

Business Results Briefing 3Q FY12/2017

Broadleaf Co., Ltd.

TSE 1st Section: 3673



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Chapter 1

Overview of 3Q Business Results for FY12/2017

PL Summary (Consolidated, IFRS)

POINT

The consolidation of Tajima was completed in August 2017, contributing to an increase in income in 3Q. Broadleaf recorded an increase in sales and income on a non-consolidated basis as well.

	3Q FY12/2017 (Jan.-Sep.)			(¥ million)
	Results	YoY Change	YoY (Ratio)	3Q FY12/2016 Results
Net sales	12,487	562	4.7%	11,926
Operating income	1,819	88	5.1%	1,731
Operating income ratio	14.6%	-	-	14.5%
Net income	1,159	57	5.2%	1,101
Net income ratio	9.3%	-	-	9.2%
EPS*	26.16	3.22	14.0%	22.94

* EPS in 3Q FY12/2016 is based on the assumption that a stock split (1:2) that comes into force on December 17, 2016 was carried out at the beginning of the fiscal year.

[Reference]

FY2017 3Q (Tajima non-consolidated) Net sales ¥503 million, Operating income ¥37 million
 FY2017 3Q (Broadleaf non-consolidated) Net sales ¥12,073 million, Operating income ¥1,501 million, Net income ¥689 million
 FY2016 3Q (Broadleaf non-consolidated) Net sales ¥11,983 million, Operating income ¥1,085 million, Net income ¥659 million

Sales by Category (Consolidated, IFRS)

POINT

As a result of the consolidation of Tajima, sales increased in Business Application Software, System Support and Network Service, respectively.

(¥ million)				
	3Q FY12/2017 (Jan.-Sep.)			3Q FY12/2016
	Results	YoY Change	YoY (Ratio)	Results
Business Application Software	7,783	220	2.9%	7,564
System Support	926	2	0.2%	924
Maintenance	414	-16	-3.6%	429
Provision of Consumables	512	17	3.5%	494
Network Service	3,779	340	9.9%	3,438
Stock	3,017	290	10.6%	2,728
Transaction	704	26	3.8%	678
PSF	482	-5	-1.0%	487
Order Placement and Acceptance	222	31	16.0%	192
Others	57	25	77.0%	32
Net sales	12,487	562	4.7%	11,926

Sales by Category (Non-Consolidated)

POINT

Despite a decrease, sales in Business Application Software remained on the upward trend after 2Q.
Network Service continued to record an increase in sales.

	3Q FY12/2017 (Jan.-Sep., excluding Tajima)			(¥ million)
	Results	YoY Change	YoY (Ratio)	3Q FY12/2016 Results
Business Application Software	7,492	-122	-1.6%	7,613
System Support	911	-14	-1.5%	925
Maintenance	411	-20	-4.6%	431
Provision of Consumables	499	5	1.1%	494
Network Service	3,670	225	6.5%	3,445
Stock	2,910	175	6.4%	2,735
Transaction	704	26	3.8%	678
PSF	482	-5	-1.0%	487
Order Placement and Acceptance	222	31	16.0%	192
Others	56	24	74.6%	32
Net sales	12,073	90	0.7%	11,983

Breakdown of Sales in Business Application Software (Non-Consolidated)

POINT

The number of user renewal projects was on the increase, while Others recorded a decrease in sales due to the backlash of equipment sales.

					(¥ million)
	3Q FY12/2017 (Jan.-Sep., excluding Tajima)			3Q FY12/2016	
	Results	YoY Change	YoY (Ratio)	Results	
Automotive	5,507	152	2.8%	5,355	
Renewed	4,813	226	4.9%	4,586	
New customers	694	-75	-9.7%	769	
Non-automotive	1,237	140	12.8%	1,097	
Renewed	852	105	14.0%	747	
New customers	386	36	10.2%	350	
Total	6,744	292	4.5%	6,452	
Renewed	5,664	331	6.2%	5,333	
New customers	1,080	-39	-3.5%	1,119	
Others	748	-414	-35.6%	1,161	
Business Application Software total sales	7,492	-122	-1.6%	7,613	

Key Indicators in Network Service Domain

POINT

Steadily expanding toward the industry standard.

