



1st Half Financial Results Briefing for the Fiscal Year Ended March 2023

Securities code: 9658



November 21, 2022
Business Brain Showa-Ota Inc.



BBS 2023

- Make Hybrid Innovations -

Digital and analog, HR and technology, cloud and on-site
Developing a hybrid near future with customers

Business Brain Showa-Ota Medium-term Management Plan 2021-2023 Progress Report



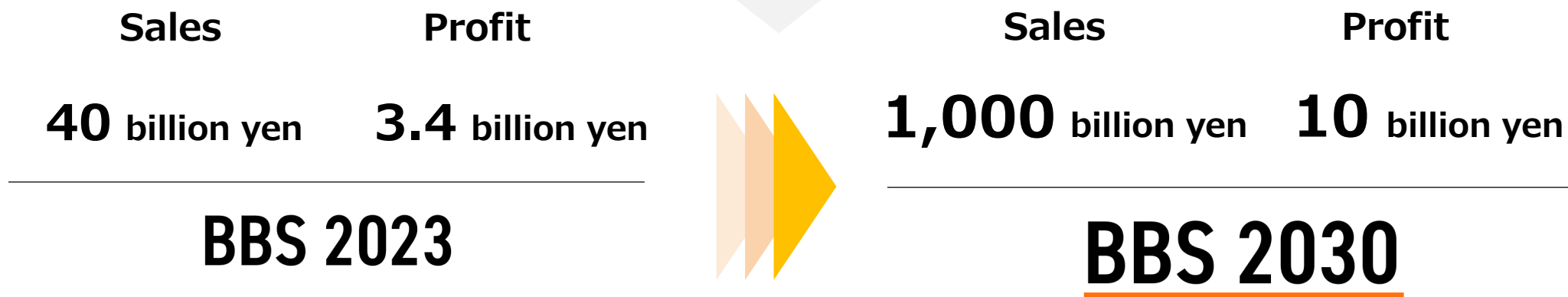
Goal 2030 (repost)

Goals and Values of the BBS Group

B Back Office Comprehensive Supporter

B Become a new management partner

S Sustainability Management · **S**trengthening human resources



*Maintain 70% of consulting/SI business and 30% of BPO business

BBS 2023 Progress Summary

Business Progress

Revenue

103.7%

Operating profit

117.9%

Profit attributable to owners of parent

103.2%

Company-wide strategy

Strengthen group synergies

Orders received among group companies

65

Strengthen M&As/Alliances

Joyworks and BSC sales

1,022 million yen

BBS Quality

Strengthen quality standards and reviews

Promote prevention of failures

Strengthen branding

Page views

16,000 increase

Business Strategy

"R" CN2 strategy

Royal Customer sales

3,767 million yen

No.1 Strategy

Chugoku/Kyushu orders

4 companies /19 million yen

BPO business strategy

RPA/OCR application results

7

Corporate Strategy



Strengthen Human Resources

Hands-on internships

Promote diversity



Promote digital transformation

Promote in-house digital transformation
Strengthen digital transformation solutions



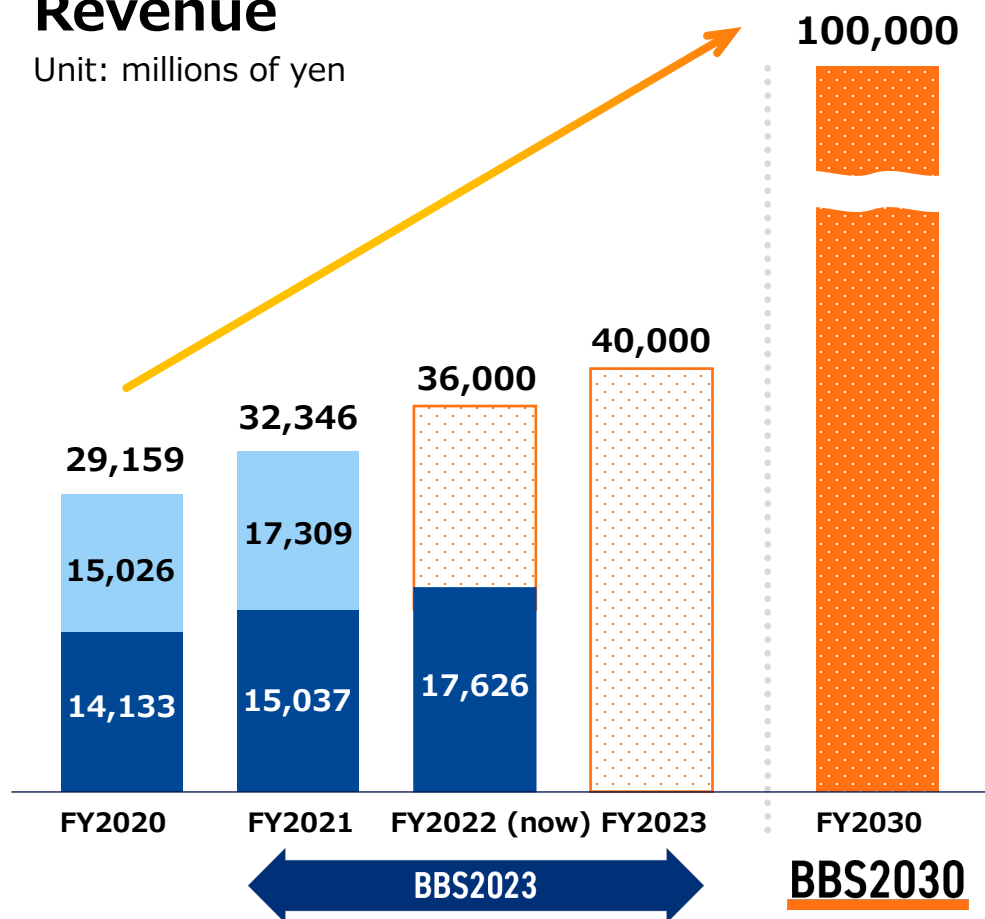
Sustainability

Continued disclosure of information
Promote training

Business Progress

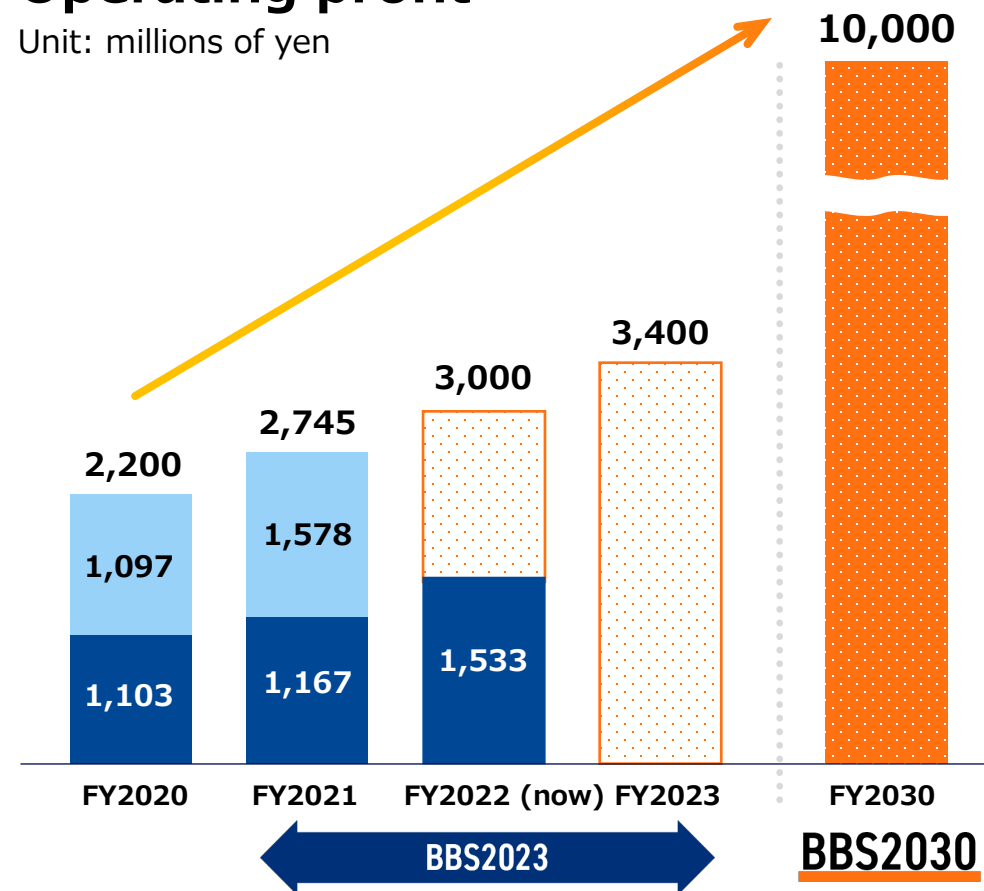
Revenue

Unit: millions of yen



Operating profit

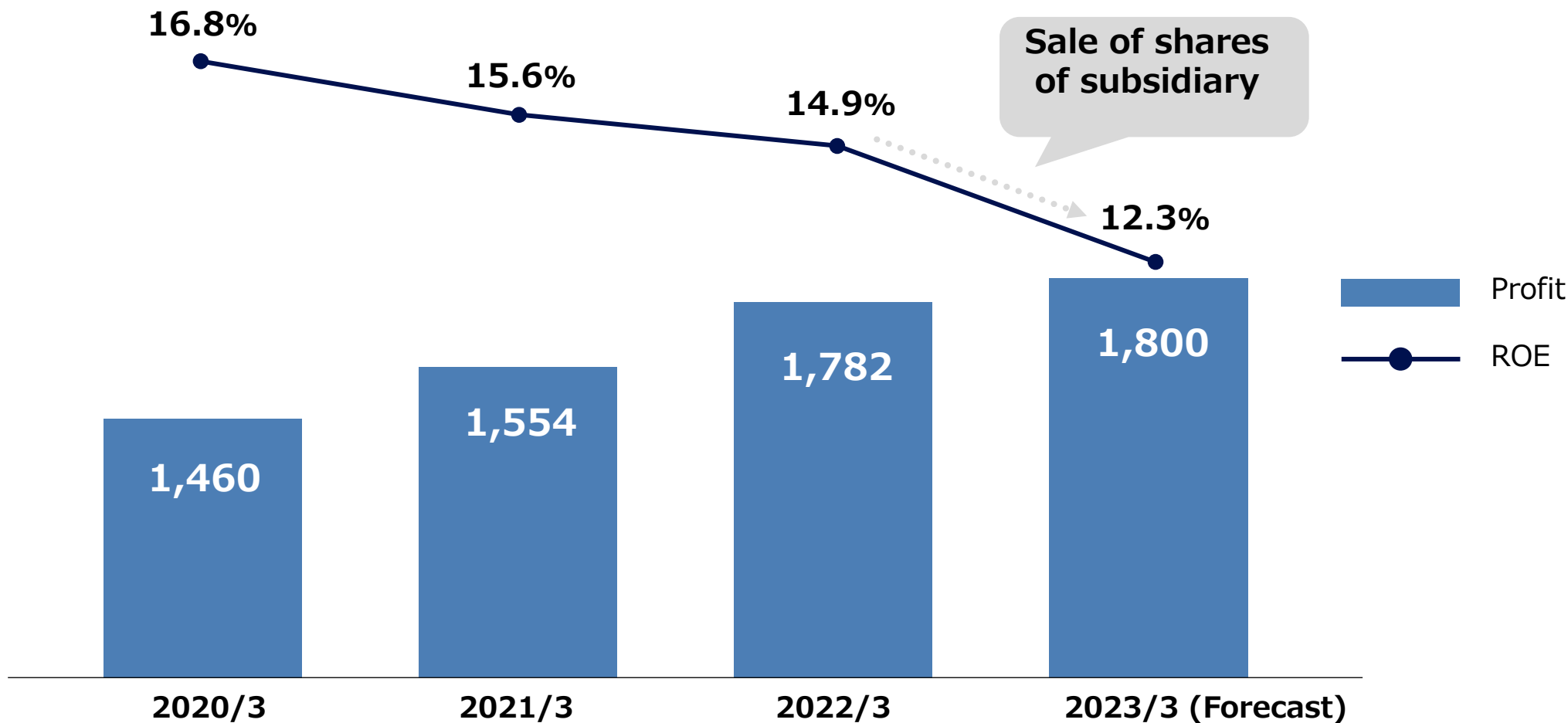
Unit: millions of yen



In the first half of the second year of the medium-term management plan, and for the second quarter of the year ending March 2023, both revenue and operating income exceeded the same period of the previous year, and remained firm. BBS is steadily growing its business to achieve "BBS2023."

Capital Policy - Recognition of Issues -

In recent years, the BBS Group's ROE has declined moderately due to an increase in capital from higher profits. ROE is forecast to be 12.3% due to the sale of shares in Global Security Experts, Inc., a subsidiary of BBS.



