



# 2Q FY12/2015 Business Results Briefing

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



July 31, 2015

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# Chapter 1

## Overview of 2Q FY12/2015

### Business Results

# Overview of 2Q FY12/2015 Business Results

## [Year-on-year Comparison] PL Summary

### (1H FY12/2015)

**POINT**

Both sales and income declined due to a year-on-year fall in the sales in Business Application Software and rise in total costs.

(¥ million)

	1H FY12/2015			1H FY12/2014
	Results	YoY Change	YoY (Ratio)	Results
Net Sales	8,325	-758	-8.3%	9,083
Operating Income	1,008	-842	-45.5%	1,850
Ordinary Income	996	-830	-45.5%	1,827
Net Income	476	-467	-49.5%	943

# [Year-on-year Comparison] Sales by Category (1H FY12/2015)

**POINT**

Sales in Network Services, a key category, increased.  
For details on the major causes of the sales decline in  
Business Application Software, see page 6.

(¥ million)

	1H FY12/2015			1H FY12/2014
	Results	YoY Change	YoY (Ratio)	Results
Business Application Software	5,644	-928	-14.1%	6,572
System Support	634	-32	-4.8%	667
Maintenance	300	-10	-3.4%	311
Provision of Consumables	334	-21	-6.1%	355
Network Service	2,046	202	11.0%	1,843
Stock	1,624	171	11.8%	1,452
Transaction	421	30	7.9%	391
PSF*1	328	-10	-3.0%	338
Order Placing and Acceptance, etc.*2	93	40	77.9%	52
Total	8,325	-758	-8.3%	9,083

\*1: Payment agency service for recycled parts

\*2: BL Parts Order System, Carpod Tab, etc.

# [Comparison with Forecasts] Sales by Category (1H FY12/2015)

**POINT**

Delay in the progress of Business Application Software affected the stock, etc. of Network Service.

(¥ million)

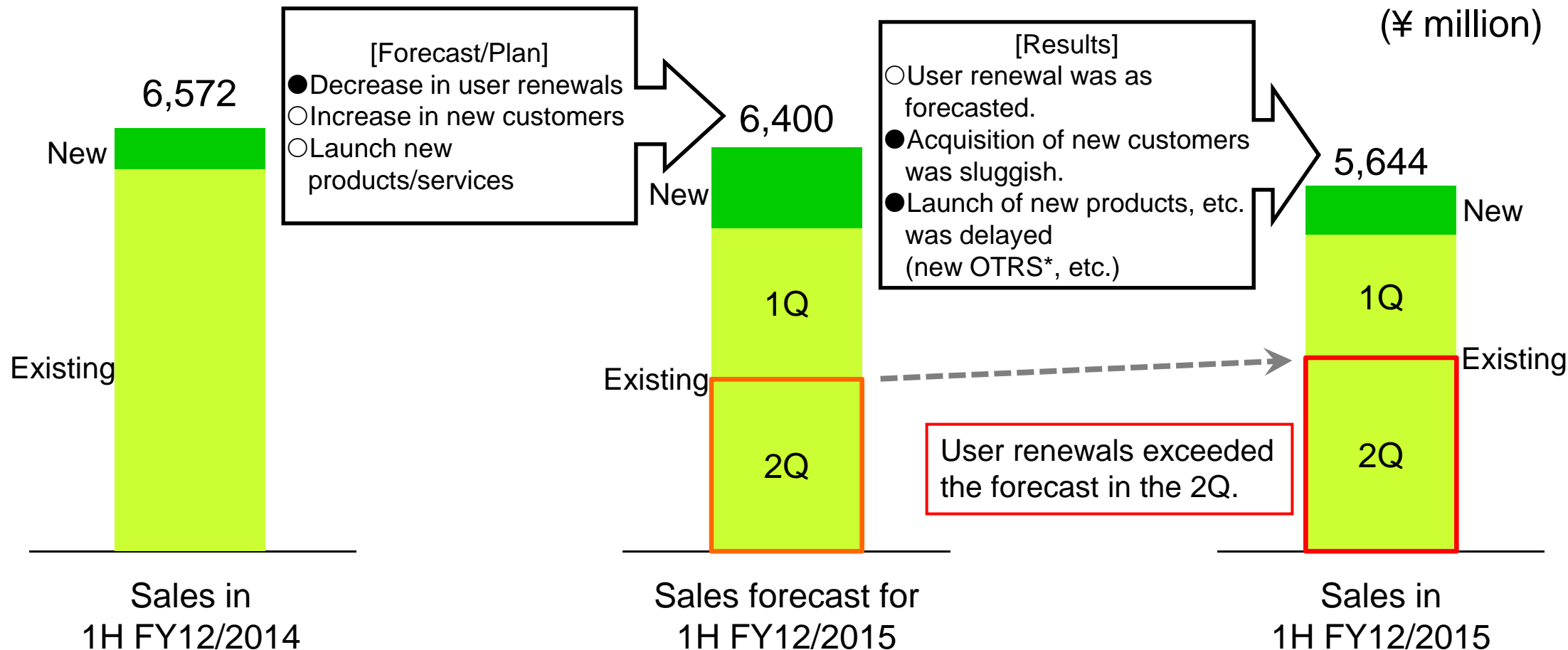
	1H FY12/2015			1H FY12/2015
	Results	Differences	Achievement	Forecasts*
Business Application Software	5,644	-755	88.2%	6,400
System Support	634	-65	90.7%	700
Maintenance	300	-49	85.9%	350
Provision of Consumables	334	-15	95.5%	350
Network Service	2,046	-53	97.4%	2,100
Stock	1,624	-25	98.5%	1,650
Transaction	421	-28	93.7%	450
PSF	328	-21	93.9%	350
Order Placing and Acceptance, etc.	93	-6	93.2%	100
Total	8,325	-874	90.5%	9,200

