



Business Brain Showa-Ota Inc.

**Supplementary Materials for the Consolidated Financial Results
for the Fiscal Year Ended March 31, 2025**



2025.5.13



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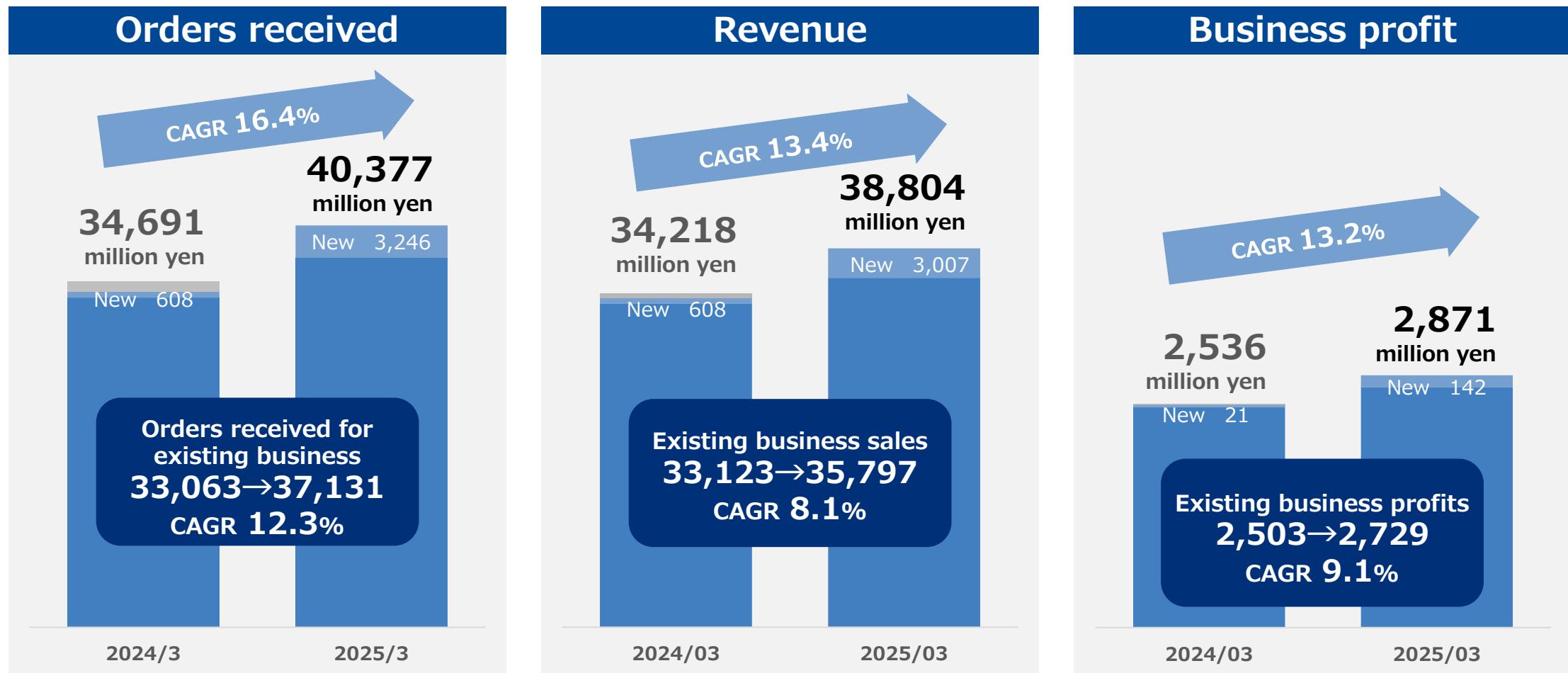
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1. Financial Summary FY2024

Highlights of FY2024

Achieved a significant improvement over the same period of the previous year - saw major growth in not only new business acquisition, but existing business as well



Highlights of FY2024 - Comments

Orders received

Revenue

Business profit

Increased orders and sales for our accounting system consulting and system development business

- Increased orders in our focus industries such as infrastructure and mobility
- Increase in large orders from existing customers

Increased orders for HR and payroll related outsourcing

- Limited impact on single-year sales revenue due to acquisition of large multi-year contract

Increased orders and sales for outsourcing business for global companies

- Increased orders for accounting BPO

Subsidiaries acquired last year contributed throughout the year

- Year-long contribution from Fresco (acquired December of previous FY) and Twinkle (acquired February of previous FY)

Improved profitability for accounting system consulting and system development businesses

- Improved profitability due to large orders and improved utilization rates

Improved profitability for PLM support solutions business

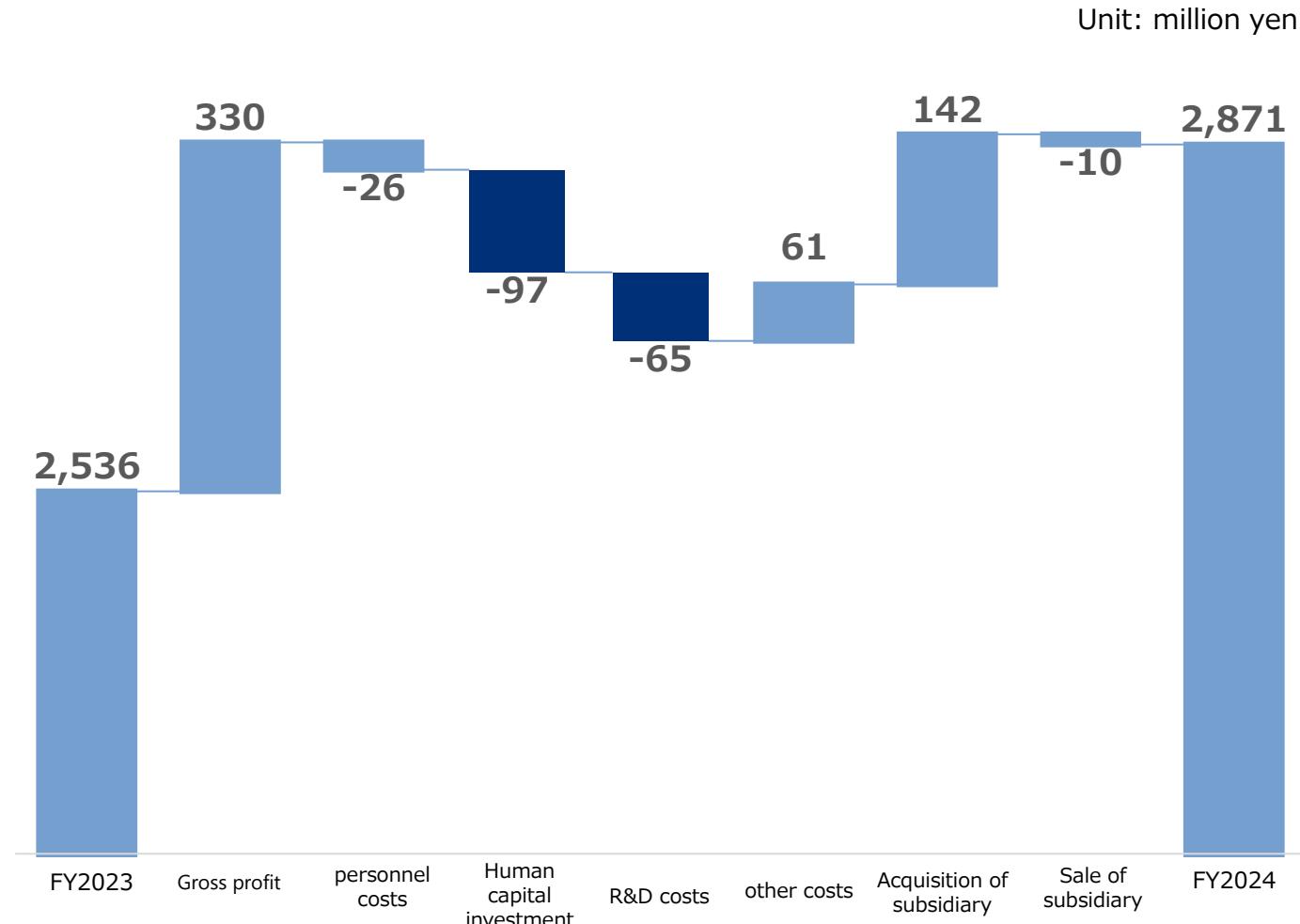
- Recovery due to completion of response to underperforming projects

