



Financial Results Briefing for the fiscal year ended March 2023

Securities code: 9658



May 19, 2023
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

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BBS 2023 Progress Summary



Business Progress	Company-wide strategy	Business Strategy	Corporate Strategy
<p>Revenue</p> <p>114.6%</p>	<p>Strengthen group synergies Orders received among group companies</p> <p>100</p>	<p>"R" CN2 strategy Royal Customer sales</p> <p>8,508 million yen</p>	<p> Strengthen Human Resources Hands-on internships 70 mid-career hires</p>
<p>Operating profit</p> <p>116.9%</p>	<p>Strengthen M&As/Alliances Joyworks and BSC sales</p> <p>2,081 million yen</p> <p>BBS Quality Strengthen quality standards and reviews Promote prevention of failures</p>	<p>No.1 Strategy Chugoku/Kyushu orders</p> <p>6 companies /29 million yen</p>	<p> Promote digital transformation Promote in-house digital transformation BPO Promotion of digital transformation</p>
<p>Profit attributable to owners of parent</p> <p>103.2%</p>	<p>Strengthen branding Page views</p> <p>38,000 increase ↗</p>	<p>BPO business strategy RPA/OCR application results</p> <p>8</p>	<p> Sustainability TCFD compliant Certified Health & Productivity Management Outstanding Organization</p>

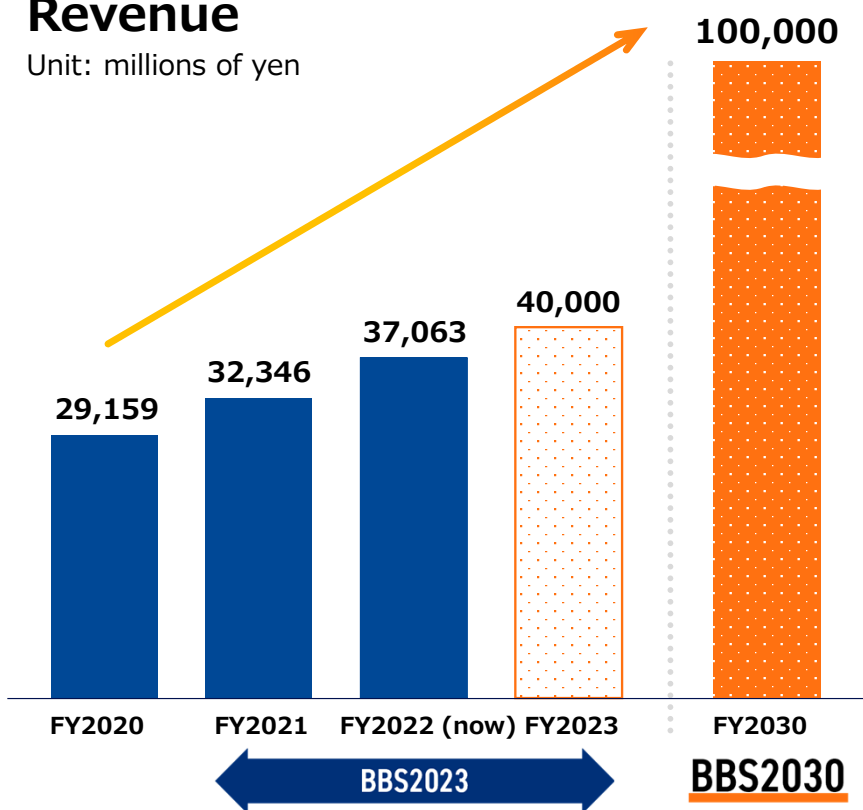


Business Progress



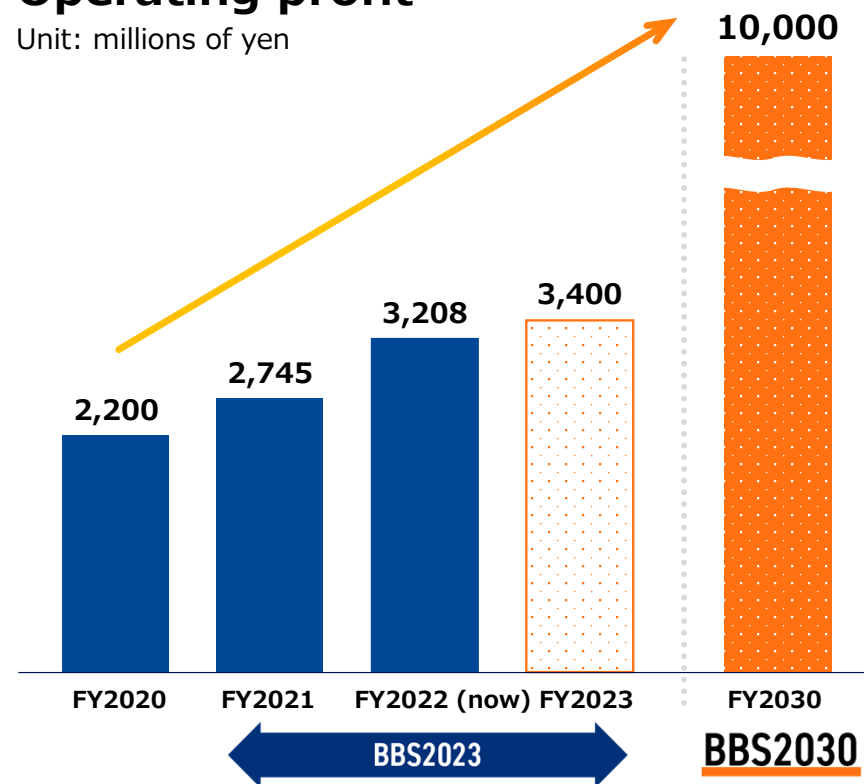
Revenue

Unit: millions of yen



Operating profit

Unit: millions of yen

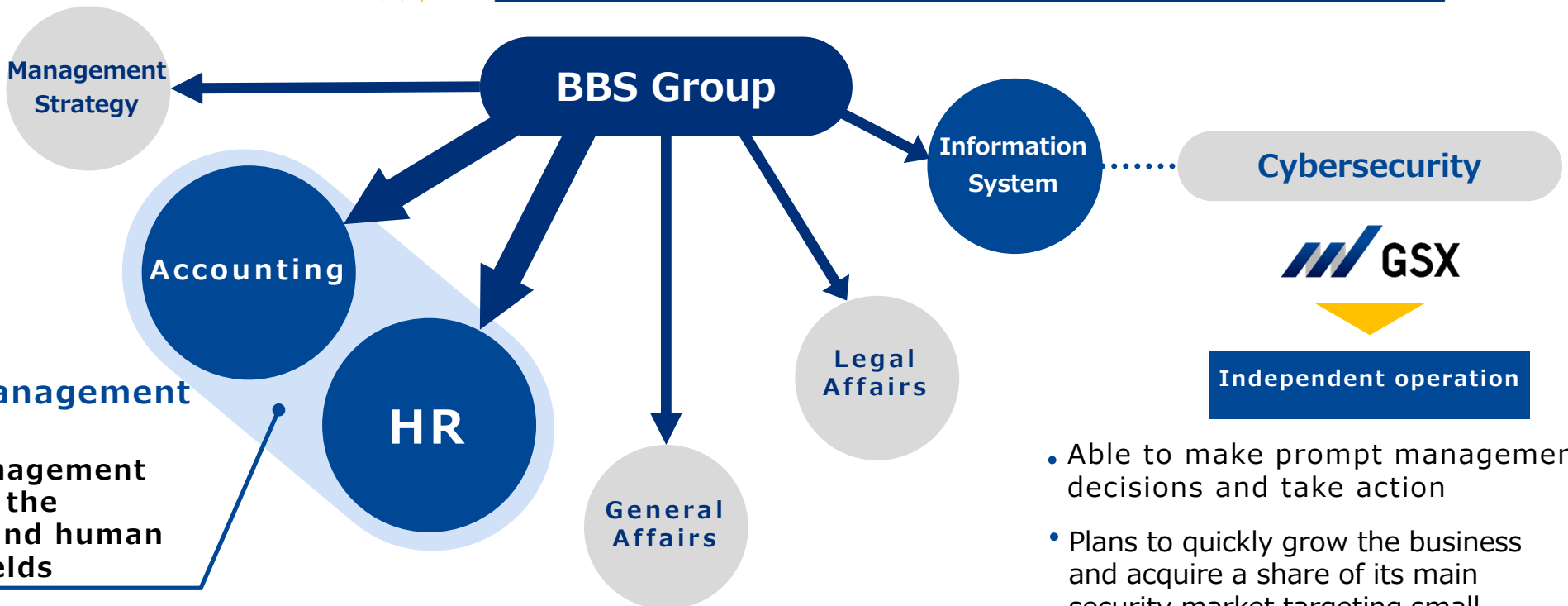


In the second year of the medium-term management plan, and for the full year ended March 2023, both revenue and operating income exceeded the same period of the previous year, and remained firm.

