

FY12/2017 Business Results Briefing

Broadleaf Co., Ltd.

TSE 1st Section: 3673



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Chapter 1

Overview of FY12/2017 Business Results

PL Summary (Consolidated, IFRS)

POINT

Business results surpassed the results forecasts, with both sales and profit exceeding year-ago levels.

(¥ million)

	FY12/2016 Full-year	FY12/2017			
		Full-year (*)	YoY (Ratio)	Forecast (Aug. 4th)	Achievement
Revenue	16,760	18,195	+8.6%	17,800	102.2%
Operating profit	2,953	3,011	+2.0%	2,100	143.4%
Profit	1,876	1,932	+3.0%	1,240	155.8%
EPS	¥39.47	¥43.63	+10.5%	¥28.00	155.8%

* The consolidation of Tajima was completed in August 2017.

[For Reference] Special Factor Regarding Operating Profit

(¥ million)

	FY12/2016	FY12/2017	
	Full-year	Full-year	YoY (Ratio)
Special factor: Compensation for damage received as a result of winning a lawsuit (*)	251	-	-
Operating profit	2,953	3,011	+2.0%
Operating profit (Not including special factor)	2,702	3,011	+11.4%
Operating profit ratio	17.6%	16.5%	-1.1 pt
Operating profit ratio (Not including special factor)	16.1%	16.5%	+0.4 pt

* The company recorded other operating income of 251 million yen in FY2016 after the Company was found to have won a copyright infringement lawsuit against Azesta Cooperation.

Sales by Category (Consolidated, IFRS)

POINT

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

(¥ million)

	FY12/2016	FY12/2017		
	Full-year	Full-year	YoY Change	YoY (Ratio)
Business Application Software	10,894	11,737	+844	+7.7%
System Support	1,243	1,264	+20	+1.6%
Maintenance	570	556	-14	-2.5%
Provision of Consumables	673	708	+35	+5.2%
Network Service	4,623	5,194	+571	+12.3%
Stock	3,663	4,177	+515	+14.0%
Transaction	918	939	+21	+2.3%
PSF	657	642	-15	-2.2%
Order Placement and Acceptance	261	296	+36	+13.7%
Others	43	78	+35	+82.6%
Revenue	16,760	18,195	+1,435	+8.6%

Sales by Category (Non-Consolidated) (Japanese Standard)

POINT

In the Business Application Software category, sales began to increase, while the Network Service category maintained sales growth.

(¥ million)

	FY12/2016 Full-year		FY12/2017 Full-year	YoY Change	YoY (Ratio)
Business Application Software	10,988		11,069	+80	+0.7%
System Support	1,239		1,230	-9	-0.8%
Maintenance	570		550	-19	-3.4%
Provision of Consumables	669		679	+9	+1.5%
Network Service	4,623		4,919	+296	+6.4%
Stock	3,662		3,904	+241	+6.6%
Transaction	917		938	+20	+2.3%
PSF	657		642	-14	-2.2%
Order Placement and Acceptance	260		296	+35	+13.7%
Others	42		76	+34	+80.0%
Revenue	16,851		17,219	+368	+2.2%

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

POINT

Recovery of user renewals in the automotive sector made up for a downturn in equipment sales.

(¥ million)

	FY12/2016 Full-year	FY12/2017		
		Full-year	YoY Change	YoY (Ratio)
Automotive	7,922	8,194	+272	+3.4%
Renewed	6,861	7,215	+354	+5.2%
New customers	1,061	979	-82	-7.7%
Non-automotive	1,592	1,848	+256	+16.1%
Renewed	1,090	1,255	+165	+15.1%
New customers	501	593	+92	+18.4%
Total	9,515	10,042	+527	+5.5%
Renewed	7,952	8,470	+518	+6.5%
New customers	1,563	1,572	+9	+0.6%
Others	1,473	1,026	-447	-30.3%
Business Application Software total revenue	10,988	11,069	+80	+0.7%

Key Indicators in Network Service Domain

POINT

Widespread action for the industry standardization of the electronic order platform for auto parts

End of FY12/2016

End of FY12/2017

■ Transactions

BL Parts Order System

Number of connections with maintenance shops	2,041	2,194
Number of parts dealers participating in transactions	335	345