Decline in profitability for HR and payroll related outsourcing business

- Decline in number of new consulting projects that have relatively high profitability
- Decline due to changes in internal cost burden ratio after reorganization

Analysis of Changes in Business Profit

Implemented continuous investment as part of business profit



Human capital investment

Recruitment costs: 290 million yen + 84 million yen

- Increase in agent fees due to increased hiring
- Reduction in hiring costs due to strengthening of referral hires

Education and training expenses: 98 million yen + 13 million yen

- Strengthened selective training for next-generation management development
- Expanded training opportunities by enhancing e-learning

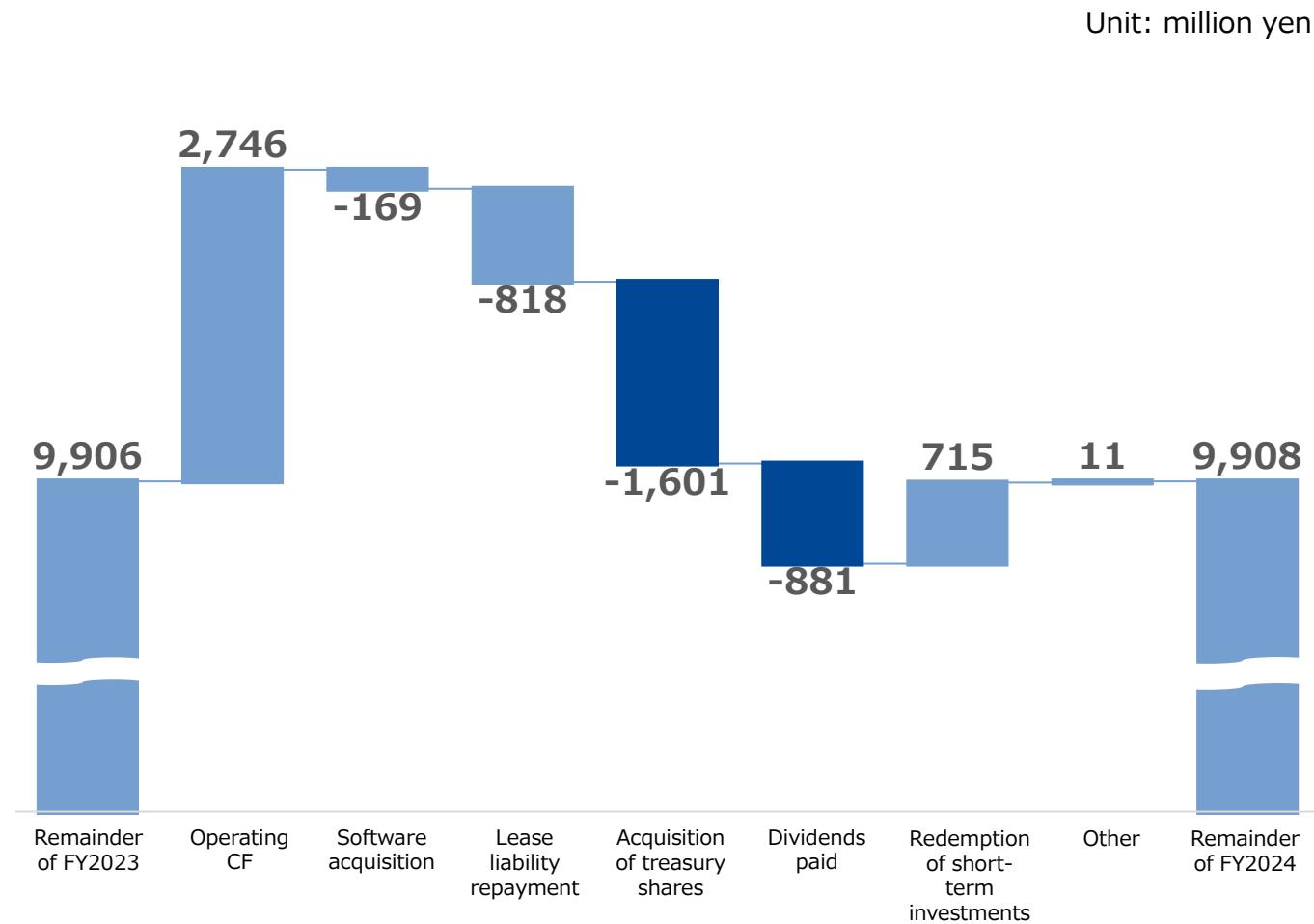
R&D investment

R&D expenses: 156 million yen + 65 million yen

- Research on operations optimization using AI
- Edification activities to improve AI technical capabilities
- Development of next-generation system development platform
(No expense recorded because software recorded)

Cash Flow Situation

Returned 2.5 billion yen to shareholders through acquisition of treasury shares and dividends



Shareholder return

Acquisition of treasury shares: 1,601 million yen

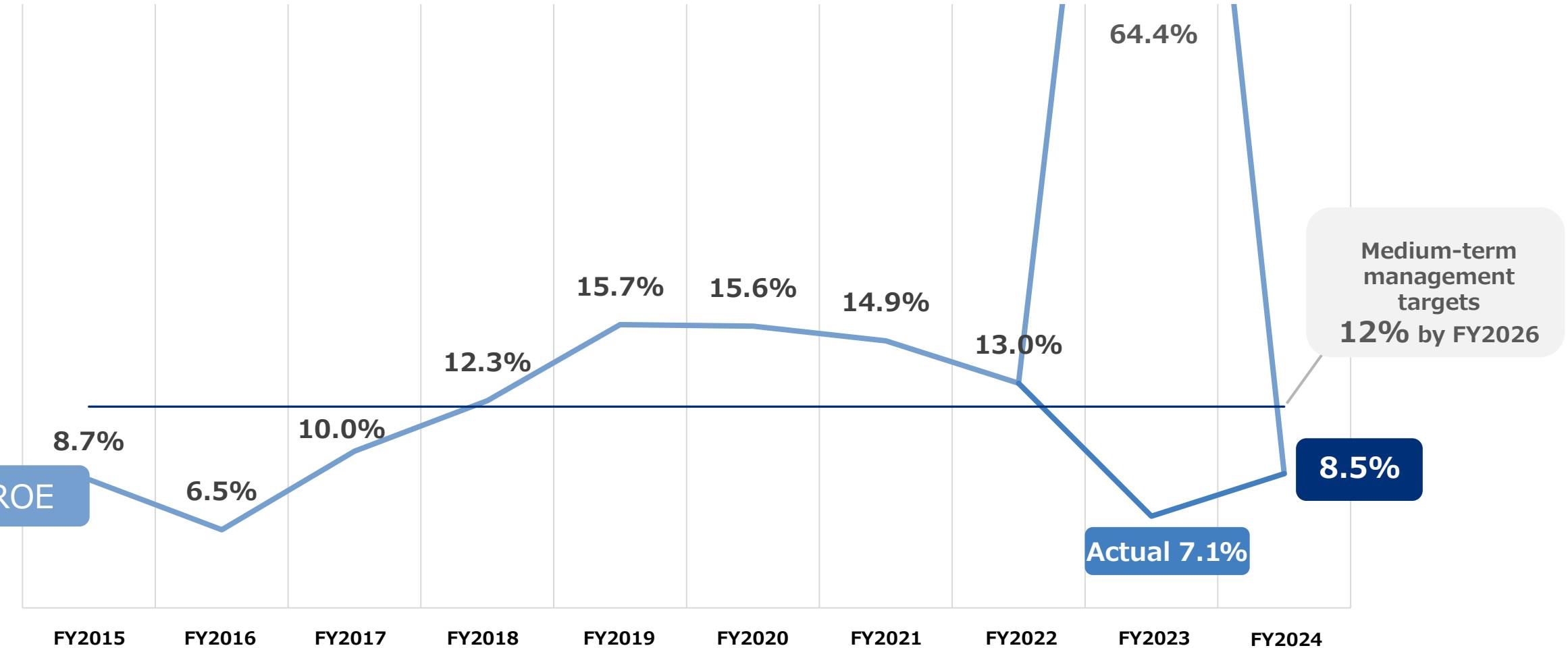
- Purchased on the market in February 2025: 1,444 million yen
Shares acquired: 620,000 shares
- Purchased on ESOP Trust Market: 157 million yen
Implemented purchases totaling 700 million yen from February 2025

