Q1 Fiscal Year 2024
Financial Results Briefing Materials

August 2, 2024
Business Engineering Corporation

B-EN-G
Business Engineering for Growth

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Today’s Agenda

1. About the Company
2. Summary of Q1 FY2024 Financial Results
3. Earnings Forecast for First Half of FY2024
4. Earnings Forecast for FY2024

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1. About the Company

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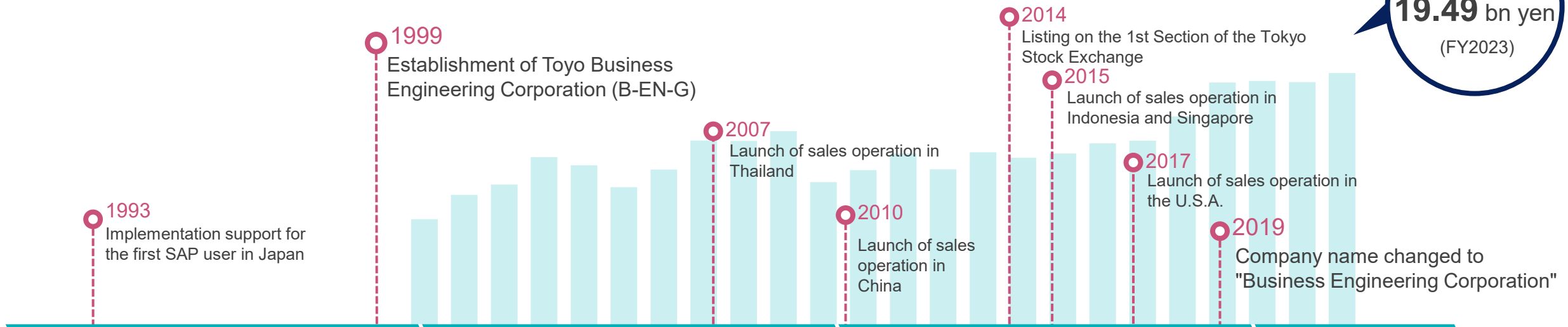
History

Providing "IT for Manufacturing"
by leveraging our extensive knowledge of the manufacturing industry
for over 20 years since the Company's establishment.

Consolidated Net Sales
19.49 bn yen
(FY2023)



1991 Launch of ERP business (First SAP partner in Japan)

1993 Implementation support for the first SAP user in Japan

1996 MCFrame (in-house developed package) released

1999 Establishment of Toyo Business Engineering Corporation (B-EN-G)

2007 Launch of sales operation in Thailand

2007 A.S.I.A. business acquired

2010 Launch of sales operation in China

2014 Listing on the 1st Section of the Tokyo Stock Exchange

2015 Launch of sales operation in Indonesia and Singapore

2016 mcframe brand integrated
Launch of "mcframe IoT" series

2017 Launch of sales operation in the U.S.A.

2017 Launch of "mcframe 7"

2019 Company name changed to "Business Engineering Corporation"

Business locations : (Domestic) Tokyo Head Office, Kansai Branch, Chubu Office (Overseas) Thailand, China, Singapore, Indonesia, U.S.A.	Capital : 697.6 million yen Number of employees : 699 (consolidated, as of March 2024)

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B-EN-G's Business | Three Business Segments

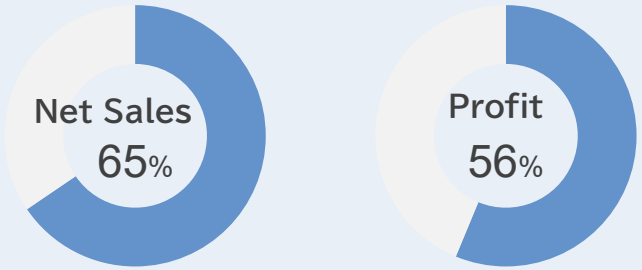
Expanding business in three segments to realize "IT for Manufacturing"

Solutions Business

SI business based on SAP and other third-party package products

SAP Gold Partner / DELMIA / Apriso / Informatica / Business b-ridge

Ratio to total segments*



System integration based on extensive knowledge of and experience in the manufacturing industry

Products Business

Development, sales, and implementation business of in-house developed packages mainly for the "mcframe" series

mcframe / mcframe GA / mcframe IoT / GLASIAOUS / mcframe X

Ratio to total segments*



Highly profitable license sales, developed in-house with know-how cultivated over many years

Systems Support Business

Post-system introduction operation and maintenance services and system development

