



1st Half Financial Results Briefing for the Fiscal Year Ended March 2025

Securities code: 9658



November 21, 2024
Business Brain Showa-Ota Inc.



BBS Group
New Medium-term Management Plan (BBS2026)

Business Brain Showa-Ota Inc.
Progress Report on the Medium-Term
Management Plan 2024 - 2026



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Highlights for the First Six Months (Interim) of FY2024

Revenue, business profit and profit

Revenue	Business profit	Profit attributable to owners of parent
18,064 million yen	1,175 million yen	992 million yen
Year-on-year 6.3% ↑	Year-on-year 13.9% ↓	Year-on-year 92.5% ↓
Progression rate 46.2%	Progression rate 49.0%	Progression rate 42.4%

[Business Model]

MANAGEMENT
SERVICE
BPO

SYSTEM
INTEGRATION



CONSULTING

Basic Policy for Achieving Goal 2030

Growth Story to Achieve the Goal

B Back Office Comprehensive Supporter

- **Total support for corporate back office operations** by expanding our business domains around accounting
- Provide **solutions for all phases** from **Business Design** and **Development** to **Operations**
CONSULTING / SYSTEM INTEGRATION / MANAGEMENT SERVICE

B Become a new management partner

- Becoming a **back office transformer** able to support new technologies and working styles
- From solving customer problems to **co-creation with the customer** Backup for digital management

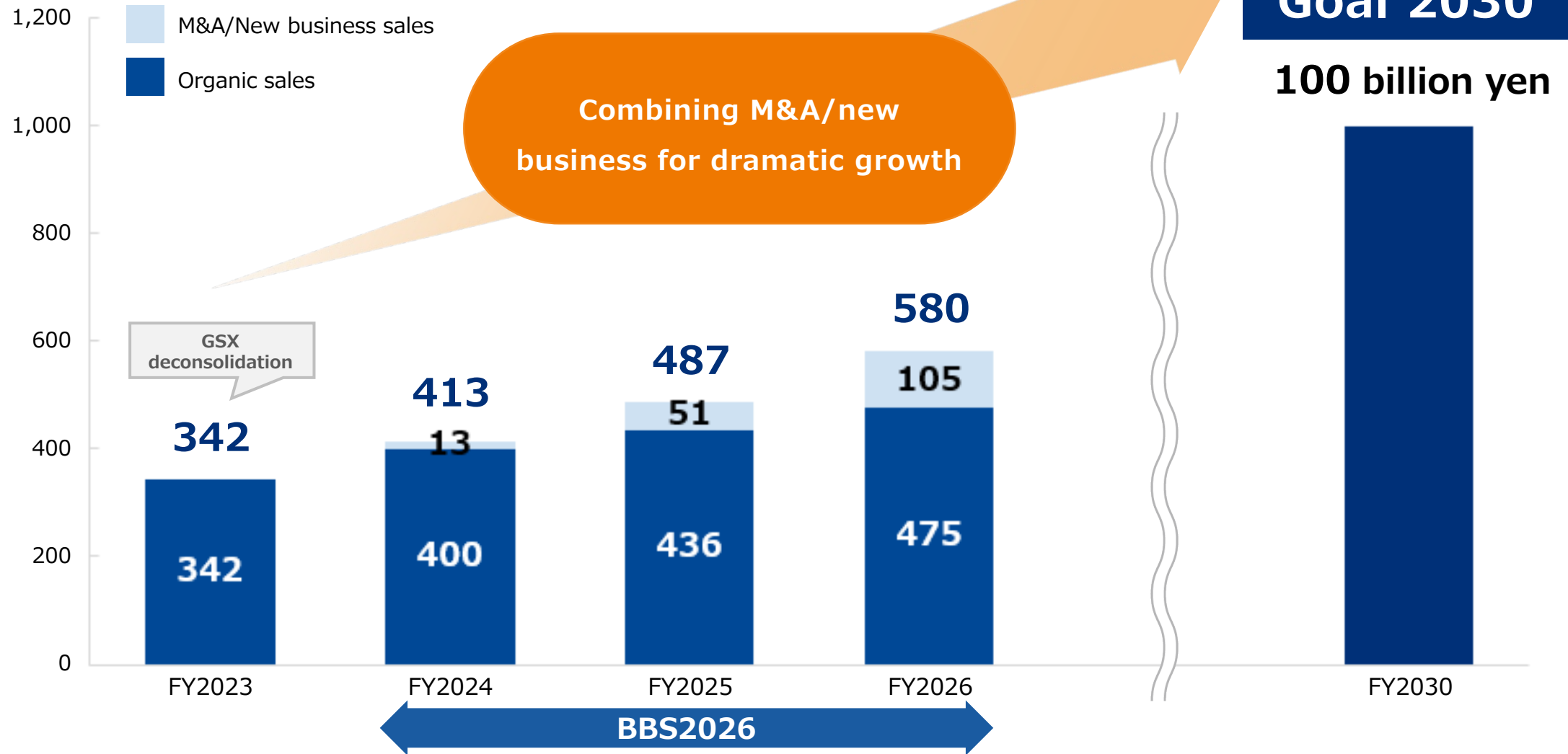
S Sustainability Management / Strengthening human resources

- We support our customer's sustainability management in pursuit of the **leverage effect of sustainability management**
- **HR development that maximizes performance** leveraging AI and DX appropriately

BBS2026 Sales Target

Redesigning the growth scenario under GSX deconsolidation

(100 million yen)



BBS2026 KPI

KPI have been set in the three areas of growth, capital efficiency, and investment, to implement strategic performance management.

[Growth]

Sales growth rate (including M&A)

3 Year CAGR **20%**

(including organic sales growth rate of 9%)

Business profit margin on sales

8.5% by FY2026

BPO sales ratio

30% by FY2026

BBS cycle rate

40% by FY2026

Female manager ratio

24% by FY2026

[Capital efficiency]

ROE

12% by FY2026

ROIC

10% by FY2026

EBITDA interest bearing debt ratio

Less than **2x**

Dividend payout ratio

40% or more

[Investment]

M&A Investment

3 year total

13 billion yen (maximum)

R&D investment

3 year total

1 billion yen or more

Human capital investment

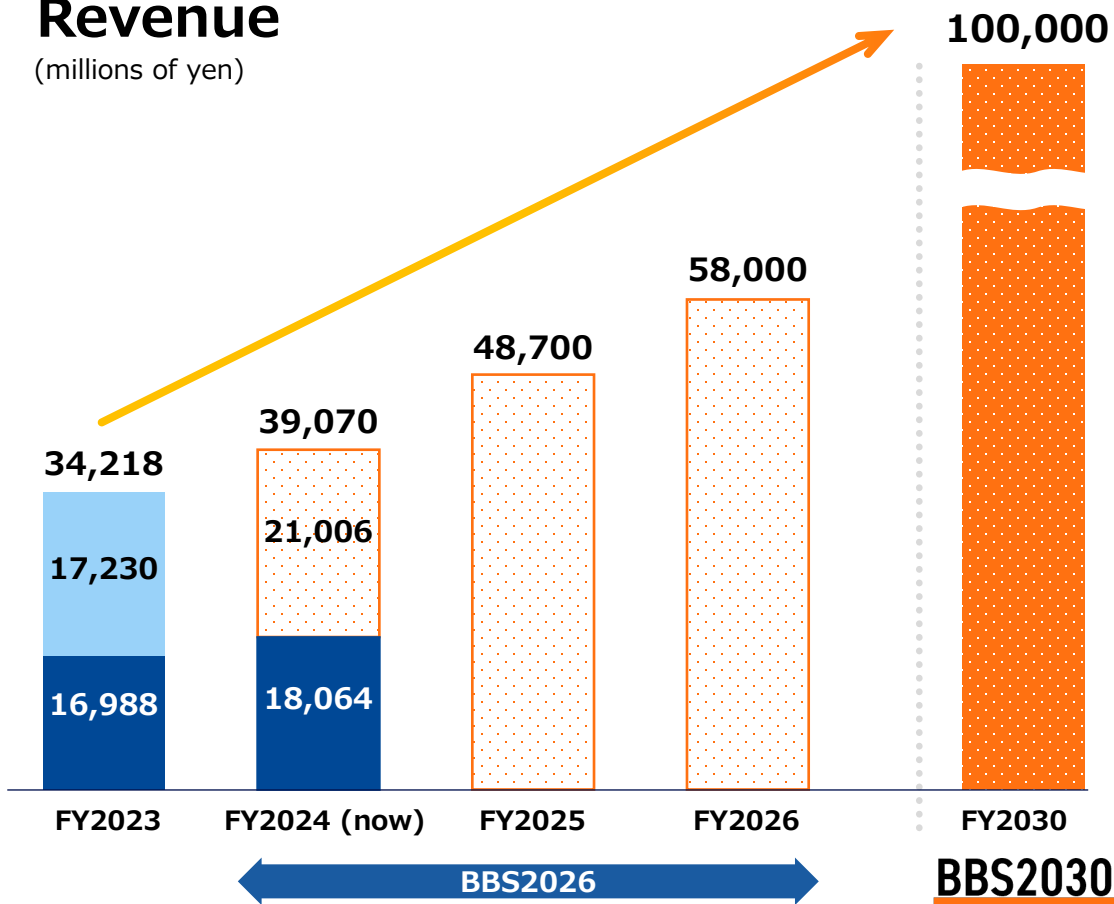
3 year total

2.2 billion yen or more

Business Progress

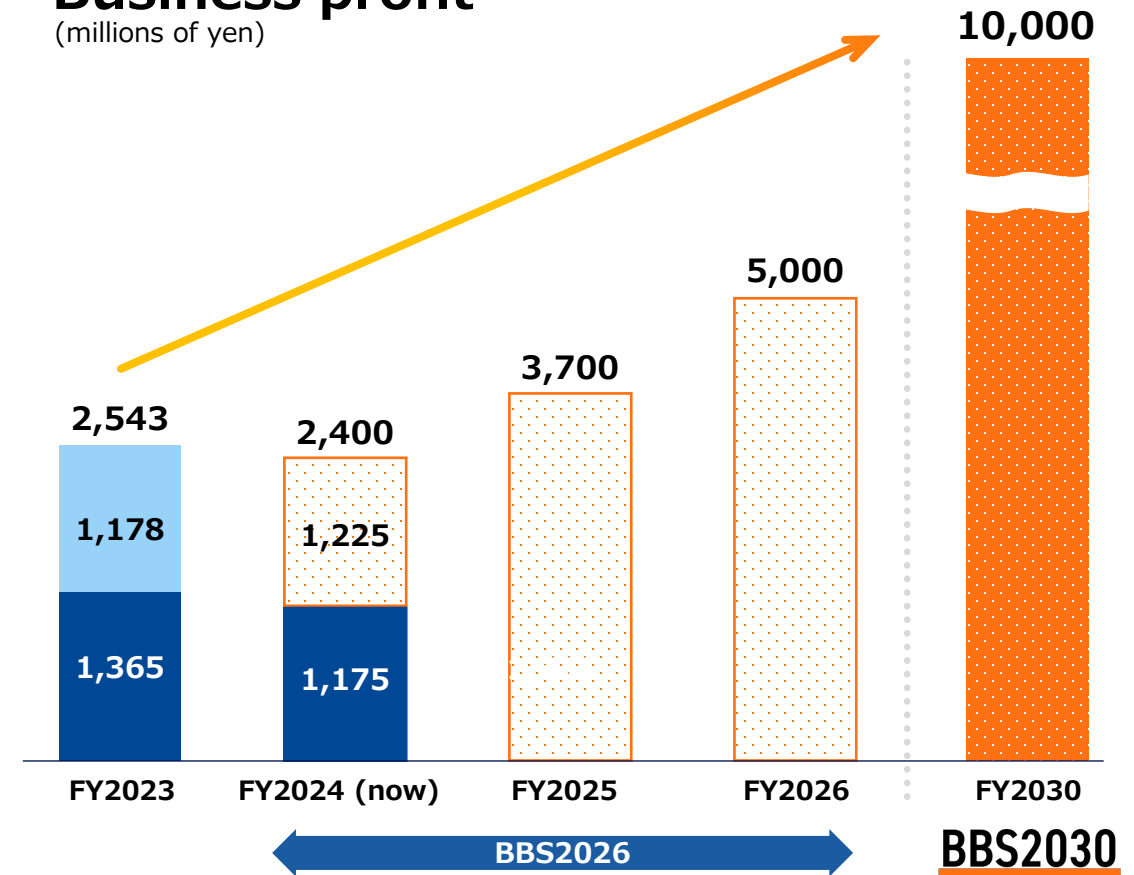
Revenue

(millions of yen)



Business profit

(millions of yen)



Sales increased while profits declined in the first half of the first year of the medium-term management plan, and for the second quarter of the fiscal year ending March 2025. BBS will focus management resources on strengthening growth strategies, capital, and alliances, and on R&D investment, to achieve BBS2026.

