



1st Half Financial Results Briefing for the Fiscal Year Ended March 2024

Securities code: 9658



November 21, 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**



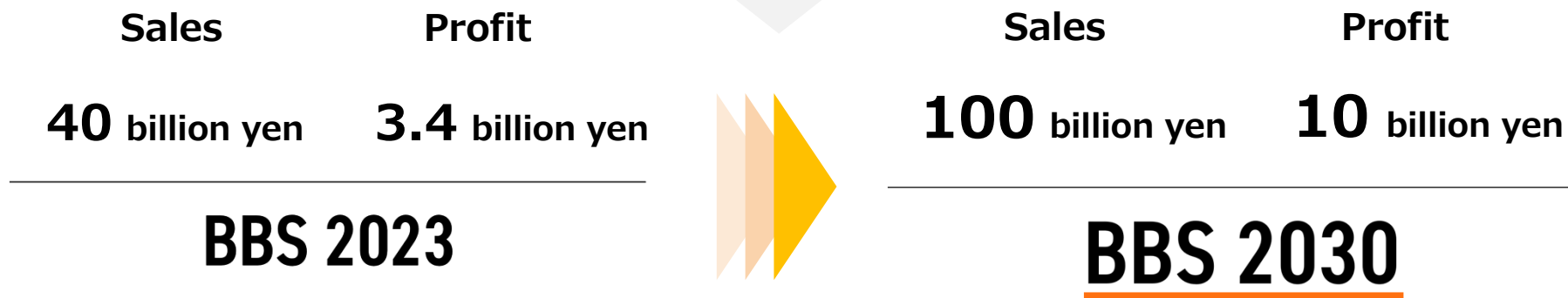


Goal 2030 (repost)



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>106.2%</p>	<p>Strengthen group synergies Orders received among group companies</p> <p>76</p>	<p>“R” CN2 strategy Royal Customer sales</p> <p>4,398 million yen</p>	<p> Strengthen Human Resources Hands-on internships 57 mid-career hires</p>
<p>Business profit</p> <p>113.8%</p>	<p>Strengthen M&As/Alliances Joyworks and BSC sales</p> <p>1,146 million yen</p>	<p>No.1 Strategy New customer sales (BBS non-consolidated)</p> <p>65 million yen</p>	<p> Promote digital transformation Promote in-house digital transformation</p>
<p>Profit attributable to owners of parent</p> <p>99.9%</p>	<p>BBS Quality Strengthen quality standards and reviews Promote prevention of failures</p> <p>Strengthen branding Page views</p> <p>28,000 increase</p>	<p>BPO business strategy RPA/OCR application results</p> <p>7 Digital transformation: Includes full automation of manual journal entries</p>	<p>Promote digital transformation of the group</p> <p> Sustainability Compliant information disclosure CDP / S&P CSA</p>

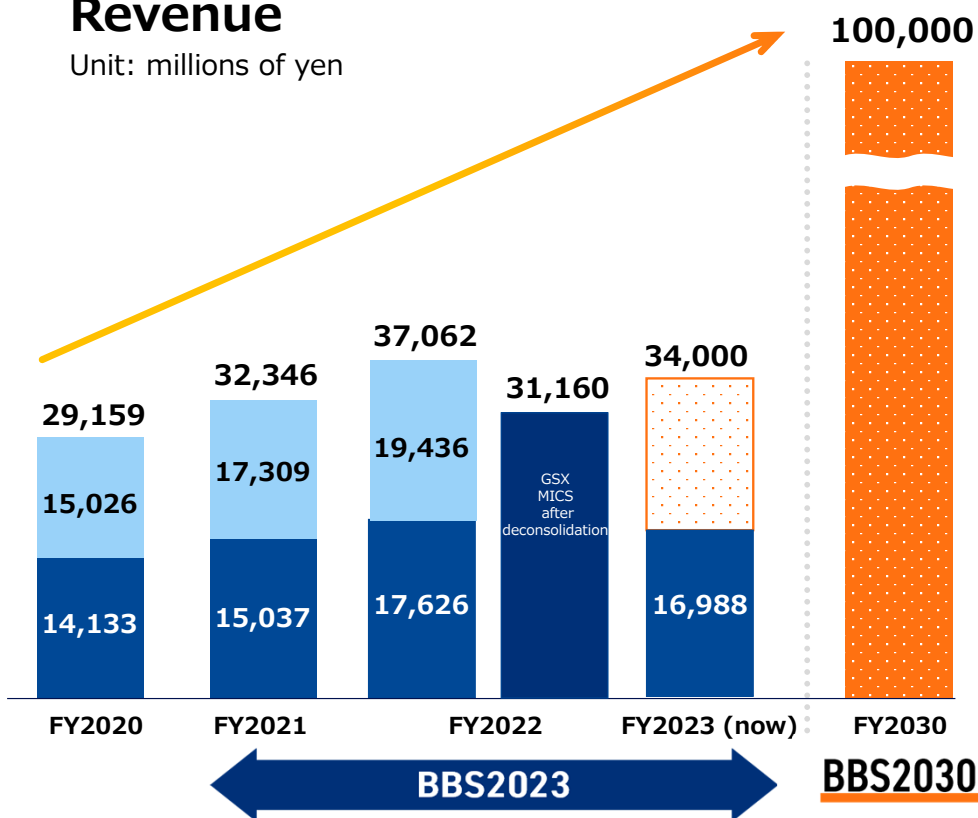


Business Progress



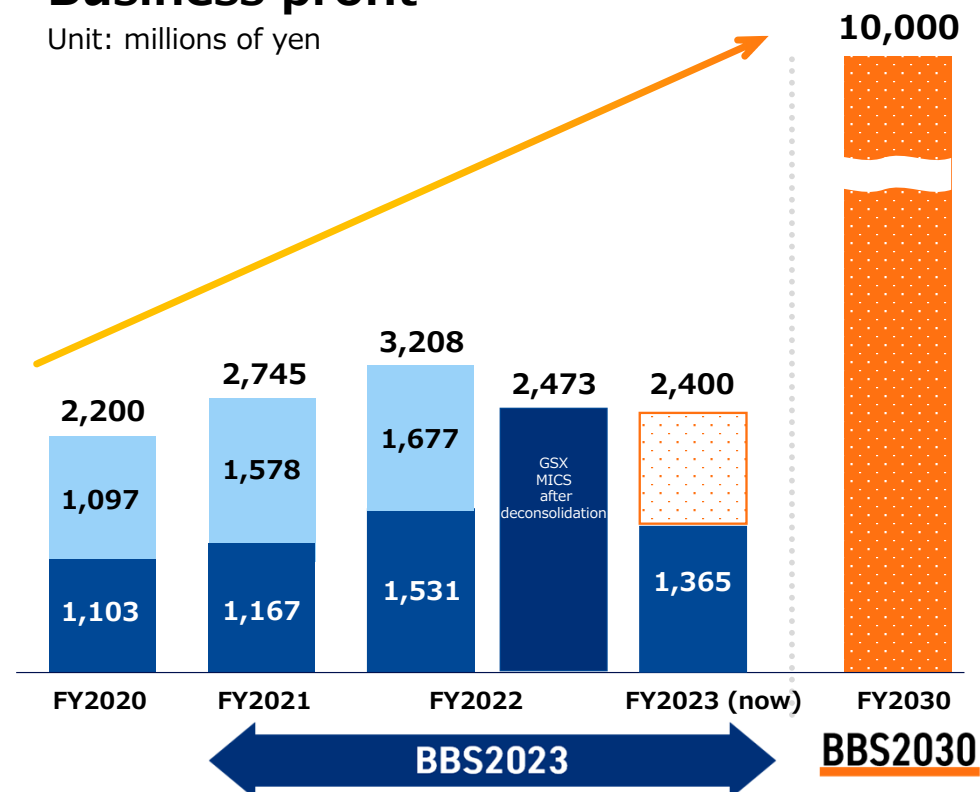
Revenue

Unit: millions of yen



Business profit

Unit: millions of yen



Sales and profits declined in the first half of the third year of the medium-term management plan, and for the second quarter of the fiscal year ending March 2024. For the full year, excluding the impact of deconsolidation in May, sales are expected to increase and profits to be at the same level. Focus on capital alliances and alliances to concentrate management resources to achieve "BBS2023."

