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**Consolidated Financial Results for the First Quarter of the
Fiscal Year Ending December 2023 [IFRS] (Consolidated)**

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

(Amounts of less than JPY one million are rounded)

1. Consolidated Financial Results for 1Q FY2023 (January 1, 2023 to March 31, 2023)

(1) Consolidated Operating Results (Cumulative)

(% shown is YtoY change)

	Revenue		Operating profit		Profit before tax		Profit		Profit attributable to owners of the parent		Total comprehensive income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
1Q FY2023	3,629	11.5	(-536)	-	(-541)	-	(-414)	-	(-405)	-	(-275)	-
1Q FY2022	3,254	-37.4	(-737)	-	(-646)	-	(-570)	-	(-570)	-	(-586)	-

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
1Q FY2023	-4.58	-4.58
1Q FY2022	-6.48	-6.48

(2) Consolidated Financial Position

	Total assets	Total equity	Equity attributable to owners of the parent	Percentage of equity attributable to owners of the parent
	Millions of yen	Millions of yen	Millions of yen	%
1Q FY2023	34,891	23,374	23,352	66.9
FY2022	33,535	23,662	23,632	70.5

2. Dividends

	Dividend per share				
	1Q End	2Q End	3Q End	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
FY2022	-	0.00	-	1.00	1.00
FY2023	-	-	-	-	-
FY2023 (forecast)	-	-	-	-	-

(NOTE) 1. Revisions to the most recently announced dividend forecasts: None

2. Dividends for FY2023 is not determined at the time.

3. Consolidated Earnings Forecasts for FY2023 (January 1, 2023 to December 31, 2023)

(% shown is YtoY change)

	Revenue		Operating profit		Profit before tax		Profit attributable to owners of the parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
1H FY2023	7,100	8.9	(-1,550)	-	(-1,600)	-	(-1,400)	-	-15.80
FY2023	15,000	8.4	(-2,700)	-	(-2,800)	-	(-2,400)	-	-27.07

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

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* Notes

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

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

(i) Changes in accounting policies required by IFRS: None

(ii) Other changes in accounting policies: None

(iii) Changes in accounting estimates: None

(3) Number of shares outstanding (common stock)

(i) Number of shares outstanding (including treasury shares)	1Q FY2023	97,896,800 Shares	1Q FY2022	97,896,800 Shares
(ii) Number of shares of treasury shares	1Q FY2023	9,277,599 Shares	1Q FY2022	9,507,349 Shares
(iii) Average number of shares outstanding (during the period)	1Q FY2023	88,481,351 Shares	1Q FY2022	88,093,743 Shares

* Summary of financial statements is outside the scope of audit procedures by certified public accountants and audit firm.

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

(Notes on forward-looking statements)

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

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

The Company plan to hold a briefing in the form of a telephone conference for institutional investors and analysts on Wednesday, May 10, 2023. The materials used at the meeting will be posted on its website.

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1. Qualitative Information on Operating Results for the first Three Months Ended March 31, 2023

(1) Explanation of Operating Results

During the first three months of the current fiscal year (January 1, 2023 to March 31, 2023), Japanese economy is gradually picking up with normal economic development due to the lessening of the impact of COVID-19. On the other hand, The Russian military's invasion of Ukraine has become protracted, and price of things and items have continued to rise. Therefore, the economic outlook remains uncertain.

Under such social and economic conditions, companies are increasingly moving toward digital transformation (DX), such as automating and streamlining business processes and responding to new digital infrastructures. In the domestic mobility sector, where many of our customers belong, the Group has seen a positive stance toward investing in IT that not only improves operational productivity, but also enhances the added value of products and services provided to consumers and leads to the creation of new businesses.

Based on our corporate philosophy of “Gratitude and Happiness”, Broadleaf Co., Ltd group (hereinafter “the Group”) is implementing our Medium-Term Management Plan (2022-2028) (hereinafter “the Plan”). Our performance targets for the fiscal year ending December 31, 2028, the final year of the plans, which are consolidated revenue of 32.5 billion yen, operating income of 13 billion yen (operating margin of 40%), and profit attributable to owners of the parent of 8 billion yen. The Group is promoting two growth strategies, "Cloud Penetration" and "Service Expansion."

