



Briefing on FY12/2015 Business Results

Broadleaf Co., Ltd.

(Securities Code: **3673** / TSE 1st Section)



February 10, 2016

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Chapter 1

Overview of FY12/2015 Business Results

Overview

*1 Earnings forecast announced on July 31, 2015
 *2 BLP : Computerized auto parts ordering service “BL Parts Order System”
 *3 CPT : Business support tool for tablets “CarpodTab”

Overview of FY12/2015 Business Results

PL Summary

POINT

Income forecasts were achieved as a result of lower total cost.

(¥ million)

	FY12/2015			FY12/2014 Full-year	FY12/2015 Forecasts(7/31)
	Full-year	YoY Change	YoY (Ratio)		
Net Sales	16,824	-2,069	-11.0%	18,894	17,700
Operating income	2,514	-1,651	-39.6%	4,165	2,500
Operating income margin	14.9%	-7.1%	-	22.0%	14.1%
Ordinary income	2,493	-1,605	-39.2%	4,098	2,450
Net income	1,251	-941	-42.9%	2,193	1,200
EPS	¥50.47	-33.56	-39.9%	¥84.03	¥47.95

Overview of FY12/2015 Business Results

Sales by Category

POINT

Network Service sales were in line with the forecast.

(¥ million)

	FY12/2015			FY12/2014 Full-year	FY12/2015 Forecasts(7/31)
	Full-year	YoY Change	YoY (Ratio)		
Business Application Software	11,316	-2,502	-18.1%	13,818	12,150
System Support	1,266	-24	-1.9%	1,290	1,250
Maintenance	597	-17	-2.9%	614	600
Provision of Consumables	668	-6	-1.0%	675	650
Network Service	4,242	456	12.1%	3,785	4,300
Stock	3,350	367	12.3%	2,983	3,350
Transaction	891	89	11.1%	801	950
PSF*1	672	-7	-1.1%	680	650
Order Placing and Acceptance, etc*2	218	96	79.4%	121	300
Total	16,824	-2,069	-11.0%	18,894	17,700