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Capital Policy - Measures -

ROE Target

Target

ROE 14%

For the BBS Group

Pay reliable dividend

Payout ratio

Basic policy of

40%

Interim dividend increase

33 yen → 36 yen

Strengthen M&As and alliances

Reason

- Focused resources on business models centered on management accounting

Measures

- Made Fresco Inc. a subsidiary
- Expanded and enhanced existing businesses
- Promoted development of new technologies and services

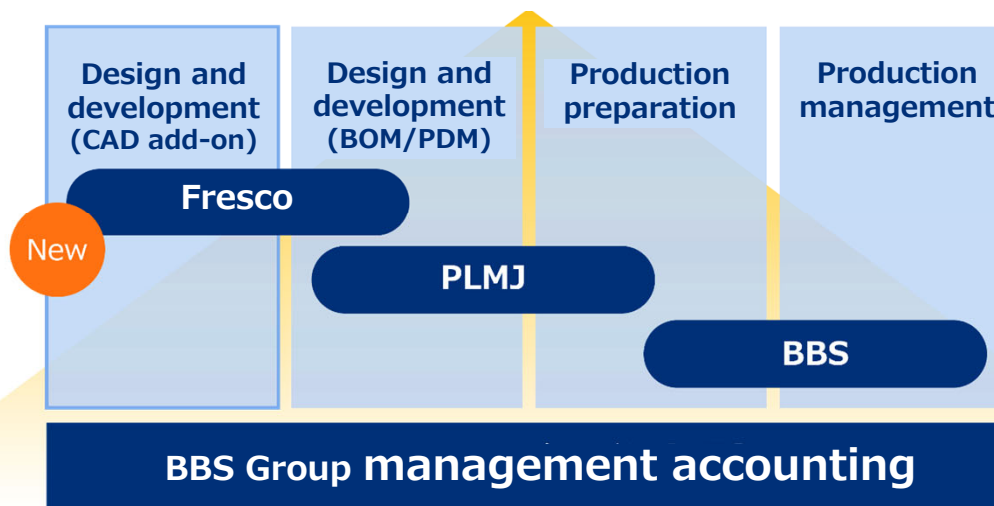


Background
/ Purpose

Deepening the BBS cycle

Enhancing and expanding production management-related solutions to provide deeper management accounting

Enabling the **provision of consistent services** to customers in the manufacturing and construction industries



Company profile

Name	Fresco Inc.	Representative	Masashi Nagata, Representative Director and President
Location	39 Kanda Higashimasushita-cho, Chiyoda-ku, Tokyo	Number of employees	48
Business description	Provision of a wealth of experience and superior technology and know-how in CAD/PDM systems		



Promoting Employee Engagement

Reaffirming corporate culture - In anticipation of Goal 2030 -

Goal 2030 Sales **100** billion yen Profit **10** billion yen

B Back Office Comprehensive Supporter

B Become a new management partner

S Sustainability Management / Strengthening human resources

Challenge! Innovation!

— Reaffirming corporate principles—



Dialogs with Executives

Purpose of dialogs with executives

Held interactive dialogs with BBS executives as an opportunity for employees to think more deeply about “corporate culture (corporate philosophy/corporate principles)” and “diversity and inclusion” and how they can put them into practice.





DX (Digital Transformation)

DX of back office operations

Improve operational efficiency through DX of back office operations

Use RPA/AI-OCR to promote operational efficiency through BPR support for back office departments



Approximately

2,280

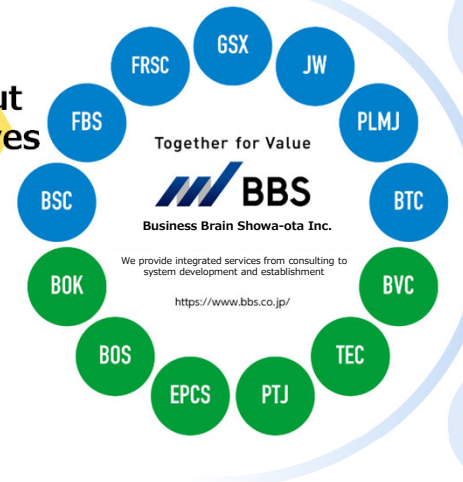
hours saved per year

(Results in 8 divisions in FY2022)

DX of group companies

Roll out BBS's DX initiatives to group companies

Roll out initiatives



Support for understanding the needs of each company and formulating promotion policies

BPR support using RPA/AI-OCR

Share examples of initiatives and know-how between groups



Better IR Information (English versions available)



Financial summary

Financial results briefing(Explanatory materials/transcriptions)

Notice of AGMs

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								
Inquiries:	Senior Executive Officer									
	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		Comprehensive income	
	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	-
Three months ended June 30, 2022	8,406	14.0	488	(12.1)	481	(16.2)	289	(19.2)	252	(26.4)
	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							

URL: <https://www.bbs.co.jp/english/ir/accounting/>

BBS 2023 Progress Summary

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

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This is a summary of our activities under the medium-term management plan BBS2023.

As you can see, revenue and profit exceeded the plan. Regarding company-wide strategies, group synergies and M&A are showing good results.

In terms of business strategy, the "R" CN2 Strategy expanded royal customer transactions, while the No. 1 Strategy and BPO business strategy also achieved results.

Our corporate strategy is also gradually producing results, and we will further accelerate our activities to build up our track record.

URL: <https://www.bbs.co.jp/english/ir/briefing/>

Securities Code: 9658
June 2, 2023

To our shareholders:

Kazuhiro Komiya
President
Business Brain Showa-Ota Inc.
1-1-1 Nishishimbashi, Minato-ku, Tokyo

Notice of the 56th Annual General Meeting of Shareholders

We are pleased to inform you that the 56th Annual General Meeting of Shareholders of Business Brain Showa-Ota Inc. (the "Company") will be held as explained below.

When convening this general meeting of shareholders, the Company takes measures for providing information that constitutes the content of reference documents for the general meeting of shareholders, etc. (matters for which measures for providing information in electronic format are to be taken) in electronic format, and posts this information on each of the following websites. Please access one of the websites by using the Internet address shown below to review the information.

[Company's website]
<https://www.bbs.co.jp/>
(From the above website, select "IR Information")

[Website where informational materials for the general shareholders meeting are posted]
<https://d.sokai.jp/9658/teiji/>

[Tokyo Stock Exchange (TSE) website (Listed Company Search)]
<https://www2.jpx.co.jp/tseHpFront/JJK010010Action.do?Show=Show>
(Access the TSE website by using the Internet address shown above, enter "Business Brain Showa-Ota" in "Issue name (company name)" or the Company's securities code "9658" in "Code," and click "Search." Then, click "Basic information" and select "Documents for public inspection/PR information." Under "Filed information available for public inspection," click "Click here for access" under "[Notice of General Shareholders Meeting /Informational Materials for a General Shareholders Meeting].")

In addition to exercising voting rights by attending the meeting in person, it is possible to exercise your voting rights via the Internet, etc. or in writing (by mail). We request that you examine the reference documents for the general meeting of shareholders and exercise your voting rights by 5:30 p.m. on Thursday, June 22, 2023 (JST).