BBS is steadily growing its business to achieve "BBS2023."



Goal 2030



Focused management resources
 Focused management resources in the accounting and human resources fields

- Able to make prompt management decisions and take action
- Plans to quickly grow the business and acquire a share of its main security market targeting small and medium-sized enterprises

Capital Policy - Measures to Achieve ROE Targets

ROE for the current fiscal year was 13% (target not achieved). Will continue to implement three measures to achieve the target of 14%.

Improve dividend payout ratio and dividend yield

Acquire and eliminate treasury stock

Strengthen profitability

Dividend policy

Dividend payout ratio
Previous year **30%**



Changed to a policy to pay dividends of 40%

* Excluding one-time profit and loss items
(Announced on May 10, 2023)

Buyback reasons

- Improve capital efficiency
- Strengthen shareholder returns
- Expand and continue opportunities for investors

* Results of measures taken for the current fiscal year

- Buyback method: Market purchases
- Number of shares to buy back: 516,700 shares
Issued shares ratio 4.06%
- Cost of buyback: 1 billion yen
- Buyback period: November 1, 2022 to March 1, 2023

● Reorganize Group

- Strengthen M&As and alliances
- Promote focusing of management resources and concentration on core competencies

● Enhance business

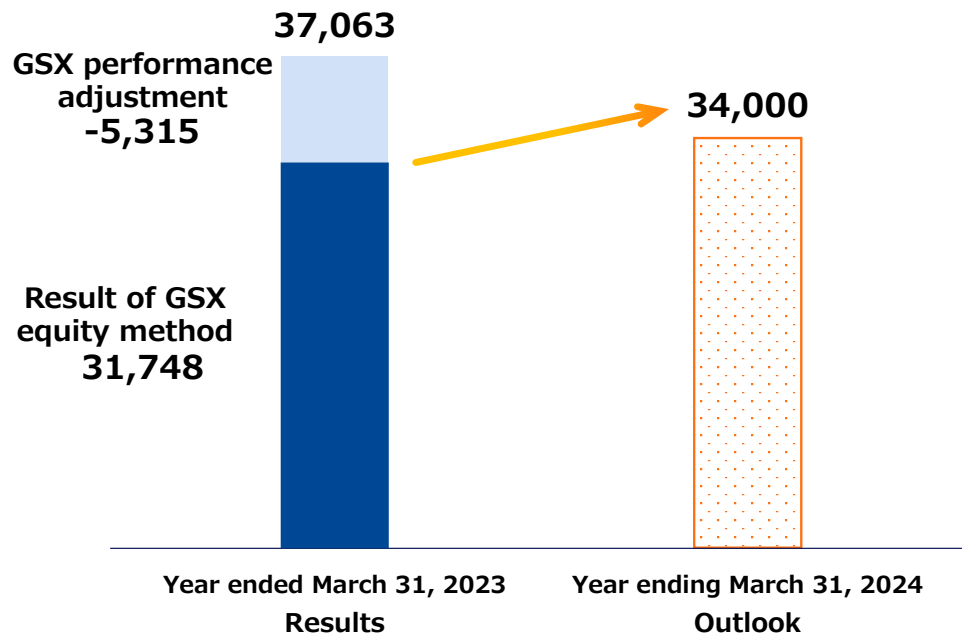
- Improve profitability by expanding solution menu
- Move forward with rate revisions

Earnings Outlook for the Fiscal Year Ended March 31, 2024



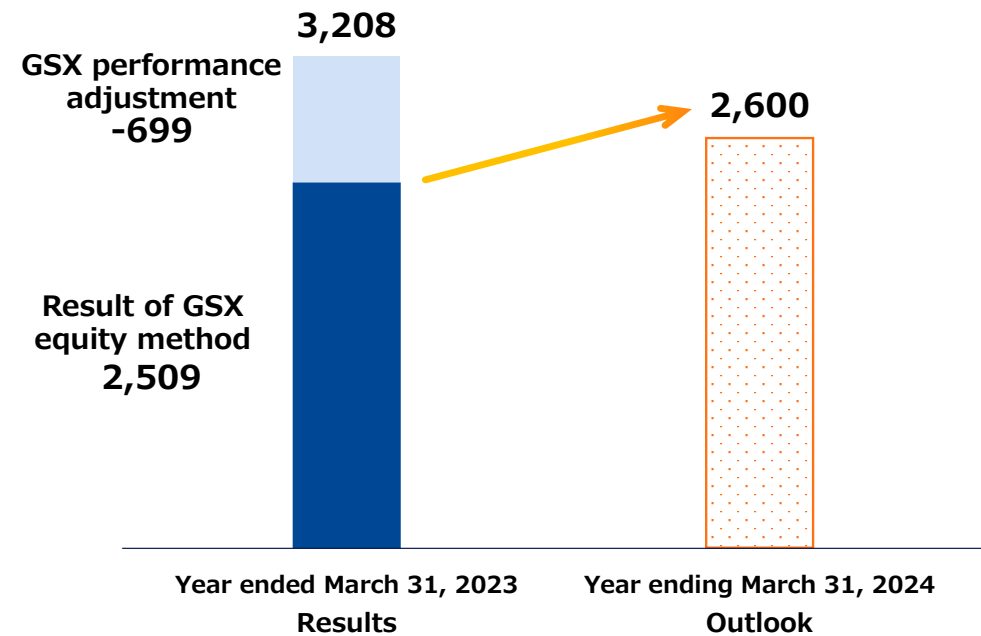
Revenue

Unit: millions of yen



Operating profit

Unit: millions of yen





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 mid-career human resources (PM, SE, BPO, sales)**
 - 52 new hires in the previous year
 - ⇒ **70 new hires/job offers in 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**





Strengthen M&As/Alliances

Exponential growth

Increase corporate value

Achieving Goal 2030

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

Appeal to corporate value

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

Secure human resources

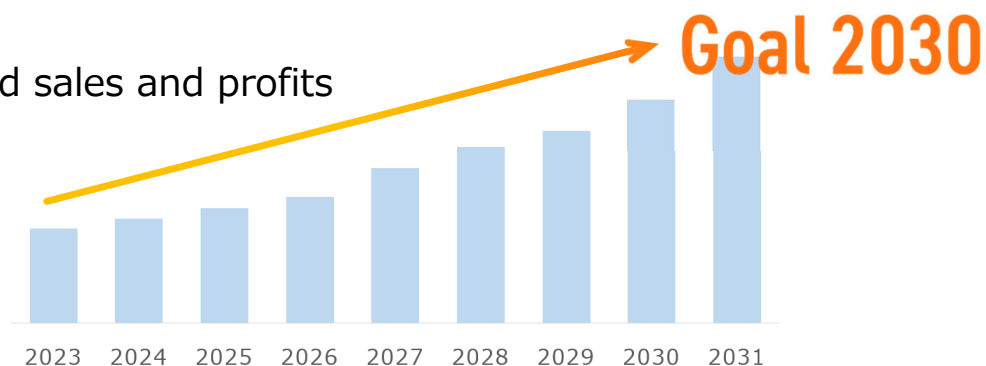
The depletion of the talent pool across the industry has become a major issue, and it is urgent to secure talent for growth

Continue to promote strengthening of alliances

BSC made Group company in April. Continue to promote collaboration with other companies to further improve the corporate value.

Non-organic strategy

Use corporate M&As to expand sales and profits



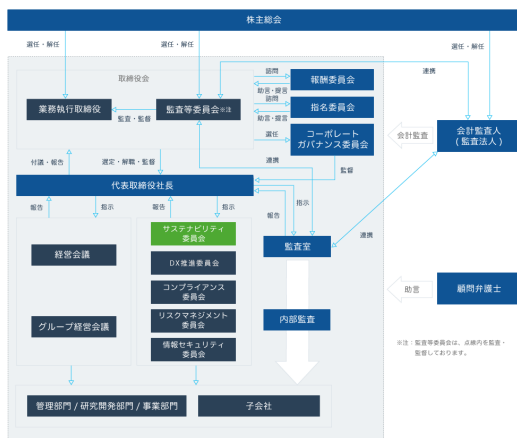
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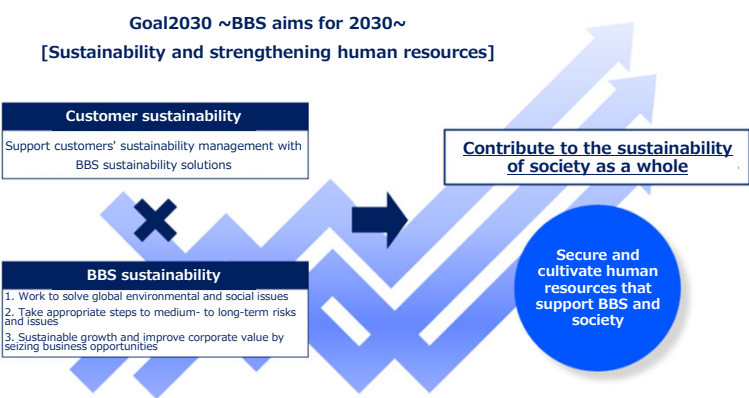
Sustainability Initiatives - TCFD Recommendations

The BBS Group complies with the Task Force on Climate-related Financial Disclosures (TCFD) and discloses its governance, strategy, risk management and metrics and targets.

