

# 3Q FY12/2014 Business Results Briefing

Broadleaf Co., Ltd.  
(Securities Code: 3673 / TSE 1<sup>st</sup> Section)



November 11, 2014

1. Financial Highlights for 3Q FY12/2014
2. Progress of Core Initiatives
3. Reference Materials

# 1. Financial Highlights for 3Q FY12/2014

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# Summary of 3Q Results

## □ 3Q YTD FY12/2014:

- Net sales increased 8.7% year on year, and operating income rose sharply by 38.1%.

## □ Forecasts for FY12/2014:

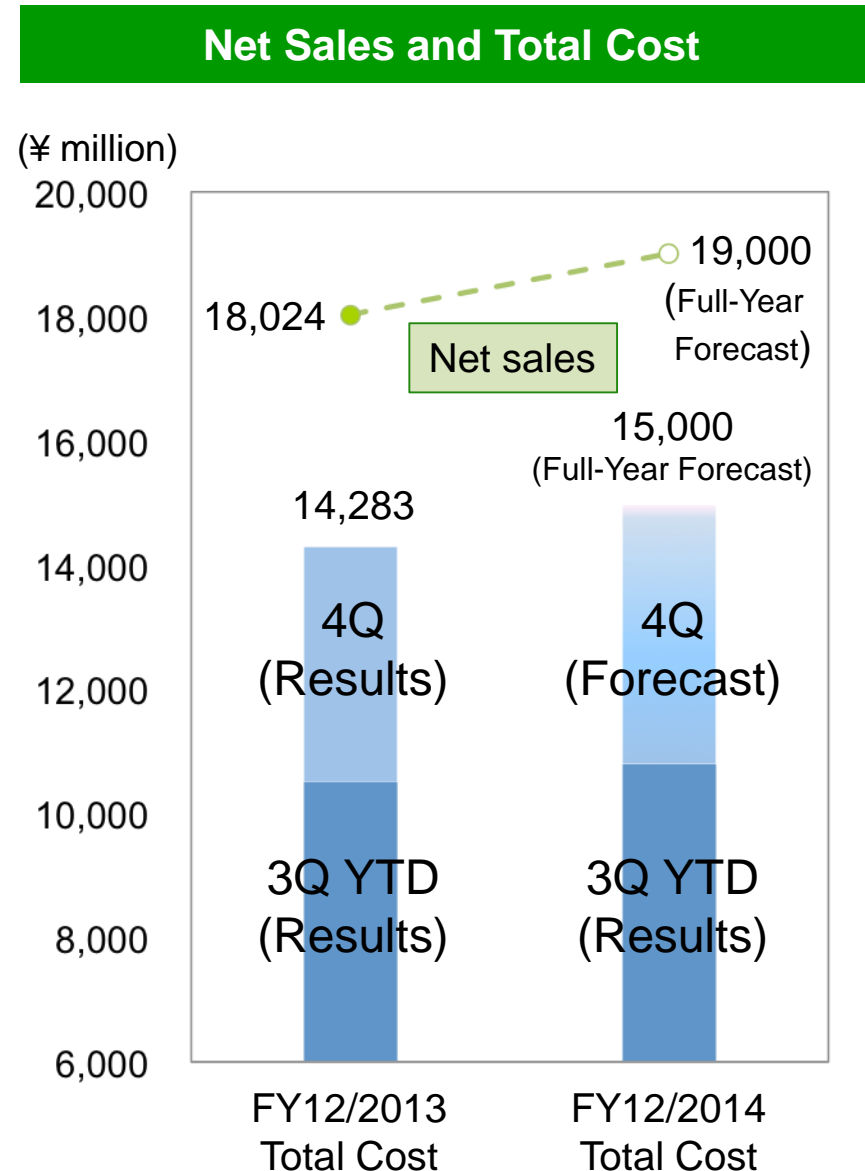
- To be posted as planned

(¥ million)

	FY12/2014 3Q YTD Results (Previous FY)	YoY Change Above: YoY (Amount) Below: YoY (Ratio)	FY12/2014 3Q Results (Previous FY)	YoY Change Above: YoY (Amount) Below: YoY (Ratio)	FY12/2014 Full-Year Forecasts
Net sales	<b>13,733</b> (12,629)	+1,103 8.7%	<b>4,649</b> (4,161)	+488 11.7%	<b>19,000</b>
Operating income	<b>2,934</b> (2,124)	+809 38.1%	<b>1,084</b> (585)	+499 85.3%	<b>4,000</b>
Ordinary income	<b>2,901</b> (2,033)	+868 42.7%	<b>1,074</b> (570)	+504 88.5%	<b>3,950</b>
Net income	<b>1,533</b> (982)	+551 56.1%	<b>590</b> (254)	+336 132.2%	<b>2,100</b>

# Forecasts for FY12/2014

- ❑ For net sales, we forecast ¥19,000 million as initially planned.
- ❑ Costs to be generated in 4Q are projected as follows:
  - Costs for promoting “*Car-unselor in Your Town*”
    - Costs for regional advertising implemented from October will be generated.
    - We expect that there will also be costs for contracting out clerical work (training expenses, etc.)
  - Development of the New-Generation BL Cloud
  - Strengthening of human resources to create new services



# Sales Trends by Category

□ Business Application Software, System Support: Responding to the demand for package licensing renewal

□ Network Service:

(Stock) We forecast that the sales of stock-type services will expand amid an increase in the proportion of network systems licenses.

(Transaction) We project that net sales will increase year on year, but we are taking steps to increase sales further.