# Causes of failure to reach forecasted targets in Business Application Software

## POINT

The progress of user renewals was largely in line with the forecast/plan.  
The delay in the acquisition of new customers and the supply of new products affected sales.

(¥ million)



\* Work analysis/operation optimization software

# [Year-on-year Comparison] Breakdown of Expenses (1H FY12/2015)

**POINT**

Continued development for growth and improvement to support the implementation of core strategies.  
Total cost increased due to additional investment in quality assurance.

(¥ million)	1H FY12/2015		1H FY12/2014	Remarks
	Results	YoY Change	Results	
Net Sales	8,325	-758	9,083	-
Total Cost	7,317	84	7,233	-
Total Personnel Expenses*	2,747	-107	2,854	Performance-linked bonuses, etc.
R&D Expenses	247	157	90	Development of new functions and services
Advertising Expenses	205	38	167	Exhibiting at events, etc.
Other	4,118	-3	4,122	-
Operating Income	1,008	-842	1,850	-

\* Sum of labor cost included in production cost and personnel cost included in SG&A expenses



# [Year-on-year Comparison] Sales by Category (2Q [April – June])

**POINT**

Sales increased significantly during the 2Q of FY12/2015, primarily in Business Application Software, in response to the termination of support for Windows XP that affected the results in the 2Q of FY12/2014.

(¥ million)

	2Q FY12/2015			2Q FY12/2014
	Results	YoY Change	YoY (Ratio)	Results
Business Application Software	3,505	953	37.4%	2,551
System Support	317	12	4.0%	305
Maintenance	150	-6	-4.1%	156
Provision of Consumables	167	17	11.9%	149
Network Service	1,035	103	11.1%	931
Stock	820	86	11.8%	733
Transaction	214	16	8.2%	198
PSF	165	-6	-3.7%	172
Order Placing and Acceptance, etc.	49	22	85.8%	27
Total	4,857	1,069	28.2%	3,788

# BS Summary

## (End of 2Q FY12/2015)

**POINT**

Carried out TOB (November 2014) and retirement (April 2015) of treasury stock.

(¥ million)

		End of 2Q FY12/2015		End of FY12/2014	Remarks
		Results	Change from end of FY2014	Results	
	Current Assets	14,305	-1,235	15,541	Decrease in cash and deposits (-1,422)
	Non-current Assets	12,638	-164	12,802	Decrease in goodwill (-334)
Total Assets		26,944	-1,399	28,343	-
	Current Liabilities	4,978	-1,757	6,736	Current portion of long-term loans payable (-126) Decrease in income taxes payable (-1,132)
	Non-current Liabilities	2,150	1,837	313	Increase in long-term loans payable (+1,857)
Total Liabilities		7,129	79	7,049	-
Total Net Assets		19,814	-1,479	21,294	Retirement of treasury stock (1,430)
Total Liabilities and Net Assets		26,944	-1,399	28,343	-

## Chapter 2

### Results Forecasts for FY12/2015

# [Year-on-year Comparison] PL Summary (FY12/2015)

**POINT**

Highest priority is placed on quality assurance in the development of new products and functions.

Forecasts have been revised, taking into account the effects of sales and costs.

(¥ million)

	FY12/2015			FY12/2014
	Forecasts*	YoY Change	YoY (Ratio)	Results
Net Sales	17,700	-1,194	-6.3%	18,894
Operating Income	2,500	-1,665	-40.0%	4,165
Ordinary Income	2,450	-1,648	-40.2%	4,098
Net Income	1,200	-993	-45.3%	2,193

\* Announced on July 9, 2015

# [Year-on-year Comparison] Sales by Category (FY12/2015)

**POINT**

Sales in Network Service are expected to grow despite the remaining impact of quality assurance, particularly in Business Application Software.

