

BIPROGY Group Management Policies (2024-2026) Briefing

June 4, 2024
BIPROGY Inc.

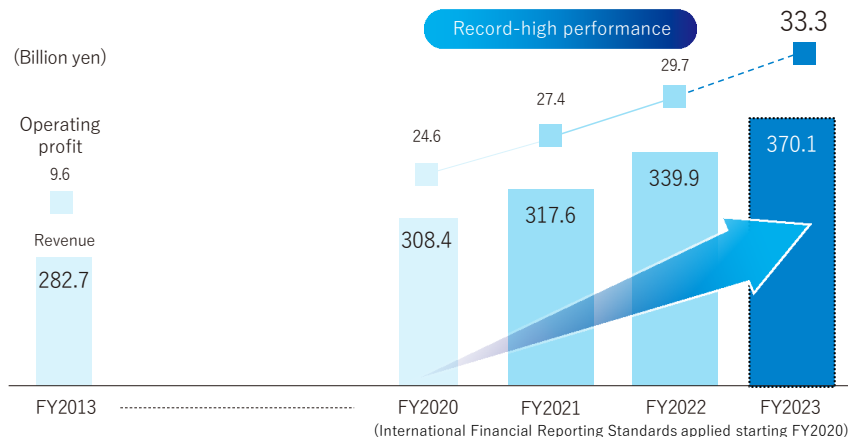
Management Policies (2024-2026)

BIPROGY Inc.
Noboru Saito, President &CEO, CHO

Review of Management Policies (2021–2023)

Although limited in terms of contribution to overall performance, our outsourcing business demonstrated record-high performance backed by our ability to respond to strong demand from customers for digital transformation, providing an excellent opportunity for the BIPROGY Group to make a major leap forward.

Quantitative Aspects



	FY2021 actual	FY2023 target	FY2023 actual
Adjusted operating margin	8.4%	At least 10%	9.1%
Revenue	317.6 billion yen	340 billion yen	370.1 billion yen
Of which, outsourcing	63.4 billion yen	100 billion yen	76.6 billion yen
ROE	17.0%	15%	16.5%
Dividend payout ratio	41.7%	40%	39.8%

Qualitative Aspects

What we accomplished

What we need for further growth

For customers
(Customer digital transformation)

Achieved substantial growth in system services, especially in the area of digital transformation

Define, hone, and expand focus areas that will become strengths for the BIPROGY Group

For society
(Social digital transformation)

Expanded social digital transformation initiatives in various fields that help resolve social issues

Identify key themes to **accelerate and expand provision of social value**

Corporate culture reforms

Made progress in changing employee awareness and behavior by systematically developing business-producing human resources and promoting DEI

Promote organizational development and train and acquire human resources linked to business strategies

Investment strategy

Invested in startups and structural reform for internal digital transformation

Proactively invest to accelerate business strategies

Positioning of Management Policies (2024–2026)

We aim to become a 1-trillion-yen corporate group by creating both social and economic value and by being a company that the market and customers want to work with to resolve social issues. We will execute management on many fronts in pursuit of steady business growth and establish a sustainable new business portfolio.

- New business
- Global business
- IT services business in Japan



Establishing a Sustainable Business Portfolio

We will strive to expand both core and growth businesses based on the three basic policies for realizing Vision 2030.

Core Businesses

Establish areas of strength through consolidation and selection, enhance value proposition, and improve profitability

- Establish areas of strength by identifying focus areas
- Enhance development productivity and reliability
- Expand service businesses

Growth Businesses

Enhance value proposition through proactive investment and establish a new earnings base