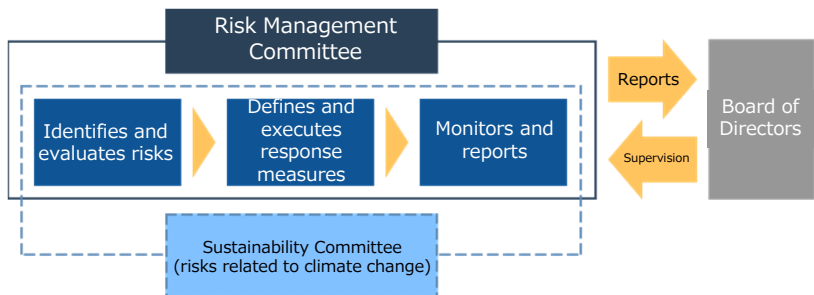
Governance



Strategy



Risk management



Metrics and goals

Category	FY2030 target	FY2050 target
Scope1+2	Reduce BBS Group greenhouse gas emissions by 30% (compared to FY2019)	BBS Group net zero greenhouse gas emissions

For more details, see the BBS website.
<https://www.bbs.co.jp/corporate/sustainability/environment/tcf.html>



Initiatives for TCFD Recommendations

BBS Group's climate-related risks and opportunities and their financial impact



Type of risk or opportunity			Description of risk and opportunity
Risk	Transitory	Policy/legislation	[Strengthening of environmental laws and administrative environmental policies] Increase in outsourcing costs due to decarbonization measures by contractors
	Physical	Acute	[Damage to company offices] Lost sales opportunities and decreased sales due to the suspension of sales activities due to disasters at offices
			[Damage to business partners and suppliers] Suspension or downsizing of business due to damage to business partners or suppliers

* The above table is an excerpt of items that have a large financial impact.

For more details, visit the BBS website.

<https://www.bbs.co.jp/corporate/sustainability/environment/tcf.html>





Topics



Certifications

Japan Sports Agency Sports Yell Company 2023

BBS has been certified as a company that actively engages in sports to promote employee health.



What is the Sports Yell Company system?

The system was established to improve the social reputation of companies that promote the creation of an environment in which employees can become familiar with sports, thereby increasing the rate of sports participation by the working-age population as well as the nation as a whole.

2023 Certified Health and Productivity Management Outstanding Organization

This is the second year in a row that BBS has been certified. In addition to measures against COVID-19, BBS has been praised for its unique health management, such as working from home and flextime system to support diverse work styles.





Financial Highlights

Hitoshi Uehara
Senior Executive Officer, General Manager,
Administration Division





Revision of the Statement of Accounts

(announced May 18, 2023)



1. Reason and details of the revision

Regarding the "Statement of Accounts for the Fiscal Year Ended March 31, 2023 [IFRS] (Consolidated)" released on April 28, 2023, BBS decided on May 10, 2023 to sell shares of its subsidiary, as announced in the "Notice of Partial Sale of Shares in a Consolidated Subsidiary" and other documents released on the same day. Due to the decision to sell shares of the subsidiary, there are items that should be revised regarding the accounting treatment of income tax expenses and deferred tax assets of BBS.

1. Adjustment amount

As a result of this revision, "Income tax expenses" will increase by 43 million yen and "Deferred tax assets" will decrease by the same amount.



[Financial Highlights] Consolidated Operating Results

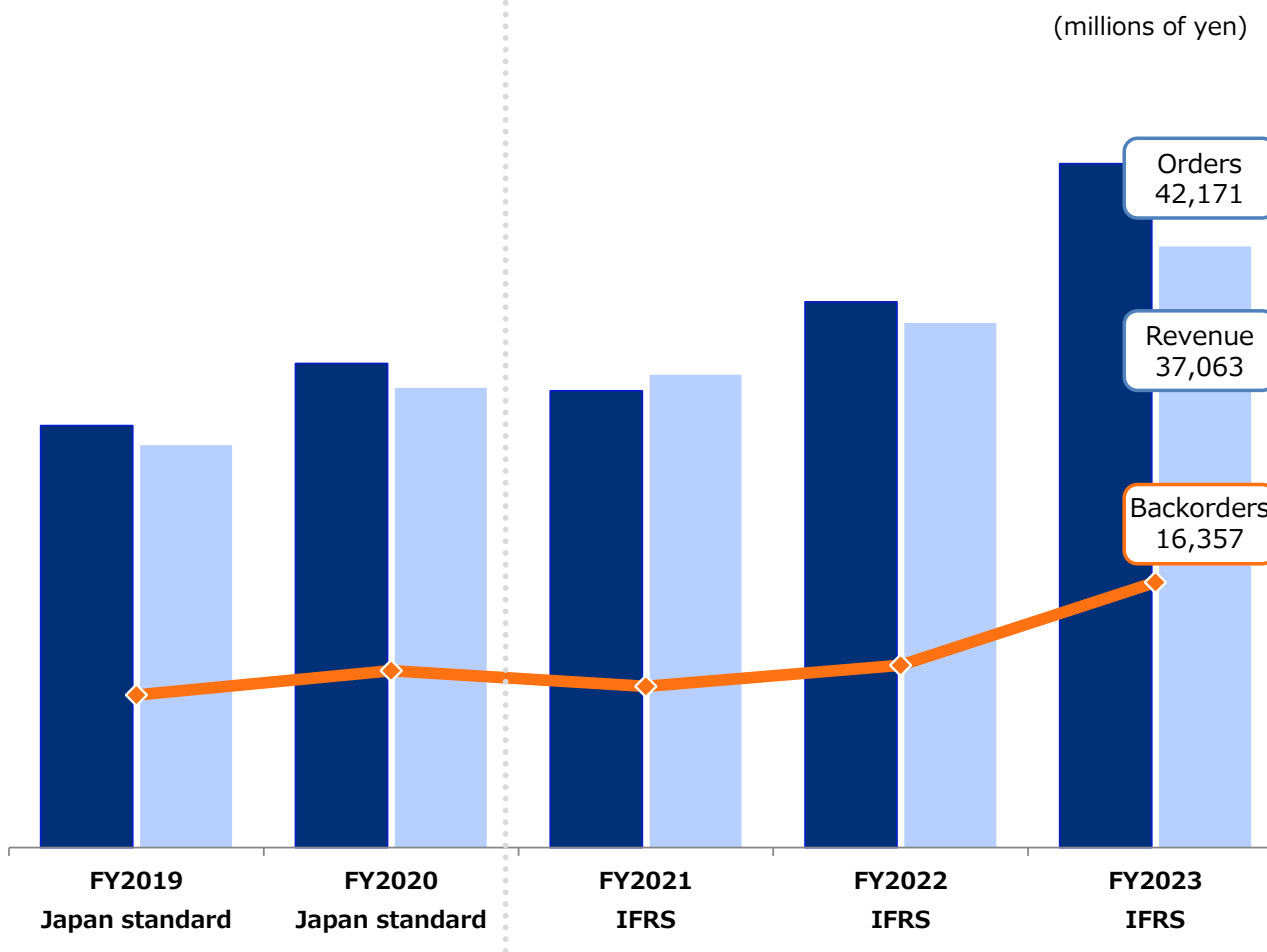


(millions of yen)

	Year ended March 31, 2022	Year ended March 31, 2023	Change from previous year	Earnings * forecast	Ratio to expected value
Orders received	33,647	42,171	25.3%	-	-
Revenue	32,346	37,063	14.6%	36,000	103.0%
Operating profit	2,745	3,208	16.9%	3,000	106.9%
Ratio of Operating profit	8.5%	8.7%	+0.2 points	-	-
Profit before tax	2,792	3,241	16.1%	3,000	108.0%
Profit	1,828	2,067	13.1%	2,000	103.4%
Profit attributable to owners of parent	1,782	1,838	3.2%	1,800	102.1%
Return on equity attributable to owners of parent	5.5%	5.0%	-0.5 points	-	-
Quarterly diluted earnings per share	147.55 yen	154.69 yen	+7.14 yen	-	-
ROE	14.9%	13.0%	-1.9 points	-	-