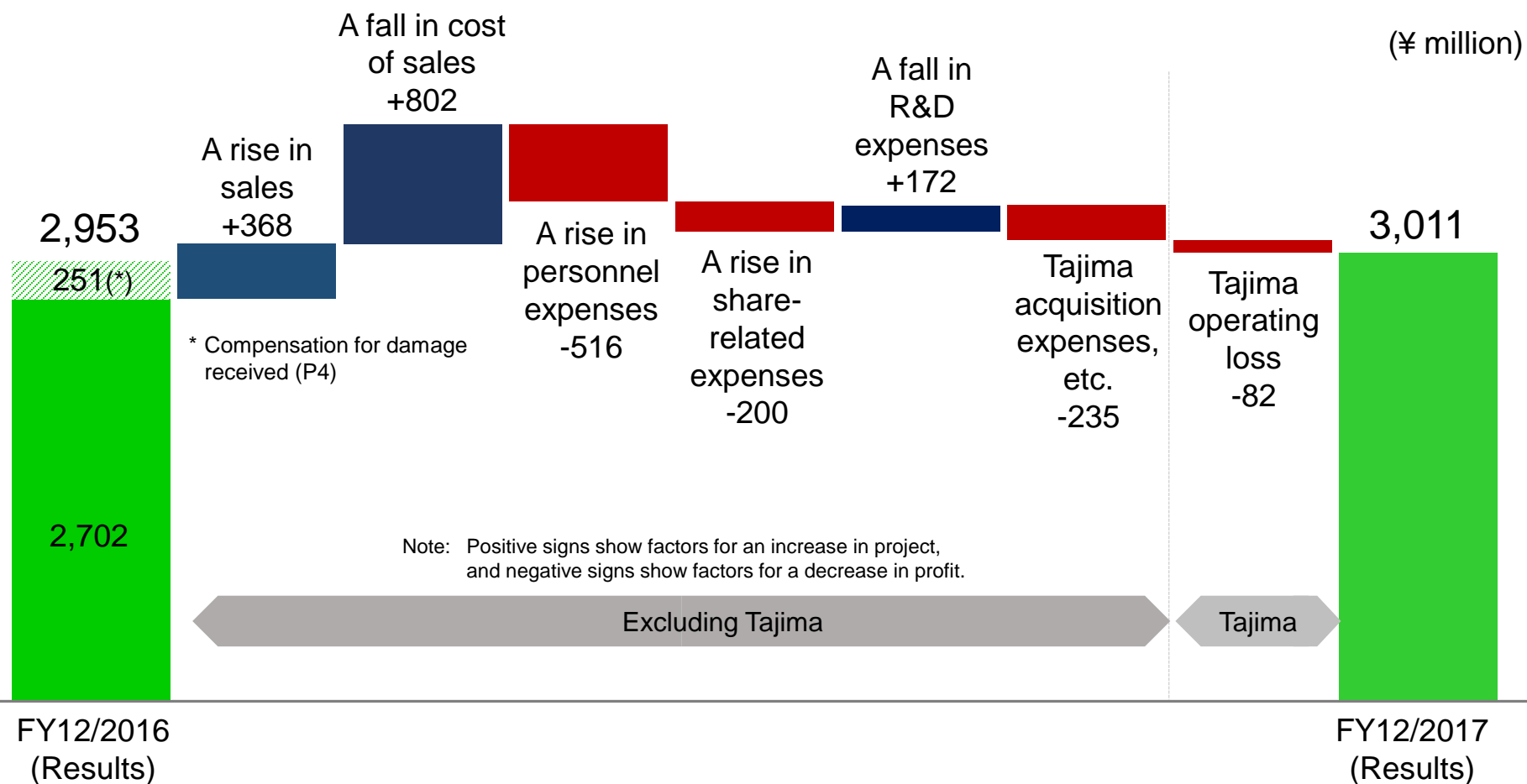
CarpodTab

Number of contracts	3,054	3,259
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Breakdown of Increase/Decrease in Operating Profit (Consolidated, IFRS)

POINT

Operating profit increased, with a rise in personnel expenses and other SG&A expenses outweighed by a rise in sales and a fall in cost of sales.



BS Summary (Consolidated, IFRS)

POINT

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

(¥ million)

	End of FY12/2016	End of FY12/2017		Main factors for increase/decrease
			YoY Change	
Current Assets	12,304	11,400	-904	Decrease in cash and deposits (-1,768) Increase in operating receivables (+786)
Non-current Assets	13,018	16,663	+3,645	Increase in goodwill (+1,708)
Total Assets	25,322	28,063	+2,741	
Current Liabilities	4,980	7,478	+2,497	Increase in operating payables (+2,455)
Non-current Liabilities	1,183	848	-335	Decrease in long-term loans payable (-611)
Total Liabilities	6,163	8,326	+2,163	
Total Shareholders' Equity	19,159	19,737	+578	Recognition of profit (+1,932) Decrease by acquisition of own shares (-483) Decrease by dividend of surplus (-1,049)
Total Liabilities and Shareholders' Equity	25,322	28,063	+2,741	

CF Summary (Consolidated, IFRS)

POINT

FCF fell year on year due to an increase in investment mainly due to software development and the acquisition of Tajima.

(¥ million)

	End of FY12/2016	End of FY12/2017		Main factors for increase/decrease
			YoY Change	
CF from operating activities	3,142	2,558	-584	Income taxes paid (-630)
CF from investing activities	-684	-2,072	-1,388	Purchase of intangible assets (-753) Purchase of shares of subsidiaries resulting in change in scope of consolidation (-865)
CF from financing activities	-3,324	-2,251	+1,073	Cash dividends paid (-329) Decrease in purchase of treasury shares (+1,416)
FCF	2,458	486	-1,972	
Cash and cash equivalents	7,738	5,970	-1,768	

Chapter 2

Results Forecasts for FY12/2018

Full-Year Results Forecasts (Consolidated, IFRS)

POINT

A large rise in sales partly due to the full contribution of the consolidation of Tajima

(¥ million)					
	FY12/2017	FY12/2018			
	Full-year	Forecasts	YoY Change	YoY (Ratio)	1H Forecasts
Revenue	18,195	20,400	+2,205	+12.1%	9,400
Operating profit	3,011	3,300	+289	+9.6%	950
Operating profit margin	16.5%	16.2%	-0.3 pt	-	10.1%
Profit	1,932	2,100	+168	+8.7%	600
Profit margin	10.6%	10.3%	-0.3 pt	-	6.4%
EPS (*)	¥21.82	¥24.02	+¥2.20	+10.1%	¥6.85

* A 2-for-1 stock split effective from April 1, 2018 (planned) is reflected.