Capital Policy - Measures -

Reset target ROE

Target

New target of

ROE 14%

for BBS Group

Pay reliable dividend

Dividend policy

Basic policy of dividend payout ratio

30%

to be implemented

(Announced January 31, 2022)

Share buyback

Reason for buyback

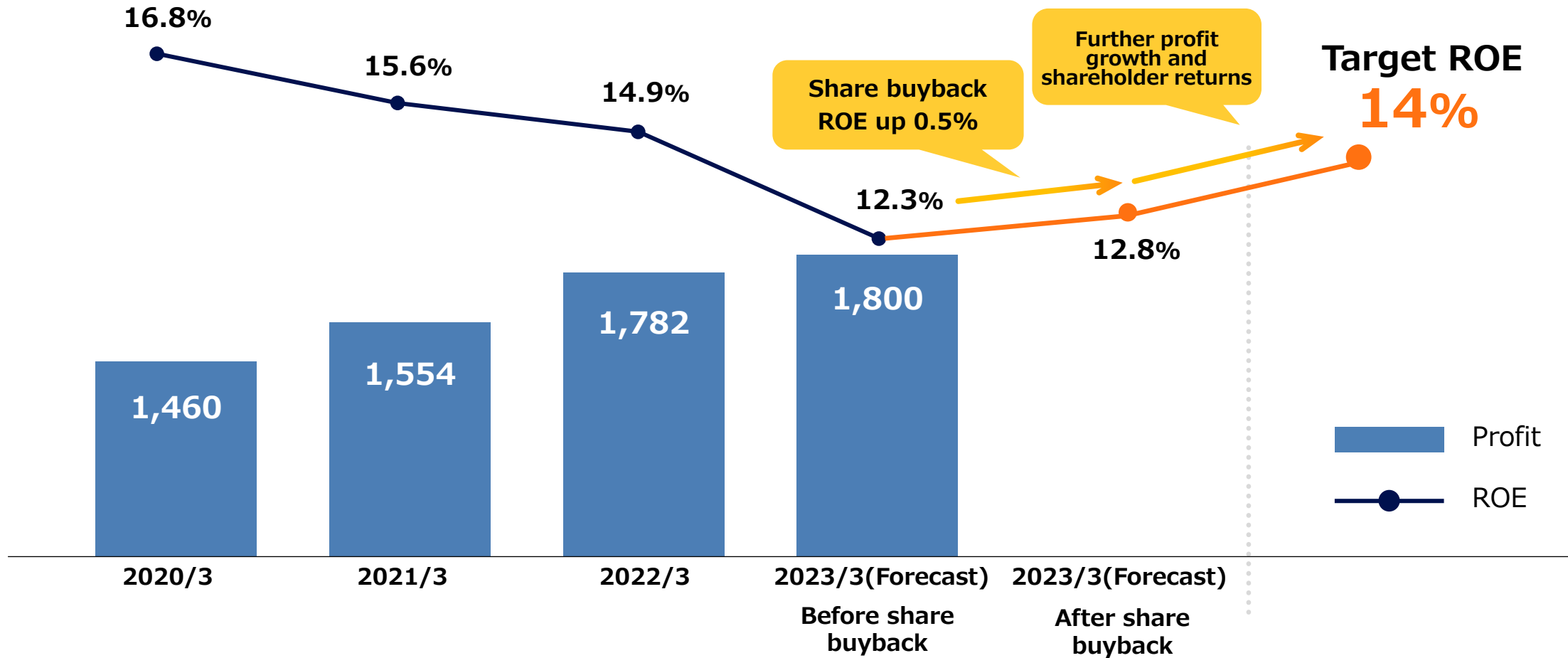
- To improve capital efficiency, such as improving ROE
- Continue and expand investment by investors through enhanced shareholder returns

Buyback overview

- Buyback method: Market purchases
- Number of shares to buy back: 800,000 (Max.)
Ratio of issued shares: 6.32%
- Cost of buyback: 1 billion yen (Max.)
- Buyback period: November 1, 2022 - October 31, 2023

Capital Policy - Change in ROE due to share buyback -

The share buyback is expected to increase BBS Group's ROE by about 0.5%.
Aim to achieve target ROE of 14% by further increasing profits and returning profits to shareholders.



Digital transformation of back office business

✓ Digital transformation of back office: 16 departments and 23 operations

Leverage digital tools such as RPA and OCR to promote digital transformation in back office operations

✓ Further spread of digital transformation conversion of back office operations

- Release back office portal
- Hold back office contest

Digital transformation of BPO operations

✓ Build hybrid BPO platform

Build platform that combines digital tools and BBS know-how

✓ Promote use of RPA and AI-OCR

Develop DX solutions

✓ Launch landing page



✓ Added 3 new digital transformation solutions

- intra-mart
- mcframe
- BPO

▼ Landing page

BBSのDX支援

変化の早い世の中に、
デジタルを活用した
企業のビジネス強化を

In a fast-changing world,
strengthen your company's
business with digital

BBSはコンサルティングから導入・運用までワンストップで支援しています

DXとは? ▼

BBSのDX支援 ▼

提供サービス ▼

事例 ▼

【URL】 <https://www.bbs.co.jp/product/dx/>

▼ Digital transformation solution menu

現状や課題を知る
戦略や計画を立てる
組織や人財課題の解決
技術課題の解決

デジタル戦略支援

事業性評価	事業計画策定支援
DX業務調査サービス	DXグランドデザイン策定サービス
DXシステム診断サービス	PMO支援コンサルティング

デジタル経営基盤支援

業務改革支援	e文書法・ペーパーレス対応支援
	電子帳簿保存法対応支援
	デジタル予算策定/プロジェクト管理支援 (Bizforecast)
	Qlik Sense導入支援/DBX(データ分析)コンサルティング
	mframe COCKPIT導入支援
	BPO × DX

デジタル技術基盤導入支援

intra-mart導入支援	Data Delivery導入支援
Biz J 会計導入テンプレート	ACT-Journal CONNECT導入支援
RPA・AI-OCRツール導入支援	

デジタル人財支援

人事制度構築支援	採用活動改善コンサルティング
新人財開発体系構築サービス	

デジタルプロセスイノベーション

DX認定支援	バックオフィスロボットテンプレート/ロケットスタートチャレンジ
デジタルツールガイドライン策定	DX教育



Hire new grads

- ✓ **Secure human resources by expanding work experience internships**
 - Work experience as a business accounting consultant
 - Work experience as an IT consultant

Hire experienced personnel

- ✓ **Expand hiring of core human resources (PM, SE, BPO, sales)**
 - 52 new hires in the previous year
 - ⇒ **52 new hires/job offers in the first half of this fiscal year**
- ✓ **Hire inexperienced people seeking new careers in IT/accounting**

Transparency in human resources

- ✓ **Optimize career skills development sheet**
- ✓ **Company-wide release of self-introduction sheets**

Effective use and retention of talent

- ✓ **Use rotation system**
Placement of right person in the right position
- ✓ **Support diverse work styles**
Expand systems such telework, childcare/nursing care, and gender equality and women's empowerment
- ✓ **Hold seminar for second career after retirement** *For those aged 50 to 59
- ✓ **Promote health and productivity management**

Human resource training (talent pool)

- ✓ **Conduct development training of next-generation leaders**
- ✓ **Strengthen human resources for the entire group**

Development

Compliance with project standards and quality control standards

- ✓ **Standardize project plans, quality plan, and individual processes, and conduct quality analysis**
⇒ Implementation rate: **100%**
- ✓ **Conduct quality analysis training for young employees and group companies**
⇒ Train approx. **100** people in 3 years

Development/BPO

Strengthen third-party reviews

- ✓ **Publish and require standard development man-hour calculation tools** based on public data such as IPA and JUAS
- ✓ **Expand third-party reviews to the BPO area** by the Quality Assurance Department
⇒ Review rate: **100%**

BPO

Strengthen failure management and promote root cause preventive measures

- ✓ Quality Assurance Department **provides guidance and support for the analysis of production failures and systematically develops measures to prevent similar failures.**
- ✓ **Currently working to meet quarterly failure reduction targets** every month

Strengthen M&As/Alliances

Exponential growth

Achieving Goal 2030

Aim for discontinuous growth to achieve our target of 100 billion in sales in FY2030

Secure human resources

The depletion of the talent pool across the industry has become a major issue, and it is urgent to secure talent for growth

Increase corporate value

Appeal to corporate value

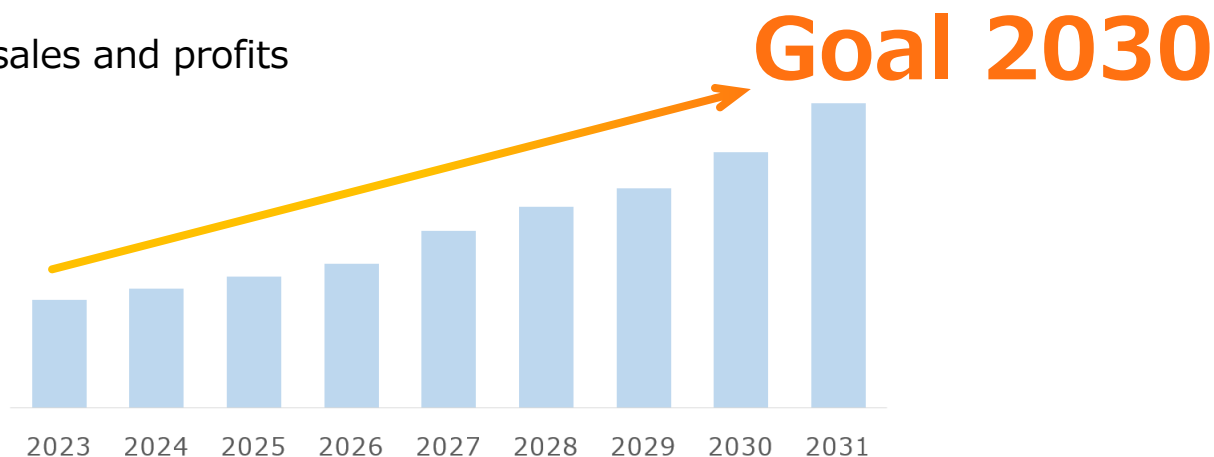
In addition to sales and profits, increase our value as a company and increase the trust of our stakeholders.

Continue to promote strengthening of alliances

Continue to promote collaboration with other companies to further improve the corporate value of the BBS Group

Non-organic strategy

Use corporate M&As to expand sales and profits



Topics

mcframe AWARD 2022

Awarded for starting multiple new mcframe 7 SCM projects and increasing the number of mcframe 7 qualified employees



"Partner Conference 2022" hosted by JFE Systems, Inc.

Awarded "Growth Partner of the Year" for achieving the highest rate of growth from a certain amount of new contracts



▲ From the left: Tetsuo Oki, President of JFE Systems, Masato Tanibuchi, Managing Executive Officer of BBS

Financial Highlights

Hitoshi Uehara
Senior Executive Officer, General Manager,
Administration Division