Dividends: 881 million yen

- Consolidated dividend payout ratio of 40% excluding one-time profit/loss items
- Year-end dividend for FY2023: 39 yen (annual dividend of 75 yen)
- Interim dividend for FY2024: 37 yen

ROE Situation

1.4 point improvement over actual 7.1% previous year to 8.5% due to increased profits and shareholder returns



Impact of U.S. Tariff Measures



Incidentally, with regard to the recent US tariff measures, as we mainly carries out its sales activities within Japan and does not sell to the US, the measures will have no direct impact.

However, our customers include customers in industries expected to be strongly impacted by the tariff measures, such as the automotive industry.

We are currently in the process of investigating these indirect impacts.

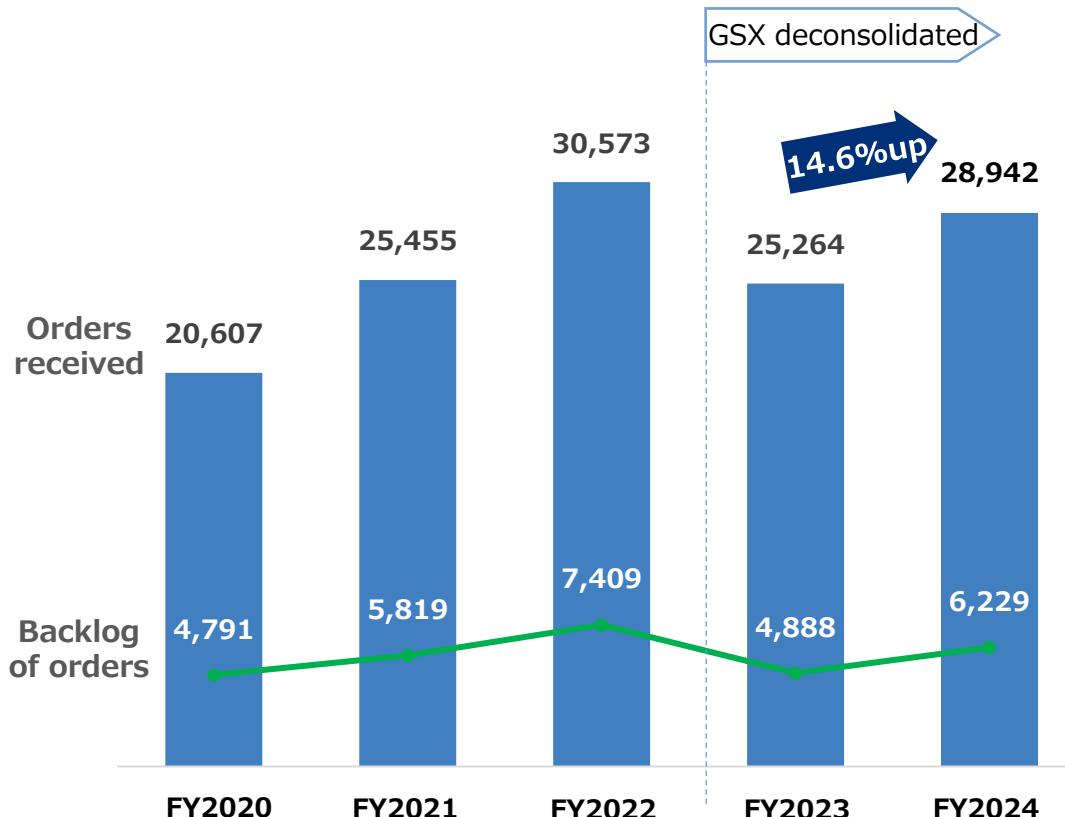


2. Explanation of Financial Results FY2024

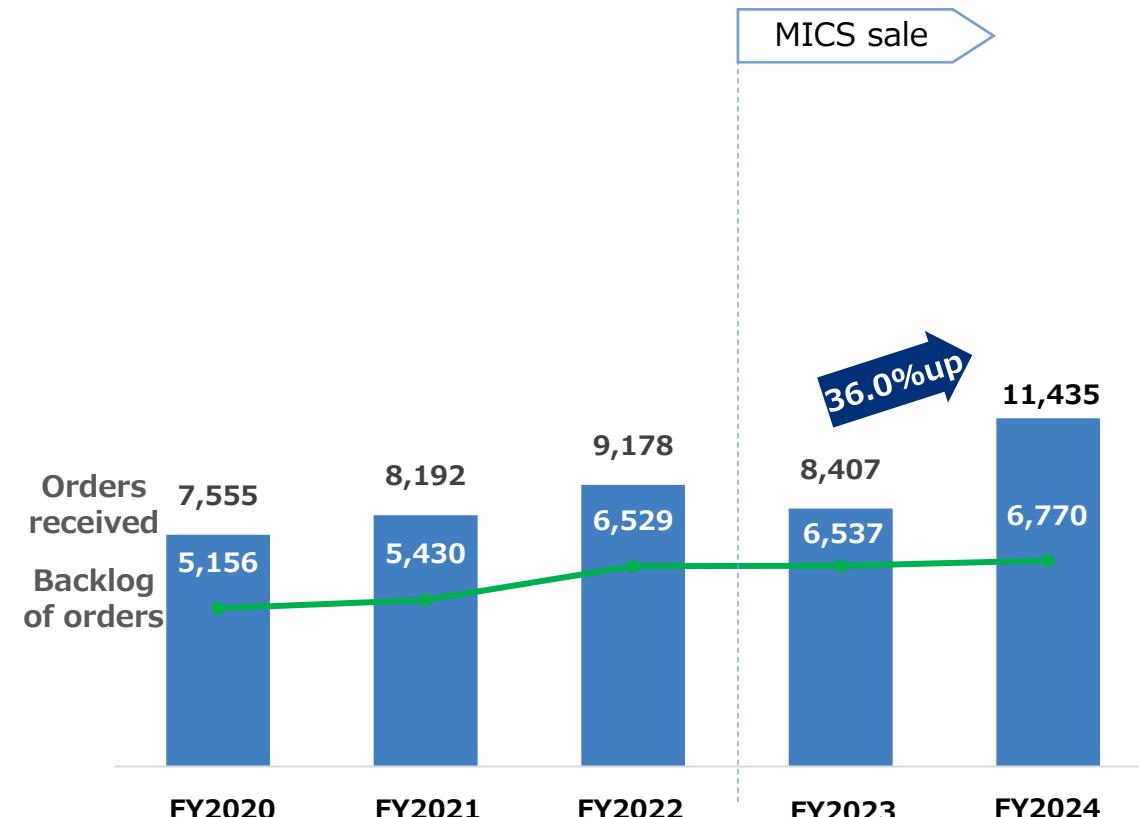
Orders Received and Backlog of Orders

Orders increased in both segments. The order backlog for the consulting and system development business came to 6.2 billion yen (approximately 2.5 months worth)

Consulting and system development (unit: million yen)



Management services (BPO) (unit: million yen)



* Amount related to the affiliated company (GSX) applied by the equity method in the fiscal year ended March 2024 excluded.