* Values announced on April 28, 2022

[Financial Highlights] Orders Received, Backlog of Orders, and Revenue



Orders Received, Backlog of Orders, and Revenue

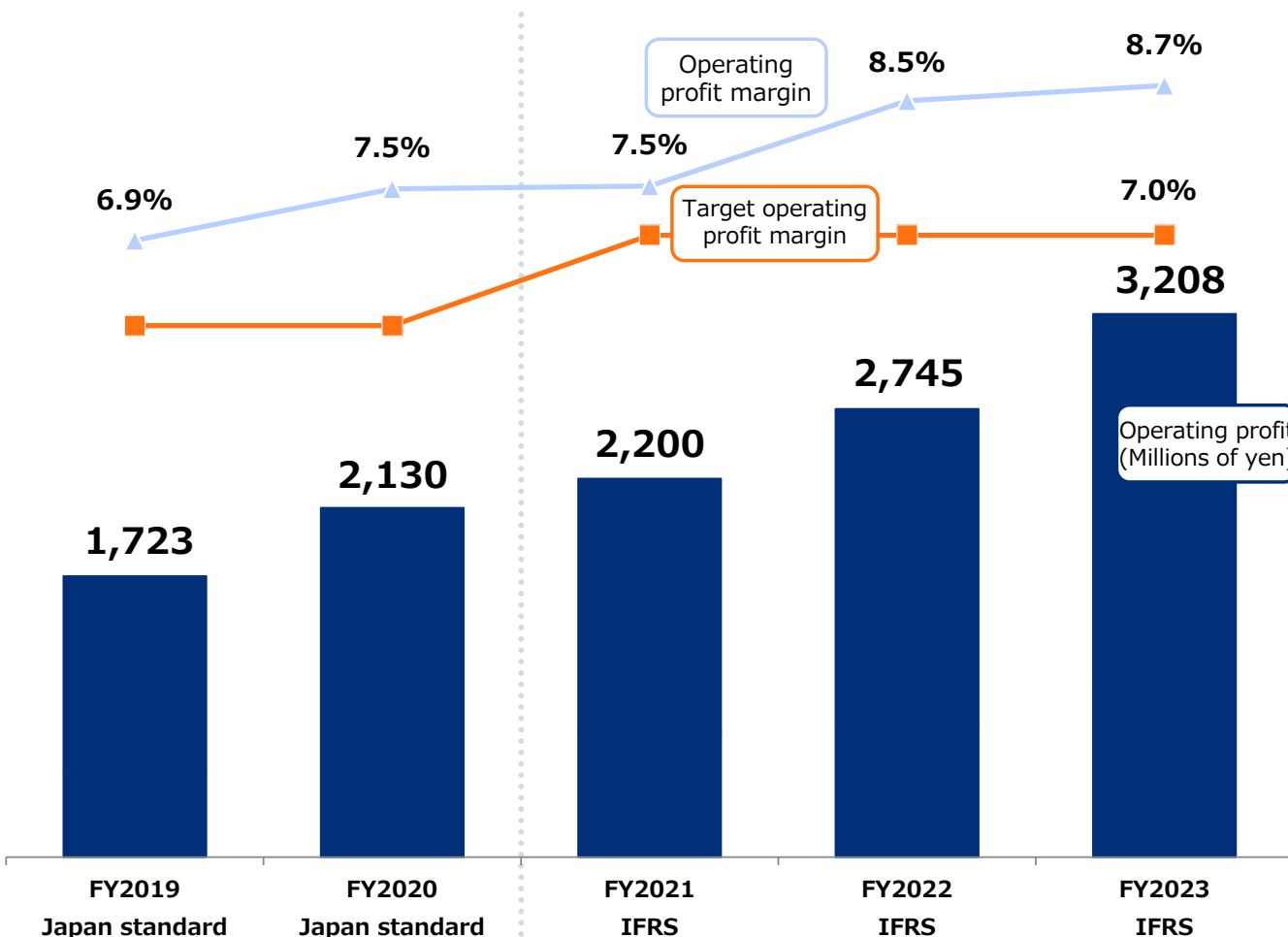
- Orders received grew 25.3% yoy (start of consulting and system developing +20.1%, BPO +41.6%)
- The backlog of orders also increased, reaching a record high.
- Sales revenue increased for the 13th consecutive year
- Significant growth in the information security field
- Significant increase in revenue in the accounting system field due to the acquisition of a subsidiary

* 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
Fiscal year ended March 31, 2022 (first half)	2,745
Gross profit increase	997
Increase in SG&A expenses (- indicates an increase in expenses)	
Increase due to acquisitions (JW, BSC)	-406
Increase in personnel expenses	-553
Increase in outsourcing costs	-93
Increase in hiring costs	-46
Decrease in depreciation and rent	487
Decrease in advertising expenses	122
Other	-45
Increase in SG&A expenses, etc.	-534
Fiscal year ended March 31, 2023 (current period)	3,208

* 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.