The fiscal year ending 2023 is revenue enters a growth trend toward the achievement of the Plan. In the previous fiscal year (fiscal year ending December 31, 2022), the first year of the Plan, the Group has started offering Cloud services and shifted to a monthly subscription-type business model as a foundation for revenue growth. In the recent fiscal year (fiscal year ending December 31, 2023), the second year of the Plan, the Group proactively proposed Cloud services that will lead to customer DX not only for domestic mobility sector but also for non-mobility sector. As a result, the accumulation of recurring sales through monthly subscription services will progress further from the previous fiscal year, and revenue will enter a growth trend.

In addition, the Group is providing services for users in a wide range of industries and types of businesses by incorporating large-sized language model and knowledge database that utilizes the massive proprietary data of Mobility sector owned by the Group, and the generation-type AI function built by combining "ChatGPT" into the ".c Series" and the ".DX Series". Through these measures, the Group will solve the problems that arise from the chronic shortage of human resources, EV of vehicles, and the advancement of automobiles that accompany the evolution of automated driving functions. In addition to Mobility sector, the Group aims to improve productivity through the streamlining of various sector operations. In this way, the Group will increase the added value of services provided to customers.

Against this backdrop, the Group was able to exceed our initial forecasts for the first three months of the current fiscal year. The Group strengthened sales of various DX solutions centered on “.c Series” of cloud software, our mainstay product. This resulted in a steady increase in the total number of customers and a significant increase in recurring sales in the monthly subscription service. Orders for packaged software, mainly for non-mobility sector, also performed well, exceeding the initial forecast. In terms of costs, the Group made upfront investments to prepare for future service expansion, such as strengthening the foundation for providing Cloud services. At the same time, the Group worked to reduce administrative costs by improving the efficiency of our business processes.

As a result of these factors, in the first three months of the current fiscal year, revenue amounted to 3,629 million yen (up 11.5% year on year), the operating loss was 536 million yen (loss of 737 million yen in the same period of the previous fiscal year), the loss before income taxes was 541 million yen (loss of 646 million yen in the same period of the previous fiscal year), and the loss attributable to owners of the parent was 405 million yen (loss of 570 million yen in the same period of the previous fiscal year). As a result, the fiscal year in which revenue begins a growth trend toward the achievement of the Plan

The Group only has a single business segment of IT services, but the breakdown of revenues by service category is as follows.

(Millions of yen)

Category	1Q FY2022 (January 1, 2022 to March 31, 2022)	1Q FY2023 (January 1, 2023 to March 31, 2023)	YoY ratio
Cloud services	517	935	80.9%
Packaged system	2,737	2,694	-1.6%
Total	3,254	3,629	11.5%

Cloud services

Consists of usage fees for “.c Series” and other monthly subscription-based software, as well as usage fees or commissions related to platforms for ordering automotive aftermarket parts.

The Mobility sector customers who use our “.NS Series” package software have gradually switched to “.c Series” upon the expiration of their usage rights (mostly for 6 years). In addition, “.c Series” is highly convenient and the menu system is

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flexible, so the number of new customers is increasing significantly. Furthermore, the number of “Dencho.DX”, which is covered Electronic Book Storage Act, and other DX solutions offered is increasing. With the increase in the number of customers for these monthly subscription-based software, revenue from Cloud services increased 80.9% year on year.

Packaged system

Comprised of sales proceeds from sales of “.NS series” and other packaged software (leased or sold out), commissions for various services required for the use of Packaged software, and sales proceeds for PC and other equipment and supplies.

Sales of support services related to the use of “.NS series” were firm, and orders for packaged software for non-mobility sector were strong, and sales of equipment were also steady. On the other hand, revenue from packaged system was flat year on year (down 1.6%) due to the ended sales of leasing contracts of packaged software for Mobility sector by sales agents.

Ended sales of leasing contracts for packaged software for the mobility industry by distributors

(2) Description of Financial Position.

(i) Analysis of financial condition

(Assets)

Assets at the end of the first quarter of the current fiscal year increased by 1,356 million yen from the end of the previous fiscal year to 34,891 million yen. Current assets decreased by 37 million yen to 6,518 million yen and non-current assets increased by 1,393 million yen to 28,373 million yen. Current assets decreased mainly due to a decrease of 156 million yen in cash and cash equivalents, despite an increase of 66 million yen in inventories and 59 million yen in other current assets. The increase in non-current assets was mainly attributable to increases of 729 million yen in property, plant and equipment, 419 million yen in intangible assets, and 218 million yen in other financial assets.