[Financial Highlights] Consolidated Operating Results

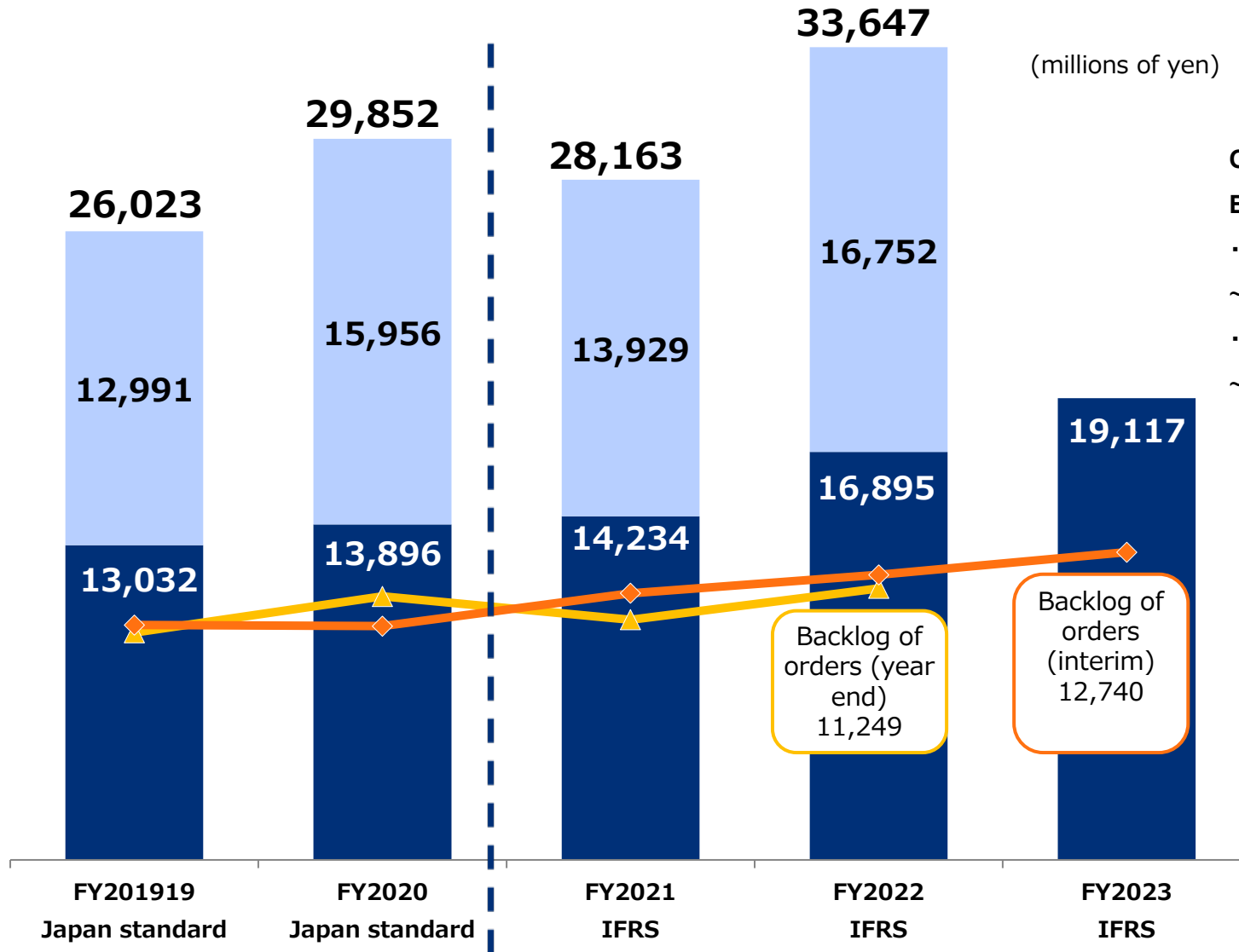


(millions of yen)

	1 st half FY2021	1 st half FY2022	Change from previous year	Earnings forecast*	Ratio to expected value
Orders received	16,895	19,117	13.1%	-	-
Revenue	15,037	17,626	17.2%	17,000	103.7%
Operating profit	1,167	1,533	31.3%	1,300	117.9%
Ratio of Operating profit	7.8%	8.7%	+0.9 points	-	-
Profit before tax	1,205	1,534	27.3%	1,300	118.0%
Quarterly profit	790	891	12.8%	850	104.8%
Quarterly profit attributable to owners of parent	752	794	5.6%	770	103.2%
Quarterly return on equity attributable to owners of parent	5.0%	4.5%	-0.5 points	4.5%	100.0%
Quarterly diluted earnings per share	62.09 yen	64.90 yen	+2.81 yen	-	-

* Values announced on April 28, 2022

[Financial Highlights] Orders Received and Backlog of Orders



(millions of yen)

Strong performance

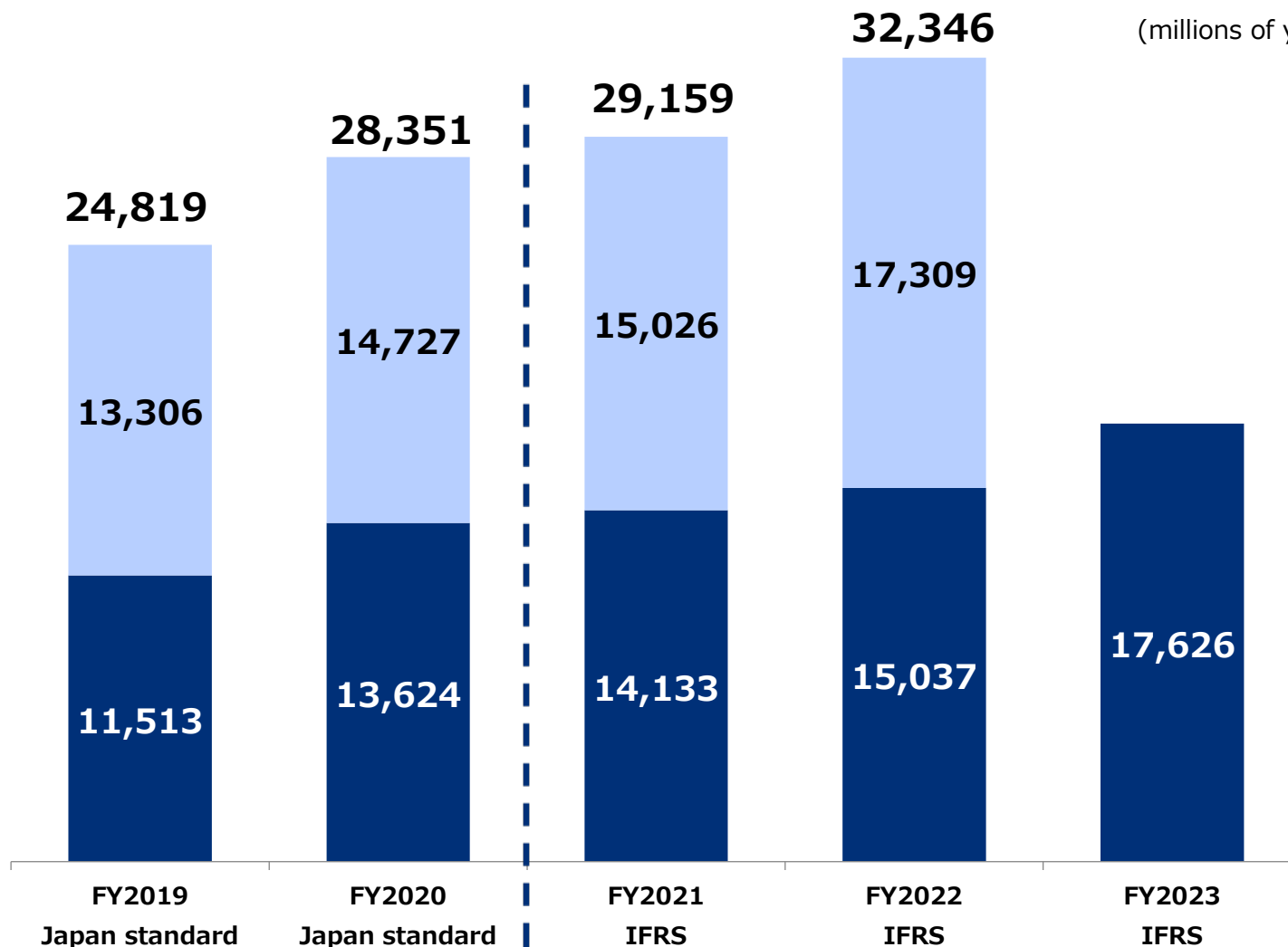
- Orders received: 13% from the same period a year ago
- Backlog of orders: 13% growth from the end of the previous fiscal year
 - Consulting and system development
 - ~ Significant growth
 - Management service (BPO)
 - ~ Decrease from lack of large orders

Backlog of orders (year end)
11,249

Backlog of orders (interim)
12,740

* BBS changed to IFRS from the fiscal year ended March 2021, and the scope of consolidation has changed. Since the impact of this change is minor, the figures before the fiscal year ended March 2020 are not retroactively processed, and use the figures based on Japanese standards.

[Financial Highlights] Sales Revenue



(millions of yen)

Continued revenue growth

1st half FY2022 (current period)

17.2% increase YoY

Increase in consulting and system development segments

- Acquisition effect: 1,022 million yen (accounting system)
- Strong performance in information security consulting
- Recovery in PLM support solutions

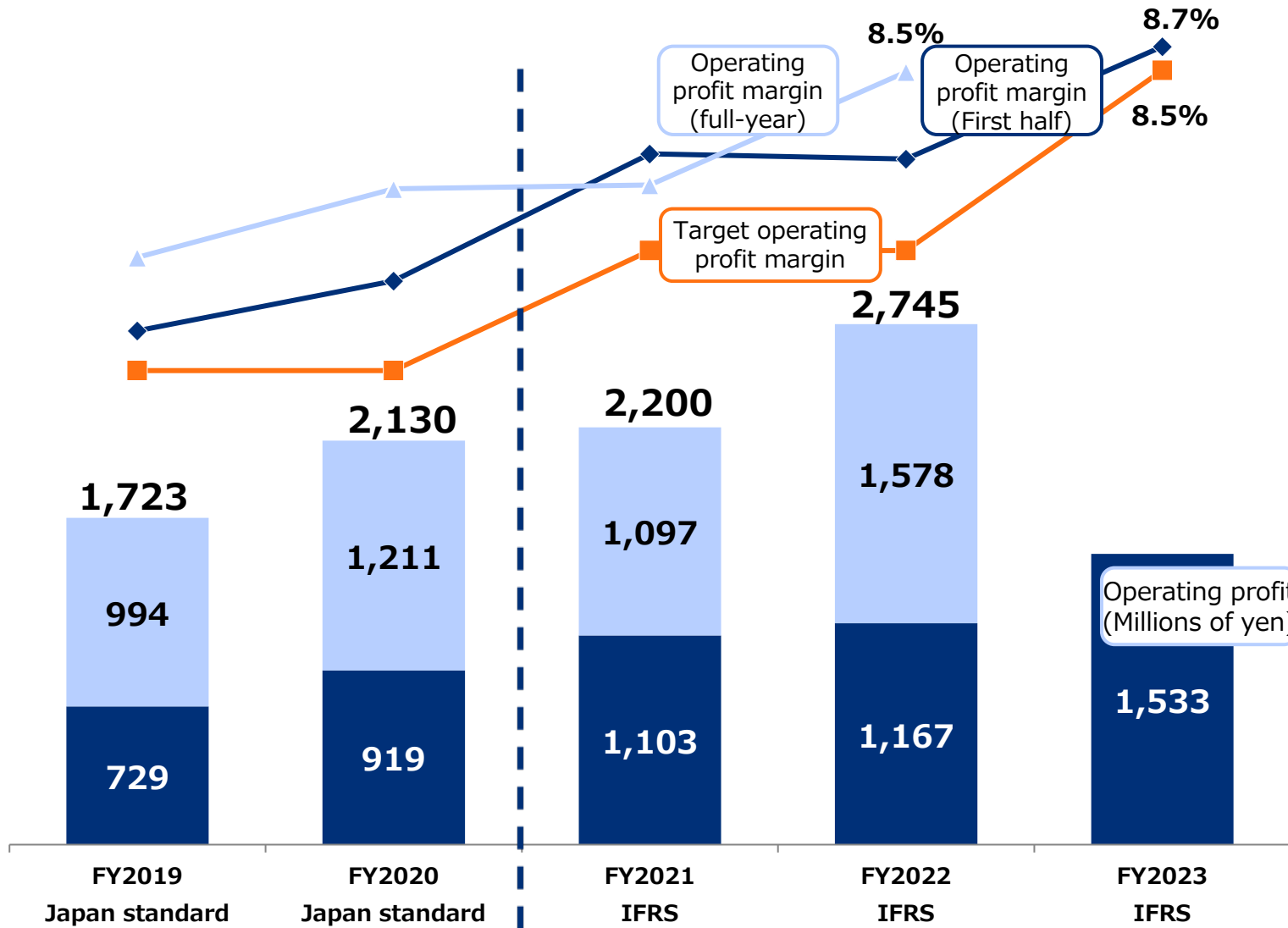
1st half FY2021 (same period of the previous fiscal year)

6.4% increase YoY

- Strong performance in information security consulting
- Recovery of system development for the financial industry
- Profit contribution from outsourcing projects acquired in the previous fiscal year for global companies

* BBS changed to IFRS from the fiscal year ended March 2021, and the scope of consolidation has changed. Since the impact of this change is minor, the figures before the fiscal year ended March 2020 are not retroactively processed, and use the figures based on Japanese standards.

[Financial Highlights] Operating Profit



Continued growth in profits

	Operating profit
1 st half FY2021 (previous interim)	1,167
Gross profit increase	743
Increase in SG&A expenses (- indicates an increase in expenses)	
Increase due to acquisitions (JW, BSC)	-223
Increase in personnel expenses	-160
Increase in hiring costs	-35
Decrease in depreciation and rent	53
Decrease in advertising expenses	57
Other	-69
Increase in SG&A expenses	-377
1 st half FY2022 (current interim)	1,533

* BBS changed to IFRS from the fiscal year ended March 2021. Figures before the fiscal year ending March 31, 2020 are posted as a reference to illustrate performance trends.