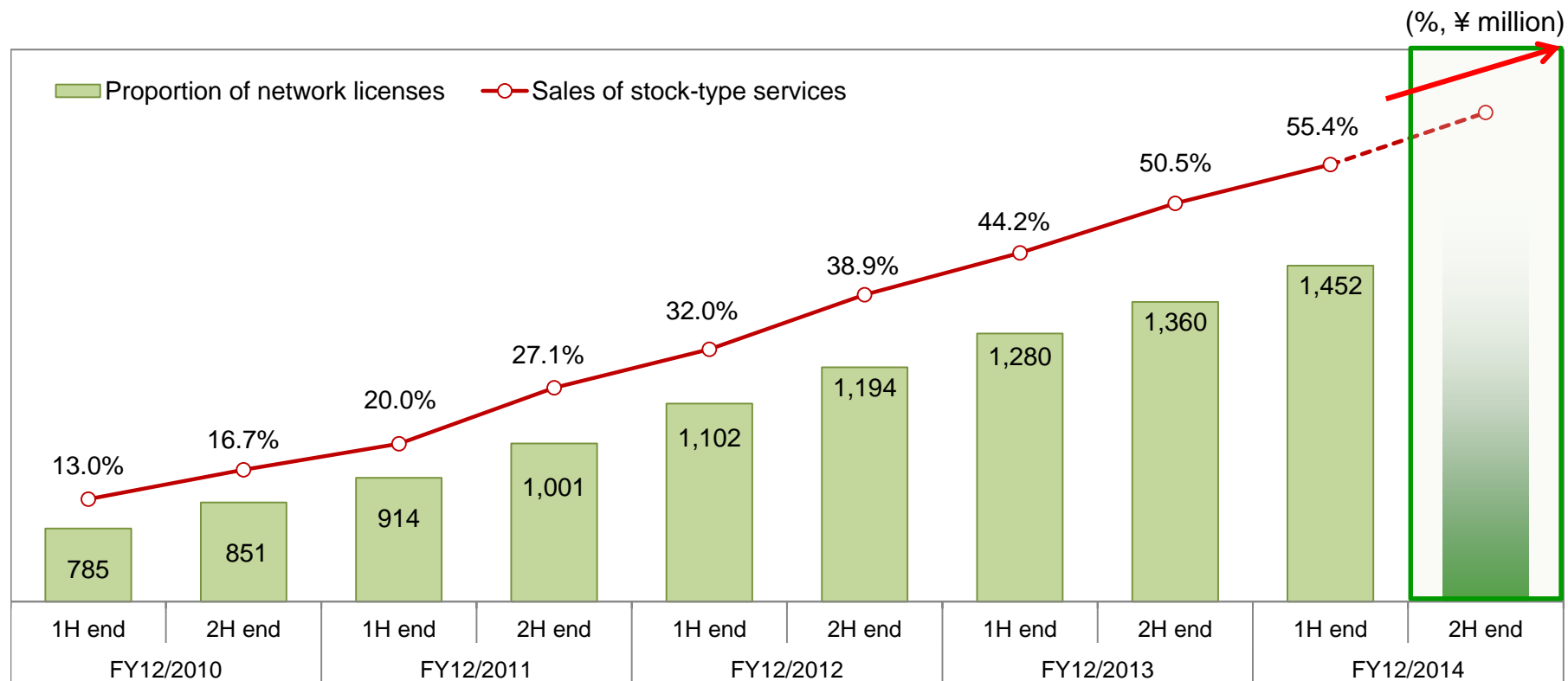
(¥ million)

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Business Application Software	<b>9,956</b> (9,170)	+786 8.6%	<b>3,384</b> (2,982)	+401 13.5%	<b>13,700</b>
System Support	<b>969</b> (958)	+10 1.1%	<b>302</b> (314)	-12 -3.8%	<b>1,300</b>
Maintenance	<b>463</b> (459)	+3 0.8%	<b>151</b> (153)	-1 -1.1%	<b>630</b>
Provision of consumables	<b>506</b> (499)	+6 1.4%	<b>150</b> (160)	-10 -6.5%	<b>670</b>
Network Service	<b>2,807</b> (2,500)	+306 12.3%	<b>963</b> (864)	+98 11.5%	<b>4,000</b>
Stock	<b>2,210</b> (1,954)	+256 13.1%	<b>757</b> (674)	+83 12.4%	<b>3,000</b>
Transaction	<b>596</b> (545)	+50 9.3%	<b>205</b> (190)	+15 7.9%	<b>1,000</b>

# Increased Sales of Network Services (1 of 2)

- With an increased proportion of network systems that provide the base of network services, the sales of stock-type services are rising.

## Proportion of licenses of network systems in the sales of Business Application Software



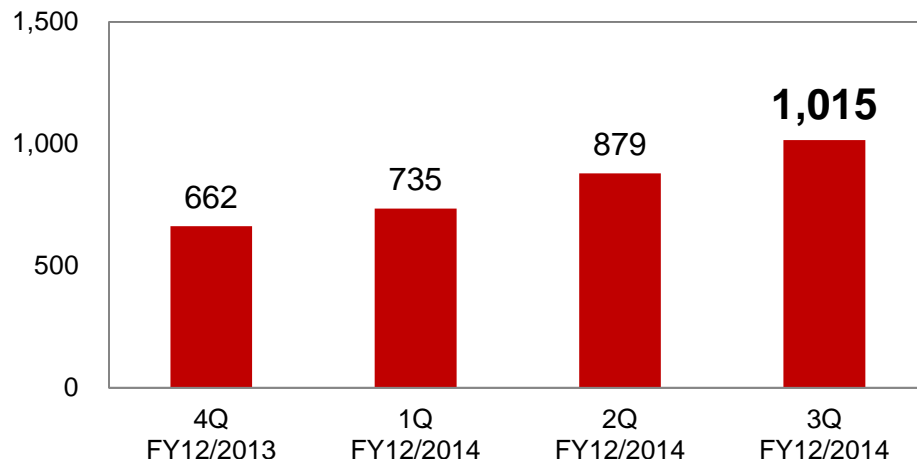
\* Sales of stock-type services (fees for database and server usage)

# Increased Sales of Network Services (2 of 2)

- The status of the Carpod Tab and the BL Parts Ordering System, new revenue bases of transaction-type services, are as follows:
- With Carpod Tab licenses exceeding 1,000, sales are expanding steadily.
- The number of regional parts dealers and suppliers participating in transaction-type services is increasing steadily.
  - We will focus on measures to increase the distribution volume of parts and, at the same time, focus on increasing the ratio of transaction-type services.