Ratio to total segments*



Operation and maintenance services to utilize system after delivery

*Both figures for FY2023

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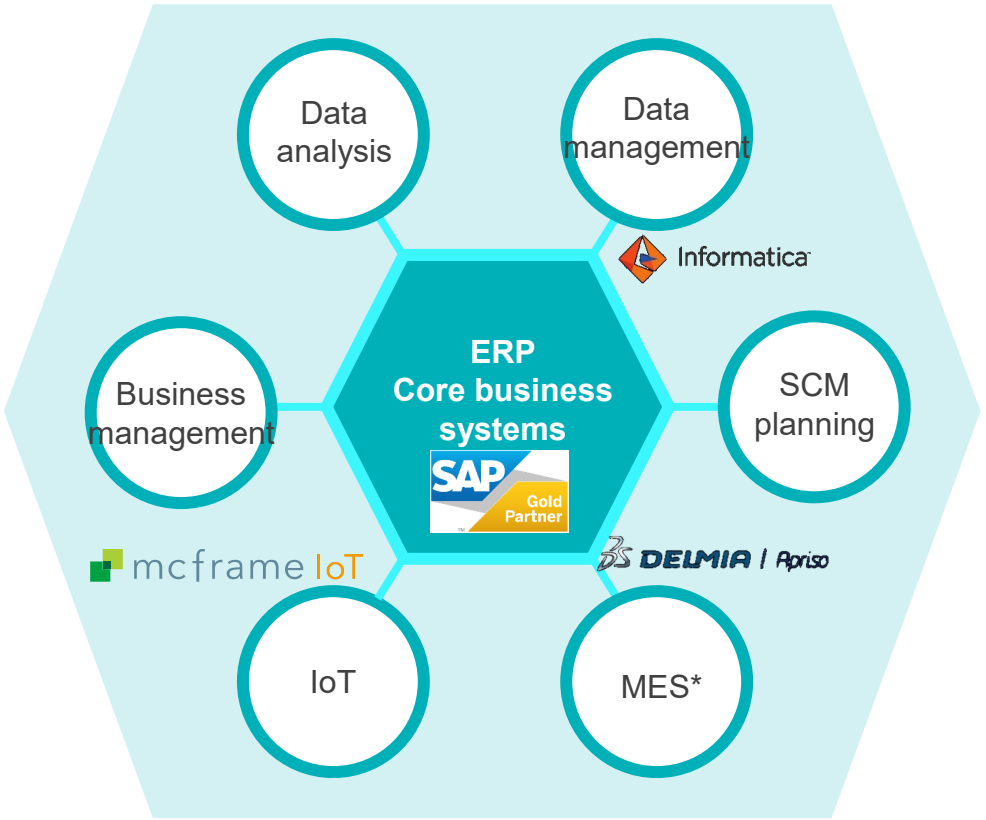
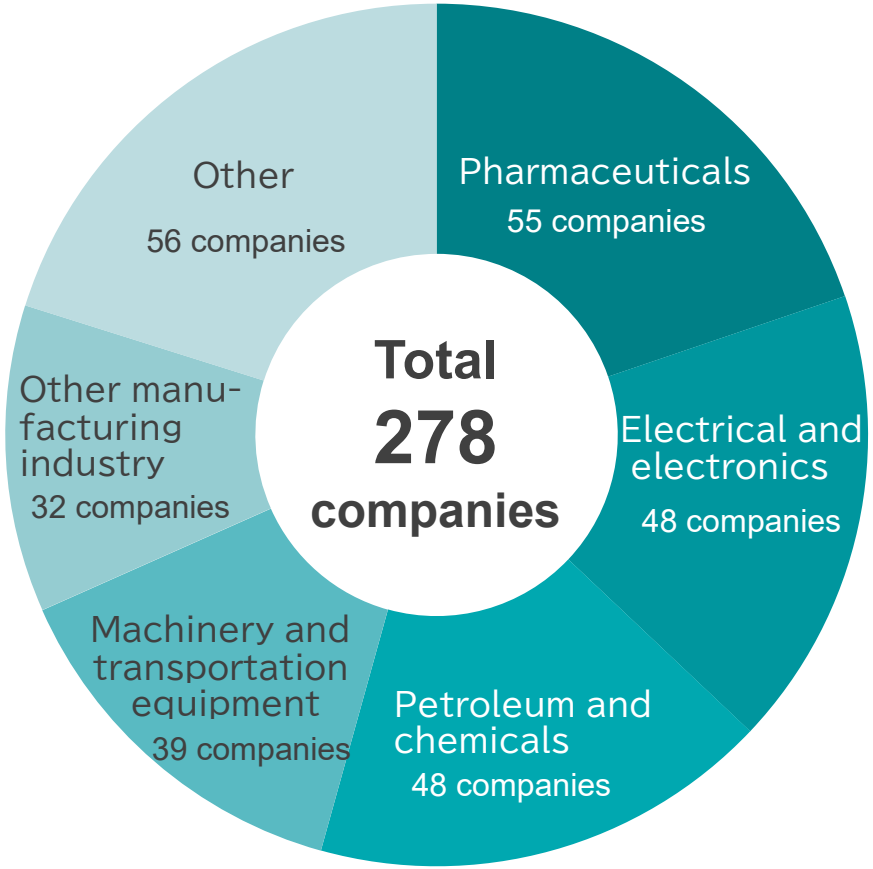
B-EN-G's Business | Solutions Business

Promoting our solution-centric business focused on ERP and core systems combined with peripheral products; realizing "DX for Manufacturing"



*Manufacturing Execution System

User companies by industry (as of March 31, 2024)



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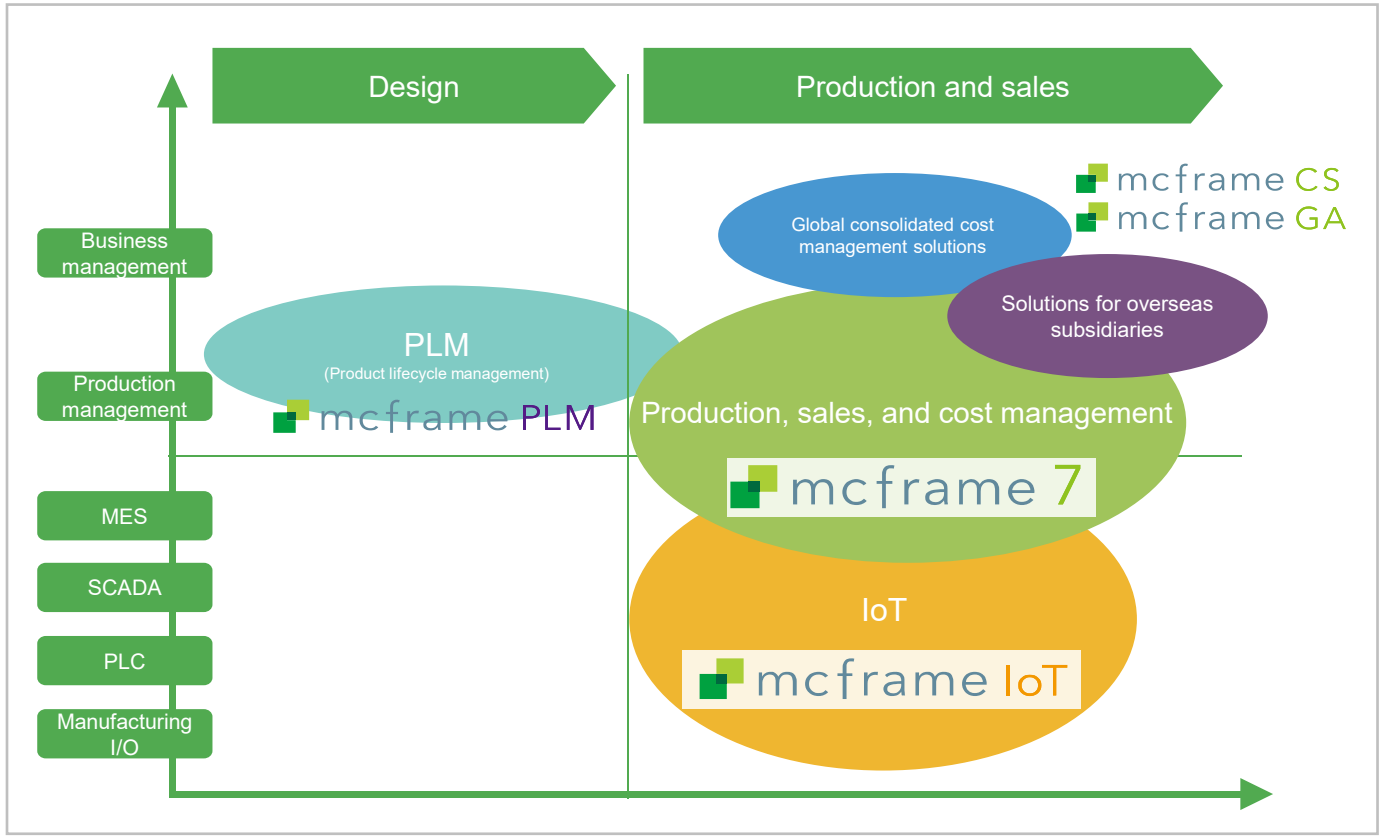
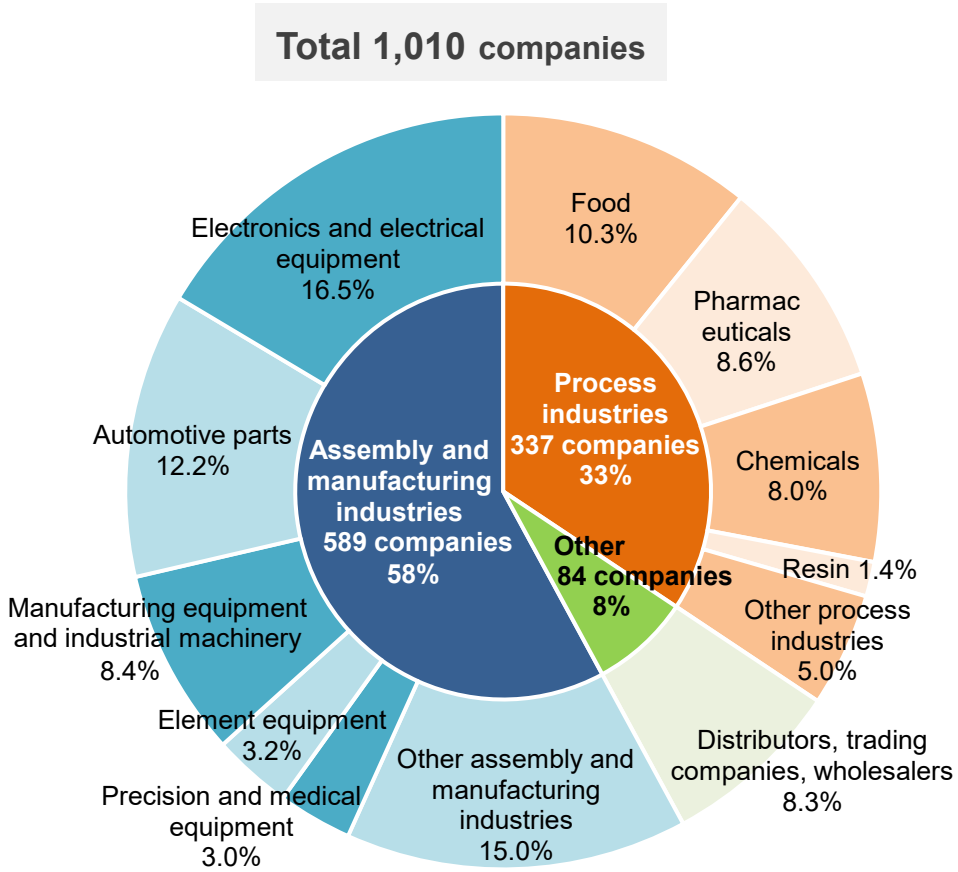
B-EN-G's Business | Products Business