[Financial Highlights] Income (Loss) by Segment

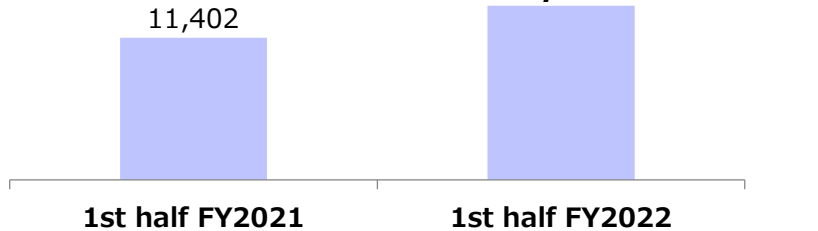
Significant increase in sales and profit in the consulting and system development businesses

Consulting and system development business

Management services (BPO) business

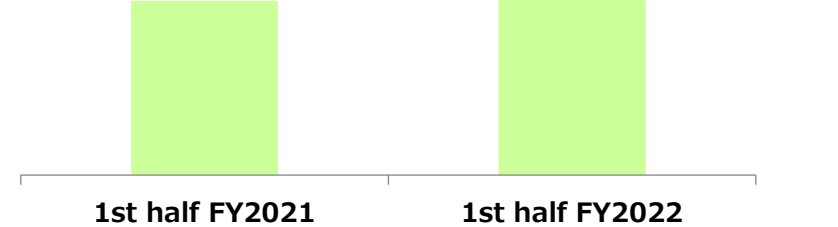
Revenue

■ YoY: **2,565** million yen (+23%)



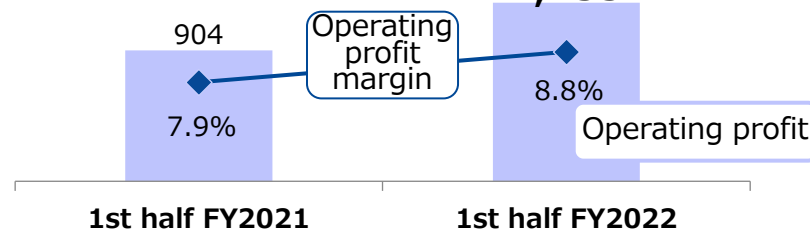
Revenue

■ YoY: **24** million yen (+1%)



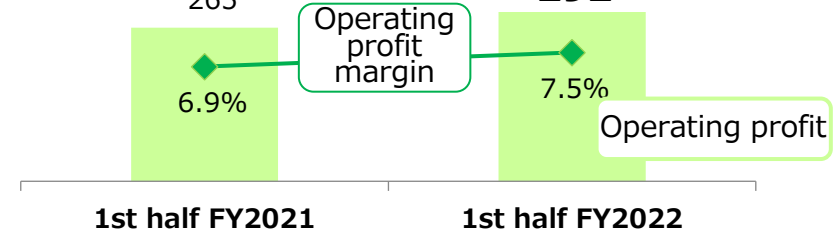
Segment income

■ YoY: **329** million yen (+36%)



Segment income

■ YoY: **27** million yen (+10%)



[Financial Highlights] Consulting and System Development Business Details

(millions of yen)

	Revenue			Segment income		
	1 st half FY2021	1 st half FY2022	YoY Increase (decrease)	1 st half FY2021	1 st half FY2022	YoY Increase (decrease)
Accounting system consulting and system development	6,688	8,463	1,775 ↑	618	664	46 ↑
System development for the financial industry	2,670	2,713	43 ↑	105	161	56 ↑
Information security consulting	1,902	2,563	661 ↑	208	346	138 ↑
PLM support solutions	347	473	126 ↑	10	84	74 ↑
(Adjustment)	-205	-245	-40	-37	-22	15
Segment total	11,402	13,967	2,565 ↑	904	1,233	329 ↑

■ Accounting system consulting and system development

Significant increase in sales due to revenue of 1,022 million yen from JW, which was acquired in August last year, and BSC, which was acquired in April this year. Profit and loss was slightly negative due to posting PMI expenses.

Excluding the effects of acquisitions, sales increased by 11%, and the profit margin was 9%, maintaining the same level as the previous year despite quality issues in 1Q.

■ System development for the financial industry

Increased sales of fund wrap projects. Realized a high profit margin as it is an in-house developed package product and efficiency of adoption has progressed.

■ Information security consulting











Revenue and profit increased due to strong performance of information security consulting for small and medium-sized businesses and information security specialist training.

■ PLM support solutions

Revenue and profit increased due to the recovery of the mobility field, which was sluggish in the previous fiscal year, and the expansion of sales channels to industrial machinery manufacturers.

[Financial Highlights] Management Services (BPO) Business Details

(millions of yen)

	Revenue			Segment income		
	1 st half FY20021	1 st half FY20022	YoY Increase (decrease)	1 st half FY20021	1 st half FY20022	YoY Increase (decrease)
HR and payroll related outsourcing	1,444	1,479	35 	111	224	113 
Outsourcing for global companies	927	869	-58 	103	2	-101 
Outsourcing for foreign companies	403	459	56 	14	32	18 
Onsite BPO	1,102	1,098	-4 	60	37	-23 
(Adjustment)	-20	-25	-5	-23	-3	20
Segment total	3,856	3,880	24 	265	292	27 

■ HR and payroll related outsourcing

In the previous fiscal year, sales remained flat due to a lack of growth in orders received as a result of handling unprofitable projects. On the other hand, profit increased significantly due to improved efficiency by stabilizing unprofitable projects.

■ Outsourcing for global companies (supporting BPO for highly specialized business operations, etc.)

Decrease in revenue and profit due to the termination of large-scale projects in the previous fiscal year at a payment-related subsidiary.

In the outsourcing business for large companies, sales did not increase due to a lack of new projects, and profit levels also declined.

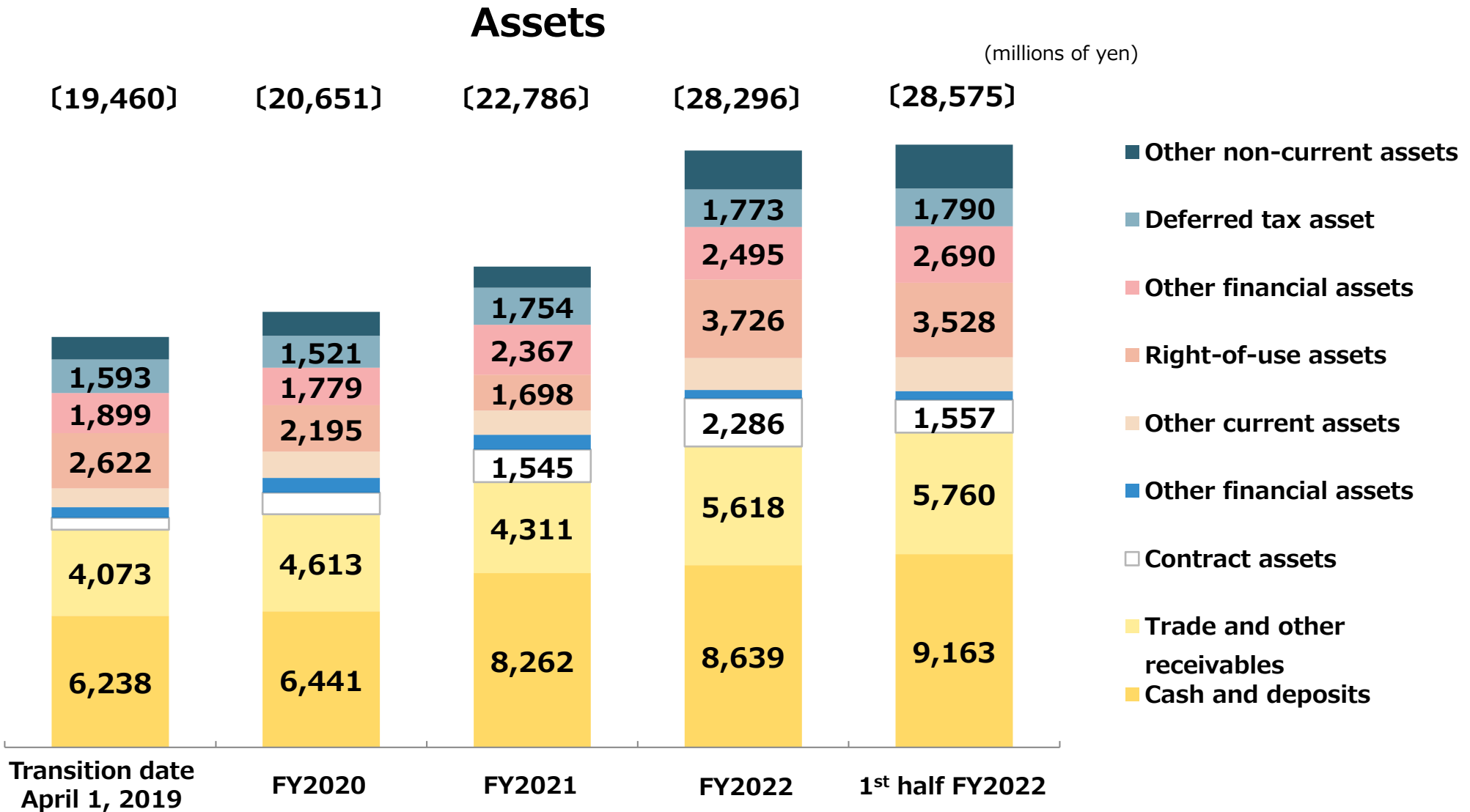
■ Outsourcing for foreign companies

Revenue and profits increased due to expansion of clientele from bilingual projects to companies in Japan.

■ On-site BPO

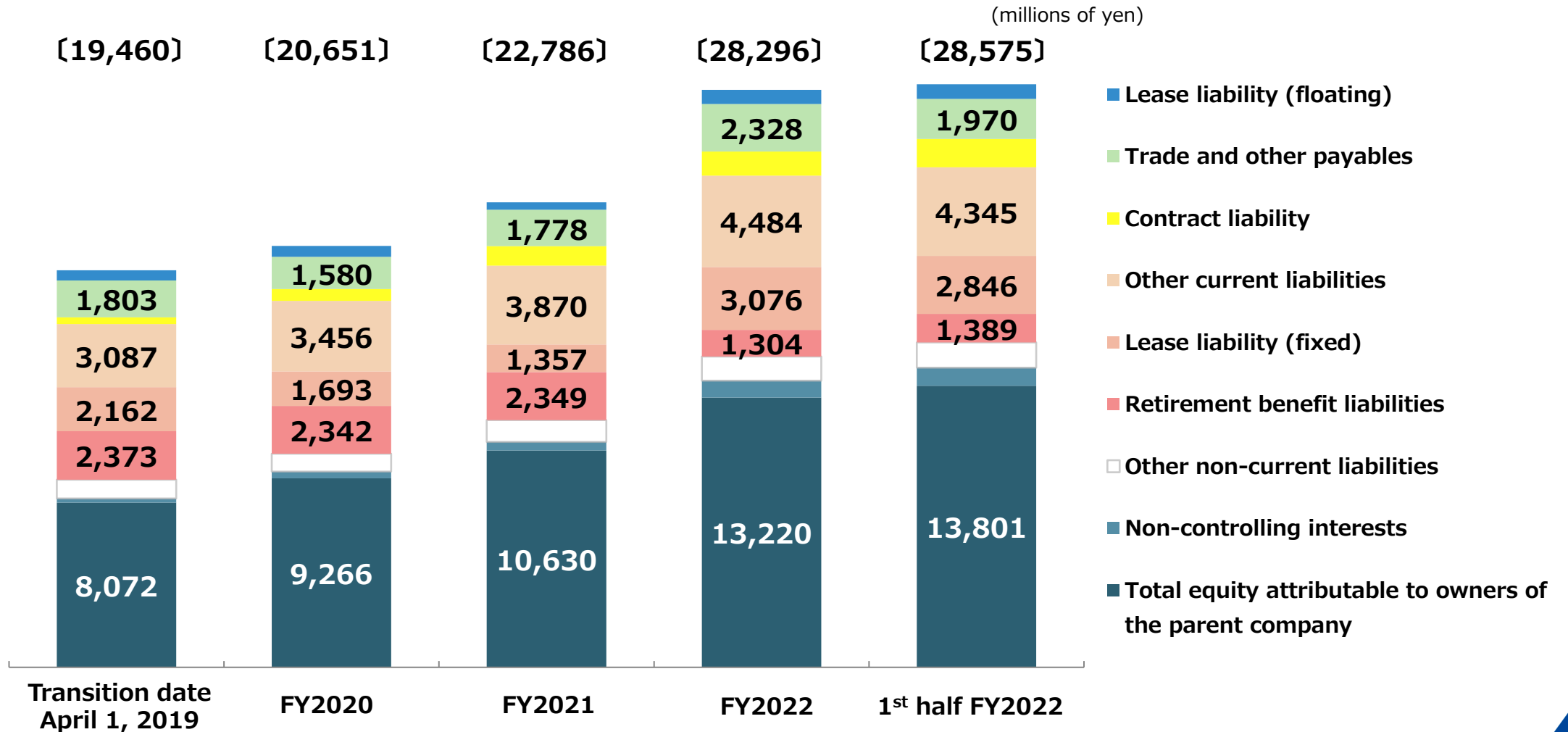
Sales remained unchanged from the previous year due to a lack of growth in orders from major clients, and income decreased due to an increase in hiring costs resulting from an increase in the number of employees retiring.