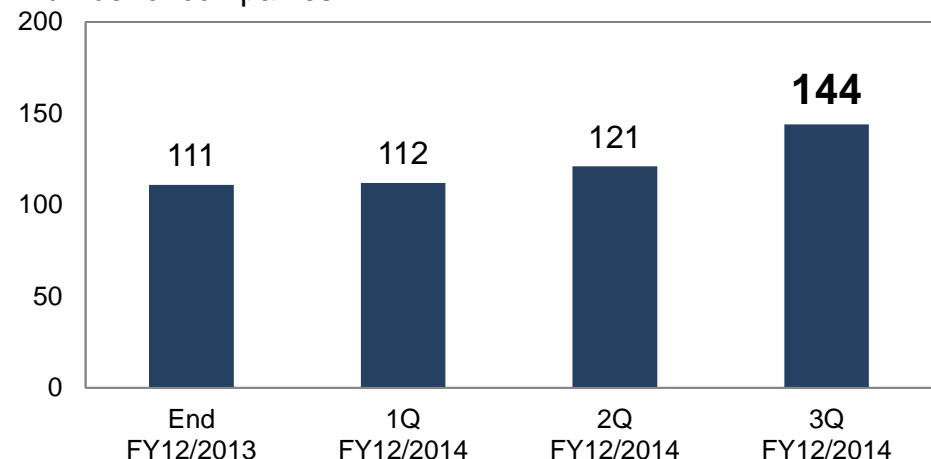
## Trend of Carpod Tab licenses

Number of licenses



## Number of companies (\*parts dealers) participating in transaction-type services

Number of companies



\* Number of clients, or parts dealers, that provide the BL Parts Ordering System



# Balance Sheet at the End of 3Q FY12/2014

## □ Achieving stronger balance sheet

	(¥ million)		
	3Q End FY12/2014	End FY12/2013	YoY Changes Amount
Current assets	13,651	14,037	- 386
Cash and deposits	9,142	9,229	- 87
Non-current assets	12,487	13,006	- 519
Property, plant and equipment	442	481	- 38
Intangible assets	11,225	11,791	- 565
Goodwill	10,198	10,699	- 501
Investments and other assets	819	733	85
Total assets	26,139	27,044	- 904
Current liabilities	5,201	6,133	- 932
Loans payable	750	1,500	- 750
Non-current liabilities	313	948	- 635
Long-term loans payable	147	750	- 602
Total liabilities	5,514	7,082	- 1,568
Total net assets	20,624	19,961	663
Total liabilities and net assets	26,139	27,044	- 904

### Goodwill

- Goodwill arising at the time of MBO  
amortized steadily (Amortized over  
20 years since FY12/2010)

### Loans payable

- Repaid steadily

## 2. Progress of Core Initiatives

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## Management Policy: Evolving into a comprehensive service provider by supporting fulfilled car life

### Core Initiatives

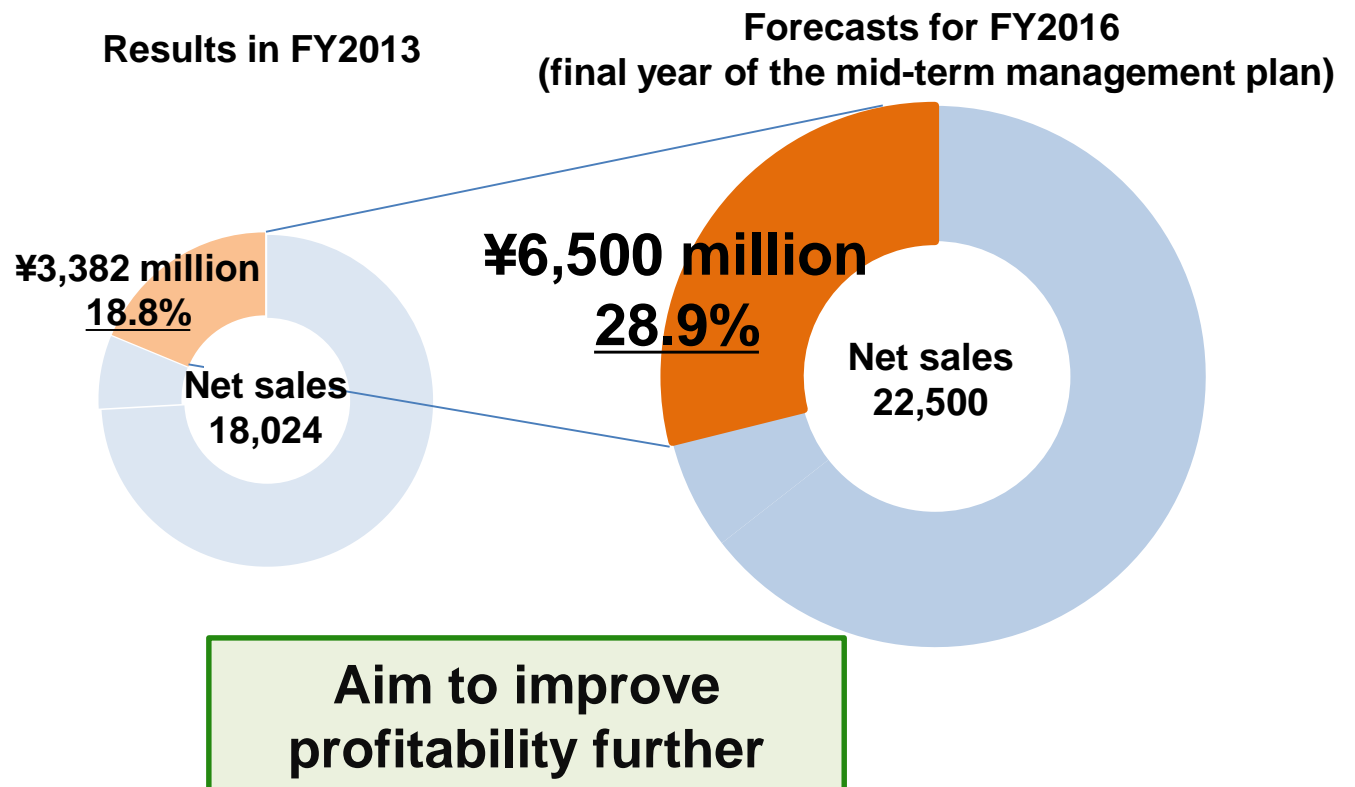
#### Marketing

Promote a new service brand of “*Car-uncelor in Your Town*”

