



Results for the Fiscal Year Ended March 2023

April 28, 2023
BIPROGY Inc.



1 Summary of the Results

2 Progress under the Management Policies (2021-2023)

Reference Information

FYMar2023 Consolidated Performance Results

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

(Unit: Billion Yen)

	FYMar2022	FYMar2023	Changes		
Revenue	317.6	339.9	+22.3	(+7.0%)	(Revenue)
Gross Profit	83.1	89.4	+6.2	(+7.5%)	• Revenue grew based upon system services steadily driven by booming DX-related businesses. • Outsourcing, support services, product sales, etc. grew each based upon strong demands for DX investments.
SG&A Expenses	-56.5	-60.0	-3.5	(+6.2%)	
Other Income and Expenses	0.8	0.3	-0.5		
Operating Profit	27.4	29.7	+2.2	(+8.2%)	(Operating Profit)
(Operating Margin)	(8.6%)	(8.7%)	(+0.1pt)		The revenue growth and furthermore profitable system services drove gross profit. Impacts caused by an increase in SG&A expenses were absorbed. As a result, operating profit increased.
Profit attributable to Owners of Parent	20.5	20.2	-0.3	(-1.4%)	
Adjusted Operating Profit*	26.7	29.4	+2.7	(+10.2%)	(Profit attributable to Owners of Parent)
(Adjusted Operating Margin)	(8.4%)	(8.6%)	(+0.2pt)		Profit was dampened due to negative finance income.
Orders	327.0	362.1	+35.1	(+10.7%)	(Orders and Order Backlogs)
Order Backlogs	251.7	273.9	+22.2	(+8.8%)	Orders and order backlogs increased both. This is due to system services continually showing strength and an increase in long-term outsourcing projects.
(Order backlogs in the next FY)	124.0	135.1	+11.1	(+8.9%)	

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

First of all, let me summarize the performance of the fiscal year ended March 2023.

Revenue increased ¥22.3 billion from the previous year to ¥339.9 billion. The growth was mainly attributable to system services continually growing as well as strong DX-related businesses.

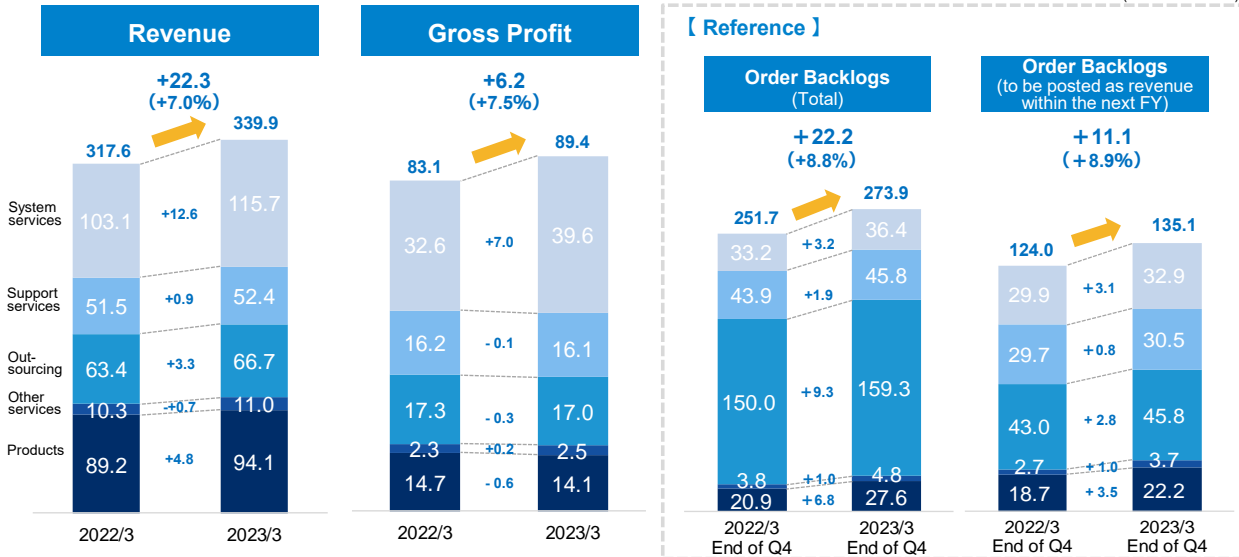
SG&A expenses were driven by personnel costs and renewals of the internal core systems. However, the increase in SG&A expenses was absorbed by an increase in gross profit enabled by the revenue increase and improved profitability of system services. As a result, we posted operating profit of ¥29.7 billion, an increase of ¥2.2 billion from the previous year. Adjusted operating profit increased ¥2.7 billion to ¥29.4 billion.

Profit attributable to owners of parent was dampened partly due to negative finance income. We posted profit of ¥20.2 billion, a decrease of ¥0.3 billion.

System services remained strong and long-term outsourcing projects increased. As a result, orders and order backlogs increased both.

