

Results for the 2nd Quarter of FY March 2024

November 1, 2023
BIPROGY Inc.

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Summary of the Results for H1 FYMar2024

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Progress under the Management Policies (2021-2023)

FYMar2024 H1 Consolidated Performance Results

- ✓ A continued strength of System Services absorbed an increase of SG&A costs. As a result, operating profit increased by 22%.
- ✓ Orders intake generally continued to perform well. Order amount and order backlog amount increased compared with the same period of the previous fiscal year.

(Unit: Billion Yen)

	FYMar2023 H1 (Apr-Sep)	FYMar2024 H1 (Apr-Sep)	Changes		
Revenue	154.8	173.0	+18.2	(+11.8%)	(Revenue)
Gross Profit	41.4	46.2	+4.8	(+11.5%)	System services and outsourcing as well as products sales were driven based upon companies' vigorous appetites for making IT investments.
SG&A Expenses	-27.8	-29.7	-1.8	(+6.6%)	
Other income and expenses	0.0	0.1	+0.1		(Operating Profit)
Operating Profit	13.6	16.6	+3.0	(+21.9%)	A revenue increase mainly in system services and products sales pushed up gross profit even to the level of absorbing SG&A costs driven by strengthening investments. As a result, operating profit increased.
(Operating Margin)	(8.8%)	(9.6%)	(+0.8pt)		
Profit attributable to Owners of Parent	10.1	12.8	+2.7	(+26.8%)	(Profit attributable to Owners of Parent)
Adjusted Operating Profit*	13.6	16.5	+2.9	(+21.6%)	Profit grew attributable to the increase in operating profit.
(Adjusted Operating Margin)	(8.8%)	(9.6%)	(+0.8pt)		
Orders	153.5	166.3	+12.7	(+8.3%)	(Orders and Order Backlogs)
Order Backlogs	250.4	267.2	+16.7	(+6.7%)	System services and outsourcing took the lead in increasing orders. The strength of outsourcing increased order backlogs. Order backlogs scheduled to be posted as revenue within the fiscal year under review significantly increased, as well.
(Order backlogs in the current FY)	95.9	104.3	+8.4	(+8.8%)	

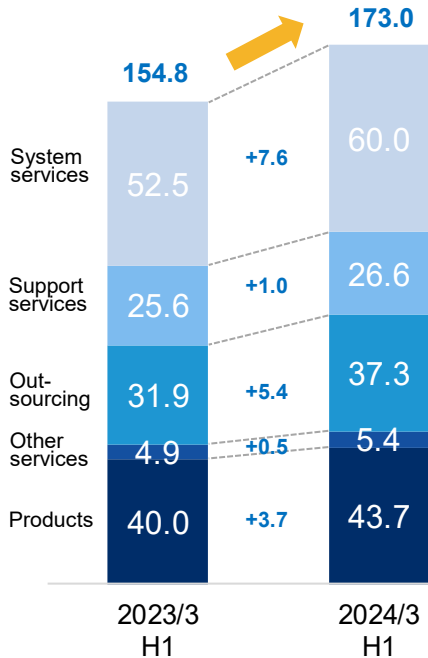
* Adjusted operating profit is the result obtained after deducting SG&A expenses and cost of sales from revenue.

FYMar2024 H1 Revenue and Gross Profit by Segment

(Unit : Billion Yen)

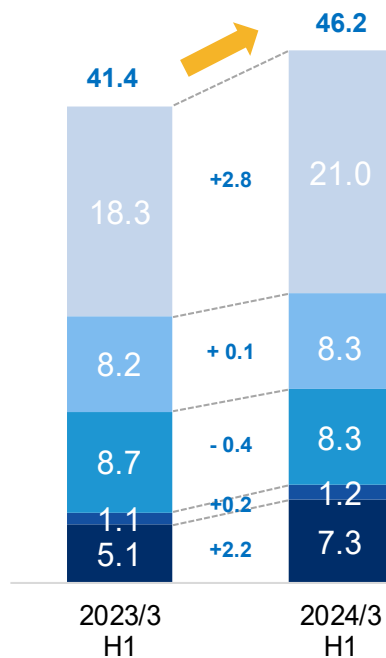
Revenue

+18.2
(+11.8%)