(¥ million)	FY12/2015			FY12/2014
	Forecasts*	YoY Change	YoY (Ratio)	Results
Business Application Software	12,150	-1,668	-12.1%	13,818
System Support	1,250	-40	-3.1%	1,290
Maintenance	600	-14	-2.4%	614
Provision of Consumables	650	-25	-3.8%	675
Network Service	4,300	514	13.6%	3,785
Stock	3,350	366	12.3%	2,983
Transaction	950	148	18.5%	801
PSF	650	-30	-4.4%	680
Order Placing and Acceptance, etc.	300	178	146.4%	121
Total	17,700	-1,194	-6.3%	18,894

\* Announced on July 31, 2015

# [Comparison with Previous Forecasts] Sales by Category (FY12/2015)

**POINT**

The forecast for sales in Network Service, which was initially expected to accelerate in the 2H of FY12/2015, has been revised due to the postponed release of new functions.

(¥ million)

	FY12/2015			
	Forecasts	Differences	Differences (Ratio)	Previous Forecasts*
Business Application Software	12,150	- 1,550	-11.3%	13,700
System Support	1,250	-150	-10.7%	1,400
Maintenance	600	-100	-14.3%	700
Provision of Consumables	650	-50	-7.1%	700
Network Service	4,300	-200	-4.4%	4,500
Stock	3,350	-50	-1.5%	3,400
Transaction	950	-150	-13.6%	1,100
PSF	650	-50	-7.1%	700
Order Placing and Acceptance, etc.	300	-100	-25.0%	400
Total	17,700	-1,900	-9.7%	19,600

\* Announced on February 12, 2015

# [Year-on-year Comparison] Breakdown of Expenses (FY12/2015)

**POINT**

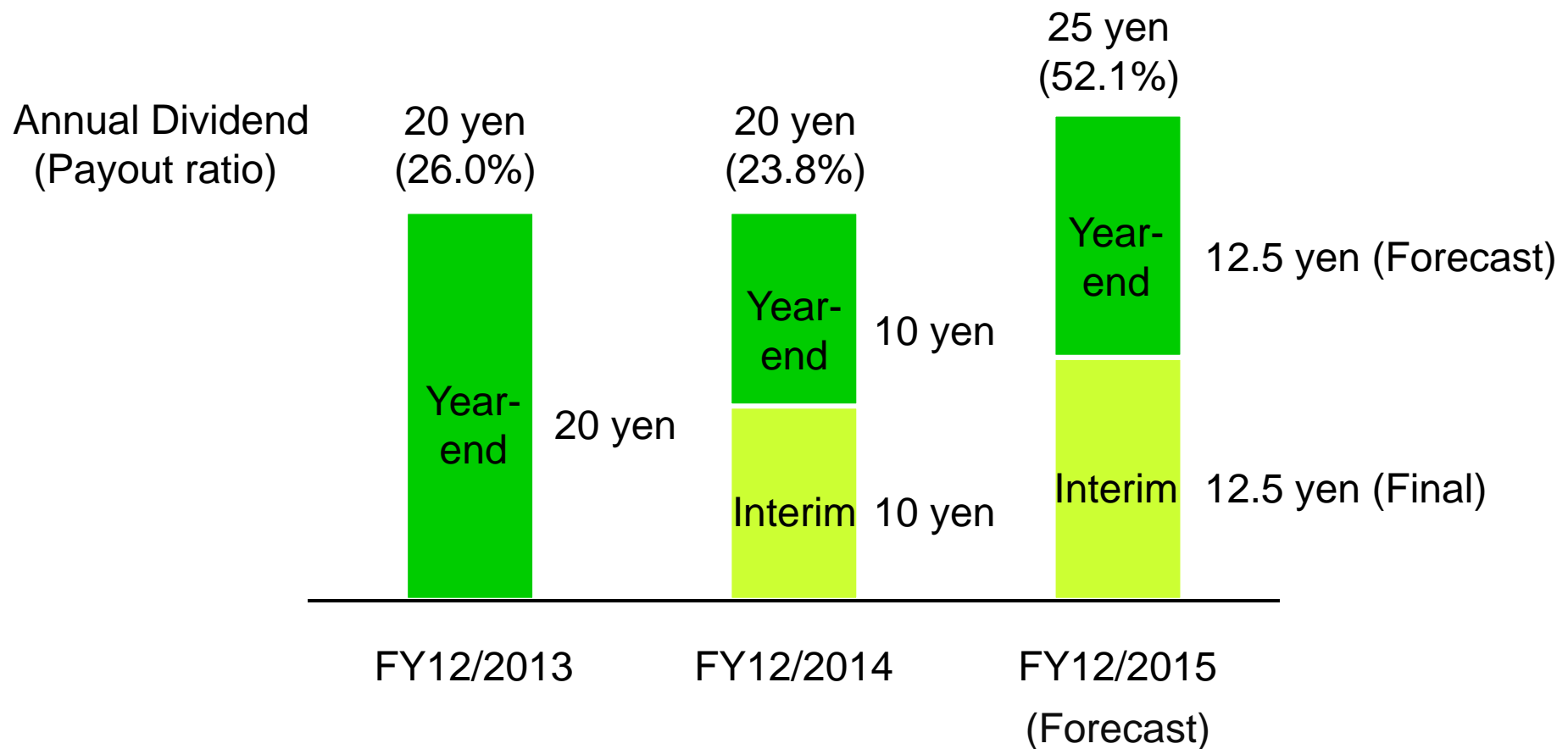
While expenses for quality assurance will increase, reduction of sundry expenses will be promoted.

