

Translation

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Summary of Consolidated Financial Results for the Year Ended March 31, 2023 (Based on IFRS)

April 28, 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 of ordinary general meeting of shareholders: June 23, 2023
 Scheduled date to file Securities Report: June 26, 2023
 Scheduled date to commence dividend payments: June 26, 2023
 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, 2023 (from April 1, 2022 to March 31, 2023)

(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, 2023	37,063	14.6	3,208	16.9	3,241	16.1	2,110	15.4	1,882	5.6	2,220	20.5
Year ended March 31, 2022	32,346	10.9	2,745	24.8	2,792	20.7	1,828	14.3	1,782	14.7	1,842	12.4

	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, 2023	159.02	158.33	13.3	11.0	8.7
Year ended March 31, 2022	150.15	147.55	14.9	10.9	8.5

(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, 2023	30,436	16,239	15,002	49.3	1,304.46
As of March 31, 2022	28,296	14,042	13,220	46.7	1,109.93

(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, 2023	3,306	(1,315)	(415)	10,217
Year ended March 31, 2022	682	(845)	535	8,639

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, 2022	–	16.00	–	29.00	45.00	570	30.0	4.5
Year ended March 31, 2023	–	22.00	–	26.00	48.00	594	30.2	4.0

3. Notes

(1) Changes in significant subsidiaries during the year ended March 31, 2023

(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:

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 March 31, 2023	12,725,000 shares	As of March 31, 2022	12,725,000 shares
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Number of treasury shares at end of period

As of March 31, 2023	1,224,807 shares	As of March 31, 2022	814,066 shares
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Average number of shares during period

Year ended March 31, 2023	11,832,312 shares	Year ended March 31, 2022	11,865,523 shares
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Consolidated financial statements
Consolidated statement of financial position

(Thousands of yen)

	As of March 31, 2022	As of March 31, 2023
Assets		
Current assets		
Cash and cash equivalents	8,638,501	10,217,084
Trade and other receivables	5,618,471	6,407,932
Contract assets	2,285,913	1,335,370
Other financial assets	403,411	1,108,605
Inventories	133,804	122,235
Other current assets	1,372,443	1,519,694
Total current assets	18,452,543	20,710,920
Non-current assets		
Property, plant and equipment	953,856	831,929
Right-of-use assets	3,726,122	3,073,672
Goodwill	311,214	521,694
Intangible assets	453,061	486,007
Investments accounted for using equity method	115,141	151,394
Other financial assets	2,494,721	2,654,114
Deferred tax assets	1,773,261	1,994,236
Retirement benefit asset	8,921	2,434
Other non-current assets	7,062	10,048
Total non-current assets	9,843,359	9,725,528
Total assets	28,295,902	30,436,448

(Thousands of yen)

	As of March 31, 2022	As of March 31, 2023
Liabilities and equity		
Liabilities		
Current liabilities		
Borrowings	56,024	87,646
Lease liabilities	687,952	708,736
Trade and other payables	2,328,388	2,379,098
Other financial liabilities	325,648	294,339
Income taxes payable	905,507	1,385,181
Provisions	80,225	106,251
Contract liabilities	1,185,536	1,507,819
Other current liabilities	3,117,247	3,510,913
Total current liabilities	8,686,527	9,979,983
Non-current liabilities		
Borrowings	308,522	180,172
Lease liabilities	3,076,269	2,407,788
Other financial liabilities	68,131	111,793
Retirement benefit liability	1,303,792	403,568
Provisions	238,931	294,830
Non-Current liability for stock benefit	234,942	448,585
Other non-current liabilities	337,099	370,934
Total non-current liabilities	5,567,686	4,217,670
Total liabilities	14,254,213	14,197,653
Equity		
Share capital	2,233,490	2,233,490
Capital surplus	2,835,065	4,235,878
Retained earnings	8,249,956	9,532,652
Treasury shares	(196,795)	(1,159,720)
Other components of equity	98,589	159,220
Total equity attributable to owners of parent	13,220,305	15,001,520
Non-controlling interests	821,383	1,237,275
Total equity	14,041,689	16,238,795
Total liabilities and equity	28,295,902	30,436,448

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

(Thousands of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Revenue	32,345,564	37,062,503
Cost of sales	24,315,369	28,035,103
Gross profit	8,030,195	9,027,400
Selling, general and administrative expenses	5,343,090	5,853,658
Other income	77,215	36,055
Other expenses	19,370	1,894
Operating profit	2,744,950	3,207,903
Finance income	66,541	52,751
Finance costs	45,712	70,299
Share of profit (loss) of investments accounted for using equity method	26,287	51,053
Profit before tax	2,792,066	3,241,408
Income tax expense	964,105	1,131,825
Profit	1,827,961	2,109,583
Profit attributable to		
Owners of parent	1,781,606	1,881,536
Non-controlling interests	46,355	228,047
Profit	1,827,961	2,109,583
Earnings per share		
Basic earnings per share	150.15	159.02
Diluted earnings per share	147.55	158.33

Consolidated statements of comprehensive income

(Thousands of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Profit	1,827,961	2,109,583
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	10,874	95,416
Remeasurements of defined benefit plans	(839)	11,989
Total of items that will not be reclassified to profit or loss	10,035	107,405
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	3,779	2,967
Total of items that may be reclassified to profit or loss	3,779	2,967
Other comprehensive income, net of tax	13,814	110,372
Comprehensive income	1,841,775	2,219,955
Comprehensive income attributable to		
Owners of parent	1,793,604	1,975,132
Non-controlling interests	48,171	244,823
Comprehensive income	1,841,775	2,219,955