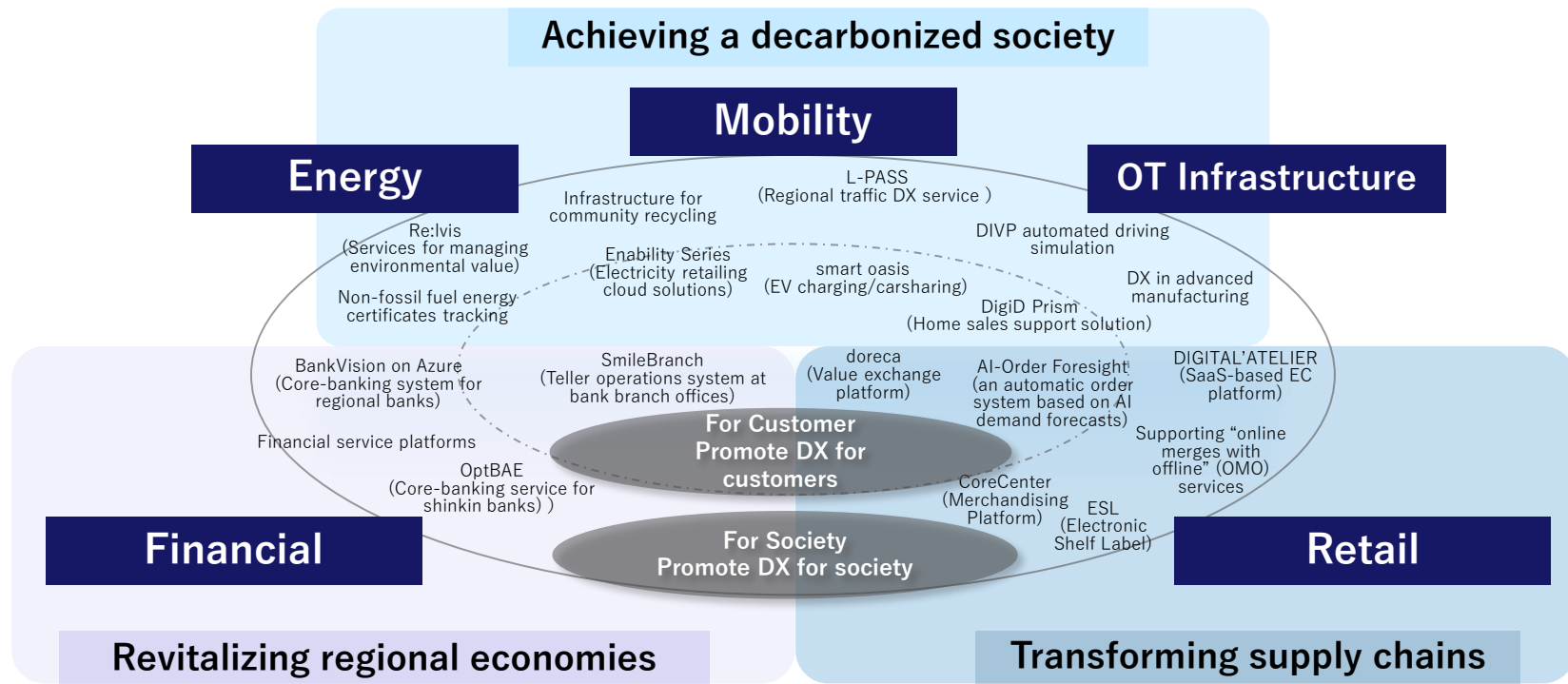
- Acquire new service areas and capture share in growth markets
- Accelerate the co-creation and deployment of social digital transformation businesses that resolve social issues
- Develop business in major ASEAN countries

Core Business Strategies and Focus Areas

BIPROGY Inc.
Naoshi Nagashima, Senior Corporate Officer, CMO

Focus Areas

We will implement proactive development investments and human capital allocations in focus areas based upon the strengths of the BIPROGY Group.



Strategy for Core Businesses

We will raise performance in our core businesses by ensuring the appropriate allocation of management resources and by enhancing development productivity and reliability.

