Translation

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Summary of Consolidated Financial Results for the Nine Months Ended December 31, 2024 (Based on IFRS)

February 13, 2025

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
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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 nine months ended December 31, 2024 (from April 1, 2024 to December 31, 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	%
Nine months ended December 31, 2024	28,291	12.8	2,197	21.1	2,199	(89.0)	2,561	(87.1)	1,989	(85.3)	1,958	(85.5)
Nine months ended December 31, 2023	25,072	(7.0)	1,814	(26.4)	19,968	–	19,816	–	13,487	–	13,467	–

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Nine months ended December 31, 2024	168.66	168.59
Nine months ended December 31, 2023	1,166.56	1,166.40

(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 December 31, 2024	44,632	30,749	30,283	67.8
As of March 31, 2024	44,804	29,398	28,962	64.6

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended March 31, 2024	–	36.00	–	39.00	75.00
Year ending March 31, 2025	–	37.00	–		
Year ending March 31, 2025 (Forecast)				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
Full year	38,800	13.4	3,060	20.8	3,060	(85.4)	3,500	(83.0)	2,720	(80.8)	2,680	(81.0)	231.07

4. Notes

(1) Changes in significant subsidiaries during the nine months ended December 31, 2024 (changes in specified subsidiaries resulting in the change in scope of consolidation): 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 December 31, 2024	12,725,000 shares	As of March 31, 2024	12,725,000 shares

Number of treasury shares at end of period

As of December 31, 2024	1,098,367 shares	As of March 31, 2024	1,142,526 shares

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

Nine months ended December 31, 2024	11,607,675 shares	Nine months ended December 31, 2023	11,543,822 shares

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1. Overview of operating results

(1) Overview of operating results for the nine months ended December 31, 2024

During the consolidated nine months ended December 31, 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 situation in Ukraine becoming drawn out, China's slowing economy, the economic impact of revisions to interest rate policies, particularly in Europe and the U.S., and future U.S. policy directions.

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

As a result, orders received in the consolidated nine months ended December 31 totaled 28,967 million yen (up 21.4% year-on-year), and backlog of orders was 12,101 million yen (up 12.4% 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. and the Company's strong performance. Where the consulting and system development business was concerned, despite the impact of the deconsolidation of Global Security Experts Inc., revenue increased compared to the previous year as a result of the Company's revenue growth and the consolidation of Fresco Inc. Consequently, overall revenue rose by 12.8% compared to the same period of the previous year, to 28,291 million yen.

Where gross profit was concerned, despite a 12.8% increase in revenue,partly due to increases in personnel costs and other costs, gross profit increased by 12.2% year-on-year.

Selling, general and administrative expenses likewise climbed by 7.9% year-on-year as a result of increases in personnel costs, recruitment costs and other costs.

As a result, for the consolidated nine months ended December 31, the Company reported revenue of 28,291 million yen (up 12.8% year-on-year), business profit of 2,197 million yen (up 21.1% year-on-year), operating profit of 2,199 million yen (down 89.0% year-on-year), quarterly profit before taxes of 2,561 million yen (down 87.1% year-on-year) and quarterly profit attributable to owners of the parent of 1,958 million yen (down 85.5% year-on-year).

Incidentally, operating profit, quarterly profit before taxes and quarterly profit attributable to owners of the parent declined for the period 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 nine months ended December 31 were revenue of 20,133 million yen (up 3.8% year-on-year) and business profit of 1,676 million yen (up 25.7% year-on-year).

While revenue for the consolidated nine months ended December 31 declined due to the information security consulting business becoming a company accounted for using the equity method following the sale of some Global Security Experts Inc. shares, it increased due to a favorable performance in accounting system consulting, centering on the Company, and the new consolidation in the PLM support solutions business resulting from the acquisition of Fresco Inc.'s shares. Consequently, despite a downturn in system development for the financial industry, revenue for the period increased across the overall business.

In terms of business profits, they increased compared to the same period of the previous year for all businesses except system development for the financial industry.

Incidentally, BBS Management Services, which was established in February 2024, began operations during the period. Its segment classification is the consulting and system development business.

The management services (BPO) business reported revenue of 8,416 million yen for the consolidated nine months ended December 31 (up 41.2% year-on-year), and business profits of 518 million yen (up 6.7% year-on-year).

Where revenue and business profits for the consolidated nine months ended December 31 were concerned, Twinkle Co., Ltd.'s classification as an onsite BPO business as a result of its new consolidation through a share acquisition contributed significantly to an expansion in revenue and business profits. Additionally, outsourcing business for global companies and outsourcing business for foreign companies also performed favorably.