KPI Progress under BBS2026

[Growth]

Sales growth rate (including M&A)

6.3% (-3.6% YoY)

(organic sales growth rate of -0.3%)

Business profit margin on sales

6.5% (8.0% YoY)

BPO sales ratio

29.5% (23.2% YoY)

BBS cycle rate

33.5%

(31.0% at the end of the previous period)

Female manager ratio (BBS non-consolidated)

15.7%

(14.8% at the end of the previous period)

[Investment]

M&A Investment

No significant progress

R&D investment

70 million yen

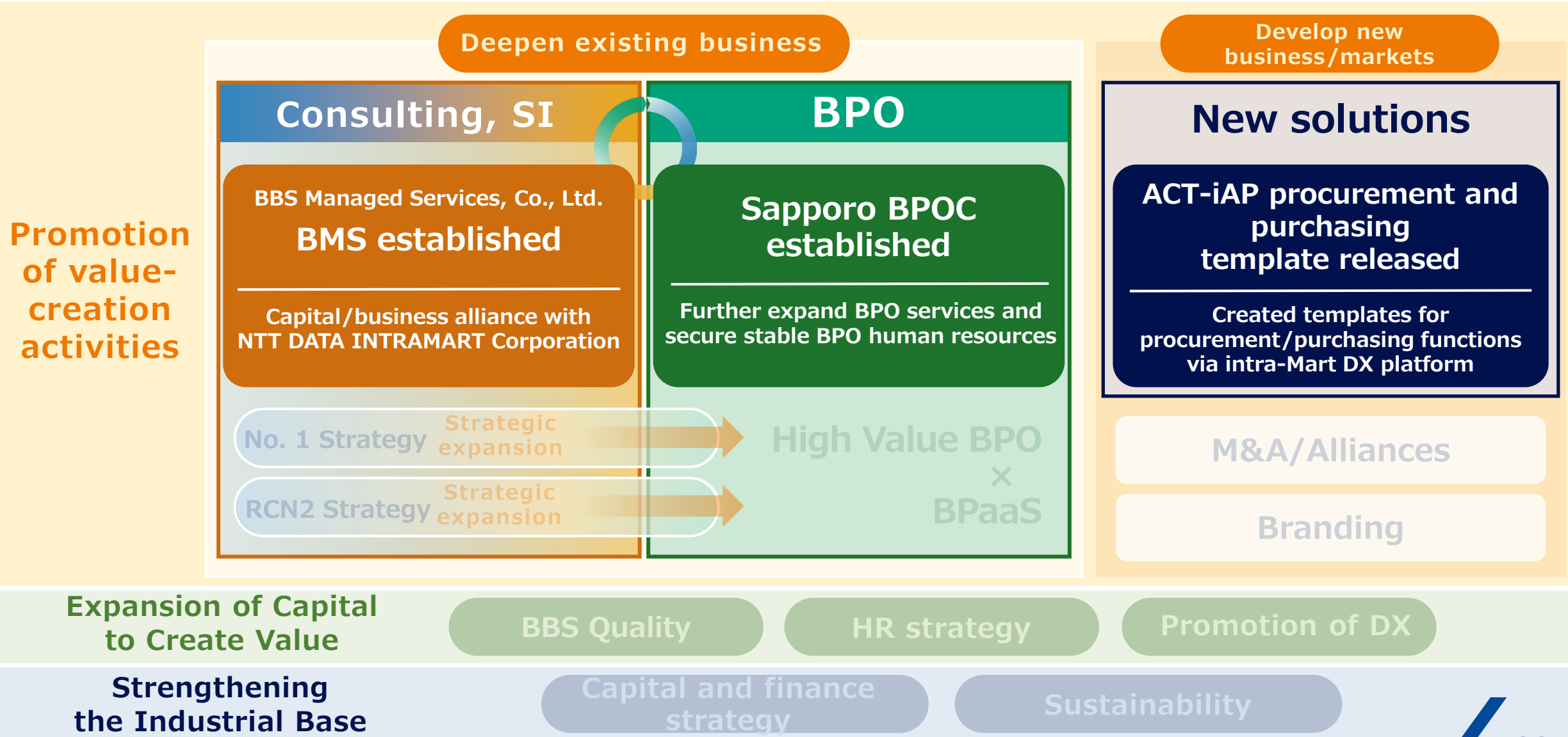
(Investment progress 7.0%)

Human capital investment

200 million yen

(Investment progress 8.9%)

Primary Measures under the BBS2026 Growth Strategy



Capital/Business Alliance Between BMS and NTT DATA INTRAMART Corporation



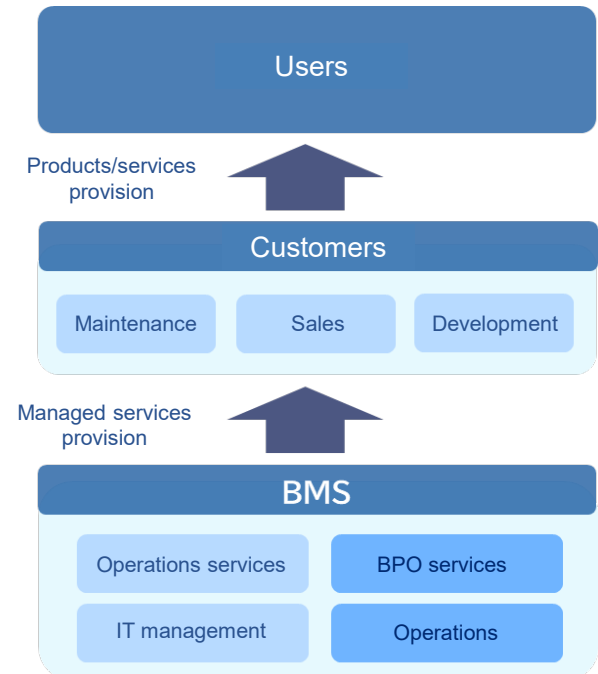
- Aim to expand business through total support from business process transformation to maintenance and operations -



Aim to further expand business through capital and business alliance

- ➔ Further expand BPO business by strengthening managed services
- ➔ Train intra-mart engineers and strengthen development formation
- ➔ Provide total support covering everything regarding intra-mart from upstream consulting to after-sales services

[Managed services provided by BMS]



Establishment of New Sapporo BPO Center (July 2024)

A new BPO Center, the tenth domestic location for BBS Group, was established in Sapporo. It provides BPO services, focusing finance and accounting operations for major companies and aims to expand to a scale of 100 staff in the future.

Established Sapporo BPO Center
(J&S Resona Building)



Name

BBS Sapporo BPO Center

Location

4-1-2 Kita Ichijo Nishi, Chuo Ward, Sapporo, Hokkaido
J&S Resona Bldg. 7F

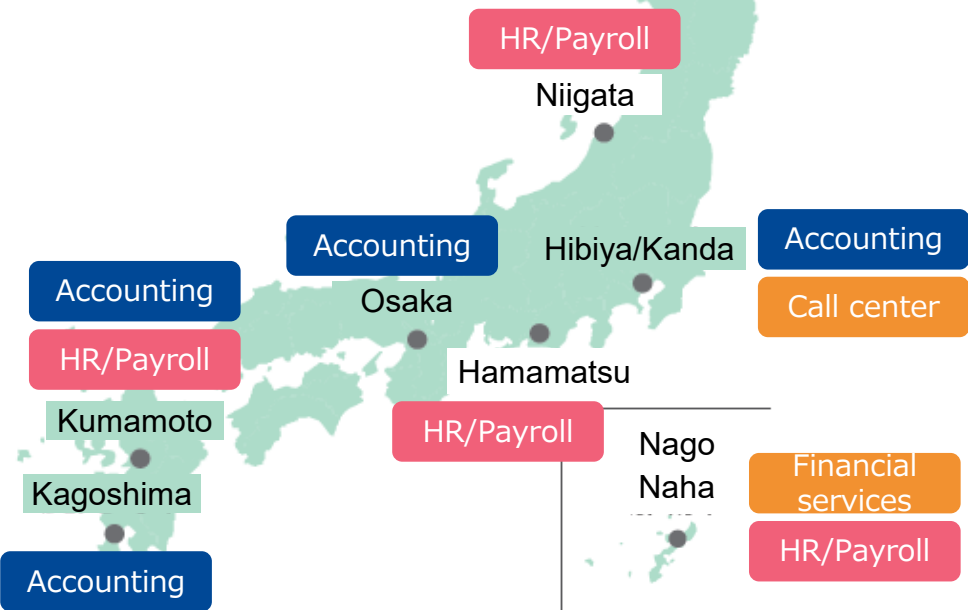
Business activities

Provides finance and accounting BPO services for major companies (High Value BPO)

Building exterior ▼



Many officials attended the opening ceremony, including Tomonori Sakai, Director General of the Economic & Tourism Affairs Bureau, City of Sapporo



▲ Breaking of the sake cask at the opening ceremony of the Sapporo BPO Center on July 19, 2024
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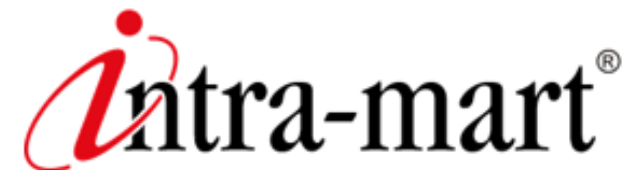
▲ A group photo of the guests at the opening ceremony

BBS - New Product Release for the ACT Series

- Procurement/purchasing DX solution leading to increased corporate value  purchasing procurement -



Builds on



A DX solution that combines the BBS solution brand **ACT** with the **i**ntra-mart **A**ccel **P**latform

Digital Process Automation Platform to increase corporate value

Procurement Management System

ACT-iAP procurement and purchasing templates



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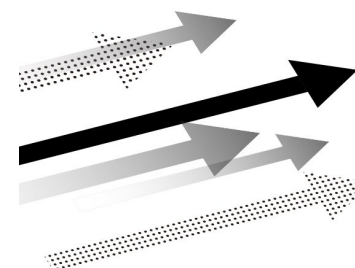
Needs-driven low-coding development



Screen




Workflow

Email notification



Procurement and Purchasing DX GO!!

