



BBS Group New Medium-term Management Plan (BBS2026)

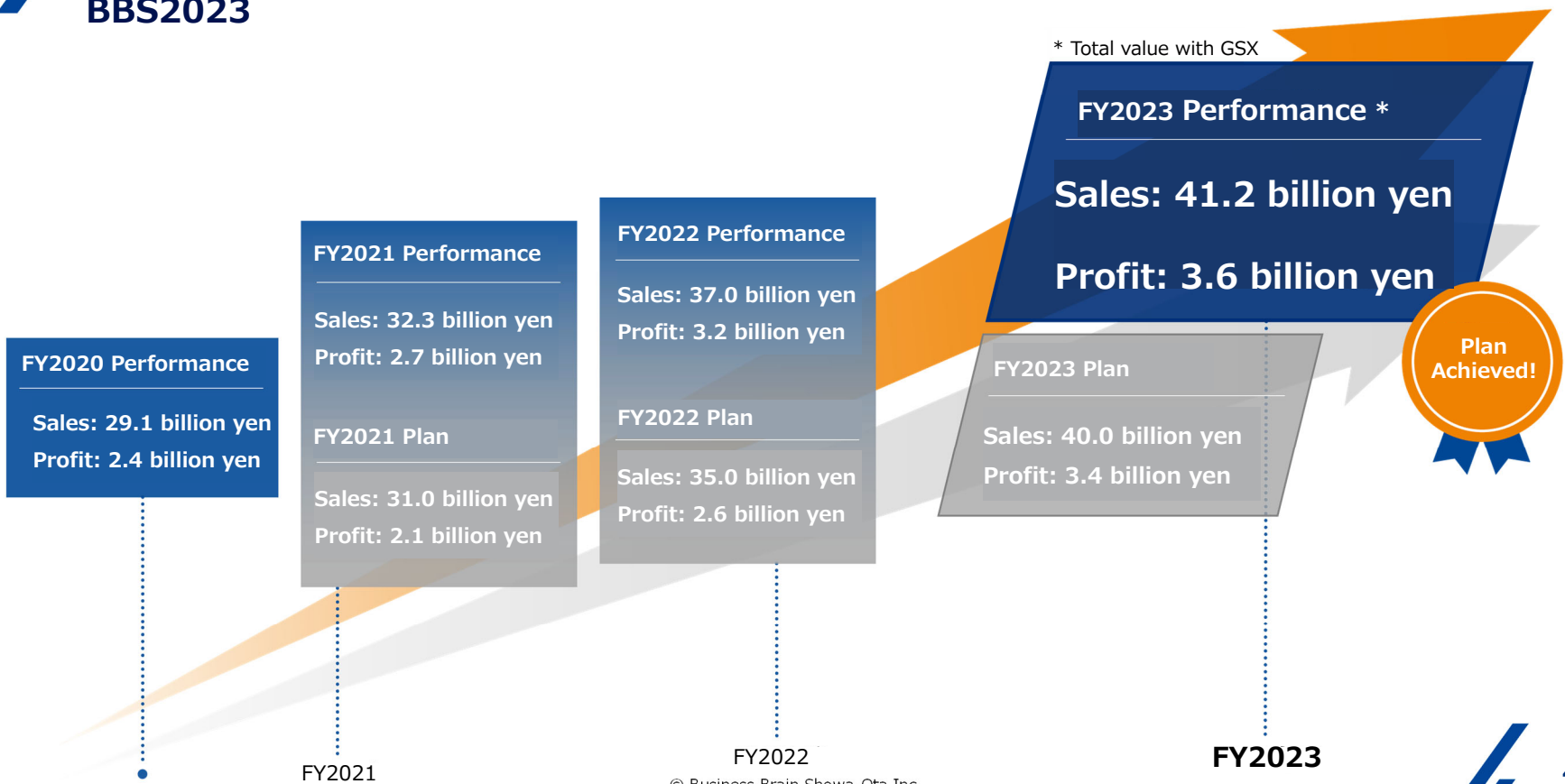


- 1. Review of the Previous Medium-term Management Plan**
- 2. Goal 2030 and the Medium-term Management Plan
BBS2026**
- 3. BBS Group Sustainability Management**
- 4. Environmental Analysis**
- 5. BBS2026 KPI Plan**
- 6. BBS2026 Growth Strategy**
 - 6-1. Promotion of Value-Creation Activities**
 - 6-2. Expansion of Capital to Create Value**
 - 6-3. Strengthening the Industrial Base**

Review of the Previous Medium-term Management Plan

Review of the Previous Medium-term Management Plan

BBS2023



Review of the Previous Medium-term Management Plan BBS2023

[Company-wide Strategy]

Strengthen Group Synergy

Between group companies

533 referrals, **296** orders

Strengthen M&A/Alliances

Sales from JW, BSC, FRSC, TWK

5.2 billion yen

BBS Quality

Adherence to project management
/development rules

100%

Strengthen Branding

Strengthen Outer Branding

Recognition **14%**

[Business Strategy]

RCN2 Strategy

Sales from 3 Loyal Customers

Cumulative total **9.8** billion yen

No. 1 Strategy

Sales from Hiroshima/Fukuoka

Cumulative total **153** million yen

BPO Business Strategy

RPA/OCR utilization performance

13 cases

[Corporate Strategy]



Strengthen HR

Revision of HR policy

to achieve Goal 2030



Promotion of DX

DX for BBS Group

Promoted by **9** companies



Sustainability

CO₂ emissions (FY2020-2022)

20% reduction

Goal 2030 and the Medium-term Management Plan BBS2026

Management Philosophy

- 1/ Contribute to society by improving the corporate value of our customers
- 2/ Becoming a driving force for our customers' development
- 3/ Contributing to increased customer profits

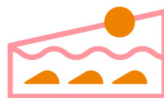
Management Policy



“ Yatsugatake Management ”

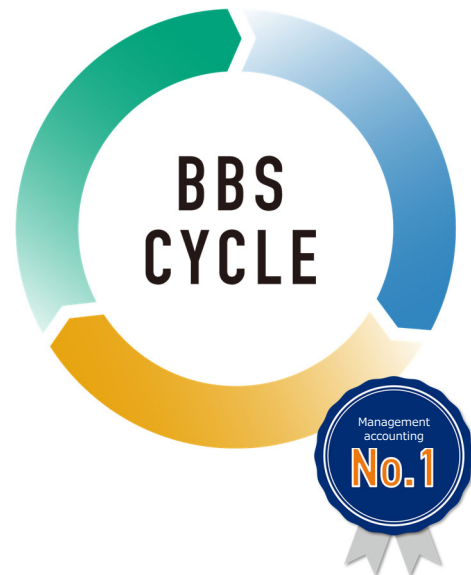


“ Wave-riding management ”



“ Sell Cake ”

Business Model



Management Policy - The Words of Founder Kineo Yamazaki



“ Yatsugatake Management ”

— Practicing Yatsugatake Management

If you just sell individual projects, then the future will grow dark when it no longer sells. But if you have multiple businesses, like the Yatsugatake mountain range, then even when the performance of one business worsens, you can minimize the effect on overall management through other businesses. However, it is also important for each business division to handle accounting independently, but to raise synergy through mutual collaboration. Our founder explained that Yatsugatake Management was necessary because business performance could worsen due to fluctuations in the economy.



“ Wave-riding management ”

— Staying a half-step ahead through wave-riding management

The trick to riding a wave expertly is to start riding slightly behind the head of the wave. If you are at the tip of the wave you will fall down, but you won't be able to ride it if you are too far behind. The same is true in management. To beat your competition, you must always be at the cutting edge of the times, but if you go too far ahead, you will not be accepted by society or the customers. Thus, our founder explained that you must consider the social environment and the situation of the opposite party and stay a half-step ahead.



“ Sell Cake ”

— Sell Cake

The main ingredients of cake are flour and sugar. You mix flour, made from wheat, and sugar, made from sugarcane, bake it, and finish the cake by applying decorations, such as cream or fruit. The price of the cake is much higher than the total cost of the ingredients. This is because value is added in the process of baking the cake, value which the customer recognizes when they buy it. In this way, our founder explained why BBS group combines diverse services to provide high added value that cannot be imitated by other companies.