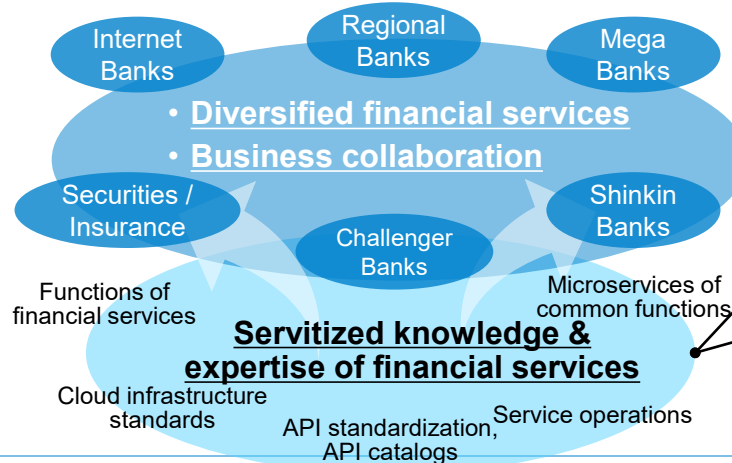
Key Strategic Initiatives	Growth Scenarios
Allocate management resources to focus areas/customers	<p>Make proactive development investments and human capital allocations in focus areas</p> <ul style="list-style-type: none">Centered on our assets, which are a product of our excellent customer base and our thorough operational and customer knowledge, define five focus areas: financial, retail, energy, mobility, and operational technology (OT) infrastructureProactively invest in development to enhance customer value
Enhance development productivity	<p>Increase development capacity to support business expansion; enhance development productivity and reliability by utilizing new technologies and intellectual property</p> <ul style="list-style-type: none">Standardize project management and engineering, and shift internal processes toward earlier stages in the value chainStrengthen collaboration with domestic and international partners, including through M&As and business alliances, and supplement our human capital through initiatives such as hiring experienced professionalsAutomate development through the use of generative AI and other new technologies
Expand service businesses	<p>Enhance value proposition in service businesses through prioritized development investments in focus areas</p> <ul style="list-style-type: none">Increase the speed with which we can provide solutions by transitioning more services to the cloud, and expand our market shareReview operational processes and frameworks for outsourced services and increase efficiency
Net Sales Targets (Billion yen)	
<p>Financial</p> <p>43.2 50.0</p> <p>FY2023 FY2026</p>	<p>Retail</p> <p>23.2 30.0</p> <p>FY2023 FY2026</p>
<p>Energy</p> <p>18.2 21.0</p> <p>FY2023 FY2026</p>	<p>Mobility</p> <p>26.7 33.0</p> <p>FY2023 FY2026</p>
<p>OT Infrastructure</p> <p>18.2 21.0</p> <p>FY2023 FY2026</p>	

Our vision for 2030 : Financial

Our Vision for 2030

Play a part in transforming the digital economy through attempting to integrate our financial services and promoting mutual engagement among business partners

- ✓ We have many customers operating business in a variety of financial sectors. We expect an increase in the needs for various financial services in the future.
- ✓ We will provide financial services more based upon the strength of our knowledge and expertise crystallized in our financial solutions, in collaboration with the customers as our business partners.



[Strength (1)]

Build trust (from various business partners)

- A wide range of business partners that we have (such as regional banks, shinkin banks, Internet banks, insurance companies, and securities companies) can enable various businesses: customer base & share.
- Trust that we have built from performing businesses together with the financial institutions over the years.

[Strength (2)]

Development capabilities and capabilities for enabling successful system implementation

- Capabilities for system development, maintenance & support, and operation as expected of us by financial institutions
- We have accumulated capabilities mainly about requirements definitions, designs, test strategies, project management, and quality control.

[Strength (3)]

Pioneering attempts

- Take the lead in the industry in using cutting-edge technologies conducive to core-banking systems operating stably on the cloud, etc. Work on packaging and servitizing in accordance with business operations deepening and evolving, together with financial institutions that serve as our reference.



Management Policies (2024-2026) Business Strategies: Financial

- We will implement the five strategies below in order to achieve as indicated in the Management Policies (2024-2026).

