The following information was originally prepared and published by the Company in Japanese as it contains timely disclosure materials to be submitted to the Tokyo Stock Exchange. This English translation is for your convenience only. To the extent there is any discrepancy between this English translation and the original Japanese version, please refer to the Japanese version.

Summary of Financial Statements for the First Quarter of the Fiscal Year Ending December 31, 2018 [IFRS] (Consolidated)

May 11, 2018

Broadleaf Co., Ltd.
Stock Listing: Tokyo Stock Exchange 1st Section
Representative: Kenji Oyama, Representative Director, President & CEO
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 FY2018 (from January 1, 2018 to March 31, 2018)

(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 FY2018	4,433	34.5	258	–	267	–	142	–	142	–	101	–
Q1 FY2017	3,295	-4.5	-78	–	-82	–	-57	–	-57	–	-73	–

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Q1 FY2018	1.61	1.60
Q1 FY2017	-0.64	-0.64

(Note) The Company conducted a 2-for-1 common stock split effective April 1, 2018. The basic earnings per share and the diluted earnings per share for Q1 FY2017 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	Millions of Yen	%
End of Q1 FY2018	26,063	18,736	18,736	71.9
End of FY2017	28,063	19,737	19,737	70.3

2. Dividends

	Dividends Per Share				
	End of Q1	End of Q2	End of Q3	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
FY2017	–	11.00	–	11.00	22.00
FY2018	–				
FY2018 (Forecast)		5.50	–	5.50	11.00

(Note) Revisions to the latest forecast of dividends: No
The Company conducted a 2-for-1 common stock split effective April 1, 2018. The dividends in FY2017 are based on shares before the stock split. The annual dividend per share for FY2018 (forecast) which does not take the stock split into account is estimated to be 22 yen.

3. Earnings Forecast for FY2018 (from January 1, 2018 to December 31, 2018)

(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 FY2018	9,400	18.6	950	3.4	930	2.7	600	7.3	6.85
FY2018	20,400	12.1	3,300	9.6	3,260	9.0	2,100	8.7	24.02

(Note 1) Revisions to the latest forecast of earnings: No
(Note 2) The forecasts for FY2018 take into account the impact of the 2-for-1 stock split effective April 1, 2018.

* Notes

(1) Changes in significant subsidiaries during the three months ended March 31, 2018 (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: Yes
2. Other changes in accounting policies: No
3. Changes in accounting estimates: No

(Note) For details, see “2. Summary Consolidated Financial Statements and Major Notes, (6) Notes regarding the summary consolidated financial statements (Changes in accounting policies)” on page 12 of the attached material.

(3) Number of shares outstanding (common stock)

1. Number of shares outstanding (including treasury stock)	Q1 FY2018	97,896,800	FY2017	97,896,800
2. Number of shares of treasury stock	Q1 FY2018	10,595,136	FY2017	9,348,136
3. Average number of shares outstanding (during the period)	Q1 FY2018	88,023,946	Q1 FY2017	88,801,166

(Note) The Company conducted a 2-for-1 stock split effective April 1, 2018. The number of shares outstanding, number of shares of treasury stock and average number of shares outstanding are calculated on the assumption that the stock split was implemented at the beginning of the previous fiscal year.

* The quarterly earnings report is outside the scope of audit procedures by certified public accountants and audit firm.

* 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 Friday, May 11, 2018. A document to be used in the briefing will be posted on the website.

○Table of Contents of Attached Material

1. Qualitative Information on Operating Results, etc. for the Three Months Ended March 31, 2018

(1) Qualitative information on financial results

In the first three months of the fiscal year under review (January 1 through March 31, 2018), the Company posted revenue of 4,433 million yen (up 34.5% year on year). This was a result of growth in sales revenue, primarily due to the fact that the sales revenue of the Company's systems for auto maintenance factories and database provision service has increased from previous first quarter, and the contribution of sales from Tajima Incorporated ("Tajima"), which was consolidated in July 2017.

Cost and expenses included cost of sales of 1,140 million yen (up 20.4% year on year) and selling, general and administrative expenses of 3,032 million yen (up 24.8% year on year). This was attributable to an increase in the amount of goods purchased due to growing sales and higher expenses required for management of increased shareholder and its incentives in addition to the impact of Tajima above.

