



Business Results for FY12/2022

Briefing Material

(January 1, 2022-December 31, 2022)

Broadleaf Co., Ltd (3673)

February 10, 2023

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

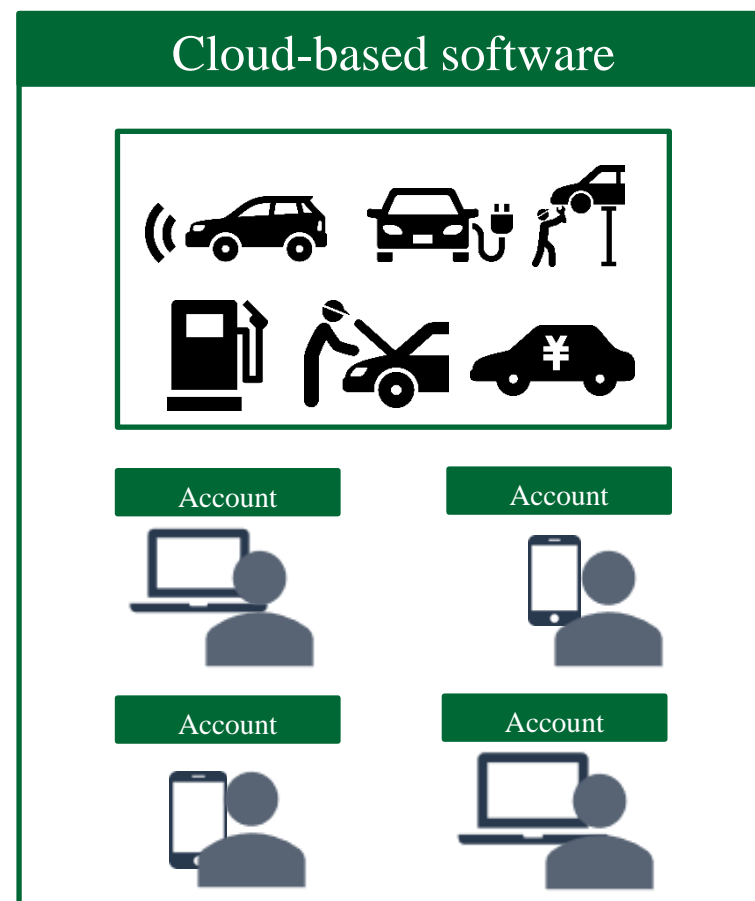
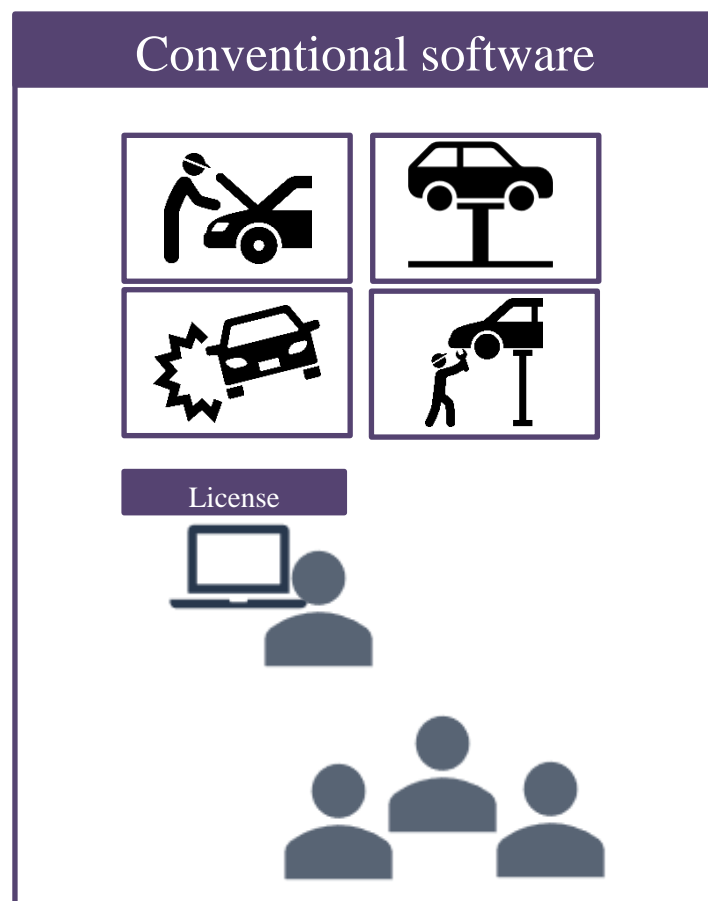
Table of Contents

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

Overview of Business Results for FY12/2022

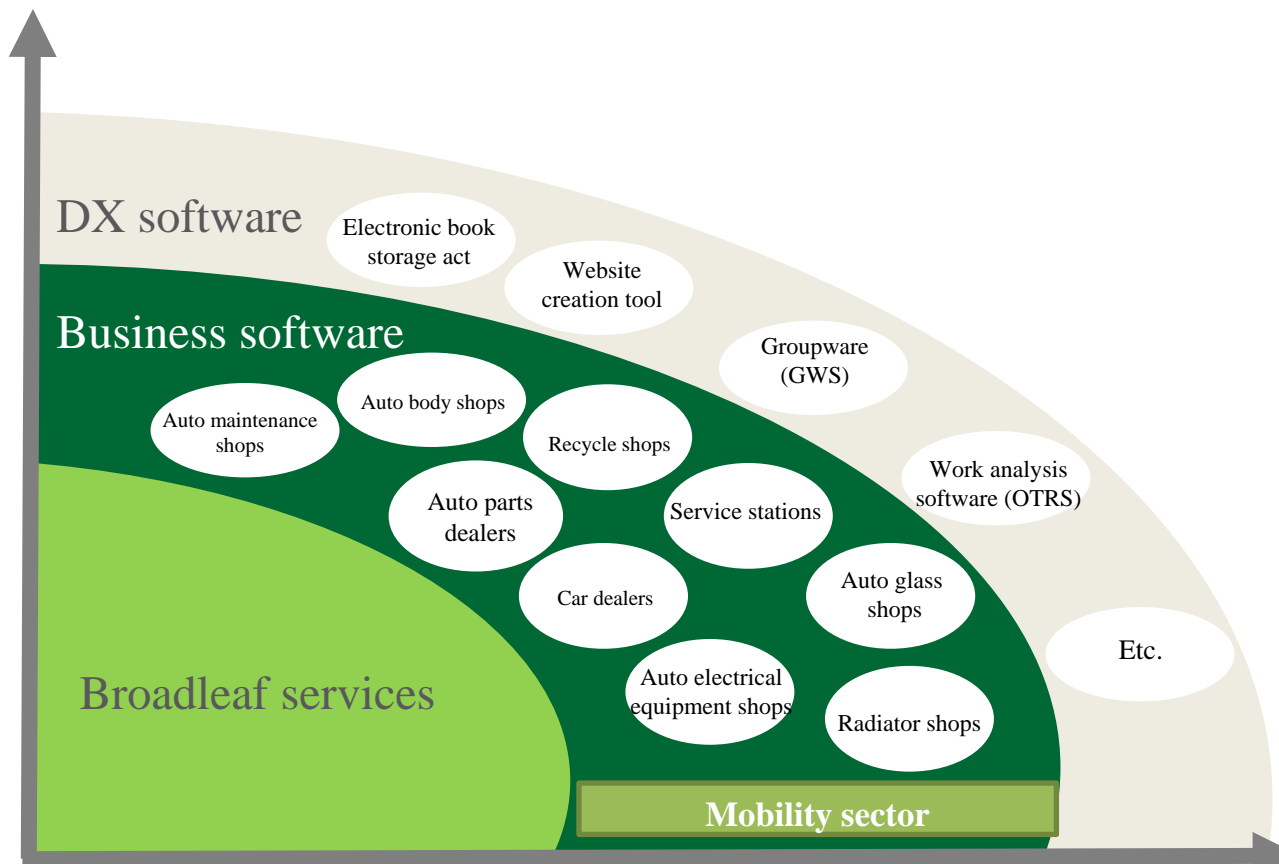
Changing from Conventional Software to Cloud-based Software Mainly in the Mobility Sector