Gross Profit

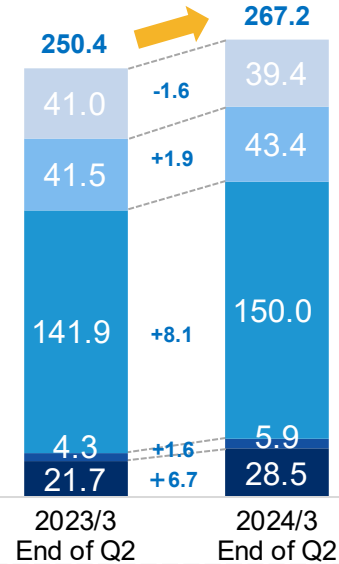
+4.8
(+11.5%)



【 Reference 】

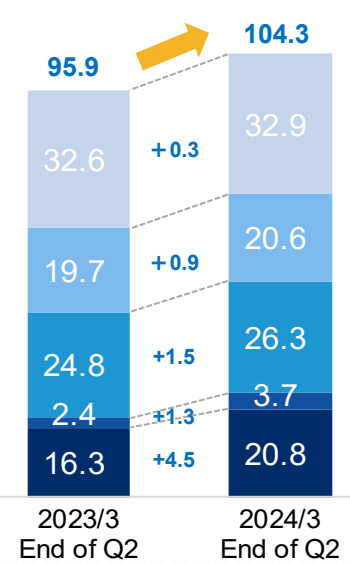
Order Backlogs (Total)

+16.7
(+6.7%)



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

+8.4
(+8.8%)



FYMar2024 H1 Outsourcing

[Revenue by Outsourcing]

(Unit: Billion Yen)

	FYMar2023 H1 (Apr-Sep)	FYMar2024 H1 (Apr-Sep)	Changes
Entrusted operation-type	24.5	23.8	-0.8
Corporate DX-type	3.9	9.5	+5.7
(including revenue from selling cloud services provided by other companies)	0.0	3.4	+3.4
Service-based-type (business creation-type)	3.4	3.9	+0.5
Total revenue	31.9	37.3	+5.4

[Order Backlogs by Outsourcing]

(Unit: Billion Yen)

	FYMar2023 End of H1	FYMar2024 End of H1	Changes
Order backlogs	141.9	150.0	+8.1
(to be posted as revenue within the FY)	24.8	26.3	+1.5

(Corporate DX-type outsourcing)

- ✓ “OptBAE”, a use-type core-banking service for regional financial institutions, is stably operating for 11 financial institutions. We work on strengthening capabilities of the service in order to obtain more new users.
- ✓ BankVision on Azure began to operate for its third bank in May 2023.
- ✓ We saw an increase in the revenue from selling services related to remote work (cloud services offered by other providers than us and network services)

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

- ✓ There is an increase in the use of “DIGITAL’ATELIER”, e-commerce platform service.
- ✓ There is a steady increase in the use of dashcams (driving recorders), digital code, etc.

Full-Year Performance Forecast for FYMar2024

- ✓ The forecast numbers announced at the beginning of the fiscal year under review have not been revised.
- ✓ We see no risks that may significantly impact our performance of the latter half at this point in time.

(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.

1 Summary of the Results for H1 FYMar2024

2 Progress under the Management Policies (2021-2023)

Summary of the Management Policies (2021-2023)