Sales Forecasts by Category (Consolidated, IFRS)

POINT

Recovery of Business Application Software sales combined with continued expansion in the Network Service category especially stock

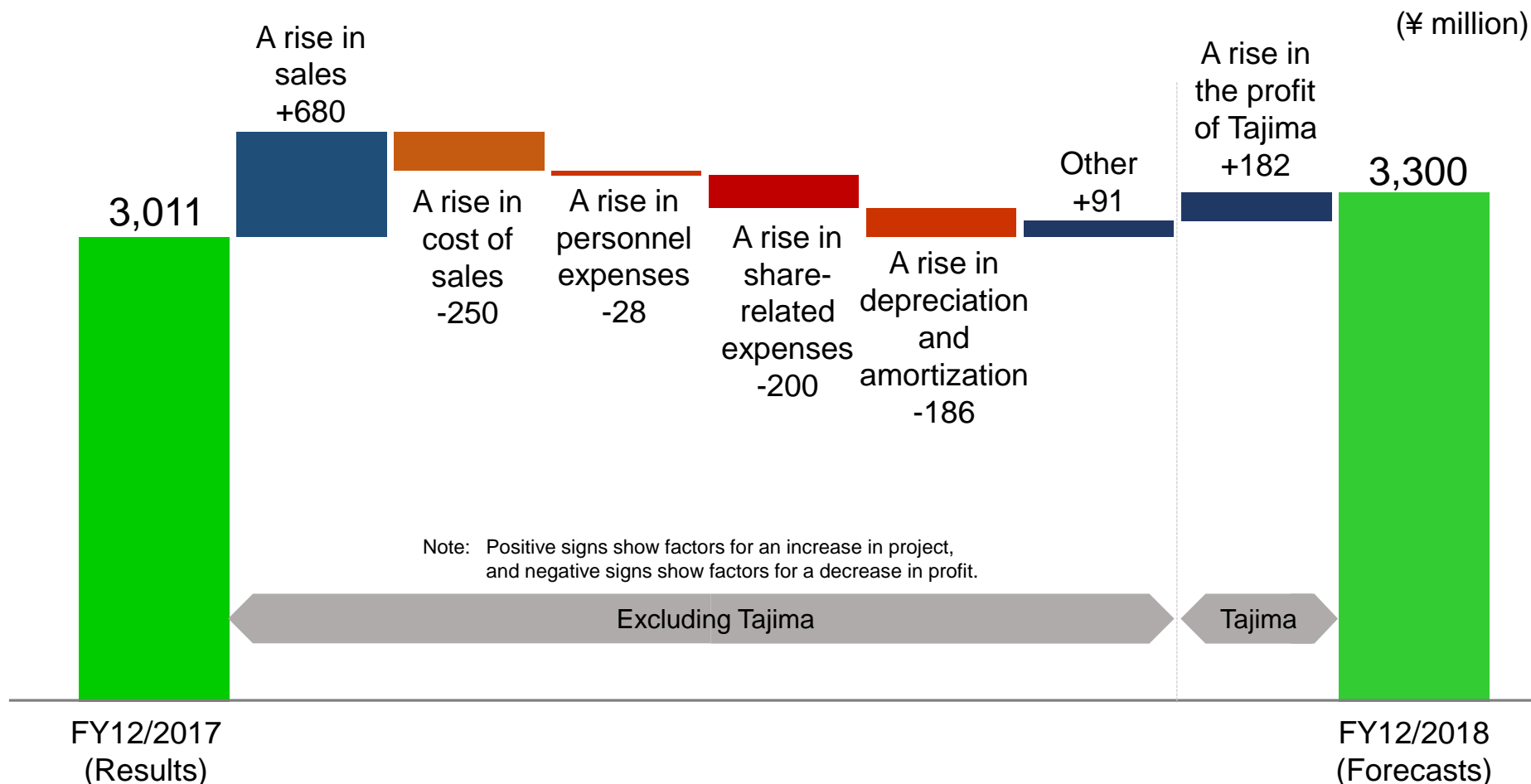
(¥ million)

	FY12/2017	FY12/2018			
	Full-year	Forecasts	YoY Change	YoY (Ratio)	1H Forecasts
Business Application Software	11,737	13,130	+1,393	+11.9%	5,870
System Support	1,264	1,340	+76	+6.0%	660
Maintenance	556	580	+24	+4.4%	280
Provision of Consumables	708	760	+52	+7.3%	380
Network Service	5,194	5,930	+736	+14.2%	2,870
Stock	4,177	4,820	+643	+15.4%	2,360
Transaction	939	1,010	+71	+7.6%	480
PSF	642	680	+38	+5.8%	330
Order Placement and Acceptance	296	330	+34	+11.4%	150
Others	78	100	+22	+28.1%	30
Net sales	18,195	20,400	+2,205	+12.1%	9,400