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



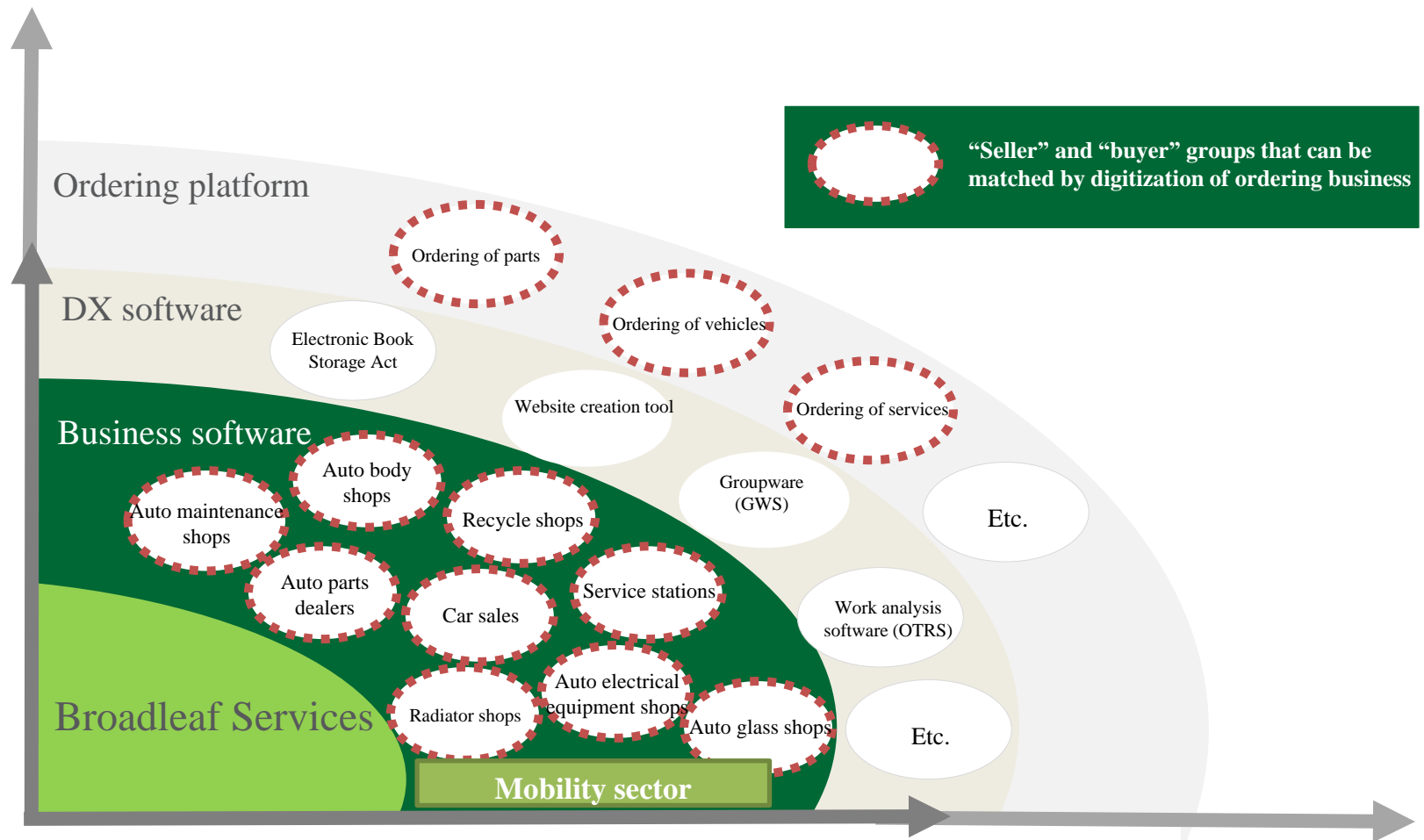
Promote Digitalization of Clients through Transition to Cloud-based Software

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



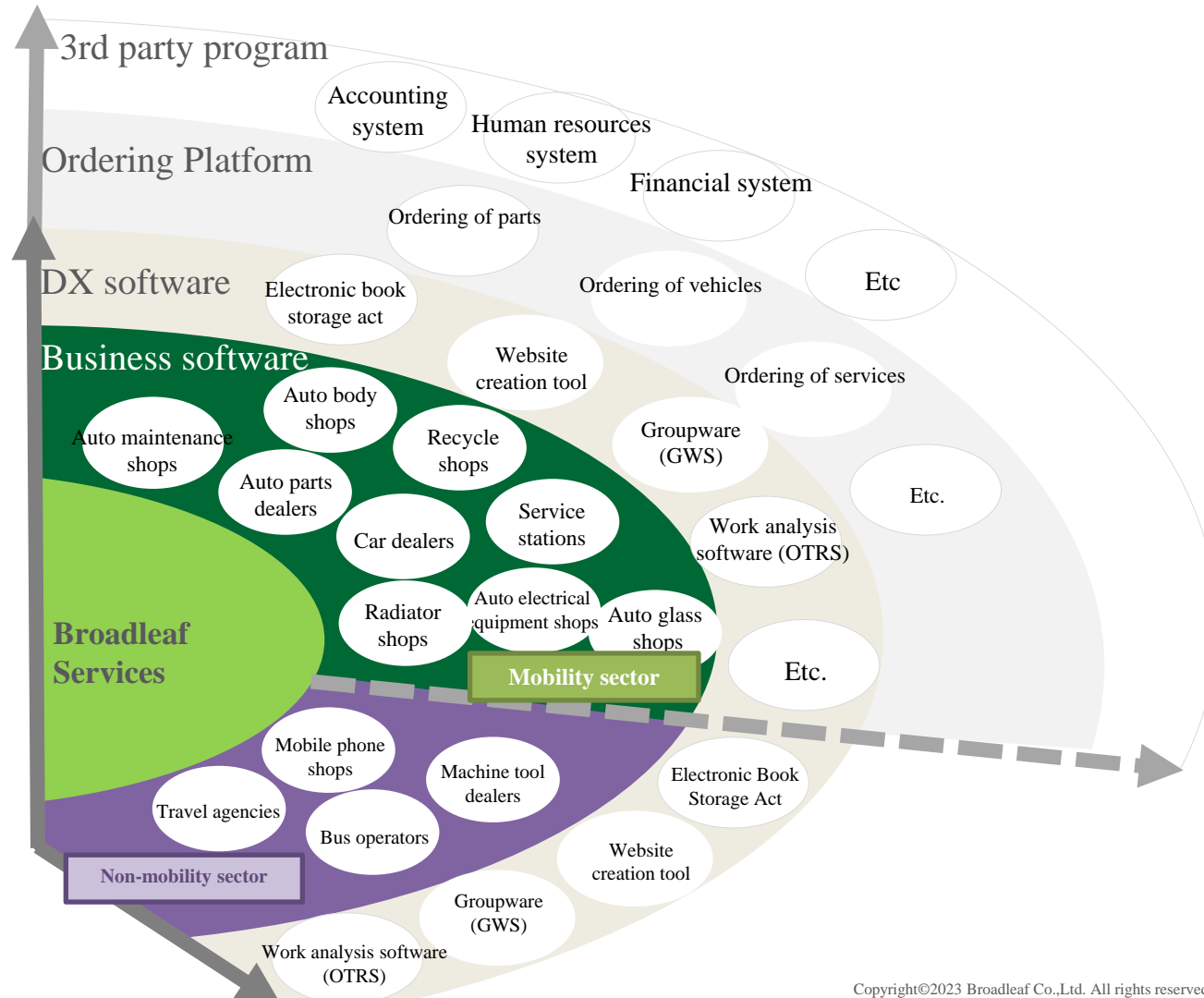
Promote Digitalization of Ordering Business through Transition to Cloud-based Software

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

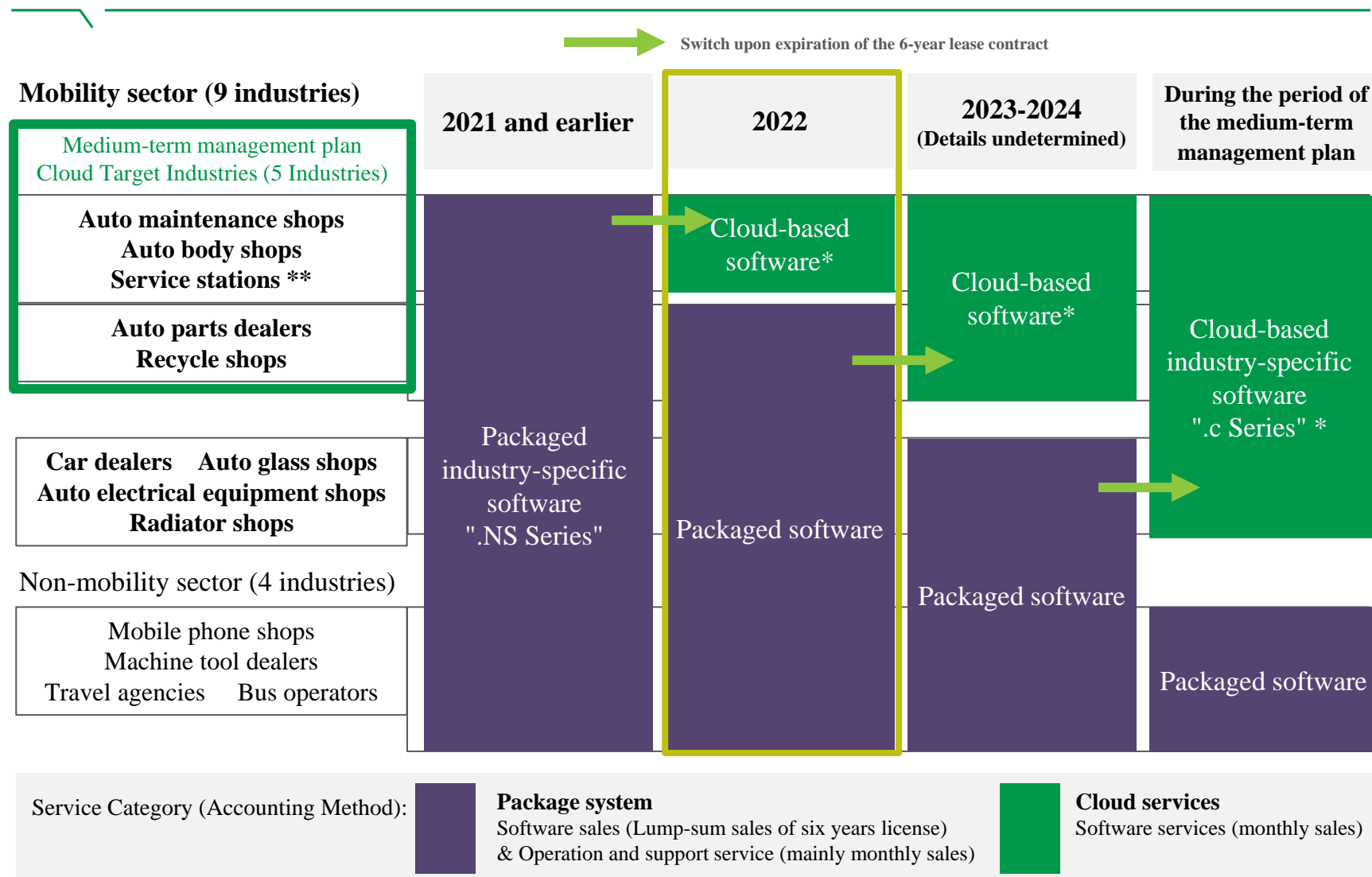


Future of Conventional Software for Non-mobility Sector

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



Release Plan of Cloud-based Software



*Sales of packaged software is ended in principle, but it is provided to some users based on monthly fees for a limited time (see page 41)

**Service stations became a new market from cloud-based software

Summary

Sales

▶ Sales of cloud services largely increased year on year.

