

Translation

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## Summary of Consolidated Financial Results for the Six Months Ended September 30, 2023 (Based on IFRS)

October 31, 2023

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 to file Quarterly Securities Report: November 13, 2023  
 Scheduled date to commence dividend payments: November 30, 2023  
 Preparation of supplementary material on quarterly financial results: Yes  
 Holding of quarterly financial results meeting: Yes (for institutional investors and analysts)

(Amounts are rounded off to the nearest million yen)

1. Consolidated financial results for the six months ended September 30, 2023 (from April 1, 2023 to September 30, 2023)

(1) Consolidated operating results (cumulative)

Percentages indicate year-on-year changes

	Revenue		Business profit		Operating profit		Profit before tax		Profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended September 30, 2023	16,988	(3.6)	1,365	(10.8)	19,519	–	19,281	–	13,152	–	13,138	–
Six months ended September 30, 2022	17,626	17.2	1,531	–	1,532	31.3	1,534	27.3	891	12.7	794	5.5

	Basic earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended September 30, 2023	1,139.38		1,139.26	
Six months ended September 30, 2022	66.46		64.88	

(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
	Millions of yen	Millions of yen	Millions of yen	%
As of September 30, 2023	43,427	28,288	27,953	64.4
As of March 31, 2023	30,393	16,196	14,958	49.2

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen				
Year ended March 31, 2023	–	22.00	–	26.00	48.00
Year ending March 31, 2024	–	36.00	–	–	–
Year ending March 31, 2024 (Forecast)	–	–	–	39.00	75.00

3. Forecast of consolidated financial results for the year ending March 31, 2024 (from April 1, 2023 to March 31, 2024)

Percentages indicate year-on-year changes

	Revenue		Business profit		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	%	Millions of yen	%	Yen
Full year	34,000	(8.3)	2,400	–	20,598	542.1	20,525	533.2	14,309	592.4	14,279	676.7	1,206.78

4. Notes

- (1) Changes in significant subsidiaries during the six months ended September 30, 2023  
(changes in specified subsidiaries resulting in the change in scope of consolidation): Yes
- (2) Changes in accounting policies and changes in accounting estimates
- Changes in accounting policies required by IFRS: Yes
- 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 September 30, 2023	12,725,000 shares	As of March 31, 2023	12,725,000 shares
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Number of treasury shares at end of period

As of September 30, 2023	1,163,900 shares	As of March 31, 2023	1,224,807 shares
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Average number of shares during period (cumulative from the beginning of the fiscal year)

Six months ended September 30, 2023	11,530,966 shares	Six months ended September 30, 2022	11,948,283 shares
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## 1. Qualitative information regarding the financial results for the six months ended September 30, 2023

### (1) Explanation of operating results

During the consolidated six months ended September 30, 2023, the normalization of economic activities accelerated, and personal consumption began to recover due to the easing of movement restrictions for COVID-19, but the economic outlook moving forward is extremely uncertain owing to soaring raw material prices caused by the prolonged situation in Ukraine and higher interest rates due to global monetary tightening. Despite this economic environment, the group's orders received continued to grow steadily from the previous fiscal year, reflecting the growing demand for investment to meet new work styles as a result of digital transformation efforts and the COVID-19 pandemic.

As a result, consolidated orders received during the six months ended September 30 totaled 16,104 million yen (up 2.2% from the same period last year), and backlog of orders were 11,089 million yen (up 7.8% from the same period of the previous year). (See note below.)

Regarding the management services (BPO) business, due to the nature of the business, it may receive orders over multiple years at once, and the amount of orders received may fluctuate significantly.

(Millions of yen)

	Orders received			Backlog of orders		
	Six months ended September 2022	Six months ended September 2023	Year-on-year increase (decrease)	Six months ended September 2022	Six months ended September 2023	Year-on-year increase (decrease)
Consulting and system development business	12,957	13,444	487	5,511	5,684	173
Management services (BPO) business	2,808	2,660	(148)	4,772	5,405	633
Total	15,765	16,104	339	10,283	11,089	806

Note In May 2023, BBS sold a portion of the shares of the subsidiary Global Security Experts (GSX), a part of the consulting and system development business, and from that month, has treated it as a non-consolidated business. In addition, in the same month, BBS sold all shares of the subsidiary MICS (MICS), a part of the management services (BPO) business, and has treated it as a non-consolidated business since June. To ensure usefulness for comparison, the above "Orders received" and "Backlog of orders" exclude amounts for both companies for the six months ended September 2022 and the six months ended September 2023. The orders received by both companies for the three months ended June 2023 is 1,020 million yen.

