



## Summary of Financial Statements for the First Quarter of the Fiscal Year Ending December 31, 2017 [IFRS] (Consolidated)

May 12, 2017

Broadleaf Co., Ltd.

Stock Listing: Tokyo Stock Exchange 1st Section

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Scheduled Submission Date for Quarterly Report: May 12, 2017

Scheduled Starting Date for Dividend Payment: –

Earnings Supplementary Explanatory Documents: Yes

Earnings Results Briefing: Yes (For institutional investors and analysts)

(Amounts are rounded down to the nearest million yen.)

### 1. Consolidated Financial Results for the 1st Quarter of the FY2017 (from January 1, 2017 to March 31, 2017)

(1) Consolidated Results of Operations (Percentage below represents increase (decrease) from the same period of previous year)

	Revenue		Operating profit		Profit before tax		Profit		Profit attributable to owners of parent		Total comprehensive income	
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%
Q1 FY2017	3,295	-4.5	-78	–	-82	–	-57	–	-57	–	-73	–
Q1 FY2016	3,448	–	285	–	280	–	178	–	178	–	175	–

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Q1 FY2017	-1.29	-1.29
Q1 FY2016	3.68	3.68

(Note) The Company conducted a 2-for-1 common stock split effective December 17, 2016. The basic earnings per share and the diluted earnings per share are calculated on the assumption that the said stock split was implemented at the beginning of the previous fiscal year.

### (2) Consolidated Financial Position

	Total assets	Total equity	Equity attributable to owners of parent	Percentage of equity attributable to owners of parent
	Millions of Yen	Millions of Yen	%	Yen
End of Q1 FY2017	22,740	18,001	18,001	79.2
End of FY2016	25,322	19,159	19,159	75.7

### 2. Dividends

	Dividends Per Share				
	End of Q1	End of Q2	End of Q3	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
FY2016	–	17.50	–	12.50	30.00
FY2017	–	–	–	–	–
FY2017 (Forecast)	–	11.00	–	11.00	22.00

(Note) Revisions to the latest forecast of dividends: No

Breakdown of dividends for the end of Q2 FY2016: Ordinary dividend 12.50 yen Commemorative dividend 5.00 yen

The Company conducted a 2-for-1 common stock split effective December 17, 2016. The dividends for the period to the end of Q2 of FY2016 are actual dividends before the stock split.

### 3. Earnings Forecast for FY2017 (from January 1, 2017 to December 31, 2017)

(Percentages below represent increases (decreases) from the same period of the previous fiscal year.)

	Revenue		Operating profit		Profit before tax		Profit attributable to owners of parent		Basic earnings per share
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Yen
1st Half of FY2017	8,100	–	600	–	600	–	390	–	8.81
FY2017	17,000	1.4	2,000	-32.3	1,960	-32.9	1,230	-34.4	27.79

(Note) Revisions to the latest forecast of earnings: No

Statement of percentages to show increases (decreases) from the previous fiscal year for the first half of FY2016 is omitted.

\* Notes

(1) Changes in significant subsidiaries during the three months ended March 31, 2017 (changes of specified subsidiaries with change of the scope of consolidation): No

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

1. Changes in accounting policies required by IFRS: No
2. Other changes in accounting policies: No
3. Changes in accounting estimates: No

(3) Number of shares outstanding (common stock)

1. Number of shares outstanding (including treasury stock)
2. Number of shares of treasury stock
3. Average number of shares outstanding (during the period)

Q1 FY2017	48,948,400	FY2016	48,948,400
Q1 FY2017	4,724,568	FY2016	3,939,268
Q1 FY2017	44,400,583	Q1 FY2016	48,410,839

(Note) The Company conducted a 2-for-1 stock split effective December 17, 2016. The number of shares outstanding (common stock) is calculated on the assumption that the stock split was implemented at the beginning of the previous fiscal year.

\* The quarterly earnings report is not subject to quarterly review.

\* Comment regarding appropriate usage of earnings forecast, and other special notes

(Note 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 will hold a results briefing for institutional investors and analysts on Monday, May 15, 2017. A document to be used in the briefing will be posted on the website.

