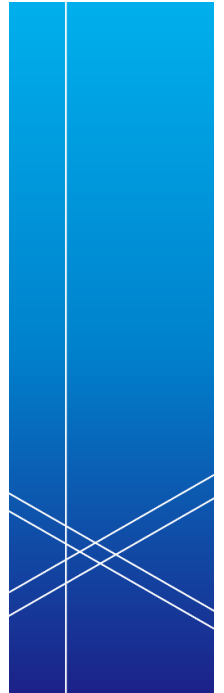


# **BIPROGY Group Management Policies (2024-2026) Briefing**

June 4, 2024  
BIPROGY Inc.



## Management Policies (2024-2026)

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

This is Saito. Thank you so much for attending this briefing session on the Management Policies despite your busy schedule.

We explained our Management Policies (2024-2026) at our financial results briefing on April 30. We had little time for explaining the details. Thus, we are providing this opportunity today in order to convey to you our messages embodied in the Management Policies established in the circumstances where we were in.

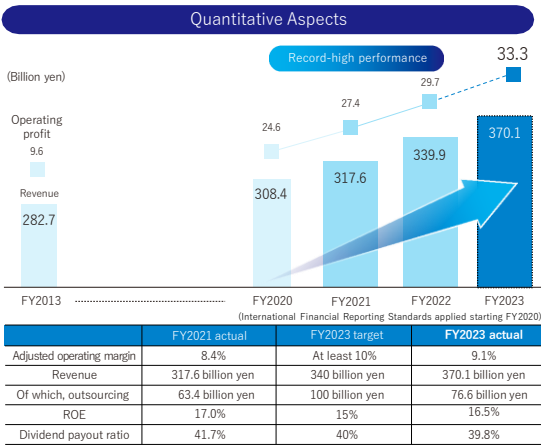
We received many questions and comments at IR interviews after the briefing on our financial results.

Interviews after the briefing on our financial results. In the ending part of our session today, we will have a follow-up time for the financial results briefing.

We would like to have your kind cooperation in advance.

## 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.



**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

First, I will explain the results from and issues of the Management Policies (2021-2023).

As explained in our financial results briefing on April 30, we suffered costs more than expected, and our adjusted operating profit fell below the published prediction value. However, we achieved record-high results in terms of revenue, operating profit, and profit. With DX demands from customers remaining strong in the last two years, we have focused our business resources on system services. This has enabled the For Customers initiatives to take the lead in enabling our growth.

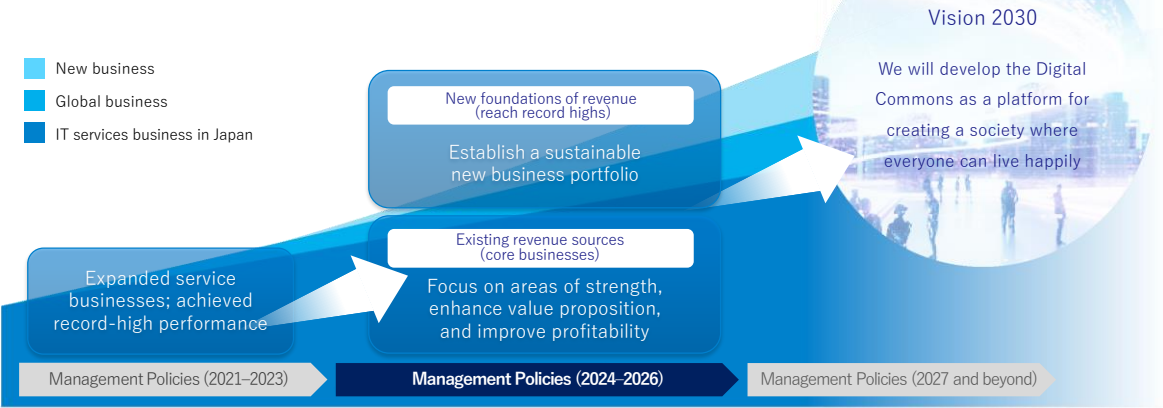
As a backlash, we revised our original target for outsourcing business downward from ¥100 billion to ¥75 billion. Although we cleared the target of ¥75 billion, we have not reached the original target. We had an idea of concentrating upon outsourcing business. However, we have decided to focus on DX development projects with empathy towards customers kept in mind. This enabled us to develop DX in looking to the future. Also, this enabled almost the entirety of the company to be exposed partly through entrusted businesses to various types of knowledge and expertise. In short, I think this was massively significant.