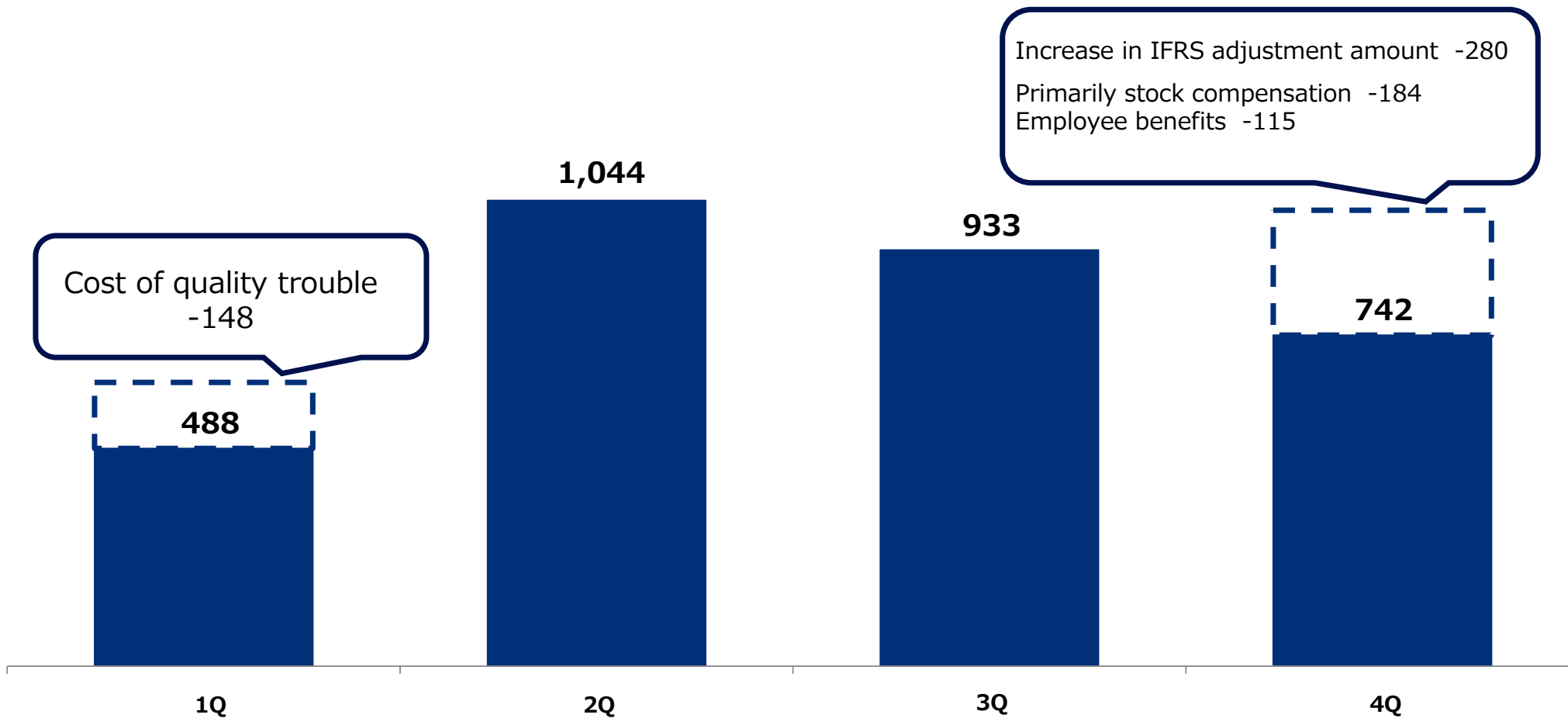




[Financial Highlights] Trend in Quarterly Operating Income

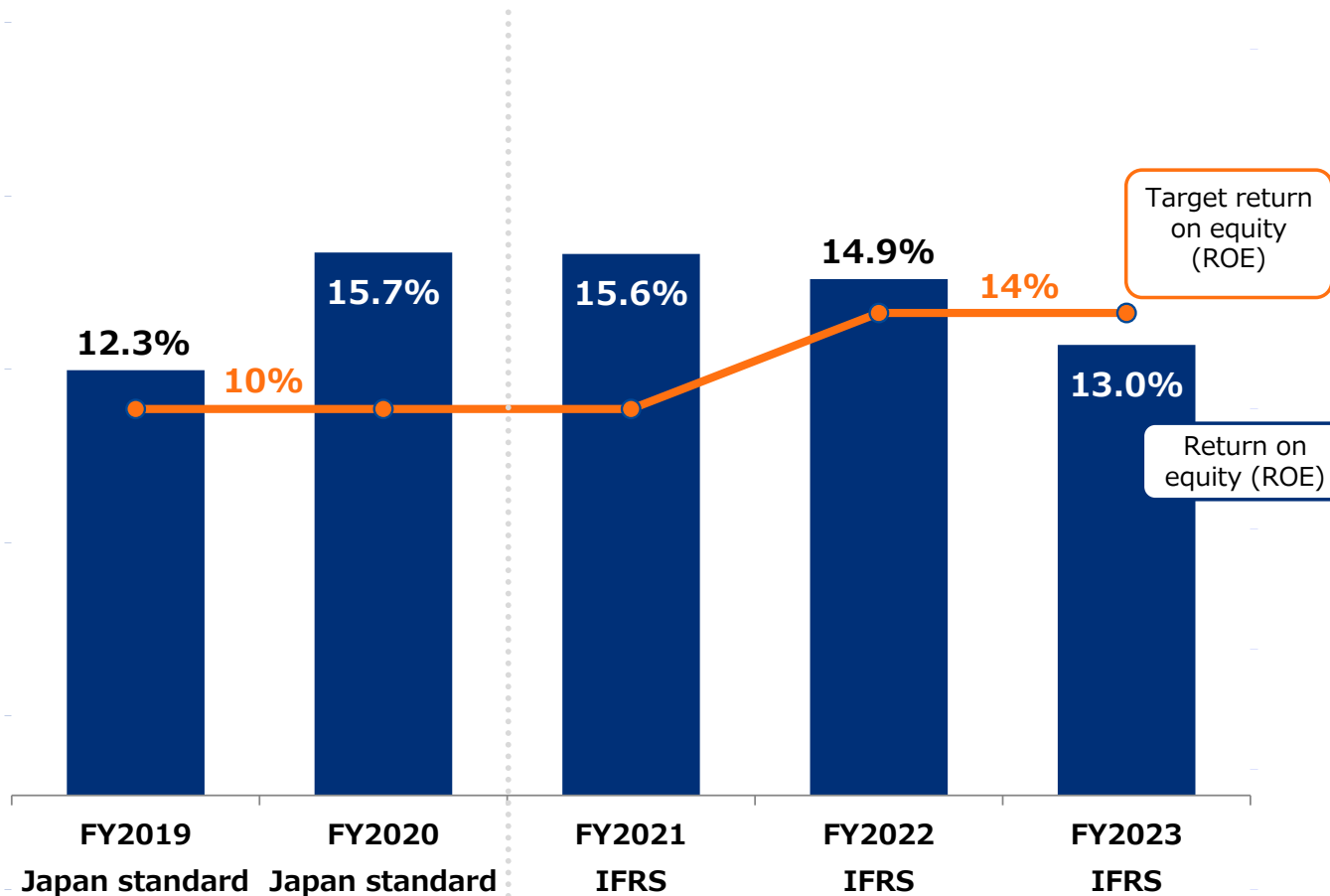


(millions of yen)





[Financial Highlights] Return on Equity (ROE)



Target not achieved

Net profit margin on sales revenue (5.5%→5.0%)

Despite an increase in revenue, the operating profit margin improved by 0.2 percentage points, but the profit margin attributable to owners of the parent company decreased due to the sale of GSX shares.

Total capital turnover (1.3→1.3)

While cash, financial assets, and trade receivables increased, there was little change due to a decrease in contract and right-of-use assets at headquarters and other offices.

Financial leverage (2.1→2.1)

There was no significant change in capital due to an increase from the sale of GSX shares and a decrease from share repurchases.

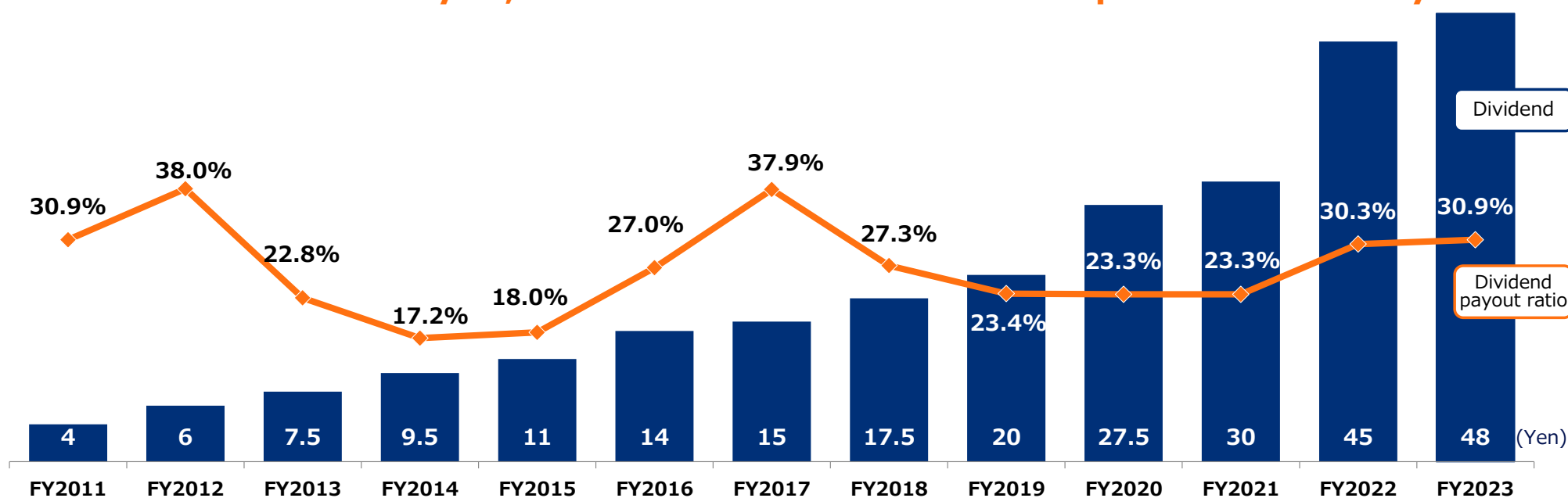




[Earnings Forecast] Dividends

Interim dividend of 22 yen.

Based on the basic policy of a 30% dividend payout ratio, the year-end dividend will be 26 yen, with total annual dividend expected to be 48 yen.



*The Company conducted a 2-for-1 stock split of common stock, effective July 1, 2020.

Accordingly, the annual dividend per share for the fiscal year ended March 31, 2020 and prior is shown after taking into account the stock split.



[Financial Highlights] Income (Loss) by Segment

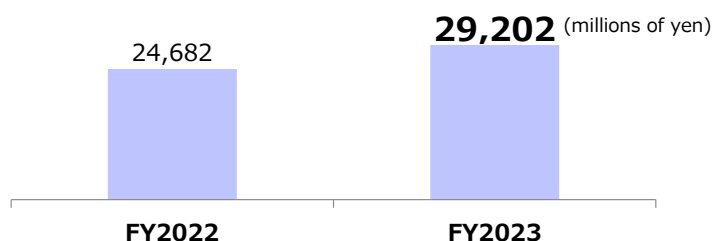
Significant increase in sales and profit in the consulting and system development businesses

Consulting and system development business

Management services (BPO) business

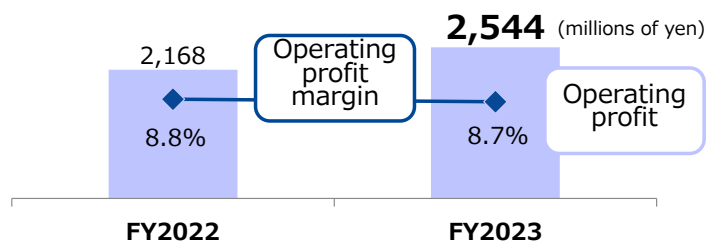
Revenue

■ YoY: **4,520** million yen (+18%)



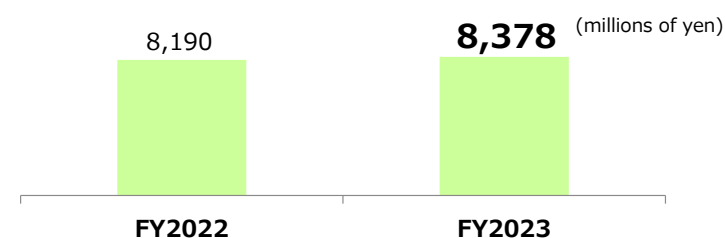
Segment income

■ YoY: **376** million yen (+17%)



