

# **3Q FY12/2024 Business Results Briefing Material**

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**November 12, 2024**

**Broadleaf Co., Ltd**

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# **Key Points for the Current Fiscal Year in the Medium-Term Management Plan**

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## Summary of Financial Results

### Revenue Solid Growth Rate

#### [FY2024 cumulative results for 3Q]

15.2% year-on-year Increase

12,958 million yen

#### [FY2024 Full-year forecast]

15.7% year-on-year Increase

17,800 million yen

#### 【Medium-term management plan】

FY2028 32,500 million yen

CAGR 15.3%

(FY2022-FY2028)

### Operating profit Steady Return to Profitability

#### [FY2024 cumulative results for 3Q]

1,810 million yen year-on-year Increase

Return to profitability at 288 million yen

#### [FY2024 Full-year forecast]

2,352 million year-on-year Increase

Return to profitability at 450 million yen

#### 【Medium-term management plan】

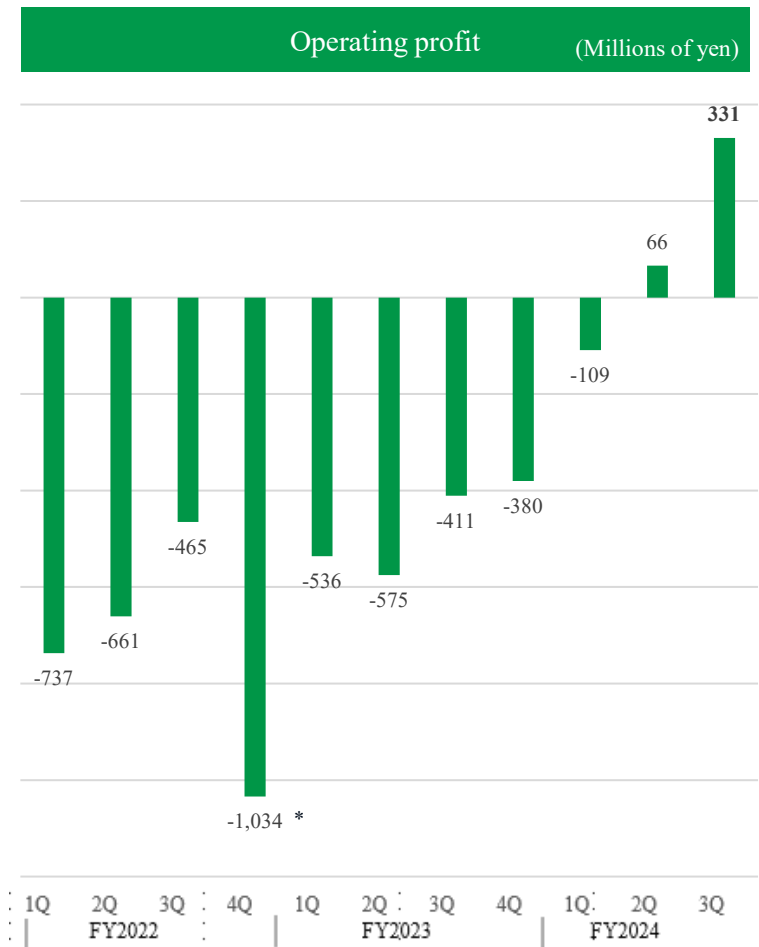
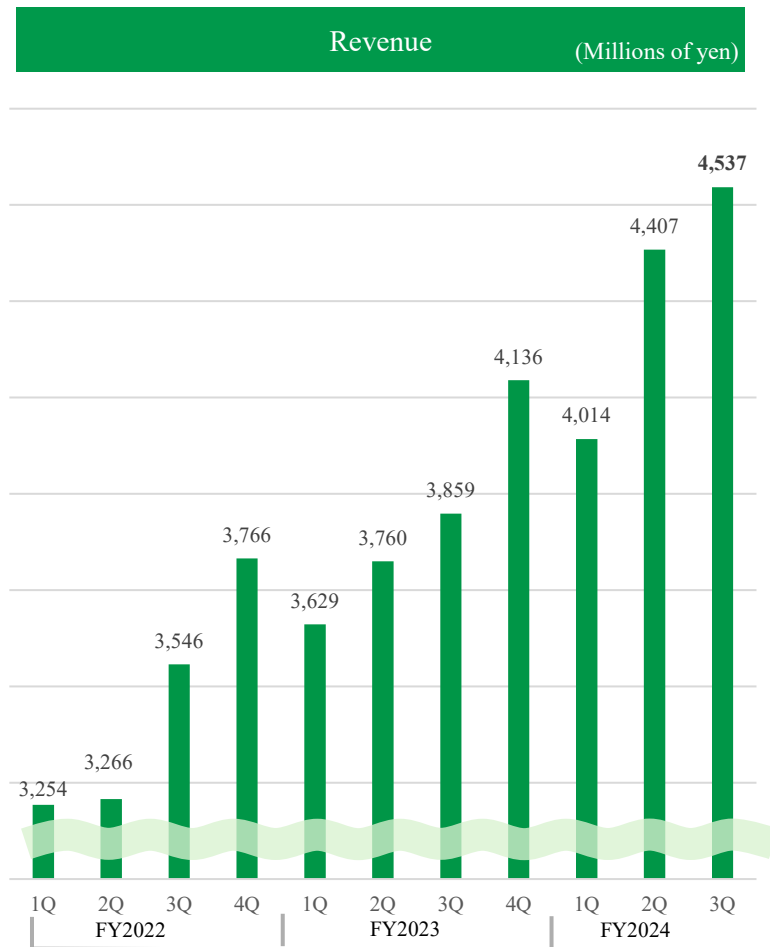
FY2024 Return to profitability