- Explanation
- The Company started full-scale provision of cloud-based software for auto maintenance shops and auto body shops in 2022.
 - Sales of other services were also strong, such as “Dencho.DX,” a new solution corresponding to Electronic Book Storage Act launched in 2022.

▶ Sales of packaged system largely decreased year on year.

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

Cost

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

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

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

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

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

Overview of Consolidated Financial Results

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

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

*minus (-) represents loss

Cloud Service Sales

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

(Millions of yen)

| | FY2022 | FY2021 | YoY change |
|------------------|--------|--------|------------|
| Cloud services | 2,628 | 1,791 | +837 |
| Software service | 1,958 | 1,090 | +867 |
| Marketplace | 670 | 701 | -31 |

Explanation

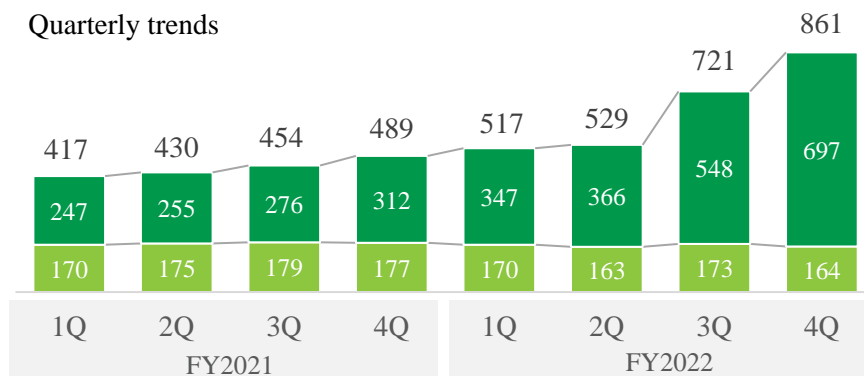
Software service

- The Company started full-scale provision of cloud software for auto maintenance shops and auto body shops in 2022
- The Company started offering “Dencho.DX” in 2022

Marketplace

- Sales decreased due to the impact of a decrease in the transaction volume in auto recycled parts market.

Quarterly trends



Main breakdown

Software service

- “.c Series” (standard and specific versions)
- “.NS Series” (monthly contract)
- “Dencho.DX,” a solution for Electronic Book Storage Act
- “BL.Homepage,” a website creation tool
- “Google Workspace™,” a groupware Etc.

Marketplace

- Electronic ordering platform of auto repair parts
- Factoring services, etc.

Packaged System Sales

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

(Millions of yen)

| | FY2022 | FY2021 | YoY change |
|-------------------------------|--------|--------|------------|
| Packaged system | 11,205 | 18,860 | -7,656 |
| Software sales | 3,539 | 11,620 | -8,082 |
| Operation and support service | 7,666 | 7,240 | +426 |

Explanation

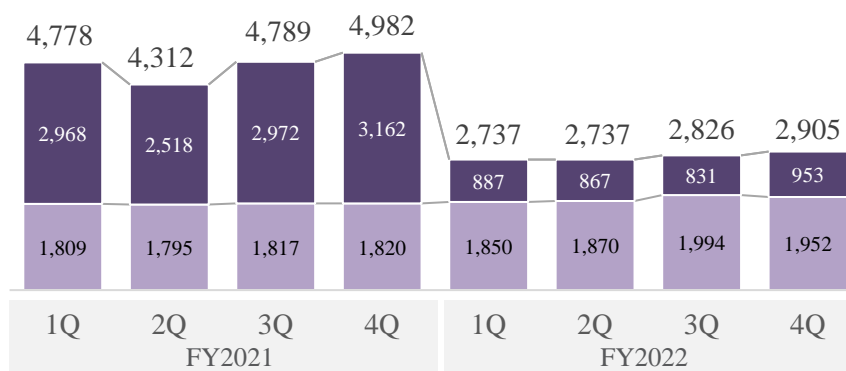
Software sales

- The Company closed the sales of “.NS Series” for auto maintenance shops and auto body shops, which led to decrease in sales.

Operation and support service

- Sales increased against the backdrop of an increase in the usage rate of ancillary services of “.NS Series”.

Quarterly trends



Main breakdown

Software sales

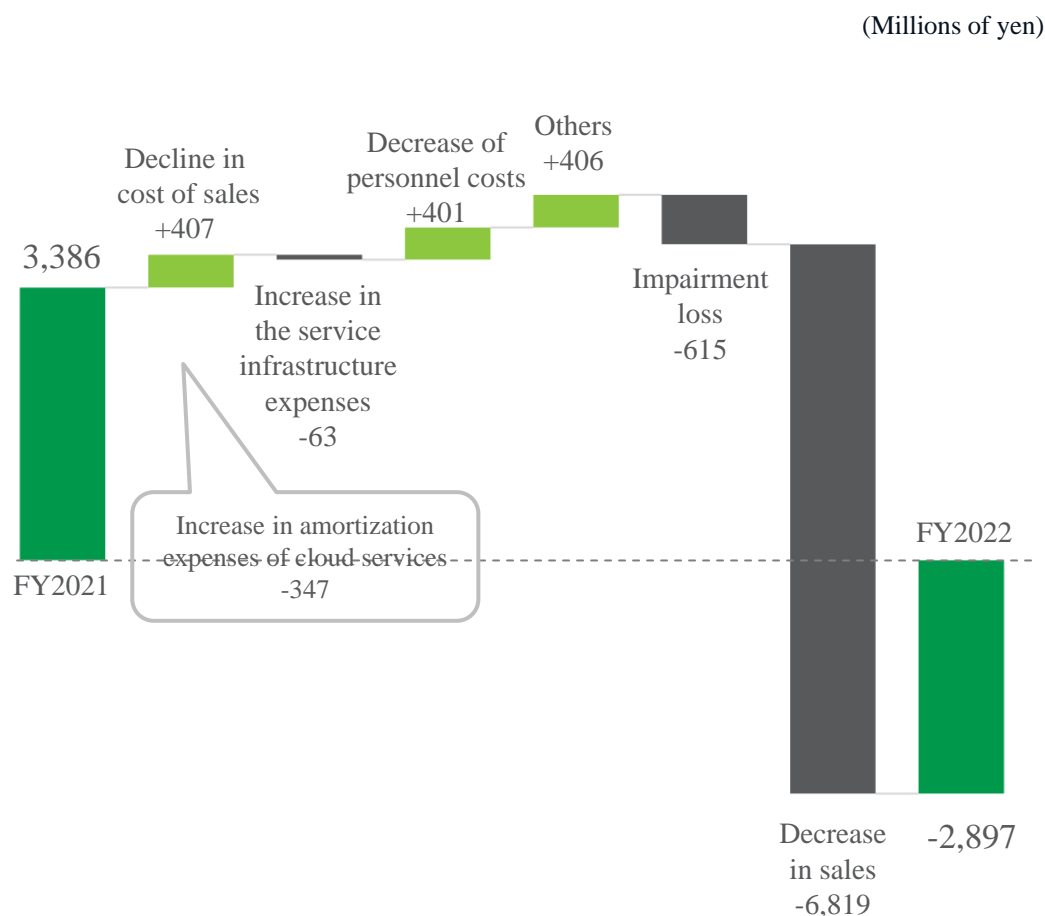
- .NS Series (multi-year lease contract)
- “OTRS,” a work analysis software Etc.

Operation and support service

- Ancillary services of “.NS Series” (support services, etc.)
- Sales of supplies such as forms and toner Etc.

Factors Behind Changes in Operating Profit

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



Cost of sales

- Amortization expenses of cloud services increased in line with the release of cloud services.
- Purchases of devices decreased due to closing sales of “NS Series” for auto maintenance shops and auto body shops.

SG&A expenses, etc.

- Service infrastructure expense
IT infrastructure expenses for cloud services increased.
- Personnel expenses
Legal welfare expense which temporarily incurred in FY2021 decreased.
- Impairment loss
Impairment of goodwill of Group company Tajima was recorded.
- Others
Business operation expenses and operating expenses was reduced by improving operational efficiency.