*1: Payment agency service for recycled parts

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

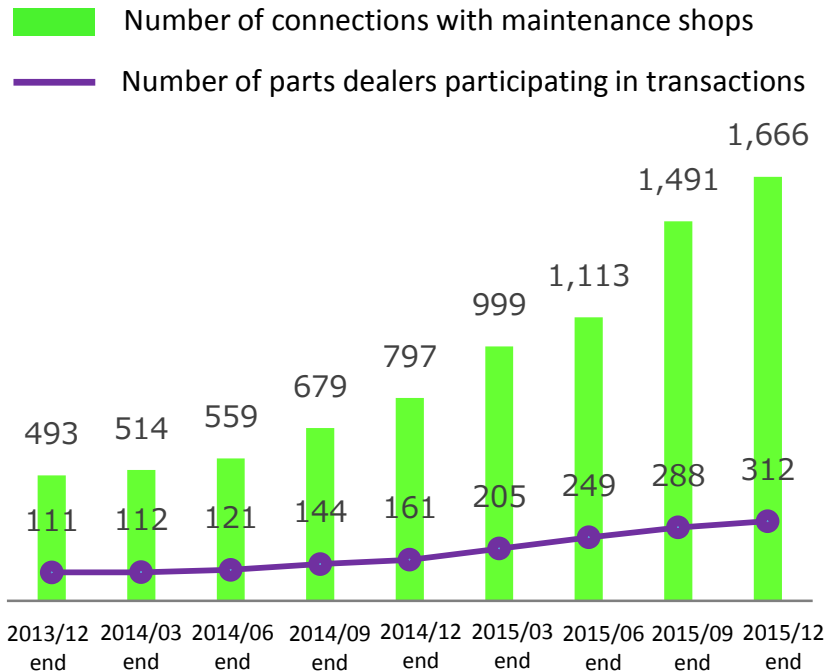
Overview of FY12/2015 Business Results

Strategy to Increase Order Transactions

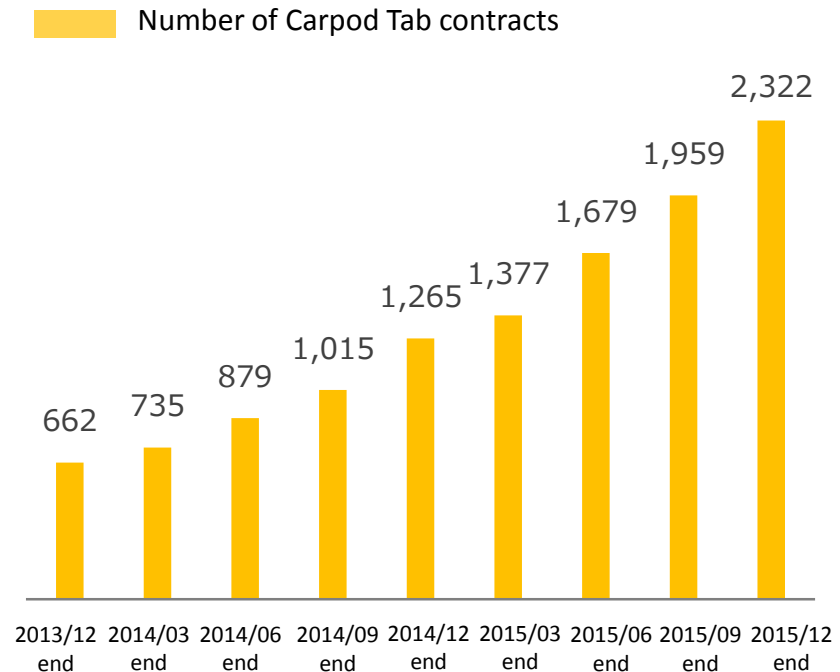
POINT

The computerized ordering service is penetrating the market, on its way to becoming the industry-wide standard.

Parts dealers / maintenance shops



CarpodTab



Overview of FY12/2015 Business Results

Breakdown of Expenses

POINT

Expenses were curbed, offsetting increased costs as a result of higher purchase prices and higher maintenance costs.

(¥ million)

	FY12/2015		FY12/2014 Full-year	Main factors for increase/decrease
	Full-year	YoY Change		
Net Sales	16,824	-2,069	18,894	-
Total Cost	4,854	33	4,821	Higher maintenance costs for existing products, etc.
SG&A expenses	9,455	-452	9,907	-
Personnel Expenses	4,420	-292	4,713	-
R&D Expenses	451	101	350	Development of new functions and new services, etc.
Operating Income	4,582	-261	4,844	Lower advertising expenses, etc.
Operating Income	2,514	-1,651	4,165	-

Overview of FY12/2015 Business Results

BS Summary

POINT

Carried out acquisition and retirement of treasury stock.

(¥ million)

		End of FY12/2015		End of FY12/2014	Main factors for increase/decrease
		Results	Change (YoY)	Results	
	Current Assets	13,033	-2,508	15,541	Decrease in cash and deposits (-2,287)
	Non-current Assets	12,532	-269	12,802	Amortization of goodwill (-668) *
Total Assets		25,565	-2,777	28,343	-
	Current Liabilities	4,338	-2,398	6,736	Decrease in income taxes payable (-1,452)
	Non-current Liabilities	1,841	1,528	313	Increase in long-term loans payable(1,527)
Total Liabilities		6,179	-869	7,049	-
Total Net Assets		19,385	-1,908	21,294	Retirement of treasury stock (-1,430) Purchase of treasury stock (-1,180)
Total Liabilities and Net Assets		25,565	-2,777	28,343	-

* Goodwill as of the end of December 2015: ¥ 9,362 million

Overview of FY12/2015 Business Results

CF Summary

POINT

Free cash flow is expected to turn positive in the fiscal year ending December 31, 2016, offsetting the negative impact of factors in the fiscal year under review such as the business results and an increase in income taxes paid.

(¥ million)

	End of FY12/2015		End of FY12/2014 Results	Main factors for increase/decrease
	Results	Change (YoY)		
CF from operating activities	655	-4,193	4,849	Decrease in income before income taxes (-1,715) Increase in income taxes paid (-1,177)
CF from investing activities	-1,088	67	-1,156	-
CF from financing activities	-1,854	396	-2,250	Increase in long-term loans payable (2,723) Purchase of treasury stock (-2,500)
FCF	-432	-4,126	3,693	-
Cash and cash equivalents	8,384	-2,287	10,671	-

Chapter 2

Results Forecasts for FY12/2016

Overview of Business Environment

Automotive

Maintenance market

In 2016, seven years on from Lehman Brothers collapse and five years on from the Great East Japan Earthquake, the number of motor vehicle inspections is expected to start rising.

Non-automotive

Tourism market

The number of domestic tourists and the number of foreign tourists to Japan continue to trend upward, and the domestic tourism market is expected to remain robust.

Mobile sales market

Given uncertainties such as the impact of lower mobile tariffs, sales companies are expected to become more cautious.