Furthermore, UNIADEx, Ltd. and the rest of the Company have promoted service businesses. We look to a DX-type business in the outsourcing segment. We will drive the business with our focus on managed services. Thus, we have integrated an organization dedicated for the business into UNIADEx by taking the opportunity to reshape our organization. This enables us to strengthen and furthermore optimize our arrangements for planning, providing and operating services. We have business creation-type outsourcing, as one of the service-based-type outsourcing. We have referred to a business ecosystem for a long time. What we intend is to create businesses together with customers and partners as well as start-ups in that context.

We will furthermore work on businesses with an awareness of solving social issues kept in mind. We will definitely develop a digital commons through which we will create social value and economic value. We are still on the way, though.

# 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.



This year, we have formulated Management Policies from the viewpoint of corporate value. In the future, we aim to become a corporate group that has a corporate value of ¥1 trillion in around 2030. We aim to raise our corporate value from the same perspective as our shareholders and continue business growth.

Please have a look at the center of the chart. You see the Management Policies (2024-2026) with two major business pillars. One of the two refers to the core business. It is the current source of earnings. Our strategy is to further enhance business areas of our strength. We intend to enhance the value that we provide to our customers and our profitability. We would like to describe in considerable detail in the ending part of this briefing session today. We have growth businesses as a new pillar of earnings. We will create sustainable new business portfolios.

We will take this step, and make a base for our next management policies from 2027. We will move forward toward 2030.

# 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

CMO Nagashima will brief you on the two pillars, core business and growth business, later. I will give supplementary information about growth business. We have growth business composed of Market Development and Business Development as well as Global Initiatives. This is due to our intention to increase value that we provide and establish new earnings through aggressive investment.

First, we focus on AI in the area of Market Development. Specifically, we would like to strengthen activities through the use of AI. There is a considerable amount of data at customers and in markets, be it in Japan or in the entire world. How could we utilize the data? How could we transform the use of data into power with our customers kept in the picture? We would like to provide services in this regard. In light of solving social issues, we need to focus on data and create services that enable the use of data through AI. This business area provides opportunities for solving social issues such as SDGs and ESG. Thus, we can have business chances.

We worked on creating new services that solve social issues related to SDGs in the area of Business Development, as suggested in the previous Management Policies. Although this effort has not developed a source of earnings in a real sense, as yet, we have planted many seeds of business. It is important to grow the seeds into services that can earn and be conducive to society in the three years.

I said in the financial results briefing session that we would focus on ASEAN countries when I referred to our Global Initiatives. We received questions about our entry into the U.S. market. We do not think of any bold M&As in the U.S. in the three years. Rather, we are thinking of monitoring the U.S. market and bringing services, etc. from there partly through the use of BIPROGY USA, Inc, a research office, adjusting in Japan and then taking over to the rest of Asia. We are busy with investing in funds in the U.S., as well. We would like to aggressively invest. We received your questions partly referring to our intentions about M&A. In response, I say that we do not see M&As in our future landscape of the three years. Needless to say, if we really see a good project, it's different. We will ensure proper operations with risks kept in mind.