Despite year-on-year growth in the management services (BPO) business, overall revenue declined by 3.6% in the consulting and system development business, due in part to the deconsolidation of GSX.

Gross profit also decreased by 2.6% year-on-year, and selling, general and administrative expenses decreased by 4.5% year-on-year.

In addition, BBS recorded a gain of 2,053 million yen on the sale of GSX and MICS as a gain from the loss of control of subsidiaries, a gain of 16,101 million yen from the revaluation of GSX stock to fair value due to the transition of GSX from a consolidated subsidiary to an equity-method affiliate, for a total gain of 18,154 million yen, and a loss on change in equity of 414 million yen due to a relative decrease in BBS's ownership interest as a result of the exercise of stock options issued by GSX.

As a result, for the six months ended September 30, BBS reported revenue of 16,988 million yen (down 3.6% year-on-year), business profit of 1,350 million yen (down 10.8% year-on-year), operating profit of 19,519 million yen (up 1,174.0% year-on-year), quarterly profit before taxes of 19,281 million yen (up 1,157.0% year-on-year), and profit attributable to owners of the parent of 13,138 million yen (up 1,554.5% year-on-year).

The revenue and business profit excluding the figures for GSX and MICS, which were excluded from consolidation during the current fiscal year, are as follows. Business profit is calculated by excluding profits and losses arising from non-recurring factors from operating profit.

(Millions of yen)

	Revenue			Business profit		
	Six months ended September 2022	Six months ended September 2023	Year-on-year increase (decrease)	Six months ended September 2022	Six months ended September 2023	Year-on-year increase (decrease)
Consolidated operating results excluding GSX and MICS	14,863	16,517	1,654	1,176	1,368	192
Reference: Consolidated operating results	17,626	16,988	(638)	1,531	1,365	(166)

The adjustment from business profit to quarterly profit before tax is as follows:

(Millions of yen)

	Previous consolidated six months ended September 2022 (From April 1, 2022 to September 30, 2022)	Current consolidated six months ended September 2023 (From April 1, 2023 to September 30, 2023)
Business profit	1,531	1,365
Gain from loss of control of subsidiaries	-	18,154
Other	1	-
Operating profit	1,532	19,519
Financial revenue	41	26
Financial expenses	62	16
Share of profit (loss) of investments accounted for using equity method	23	167
Loss (profit) on change in equity	-	(414)
Quarterly profit before tax	1,534	19,281

Note: The relationship between operating profit and quarterly profit before tax is as stated in the consolidated statement of income.

Operating results by segment are as follows.

(Millions of yen)

	Revenue			Business profit		
	Six months ended September 2022	Six months ended September 2023	Year-on-year increase (decrease)	Six months ended September 2022	Six months ended September 2023	Year-on-year increase (decrease)
Consulting and system development business	13,967	13,193	(774)	1,231	1,061	(170)
Management services (BPO) business	3,880	3,992	112	293	312	19
Total	17,847	17,184	(663)	1,524	1,373	(151)
Adjustments	(221)	(197)	24	7	8	(15)
Consolidated	17,626	16,988	(638)	1,531	1,365	(166)

For comparison purposes, the following table shows segment operating results excluding the figures for GSX (a subsidiary a part of the Consulting and System Development segment) and MICS (a subsidiary a part of the Management Services (BPO) segment), which were excluded from the current consolidated period.

(Millions of yen)

	Revenue			Business profit		
	Six months ended September 2022	Six months ended September 2023	Year-on-year increase (decrease)	Six months ended September 2022	Six months ended September 2023	Year-on-year increase (decrease)
Consulting and system development business	11,404	12,801	1,397	885	1,067	182
Management services (BPO) business	3,591	3,896	305	281	304	23
Total	14,995	16,697	1,702	1,166	1,371	205
Adjustments	(132)	(180)	(48)	10	(3)	(13)
Consolidated	14,863	16,517	1,654	1,176	1,368	192

[Consulting/system development business]

(Millions of yen)