Purpose

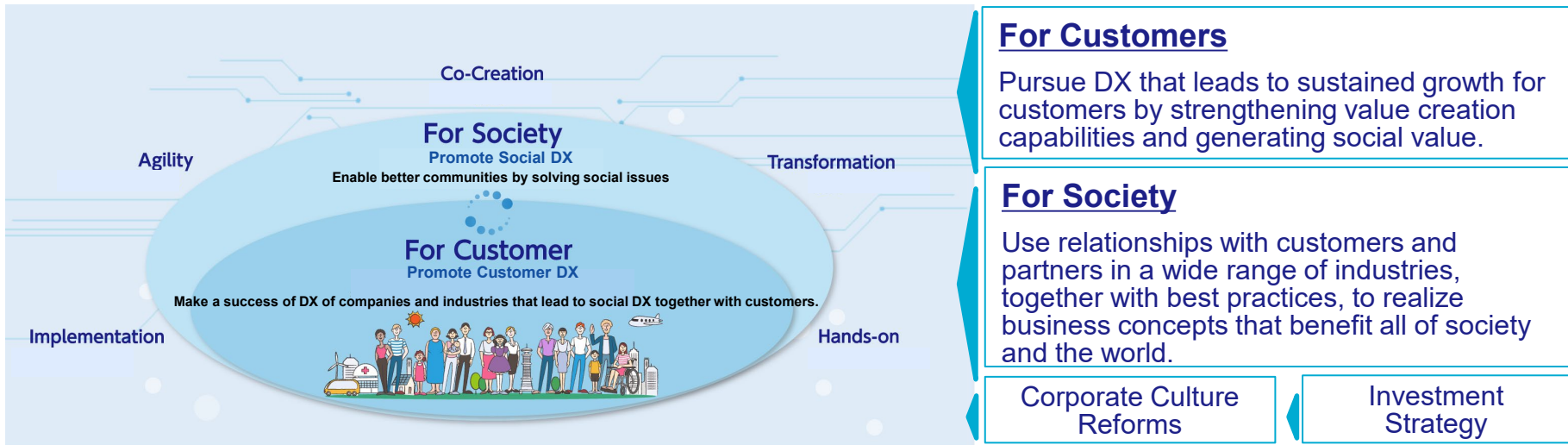
Create a sustainable society using foresight and insight to unlock the full potential of technology.

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.



For Customers

Pursue DX that leads to sustained growth for customers by strengthening value creation capabilities and generating social value.

For Society

Use relationships with customers and partners in a wide range of industries, together with best practices, to realize business concepts that benefit all of society and the world.

Corporate Culture Reforms

Investment Strategy

Toward Achieving the Full-Year Performance Forecast (System Services)

System services continued to be strong based upon brisk DX investments made in a wide variety of business sectors and industries

【System Services】

Financial Sector

- ✓ An increase in orders for solutions about international financial instruments, financial market transaction solutions, and trust financial instruments
- ✓ Many inquiries from regional financial institutions about our solutions conducive to regional financial institutions that intend to strengthen customer interactions through real-physical and digital front-end duties at customer touchpoints

Logistics & Distribution Sector

- ✓ Remaining busy in responding to inquiries about CoreCenter for Retail, merchandising (MD) system for retailers
- ✓ An increase in stores served by our solutions that promote customer DX such as AI-driven automated ordering system and Electronic Shelf Label

Manufacturing Sector

- ✓ An increase in the projects related to housing and automobiles
- ✓ Many inquiries about eBuyerBrains, comprehensive procurement solution conducive to reforming supply chains

Public & Government Sector

- ✓ A strong accumulation mainly of passenger-related businesses in the area of new business creation
- ✓ Environmental value business and regional micro-grid business taking the lead in the energy-management area

Toward Achieving the Full-Year Performance Forecast (Outsourcing/Products & Others)

Brisk network-related business in addition to Corporate DX-type Outsourcing business leading our growth

【Outsourcing】

Entrusted operation-type

- ✓ A decrease in the revenue due to impacts of our customers in the financial sector furthermore using core-banking systems in an advanced mode, the corporate DX-type outsourcing

Corporate DX-type

- ✓ Many inquiries came mainly from financial institutions and retailers
- ✓ We are promoting to offer managed services through the use of combinations of cloud services provided by other solution-providers and our own services.

Service-based- type (business creation-type)

- ✓ An increase in the users of No-Accident Program DR, business-grade dashcam specialized for corporations
- ✓ Actively rolling out sales activities for our EC platform services

【Products & Others】

Infrastructure

- ✓ UNIADDEX operates a brisk network-related business that matches the needs of customer DX. As a result, order backlogs increased.

