



# 2Q FY12/2016 Business Results Briefing

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



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## Chapter 1

### Overview of 2Q Business Results

# PL Summary

## POINT

Net income increased due to the recognition of extraordinary income.

(¥ million)

	1H FY12/2016			1H FY12/2015
	Results	YoY Change	YoY (Ratio)	Results
Net sales	8,196	-128	-1.5%	8,325
Operating income	920	-87	-8.7%	1,008
Ordinary income	928	-67	-6.8%	996
Income before income taxes	1,179	176	17.6%	1,002
Net income	622	146	30.7%	476

EPS	¥25.74	¥6.77	-	¥18.97
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# Sales by Category

## POINT

Sales in Network Service, as the key segment, maintained a double-digit increase.

(¥ million)

	1H FY12/2016			1H FY12/2015
	Results	YoY Change	YoY (Ratio)	Results
Business Application Software	5,293	-351	-6.2%	5,644
System Support	633	-1	-0.2%	634
Maintenance	289	-10	-3.6%	300
Provision of Consumables	343	9	2.8%	334
Network Service	2,270	223	10.9%	2,046
Stock	1,803	179	11.0%	1,624
Transaction	446	39	9.6%	407
PSF*1	322	-6	-2.0%	328
Order Placing and Acceptance*2	124	45	58.2%	78
Others	20	5	38.4%	14
Net sales	8,196	-128	-1.5%	8,325

\*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 customers and other segments (e.g. equipment sales) increased, despite a low number of user renewals.

(¥ million)

	1H FY12/2016			1H FY12/2015
	Results	YoY Change	YoY (Ratio)	Results
Automotive	3,718	-608	-14.1%	4,326
Renewed	3,255	-639	-16.4%	3,895
New customers	463	31	7.3%	431
Non-automotive	797	20	2.6%	777
Renewed	510	10	2.2%	499
New customers	287	9	3.3%	278
Total	4,516	-588	-11.5%	5,104
Renewed	3,765	-628	-14.3%	4,394
New customers	750	40	5.7%	709
Others	776	237	43.9%	539
Business Application Software Total sales	5,293	-351	-6.2%	5,644

# Breakdown of Expenses

## POINT

An increase in the cost of goods sold was offset by controlling SGA expenses.

(¥ million)	1H FY12/2016		1H FY12/2015	Main Factors Behind the Changes
	Results	YoY Change	Results	
Net Sales	8,196	-128	8,325	-
Cost of sales	2,475	83	2,391	Personnel shifts to the personnel expense side Increase in equipment purchases
SG&A expenses	4,800	-124	4,925	-
Personnel Expenses	2,334	53	2,280	Personnel shifts from the cost side (cost of labor)
R&D Expenses	166	-81	247	Development of next-generation systems (partial capitalization)
Other	2,300	-96	2,396	Decrease in advertising expenses
Operating Income	920	-87	1,008	-
Total personnel expenses *	2,678	-69	2,747	Reduced number of employees
Subcontract Cost	713	-51	765	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

None of assets, liabilities or net assets changed significantly.

(¥ million)

		End of 2Q FY12/2016		End of FY12/2015	Major factors of increase/decrease
		Results	YoY Change	Results	
	Current Assets	13,207	174	13,033	Increase in cash and deposits (+497)
	Non-current Assets	12,265	-267	12,532	Amortization of goodwill (-334)
Total Assets		25,473	-92	25,565	-
	Current Liabilities	4,669	331	4,338	Increase in income taxes payable (+505)
	Non-current Liabilities	1,494	-347	1,841	Decrease in accounts payable-trade (-156) Decrease in long-term loans payable (-329)
Total Liabilities		6,163	-16	6,179	-
Total Net Assets		19,309	-76	19,385	Recognition of net income (+622) Payment of dividends payable (-303) Acquisition of treasury stock (-364)
Total Liabilities and Net Assets		25,473	-92	25,565	-

# CF Summary

## POINT

An amount of free cash flow appropriate for the profit level was maintained through investments that took the amount of depreciation into consideration.