Balance Sheet Status

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

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

Cash Flows Status

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

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

2. Results Forecasts for FY12/2023

Forecast of Consolidated Results

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

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

*minus (-) represents loss

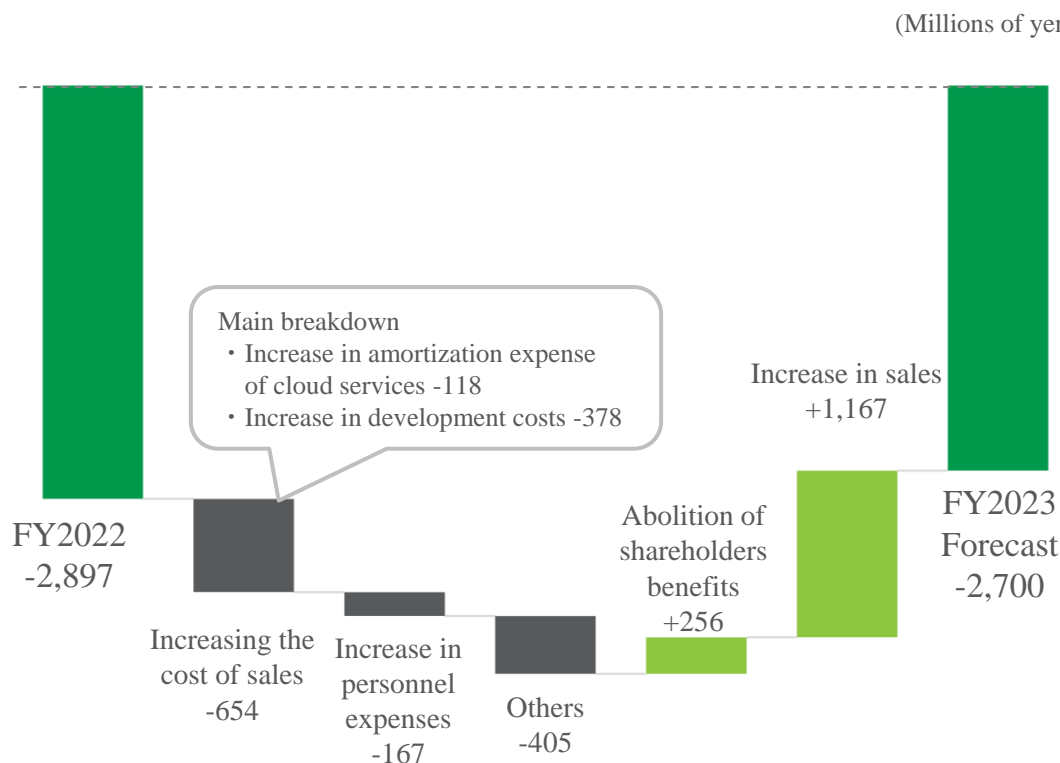
Revenues Forecast by Service Category

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

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

Factors Behind Changes in Operating Profit

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



Cost of sales

- Amortization expenses of cloud services will increase in line with the release of cloud services.
- Development costs will increase due to the development of new cloud services.

SG&A expenses, etc.

- Personnel expenses
The Company will promote hiring activities and work style reforms.
- Others
The Company will strengthen sales and promotional activities, as well as service infrastructure.
- Abolition of shareholders benefits
The Company abolished shareholder benefits from FY2022.

Dividends

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

Dividend per share

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

Dividends

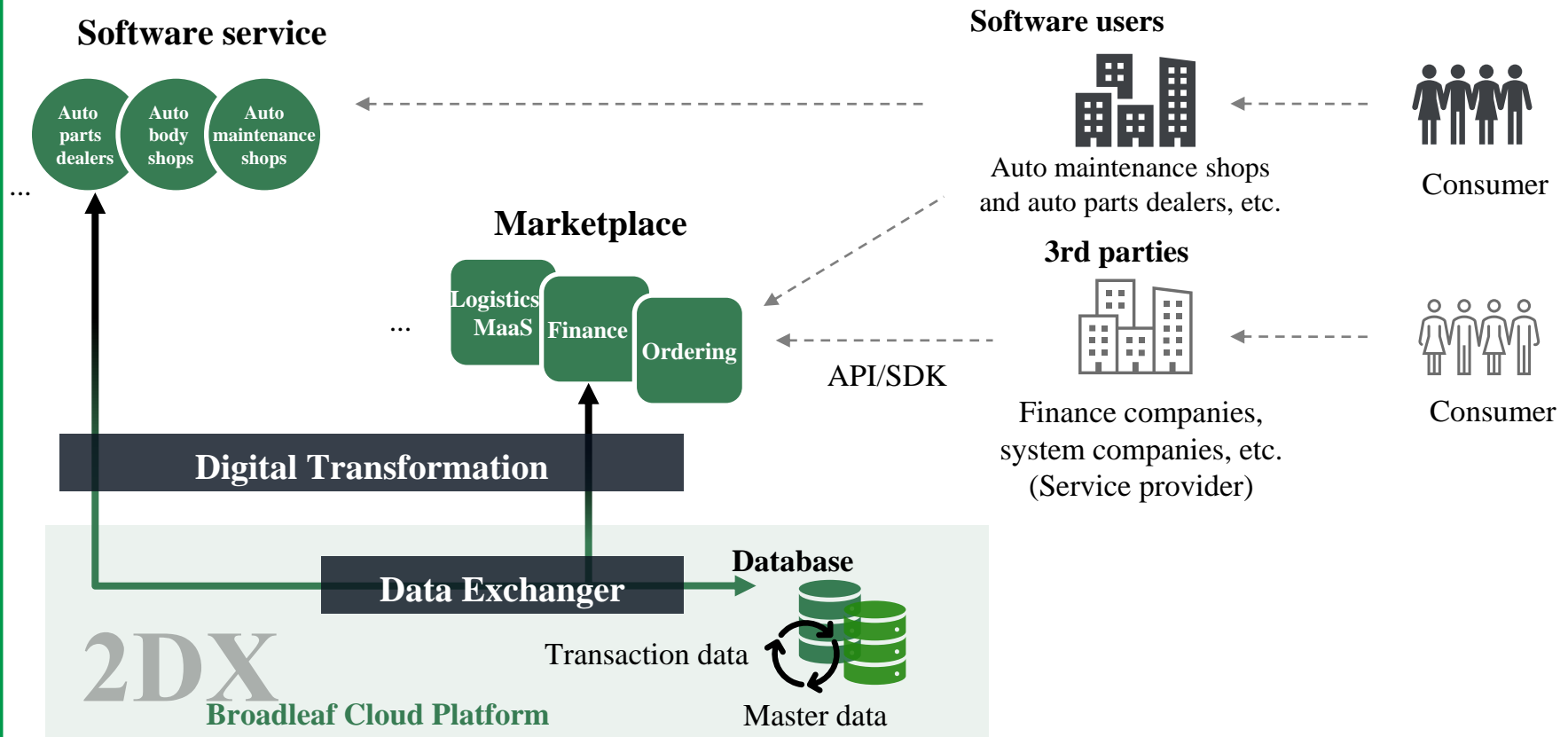
- For FY12/2022, the Company plans to pay an annual dividend of 1 yen per share.
- For 12/2023, the Company plans to announce forecast once a reasonable calculation becomes possible in light of the progress of the medium-term management plan and the status of retained earnings.

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

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

Growth Strategy ① Cloud penetration

Growth Strategy ② Expansion of services



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

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

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

*minus (-) represents loss

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

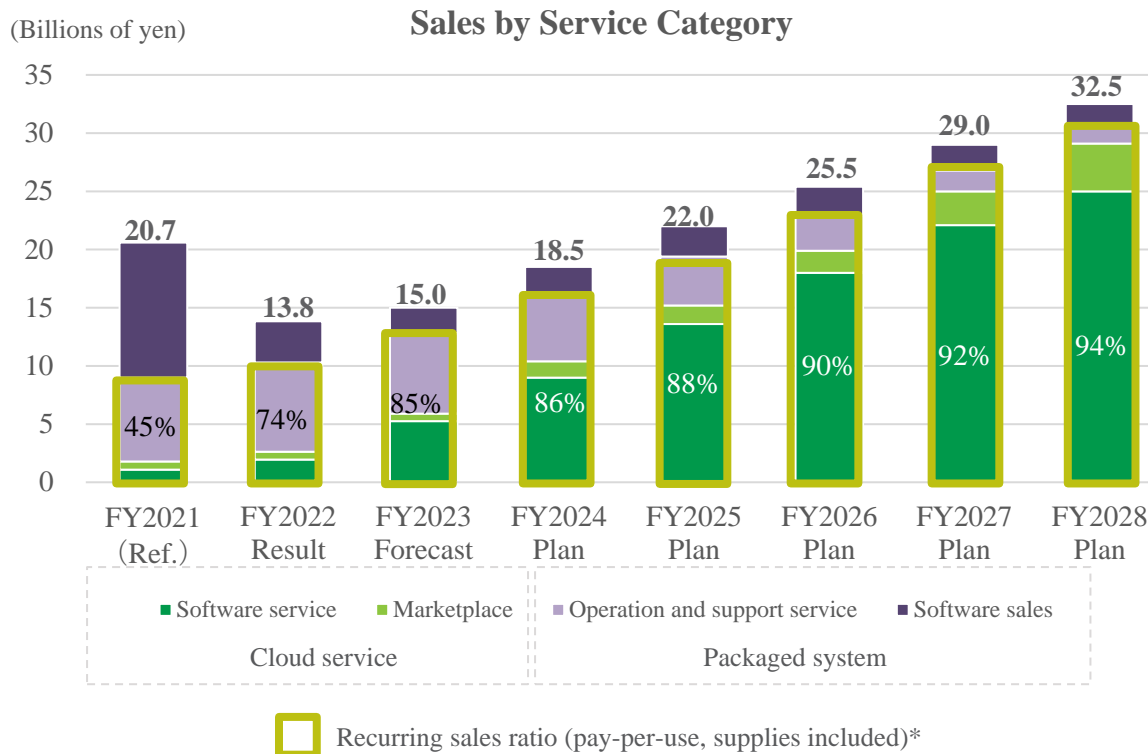
- Within “Cloud services,” “Software service” is expected to drive the revenue growth.
- “Packaged system” is expected to shrink as conventional software are changed to cloud services.

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

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

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

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



Software service

- “.c Series”
(Standard and specific versions)
- “.NS Series” (monthly contract)
- “Dencho.DX”, a solution for Electronic Book Storage Act
- “BL.Homepage,” a website creation tool
- “Google Workspace™,” a groupware
Etc.

