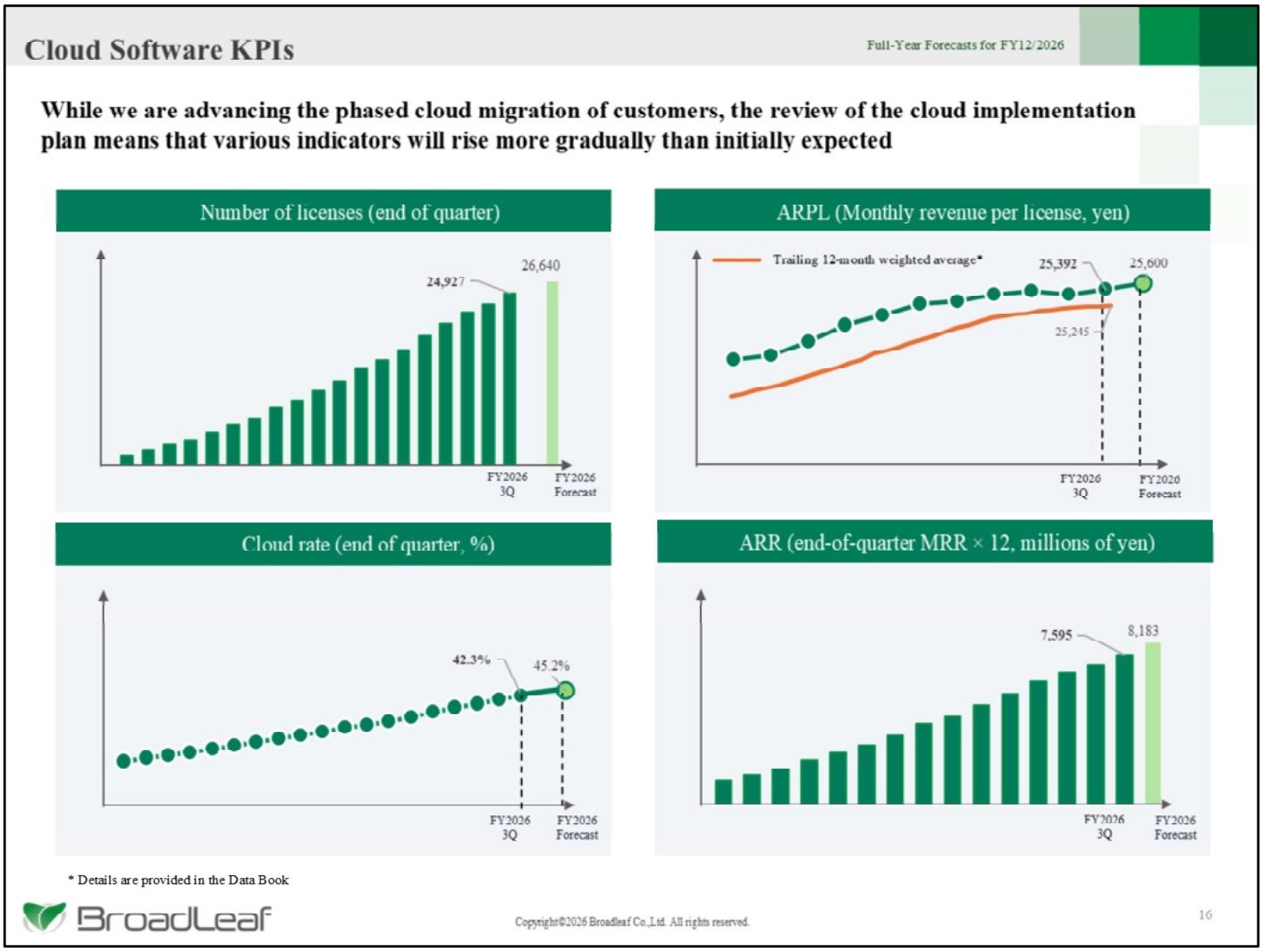
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- We lowered our full-year cloud services revenue forecast by 900 million yen to 14.7 billion yen. The revision reflects a 600 million yen impact from the loss of a major deal at our subsidiary and a 300 million yen impact from changes to cloud deployment plans. We still expect cloud services revenue to increase by approximately 2.9 billion yen, or 24.2%, from the previous fiscal year.

- We lowered our package system revenue forecast by 100 million yen to 4.9 billion yen, approximately 800 million yen below the previous fiscal year. Software sales to customers outside the mobility industry remain strong, so we kept our software sales forecast at 1.6 billion yen. Based on results through the third quarter, we lowered our forecast for operations and support revenue by 100 million yen to 3.3 billion yen.

