

# Results for the 3rd Quarter of FY March 2023

February 1, 2023  
BIPROGY Inc.



# FYMar2023 Q3 Consolidated Performance Results

- ✓ Operating profit was driven up due to an increase in the system services revenue compensating for an increase in SG&A expenses.
- ✓ Orders steadily increased for system services and outsourcing.

(Unit: Billion Yen)

	FYMar2022 Q3 (Apr-Dec)	FYMar2023 Q3 (Apr-Dec)	Changes		
Revenue	217.8	<b>230.0</b>	+12.1	(+5.6%)	<b>(Revenue)</b>
Gross Profit	58.4	<b>61.7</b>	+3.3	(+5.6%)	DX-related system services projects steadily increased and drove up revenue.
SG&A Expenses	-39.7	<b>-42.4</b>	-2.6	(+6.7%)	
Other income and expenses	0.2	<b>0.4</b>	+0.2		<b>(Operating Profit)</b>
Operating Profit	18.8	<b>19.6</b>	+0.8	(+4.5%)	Gross profit was driven up by the increased revenue and improved profitability of services businesses that exceeded an increase in SG&A expenses. As a result, operating profit increased.
(Operating Margin)	(8.6%)	<b>(8.5%)</b>	(-0.1pt)		
Profit attributable to Owners of Parent	13.6	<b>13.6</b>	-0.1	(-0.5%)	<b>(Profit attributable to Owners of Parent)</b>
Adjusted Operating Profit*	18.6	<b>19.3</b>	+0.7	(+3.5%)	Profit was slightly dampened due to impacts of finance income decreasing more than operating income increasing.
(Adjusted Operating Margin)	(8.6%)	<b>(8.4%)</b>	(-0.2pt)		
Orders	216.2	<b>228.6</b>	+12.5	(+5.8%)	<b>(Orders and Order Backlogs)</b>
Order Backlogs	240.7	<b>250.3</b>	+9.7	(+4.0%)	Orders for system services and outsourcing increased on a year-over-year basis. Order backlogs scheduled to be posted as revenue within the fiscal year under review were accumulated steadily.
(Order backlogs in the current FY)	66.7	<b>71.4</b>	+4.7	(+7.1%)	

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

First of all, let me summarize our performance for the third quarter of the fiscal year ending March 2023.

Digital transformation (DX)-related projects enabled a solid growth of system services. As a result, revenue for the third quarter of the fiscal year was ¥230.0 billion, an increase of ¥12.1 billion from the same period of the previous fiscal year.

Gross profit increased, ascribable to improved profitability of services businesses as well as the revenue growth. The gross profit growth outperformed impacts of an increase in SG&A expenses partly due to renewing our internal core systems. Operating profit was recorded at ¥19.6 billion, an increase of ¥0.8 billion on a year-over-year basis.

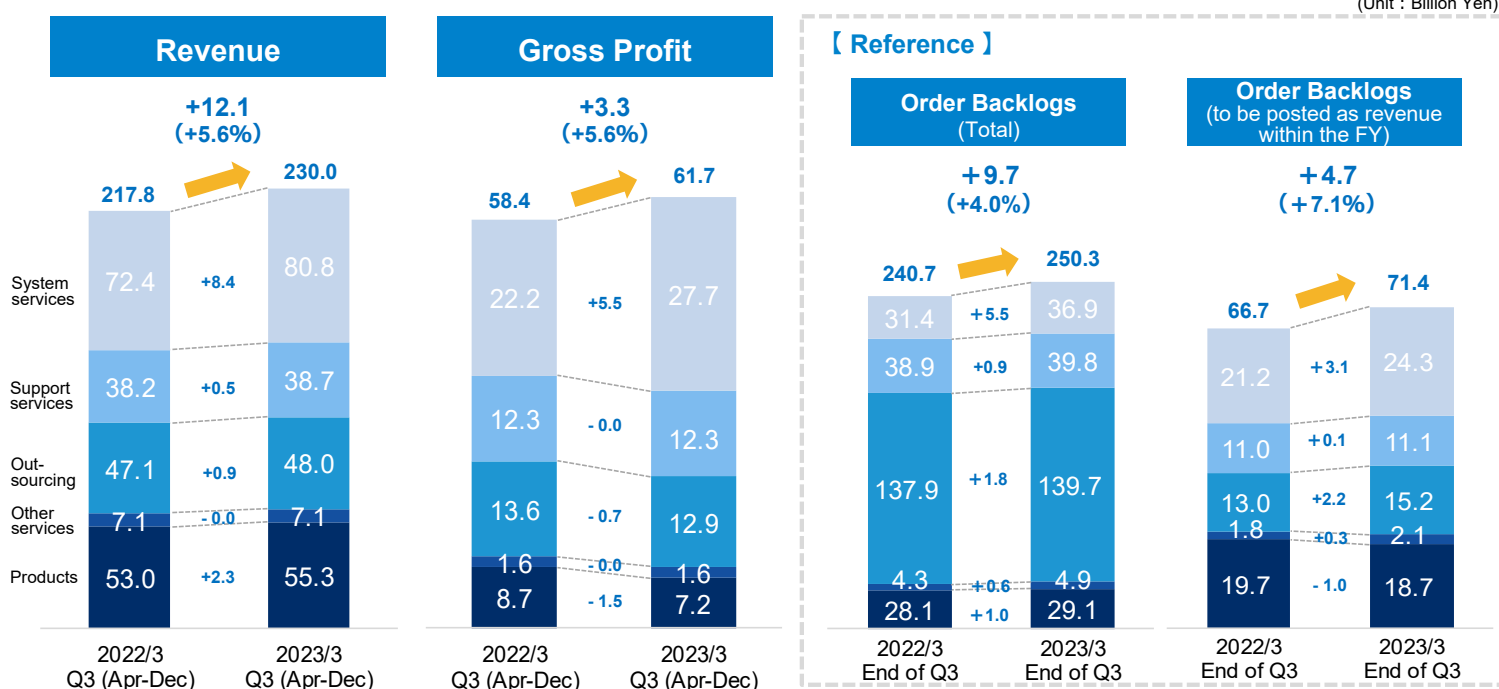
Profit was ¥13.6 billion, a decrease of ¥0.1 billion partly due to a year-over-year decline in finance income impacting more than the operating profit growth.

