



# 3Q FY12/2016 Business Results Briefing

Broadleaf Co., Ltd.  
TSE 1st Section: **3673**



Oct. 28, 2016

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## Chapter 1

# Overview of 3Q Business Results

## POINT

Net income increased due to the recognition of extraordinary income.

(¥ million)

	3Q FY12/2016			3Q FY12/2015
	Results	YoY Change	YoY (Ratio)	Results
Net sales	11,983	-133	-1.1%	12,116
Operating income	1,085	-184	-14.5%	1,270
Ordinary income	1,084	-165	-13.3%	1,249
Income before income taxes	1,333	93	7.5%	1,239
Net income	659	100	17.9%	559
Earnings Per Share	¥27.47	¥5.09	22.7%	¥22.38

# Sales by Category

## POINT

Network Service, the key segment, maintained growth in sales.

(¥ million)

	3Q FY12/2016			3Q FY12/2015 Results
	Results	YoY Change	YoY (Ratio)	
Business Application Software	7,613	-422	-5.3%	8,035
System Support	924	-20	-2.1%	944
Maintenance	431	-19	-4.3%	450
Provision of Consumables	493	-0	-0.1%	494
Network Service	3,444	309	9.9%	3,135
Stock	2,734	253	10.2%	2,480
Transaction	679	47	7.5%	631
PSF*1	487	-14	-3.0%	502
Order Placing and Acceptance*2	191	62	48.5%	129
Others	30	7	34.2%	22
Net sales	11,983	-133	-1.1%	12,116

\*1: Payment agency service for recycled parts

\*2: BL Parts Order System and CarpodTab

# Breakdown of Sales in Business Application Software

## POINT

Sales to new automotive-related customers increased as a result of efforts to expand trade-ins, despite a low number of user renewals.

(¥ million)

	3Q FY12/2016			3Q FY12/2015
	Results	YoY Change	YoY (Ratio)	Results
Automotive	5,355	-827	-13.4%	6,182
Renewed	4,586	-934	-16.9%	5,521
New customers	768	107	16.3%	661
Non-automotive	1,097	-8	-0.8%	1,105
Renewed	747	38	5.4%	708
New customers	349	-47	-11.9%	397
Total	6,452	-835	-11.5%	7,288
Renewed	5,333	-896	-14.4%	6,229
New customers	1,118	60	5.7%	1,058
Others	1,160	413	55.3%	747
Business Application Software Total sales	7,613	-422	-5.3%	8,035

# Breakdown of Expenses

## POINT

Continued initiatives to control costs (reviews, streamlining, etc.)

(¥ million)	3Q FY12/2016		3Q FY12/2015	Main factors behind the changes
	Results	YoY Change	Results	
Net Sales	11,983	-133	12,116	-
Cost of sales	3,714	144	3,570	Personnel shifts to the personnel expense side Increase in equipment purchases
SG&A expenses	7,183	-92	7,275	-
Personnel Expenses	3,570	86	3,483	Personnel shifts from the cost side (cost of labor)
R&D Expenses	226	-93	320	Development of next-generation systems (partial capitalization)
Other	3,385	-86	3,471	Advertising expenses, etc.
Operating Income	1,085	-184	1,270	-
Total personnel expenses *	4,105	-79	4,184	Reduced number of employees
Subcontract Cost	1,033	-176	1,210	Optimization of ratio of in-house and outsourced construction

\* Sum of labor cost (cost of sales) and personnel expenses (SG&A expenses)

# BS Summary

## POINT

Implementation of interim dividends payment and treasury stock acquisition (August 10 to September 8) for J-ESOP in the 3<sup>rd</sup> quarter.

(¥ million)

		End of 3Q FY12/2016		End of FY12/2015 Results	Major factors of increase/decrease
		Results	Change		
	Current Assets	11,610	-1,422	13,033	Decrease in cash and deposits (-472) Decrease in accounts receivable – trade (-882)
	Non-current Assets	12,156	-376	12,532	Amortization of goodwill (-501)
Total Assets		23,767	-1,798	25,565	-
	Current Liabilities	4,080	-257	4,338	Decrease in accounts payable-trade (-182) Decrease in accounts payable – other (-210)
	Non-current Liabilities	1,310	-531	1,841	Decrease in long-term loans payable (-505)
Total Liabilities		5,390	-789	6,179	-
Total Net Assets		18,376	-1,009	19,385	Recognition of net income (+ 659) Payment of dividends payable (-728) Acquisition of treasury stock (-974)
Total Liabilities and Net Assets		23,767	-1,798	25,565	-



## Chapter 2

### Results Forecasts

# Results Forecasts

## POINT

No change to the results forecasts since the last announcement (February 10).