MANAGEMENT
SERVICE
BPO

SYSTEM
INTEGRATION



CONSULTING

Goal 2030 - Long-Term Vision of BBS Group

The Goals and Values of BBS Group

B Back Office Comprehensive Supporter

B Become a new management partner

S Sustainability Management / **S**trengthening human resources

FY2020 Results

Sales: 29.1 billion yen
Profit: 2.4 billion yen



FY2030

Sales: 100 billion yen
Profit: 10 billion yen

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

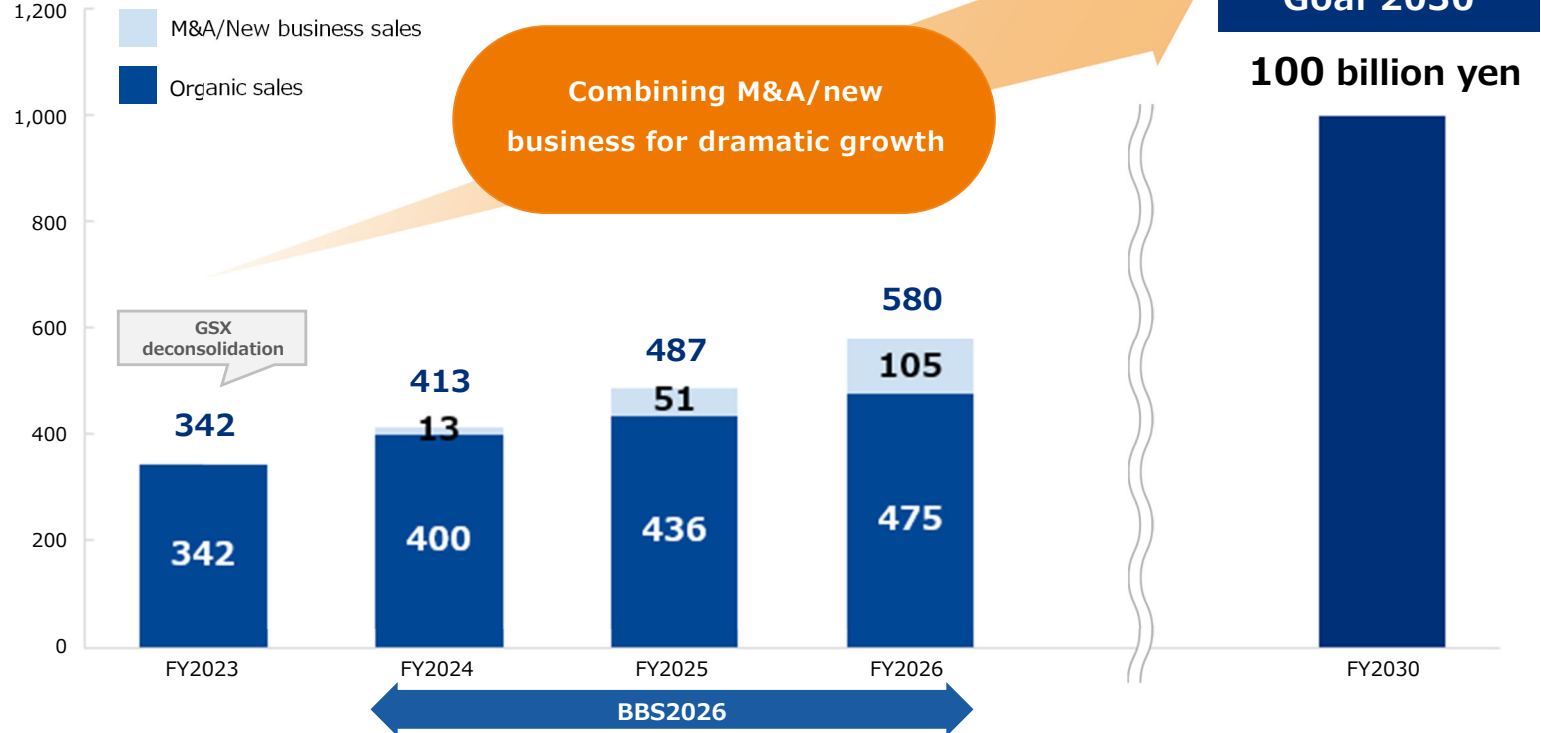
S Sustainability Management / Strengthening human resources

- 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

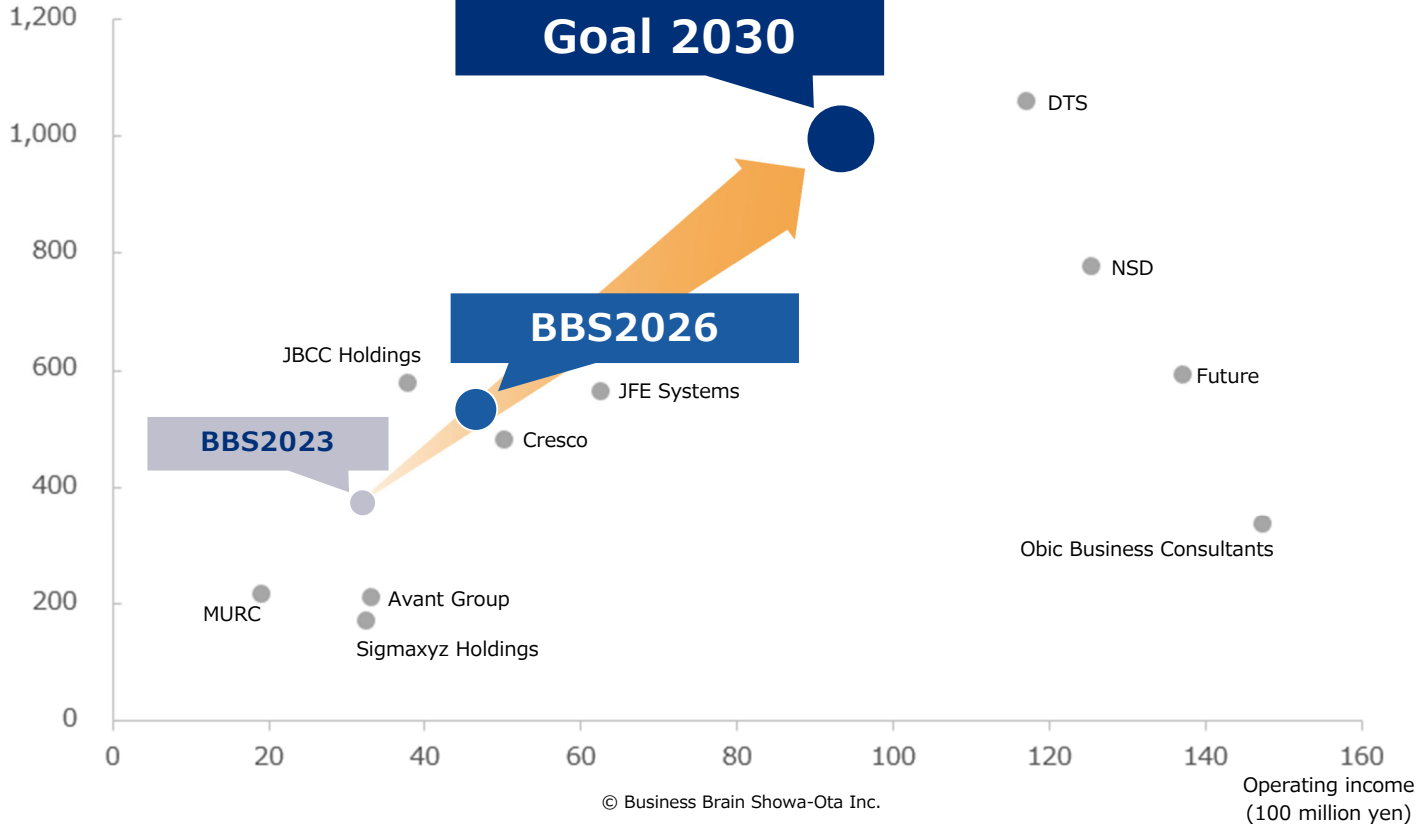
Redesigning the growth scenario under GSX deconsolidation

(100 million yen)



Position of BBS Group

Sales (100 million yen)



Position of the BBS2026 Medium-term Management Plan

BBS2026 charts a path for dramatic growth toward Goal 2030

BBS2023

- Make Hybrid Innovations -

BBS2026

- Evolving Innovations -

Goal 2030

Building a foundation for growth

Building a path for dramatic growth

Assured path towards the goal

✓ Company-wide strategy

- Strengthen group synergy
- Strengthen M&A/alliances
- BBS Quality (pre-strengthen)
- Strengthen branding

✓ Target value

Sales: 40 billion, Profit: 3.4 billion (excluding GSX)
Sales: 34 billion, Profit: 2.6 billion

✓ Primary mission

- Clear path to Goal 2030
- Internal/external commitment and execution to achieve dramatic growth

✓ Target value

Sales: 58 billion, Profit: 5 billion

B Back Office Comprehensive Supporter

B Become a new management partner

S Sustainability Management / **S**trengthening human resources

BBS2030

Sales: 100 billion yen

Profit: 10 billion yen

BBS Group Sustainability Management

What is Materiality?

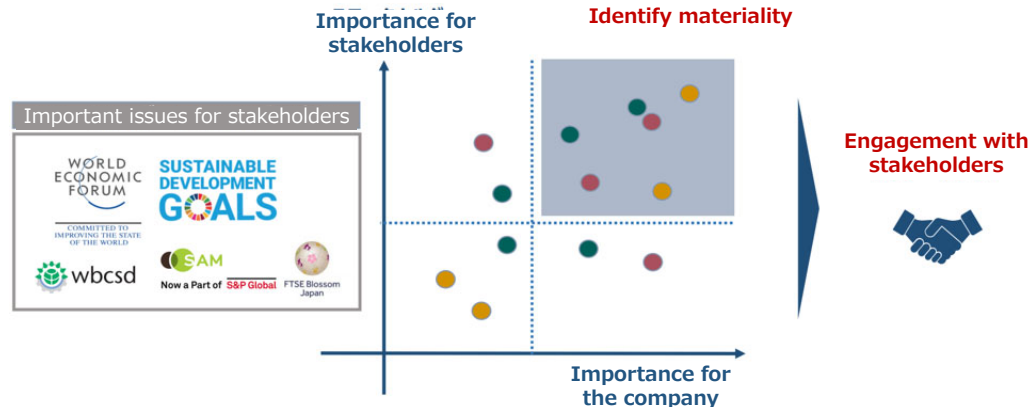
- The important issues that companies need to prioritize among the many issues of society

(Source) <https://sdgs-compass.jp/column/1911>

- Important issues to tackle for continuing the business model to achieve sustainable growth and increased corporate value over the mid to long term.