FY12/2017

End of 3Q

FY12/2016

End of 3Q

End of FY

■ Transactions

BL Parts Order System

Number of connections with
maintenance shops

2,143

1,959

2,041

Number of parts dealers
participating in transactions

341

336

335

CarpodTab

Number of contracts

3,230

2,953

3,054

Breakdown of Expenses (Consolidated, IFRS)

POINT

While the cost of sales decreased due to a decline in purchases, SG&A expenses increased mainly due to a rise in personnel expenses.

	3Q FY12/2017 (Jan.-Sep.)		3Q FY12/2016
	Results	YoY Change	Results
Net sales	12,487	562	11,926
Cost of sales	3,332	-378	3,710
SG&A expenses	7,345	615	6,729
Personnel Expenses	3,881	300	3,581
R&D Expenses	107	-119	227
Others	3,356	435	2,922
Other operating revenue and expenses	8	-237	245
Operating income	1,819	88	1,731

[Reference] 3Q FY12/2017 Cost of sales (Tajima non-consolidated) ¥202 million, SG&A expenses ¥264 million

BS Summary (Consolidated, IFRS)

POINT

Cash and deposits decreased while goodwill increased with the acquisition of Tajima.

(¥ million)				
	FY12/2017		FY12/2016	
	End of 3Q	YoY Change	End of FY	
Current Assets	10,075	-2,229	12,304	Decrease in cash and deposits (-2,748) Increase in operating receivables (403)
Non-current Assets	16,434	3,416	13,018	Increase in goodwill (2,471)
Total Assets	26,509	1,187	25,322	
Current Liabilities	6,756	1,776	4,980	Increase in operating debt (2,135) Decrease in accrued income taxes (-490)
Non-current Liabilities	947	-235	1,183	Decrease in long-term loans payable (-481)
Total Liabilities	7,703	1,541	6,163	
Total Shareholders' Equity	18,806	-354	19,159	Recognition of net income (1,159) Decrease by acquisition of own shares (-530) Decrease by dividend of surplus (-1,049)
Total Liabilities and Shareholders' Equity	26,509	1,187	25,322	

Chapter 2

Full-Year Results Forecasts



Full-Year Results Forecasts (Consolidated, IFRS)

POINT

Steady growth to 3Q mainly in terms of profit.

Continue efforts to ensure that sales and income forecasts will be achieved and changed upwards

(¥ million)

	FY12/2017			FY12/2016
	Forecasts	YoY Change	YoY (Ratio)	Results
Net sales	17,800	1,040	6.2%	16,760
Operating income	2,100	-853	-28.9%	2,953
Operating income ratio	11.8%	-	-	17.6%
Net income	1,240	-636	-33.9%	1,876
Net income ratio	7.0%	-	-	11.2%
EPS	28.00	-11.47	-29.1%	39.47

[Reference] For FY12/2017 (forecasts), sales and operating income attributable to the consolidation of Tajima are ¥1,300 million and ¥50 million, respectively.

Sales Forecasts by Category (IFRS)

POINT

Steady growth up to 3Q in Business Application Software as well.