(¥ million)	FY12/2016			FY12/2015
	Forecasts	YoY Change	YoY(Ratio)	Results
Net sales	18,000	1,175	7.0%	16,824
Operating income	3,000	485	19.3%	2,514
Operating income margin	16.7%	1.7%	-	14.9%
Ordinary income	2,970	476	19.1%	2,493
Net income	1,620	368	29.4%	1,251
Earnings Per Share	¥67.98	¥17.51	34.7%	¥50.47

# Sales Forecasts by Category

## POINT

No change to the sales forecasts since the last announcement (February 10).

(¥ million)		FY12/2016			FY12/2015
		Forecasts	YoY Change	YoY(Ratio)	Results
Business Application Software		11,700	383	3.4%	11,316
System Support		1,250	-16	-1.3%	1,266
	Maintenance	600	2	0.4%	597
	Provision of Consumables	650	-18	-2.8%	668
Network Service		5,050	807	19.0%	4,242
	Stock	3,550	199	5.9%	3,350
	Transaction	1,200	341	39.8%	858
	PSF	700	27	4.0%	672
	Order Placing and Acceptance	500	314	169.5%	185
	Others	300	267	813.6%	32
Net sales		18,000	1,175	7.0%	16,824

# Estimates and Assumptions for 4<sup>th</sup> Quarter of Fiscal Year Ending December 2016 < Sales by Category >

## POINT

Continue to expand trade-ins and prioritize the increase in new system contracts. Stock, which is categorized under incidental revenue, is expected to exceed the full-year forecast.

(¥ million)

	FY12/2016			FY12/2015
	Cumulative 3Q Results (i)	Estimates for 4Q (ii-i)	Full year Forecasts (ii)	4Q Results
Business Application Software	7,613	4,086	11,700	3,280
System Support	924	325	1,250	321
Maintenance	431	168	600	146
Provision of Consumables	493	156	650	174
Network Service	3,444	1,605	5,050	1,106
Stock	2,734	815	3,550	869
Transaction	679	520	1,200	226
PSF	487	212	700	170
Order Placing and Acceptance	191	308	500	56
Others	30	269	300	9
Net sales	11,983	6,016	18,000	4,707

(Assumptions)

■ Business Application Software (Renewed)  
Closing by the fiscal year end as planned  
(New customers)  
Continue with strategic trade-ins targeting customers of other companies. Further increase the number of contracts.

■ Stock  
The steady growth of the number of new contracts in Business Application Software up to 3Q is expected to continue in 4Q.

■ Order Placing and Acceptance  
Aim at improving the rate of utilization through presentation of added value.

# Key Indicators in Network Service Domain

## POINT

Continuous efforts for the industry standardization of the electronic order service.

FY12/2016		FY12/2015	
End of 3Q Results	End of FY Forecasts	End of 3Q Results	End of FY Results

### ■ Stock

.NS Ratio*1	85.5%	No set figure	78.8%	80.5%
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### ■ Transaction

BL Parts Order System				
Number of connections with maintenance shops	1,959	3,000 or more	1,491	1,666
Number of parts dealers participating in transactions	336	No set figure*2	288	312
CarpodTab				
Number of contracts	2,953	4,000	1,959	2,322

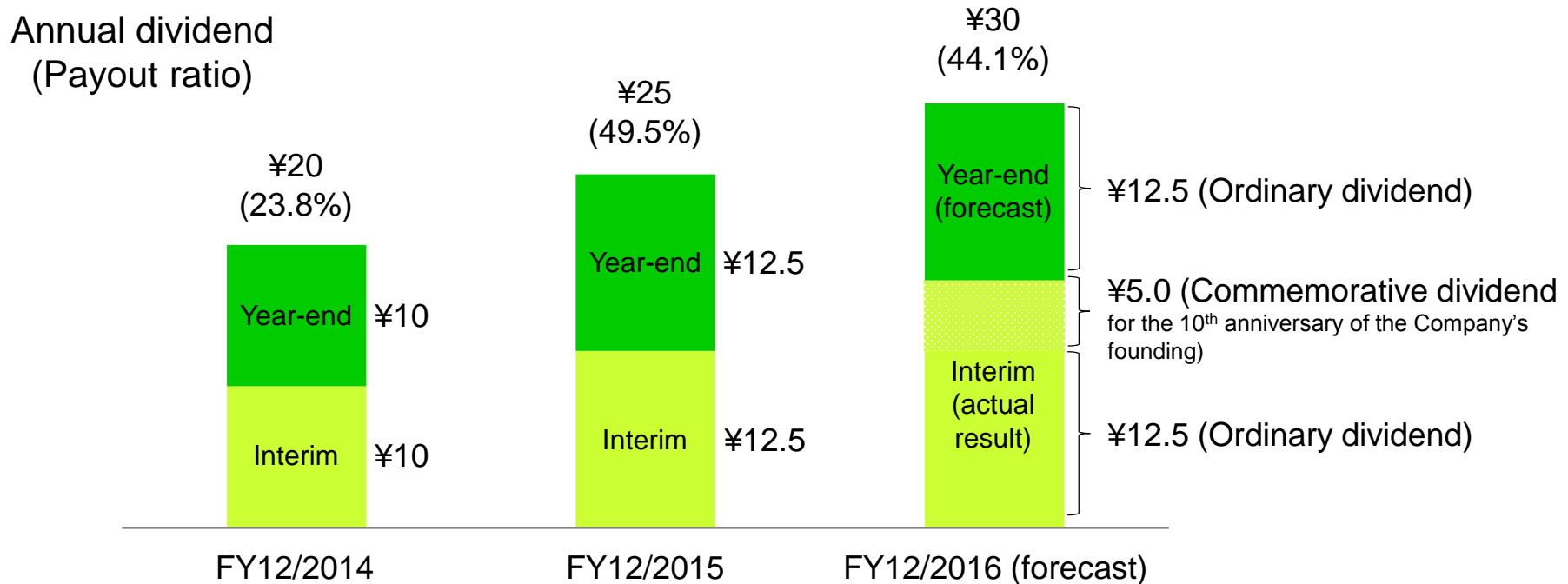
\*1: Proportion of total number of contracts accounted for by current business application software, “.NS Series.”