Realization of "Monozukuri* Digitalization" that integrates the engineering chain and the supply chain centered on the "mcframe" solution for the manufacturing industry.
*Monozukuri: manufacturing in Japanese



User companies by industry (as of March 31, 2024)>



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2. Summary of Q1 FY2024 Financial Results

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Key Points of Q1 FY2024 Financial Results

Business Environment

- Moderate economic recovery in Japan, with improved corporate earnings and maintained positive business sentiment, despite some weakness
- Strong manufacturer investments in information technology amid rising DX needs

Summary of Financial Results

- Net sales
- Operating profit
- Ordinary profit
- Current net profit

} Consecutive record highs

Record highs for 3rd consecutive fiscal year

Earnings Forecast

- No change

1H net sales: 10.3 billion yen (+5.0%), operating profit: 2.15 billion yen (+1.7%)
Full year net sales: 20.5 billion yen (+5.2%), operating profit: 4.2 billion yen (+8.1%)

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Summary of Profit and Loss (YoY)

(Million yen)	Q1 FY2024	Q1 FY2023	Change (Change %)
Net sales	5,042	4,703	+339 (+7.2%)
Gross profit	2,221	1,989	+231
Gross profit ratio	(44.1%)	(42.3%)	(+11.6%)
Operating profit	1,167	1,000	+166
Operating profit ratio	(23.2%)	(21.3%)	(+16.7%)
Ordinary profit	1,183	1,011	+171
Ordinary profit ratio	(23.5%)	(21.5%)	(+17.0%)
Current net profit	803	684	+118
Profit ratio	(15.9%)	(14.6%)	(+17.3%)
Orders received	4,674	4,894	-219 (-4.5%)

Both sales and profits significantly exceeded previous year's figures

Solutions Business: Profit increase due to higher sales and improved project profitability

Products Business: License sales growth

Note: All amounts in this material are rounded down to the nearest million yen. "Profit attributable to owners of parent (Quarterly profit)" is presented as "Current net profit."

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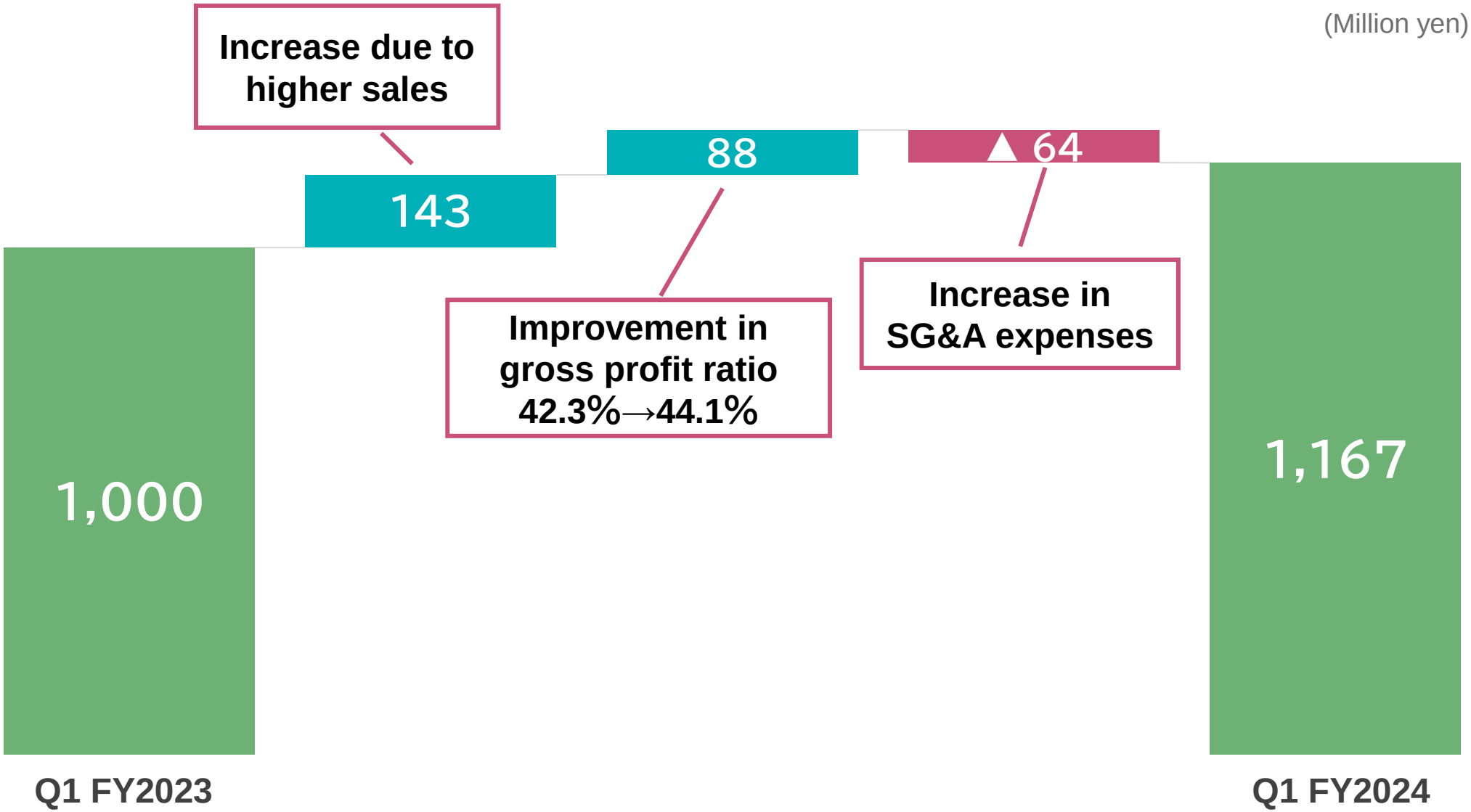
Analysis of Changes in Operating Profit (YoY)