FYMar2023 Revenue and Gross Profit by Segment

(Unit : Billion Yen)



Next, let me brief you on the situation by segment.

Revenue and gross profit of system services increased, based upon booming digital transformation (DX)-related projects for businesses of a wide range of industries such as financial institutions and service providers. System services profitability is improved due to an increase in the projects of high profitability and through the efforts of improving productivity.

Outsourcing revenue increased partly based upon an increase in the use of platform services for financial institutions and EC business operators. Outsourcing gross profit was smaller than it had been in the previous fiscal year based upon our posting one-time sales of highly profitable outsourcing projects. Outsourcing gross profit was impacted by a temporary increase in the operation costs for newly providing platform services for financial institutions.

Outsourcing profitability was negatively impacted in Q4 by selling a cloud service of a different company (mainly for telecommuting). In the future, however, we will avail ourselves of the cloud services in order to enable high value-added managed services.

Order backlogs increased from the end of the previous fiscal year. The increase is partly based upon a steady increase in orders for system services as well as long-term outsourcing projects for financial institutions. System services and outsourcing took the lead in increasing order backlogs that are scheduled to be posted within the next fiscal year.

FYMar2023 Outsourcing

[Revenue by Outsourcing]

(Unit: Billion Yen)

	FYMar2022	FYMar2023	Changes
Entrusted operation-type	49.8	49.0	-0.8
Corporate DX-type	7.4	10.8	+3.3
(including revenue from selling cloud services provided by other companies)	-	1.8	+1.8
Service-based-type (business creation-type)	6.2	6.9	+0.7
Total revenue	63.4	66.7	+3.3

[Order Backlogs by Outsourcing]

(Unit: Billion Yen)

	FYMar2022 End of Q4	FYMar2023 End of Q4	Changes
Order backlogs	150.0	159.3	+9.3
(to be posted as revenue within the next FY)	43.0	45.8	+2.8

(Corporate DX-type outsourcing)

- ✓ "OptBAE", use-type core-banking service for regional financial institutions, began to serve multiple shinkin banks in January 2022. OptBAE is working stably for 11 shinkin banks.
- ✓ There is an increase in the use of cloud-computing services provided by other companies for telecommuters.

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

- ✓ There are many inquiries about EC platform service "DIGITAL'ATELIER". We aim to have more new users.
- ✓ There is a steady increase in the use of digital codes. The Value Card business has remained strong.

Let me brief you on the situations of our outsourcing business.

We have been currently focusing our resources strategically on system services in order to respond to strong demands from customers for digital transformation. Here, we are faced with opportunities of obtaining new assets through supporting customers in light of business reforms. This is an initiative necessary for us to create future platform services. We hope that this will eventually bring about an increase in the future outsourcing business.

The Entrusted Operation-type Outsourcing revenue decreased. It is mainly due to our shinkin bank customers leaving sequentially our past services for OptBAE, our Use-type Core-banking service. In addition, the migrations dampened profit as a result of temporarily entailing a duplication of costs such as amortization and depreciation.

The Corporate DX-type Outsourcing profitability is being improved as a result of an increase in the use of OptBAE and BankVision on Azure. Furthermore, we have seen an increase in inquiries even about cloud services provided by other companies. The inquiries are from customers who rush developing digitalization at workplaces in response to telecommuting spreading. We will provide managed services comprised of our own services in the future in order to improve profitability.

We have been receiving many inquiries about DIGITAL'ATELIER, of our Service-based-type (Business creation-type) Outsourcing. The inquiries are made by companies operating business in diverse EC business areas, such as mail-order business operators and apparel-related companies. We have been accelerating our proposal activities in order to obtain more customers.

In addition, we could continue to keep our value-card business at a constant level. And, we continuously saw a stable increase in the use of digital codes. The businesses exceeded the break-even point, reflecting high profitability and remain conducive to the Service-based-type (Business creation-type) Outsourcing business.

We aim to create high-value services awaited in society based upon new assets to be obtained through our system services, with future visions of social transformation kept in mind.

Full-Year Performance Forecast for FYMar2024

- ✓ An increase in revenue and profit is expected due to steady performances of system services and other services businesses based upon strong DX demands.
- ✓ We will increase investments in human resources as well as creating new businesses with an eye on our business growth in the future.
- ✓ Our outsourcing revenue is expected to be ¥75.0 billion.

(Unit: Billion Yen)

	FYMar2023 Full-Year Results	FYMar2024 Full-Year Forecast	Changes	
Revenue	339.9	350.0	+10.1	(+3.0%)
Operating Profit	29.7	32.5	+2.8	(+9.5%)
(Operating Margin)	(8.7%)	(9.3%)	(+0.6pt)	
Profit attributable to Owners of Parent	20.2	22.0	+1.8	(+8.9%)
Adjusted Operating Profit*	29.4	32.0	+2.6	(+8.9%)
(Adjusted Operating Margin)	(8.6%)	(9.1%)	(+0.5pt)	

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

Let me brief you on our full-year forecasts for the fiscal year ending March 31, 2024.