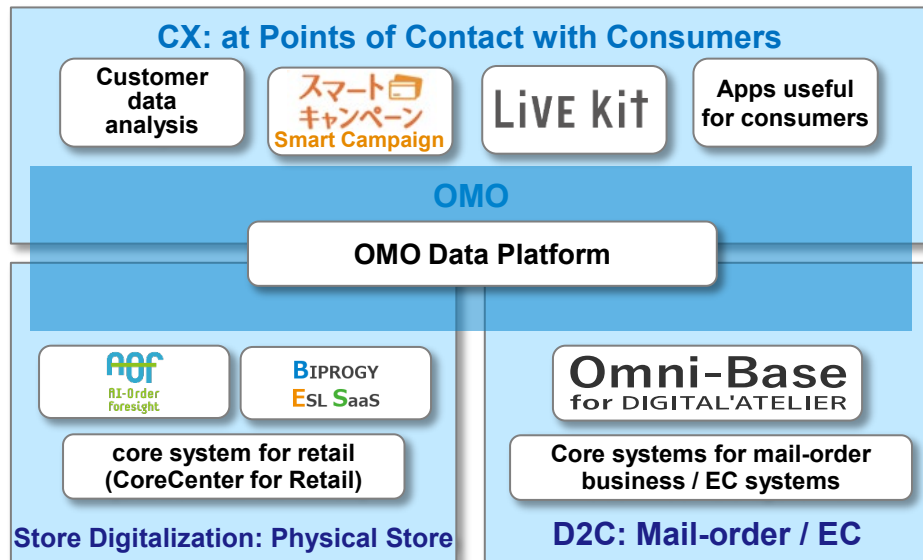
Strategy 1	<ul style="list-style-type: none">• Work on ideas of servitization in new areas that may make a positive impact on the market of businesses dedicated for financial institutions• Redefine business requirements (Get into shape advanced outsourcing, regional trade areas x digitalization, wealth management, etc., together with financial institutions at consortiums)
Strategy 2	<ul style="list-style-type: none">• Work on furthermore differentiating the core-banking system for regional financial institutions• Establish our position as a third force with an eye on increasing market share
Strategy 3	<ul style="list-style-type: none">• Evolve frontline services for financial institutions' customers• Attempt to increase share through continuously enhancing services
Strategy 4	<ul style="list-style-type: none">• Work on furthermore servitizing solutions specialized for businesses of financial institutions• Attempt to increase share through continuously enhancing services
Strategy 5	<ul style="list-style-type: none">• Integrate service architectures that underpin the four strategies above, and implement• Aim to enable a situation where all solution platforms are integrated and can be used and connected with mutually



Our vision for 2030 : Retail

Our Vision for 2030

Enable a futuristic retail that solves issues in society facing retailers, and supports changes in business environments and consumers' purchase behaviors



Strengthen and create our services in the four areas,
with the aim of enabling a futuristic retail

[Strength]

Capabilities of implementing effective IT solutions based upon knowledge and expertise about the industries and businesses accumulated through our experience of creating mission-critical systems for more than 40 years

- Aim to enhance our business experience in the area of digitalization of shops and D2C through adding the keywords, CX and OMO.
- Be conducive to enabling a sustainable society through providing services that solve issues faced in the market such as a shortage of human resources and diversification of consumer needs.

D2C: Direct-to-Consumer referring to companies selling their products directly on EC sites
CX: Customer Experience referring to a series of processes that customers experience through buying goods and services
OMO: Online Merges with Offline referring to integrating online services and offline services with the aim of keeping customers from confusions due to differences in the channels.



Management Policies (2024-2026) Business Strategies: Retail

- We will implement the three strategies below in order to achieve as indicated in the Management Policies (2024-2026).
- Aim at an increase in profit through providing new service solutions that solve issues

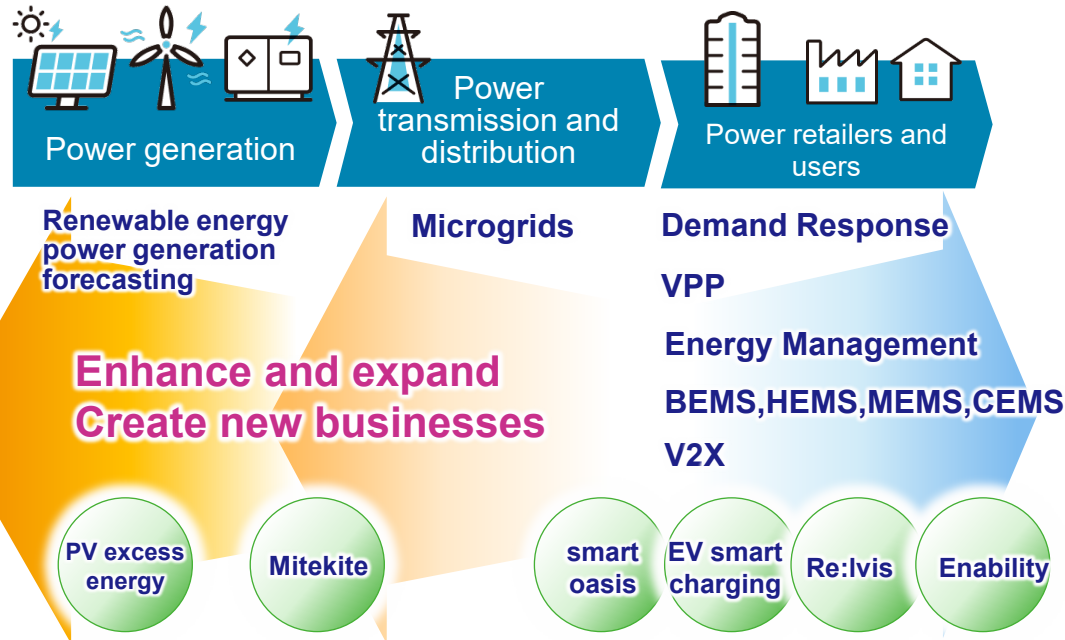
Strategy 1	Enhance businesses in the area of Store Digitalization <ul style="list-style-type: none">• Servitize and generalize “CoreCenter for Retail”, packaged core system for retailers• Improve the value proposition of the store operation reform services useful in light of a labor shortage and create new services (such as AI-Order Foresight and BIPROGY ESL SaaS) .
Strategy 2	Enhance businesses in the area of D2C (Direct to Consumer) <ul style="list-style-type: none">• Expand our Services business and SE services as well as DX businesses generally for mail order business through the use of catalogues and e-commerce business.• Provide DIGITAL’ATELIER, an all-in-one SaaS platform for enabling OMO business.• Expand the areas (sectors) covered by DIGITAL’ATELIER. Obtain businesses deriving from DIGITAL’ATELIER.
Strategy 3	Create new business models through the use of CX and OMO <ul style="list-style-type: none">• Deploy smart campaigns that constitute a platform for enabling retail media• Launch the “OMO Data Platform” to support OMO• Create new services through analyzing customer data obtained at points of contact with consumers



