

Translation

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Summary of Consolidated Financial Results for the Year Ended March 31, 2022 (Based on IFRS)

April 28, 2022

Company name: BUSINESS BRAIN SHOWA・OTA INC.
 Stock exchange listing: Tokyo
 Securities code: 9658 URL <https://www.bbs.co.jp>
 Representative: President Kazuhiro Komiya
 Senior Executive Officer
 Inquiries: General Manager Hitoshi Uehara TEL 03-3507-1302
 Administration Division
 Scheduled date of ordinary general meeting of shareholders: June 23, 2022
 Scheduled date to file Securities Report: June 24, 2022
 Scheduled date to commence dividend payments: June 24, 2022
 Preparation of supplementary material on financial results: Yes
 Holding of financial results meeting: Yes (for institutional investors and analysts)

(Amounts are rounded off to the nearest million yen)

1. Consolidated financial results for the year ended March 31, 2022 (from April 1, 2021 to March 31, 2022)

(1) Consolidated operating results

Percentages indicate year-on-year changes

	Revenue		Operating profit		Profit before tax		Profit		Profit attributable to owners of parent		Comprehensive income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended March 31, 2022	32,346	10.9	2,745	24.8	2,792	20.7	1,810	13.2	1,764	13.5	1,824	11.3
Year ended March 31, 2021	29,159	2.5	2,200	(0.6)	2,312	4.2	1,600	7.1	1,554	6.4	1,638	15.6

	Basic earnings per share	Diluted earnings per share	Return on equity attributable to owners of parent	Ratio of profit before tax to total assets	Ratio of operating profit to revenue
	Yen	Yen	%	%	%
Year ended March 31, 2022	148.66	146.05	15.0	9.9	8.5
Year ended March 31, 2021	131.97	131.58	15.6	10.1	7.5

(2) Consolidated financial position

	Total assets	Total equity	Equity attributable to owners of parent	Ratio of equity attributable to owners of parent to total assets	Equity attributable to owners of parent per share
	Millions of yen	Millions of yen	Millions of yen	%	Yen
As of March 31, 2022	28,296	14,042	12,892	45.6	1,082.36
As of March 31, 2021	22,786	11,043	10,630	46.7	902.98

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended March 31, 2022	682	(845)	535	8,639
Year ended March 31, 2021	3,075	(529)	(720)	8,262

2. Cash dividends

	Annual dividends per share					Total cash dividends	Dividend payout ratio	Ratio of dividends to equity attributable to owners of parent
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended March 31, 2021	–	15.00	–	15.00	30.00	380	23.3	4.1
Year ended March 31, 2022	–	16.00	–	29.00	45.00	367	30.3	4.5
Year ending March 31, 2023 (Forecast)	–	22.00	–	23.00	45.00		–	

3. Forecast of consolidated financial results for the year ending March 31, 2023 (from April 1, 2022 to March 31, 2023)

Percentages indicate year-on-year changes

	Revenue		Operating profit		Profit before tax		Profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending September 30, 2022	17,000	13.1	1,300	11.4	1,300	7.9	850	7.6	770	2.4	59.84
Full year	36,000	11.3	3,000	9.3	3,000	7.4	2,000	10.5	1,800	2.0	151.70

4. Notes

(1) Changes in significant subsidiaries during the year ended March 31, 2022

(changes in specified subsidiaries resulting in the change in scope of consolidation):

No

(2) Changes in accounting policies and changes in accounting estimates

Changes in accounting policies required by IFRS:

No

Changes in accounting policies due to other reasons:

No

Changes in accounting estimates:

No

(3) Number of issued shares (ordinary shares)

Total number of issued shares at end of period (including treasury shares)

As of March 31, 2022	12,725,000 shares	As of March 31, 2021	16,000,000 shares
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Number of treasury shares at end of period

As of March 31, 2022	814,066 shares	As of March 31, 2021	4,194,948 shares
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Average number of shares during period

Year ended March 31, 2022	11,865,523 shares	Year ended March 31, 2021	11,772,213 shares
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Consolidated financial statements
Consolidated statement of financial position

(Thousands of yen)

	As of March 31, 2021	As of March 31, 2022
Assets		
Current assets		
Cash and cash equivalents	8,262,408	8,638,501
Trade and other receivables	4,310,966	5,618,471
Contract assets	1,545,148	2,285,913
Other financial assets	703,415	403,411
Inventories	151,330	133,804
Other current assets	993,024	1,372,443
Total current assets	15,966,291	18,452,543
Non-current assets		
Property, plant and equipment	347,884	953,856
Right-of-use assets	1,698,118	3,726,122
Goodwill	106,500	311,214
Intangible assets	424,092	453,061
Investments accounted for using equity method	101,853	115,141
Other financial assets	2,366,598	2,494,721
Deferred tax assets	1,754,325	1,773,261
Retirement benefit asset	13,942	8,921
Other non-current assets	6,057	7,062
Total non-current assets	6,819,369	9,843,359
Total assets	22,785,660	28,295,902