FY2026 4,800 million yen

FY2028 13,000 million yen

## Quarterly Sales & Earnings Performance

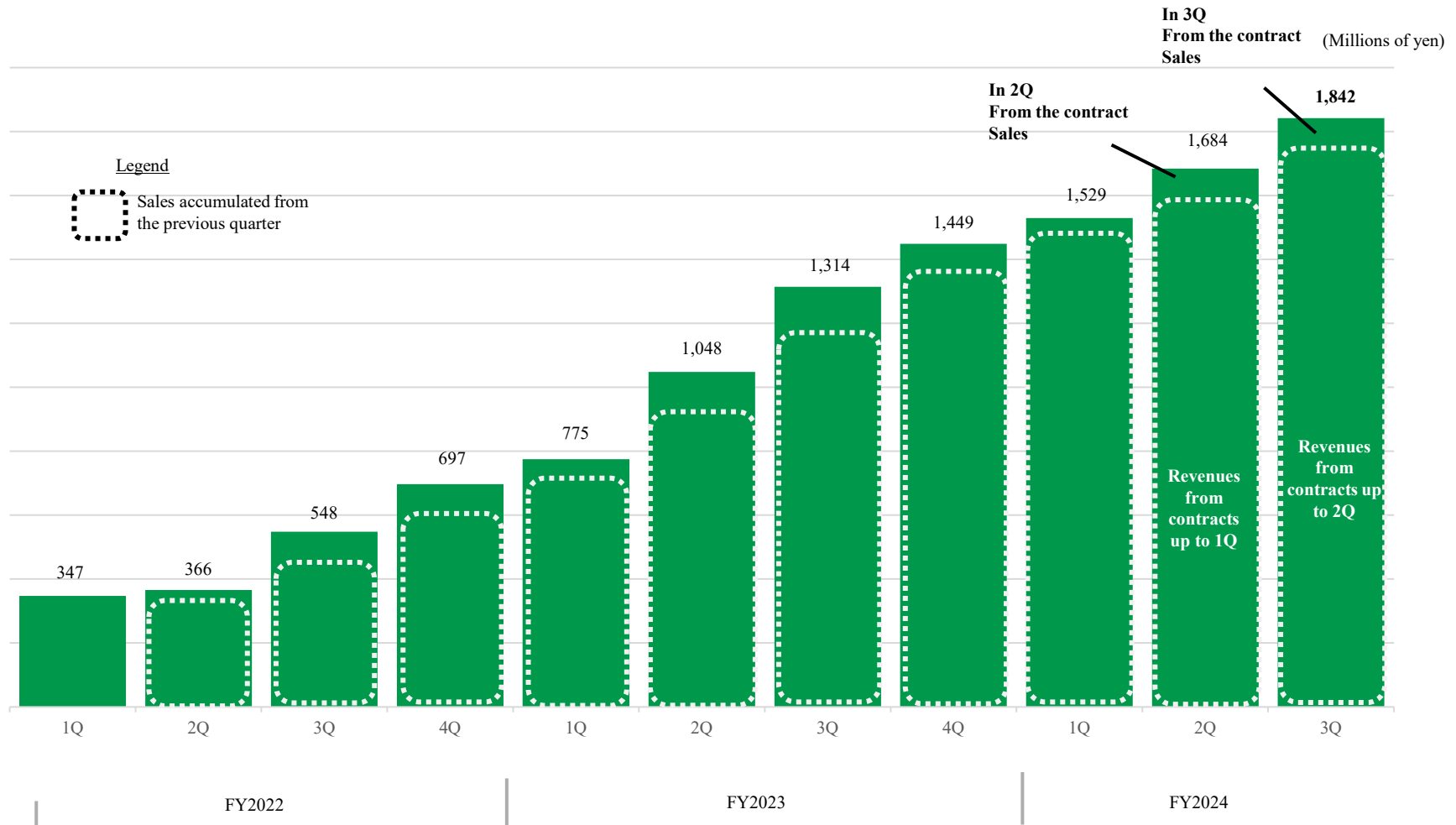
In FY2022, shifted to a subscription-based earnings model, entering a medium-term trend of higher sales and profits



\* In Q4 of FY2022, an impairment loss on subsidiary goodwill was recorded (-615 million yen).

## Quarterly Revenues of Software Services

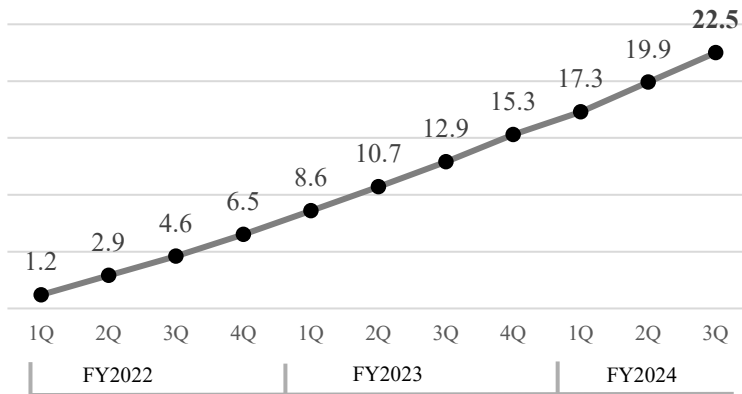
**Sales from software services (subscription-based software) are driving overall revenue growth.  
The shift to subscription contracts is planned to continue through the end of FY2028**