	Revenue			Business profit		
	Six months ended September 2022	Six months ended September 2023	Year-on-year increase (decrease)	Six months ended September 2022	Six months ended September 2023	Year-on-year increase (decrease)
Accounting system consulting and system development	8,463	9,450	987	662	836	174
System development for the financial industry	2,713	3,108	395	161	238	7.6
Information security consulting	2,563	391	(2,172)	346	(6)	(352)
PLM support solutions	47.3	471	(2)	84	27	(57)
(Revenue by business within segment)	(245)	(227)	18	(22)	(34)	(12)
Segment total	13,967	13,193	(774)	1,231	1,061	(170)

(Segment information excluding profit and loss of GSX)

(Millions of yen)

	Revenue			Business profit		
	Six months ended September 2022	Six months ended September 2023	Year-on-year increase (decrease)	Six months ended September 2022	Six months ended September 2023	Year-on-year increase (decrease)
Accounting system consulting and system development	8,463	9,450	987	662	836	174
System development for the financial industry	2,713	3,108	395	161	238	77
PLM support solutions	473	471	(2)	84	27	(57)
(Revenue by business within segment)	(245)	(228)	17	(22)	(34)	(12)
Segment total	11,404	12,801	1,397	885	1,067	182

The consolidated results of the consulting and system development business for the six months ended September 30 were revenue of 12,801 million yen (up 12.2% year-on-year) and business profit of 1,067 million yen (up 20.6% year-on-year).

Overall segment revenues for the consolidated six months ended September 30, increased 12.2% on strong sales in the accounting systems consulting and systems development businesses and systems development for the financial industry.

Business profit increased significantly for the segment as a whole, up 20.6% year-on-year, as a result of an increase in accounting system consulting and system development in reaction to last year's quality problems and a steady increase in profit from system development for the financial industry.

[Management service (BPO) business]

(Millions of yen)

	Revenue			Business profit		
	Six months ended September 2022	Six months ended September 2023	Year-on-year increase (decrease)	Six months ended September 2022	Six months ended September 2023	Year-on-year increase (decrease)
HR and payroll related outsourcing	1,479	1,572	93	224	261	37
Outsourcing for global companies	869	978	109	2	31	29
Outsourcing for foreign companies	459	496	37	32	24	(8)
Onsite BPO	1,098	968	(130)	37	44	7
(Revenue by business within segment)	(25)	(22)	3	(2)	(48)	(46)
Segment total	3,880	3,992	112	293	312	19

(Segment information excluding profit and loss of MICS)

(Millions of yen)

	Revenue			Business profit		
	Six months ended September 2022	Six months ended September 2023	Year-on-year increase (decrease)	Six months ended September 2022	Six months ended September 2023	Year-on-year increase (decrease)
HR and payroll related outsourcing	1,479	1,572	93	224	261	37
Outsourcing for global companies	869	978	109	2	31	29
Outsourcing for foreign companies	459	496	37	32	24	(8)
Onsite BPO	809	873	64	25	37	12
(Revenue by business within segment)	(25)	(22)	2	(2)	(49)	(47)
Segment total	3,591	3,896	305	281	304	23

The management services (BPO) business posted consolidated revenue of 3,896 million yen (up 8.5% year-on-year) and business profit of 304 million yen (up 8.5% year-on-year) in the six months ended September 30.

As for business profit, the HR and payroll related outsourcing business, the outsourcing business for global companies, and the onsite BPO business performed well, while the outsourcing business for foreign companies saw a decrease in profit. The management services (BPO) business as a whole saw an increase in profit.

## (2) Explanation of financial position

### Assets

Total consolidated assets at the end of the second quarter were 43,427 million yen, an increase of 13,034 million yen from the end of the previous fiscal year.

Current assets totaled 19,403 million yen, down 1,308 million yen from the end of the previous fiscal year. The main factors were a 1,204 million yen increase in cash and cash equivalents and a 423 million yen increase in contract assets, while trade and other receivables decreased 2,197 million yen due to collection of receivables.

Non-current assets totaled 24,024 million yen, up 14,342 million yen from the end of the previous fiscal year. The main factors were a 16,532 million yen increase in investments accounted for using equity method and a 1,212 million yen decrease in deferred tax assets.

These are mainly due to the impact of the gain from the sale of GSX shares, which changed from a subsidiary to an affiliate accounted for by the equity method.

### Liabilities

Total consolidated liabilities at the end of the second quarter amounted to 15,139 million yen, up 941 million yen from the end of the previous fiscal year.