#### Platform

Develop a New-Generation BL Cloud

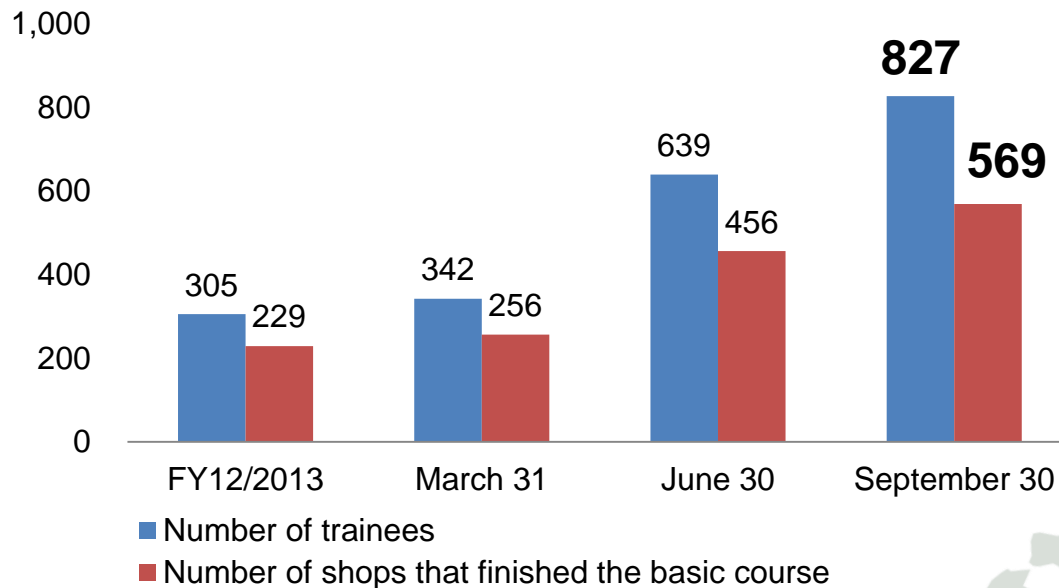
### Increase the sales ratio of network services