Factors for Changes in Operating Profit (Consolidated, IFRS)

POINT

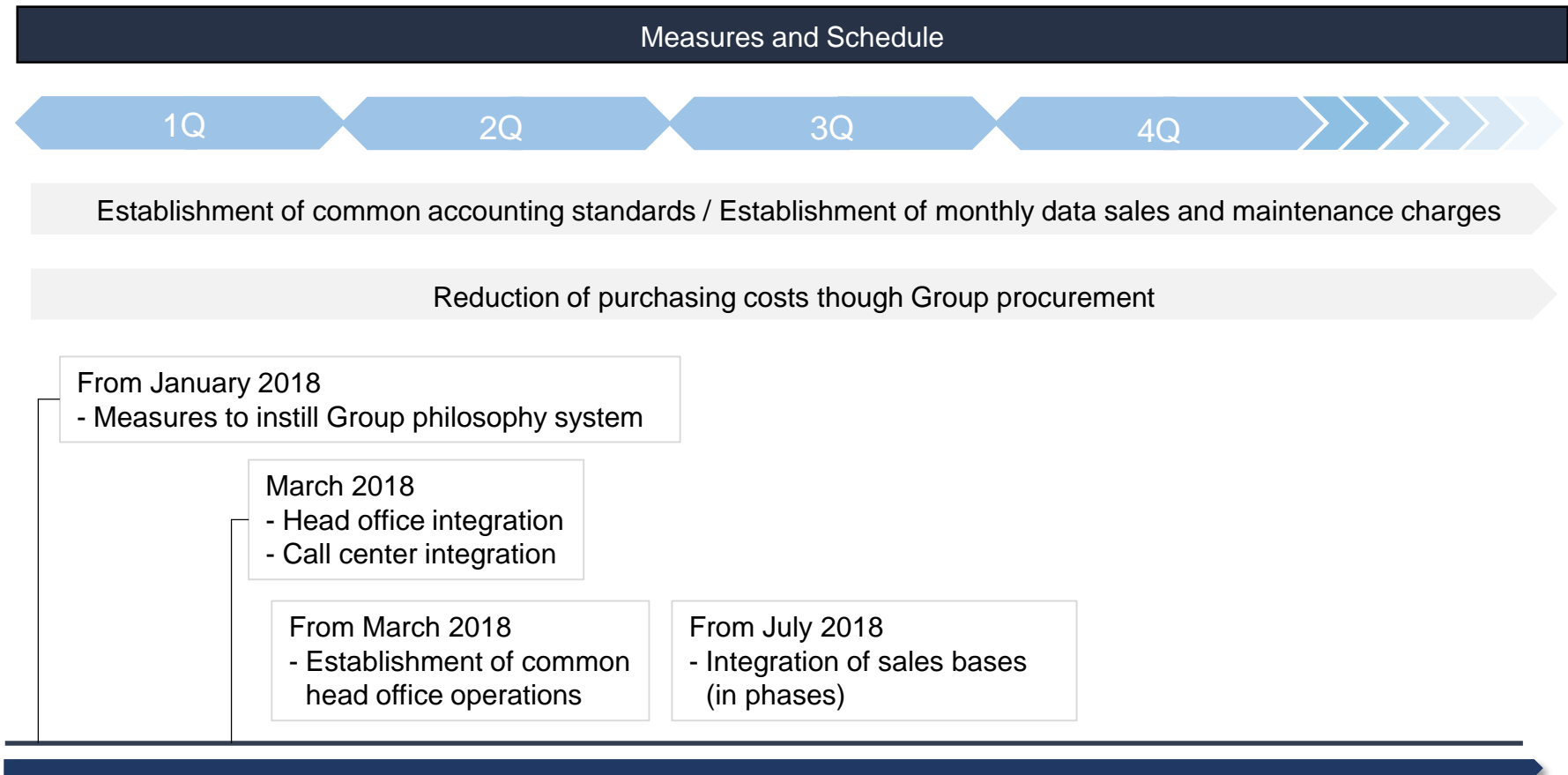
Operating profit will increase due to a rise in the non-consolidated sales of Broadleaf in addition to a rise in the profit of Tajima, etc.