* Amount related to the sale of subsidiaries (MICS) in the fiscal year ended March 2024 excluded.

Orders Received and Backlog of Orders

Overview of the situation for each business

Consulting and system development business (a 3,678 million yen increase, +14.6%, compared to the same period in the previous year)

- Steady growth in orders from customers in our focus industries such as infrastructure and mobility
- Received large orders from existing customers due to special demand
- Includes 400 million yen of long-term contract orders from public agencies
- Year-long contribution from Fresco acquired previous year (December of previous year): 300 million yen
- Increase in managed services business started previous year: 300 million yen

Management services (BPO) business (a 3,028 million yen increase, +36.0%, compared to the same period in the previous year)

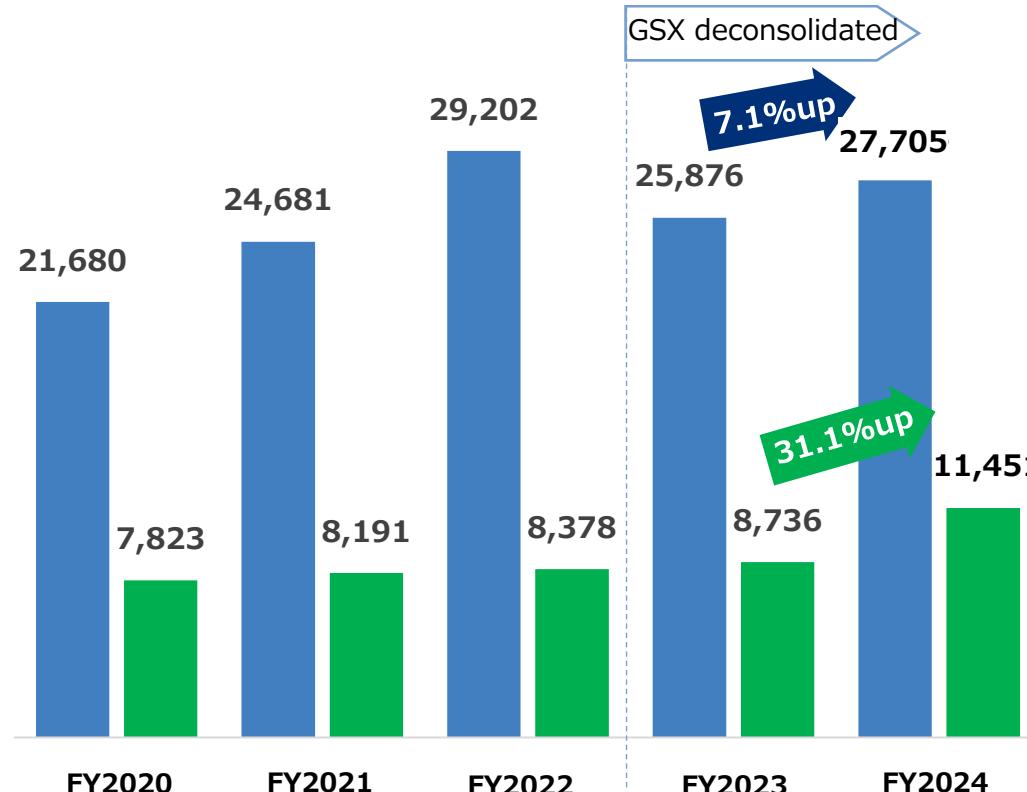
- Increase in large orders for HR and payroll related outsourcing and outsourcing for global companies
- Year-long contribution from Twinkle acquired previous year (February of previous year): 2.3 billion yen

Segment Net Sales and Profit

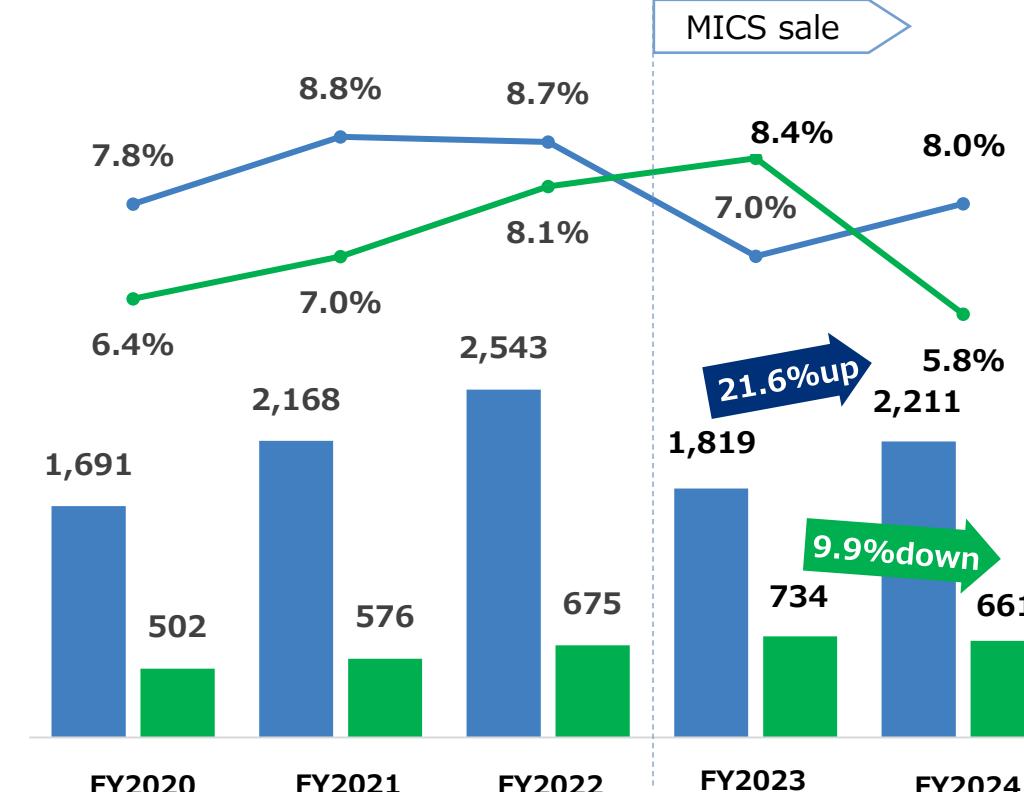
Sales improved in both segments. Stagnant profits for the managed services (BPO) business due to the effects of increased reorganization costs

■ Consulting and system development business
■ Management services (BPO) business

Segment net sales (unit: million yen)