URL: <https://www.bbs.co.jp/english/ir/general/>





Topics



Awards and Social Contribution Activities

Major awards

"mcframe Award" Excellent Partner

- Recognized for customer perspective and consulting in the manufacturing industry

"Biz/ AWARD 2023" Project Award

- Recognized for advancing multiple projects mainly in the real estate industry

"BizForecast AWARD 2023" Partner of the Year

- Recognized for contributions in a variety of areas, including human resource development and new expansion in Thailand

mcframe Award 2023 award ceremony



Masakazu Haneda, President of B-EN-G (left) and Seita Kaneko, Executive Officer of BBS (right)

Main social contribution activities

Developing athletes who can play an active role in the world

BBS supports Ryukyu Sports Academy



Hikomichi Ishige, President of Ryukyu Sports Academy (left) and Satoru Gima, President of Ryukyu Rehabilitation Academy (right)

BBS painting contest

BBS created an opportunity to foster the creativity and expressiveness of children who will be the next generation.



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Financial Highlights

Hitoshi Uehara
Senior Executive Officer, General Manager,
Administration Division



[Financial Highlights] Consolidated Operating Results



(millions of yen)

	1 st half FY2022	1 st half FY2023	Change from previous year	Earnings* forecast	Ratio to expected value
Orders received	19,117	17,124	-10.4%	-	-
Revenue	17,626	16,988	-3.6%	16,000	106.2%
Business profit	1,531	1,365	-10.8%	1,200	113.8%
Business profit margin	8.7%	8.0%	-0.7 points	-	-
Operating profit	1,533	19,519	1,173.3%	19,198	101.7%
Profit before tax	1,534	19,281	1,156.9%	18,955	101.7%
Quarterly profit	891	13,152	1,376.1%	13,169	99.9%
Quarterly profit attributable to owners of parent	794	13,138	1,554.7%	13,154	99.9%
Quarterly return on equity attributable to owners of parent	4.5%	77.3%	72.8 points	-	-
Quarterly diluted earnings per share	64.88 yen	1,139.26 yen	+1,074.38 yen	-	-

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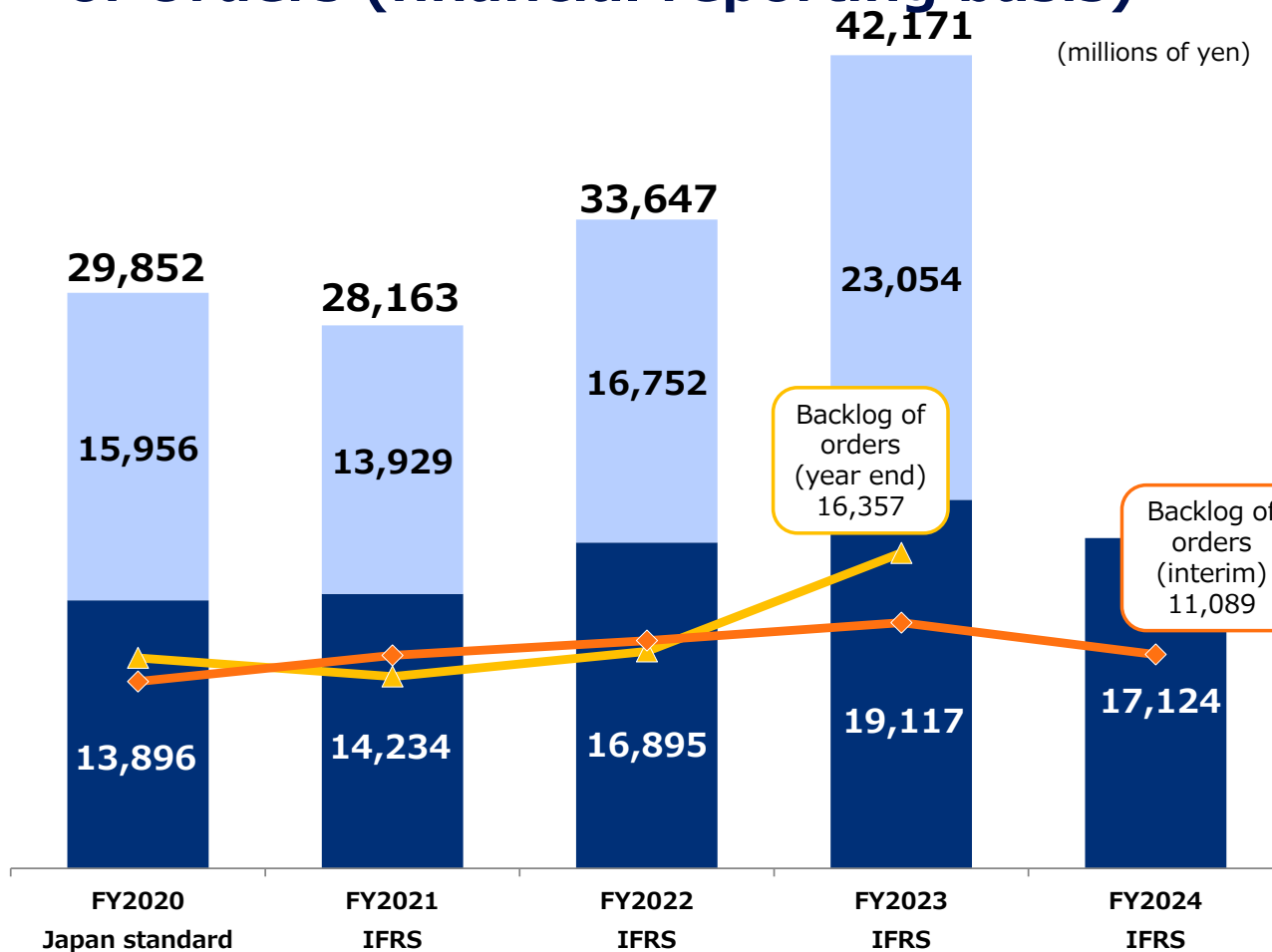
* Values announced as of July 31, 2023

Adjustment from Business Profit to Quarterly Profit Before Tax

(millions of yen)

	1 st half FY2022	1 st half FY2023
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

[Financial Highlights] Orders Received and Backlog of Orders (financial reporting basis)