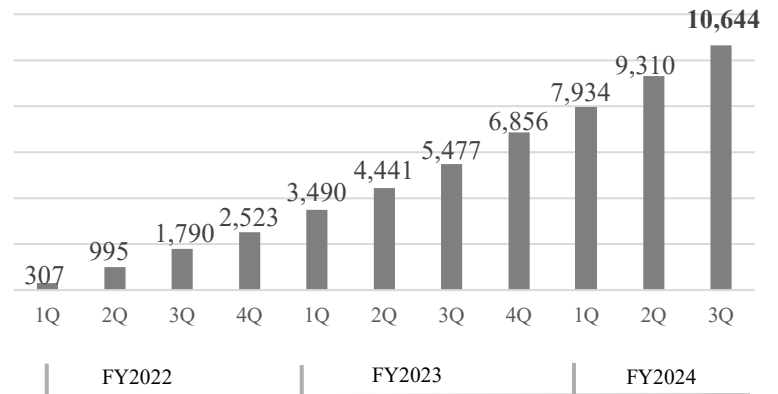
## Key Indicators of Cloud Software

### Switching to the cloud is progressing in stages

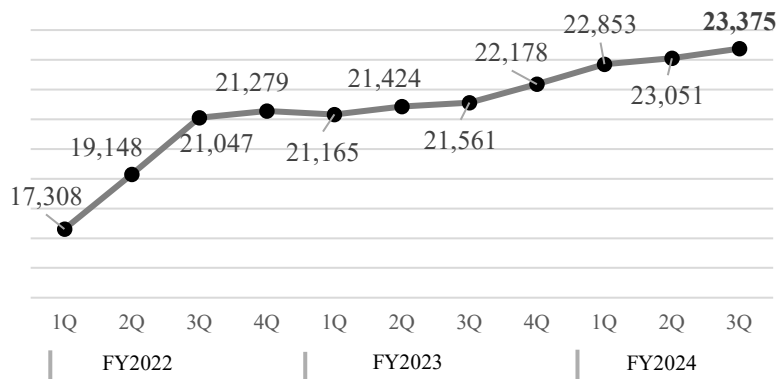
Cloud rate (%)



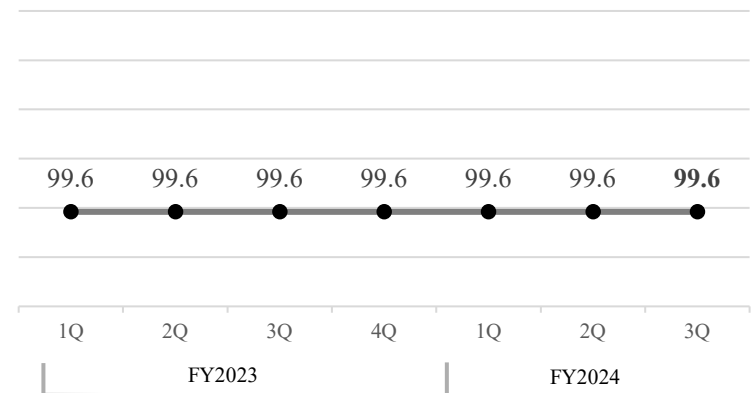
Number of licenses (standard version)



Average monthly license sales (standard version, yen)



User retention rate (standard version, %)



## Expansion of Cloud Software

**Expand applicable industries and functions as needed, broadening the customer base (market) for adoption as a total management system.**

	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025
<b>For Mobility sector</b>								
Auto maintenance shops	★ Beta release	★ Preliminary introduction started			★ Commencement of sales	Enhanced versions (designated shops)	★ Enhanced versions (New Car Inspection System)	
Auto body shops		★ Preliminary introduction started			★ Commencement of sales			
Auto recycle shops						★ Commencement of sales	★ Enhanced versions	
Auto glass shops						★ Commencement of sales	★ Enhanced versions	
Auto parts dealers							★ Commencement of sales	
Used car dealers							★ Commencement of sales	★ Enhanced versions
Auto electrical equipment shops								To the start of sales FY2025 onward

Appendix 1) Even after the launch of the above sales started, we plan to implement version upgrades (additional functions, etc.) for each industry as needed.

Appendix 2) **For non-mobility** sector, we are planning to develop cloud software for machinery tool shops (the timing of sales is yet to be determined).

In other industries, we do not plan to develop cloud software at this time, and plan to continue selling packaged software (including leasing).



# Business Environment and Key Strategies

## Business Environment

### [Background]

Mobility Sector Initiatives for Issue Resolution

- Eliminating Distrust
- Adapting to Automotive Evolution
- Addressing Chronic Talent Shortages



**Aggressively Resolving Issues by Strengthening Digital Transformation (DX)**

- To Prevent Fraud
- Adaptation to New Regulations
- Core System Integration
- Expansion of IT scope  
(Request for a total management system)

## Key Strategies

### [Opportunities]

Increasing Business Negotiations with Major Companies, such as Trade Associations and Chains

(Competitors are unable to meet these needs)



**Aggressive Sales Activities to Meet Needs**

- Core Companies within the Organization
- Chain Headquarters
- Parent company, etc.

Note: On the other hand, more customers are temporarily putting their cloud shift on hold