(2) Overview of financial position for the nine months ended December 31, 2024

Assets

Total consolidated assets at the end of the nine months ended December 31 were 44,632 million yen, down by 172 million yen from the end of the previous fiscal year.

Current assets totaled 18,122 million yen, an increase of 109 million yen from the end of the previous fiscal year. The main factors were that although contract assets grew by 954 million yen, Other current assets grew by 337 million yen,cash and cash equivalents grew by 320 million yen and inventories grew by 83 million yen, trade and other receivables declined by 783 million yen, and other financial assets declined by 802 million yen.

Non-current assets totaled 26,510 million yen, a decrease of 280 million yen from the end of the previous fiscal year. The main factors were that although investments accounted for using equity method increased by 192 million yen, right of use assets decreased by 436 million yen and deferred tax assets declined by 66 million yen.

Liabilities

Total consolidated liabilities at the end of the nine months ended December 31 were 13,884 million yen, a decrease of 1,522 million yen from the end of the previous fiscal year.

Current liabilities totaled 6,617 million yen, a decrease of 1,431 million yen from the end of the previous fiscal year. The main factors were a 459 million yen decrease in trade and other payables as a result of payment of liabilities, a decrease of 571 million yen in other current liabilities and a decrease of 369 million yen in income taxes payable.

Non-current liabilities totaled 7,266 million yen, a decrease of 91 million yen from the end of the previous fiscal year. The main factors were that although provisions increased by 133 million yen and deferred tax liabilities increased by 116 million yen, retirement benefit liabilities increased by 62 million yen.On th other hand, lease liabilities decreased by 421 million yen.

Capital

Total consolidated shareholders' equity at the end of the nine months ended December 31 totaled 30,749 million yen, an increase of 1,350 million yen from the end of the previous fiscal year.

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

There are no changes to the full year earnings forecast announced in the "Notice of Revisions of Financial Result Forecasts," dated January 31, 2025.

2. Condensed quarterly consolidated financial statements and principal notes
(1) Condensed quarterly consolidated statement of financial position

(Thousands of yen)

	As of March 31, 2024	As of December 31, 2024
Assets		
Current assets		
Cash and cash equivalents	9,906,142	10,225,855
Trade and other receivables	5,238,772	4,456,072
Contract assets	978,154	1,931,944
Other financial assets	1,108,665	306,313
Inventories	96,536	179,834
Other current assets	684,778	1,021,774
Total current assets	18,013,047	18,121,792
Non-current assets		
Property, plant and equipment	682,465	632,419
Right-of-use assets	2,716,010	2,279,993
Goodwill	2,063,630	2,063,630
Intangible assets	1,020,078	1,012,709
Investments accounted for using equity method	16,735,772	16,927,655
Other financial assets	2,840,260	2,866,309
Deferred tax assets	674,044	607,555
Retirement benefit asset	20,228	83,605
Other non-current assets	38,327	36,548
Total non-current assets	26,790,814	26,510,423
Total assets	44,803,861	44,632,215

(Thousands of yen)

	As of March 31, 2024	As of December 31, 2024
Liabilities and equity		
Liabilities		
Current liabilities		
Borrowings	15,034	-
Lease liabilities	747,149	734,956
Trade and other payables	2,620,548	2,161,754
Other financial liabilities	228,185	215,856
Income taxes payable	575,443	206,200
Provisions	43,389	6,103
Contract liabilities	310,020	354,447
Other current liabilities	3,508,564	2,937,936
Total current liabilities	8,048,332	6,617,252
Non-current liabilities		
Lease liabilities	2,009,277	1,588,577
Other financial liabilities	66,726	39,614
Retirement benefit liability	319,532	381,511
Provisions	307,792	440,552
Non-Current liability for stock benefit	209,881	226,603
Deferred tax liabilities	4,133,174	4,249,585
Other non-current liabilities	310,856	339,827
Total non-current liabilities	7,357,238	7,266,269
Total liabilities	15,405,570	13,883,521
Equity		
Share capital	2,233,490	2,233,490
Capital surplus	4,480,606	4,502,037
Retained earnings	23,049,377	24,129,639
Treasury shares	△1,082,122	△1,040,356
Other components of equity	280,320	457,818
Total equity attributable to owners of parent	28,961,671	30,282,628
Non-controlling interests	436,619	466,067
Total equity	29,398,291	30,748,694
Total liabilities and equity	44,803,861	44,632,215

(2) Condensed quarterly consolidated statements of income and condensed quarterly consolidated statements of comprehensive income

Condensed quarterly consolidated statements of income

(Thousands of yen)