As a result, operating profit stood at 258 million yen (operating loss of 78 million yen in the same period of the previous year), profit before tax came to 267 million yen (loss before tax of 82 million yen in the same period of the previous year), and profit attributable to owners of parent amounted to 142 million yen (loss attributable to owners of parent of 57 million yen in the same period of the previous year).

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 FY2017 (From Jan. 1 to Mar. 31, 2017)	Q1 FY2018 (From Jan. 1 to Mar. 31, 2018)	Year-on-year rate of change
Business Application Software	1,794	2,689	49.9%
System Support	300	316	5.3%
Network Service	1,201	1,428	18.9%
Total	3,295	4,433	34.5%

(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 2,000 million yen from the end of the previous consolidated fiscal year, to 26,063 million yen. Current assets fell 2,287 million yen, to 9,114 million yen, and non-current assets increased 287 million yen, to 16,949 million yen. The decrease in current assets was mainly attributable to decreases in cash and cash equivalents of 1,560 million yen and operating and other receivables of 695 million yen. A key factor contributing to the increase in non-current assets was 276 million yen in additional intangible assets.

(Liabilities)

Liabilities fell by 999 million yen from the end of the previous consolidated fiscal year, to 7,326 million yen. Current liabilities fell 757 million yen, to 6,720 million yen, and non-current liabilities decreased by 242 million yen, to 606 million yen. The main factor for the fall in current liabilities was decrease in income taxes payable of 449 million yen. The decrease in non-current liabilities was mainly attributable to a decrease in long-term interest-bearing debt of 226 million yen.

(Equity)

Equity declined 1,001 million yen from the end of the previous consolidated fiscal year, to 18,736 million yen. The decrease was chiefly attributable to an increase in treasury shares of 766 million yen and a decrease in retained earnings of 292 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 1,560 million yen from the end of the previous consolidated fiscal year, to 4,411 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, 2018.

(Net cash from (used in) operating activities)

Cash flows provided by operating activities stood at 247 million yen (up 106.9% year on year), mainly reflecting a fall in trade and other receivables of 693 million yen, profit before tax of 267 million yen, and depreciation and amortization expenses of 183 million yen, which offset a decrease in trade and other payables of 385 million yen and income taxes paid of 540 million yen.

(Net cash from (used in) investing activities)

Cash flows used in investing activities came to 404 million yen (up 190.6% year on year), mainly due to the acquisition of intangible assets of 386 million yen.

(Net cash from (used in) financing activities)

Cash flows used in financing activities were 1,396 million yen (up 9.8% year on year), chiefly attributable to the cash dividends paid of 487 million yen and the purchase of treasury shares of 1,006 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, 2018 and for the fiscal year ending December 31, 2018 announced in the "Summary of Financial Statements for the Fiscal Year Ended December 31, 2017" on February 14, 2018.

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2. Summary Consolidated Financial Statements and Major Notes

(1) Summary consolidated statement of financial position

(Unit: Thousands of Yen)

	FY2017 (As of Dec. 31, 2017)	Q1 FY2018 (As of Mar. 31, 2018)
Assets		
Current assets		
Cash and cash equivalents	5,970,318	4,410,682
Operating and other receivables	4,984,981	4,289,926
Inventories	128,353	138,619
Other current assets	316,609	274,312
Total current assets	11,400,260	9,113,539
Non-current assets		
Property, plant and equipment	424,747	417,662
Goodwill	11,739,040	11,739,040
Intangible assets	2,982,588	3,259,001
Investments accounted for using equity method	57,079	39,687
Other non-current financial assets	1,238,994	1,221,080
Other non-current assets	13,340	90,803
Deferred tax assets	206,881	182,077
Total non-current assets	16,662,670	16,949,351
Total assets	28,062,930	26,062,890
Liabilities and Equity		
Liabilities		
Current liabilities		
Operating and other payables	5,595,736	3,116,789
Contract liabilities	–	2,043,489
Short-term interest-bearing debt	645,323	671,864
Income taxes payable	568,415	119,236
Other current financial liabilities	83,140	143,652
Other current liabilities	584,924	625,122
Total current liabilities	7,477,539	6,720,152
Non-current liabilities		
Long-term interest-bearing debt	461,122	235,424
Net defined benefit liability	227,131	222,720
Non-current provisions	139,786	138,125
Deferred tax liabilities	19,927	9,991
Total non-current liabilities	847,967	606,261
Total liabilities	8,325,505	7,326,413
Equity		
Capital stock	7,147,905	7,147,905
Share premium	7,116,269	7,180,665
Treasury shares	-2,736,155	-3,502,648
Retained earnings	8,009,349	7,717,011
Other components of equity	200,056	193,545
Total equity attributable to owners of parent	19,737,424	18,736,478
Total equity	19,737,424	18,736,478
Total liabilities and equity	28,062,930	26,062,890