[Financial Highlights] Consolidated B/S [Assets] (IFRS)



[Financial Highlights] Consolidated B/S [Liabilities and Equity] (IFRS)

Liabilities and Equity



Earnings Forecast

[Earnings Forecast] Consolidated Operating Results

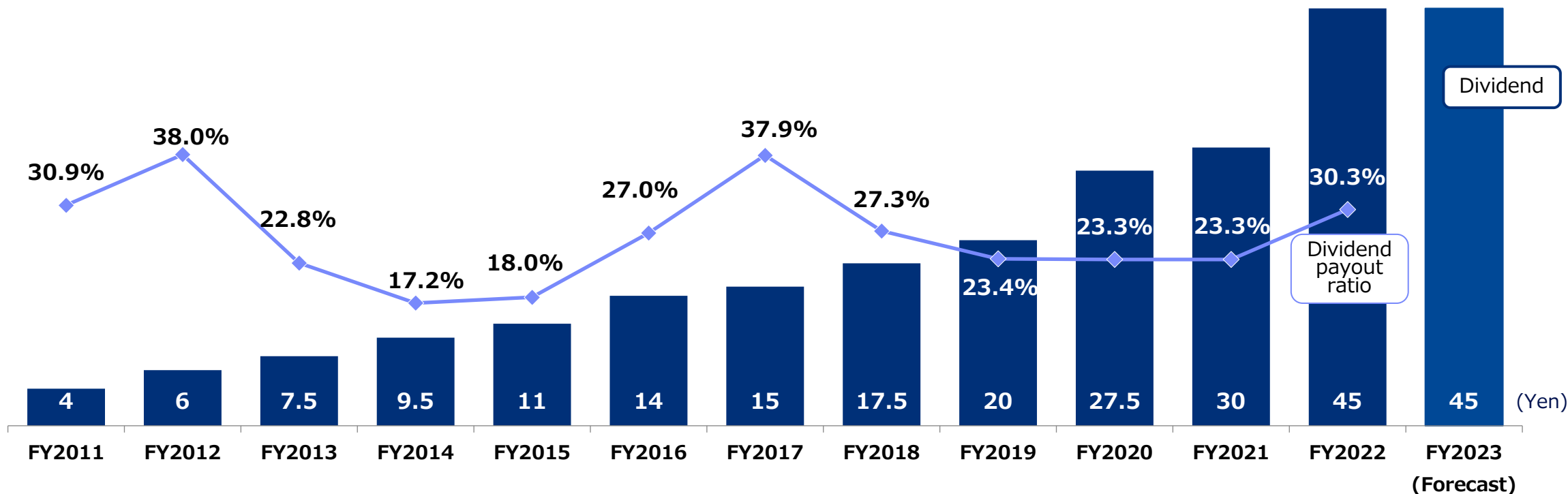
The full-year outlook remains unchanged despite strong progress in the second quarter

(millions of yen)

	Year ended March 31, 2023 1 st half results	Year ended March 31, 2023 Full-year outlook	Progress of full- year outlook	Year ending March 31, 2022 Full-year results	Year-on-year comparison
Orders received	19,117	40,000	47.8%	33,647	+18.9%
Revenue	17,626	36,000	49.0%	32,346	+11.3%
Operating profit	1,533	3,000	51.1%	2,745	+9.3%
Ratio of operating profit	8.7%	8.3%	—	8.5%	—
Profit before tax	1,534	3,000	51.1%	2,792	+7.4%
Profit	891	2,000	44.6%	1,810	+10.5%
Profit attributable to owners of parent	794	1,800	44.1%	1,764	+2.0%
Ratio of profit attributable to owners of parent	4.5%	5.0%	—	5.5%	—
Dividend per share	22 yen	45 yen	—	45 yen	—

[Earnings Forecast] Dividend

Interim dividend of 22 yen
 Annual forecast of 45 yen based on the basic policy of a dividend payout ratio of 30%



*BBS conducted a 2-for-1 stock split of common stock, effective July 1, 2020. As a result, the annual dividend per share for the fiscal year ended March 31 2020 and prior is shown after taking into account the stock split.

[Earnings Forecast] Other Topics

- **Sale of shares of subsidiary Global Security Experts (GSX) (9/30 news release)**

GSX shares were sold to Kanematsu Electronics (KEL) on October 5, 2022.

No gain or loss is recognized on consolidation since the shares are transferred within the consolidated group.

- Number of shares sold: 469,000
- Sale price: 2,324 million yen
- Percentage of voting rights after sale: 51.14%

- **Buyback of shares (10/31 news release)**

BBS decided to buy back shares from the market.

- Number of shares to buy back, amount (Max.): 800,000 shares, 1 billion yen
- Buyback period: November 1, 2022 to October 31, 2023

Thank you for joining us today.

NOTE

The earnings forecasts in this document are based on management's assumptions and beliefs in light of the information available to it at the time of writing. Actual results may differ from these forecasts due to various factors and risks, and no assurances or guarantees are given.

Inquiries about this material

Business Brain Showa-Ota Inc.

Corporate Planning Division, Administration Division

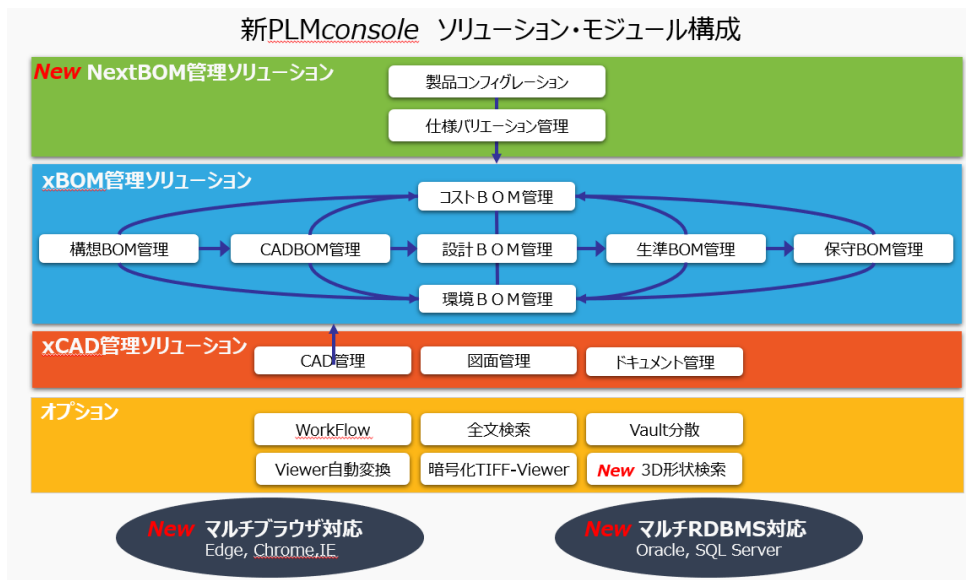
TEL: 03-3507-1302

APPENDIX

PLMJ Proprietary solution "PLMconsole"

"PLMconsole" updated in 2021 + Consulting service started in 2022

- Expanding products and services to become the **No. 1 PLM vendor in the industrial machinery industry sector** by 2030.
- In addition to the conventional concepts of multi-CAD management, multi-BOM management, and semi-order development, the 2021 update will realize **variation management (NextBOM), multi-browser support**, etc.
- BBS will start **consulting services** from FY2022, and establish a service system that allows us to be involved in business reforms for customers from the upstream stage and to be put in charge of subsequent system construction.



その他サービス： 構想企画サービス、業務要件定義サービス

BSC Promoting Digital Transformation with Rakuraku Workflow II

Working remotely is gaining ground due to the COVID-19 pandemic, and adoption is increasing as a system to realize a paperless office.

As remote work due to the COVID-19 pandemic becomes more prevalent in society, the adoption of the "Rakuraku Workflow II" workflow system is increasing as a means of achieving a paperless office in response to a review of paper document-based work that requires coming to the office.

It combines "Rakuraku Framework" and "Rakuraku Workflow II" for low-code development of business systems in the EUC region, and has been adopted as a means of shifting away from legacy systems (Notes).



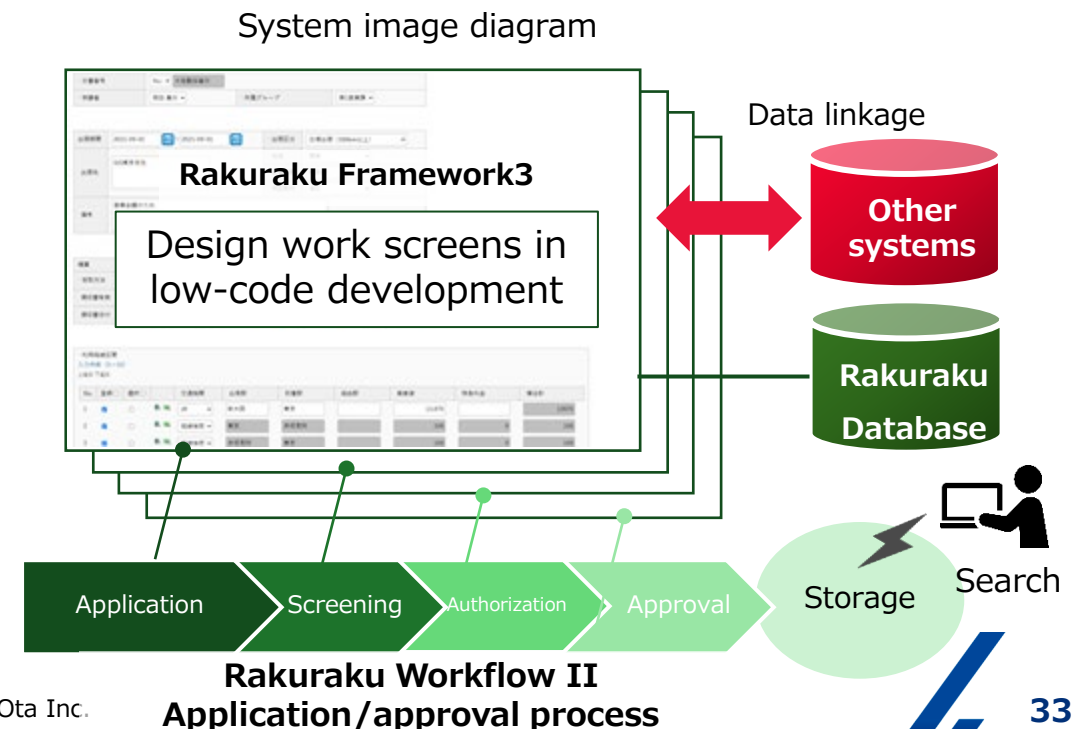
楽々 Framework3^{*1}
楽々 WorkflowII^{*2}

Construction results

	Industry	System name	Scale	Product used	Notes migration
1	Education	Generic workflow	3 functions	Rakuraku workflow	
2	Information	Indirect work workflow	10 functions	Rakuraku workflow	
3	Information	Contract management	6 functions	Rakuraku workflow	
4	Manufacturing	Export control	10 functions	Rakuraku WF + Rakuraku FW	○
5	Manufacturing	Contract confirmation request	11 functions	Rakuraku WF + Rakuraku FW	○
6	Manufacturing	Equipment safety review	44 functions	Rakuraku WF + Rakuraku FW	○
7	Manufacturing	Notes migration	135 functions	Rakuraku WF + Rakuraku FW	○

*1 Low-code development platform product (Sumitomo Electric Information Systems Co., Ltd.)

*2 Electronic approval/approval system product (same as above)



Company-wide Strategy 2023

[BBS2023] Company-wide Strategy ①

Strengthen group synergies

Leverage the BBS cycle to deliver the solutions owned by the BBS Group to our customers as a one-stop shop and innovate through group synergies.