Decrease due to deconsolidation

Orders: 16% decrease YoY

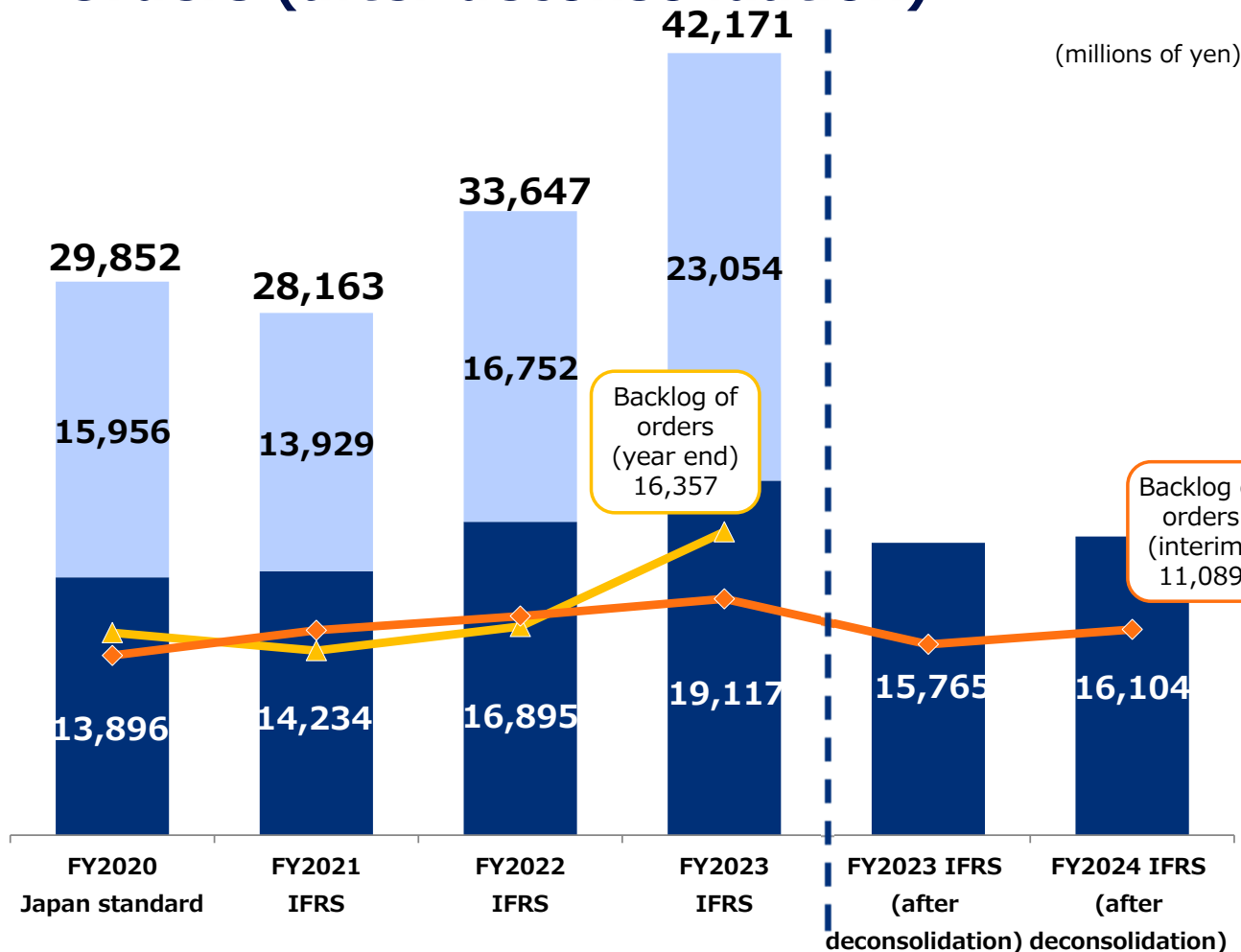
Backlog of orders: 32% decrease YoY

- Consulting/System development
~Impact of deconsolidating GSX
- Management services (BPO)
~Impact of deconsolidating MICS
- 2Q 2023 GSX, MICS

Orders received by both companies: 1,020 million yen

* 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] Orders Received and Backlog of Orders (after deconsolidation)



After adjusting for the impact of deconsolidating GSX and others

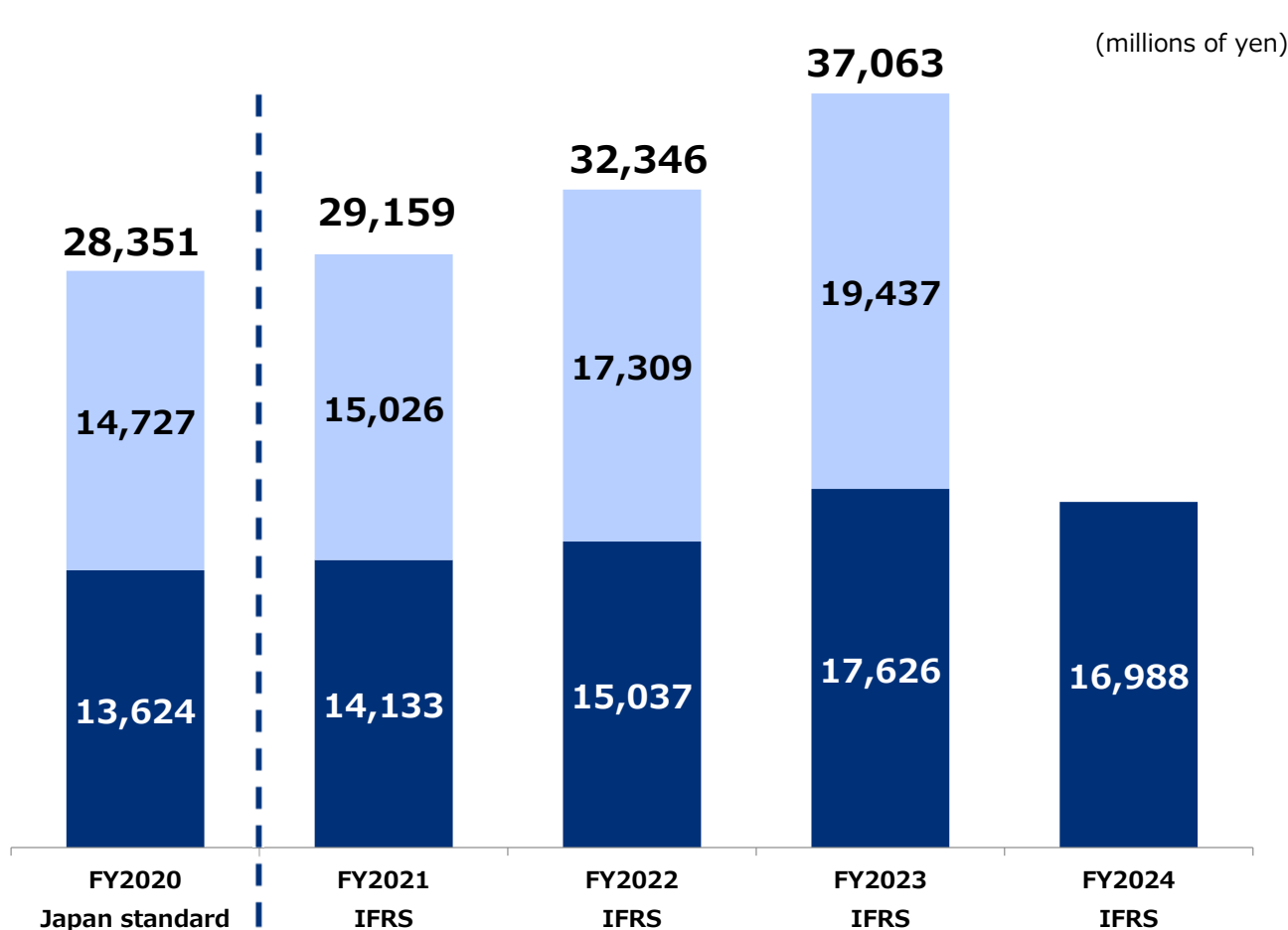
Orders received: 2.2% increase YoY

- Consulting/System development +487 million yen
~Strong performance in system development for the financial industry
- Management services (BPO) -148 million yen
~Slight decrease due to no large orders received

Backlog of orders: 7.8% increase YoY

* 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] Sales Revenue (financial reporting basis)