(¥ million)	FY12/2015		FY12/2014	Remarks
	Forecasts	YoY Change	Results	
Net Sales	17,700	-1,194	18,894	-
Total Cost	15,200	472	14,728	-
Total Personnel Expenses*	5,500	-177	5,677	Performance-linked bonuses
R&D Expenses	1,000	649	350	Development of new functions and services
Advertising Expenses	400	16	383	-
Other	8,300	-18	8,318	-
Operating Income	2,500	-1,665	4,165	-

## Dividends per Share

**POINT**

The payment of an interim dividend of 12.5 yen per share for FY12/2015 was decided as initially planned.





## Chapter 3

### Core Initiatives for FY12/2015

## Acquisition of Treasury Stock

### POINT

Decision to acquire treasury stock was made for the purpose of increasing capital efficiency and providing returns to shareholders.

- (1) Type of stock to be acquired: Common stock
- (2) Total number of shares available for acquisition: Up to 760,000  
(percentage in total number of shares outstanding (excluding treasury stock): 3.04%)
- (3) Total value of shares to be acquired: Up to 1,000,000,000 yen
- (4) Period of acquisition: August 3, 2015 – December 30, 2015

(Ref.) Treasury stock held as of June 30, 2015

Total number of shares outstanding (excl. treasury stock): 24,948,416

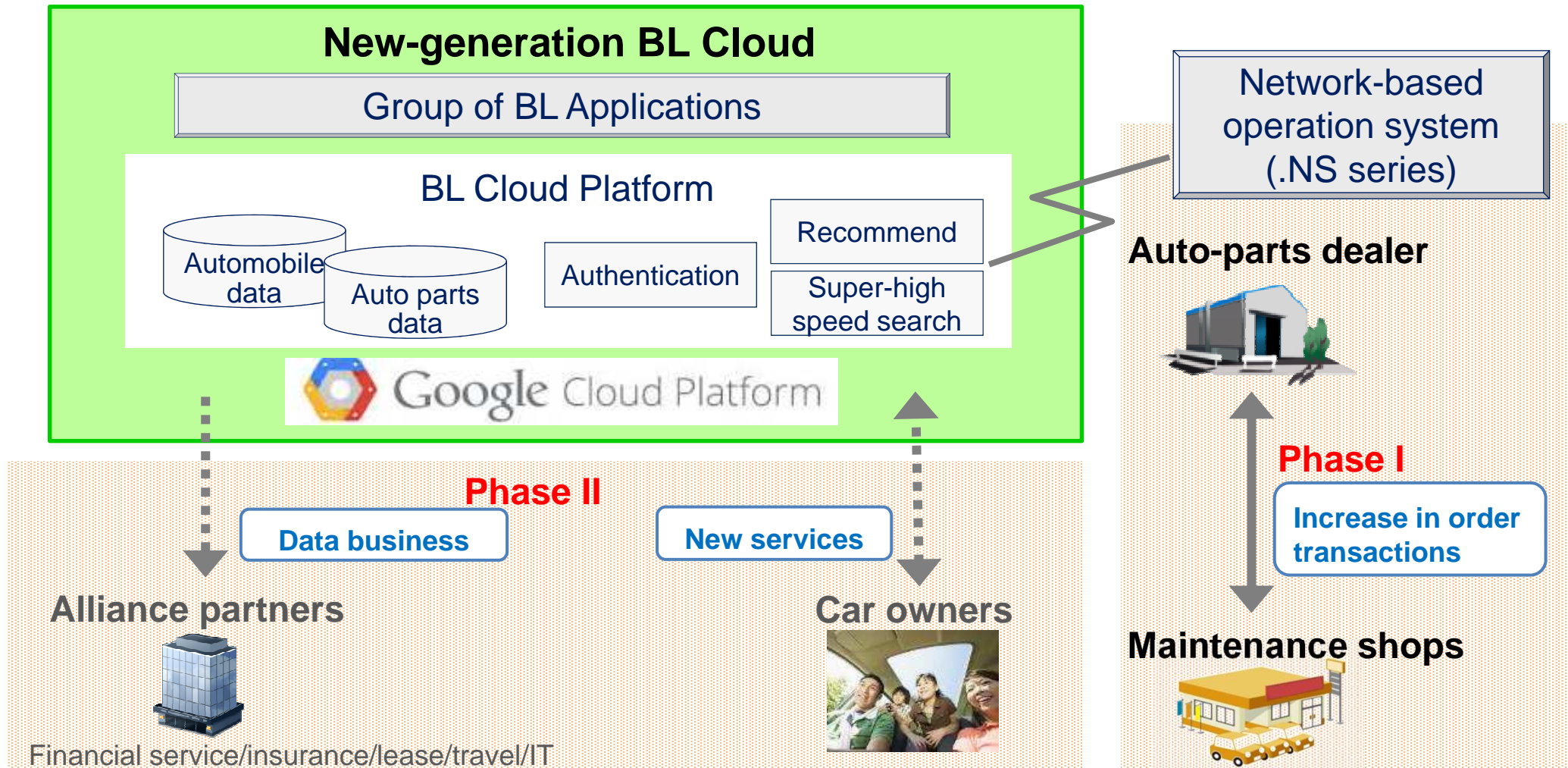
Number of shares of treasury stock: 285,784