(Source) Practical Seminars for ESG Disclosure: Materiality analysis for value creation

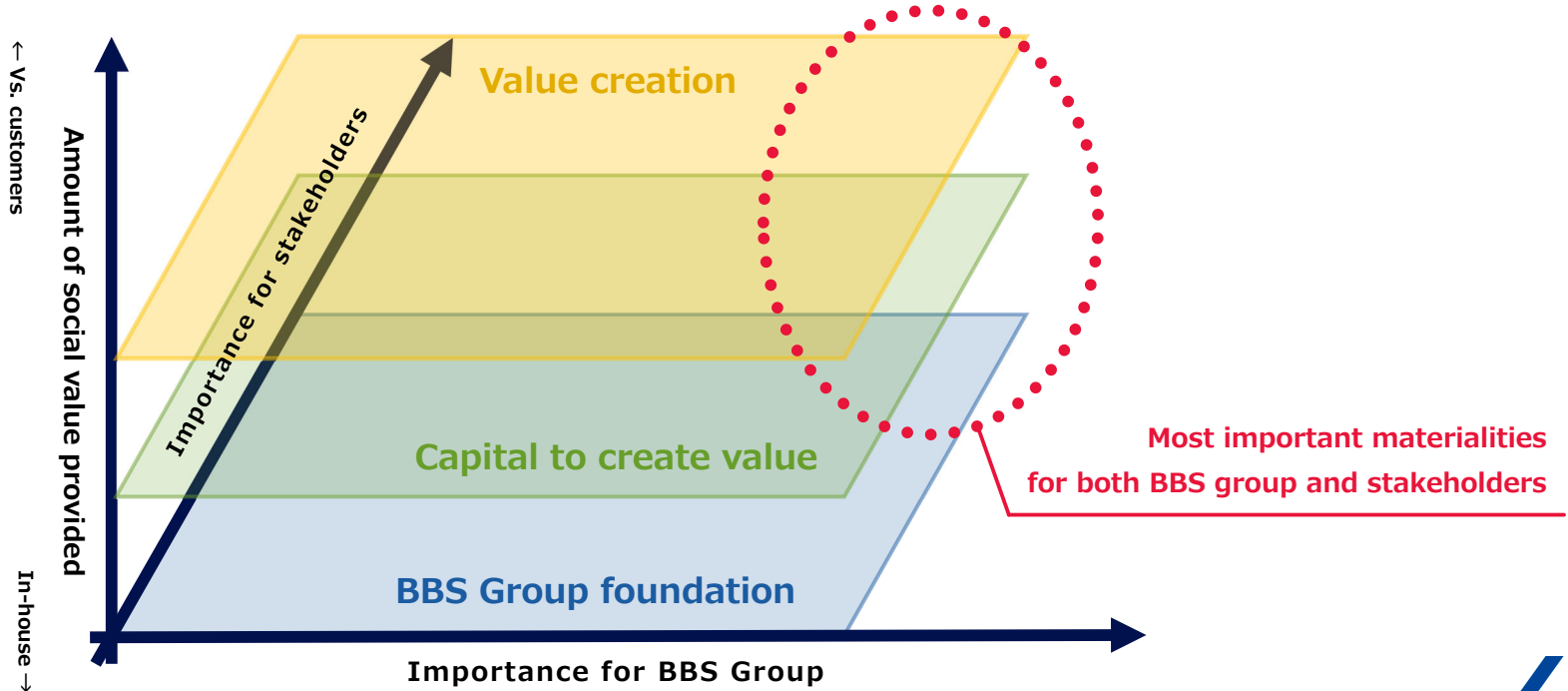
- Identify high priority issues by evaluating the importance thereof from the standpoint of the company and the stakeholders.



Identifying Materiality for BBS Group

“The business strategy of BBS group and contribution to a sustainable world and society are considered inseparable.”

→ Identify materialities (important issues) from the standpoint of importance for BBS group and importance for stakeholders



Realizing a sustainable world with the Earth and society

Promote sustainability management to tackle materialities
(important issues)

Value creation

As a back office comprehensive supporter
Providing value that creates the future

Creating new value to transform society
New business creation

Capital to create value

Providing high quality services
that give our customers safety and security

Maximizing HR capabilities as the source of value creation
Expansion of human capital

Promote DX
to keep up flexibly with the constant changing world

Business foundation

Strengthen governance
to assure efficiency, legality, and transparency

Contribute to a decarbonized society
to build a sustainable society through business

Individuals with numerous characteristics and attributes working together vibrantly
Leveraging diverse human resources

Environmental Analysis

Market Trends for Each BBS Group Business

<FY2026 forecast>

BPO market

5215.9 billion yen

CAGR **2.7%**

SI market

17459.5 billion yen

CAGR **3.4%**

Consulting market

873.2 billion yen

CAGR **8.8%**

SaaS market

1944.9 billion yen

CAGR **12.7%**

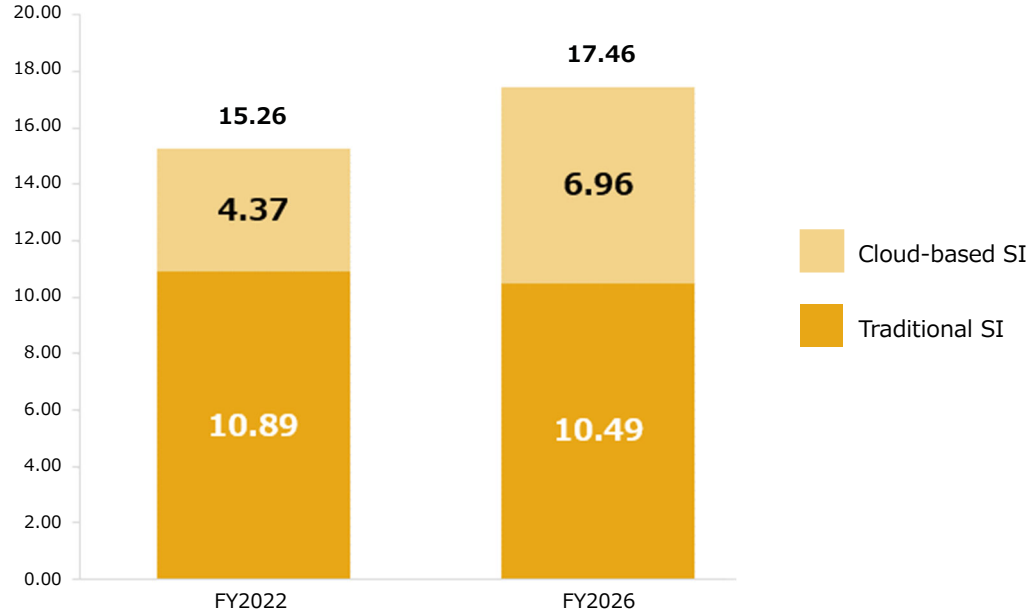


**BBS
CYCLE**

- ✓ The CAGR for the SI market is predicted to be 3.4% until FY2026
- ✓ Cloud-based SI is leading the market with the use of cloud services (SaaS, PaaS, IaaS)
- ✓ Cloud-based SI consists of 29% of the market as of FY2022, and is expected to rise to 40% by FY2026

Domestic SI market (trillions of yen)

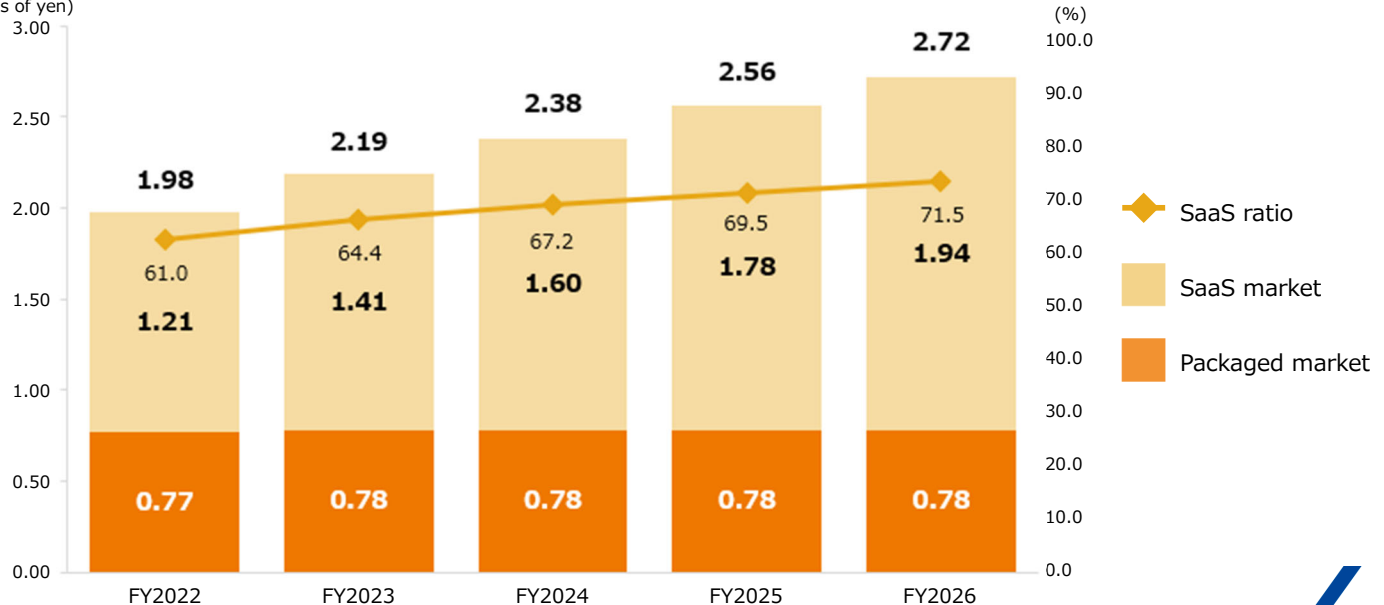
(Source) Fuji Chimera Research Institute,
"Current State of Cloud Computing in 2023 and
Future Outlook - Market/Vendor Strategy Edition"



- ✓ The software market is projected to see a CAGR of 8.3% through FY2026
- ✓ **The CAGR of the SaaS market is 12.7%**, showing significant growth compared to the packaged software market.
- ✓ The packaged software market growth rate will begin trending downward from FY2025