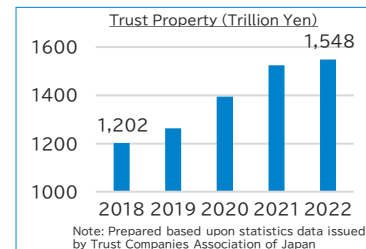
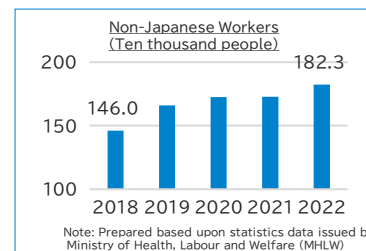
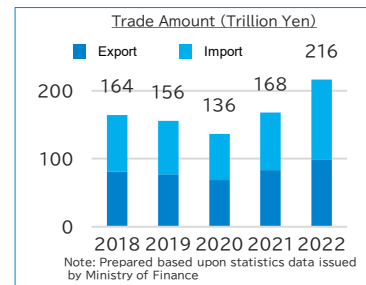
Generative AI

- ✓ We are witnessing an increase in the projects about services of creating environments at companies for using generative AI. Deliberations about incorporating generative AI into solutions gather speed.

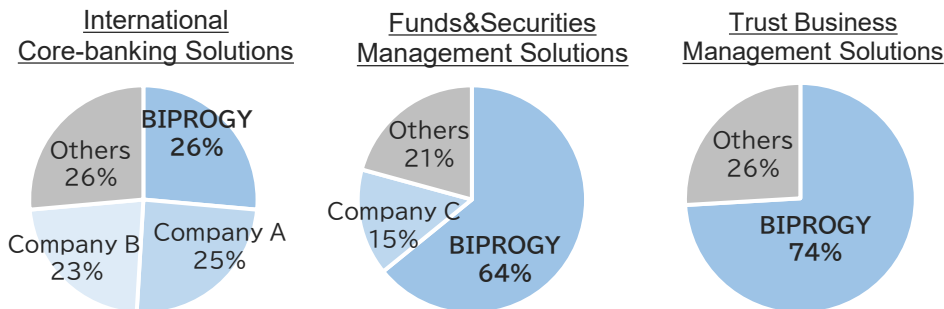
Our Financial Solutions, Leaders in the Industry

Understand changes in the market environment, and increase the share of our solutions in the financial industry

- **International financial transactions solutions (International core-banking solutions, overseas remittance solutions)**
 - Begin to provide service-based-type OpenE'ARK-ONE, an international core-banking system
 - An increase in banks that use overseas remittance solution SurFIN in response to ISO20022
- **Financial market transactions solutions (funds & securities management solutions)**
 - Banks using Siatol-NE, funds & securities management system, have made progress in shifting over to the system in the SaaS mode.
- **Trust transactions solutions (Trust business management solutions)**
 - An increase in new users as a result of continuously enhancing functions and services of trust business solution



[Share of our Packaged Solutions*]



Note: The share of our packaged solutions (international core-banking solutions and funds & securities management solutions) used in the regional financial institutions that have deposits of ¥3.0 trillion or more, and the share of our packaged solution (Trust business management solutions) used in trust banks and trust companies

Create a society where everyone can live happily

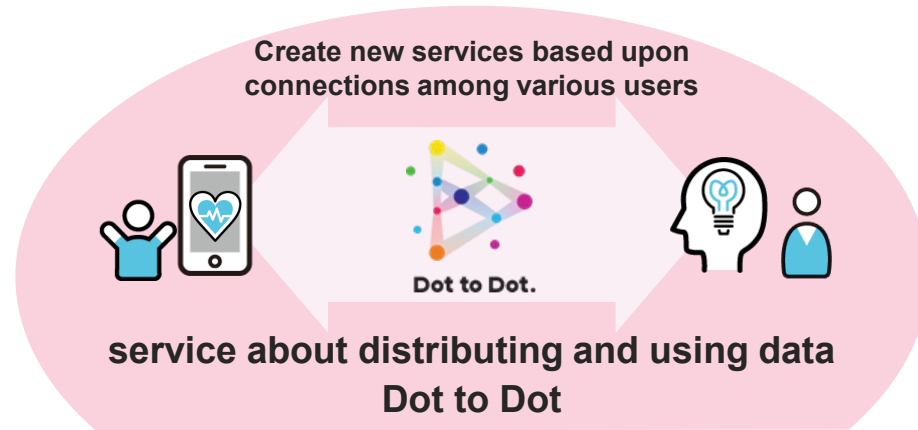
A steady increase in the DIVP®, automated driving simulation platform

- Overseas suppliers as well as domestic automotive manufacturers and suppliers have begun to use the platform on a trial basis.
- We are deliberating DIVP® use scenarios based upon efforts of co-creation in cooperation with business operators related to mobility.