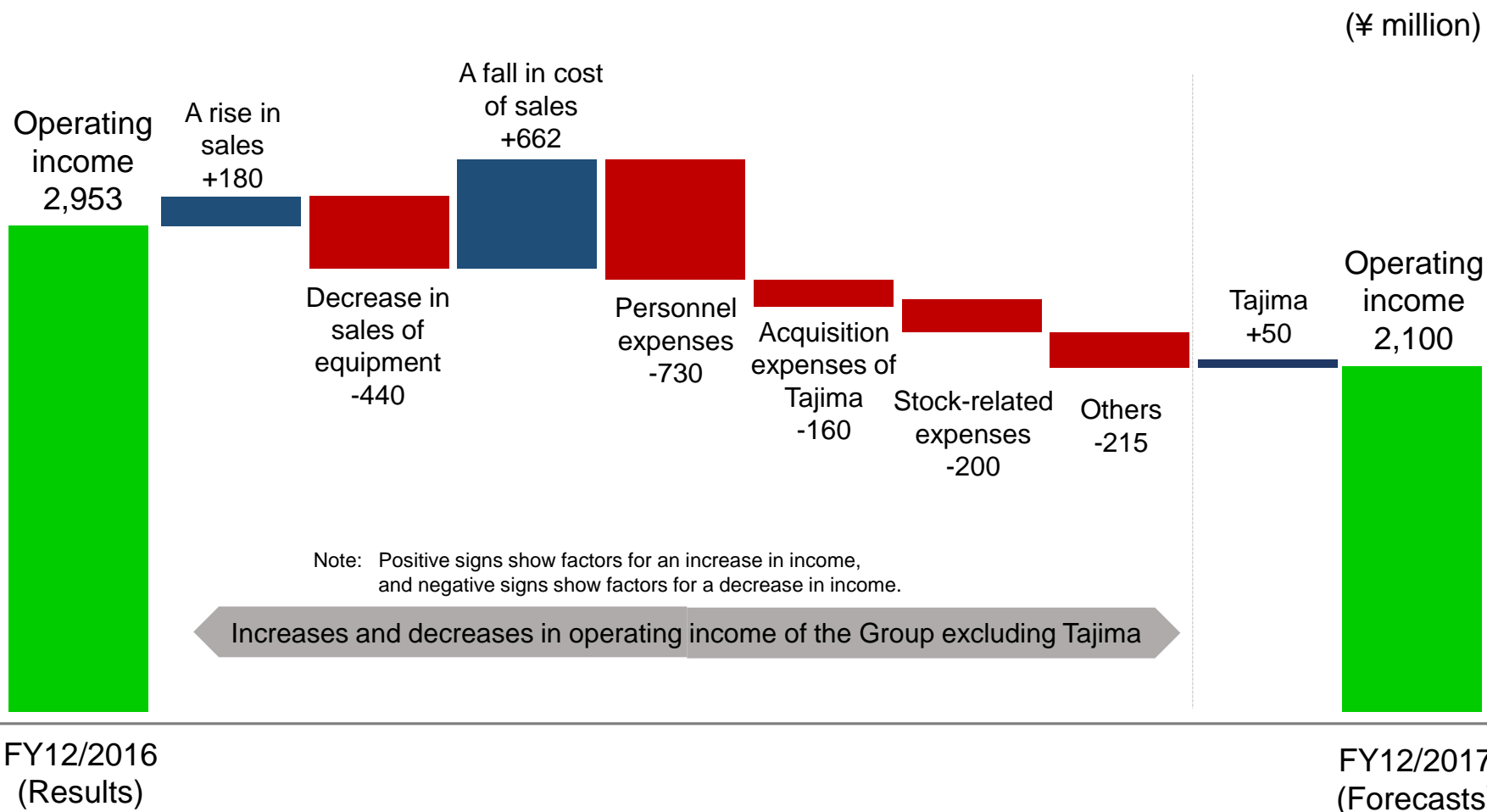
	(¥ million)					
	(Consolidated)		FY12/2017 (Excluding Tajima)		FY12/2016	
	Full Year Forecasts	Full Year Forecasts (i)	Cumulative 3Q Results ^(*) (ii)	4Q Forecasts (i)-(ii)	Results	4Q Results
Business Application Software	11,300	10,350	7,401	2,949	10,894	3,330
System Support	1,250	1,200	912	338	1,243	319
Maintenance	550	550	411	139	570	141
Provision of Consumables	700	650	501	199	673	179
Network Service	5,250	4,950	3,671	1,279	4,623	1,185
Stock	4,200	3,900	2,910	990	3,663	935
Transaction	950	950	704	246	918	240
PSF	650	650	482	168	657	170
Order Placement and Acceptance	300	300	222	78	261	69
Others	100	100	57	43	43	11
Net sales	17,800	16,500	11,984	4,516	16,760	4,834

* IFRS-based results minus non-consolidated results of Tajima

Factors for Changes in Operating Income (Consolidated, IFRS)

POINT

Personnel expenses are expected to increase due to a change in the personnel system.
Synergies from the acquisition of Tajima will be generated in earnest from the next fiscal year.