## Expected Effects

### [Relationship]

Further Strengthening Relations with Mobility Sector

### 【Service】

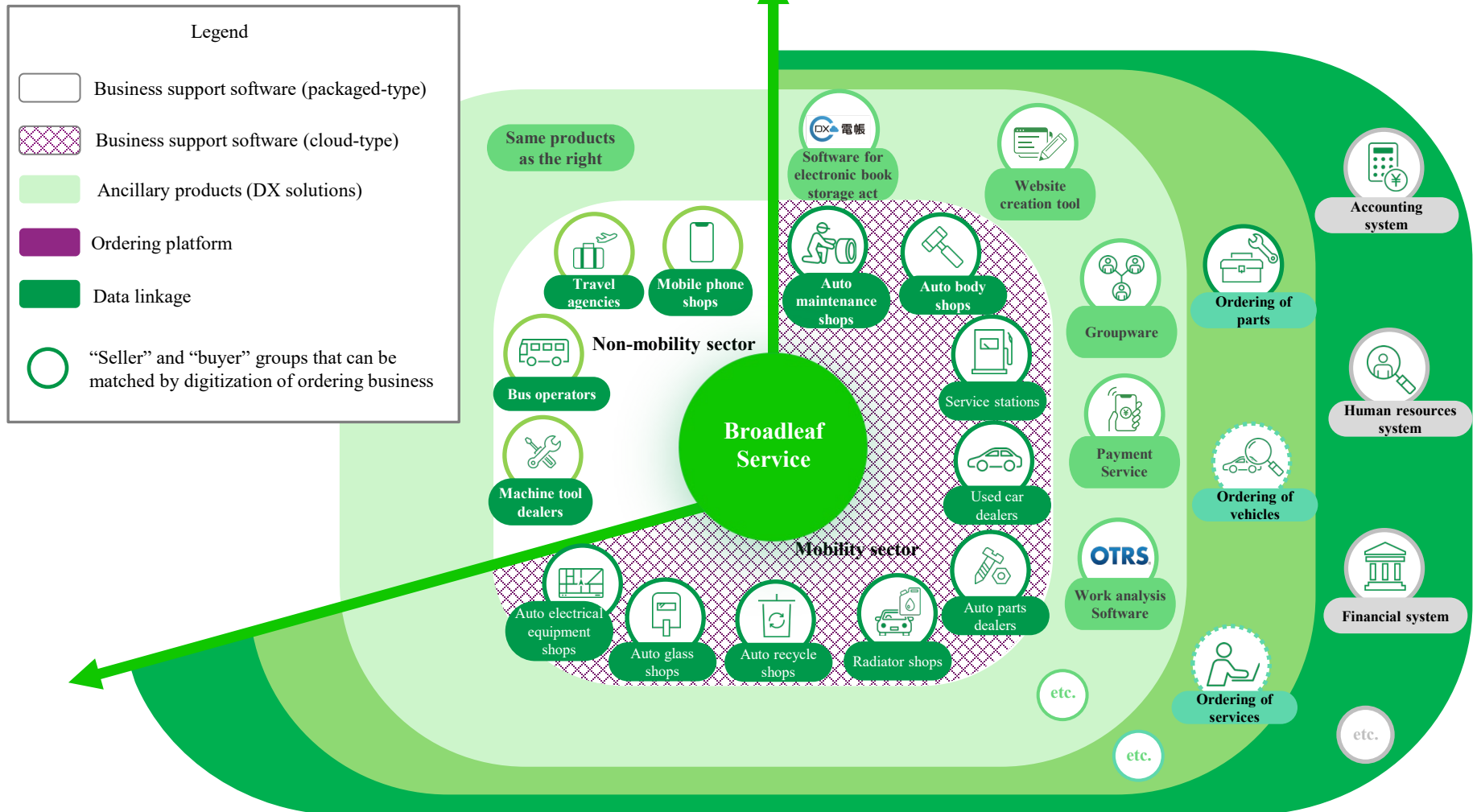
Synergies with Our Platform Services, Such as the Automotive Aftermarket Parts Marketplace



**Improving the Probability of Achieving the Medium-Term Management Plan & Establishing a Cornerstone for Long-Term Growth**

# Image of Service Development

Integrating and coordinating not only across our Business Software but also with other systems within the Customer's Environment, with data transactions centrally managed on the Broadleaf Cloud Platform.



## Sales plan by service category

**As cloud software adoption expands, the number of participants in the marketplace is increasing. Transaction volume is expected to grow with the entry of major regional parts distributors and manufacturer-affiliated parts suppliers.**

(Billions yen)	FY2022 Result	FY2023 Result	FY2024 Forecast	FY2025 Planning	FY2026 Planning	FY2027 Planning	FY2028 Planning
Cloud services	2.6	5.2	7.8	11.8	15.7	25.0	29.1
Software service	2.0	4.6	7.2	11.2	15.1	22.1	25.0
Marketplace	0.7	0.6	0.6	0.7	0.7	2.9	4.1
Packaged system	11.2	10.2	10.0	8.7	8.3	4.0	3.4
Software sales	3.5	3.1	3.2	2.6	2.9	2.2	2.0
Operation and support service	7.7	7.1	6.8	6.1	5.4	1.8	1.4
Total Sales revenue	13.8	15.5	17.8	20.5	24.0	29.0	32.5
Recurring sales Ratio	74%	80%	82%	87%	88%	92%	94%

※ Planning figures were announced on February 9, 2024, and forecast was announced on November 12, 2024.

## Performance Plan

**This performance plan incorporates internal factors driving cost increases, aiming to achieve an operating profit of 13 billion yen with a 40% operating profit margin by 2028.**

(Billions yen)	FY2022 Result	FY2023 Result	FY2024 Forecast	FY2025 Planning	FY2026 Planning	FY2027 Planning	FY2028 Planning
Revenue	13.8	15.5	17.8	20.5	24.0	29.0	32.5
Operating profit *	-2.9	-1.9	0.45	1.5	4.8	10.0	13.0
OPERATING PROFIT RATE	-	-	3%	7%	20%	34%	40%
Owners of the parent Profit attributable	-2.4	-1.5	0.125	1.0	3.2	6.3	8.0

\*-indicates a loss

※Planning figures were announced on February 9, 2024, and forecast was announced on November 12, 2024.

# Notes to the Financial Statements

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## Overview of Consolidated Financial Results for the 3Q

Revenue increased 15.2% year on year, profit increased significantly and turned profitable

(Millions of yen)	FY2024 Cumulative 3Q	FY2023 Cumulative 3Q	YoY change	YoY ratio
Revenue	12,958	11,249	+1,709	+15.2%
Cost of sales	4,549	4,520	+29	+0.6%
Gross profit	8,409	6,729	+1,680	+25.0%
Selling, general and administrative expenses, etc.	8,121	8,250	-129	-1.6%
Operating profit *	288	-1,522	+1,810	-
Profit before tax *	293	-1,485	+1,778	-
Attributable to owners of the parent Profit *	161	-1,028	+1,189	-
Basic earnings per share *	1.81 yen	-11.60 yen	-	-

\*-is loss

## 3Q Sales by Service Categories

**Sales of software services increased 61.1% year on year due to an increase in contracts.  
Sales of Operation and support service decreased due to the switch to cloud software.**