Measures for Integration with Tajima

POINT

Full-scale implementation of integration measures from FY2018

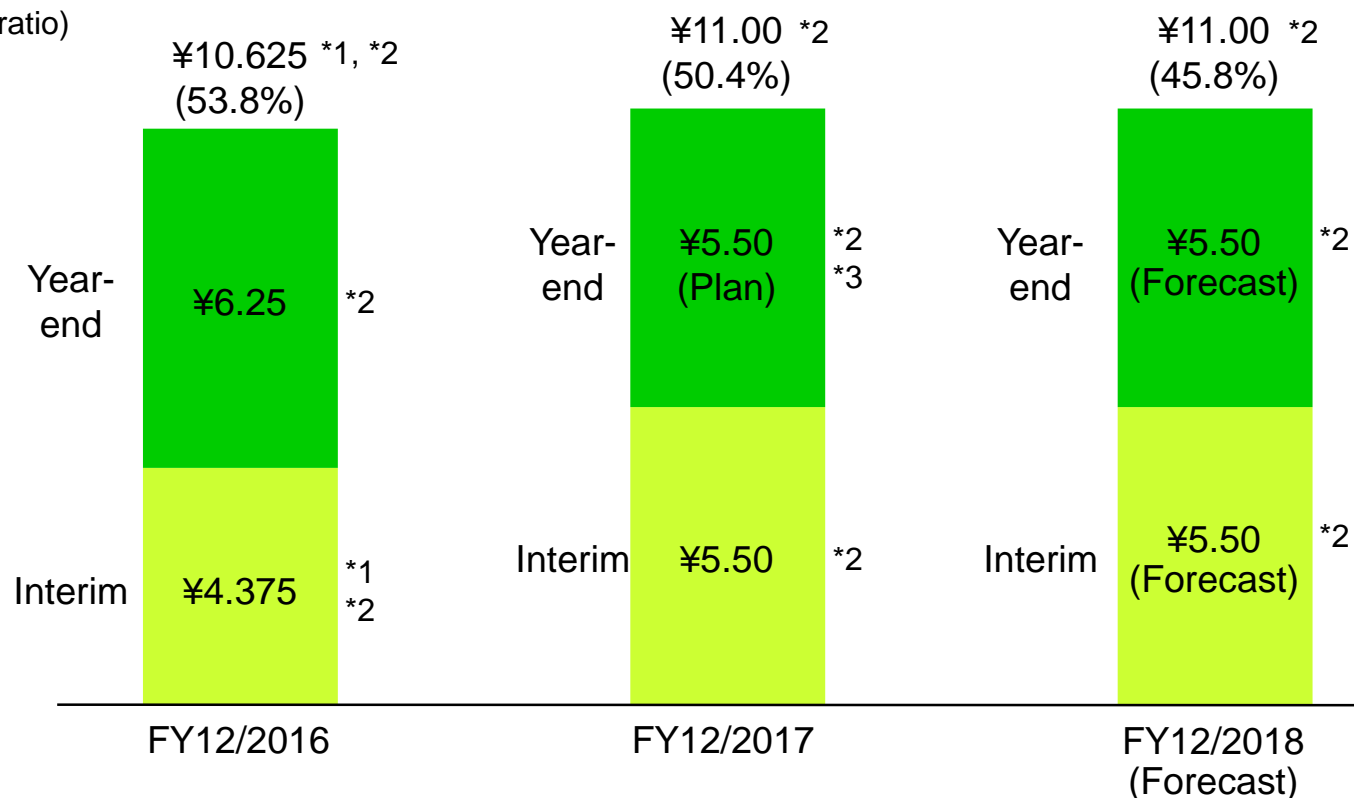


Dividends

POINT

The annual dividend forecast is 11 yen, and the consolidated payout ratio is 45.8%.

Annual dividend
(Payout ratio)



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

*2 Amount adjusted for a 2-for-1 stock split with the effective date on April 1, 2018 (planned).

*3 The year-end dividend for the fiscal year ended December 31, 2017 will be determined at the 9th Ordinary General Meeting of Shareholders to be held in March 2018.