Decrease due to impact of deconsolidation

Yoy decrease of 638 million or 3.6%

Consulting/System development -774 million yen

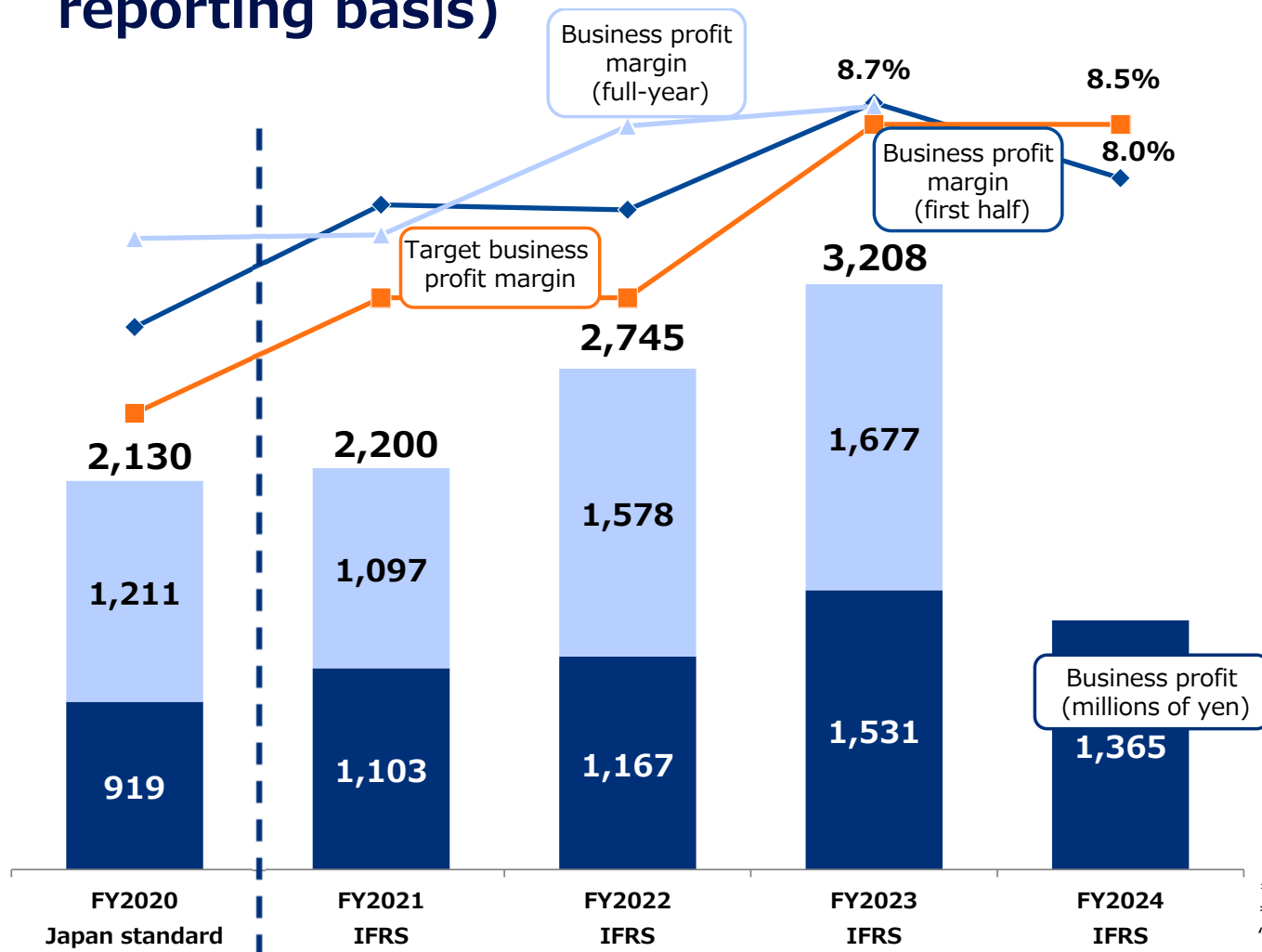
- Deconsolidation of GSX -2,172 million yen (Information security consulting)
- Systems for the construction industry performed well, and BSC performance has recovered (Account SC and system development)
- System consulting for the financial industry performed well

Management services (BPO) +112 million yen

- PTJ business recovered (OS for global companies)

* 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] Business Profit (financial reporting basis)



Decrease due to impact of deconsolidation

	Business profit (millions of yen)
1st half FY2022 (previous interim)	1,531
Gross profit increase	-294
Increase in SG&A expenses (- indicates an increase in expenses)	
Cost reduction due to deconsolidation (GSX, MICS)	422
Increase in personnel expenses	-113
Increase in hiring costs	-32
Increase in depreciation and rent	-44
Increase in advertising expenses	-14
Other	-91
Total increase/decrease in SG&A expenses, etc.	128
2Q FY2023 (current period)	1,365

*1 BBS changed to IFRS from the fiscal year ended March 2021.
 *2 Figures for the fiscal year ended March 2022 and earlier are "operating income."

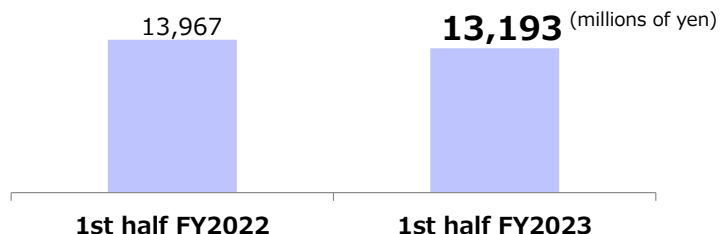
[Financial Highlights] Income (Loss) by Segment (financial reporting basis)

Sales and profits decreased in the consulting and system development business due to deconsolidation.

Consulting and system development business

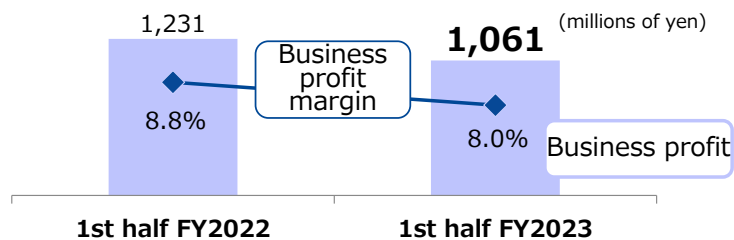
Revenue

■ YoY: -774 million yen (-6%)



Business profit

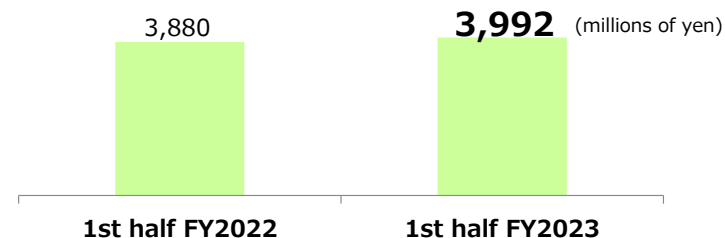
■ YoY: -170 million yen (-14%)



Management services (BPO) business

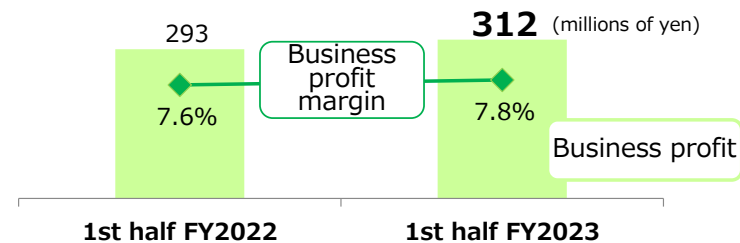
Revenue

■ YoY: 112 million yen (+3%)



Business profit

■ YoY: +19 million yen (+6%)



[Financial Highlights] Income (Loss) by Segment (reflecting deconsolidation)

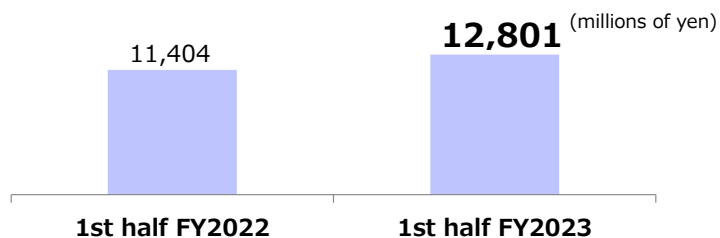
Sales and profits steadily increased in both segments