## **Core Business Strategies and Focus Areas**

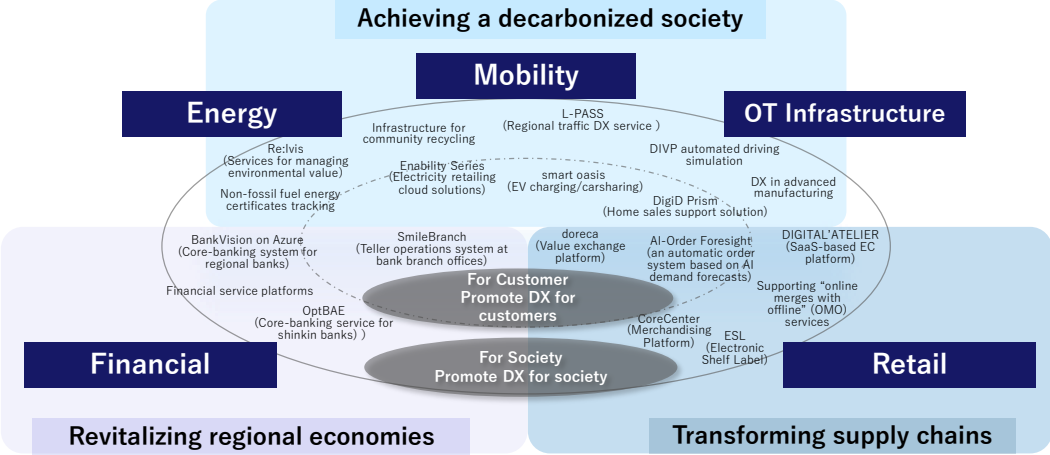
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**BIPROGY Inc.**  
**Naoshi Nagashima, Senior Corporate Officer, CMO**

This is Nagashima. I will brief you on our core business strategies and focus areas.

Focus Areas

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



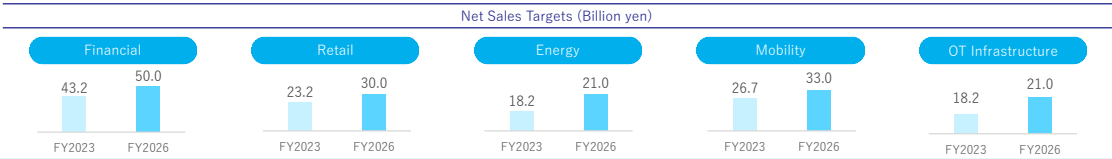
We take the viewpoint of establishing our areas of strength and enhancing value that we provide and profitability in there. From this perspective, we will concentrate our business resources in areas where we can leverage "thorough understandings of customers and businesses", the strengths of the BIPROGY Group that we have gained through our performances of providing and operating core solutions and infrastructure services.

These are the five areas of Financial, Retail, Energy, Mobility, and OT Infrastructure.

# 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	Make proactive development investments and human capital allocations in focus areas <ul style="list-style-type: none"><li>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) infrastructure</li><li>Proactively invest in development to enhance customer value</li></ul>
Enhance development productivity	Increase development capacity to support business expansion; enhance development productivity and reliability by utilizing new technologies and intellectual property <ul style="list-style-type: none"><li>Standardize project management and engineering, and shift internal processes toward earlier stages in the value chain</li><li>Strengthen collaboration with domestic and international partners, including through M&amp;As and business alliances, and supplement our human capital through initiatives such as hiring experienced professionals</li><li>Automate development through the use of generative AI and other new technologies</li></ul>
Expand service businesses	Enhance value proposition in service businesses through prioritized development investments in focus areas <ul style="list-style-type: none"><li>Increase the speed with which we can provide solutions by transitioning more services to the cloud, and expand our market share</li><li>Review operational processes and frameworks for outsourced services and increase efficiency</li></ul>



We have established three key strategies in order to implement our core businesses.

First. Allocate management resources to focus areas / customers.  
We will aggressively invest in development and make proactive development investments and human capital allocations in focus areas. We will establish a competitive advantage through enhancing value that we provide by working on R&D to create solutions that deliver new value and investing in open innovation that can generate synergies with our Group as well as allocating human resources.