We expect strong demands for digital transformation to continue through the fiscal year. System services will continuously take the lead in strong sales of service businesses. Thus, we forecast revenue of ¥350 billion, an increase of ¥10.1 billion from the previous fiscal year.

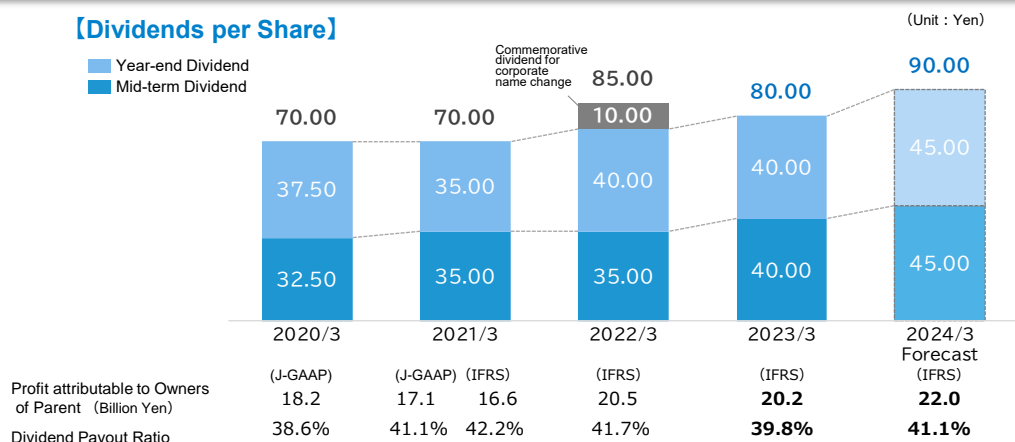
We expect an increase in profits attributable to the increase in revenue. On the other hand, we factor in R&D investments in order to create new services more rapidly and personnel costs for employing talented workers. As a result, we forecast operating profit of ¥32.5 billion (an increase of ¥2.8 billion), adjusted operating profit of ¥32 billion (adjusted operating margin of 9.1%), and profit attributable to owners of parent of ¥22 billion.

We forecast our outsourcing revenue of ¥75 billion for the fiscal year. This is on the assumption of our strategically focusing our resources on system services in order to support DX promotion at customers as I mentioned earlier.

Full-Year Dividend Forecast for FYMar2024

- ✓ We plan year-end dividends of ¥40 per share for the fiscal year ending March 2023 (with no revisions of our announcement at the beginning of the fiscal year).
- ✓ We forecast an annual dividend of ¥90 per share pursuant to a target payout ratio of 40% for the fiscal year ending March 2024.

[Dividends per Share]



Next, let me brief you on shareholder returns.

We announced our policy of returning profits to shareholders with a dividend payout ratio of 40% as the target in the Management Policies (2021-2023).

We plan to revise nothing about our forecast at the beginning of the fiscal year ending March 31, 2023, and pay an annual dividend of ¥80 per share, pursuant to this policy.

We plan an annual dividend of ¥90 per share (an increase of ¥10 per share) for the fiscal year ending March 31, 2024 from the fiscal year, on the assumption of a profit forecast of ¥22 billion.

We will invest more in R&D, promoting internal DX, and strengthening workforce in light of medium- and long-term business growth. We will acquire and allocate cash to intangible fixed assets conducive to increasing outsourcing business, M&A, and open innovation. Also, we will work on measures to return further profits to shareholders.

1 Summary of the Results

2 **Progress under the Management Policies (2021-2023)**

Reference Information

Let me brief you on our progress under the Management Policies (2021-2023)

Summary of the Management Policies (2021-2023)

Purpose

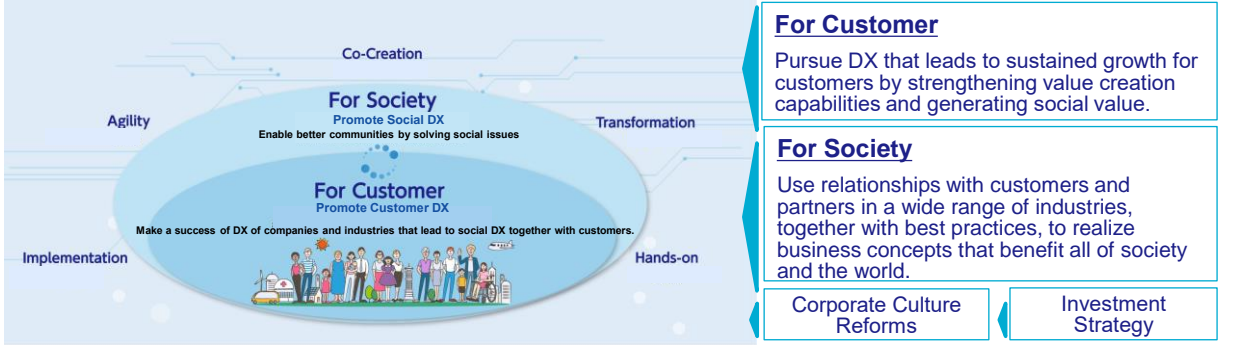
Create a sustainable society using foresight and insight to unlock the full potential of technology.