Domestic share (trillions of yen) per format

(Source) Fuji Chimera Research Institute,
New software business market FY2023

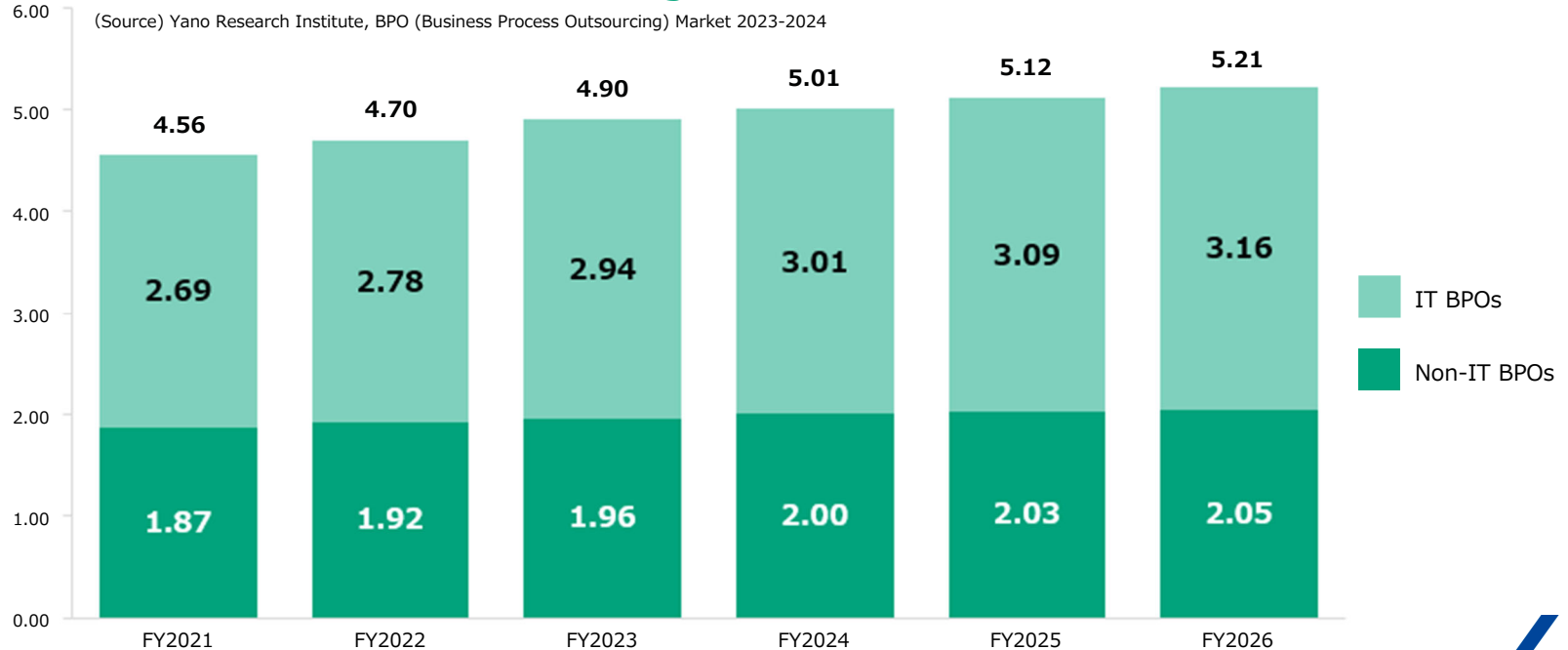


✓ The CAGR for the BPO market is predicted to be 2.7% until FY2026

(trillions of yen)

Forecast BPO market scale changes for IT/Non-IT

(Source) Yano Research Institute, BPO (Business Process Outsourcing) Market 2023-2024



BBS2026 KPI Plan

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

BBS2026 KPI Plan

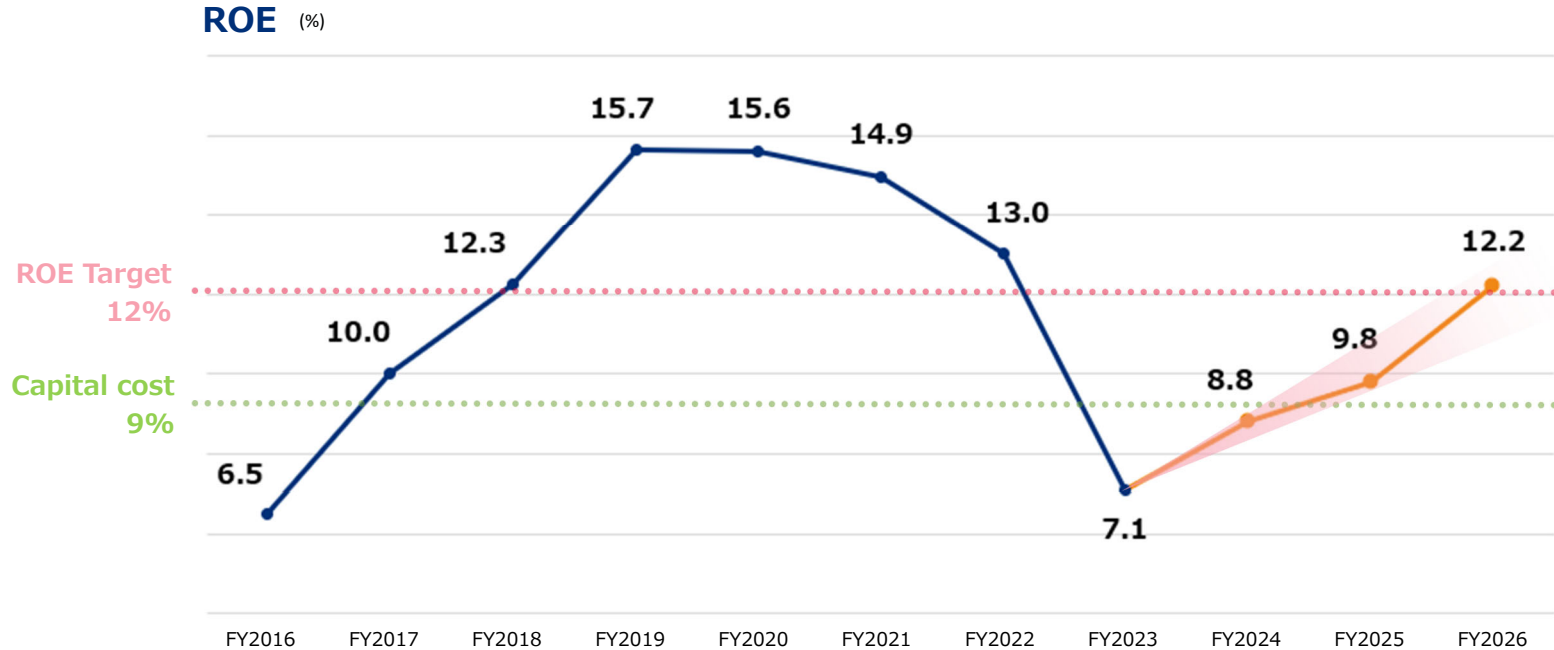
[BBS2026 Sales and Profit Plan]

(100 million yen)

Segment		FY2023	FY2024	FY2025	FY2026
Sales	Total existing business	342	400	436	475
	New M&A/New Business	-	13	51	105
	Total	342	413	487	580
Business profit		25	28	37	50

BBS2026 KPI Plan

[ROE Plan] Realizing management that reflects capital cost and share price



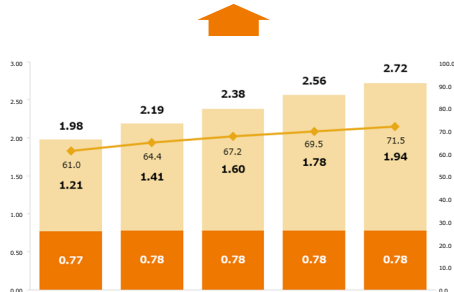
BBS2026 Growth Strategy

[Market]

[Business Directions]

SaaS

Grow at 12% CAGR



(Source) Fuji Chimera Research Institute, Software Business New Market 2023 Edition

Market to remain level until FY2025

Rise in SaaS ratio will lead to later decline in market size

Existing business

Introduce new services as next markets to approach

Solution development on next-gen platform

AI-based management accounting solution

SaaS (provide solutions)