Our vision for 2030 : Energy

Our Vision for 2030

Create new businesses conducive to promoting renewable energy through the use of IT, with an eye toward realizing a decarbonized society as one of the social issues, in cooperation with our customers and partners



[Strength]

Knowledge and expertise that we have accumulated from developing systems as well as services (such as Enability and Re:lviz) for companies related to energy

- Attempt to enhance and expand our service assets in the value chain, with the aim of increasing profit
- Contribute to enabling a decarbonized society

Management Policies (2024-2026) Business Strategies: Energy

- We will implement the three strategies below in order to achieve as indicated in the Management Policies (2024-2026).
- Attempt to differentiate our services through combinations with service solutions launched in the past

Strategy 1	Customer DX: Deepen the value proposition for customers <ul style="list-style-type: none">• Expand services with an eye towards promoting DX at companies related to energy• Enhance service solutions such as Enability
Strategy 2	Social DX: Expand business in relation to carbon neutrality <ul style="list-style-type: none">• Develop and provide services and solutions about energy management, environmental value, and carbon neutrality
Strategy 3	Social DX: Grow through absorbing external resources <ul style="list-style-type: none">• Ally with or take a stake in companies related to carbon neutrality• Strengthen competitiveness through synergies with existing businesses

Our vision for 2030 : Mobility

Our Vision for 2030

Digitally transform mobility with digital technologies.
Enable new value propositions conducive to customer DX and social DX through digitally transforming mobility with the digital technologies such as digital twins linking real world and digital space.

Our Vision for 2030

Create Social DX

Create new value

Solve issues of labor shortages
(issues of aging workforce)

Promote carbon neutrality

Work on environmental issues

Reduce traffic accidents
and traffic jams

Improve the mobility convenience
for people and goods

2024-2026

Further Initiatives of Customer DX

Develop simulation
Environments
and evaluation

Deploy CG
and virtual
technologies

Work on
non-transportation
businesses

Regional
transportation
cooperation (MaaS)

Digitally transform
operations in
warehouse

Sophisticate a vehicle-carto
matching system
through DX



Automobile



Airline



Railway



Travel



Transportation
& Logistics



Warehouse

- Digitalize manufacturing
- Prevent accidents through deterring dangerous driving

- Digitalize manufacturing
- Prevent accidents through

- Digitalize and streamline warehouse storage management
- Streamline and optimize vehicle allocation operations

Relationships with customers, technological capabilities,
and capabilities for enabling successful system

[Strength]

Execution capabilities based on advanced technological skills (CG, virtual technologies, etc.) and a wealth of business experience (in the business areas of automobile industry, airline industry, railway industry, and logistics industry) obtained through developing systems for customers.

- Make proposals to customers operating businesses about the movement of people and goods about proactively using digital technologies. Thus, execute new value propositions for customer DX.
- The BIPROGY Group taking on the challenge of enabling an evolution of mobility, as an initiative of social DX, that mobility refers to various value propositions rather than mere transportation modes.