\* The number of shares of treasury stock includes the Company's shares (83,200) held as an exclusive trust for the Broadleaf employee shareholding association.

## Basic Strategies to Achieve Growth

**POINT**

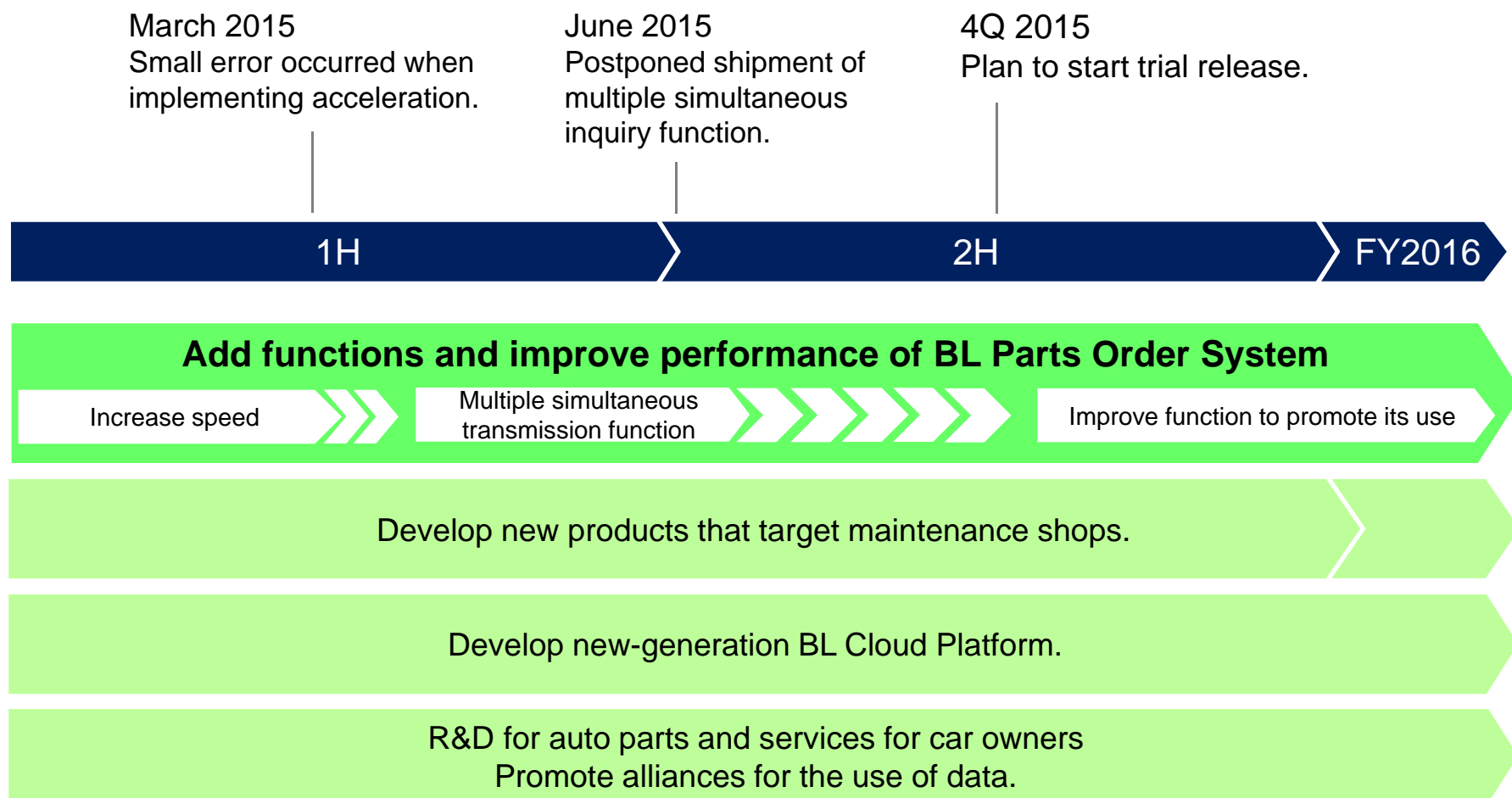
Phase I (increase in order transactions) is underway as one of the core initiatives for FY12/2015.