# Core Initiative: Promote a new service brand of “Car-uncelcor in Your Town”

## Progress in training activities

Trend in the number of trainees and shops that finished the basic course



**64** shops

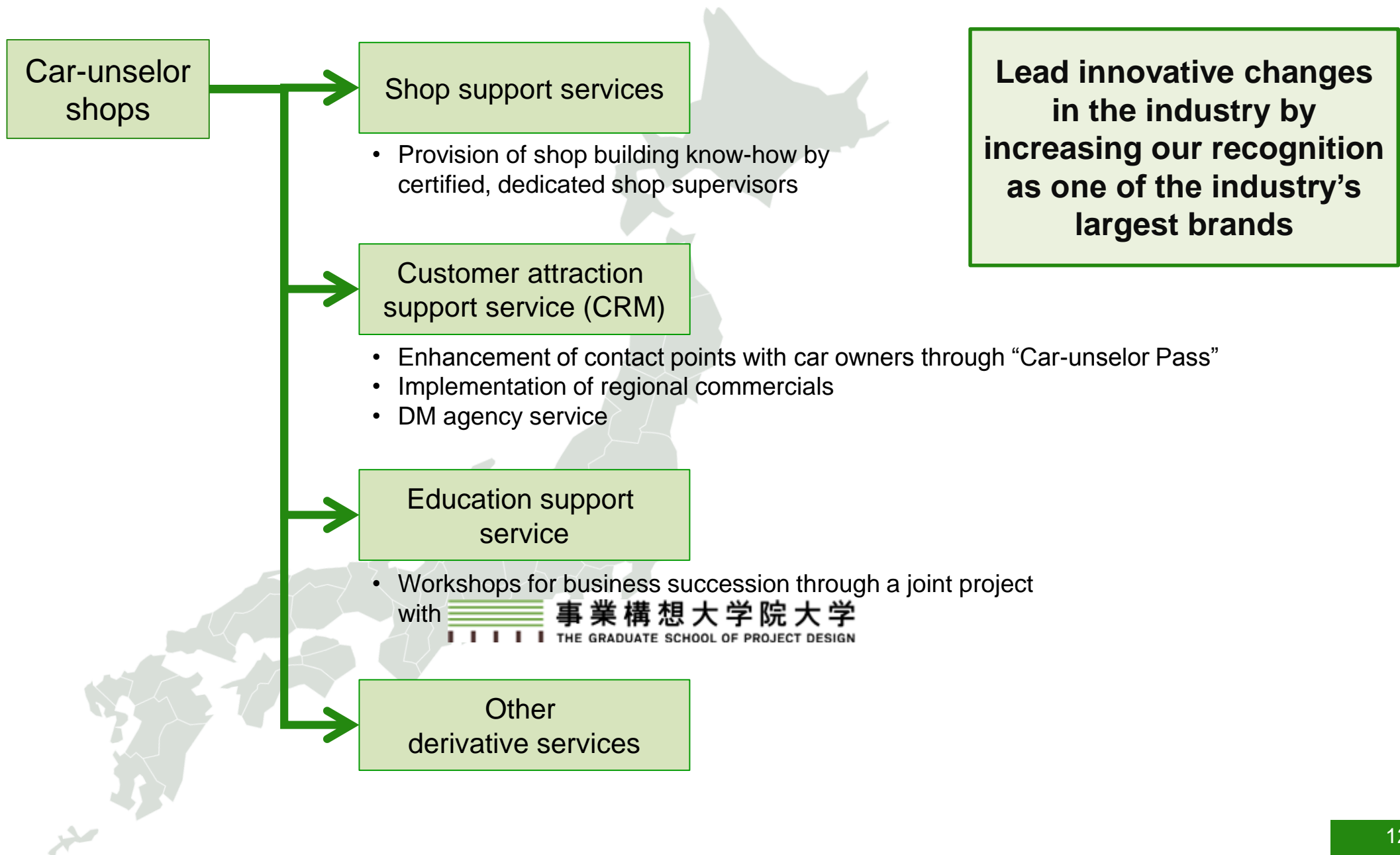
Core area

Core area

Core area

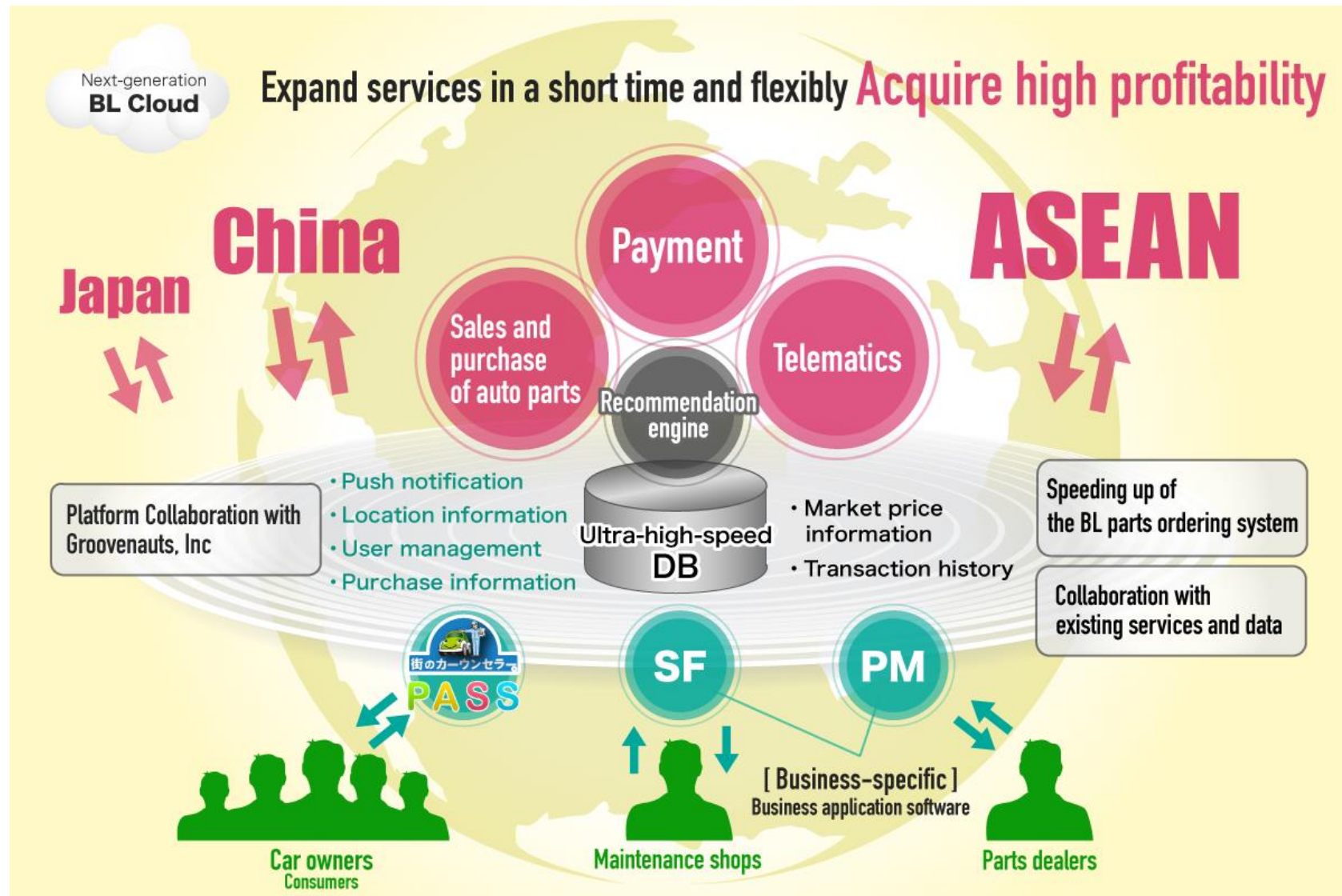
Starting TV commercials mainly in three areas (Yamagata, Toyama and Aichi) to promote roadside shops in the media

Core Initiative: Promote a new service brand of “Car-uncelor in Your Town”  
New services derived from “Car-uncelor in Your Town”