(Million yen)



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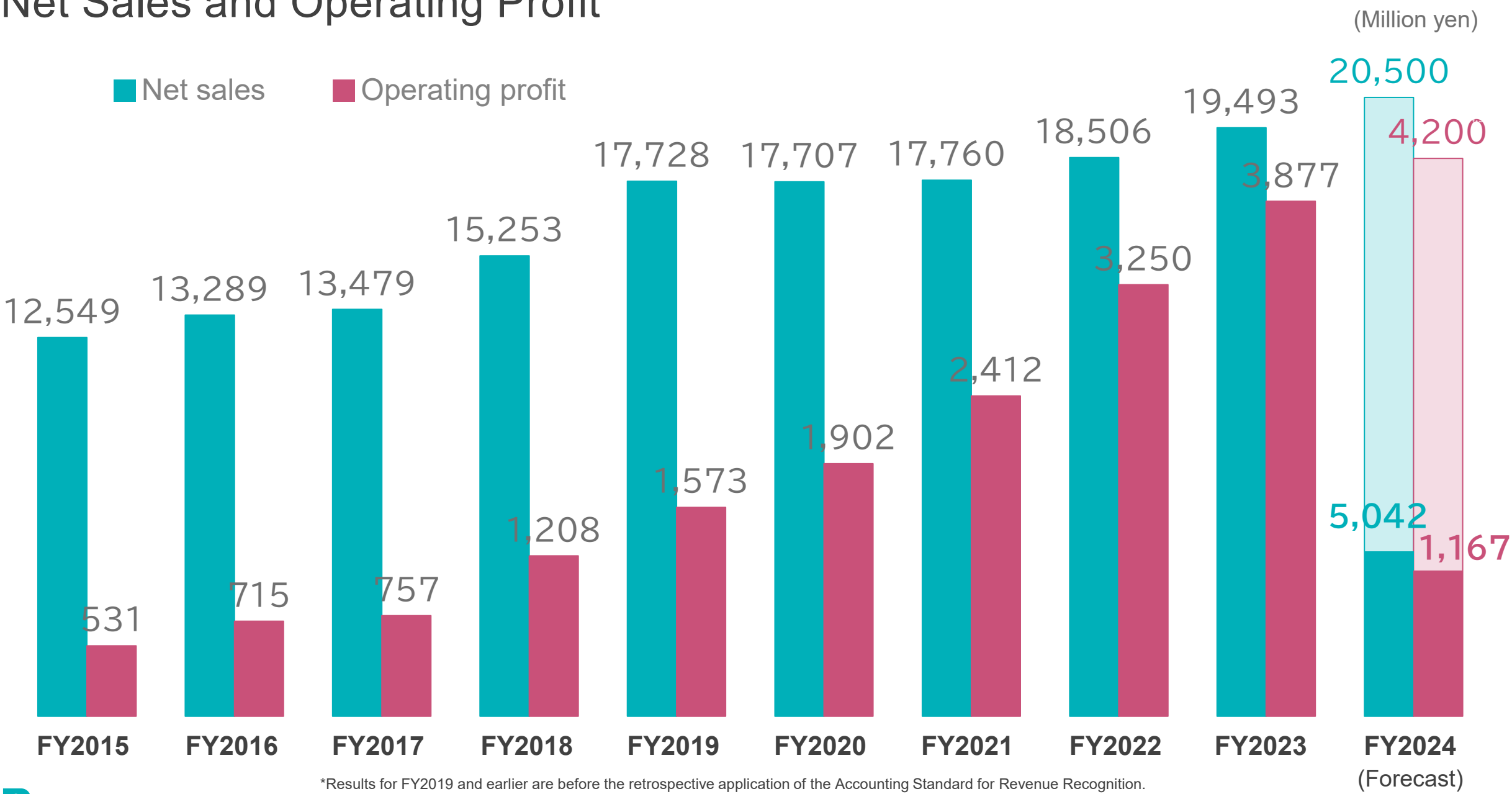
Net Sales and Operating Profit



*Results for FY2019 and earlier are before the retrospective application of the Accounting Standard for Revenue Recognition.