Package

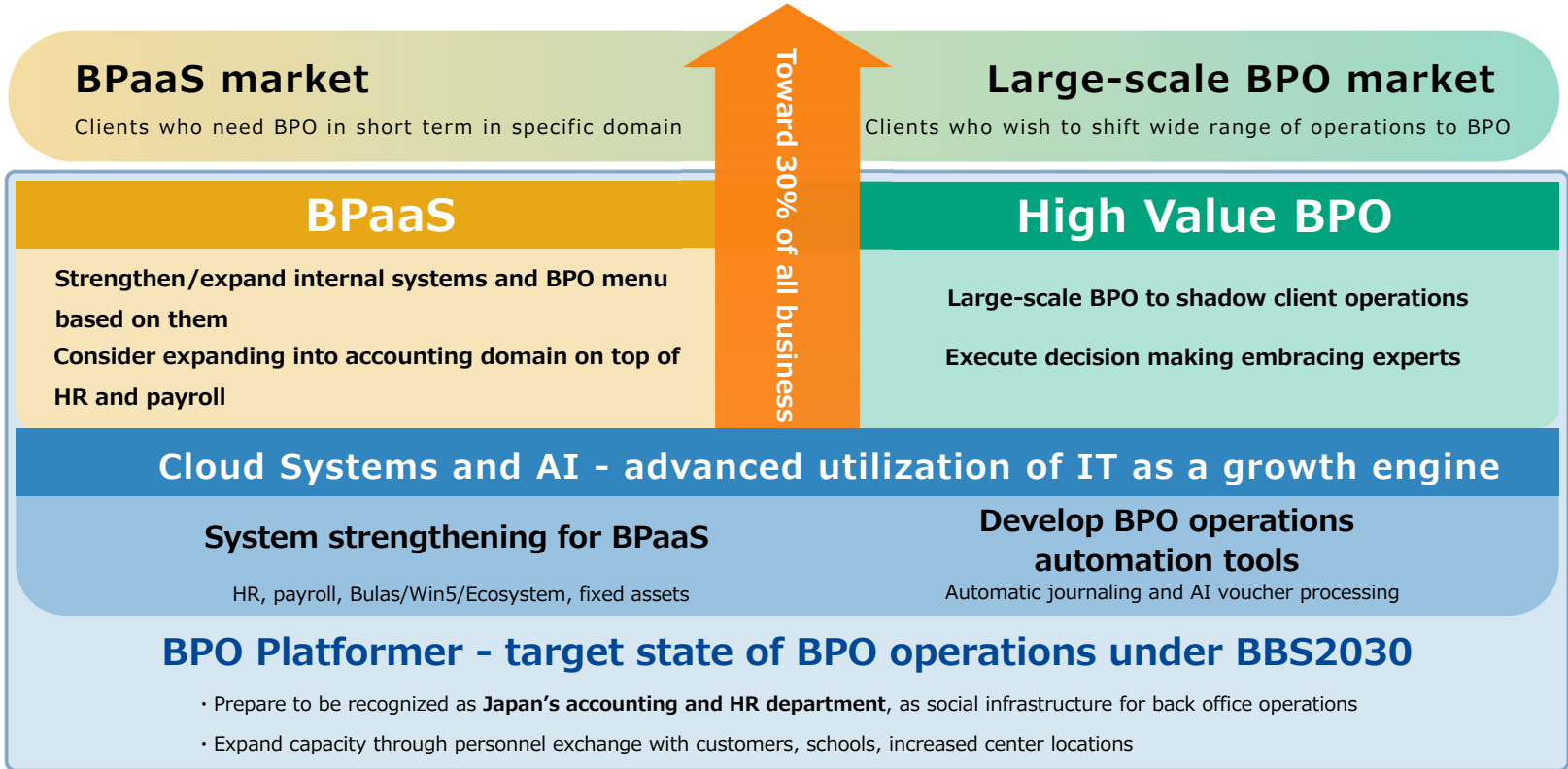


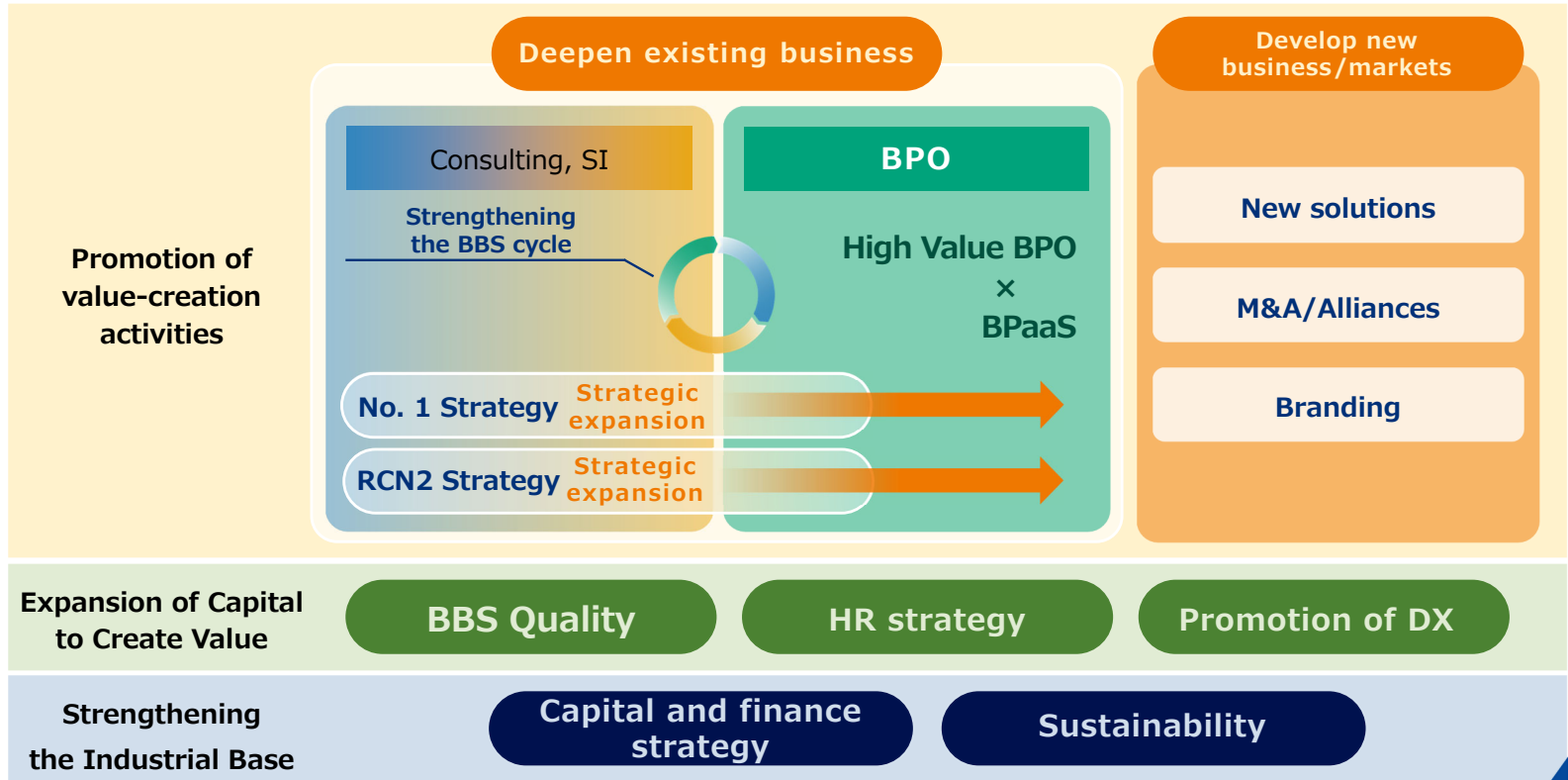
Towards solutions that can compete with SaaS

- ✓ **Enjoy SaaS benefits**
 - No need for internal assets or maintenance program
 - Stable operation, high availability
- ✓ **Avoid SaaS demerits**
 - Low degree of customization
 - Location of data on SaaS makes cancellation difficult

Scratch development

Leverage strengths of BBS Group accumulated to date





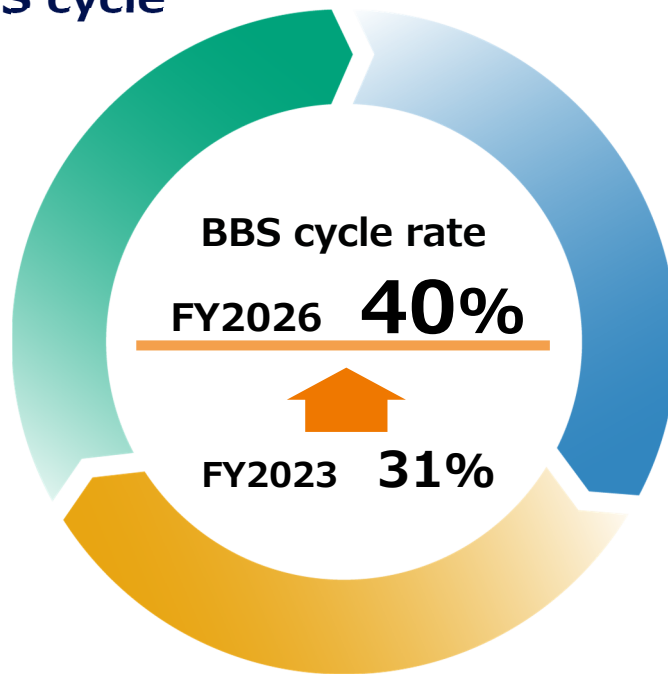
Promotion of Value-Creation Activities

Strengthen the BBS cycle

MANAGEMENT SERVICE
BPO

SYSTEM INTEGRATION

CONSULTING



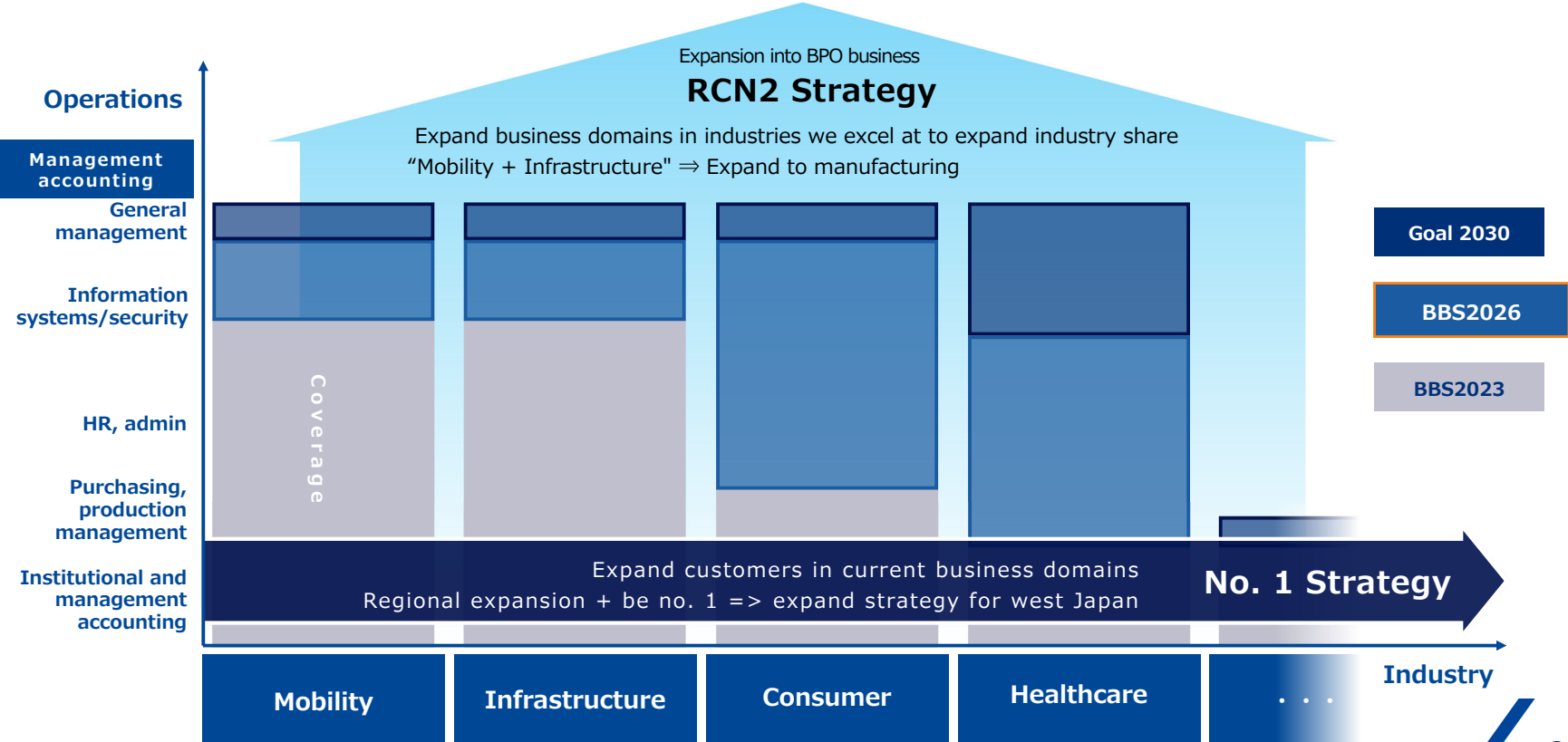
What is the BBS cycle rate?