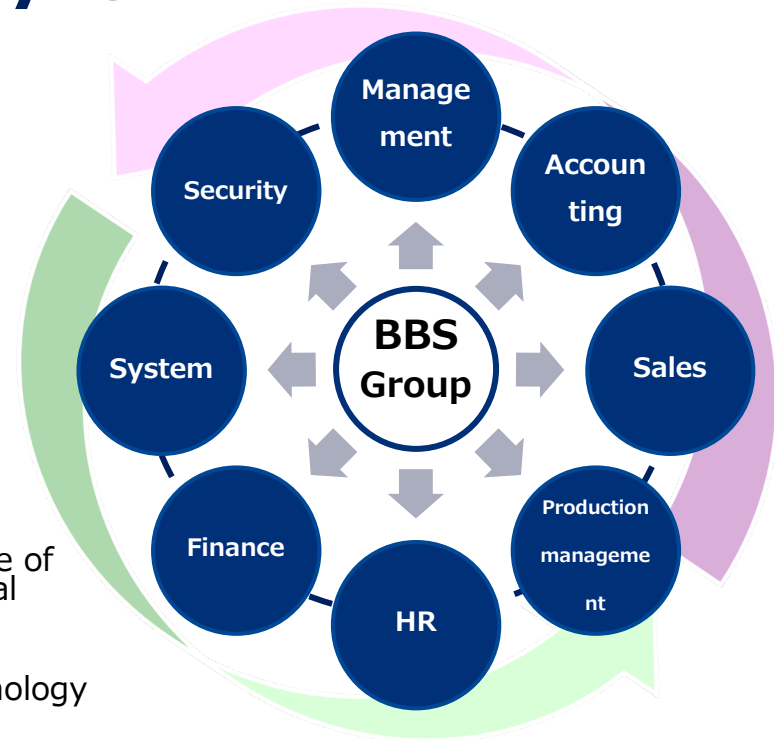
Strengthen M&As/Alliances

Back office | Strengthen human resources and solutions that can support corporate back office operations in addition to accounting solutions

(C + D) X | Always think about our customers, pick up requests and issues, add ease of use and design of solutions, and create a system that can promote digital transformation

Advanced technology and information

Include the latest technologies such as cloud, RPA and AI, develop technology according to customer's requests and strengthen the organization



BBS Quality (strengthen in advance)

Strengthen our retroactive and system quality efforts, enhance the quality of all BBS Group solutions, and ensure quality from the preliminary stage such as the planning and design stages.



[BBS2023] Company-wide Strategy ②

Strengthen branding

Establish BBS branding through the penetration of “management accounting” and the fusion of history and the near future

Management accounting

- Including institutional accounting and management accounting -

A company that supports management accounting in Japan

- Instill in society that BBS is responsible for corporate management accounting (including institutional accounting, management accounting, etc.).
- Especially for mid-sized companies. Cloud services are lacking and need to especially reach out to those who want their own customizations.

BBS

- Established business + image of near future -

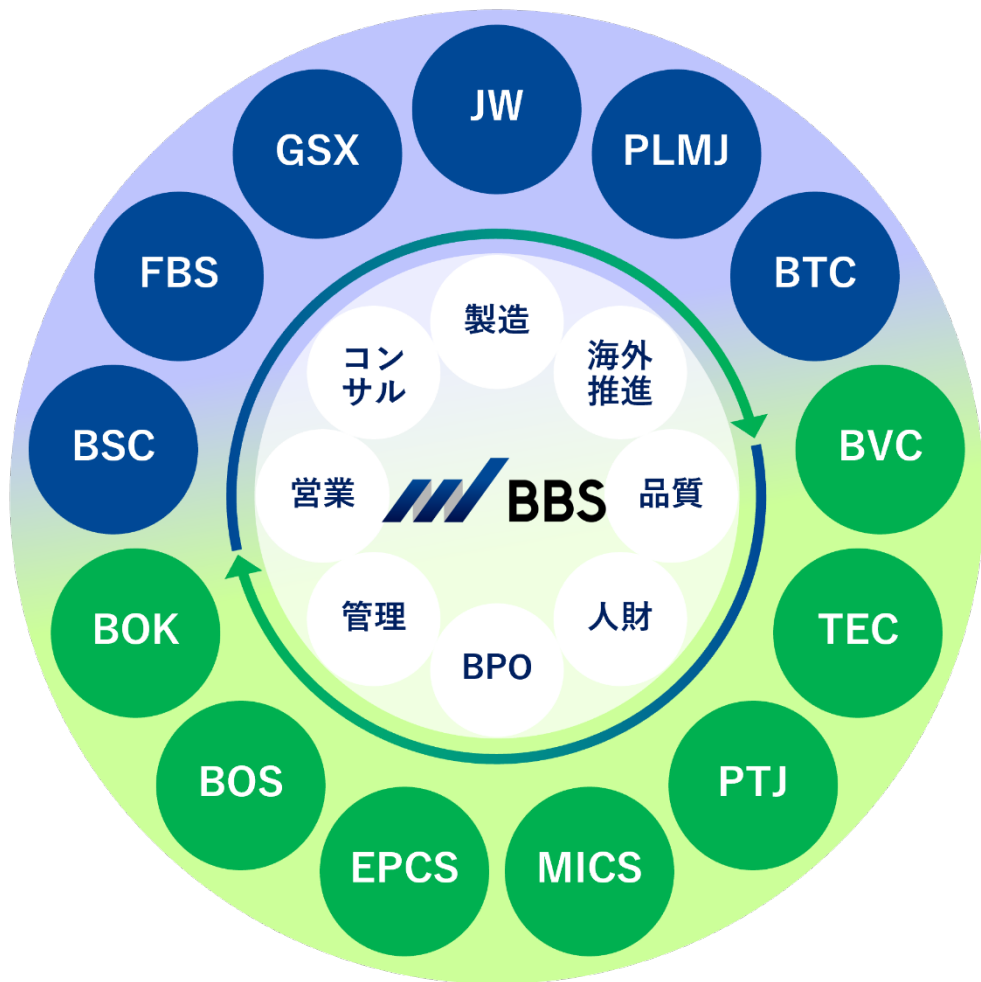
History and established business

Providing a sense of security and relief as an established business by disseminating our history of involvement in corporate management and accounting for over 50 years to the outside world.

At the same time, implement branding that highlights the company's advanced nature and technological capabilities as a company that promotes digital transformation.

[BBS2023] Company-wide Strategy ③

Strengthen group synergies



Group synergies in sales strategy

- ✓ Continue to share information and introduce customers between group companies at monthly group sales meetings
- ✓ Realize comprehensive solution proposals for solving customers' management issues

Results

No. of customer referrals between group companies

98
companies

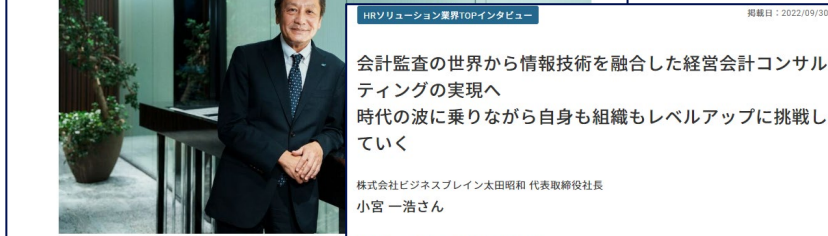
Orders

65

Strengthen BBS Branding

Communicate various information to raise awareness.

Promote information using external media



55th Anniversary Transit Advertisement



Promote information on SNS, new web pages, etc.



