



3Q FY12/2015 Business Results Briefing

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



October 30, 2015

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Chapter 1

Overview of 3Q FY12/2015 Business Results

Overview

POINT

Priority issues were solved in 3Q.

Results

Net sales ¥12,116 million (down 11.8% year on year)
Operating income ¥1,270 million (down 56.7% year on year)
→ The results were roughly on a par with the progress assumed for achieving full-year targets.

Business situation

(Sales)
New products were released, and sales were normalized.
(Development)
A new function of the BL Parts Order System, whose development was delayed in 2Q, started to be shipped in September.

Full-year forecast

The full-year results forecast remains unchanged.

PL Summary (3Q YTD)

POINT

Both sales and income declined from a year ago,
but results were roughly as expected.

(¥ million)

	3Q FY12/2015			3Q FY12/2014
	Results	YoY Change	YoY (Ratio)	Results
Net Sales	12,116	-1,616	-11.8%	13,733
Operating Income	1,270	-1,664	-56.7%	2,934
Ordinary Income	1,249	-1,652	-56.9%	2,901
Net Income	559	-973	-63.5%	1,533

Sales by Category (3Q YTD)

POINT

Sales in Business Application Software declined, but sales in Network Service continued to rise.

(¥ million)	3Q FY12/2015			3Q FY12/2014
	Results	YoY Change	YoY (Ratio)	Results
Business Application Software	8,035	-1,920	-19.3%	9,956
System Support	944	-24	-2.5%	969
Maintenance	450	-12	-2.7%	463
Provision of Consumables	494	-12	-2.4%	506
Network Service	3,135	328	11.7%	2,807
Stock	2,480	270	12.2%	2,210
Transaction	654	58	9.8%	596
PSF*1	502	-8	-1.7%	511
Order Placing and Acceptance, etc.*2	152	66	78.5%	85
Total	12,116	-1,616	-11.8%	13,733

*1: Payment agency service for recycled parts

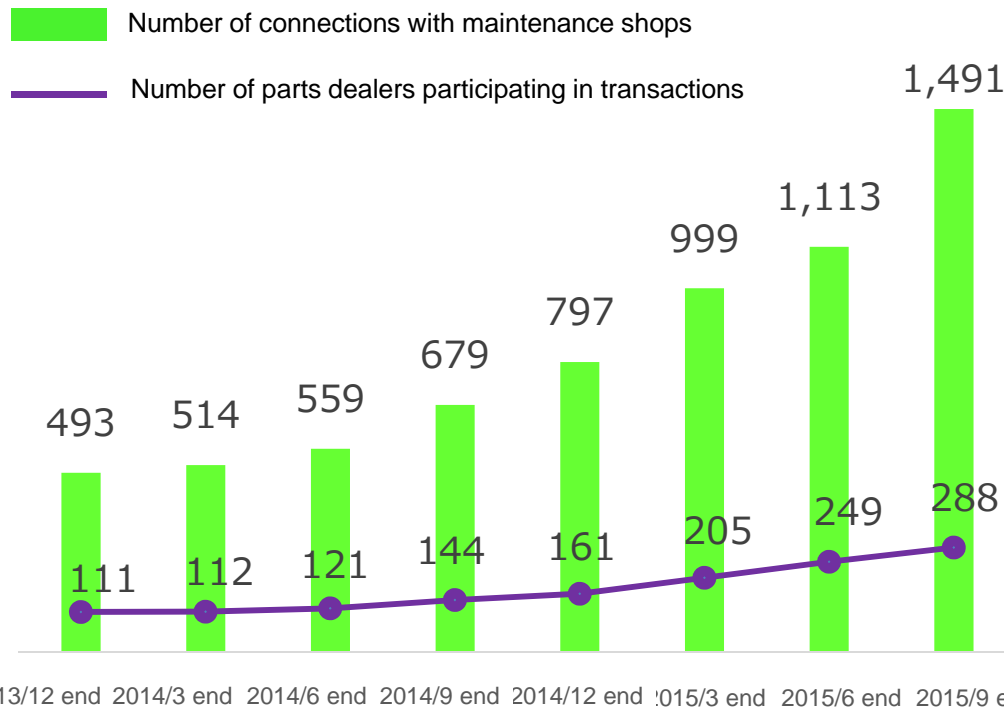
*2: BL Parts Order System, Carpod Tab, etc.