## Top Priority Activities in the 2H of FY12/2015

**POINT**

Top priority is placed on the quality assurance for BL Parts Order System.  
This system forms the basis for the increase in order transactions.



# Quality Improvement in Product Development

## POINT

Development process will be improved and shipping standards will be tightened to develop high-quality products and increase productivity.

### Reform I Strengthen system design team

Organize system design professionals to strengthen the review system.

=> Reduce rework, to increase productivity and reduce development period and cost.

### Reform II Tighten quality control standards

Implement stricter quality inspection, including third party examination by an outside party, before shipping products.

=> Ensure quality at the time of shipping to also reduce selling expenses.

### Reform III Use new development infrastructure for new product development

Standardize new product development (use GCP) and use common modules.

=> This change leads to a temporary increase in expenses, but reduces maintenance expenses in the medium term.

## Efforts to Achieve Growth

### POINT

Growth strategies, focusing on changing the profit structure, have been implemented on an ongoing basis.

#### Ongoing Action I

##### Increase in order transactions

- Increase the number of BLP connections that become the basis for an increase in order transactions.
- Promote sales of the strategic product “Carpod Tab.”

#### Ongoing Action II

##### Develop and launch new products

- Reform the work analysis/operation optimization software “OTRS”  
(Adjust the timing of the release based on when the patent is acquired, etc.)
- Develop new products that target maintenance shops to expand the customer base.

#### Ongoing Action III

##### R&D to create new services

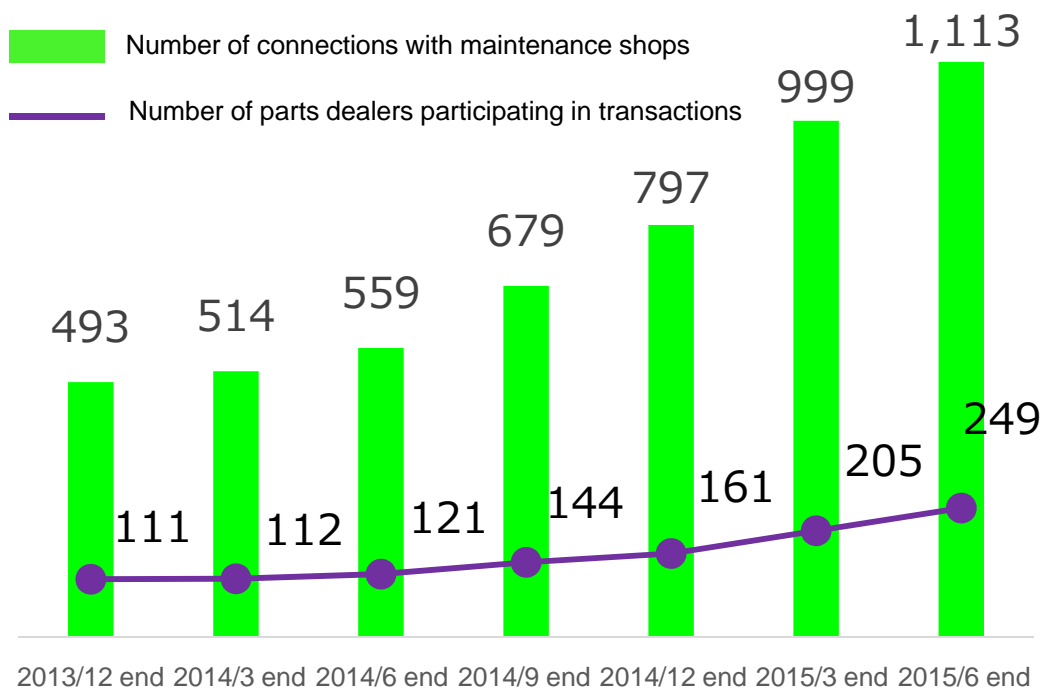
- Continue examination and research to promote the use of automobile-related data.