GHG Emissions Targets Base Year Change and New Scope 3 Reductions Target

-  Applied to initiative to obtain SBT certification (November)
-  Changed base year for consistency with business performance
-  Established Scope 3 reduction target to clarify reduction targets

Main items	Previous	New standard	Notes
Base year	2019	2023	Changed Scope 1 + 2, added Scope 3 under new standard
Scope 3 target (short-term)	–	2030: 18%	–
Scope 3 target (long-term)	–	2050: Net zero	–

Topics

Various Awards and Social Contributions

🏆 Primary Awards

“mcframe Award 2024” Project of the Year

- Recognized for consulting and project execution capabilities for manufacturing business

“Biz/ AWARD 2024” Project Award

- Recognized for receiving orders for projects in multiple industries and sectors and for stable project execution

“BizForecast AWARD 2024” Best Partner Award and Best Project Award

- Recognized for contributions in multiple domains including business activities in Thailand and overseas business optimization projects

📷 The awards ceremony



▲ “mcframe Award 2024” held in May 2024.
Business Engineering Corporation President & CEO Masakazu Haneda (left) and BBS Managing Director Yuji Nakamura (right) at the awards ceremony



▲ NTT DATA BIZINTEGRAL Corporation President & CEO Koji Tanaka (left) and BBS Managing Director Hisato Noda (right)

🌱 Primary Social Contributions

<Supported JAPAN Para-Ski Federation>

Supported operations and activities of the Para Nordic Skiing Japan Team as the team sponsor

<Hosted 7th BBS Painting Concours>

Created opportunities to cultivate imagination and expressiveness among children as the next generation

🎨 Leading award winners at the 7th BBS Painting Concours



BBS Grand Prize
Yuhi Kimura (Aomori Prefecture)
Kakkoi Nebuta



Seitaro Prize
Sumie Ogiwara (Saitama Prefecture)
Inochi-no Jump

Financial Highlights

Hitoshi Uehara
Senior Executive Officer, General Manager,
Administration Division

Highlights for the First Six Months (Interim) of FY2024

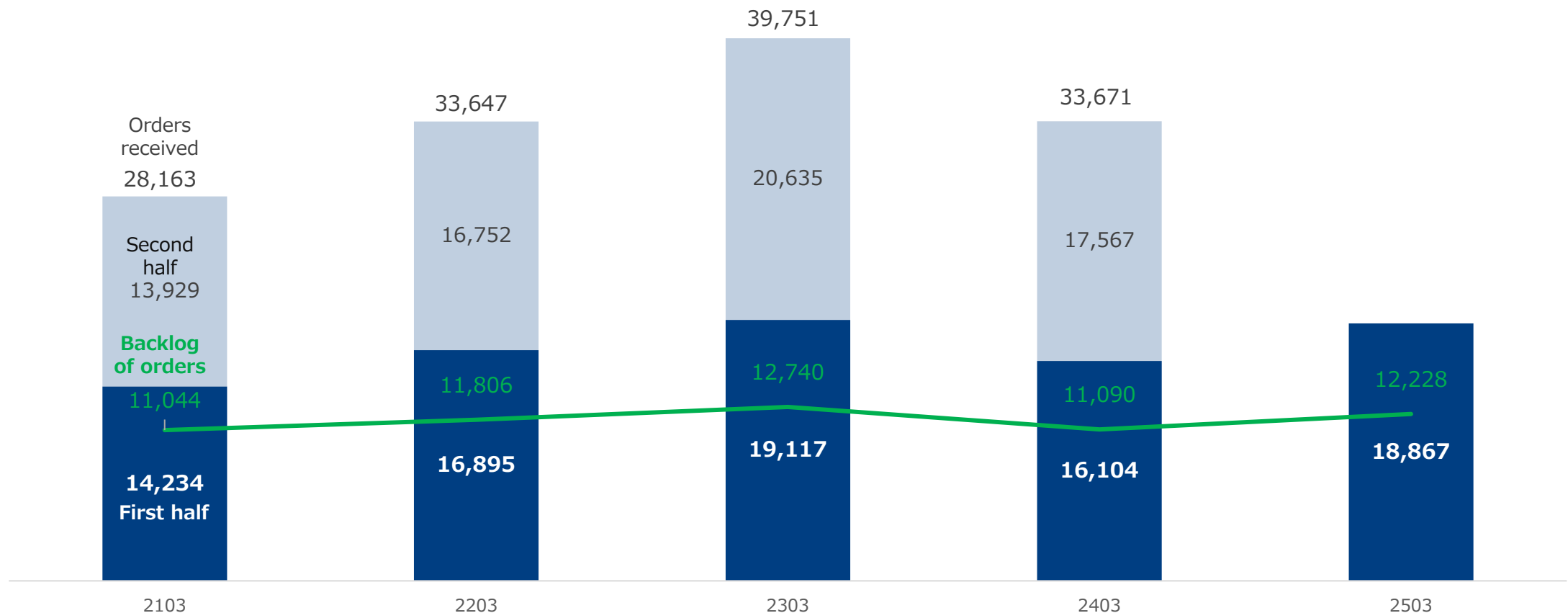
Revenue, business profit and profit

Revenue	Business profit	Profit attributable to owners of parent
18,064 million yen	1,175 million yen	992 million yen
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Progression rate 46.2%	Progression rate 49.0%	Progression rate 42.4%

Orders Received and Backlog of Orders

Orders received: +2.76 billion yen, +17.2% over previous first half, Backlog of Orders: +1.14 billion yen, +10.3% over previous first half
 Contributions included recovery in consulting and system development business and new BPO subsidiary

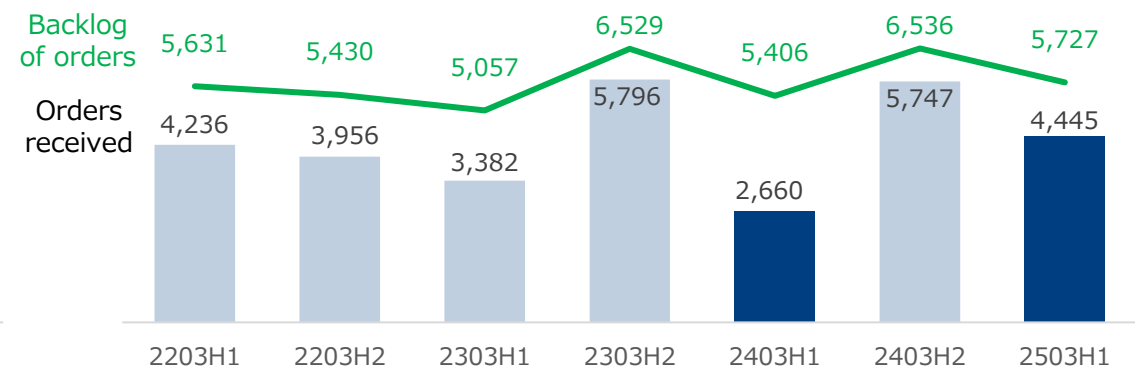
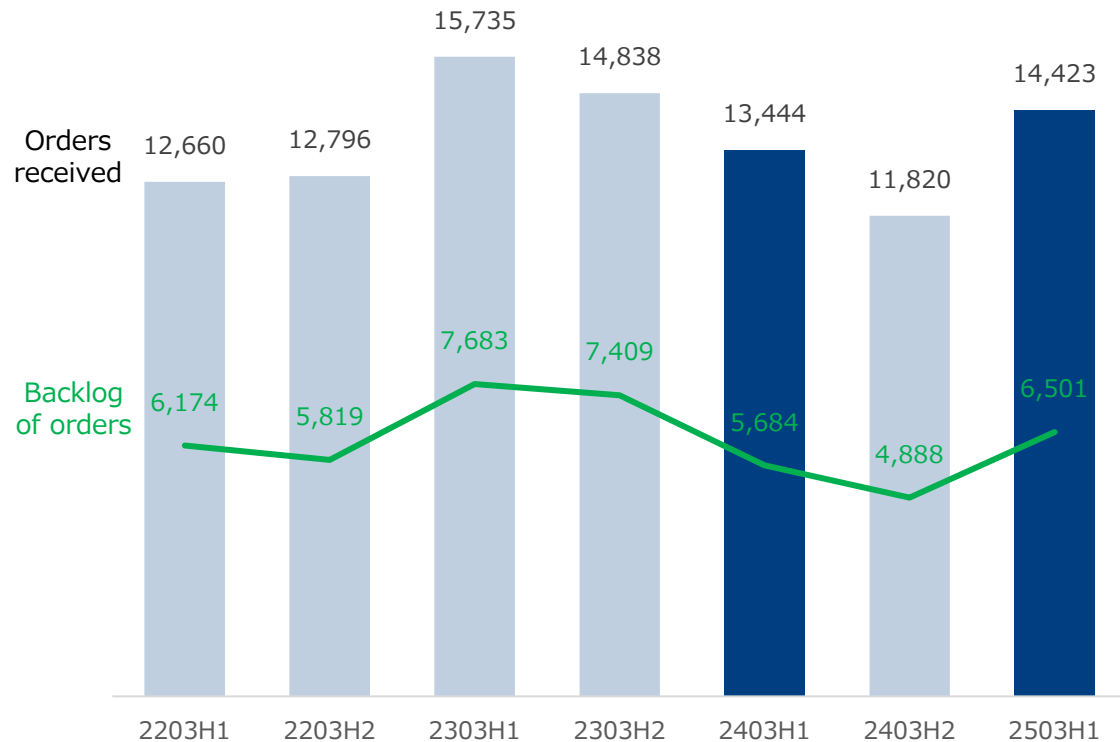
Unit: million yen



Orders Received and Backlog of Orders By Segment

Consulting and system development (unit: million yen)

Management services (BPO) (unit: million yen)

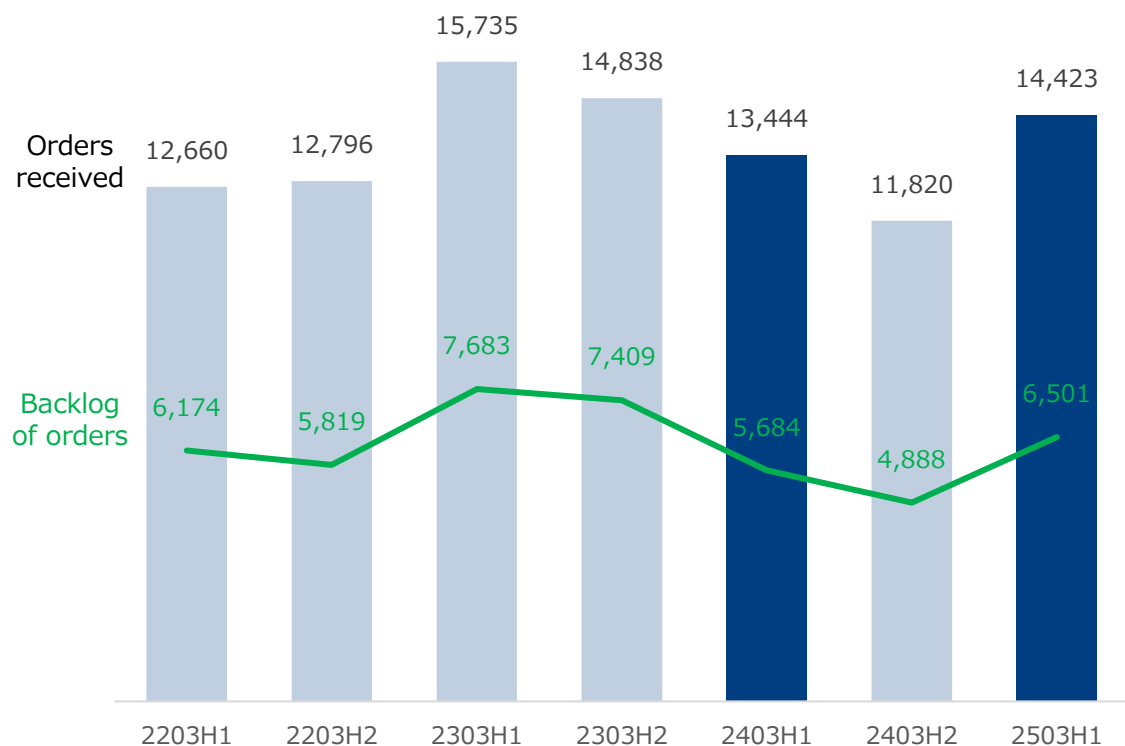


Orders Received and Backlog of Orders

Consulting and System Development

Orders received: +980 million yen, +7.3% over previous first half

Consulting and system development (unit: million yen)



- Overall strong start to current period despite challenges during previous period.
- Recovery of orders in western Japan region for an increase of approx. 300 million yen.
- Achieved major increase to temporary factor of large order at approx. 400 million yen, but impact on sales for current fiscal year is limited due to maintenance and operations contract for three years.
- Approx. 400 million yen impact from newly added Fresco and BBS Managed Services.