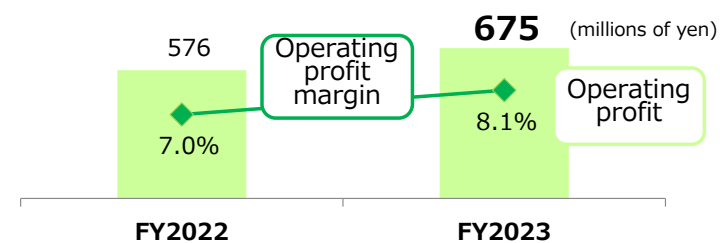
Revenue

■ YoY: **188** million yen (+2%)



Segment income

■ YoY: **99** million yen (+17%)



[Financial Highlights] Consulting and System Development Business Details



(millions of yen)

	Revenue			Segment income		
	Year ended March 31, 2022	Year ended March 31, 2023	YoY Increase (decrease)	Year ended March 31, 2022	Year ended March 31, 2023	YoY Increase (decrease)
Accounting system consulting and system development	14,811	17,653	2,842	1,541	1,451	-90
System development for the financial industry	5,259	5,357	98	298	214	-84
Information security consulting	4,366	5,544	1,178	318	736	418
PLM support solutions	766	1,148	382	80	173	93
(Adjustment)	-520	-500	20	-69	-30	39
Segment total	24,682	29,202	4,520 	2,168	2,544	376

■ **Accounting system consulting and system development**

Significant increase in sales due to sales of 2,049 million yen from JW, which was acquired in August two years ago, and BSC, which was acquired in April last year. Profit and loss contributed 7 million yen due to posting PMI expenses. Excluding the effects of acquisitions, sales increased by 5%, and the profit margin was 9%, down about 1 percentage point from the previous term. The impact of IFRS adjustments is -270 million yen.

■ **System development for the financial industry**

Sales of fund wrap projects expected in the 4th quarter were pushed to the next fiscal year and did not grow in the second half.

■ **Information security consulting**

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

■ **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			
	Year ended March 31, 2022	Year ended March 31, 2023	YoY Increase (decrease)		Year ended March 31, 2022	Year ended March 31, 2023	YoY Increase (decrease)	
HR and payroll related outsourcing	3,243	3,276	33	↑	307	511	204	↑
Outsourcing for global companies	1,918	1,890	-28	↓	143	42	-101	↓
Outsourcing for foreign companies	898	1,012	114	↑	66	85	19	↑
Onsite BPO	2,236	2,281	45	↑	116	107	-9	→
(Adjustment)	-105	-81	24		-56	-70	-14	
Segment total	8,190	8,378	188	↑	576	675	99	↑

■ **HR and payroll related outsourcing**

Sales remained flat due to a lack of growth in orders received as a result of handling unprofitable projects in the previous fiscal year. Significant increase in profit due to review of project management and streamlining of operations.

■ **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.

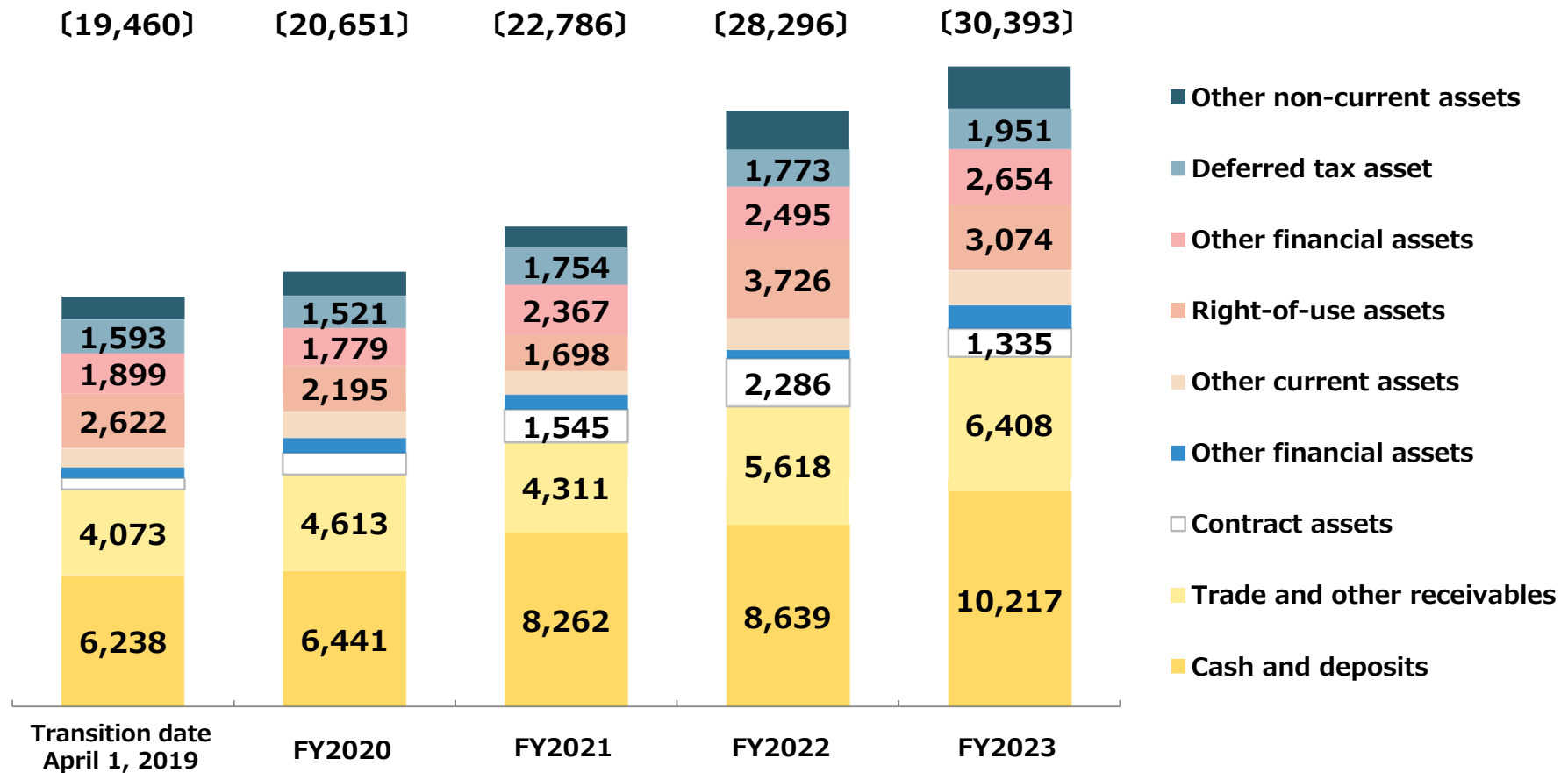


[Financial Highlights] Consolidated B/S [Assets] (IFRS)



Assets

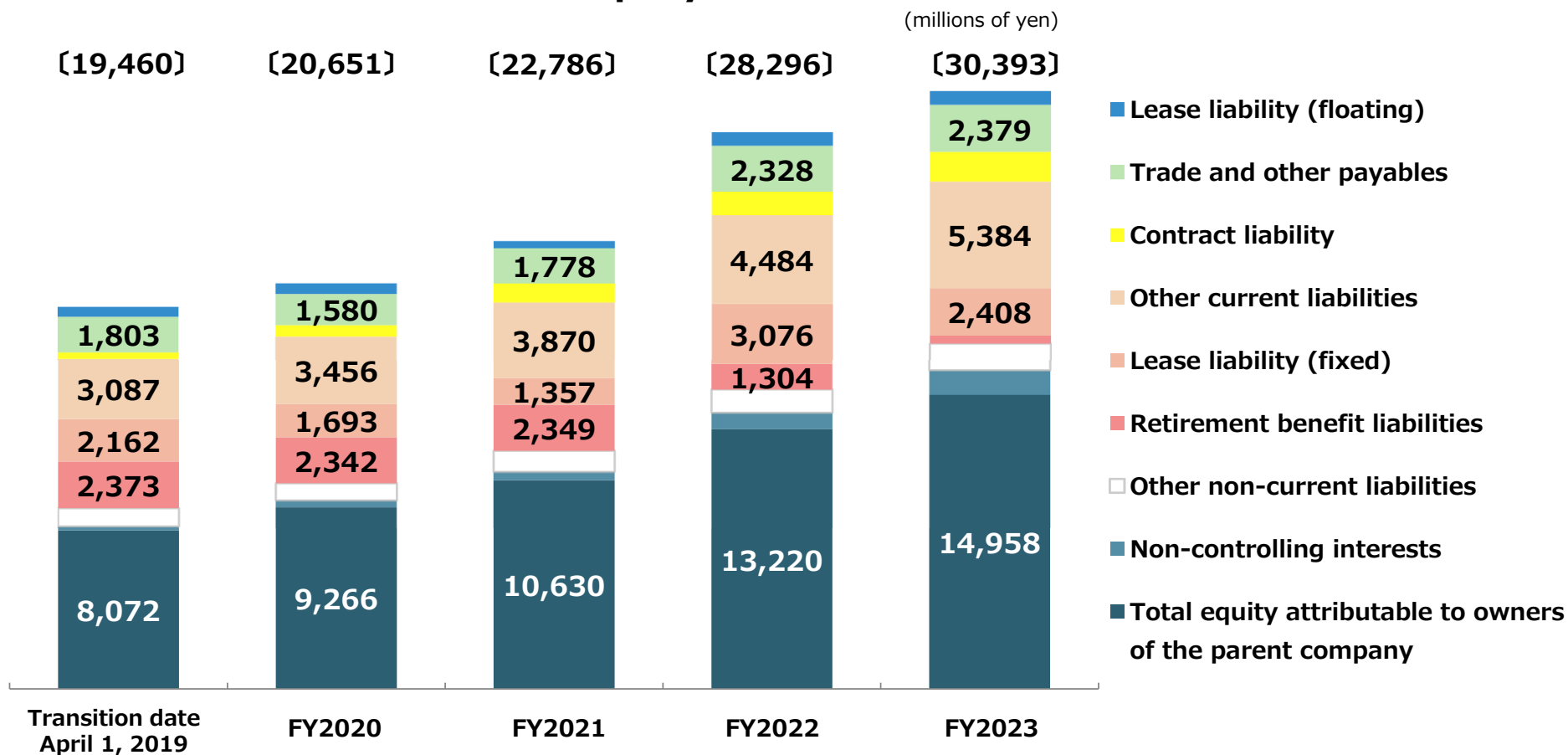
(millions of yen)