Consulting and system development business

Management services (BPO) business

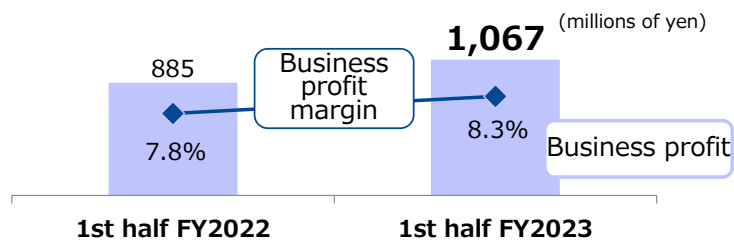
Revenue

■ YoY: 1,397 million yen (+12%)



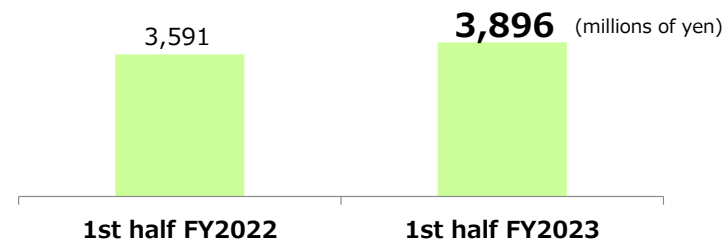
Business profit

■ YoY: 182 million yen (+21%)



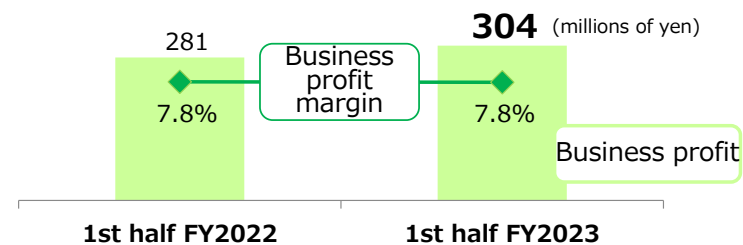
Revenue

■ YoY: 305 million yen (+8%)



Business profit

■ YoY: 23 million yen (+8%)











[Financial Highlights] Details of Consulting and System Development Business (financial reporting basis)

	Revenue				Business profit			
	1 st half FY2022	1 st half FY2023	YoY Increase (decrease)		1 st half FY2022	1 st half FY2023	YoY 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	76	↑
Information security consulting	2,563	391	-2,172	↓	346	-6	-352	↓
PLM support solutions	473	471	-2	→	84	27	-57	↓
(Adjustment)	-245	-227	18		-22	-34	-12	
Segment total	13,967	13,193	-774	↓	1,231	1,061	-170	↓

[Financial Highlights] Consulting and System Development Business Details (GSX deconsolidation)

(millions of yen)

	Revenue			Business profit		
	1 st half FY2022	1 st half FY2023	YoY Increase (decrease)	1 st half FY2022	1 st half FY2023	YoY 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 
(Adjustment)	-245	-228	17	-22	-34	-12
Segment total	11,404	12,801	1,397 	885	1,067	182 

■ Accounting system consulting and system development

Sales increased due to a recovery in BSC's performance, and profit increased due to a rebound from last year's quality issues.

■ System development for the financial industry

Sales and profits increased due to an increase in projects owing to system reform and strong performance in fund wrap projects, which are BBS packages.











■ PLM support solutions

Sales revenue was flat, and profit decreased due to the impact of higher personnel expenses.

[Financial Highlights] Management Services (BPO) Business Details

	Revenue				Business profit			
	1 st half FY2022	1 st half FY2023	YoY Increase (decrease)		1 st half FY2022	1 st half FY2023	YoY 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	→
(Adjustment)	-25	-22	3		-2	-48	-46	
Segment total	3,880	3,992	112	↗	293	312	19	↗

[Financial Highlights] Management Services (BPO) Business Details (excluding MICS)

	Revenue			Business profit		
	1 st half FY2022	1 st half FY2023	YoY Increase (decrease)	1 st half FY2022	1 st half FY2023	YoY 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 
(Adjustment)	-25	-22	2	-2	-49	-47
Segment total	3,591	3,896	305 	281	304	23 

■ **HR and payroll related outsourcing**

Sales increased due to a recovery in orders due to organizational improvements. Profits increased due to the impact of productivity improvement measures.

■ **Outsourcing for global companies (supporting BPO for highly specialized business operations, etc.)**

Sales and profits increased due to large-scale orders received in the previous fiscal year and steady performance at payment-related subsidiaries.

■ **Outsourcing for foreign companies**

Sales increased due to an expanded customer base from bilingual projects for domestic companies, but profits decreased due to increased hiring.

■ **On-site BPO**

Sales and profits increased due to steady orders from major customers and reduced hiring.

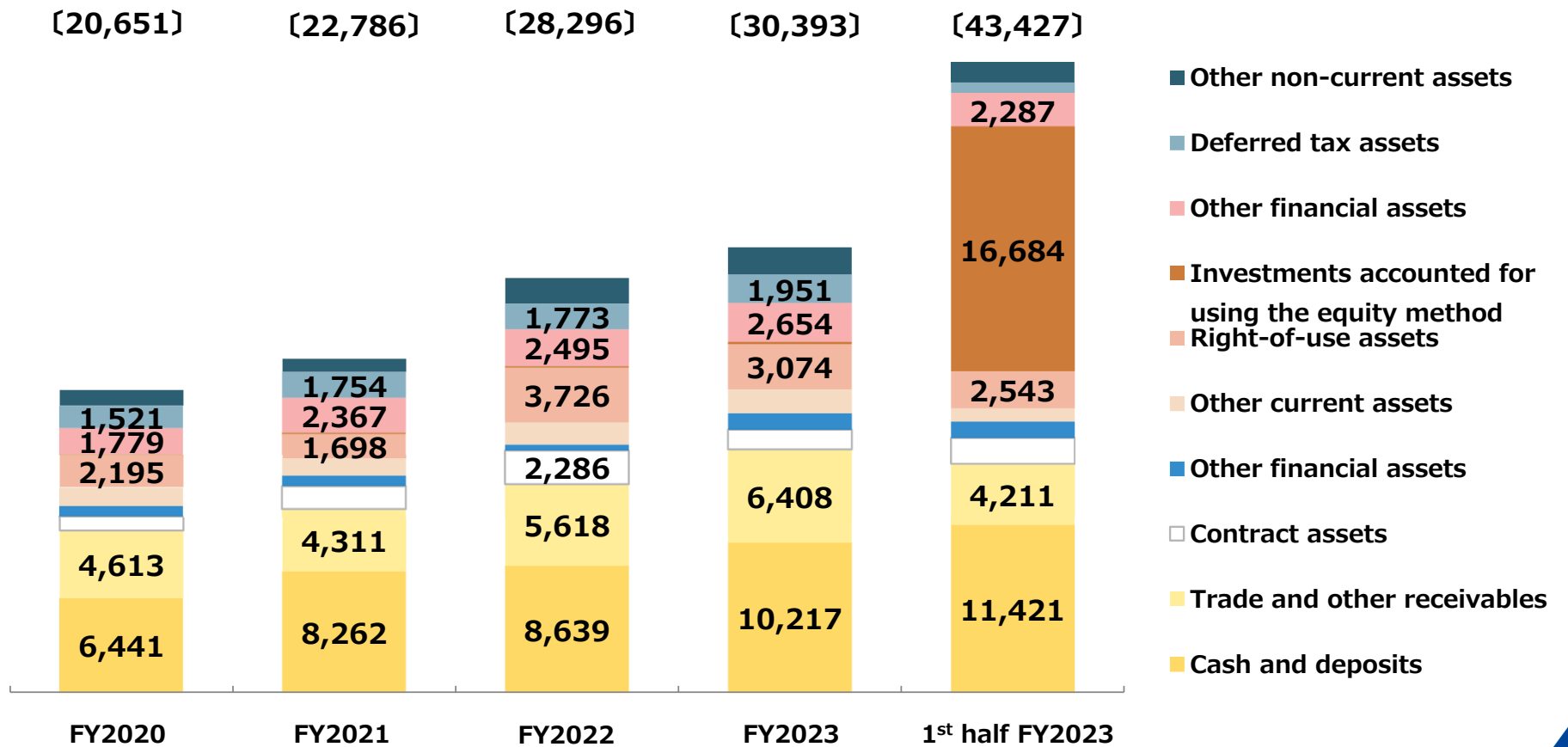


[Financial Highlights] Consolidated B/S [Assets] (IFRS)