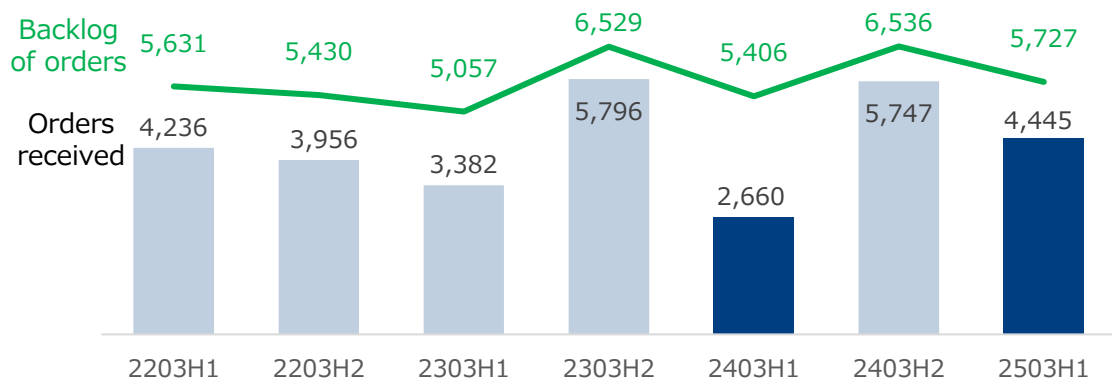
Orders Received and Backlog of Orders

Management Services (BPO)

Orders received: +1.78 billion yen, +67.1% over previous first half

Management services (BPO) (unit: million yen)

- Approx. 1.2 billion yen orders for newly added Twinkle
- Contribution included major 400 million yen order for seven-year BPO HR payroll contract

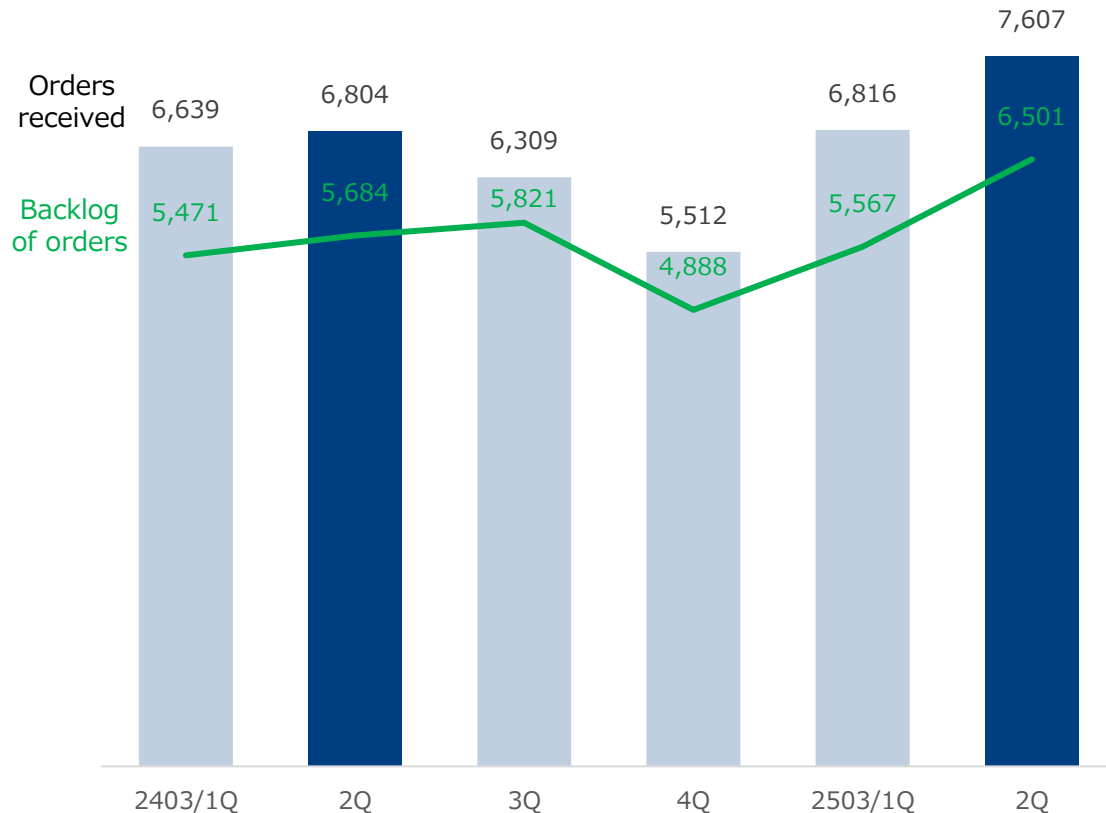


Orders Received and Backlog of Orders

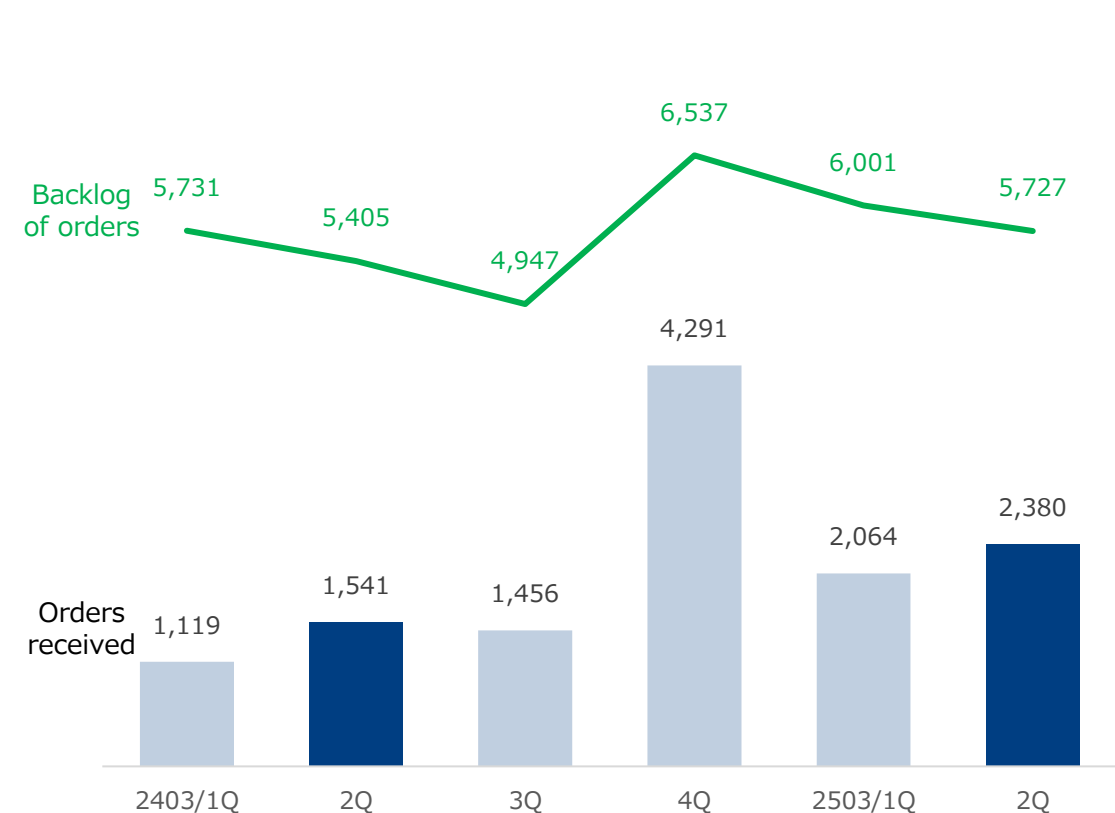
Quarterly Change

Pronounced due to increased orders in second quarter

Consulting and system development (unit: million yen)



Management services (BPO) (unit: million yen)

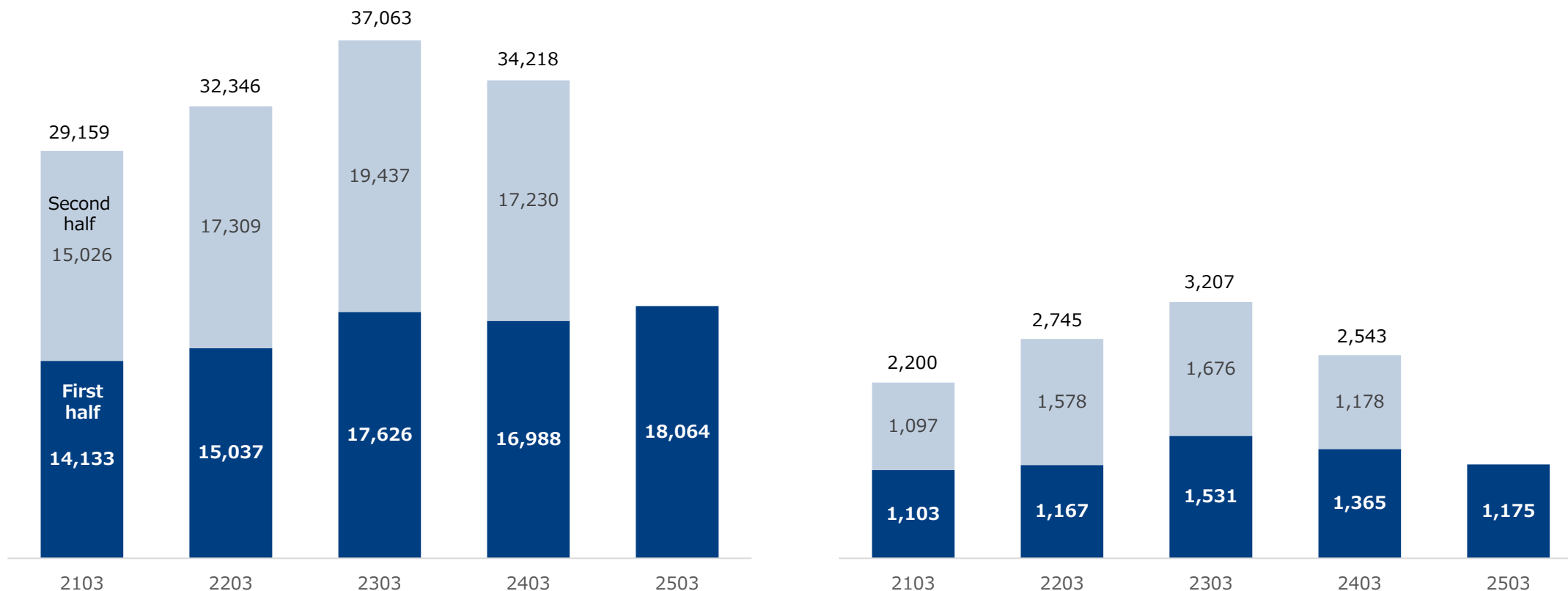


Revenue and Business Profit

Revenue: +1.08 billion yen, +6.3% over previous first half, Business profit: -190 million yen, -14.0% over previous first half

Revenue (unit: million yen)