(Millions of yen)	FY2024 Cumulative 3Q	FY2023 Cumulative 3Q	YoY change	YoY ratio
Cloud services	5,492	3,624	+1,868	+51.6%
Software service	5,055	3,138	+1,917	+61.1%
Marketplace	437	486	-49	-10.1%
Packaged system	7,466	7,625	-159	-2.1%
Software sales	2,426	2,266	+160	+7.1%
Operation and support	5,040	5,359	-319	-6.0%
Total Sales revenue	12,958	11,249	+1,709	+15.2%
Stock revenue *	10,532	8,983	+1,549	+17.2%
Recurring sales Ratio	81%	80%	-	-

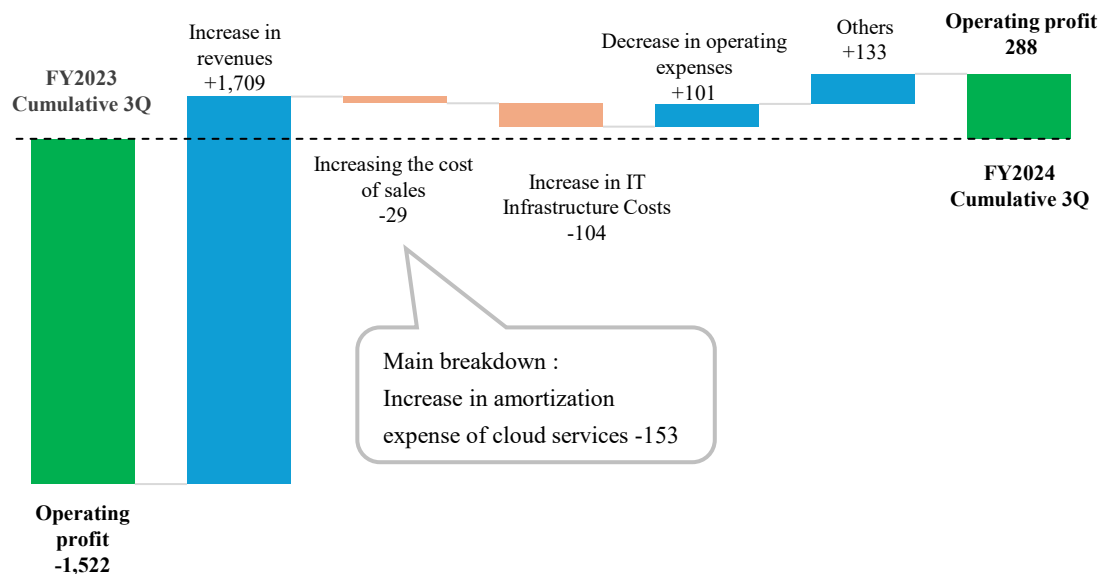
\* Sum of cloud services and Operation and support service

## Breakdown of change in 3Q operating income

### Continuous optimization of cost allocation amid significant contributions from increased sales

#### Breakdown of Changes in Operating Income (Loss) (Millions of yen)

+:Positive factors  
- :Factors behind the decline in profits



#### Cost of sales

- Software amortization expenses increased due to the expansion of cloud software functions.
- Purchases increased due to higher hardware sales.
- Decrease in development costs subject to cost of sales

#### SG&A expenses, etc.

- Increased cost of procuring IT infrastructures to provide cloud services
- Operating expenses decreased due to the promotion of efficient sales activities.
- Implemented reduction of general expenses, etc.



## Balance Sheet Status

### Increase in contract liabilities, which are advances received, amid an increase in 5-year contracts for cloud software

(Millions of yen)	FY2024 End of 3Q	FY2023 Year-end	YoY change	Major breakdown of increase/decrease
Current assets	7,450	7,053	+396	Cash and cash equivalents -138 Trade and other receivables +403
Non-current assets	31,555	29,696	+1,859	Intangible assets +1,922
Total assets	39,005	36,750	+2,255	
Current liabilities	11,812	11,079	+733	Contract liabilities +1,769 Short-term interest-bearing debts -970
Non-current liabilities	4,318	3,184	+1,133	Long-term interest-bearing debts+1,130
Total liabilities	16,129	14,263	+1,866	
Total equity	22,876	22,487	+389	Attributable to owners of the parent Total equity +397
Total liabilities and equity	39,005	36,750	+2,255	

#### Supplemental) Contract Liabilities

This is mainly due to advances received under a 5-year package (5-year lump-sum payment) contract for cloud software. Sales are booked on a pro rata basis over the period. Accordingly, an increase in contractual liabilities is a positive indicator of cash flow.

Furthermore, it has the effect of curbing the "ease of cancellation," which is a weak point in subscriptions, and also leads to an improvement in the customer retention rate.

## Cash flows

Operating cash flow has improved with the increase in subscription contracts, recovering to a level that exceeds investment expenditures.

(Millions of yen)	FY2024 Cumulative 3Q	FY2023 Cumulative 3Q	YoY change	Major breakdown of increase/decrease
Cash flow from operating activities	3,542	2,079	+1,463	Improvement in profit and loss before tax +1778 Increase in trade and other payables -487 Increase in contractual liabilities +284
Cash flow from investment activities	-3,200	-2,573	-627	Acquisition of intangible assets -462 Proceeds from sales and redemption of investments +135
Cash flow from financing activities	-476	655	-1,131	Repayments of long-term debt -1,018
Free cash flow	342	-494	+836	