Strategy to Increase Order Transactions

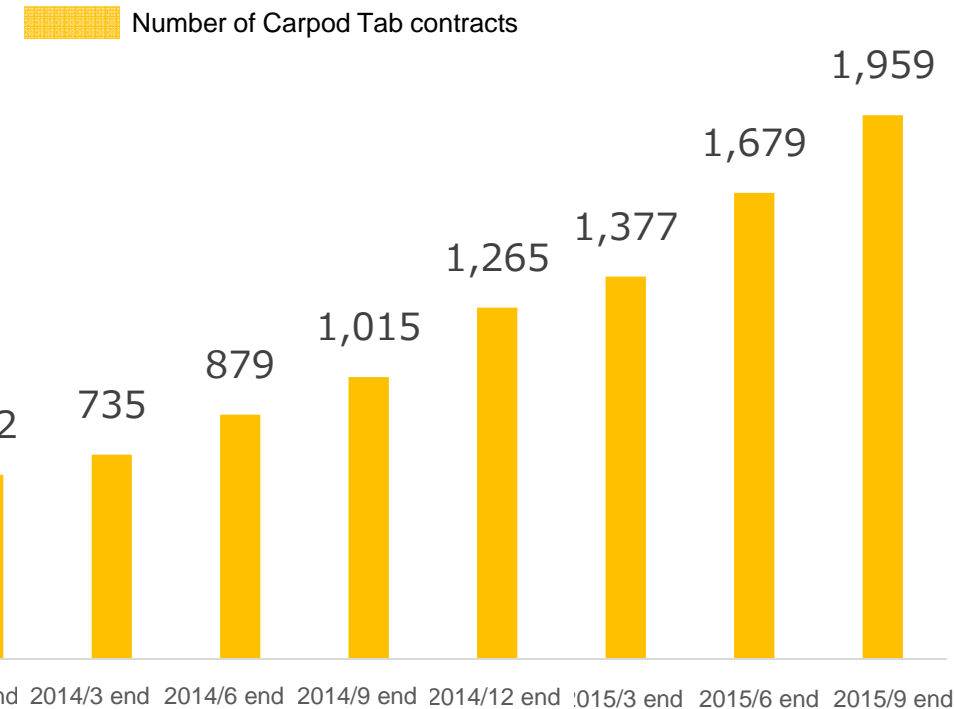
POINT

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

Parts dealers / maintenance shops



Carpod Tab



Breakdown of Expenses (3Q YTD)

POINT

R&D expenses rose,
reflecting enhanced system development.

(¥ million)

	3Q FY12/2015		3Q FY12/2014	Remarks
	Results	YoY Change	Results	
Net Sales	12,116	-1,616	13,733	-
Total Cost	10,846	47	10,798	-
Total Personnel Expenses*	4,184	-68	4,253	-
R&D Expenses	320	99	220	Development of new functions and services
Advertising Expenses	236	18	217	Increase in commercial exhibition cost
Other	6,104	-1	6,106	-
Operating Income	1,270	-1,652	2,934	-

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

BS Summary

POINT

Carried out retirement of treasury stock (May 15)
and acquisitions of common stock (August 3-October 19).

(¥ million)		End of 3Q FY12/2015		End of FY12/2014	Remarks
		Results	Change from end of FY2014	Results	
	Current Assets	12,346	-3,194	15,541	Decrease in cash and deposits (-3,062)
	Non-current Assets	12,542	-259	12,802	Decrease in goodwill (-501)
	Total Assets	24,889	-3,454	28,343	-
	Current Liabilities	3,922	-2,813	6,736	Current portion of long-term loans payable (-126) Decrease in income taxes payable (-1,571)
	Non-current Liabilities	1,994	1,681	313	Increase in long-term loans payable (+ 1,683)
	Total Liabilities	5,916	-1,132	7,049	-
	Total Net Assets	18,972	-2,321	21,294	Retirement of treasury stock (-1,430) Purchase of treasury stock (-939)
	Total Liabilities and Net Assets	24,889	-3,454	28,343	-

Chapter 2

Results Forecasts for FY12/2015

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

POINT

The results forecasts announced on July 9 remain unchanged.

(¥ 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

The sales by category forecast announced on July 31 remains unchanged.

(¥ 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

[Year-on-year Comparison] Sales by Category (October-December)

POINT

Sales are expected to rise, reflecting the release of a new function of the BL Parts Order System and the normalization of the sales system.