Results Forecasts

POINT

Net sales are expected to recover as a result of the normalization of operations and the launch of new products. Results will reflect upfront investment in the development of next-generation business application software.

(¥ million)

	FY12/2016				FY12/2015	
	Full-year	YoY (Ratio)	1H	YoY (Ratio)	Full-year	1H
Net Sales	18,000	7.0%	8,400	0.9%	16,824	8,325
Operating income	3,000	19.3%	1,050	4.2%	2,514	1,008
Operating income margin	16.7%	-	12.5%	-	14.9%	12.1%
Ordinary income	2,970	19.1%	1,030	3.4%	2,493	996
Net income	1,620	29.4%	560	17.6%	1,251	476

EPS	¥66.93	32.6%	¥23.14	22.0%	¥50.47	¥18.97
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Results Forecasts for FY12/2016

[Year-on-year Comparison] Sales by Category

POINT

Growth in the Network Service domain will pick up pace thanks to measures to promote use of the ordering system and the rollout of new services.

(¥ million)

	FY12/2016				FY12/2015	
	Full-year	YoY (Ratio)	1H	YoY (Ratio)	Full-year	1H
Business Application Software	11,700	3.4%	5,550	-1.7%	11,316	5,644
System Support	1,250	-1.3%	650	2.4%	1,266	634
Maintenance	600	0.4%	300	-0.3%	597	300
Provision of Consumables	650	-2.8%	350	4.8%	668	334
Network Service	5,050	19.0%	2,200	7.5%	4,242	2,046
Stock	3,550	5.9%	1,700	4.6%	3,350	1,624
Transaction	1,200	39.8%	480	17.9%	858	407
PSF	700	4.0%	330	0.4%	672	328
Order Placing and Acceptance, etc	500	169.3%	150	90.6%	185	78
Others	300	817.2%	20	37.9%	32	14
Net Sales	18,000	7.0%	8,400	0.9%	16,824	8,325

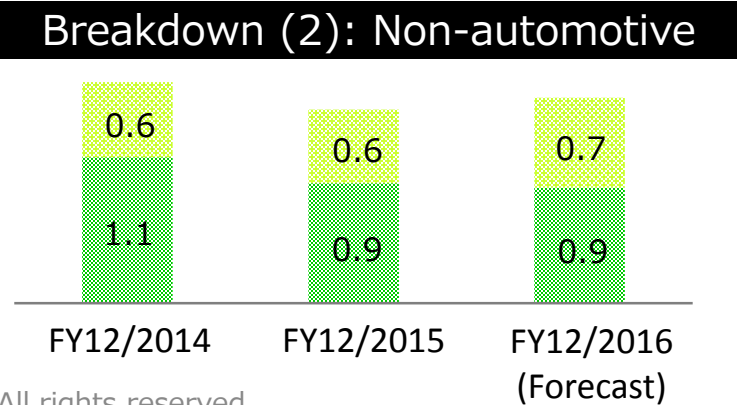
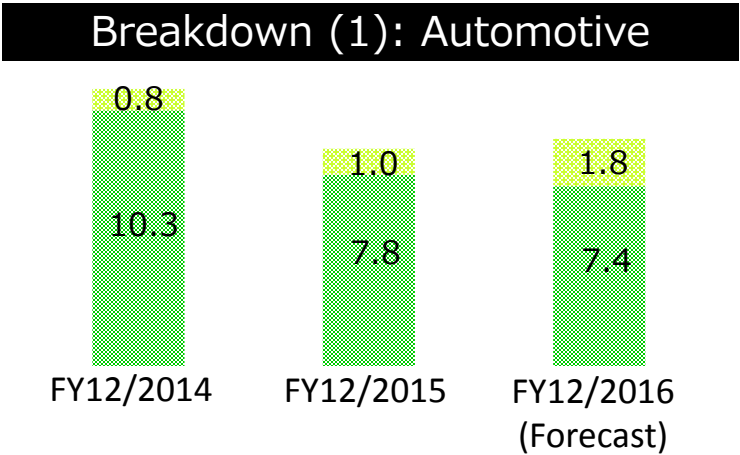
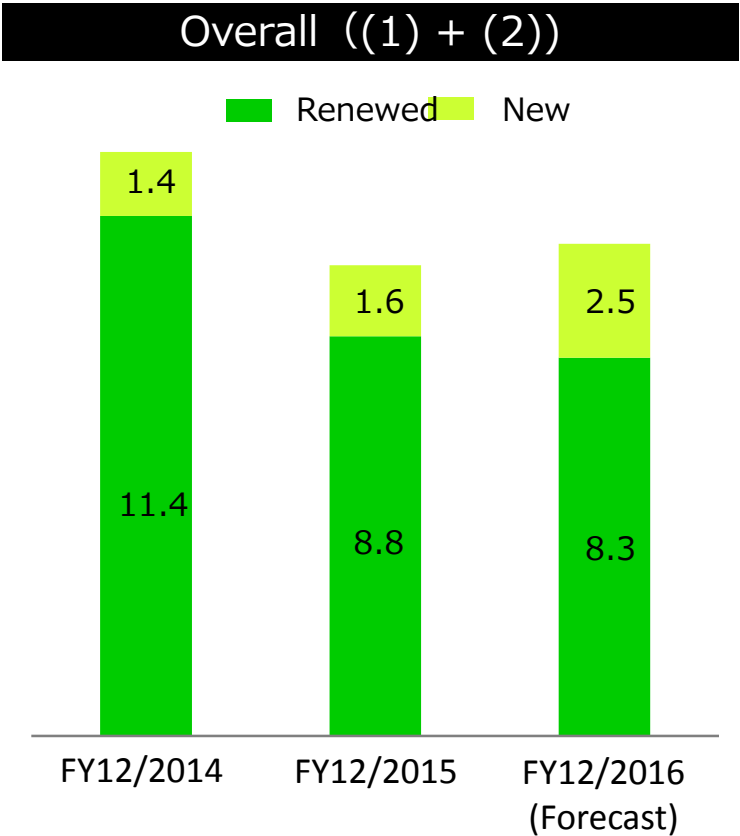
Breakdown of Business Application Software Domain