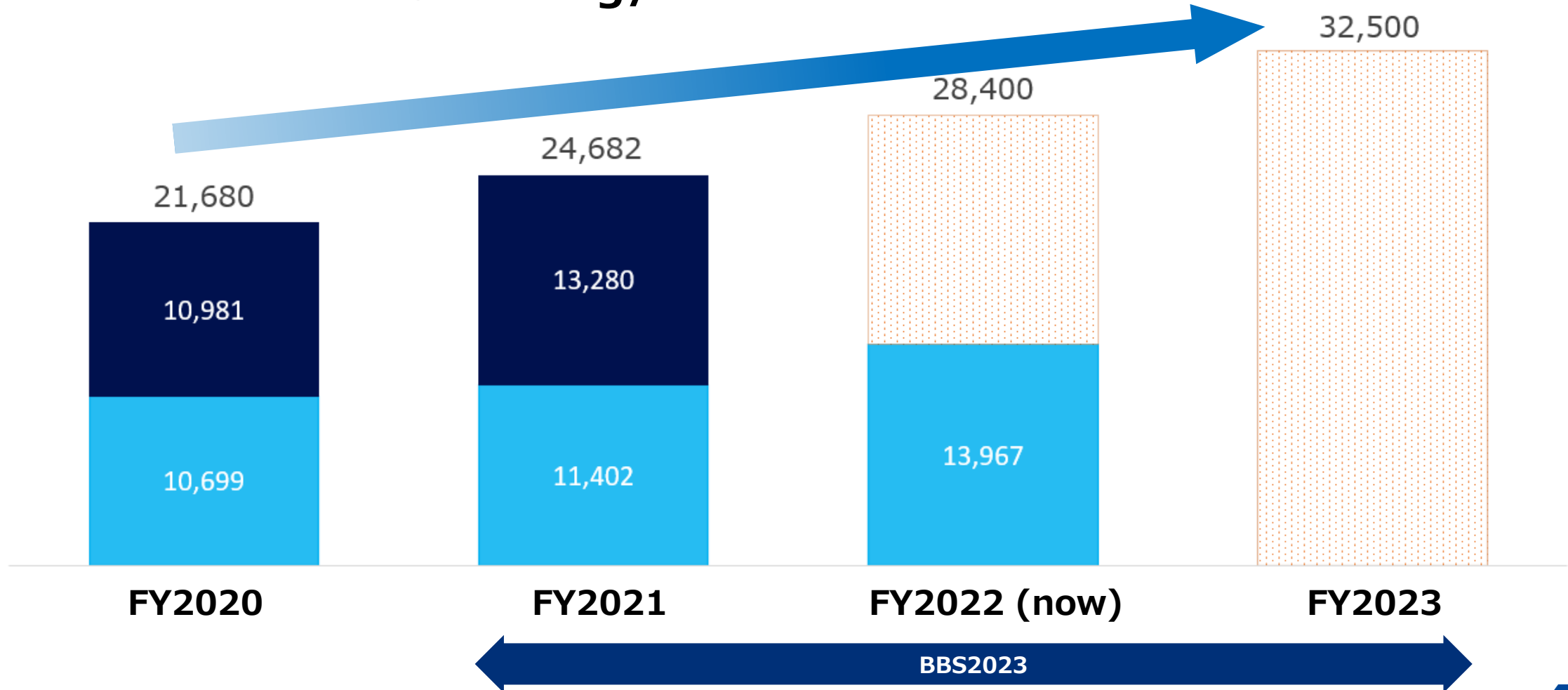
Business Strategy

- Consulting/SI/management services (BPO) operations -

Consulting/SI Business Progress

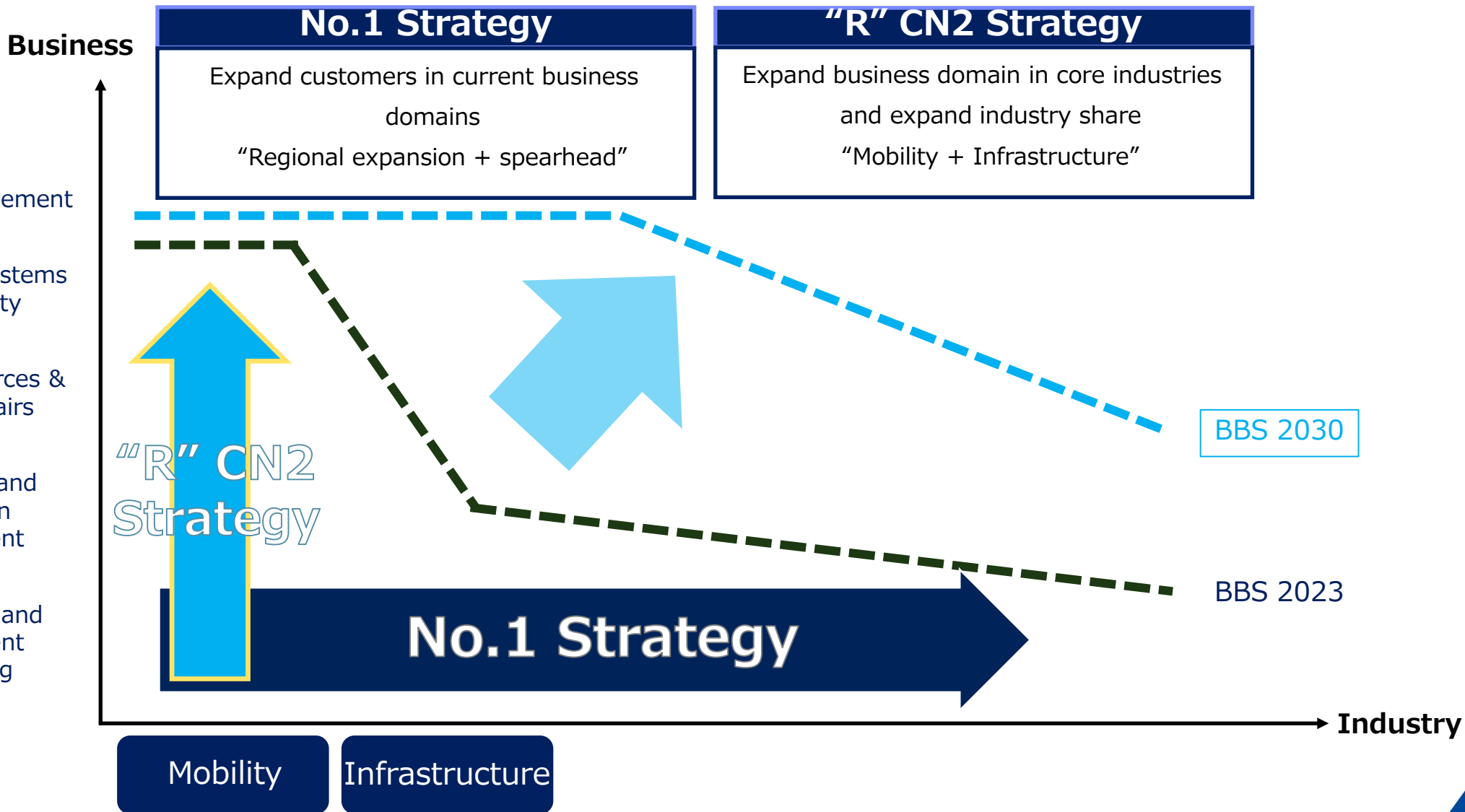
Consulting/SI Business Revenue

Unit: millions of yen



[BBS2023] Consulting/SI Business Overview

Management accounting

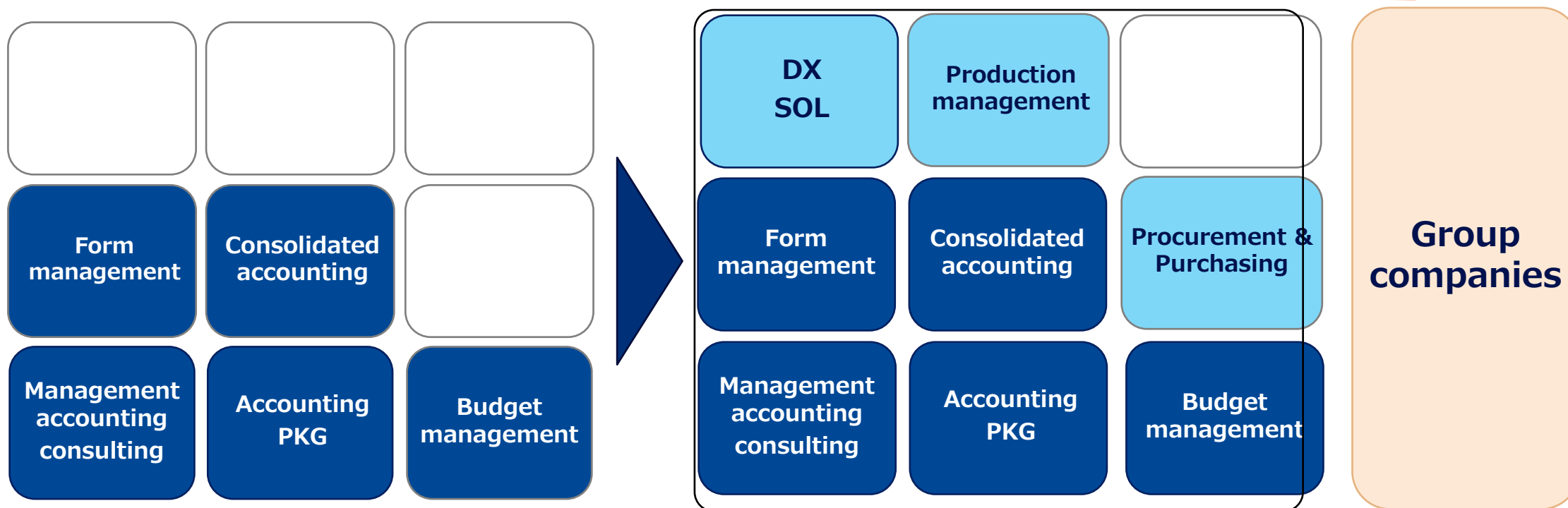


"R" CN2 Strategy

Create a strategic map within clients and select target (business) areas

[Image of business domain expansion] Expand BBS's business domain to increase customer confidence

Group company expansion



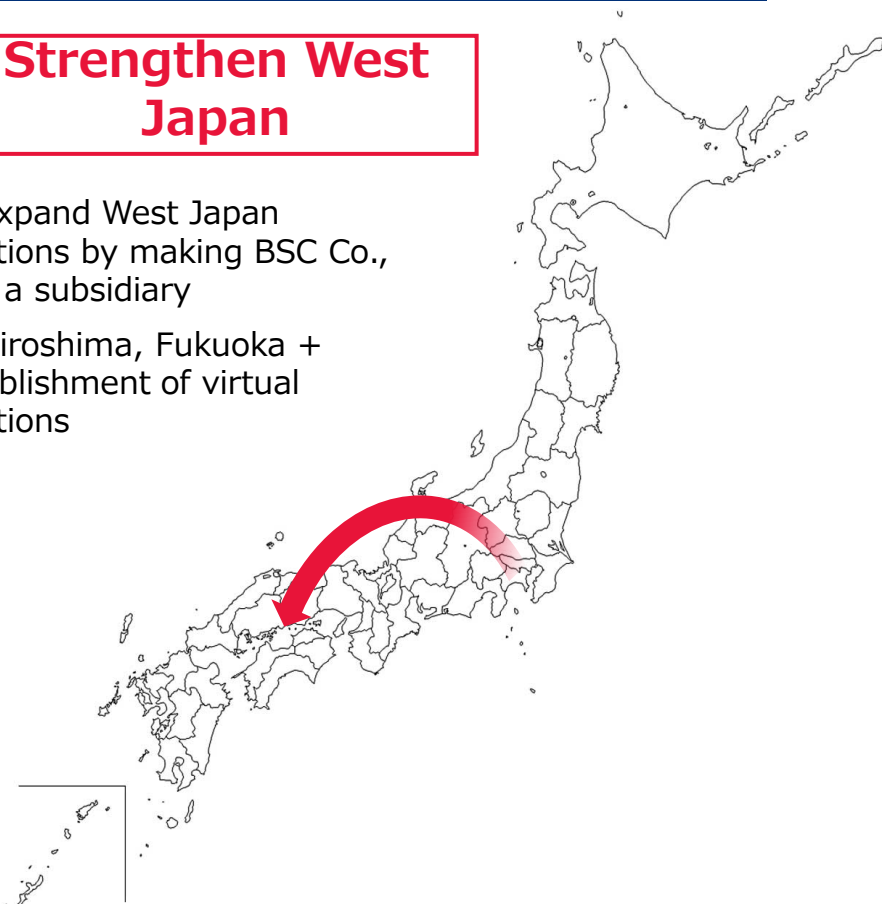
No.1 Strategy

Develop and expand management accounting nationwide

Aim to be No. 1 in business accounting systems

Strengthen West Japan

- Expand West Japan locations by making BSC Co., Ltd. a subsidiary
- Hiroshima, Fukuoka + establishment of virtual locations



BSC Co., Ltd. 1st half results

Revenue

671 million yen

Gross profit margin

119 million yen

Regional expansion (Chugoku/Kyushu)

