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Summary of Consolidated Financial Results for the Nine Months Ended December 31, 2024 [Japanese GAAP]

February 7, 2025

Company name: Business Engineering Corporation
Stock exchange listing: Tokyo Stock Exchange, Prime Market
Code number: 4828
URL: https://www.b-en-g.co.jp/
Representative: Masakazu Haneda, President & CEO
Contact: Shigeaki Betsunou, Senior Managing Director and Division General Manager, Corporate Administration & Planning Div.
Phone: +81-3-3510-1600
Scheduled date of commencing dividend payments: –
Availability of supplementary briefing materials on financial results: Available
Schedule of financial results briefing session: Scheduled (for securities analysts)

(Amounts of less than one million yen are rounded down.)

1. Consolidated Financial Results for the Nine Months Ended December 31, 2024 (April 1, 2024 to December 31, 2024)

(1) Consolidated Operating Results (% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Nine months ended	Million yen	%	Million yen	%	Million yen	%	Million yen	%
December 31, 2024	15,257	4.6	3,662	17.3	3,673	17.3	2,497	17.1
December 31, 2023	14,589	6.2	3,122	23.5	3,132	23.6	2,132	24.3

(Note) Comprehensive income: Nine months ended December 31, 2024: ¥2,589 million [20.8%]
Nine months ended December 31, 2023: ¥2,144 million [24.1%]

	Basic earnings per share	Diluted earnings per share
Nine months ended	Yen	Yen
December 31, 2024	208.55	–
December 31, 2023	177.93	–

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of December 31, 2024	16,563	12,484	75.4
As of March 31, 2024	15,718	10,950	69.7

(Reference) Equity: As of December 31, 2024: ¥12,484 million
As of March 31, 2024: ¥10,950 million

2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2024	–	32.00	–	46.00	78.00
Fiscal year ending March 31, 2025	–	42.00	–		
Fiscal year ending March 31, 2025 (Forecast)				58.00	100.00

(Note) Revision to the most recently announced dividends forecast: Yes

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2025 (April 1, 2024 to March 31, 2025)

(% represent changes from the previous fiscal year for full year)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	20,700	6.2	4,600	18.4	4,600	18.6	3,350	27.6	279.76

(Note) Revision to the most recently announced financial results forecast: Yes

*** Notes:**

(1) Significant changes in the scope of consolidation during the nine months ended December 31, 2024: None
New subsidiaries: – Excluded subsidiaries: –

(2) Accounting policies adopted specially for the preparation of quarterly consolidated financial statements: Yes

(3) Changes in accounting policies, changes in accounting estimates and retrospective restatement
1) Changes in accounting policies due to the revision of accounting standards: Yes
2) Changes in accounting policies other than 1) above: None
3) Changes in accounting estimates: None
4) Retrospective restatement: None

(4) Total number of issued shares (common shares)
1) Total number of issued shares at the end of the period (including treasury shares):
December 31, 2024: 12,000,000 shares
March 31, 2024: 12,000,000 shares
2) Total number of treasury shares at the end of the period:
December 31, 2024: 25,668shares
March 31, 2024: 25,644 shares
3) Average number of shares during the period:
Nine months ended December 31, 2024: 11,974,346shares
Nine months ended December 31, 2023: 11,987,477shares

(Note) "Total number of treasury shares at the end of the period" and "Average number of shares during the period" are calculated by including the Company's shares held by stock grant trust for directors in the treasury shares that are deductible.

* Review of the Japanese-language originals of the attached consolidated quarterly financial statements by certified public accountants or an audit firm: None

* Explanation of the proper use of financial results forecast and other notes

The earnings forecasts and other forward-looking statements herein are based on the information currently available to the Company and certain assumptions that are deemed reasonable. They are not a pledge by the Company to achieve the forecasted results. Actual results, etc. may differ significantly from these forecasts due to a wide range of factors. For more details on the above forecasts, please refer to "1. Qualitative Information on Quarterly Financial Results for the Period under Review (3) Explanation of Consolidated Financial Results Forecast and Other Forward-Looking Information" on page 3.

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1. Qualitative Information on Quarterly Financial Results for the Period under Review

(1) Explanation of Operating Results

During the nine months ended December 31, 2024, the Japanese economy gradually recovered as corporate earnings showed an improving trend and business sentiment remained at a favorable level, although the country saw some signs of weakness.