POINT

Renewals of user contracts are expected to fall slightly year on year.
An operating structure to acquire new customers will be put in place, involving a shift in personnel.

* Excludes system integration, etc.

(¥ billion)



Key Indicators in Network Service Domain

POINT

Efforts will continue to be channelled into increasing the number of connections and contracts for BLP and CPT, with the aim of establishing the computerized ordering system as the industry-wide standard.

FY12/2014	FY12/2015	FY12/2016 (Forecast)
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■ Stock

.NS ratio *1	60.3%	68.3%	75.0%
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■ Transactions

Number of BLP connections with maintenance shops	797	1,666	3,000 or more
Number of parts dealers participating in BLP transactions	161	312	No set figure *3
Number of CPT contracts	1,265	2,322	4,500

*1 .NS ratio: Proportion of total number of contracts accounted for by current business application software .NS Series

*2 Number of charged connections: Number of user connections whereby period during which use is free has ended and charges are incurred.

*3 No set figure: Since the target of 300 parts dealers has already been achieved, any further requests to participate will be dealt with as appropriate.

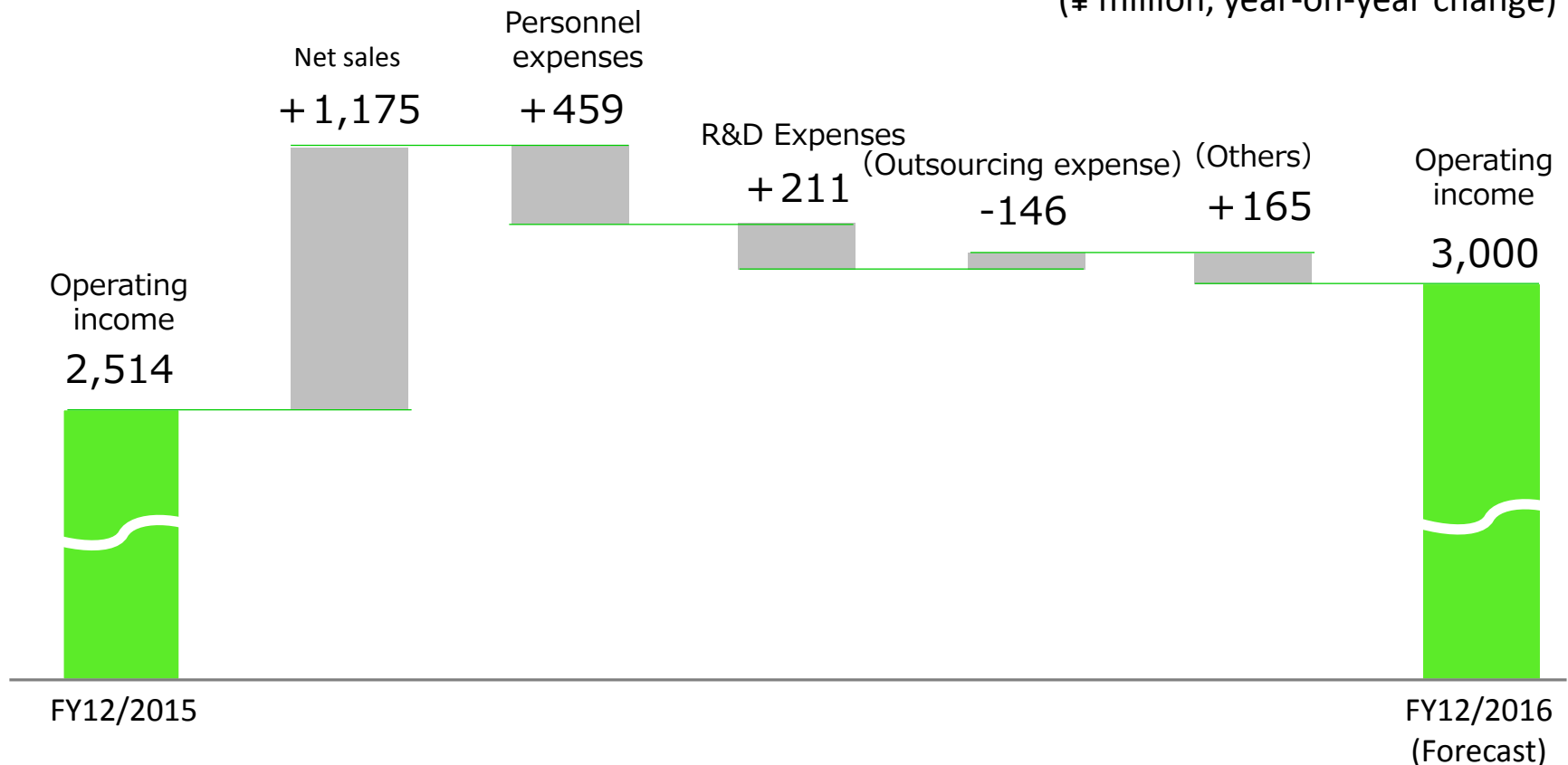
Results Forecasts for FY12/2016

Factors of the Increase and Decrease in Operating Income

POINT

While investments in development will increase, cost increases will be kept to a minimum, with the concentration of resources on growth areas.

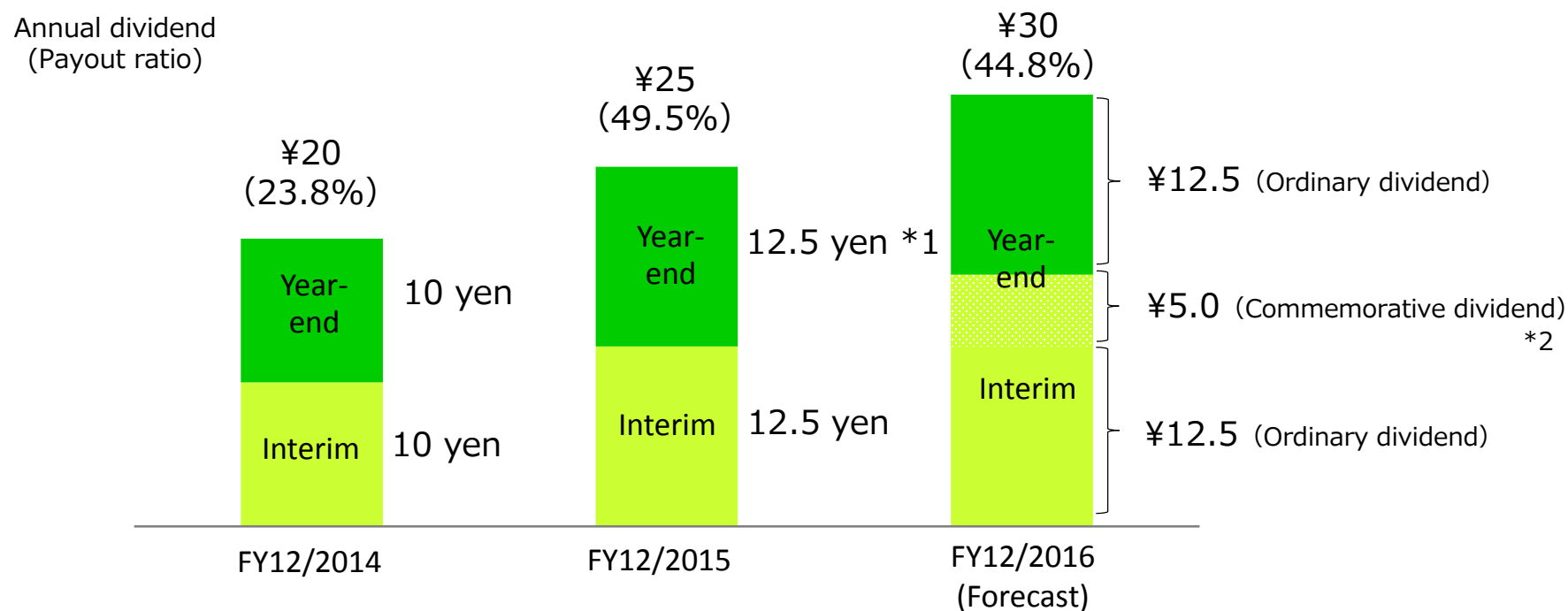
(¥ million, year-on-year change)