Business profit (unit: million yen) / Profit margin

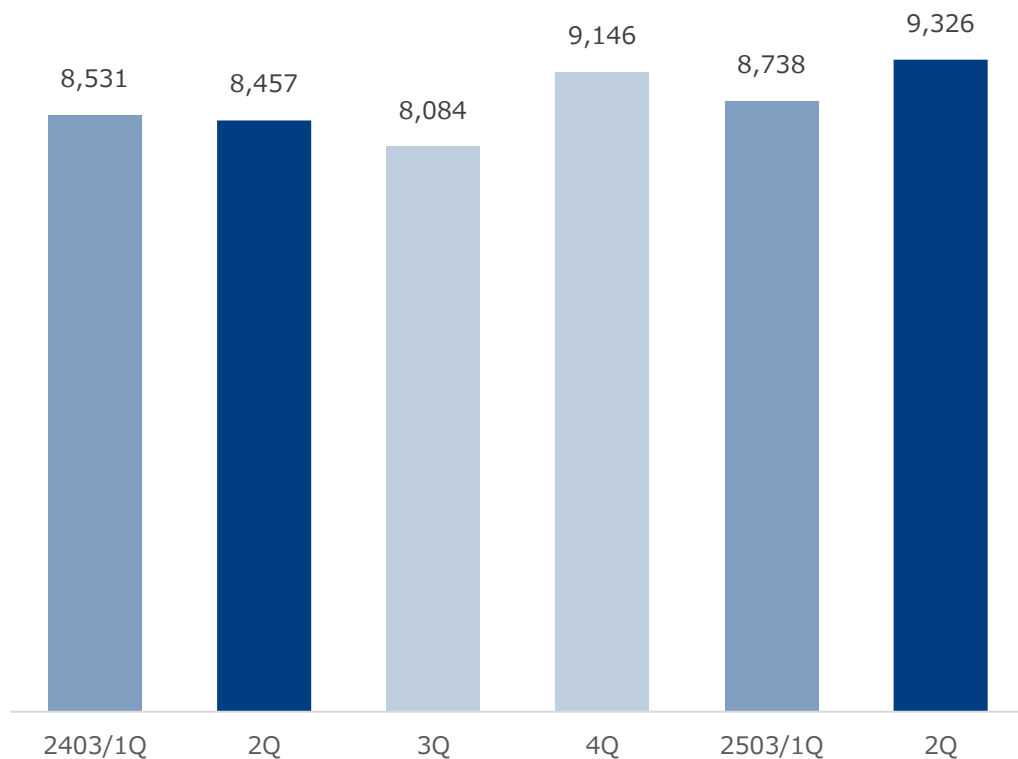


Revenue and Business Profit

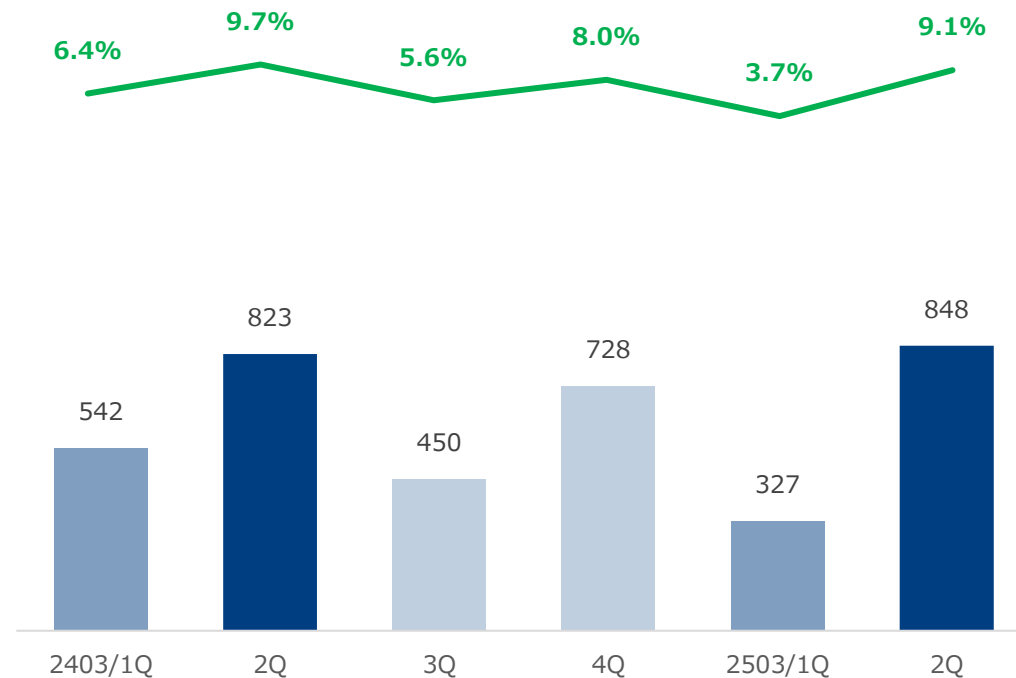
Quarterly Change (Accounting Period)

Steady recovery in second quarter

Revenue (unit: million yen)



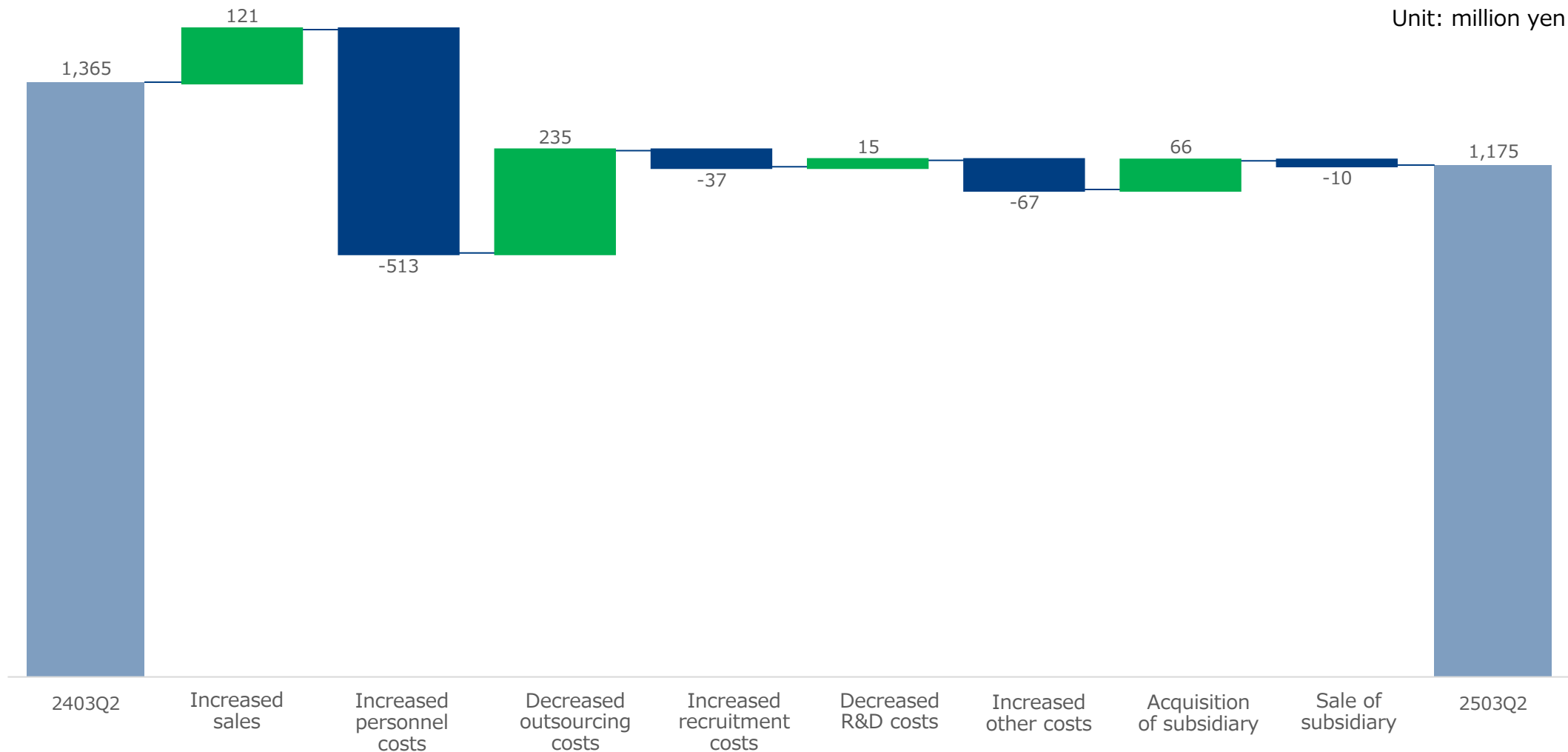
Business profit (unit: million yen) / Profit margin



Business Profit

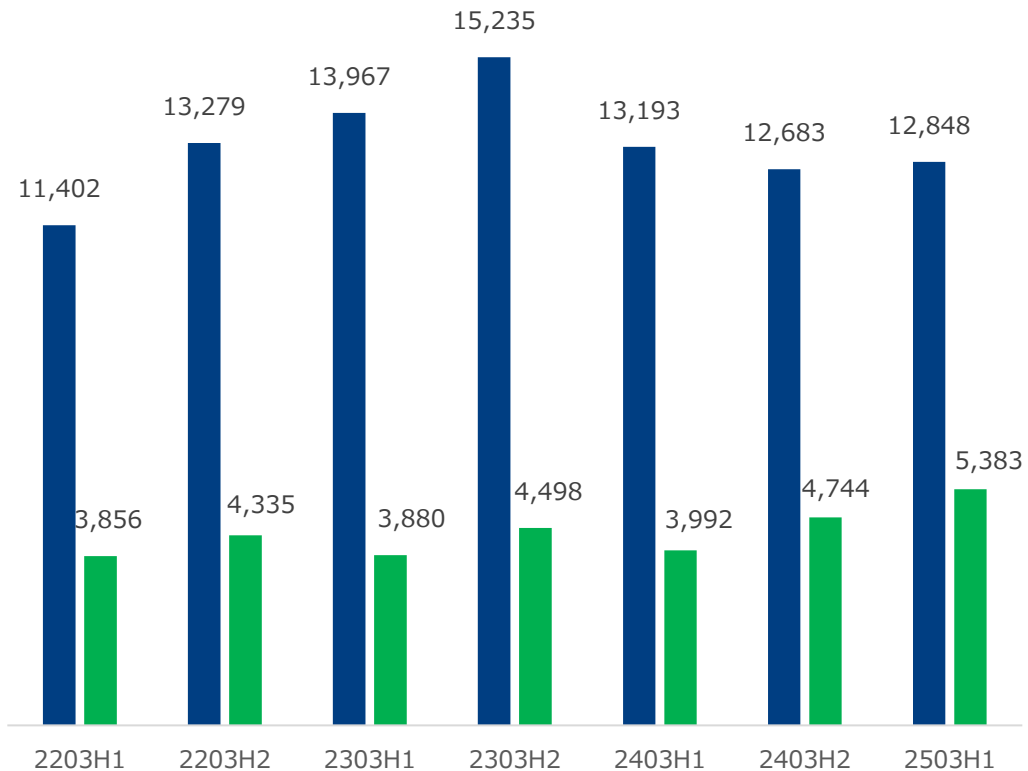
Comparison with the First Half of the Previous Fiscal Year

Overall decline in profits due to inability of factors increasing profits to cover for rise in personnel costs, such as increased sales and decreased outsourcing costs

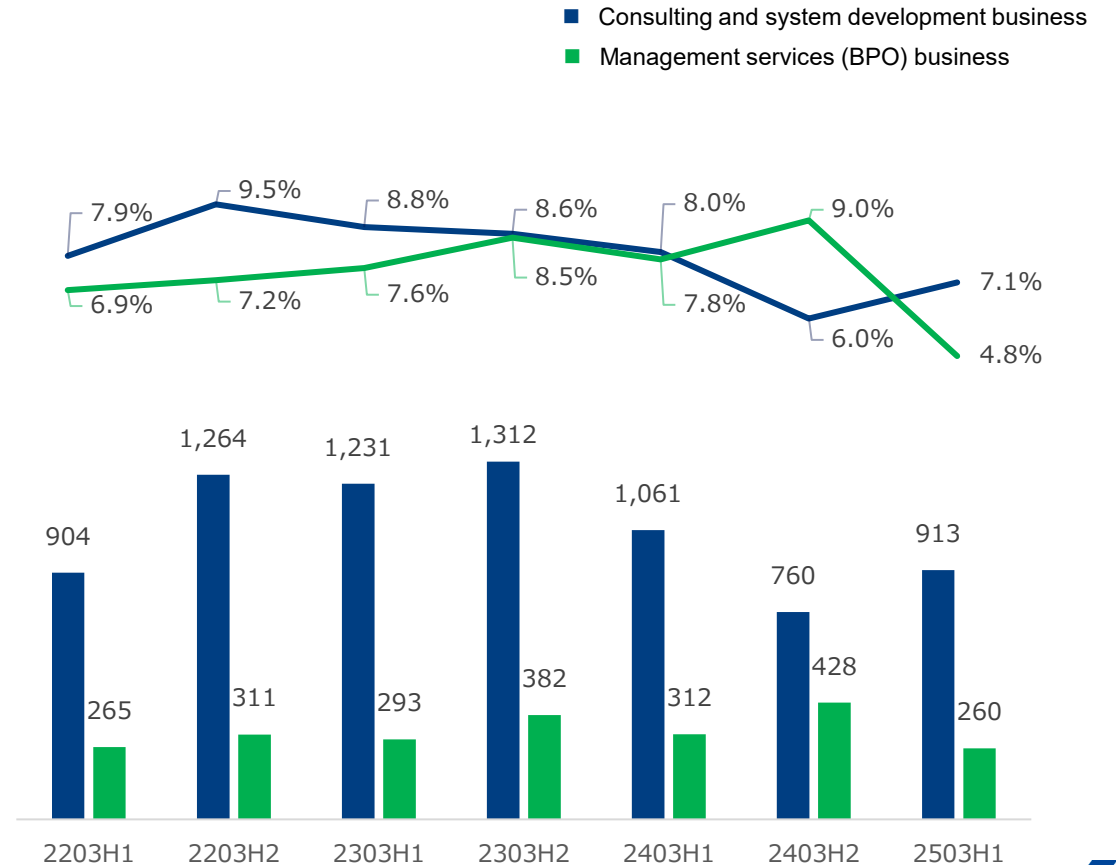


Segment Net Sales and Profit

Segment net sales (unit: million yen)