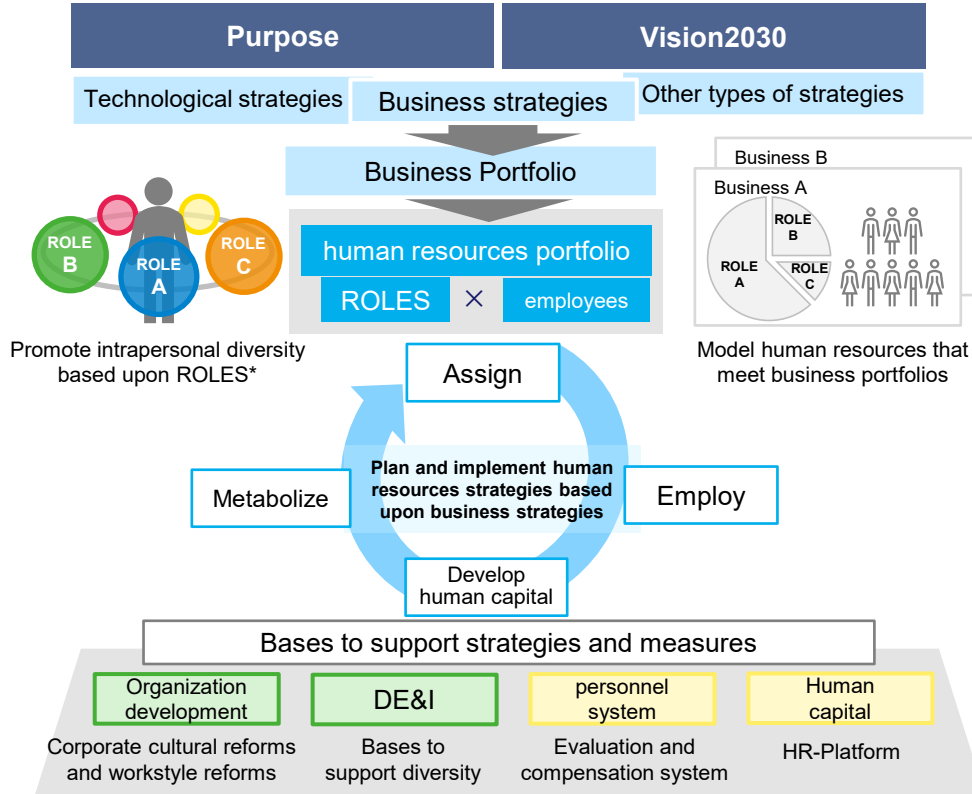
Toward realizing a future city where healthcare is blended into everyday life Use 'Dot to Dot', services about distributing and using data

- Enhance social implementation of regional platforms such as healthcare regional platform
- Use 'Dot to Dot' for Osaka Healthcare Pavilion, Expo 2025 Osaka, Kansai. Plan to increase business operators about connections with the platform after the close



Strengthen Human Capital Management for the sake of a Sustained Growth

Promote new capabilities in order to strengthen value creation capabilities towards achieving Vision 2030



Key Measures

- Visualize human capital and promote strategic resource management in order to implement business strategies
- Focus on obtaining and developing human resources that lead key areas such as DX human resources and business producer human resources
- Promote career self-reliance and reskilling and furthermore promote developments of mechanisms and environments such as personnel system and HR Platform as well as those conducive to corporate cultural reforms, in order to get the most value of human resources

* ROLES: referring to roles played in business execution at the BIPROGY Group, a core concept for visualizing the types, qualities, and quantities of human capital



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(Note)

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