

Results for the 2nd Quarter of FY March 2023

November 1, 2022
BIPROGY Inc.

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Summary of the Results for H1 FYMar2023

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Initiatives for Medium and Long-term Growth

FYMar2023 H1 Consolidated Performance Results

- ✓ An increase in the system services revenue covered an increase in SG&A costs. As a result, operating profit was driven.
- ✓ Order intake increased based on the accumulated projects of system services and outsourcing.

(Unit: Billion Yen)

	FYMar2022 H1 (Apr-Sep)	FYMar2023 H1 (Apr-Sep)	Changes		
Revenue	145.9	154.8	+8.9	(+6.1%)	(Revenue)
Gross Profit	39.0	41.4	+2.4	(+6.2%)	Projects related to digital transformation (DX) mainly contributed to a steady growth of system services. As a result, revenue showed a continuous strength and increased.
SG&A Expenses	-26.2	-27.8	-1.7	(+6.4%)	
Other income and expenses	0.1	0.0	-0.1		
Operating Profit	13.0	13.6	+0.7	(+5.3%)	(Operating Profit)
(Operating Margin)	(8.9%)	(8.8%)	(-0.1pt)		The increased revenue and improved profitability drove gross profit. This enabled operating profit to increase despite an increase in SG&A expenses.
Profit attributable to Owners of Parent	9.4	10.1	+0.7	(+7.9%)	
Adjusted Operating Profit*	12.8	13.6	+0.8	(+5.9%)	(Profit attributable to Owners of Parent)
(Adjusted Operating Margin)	(8.8%)	(8.8%)	(-0.0pt)		Profit grew attributable to the increase in operating profit and an increase in finance income.
Orders	145.9	153.5	+7.6	(+5.2%)	(Orders and Order Backlogs)
Order Backlogs	242.3	250.4	+8.1	(+3.3%)	Orders increased on a year-over-year basis due to an increase in system services and outsourcing. Order backlogs scheduled to be posted as revenue within the fiscal year under review were accumulated steadily.
(Order backlogs in the current FY)	88.1	95.9	+7.7	(+8.8%)	

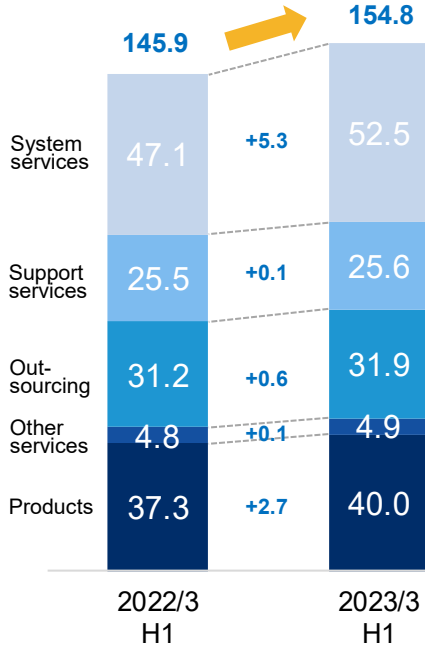
* Adjusted operating profit is the result obtained after deducting SG&A expenses and cost of sales from revenue.

FYMar2023 H1 Revenue and Gross Profit by Segment

(Unit : Billion Yen)

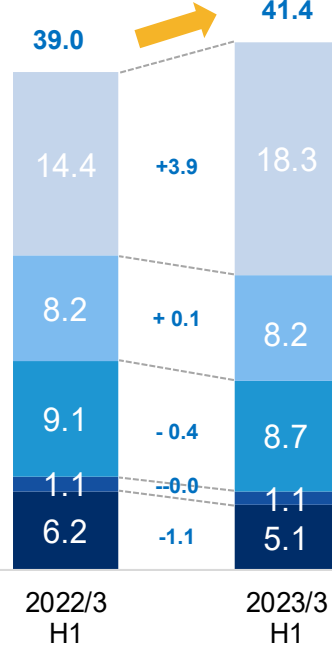
Revenue

+8.9
(+6.1%)



Gross Profit

+2.4
(+6.2%)



