

Translation

Notice: This document is an excerpt translation of the original Japanese document and is only for reference purposes. In the event of any discrepancy between this translated document and the original Japanese document, the latter shall prevail.

## Summary of Consolidated Financial Results for the Three Months Ended June 30, 2024 (Based on IFRS)

August 13, 2024

Company name: BUSINESS BRAIN SHOWA・OTA INC.  
 Stock exchange listing: Tokyo  
 Securities code: 9658 URL <https://www.bbs.co.jp>  
 Representative: President Kazuhiro Komiya  
 Senior Executive Officer  
 Inquiries: General Manager Hitoshi Uehara TEL 03-3507-1302  
 Administration Division  
 Scheduled date to commence dividend payments: –  
 Preparation of supplementary material on financial results: Yes  
 Holding of financial results meeting: No

(Amounts are rounded off to the nearest million yen)

### 1. Consolidated financial results for the three months ended June 30, 2024 (from April 1, 2024 to June 30, 2024)

#### (1) Consolidated operating results (cumulative)

Percentages indicate year-on-year changes

	Revenue		Business profit		Operating profit		Profit before tax		Profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Three months ended June 30, 2024	8,737	2.4	327	(39.7)	328	(98.2)	449	(97.6)	200	(98.4)	198	(98.4)
Three months ended June 30, 2023	8,531	1.5	542	–	18,696	–	18,395	–	12,658	–	12,653	–

	Basic earnings per share		Diluted earnings per share	
	Yen		Yen	
Three months ended June 30, 2024	17.07		17.05	
Three months ended June 30, 2023	1,099.25		1,099.24	

#### (2) Consolidated financial position

	Total assets	Total equity	Equity attributable to owners of parent	Ratio of equity attributable to owners of parent to total assets
	Millions of yen	Millions of yen	Millions of yen	%
As of June 30, 2024	43,313	29,258	28,827	66.6
As of March 31, 2024	44,715	29,403	28,967	64.8

### 2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen				
Year ended March 31, 2024	–	36.00	–	39.00	75.00
Year ending March 31, 2025	–	–	–	–	–
Year ending March 31, 2025 (Forecast)	–	37.00	–	41.00	78.00

### 3. Forecast of consolidated financial results for the year ending March 31, 2025 (from April 1, 2024 to March 31, 2025)

Percentages indicate year-on-year changes

	Revenue		Business profit		Operating profit		Profit before tax		Profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending September 30, 2024	18,100	6.5	940	(31.1)	940	(95.2)	1,120	(94.2)	830	(93.7)	820	(93.8)	70.98
Full year	39,070	14.2	2,400	(5.6)	2,400	(88.4)	2,800	(86.4)	2,370	(83.3)	2,340	(83.5)	202.56

4. Notes

(1) Significant changes in the scope of consolidation during the three months ended June 30, 2024: No

(2) Changes in accounting policies and changes in accounting estimates

Changes in accounting policies required by IFRS: Yes

Changes in accounting policies due to other reasons: No

Changes in accounting estimates: No

(3) Number of issued shares (ordinary shares)

Total number of issued shares at end of period (including treasury shares)

As of June 30, 2024	12,725,000 shares	As of March 31, 2024	12,725,000 shares
---------------------	-------------------	----------------------	-------------------

Number of treasury shares at end of period

As of June 30, 2024	1,131,030 shares	As of March 31, 2024	1,142,526 shares
---------------------	------------------	----------------------	------------------

Average number of shares during period (cumulative from the beginning of the fiscal year)

Three months ended June 30, 2024	11,585,426 shares	Three months ended June 30, 2023	11,510,939 shares
----------------------------------	-------------------	----------------------------------	-------------------

## 1. Overview of operating results

### (1) Overview of operating results for the three months ended June 30, 2024

During the consolidated three months ended June 30, 2024, the Japanese economy showed signs of a gentle recovery centered on domestic demand, against the backdrop of improvements in the employment and income environment and growth in inbound consumption. On the other hand, the future outlook remains uncertain as a result of the situations in Ukraine and the Middle East becoming drawn out, China's slowing economy, and ongoing inflation arising from the weak yen.

Amid this economic environment, following on from the previous fiscal year the orders received by the Group continued to be favorable.

As a result, orders received during the consolidated three months ended June 30 totaled 8,880 million yen (up 14.5% year-on-year), and backlog of orders was 11,567 million yen (up 3.3% year-on-year).