Second. Enhance development productivity.  
We will increase the added value of our services by standardizing engineering processes and improving project management on the premise of using new technologies. We will also strengthen our human capital through collaborating with our domestic and overseas partners as well as hiring experienced human resources.  
In addition, we will promote the automation of development through the use of new technologies such as generative AI. Specification documents and design documents used in system development are expected to be understood and agreed with by readers. The documents contain less tech-savvy expressions in the Japanese language as well as problems of omissions, inconsistencies, non-uniformity, blurriness, etc. It is partly attributable to users/readers being expected to peruse the documents before understanding and agreeing with the contents. It takes us much time to detect issues as I described just now and take measures. Thus, we will first digitalize specifications and design documents with the aim of enabling more efficient use of automation tools and generative AI.  
Our ultimate aim is to enable nonprogramming development (fully automatic generation) based upon inputting data of requirement definition documents. We will develop and organize digitalized design documents (created through the use of AI) and AI use environments with the aim of generating high-quality deliverables.

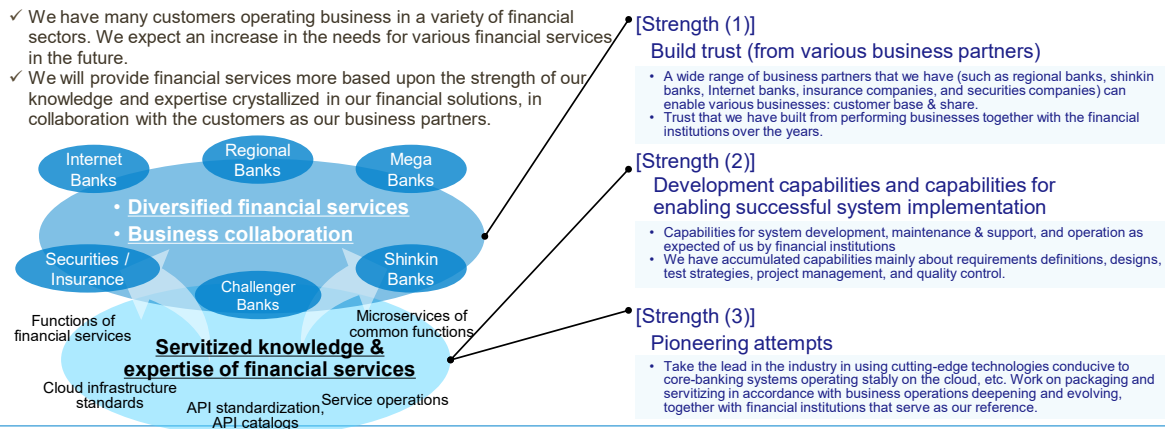
Third. Expand service businesses.  
We will improve profitability through attempts to work on providing cloud-computing and multi-tenant services (underpinned by aggressive investments and combining assets that we obtained from experiencing Customer DX initiatives) and optimizing processes and arrangements for operating outsourcing services.

With these three key strategies at the core, we would like to move forward toward the revenue targets indicated at the bottom .

# 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



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

To this end, we will implement five key strategies.

Strategy 1. We will be expected to provide furthermore diversifying financial services in the future. We will deliberate and devise services in new areas that meet the needs of the times. We will re-define business requirements and put into shape wealth management, regional commercial sphere x digital, and advanced outsourcing through a consortium composed of business partners and us.

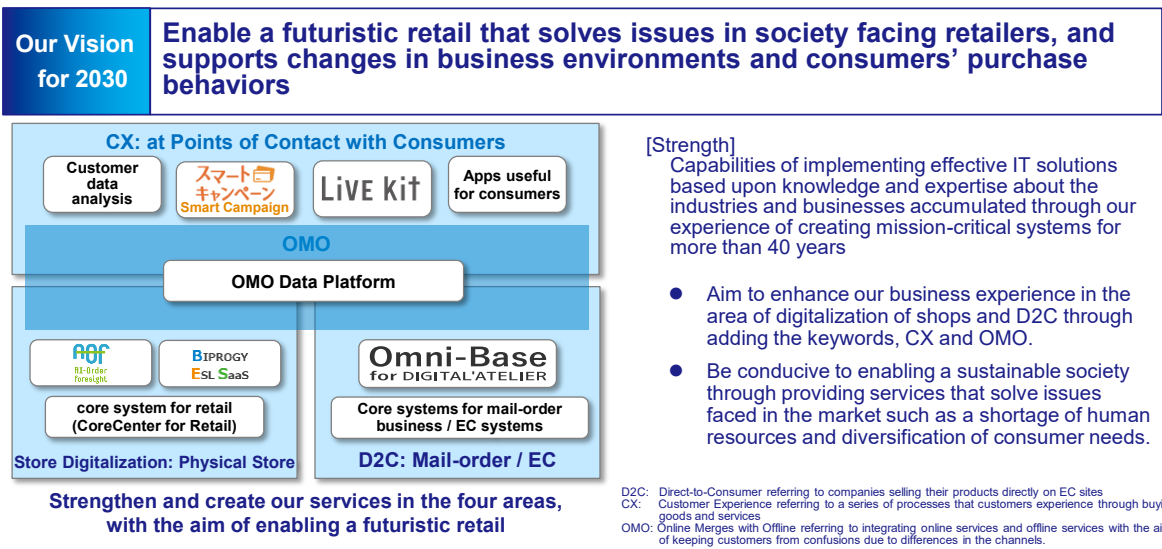
Strategy 2. We aim to increase profitability by integrating core-banking platforms (for BankVision and OptBAE) and operations. Some regional banks intend to break away from mainframe. We have seen many compelling events.