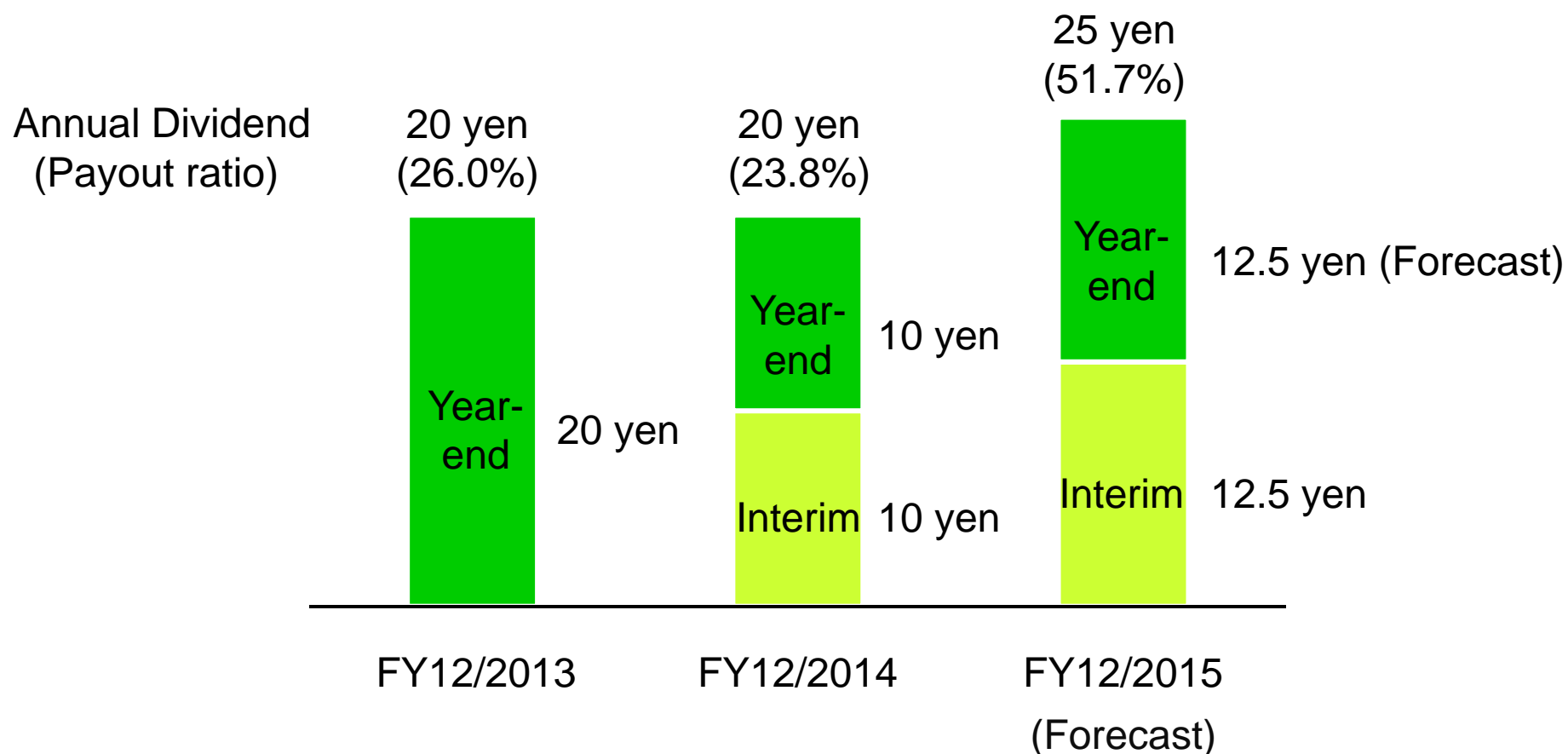
(¥ million)	FY12/2015			FY12/2014
	4Q Forecasts *	YoY Change	YoY (Ratio)	4Q Results
Business Application Software	4,114	252	6.5%	3,861
System Support	305	-15	-5.0%	320
Maintenance	149	-2	-1.7%	151
Provision of Consumables	155	-13	-7.9%	169
Network Service	1,164	186	19.1%	977
Stock	869	96	12.5%	772
Transaction	295	89	43.6%	205
PSF	147	-21	-12.9%	168
Order Placing and Acceptance, etc.	147	111	304.7%	36
Total	5,583	422	8.2%	5,160

* The difference between the full-year forecast by category announced on July 31, 2015 and the 3Q YTD result

Dividends per Share

POINT

The year-end dividend per share for FY12/2015 is forecast to be 12.5 yen.



Completion of Acquisition of Common Stock

POINT

The acquisition of Common stock under the resolution of the Board of Directors on July 31 was completed.

- (1) Type of stock acquired: Common stock
- (2) Total number of shares acquired: 760,000
(percentage in total number of shares outstanding
(excluding treasury stock): 3.04%)
- (3) Total value of shares acquired: 924,469,200 yen
- (4) Period of acquisition: August 3, 2015 – October 19, 2015

Chapter 3

Latest Topics

Initiatives to Expand the Customer Base

POINT

The Company is promoting initiatives to expand the customer base and the growth of the BL Parts Order System.