(2) Summary consolidated statement of income

(Unit: Thousands of Yen)

	Q1 FY2017 (From Jan. 1, 2017 to Mar. 31, 2017)	Q1 FY2018 (From Jan. 1, 2018 to Mar. 31, 2018)
Revenue	3,294,903	4,432,827
Cost of sales	-946,911	-1,140,085
Gross profit	2,347,992	3,292,742
Selling, general and administrative expenses	-2,429,687	-3,032,114
Other operating income	5,246	4,622
Other operating expense	-1,495	-7,724
Operating profit (loss)	-77,945	257,526
Finance income	4,032	13,500
Finance cost	-4,198	-2,836
Equity in loss of affiliates	-3,693	-1,589
Profit (loss) before tax	-81,804	266,602
Income tax	24,543	-124,650
Profit (loss)	-57,261	141,951
Profit (loss) attributable to owners of parent	-57,261	141,951
Earnings per share		
Basic earnings (loss) per share (yen)	-0.64	1.61
Diluted earnings (loss) per share (yen)	-0.64	1.60

(3) Summary consolidated statement of comprehensive income

(Unit: Thousands of Yen)

	Q1 FY2017 (From Jan. 1, 2017 to Mar. 31, 2017)	Q1 FY2018 (From Jan. 1, 2018 to Mar. 31, 2018)
Profit (loss)	-57,261	141,951
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	-13,952	-19,040
Total components that will not be reclassified to profit or loss	-13,952	-19,040
Components that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	-7,969	-14,747
Share of other comprehensive income of associates accounted for using equity method	5,875	-6,803
Total components that may be reclassified to profit or loss	-2,094	-21,551
Total other comprehensive income, net of tax	-16,046	-40,591
Comprehensive income	-73,307	101,360
Comprehensive income attributable to owners of parent	-73,307	101,360

(4) Summary consolidated statement of changes in equity

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)

	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

Q1 FY2018 (From Jan. 1, 2018 to Mar. 31, 2018)

(Unit: Thousands of Yen)

	Equity attributable to owners of parent			
	Capital stock	Share premium	Treasury shares	Retained earnings
Balance as of January 1, 2018	7,147,905	7,116,269	-2,736,155	8,009,349
Changes in accounting policies	–	–	–	52,729
Balance after restatement of prior period's financial results after error corrections	7,147,905	7,116,269	-2,736,155	8,062,078
Profit	–	–	–	141,951
Other comprehensive income	–	–	–	–
Total comprehensive income	–	–	–	141,951
Purchase of treasury shares	–	–	-1,005,603	–
Disposal of treasury shares	–	64,396	239,110	–
Dividends	–	–	–	-487,018
Share-based payment transactions	–	–	–	–
Total transactions with owners	–	64,396	-766,493	-487,018
Balance as of March 31, 2018	7,147,905	7,180,665	-3,502,648	7,717,011

(Unit: Thousands of Yen)

	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, 2018	165,866	-36,065	70,255	200,056	19,737,424	19,737,424
Changes in accounting policies	–	–	–	–	52,729	52,729
Balance after restatement of prior period's financial results after error corrections	165,866	-36,065	70,255	200,056	19,790,153	19,790,153
Profit	–	–	–	–	141,951	141,951
Other comprehensive income	–	-21,551	-19,040	-40,591	-40,591	-40,591
Total comprehensive income	–	-21,551	-19,040	-40,591	101,360	101,360
Purchase of treasury shares	–	–	–	–	-1,005,603	-1,005,603
Disposal of treasury shares	-7,069	–	–	-7,069	296,437	296,437
Dividends	–	–	–	–	-487,018	-487,018
Share-based payment transactions	41,148	–	–	41,148	41,148	41,148
Total transactions with owners	34,079	–	–	34,079	-1,155,036	-1,155,036
Balance as of March 31, 2018	199,945	-57,616	51,215	193,545	18,736,478	18,736,478

(5) Summary consolidated statement of cash flow

(Unit: Thousands of Yen)