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, 2021	2,233,490	2,567,169	6,836,104	(1,092,091)	(712)	86,065
Profit			1,781,606			
Other comprehensive income					4,075	9,162
Total	–	–	1,781,606	–	4,075	9,162
Purchase of treasury shares				(190)		
Cancellation of treasury shares		(850,117)		850,117		
Dividends			(367,018)			
Share-based payment transactions		103,946		45,369		
Changes in ownership interest in subsidiaries		1,013,567				
Transfer to retained earnings			(1,239)			
Other		500	503			
Total transactions with owners	–	267,896	(367,754)	895,296	–	–
Balance at March 31, 2022	2,233,490	2,835,065	8,249,956	(196,795)	3,363	95,227
Profit			1,881,536			
Other comprehensive income					3,757	79,104
Total	–	–	1,881,536	–	3,757	79,104
Purchase of treasury shares		(17,461)		(1,000,187)		
Dividends			(609,071)			
Share-based payment transactions		122,175		37,262		
Changes in ownership interest in subsidiaries		1,294,132				
Transfer to retained earnings			32,965			(22,230)
Other		1,967	(22,734)			
Total transactions with owners	–	1,400,813	(598,840)	(962,925)	–	(22,230)
Balance at March 31, 2023	2,233,490	4,235,878	9,532,652	(1,159,720)	7,120	152,101

	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, 2021	–	85,352	10,630,024	412,594	11,042,618
Profit		–	1,781,606	46,355	1,827,961
Other comprehensive income	(1,239)	11,998	11,998	1,816	13,814
Total	(1,239)	11,998	1,793,604	48,171	1,841,775
Purchase of treasury shares		–	(190)		(190)
Cancellation of treasury shares		–	–		–
Dividends		–	(367,018)	(11,151)	(378,169)
Share-based payment transactions		–	149,315	23,862	173,177
Changes in ownership interest in subsidiaries		–	1,013,567	346,325	1,359,892
Transfer to retained earnings	1,239	1,239	–		–
Other		–	1,003	1,582	2,585
Total transactions with owners	1,239	1,239	796,677	360,618	1,157,296
Balance at March 31, 2022	–	98,589	13,220,305	821,383	14,041,689
Profit		–	1,881,536	228,047	2,109,583
Other comprehensive income	10,735	93,596	93,596	16,776	110,372
Total	10,735	93,596	1,975,132	244,823	2,219,955
Purchase of treasury shares		–	(1,017,648)		(1,017,648)
Dividends		–	(609,071)	(22,868)	(631,939)
Share-based payment transactions		–	159,437	34,893	194,330
Changes in ownership interest in subsidiaries		–	1,294,132	158,943	1,453,075
Transfer to retained earnings	(10,735)	(32,965)	–		–
Other		–	(20,767)	101	(20,667)
Total transactions with owners	(10,735)	(32,965)	(193,917)	171,069	(22,849)
Balance at March 31, 2023	–	159,220	15,001,520	1,237,275	16,238,795

Consolidated statements of cash flows

(Thousands of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Cash flows from operating activities		
Profit before tax	2,792,066	3,241,408
Depreciation and amortization	1,010,762	1,084,249
Impairment losses	14,350	–
Share of loss (profit) of investments accounted for using equity method	(26,287)	(51,053)
Finance income	(66,541)	(52,751)
Finance costs	45,712	70,299
Decrease (increase) in inventories	17,526	11,569
Decrease (increase) in trade and other receivables	(1,307,232)	(577,905)
Increase (decrease) in trade and other payables	542,544	(7,347)
Decrease (increase) in contract assets	(740,765)	950,543
Increase (decrease) in contract liabilities	234,273	322,214
Other	(686,531)	(247,758)
Subtotal	1,829,877	4,743,468
Interest and dividends received	57,492	74,615
Interest paid	(2,675)	(3,949)
Income taxes paid	(1,202,229)	(1,548,552)
Income taxes refund	–	40,148
Net cash provided by (used in) operating activities	682,465	3,305,730
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	(589,994)	(39,882)
Proceeds from sale of property, plant and equipment	210	2,799
Purchase of intangible assets	(213,580)	(173,406)
Purchase of investments	(1,608,385)	(1,794,427)
Proceeds from sale and redemption of investments	1,729,637	937,381
Payments for acquisition of subsidiaries	(239,383)	(244,462)
Other	76,689	(3,467)
Net cash provided by (used in) investing activities	(844,806)	(1,315,464)
Cash flows from financing activities		
Repayments of short-term borrowings	–	(50,000)
Proceeds from long-term borrowings	280,000	–
Repayments of long-term borrowings	(273,124)	(197,096)
Repayments of lease liabilities	(861,906)	(715,424)
Proceeds from exercise of share acquisition rights of subsidiaries	–	89,667
Proceeds from sale of treasury shares	82,385	113,862
Purchase of treasury shares	(191)	(1,000,187)
Purchase of treasury shares of subsidiaries	–	(349,667)
Dividends paid	(367,018)	(607,956)
Capital contribution from non-controlling interests	386,400	–
Dividends paid to non-controlling interests	(11,151)	(22,868)
Proceeds from sale of interests in subsidiaries to non-controlling interests	1,299,699	2,324,833
Net cash provided by (used in) financing activities	535,094	(414,836)
Net increase (decrease) in cash and cash equivalents	372,753	1,575,430
Cash and cash equivalents at beginning of period	8,262,408	8,638,501
Effect of exchange rate changes on cash and cash equivalents	3,340	3,153
Cash and cash equivalents at end of period	8,638,501	10,217,084