

Translation

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Summary of Consolidated Financial Results for the Three Months Ended June 30, 2023 (Based on IFRS)

July 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: August 14, 2023
 Scheduled date to commence dividend payments: –
 Preparation of supplementary material on quarterly financial results: No
 Holding of quarterly financial results meeting: No

(Amounts are rounded off to the nearest million yen)

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

(1) Consolidated operating results (cumulative)

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	%
Three months ended June 30, 2023	8,531	1.5	18,583	–	18,282	–	12,682	–	12,677	–	12,708	–
Three months ended June 30, 2022	8,406	14.0	488	(12.1)	481	(16.2)	289	(19.2)	252	(26.4)	282	(21.3)

	Basic earnings per share		Diluted earnings per share	
	Yen		Yen	
Three months ended June 30, 2023	1,101.33		1,101.32	
Three months ended June 30, 2022	21.13		20.51	

(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 June 30, 2023	42,319	27,870	27,544	65.1
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	Yen	Yen	Yen	Yen
Year ended March 31, 2023	–	22.00	–	26.00	48.00
Year ending March 31, 2024	–	–	–	–	–
Year ending March 31, 2024 (Forecast)	–	33.00	–	39.00	72.00

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		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, 2023	16,000	(9.2)	19,198	—	18,955	—	13,169	—	13,154	—	1,111.70
Full year	34,000	(8.3)	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 three months ended June 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 June 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 June 30, 2023	1,199,546 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)

Three months ended June 30, 2023	11,510,939 shares	Three months ended June 30, 2022	11,923,796 shares
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Condensed quarterly consolidated financial statements
Condensed quarterly consolidated statement of financial position

(Thousands of yen)

	As of March 31, 2023	As of June 30, 2023
Assets		
Current assets		
Cash and cash equivalents	10,217,084	11,348,804
Trade and other receivables	6,407,932	3,796,378
Contract assets	1,335,370	1,795,797
Other financial assets	1,108,605	408,322
Inventories	122,235	205,375
Other current assets	1,519,694	746,125
Total current assets	20,710,920	18,300,801
Non-current assets		
Property, plant and equipment	831,929	816,671
Right-of-use assets	3,073,672	2,713,819
Goodwill	521,694	521,694
Intangible assets	486,007	430,428
Investments accounted for using equity method	151,394	16,606,897
Other financial assets	2,654,114	2,151,463
Deferred tax assets	1,951,167	735,506
Retirement benefit asset	2,434	2,509
Other non-current assets	10,048	39,419
Total non-current assets	9,682,459	24,018,406
Total assets	30,393,379	42,319,207

(Thousands of yen)

	As of March 31, 2023	As of June 30, 2023
Liabilities and equity		
Liabilities		
Current liabilities		
Borrowings	87,646	23,092
Lease liabilities	708,736	699,713
Trade and other payables	2,379,098	1,969,165
Other financial liabilities	294,339	490,366
Income taxes payable	1,385,181	798,876
Provisions	106,251	102,239
Contract liabilities	1,507,819	421,621
Other current liabilities	3,510,913	2,501,246
Total current liabilities	9,979,983	7,006,318
Non-current liabilities		
Borrowings	180,172	9,536
Lease liabilities	2,407,788	2,050,031
Other financial liabilities	111,793	98,100
Retirement benefit liability	403,568	387,645
Provisions	294,830	320,219
Non-Current liability for stock benefit	448,585	463,719
Deferred tax liabilities	—	3,744,392
Other non-current liabilities	370,934	369,339
Total non-current liabilities	4,217,670	7,442,981
Total liabilities	14,197,653	14,449,299
Equity		
Share capital	2,233,490	2,233,490
Capital surplus	4,235,878	4,259,683
Retained earnings	9,489,583	22,000,862
Treasury shares	(1,159,720)	(1,135,852)
Other components of equity	159,220	185,544
Total equity attributable to owners of parent	14,958,451	27,543,727
Non-controlling interests	1,237,275	326,181
Total equity	16,195,726	27,869,908
Total liabilities and equity	30,393,379	42,319,207

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

(Thousands of yen)