Existing users

Renewing
licenses

Car-unselor



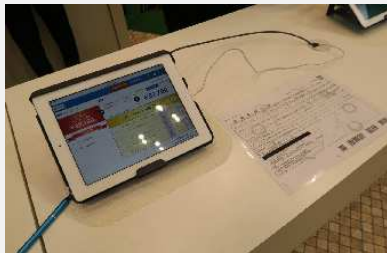
New users



Gaining new
users

Alliances

Expanding the customer base



Promoting the use of
the BL Parts Order System

Development of Operations in the ASEAN Region

POINT

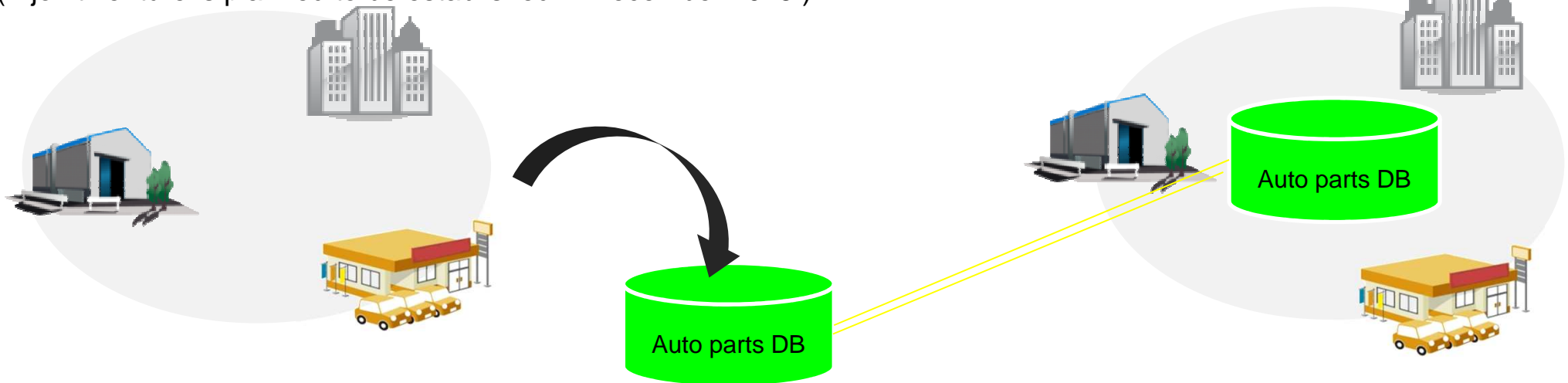
The Company plans to create a joint venture for the distribution of auto parts with a major insurance company in the Philippines and to establish a platform for the distribution of parts in the entire ASEAN region.

The Philippines (from 2016)

Establishing a scheme (EC) to sell recycled parts, genuine parts, and superior parts early, using the distribution scheme of a local insurance company with which the Company will form an alliance. (A joint venture is planned to be established in December 2015.)

The entire ASEAN region (in the future)

Planning to use the scheme in the entire ASEAN region (including Thailand and Indonesia).



Building a large DB for use in the entire ASEAN region through sales of auto parts in the Philippines. (A wholly-owned local subsidiary of BL is planned to be established in December 2015.)

Chapter 4

For Sustainable Growth

Progress of the Mid-Term Management Plan (2014-2016)

POINT

The Company is working out a new Mid-Term Management Plan (from 2016) based on actual results and the progress of strategies and initiatives.

FY2014 (previous fiscal year)

Net sales Forecast ¥19,000 m
Result ¥18,894 m

Business Application Software + System Support

Achievement rate
100.7%

Achieved

Network Service

Achievement rate
94.6%

Low level of use of
transactions

Operating income Forecast ¥4,000 m
Result ¥4,165 m

FY2015 (this fiscal year)

Net sales Initial forecast ¥19,600 m
Revised forecast ¥17,700 m

Business Application Software + System Support

vs. Initial forecast
88.7%

Sluggish business activities
due to a delay in
development

Network Service

vs. Initial forecast
95.6%

A delay in the development
of a new system of BL
Parts Order System

Operating income Initial forecast ¥4,600 m
Revised forecast ¥2,500 m

FY2016

Net sales Target in Mid-Term
Management Plan ~~¥22,500 m~~

(New) Mid-Term Management Plan (from 2016)