# Core Initiative: Develop a New-Generation BL Cloud

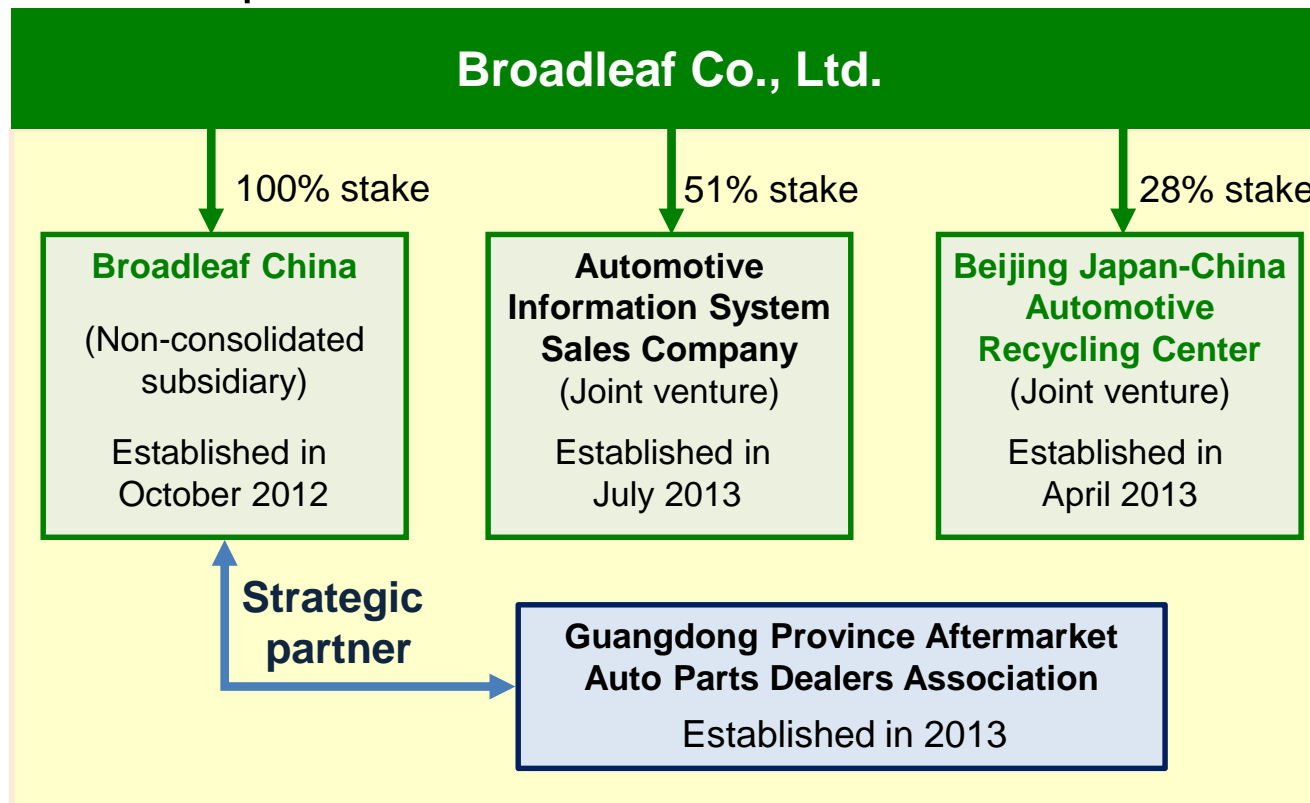
- Expand the business domain by reaching car owners (consumers) through the early operation of the next-generation BL Cloud



#### ❑ Concluded a strategic partnership agreement with Guangdong Province Aftermarket Auto Parts Dealers Association.

- The first time a Japanese company has entered into a strategic partnership agreement with Guangdong Province Aftermarket Auto Parts Dealers Association, China.
- The purpose is to maximize business merits with both parties providing their know-how in auto parts distribution.

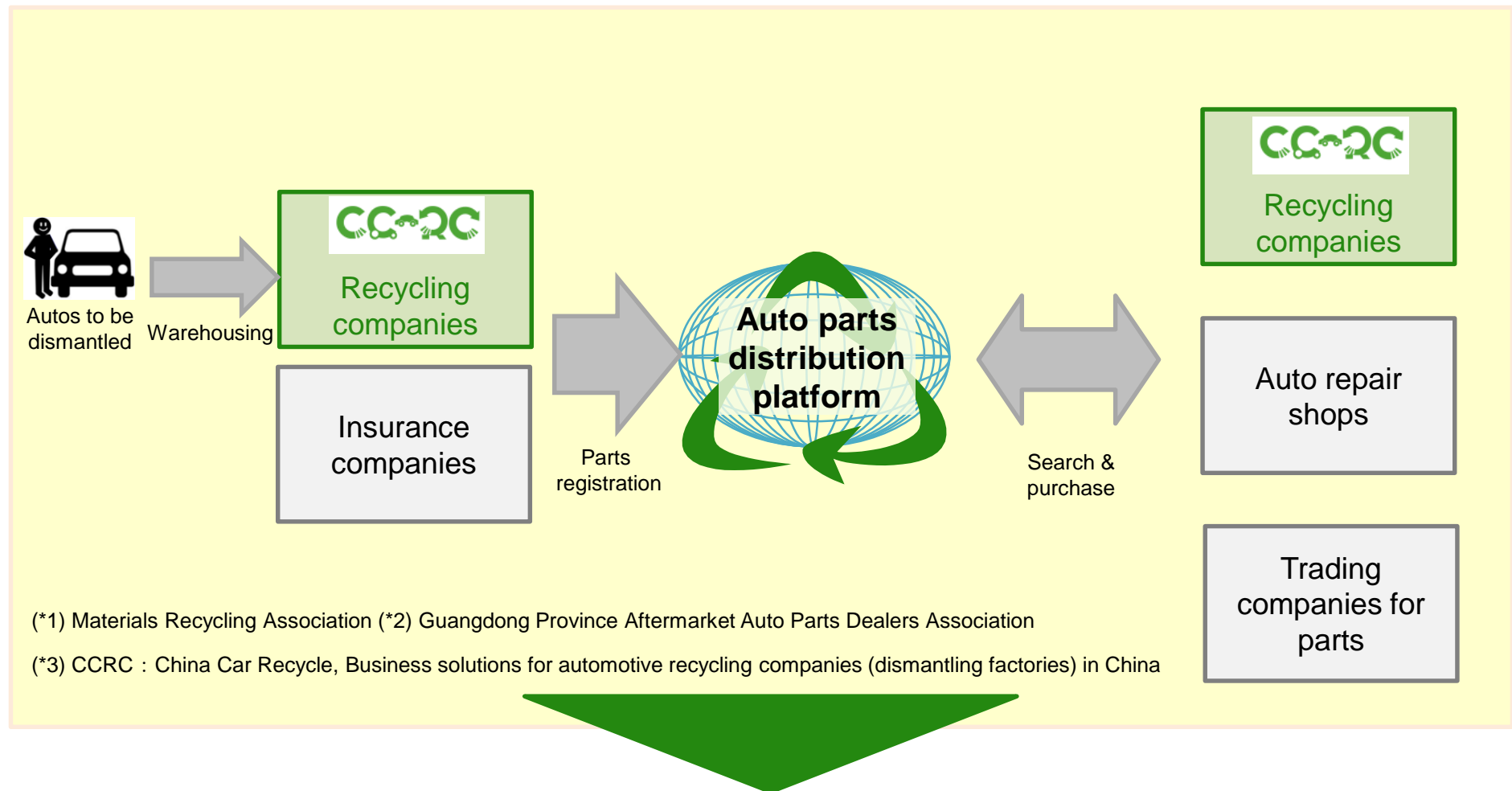
#### ❑ Aim to expand business in China in earnest by promoting the building of an auto parts distribution platform.





