



Business Brain Showa-Ota Inc.

**Supplementary Materials for the Consolidated Financial Results
for the Six Months (Interim) Ended September 30, 2024**



Highlights for the First Six Months (Interim) of FY2024

Revenue, business profit and profit

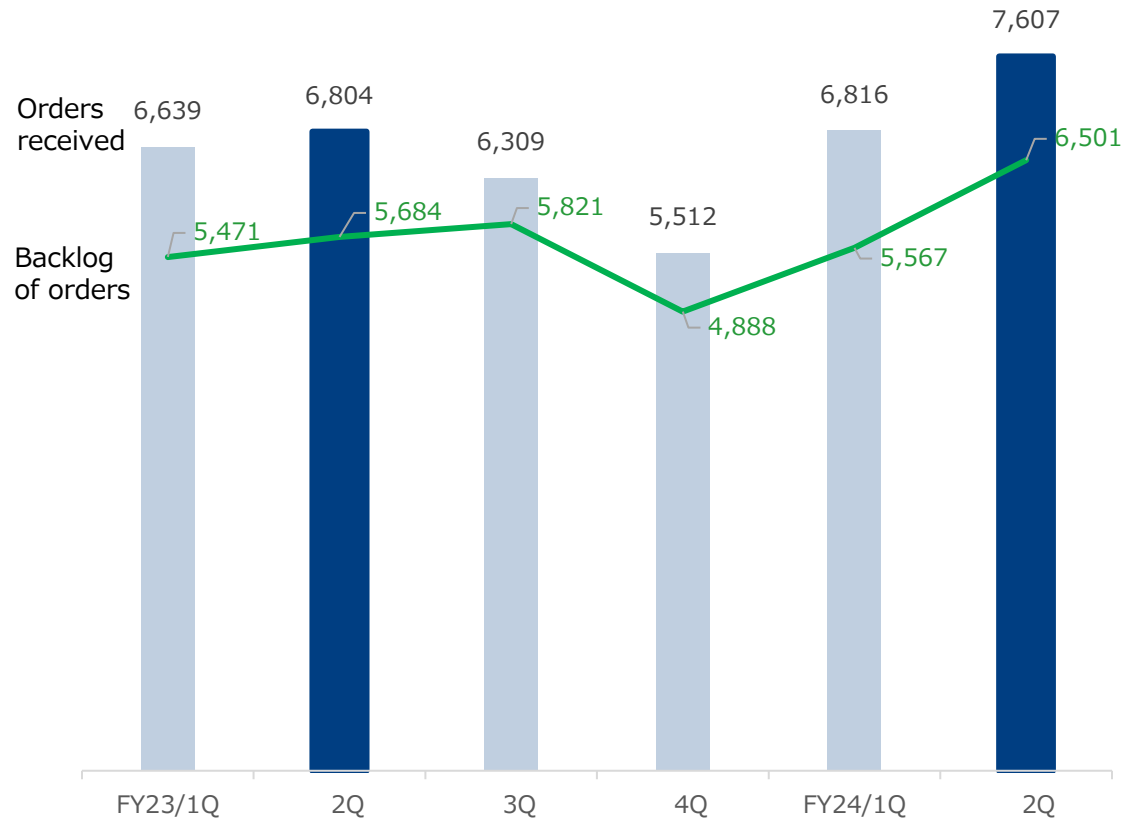
Revenue	Business profit	Profit attributable to owners of parent
18,064 million yen	1,175 million yen	992 million yen
Year-on-year 6.3% ↑	Year-on-year 13.9% ↓	Year-on-year 92.5% ↓
Progression rate 46.2%	Progression rate 49.0%	Progression rate 42.4%