【 Reference 】

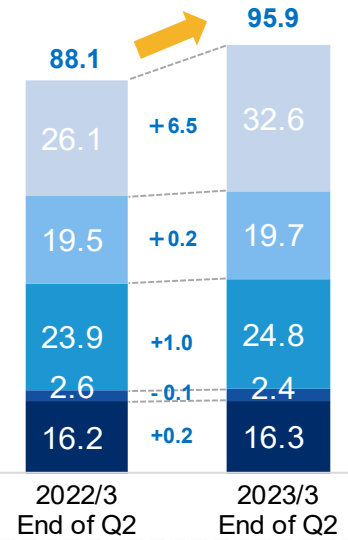
Order Backlogs (Total)

+8.1
(+3.3%)



Order Backlogs (to be posted as revenue within the FY)

+7.7
(+8.8%)



FYMar2023 H1 Outsourcing

【Revenue by Outsourcing】

(Unit: Billion Yen)

	FYMar2022 H1 (Apr-Jun)	FYMar2023 H1 (Apr-Jun)	Changes
Entrusted operation-type	25.2	24.5	-0.7
Corporate DX-type	3.1	3.9	+0.8
Service-based-type (business creation-type)	2.9	3.4	+0.4
Total revenue	31.2	31.9	+0.6

【Order Backlogs by Outsourcing】

(Unit: Billion Yen)

	FYMar2022 End of H1	FYMar2023 End of H1	Changes
Order backlogs	143.7	141.9	-1.7
(to be posted as revenue within the FY)	23.9	24.8	+1.0

(Corporate DX-type outsourcing)

- ✓ “OptBAE”, a use-type core-banking service for regional financial institutions, has been working for multiple customers since January 2022. The OptBAE revenue increased. (OptBAE began to serve new customers of Shinkin Bank in October. A service of implementing OptBAE at customers has been in progress as planned in order to begin to serve the customer in the fourth quarter.)
- ✓ There is a steady increase in the use of BankVision on Azure, a public cloud-based full-banking system. (BankVision on Azure began to serve its second customer in October 2022.)

(Service-based-type (business creation-type) outsourcing)

- ✓ There is a steady increase in the “DIGITAL’ATELIER” (platform service for e-commerce) business. Sales activities are strengthened in order to win new customers

Full-Year Performance Forecast for FYMar2023

✓ We made a progress as planned with the full-year forecast kept in mind.
Thus, we do not revise our predictions that we announced in the beginning of the fiscal year.

(Unit: Billion Yen)

	FYMar2023 H1			FYMar2023 H2			FYMar2023 Full-Year		
	Actual	Changes		Forecast	Changes		Forecast	Changes	
Revenue	154.8	+8.9	(+6.1%)	175.2	+3.5	(+2.1%)	330.0	+12.4	(+3.9%)
Operating Profit	13.6	+0.7	(+5.3%)	15.4	+0.9	(+6.1%)	29.0	+1.6	(+5.7%)
(Operating Margin)	(8.8%)	(-0.1pt)		(8.8%)	(+0.3pt)		(8.8%)	(+0.2pt)	
Profit attributable to Owners of Parent	10.1	+0.7	(+7.9%)	9.9	-1.2	(-11.1%)	20.0	-0.5	(-2.4%)
Adjusted Operating Profit*	13.6	+0.8	(+5.9%)	15.4	+1.6	(+11.4%)	29.0	+2.3	(+8.7%)
(Adjusted Operating Margin)	(8.8%)	(-0.0pt)		(8.8%)	(+0.7pt)		(8.8%)	(+0.4pt)	