Current liabilities totaled 7,763 million yen, down 2,217 million yen from the end of the previous fiscal year. The main factors were a 1,110 million yen decrease in contract liabilities, a 285 million yen decrease in trade and other payables due to debt payments, and a 210 million yen decrease in income taxes payable.

Non-current liabilities totaled 7,376 million yen, up 3,158 million yen from the end of the previous fiscal year. The main factors were a 3,947 million yen increase in deferred tax liabilities and a 545 million yen decrease in lease liabilities.

### Capital

Total consolidated shareholders' equity at the end of the second quarter amounted to 28,288 million yen, an increase of 12,092 million yen from the end of the previous fiscal year. This was mainly due to an increase in retained earnings of 12,859 million yen.

## (3) Explanation of consolidated earnings forecasts and other forward-looking information

There is no change to the consolidated earnings forecast for the full year announced in the "Notice of Revision of Earnings Forecast" dated July 31, 2023.

**Condensed quarterly consolidated financial statements**  
**Condensed quarterly consolidated statement of financial position**

(Thousands of yen)

	As of March 31, 2023	As of September 30, 2023
Assets		
Current assets		
Cash and cash equivalents	10,217,084	11,420,970
Trade and other receivables	6,407,932	4,210,831
Contract assets	1,335,370	1,758,798
Other financial assets	1,108,605	1,108,635
Inventories	122,235	202,347
Other current assets	1,519,694	701,415
Total current assets	20,710,920	19,402,996
Non-current assets		
Property, plant and equipment	831,929	755,549
Right-of-use assets	3,073,672	2,543,412
Goodwill	521,694	521,694
Intangible assets	486,007	451,885
Investments accounted for using equity method	151,394	16,683,688
Other financial assets	2,654,114	2,287,069
Deferred tax assets	1,951,167	739,198
Retirement benefit asset	2,434	2,488
Other non-current assets	10,048	39,010
Total non-current assets	9,682,459	24,023,993
Total assets	30,393,379	43,426,989

(Thousands of yen)

	As of March 31, 2023	As of September 30, 2023
Liabilities and equity		
Liabilities		
Current liabilities		
Borrowings	87,646	20,492
Lease liabilities	708,736	717,670
Trade and other payables	2,379,098	2,093,795
Other financial liabilities	294,339	352,136
Income taxes payable	1,385,181	1,175,621
Provisions	106,251	75,968
Contract liabilities	1,507,819	397,923
Other current liabilities	3,510,913	2,929,330
Total current liabilities	9,979,983	7,762,935
Non-current liabilities		
Borrowings	180,172	4,538
Lease liabilities	2,407,788	1,863,099
Other financial liabilities	111,793	30,408
Retirement benefit liability	403,568	400,710
Provisions	294,830	303,639
Non-Current liability for stock benefit	448,585	452,159
Deferred tax liabilities	—	3,947,301
Other non-current liabilities	370,934	374,003
Total non-current liabilities	4,217,670	7,375,857
Total liabilities	14,197,653	15,138,792
Equity		
Share capital	2,233,490	2,233,490
Capital surplus	4,235,878	4,261,114
Retained earnings	9,489,583	22,348,356
Treasury shares	(1,159,720)	(1,102,099)
Other components of equity	159,220	212,087
Total equity attributable to owners of parent	14,958,451	27,952,948
Non-controlling interests	1,237,275	335,249
Total equity	16,195,726	28,288,197
Total liabilities and equity	30,393,379	43,426,989

**Condensed quarterly consolidated statements of income and condensed quarterly consolidated statements of comprehensive income**  
**Condensed quarterly consolidated statements of income**

(Thousands of yen)

	Six months ended September 30, 2022	Six months ended September 30, 2023
Revenue	17,626,170	16,987,700
Cost of sales	13,331,498	12,986,739
Gross profit	4,294,672	4,000,961
Selling, general and administrative expenses	2,775,794	2,650,543
Gain on loss of control of subsidiaries	–	18,154,037
Other income	13,734	20,685
Other expenses	478	6,220
Operating profit	1,532,134	19,518,920
Finance income	41,020	25,871
Finance costs	61,966	16,420
Share of profit (loss) of investments accounted for using equity method	22,650	166,803
Loss (profit) on change in equity	–	(414,292)
Profit before tax	1,533,838	19,280,882
Income tax expense	643,108	6,128,832
Profit	890,730	13,152,050
Profit attributable to		
Owners of parent	794,066	13,138,179
Non-controlling interests	96,664	13,871
Profit	890,730	13,152,050
Earnings per share		
Basic earnings per share	66.46	1,139.38
Diluted earnings per share	64.88	1,139.26