Orders Received and Backlog of Orders

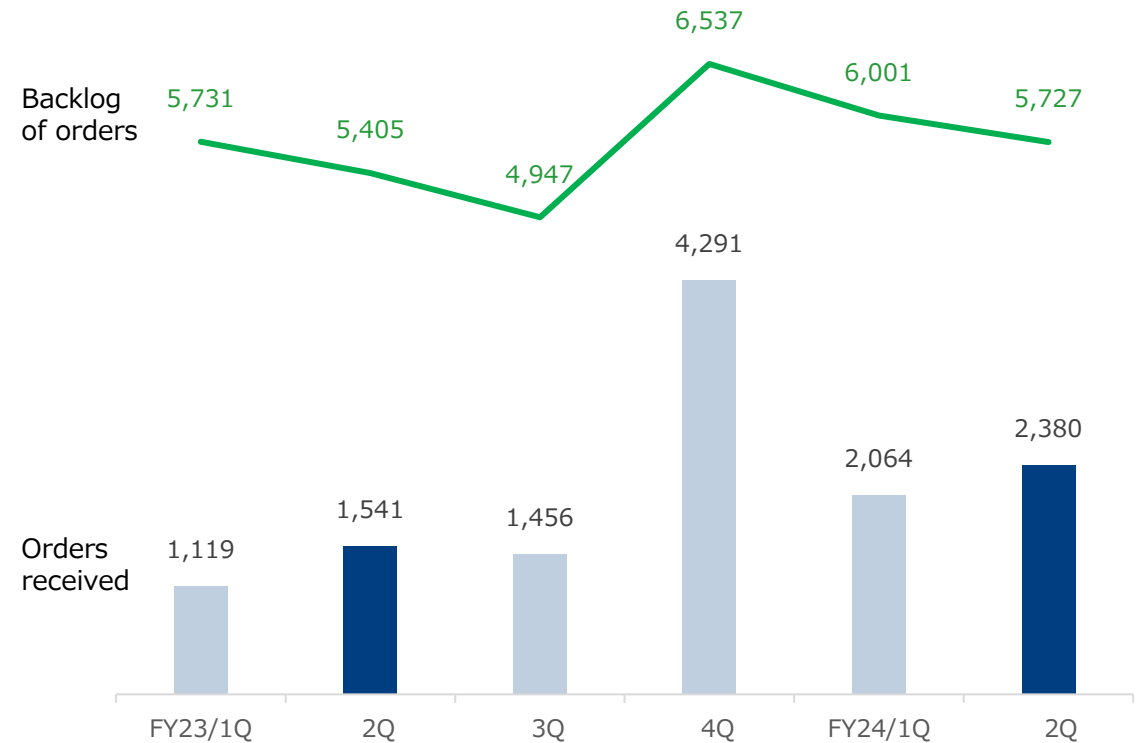
Quarterly Change (Accounting Period)

Order receipt activities steadily progressed in the second quarter

Consulting and system development (unit: million yen)



Management services (BPO) (unit: million yen)



Orders Received and Backlog of Orders

Overview of the situation for each business

Consulting and system development business (an 803 million yen increase, +11.8%, compared to the same quarter in the previous year)

- The large increase was due to a temporary large order of approximately 400 million yen, but, as this is a three-year contract for maintenance and operation, the impact on sales for this fiscal year is limited
- Orders in western Japan have recovered, and increased by approximately 300 million yen
- New orders from Fresco, Inc. and BBS Managed Service Inc. have had an impact of approximately 200 million yen

Management services (BPO) business (an 839 million yen increase, +54.4%, compared to the same quarter in the previous year)

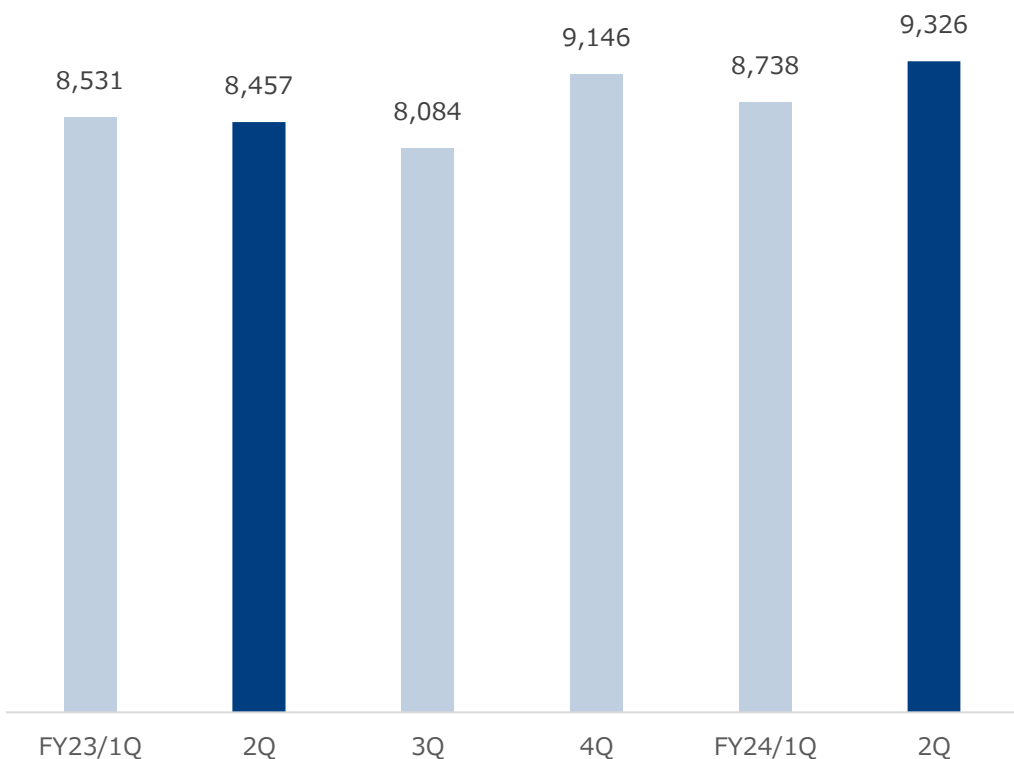
- New orders received from Twinkle Co., Ltd. have had an impact of approximately 600 million yen