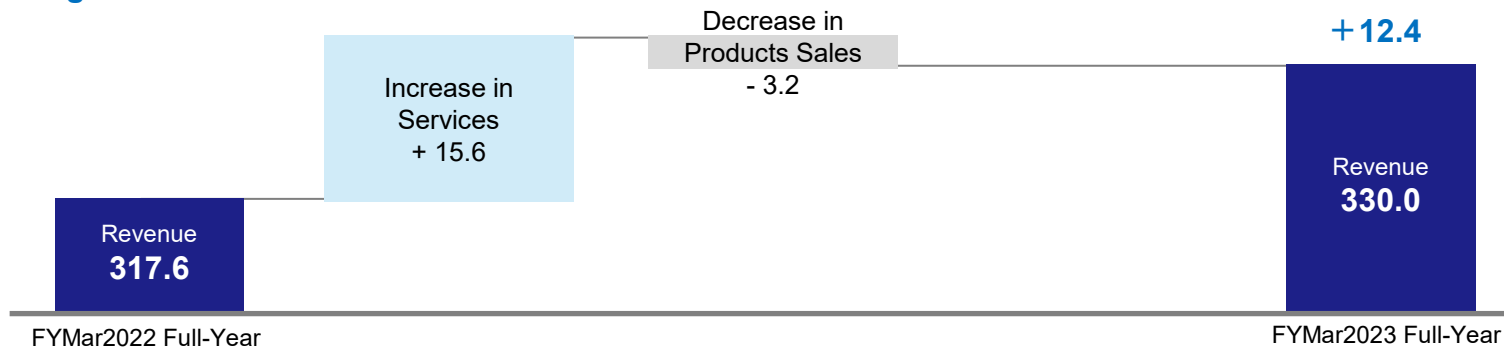
*Adjusted operating profit is the result obtained after deducting SG&A expenses and cost of sales from revenue.

(Reference) Full-Year Performance Forecast for FYMar2023

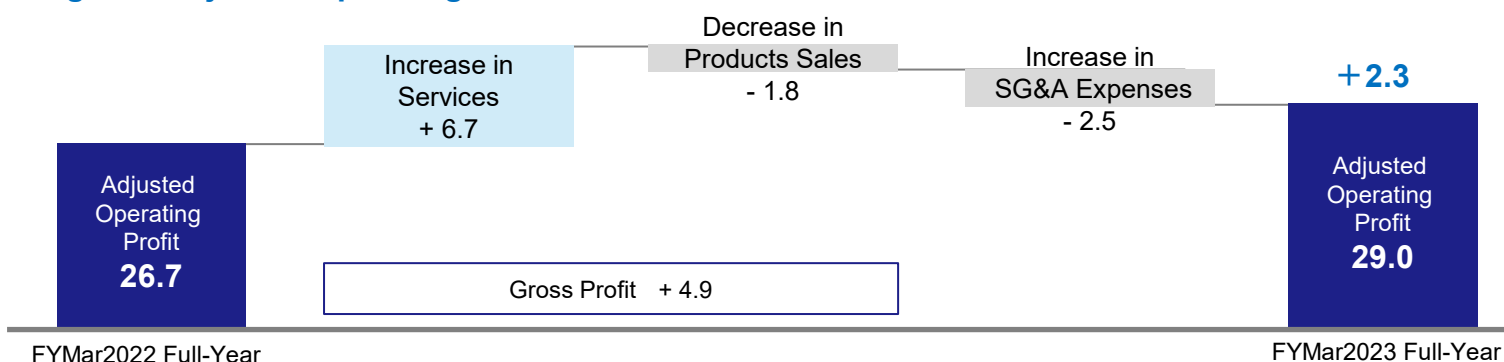
Breakdown Details

(Unit: Billion of Yen)

【Changes in Revenue】



【Changes in Adjusted Operating Profit】



1 Summary of the Results for H1 FYMar2023

2 Initiatives for Medium and Long-term Growth

Towards Achieving the Full-Year Targets

【 System Services 】

Continuously strong system services to remain in the future

- ✓ Win orders about large-scale projects from passenger and transportation companies with the corona-19 pandemic fading away as well as from retailers
- ✓ Customer DX projects for public services such as power and gas have accumulated
- ✓ Increase in the services to support back-office administrative duties at sales offices, as well as projects to implement BankVision and OptBAE, the financial services

【 Outsourcing 】

Due to our being preoccupied with strong demands for system services, it takes us time before acquiring and promoting pipelines for outsourcing businesses.