- We expect other revenue to total 2.9 billion yen, down 300 million yen from our previous forecast and approximately 400 million yen from the previous fiscal year. The revision reflects lower expected hardware sales volumes and difficulties sourcing servers amid global component shortages.

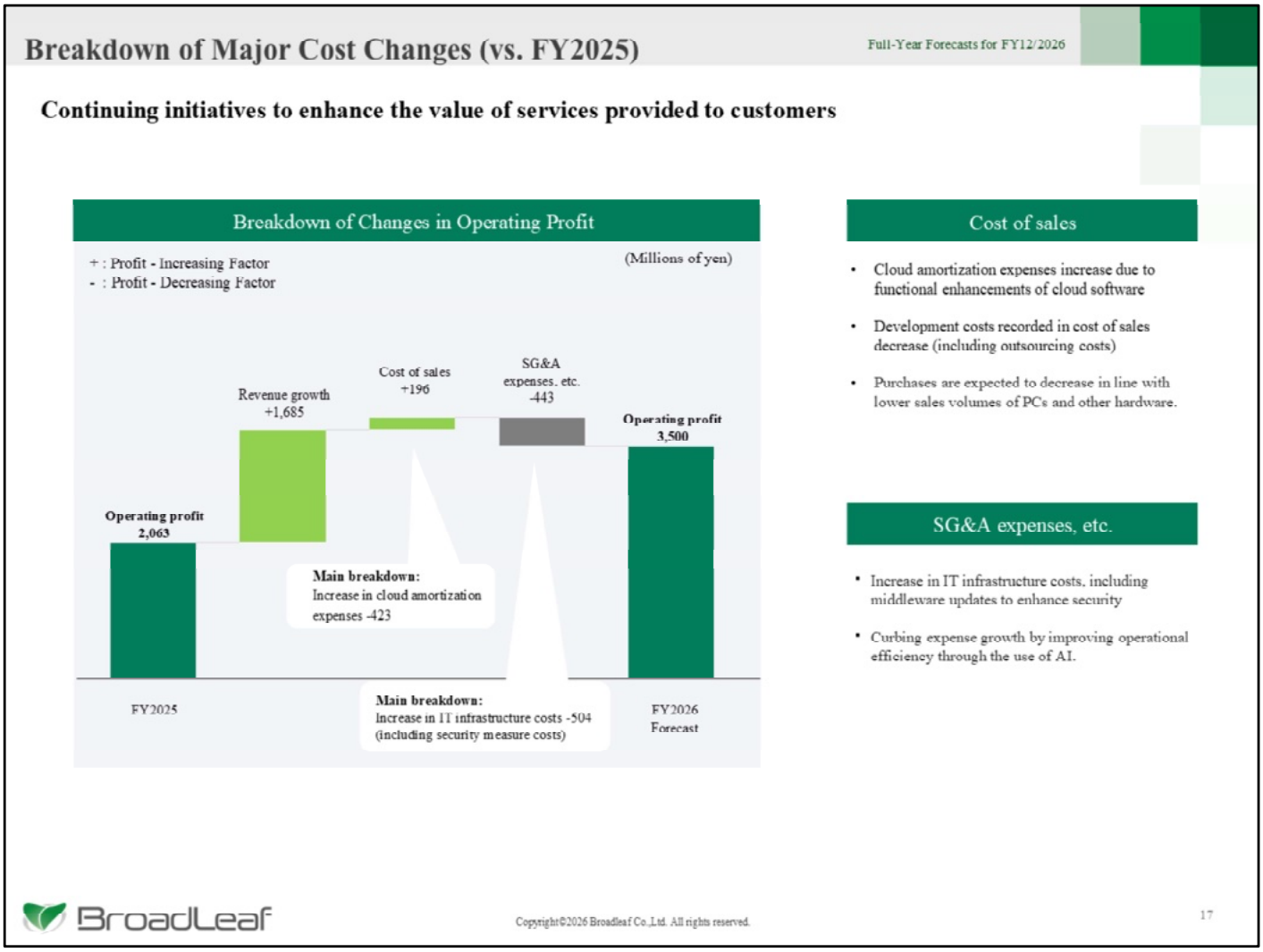


- At the end of the third quarter, the license count reached 24,927, and the cloud adoption rate, measured by number of customer companies, reached 42.3%.

- Average monthly revenue per license (ARPL) continued to rise, reaching 25,392 yen. The weighted average over the most recent 12 months also rose, to 25,245 yen. Annual recurring revenue (ARR) grew to 7.595 billion yen. As we added features and improved the performance of our cloud software, more customers chose higher-value options.

- We adjusted deployment schedules to ensure that customers' systems run reliably from the start. To reflect these adjustments, we revised our year-end 2026 targets to 26,640 licenses, ARPL of 25,600 yen, a cloud adoption rate of 45.2%, and ARR of 8.183 billion yen.