Ratio of sales from clients being provided two or more services from the three BBS cycle services against company-wide sales

Measures for improvement

- ✔ Strengthen group-wide sharing of each business/group company solution
- ✔ Rethink evaluation/incentive programs

No. 1 and RCN2 Strategies Under BBS2026



No.1 Strategy [Area Expansion]

Expand sales areas and broaden the base of BBS users

- ✔ Strengthen expansion of business in Fukuoka, Hiroshima, starting with establishment of Fukuoka branch

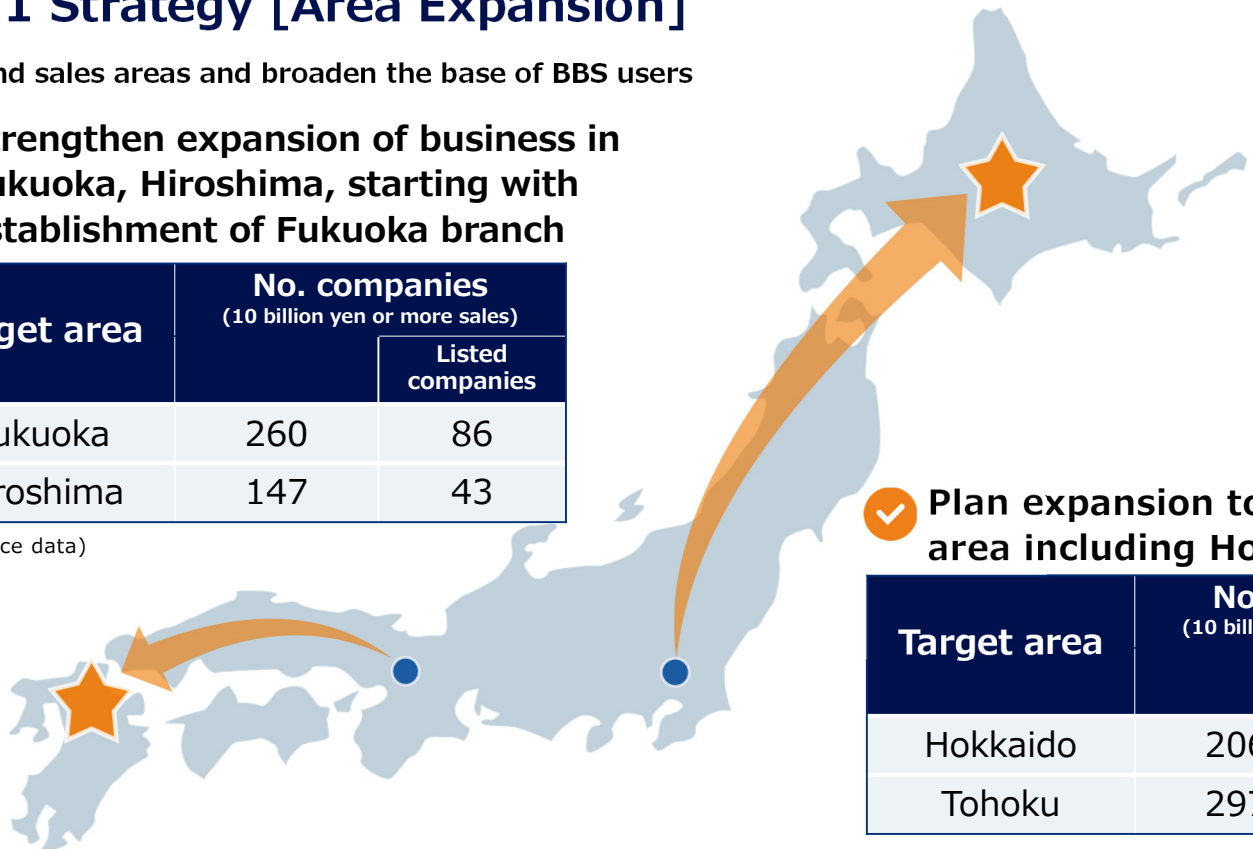
Target area	No. companies (10 billion yen or more sales)	
		Listed companies
Fukuoka	260	86
Hiroshima	147	43

(Reference data)

- ✔ Plan expansion to east Japan area including Hokkaido

Target area	No. companies (10 billion yen or more sales)	
		Listed companies
Hokkaido	206	50
Tohoku	297	48

(Reference data)



No.1 Strategy [Solution Expansion]

Strengthen competitiveness by expanding “package plus 1” solutions

Market needs

- Majority of cases involve adopting of existing packages with **additional addon development to meet user company needs**
- Purchase of an additional package for limited functions **increases license fees, causing heavy burden**

BBS Group Issues

1. Declining price advantage

High price of addon development and licensing increases price to customers, making winning bids against competition more difficult

2. increased development risk

Increased development risk for projects because of subsystem scale development

3. Worsening profitability

Worsening profitability due to weak prices and increased development risks caused by intensified price competition



Measure

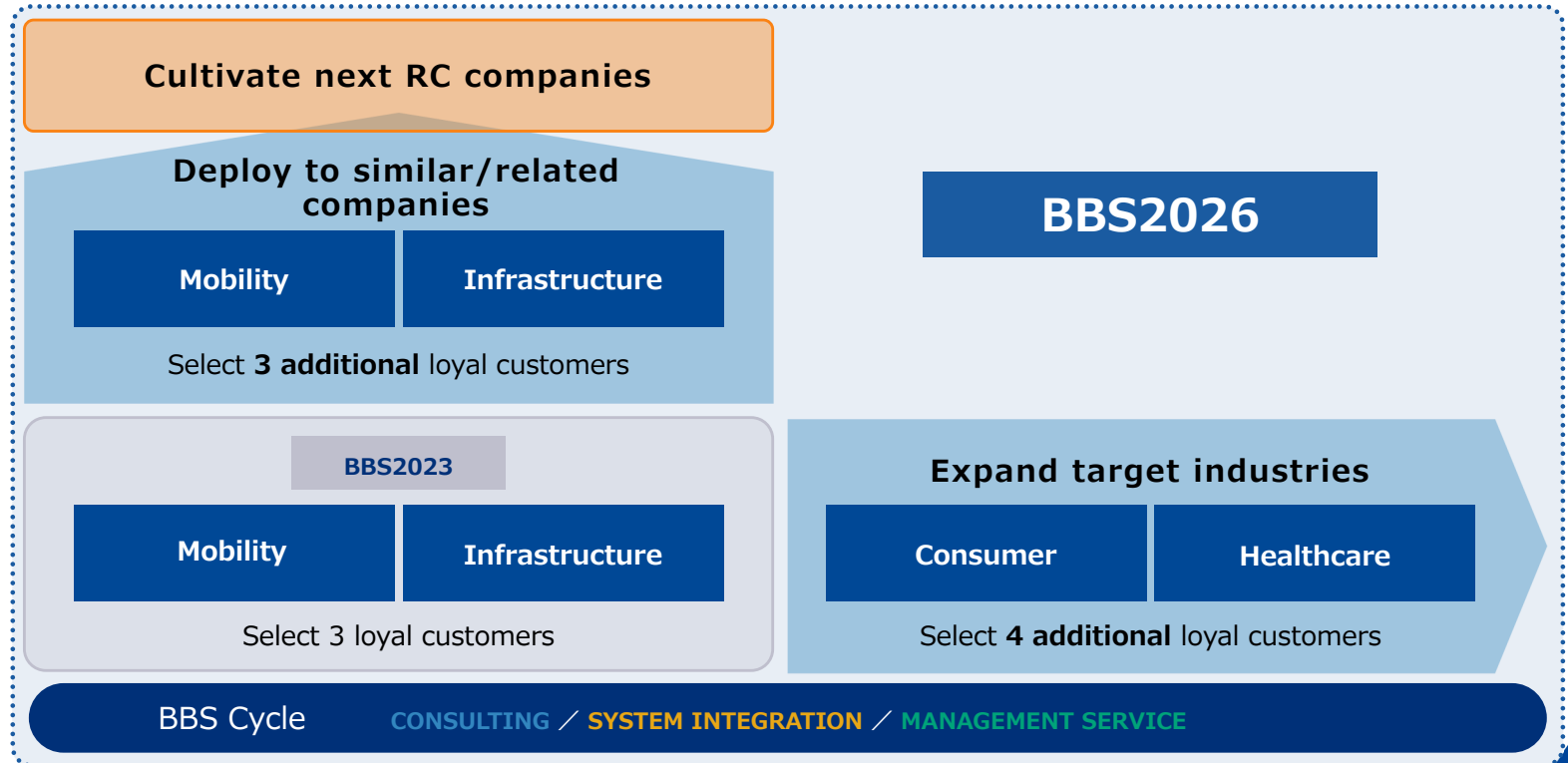
In-house development of additional function templates



Effects

- ✓ **Secure competitive advantage and increase revenue**
- ✓ **Reduce development risk**
- ✓ **Increase orders by strengthening relationships with package vendors**

Expand to new stage by expanding target industries and deploying to similar/related companies