In the information service industry, customers' willingness to invest in digital transformations (DX) is robust, and investments in information technology in the manufacturing industry are expected to remain strong.

In such a business environment, under the management plan "Management Vision 2026 Revised Version" for the six years through the fiscal year ending March 31, 2027, the Group has worked to resolve management issues such as the promotion of DX and global expansion in the manufacturing industry, in order to support its main customers facing changes in the business environment of the manufacturing industry with products and services that leverage the strengths of the Group. At the same time, the Group has been working to contribute to sustainability.

The financial results during the nine months ended December 31, 2024 are as follows.

Orders received were ¥15,394 million (up 10.1% year on year) and net sales were ¥15,257 million (up 4.6% year on year), both of which represent a set of record highs, amid robust investments in information technology. In addition, owing to robust license sales, sales of mcframe licenses were ¥3,762 million (up 20.8% year on year), also setting another record high. In terms of profits, primarily owing to factors such as the improvement of project profitability in the Solutions Business and growth in license sales in the Products Business, operating profit was ¥3,662 million (up 17.3% year on year), ordinary profit was ¥3,673 million (up 17.3% year on year), and profit attributable to owners of parent was ¥2,497 million (up 17.1% year on year), achieving quarterly record-highs in each profit indicator for the seventh consecutive year.

Operating results by business segment are as follows.

(i) Solutions Business

The Solutions Business mainly engages in the consulting and system construction services, which are based on ERP package products developed by other companies. We provided complex solutions that contribute to the resolution of customers' issues and actively engaged in proposal activities based on customer needs. Orders received were ¥9,984 million (up 7.5% year on year) due to a solid influx of orders, and net sales were ¥9,661 million (down 0.6% year on year). Segment profit was ¥2,652 million (up 5.9% year on year) due to the improvement of project profitability.

(ii) Products Business

The Products Business mainly engages in sales of the in-house developed ERP package "mcframe" series products through business partners as well as consulting and system construction services based on these products. We continued our efforts to strengthen our relationships with customers and business partners, focused on license sales, and implemented initiatives to continuously enhance brand power. As a result, license sales remained robust. Orders received for this segment were ¥5,059 million (up 15.1% year on year), net sales were ¥5,157 million (up 12.4% year on year), and segment profit was ¥2,023 million (up 38.6% year on year).

(iii) Systems Support Business

The Systems Support Business mainly engages in operation and maintenance services of systems introduced to customers, and offering proposals and additional development through these services. This business segment is operated by Business System Service Corporation, a subsidiary of the Company. We continued to work on enhancing life cycle support for customers' systems. As a result, orders received for this segment were ¥350 million (up 15.0% year on year), net sales were ¥438 million (up 54.6% year on year), and segment profit was ¥386 million (down 1.8% year on year).

(2) Explanation of Financial Position

(Assets)

Current assets increased by ¥232 million from the end of the previous fiscal year to ¥12,815 million. This was mainly attributable to an increase in notes and accounts receivable - trade, and contract assets and a decrease in cash and deposits. The ratio of current assets to total assets at the end of the third quarter under review was 77.4%.

Non-current assets increased by ¥612 million from the end of the previous fiscal year to ¥3,747 million. This was mainly attributable to purchase of intangible assets, which exceeded the depreciation of intangible assets, and an increase in investments and other assets due to purchase of investment securities.

As a result, total assets at the end of the third quarter under review increased by ¥845 million from the end of the previous fiscal year to ¥16,563 million.

(Liabilities)

Liabilities at the end of the third quarter under review decreased by ¥688 million from the end of the previous fiscal year to ¥4,079 million. This was mainly attributable to decreases in provision for bonuses and income taxes payable, and an increase in advances received.

(Net assets)

Net assets at the end of the third quarter under review increased by ¥1,533 million from the end of the previous fiscal year to ¥12,484 million. This was mainly attributable to an increase owing to the recording of profit attributable to owners of parent and a decrease due to dividends of surplus.

As a result, the equity ratio at the end of the third quarter under review increased by 5.7 percentage points from the end of the previous fiscal year to 75.4%.

(3) Explanation of Consolidated Financial Results Forecast and Other Forward-Looking Information

In view of the operating results of the nine months ended December 31, 2024, the Company has revised the full-year financial results forecast for the fiscal year ending March 31, 2025, which it announced on November 12, 2024.