\*2: Since the target of 300 parts dealers has already been achieved, any further requests to participate will be dealt with as appropriate.

# Returns to Shareholders

## POINT

Interim dividends (a common dividend of 12.5 yen and a commemorative dividend of 5.0 yen) were paid as planned. No change has been made to the expected year-end dividend per share for the year ending December 2016.



## POINT

The Company decided to acquire treasury stock for the purpose of improving capital efficiency and returning profits to shareholders.

- (1) Type of shares to be acquired: Shares of common stock
- (2) Number of shares to be acquired: Up to 1,350,000 shares  
(Ratio to total shares outstanding (excluding treasury stock): 5.79%)
- (3) Total amount of acquisition: Up to 1.5 billion yen
- (4) Period of acquisition: From November 1, 2016 to January 31, 2017

(Reference) Status of treasury stock held by the Company as of September 30, 2016  
Total number of shares issued: 24,474,200 shares  
Number of treasury stock: 1,176,184 shares

## Appendix [Reference Material]



## Overview of the Company

Corporate Name:	Broadleaf Co., Ltd.
President and CEO:	Kenji Oyama
Stock Listing:	The First Section of the Tokyo Stock Exchange Securities Code: 3673 (Listed on March 22, 2013)
Founded/Established:	December 2005/September 2009
Capital Stock:	¥7,147 million
Business Outline:	Provision of services on an IT network system that supports the business of the players in the automotive aftermarket (E.g. development of business applications, platform for collaboration between different business sectors, marketplace for recycled auto parts, and automotive content)
Head Office Location:	Floor 8, Glass Cube Shinagawa, 4-13-14, Higashi-Shinagawa, Shinagawa-ku, Tokyo
Business Offices:	33 offices in Japan
Development Centers:	3 centers in Japan (Sapporo, Tokyo and Fukuoka)
Number of Employees:	780

(as of June 30, 2016)

## Sales Domain

We have a single business segment, which consists of IT services, but sales are classified into the areas below.

Category			Type of Business
Large Classification	Middle Classification	Small Classification	
Business Application Software			<ul style="list-style-type: none"> <li>- Development and sales of business application software for specific businesses.</li> <li>- Development and sales of package software, such as information security.</li> <li>- Purchase and sales of PCs and printers, etc., and others</li> </ul>
System Support	Maintenance		<ul style="list-style-type: none"> <li>- Provision of maintenance services for business application software and hardware to customers to which we sold business application software.</li> </ul>
	Provision of Consumables		<ul style="list-style-type: none"> <li>- Purchase and sales of special ledger sheets and OA supplies used in business application software.</li> </ul>
Network Service	Stock	Database Provisioning Service	<ul style="list-style-type: none"> <li>- Provision of automobile-related information and a database of parts-related information updated daily.</li> </ul>
		Server Provisioning Service	<ul style="list-style-type: none"> <li>- Receipt of consideration for server maintenance necessary for the use of network systems.</li> </ul>
	Transaction	Payment Agency Service for Recycled Parts	<ul style="list-style-type: none"> <li>- Operation of "Parts Station NET," a distribution network for recycled parts that shares information on the inventories of recycled parts. Providing payment agency services when selling and purchasing recycled parts and collecting commissions.</li> </ul>
		Electronic parts order placing and acceptance system, tablet-based business support tools and others	<ul style="list-style-type: none"> <li>- Provision of an electronic order placing and acceptance system for auto parts.</li> <li>- Provision of tablet-based business terminals to maintenance shops, etc., and others</li> </ul>

## Disclaimer

Forward-looking statements contained in this material such as results forecasts and future prospects are forecasts and estimates made by Broadleaf based on information available at the time of the preparation of the material, and are subject to potential risks and uncertainties. Please note that actual results may differ from the statements contained in this material due to various factors.

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