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# 1. Qualitative Information on Operating Results, etc. for the Three Months Ended March 31, 2017

## (1) Qualitative information on financial results

In the first three months of the fiscal year ending December 31, 2017, the Japanese economy remains on a moderate recovery trend partly backed by improved corporate earnings. Going forward, the moderate recovery is expected to continue, partly because of the effect of government policies and partly because of improved employment and income situations. However, attention should be paid to the risks that uncertainty over policies in the U.S. and other countries represent for the Japanese economy.

In the information service industry, to which the Group belongs, investments are expected to increase in strategic areas such as cloud services, big data analysis, cyber security measures and expansion into IoT, in addition to the existing types of IT spending for the purposes of improving productivity and efficiency. Meanwhile, there are signs of a recovery in capital investment among companies. On the other hand, the entire industry faces the issue of securing excellent engineers who can adapt to the latest technologies and early development and offering of high value-added services.

In this environment, the Company is bolstering its measures to increase the number of customers of its industry-specific applications, such as the .NS Series and CarpodTab, a tablet-type business support tool, with the aim of expanding the customer base and changing the revenue structure. The Company is also taking action for the industry standardization of BL Parts Order System, an electronic order service for auto parts, and for strengthening the operation of Buhin MAX, the e-commerce site for auto repair parts. Along with these initiatives, the Company is stepping up efforts to provide higher value-added services for customers by successively revamping the industry-specific applications the Company offers to customers, strengthening its automobile-related database and developing automotive data analytical services.

As a result, in the first three months of the fiscal year under review, the Company posted revenue of 3,295 million yen (down 4.5% year on year). In terms of profits and losses, the Company recorded an operating loss of 78 million yen (compared with an operating profit of 285 million yen a year ago), a loss before tax of 82 million yen (compared with a profit before tax of 280 million yen a year ago) and a loss attributable to owners of parent of 57 million yen (compared with a profit attributable to owners of parent of 178 million yen a year ago), mainly due to a decrease in revenue and an increase in stock-related expenses.

The Company has a single business segment, which consists of IT services. A breakdown of sales by business domain is shown in the table below.

(Unit: Millions of yen)

Domain	Q1 FY2016 (From Jan. 1 to Mar. 31, 2016)	Q1 FY2017 (From Jan. 1 to Mar. 31, 2017)	Year-on-year rate of change
Business Application Software	2,003	1,794	-10.4%
System Support	314	300	-4.5%
Network Service	1,131	1,201	6.1%
Total	3,448	3,295	-4.5%

## (2) Qualitative information on financial position

### (i) Analysis of financial position

#### (Assets)

Assets at the end of the first quarter of the consolidated fiscal year under review declined 2,582 million yen from the end of the previous consolidated fiscal year, to 22,740 million yen. Current assets fell 2,557 million yen, to 9,748 million yen, and non-current assets decreased 25 million yen, to 12,992 million yen. The decrease in current assets was mainly attributable to decreases in operating and other receivables of 1,366 million yen and cash and cash equivalents of 1,296 million yen.

#### (Liabilities)

Liabilities fell by 1,424 million yen from the end of the previous consolidated fiscal year, to 4,739 million yen. Current liabilities fell 1,244 million yen, to 3,736 million yen, and non-current liabilities decreased by 180 million yen, to 1,003 million yen. The main factors for the fall in current liabilities were decreases in operating and other payables of 681 million yen and income taxes payable of 601 million yen. The decrease in non-current liabilities was mainly attributable to a decrease in long-term interest-bearing debt of 180 million yen.

(Equity)

Equity declined 1,158 million yen from the end of the previous consolidated fiscal year, to 18,001 million yen. The decrease was chiefly attributable to a decrease in retained earnings of 620 million yen and an increase in treasury shares of 521 million yen.

(ii) Analysis of cash flows

Cash and cash equivalents (“cash”) at the end of the first quarter of the consolidated fiscal year under review declined 1,296 million yen from the end of the previous consolidated fiscal year, to 6,442 million yen.

The following is a description of the situation and major factors of each category of cash flows in the three months ended March 31, 2017.