(Liabilities)

Liabilities at the end of the first quarter of the current fiscal year increased by 1,644 million yen from the end of the previous fiscal year to 11,517 million yen. Current liabilities increased 1,012 million yen to 7,594 million yen, while non-current liabilities increased 632 million yen to 3,923 million yen. Current liabilities increased mainly due to increases of 975 million yen in short-term interest-bearing debt and 437 million yen in contract liabilities, despite decreases of 278 million yen in other current liabilities and 120 million yen in trade and other payables. The increase in non-current liabilities was mainly attributable to an increase of 631 million yen in long-term interest-bearing debt.

(Equity)

Equity decreased by 288 million yen from the end of the previous fiscal year to 23,374 million yen at the end of the first quarter of the current fiscal year. The decrease in capital was mainly due to an increase in capital surplus of 84 million yen, an increase in other components of equity of 65 million yen, a decrease in treasury stock of 61 million yen, and a decrease in retained earnings of 489 million yen.

(ii) Analysis of cash flows

Cash and cash equivalents (hereinafter "the Cash") at the end of the first quarter of the current fiscal year decreased by 156 million yen from the end of the previous fiscal year to 3,301 billion yen.

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

(Cash flow from operating activities)

The Cash provided by operating activities was 136 million yen (year-on-year increase of 395.1%). This was mainly due to depreciation and amortization of 668 million yen and an increase in contractual liabilities of 437 million yen, despite a loss of 541 million yen for the quarterly period before tax, a decrease of 244 million yen in accrued employee bonuses, a decrease of 123 million yen in trade and other payables, and an increase of 66 million yen in inventories.

(Cash flow from investment activities)

The Cash used in investing activities was 854 million yen (year-on-year increase of 11.3%). This was mainly due to an expenditure of 854 million yen for the acquisition of intangible assets.

(Cash flow from financing activities)

The Cash provided by financing activities was 561 million yen (year-on-year decrease of 2.2%). This was mainly due to a net increase in short-term loans payable of 920 million yen, despite repayments of lease liabilities of 264 million yen and cash dividends paid of 88 million yen.

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

As described in the Medium-Term Management Plan (2022-2028) announced on February 9, 2022, the Group aims to expand our business through the provision of various Cloud services and to become a “Leading Company in SaaS field” and “One-of-a-Kind Platform Company”.

The earnings forecasts for the one half of the fiscal year ending December 2023 have been revised in consideration of the business results and performance progress during the first quarter. As announced on February 10, 2023, the full-year earnings forecast remains unchanged.

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2. Consolidated Financial Statements and Major Notes

(1) Consolidated statements of financial position

(Thousands of yen)

	FY2022 (As of December 31, 2022)	1Q Ended FY2023 (As of March 31, 2023)
Assets		
Current assets		
Cash and cash equivalents	3,456,772	3,301,092
Operating and other receivables	2,602,057	2,595,302
Inventories	130,890	196,844
Other current assets	365,715	425,177
Total current assets	6,555,434	6,518,416
Non-current assets		
Property, plant and equipment	1,038,983	1,767,985
Goodwill	11,189,504	11,189,504
Intangible assets	11,771,237	12,190,735
Investments accounted for using equity method	83,012	77,312
Other financial assets	1,364,416	1,582,140
Other non-current assets	250,391	215,170
Deferred tax assets	1,282,511	1,349,902
Total non-current assets	26,980,055	28,372,748
Total assets	33,535,490	34,891,164
Liabilities and equity		
Liabilities		
Current liabilities		
Operating and other payables	2,672,827	2,552,847
Contract liabilities	926,182	1,363,102
Short-term interest-bearing debts	2,270,443	3,245,688
Accrued income taxes	8,421	5,958
Other current liabilities	704,634	426,745
Total current liabilities	6,582,508	7,594,340
Non-current liabilities		
Long-term interest-bearing debts	2,877,710	3,509,145
Obligations for retirement pay	232,191	236,712
Provisional sum	142,292	142,436
Other non-current liabilities	38,671	34,405
Total non-current liabilities	3,290,865	3,922,698
Total liabilities	9,873,373	11,517,038
Equity		
Capital stock	7,147,905	7,147,905
Share premium	7,366,245	7,450,391
Treasury shares	-3,167,193	-3,106,595
Retained earnings	11,656,730	11,167,623
Other components of equity	628,237	693,046
Total equity attributable to owners of the parent	23,631,923	23,352,369
Non-controlling interests	30,194	21,757
Total equity	23,662,116	23,374,126
Total liabilities and equity	33,535,490	34,891,164