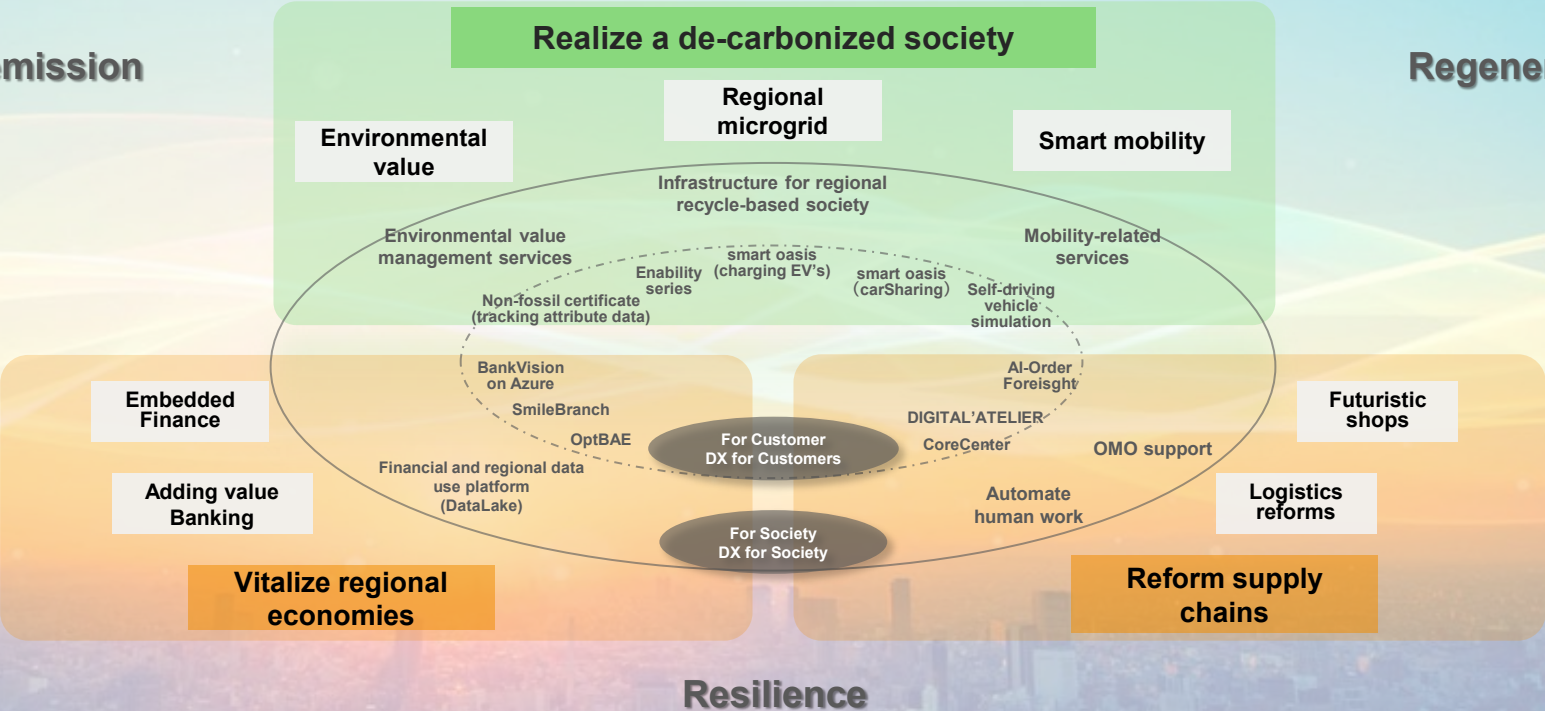
- ✓ Enquiries mainly from financial institutions and retailers about the corporate DX-type outsourcing business to continue in the second half.
- ✓ Create synergies speedily in the BIPROGY Group by shifting focus from system services to the entrusted operation type business capable of enhancing added value and the corporate DX type business, and putting the businesses together with managed services such as those about cloud security.
- ✓ Develop functions that fit changes in the market environments and integrate into the service-based type (business creation type) business, and provide to more new customers.