(Net cash from (used in) operating activities)

Cash flows provided by operating activities stood at 119 million yen, mainly reflecting a decrease in operating and other receivables of 1,365 million yen which is partially offset by a decrease in operating and other payables of 681 million yen and the income taxes paid of 577 million yen.

(Net cash from (used in) investing activities)

Cash flows used in investing activities came to 139 million yen, mainly due to the acquisition of intangible assets of 111 million yen.

(Net cash from (used in) financing activities)

Cash flows used in financing activities were 1,272 million yen, chiefly attributable to the cash dividends paid of 563 million yen and the purchase of treasury shares of 530 million yen.

(3) Qualitative Information on consolidated earnings forecast

There have been no changes in the consolidated results forecasts for the six months ending June 30, 2017 and for the fiscal year ending December 31, 2017 announced in the “Summary of Financial Statements for the Fiscal Year Ended December 31, 2016” on February 14, 2017.

## 2. Summary Consolidated Financial Statements and Major Notes

### (1) Summary consolidated statement of financial position

(Unit: Thousands of Yen)

	FY2016 (As of Dec. 31, 2016)	Q1 FY2017 (As of Mar. 31, 2017)
<b>Assets</b>		
Current assets		
Cash and cash equivalents	7,738,206	6,441,850
Operating and other receivables	4,199,180	2,833,490
Inventories	109,866	122,124
Other current financial assets	417	220
Other current assets	256,566	349,935
Total current assets	12,304,234	9,747,620
Non-current assets		
Property, plant and equipment	426,750	409,801
Goodwill	10,031,002	10,031,002
Intangible assets	1,142,446	1,127,183
Investments accounted for using equity method	70,896	68,577
Other non-current financial assets	1,148,794	1,156,960
Other non-current assets	26,024	21,226
Deferred tax assets	171,824	177,714
Total property, plant and equipment	13,017,736	12,992,464
Total assets	25,321,970	22,740,084
<b>Liabilities and Equity</b>		
<b>Liabilities</b>		
Current liabilities		
Operating and other payables	3,140,345	2,459,808
Short-term interest-bearing debt	655,086	652,539
Income taxes payable	601,139	—
Other current financial liabilities	85,072	84,891
Other current liabilities	498,475	538,864
Total current liabilities	4,980,118	3,736,102
Non-current liabilities		
Long-term interest-bearing debt	1,072,366	892,392
Non-current provisions	110,300	110,523
Total non-current liabilities	1,182,666	1,002,915
Total liabilities	6,162,784	4,739,016
<b>Equity</b>		
Capital stock	7,147,905	7,147,905
Share premium	7,114,654	7,113,585
Treasury shares	-2,252,885	-2,774,014
Retained earnings	7,136,345	6,516,471
Other components of equity	13,167	-2,879
Total equity attributable to owners of parent	19,159,187	18,001,067
Non-controlling interests	—	—
Total equity	19,159,187	18,001,067
Total liabilities and equity	25,321,970	22,740,084

## (2) Summary consolidated statement of income

(Unit: Thousands of Yen)

	Q1 FY2016 (From Jan. 1, 2016 to Mar. 31, 2016)	Q1 FY2017 (From Jan. 1, 2017 to Mar. 31, 2017)
Revenue	3,448,397	3,294,903
Cost of sales	-1,049,546	-946,911
Gross profit	2,398,851	2,347,992
Selling, general and administrative expenses	-2,362,495	-2,429,687
Other operating income	251,805	5,246
Other operating expense	-3,087	-1,495
Operating profit (loss)	285,075	-77,945
Finance income	4,460	4,032
Finance cost	-9,285	-4,198
Equity in loss of affiliates	-505	-3,693
Profit (loss) before tax	279,744	-81,804
Income tax	-101,532	24,543
Profit (loss)	178,212	-57,261
Profit (loss) attributable to owners of parent	178,212	-57,261
Earnings per share		
Basic earnings (loss) per share (yen)	3.68	-1.29
Diluted earnings (loss) per share (yen)	3.68	-1.29

## (3) Summary consolidated statement of comprehensive income

(Unit: Thousands of Yen)