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

Liabilities and Equity

(millions of yen)





Earnings Forecast



[Earnings Forecast] Consolidated Operating Results



Lower sales and income expected due to group restructuring.

(millions of yen)

	Fiscal year ended March 2023 (actual)	Fiscal year ending March 2024 (forecast)	Difference	YoY change
Orders received	42,171	35,500	-6,671	-15.8%
Revenue	37,063	34,000	-3,063	-8.3%
Operating profit	3,208	2,600	-608	-19.0%
Ratio of operating profit	8.7%	7.6%	-1.1%	-
Profit before tax	3,241	20,920	17,679	545.5%
Profit	2,067	14,552	12,485	604.0%
Profit attributable to owners of parent	1,838	14,522	12,684	690.1%
Ratio of profit attributable to owners of parent	5.0%	42.7%	+37.7%	-
Dividend per share	48 yen	72 yen	24 yen	-



[Earnings Forecast] Consolidated Operating Results



When the equity method is applied to GSX in the fiscal year ended March 31, 2023. (millions of yen)

	Fiscal year ended March 2023 (actual)	Fiscal year ending March 2024 (forecast)	Difference	YoY change
Orders received	35,965	35,500	-465	-1.3%
Revenue	31,748	34,000	2,252	7.1%
Operating profit	2,509	2,600	91	3.6%
Ratio of operating profit	7.9%	7.6%	-0.3%	-
Profit before tax	2,776	20,920	18,144	653.6%
Profit	1,846	14,552	12,706	688.3%
Profit attributable to owners of parent	1,838	14,522	12,683	690.1%
Ratio of profit attributable to owners of parent	5.8%	42.7%	+36.9%	-
Dividend per share	48 yen	72 yen	24 yen	-



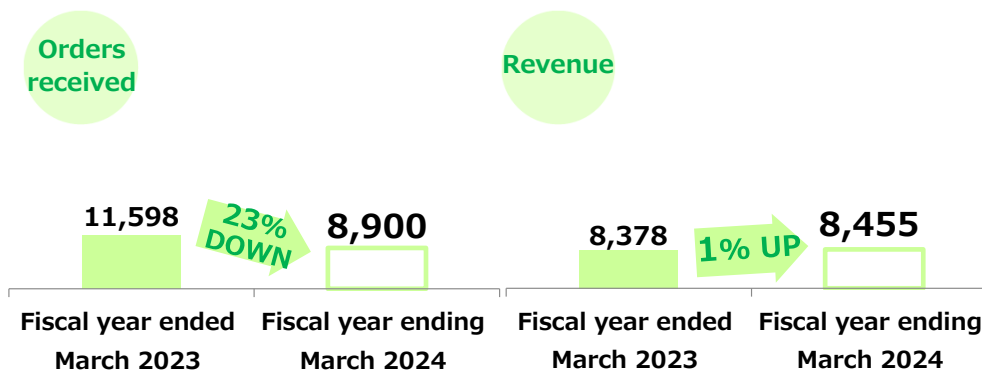
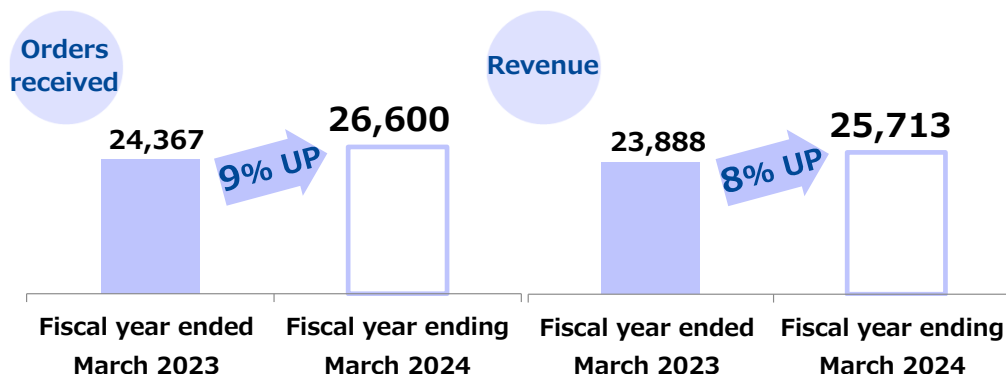


[Earnings Forecast]

1. Outlook for orders received and revenue (*Assuming that the equity method is applied to GSX in the fiscal year ended March 31, 2023)

Consulting and system development business

Management services (BPO) business



- Expect growth of JW and BSC in addition to expansion of non-consolidated performance in accounting system consulting and system development.
- Steady growth expected in other fields.

- Seeking to expand performance by focusing on activities to receive orders for HR and salary outsourcing.
- Expected to increase orders through full-scale operation of the new Kagoshima Center and use of digital transformation in outsourcing for global companies.

2. Conduct strategic investment 400 million yen

- Secure core human resources - Actively recruit PMs and other mid-level employees, strengthen digital transformation training
- Quality improvement - Establish a quality control system with emphasis on quality in advance
- Automation of BPO by leveraging digital transformation technology

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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

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APPENDIX



Expansion of Introduction of FBS Fund Wraps and its Ripple Effect

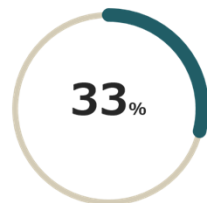
- Expand sales channels and create new solutions -

- ✓ Increased industry recognition and expectations for BBS due to expansion of sales channels → Creation of more opportunities for proposals
- ✓ Promote collaboration/partnership for new solutions adapted to industry changes (shift to asset balance fees)

Share status of package introduction

(BBS summary)

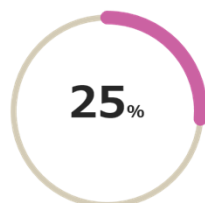
1st tier/2nd tier securities companies	Mid-sized securities	Robo-advisors/Trusts/Assets
Mitsubishi UFJMS Securities Tokai Tokyo Financial Group	Ichiyoshi Securities Mito Securities Negotiations in progress *Introduction of new PKG	Mitsubishi UFJ Trust, Tokai Tokyo AM Company X which fully adopted robo-advisor services introduced in May 2023 Negotiations in progress *Bank investment trust core vendor