Dividends per Share

POINT

At the time of the interim dividend payment for the fiscal year ending December 31, 2016, the Company plans to pay a special dividend of 5.0 yen to commemorate its 10th anniversary in addition to an ordinary dividend of 25 yen.



*1 The year-end dividend for the fiscal year ended December 31, 2015 will be determined at the 7th Ordinary General Meeting of Shareholders

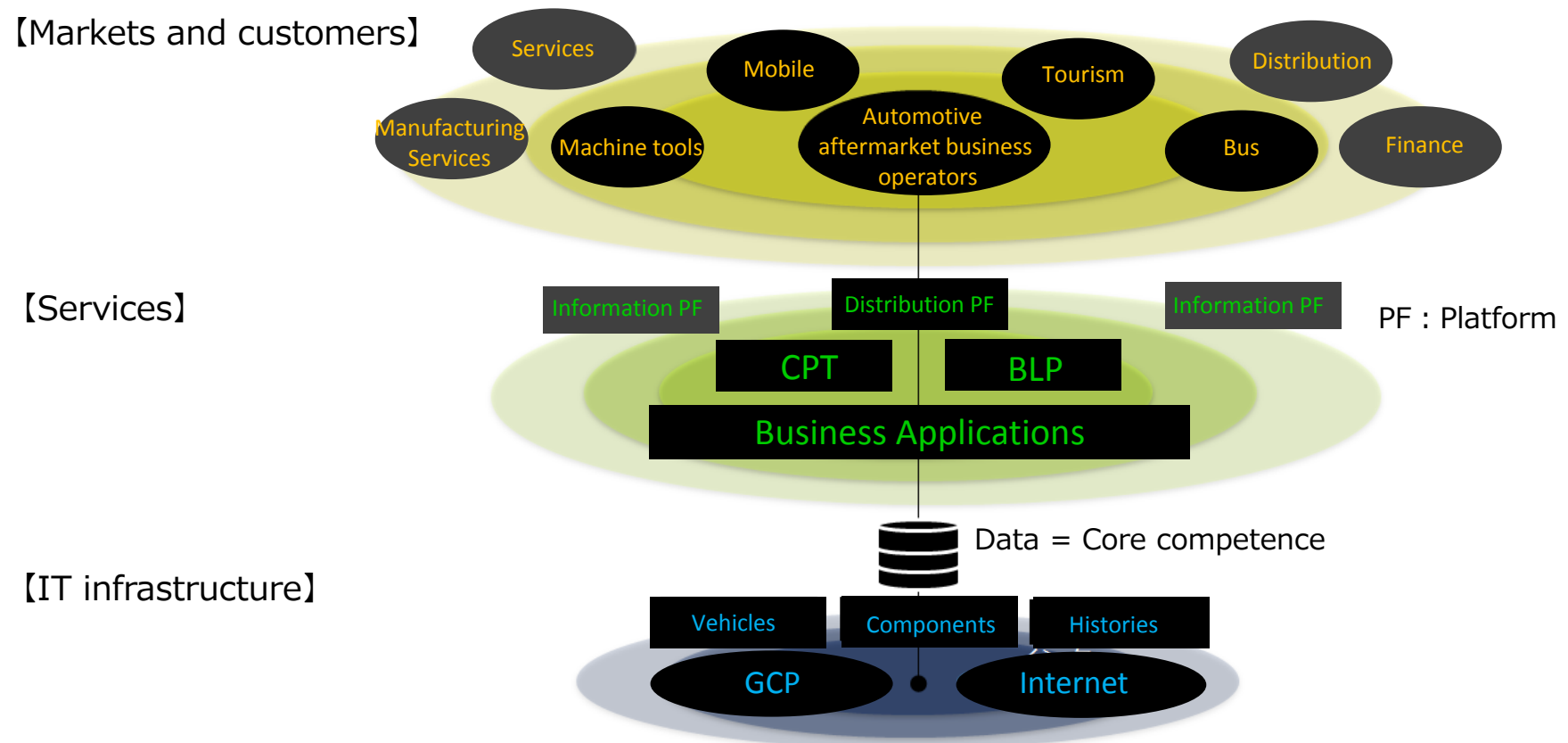
*2 The commemorative dividend will be paid to shareholders of the Company as of June 30, 2016.