## Strategy to Increase Order Transactions

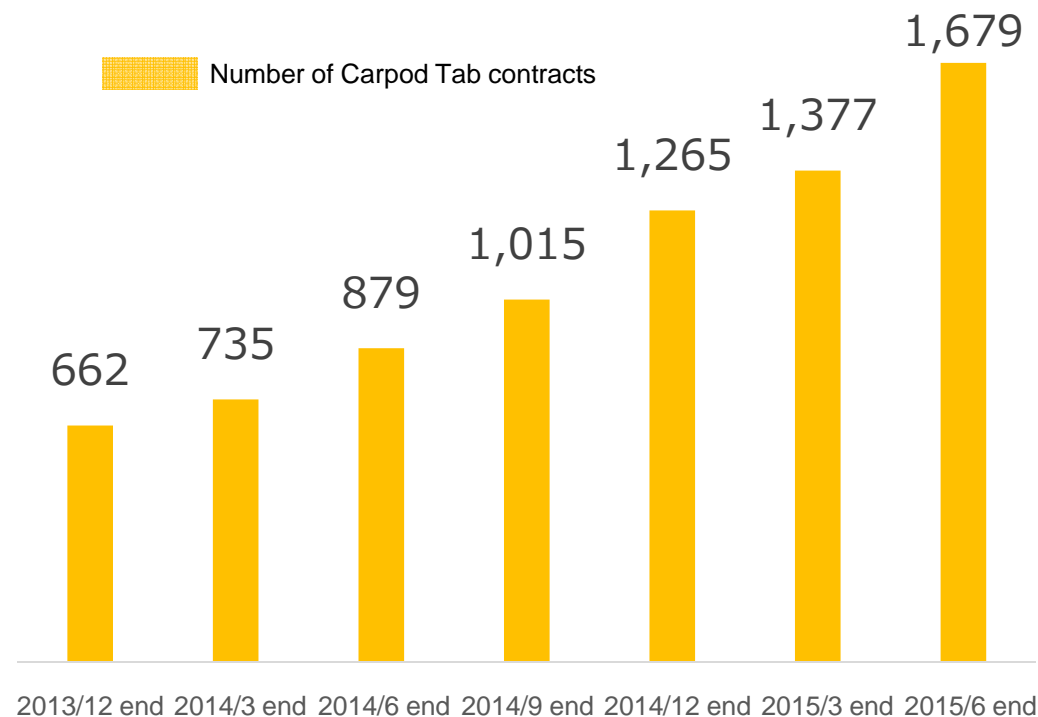
**POINT**

The BL Parts Order System continues to steadily penetrate the auto parts distribution market.

### Parts dealers / maintenance shops



### Carpod Tab



# Core Initiatives for FY12/2015

## Reform of Work Analysis/ Operation Optimization Software “OTRS”

### POINT

Renewal of OTRS (work analysis and operation optimization software) using industrial engineering (IE) is scheduled.

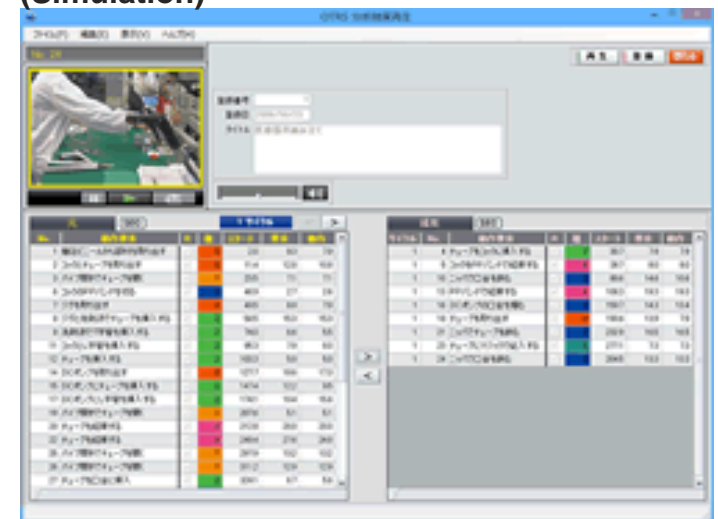
(Operational analysis)



(Comparative analysis)



(Simulation)



[Examples of companies that have installed the software] Japanese automakers, information equipment manufacturers (Canon and Murata Manufacturing), food and beverage companies (Calbee, Asahi Breweries, and Ajinomoto Bakery), stationery manufacturers (Max), aircraft parts manufacturers (Toyo Koku Denshi), academic institutions (Nihon Automobile College, Chiba Institute of Technology, and Kyoto Institute of Technology), and incorporated foundations (Monodzukuri Research Organization).

OTRS is already commonly used as a workplace improvement tool by predominantly manufacturing companies.

It is used also to support the transfer of skills and R&D based on industry-academia partnerships. Based on these reasons, further sales growth is expected.



# DOCOMO Automobile Business Solution Summit 2015

## Google Atmosphere Tokyo 2015

### POINT

(“Future of the Automotive Aftermarket”)

Kenji Oyama participated in the panel discussion that examined the theme of “Changes in automobile maintenance and distribution brought about by data.”



### POINT

Kenji Oyama participated as a panelist in the discussion on R&D involving the application of telematics to company cars equipped with Google Map.



Continue R&D, etc. to create future next-generation services.  
In addition, actively interact with companies in other industries.