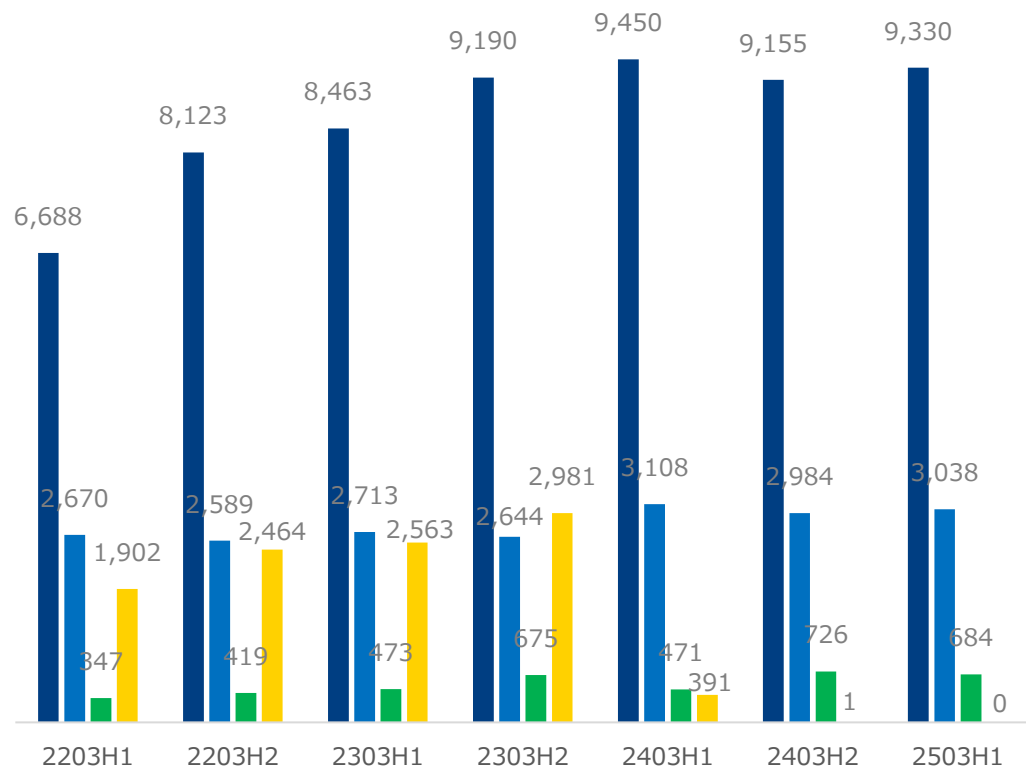
Segment profit (unit: million yen)



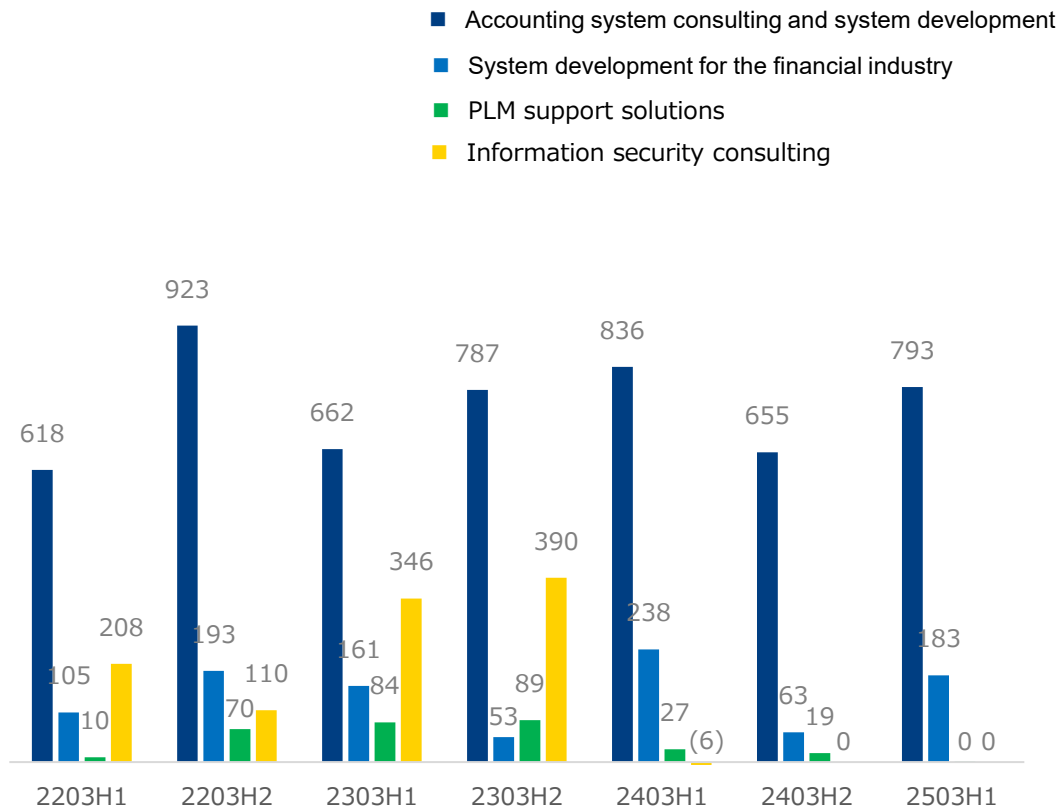
Consulting and System Development Business

Changes by sub-segment

Segment net sales (unit: million yen)



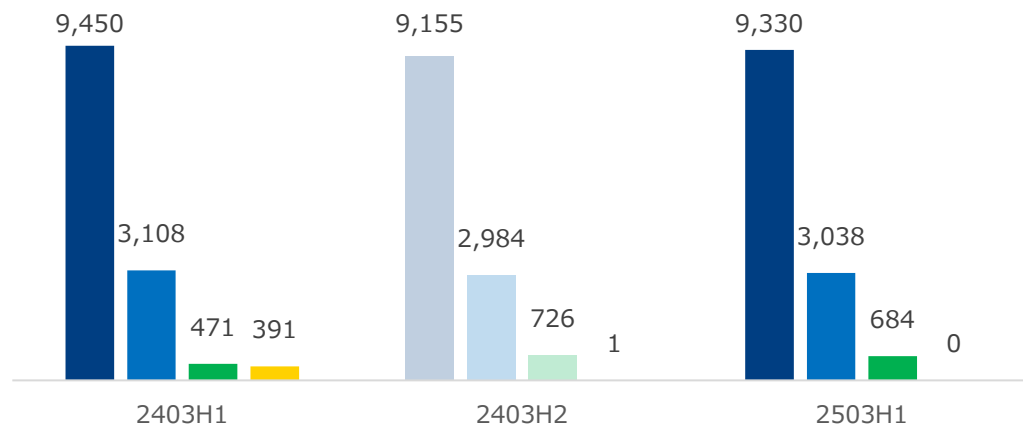
Segment profit (unit: million yen)



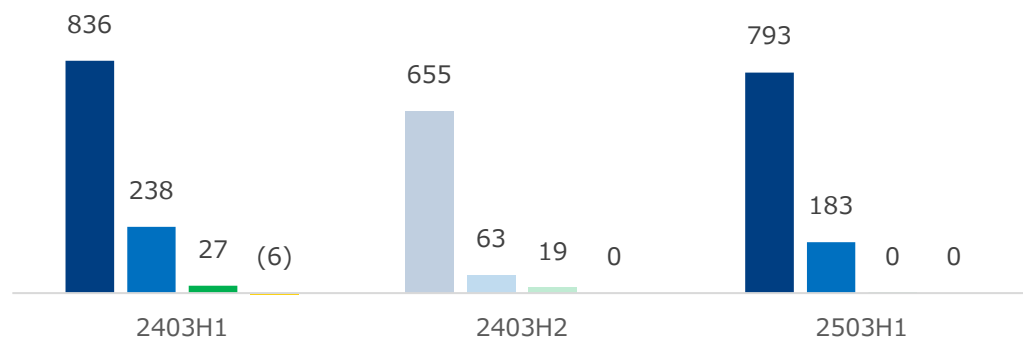
Consulting and System Development Business

Fluctuation Analysis

Segment net sales (unit: million yen)



Segment profit (unit: million yen)



- Accounting system consulting and system development
 - Challenging first quarter particularly in western Japan region due to shortage of orders during previous first half. Sales recovery in second quarter and increase in operation rate caused recovery in profits to previous year level, but did not make up for first quarter shortage.
 - Continued focus on recovery in western Japan region due to steady orders in eastern Japan region.
 - Stable launch of BBS Managed Services, which began de facto operations in April, also contributed.
- System development for the financial industry
 - Decline in sales and profits due to temporary decline in demand caused by law revisions in previous period and because high-margin fund wrap sales are running their course.
 - Currently working to secure profits through further development of fund wrap orders, function expansion, and collaborations with FinTech companies.
- PLM support solutions
 - Returned first quarter negative growth during second quarter due to end of handling underperforming projects from previous period. Profit is expected from second half and beyond.
 - Small contribution from Fresco, purchased previous period, because of heavy focus on the second half, but profit contribution expected in second half due to strong orders.
- Information security consulting
 - GSX excluded from consolidation due to sale of shares in May 2023

Consulting and System Development Business

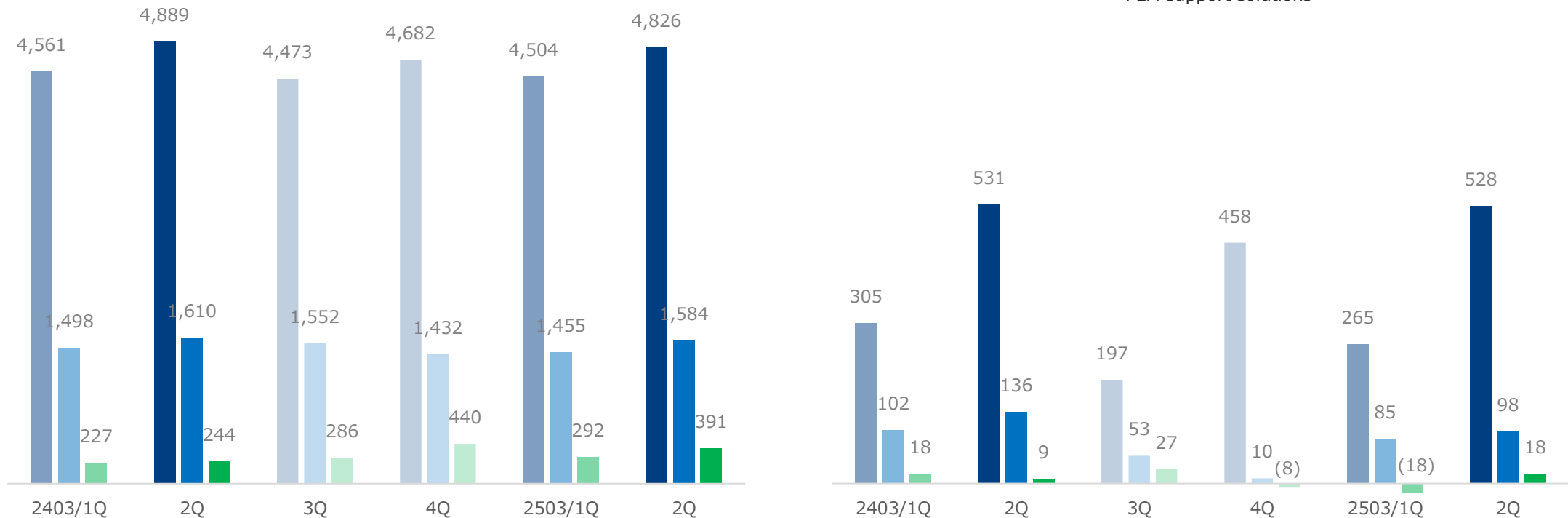
Quarterly Change

Our core accounting system consulting and system development have recovered to the same level as the previous fiscal year. The PLM support solution has turned profitable

Segment net sales (unit: million yen)

Segment profit (unit: million yen)

- Accounting system consulting and system development
- System development for the financial industry
- PLM support solutions