Assets

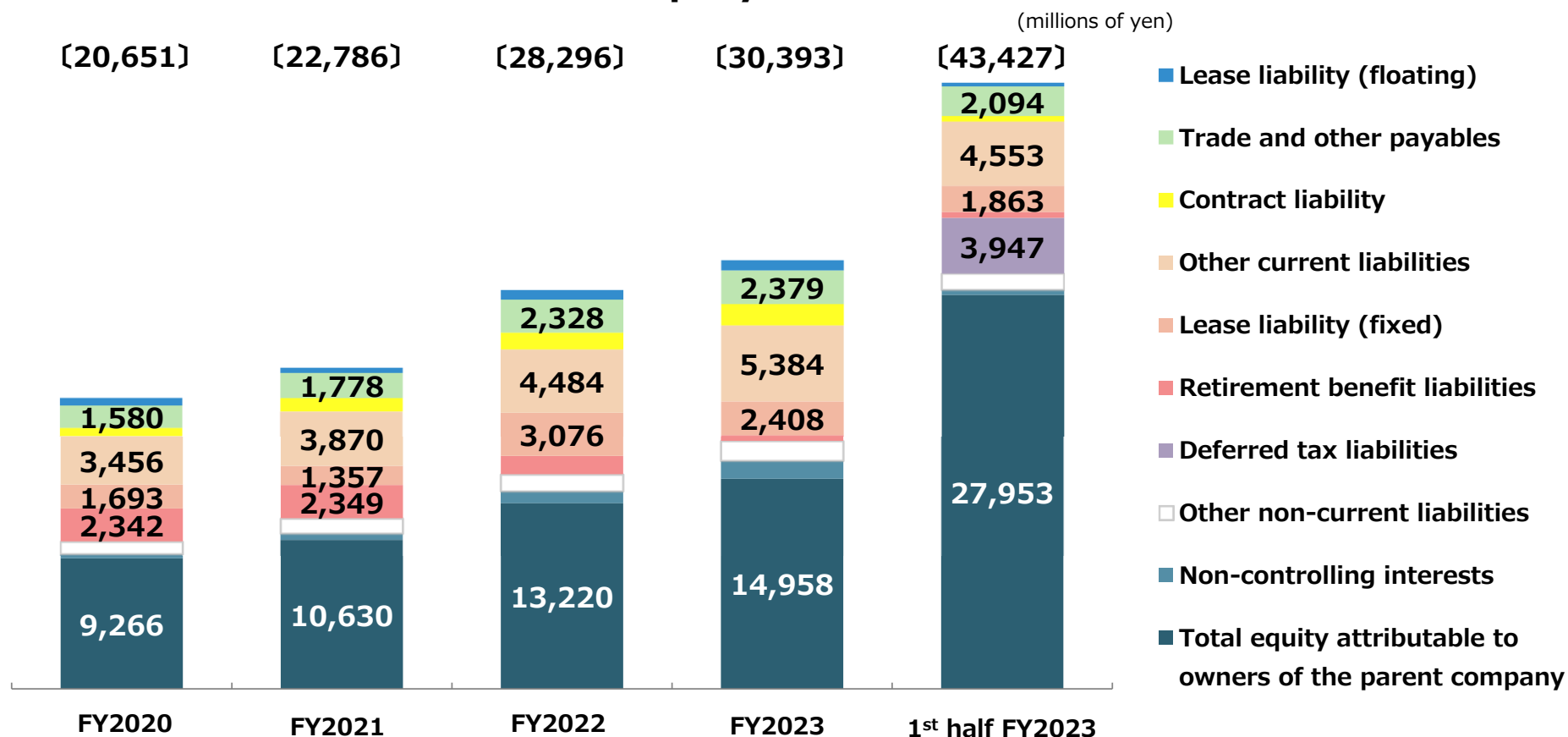
(millions of yen)



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



Liabilities and Equity





Earnings Forecast



[Earnings Forecast] Consolidated Operating Results



The full-year outlook remains unchanged despite strong progress in the second quarter

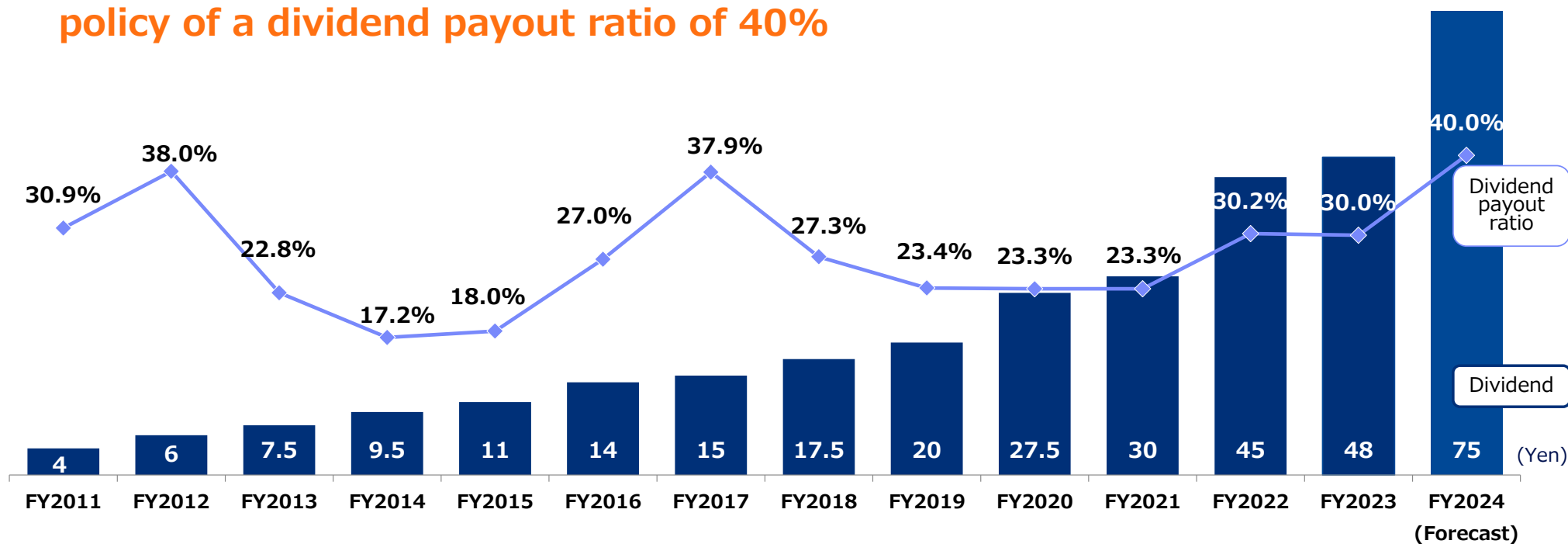
(millions of yen)

	Year ended March 31, 2024 1 st half results	Year ended March 31, 2024 Full-year outlook	Progress of full- year outlook	Year ending March 31, 2023 Full-year results	Year-on-year comparison
Orders received	16,104	37,000	43.5%	42,171	-12.3%
Revenue	16,988	34,000	50.0%	37,063	-8.3%
Business profit	1,365	2,400	56.9%	3,206	-25.1%
Business profit margin	8.0%	7.1%	—	8.7%	—
Operating profit	19,519	20,598	94.8%	3,208	+542.1%
Profit before tax	19,281	20,525	93.9%	3,241	+533.3%
Profit	13,152	14,309	91.9%	2,067	+592.3%
Profit attributable to owners of parent	13,138	14,279	92.0%	1,838	+676.9%
Ratio of profit attributable to owners of parent	77.3%	42.0%	—	5.0%	—
Dividend per share	36 yen	75 yen	—	48 yen	—



[Earnings Forecast] Dividend

Interim dividend of 36 yen
Annual forecast of 75 yen based on the basic
policy of a dividend payout ratio of 40%



* BBS conducted a 2-for-1 stock split of common stock, effective July 1, 2020. As a result, the annual dividend per share for the fiscal year ended March 31 2020 and prior is shown after taking into account the stock split.