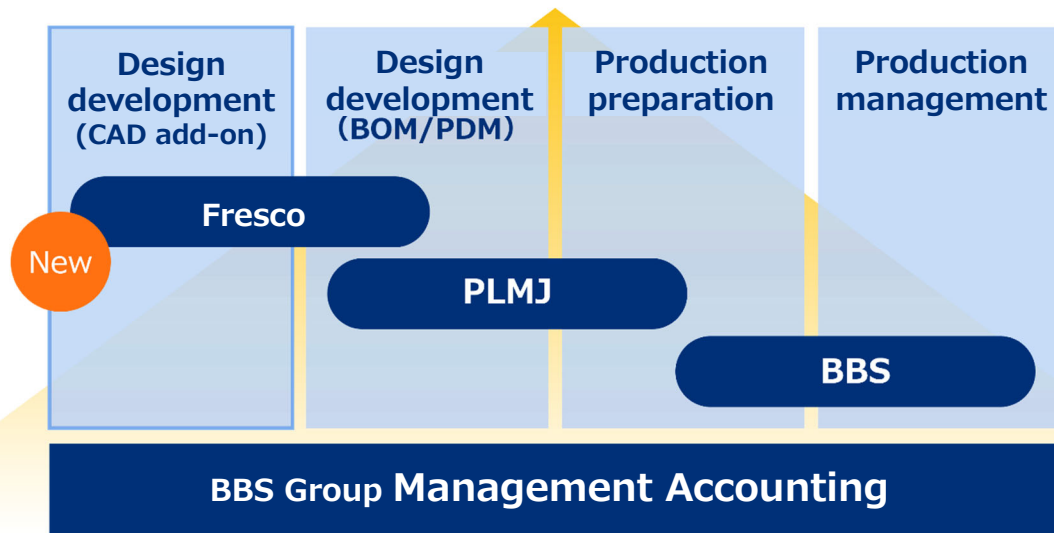


RCN2 Strategy [Solution Expansion]

Expand solutions for the production management domain and provide the services of BBS Group to a wide range of customers

Sales target for FY2027 3.5 billion yen

Provide comprehensive services to customers in the manufacturing and construction industries



BPO Strategy

Define and execute strategy for each combination of business domain and service style

		BPaaS (Provide own systems and BPO as set)	High Value BPO (Customer system BPO + expertise)
HR, payroll	Core business	<p>Sales growth rate 8% Operating income ratio 15%</p> <ul style="list-style-type: none"> Expanding the scope of systems covered around a core of Bulas/Win5 Leverage combined System + BPO strength to obtain high profits 	<p>Business improvements</p> <ul style="list-style-type: none"> Promote transition to BPaaS in principle Decide individually on implementing large-scale BPOs (10FTE+)
	Business to nurture	<p>Sales growth target 20% Operating income ratio 20%</p> <ul style="list-style-type: none"> Own/develop financial accounting system, proceed to BPaaS Targeting fixed asset operations 	
Finance and accounting			<p>Core business</p> <p>Sales growth rate 5% Operating income ratio 5%</p> <ul style="list-style-type: none"> Build services combining large scale formations + highly specialized operations Achieve operations automation and AI transition using BPO tools BPO initiatives for BBS adoption projects Expand business to include IT BPOs (Bizf, ACT)
IT etc.		<p>* No current entry plans</p>	<p>Business to nurture</p> <ul style="list-style-type: none"> Currently operated independently by group companies Specify focus policy for each business through analysis and nurture moving forward

Cloud Systems and AI - advanced utilization of IT as a growth engine

Own, develop operational systems to achieve BPaaS. Own, develop BPO tools to achieve high productivity.

New solutions

New Pillars of Growth for BBS Group

Fuse BBS Strengths with Technology

BBS Strengths Technology

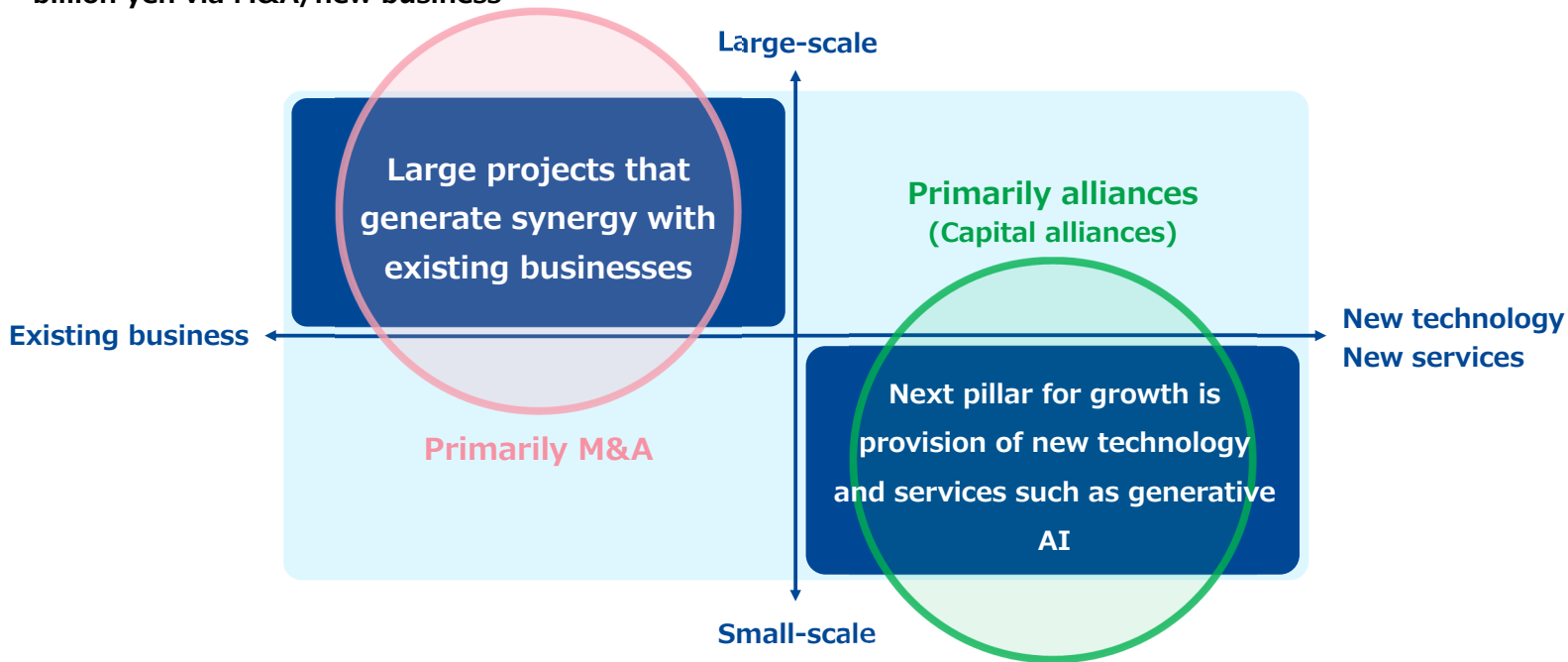


Create new services that leverage digital technology, looking forward to Goal 2030

Next Generation Infrastructure

M&A/Alliances

Aim to fill the difference of 10.5 billion yen between organic growth and the medium-term goal of 58 billion yen via M&A/new business



Objective

- ✔ Total of 13 billion yen investment in 3 years
- ✔ EBITDA interest bearing debt ratio within 2x

Expansion of Capital to Create Value

Quality Policy for the Next Medium-term Management Plan

Continue to provide solutions and services with **quality the customers trust** to support improved corporate value through customer development and increased revenue.

Quality is the basis for everything =

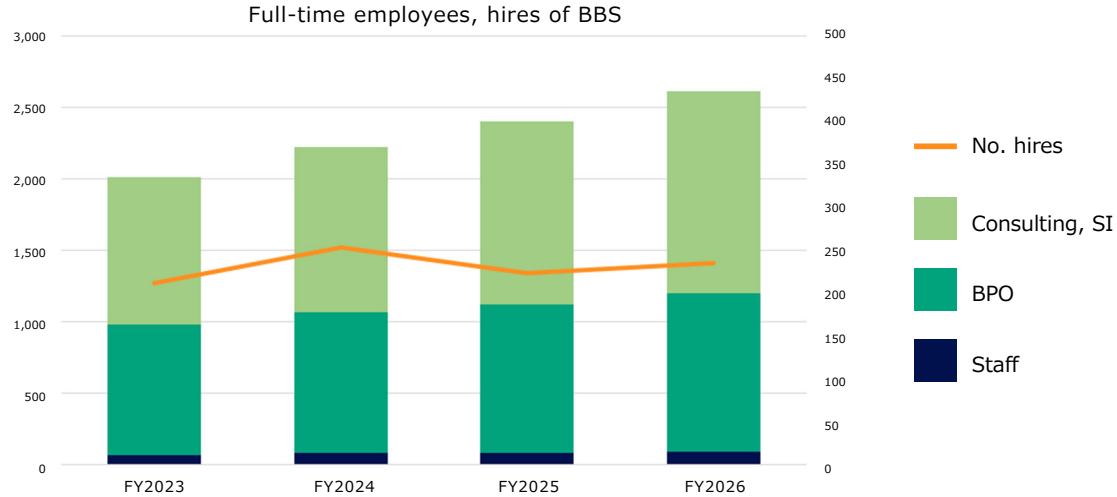
Customer Quality First

- Productivity and cost is only optimized when there is quality.
- Deadlines are met only when there is quality.
- We earn the customer's trust only when there is quality.
- Employees thrive only when there is quality.