## Step Up Business Expansion in Asia

### Auto parts distribution platform in the Chinese market (2/2)



Roll out CCRC<sup>(\*)</sup> to the member companies of China's largest recycling group<sup>(\*)</sup> and Guangdong Province Aftermarket Auto Parts Dealers Association<sup>(\*)</sup>.  
Add an auto parts distribution platform to the Chinese market by around FY2015.



### 3. Reference Materials

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## Corporate Philosophy

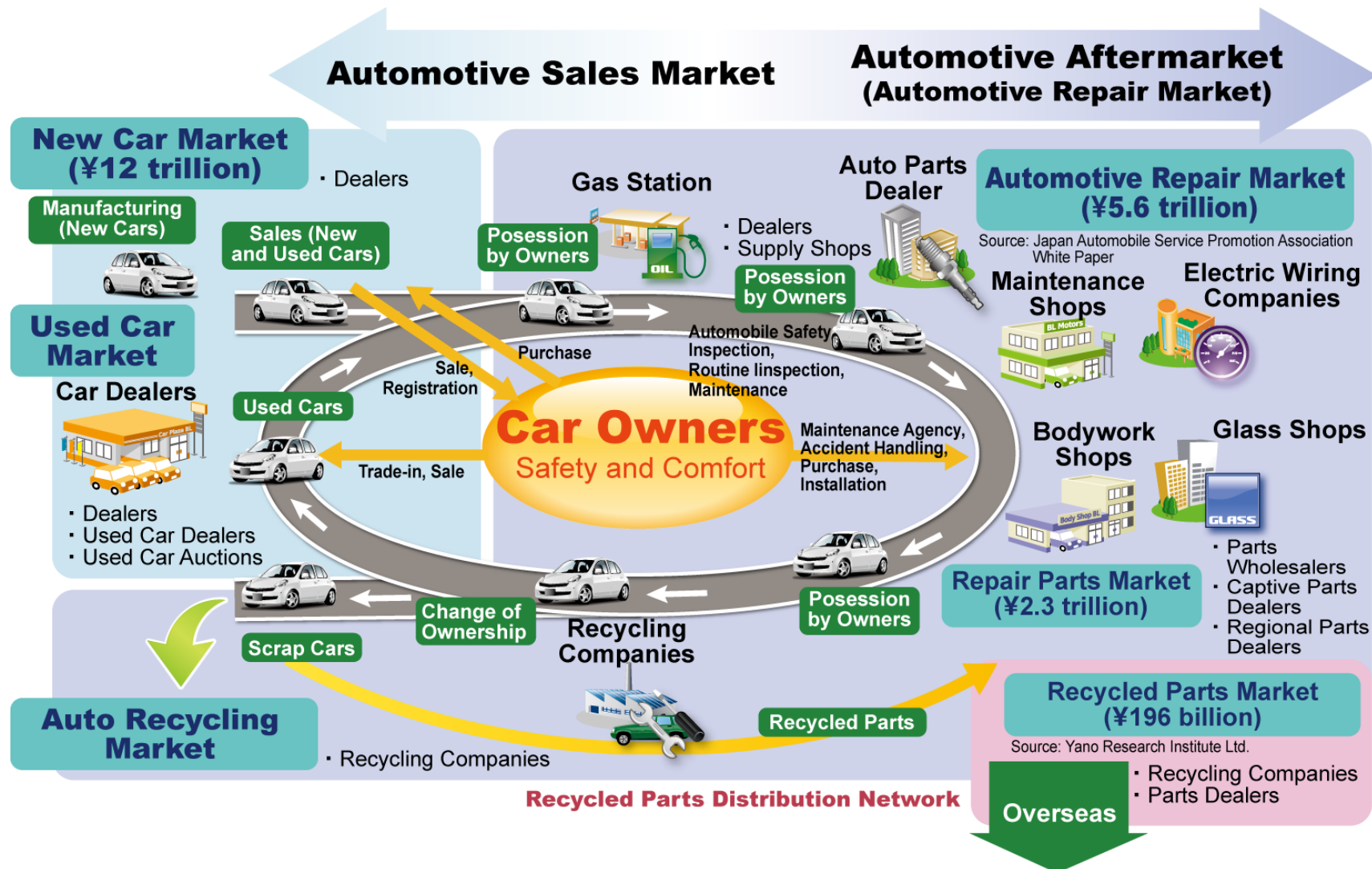
**Gratitude and Satisfaction: These are the underlying principles  
that drive our creation of new corporate value  
as we develop enterprise solutions for our partner-clients.**

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 platform that supports the business of players in the automotive aftermarket (e.g. development of business applications and automotive content, platform for collaboration between different business sectors, marketplace for recycled auto parts)
Head Office Location:	Floor 8, Glass Cube Shinagawa, 4-13-14, Higashi-Shinagawa, Shinagawa-ku, Tokyo
Business Offices:	35 offices in Japan
Development Centers:	3 centers in Japan (Sapporo, Tokyo and Fukuoka)
Number of Employees:	807

(as of September 30, 2014)