Adjusted operating profit was ¥19.3 billion, an increase of ¥0.7 billion. Adjusted operating margin was 8.4%.

Orders and order backlogs increased, reflecting a continued strength of system services and a steady accumulation of outsourcing projects.

# FYMar2023 Q3 Revenue and Gross Profit by Segment

(Unit : Billion Yen)



Next, let me summarize the situations by segment.

First of all, system services revenue and gross profit increased. This is attributable to the continued strength of system service projects for customers operating in the service industry and financial institutions.

The outsourcing revenue steadily accumulated, partly as a result of an increase in the use of platform services by financial institutions and e-commerce (EC) business operators.

Order backlogs increased in comparison with those at the end of the same period of the previous fiscal year. The increase is based on system services orders being steadily accumulated as well as long-term outsourcing projects posted.

System services and outsourcing are mainly conducive to steadily accumulated order backlogs that are scheduled to be posted as revenue of the fiscal year under review.

# FYMar2023 Q3 Outsourcing

## 【Revenue by Outsourcing】

(Unit: Billion Yen)

	FYMar2022 Q3 (Apr-Dec)	FYMar2023 Q3 (Apr-Dec)	Changes
Entrusted operation-type	37.1	<b>36.5</b>	-0.6
Corporate DX-type	5.3	<b>6.3</b>	+1.0
Service-based-type (business creation-type)	4.7	<b>5.2</b>	+0.5
<b>Total revenue</b>	47.1	<b>48.0</b>	+0.9

## 【Order Backlogs by Outsourcing】

(Unit: Billion Yen)

	FYMar2022 End of Q3	FYMar2023 End of Q3	Changes
<b>Order backlogs</b>	137.9	<b>139.7</b>	+1.8
(to be posted as revenue within the FY)	13.0	<b>15.2</b>	+2.2

### (Corporate DX-type outsourcing)

- ✓ "OptBAE", use-type core-banking service for regional financial institutions, was launched in January 2022. OptBAE began to serve more shinkin banks in October.
- ✓ There is a steady increase in the use of "BankVision on Azure", public cloud-based full-banking system. "BankVision on Azure" began to serve its second customer in October 2022. The solution stably operates and gains a lot of attention from financial institutions.
- ✓ We have seen a steady increase in the use of our energy management service (the "Enability" series).

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

- ✓ The company is now preparing for introducing "DIGITAL'ATELIER" at new customers through implementation services. The company strengthens sales activities with an aim to have more customers of "DIGITAL'ATELIER".

Next, I will explain the status of the outsourcing business.

Revenue from Corporate DX-type Outsourcing and Service-based-type (business creation-type) Outsourcing steadily increased.

In the area of Corporate DX-type Outsourcing business, we support DX efforts at regional financial institutions and revitalize regional economies through mission-critical platform services. The services remained strong. Furthermore, our OptBAE, use-type core-banking service, began to serve two more shinkin banks in October 2022.

"BankVision on Azure", a public cloud full banking system, began to operate for its second customer in October 2022. The solution is conducive to an increase in the revenue of Corporate DX-type Outsourcing business.