- We are reviewing our KPI targets for 2027 and beyond to reflect recent deployment progress and changes in the business environment. We plan to announce the updated targets alongside our full-year results in February 2027.



- Under our revised forecast, full-year operating profit is expected to reach 3.5 billion yen, up approximately 1.4 billion yen from 2.063 billion yen in the fiscal year ended December 31, 2025. Higher revenue is expected to contribute approximately 1.7 billion yen to operating profit.

- We expect cost of sales to decrease by 196 million yen year on year, contributing to profit growth. Lower outsourced development costs and reduced hardware procurement costs are expected to more than offset a 423 million yen increase in amortization expenses related to cloud software.

- We expect selling, general and administrative expenses and other expenses to increase by 443 million yen year on year. IT infrastructure costs are projected to rise by 504 million yen as we expand capacity to support growing use of our cloud services and strengthen security through measures such as middleware updates. We will use AI to improve operational efficiency and help contain increases in other expenses.

Dividend Forecast

Year-end dividend forecast for FY2026 maintained
Future dividend policy will be reviewed as appropriate from a comprehensive perspective, including share liquidity

Dividend per share (post-split basis)*

	FY2026 Actual results	FY2026 Forecast	FY2025
Interim dividends	3.75 yen	-	1.25 yen
Year-end dividends	-	**4.00 yen**	1.75 yen
Annual dividend	-	**7.75 yen**	3.00 yen
Dividend Payout Ratio	-	**61.0%**	43.5%

*A two-for-one stock split was conducted effective July 1, 2026
On a pre-split basis, the annual dividend forecast for the fiscal year ending December 2026 is 15.50 yen.
This represents an increase of 9.50 yen from the actual annual dividend of 6.00 yen for the fiscal year ended December 2025.

Dividend Policy

[Basic Policy]

The Company regards shareholder returns as a key management priority and targets a consolidated dividend payout ratio of 40% or higher.

To enhance shareholder value, the Company will flexibly consider shareholder return measures, taking into account a range of factors, including share liquidity.

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- Our year-end dividend forecast for the fiscal year ending December 31, 2026 remains unchanged at 4.00 yen per share, as previously announced.

- Including the interim dividend of 3.75 yen per share already paid on a split-adjusted basis, we expect the full-year dividend to total 7.75 yen per share, equivalent to 15.50 yen before the stock split. On a split-adjusted basis, this represents an increase of 4.75 yen per share from the 3.00 yen paid for the fiscal year ended December 31, 2025. On a pre-split basis, the increase is 9.50 yen per share from 6.00 yen.

- With the dividend forecast unchanged following the revision to our earnings forecast, we expect a consolidated dividend payout ratio of 61.0% for the current fiscal year. This is consistent with our basic policy of a consolidated dividend payout ratio of at least 40%.

- For the next fiscal year and beyond, we will review our dividend policy in light of this basic policy and respond to changing circumstances. In doing so, we will consider the balance between investment for growth and shareholder returns, the liquidity of our shares, and other relevant factors. We plan to announce the policy alongside our new medium-term business plan.



- We are revising our Medium-Term Management Plan for 2027–2028 in light of the updated earnings forecast and the three points outlined on this slide. We plan to announce the new plan alongside our full-year results in February 2027.

- First, we will prioritize the security of our customers' systems. As we deploy our cloud software for large and upper mid-sized customers, we will focus on ensuring a reliable rollout and helping them strengthen security. As a result, we expect slight delays in some customers' deployment schedules. We will continue improving our IT infrastructure to enhance security. In light of these measures, we will also consider changes to our pricing structure, taking into account what customers would consider reasonable.

- Second, we will reassess revenue levels once cloud adoption reaches 100%. We will continue to manage migrations carefully for large and upper mid-sized customers. For smaller customers, our automated migration tool allows us to complete migrations quickly and efficiently. We are therefore maintaining our target of 100% cloud adoption by the end of 2028. We will step up efforts to offer additional features and services to existing cloud customers and reassess the level of revenue we expect after the migration is complete. We also expect to acquire some new customers later than previously anticipated.

- Third, we will continue investing in growth and review how we allocate capital. We will step up AI-related research and development and reorganize our development and sales functions. We will also assess how best to allocate capital, taking into account the balance between investment for growth and shareholder returns.

Disclaimer

Statements in these materials regarding financial results forecasts and other future projections are based on information available to the Company at the time these materials were prepared and on assumptions deemed reasonable by the Company. These statements are subject to various risks and uncertainties. Accordingly, actual results may differ materially from those expressed or implied by these forward-looking statements due to various factors.

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