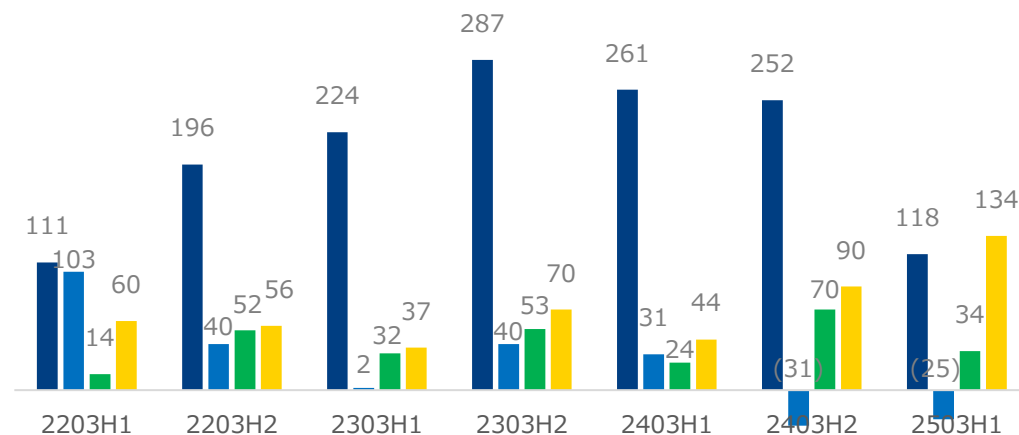
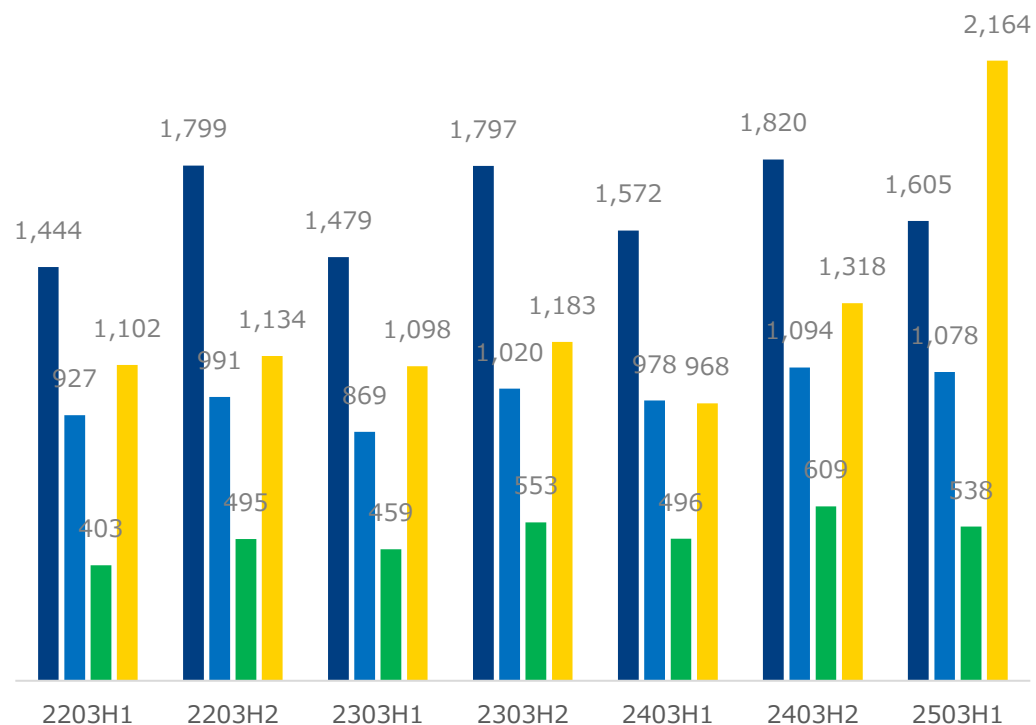
Management Services (BPO) Business

Changes by sub-segment

Segment net sales (unit: million yen)

Segment profit (unit: million yen)

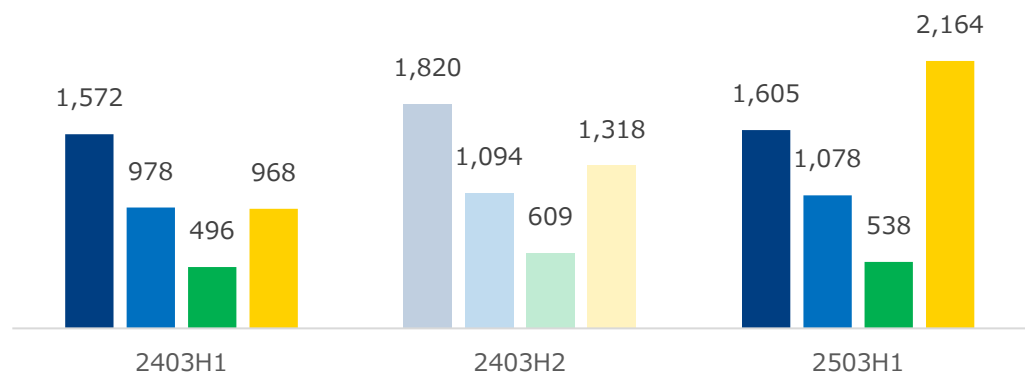
- HR and payroll related outsourcing
- Outsourcing for global companies
- Outsourcing for foreign companies
- Onsite BPO



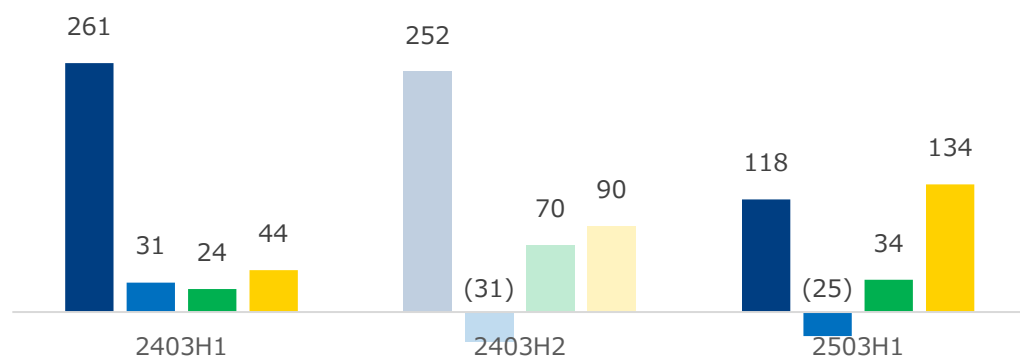
Management Services (BPO) Business

Fluctuation Analysis

Segment net sales (unit: million yen)



Segment profit (unit: million yen)



- HR and payroll related outsourcing
 - Sales and profits exceeded previous year due to new projects and price increases.
 - With regard to factors that reduced profits, the impact of the approx. 100 million yen cost increase, due to the review of internal cost burden for organizational restructuring, was large, while the increased revenue was cancelled out by the cost increase due to the decline in the operating rate versus increased personnel costs and staffing.
 - Cost rises will be reflected in future contract revisions as much of outsourcing is according to annual contracts.
- Outsourcing for global companies
 - Decline in profitability due to ongoing research on automated accounting for major companies and increased investment costs for establishing the Sapporo BPO Center, in addition to failure to achieve sales for the financial settlement BPO and the growing deficit from increased personnel costs.
 - Currently moving forward with policy to gradually expand from small to larger orders for major companies, causing increase in sales.
- Outsourcing for foreign companies
 - No significant environmental changes. Steady progress is being made.
- Onsite BPO
 - Increase due to acquisition of Twinkle (sales: approx. 1.25 billion yen, profit: 110 million yen)
 - Decrease due to deconsolidation of MICS in May 2023 (sales: 95 million yen, profit: insignificant)

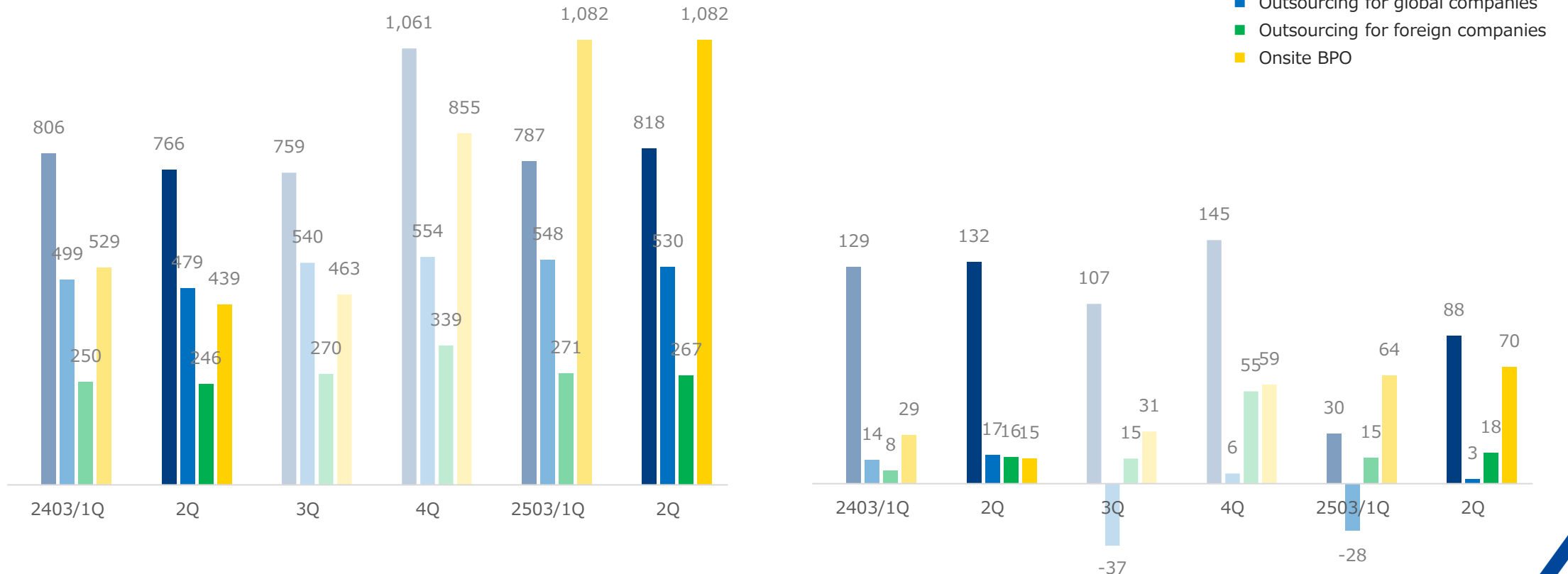
Management Services (BPO) Business

Quarterly Change

While sales for HR and payroll related outsourcing have increased, profits have recovered from the first quarter but have not yet reached the levels of the previous fiscal year
 Onsite BPO sales and profits increased due to the acquisition of Twinkle

Segment net sales (unit: million yen)

Segment profit (unit: million yen)