Vision2030

We will develop the Digital Commons which is a platform that helps create a society where everyone can live happily.

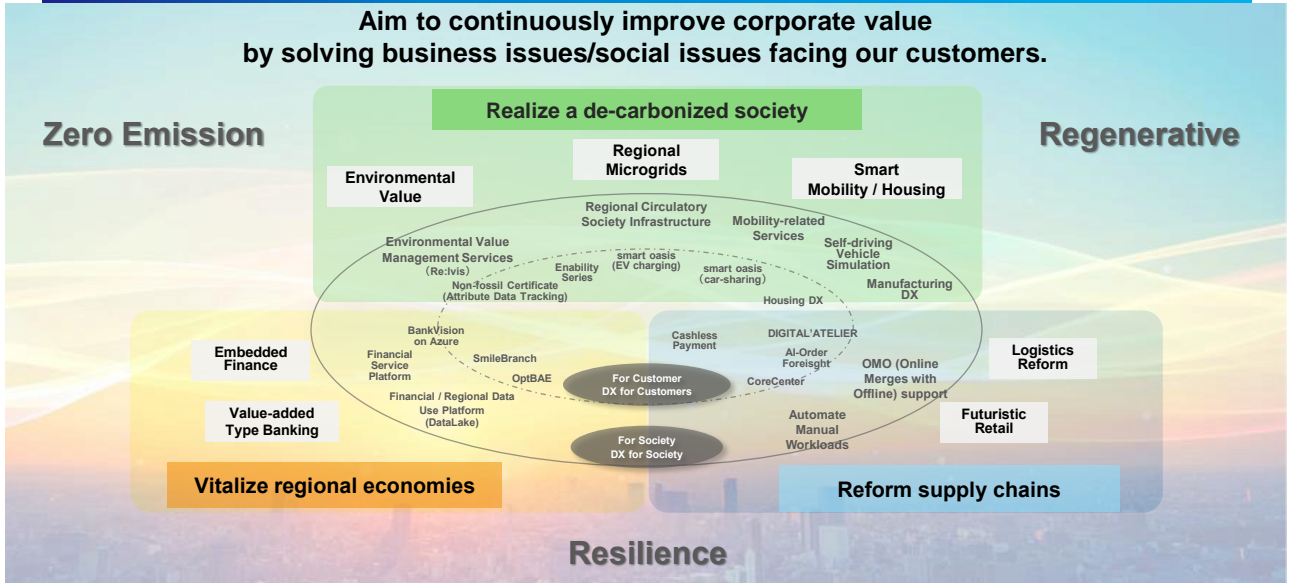
Basic Policy

BIPROGY Group will achieve the Vision 2030 plan by pursuing digital transformation (DX) for both customers and society, developing its business through a large framework that encompasses all of society, and working with partners and the community to expand business ecosystems.



BIPROGY Group launched its Management Policies (2021 – 2023) under its Purpose and Vision 2030. Our basic policy is to promote customer DX, which contributes to the sustainable growth of our customers, as For Customers, and to promote social DX, which promotes solutions to social issues, as For Society.

Expansion of Business Ecosystems



We aim to continuously enhance our corporate value by investing the management resources of the BIPROGY Group in creating the three social impacts of Resilience, Regenerative, and Zero Emissions, which we have set as guideposts for enabling the Vision 2030.

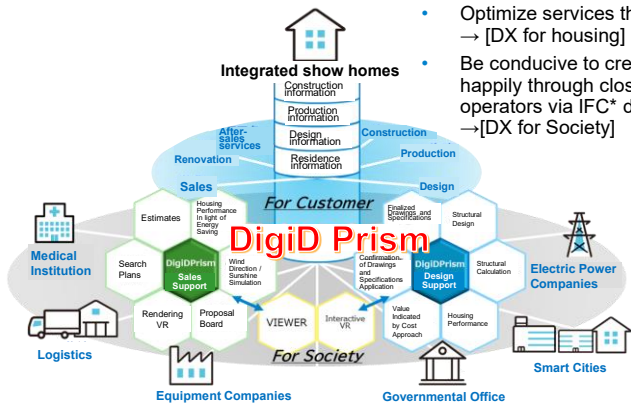
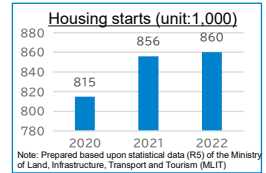
We witnessed an increase in businesses that connect customer DX with social DX in the fiscal year 2022, the second year of Management Policies (2021-2023). Let me summarize a few examples.