Medium-Term Management Plan (2022-2028) Measures

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

① Cloud transition

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

Related KPI: Cloud transition rate

② Market expansion

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

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

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

③ Menu expansion

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

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

Related indicators: Number of licenses for major software services

".c Series" KPIs

- The situation of KPIs in 2022 is as follows.

| | Results at the end of FY12/2022 | Targets for the end of FY12/2024 |
|---|------------------------------------|-------------------------------------|
| <u>KPI of cloud transition</u> • Cloud transition rate | 6.5% | 40% |
| <u>KPI of market expansion</u> • Number of “.c Series” licenses | 2,523 licenses | 24,000 licenses |
| • Retention rate of “.c Series” users | - (disclosed from FY12/2023) | 99% or more |
| <u>KPI of menu extension</u> • Average monthly sales of “.c Series” | 21,279 yen/month | 23,000 yen/month |

KPI Definition

Cloud transition rate: Number of “.c Series” user companies / Number of “.c Series” target user companies*

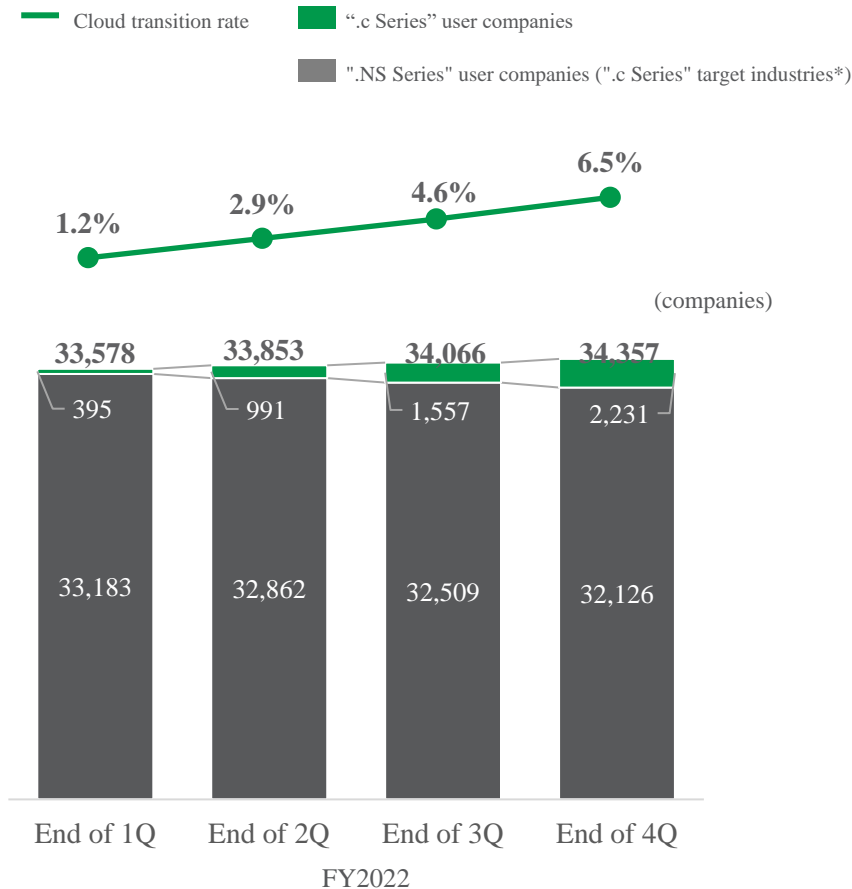
Number of licenses: The number of charge licenses for the standard version of “.c Series”

User retention rate: Planned to be announced when disclosing the result

Average monthly sales: Monthly sales / number of charged licenses for the standard version of “.c Series”

".c Series" KPI ①: Cloud Transition Rate

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



Cloud transition rate

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

".c Series" user companies

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

Definition of cloud transition rate

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

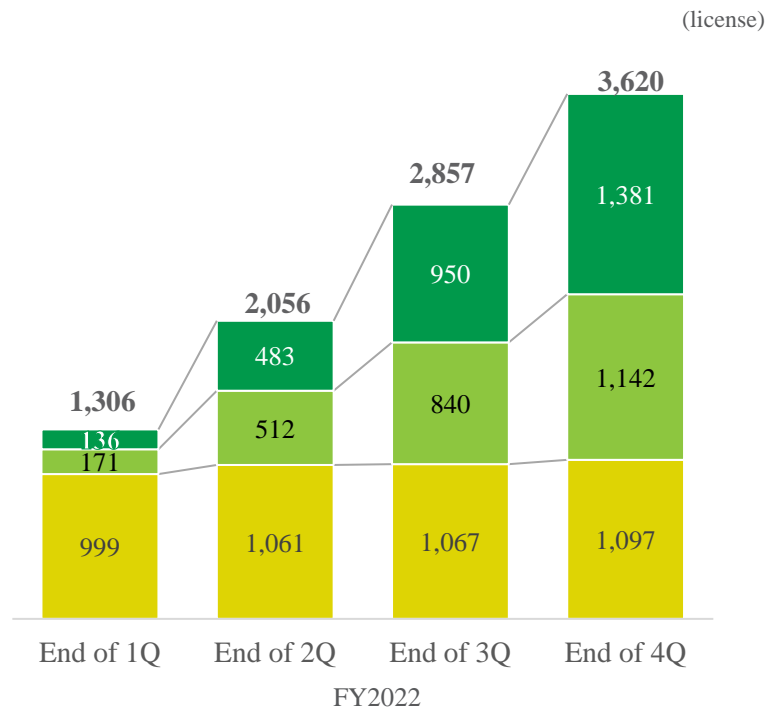
* Auto maintenance shops and service stations/auto body shops/auto parts dealers/auto recycle shops

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

“.c Series” KPI ②: Number of Licenses

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

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



Standard version

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

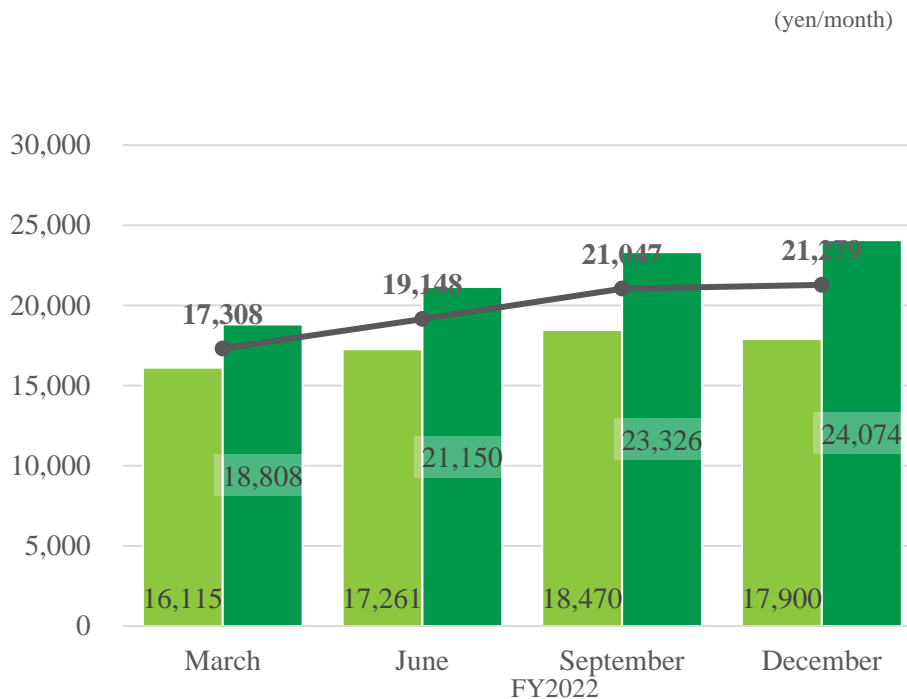
Specific version

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

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

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

- Average monthly license sales of the standard version of “.c Series”
- Existing client: Average monthly license sales of the standard version of “.c Series” acquired from existing users who switched from “.NS Series”
- New client: Average monthly license sales of the standard version of “.c Series” acquired from new clients



Existing clients

- Average monthly license sales exceeded the target of 23,000 yen/month in December, since the Company made progress in installation to middle-sized clients.

New clients

- Since the percentage of small-sized users is relatively high, they tend to start with a minimal plan.

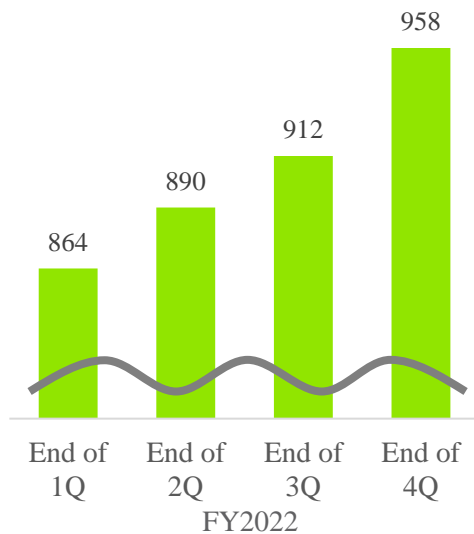
Examples of Other Software Services

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

(license)