	Three months ended June 30, 2022	Three months ended June 30, 2023
Revenue	8,405,843	8,531,185
Cost of sales	6,516,488	6,601,478
Gross profit	1,889,355	1,929,707
Selling, general and administrative expenses	1,406,102	1,393,070
Gain on loss of control of subsidiaries	–	18,040,741
Other income	5,277	7,601
Other expenses	334	1,864
Operating profit	488,196	18,583,115
Finance income	14,541	22,390
Finance costs	31,369	9,510
Share of profit (loss) of investments accounted for using equity method	9,869	58,902
Loss (profit) on change in equity	–	(372,934)
Profit before tax	481,237	18,281,963
Income tax expense	192,607	5,599,634
Profit	288,630	12,682,329
Profit attributable to		
Owners of parent	251,945	12,677,390
Non-controlling interests	36,685	4,939
Profit	288,630	12,682,329
Earnings per share		
Basic earnings per share	21.13	1,101.33
Diluted earnings per share	20.51	1,101.32

Condensed quarterly consolidated statements of comprehensive income

(Thousands of yen)

	Three months ended June 30, 2022	Three months ended June 30, 2023
Profit	288,630	12,682,329
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	(10,911)	24,222
Total of items that will not be reclassified to profit or loss	(10,911)	24,222
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	4,408	1,917
Total of items that may be reclassified to profit or loss	4,408	1,917
Other comprehensive income, net of tax	(6,503)	26,139
Comprehensive income	282,127	12,708,468
Comprehensive income attributable to		
Owners of parent	252,318	12,703,714
Non-controlling interests	29,809	4,754
Comprehensive income	282,127	12,708,468

Condensed quarterly consolidated statement of changes in equity

Three months ended June 30, 2022 (from April 1, 2022 to June 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			251,945			
Other comprehensive income					4,668	(4,295)
Comprehensive income	–	–	251,945	–	4,668	(4,295)
Purchase of treasury shares				(63)		
Disposal of treasury shares				23,938		
Dividends			(345,417)			
Share-based payment transactions		35,736		(13,146)		
Changes in ownership interest in subsidiaries		25,791				
Other		28	(383)			
Total transactions with owners	–	61,555	(345,800)	10,729	–	–
Balance at June 30, 2022	2,233,490	2,896,620	8,156,101	(186,066)	8,031	90,932

	Equity attributable to owners of parent		Non-controlling interests	Total
	Other components of equity	Total		
	Total			
Balance at April 1, 2022	98,589	13,220,305	821,383	14,041,689
Profit	–	251,945	36,685	288,630
Other comprehensive income	373	373	(6,876)	(6,503)
Comprehensive income	373	252,318	29,809	282,127
Purchase of treasury shares	–	(63)		(63)
Disposal of treasury shares	–	23,938		23,938
Dividends	–	(345,417)	(22,868)	(368,285)
Share-based payment transactions	–	22,590	4,829	27,419
Changes in ownership interest in subsidiaries	–	25,791	(26,500)	(709)
Other	–	(355)	354	(2)
Total transactions with owners	–	(273,516)	(44,185)	(317,702)
Balance at June 30, 2022	98,962	13,199,107	807,007	14,006,114

Three months ended June 30, 2023 (from April 1, 2023 to June 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			12,677,390			
Other comprehensive income					2,010	24,314
Comprehensive income	–	–	12,677,390	–	2,010	24,314
Purchase of treasury shares				(92)		
Disposal of treasury shares						
Dividends			(299,005)			
Share-based payment transactions		24,754		23,960		
Changes in ownership interest in subsidiaries		(959)				
Loss of control of subsidiaries			133,612			
Other		10	(718)			
Total transactions with owners	–	23,805	(166,111)	23,868	–	–
Balance at June 30, 2023	2,233,490	4,259,683	22,000,862	(1,135,852)	9,130	176,415

	Equity attributable to owners of parent		Non-controlling interests	Total
	Other components of equity	Total		
	Total			
Balance at April 1, 2023	159,220	14,958,451	1,237,275	16,195,726
Profit	–	12,677,390	4,939	12,682,329
Other comprehensive income	26,324	26,324	(185)	26,139
Comprehensive income	26,324	12,703,714	4,754	12,708,468
Purchase of treasury shares	–	(92)		(92)
Disposal of treasury shares	–	–		–
Dividends	–	(299,005)	(10,350)	(309,355)
Share-based payment transactions	–	48,714	3,385	52,099
Changes in ownership interest in subsidiaries	–	(959)	3,320	2,361
Loss of control of subsidiaries	–	133,612	(912,238)	(778,626)
Other	–	(708)	35	(673)
Total transactions with owners	–	(118,438)	(915,848)	(1,034,286)
Balance at June 30, 2023	185,544	27,543,727	326,181	27,869,908