Revenue and Business Profit

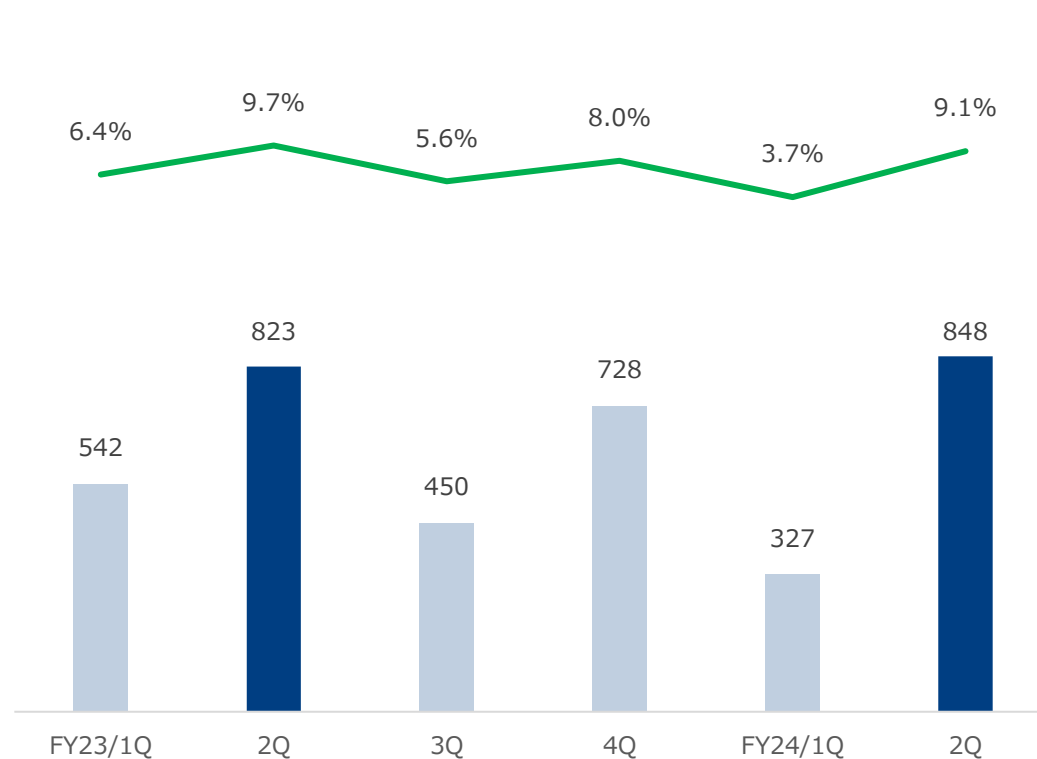
Quarterly Change (Accounting Period)

The second quarter showed a recovery trend. Although sales grew year-on-year, this was offset by high personnel costs, resulting in a slight increase in business profit

Revenue (unit: million yen)