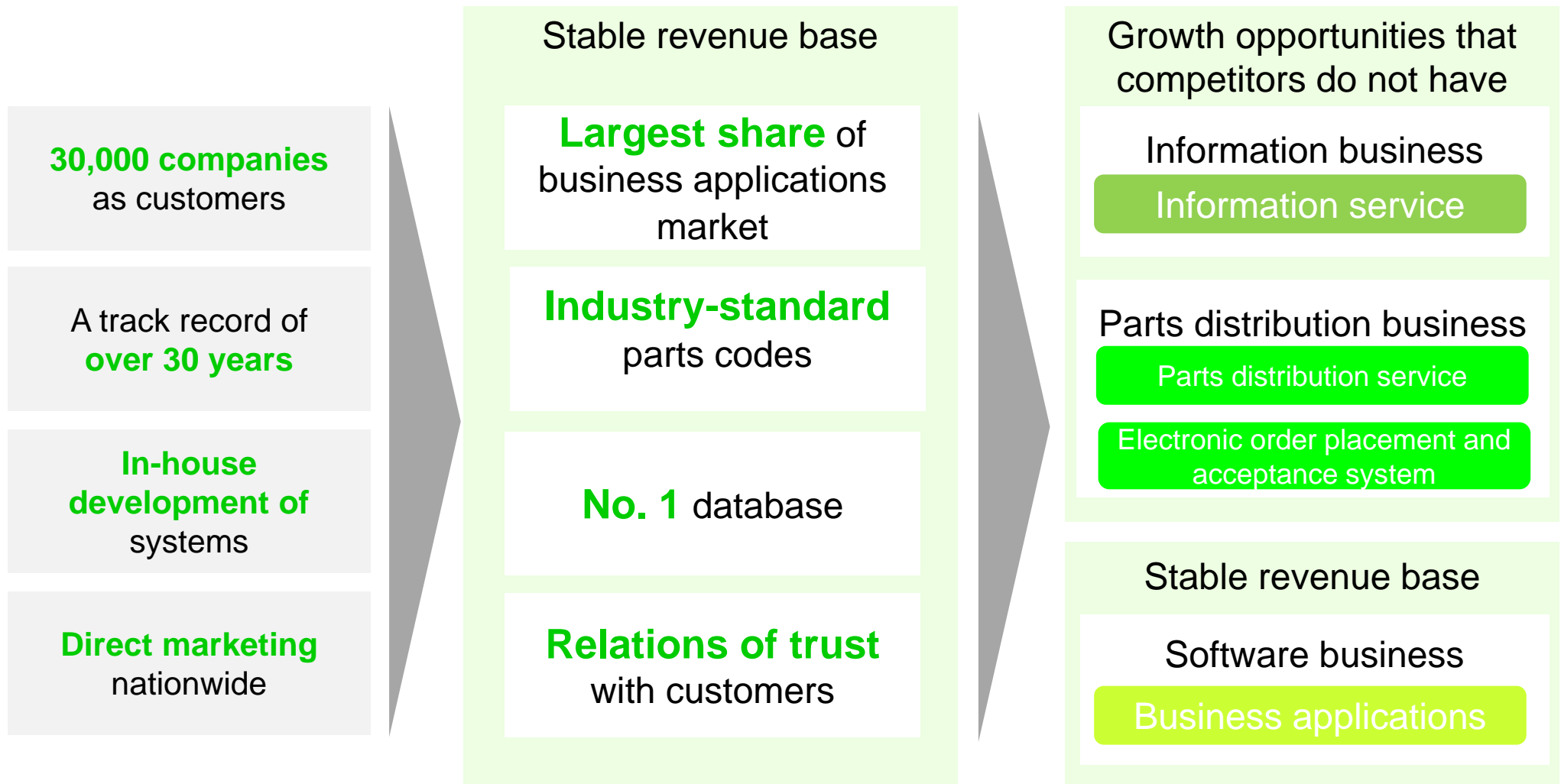
New strategies, initiatives, and mid-term
targets are planned to be announced.

Operating income Target in Mid-Term
Management Plan ~~¥7,000 m~~

Direction of a New Mid-Term Management Plan

POINT

Accelerating the implementation of growth strategies, making the most of our strengths in the automotive aftermarket.



Business Areas in Growth Strategies

POINT

Redefining the order of the importance and priority of strategies and initiatives while following the existing management policy.

Information business

Information service

- Adding value to information on auto parts, etc.

Parts distribution business

Parts distribution service

- E-commerce of auto parts in Japan and overseas, etc.

Electric order placement and acceptance system

- BL Parts Order System, etc.