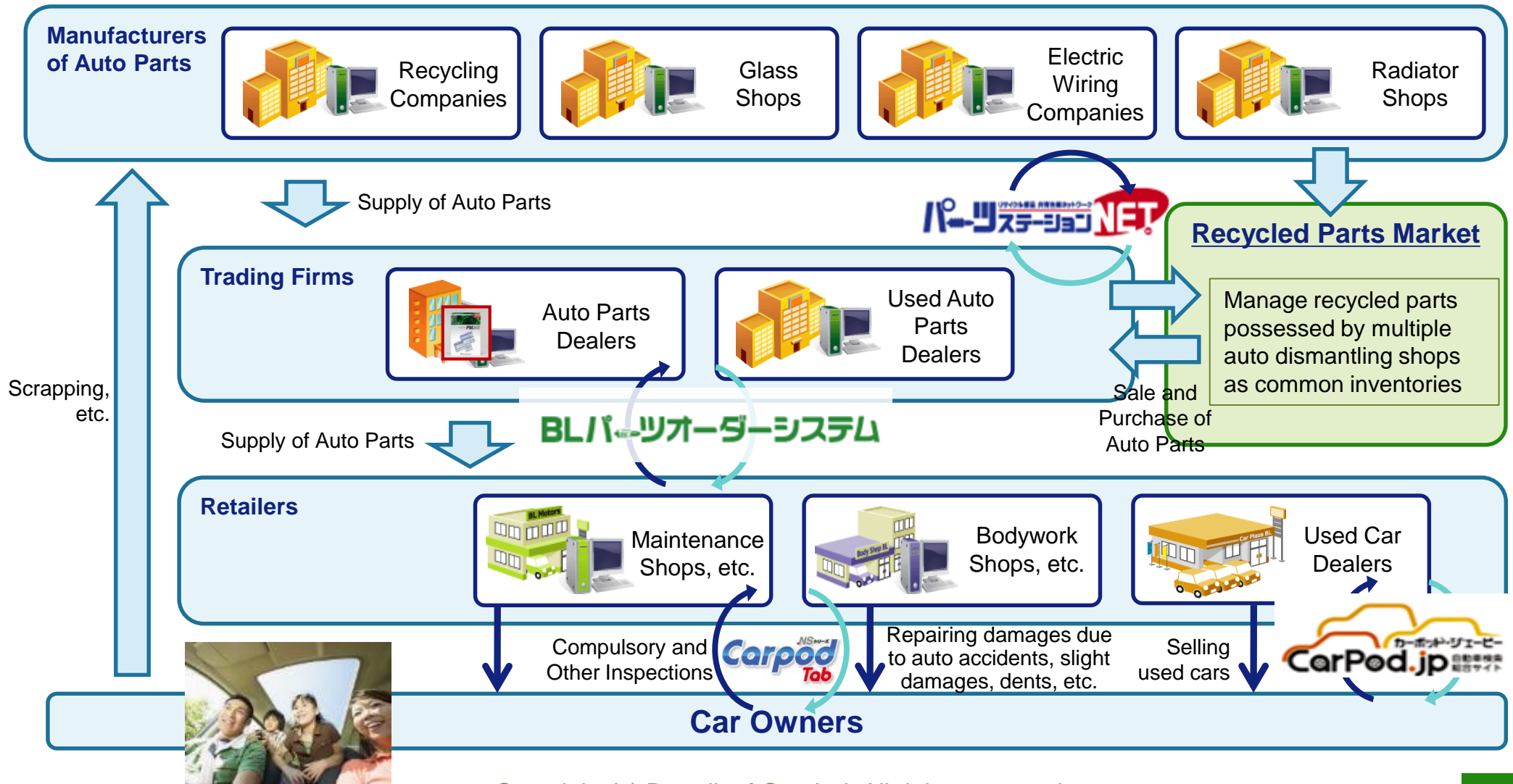
# Automotive Aftermarket of JAPAN

The automotive aftermarket refers to a market of products and services to be used by car owners after purchase of their vehicles, including gasoline, accessories, safety inspections, maintenance checks, replacement of parts, and sales and scrapping.



# Distribution Structure of Auto Parts and Relations to BroadLeaf

- Introduce a seamless system of order taking and the placing of auto parts by vertically and horizontally linking fragmented stages of the huge used automotive market, achieving high market shares in all stages from upstream to downstream



# Domain of Our Sales

- We have a single business segment of IT services, but sales are classified according to the type of services that we provide to clients.

Large Classification	Middle Classification	Small Classification	Type of Business
Business Application Software			Provisioning of business application software for specific businesses. We sell the rights to use systems mainly to leasing companies, and they lease such rights to clients, usually for 6 years.
System Support	Maintenance		We provide maintenance services for business application software and hardware.
	Provision of Consumables		We sell consumables such as special ledger sheets used in business application software.
Network Service	Stock	Database Provisioning Service	We provide databases for automobile-related information as well as parts-related information updated daily, and bill monthly fixed charges.
		Server Provisioning Service	We bill monthly fixed charges to network systems customers for the cost of server maintenance.
	Transaction	Payment Agency Service for Recycled Parts	We operate “Parts Station NET,” a distribution network for recycled parts that shares information on the inventories of recycled parts, providing payment agency service when selling and purchasing recycled parts and collecting commissions at a fixed rate.
		BL Parts Ordering System Carpod Tab, etc	Service that provides for seamless placing and receiving of orders for auto parts. Through this service we collect payment for monthly fixed charges or charges on measured rates. We also provide tablet-based services to maintenance shops.

# Efforts of “Car-unselor in Your Town”

“Car-unselor in Your Town” is a service brand started up by BroadLeaf in autumn 2013 for the purpose of helping to attract customers to automotive maintenance shops.



Evolving from package development and sales  
to the provision of total service



# CSR Activities

## **Basic Policy on CSR**

We will contribute to the revitalization of the automotive aftermarket and grow together with clients in accordance with our corporate philosophy focusing on Gratitude and Satisfaction. As a company associated with the automobile industry, we will seek to contribute to the sustainable development of society through environmental conservation and other activities.



## **Environmental Conservation Activities**

### **Grow Leaf Project**

#### **Tree Planting Activities (since 2008)**

Under the theme of contributing to the global environment, we engage in the Grow Leaf Project activities. We have planted 30,000 trees on land in need of reforestation.



#### **Sponsorship of Musical:**

#### ***The Fall of Freddie the Leaf: A Story of Life for All Ages* (since 2008)**

We have been co-sponsoring and promoting this musical for children. Through the musical, we are conveying the importance of life and the environment to future generations.



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