Business profit (unit: million yen) / Profit margin

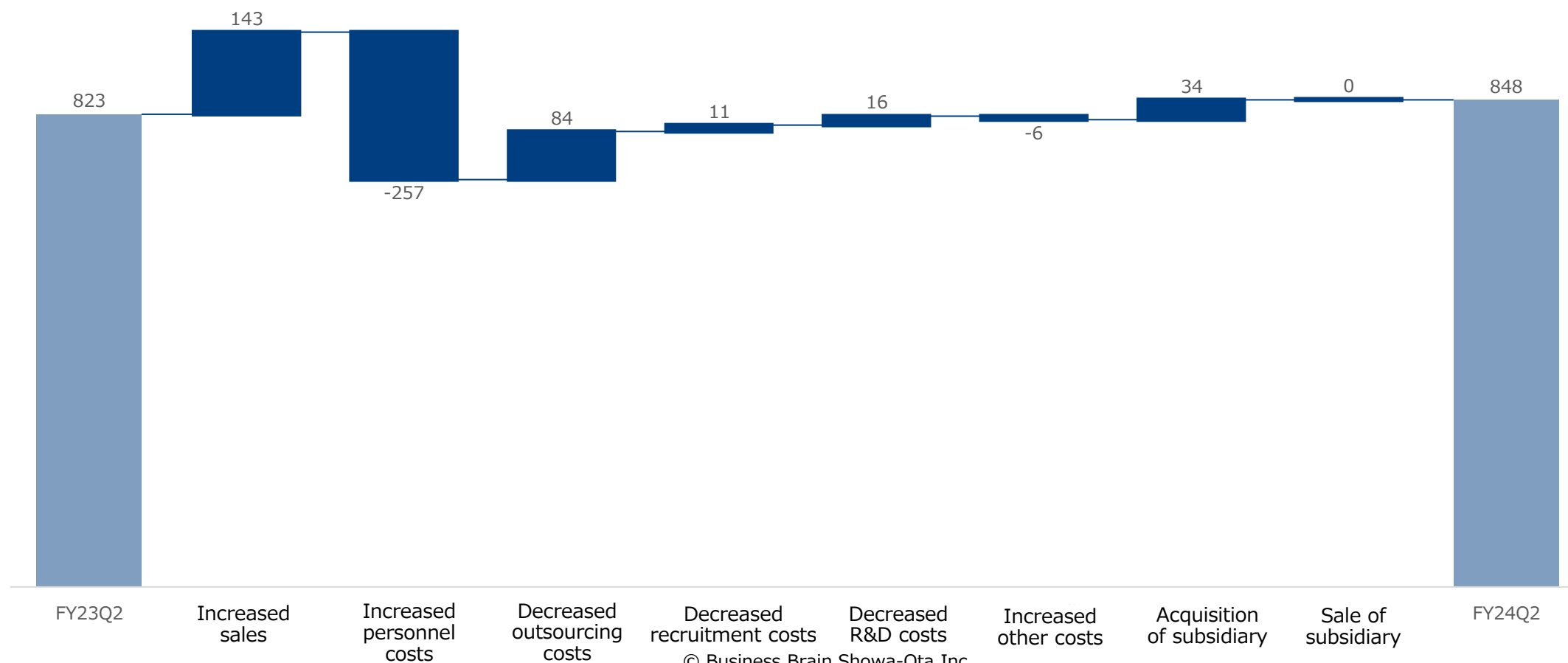


Business Profit

Comparison with Same Quarter of the Previous Fiscal Year

Personnel costs are increasing due to wage increases and a shift to in-house production. Progress is being made in reflecting these cost increases in sales