Promote DX for Society based upon DX for Customers [1]



Avail ourselves of our relationships with partners and best practices in various industries in order to promote DX for Society based upon DX for housing

- Drastically renew the 'DigiDmeister' that used to serve major house building companies in light of design work. Evolve it into 'DigiD Prism', a BIM* platform.
- Build and operate comprehensive housing data (integrated show homes) from the viewpoint of emphasizing with and creating value for customers



- Optimize services through the use of integrated show homes → [DX for housing]
- Be conducive to creating a society where everyone can live happily through close collaboration with external business operators via IFC* data, the BIM standard format → [DX for Society]

Conducive to enabling a decarbonized society

Use various solutions to support creation of eco-friendly houses



(*)BIM: Building Information Modeling
(*)IFC: Industry Foundation Classes

Firstly, let me brief you on our efforts in the area of manufacturing.

There is an increase in new housing starts in the housing industry. However, housebuilders are concerned with future uncertainties attributable to declining birthrate, aging population, and declining population. Thus, housing manufacturers aim to enhance services that they provide for homeowners in light of customer lifetime value.

We used to serve major housing manufacturers in light of design work through DigiDmeister. We launched DigiD Prism this March after drastically renewing its predecessor, DidiDmeister. We are now tweaking DigiD Prism before serving multiple customers.

DigiD Prism is a platform based upon enhanced functions of the CAD system. Furthermore, the evolved platform serves as an integrated house model that enables an integrated management of data generated in all processes from planning and proposal to design, manufacturing, construction, and after-sale services. This platform optimizes operations and eases collaboration with external business operators by enabling better use of data produced in all processes.

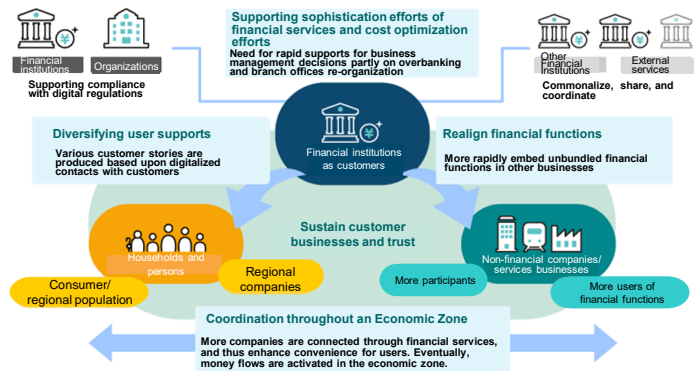
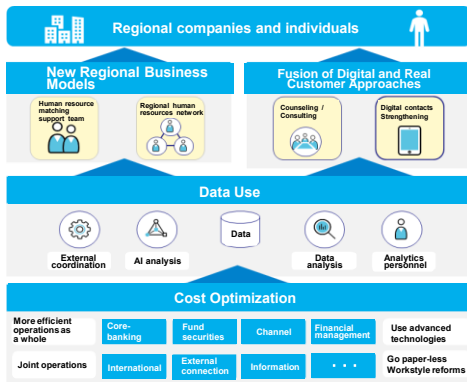
We see houses further evolving into smart houses based upon house energy management system (HEMS) that can optimize household-use energy, generate solar power, and connect with electric vehicles also serving as storage batteries. We will promote social DX to meet the changes in the environment in the area of housing industry.

Promote DX for Society based upon DX for Customers [2]



Digitally transform financial services in order to optimize financial businesses and create new value conducive to enabling DX for regional communities

- There is a steady increase in the banks to use BankVision/OptBAE services
- A leap forward made through coordination with open data and business intelligence towards creating new value
- Provide financial services platforms for creating ecosystems comprised of various companies



In the financial sector, we see customers willingly make IT investments, as shown in a steady increase in the use of BankVision and OptBAE, open core-banking systems.

We expect financial institutions to put investment weight on (offensive) DX conducive to improving value for users and regional communities more than their core-banking systems. Some financial institutions take the lead in using open and cloud-computing core-banking systems. As a result, the banks can optimize existing financial operations. Also, they can use various types of data and functions through external linkages. These banks furthermore promote digital transformation of financial services.

We desired to accelerate this flow. We began to consider a financial services platform comprised of financial solutions integrated into common architectures that can be used in units of function via APIs. With financial institutions focusing investments more on offensive DX initiatives, we will promote sophistication of financial services and build business ecosystems with customers of various business sectors and industries through providing the platform conducive to creating new value for financial institutions and local communities.

Promote DX for Society based upon DX for Customers [3]

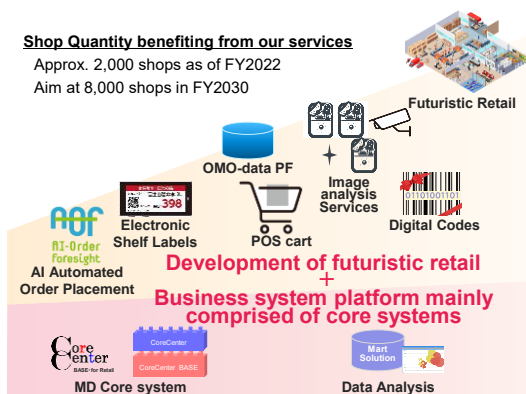


Solve issues from the viewpoint of emphasizing with customers. As a result, enable compatibility of social value and economic value.