	Q1 FY2017 (From Jan. 1, 2017 to Mar. 31, 2017)	Q1 FY2018 (From Jan. 1, 2018 to Mar. 31, 2018)
Cash flows from operating activities		
Profit (loss) before tax	-81,804	266,602
Depreciation and amortization expense	151,396	182,726
Share-based payment expenses	–	41,148
Finance income and costs	166	-10,665
Equity in loss (earnings) of affiliates	3,693	1,589
Decrease (increase) in operating and other receivables	1,365,036	693,320
Decrease (increase) in inventories	-12,259	-10,266
Increase (decrease) in operating and other payables	-680,694	-384,955
Increase (decrease) in employees' bonuses payable	88,596	-27,595
Increase (decrease) in consumption taxes payable	4,162	9,330
Other, net	-140,425	26,566
Subtotal	697,866	787,801
Interest received	244	139
Interest expenses paid	-2,346	-1,401
Income taxes refund (paid)	-576,596	-540,022
Cash flows from (used in) operating activities	119,168	246,517
Cash flows from investing activities		
Acquisition of property, plant and equipment	-3,368	-13,929
Acquisition of intangible assets	-111,473	-385,642
Acquisition of investments	-15,000	–
Payments for lease and guarantee deposits	-10,501	-29,182
Proceeds from collection of lease and guarantee deposits	338	3,331
Other, net	1,048	21,681
Cash flows from (used in) investing activities	-138,957	-403,741
Cash flows from financing activities		
Repayments of long-term loans payable	-177,280	-185,350
Repayments of lease obligations	-9,795	-14,841
Cash dividends paid	-562,614	-487,018
Purchase of treasury shares	-530,475	-1,005,603
Proceeds from sales of treasury shares	8,277	296,437
Cash flows from (used in) financing activities	-1,271,887	-1,396,375
Impact of exchange fluctuations for cash and cash equivalents	-4,680	-6,036
Net increase (decrease) in cash and cash equivalents	-1,296,355	-1,559,635
Cash and cash equivalents at beginning of period	7,738,206	5,970,318
Balance of cash and cash equivalents at the end of the quarter	6,441,850	4,410,682

(6) Notes regarding the summary consolidated financial statements

(Notes on going concern assumption)

Not applicable.

(Changes in accounting policies)

Beginning in the first three months of the fiscal year under review, the Group has adopted IFRS 15 "Revenue from Contracts with Customers" (released in May 2014) and "Clarification to IFRS 15" (released in April 2016) (collectively referred to as "IFRS 15" below).

The Group retroactively applies IFRS 15 according to transitional measures and recognizes the cumulative effect of the start of application as the correction of the balance of retained earnings at the beginning of the first three months of the fiscal year under review.

Due to the application of IFRS 15, the Group recognizes revenue by applying the following five steps, excluding interest, dividend income, etc. based on IFRS 9 "Financial Instruments."

Step 1: Identify the contract with a customer.
Step 2: Identify the performance obligations in the contract.
Step 3: Determine the transaction price.
Step 4: Allocate the transaction price to the performance obligations in the contract.
Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation.

Pursuant to the above, the Group recognizes revenue as it satisfies performance obligations in the contracts with customers at a certain point or for a certain period.

The Group recognizes the portion of an increase in the costs for obtaining contracts with customers that is expected to be recoverable as assets (referred to as "assets recognized from the costs for obtaining a contract with a customer" below). An increase in costs for obtaining a contract with a customer is a cost incurred for the acquisition of a contract with a customer, which would have not arisen without the acquisition of such a contract. Assets recognized from the costs for obtaining a contract with a customer are written down in equal amounts over five years according to the estimated term of a contract with a customer.

As a result, other non-current assets and retained earnings increased by 76,000,000 yen and 52,729,000 yen, respectively, and deferred tax assets decreased by 23,271,000 yen in the condensed quarterly consolidated statement of financial position at the beginning of the first three months of the fiscal year under review in comparison to the case to which the previous accounting standards are applied. The impact of the application of IFRS 15 on the profit and loss in the summary consolidated statement of income for the first three months of the fiscal year under review is negligible in comparison to the case to which the previous accounting standards are applied.

Beginning the first three months of the fiscal year under review, advances received from customers, which were previously included in trade and other payables, are presented as contract liabilities due to the application of IFRS 15.

As a result, contract liabilities increased by 2,043,489,000 yen and trade and other payables decreased by the same amount in the summary consolidated statement of financial position at the end of the first three months of the fiscal year under review in comparison to the case to which the previous accounting standards are applied.

(Segment information)

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