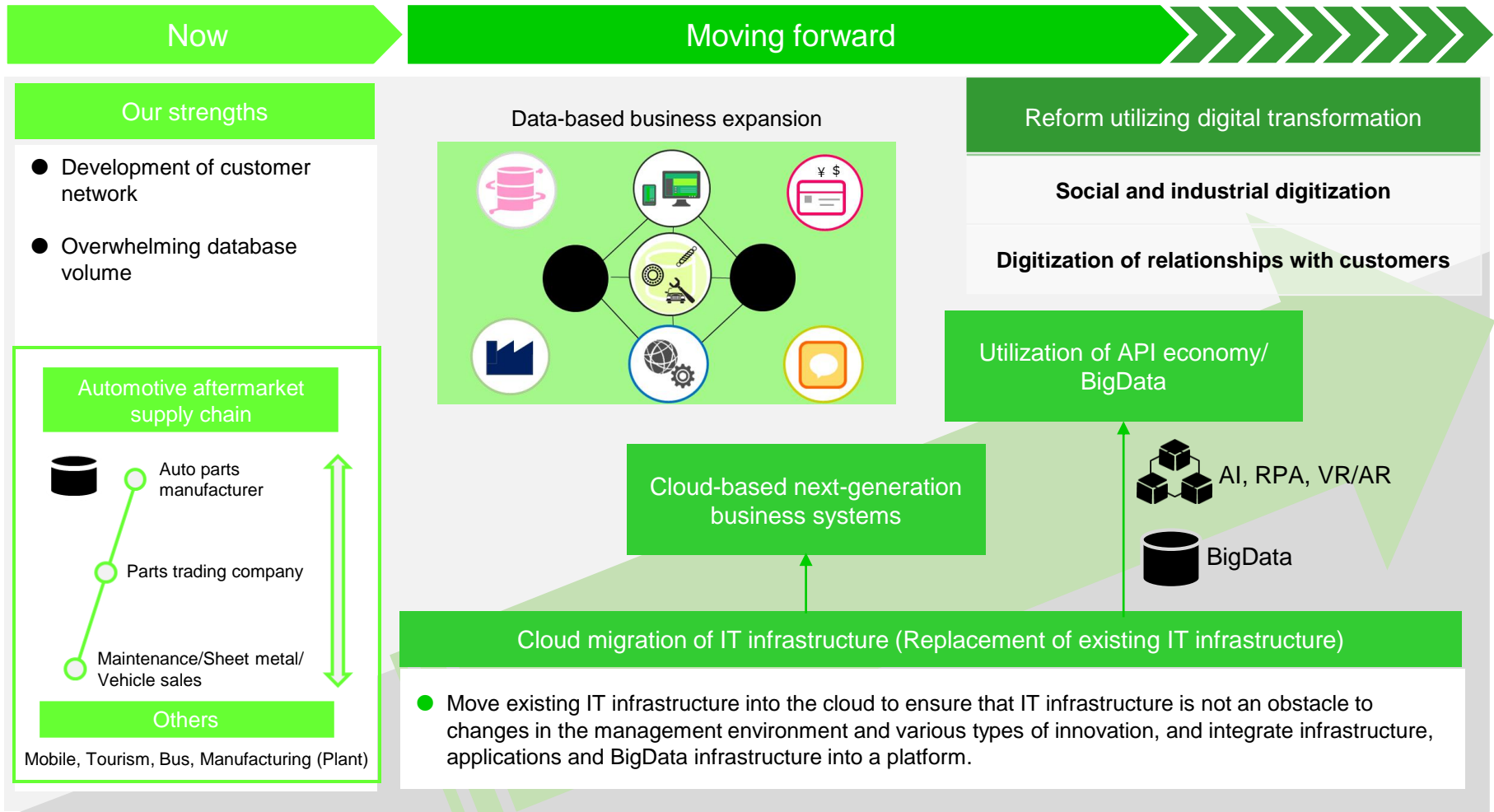
Chapter 3

Management Plan

Now and Moving Forward

POINT

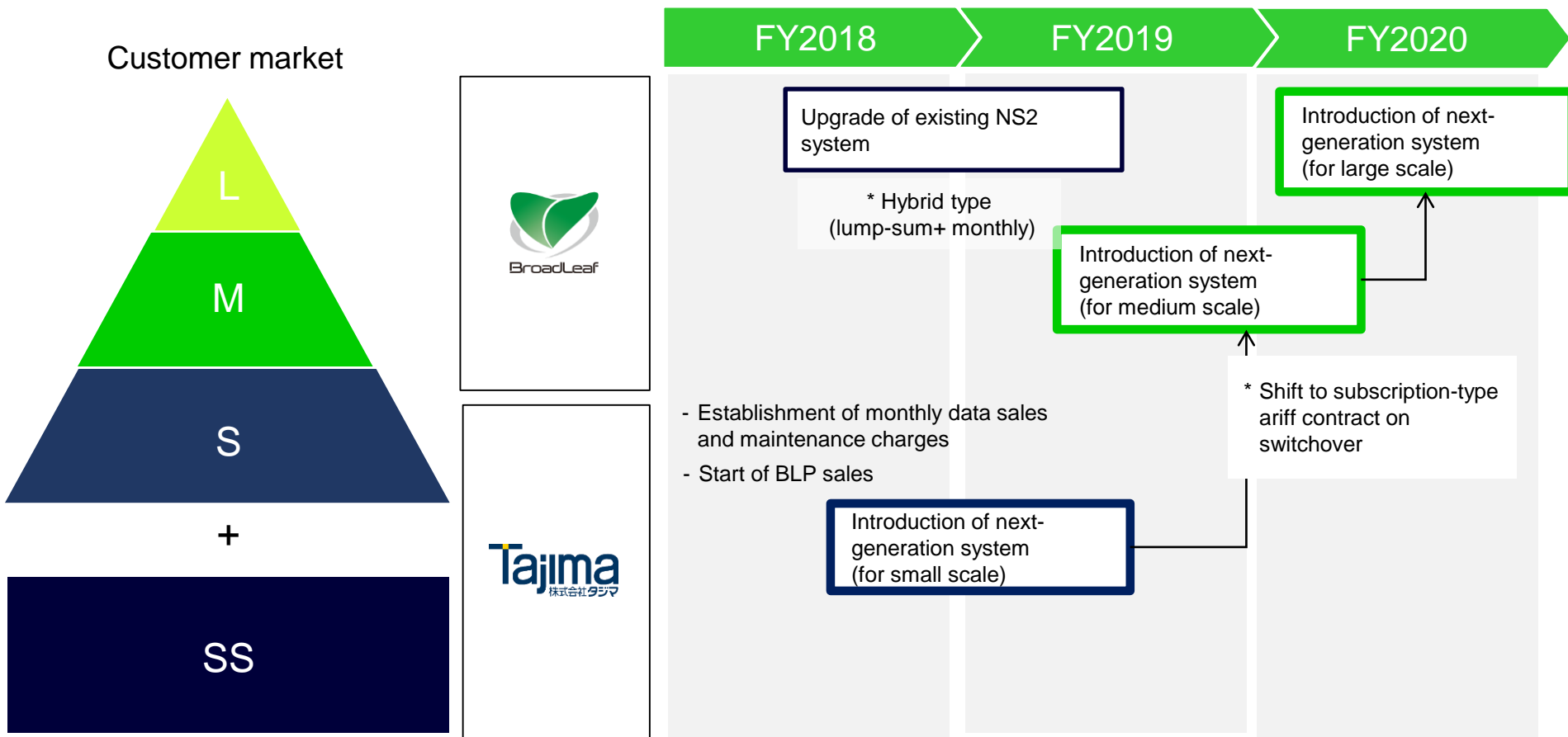
Aiming to Become a Business Platform Vendor