Unit: million yen

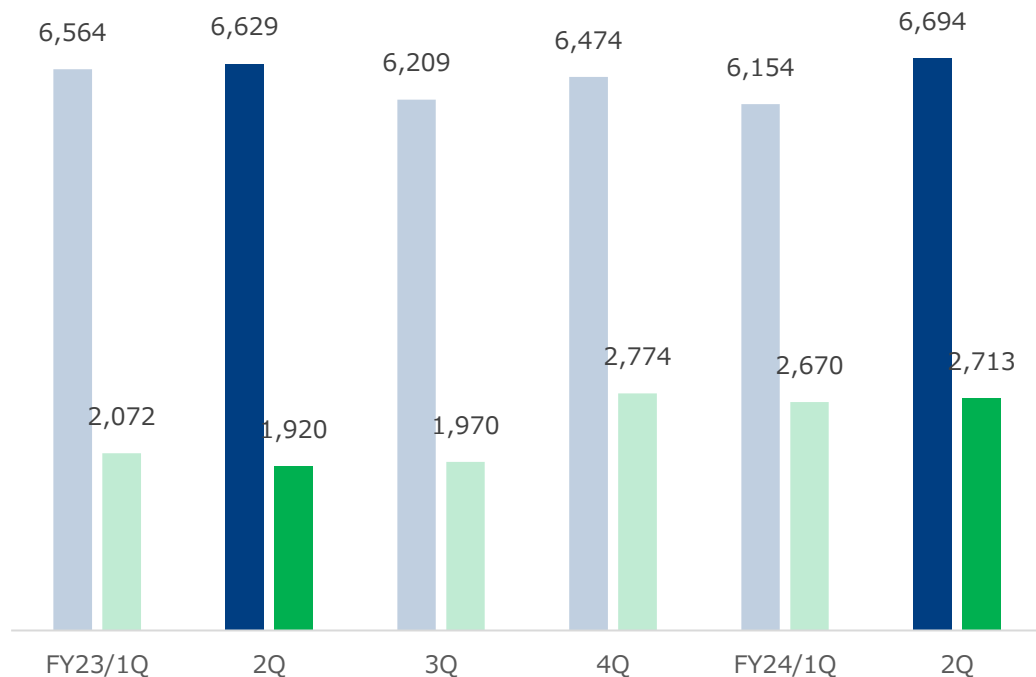


Segment Net Sales and Profit

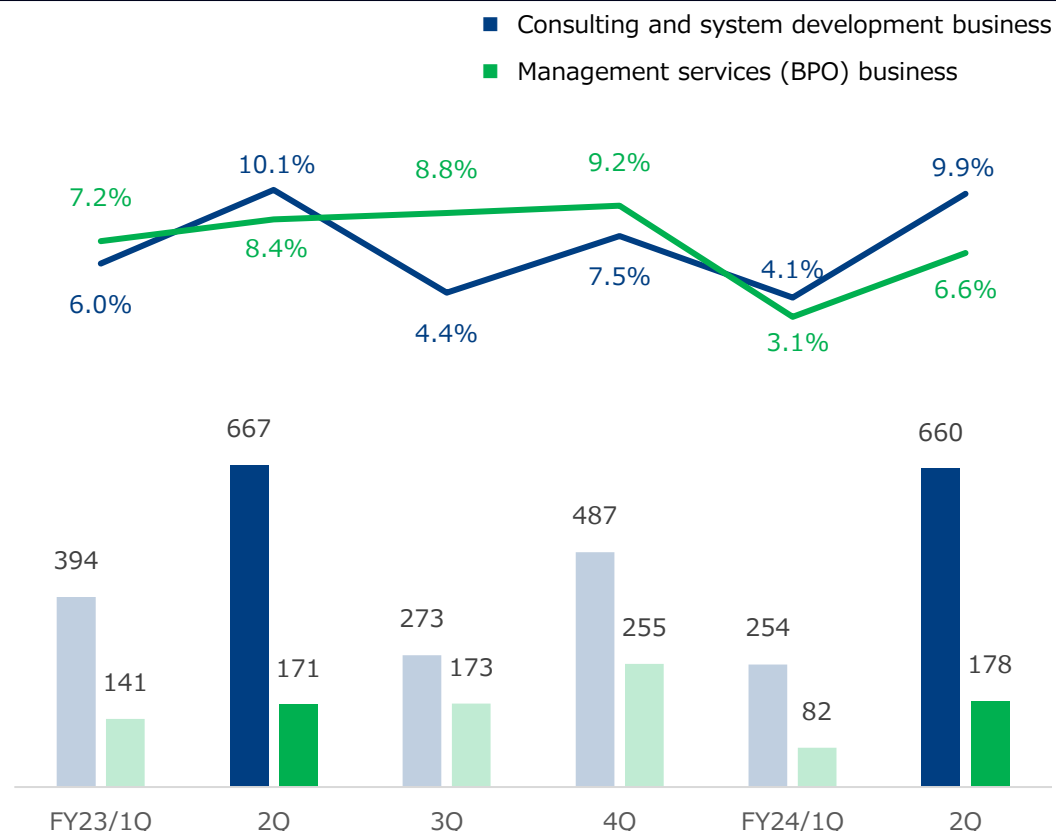
Quarterly Change (Accounting Period)

Consulting and system development have recovered to the same levels of sales and profit as the previous fiscal year. Managed Services saw increased sales due to the acquisition of Twinkle, but profit growth was offset by rising investment costs, such as those for the new BPO center

Segment net sales (unit: million yen)



Segment profit (unit: million yen)