## Appendix [Reference Material]

## Our Profile

Under our principle of maintaining a spirit of gratitude and happiness, we will continue to grow as an integrated service provider that supports enriched car lives and people's lives by contributing to the automotive aftermarket with the power of IT and people.

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:	35 offices in Japan
Development Centers:	3 centers in Japan (Sapporo, Tokyo and Fukuoka)
Number of Employees:	816

(as of December 31, 2014)

## Sales Domain

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

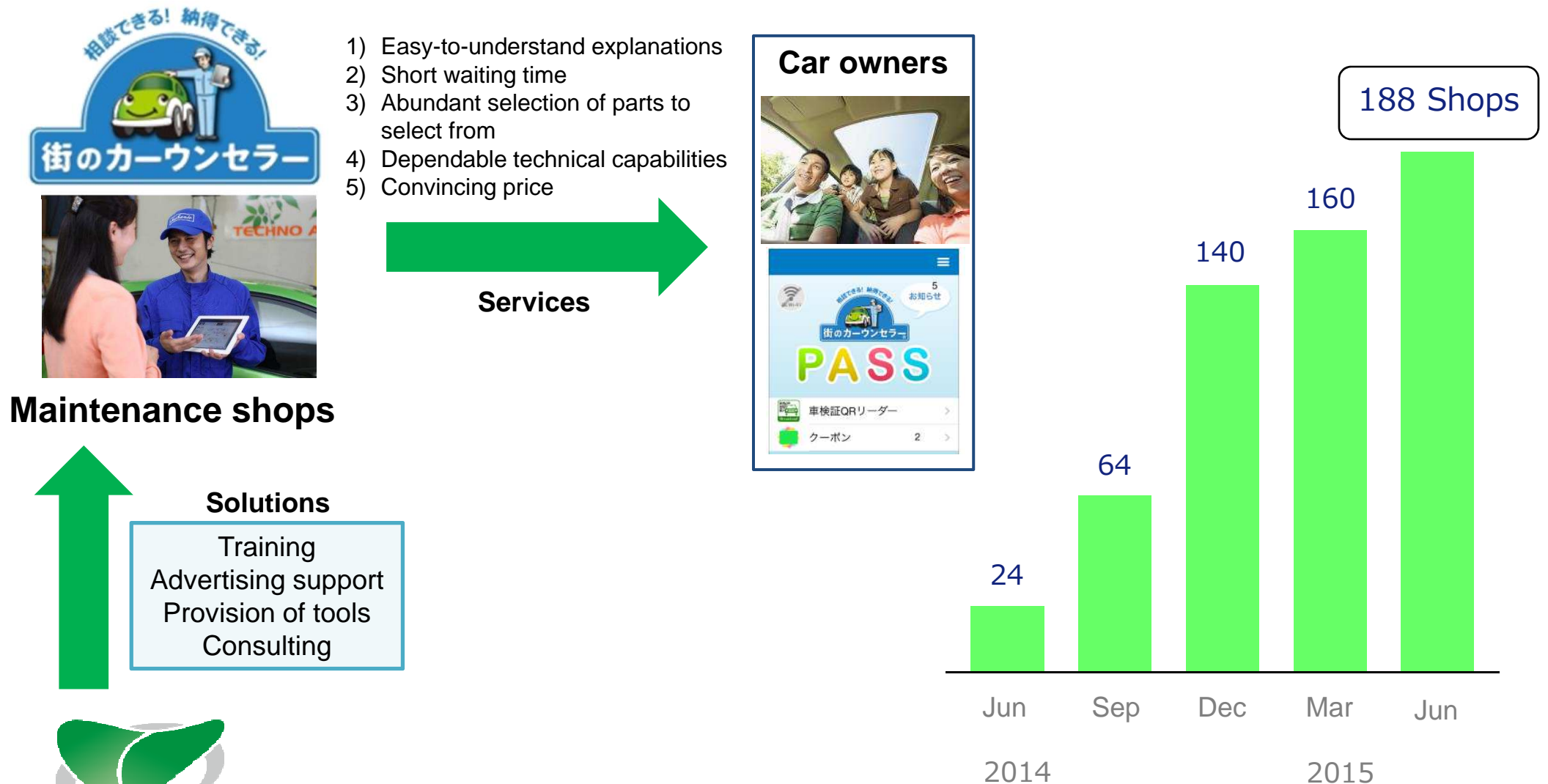
Category			Type of Business
Large Classification	Middle Classification	Small Classification	
Business Application Software			<ul style="list-style-type: none"> <li>- Development and sales of business application software for specific businesses.</li> <li>- Development and sales of package software, such 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.</li> <li>- 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>

# Exhibition at the 34th Auto Service Show 2015

From June 19 to 21, 2015



## Efforts of “Car-unselor in Your Town”



## Disclaimer

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