For more details, please refer to "Notice on Revisions to Full-Year Financial Results Forecast (upward revision) and Dividend Forecast (increase) for the Fiscal Year Ending March 31, 2025," which was also disclosed today.

2. Consolidated Quarterly Financial Statements
(1) Consolidated Quarterly Balance Sheet

(thousands of yen)

	FY03/2024 (As of Mar. 31, 2024)	3Q FY03/2025 (As of Dec. 31, 2024)
Assets		
Current assets		
Cash and deposits	8,381,943	8,154,063
Notes and accounts receivable - trade, and contract assets	3,526,528	3,999,396
Work in process	9,228	27,215
Other	665,546	635,236
Total current assets	12,583,247	12,815,912
Non-current assets		
Property, plant and equipment	169,920	158,712
Intangible assets		
Software	1,622,421	1,804,379
Other	4,969	4,524
Total intangible assets	1,627,390	1,808,903
Investments and other assets		
Investment securities	538,888	942,501
Leasehold deposits	298,661	298,396
Deferred tax assets	375,263	360,558
Other	130,449	184,051
Allowance for doubtful accounts	△5,499	△5,499
Total investments and other assets	1,337,762	1,780,007
Total non-current assets	3,135,073	3,747,624
Total assets	15,718,321	16,563,536

(thousands of yen)

	FY03/2024 (As of Mar. 31, 2024)	3Q FY03/2025 (As of Dec. 31, 2024)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	422,634	394,163
Short-term borrowings	100,000	―
Accrued expenses	535,416	649,260
Income taxes payable	969,646	550,613
Advances received	1,312,757	1,450,909
Provision for bonuses	784,470	266,651
Provision for bonuses for directors (and other officers)	47,900	―
Reserve for guarantee for after-care of products	18,942	19,474
Other	560,749	717,039
Total current liabilities	4,752,518	4,048,112
Non-current liabilities		
Provision for share awards for directors (and other officers)	15,387	31,274
Total non-current liabilities	15,387	31,274
Total liabilities	4,767,906	4,079,386
Net assets		
Shareholders' equity		
Share capital	697,600	697,600
Capital surplus	565,273	565,273
Retained earnings	9,759,510	11,200,811
Treasury shares	△81,175	△81,277
Total shareholders' equity	10,941,208	12,382,407
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	37,643	131,172
Foreign currency translation adjustment	△28,437	△29,429
Total accumulated other comprehensive income	9,206	101,742
Total net assets	10,950,415	12,484,150
Total liabilities and net assets	15,718,321	16,563,536

(2) Consolidated Quarterly Statements of Income and Comprehensive Income
Consolidated Quarterly Statement of Income(For the Nine-month Period)

（thousands of yen）

	3Q FY03/2024 (Apr. 1, 2023 – Dec. 31, 2023)	3Q FY03/2025 (Apr. 1, 2024 – Dec. 31, 2024)
Net sales	14,589,554	15,257,835
Cost of sales	8,605,021	8,417,180
Gross profit	5,984,533	6,840,654
Selling, general and administrative expenses	2,861,651	3,178,431
Operating profit	3,122,881	3,662,222
Non-operating income		
Dividend income	14,588	22,564
Foreign exchange gains	—	20
Subsidy income	250	1,100
Other	1,304	923
Total non-operating income	16,143	24,608
Non-operating expenses		
Interest expenses	1,314	1,598
Foreign exchange losses	822	—
Commission expenses	3,765	7,530
Miscellaneous expenses	592	3,793
Total non-operating expenses	6,495	12,922
Ordinary profit	3,132,529	3,673,908
Profit before income taxes	3,132,529	3,673,908
Income taxes	999,585	1,176,629
Profit	2,132,943	2,497,278
Profit attributable to owners of parent	2,132,943	2,497,278

Consolidated Quarterly Statement of Comprehensive Income(For the Nine-month Period)

（thousands of yen）

	3Q FY03/2024 (Apr. 1, 2023 – Dec. 31, 2023)	3Q FY03/2025 (Apr. 1, 2024 – Dec. 31, 2024)
Profit	2,132,943	2,497,278
Other comprehensive income		
Valuation difference on available-for-sale securities	25,423	93,528
Foreign currency translation adjustment	△13,747	△992
Total other comprehensive income	11,676	92,536
Comprehensive income	2,144,620	2,589,814
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,144,620	2,589,814
Comprehensive income attributable to non-controlling interests	―	―