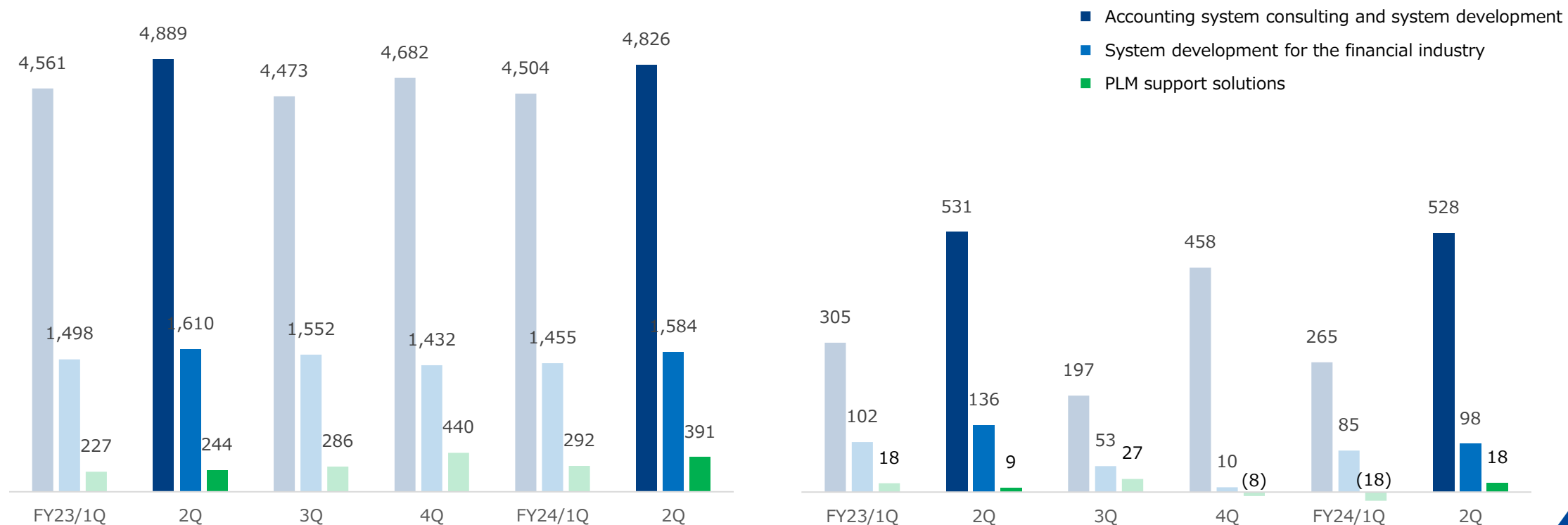
Consulting and System Development Business

Quarterly Change (Accounting Period)

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)



Consulting and System Development Business

Overview



<ul style="list-style-type: none">■ Accounting system consulting and system development	<ul style="list-style-type: none">• Sales are on a recovery trend, and utilization rates have also increased, bringing profits back to the same level as the previous year. As a result, performance exceeded the outlook provided during the earnings revision in the first quarter• With strong order activity in the eastern Japan region, we are placing our focus on recovery in the western Japan region• The steady start of BBS Managed Services, which effectively began operations in April, has also contributed
<ul style="list-style-type: none">■ System development for the financial industry	<ul style="list-style-type: none">• Sales and profits are on a declining trend due to a decrease in temporary demand following previous fiscal year's regulatory revisions and the plateauing of high-margin fund wrap sales• We are working to secure profits by further exploration of fund wrap projects, expanding functions, and collaborating with FinTech companies
<ul style="list-style-type: none">■ PLM support solutions	<ul style="list-style-type: none">• We have finished dealing with underperforming projects from the previous fiscal year, which resulted in recording of quarterly profits• Although Fresco, which was acquired in the previous fiscal year, has a second-half-weighted performance structure and its contribution so far has been small, orders have been steady, and it is expected to contribute to profits in the second half of the fiscal year