We expect a future increase in our businesses of energy sector, on the basis of our witnessing a continuous increase in the usage of our cloud service for electricity retailers. The number of subscribers has reached 1.5 million IDs.

The Service-based-type (business creation-type) Outsourcing business is exemplified by "DIGITAL'ATELIER" (EC platform service). The solution now operates at e-commerce sites of two customers. DIGITAL'ATELIER implementation services are well under way at customers to benefit from the service launch scheduled for this and next fiscal year. The implementation service may interest and entice major business players to use DIGITAL'ATELIER. We receive inquiries from them keenly interested in the service. This encourages us to aim to increase users.

## Full-Year Performance Forecast for FYMar2023

- ✓ The Group made progress in Q3 as forecasted.  
We do not revise our predictions that we announced in the beginning of the fiscal year.

(Unit: Billion Yen)

	FYMar2022 Full-Year Results	FYMar2023 Full-Year Forecast	Changes	
Revenue	317.6	<b>330.0</b>	+12.4	(+3.9%)
Operating Profit	27.4	<b>29.0</b>	+1.6	(+5.7%)
(Operating Margin)	(8.6%)	<b>(8.8%)</b>	(+0.2pt)	
Profit attributable to Owners of Parent	20.5	<b>20.0</b>	-0.5	(-2.4%)
Adjusted Operating Profit*	26.7	<b>29.0</b>	+2.3	(+8.7%)
(Adjusted Operating Margin)	(8.4%)	<b>(8.8%)</b>	(+0.4pt)	

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

I would like to brief you on our full-year earnings forecast for the FY March 2023.

We make no revisions about the full-year earnings forecast that we announced at the beginning of the fiscal year.

We have seen continued signs of customers willing to make DX investments. We will continuously strengthen efforts to improve our profitability. Thus, we maintain our forecasts for revenue of ¥330.0 billion, operating profit of ¥29.0 billion, and profit of ¥20.0 billion.

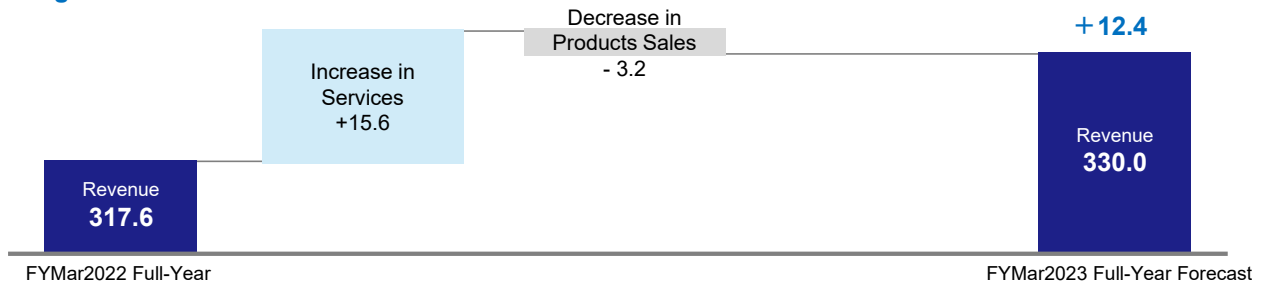
Adjusted operating profit is expected to be ¥29.0 billion.

This is the summary of the financial results.

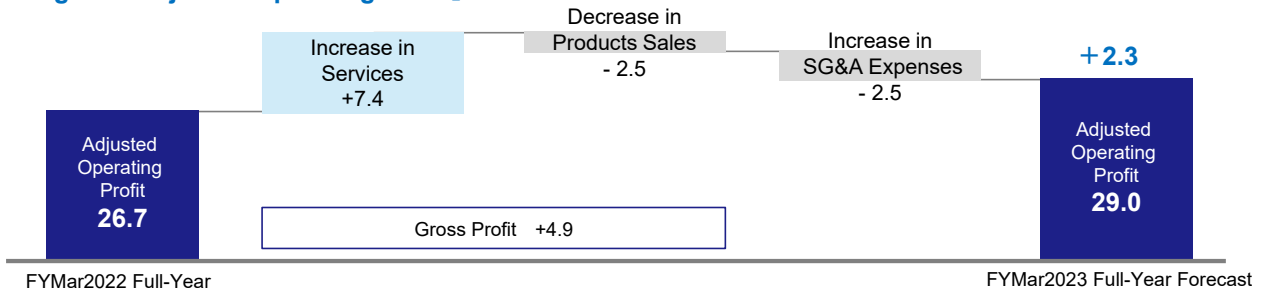
# (Reference) Full-Year Performance Forecast for FYMar2023 Breakdown Details

(Unit: Billion of Yen)

## 【Changes in Revenue】



## 【Changes in Adjusted Operating Profit】



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(Note)  
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