Development Schedule

POINT

- Strengthening of Group sales through synergies between Broadleaf and Tajima
- Gradual introduction of next-generation systems (cloud-based)



Basic Policy

POINT

Medium-to-long-term target is ROE of 12%.

Basic Policy (FY2018-FY2019)

Existing domains

New domains

Expansion in number of Group system users

Shift to subscription-type charging model

- Evolution of existing NS series business systems
- Strategic market introduction of next-generation business systems
- Strengthening of earnings of Tajima

Creation of new services/new businesses

- Utilization of technologies (AI, VR/AR)
- Utilization of data
- Promotion of M&A

Full-scale overseas expansion

- Expansion of Asia trade area
- Development of auto parts distribution

Provision of platform services

- Development of existing and new services based on cloud infrastructure (platform)
- Further differentiation through enhancement of data

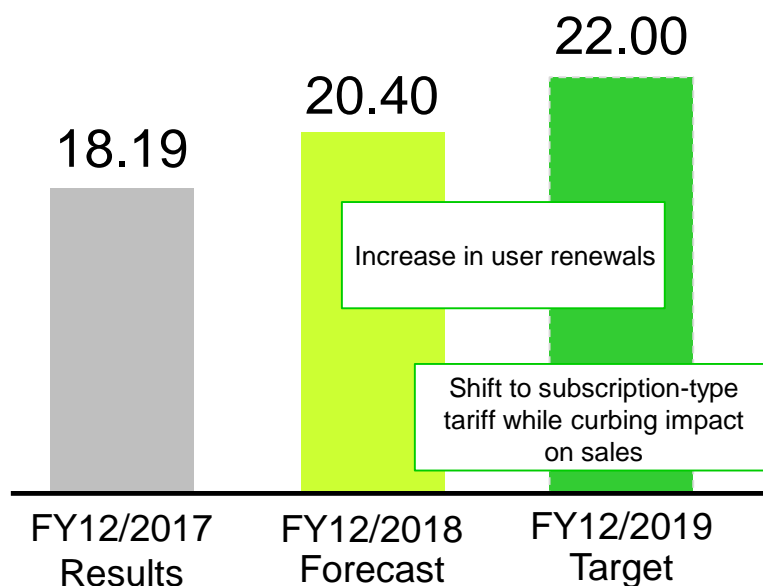
Performance Targets

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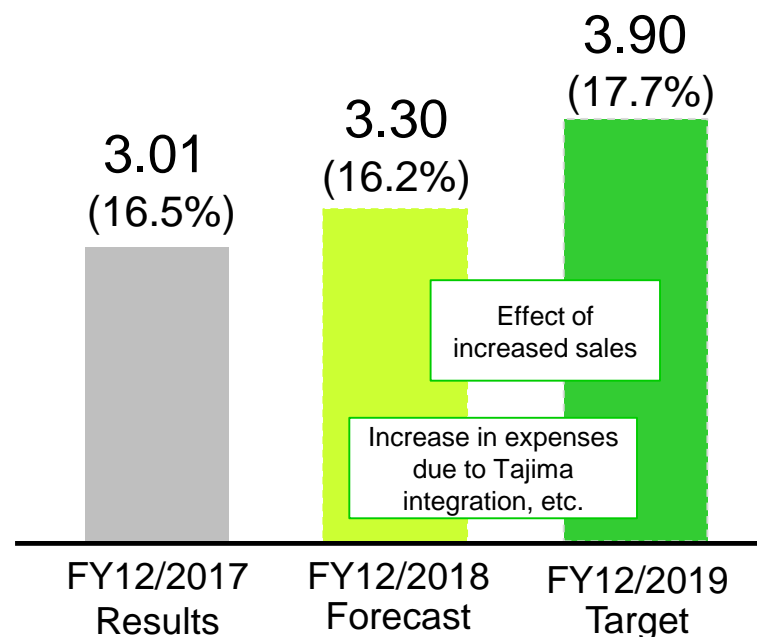
- Target sales CAGR for FY2017-2019 is 10.3%.
- Target 1.2 pt increase in operating profit margin, offsetting increase in development and integration expenses with effect of increased sales.