Software business

Business applications

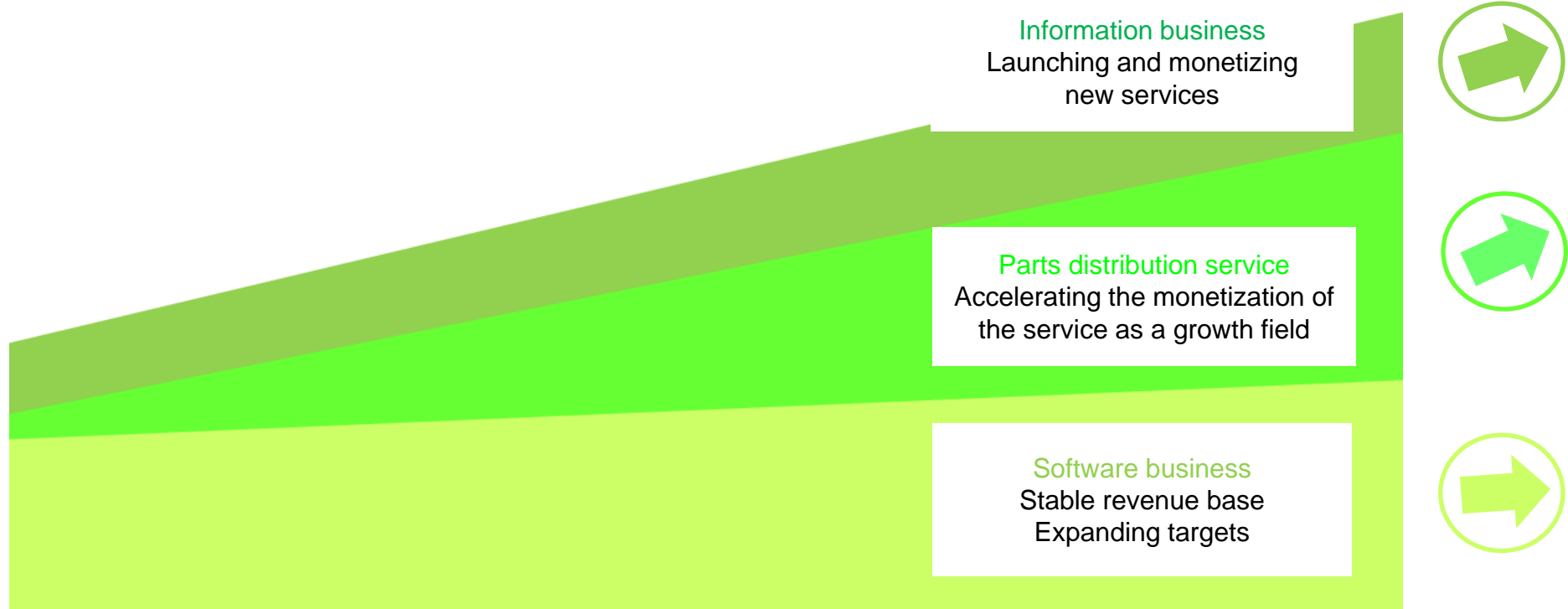
- Selling business applications and providing additional services, etc.

Image of Future Growth

POINT

Increasing the speed and flexibility of the implementation of strategies and accelerating growth.

– Basic policies –



Note: The graph above shows an impression only.

Policy on the Development of Next-Generation Business Applications

POINT

Planning to change the composition of the functions of business applications to increase the speed of the development of services and reduce maintenance costs.

Image of existing applications
(Functions are implemented for each application)