	Q1 FY2016 (From Jan. 1, 2016 to Mar. 31, 2016)	Q1 FY2017 (From Jan. 1, 2017 to Mar. 31, 2017)
Profit (loss)	178,212	-57,261
Other comprehensive income		
Components 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	2,824	-13,952
Total components that will not be reclassified to profit or loss	2,824	-13,952
Components that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	-8,732	-7,969
Share of other comprehensive income of associates accounted for using equity method	2,619	5,875
Total components that may be reclassified to profit or loss	-6,113	-2,094
Total other comprehensive income, net of tax	-3,289	-16,046
Comprehensive income	174,923	-73,307
Comprehensive income attributable to owners of parent	174,923	-73,307

## (4) Summary consolidated statement of changes in equity

Q1 FY2016 (From Jan. 1, 2016 to Mar. 31, 2016)

(Unit: Thousands of Yen)

	Equity attributable to owners of parent			
	Capital stock	Share premium	Treasury shares	Retained earnings
Balance as of January 1, 2016	7,147,905	7,128,960	-1,330,018	6,941,080
Profit	—	—	—	178,212
Other comprehensive income	—	—	—	—
Total comprehensive income	—	—	—	178,212
Disposal of treasury shares	—	-1,991	11,338	—
Cancellation of treasury shares	—	-967,177	967,177	—
Dividend	—	—	—	-302,541
Reclassification from share premium to retained earnings	—	967,177	—	-967,177
Total transactions with owners	—	-1,991	978,514	-1,269,718
Balance as of March 31, 2016	7,147,905	7,126,968	-351,504	5,849,574

(Unit: Thousands of Yen)

(Unit: Thousands of Ren)

	Equity attributable to owners of parent					Total equity
	Other components of equity				Total	
	Warrants	Exchange differences on translation of 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, 2016	29,592	-11,171	8,326	26,748	19,914,674	19,914,674
Profit	—	—	—	—	178,212	178,212
Other comprehensive income	—	-6,113	2,824	-3,289	-3,289	-3,289
Total comprehensive income	—	-6,113	2,824	-3,289	174,923	174,923
Disposal of treasury shares	—	—	—	—	9,346	9,346
Cancellation of treasury shares	—	—	—	—	—	—
Dividend	—	—	—	—	-302,541	-302,541
Reclassification from share premium to retained earnings	—	—	—	—	—	—
Total transactions with owners	—	—	—	—	-293,195	-293,195
Balance as of March 31, 2016	29,592	-17,284	11,150	23,459	19,796,402	19,796,402

Q1 FY2017 (From Jan. 1, 2017 to Mar. 31, 2017)

(Unit: Thousands of Yen)

	Equity attributable to owners of parent			
	Capital stock	Share premium	Treasury shares	Retained earnings
Balance as of January 1, 2017	7,147,905	7,114,654	-2,252,885	7,136,345
Profit (loss)	—	—	—	-57,261
Other comprehensive income	—	—	—	—
Total comprehensive income	—	—	—	-57,261
Purchase of treasury shares	—	—	-530,475	—
Disposal of treasury shares	—	-1,069	9,346	—
Dividends	—	—	—	-562,614
Total transactions with owners	—	-1,069	-521,129	-562,614
Balance as of March 31, 2017	7,147,905	7,113,585	-2,774,014	6,516,471

(Unit: Thousands of Yen)

(Unit: Thousands of Ren)

	Equity attributable to owners of parent					Total equity
	Other components of equity				Total	
	Warrants	Exchange differences on translation of 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, 2017	7,383	-37,586	43,370	13,167	19,159,187	19,159,187
Profit (loss)	—	—	—	—	-57,261	-57,261
Other comprehensive income	—	-2,094	-13,952	-16,046	-16,046	-16,046
Total comprehensive income	—	-2,094	-13,952	-16,046	-73,307	-73,307
Purchase of treasury shares	—	—	—	—	-530,475	-530,475
Disposal of treasury shares	—	—	—	—	8,277	8,277
Dividends	—	—	—	—	-562,614	-562,614
Total transactions with owners	—	—	—	—	-1,084,812	-1,084,812
Balance as of March 31, 2017	7,383	-39,680	29,418	-2,879	18,001,067	18,001,067