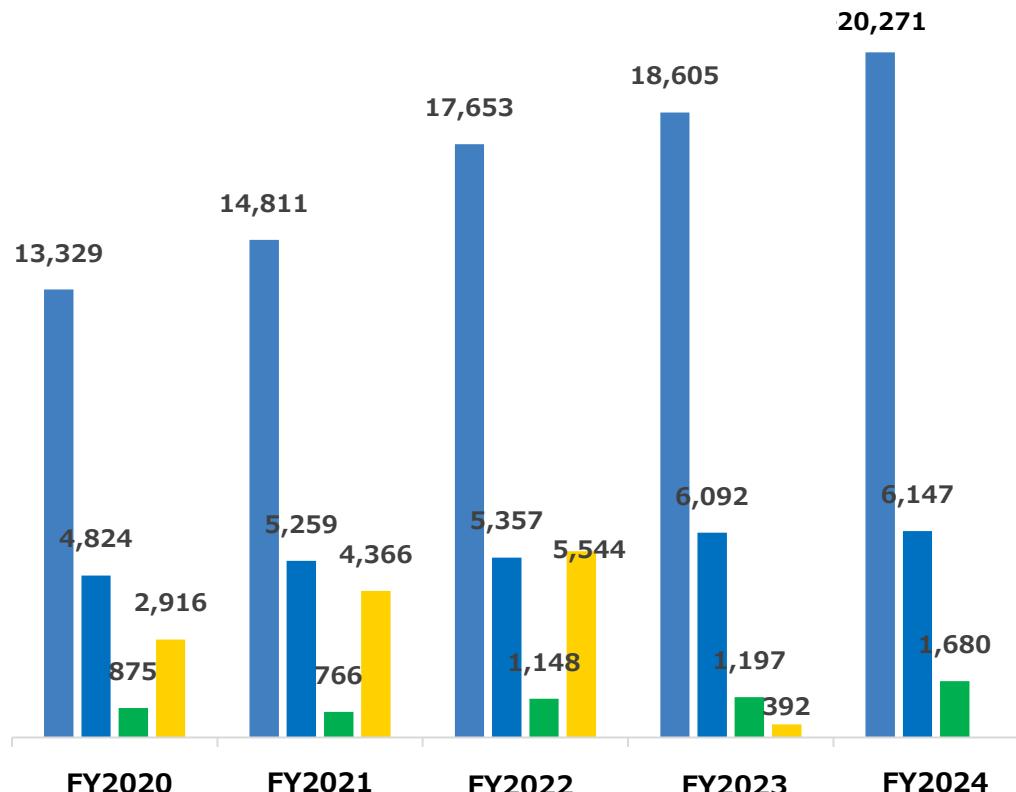
Segment profit (unit: million yen)



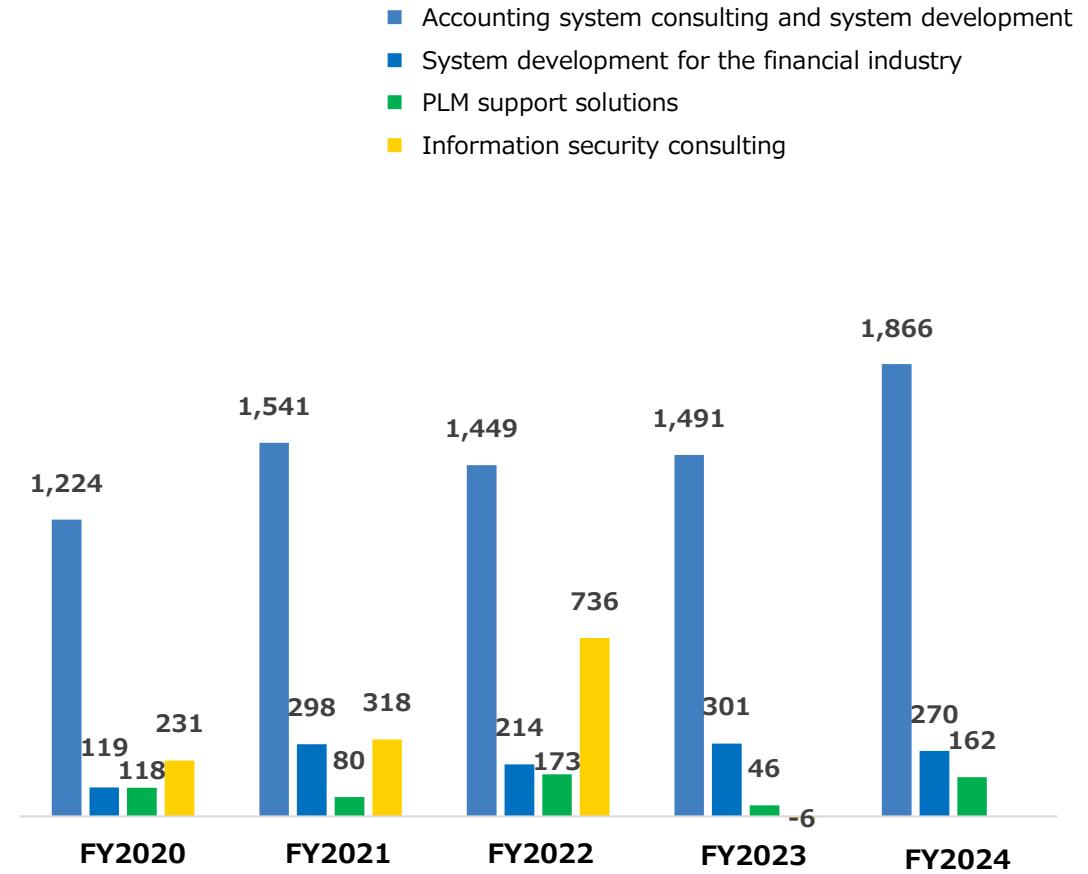
Consulting and System Development Business Breakdown



Segment net sales (unit: million yen)



Segment profit (unit: million yen)



Consulting and System Development Business Overview

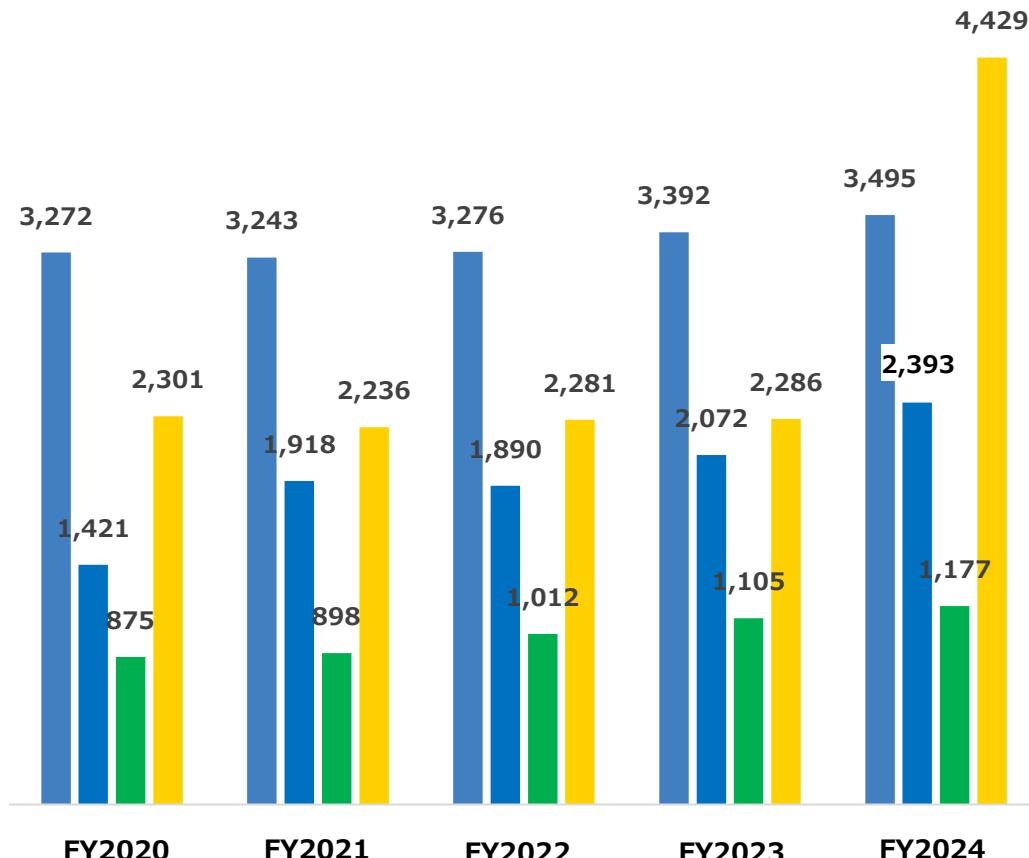


■ Accounting system consulting and system development	<ul style="list-style-type: none">Increased sales in focus industries such as infrastructure and mobility, with large contract sales from existing customers due to special demandProfitability improved due to few underperforming projects and year-long high operating rateAverage 7% increase on sales with primary customers shows impact of price increasesIncreased revenue of 364 million yen due to stable launch of new managed services business
■ System development for the financial industry	<ul style="list-style-type: none">Expansion of existing businesses, such as SES, made up for decline in fund wrap projects, maintaining similar sales to previous yearWorsening of profitability due to decline in highly profitable fund wrap projects.
■ PLM support solutions	<ul style="list-style-type: none">Handling of underperforming projects completed in first half, allowing rapid recovery in second halfIncreased revenue of 314 million yen and profits of 41 million yen due to year-long contribution from Fresco