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

Business Brain Showa-Ota Inc.

Corporate Planning Division, Administration Division

TEL: 03-3507-1302

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APPENDIX





BBS DX Initiatives for Back Office Operations



~Improving the efficiency of sales and accounting operations~

In order for the BBS Group to achieve Goal 2030, continuous reform is required in the back-office operations that support it, and this is a measure to strengthen the foundation that supports the "BBS value" of becoming a "comprehensive back-office supporter."

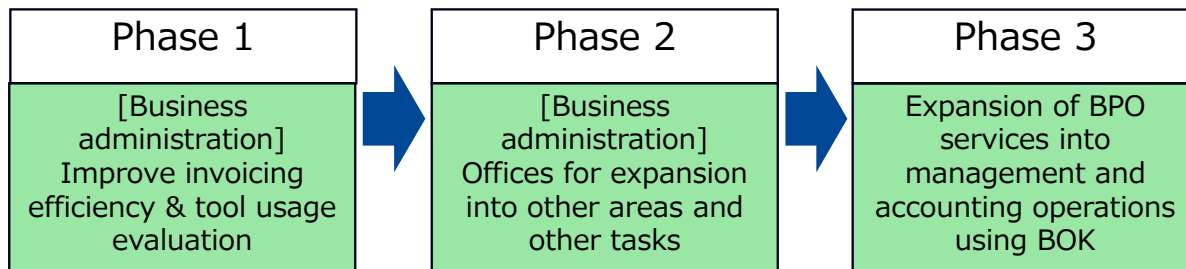
- ✓ We will further increase opportunities to deliver BBS value to customers by further improving the efficiency of sales and accounting operations.
- ✓ This is a good example of the "BBS cycle," which is realized through collaboration between BBS and BOK* and delivers value to customers.

* BOK is an abbreviation for BBS Outsourcing Kumamoto Inc.

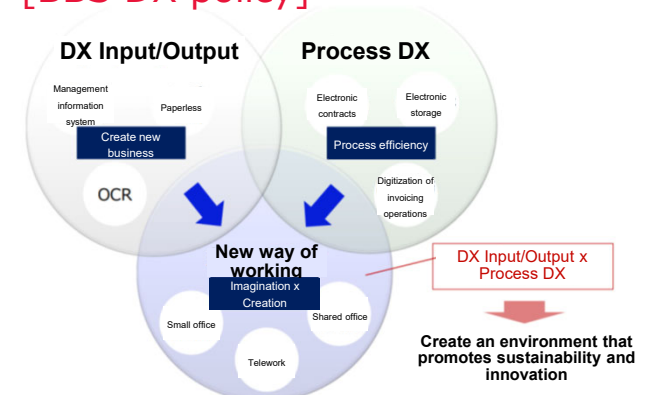
BBS outsources much of its sales and accounting work to BOK, a member of the BBS Group.

As a joint project between BBS and BOK, we will promote DX by using the standard functions of the tools we use, taking into consideration continuity and ease of response to change.

[DX approach]



[BBS DX policy]





[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	712 (non-consolidated) 1,829 (consolidated)*

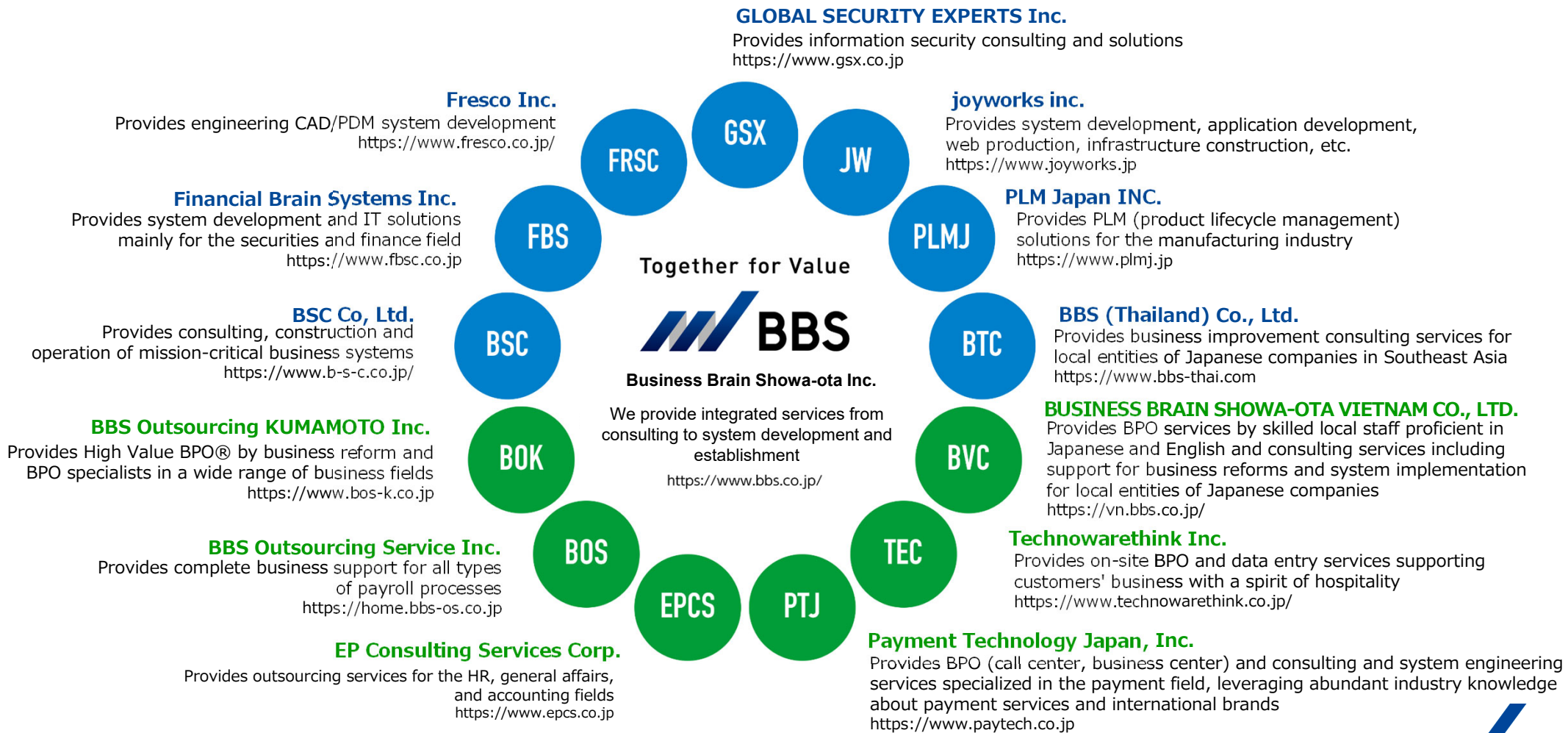
* Including 13 consolidated subsidiaries of BBS Group
BBS Group Network URL: <https://www.bbs.co.jp/corporate/group/>

(As of the end of September 2023)





[Company Profile] BBS Group Network





END