## (5) Summary consolidated statement of cash flow

(Unit: Thousands of Yen)

	Q1 FY2016 (From Jan. 1, 2016 to Mar. 31, 2016)	Q1 FY2017 (From Jan. 1, 2017 to Mar. 31, 2017)
Cash flows from operating activities		
Profit (loss) before tax	279,744	-81,804
Depreciation and amortization expense	152,108	151,396
Compensation for damage received	-250,925	—
Finance income and costs	4,826	166
Equity in loss (earnings) of affiliates	505	3,693
Decrease (increase) in operating and other receivables	789,563	1,365,036
Decrease (increase) in inventories	56,082	-12,259
Increase (decrease) in operating and other payables	-322,249	-680,694
Increase (decrease) in employees' bonuses payable	-42,429	88,596
Increase (decrease) in consumption taxes payable	62,158	4,162
Other, net	-116,166	-140,425
Subtotal	613,218	697,866
Interest received	960	244
Dividends received	3,500	—
Interest expenses paid	-3,326	-2,346
Compensation for damage received	250,925	—
Income taxes paid	-80,377	-576,596
Cash flows from (used in) operating activities	784,900	119,168
Cash flows from investing activities		
Acquisition of property, plant and equipment	-2,996	-3,368
Acquisition of intangible assets	-122,635	-111,473
Acquisition of investments	-27,187	-15,000
Payments for lease and guarantee deposits	-1,113	-10,501
Proceeds from collection of lease and guarantee deposits	6,555	338
Acquisition of investments accounted for using equity method	-92,250	—
Other, net	1,142	1,048
Cash flows from (used in) investing activities	-238,484	-138,957
Cash flows from financing activities		
Repayments of long-term loans payable	-173,190	-177,280
Repayments of lease obligations	-8,144	-9,795
Cash dividends paid	-295,051	-562,614
Purchase of treasury shares	—	-530,475
Proceeds from sales of treasury shares	9,346	8,277
Cash flows from (used in) financing activities	-467,038	-1,271,887
Impact of exchange fluctuations for cash and cash equivalents	-10,759	-4,680
Net increase (decrease) in cash and cash equivalents	68,619	-1,296,355
Cash and cash equivalents at beginning of period	8,628,510	7,738,206
Balance of cash and cash equivalents at the end of the quarter	8,697,128	6,441,850

(6) Notes regarding the summary consolidated financial statements

(Notes on going concern assumption)

Not applicable.

(Segment information)

Since the Group has only a single business segment (IT services), the statement is omitted.

(Significant post-balance sheet events)

Acquisition of the shares of TAJIMA INCORPORATED (which was made a subsidiary of the Company)

The Company resolved at a meeting of its Board of Directors held on May 12, 2017 to execute the agreement for transfer of shares to make TAJIMA INCORPORATED (hereinafter referred to as “Tajima”) by acquiring all shares of Tajima. On that day, the Company executed the agreement for transfer of shares. The Company will acquire the shares on July 31, 2017.

(1) Reasons for acquisition of the shares

Under the medium-term management policy “to evolve into a comprehensive service provider that support a rich car life,” the Company has realized sustainable growth through proposal and provision of services attractive to car owners and the users of the automotive aftermarket industry. Meanwhile, Tajima provides high-quality services in the same industry as that of the Company under the slogan of “honest support for the future of cars.” Although both companies operate in the same industry, their main customer groups differ. By incorporating Tajima into the group and promoting a system for cooperation between the two companies, we believe that we can provide services that satisfy wider range of users than before.

Based on this belief, the Company judged that the corporate value will be enhanced and decided to acquire shares in Tajima and make it a subsidiary.

(2) Outline of business combination

Name of the company to be acquired:	TAJIMA INCORPORATED
Description of the business of the company to be acquired:	Research, development and sales of software
Date of business combination:	July 31, 2017 (scheduled)

(3) Acquisition cost for the company to be acquired: 1,670,000 thousand yen (scheduled)

(4) Fair value of assets and liabilities and goodwill on the date of business combination

The amount of assets and liabilities on the date of business combination is not determined and so the statement thereof is omitted.