BIPROGY

Foresight in sight

Management Policies (2024-2026) Business Strategies : Mobility

- We will implement the three strategies below in order to achieve as indicated in the Management Policies (2024-2026).
- Establish our competitiveness in the market through furthermore using knowledge and expertise and deploying combinations of services and solutions launched in the past.

Strategy 1

Enable V-Drive Technologies to grow business and use cross-cuttingly its technologies

- Aim to enable a practical use of the technologies in other industries as well as in automobile-related industries
- Aim to improve the convenience and safety of mobility in traffic environments

Strategy 2

Create businesses in light of non-transportation businesses in the airline industry and the railway industry

- Create value propositions for customers with the customers through furthermore strengthening relationships with customers and working on closely their business attempts in the business areas other than airline and railway businesses.

Strategy 3

Initiatives for addressing labor shortages in the areas of logistics and transportation

- Re-use knowledge and expertise that was proven at the existing customers in the logistics and transportation areas for other customers.
- Furthermore cooperate with investee companies (GROUND Inc./Hacobu, Inc). Consider new investments.



Our vision for 2030 : OT Infrastructure

Our Vision for 2030

Specifically focus on the manufacturing industry as a managed service provider. Promote digital transformation of the industry from the perspectives of IT and OT, with our businesses about OT network and security used as the stepping stone.

- ✓ We have built customer relationships with Dai Nippon Printing Co., Ltd. (DNP) as well as companies operating in the area of automobile manufacturing and non-automobile manufacturing through providing IT infrastructure technologies.
- ✓ We have seen needs for digitalization intensified in the manufacturing sector. We can expect an enhancement of our presence as well as an increase in business if we can participate in the OT infrastructure services market.

- Need for digitalization in design and manufacturing processes
- Urgent issues such as IT/OT integration and security

DNP

Automobile
manufacturing

Non-automobile
manufacturing

**Business growth across
the manufacturing market**

IT

OT

Conventional knowledge
in the IT field

Maintenance and
service system

Partner

[Strength (1)]

Customer relationships in the IT area

- BIPROGY Group's customer base in the manufacturing industry, which we have built through providing infrastructure technologies in the IT field

[Strength (2)]

Technological capabilities about networks and security

- Our technological capabilities and knowledge & expertise can address issues about network and security, the urgent issues in the OT area.

[Strength (3)]

Collaborate and cooperate with partners

- Arrangements for allying and collaborating with companies excelling in the OT business area such as OT trading companies and OT vendors as well as Cisco and TXOne among other manufacturers

[Strength (4)]

Nation-wide network for maintenance services

- Service networks and arrangements operated by UNIADDEX, Ltd. that can support factories of our manufacturing customers across the nation



Management Policies (2024-2026) Business Strategies: OT Infrastructure

- We will implement the four strategies below in order to achieve as indicated in the Management Policies (2024-2026).

Strategy 1	Expand the entire businesses in the manufacturing market <ul style="list-style-type: none">• Expand the entire businesses in the manufacturing market through creating and establishing business in the OT business area
Strategy 2	Establish our brand in the area of OT business <ul style="list-style-type: none">• Take the lead in getting into shape best practices of services and solutions that can be used for addressing issues at customers. Establish our brand based upon integrating IT and OT.
Strategy 3	Establish offering models and business models for horizontal development <ul style="list-style-type: none">• Establish offering models (standardized value propositions) and business models for horizontal development in the area of OT Business
Strategy 4	Servitize platforms for using manufacturing data <ul style="list-style-type: none">• Provide managed services conducive to solving issues in the business, as exemplified by an attempt to improve productivity through the use of AI. This is based upon collecting and aggregating data mainly about design and manufacturing securely.



**Follow-up for the Briefing Session
on the Results for the Fiscal Year Ended March 2024
and Management Policies (2024-2026) held on April 30, 2024**

**BIPROGY Inc.
Noboru Saito, President &CEO, CHO**

FYMar2024 (Full-Year) Consolidated Performance Results

Excerpts from presentation material
for the briefing session held on April 30, 2024

- ✓ **System services took the lead in our businesses picking up. An increase in the SG&A expenses was absorbed. As a result, the revenue and profits increased.**
- ✓ **Orders for all our services segments remained strong. Orders and order backlogs increased.**