- Use AI-Order Foresight in order to drastically reduce labor spent for placing orders. The solution is conducive to reducing loss/waste of food and opportunities, as well.
- Develop futuristic retail and thus solve social issues more in the entire value chains and supply chains.
- Cashless payment services have become accepted broadly. As a result, the QR Code Payment Gateway provided by Canal Payment Service, Ltd. shows strength.
- An expansion of EC markets and a resumption of in-bound tourism will drive use of digital/QR code-based payment services.

Shop Quantity benefiting from our services

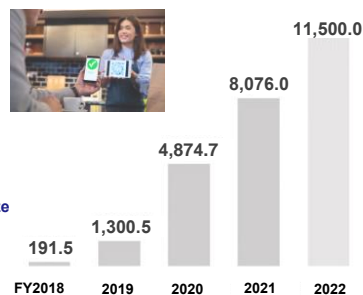
Approx. 2,000 shops as of FY2022
Aim at 8,000 shops in FY2030



Solving Social Issues

- Sustainable procurement
- Reduce greenhouse gas
- Cope with human workforce shortage
- Reduce waste/loss, maximize profits
- Support various purchase behaviors
- Opportunities of regional communities

QR Code Payment Market in Japan (¥ billion)



Note: Prepared based upon information provided by the Cashless Promotion Council, general incorporated association

In the distribution and retail sectors, the use of digital codes has been increasing as a means of payment in the e-commerce market that has grown significantly during the pandemic as well as the cashless and QR code payment markets that have been expanding.

Furthermore, we see a steady increase in the number of customers who use electronic shelf tags and AI automated ordering service AI-Order Foresight.

We have heard from AI-Order Foresight users that they could reduce work time for placing orders by more than 50%, and workers at shops served by our electronic shelf tag solution saying that they do not desire to be transferred to shops without the solution. The comments indicate that our solutions are promoting reforms of shop operations.

We aim to further develop capabilities conducive to solving issues at customers and enable future-proof retail. We see markets experience incessant changes partly attributable to OMO-type stores assimilated with digitalized operations, diverse products and diversified purchase channels, and product deliveries suitable to lifestyles. With the changes kept in mind, we will share data across the entire supply chain partly comprised of manufacturing and logistics in light of optimizing operations and enabling zero emissions.

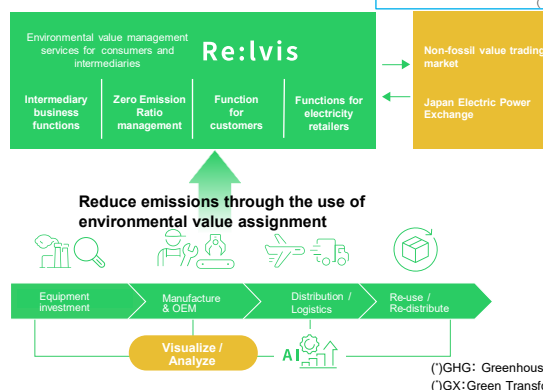
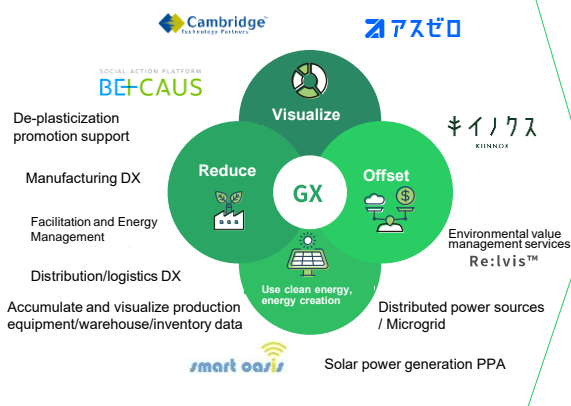
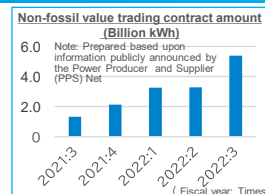
We will continue to accelerate social DX conducive to solving various issues experienced in society across business sectors and industries, with an eye on our vision of retail in the future.

Promote DX for Society based upon DX for Customers [4]



Provide a comprehensive support based upon a wide range of solutions for GHG* reduction attempts at customers

- Provide and enhance various solutions to enable GX* on the basis of consulting services
- Provide support in cooperation with partners of BIPROGY Group for carbon neutrality at customers



We have been promoting digitalization in light of environmental contributions and reduction of negative business impacts upon the environment, with our vision of zero-emission society kept in mind as stated in the materiality.

We have been working on promoting environmental value businesses through our non-fossil certificate tracking business which we were entrusted with by the Ministry of Economy, Trade and Industry (METI) in the fiscal year 2018.