	Nine months ended December 31, 2023	Nine months ended December 31, 2024
Revenue	25,071,942	28,291,059
Cost of sales	19,333,878	21,853,631
Gross profit	5,738,064	6,437,428
Selling, general and administrative expenses	3,945,314	4,255,938
Gain on loss of control of subsidiaries	18,154,037	-
Other income	27,187	39,383
Other expenses	5,895	22,226
Operating profit	19,968,079	2,198,647
Finance income	53,145	99,170
Finance costs	20,947	11,708
Share of profit (loss) of investments accounted for using equity method	263,097	317,983
Share of Loss on change in equity	(447,221)	(43,442)
Profit before tax	19,816,153	2,560,650
Income tax expense	6,328,722	572,121
Profit	13,487,431	1,988,529
Profit attributable to		
Owners of parent	13,466,571	1,957,747
Non-controlling interests	20,860	30,782
Profit	13,487,431	1,988,529
Earnings per share		
Basic earnings per share	1,166.56	168.66
Diluted earnings per share	1,166.40	168.59

Condensed quarterly consolidated statements of comprehensive income

(Thousands of yen)

	Nine months ended December 31, 2023	Nine months ended December 31, 2024
Profit	13,487,431	1,988,529
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	118,015	121,256
Share of other comprehensive income of investments accounted for using equity method	(858)	54,479
Total of items that will not be reclassified to profit or loss	117,157	175,735
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	1,606	2,916
Total of items that may be reclassified to profit or loss	1,606	2,916
Other comprehensive income, net of tax	118,763	178,651
Comprehensive income	13,606,194	2,167,180
Comprehensive income attributable to		
Owners of parent	13,585,134	2,135,245
Non-controlling interests	21,060	31,935
Comprehensive income	13,606,194	2,167,180

(3) Notes concerning condensed quarterly consolidated financial statements

(Notes relating to going concern assumption)

There are no relevant items.

(Changes in accounting policies)

Excluding the matters outlined below, the important accounting policies that apply to condensed quarterly consolidated financial statements are the same accounting policies applied in the consolidated financial statements for the previous fiscal year.

Incidentally, the corporate income tax expense for the consolidated nine months ended December 31 is calculated based on the estimated annual effective tax rate.

IFRS		Summary of New and Amended Standards
IAS No. 1	Presentation of financial statements	Clarification of requirements on classification of liabilities as current or non-current Amendment requiring the disclosure of information on long-term debt with covenants
IAS No. 7 IFRS No. 7	Statement of Cash flows Financial instruments: Disclosures	Amendment requiring disclosure to enhance the transparency of supplier finance arrangements
IFRS No. 16	Leases	Clarification of accounting treatment subsequent to sale and leaseback transactions

Application of the above-mentioned accounting principles will not have a material impact on the condensed quarterly consolidated financial statements.

(Segment information)

(1) Summary of reporting segments

The Group's reporting segments are those segments of the Group's constituent units for which separate financial information can be obtained, and which are the subject of regular review by the Company's board of directors for making decisions about business resource allocation and assessing performance.

The Group demarcates organizations according to the differences in the main services they provide, and it plans, executes and evaluates business operations in terms of these organizations as units. Consequently, business segments are identified on the basis of the content of their services. In addition, the Group undertakes system development for accounting and peripheral accounting duties, but because the systems are positioned as tools for realizing operating objectives, after consulting on basic concepts and defining the requirements while keeping the realization of operating objectives in mind, system development is carried out in parallel to business improvement, and subsequently is consistently undertaken to the point where the manifestation of improvement outcomes becomes entrenched. These processes come together to produce effects and are indivisible, and as such, services belonging to this realm are consolidated as the consulting and system development business. Additionally, in association with the business improvement carried out alongside system development, BPO (Business Process Outsourcing) needs also emerge, and services belonging to this realm are consolidated as the management services (BPO) business. Accordingly, the Group's reporting segments are the consulting and system development business, and the management services (BPO) business.

The consulting and system development business undertakes consulting on accounting systems and related peripheral systems, system development and entrenchment, and system development for the financial industry etc. The management services (BPO) business undertakes system support for human resources, payroll, and labor; accounting and financial; and non-life insurance agencies.

(2) Segment revenue and financial results

Revenue and financial results according to the Group's reporting segments are as follows.

Note that inter-segment revenue is based on market prices.