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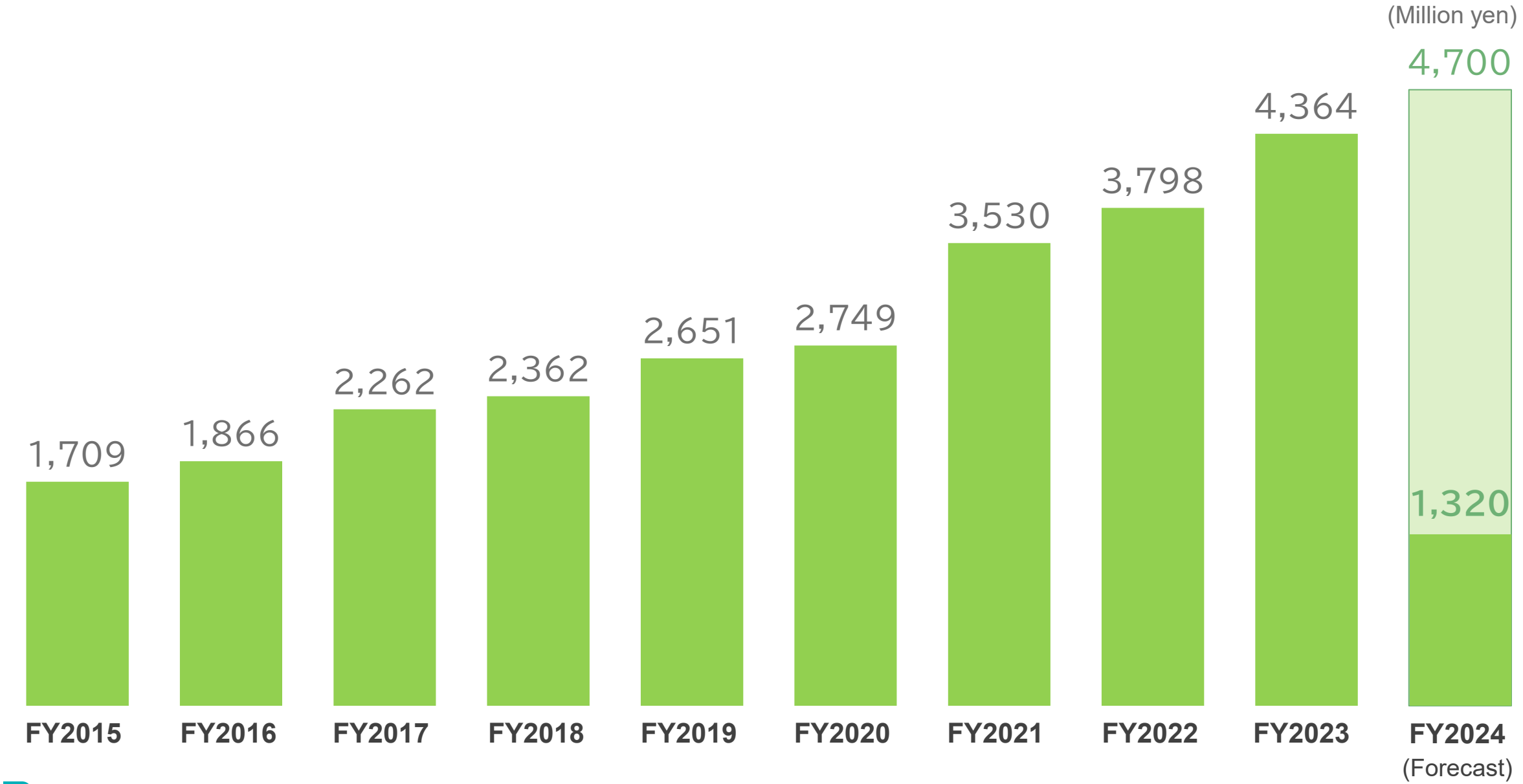
Sales of mcframe Licenses



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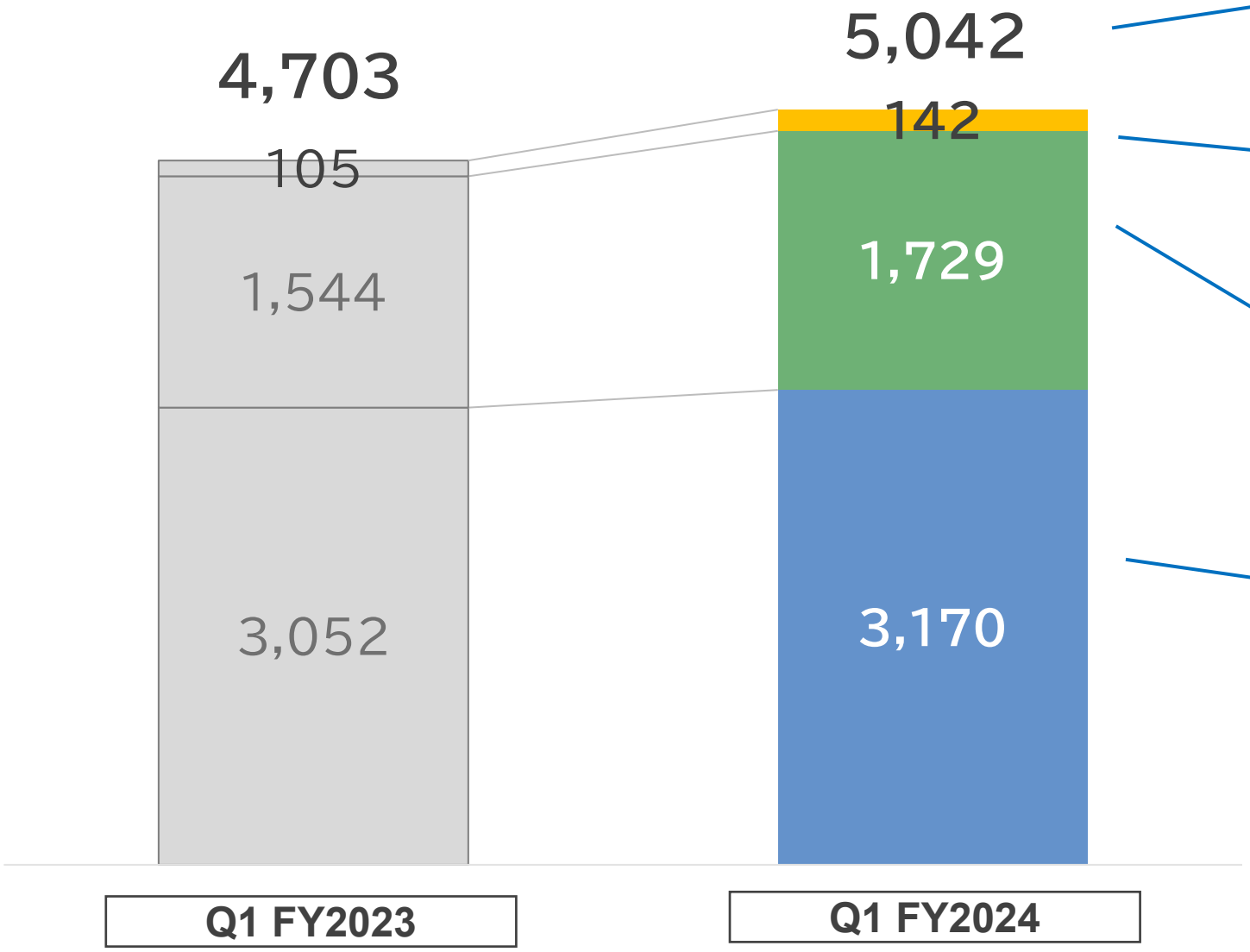
Summary of Q1 Net Sales (YoY)

(Million yen)