Measures

- ✔ **Promote enhanced quality control in advance for BPO Group**
- ✔ **Establish an in-house PMO**
- ✔ **Accumulate, utilize project track record (BBS Data White Paper)**

Developing human resources toward Goal 2030



Measures

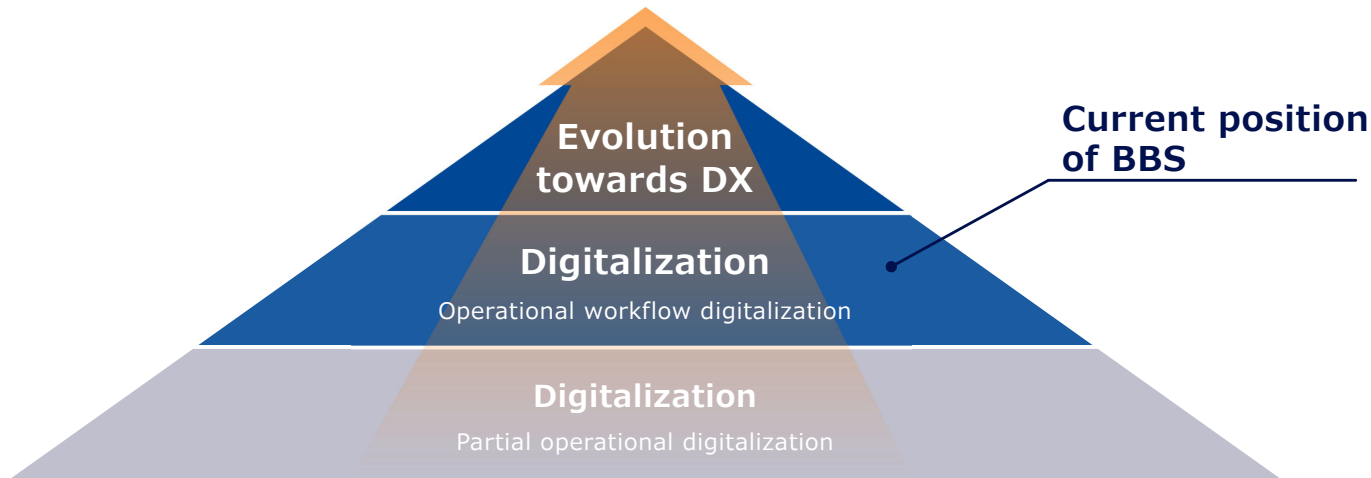
- ✓ 2.2 billion yen investment in human resources (hiring, training)
- ✓ Promoting contribution by women
 - Increase rate of female managers
- ✓ Revision to HR policy (payroll, welfare, evaluation)
- ✓ Training of next-gen leaders
- ✓ Cultivate a BBS identity
 - Town hall meetings
 - Instilling the company motto

	FY2023	FY2024	FY2025	FY2026	FY2030
Rate of female managers	18.0%	20.4%	22.5%	24.4%	30% or more



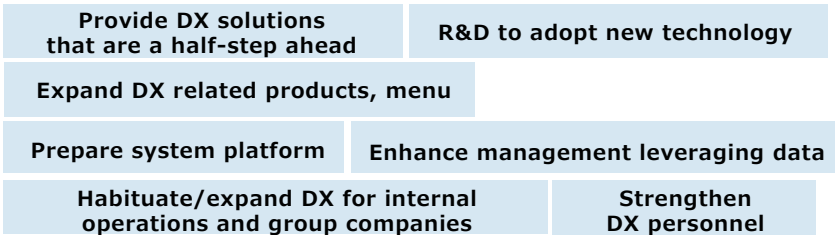
Promotion of DX

BBS2026 aims to evolve toward digital transformation (DX) and create new services leveraging digital technology while achieving data-driven management.



Measures

- ✔ Create new services, businesses
- ✔ Market spread of DX services
- ✔ Data driven management
- ✔ Train/expand DX personnel

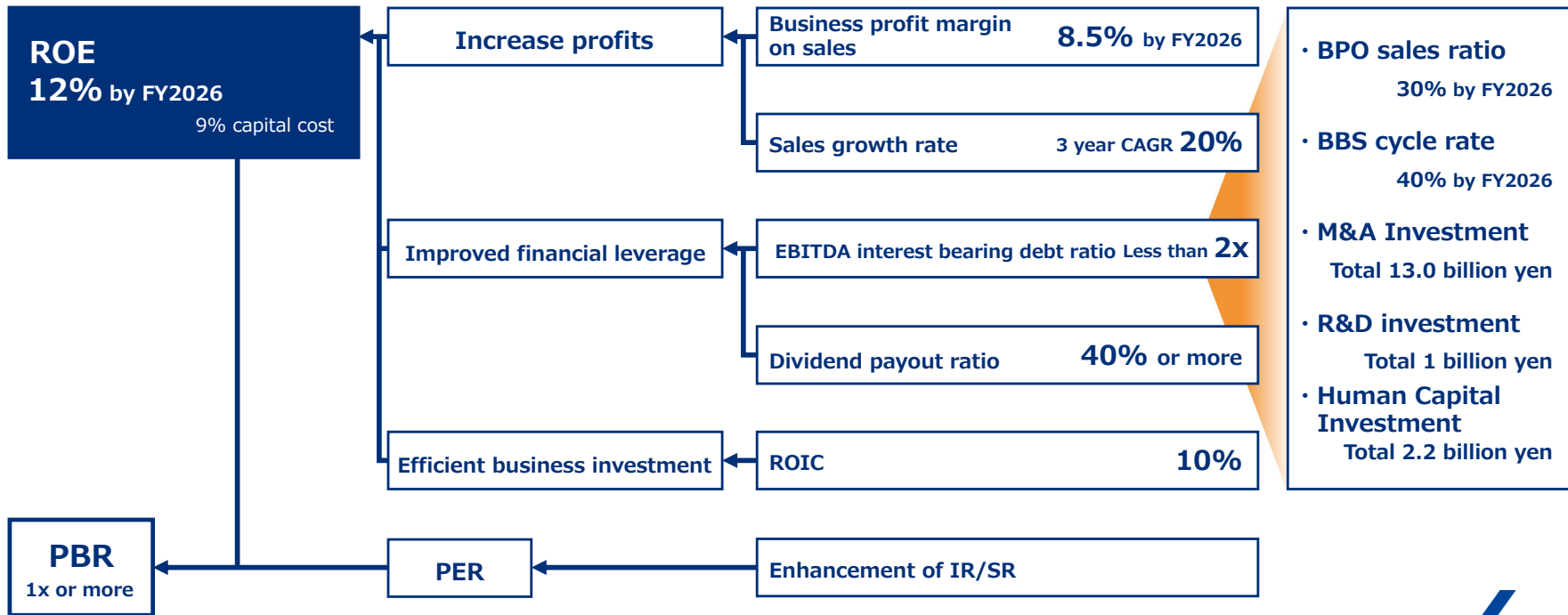


Strengthening the Industrial Base

Capital and Financial Strategy

Realizing management that considers capital cost and share price - toward improvement of ROE/PBR

Improve ROE/PBR by achieving primary KPIs



Capital and Financial Strategy

Total for the three years from FY2024 to FY2026

Investment funds at period start	5.6 billion yen	Shareholder return	3.7 billion yen
Gross Operating CF	10.1 billion yen	Human capital investment	2.2 billion yen
External procurement	5.7 billion yen	R&D expenses	1.0 billion yen
		M&A/ Alliance investment	13.0 billion yen
		Increase in working capital due to business expansion	1.5 billion yen

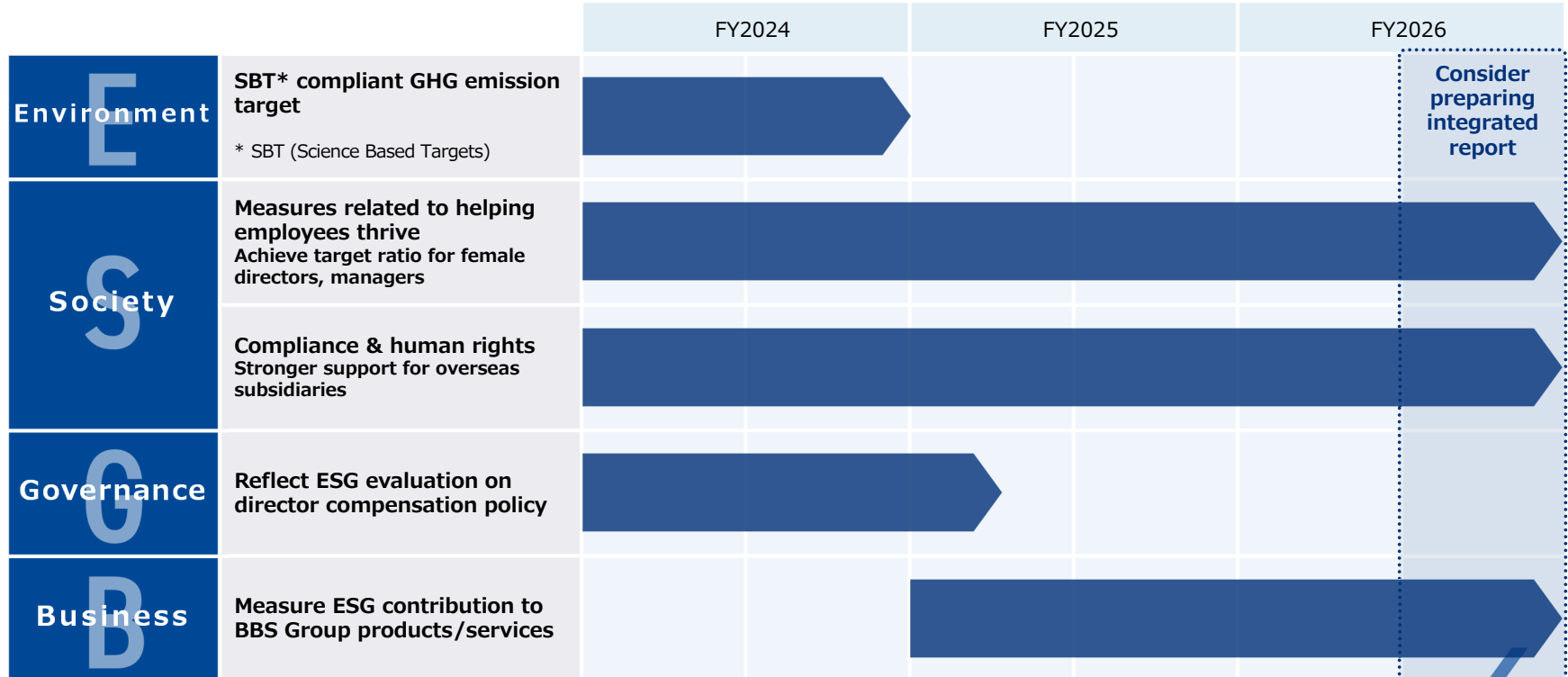
Shareholder return
Dividend policy: Consolidated dividend payout ratio 40%

External procurement
EBITDA interest bearing debt ratio under 2x, leading to maximum 12 billion yen interest bearing debt.
Assuming an average remaining lease obligation of 4.5 billion yen, 7.5 billion yen of external procurement capacity is available.

Cash In: 21.4 billion yen

Cash Out: 21.4 billion yen

Focus on handling social issues and realize a company where all employees can thrive



Together for Value



Business Brain Showa-Ota Inc.