In-house service_Total 6 companies / FBS 2 companies

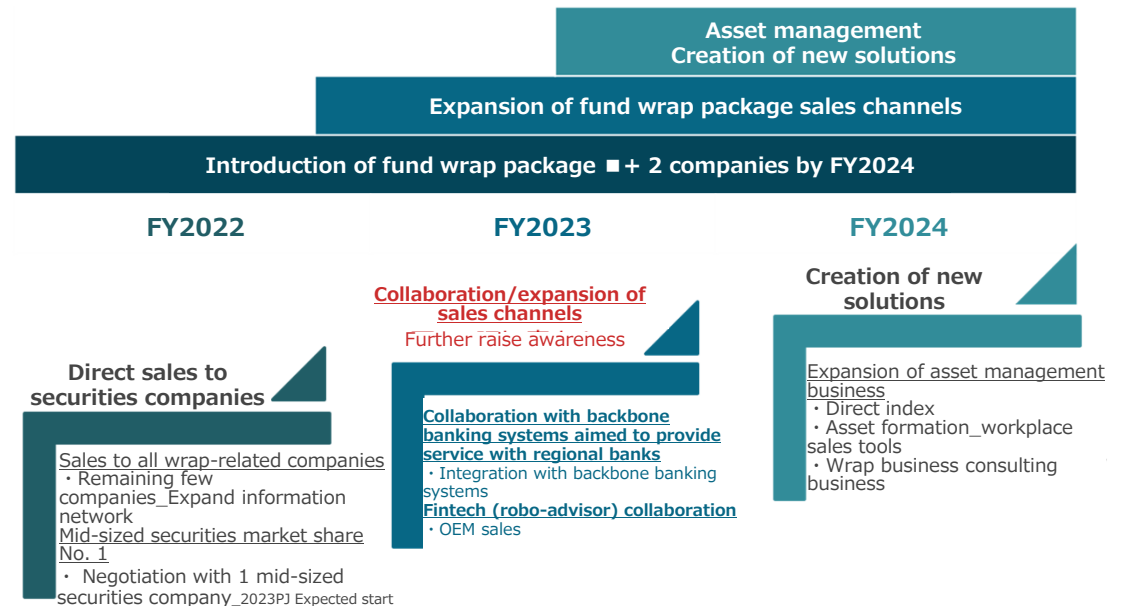


In-house service_Total 4 companies / FBS 2 companies



Regional banks and IFA agency sales_Total 8 companies / FBS 2 companies

“Wrap-related system = FBS” Brand power established



BSC Corporate Tools to Support Promotion of Digital Transformation



While the demand for paperless systems to promote digital transformation in the corporate world is growing stronger, there are an increasing number of cases where companies are introducing additional systems that can be easily integrated with their backbone systems because it takes considerable time and money to modify their existing backbone systems.

BSC supports the promotion of corporate digital transformation by building systems that interlock with mission-critical systems using **楽々 WorkflowII and **楽々 Framework3****
Workflow system *1 Low-code development tool *2

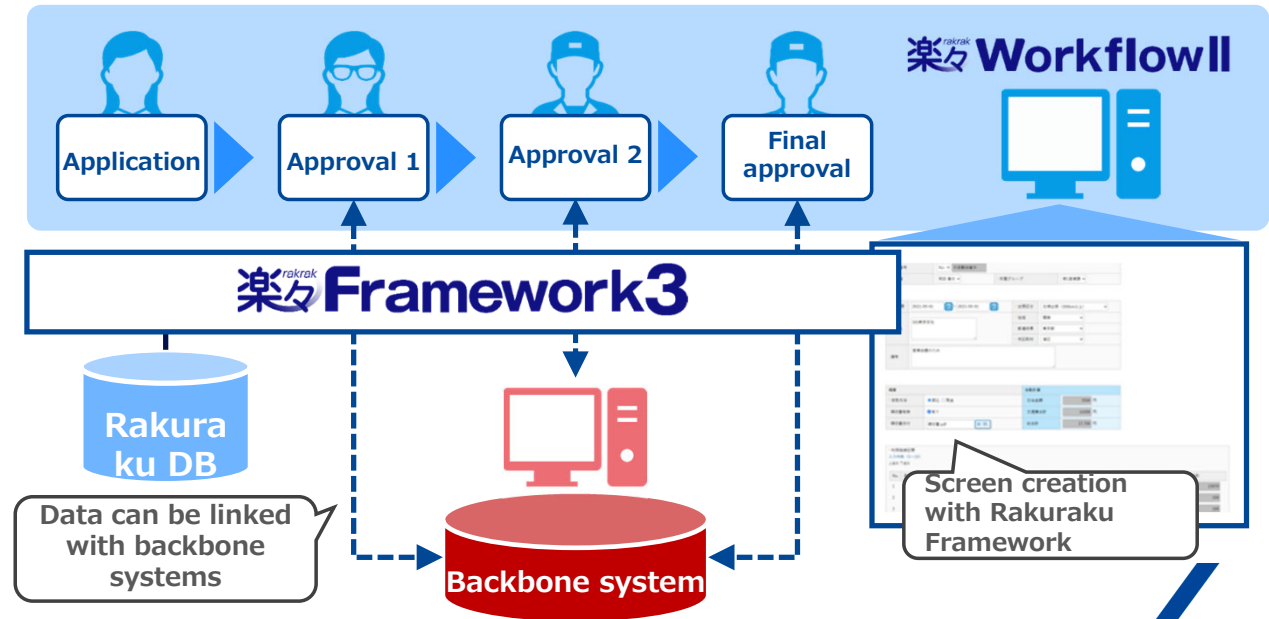
Development track record

	Industry	System name	Scale	Product used
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 Electronic approval/approval system product (Sumitomo Electric Information Systems Co., Ltd.)

*2 Low-code development platform product (same as above)

Diagram of linkage with backbone system



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Company Profile

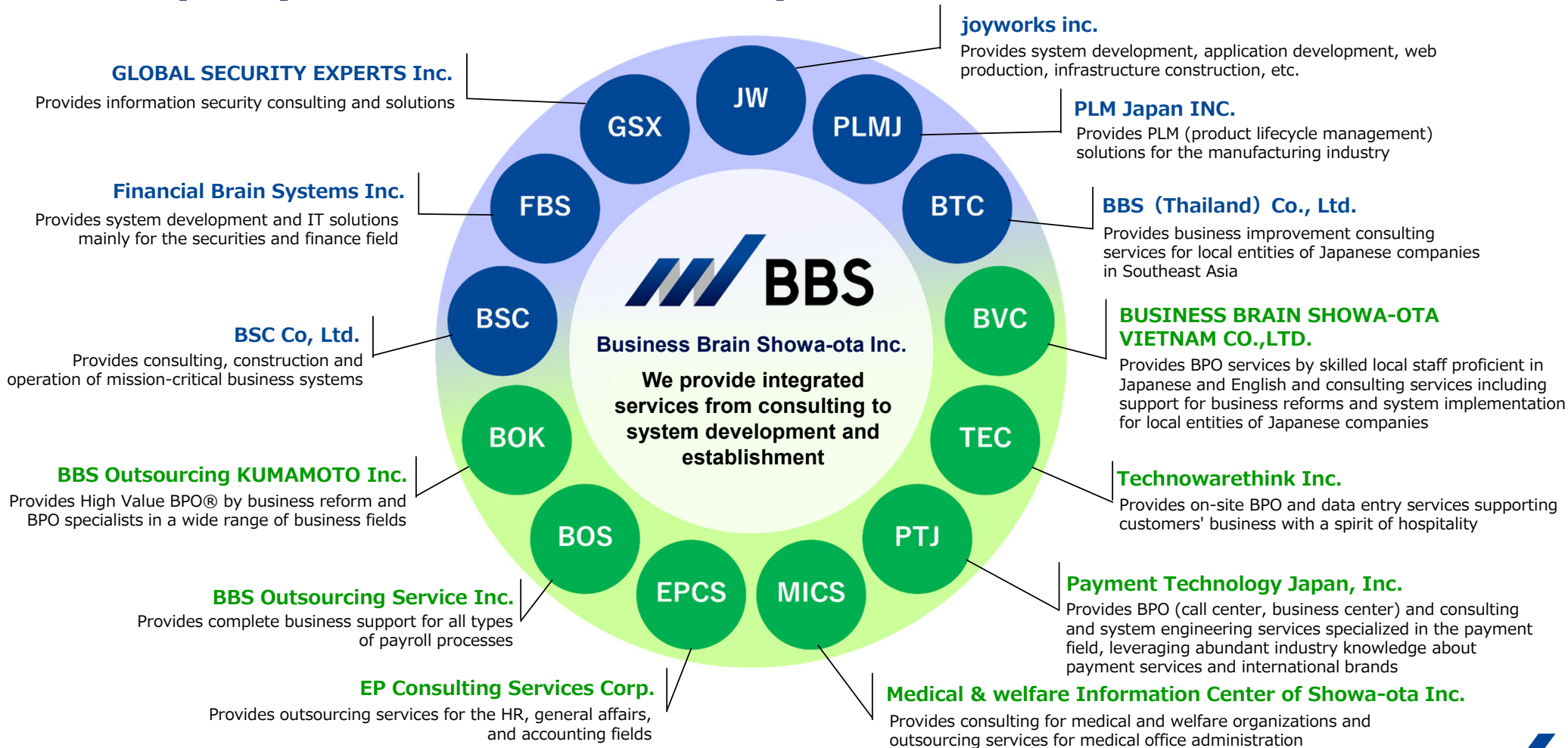
Name	株式会社ビジネスブレイン太田昭和
Name in English	Business Brain Showa-Ota Inc.
Headquarters	15F Hibiya Fort Tower, 1-1-1 Nishishimbashi, Minato-ku, Tokyo
Offices	Headquarters, Osaka Branch, Nagoya Branch, Shizuoka Branch, Outsourcing Services Division (Shizuoka Office), Global Shared Services Division (Kumamoto 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	680 (non-consolidated) 1,898 (consolidated)*

*Including 14 consolidated subsidiaries of BBS Group
BBS Group Network URL: <https://www.bbs.co.jp/corporate/group/>

(As of the end of March 2023)



Company Profile BBS Group Network





END