## Forecast of full-year consolidated results

### Upward revision of forecast in consideration of progress up to 3Q and current business conditions

(Millions of yen)	FY2024 Full-year forecast	FY2024 Previous forecast	Revised amount	FY2023 Full-year	YoY change	YoY ratio
Revenue	17,800	17,600	+200	15,385	+2,415	+15.7%
Cost of sales	6,300	6,250	+50	6,045	+255	+4.2%
Gross profit	11,500	11,350	+150	9,340	+2,160	+23.1%
Selling, general and administrative expenses, etc.	11,050	11,300	-250	11,242	-191	-1.7%
Operating profit *	450	50	+400	-1,902	+2,352	-
Profit before tax *	350	100	+250	-1,921	+2,271	-
Attributable to owners of the parent Basic earnings per share	125	90	+35	-1,487	+1,612	-
Basic earnings per share *	1.40 yen	1.01 yen	-	-16.76 yen	-	-

\*-is loss

※ Previous forecasts announced on August 8, 2024

## Forecast of full-year revenue by service category

**This reflects the increase in customers temporarily putting their transition to cloud software on hold, along with strong sales of hardware and package systems for non-mobility industries.**

(Millions of yen)	FY2024 Full-year forecast	FY2024 Previous forecast	Revised amount	FY2023 Full-year	YoY change	YoY ratio
Cloud services	<b>7,800</b>	8,200	-400	5,236	+2,564	+49.0%
Software service	<b>7,200</b>	7,600	-400	4,587	+2,613	+57.0%
Marketplace	<b>600</b>	600	±0	649	-49	-7.5%
Packaged system	<b>10,000</b>	9,400	+600	10,149	-149	-1.5%
Software sales	<b>3,200</b>	3,000	+200	2,983	+217	+7.3%
Operation and support	<b>6,800</b>	6,400	+400	7,166	-366	-5.1%
<b>Total Sales revenue</b>	<b>17,800</b>	17,600	+200	15,385	+2,415	+15.7%

※ Previous forecasts announced on August 8, 2024

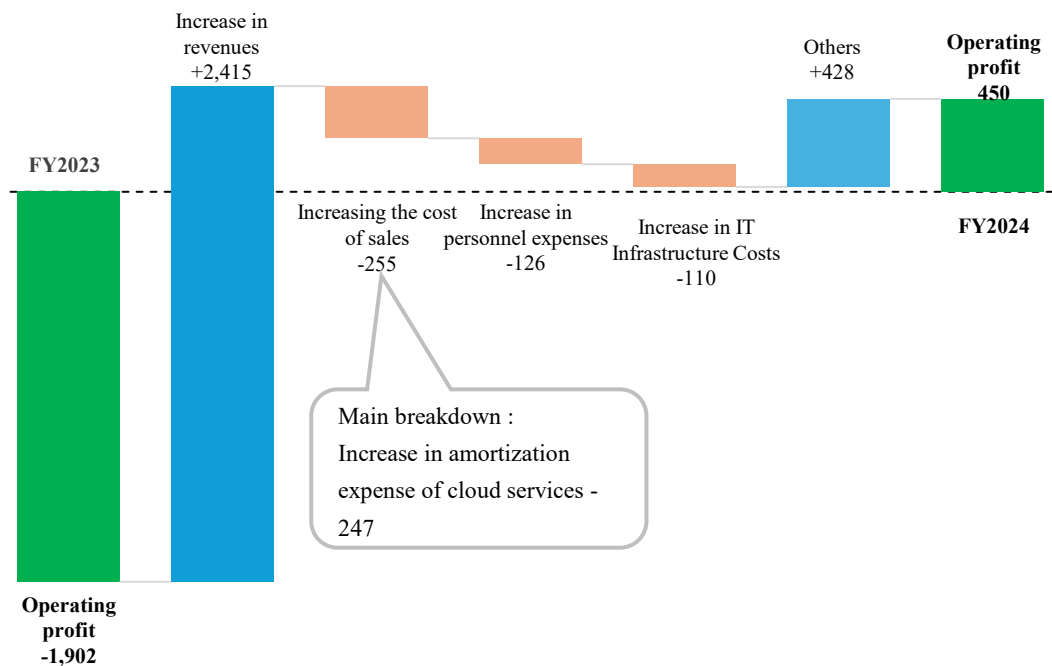
## Breakdown of Changes in Full-Year Operating Income

**Costs of sales, personnel expenses, infrastructure procurement expenses, etc. absorbed by the effect of cost reductions, for which the effect of increased sales greatly contributed to increased profits**

(Millions of yen)

### Breakdown of Changes in Operating Income (Loss)

+:Positive factors  
-:Factors behind the decline in profits



### Cost of sales

- Software amortization expenses increased due to the expansion of cloud software functions.
- Purchases increased due to higher hardware sales.
- Decrease in development costs subject to cost of sales

### SG&A expenses, etc.

- Personnel expenses increased due to an increase in the number of employees and legal welfare, etc.
- Increased cost of procuring IT infrastructures to provide cloud services
- Strengthening Cost Management and Implementing Reduction of General and Other Expenses

## Dividend forecast

The end of FY2024 dividend forecast increased by 1.00 from the FY2023, to 2 yen per stock

### Dividend per share

(Yen)	FY2024 (Forecast)	FY2023
Interim dividend	0.00 yen	0.00 yen
Year-end dividend	2.00 yen	1.00 yen
Yearly dividend	2.00 yen	1.00 yen
Consolidated dividend payout ratio	-	-

### Basic Policy

- Although net loss for the FY2022 and FY2023, the Company paid year-end dividends in light of the situation of internal reserves and the progress of the Medium-term Management Plan.
- FY2024: Estimated dividends based on full-year forecasts and future development investment plans.
- Our mid-term policy is to implement shareholder returns that balance profit growth with improved capital efficiency.