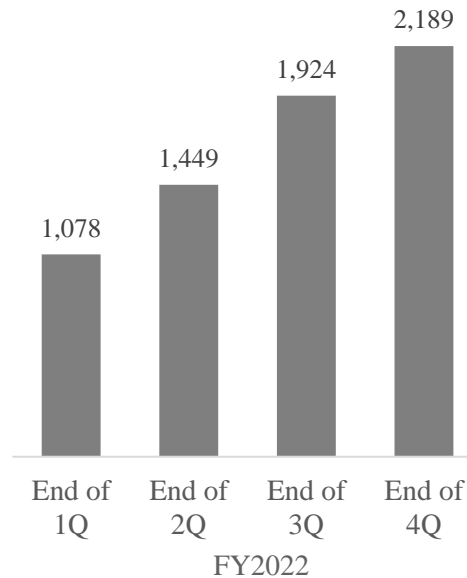
Website creation tool

BL.Homepage



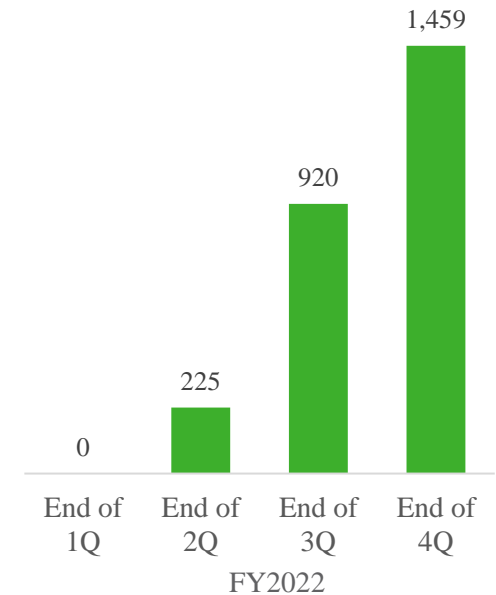
Groupware

Google Workspace™



Solutions for the Electronic Book Storage Act

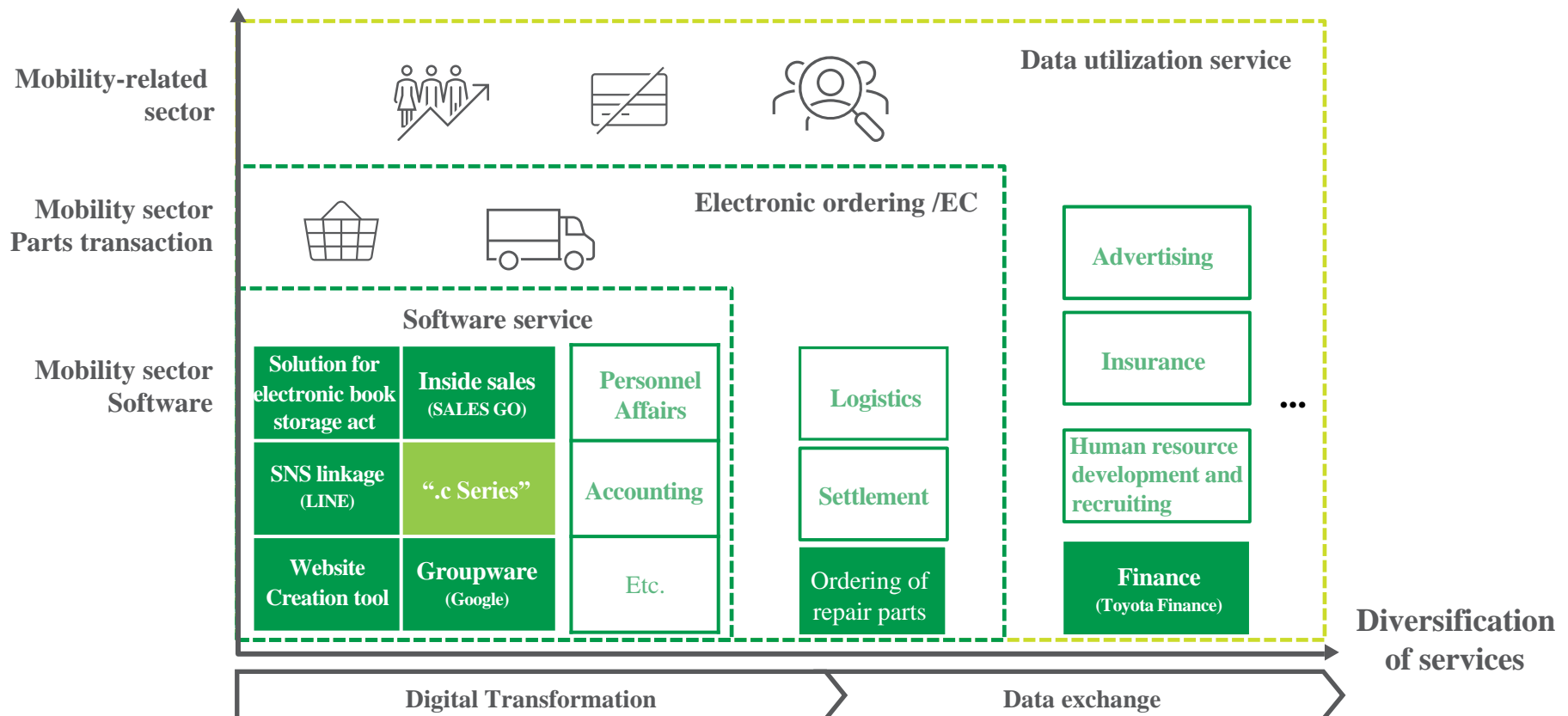
Dencho.DX



Expansion of Service

- The Company will promote diversification of services through business alliances with various companies in addition to in-house services, starting from “.c Series.”

Business area expansion



Indicators List ①

(Millions of yen)

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

(companies)

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

*Mobility sector: auto maintenance shops, auto body shops, auto parts dealers, auto recycle shops, car dealers, auto electrical equipment shops, radiator shops, auto glass shops, and service stations

Non-mobility sector: mobile phone shops, machine tools dealers, travel agencies, and bus operators (13 industries in total)

Indicators List ②

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

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

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

Indicators List ③

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

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

Indicators List ④

(License/Company)

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

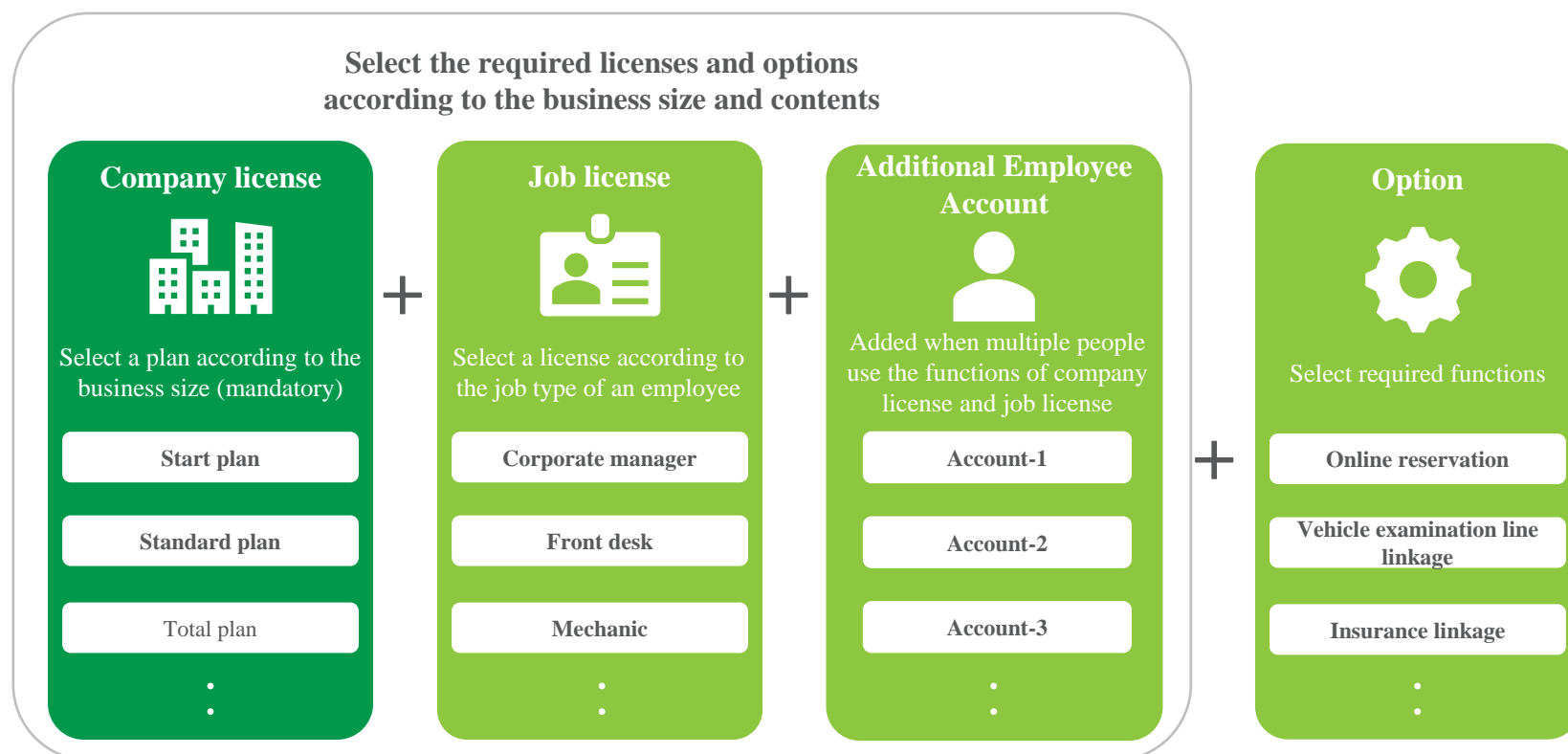
| | FY2021 | FY2022 | | | |
|---|-----------|--------|-------|---------------|-----------|
| | End of 4Q | 1Q | 1H | Cumulative 3Q | Full-year |
| Retention rate of “.NS Series”* | - | - | 99.7% | 99.5% | 99.3% |
| Number of outflows (companies) | - | - | 104 | 161 | 242 |
| Transfer to other companies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

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

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

4. Supplemental Information

Service Structure (Cloud-based Software Service)