Revenue grew substantially compared to the previous year due to the impact of the management services (BPO) business' consolidation of Twinkle Co., Ltd. Nevertheless, despite the revenue growth arising from the consulting and system development business' consolidation of Fresco Inc., the impact of the deconsolidation of Global Security Experts Inc. resulted in revenue failing to match the level achieved for the same quarter of the previous year, and consequently overall revenue rose slightly compared to the same quarter of the previous year.

Where gross profit was concerned, despite the growth in revenue, costs for the quarter exceeded those for the same quarter of the previous year due to increases in personnel costs and other costs, and so gross profit decreased 5.3% year-on-year.

Selling, general and administrative expenses likewise climbed by 6.6% year-on-year as a result of increases in personnel costs, recruitment costs and other costs.

As a result, for the consolidated three months ended June 30, BBS reported revenue of 8,737 million yen (up 2.4% year-on-year), operating profit of 328 million yen (down 98.2% year-on-year), quarterly profit before taxes of 449 million yen (down 97.6% year-on-year) and quarterly profit attributable to owners of the parent of 198 million yen (down 98.4% year-on-year).

Incidentally, operating profit, quarterly profit before taxes and quarterly profit attributable to owners of the parent declined for the quarter in part due to factors such as the profit of 18,154 million yen posted in the previous year accompanying the loss of control of subsidiaries.

Operating results by segment are as follows.

The results for the consulting and system development business for the consolidated three months ended June 30 were revenue of 6,154 million yen (down 6.3% year-on-year) and segment profit of 254 million yen (down 35.4% year-on-year).

Revenue for the consolidated three months ended June 30 declined due to the information security consulting business becoming a company accounted for using the equity method as a result of the sale of some Global Security Experts Inc. shares, and increased due to the new consolidation arising from PLM support solutions business acquiring Fresco Inc.'s shares. Nevertheless, across the overall business, revenue for the first quarter declined due to a downturn in accounting system consulting and system development, and system development for the financial industry.

In terms of segment profits, they declined compared to the same quarter of the previous year for all businesses within segment.

The management services (BPO) business reported revenue of 2,670 million yen for the

consolidated three months ended June 30 (up 28.9% year-on-year), and segment profits of 82 million yen (down 42.2% year-on-year).

Where segment profits were concerned, although the outsourcing business for foreign companies and onsite BPO business performed favorable, profits at other businesses declined and so segment profits for the management services (BPO) business as a whole declined.

## (2) Overview of financial position for the three months ended June 30, 2024

### Assets

Total consolidated assets at the end of the first quarter were 43,313 million yen, down by 1,402 million yen from the end of the previous fiscal year.

Current assets totaled 16,763 million yen, a decrease of 1,250 million yen from the end of the previous fiscal year. The main factors were that although cash and cash equivalents grew by 390 million yen, trade and other receivables declined by 871 million yen, other financial assets declined by 801 million yen, and contact assets fell by 151 million yen.

Non-current assets totaled 26,550 million yen, a decrease of 152 million yen compared to the end of the previous fiscal year. The main factors were a 115 million yen decrease in right of use assets and a 60 million yen decrease in deferred tax assets.

### Liabilities

Total consolidated liabilities at the end of the first quarter were 14,056 million yen, a decrease of 1,256 million yen from the end of the previous fiscal year.

Current liabilities totaled 6,679 million yen, a decrease of 1,369 million yen from the end of the previous fiscal year. The main factors were a 743 million yen decrease in trade and other payables due to debt payments, a decrease of 455 million yen in other current liabilities and a decrease of 356 million yen in income taxes payable.

Non-current liabilities totaled 7,376 million yen, an increase of 113 million yen from the end of the previous fiscal year. The main factors included a 99 million yen increase in retirement benefit liabilities.

### Capital

Total consolidated shareholders' equity at the end of the first quarter totaled 29,258 million yen, a decrease of 146 million yen from the end of the previous fiscal year.

## (3) Explanation of consolidated earnings forecasts and other forward-looking information

For the consolidated earnings forecasts, please refer to the "Notice of Revision of Earnings Forecast," which was announced on August 13, 2024.