Previous consolidated nine months ended December 31, 2023 (from April 1, 2023 to December 31, 2023)

(Thousands of yen)

	Reporting Segment			Adjustments (Note 1)	Consolidated
	Consulting and system development	Management services (BPO)	Total		
Revenue					
(1) External customers	19,279,965	5,791,977	25,071,942	-	25,071,942
(2) Inter-segment revenue	122,079	169,904	291,983	(291,983)	-
Total	19,402,044	5,961,881	25,363,925	(291,983)	25,071,942
Business profit (Note 2)	1,333,104	485,180	1,818,284	(4,242)	1,814,042

(Note 1) Adjustments are as follows:

(1) Inter-segment adjustments are from eliminating inter-segment transactions.

(2) Segment profit adjustments are adjustments of unrealized profits pertaining to inter-segment transactions and settlement adjustments not allocated to segments.

(Note 2) Business profit is calculated by excluding from operating profit those profits or losses arising from non-recurring factors.

(Note 3) In the consolidated second quarter of the fiscal year ending March 31, 2025, the determination of a provisional accounting method pertaining to business combinations was carried out, and the content of the determination of the provisional accounting method is reflected in figures concerning the third quarter of the fiscal year ended March 31, 2024.

Current consolidated nine months ended December 31, 2024 (from April 1, 2024 to December 31, 2024)

(Thousands of yen)

	Reporting Segment			Adjustments (Note 1)	Consolidated
	Consulting and system development	Management services (BPO)	Total		
Revenue					
(1) External customers	20,064,364	8,226,695	28,291,059	-	28,291,059
(2) Inter-segment revenue	68,554	188,989	257,543	(257,543)	-
Total	20,132,918	8,415,684	28,548,602	(257,543)	28,291,059
Business profit (Note 2)	1,675,713	517,882	2,193,595	3,892	2,197,487

(Note 1) Adjustments are as follows:

(1) Inter-segment adjustments are from eliminating inter-segment transactions

(2) Segment profit adjustments are adjustments of unrealized profits pertaining to inter-segment transactions and settlement adjustments not allocated to segments.

(Note 2) Business profit is calculated by excluding from operating profit those profits or losses arising from non-recurring factors.

Adjustments to quarterly profit before tax are as follows:

(Thousands of yen)

	Previous consolidated nine months ended December 31, 2023 (from April 1, 2023 to December 31, 2023)	Current consolidated nine months ended December 31, 2024 (from April 1, 2024 to December 31, 2024)
Business profit	1,814,042	2,197,487
Gain on loss of control of subsidiaries	18,154,037	-
Other	-	1,160
Operating profit	19,968,079	2,198,647
Finance income	53,145	99,170
Finance costs	20,947	11,708
Share of profit (loss) of investments accounted for using equity method	263,097	317,983
Profit (loss) on change in equity	(447,221)	(43,442)
Quarterly profit before tax	19,816,153	2,560,650

(Notes in cases of significant changes in equity attributable to owners of parent)

There are no applicable items.

(Notes relating to the quarterly consolidated statement of cash flows)

A condensed quarterly consolidated statement of cash flows pertaining to the current consolidated nine months ended December 31, 2024 has not been prepared. Note that the depreciation costs and amortization costs pertaining to the consolidated nine months ended December 31 are as follows.

(Thousands of yen)

	Previous consolidated nine months ended December 31, 2023 (from April 1, 2023 to December 31, 2023)	Current consolidated nine months ended December 31, 2024 (from April 1, 2024 to December 31, 2024)
Depreciation costs and amortization costs	778,042	920,063

(Significant subsequent events)

Acquisition of treasury shares

At the Board of Directors meeting held on February 13, 2025, the Company resolved the following matter pertaining to the acquisition of treasury shares, pursuant to the provisions of Article 156 of the Companies Act, as applied pursuant to the provisions of Article 165, Paragraph 3 of the same Act.

1. Reason for acquiring treasury stock

In order to increase capital efficiency and strive to execute flexible capital policies that respond to the future economic environment.

2. Details of the acquisition

(1) Class of shares covered by the acquisition The Company's ordinary shares

(2) Total number of shares to be acquired 900,000 shares (maximum) (7.74% of the total number of issued shares (excluding treasury shares))

(3) Total acquisition cost of shares 2,250,000,000 yen (maximum)

(4) Acquisition date February 14, 2025

(5) Acquisition method Purchase through the Tokyo Stock Exchange's off-auction own share repurchase trading system (ToSTNeT-3)

(References) Status of treasury shares held as of January 31, 2025

Total number of issued shares (excluding treasury shares) 11,626,611 shares

Number of treasury shares*	1,098,389 shares

* The number of treasury shares recorded includes 455,735 shares of the Company held by the Board Incentive Plan (BIP) Trust and the Stock-granting ESOP Trust.