(¥ million)	1H FY12/2016		1H FY12/2015	Major components of cash flow
	Results	YoY Change	Results	
CF from operating activities	1,928	2,606	-677	Recognition of income before income taxes (+1,179) Amortization of goodwill (+334) Depreciation expenses (+296)
CF from investing activities	-440	11	-451	Acquisition of intangible fixed assets (-326) Acquisition of investment securities (-99)
CF from financing activities	-990	-697	-293	Acquisition of treasury stock (-364) Repayment of long-term loans payable (-329) Payment of dividends (-303)
FCF	1,488	2,617	-1,129	Cash flow from operating activities (+1,928) Cash flow from investing activities (-440)
Balance of cash and cash equivalents at end of first half	8,882	-366	9,249	-

# (Reference) PL Summary < Comparison with Forecasts >

(¥ million)	1H FY12/2016			1H FY12/2016
	Results	YoY Change	YoY (Ratio)	Forecasts*
Net sales	8,196	-203	-2.4%	8,400
Operating income	920	-129	-12.3%	1,050
Ordinary income	928	-101	-9.8%	1,030
Net income	622	62	11.2%	560

EPS	¥25.74	¥2.60	-	¥23.14
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\* Published on February 10, 2016

# (Reference) Sales by Category < Comparison with Forecasts >

(¥ million)		1H FY12/2016			1H FY12/2016
		Results	YoY Change	YoY (Ratio)	Forecasts*
Business Application Software		5,293	-256	-4.6%	5,550
System Support		633	-16	-2.5%	650
	Maintenance	289	-10	-3.4%	300
	Provision of Consumables	343	-6	-1.8%	350
Network Service		2,270	70	3.2%	2,200
	Stock	1,803	103	6.1%	1,700
	Transaction	446	-33	-7.0%	480
	PSF	322	-7	-2.4%	330
	Order Placing and Acceptance	124	-25	-17.0%	150
	Others	20	0	0.3%	20
Net sales		8,196	-203	-2.4%	8,400

\* Published on February 10, 2016

## Chapter 2

# Results Forecasts

# Results Forecasts

## POINT

No change has been made to the results forecasts for the full year since the last announcement of forecasts (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
EPS	¥67.44	¥16.97	-	¥50.47

# Sales Forecasts by Category

## POINT

No change has been made to the sales forecasts by category for the full year since the last announcement of forecasts (February 10).

(¥ million)	FY12/2016			FY12/2015 Results
	Forecasts	YoY Change	YoY(Ratio)	
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

# Key Indicators in Network Service Domain

## POINT

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

FY12/2016		FY12/2015	
End of 2Q Results	End of FY Forecasts	End of 2Q Results	End of FY Results

## ■ Stock

.N S Ratio *1	84.2%	No Set figure*2	76.5%	80.5%
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## ■ Transactions

BL Parts Order System				
Number of connections with maintenance shops	1,929	3,000 or more	1,113	1,666
Number of parts dealers participating in transactions	335	No Set figure*2	249	312
CarpodTab				
Number of contracts	2,762	4,000*4	1,679	2,322

\*1 Proportion of total number of contracts accounted for by current business application software, “.NS Series.” The calculation method was changed from the figures for the period under review.

\*2 Planned values based on the new calculation method have yet to be made.