## Condensed quarterly consolidated statements of comprehensive income

(Thousands of yen)

	Six months ended September 30, 2022	Six months ended September 30, 2023
Profit	890,730	13,152,050
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	22,926	63,908
Share of other comprehensive income of investments accounted for using equity method	–	7,064
Total of items that will not be reclassified to profit or loss	22,926	70,972
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	5,349	1,929
Total of items that may be reclassified to profit or loss	5,349	1,929
Other comprehensive income, net of tax	28,275	72,901
Comprehensive income	919,005	13,224,951
Comprehensive income attributable to		
Owners of parent	822,808	13,211,363
Non-controlling interests	96,197	13,588
Comprehensive income	919,005	13,224,951

## Condensed quarterly consolidated statement of changes in equity

Six months ended September 30, 2022 (from April 1, 2022 to September 30, 2022)

(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, 2022	2,233,490	2,835,065	8,249,956	(196,795)	3,363	95,227
Profit			794,066			
Other comprehensive income					5,687	23,055
Comprehensive income	–	–	794,066	–	5,687	23,055
Purchase of treasury shares				(63)		
Dividends			(345,417)			
Share-based payment transactions		30,552		27,887		
Changes in ownership interest in subsidiaries		44,976				
Other		(1,712)	1,825			
Total transactions with owners	–	73,816	(343,592)	27,824	–	–
Balance at September 30, 2022	2,233,490	2,908,881	8,700,430	(168,971)	9,050	118,282

	Equity attributable to owners of parent			Non-controlling interests	Total
	Other components of equity		Total		
	Share of other comprehensive income of investments accounted for using equity method	Total			
Balance at April 1, 2022	–	98,589	13,220,305	821,383	14,041,689
Profit		–	794,066	96,664	890,730
Other comprehensive income		28,742	28,742	(467)	28,275
Comprehensive income		28,742	822,808	96,197	919,005
Purchase of treasury shares		–	(63)		(63)
Dividends		–	(345,417)	(22,868)	(368,285)
Share-based payment transactions		–	58,439	(365)	58,074
Changes in ownership interest in subsidiaries		–	44,976	(14,652)	30,324
Other		–	113	1,265	1,378
Total transactions with owners	–	–	(241,952)	(36,620)	(278,572)
Balance at September 30, 2022	–	127,331	13,801,161	880,960	14,682,122

Six months ended September 30, 2023 (from April 1, 2023 to September 30, 2023)

(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, 2023	2,233,490	4,235,878	9,489,583	(1,159,720)	7,120	152,101
Profit			13,138,179			
Other comprehensive income					2,135	63,985
Comprehensive income	–	–	13,138,179	–	2,135	63,985
Purchase of treasury shares				(92)		
Dividends			(299,005)			
Share-based payment transactions		26,184		57,713		
Changes in ownership interest in subsidiaries		(959)				
Loss of control of subsidiaries			20,317			(20,317)
Other		11	(718)			
Total transactions with owners	–	25,236	(279,406)	57,621	–	(20,317)
Balance at September 30, 2023	2,233,490	4,261,114	22,348,356	(1,102,099)	9,255	195,768

	Equity attributable to owners of parent			Non-controlling interests	Total
	Other components of equity		Total		
	Share of other comprehensive income of investments accounted for using equity method	Total			
Balance at April 1, 2023	–	159,220	14,958,451	1,237,275	16,195,726
Profit		–	13,138,179	13,871	13,152,050
Other comprehensive income	7,064	73,184	73,184	(283)	72,901
Comprehensive income	7,064	73,184	13,211,363	13,588	13,224,951
Purchase of treasury shares		–	(92)		(92)
Dividends		–	(299,005)	(10,350)	(309,355)
Share-based payment transactions		–	83,897	3,385	87,282
Changes in ownership interest in subsidiaries		–	(959)	3,320	2,361
Loss of control of subsidiaries		(20,317)	–	(912,338)	(912,338)
Other		–	(707)	368	(338)
Total transactions with owners	–	(20,317)	(216,866)	(915,615)	(1,132,480)
Balance at September 30, 2023	7,064	212,087	27,952,948	335,248	28,288,197