Chapter 3

Mid-term Business Plan

Direction of Business Expansion

Expand markets and business areas by rolling out data-based services.



Basic Policy and Performance Targets

Basic Policy

We plan to overhaul the Business Application Software tariff structure from FY2018. In anticipation of this, we are setting targets for our performance and sale structure in FY2017.

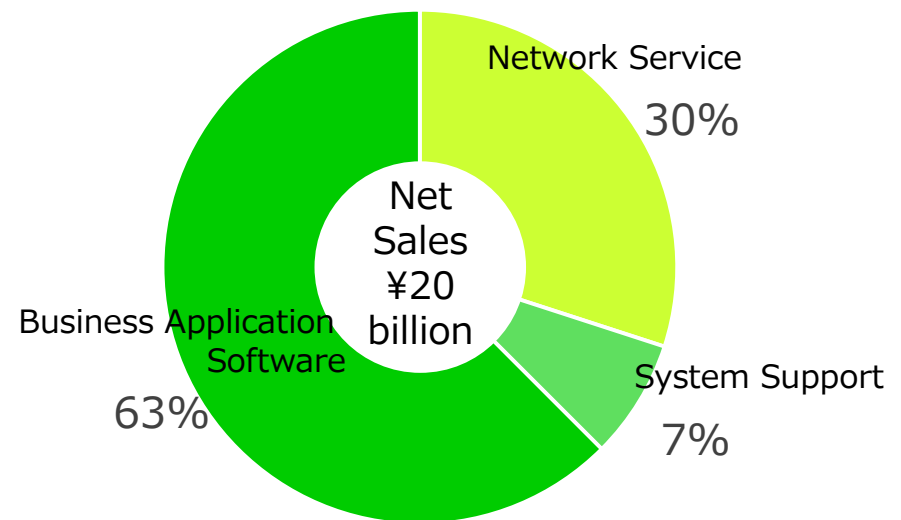
FY2017 Targets

【Performance】

Net Sales
¥20 billion

Operating Income
¥4.8 billion
(Operating Income Margin 24%)

【Sales Structure】



Basic Strategies and Priority Measures

With expansion of customer base and turnaround of profit structure as our basic strategies, we will implement four priority measures.

Basic Strategies

- 1 . Expansion of customer base
- 2 . Turnaround of profit structure

Priority Measures

- 1 . Market penetration of computerized ordering
- 2 . Development and launch of new services and new products
- 3 . Development and launch of next-generation systems
(business application software)
- 4 . Strengthening of management base

Priority Measures (1)

Expansion of customer base and turnaround of profit structure

1. Penetration of computerized ordering service

“Number of connections” x “Usage frequency”

- Continue to strengthen BLP functions
- Implement measures to increase number of connections
(number of charged connections through standalone installation of BLP)

- Expand items subject to automatic response
- Strengthen functions including recommendation

- Install alongside other companies' products

2-1. Development and launch of new services

Support services for auto parts transactions and distribution

- Develop and introduce platform services to support the distribution of auto repair parts

Expansion of customer base

2-2. Development and launch of new products

Specialist business solutions, etc.