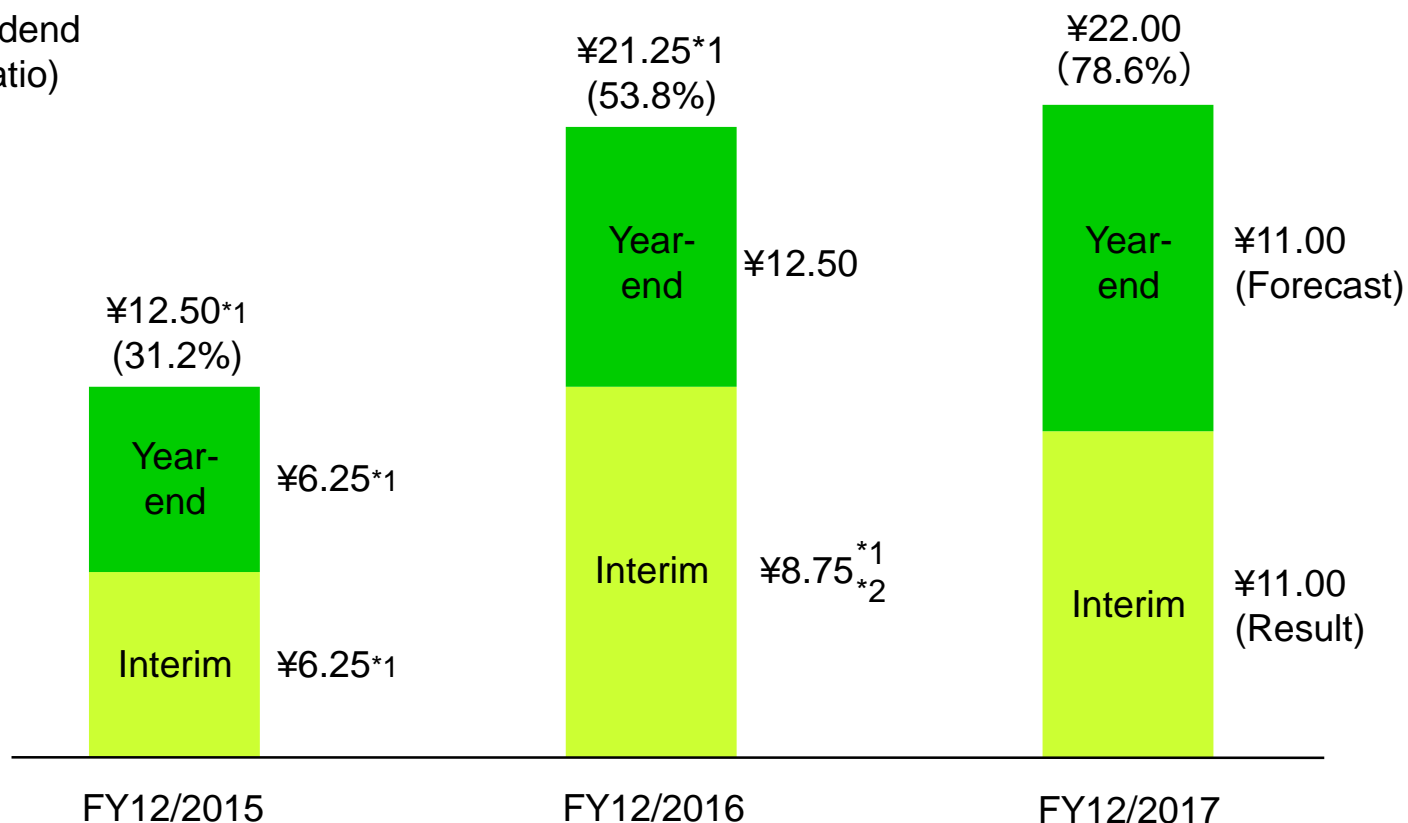


Dividends

POINT

The annual dividend forecast is ¥22, effectively showing an increase in dividends.

Annual dividend
(Payout ratio)



*1 Amount adjusted for the share split (1:2) with the effective date on December 17, 2016

*2 The interim dividend for FY12/2016 (factoring in the share split) comprises an ordinary dividend of ¥6.25 and a commemorative dividend of ¥2.50.

Appendix [Reference]

Corporate Profile

Corporate Name	Broadleaf Co., Ltd.
Representative Director, President and CEO	Kenji Oyama
Listed on	Listed on the First Section of the Tokyo Stock Exchange on March 22, 2013 (3673)
Founded/Established	December 2005/September 2009
Capital Stock	JPY 7,147 million
Business Outline	IT network system to support automotive aftermarket operators and provision of services on the platform (Business applications, platforms for cooperation with different industries, recycled parts marketplace, development of car-related contents, etc.)
Head Office Address	Floor 8, Glass Cube Shinagawa, 4-13-14 Higashi-Shinagawa, Shinagawa-ku, Tokyo
Sales Offices	33 offices in Japan
Development Centers	3 centers in Japan (Sapporo, Tokyo and Fukuoka)
Employee	764 persons

(as of December, 31, 2016)

Broadleaf Group

Japan



BroadLeaf

Broadleaf Co., Ltd.

Tajima

① Tajima Inc.