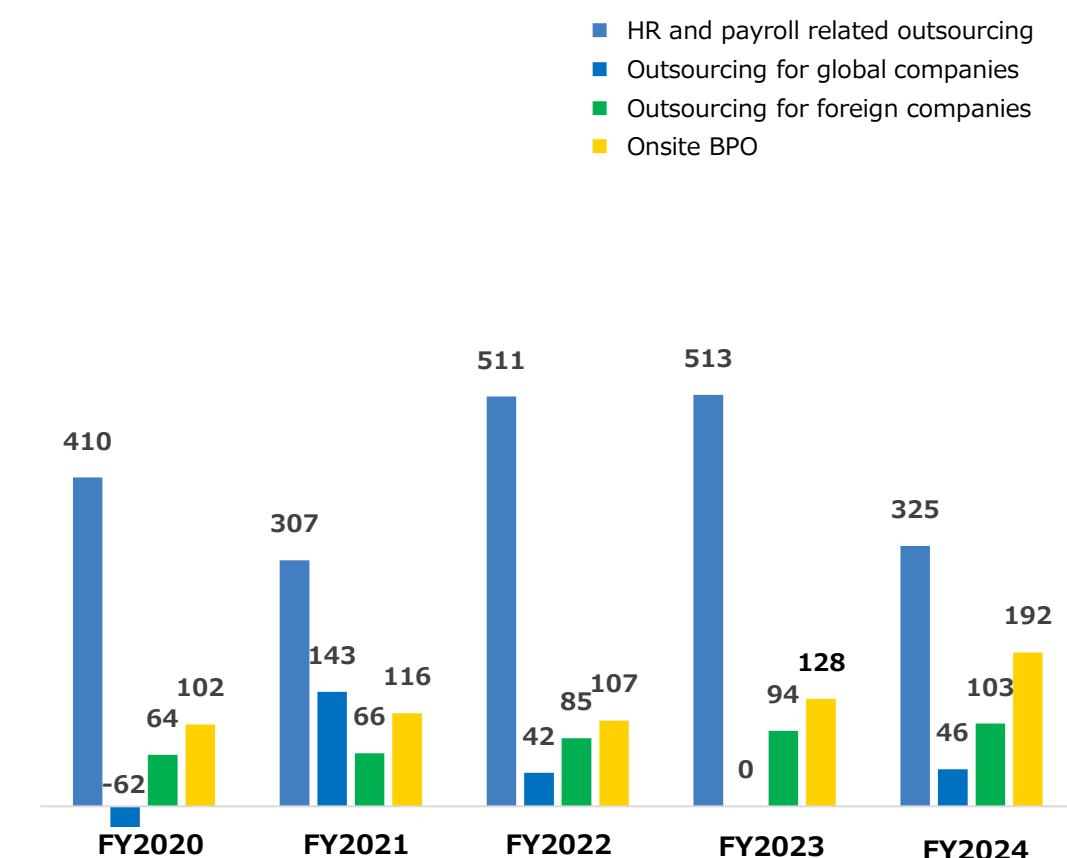
Management Services (BPO) Business Breakdown



Segment net sales (unit: million yen)



Segment profit (unit: million yen)



Management Services (BPO) Business

Overview



■ HR and payroll related outsourcing	<ul style="list-style-type: none">• Maintained increased revenue due to impact of large orders• However, number of new orders is declining, and profitability declined because highly profitable new consulting sales did not rise• Decline in profit due to changes in internal cost burden ratio after reorganization
■ Outsourcing for global companies	<ul style="list-style-type: none">• Increased revenue due to acquisition of new large-scale projects• Costs for business expansion incurred ahead of schedule, such as establishment of the Sapporo BPO Center• Burden of investment costs for automation and optimization putting pressure of profits
■ Outsourcing for foreign companies	<ul style="list-style-type: none">• Revenues increased due to aggressive expansion measures, including acquisition of labor and social security attorney offices• Increased profit due to expanding sales
■ Onsite BPO	<ul style="list-style-type: none">• Increased revenue of 2,086 million yen and profits of 81 million yen due to year-long contribution from Twinkle

(Reference) Sub-Segment Business

Consulting and System Development Business

■ Accounting system consulting and system development	<ul style="list-style-type: none">• Consulting for management accounting and related domains and system development, adoption support, and maintenance• Some scratch development and package adoption, handled solutions include the ACT series (internal brand), Biz/, mcframe, Rakuraku Framework, etc.
■ System development for the financial industry	<ul style="list-style-type: none">• Contracted development for securities company (semi-commission), SE deployment• Sales and adoption of internally developed fund wrap package
■ PLM support solutions	<ul style="list-style-type: none">• CAD add-on development, BOM/PDM development, maintenance• Sales and adoption of our PLM console product

Management Services (BPO) Business

■ HR and payroll related outsourcing	<ul style="list-style-type: none">• Center-based HR related outsourcing services, such as payroll calculation.• Contract calculation + BPO using our systems (Bulas, Win5)
■ Outsourcing for global companies	<ul style="list-style-type: none">• Center-based one-stop accounting and HR outsourcing services for Japanese companies• Capable of handling high level operations such as preparation of financial statements and consolidated financial statements (High Value BPO)
■ Outsourcing for foreign companies	<ul style="list-style-type: none">• Center-based accounting and HR outsourcing services mainly for Japan subsidiaries of foreign companies and SPAs
■ Onsite BPO	<ul style="list-style-type: none">• Deployment of SEs and call center operators, personnel referrals, call center operations

(Reference) Revenue and Business Profit by Sub-segment



(Unit: million yen)	FY2023		FY2024		Change	
	Revenue	Business profit	Revenue	Business profit	Revenue	Business profit
Consulting and system development business						
Accounting system consulting and system development	18,605	1,491	20,271	1,866	1,666	375
System development for the financial industry	6,092	301	6,147	270	55	-31
PLM support solutions	1,197	44	1,680	162	483	118
Information Security Consulting	392	-6	-	-	-392	6
Adjustment	-410	-11	-392	-86	18	-75
Segment total	25,876	1,819	27,705	2,211	1,829	392
Management services (BPO) business						
HR and payroll related outsourcing	3,392	513	3,495	325	103	-188
Outsourcing for global companies	2,072	0	2,393	46	321	46
Outsourcing for foreign companies	1,105	94	1,177	103	72	9
Onsite BPO	2,286	128	4,429	192	2,143	64
Adjustment	-119	-1	-43	-5	76	-4
Segment total	8,736	734	11,451	661	2,715	-73