Strategy 3. We will improve customer experience and provide engagement services with empathy towards customers kept in mind. This is exemplified by “#tsmuGO\_mobile” banking app, data analysis services, and financial consulting support services.

Strategy 4. We aim to enable a sustainable and stable growth based upon a position established as a provider for de facto standard solutions and systems of good return on investment. Specifically, we will focus on three areas of solutions about international financial instruments, financial market transaction solutions, and trust financial instruments.

Finally, Strategy 5. We will integrate architectures to underpin these strategies. The intention of integrating all solution platforms and enabling mutual connections and uses is to furthermore sophisticated systems. This will be another critical framework that supports our visions 2030.

# Our vision for 2030 : Retail



# 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	<b>Enhance businesses in the area of Store Digitalization</b> <ul style="list-style-type: none"><li>• Servitize and generalize “CoreCenter for Retail”, packaged core system for retailers</li><li>• 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) .</li></ul>
Strategy 2	<b>Enhance businesses in the area of D2C (Direct to Consumer)</b> <ul style="list-style-type: none"><li>• 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.</li><li>• Deploy DIGITAL'ATELIER, an all-in-one SaaS platform for enabling OMO business.</li><li>• Expand the areas (sectors) covered by DIGITAL'ATELIER. Obtain businesses deriving from DIGITAL'ATELIER.</li></ul>
Strategy 3	<b>Create new business models through the use of CX and OMO</b> <ul style="list-style-type: none"><li>• Deploy smart campaigns that constitute a platform for enabling retail media</li><li>• Launch the “OMO Data Platform” to support OMO</li><li>• Create new services through analyzing customer data obtained at points of contact with consumers</li></ul>

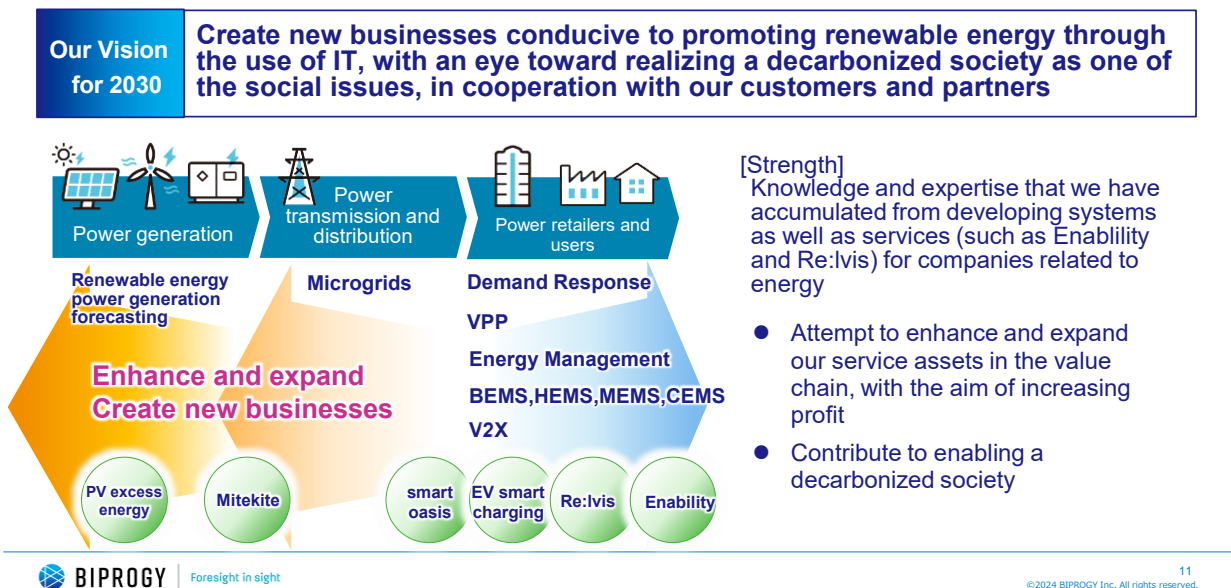
To this end, we will implement three key strategies.