Towards our Future Growth

Focus on and invest business resources in realizing a de-carbonized society as well as vitalizing regional economies and reforming supply chains

Zero emission

Regenerative

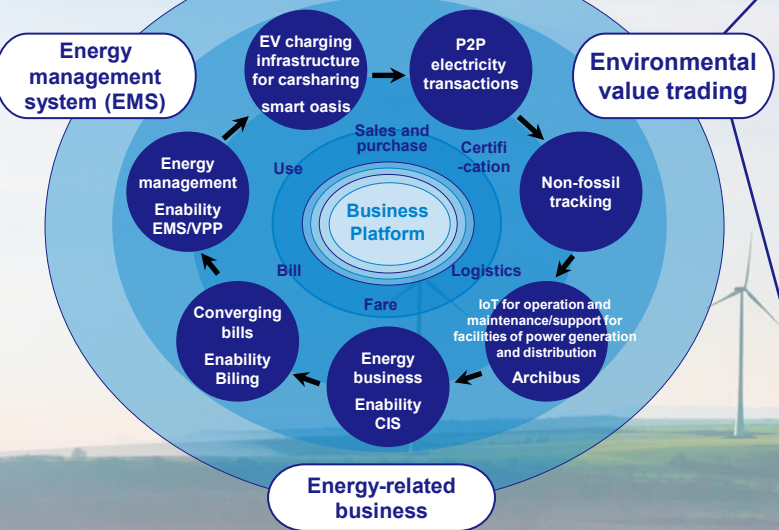


Initiatives towards carbon neutrality and a de-carbonated society

Provide clean energy and environmental value to all people and companies.

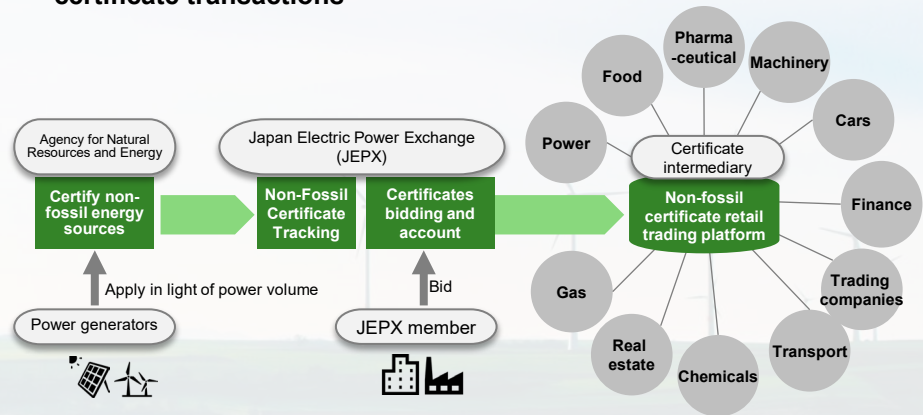
- Enhance environmental value trading by promoting non-fossil certificate business on a small scale or via intermediaries.
- Develop services with an eye on enabling regional microgrids that would enhance regional resilience as well as locally generating and locally consuming renewable energies.