Balance Sheet Assets

(million yen)	FY2023	FY2024	Change	% change
Current assets	18,013	18,251	238	1.3%
Cash and cash equivalents	9,906	9,908	2	0.0%
Trade and other receivables	5,239	5,093	-146	-2.8%
Contract assets	978	1,911	933	95.4%
Other financial assets	1,109	316	-793	-71.5%
Other current assets	781	1,023	242	31.0%
Non-current assets	26,791	27,072	281	1.0%
Property, plant and equipment	682	625	-57	-8.4%
Right-of-use assets	2,716	2,628	-88	-3.2%
Goodwill	2,064	2,159	95	4.6%
Intangible assets	1,021	1,000	-21	-2.1%
Equity method investments	16,736	17,073	337	2.0%
Other financial assets	2,840	2,909	69	2.4%
Other non-current assets	732	678	-54	-7.2%
Total assets	44,804	45,323	519	1.2%

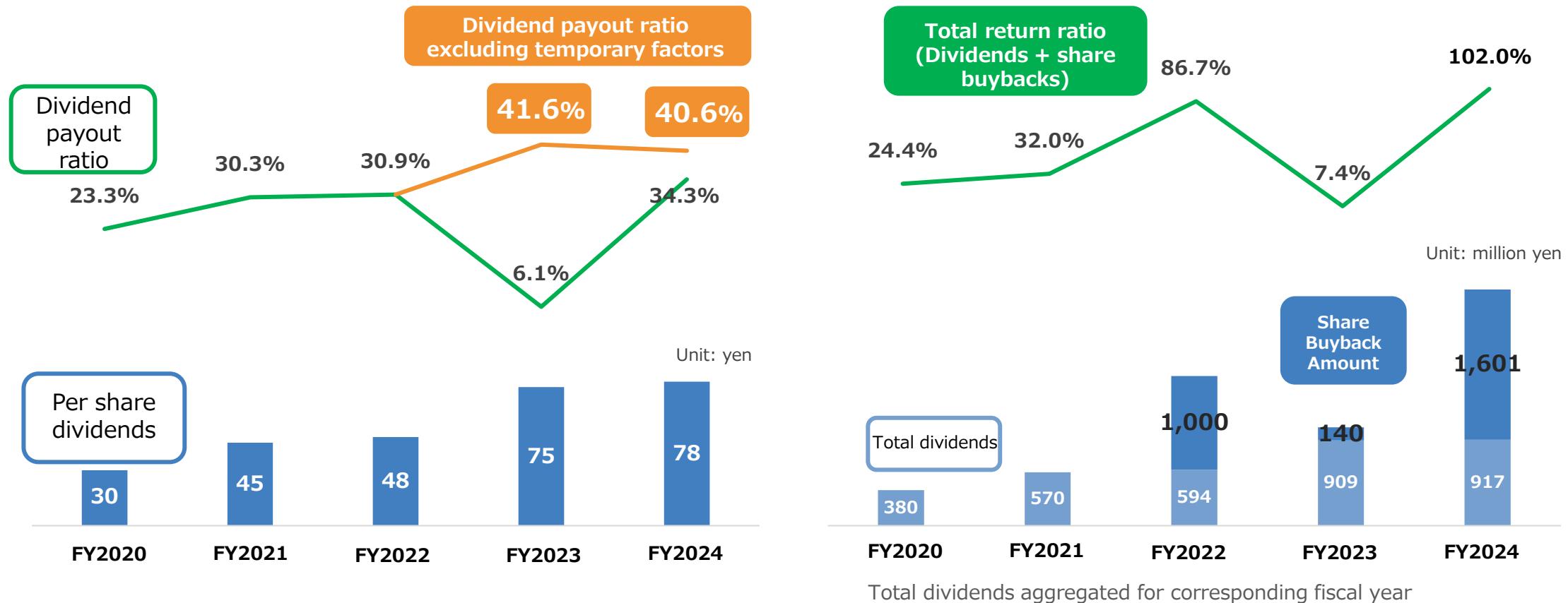
Balance Sheet Liabilities and Equity

(million yen)	FY2023	FY2024	Change	% change
Current liabilities	8,048	7,940	-108	-1.3%
Lease liabilities	747	808	61	8.2%
Trade and other payables	2,621	2,116	-505	-19.3%
Other current liabilities	4,680	5,016	336	7.2%
Non-current liabilities	7,357	7,770	413	5.6%
Lease liabilities	2,009	1,884	-125	-6.2%
Provisions	308	513	205	66.7%
Deferred tax liabilities	4,133	4,224	91	2.2%
Other non-current liabilities	907	1,149	242	26.7%
Total liabilities	15,405	15,710	305	2.0%
Equity attributable to owners of parent	28,962	29,139	177	0.6%
Noncontrolling interests	437	474	37	8.5%
Total equity	29,399	29,613	214	0.7%
Total liabilities and equity	44,804	45,323	519	1.2%

Dividends, Payout Ratio, Total Return Ratio

Implemented shareholder returns through combined share buybacks while maintaining an effective dividend payout ratio of 40% in accordance with the dividend policy

Dividend policy: maintain a consolidated dividend payout ratio of 40%, excluding one-time profit/loss items, while comprehensively considering shareholder profit return based on the business results for the current fiscal year as well as internal reserves to strengthen our financial position.





3. Earnings Forecast FY2025

Consolidated Earnings Forecast

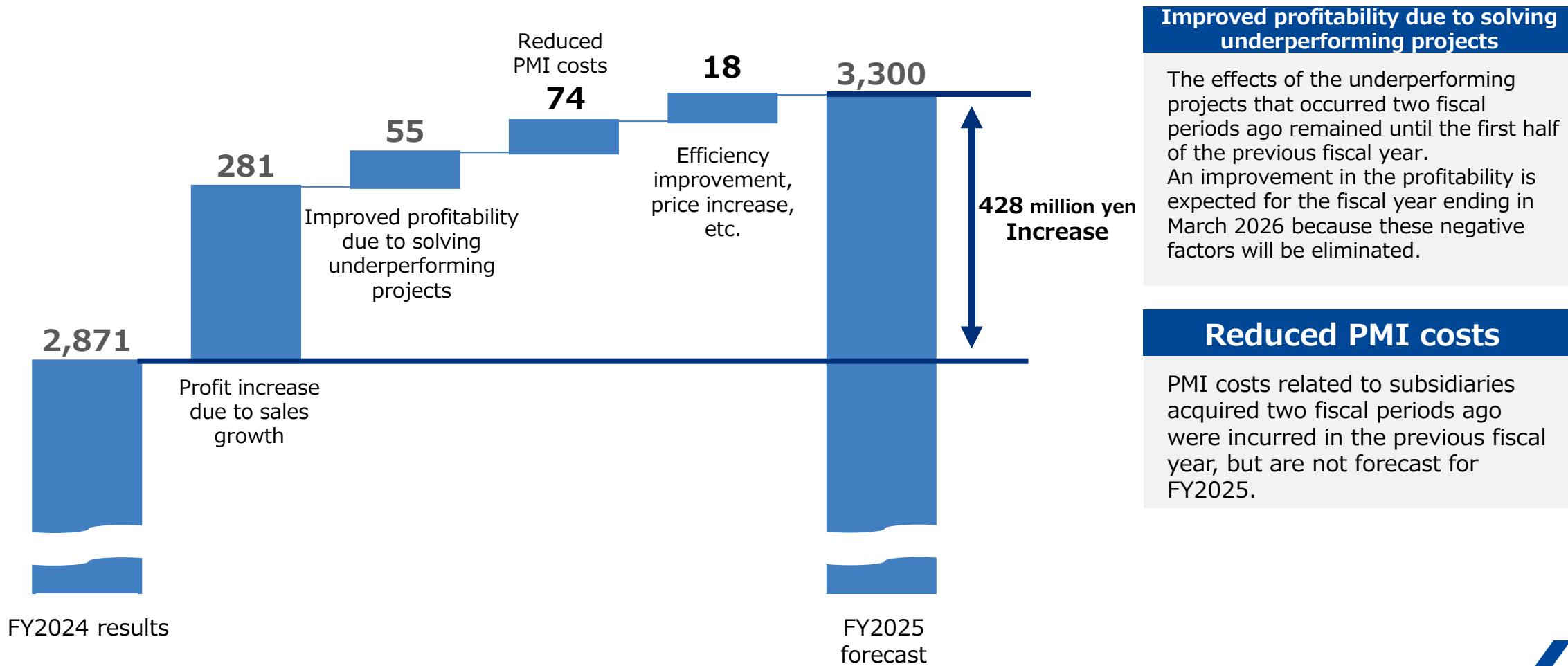
Aim to achieve the profit targets for businesses under the mid-term plan by further improving profitability