(Thousands of yen)

	As of March 31, 2021	As of March 31, 2022
Liabilities and equity		
Liabilities		
Current liabilities		
Borrowings	42,900	56,024
Lease liabilities	369,341	687,952
Trade and other payables	1,777,621	2,328,388
Other financial liabilities	198,979	325,648
Income taxes payable	743,450	905,507
Provisions	56,375	80,225
Contract liabilities	951,263	1,185,536
Other current liabilities	2,828,191	3,117,247
Total current liabilities	6,968,120	8,686,527
Non-current liabilities		
Borrowings	314,770	308,522
Lease liabilities	1,357,385	3,076,269
Other financial liabilities	62,976	68,131
Retirement benefit liability	2,348,876	1,303,792
Provisions	147,396	238,931
Non-Current liability for stock benefit	208,047	234,942
Other non-current liabilities	335,472	337,099
Total non-current liabilities	4,774,922	5,567,686
Total liabilities	11,743,042	14,254,213
Equity		
Share capital	2,233,490	2,233,490
Capital surplus	2,567,169	2,524,396
Retained earnings	6,836,104	8,232,240
Treasury shares	(1,092,091)	(196,795)
Other components of equity	85,352	98,589
Total equity attributable to owners of parent	10,630,024	12,891,920
Non-controlling interests	412,594	1,149,768
Total equity	11,042,618	14,041,689
Total liabilities and equity	22,785,660	28,295,902

Consolidated statements of income and consolidated statements of comprehensive income
Consolidated statements of income

(Thousands of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Revenue	29,158,596	32,345,564
Cost of sales	22,785,692	24,315,369
Gross profit	6,372,904	8,030,195
Selling, general and administrative expenses	4,189,811	5,343,090
Other income	44,052	77,215
Other expenses	27,329	19,370
Operating profit	2,199,816	2,744,950
Finance income	92,595	66,541
Finance costs	13,525	45,712
Share of profit (loss) of investments accounted for using equity method	33,576	26,287
Profit before tax	2,312,462	2,792,066
Income tax expense	712,816	981,821
Profit	1,599,646	1,810,245
Profit attributable to		
Owners of parent	1,553,522	1,763,890
Non-controlling interests	46,124	46,355
Profit	1,599,646	1,810,245
Earnings per share		
Basic earnings per share	131.97	148.66
Diluted earnings per share	131.58	146.05

Consolidated statements of comprehensive income

(Thousands of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Profit	1,599,646	1,810,245
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Net change in fair value of equity instruments designated as measured at fair value through other comprehensive income	44,983	10,874
Remeasurements of defined benefit plans	(1,775)	(839)
Total of items that will not be reclassified to profit or loss	43,208	10,035
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	(4,532)	3,779
Total of items that may be reclassified to profit or loss	(4,532)	3,779
Other comprehensive income, net of tax	38,676	13,814
Comprehensive income	1,638,322	1,824,059
Comprehensive income attributable to		
Owners of parent	1,591,467	1,775,888
Non-controlling interests	46,855	48,171
Comprehensive income	1,638,322	1,824,059

Consolidated statement of changes in equity

(Thousands of yen)

	Equity attributable to owners of parent					
	Share capital	Capital surplus	Retained earnings	Treasury shares	Other components of equity	
					Exchange differences on translation of foreign operations	Financial assets measured at fair value through other comprehensive income
Balance at April 1, 2020	2,233,490	2,470,366	5,627,212	(1,111,177)	3,801	42,047
Profit			1,553,522			
Other comprehensive income					(4,513)	44,018
Total	–	–	1,553,522	–	(4,513)	44,018
Purchase of treasury shares				(71)		
Disposal of treasury shares				66,185		
Dividends			(379,941)			
Share-based payment transactions		102,115	27,342	(47,028)		
Changes in ownership interest in subsidiaries		(5,312)	1,582			
Transfer to retained earnings			(1,560)			
Other			7,947			
Total transactions with owners	–	96,803	(344,630)	19,086	–	–
Balance at March 31, 2021	2,233,490	2,567,169	6,836,104	(1,092,091)	(712)	86,065
Profit			1,763,890			
Other comprehensive income					4,075	9,162
Total	–	–	1,763,890	–	4,075	9,162
Purchase of treasury shares				(705)		
Disposal of treasury shares				82,899		
Cancellation of treasury shares		(850,117)		850,117		
Dividends			(367,018)			
Share-based payment transactions		103,946		(37,015)		
Changes in ownership interest in subsidiaries		702,898				
Transfer to retained earnings			(1,239)			
Other		500	503			
Total transactions with owners	–	(42,773)	(367,754)	895,296	–	–
Balance at March 31, 2022	2,233,490	2,524,396	8,232,240	(196,795)	3,363	95,227