We launched Re:lvis, an environmental value management service in November last year on the basis of knowledge and experience that we obtained from the business of ensuring reliability of non-fossil certificates. This has been conducive to reducing the workloads of operations related to carbon offsetting that are expected to increase in transaction volume every year.

Furthermore, we launched services through business collaborations with Asuene Inc. in December last year. The services enable users to calculate CO2 emitted through performing business activities as well as products and services.

We are aware of reducing greenhouse gas emissions by 50% by 2030 and enabling zero emissions by 2050. With faith in digital capabilities, we will continue to promote carbon neutrality and provide clean energy and environmental value to all consumers and companies.

Strategic Investment in order to Sustain Growth

Invest into attempts for creating value based upon technologies and innovations and furthermore growth of the BIPROGY Group

Open Innovation Activities

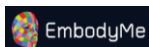
- Create and enhance business ecosystems in cooperation with start-up business at home and abroad
- Develop a wide range of professionals through actively interacting with people outside of the company

Investments in Start-up Businesses

- Investments in companies including start-ups: 71
Fund investments in a wide range of areas at home and abroad : 31
- Strategically invest in the areas such as SDGs and Well-being that can impact society much as well as areas of attention such as Generative AI



fami^{one}



- Capital and business alliance with Hacoju with an eye on solving social issues in the logistics/distribution business sectors

Hacoju

トラック予約受付サービスシェアNo.1
ドライバー累計利用者数42万



No.1 in the market of truck booking acceptance services
420,000 truck drivers that use the solution in total

Global Business Strategies

- Strengthen and enhance our footholds for global businesses in ASEAN
- Three overseas subsidiaries (including two more) to mutually collaborate for enhancing capabilities of providing solutions

[An existing subsidiary]

AXXIS
Consulting

Providing SAP solutions in Singapore and Malaysia

[Two new subsidiaries]



Providing SAP solutions in Thailand

AFON

Providing ERP solutions for medium-and small-sized companies in Singapore

Let me brief you on our strategic investments conducive to the BIPROGY Group sustaining growth in the future.

We have been working on various open innovation activities with an eye on creating and expanding business ecosystems with startup companies at home and abroad. We use diverse channels through which we can connect with many startups. Furthermore, we support advanced technology ventures. In addition, we actively develop workforce comprised of diverse employees equipped with expert skills.

We have been investing much in the areas that have impacted society more such as those related to SDGs and well-being, noteworthy areas such as those related to Generative AI, and the distribution/logistics industry waiting for early solutions to cope with situations such as labor scarcity.

We have made investments in the global business area exemplified by acquiring shares of Nexus System Resources Co., Ltd. headquartered in Thailand this January, and AFON IT Pte. Ltd. in Singapore this April. We expect the companies to closely cooperate with Axxis Consulting (S) Pte. Ltd. that has been providing SAP solutions in Singapore and Malaysia. The three companies will develop to be partners that support companies in the ASEAN region based upon their expanding services areas and enhancing their ERP product lineup.

We changed our company name to BIPROGY Inc. in April last year.
We will establish an unrivalled brand in the world partly through actively promoting M&A at home and abroad.

Strengthen human resources for sustained growth

Management Policies (2021-2023) Strengthen employees in light of enabling new capabilities

Human resources
reforms

DE&I promotion

Work style
reforms

Strengthen
organizational
capabilities

Human Resources Vision 2030

Intertwine diverse lights comprised of all employees shining as they are. Intensify the light conducive to the Company creating an exciting future as aimed at in the Vision 2030.

[Key Initiatives]

- Create a mechanism to visualize human resources conducive to enable data-driven human resources strategies
- Enable workstyles conducive to maximizing individual performances and creating new value
- Reform human resources with an eye on creating new businesses and value
- Enhance intrapersonal diversity
- Interactive-mode management to take root, conducive to creating an organization of enhanced psychological safety
- Create a corporate culture that encourages cross-organizational interaction and mutual praise and recognition
- Widen employment channels in order to employ a wide range of workers



(* ROLES refers to roles to be taken for performing duties in the BIPROGY Group. It is a core concept to visualize types and qualities and quantities of human resources

We have enhanced our human capital, specifically in light of strengthening capabilities of value creation, with an eye on achieving as indicated in Vision 2030. We have made reforms of workforce and corporate culture from the viewpoint of acquiring new capabilities. Furthermore, we have concentrated upon measures conducive to enhancing the reforms into autonomous initiatives across the entire group.

We have attempted to enhance human resources of the group qualitatively rather than quantitatively based upon ROLES as a core concept to visualize workforce in light of types, qualities and quantities. As a result, our productivity (revenue per employee) ranks at the top of the industry. Furthermore, we created an HR platform to visualize various human resources information of employees. Also, we have performed activities to promote and vitalize connections, communications, and dialogues among employees.

We will continuously strengthen employments of diverse employees in the fiscal year 2023. Furthermore, we will support continuously efforts to enable employees to acquire new perspectives and develop intrapersonal diversity through exposure to networks internally and externally that they create. In addition, we will further promote the Group's human resources strategies in conjunction with our business strategies with an eye on our next management policies.