Management Services (BPO) Business

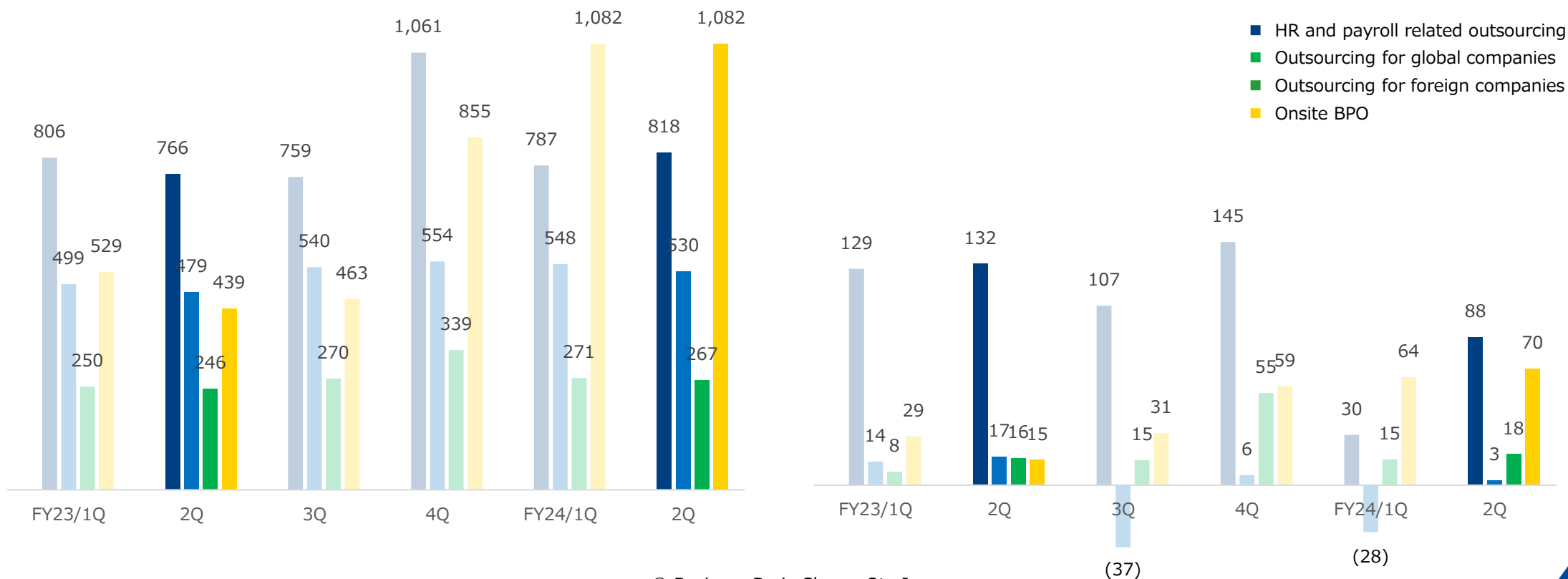
Quarterly Change (Accounting Period)

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)



Management Services (BPO) Business Overview

<ul style="list-style-type: none">■ HR and payroll related outsourcing	<ul style="list-style-type: none">• Sales revenue exceeded that of the previous fiscal year due to new projects and price increases• The main factor for the decline in profits was an increase in expenses of approximately 50 million yen, largely due to the reassessment of the internal cost burden ratio following organizational restructuring. The increase in revenue was offset by higher expenses from increased personnel costs and a decrease in utilization due to workforce expansion• Because outsourcing involves many annual contracts, the increased costs will be reflected in future contract renewals
<ul style="list-style-type: none">■ Outsourcing for global companies	<ul style="list-style-type: none">• The financial settlement BPO business experienced a larger deficit due to unachieved targets and increased personnel costs. Additionally, profitability declined due to expanded investment costs, including continued research on accounting process automation for large enterprises and the establishment of the Sapporo BPO Center.• For large enterprises, efforts are underway to gradually expand the scale of contracts from small orders, which will lead to sales growth
<ul style="list-style-type: none">■ Outsourcing for foreign companies	<ul style="list-style-type: none">• There were no large changes to the environment
<ul style="list-style-type: none">■ Onsite BPO	<ul style="list-style-type: none">• Increased due to the acquisition of Twinkle (approximately 620 million yen in sales and 57 million yen in profit)