	Equity attributable to owners of parent			Non-controlling interests	Total
	Other components of equity		Total		
	Remeasurements of defined benefit plans	Total			
Balance at April 1, 2020	–	45,848	9,265,739	325,203	9,590,942
Profit		–	1,553,522	46,124	1,599,646
Other comprehensive income	(1,560)	37,945	37,945	731	38,676
Total	(1,560)	37,945	1,591,467	46,855	1,638,322
Purchase of treasury shares		–	(71)		(71)
Disposal of treasury shares		–	66,185		66,185
Dividends		–	(379,941)	(7,040)	(386,981)
Share-based payment transactions		–	82,429	6,229	88,658
Changes in ownership interest in subsidiaries		–	(3,730)	47,342	43,612
Transfer to retained earnings	1,560	1,560	–	–	–
Other		–	7,947	(5,995)	1,952
Total transactions with owners	1,560	1,560	(227,181)	40,536	(186,645)
Balance at March 31, 2021	–	85,352	10,630,024	412,594	11,042,618
Profit		–	1,763,890	46,355	1,810,245
Other comprehensive income	(1,239)	11,998	11,998	1,816	13,814
Total	(1,239)	11,998	1,775,888	48,171	1,824,059
Purchase of treasury shares		–	(705)		(705)
Disposal of treasury shares		–	82,899		82,899
Cancellation of treasury shares		–	–		–
Dividends		–	(367,018)	(11,151)	(378,169)
Share-based payment transactions		–	66,931	23,862	90,794
Changes in ownership interest in subsidiaries		–	702,898	674,710	1,377,608
Transfer to retained earnings	1,239	1,239	–	–	–
Other		–	1,003	1,582	2,585
Total transactions with owners	1,239	1,239	486,008	689,003	1,175,012
Balance at March 31, 2022	–	98,589	12,891,920	1,149,768	14,041,689

Consolidated statements of cash flows

(Thousands of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Cash flows from operating activities		
Profit before tax	2,312,462	2,792,066
Depreciation and amortization	846,305	1,010,762
Impairment losses	18,159	14,350
Share of loss (profit) of investments accounted for using equity method	(33,576)	(26,287)
Finance income	(92,595)	(66,541)
Finance costs	13,525	45,712
Decrease (increase) in inventories	(39,915)	17,526
Decrease (increase) in trade and other receivables	302,213	(1,307,232)
Increase (decrease) in trade and other payables	214,849	542,544
Decrease (increase) in contract assets	(530,930)	(740,765)
Increase (decrease) in contract liabilities	374,715	234,273
Other	258,775	(686,531)
Subtotal	3,643,987	1,829,877
Interest and dividends received	37,496	57,492
Interest paid	(2,774)	(2,675)
Income taxes paid	(603,706)	(1,202,229)
Net cash provided by (used in) operating activities	3,075,003	682,466
Cash flows from investing activities		
Payments into time deposits	(500,000)	(500,000)
Proceeds from withdrawal of time deposits	500,000	500,000
Purchase of property, plant and equipment	(42,596)	(589,994)
Proceeds from sale of property, plant and equipment	–	210
Purchase of intangible assets	(131,156)	(213,580)
Purchase of investments	(1,705,903)	(1,608,385)
Proceeds from sale and redemption of investments	1,359,102	1,729,637
Payments for acquisition of subsidiaries	–	(239,383)
Other	(8,356)	76,689
Net cash provided by (used in) investing activities	(528,909)	(844,806)
Cash flows from financing activities		
Proceeds from long-term borrowings	214,500	280,000
Repayments of long-term borrowings	(132,570)	(273,124)
Repayments of lease liabilities	(524,385)	(861,906)
Proceeds from sale of treasury shares	66,185	82,899
Purchase of treasury shares	(71)	(705)
Dividends paid	(379,941)	(367,018)
Capital contribution from non-controlling interests	43,531	386,400
Dividends paid to non-controlling interests	(7,042)	(11,151)
Proceeds from sale of interests in subsidiaries to non-controlling interests	–	1,299,699
Net cash provided by (used in) financing activities	(719,793)	535,094
Net increase (decrease) in cash and cash equivalents	1,826,301	372,753
Cash and cash equivalents at beginning of period	6,440,639	8,262,408
Effect of exchange rate changes on cash and cash equivalents	(4,532)	3,340
Cash and cash equivalents at end of period	8,262,408	8,638,501