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(2) Consolidated statements of income

(Thousands of yen)

	1Q FY2022 (January 1, 2022 to March 31, 2022)	1Q FY2023 (January 1, 2023 to March 31, 2023)
Revenue	3,254,368	3,629,491
Cost of sales	-1,194,847	-1,483,319
Gross profit	2,059,521	2,146,172
Selling, general and administrative expenses	-2,806,391	-2,696,532
Other operating income	9,751	42,774
Other operating expenses	-29	-28,103
Operating income	-737,148	-535,688
Finance income	110,111	21,842
Finance costs	-16,001	-21,288
Equity in profits of affiliates	-3,242	-5,700
Quarterly profit before income taxes	-646,280	-540,835
Income tax	75,803	127,102
Quarterly profit	-570,477	-413,733
Quarterly profit attributable		
Owners of the parent	-570,477	-405,296
Non-controlling interests	-	-8,437
Quarterly profit	-570,477	-413,733
Quarterly earnings per share		
Basic quarterly earnings per share (yen)	-6.48	-4.58
Diluted quarterly earnings per share (yen)	-6.48	-4.58

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(3) Consolidated statements of comprehensive income

(Thousands of yen)

	1Q FY2022 (January 1, 2022 to March 31, 2022)	1Q FY2023 (January 1, 2023 to March 31, 2023)
Quarterly profit	-570,477	-413,733
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Net change in fair value of financial assets of equity nature measured at fair value through other comprehensive income	-14,966	139,184
Total items that will not be reclassified to profit or loss	-14,966	139,184
Items that may be reclassified to profit or loss		
Exchange differences on translating foreign operations	-1,791	-409
Share of other comprehensive income of associates accounted for using the equity method	823	-
Total items that may be reclassified to profit or loss	-968	-409
Total other comprehensive income, net of tax	-15,934	138,775
Comprehensive income	-586,411	-274,957
Comprehensive income attributable to		
Owners of the parent	-586,411	-266,521
Non-controlling interests	-	-8,437
Comprehensive income	-586,411	-274,957

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(4) Consolidated statements of changes in equity

1Q FY2022 (January 1, 2022 to March 31, 2022)

(Thousands of yen)

	Equity attributable to owners of the parent					
	Capital stock	Share premium	Treasury shares	Retained earnings	Other components of equity	
					Warrants	Shares with restriction on transfer Stock
Balance as of January 1, 2022	7,147,905	7,291,792	-3,285,446	14,488,974	772,216	-14,000
Quarterly profit	-	-	-	-570,477	-	-
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income	-	-	-	-570,477	-	-
Purchase of treasury stock	-	-	-14	-	-	-
Disposal of treasury shares	-	85,962	66,445	-	-152,407	-
Dividends	-	-	-	-413,579	-	-
Share-based payment transactions	-	-	-	7,030	50,831	14,000
Total transactions with owners	-	85,962	66,431	-406,550	-101,576	14,000
Balance as of March 31, 2022	7,147,905	7,377,754	-3,219,015	13,511,947	670,639	-

(Thousands of yen)

	Equity attributable to owners of the parent				Total equity
	Other components of equity			Total	
	Exchange differences on translating foreign operations	Net change in fair value of financial assets of equity nature measured at fair value through other comprehensive income	Total		
Balance as of January 1, 2022	-48,370	-238,987	470,859	26,114,084	26,114,084
Quarterly profit	-	-	-	-570,477	-570,477
Other comprehensive income	-968	-14,966	-15,934	-15,934	-15,934
Total comprehensive income	-968	-14,966	-15,934	-586,411	-586,411
Purchase of treasury stock	-	-	-	-14	-14
Disposal of treasury shares	-	-	-152,407	-	-
Dividends	-	-	-	-413,579	-413,579
Share-based payment transactions	-	-	64,831	71,860	71,860
Total transactions with owners	-	-	-87,576	-341,733	-341,733
Balance as of March 31, 2022	-49,338	-253,953	367,348	25,185,940	25,185,940

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1Q FY2023 (January 1, 2023 to March 31, 2023)