- Release major upgrade of business optimization software “OTRS”

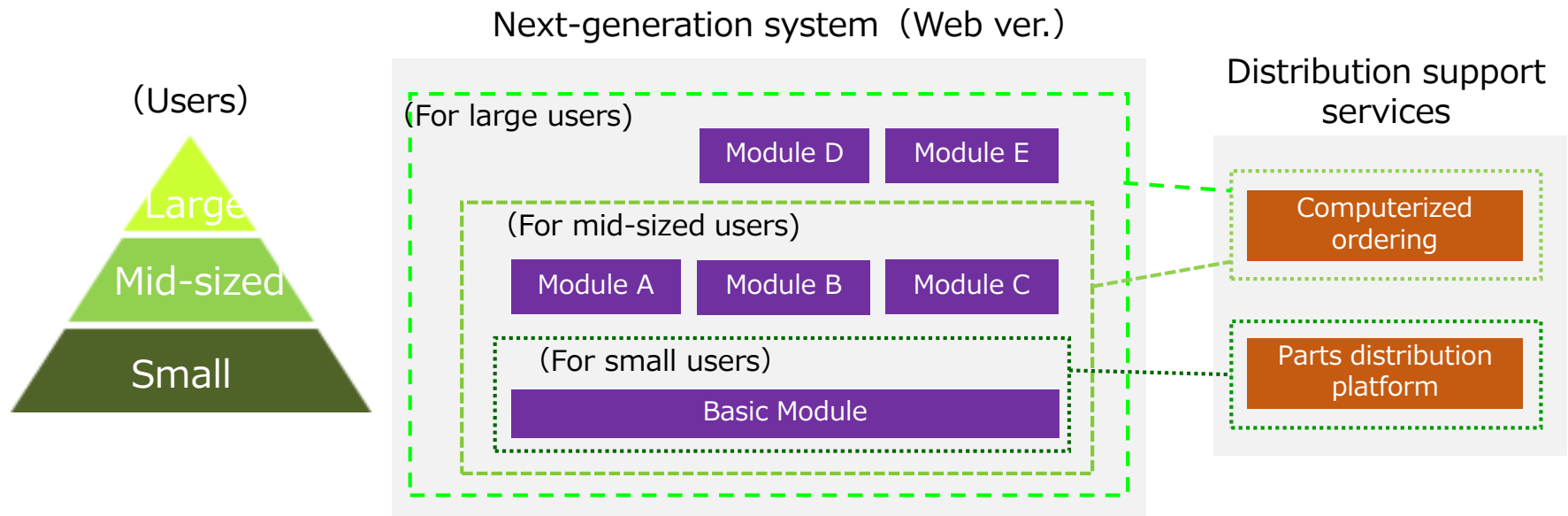
Priority Measures (2)

Expansion of customer base and
turnaround of profit structure

3. Development and launch of
next-generation system

Modularization and linkage with services

- Extremely user-friendly UI/UX design (giving everyone access to high functionality)
- Product designed for any size of user, allowing users to select the necessary modules
- Linkage of system and functions with computerized ordering system (BLP) and parts distribution support service



Overview of System Development Investment, etc.

Substantial shift in allocation of resources towards next-generation system development

FY2016~FY2017

From FY2018

【Major development investments and R&D】

Next-generation
system
development

Development in phases, starting with common module
(Development of key elements to be completed
during FY2017)

Approx. ¥1.5 billion

Renovation/improvement in
dealing with the system, etc.

Database
development

Further development of automobile-related data
(foreign vehicle information, overseas data, etc.)

Approx. ¥0.5 billion

Investment will basically
continue

【Major operation, maintenance and support operations】

Operation,
maintenance and
support

Coexistence of existing system and next-generation system
(incurrence of double the costs for operation and maintenance)

Lower costs as a result
of transition to the
next-generation system

Strengthening of Management Base

1 Enhancement of product quality

- Development of high quality products
- Implementation of efficient development
 - Establishment of PM Office, in charge of development project management, to strengthen control

2 Improvement of business efficiency

- Streamlining of organization, focusing on corporate divisions
 - Promotion of business process improvements and implementation of workstyle reforms

3 Development of human resources

- Acquisition and training of highly skilled human resources
- Promotion of diversity
 - Redesign the evaluation system to facilitate the acquisition and retention of diverse human resources

Looking Towards the Next Decade

Consider, Connect, Communicate

FIELD FOR OUR FUTURE
Broadleaf Co., Ltd.



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:	788

(as of Dec 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		<ul style="list-style-type: none"> - Provision of maintenance services for business application software and hardware to customers to which we sold business application software.
	Provision of Consumables		<ul style="list-style-type: none"> - Purchase and sales of special ledger sheets and OA supplies used in business application software.
Network Service	Stock	Database Provisioning Service	<ul style="list-style-type: none"> - Provision of automobile-related information and a database of parts-related information updated daily.
		Server Provisioning Service	<ul style="list-style-type: none"> - Receipt of consideration for server maintenance necessary for the use of network systems.
	Transaction	Payment Agency Service for Recycled Parts	<ul style="list-style-type: none"> - 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