## Reference Information

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# Number of software users

(companies)	FY2022				FY2023				FY2024			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	End of 1Q	End of 2Q	End of 3Q	Forecast
Companies using business support software*	38,098	38,354	38,549	39,345	39,547	39,771	39,955	39,985	39,677	39,870	39,416	-
Mobility sector **	36,373	36,650	36,858	37,643	37,855	38,095	38,289	38,350	38,075	38,287	37,880	-
Non-Mobility sector **	1,725	1,704	1,691	1,702	1,692	1,676	1,666	1,635	1,602	1,583	1,536	-
Target companies for cloud software***	33,578	33,853	34,066	34,357	34,618	34,887	35,127	35,229	35,026	35,285	34,926	-
Cloud software user companies	395	991	1,557	2,231	2,973	3,744	4,527	5,381	6,048	7,027	7,862	-
Standard edition	274	867	1,433	2,099	2,831	3,604	4,382	5,222	5,871	6,837	7,623	-
Existing client	118	405	721	1,094	1,492	1,937	2,370	3,010	3,326	3,749	4,022	-
New client	156	462	712	1,005	1,339	1,667	2,012	2,212	2,545	3,088	3,601	-
Specific edition	121	124	124	132	142	140	145	159	177	190	239	-
Packaged software users	33,183	32,862	32,509	32,126	31,645	31,143	30,600	29,848	28,978	28,258	27,064	-
Non-Target of cloud software	4,520	4,501	4,483	4,988	4,929	4,884	4,828	4,756	4,651	4,585	4,490	-
<b>Cloud transition rate</b>	1.2%	2.9%	4.6%	6.5%	8.6%	10.7%	12.9%	15.3%	17.3%	19.9%	22.5%	25%

\*Total number of business support software companies: 1 product = 1 customer and count in packaged software, 1 enterprise license = 1 customer in cloud software

\*\*Mobility sector: auto maintenance shops (& service stations), auto body shops, Component Merchants, auto recycle shops, Used Vehicle Sales, auto electrical equipment shops, radiator shops, auto glass shops

Non-Mobility sector: 13 industries: Mobile phone shops, machinery and tools trading companies, travel services, and bus services

\*\*\*Of the 13 industries, auto maintenance shops (& service stations), auto body shops, auto parts dealers, and auto recycle shops are the industries targeted for cloud software in the medium-term management plan (announced on February 9, 2022)



## Indicators related to cloud software

(license)	FY2022				FY2023				FY2024			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	End of 1Q	End of 2Q	End of 3Q	Forecast
<b>Number of licenses*</b>	1,306	2,056	2,857	3,620	4,656	5,649	6,721	8,156	9,301	10,739	12,177	-
Standard Edition	307	995	1,790	2,523	3,490	4,441	5,477	6,856	7,934	9,310	10,644	13,000
Existing client	136	483	950	1,381	1,970	2,552	3,166	4,244	4,807	5,483	5,989	-
New client	171	512	840	1,142	1,520	1,889	2,311	2,612	3,127	3,827	4,655	-
Specific major Companies	999	1,061	1,067	1,097	1,166	1,208	1,244	1,300	1,367	1,429	1,533	-

\*Licensing refers to corporate and job licenses for cloud software

(yen/month)	FY2022				FY2023				FY2024			End of 2024
	March	June	September	December	March	June	September	December	March	June	September	Forecast
<b>Average monthly license sales*</b>	-	-	-	-	-	-	-	-	-	-	-	-
Standard Edition	17,308	19,148	21,047	21,279	21,165	21,424	21,561	22,178	22,853	23,051	23,375	24,000
Existing client	18,808	21,150	23,326	24,074	23,837	24,324	24,553	24,823	25,598	25,580	25,970	-
New client	16,115	17,261	18,470	17,900	17,701	17,507	17,461	17,881	18,632	19,429	20,036	-
Specific major Companies	-	-	-	-	-	-	-	-	-	-	-	-

\*Licensing refers to corporate and job licensing

	FY2022	FY2023				FY2024			FY2024
	End of 4Q	1Q	1H	Cumulative 3Q	Full-year	1Q	1H	Cumulative 3Q	Forecast
<b>Cloud software user retention rate*</b>	-	99.6%	99.6%	99.6%	99.6%	99.6%	99.6%	99.6%	99% or more

\*\*Cloud software user retention rate: Weighted average monthly user retention rate for the cumulative periods up to full-year

Monthly user retention rate:  $1 - \{\text{number of monthly cancellations} / (\text{number of cloud software users at the end of the previous fiscal year} + \text{number of newly acquired companies})\}$