The BIPROGY Group will combine our capabilities of foresight and insight into changes in society and our technical capabilities with ICT at its core, and the formation of business ecosystems with a wide variety of business partners. Thus, we will create new value and solve social issues through the use of digital commons.

Please look forward to our group growing and leaping forward into the future.

1 Summary of the Results

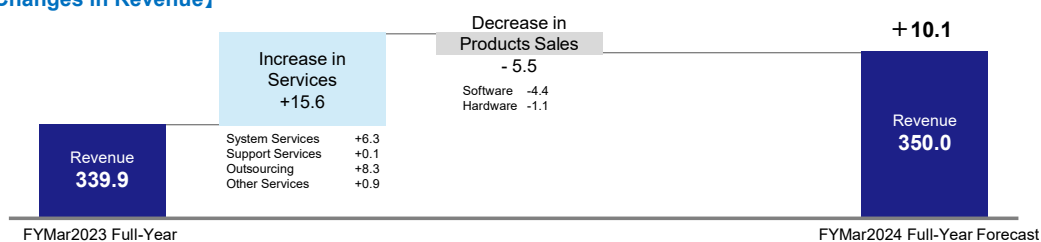
2 Progress under the Management Policies (2021-2023)

Reference Information

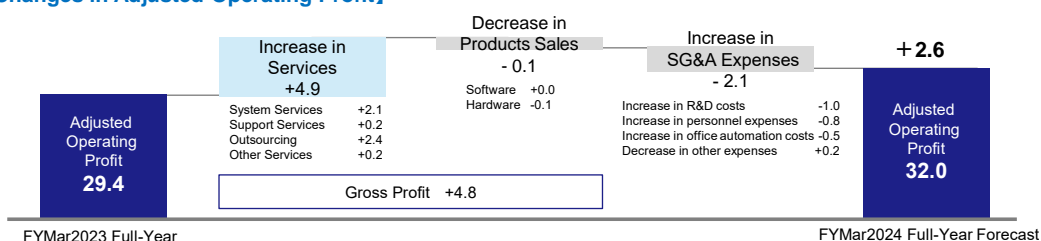
(Reference) Full-Year Performance Forecast for FYMar2024 Breakdown Details

(Unit: Billion of Yen)

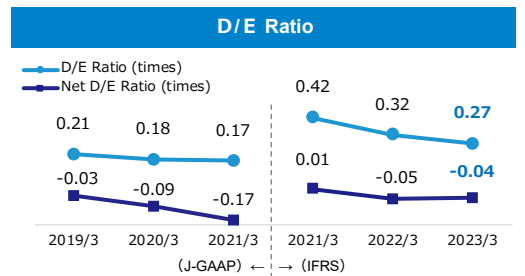
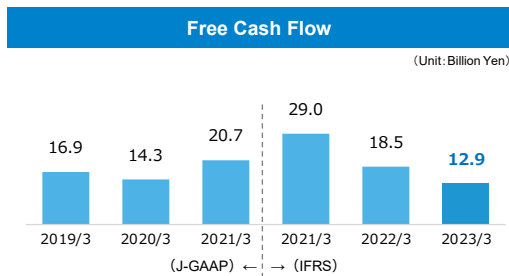
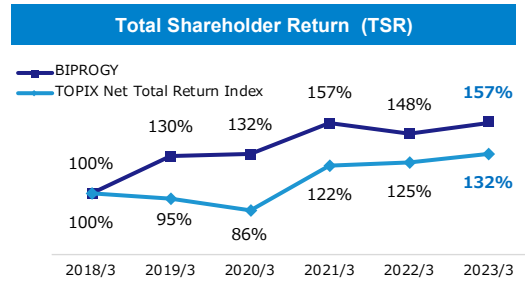
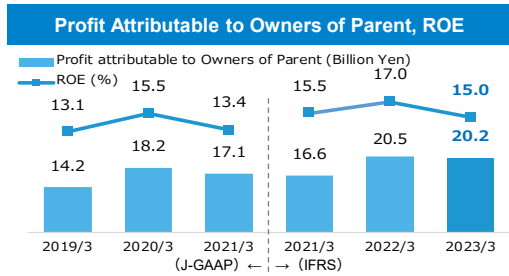
[Changes in Revenue]



[Changes in Adjusted Operating Profit]



(Reference) Financial Indicators





Names of companies or products herein described are trademarks or registered trademarks of their respective organizations.

(Note)

Forecasts in this document rely on judgments and assumptions based on information available at present. Actual results may differ from the forecasts due to changes in risks, uncertainties, economy and other factors. Thus, the certainty of these forecast is not guaranteed by our Group. Also, the information is subject to change without prior notice in future. Information in this document is intended to provide further understanding of the Company Group and is not intended to solicit investment. This Company shall not be held responsible for any damages whatsoever incurred as a result of utilizing the information provided in this document.