(Billion yen)
% in () is operating income margin

Net sales



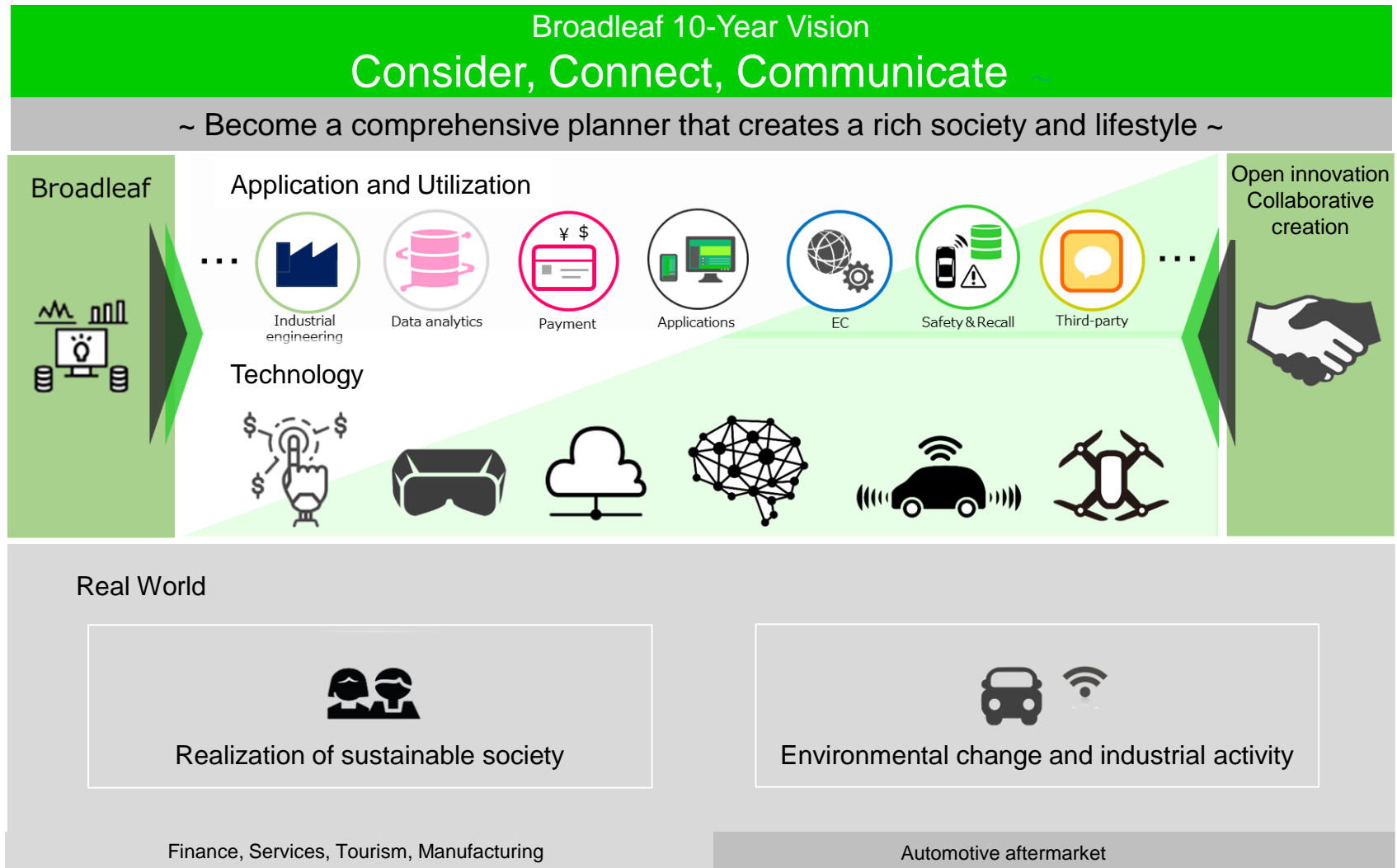
Operating income



Vision

POINT

Provide Value to Society Through Data and Technology.



Appendix [Reference]

Corporate Philosophy



感謝と喜び

Gratitude and Happiness

Here at Broadleaf, our business revolves around prospering hand in hand with our customers, with an emphasis on the spirit of gratitude and happiness, as essential qualities that inextricably connecting people and companies.

We contribute to our customers' business through the products and services that we provide, and aim to ensure that our customers are glad they chose Broadleaf.

We derive happiness meanwhile from the sense our business is growing every day.

The emotions that we inspire in our customers fill us with gratitude and happiness, and in turn inspire us to provide even better products and services, and greater value for society as a whole.

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)

Broadleaf Group

Japan



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	- 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	<ul style="list-style-type: none"> - Provision of computerized ordering system for automotive parts - Provision of tablet-type operation terminals, CarpodTab, to maintenance business operators, etc
	Others		- Products and services other than the above

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.

[Contact Information]

Broadleaf Co., Ltd.

Corporate Communications (IR/PR) Department

E-Mail: broadleaf-ir@broadleaf.co.jp