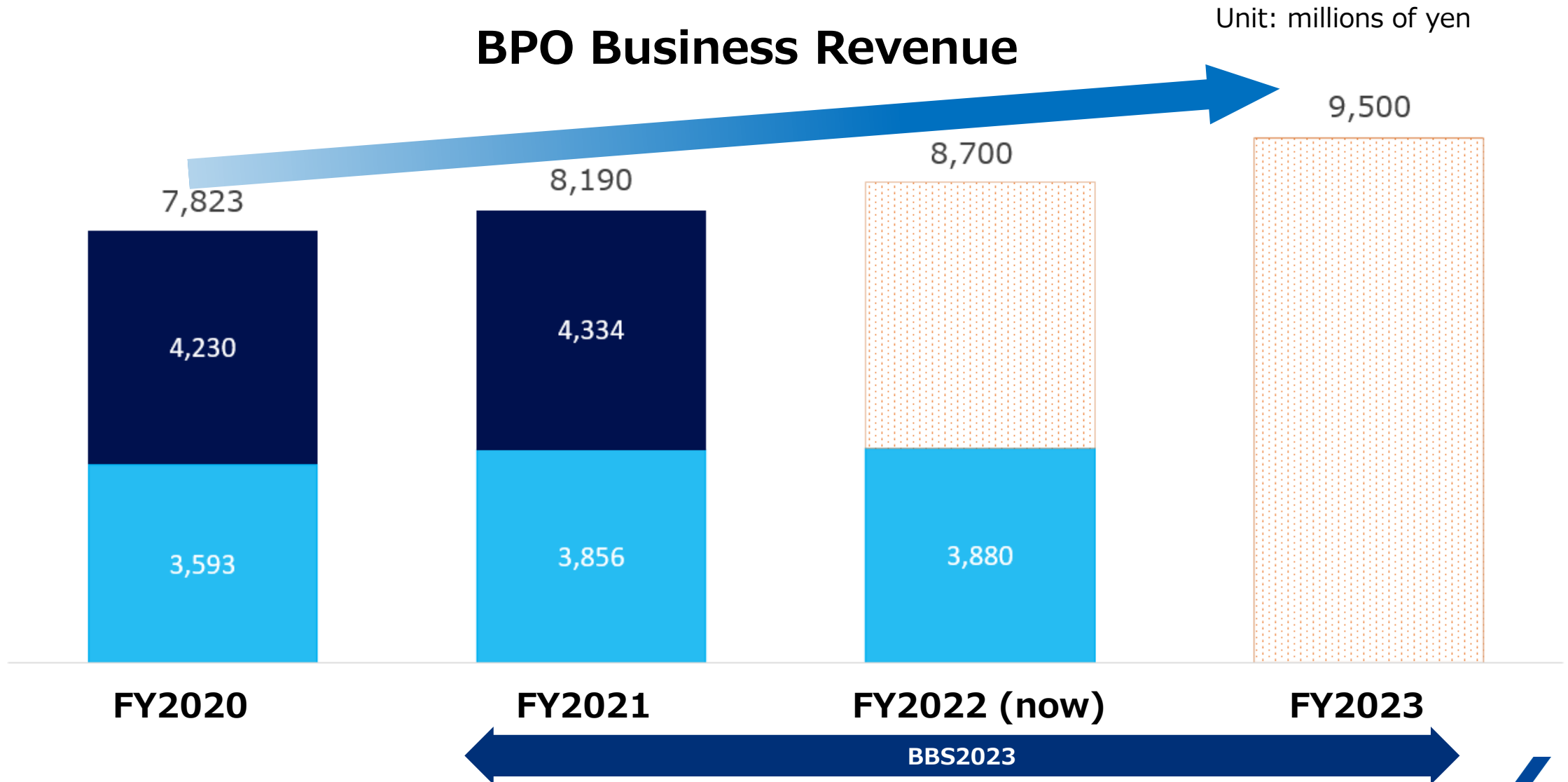
Orders received

4 companies
/19 million yen

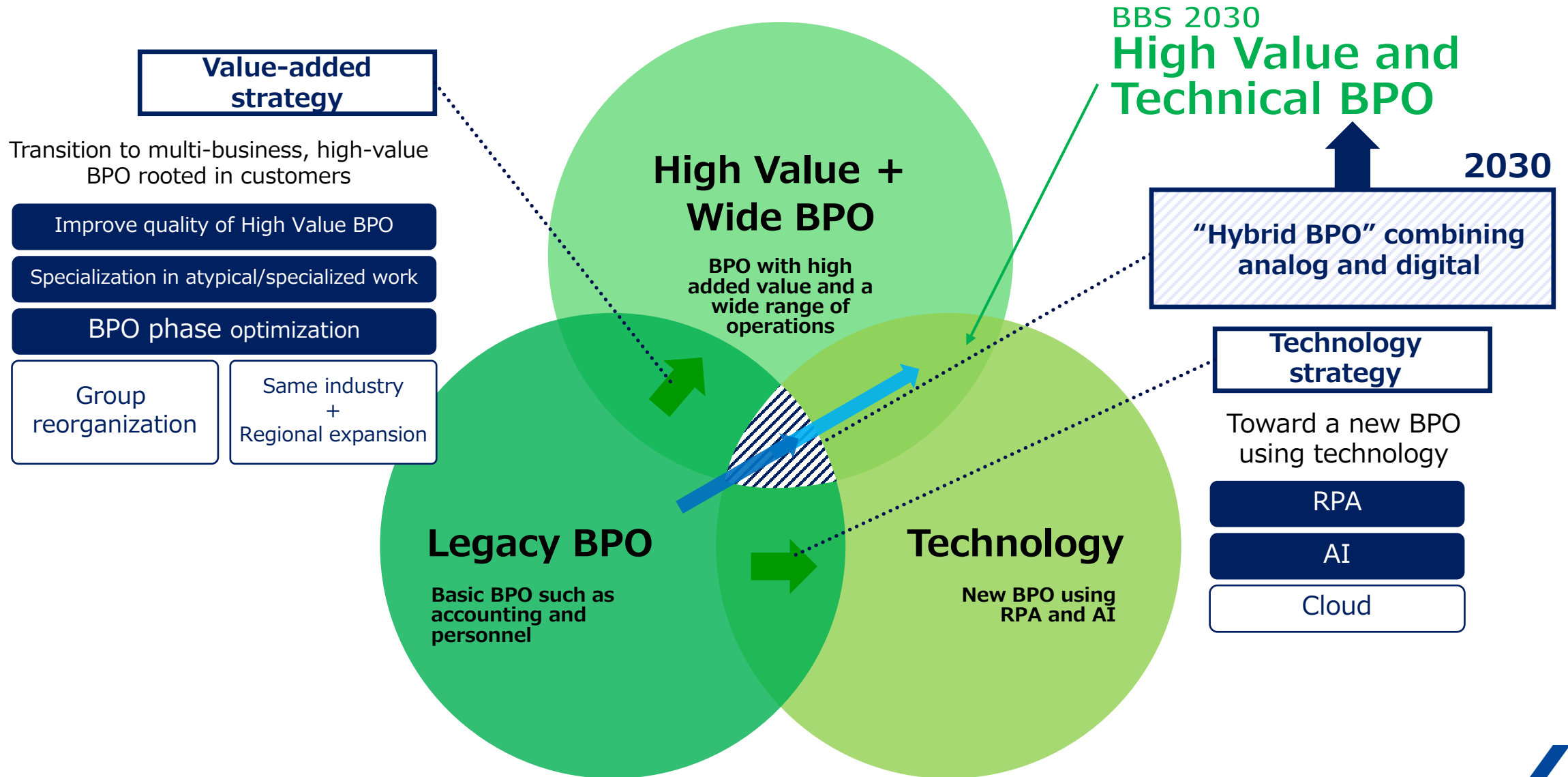
BPO Business Progress

BPO Business Revenue

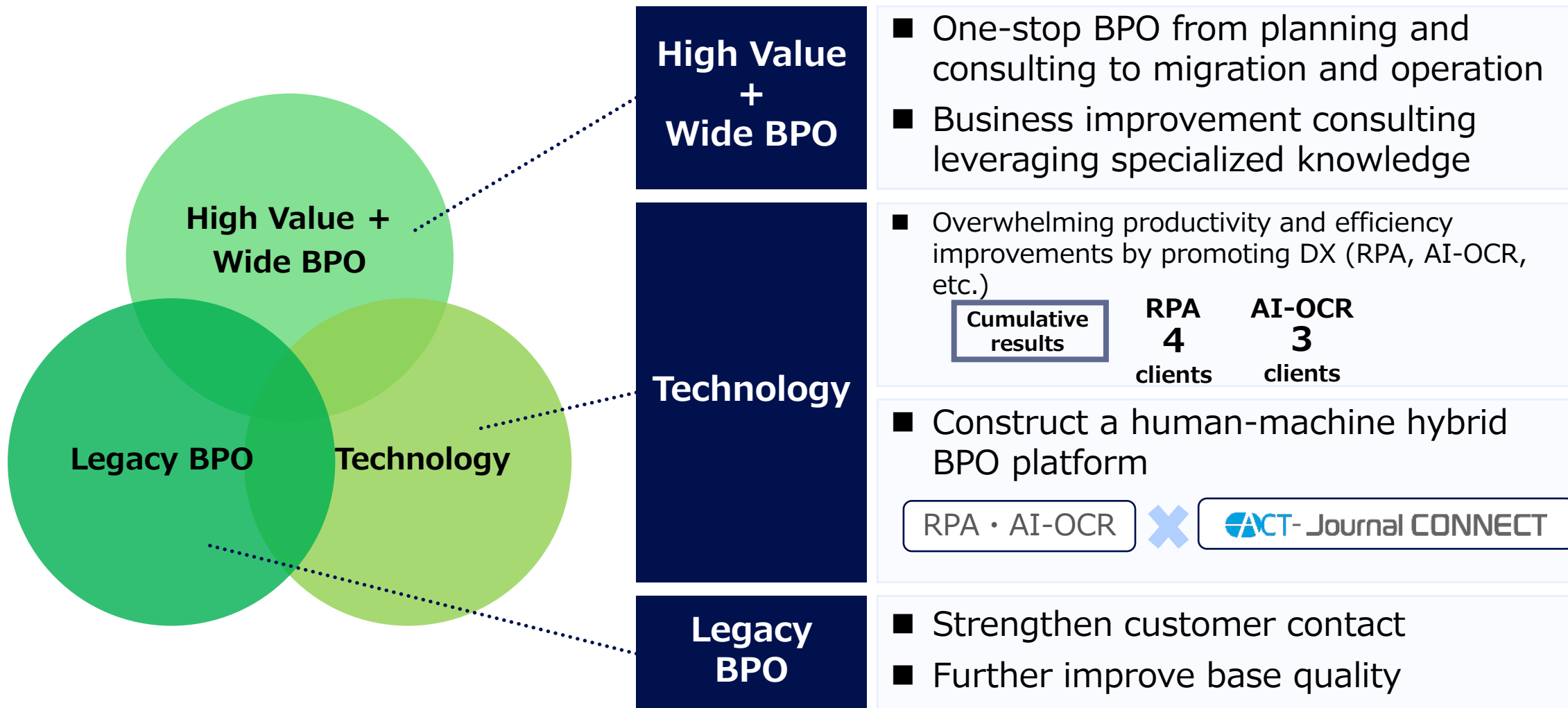
Unit: millions of yen



[BBS2023] BPO Business Strategy Overview



BPO Business Activity Results



Corporate Strategy

Acquired "Minato Model Carbon Dioxide Fixation Certification"*

BBS head office was the first corporate office to receive certification for tenants.



国産木材を使用したオフィスの一角



みなとモデル二酸化炭素固定認証制度の認証書

* Minato Ward's system to certify the amount of carbon dioxide fixed according to the amount of domestic wood used in buildings and tenant construction in Minato Ward, Tokyo.

Sustainability training

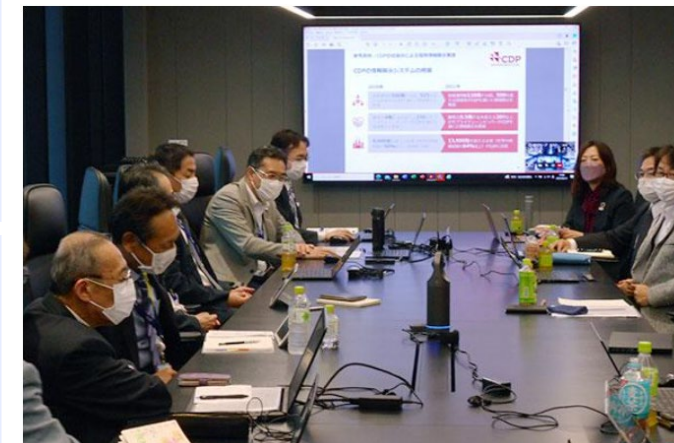
For executives

Purpose

- Understand the background, importance, and trends required by the TCFD recommendations
- Understand and reaffirm the importance of promoting diversity and unconscious bias

Overview

Method: Group training (including online participation)
Participation rate: 100%
Scope: Officers of BBS and subsidiaries in Japan



For employees

Purpose

- Understand and reaffirm the importance of promoting diversity and unconscious bias

Overview

Method: On-demand video format
Participation rate: 90.5%
Scope: Employees of BBS and subsidiaries in Japan (regular employees and contract employees)



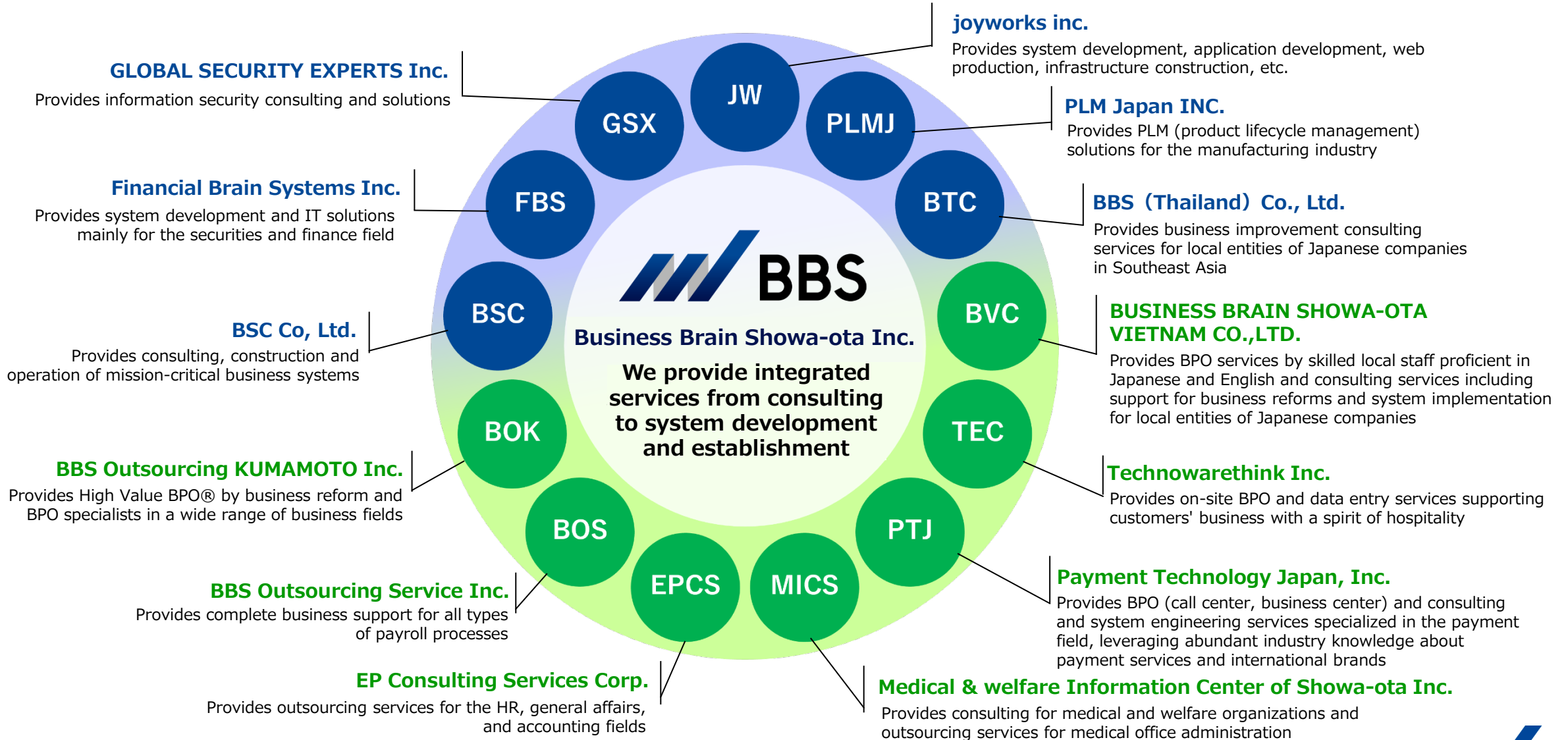
Company Profile

Name	株式会社ビジネスブレイン太田昭和
Name in English	Business Brain Showa-Ota Inc.
Headquarters	15F Hibiya Fort Tower, 1-1-1 Nishishimbashi, Minato-ku, Tokyo
Offices	Headquarters, Osaka Branch, Nagoya Branch, Shizuoka Branch, Outsourcing Services Division (Shizuoka Office), Global Shared Services Division (Kumamoto Branch)
Representative	Kazuhiro Komiya, President & CEO
Founded	August 1967
Capital	2,233,490,000 yen
Number of issued shares	12,725,000
Listed market	TSE Prime (Securities Code: 9658)
Number of Employees	627 (non-consolidated) 1,679 (consolidated)*

*Including 13 consolidated subsidiaries of BBS Group
BBS Group Network URL: <https://www.bbs.co.jp/corporate/group/>

(2022年3月末現在)

Company Profile BBS Group Network



END