Record high net sales, +7.2% YoY overall

System Support Business +35.0%

Products Business +11.9% From growth in license sales

Solutions Business +3.8% From increased sales of new projects

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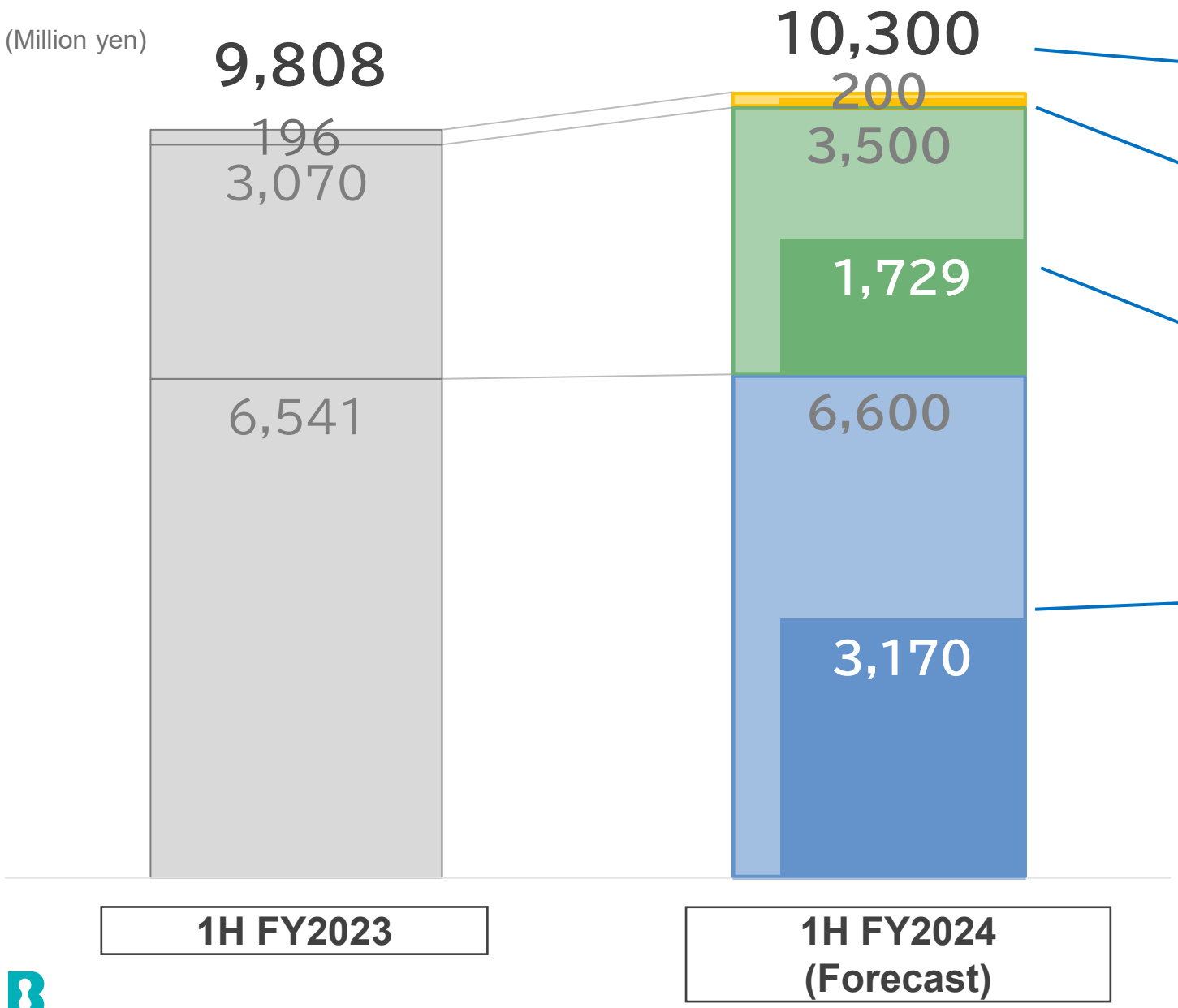
First Half Net Sales Forecast and Q1 Progress



Overall
48% progress rate for 1H

System Support Business
71% progress rate for 1H

Products Business
49% progress rate for 1H
Largely on target

Solutions Business
48% progress rate for 1H
Despite slight lag, expected to make up in Q2

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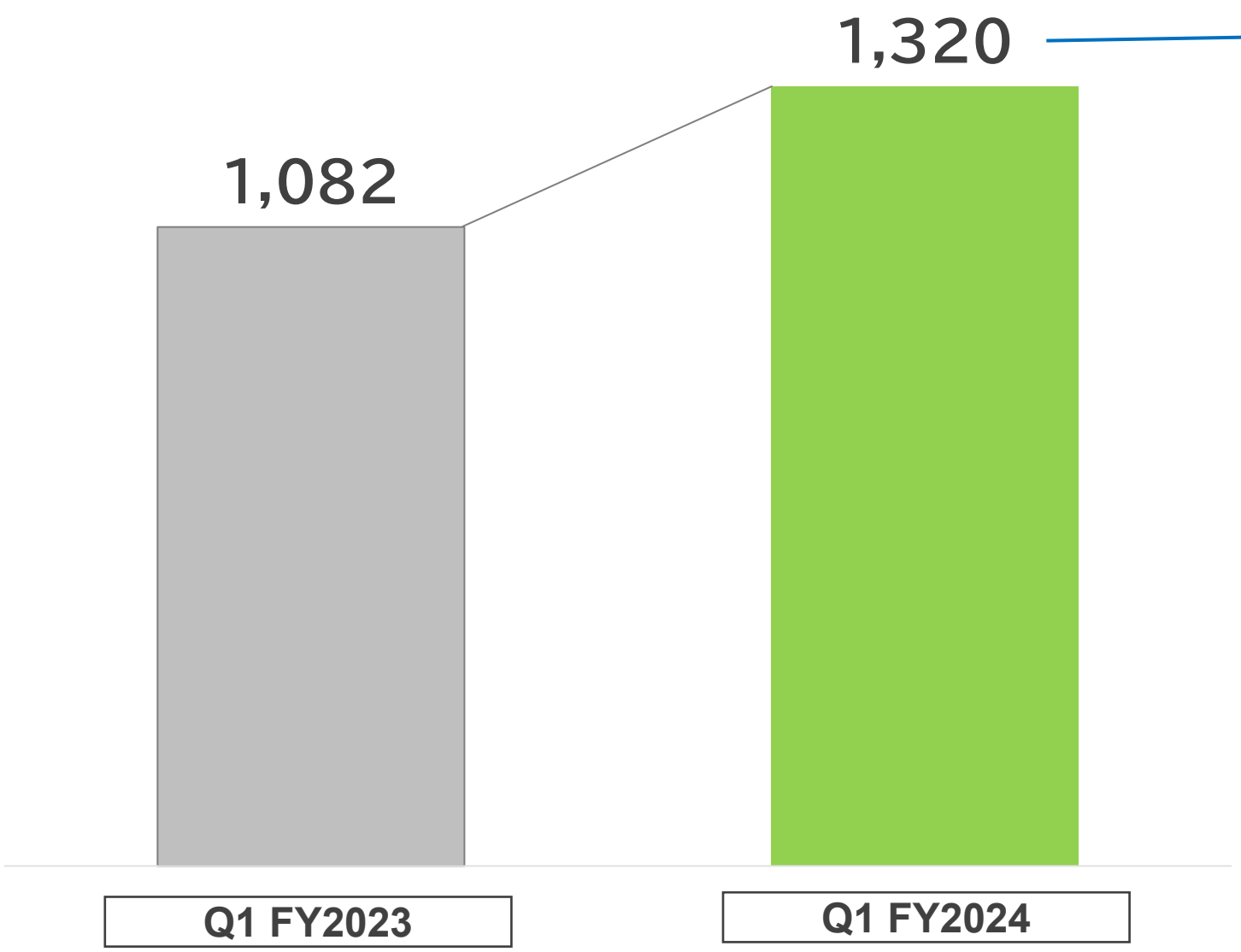
Summary of Q1 License Sales (YoY)

(Million yen)