(Reference) Revenue and Business Profit by Sub-segment

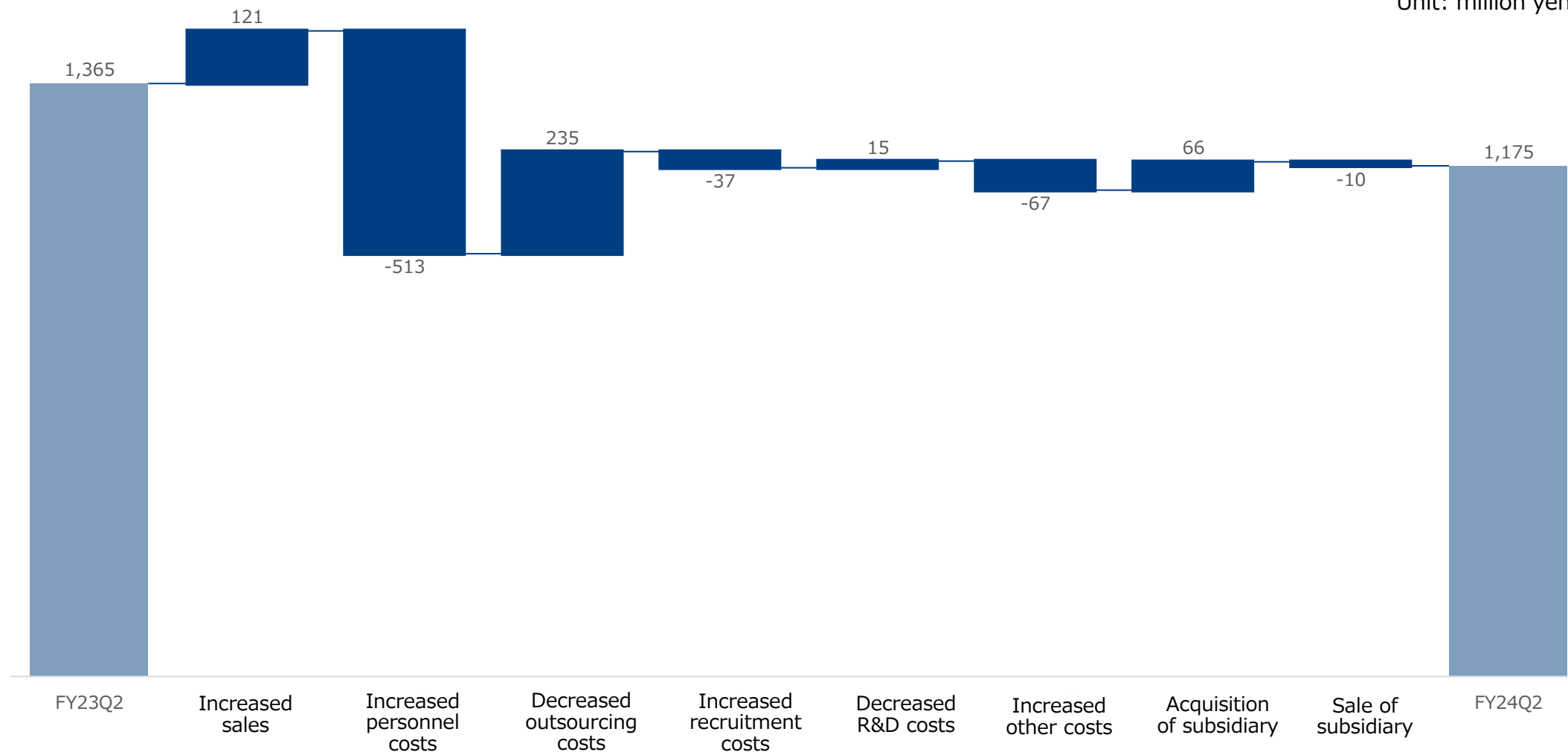
(Unit: million yen)	Three months ended June 30, 2024		Three months ended September 30, 2024		Cumulative total for the six months ended September 30, 2024	
	Revenue	Business profit	Revenue	Business profit	Revenue	Business profit
Consulting and system development business						
Accounting system consulting 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

(Reference) Business Profit

Comparison with the same cumulative period of the previous fiscal year

In the first half, progress is being made in reflecting cost increases in sales, but the unrealized amount from the first quarter remains in the cumulative total

Unit: million yen



About BBS

Since its founding in 1967, BBS has been working closely with Japanese companies to support the management and accounting of our customers.

BBS provides consulting, system integration, and management services (business process outsourcing) with regards to management accounting, and has stipulated that the BBS cycle is the foundation of these three services. The BBS cycle enables effective and continuous support in a variety of stages from the strategies and plan formulation of our customers to operation and consolidation.

As experts in management accounting transcending the accounting field, we are a Back Office Comprehensive Supporter providing support to our customers.

Together for Value



株式会社ビジネスブレイン太田昭和