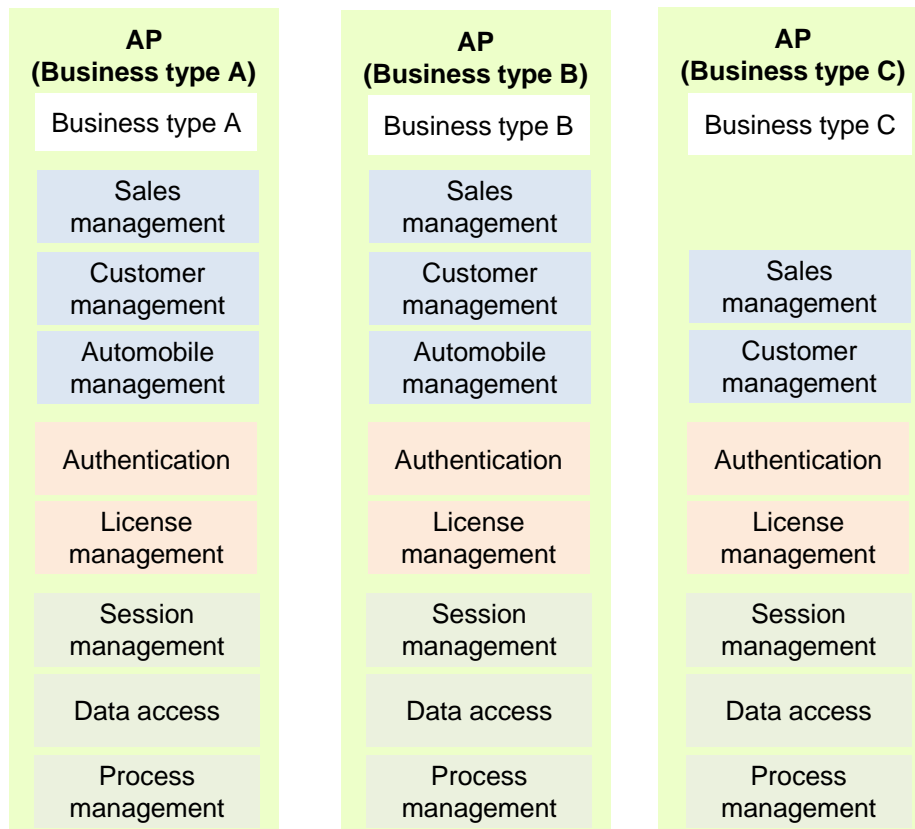
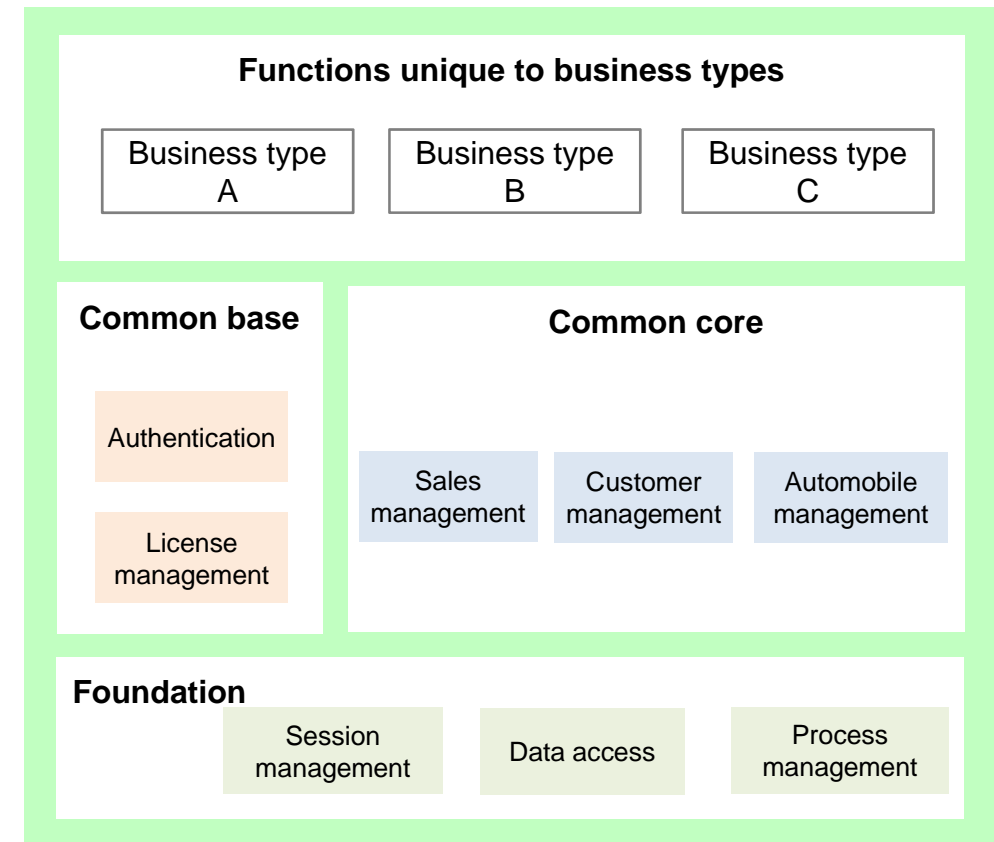


Image of next-generation applications
(Combinations of common modules)



Announcing a New Mid-Term Management Plan

POINT

The details of a new mid-term management plan (from 2016) will be announced in February 2016.

Strategies

- Period, market strategy, merchandise strategy, financial strategy
- Business portfolio, earnings model

Development investment

- Next-generation business application development plan
- Plan to promote new businesses

Organization

- Development of business promotion systems (sales and development, administration and planning)
- Plans for hiring human resources (development, sales, and planning) and cultivating them

Numerical targets, etc.