**Condensed quarterly consolidated financial statements**  
**Condensed quarterly consolidated statement of financial position**

(Thousands of yen)

	As of March 31, 2024	As of June 30, 2024
Assets		
Current assets		
Cash and cash equivalents	9,906,142	10,295,995
Trade and other receivables	5,238,772	4,367,447
Contract assets	978,154	827,607
Other financial assets	1,108,665	307,882
Inventories	96,536	178,027
Other current assets	684,778	785,855
Total current assets	18,013,047	16,762,813
Non-current assets		
Property, plant and equipment	682,465	704,441
Right-of-use assets	2,716,010	2,601,176
Goodwill	2,398,337	2,398,337
Intangible assets	520,614	546,589
Investments accounted for using equity method	16,735,772	16,739,680
Other financial assets	2,840,260	2,741,116
Deferred tax assets	749,890	689,930
Retirement benefit asset	20,228	92,989
Other non-current assets	38,327	36,017
Total non-current assets	26,701,903	26,550,275
Total assets	44,714,950	43,313,088

(Thousands of yen)

	As of March 31, 2024	As of June 30, 2024
Liabilities and equity		
Liabilities		
Current liabilities		
Borrowings	15,034	10,036
Lease liabilities	747,149	740,486
Trade and other payables	2,620,548	1,877,326
Other financial liabilities	228,185	246,203
Income taxes payable	575,443	219,200
Provisions	43,389	37,376
Contract liabilities	310,020	494,848
Other current liabilities	3,508,563	3,053,861
Total current liabilities	8,048,331	6,679,336
Non-current liabilities		
Lease liabilities	2,009,277	1,901,569
Other financial liabilities	66,726	54,894
Retirement benefit liability	319,532	419,270
Provisions	307,792	380,424
Non-Current liability for stock benefit	209,881	225,628
Deferred tax liabilities	4,039,203	4,077,244
Other non-current liabilities	310,856	317,208
Total non-current liabilities	7,263,267	7,376,237
Total liabilities	15,311,598	14,055,573
Equity		
Share capital	2,233,490	2,233,490
Capital surplus	4,480,606	4,504,397
Retained earnings	23,054,438	22,810,610
Treasury shares	(1,082,122)	(1,071,256)
Other components of equity	280,320	350,228
Total equity attributable to owners of parent	28,966,732	28,827,469
Non-controlling interests	436,619	430,047
Total equity	29,403,352	29,257,515
Total liabilities and equity	44,714,950	43,313,088

**Condensed quarterly consolidated statements of income and condensed quarterly consolidated statements of comprehensive income**  
**Condensed quarterly consolidated statements of income**

(Thousands of yen)

	Three months ended June 30, 2023	Three months ended June 30, 2024
Revenue	8,531,185	8,737,494
Cost of sales	6,601,478	6,910,926
Gross profit	1,929,707	1,826,568
Selling, general and administrative expenses	1,393,070	1,485,564
Gain on loss of control of subsidiaries	18,154,037	–
Other income	7,600	6,747
Other expenses	1,864	19,354
Operating profit	18,696,410	328,397
Finance income	22,390	62,138
Finance costs	9,510	5,221
Share of profit (loss) of investments accounted for using equity method	58,902	71,592
Loss (profit) on change in equity	(372,934)	(7,961)
Profit before tax	18,395,258	448,945
Income tax expense	5,736,890	248,930
Profit	12,658,368	200,015
Profit attributable to		
Owners of parent	12,653,429	197,755
Non-controlling interests	4,939	2,260
Profit	12,658,368	200,015
Earnings per share		
Basic earnings per share	1,099.25	17.07
Diluted earnings per share	1,099.24	17.05

## Condensed quarterly consolidated statements of comprehensive income

(Thousands of yen)

	Three months ended June 30, 2023	Three months ended June 30, 2024
Profit	12,658,368	200,015
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Net change in fair value of equity instruments designated as measured at fair value through other comprehensive income	44,538	57,585
Share of other comprehensive income of investments accounted for using equity method	–	13,163
Total of items that will not be reclassified to profit or loss	44,538	70,748
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	1,917	(391)
Total of items that may be reclassified to profit or loss	1,917	(391)
Other comprehensive income, net of tax	46,455	70,357
Comprehensive income	12,704,823	270,372
Comprehensive income attributable to		
Owners of parent	12,700,070	267,662
Non-controlling interests	4,753	2,710
Comprehensive income	12,704,823	270,372