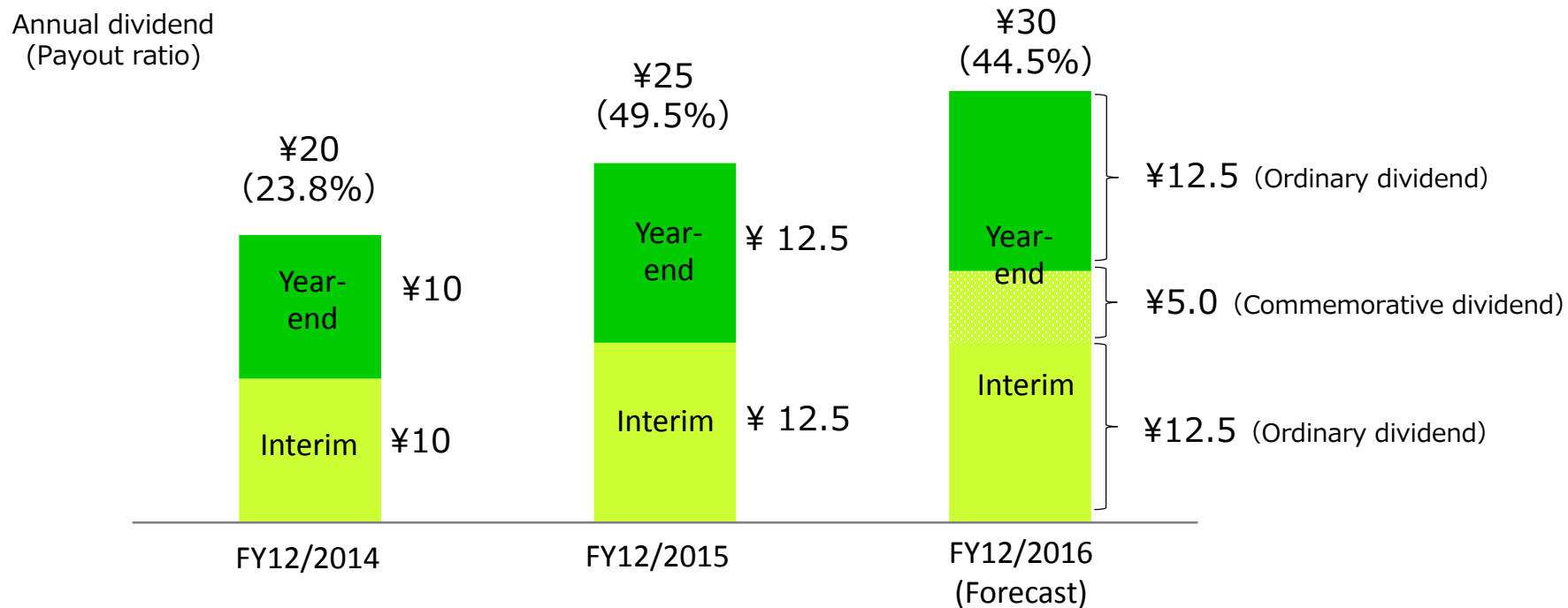
\*3 Since the target of 300 parts dealers has already been achieved, any further requests to participate will be dealt with as appropriate.

\*4 Changed from 4,500 in the conventional plan.

# Returns to Shareholders

## POINT

Interim dividends (common dividend of 12.5 yen and 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.



# (Reference) Introduction of J-ESOP

## POINT

The Company has decided to introduce J-ESOP to increase incentives for its executives and employees to unite and strive to increase medium- to long-term performance and corporate value.

### ■ Overview of J-ESOP (for employees)

- (1) Beneficiaries: those who are entitled to receive asset benefits according to the stock benefit rules.
- (2) Start of program: August 10, 2016 (planned)

### ■ Acquisition of the Company's shares through J-ESOP

- (1) Initial amount of trust: 610,000,000 yen (planned)
- (2) Period of acquisition: from August 10 to September 30, 2016 (planned)
- (3) Method of acquisition: through the stock exchange market

[Reference] Introduction of Board Benefit Trust (BBT) for directors and corporate officers

### ■ Overview of BBT (directors and corporate officers)

- (1) Beneficiaries: those who have retired from the position of director and meet the beneficiary requirements specified in the stock benefit rules.
- (2) Start of program: June 2, 2016

### ■ Acquisition of the Company's shares through BBT (\* Acquisition completed)

- (1) Number of shares acquired: 354,300
- (2) Period of stock acquisition: from June 2 to July 29, 2016
- (3) Method of stock acquisition: through the stock exchange market

## Appendix [Reference Material]

## Our Profile

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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