	FYMar2023 (Full Year)	FYMar2024 (Full Year)	(Unit : Billion Yen)	
			YoY	
Revenue	339.9	370.1	+30.2	(+8.9%)
Gross Profit	89.4	97.2	+7.8	(+8.8%)
SG&A Expenses	-60.0	-63.4	-3.4	(+5.7%)
Share of profit (loss) of investments accounted for using equity method / Other income and expenses	0.3	-0.5	-0.8	
Operating Profit	29.7	33.3	+3.6	(+12.2%)
(Operating Margin)	(8.7%)	(9.0%)	(+0.3pt)	
Profit attributable to Owners of Parent	20.2	25.2	+5.0	(+25.0%)
Adjusted Operating Profit*	29.4	33.8	+4.4	(+15.0%)
(Adjusted Operating Margin)	(8.6%)	(9.1%)	(+0.5pt)	
Orders	362.1	386.1	+24.0	(+6.6%)
Order Backlogs	273.9	289.8	+16.0	(+5.8%)
(Order backlogs in the next FY)	135.1	140.9	+5.7	(+4.3%)

* Adjusted operating profit is the result obtained after deducting selling, general and administrative expenses and cost of sales from revenue.

(Revenue)

Revenues from all segments increased based upon significant demands for DX investments.

(Operating Profit)

Gross profit driven by the increase in revenues absorbed an increase in SG&A expenses. Profitability improved as well.

•Gross profit

Gross profit increased on the basis of the increase in revenues. Impacts from an increase in the outsourcing costs were absorbed by the improved gross margin in system services and products sales. As a result, profitability remained unchanged from the previous period.

•SG&A expenses

Personnel expenses: an increase of 1.5 billion yen
Internal systematization expenses: an increase of 1.3 billion yen
R&D expenses: an increase of 0.6 billion yen

•Share of profit (loss) of investments accounted for using equity method / Other income and expenses

Goodwill impairment of a Group company (0.7 billion yen) and loss on liquidation of business of our affiliated company (0.3 billion yen) among others were posted.

(Profit Attributable to Owners of Parent)

Profit was driven up partly by the increase in operating profit. Also, a decrease in the income tax partly through applying the Tax Measure to Promote Wage Increases was conducive to the improved profit.

(Orders and Order Backlogs)

System services and outsourcing took the lead in increasing orders. Order backlogs increased based upon an increase in outsourcing order backlogs. Order backlogs to be posted as revenue within the next fiscal year increased, as well.



FYMar2025 (Full-Year) Performance Forecast

Excerpts from presentation material
for the briefing session held on April 30, 2024

- ✓ **Balance increasing the core businesses and strengthening growth investments with an eye toward establishing new revenue bases in the first fiscal year of the Management Policies.**
- ✓ **An increase in SG&A expenses due to investing in the future.**

(Unit : Billion Yen)

	FYMar2024 (Full Year Results)	FYMar2025 (Full Year Forecast)	YoY	
Revenue	370.1	385.0	+14.9	(+4.0%)
Gross Profit	97.2	101.2	+4.0	(+4.1%)
SG&A Expenses	-63.4	-66.2	-2.8	(+4.5%)
Share of profit (loss) of investments accounted for using equity method / Other income and expenses	-0.5	0.5	+1.0	
Operating Profit	33.3	35.5	+2.2	(+6.6%)
(Operating Margin)	(9.0%)	(9.2%)	(+0.2pt)	
Profit attributable to Owners of Parent	25.2	24.5	-0.7	(-3.0%)
Adjusted Operating Profit*	33.8	35.0	+1.2	(+3.5%)
(Adjusted Operating Margin)	(9.1%)	(9.1%)	(-0.0pt)	

【Key Factors Conducive to the Increase in SG&A Expenses】

(Unit: Billion Yen)

• Increase in R&D expenses	0.5
• Pay raise and introduction of new personnel system	1.0
• Medium and long-term facility plan	0.6
• Postponing renewal of core systems	0.7
• Others	0.2

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

Performance Targets

While aiming to transform our business portfolios and strengthen our focus areas, we target revenue of 420 billion yen and adjusted operating margin of 11.0%.

	FYE March 2027 (Target)
Revenue	420 billion yen
Adjusted operating margin	11.0%
ROE	15.0%
Dividend payout ratio	40.0% or more + Flexibly implement share repurchases, taking into account stock price



BIPROGY

Foresight in sight

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(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 BIPROGY Inc. 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.