(Thousands of yen)

	Equity attributable to owners of the parent					
	Capital stock	Share premium	Treasury shares	Retained earnings	Other components of equity	
					Warrants	Shares with restriction on transfer Stock
Balance as of January 1, 2023	7,147,905	7,366,245	-3,167,193	11,656,730	812,624	-12,888
Quarterly profit	-	-	-	-405,296	-	-
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income	-	-	-	-405,296	-	-
Disposal of treasury shares	-	84,146	60,598	-	-144,744	-
Dividends	-	-	-	-88,389	-	-
Share-based payment transactions	-	-	-	4,579	57,890	12,888
Total transactions with owners	-	84,146	60,598	-83,811	-86,854	12,888
Balance as of March 31, 2023	7,147,905	7,450,391	-3,106,595	11,167,623	725,771	-

(Thousands of yen)

	Equity attributable to owners of the parent				Non-controlling interests	Total equity
	Other components of equity			Total		
	Exchange differences on translating foreign operations	Net change in fair value of financial assets of equity nature measured at fair value through other comprehensive income	Total			
Balance as of January 1, 2023	-41,414	-130,086	628,237	23,631,923	30,194	23,662,116
Quarterly profit	-	-	-	-405,296	-8,437	-413,733
Other comprehensive income	-409	139,184	138,775	138,775	-	138,775
Total comprehensive income	-409	139,184	138,775	-266,521	-8,437	-274,957
Disposal of treasury shares	-	-	-144,744	-	-	-
Dividends	-	-	-	-88,389	-	-88,389
Share-based payment transactions	-	-	70,778	75,357	-	75,357
Total transactions with owners	-	-	-73,966	-13,033	-	-13,033
Balance as of March 31, 2023	-41,822	9,098	693,046	23,352,369	21,757	23,374,126

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(5) Consolidated statements of cash flows

(Thousands of yen)

	1Q FY2022 (January 1, 2022 to March 31, 2022)	1Q FY2023 (January 1, 2023 to March 31, 2023)
Cash flow from operating activities		
Quarterly profit before income taxes	-646,280	-540,835
Depreciation and amortization expense	640,713	668,203
Share-based payment expense	75,700	77,655
Finance costs (- shown is income)	-94,110	9
Equity in losses (- shown is earnings) of affiliates	-3,242	-5,700
Decrease (- shown is increase) in trade and other receivables	1,872,235	5,280
Decrease (- shown is increase) in inventories	13,031	-65,955
Increase (- shown is decrease) in trade and other payables	-1,002,348	-122,779
Decrease (- shown is increase) in prepaid expenses	-79,139	-47,065
Decrease (- shown is increase) in long-term prepaid expenses	17,405	25,846
Increase (- shown is decrease) in employees' bonuses payable	-258,571	-244,486
Increase (- shown is decrease) in contract liabilities	-33,073	436,920
Increase (- shown is decrease) in consumption taxes payable	-31,157	-21,072
Others	-53,437	-31,132
Subtotal	424,211	146,291
Interest received	11	43
Interest expenses paid	-2,901	-3,944
Income taxes paid or refunded (- shown is payment)	-393,813	-6,200
Cash flow from operating activities	27,507	136,189
Cash flow from investing activities		
Acquisition of property, plant and equipment	-1,586	-1,180
Acquisition of intangible assets	-832,516	-854,440
Loan advances	-	-592
Collection of loans receivable	65,251	1,298
Payments for lease and guarantee deposits	-256	-197
Proceeds from collection of lease and guarantee deposits	1,398	938
Cash flow from investing activities	-767,708	-854,173
Cash flow from financing activities		
Net increase (- shown is decrease) in short-term loans payable	1,201,000	920,000
Repayments of lease obligations	-210,421	-264,247
Cash dividends paid	-413,579	-88,389
Expenses related to commitment lines	-3,205	-6,069
Cash flow from financing activities	573,795	561,295
Impact of exchange fluctuations for cash and cash equivalents	2,127	1,008
Net increase (- shown is decrease) in cash and cash equivalents	-164,279	-155,680
Cash and cash equivalents at beginning of period	3,522,045	3,456,772
Balance of cash and cash equivalents at end of period	3,357,766	3,301,092

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(6) Notes regarding consolidated financial statements

(Notes on the going concern)

Not applicable.

(Segment information)

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