Strategy 1. We will digitalize stores.  
We will further strengthen the functions of Core Center for Retail, our existing core asset in the business area related to retail stores, and will provide the core asset to major retailers.  
We will deploy the AI-Order Foresight (AI-based demand forecasting system) and BIPROGY ESL SaaS (electronic shelf tag service). The two peripheral assets are expected to prove effective soon after implementation. The assets will be conducive to solving social issues such as labor shortage and food loss and waste.

Strategy 2. D2C businesses.  
The key targets are mail-order and e-commerce businesses.  
We will provide to business operators mainly DIGITAL'ATELIER, an all-in-one SaaS platform for business operation. Furthermore, we will also use this service as a foothold in order to enter the OMO area.

Finally, Strategy 3. Use CX and OMO in order to focus on new business areas  
We envision that our working on CX and OMO areas will help consumers to enjoy more attractive, liberating, and convenient experiences through purchasing. We will enable optimum and personalized proposals tailored for each consumer in light of a variety of needs.  
We will: enter the retail media area; provide the Smart Campaign (campaign system) and the OMO Data Platform that supports a fusion of the online world and the real world; and create services that help consumers to enable a variety of purchase behaviors (or that help consumers to obtain what they want at any time).

# Our vision for 2030 : Energy



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

Our three-year business strategy refers to implementing three key strategies predicated upon attempting differentiations through combinations of services that we have launched.

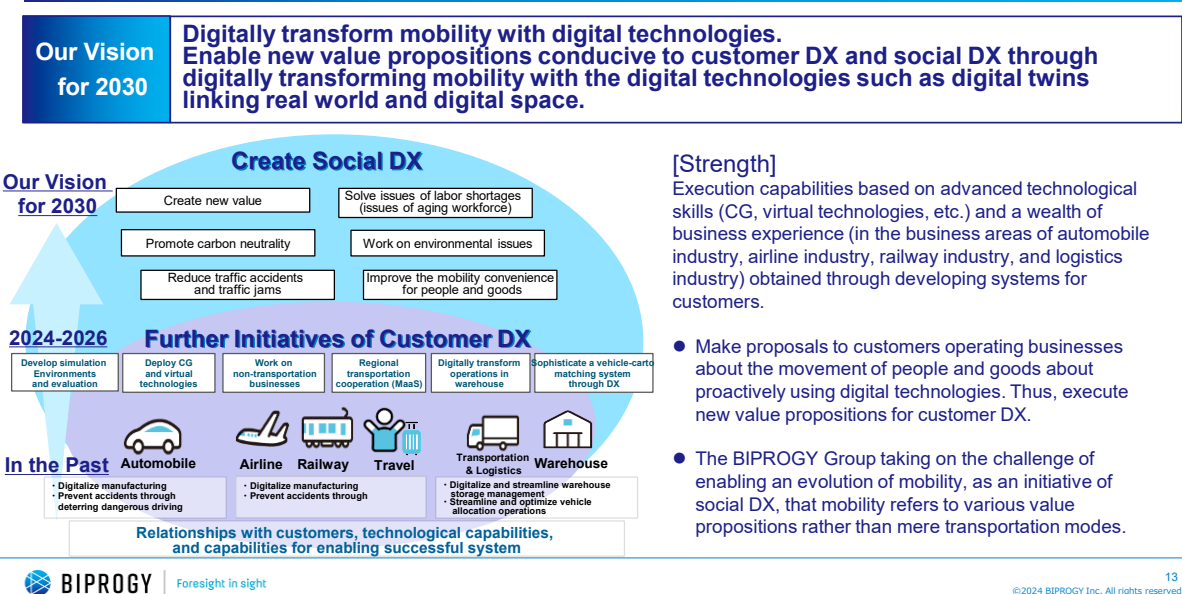
Strategy 1. We will further promote our service businesses with an eye on contributing to promoting DX at customers related to energy. Furthermore, we aim to increase profit through attempts to enhance functions about our existing unique services such as Enability, power retail cloud service.