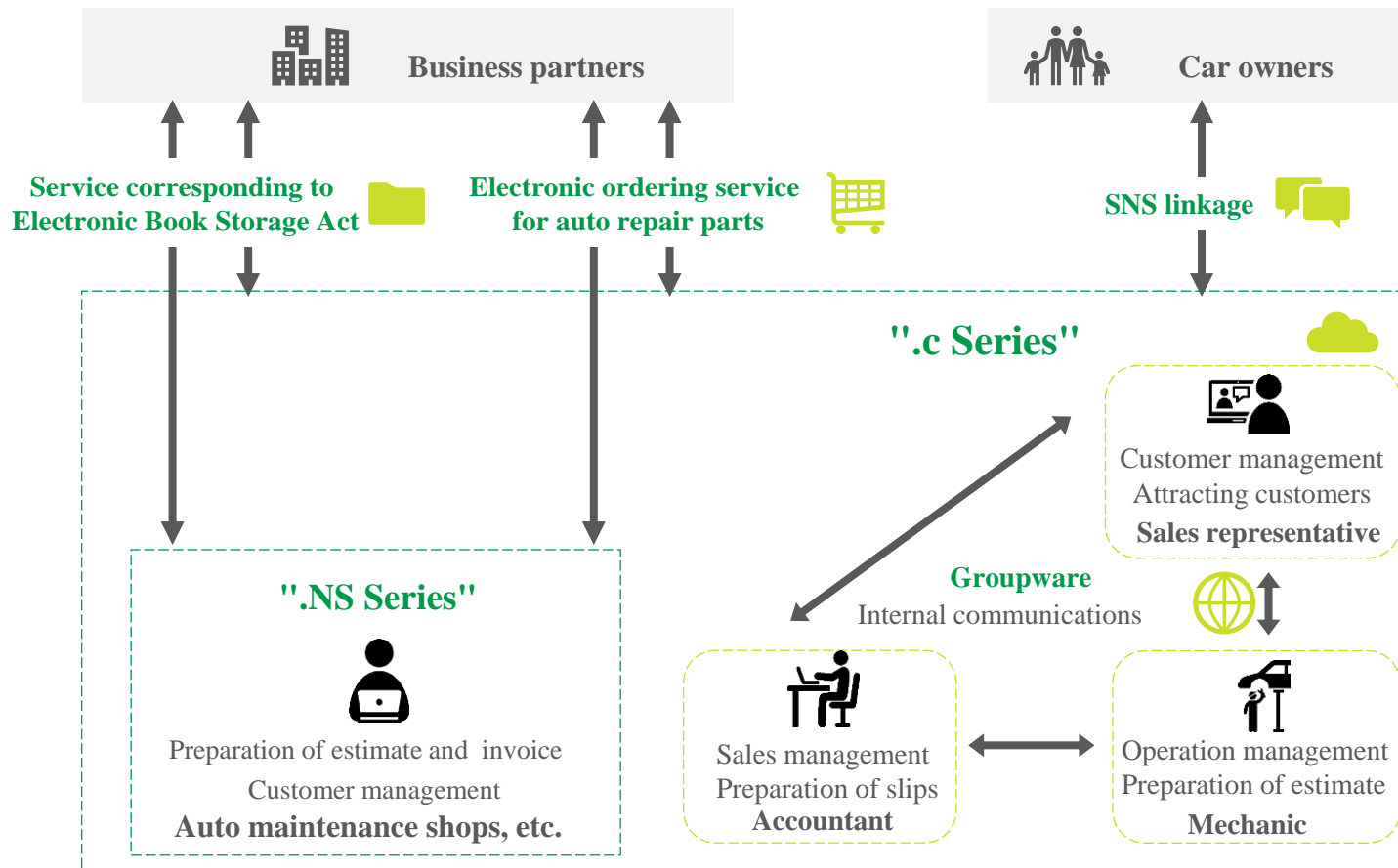


+ Database / Client support / Slip issuance, etc.

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

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

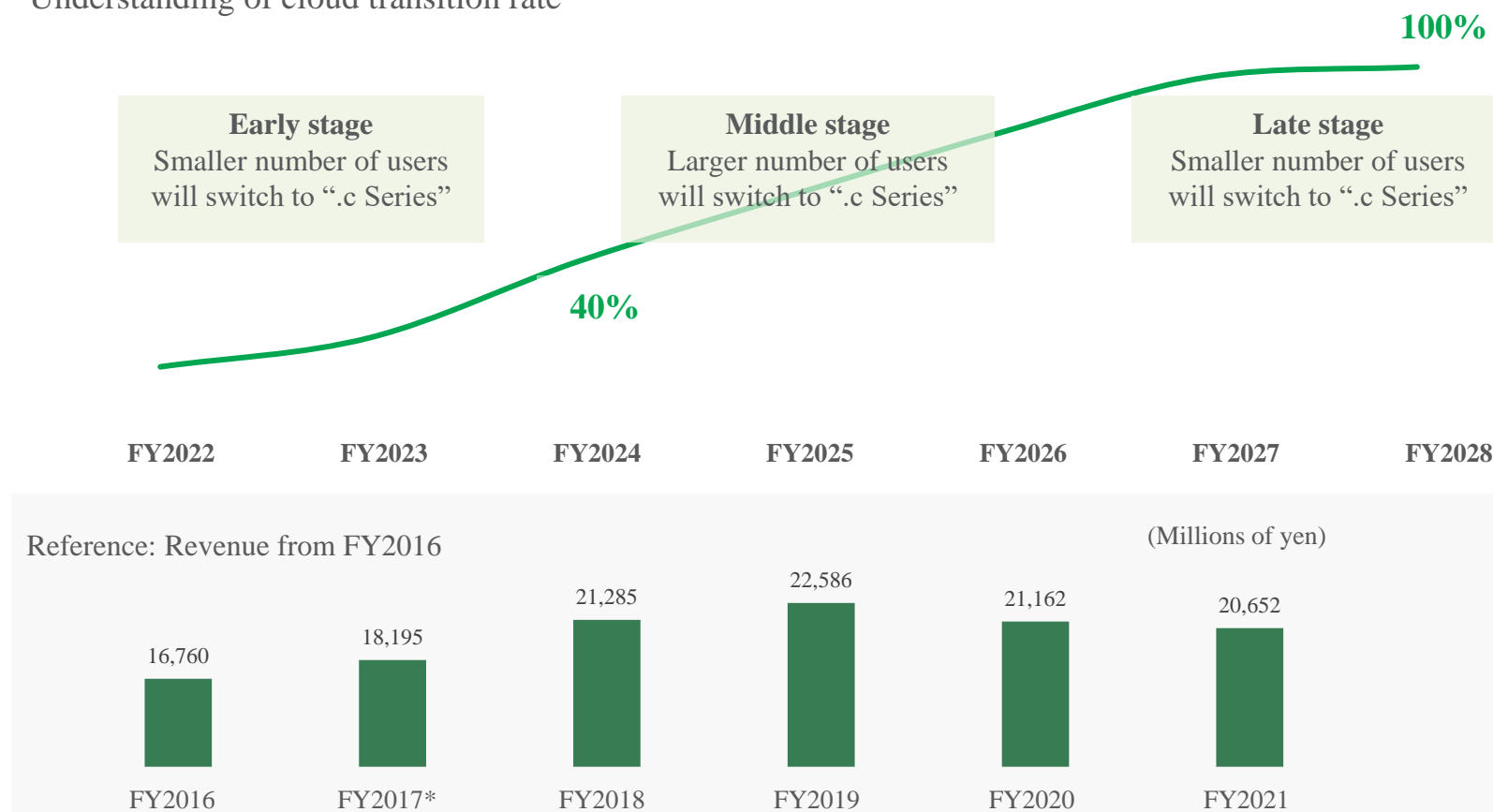
- “.c Series” go beyond the scope of estimation preparation and client management. It contributes to improvement of users’ operational efficiencies in wider range.



Understanding of Cloud Transition Rate

- Switching to “.c Series” will not proceed at a constant pace. Clients switch when 6-years contracts expire, so the number of switching users depends on the number of deals 6 years ago.

Understanding of cloud transition rate



* Tajima Inc. became consolidated subsidiary of Broadleaf Group from 3Q FY2017.

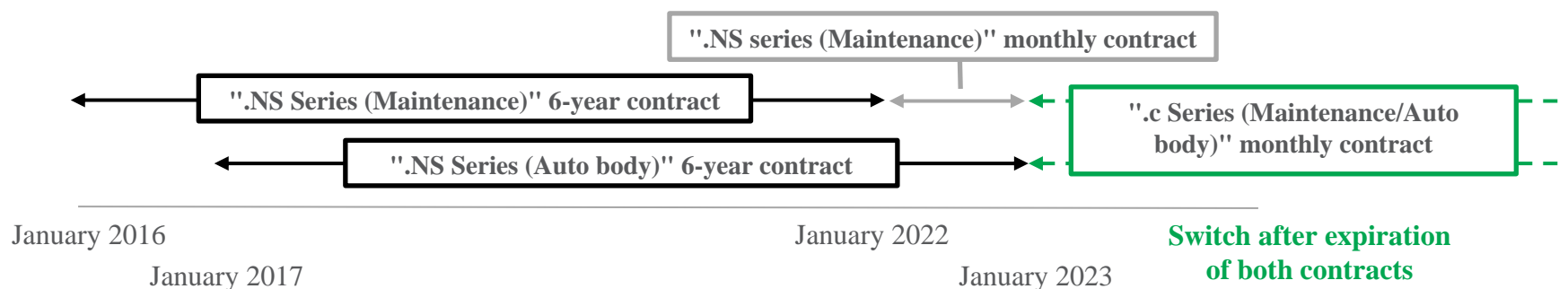
Note) “.c Series” for auto parts dealers and recycling shops have not yet been provided.