Provide platforms towards a de-carbonated society



Environmental value trading

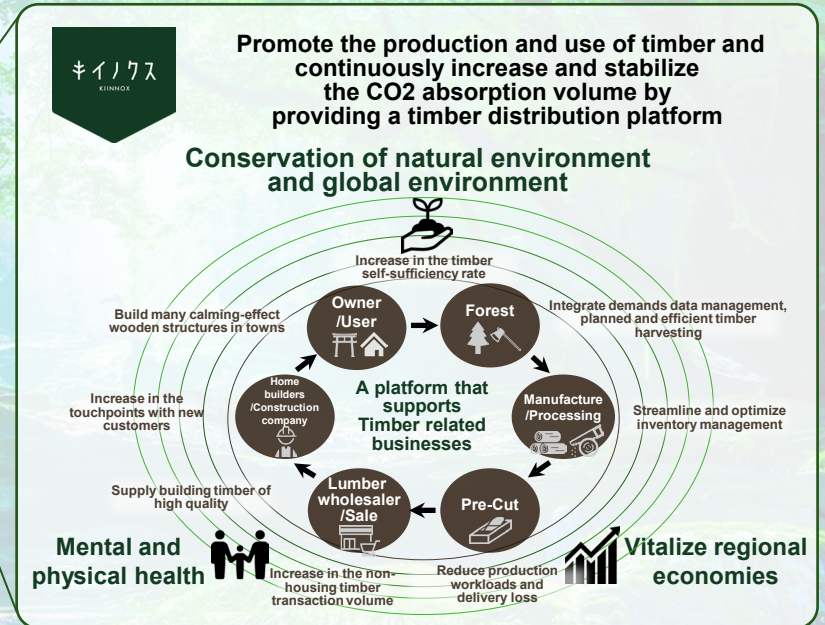
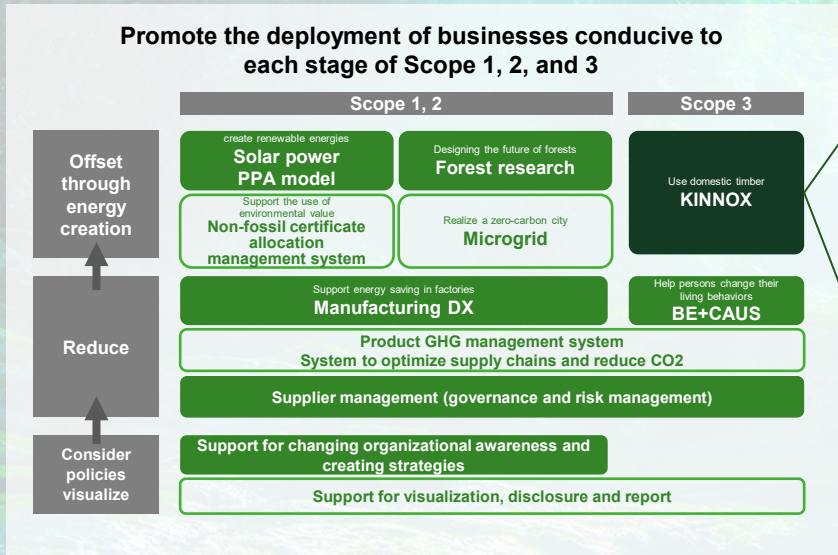
• Plan to provide a platform where non-fossil certification business is conducted on a small scale or via intermediaries
The eventual goal is to enable all companies to conduct non-fossil certificate transactions



Contribute to the Environment through our Businesses

Harness digital capabilities and promote initiatives towards realizing a zero-emission society

- Disclose services conducive to each customer achieving carbon neutrality that fits their purposes and issues.
- Establish Green Digital & Innovation Inc. and deploy a platform for timber distribution
- UNIADDEX, Ltd. working on the resource recycling digital platform verification project with an eye on recycling wastes



Take on the challenge of new business areas

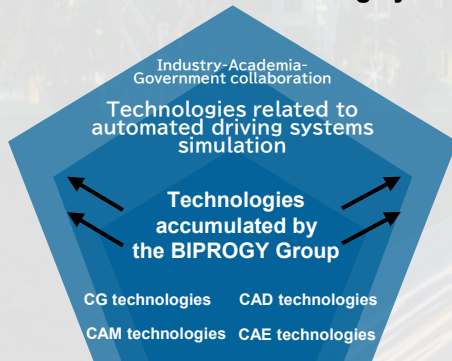
We launched a new business with global business deployment put in perspective

- We established V-Drive Technologies, a new subsidiary to provide platforms that enable verification of automated driving systems in a virtual space
- We aim to play a role in enabling global standards for safety evaluation platforms for automated driving systems and enter the global arena

V-Drive Technologies

Business Vision

Promote the arrival of a safer society with more reliable automated driving technologies by providing a simulation platform for automated driving systems



Aim to play a role in standardizing self-driving systems safety evaluation platforms on the basis of technologies accumulated by the BIPROGY Group for many years and those obtained through DIVP, an industry-academia-government research and development consortium

Solve social issues through automated driving systems

Get rid of accidents, traffic congestions, traffic refugees, and driver shortage

Conduct businesses globally mainly in Europe

Global standardization

Promote VIVID, a Japan-Germany collaboration project



Provide platforms for simulating automated a driving system

Market of simulators about self-driving systems:
¥170.0 billion in FY2025
(source: Markets and Markets report)



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(Note)

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