- Numerical targets (KGI, KPI)
- Shareholder return policy

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:	33 offices in Japan
Development Centers:	3 centers in Japan (Sapporo, Tokyo and Fukuoka)
Number of Employees:	815

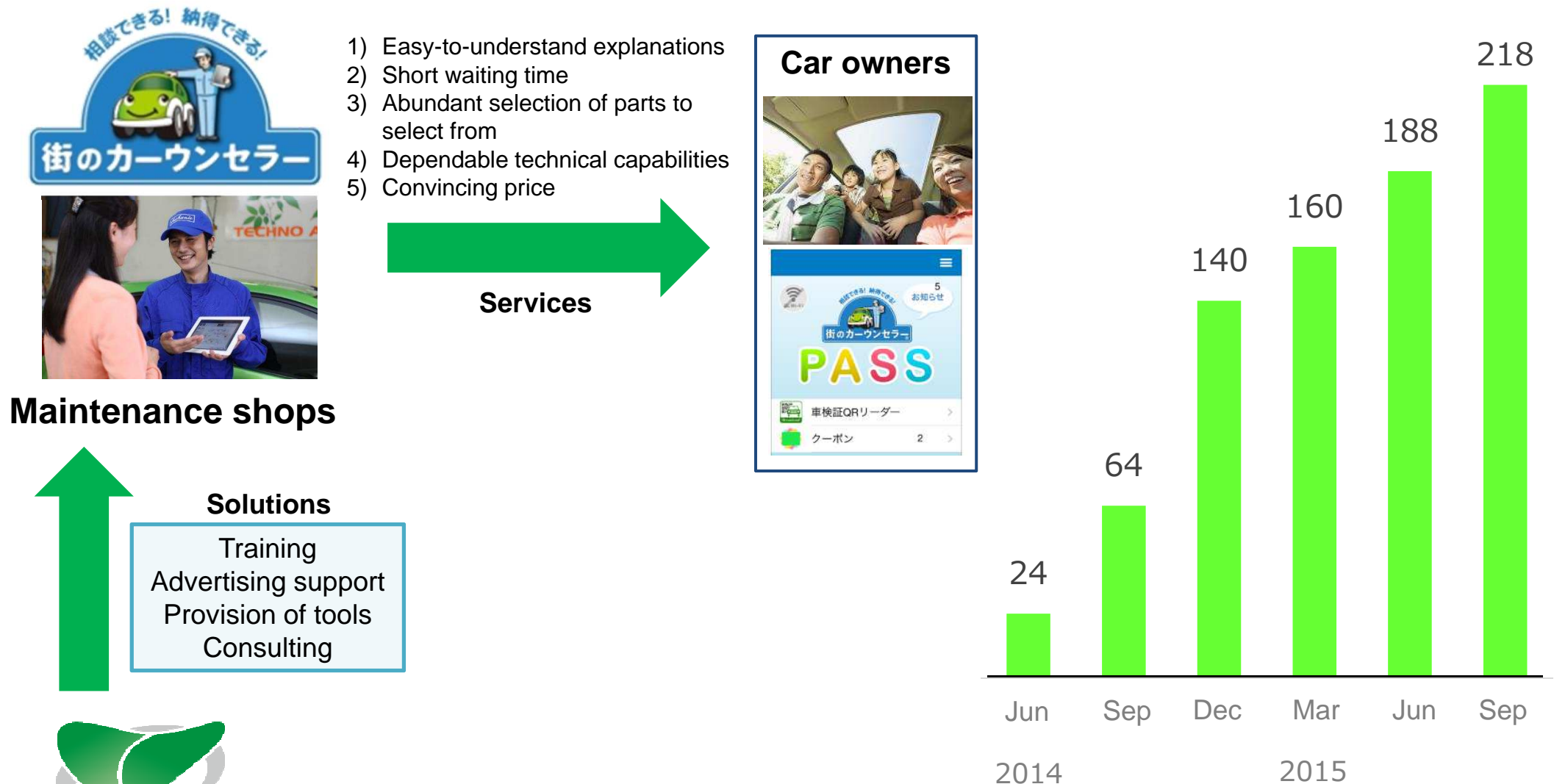
(as of June 30, 2015)

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"> - Development and sales of business application software for specific businesses. - Development and sales of package software, such as information security. - Purchase and sales of PCs and printers, etc., and others
System Support	Maintenance		- Provision of maintenance services for business application software and hardware to customers to which we sold business application software.
	Provision of Consumables		- Purchase and sales of special ledger sheets and OA supplies used in business application software.
Network Service	Stock	Database Provisioning Service	- Provision of automobile-related information and a database of parts-related information updated daily.
		Server Provisioning Service	- Receipt of consideration for server maintenance necessary for the use of network systems.
	Transaction	Payment Agency Service for Recycled Parts	- 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.
		Electronic parts order placing and acceptance system, tablet-based business support tools and others	<ul style="list-style-type: none"> - Provision of an electronic order placing and acceptance system for auto parts. - Provision of tablet-based business terminals to maintenance shops, etc., and others

Efforts of “Car-unselor in Your Town”



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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