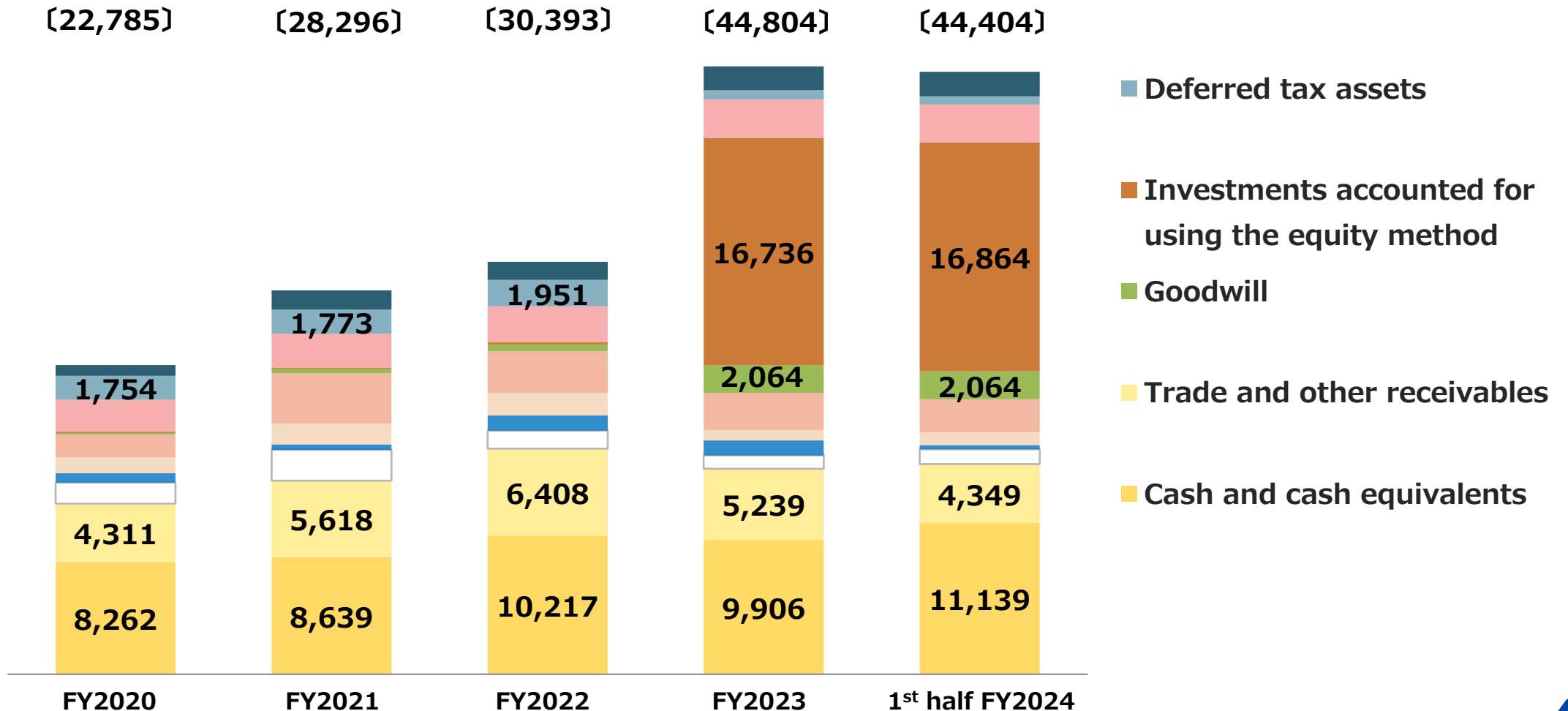
(Reference) Revenue and Business Profit by Sub-segment

(Unit: million yen)	Three months ended June 30, 2024		Three months ended September 30, 2024		Cumulative total for the six months ended September 30, 2024	
	Revenue	Business profit	Revenue	Business profit	Revenue	Business profit
Consulting and system development business						
Accounting system consulting and system development	4,504	265	4,826	528	9,330	793
System development for the financial industry	1,455	85	1,584	98	3,038	183
PLM support solutions	292	-18	391	18	684	0
Adjustment	-97	-78	-107	16	-204	-63
Segment total	6,154	254	6,694	660	12,848	913
Management services (BPO) business						
HR and payroll related outsourcing	787	30	818	88	1,605	118
Outsourcing for global companies	548	-28	530	3	1,078	-25
Outsourcing for foreign companies	271	15	267	18	538	34
Onsite BPO	1,082	64	1,082	70	2,164	134
Adjustment	-18	0	16	0	-3	0
Segment total	2,670	82	2,713	178	5,383	261
Total	8,824	336	9,407	838	18,231	1,174
Adjustment amount	-87	-9	-81	10	-167	1
Consolidated	8,737	327	9,326	848	18,064	1,175

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

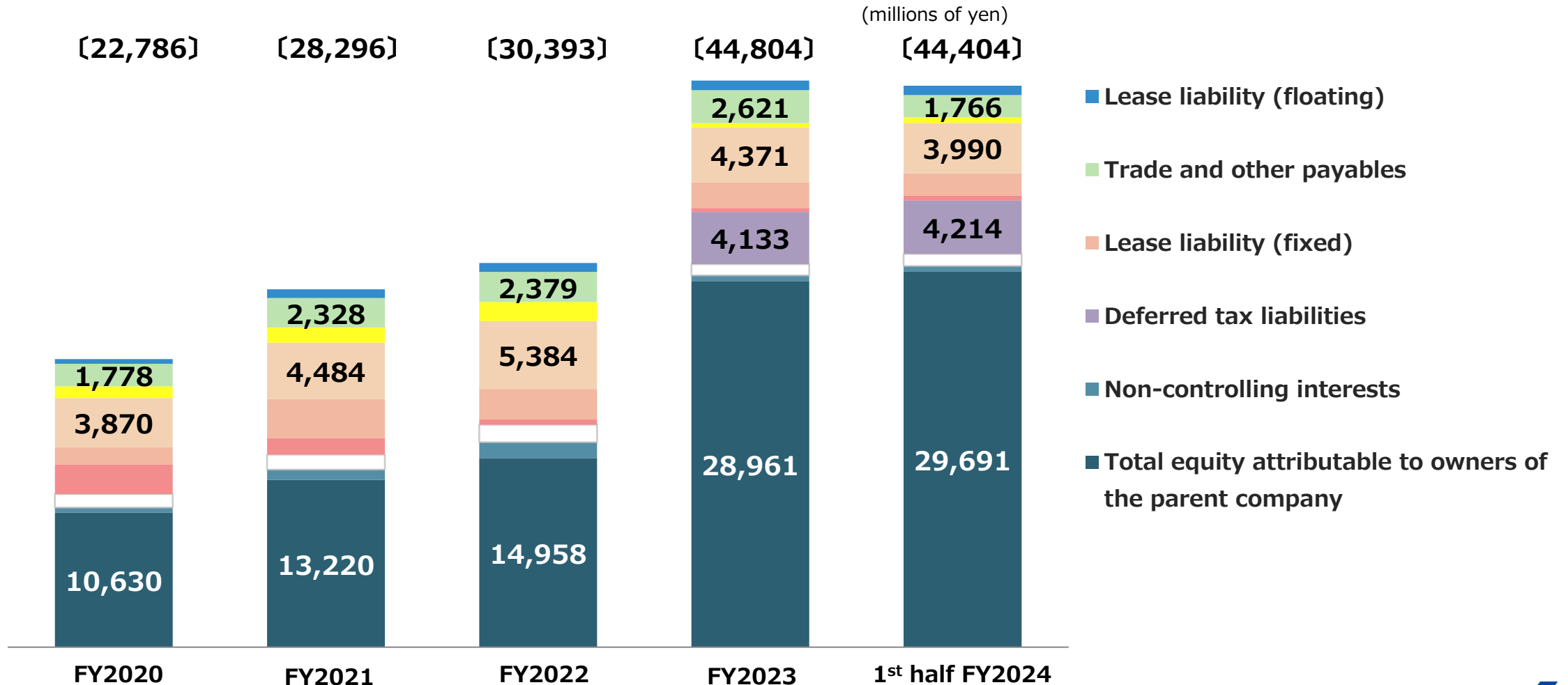
Assets

(millions of yen)



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

Liabilities and Equity



Earnings Forecast

[Earnings Forecast] Consolidated Operating Results

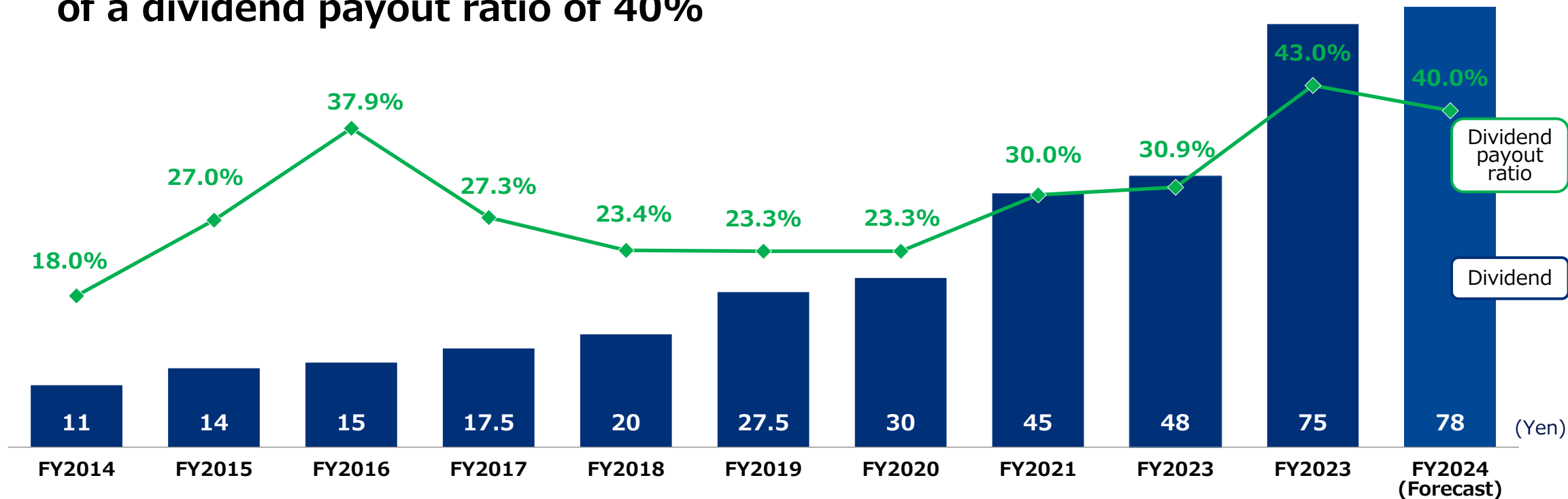
Orders are steady and the full-year forecast remains unchanged.

(millions of yen)

	Year ending March 31, 2025 1 st half results	Year ending March 31, 2025 Full-year outlook	Progress of full-year outlook	Year ended March 31, 2024 Full-year results	Year-on-year comparison
Orders received	18,867	39,500	47.8%	34,691	13.9%
Revenue	18,064	39,070	46.2%	34,218	14.2%
Business profit	1,175	2,400	49.0%	2,543	-5.6%
Business profit margin	6.5%	6.1%	—	7.4%	—
Operating profit	1,176	2,400	49.0%	20,697	-88.4%
Profit before tax	1,390	2,800	49.6%	20,582	-86.4%
Profit	1,003	2,370	42.3%	14,167	-83.3%
Profit attributable to owners of parent	992	2,340	42.4%	14,146	-83.5%
Ratio of profit attributable to owners of parent	5.5%	6.0%	—	41.3%	—
Dividend per share	37 yen	78 yen	—	75 yen	—

[Earnings Forecast] Dividend

Interim dividend of 37 yen
 Annual forecast of 78 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: 03-3507-1300

APPENDIX

[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
Business locations	Tokyo, Osaka, Nagoya, Hamamatsu, Fukuoka, Sapporo, Niigata, Kumamoto, Kagoshima, Naha, Nago, Bangkok, Thailand; Ho Chi Minh City, Vietnam; Singapore
Representative	Kazuhiro Komiya, President
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	898 (non-consolidated) 2,369 (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 2024)

Let the combined strengths of our group solve your management needs

We combine the forces of our entire group to propose solutions to meet your management needs, thereby answering the needs of diverse clients. We will constantly evolve our group operations moving forward according to our customers' needs and the changing times.

Together for Value



We provide integrated services from consulting to system development and establishment

BBS Managed Service Inc.

Provides managed services and IT software development

BSC Co.,Ltd.

Provides consulting, construction and operation of mission-critical business systems

Financial Brain Systems Inc.

Provides system development and IT solutions mainly for the securities and finance field

Fresco Inc.

Provides engineering CAD/PDM system development

GLOBAL SECURITY EXPERTS Inc.

Provides information security consulting and solutions

joyworks inc.

Provides system development, application development, web production, infrastructure construction, etc.

PLM Japan Inc.

Provides PLM (product lifecycle management) solutions for the manufacturing industry

BBS (Thailand) Co., Ltd.

Provides business improvement consulting services for local entities of Japanese companies in Southeast Asia



BBS Outsourcing KUMAMOTO Inc.

Provides High Value BPO® by business reform and BPO specialists in a wide range of business fields

EP Consulting Services Corp.

Provides outsourcing services for the HR, general affairs, and accounting fields

Technowarethink Inc.

Provides on-site BPO and data entry services supporting customers' business with a spirit of hospitality

Twinkle Co., Ltd.

Provides services such as human support (human resources support for companies) and system support (helpdesk), call support (BPO call center)

BUSINESS BRAIN SHOWA-OTA VIETNAM CO., LTD.

Provides BPO services by skilled local staff proficient in Japanese and English and consulting services including support for business reforms and system implementation for local entities of Japanese companies

END