100%



① SpiralMind Co., Ltd.

100%

Overseas

(The Philippines)

① Broadleaf I.T.Solutions Inc.

100%

○ BLISAM TRADING CORP

50%

(China)

① 博樂得信息科技 (合肥)有限

100%

① 北京盛源博乐信息科技有限公司

100%

①: Consolidated subsidiaries. ○: Equity-method affiliates

%: Percentage of voting rights owned

Sales Fields

Although the Company is in a single segment of IT services businesses, we have adopted the following classifications by business area

Classification			Detailed businesses
Major category	Medium category	Small category	
Business Application Software			<ul style="list-style-type: none"> - Development and sale of industry-specific business applications - Development and sale of operation analysis/optimization software - Purchase and sale of PC bodies, printers, etc.
System Support	Maintenance		- Business application maintenance service to the Company's Business Application Software customers and provision of hardware maintenance services
	Provision of consumables		- Purchase and sale of exclusive forms and OA supply goods to be used for the business applications
Network Service	Stock		<ul style="list-style-type: none"> - Provision of database of car-related vehicle information and parts-related information that is updated daily - Consideration for server maintenance required for the use of network-type systems
	Transaction	PSF ^{*1}	- Operation of recycled parts distribution network "Parts Station NET" that shares inventory information on recycled parts Collecting fees as transaction amount settlement agency for parts dealing
		Order Placement and Acceptance ^{*2}	<ul style="list-style-type: none"> - Provision of computerized ordering system for automotive parts - Provision of tablet-type operation terminals to maintenance business operators, etc
	Others		- Products and services other than the above

*1: Payment agency service for recycled parts

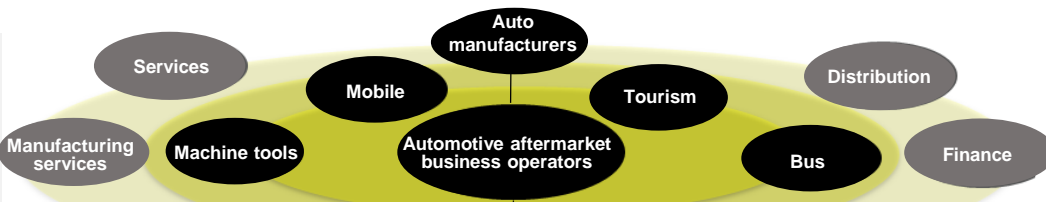
*2: BL Parts Order System and CarpodTab

Future Image of Broadleaf

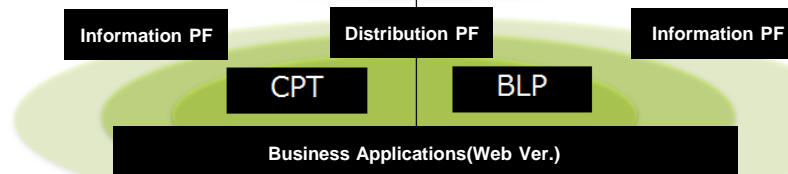
[Expansion of target markets]

[Evolution of services]

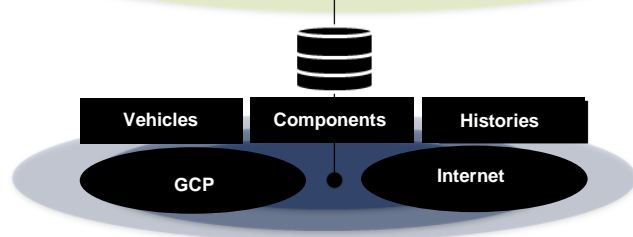
[Markets and customers]



[Services]



[IT infrastructure]

**Application of advanced technologies**

- Application of VR/AR, AI, etc. (Collaboration with other industries)

Applied technology services**Big data & analytics**

- Auto safety and security support services (Collaboration with auto manufacturers)

Information services**Cloud service & software**

- Business applications
- Work efficiency analysis tool (OTRS)

Industry-specific systems**Network/ Web services**

- EC sites (Buhin MAX)
- B2B ordering service (BLP/CPT)

Information network**Auto parts distribution and settlement services**

- Recycled parts market (PSN)

Platform**Overseas (components distribution network & platform)**

Disclaimer

Results forecasts and future predictions provided in this document are the Company's judgment based on the information available as of the time of preparation of the document and contain potential risks and uncertainties.

Accordingly, please understand that the actual results may differ from the results forecasts provided here.

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