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

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

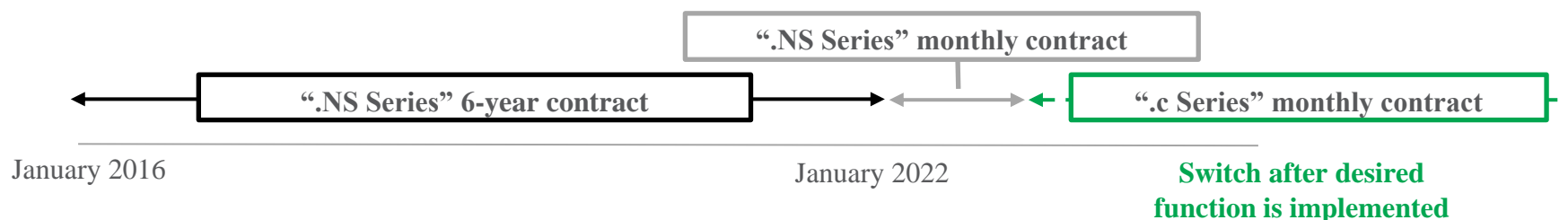
Case (1): Clients with multiple lease contracts

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



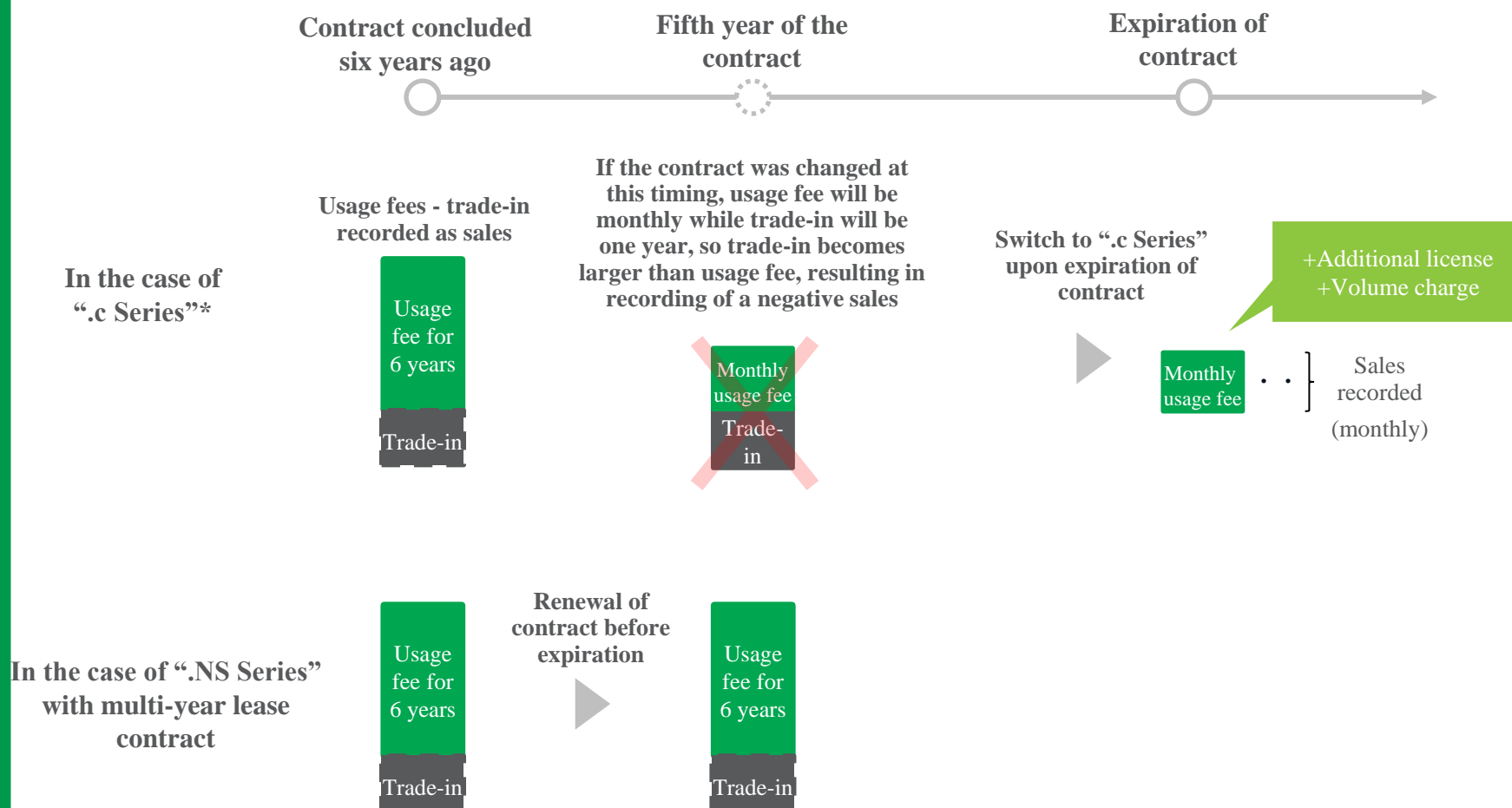
Case (2): Clients who wish to use a specific function

Example: Client whose contract of “.NS Series” will expire in 2022, but the desired function is not implemented at the time.



Reason for Switching to “.c Series” at the Expiration of Previous Contract

- If existing clients who have lease contracts of “.NS Series” for 6 years switch to “.c Series” before the expiration of the contract, negative sales will be recorded.



*The same applies when selling “.NS Series” under a monthly subscription contract

Sales Trend of Cloud Service Expected in the Future

New platform services

Auto financing, logistics MaaS, etc.

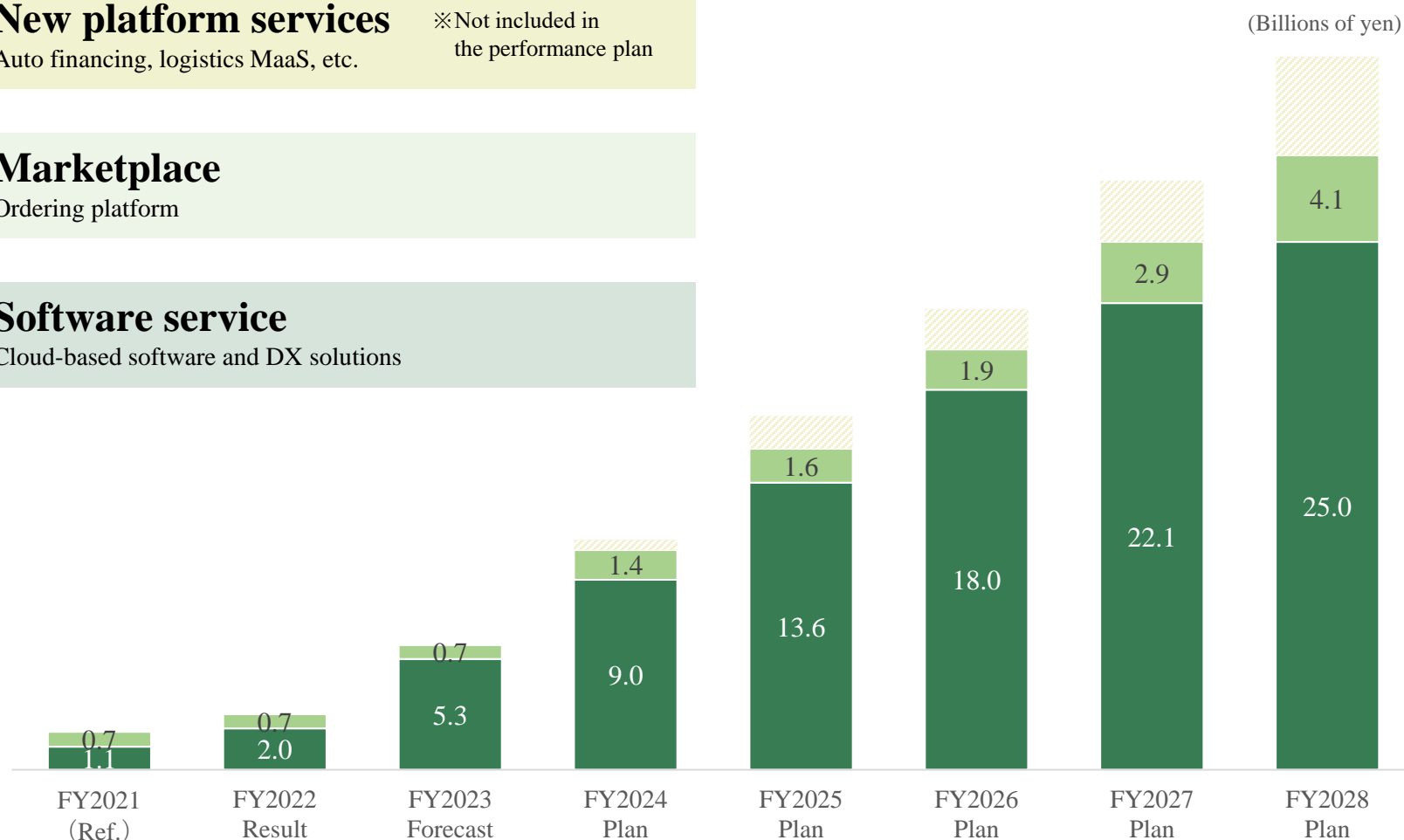
※Not included in the performance plan

Marketplace

Ordering platform

Software service

Cloud-based software and DX solutions



Company Profile

| | |
|-----------------------------|---|
| Company name | Broadleaf Co., Ltd |
| Representative | Kenji Oyama, Representative Director and President |
| Listed on | Prime Market of Tokyo Stock Exchange (3673) |
| Sector | Information and telecommunication |
| Founded/Established | December 2005/September 2009 |
| Capital stock | 7.148 billion yen (consolidated) |
| Fiscal year | From January 1 to December 31 |
| Business outline | <p>Using proprietary "Broadleaf Cloud Platform" as its infrastructure, the Company provides SaaS cloud services, marketplace-type services, and partner programs that enable functional and service collaboration with various players.</p> <p>These services are utilized as IT solutions that lead environmental changes, which are occurring in various industries including mobility sector, to business opportunities.</p> |
| Head office location | Floor 8, Glasscube Shinagawa, 4-13-14 Higashi-Shinagawa, Shinagawa-ku, Tokyo |
| Domestic offices | 27 business offices and 3 development centers in Japan |
| Major subsidiaries | Tajima Inc., SALES GO Inc., etc. |

Disclaimer

The results forecasts and forward-looking statements contained in this document are forecasts made by the Company based on information available at the time of preparation of the document and include potential risks and uncertainties.

Therefore, please be aware that actual results may differ from these results forecasts due to various factors.

Contact Information

Broadleaf Co., Ltd

Investor Relations Office

E-mail:bl-ir@broadleaf.co.jp