+22.0% YoY
Significant growth and consecutive record highs

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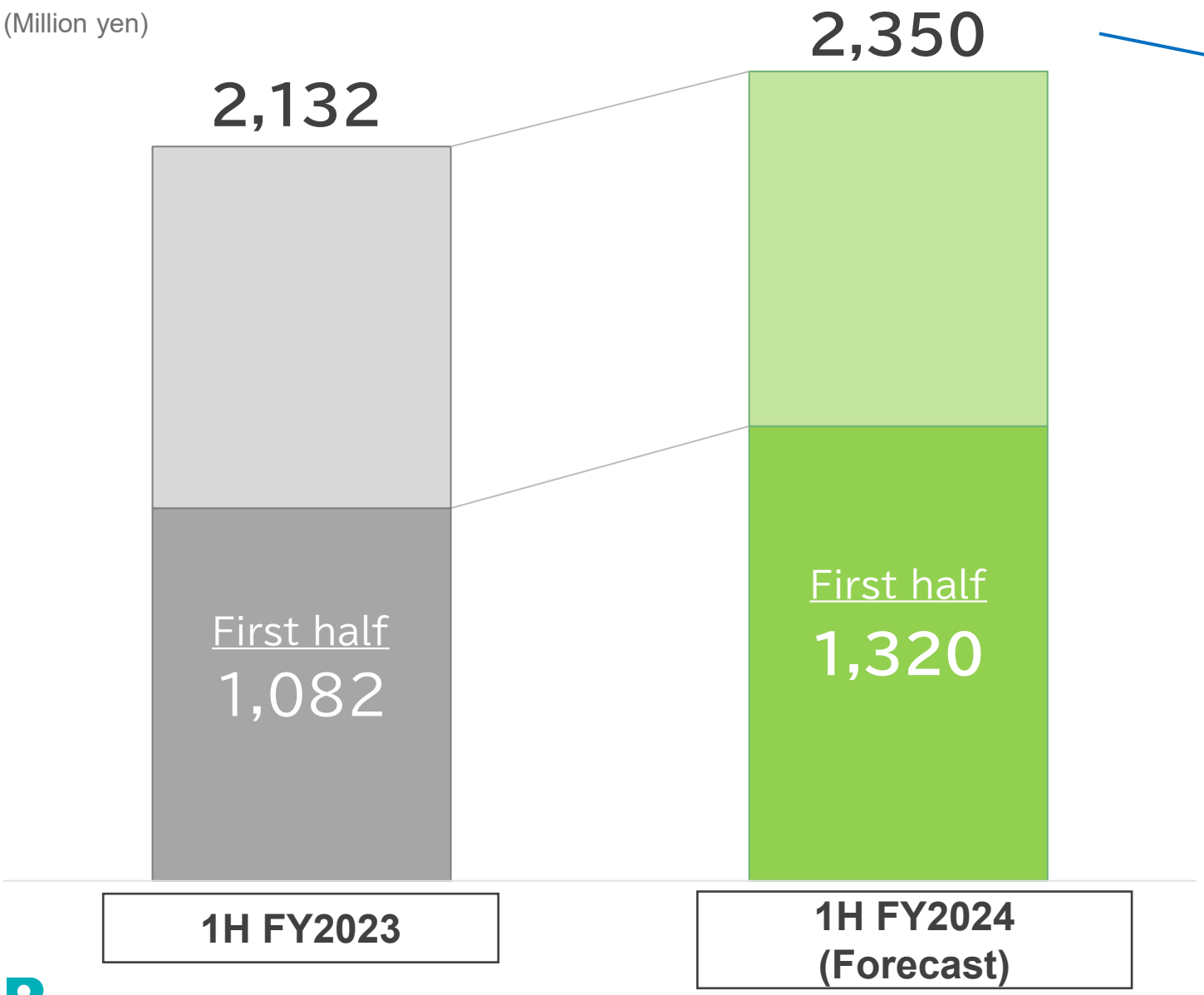
First Half License Sales Forecast and Q1 Progress

(Million yen)



56% progress rate
Strong progress with displaced sales recording and preponed 2Q sales

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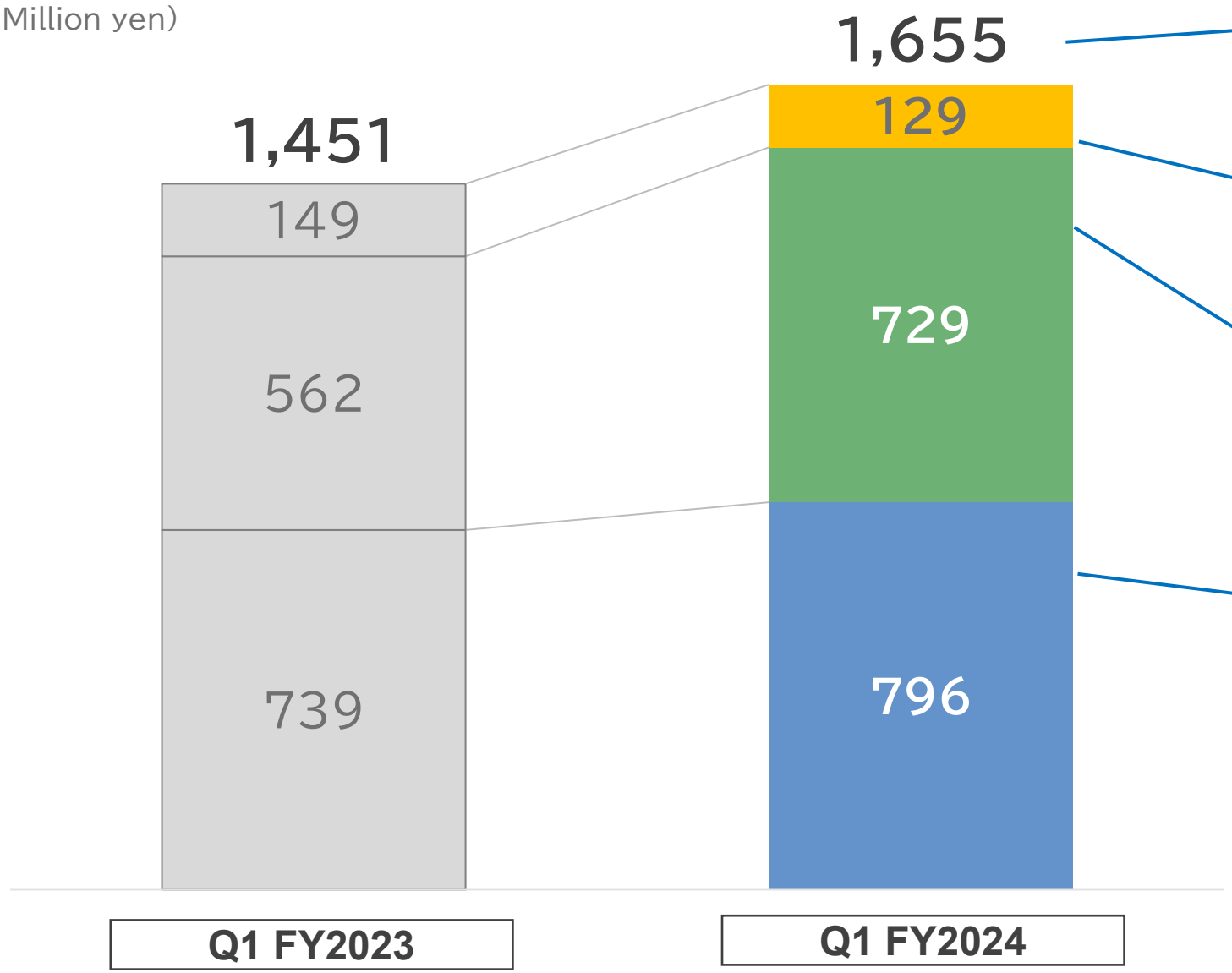
Summary of Q1 Profit by Segment (YoY)