Unit: million yen

	Fiscal year ended March 2025 results	Fiscal year ending March 2026 forecast	Change	% change	Mid-term management plan organic growth	Change
Orders received	40,377	44,000	3,623	9.0%	-	-
Revenue	38,804	42,600	3,796	9.8%	43,600	△1,000
Business profit	2,871	3,300	429	14.9%	3,313	△13
Business profit margin	7.4%	7.7%	0.3%	-	7.6%	0.1%
Profit before tax	3,352	3,970	618	18.4%	-	-
Profit	2,510	2,600	90	3.6%	-	-
Profit attributable to owners of parent	2,469	2,560	90	3.7%	-	-
Annual dividend	78 yen	89 yen	11 yen	-	-	-

Breakdown of Business Profit Forecast

Improvement of profit rate after solving temporary factors in the fiscal year ended March 2025 will be a factor in improving profits.

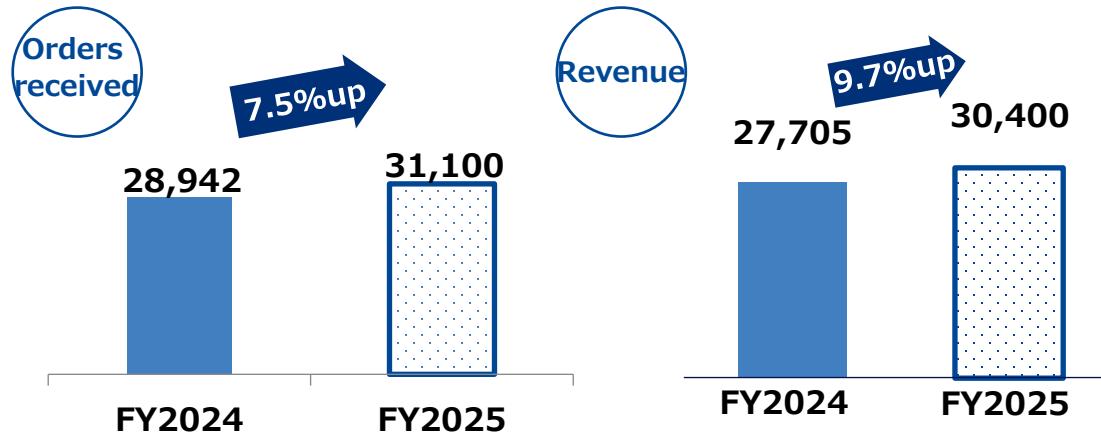


Segment Performance Forecast

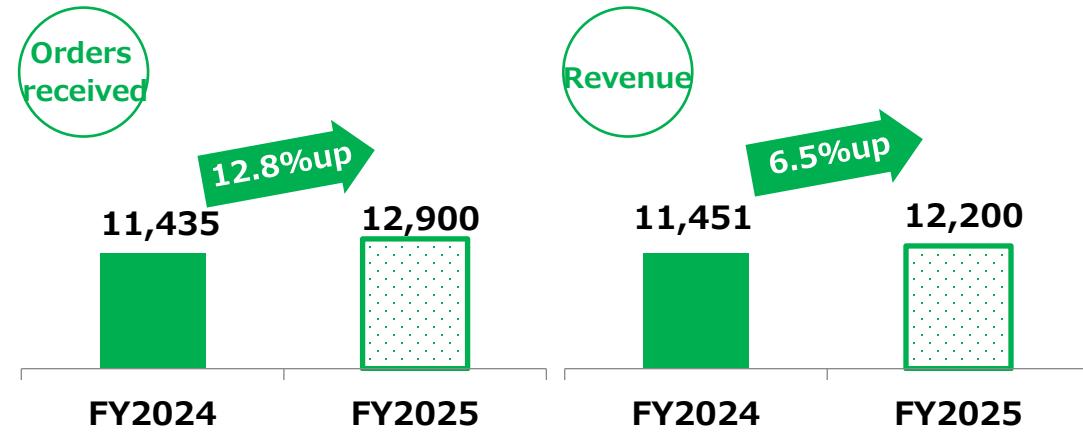


Outlook for orders received and revenue

Consulting and System Development Business



Management Services (BPO) Business

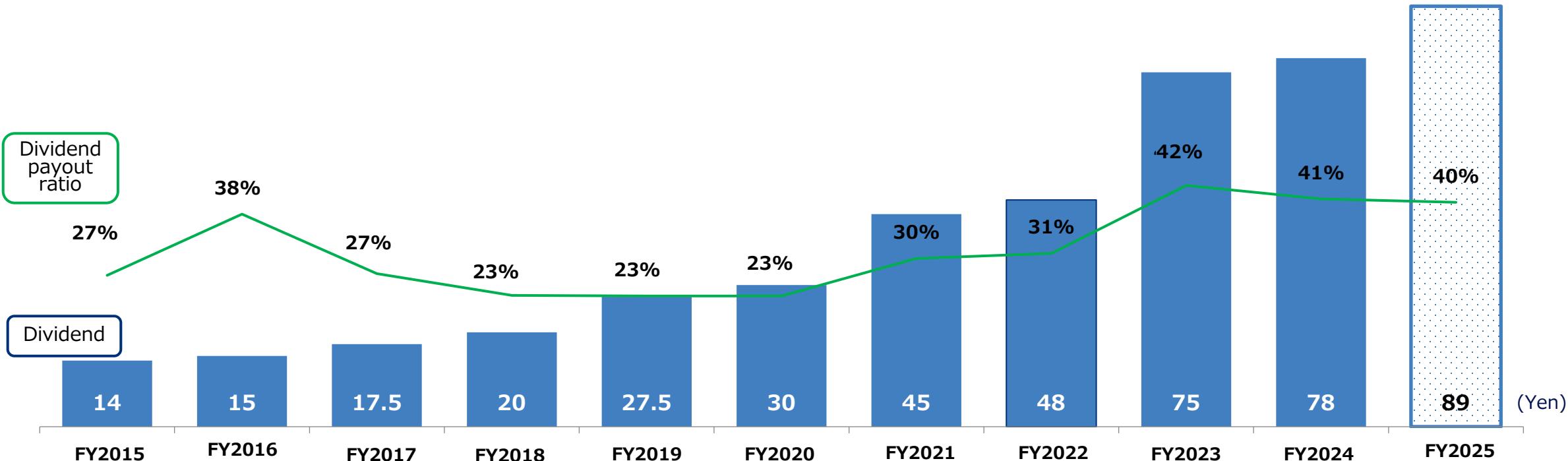


- Increased orders, sales from customers in our focus domain, the infrastructure industry
- Expanded group synergy for PLM support solutions
- Growth of managed services launched in FY2024

- Increased sales by achieving HR and payroll related outsourcing orders from previous FY
- Ongoing expansion of onsite BPOs
- Emergence of the M&A effects in outsourcing for foreign companies

Dividend Forecast

An annual 89 yen according to the basic policy of a 40% consolidated dividend payout ratio, excluding temporary gains and losses



* BBS conducted a 2-for-1 stock split of common stock, effective July 1, 2020. As a result, the annual dividend per share for the fiscal year ended March 31 2020 and prior is shown after taking into account the stock split.

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



Business Brain Showa-Ota Inc.