# Explanation of revenues by 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.

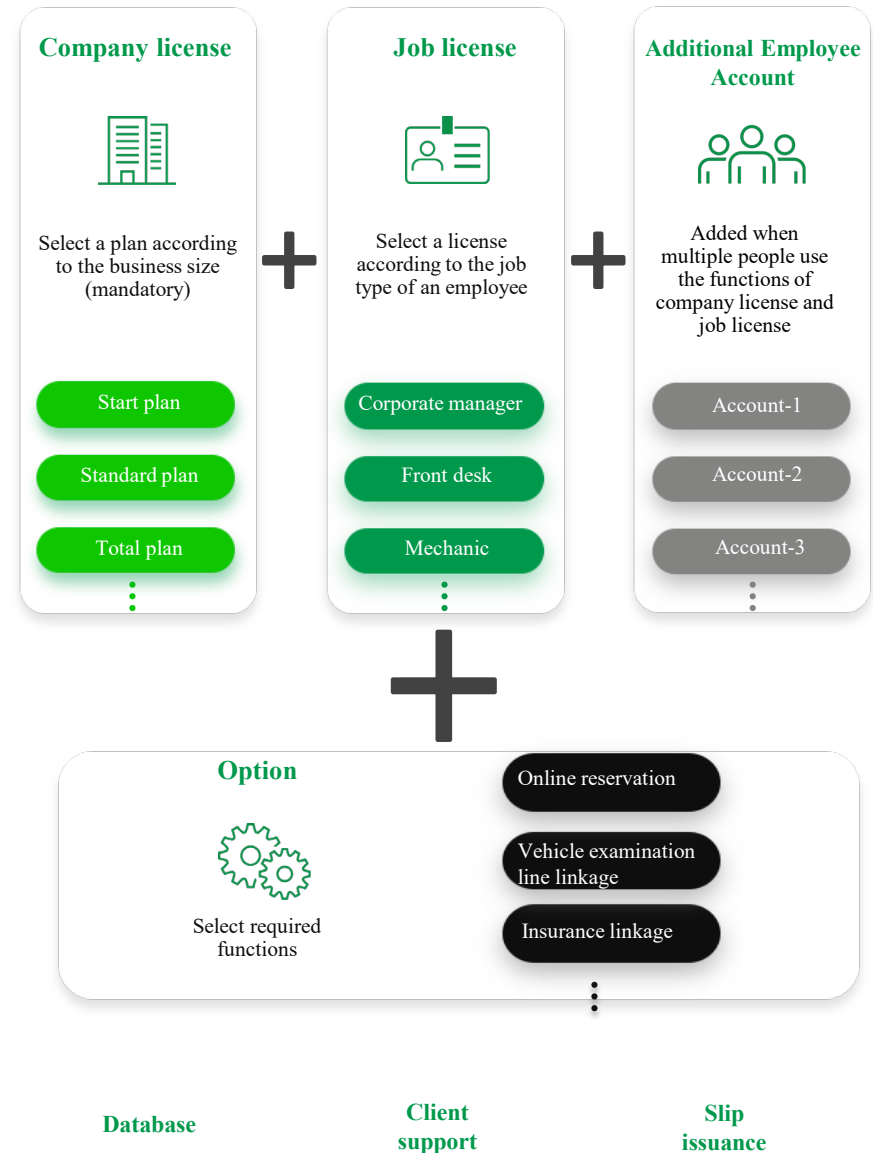
\*1 Provision in the form of monthly subscription is limited until the scheduled transition period to “.c series”.

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

## 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.



## Cases of Offering Packaged Software under the Monthly Subscription Contracts

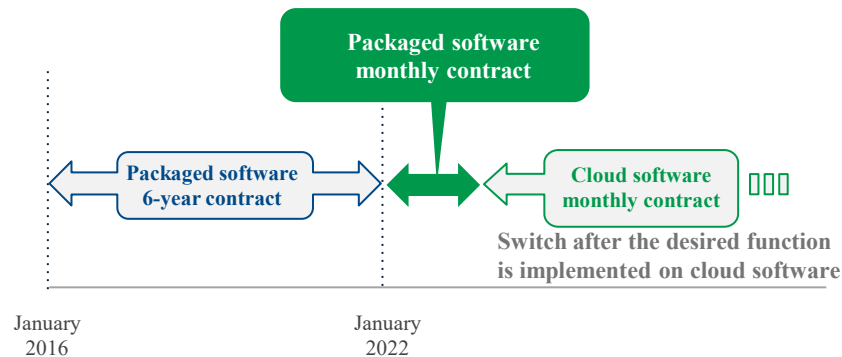
In certain cases, some clients may continue to use packaged software under monthly subscription contracts for a limited period.

### 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.**

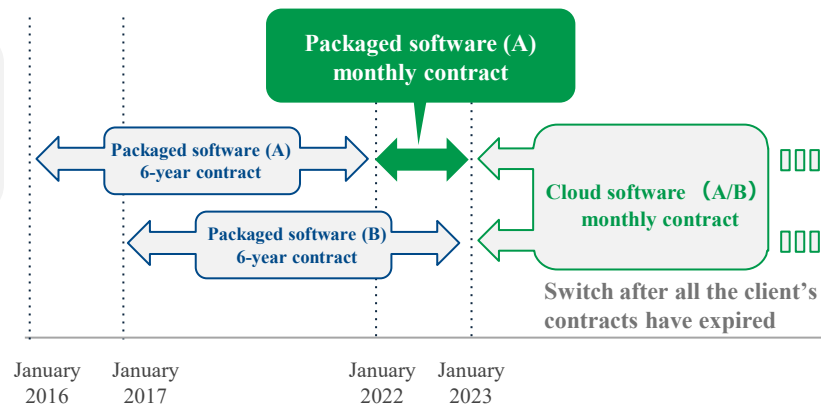


### Case 2 A single client who has multiple lease contracts



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.**



## Reasons for continued growth in software services sales

### [Background of continuation]

Packaged software customers will gradually switch to cloud software, which will continue until the end of 2028

① Leasing contracts for packaged software  
Sales to end in 2022

② End of 2028 due to lease term of 6 years  
Lease contract expires sequentially

③ All customers by the end of 2028  
Become cloud software

### [Factors behind the increase in revenues-1]

The amount equivalent to the "software usage fee" is added to our sales when you become a subsk from the lease.

(Even if there is no change in the customer's monthly payment, our sales will increase.)

Customers of package software lease contracts	Customers of contracts (including cloud software)
Payee and Period Using the usage fees      ⇒ Leasing company (72 months per month) Maintenance fee          ⇒ Our (72-month every month)	Payee and Period Using the usage fees      ⇒ Our (monthly) Maintenance fee          ⇒ Our (monthly)
Our Monthly Sales "Maintenance Fee"	Our monthly sales "Software usage fees" + "Maintenance fees"

### [Factors behind the increase in revenues-2]

Cloud software offers higher added value than packaged software

(tends to lead to an increase in the number of customers and an increase in sales per customer)

Product appeal of cloud software-1	Product appeal of cloud software-2
<ul style="list-style-type: none"> <li>• Easy-to-use user interface</li> <li>• Rich menu system</li> </ul>	<ul style="list-style-type: none"> <li>• With the introduction of a total management system, the target industries and customer scale will expand, and the scope of processing within the company will be wider.</li> <li>• Menu system where the cost per person decreases as the number of users increases.</li> </ul>
New customers are flowing in due to lower hiring hurdles	Average monthly usage amount per customer is increasing

# 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, SpiralMind Corporation, Industrial Innovation Institute Inc., SALES GO 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.

### Contact Information

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