(Million yen)



Record high profit, +14.0% YoY overall

System Support Business -14.2%

Products Business +29.6% From growth in license sales

Solutions Business +7.7% From sales growth and improved project profitability

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Summary of Balance Sheet (YoY) | Assets

(Million yen)	End of Q1 FY2024 (June 30, 2024)	End of FY2023 (March 31, 2024)	Change
Cash and deposits	8,354	8,381	-27
Notes and accounts receivable - trade, and contract assets	3,388	3,526	-138
Work in process	20	9	+11
Other current assets	817	665	＋152
Total current assets	**12,581**	**12,583**	**-1**
(component ratio)	**(79.5%)**	**(80.1%)**	
Property, plant and equipment	170	169	0
Intangible assets	1,687	1,627	＋60
Investments and other assets	1,387	1,337	+50
Total non-current assets	**3,245**	**3,135**	**+110**
(component ratio)	**(20.5%)**	**(19.9%)**	
Total assets	**15,827**	**15,718**	**＋109**
(component ratio)	**(100.0%)**	**(100.0%)**	

Increase in software

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Summary of Balance Sheet (YoY) | Liabilities and Net assets

(Million yen)	End of Q1 FY2024 (June 30, 2024)	End of FY2023 (March 31, 2024)	Change
Outstanding account	1,310	1,229	+81
Short-term borrowings	-	100	-100
Other current liabilities	3,253	3,423	-170
Total current liabilities	**4,564**	**4,752**	**-188**
Allowance for officers' stock benefits	20	15	+5
Total fixed liabilities	**20**	**15**	**+5**
Total liabilities	**4,584**	**4,767**	**-183**
(component ratio)	(29.0%)	(30.3%)	
Share capital	697	697	-
Capital surplus	565	565	-
Retained earnings	10,010	9,759	+251
Treasury shares	-81	-81	-
Accumulated other comprehensive income	50	9	+41
Total net assets	**11,242**	**10,950**	**+292**
(component ratio)	(71.0%)	(69.7%)	
Total liabilities and net assets	**15,827**	**15,718**	**+109**
(component ratio)	(100.0%)	(100.0%)	

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3. Earnings Forecast for First Half of FY2024

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Forecast of First Half Profit and Loss (YoY)

No change from previous release (May 10, 2024 forecast)

(Million yen)	1H FY2024 Forecast	1H FY2023 Results	Change (Change %)
Net sales	10,300	9,808	+491 (+5.0%)
Gross profit	4,250	4,060	+189
Gross profit ratio	(41.3%)	(41.4%)	(+4.7%)
Operating profit	2,150	2,114	+35
Operating profit ratio	(20.9%)	(21.6%)	(+1.7%)
Ordinary profit	2,150	2,126	+23
Ordinary profit ratio	(20.9%)	(21.7%)	(+1.1%)
Quarterly net profit	1,470	1,443	+26
Profit ratio	(14.3%)	(14.7%)	(+1.8%)
Orders received	10,500	9,820	+679 (+6.9%)

Expecting higher sales due to factors such as increased license sales

Operating profit is expected to increase slightly due to having a high level of profit in the first half of the previous fiscal year, despite normal progress.

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4. Earnings Forecast for FY2024
(Ending March 31, 2025)

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Forecast of Profit and Loss (YoY)

No change from previous release (May 10, 2024 forecast)

(Million yen)	FY2024 Forecast	FY2023 Results	Change (Change %)
Net sales	20,500	19,493	+1,006 (+5.2%)
Gross profit	8,400	7,852	+547
Gross profit ratio	(41.0%)	(40.3%)	(+7.0%)
Operating profit	4,200	3,885	+314
Operating profit ratio	(20.5%)	(19.9%)	(+8.1%)
Ordinary profit	4,200	3,877	+322
Ordinary profit ratio	(20.5%)	(19.9%)	(+8.3%)
Current net profit	2,850	2,625	+224
Profit ratio	(13.9%)	(13.5%)	(+8.5%)
Orders received	21,000	19,955	+1,044 (+5.2%)
Dividends (non-consolidated)	84.0 yen	78.0 yen	+6.0 yen
ROE	24.0%	25.9%	-1.9%

Expecting higher sales and profits. Net sales and orders received to exceed 20 bil. yen for the first time. Steady progress expected toward FY2026 targets*

Note: Target values based on Nov. 12, 2023 announcement of revised Management Vision 2026 (Targets: Net sales of 22 bil. yen, operating profit of 4.8 bil. yen)

Securing a degree of higher operating profit while still expanding growth investments launched in FY2023

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Allocation of Management Resources (FY2024)

No change from previous release (May 10, 2024 forecast)

Allocating management resources to the following areas to achieve quantitative management targets and desired medium- to long-term capital efficiency

		(Planned investments: FY2024 to FY2026)
Investment in software, R&D, and business development	• Supporting shift of existing products to SaaS • Building new products/services to drive DX for transformation (e.g., data-centric business) • Next-generation technology surveys Accelerating investment in mcframe X	**3.5 to 4.5 bil. yen** Of which, FY2024 = **1.3** bil. yen
Investment in human resources	• Establishing of systems aimed at strengthening education and human resources • Expanding systems to improve employee engagement and facilitate diverse work styles • Revising salary levels • Strengthening recruitment strategies Increasing hiring headcount / Enhancing employee education Revising salary levels/supplementing cost of living increases	**2.0 to 2.5 bil. yen*** Of which, FY2024 = **0.6** bil. yen
Investment in business foundations	• Developing a foundation for SaaS business promotion • Internal digital transformation to support new business • Investing to advance sustainability • Improving working environments Improving working environments (expanding office floor space/renovating offices)	**0.6 to 1.0 bil. yen** Of which, FY2024 = **0.3** bil. yen
Investment in M&A	• M&A investments for business expansion/collaboration • M&A investments for new business creation	

*Investment in human resources is calculated as the portion of increased personnel expenses (amount exceeding the FY2023 value) plus total education expenses

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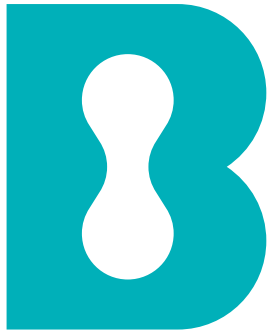

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Disclaimer

The forward-looking statements, including earnings forecasts, contained in this document are based on information currently available to our company and certain assumptions that our company considers reasonable. Actual results may differ significantly due to a variety of factors.

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