Strategy 2. We will work on developing new solution services that enable a carbon neutrality, a social issue. We intend to increase the value that we provide to customers and also contribute to solving the social issue.

Finally, Strategy 3. We will be keen on importing external resources in addition to using our internal resources in order to achieve growth. Specifically, assets in the sections of power generation and power transmission in the value chain are missing pieces for the company, unlike the demand-side assets of ours.

We aim at supplements and also we aim to strengthen our competitiveness based upon synergies with our existing businesses and services enabled through business alliances and capital participation.

# Our vision for 2030 : Mobility



# 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 <ul style="list-style-type: none"><li>• Aim to enable a practical use of the technologies in other industries as well as in automobile-related industries</li><li>• Aim to improve the convenience and safety of mobility in traffic environments</li></ul>
Strategy 2	Create businesses in light of non-transportation businesses in the airline industry and the railway industry <ul style="list-style-type: none"><li>• 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.</li></ul>
Strategy 3	Initiatives for addressing labor shortages in the areas of logistics and transportation <ul style="list-style-type: none"><li>• Re-use knowledge and expertise that was proven at the existing customers in the logistics and transportation areas for other customers.</li><li>• Furthermore cooperate with investee companies (GROUND Inc./Hacobu, Inc). Consider new investments.</li></ul>

We have cultivated technological capabilities over the years. We will practically use our technological capabilities in mobility-related industries in a cross-sectional manner. To this end, we will implement three key strategies.

Strategy 1. We aim to develop the business of V-Drive Technologies Inc., and also we will continuously work on using CG and virtual reality technologies for automated driving simulations provided by V-Drive Technologies Inc. in other industries.

Strategy 2. We have begun to work on creating new businesses in the non-airline and non-railway sections in the airline and railway industries.  
We have taken the lead in becoming an accompanying partner for creating businesses. This is enabled through the use of our knowledge and expertise that we have acquired from working on new businesses of payment and settlement for the past few years, in addition to those that we have accumulated in the financial industry and logistics & distribution industry.  
We will furthermore accelerate our attempts throughout the duration of the Management Policies.

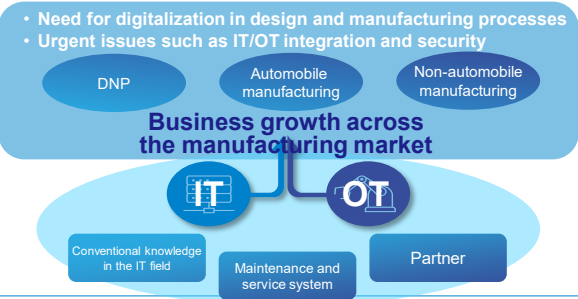
Lastly, Strategy 3. We will work on re-using knowledge and expertise that we have acquired and cooperating more with investees as well as more investments. This strategy is predicated upon our initiatives of promoting DX for companies from the viewpoints of logistics, transportation and warehouse, ranging from creating cold-chain core systems in the area of logistics and transportation to investing in and cooperating with venture-backed companies.

# 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.



### [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

In the business area of OT Infrastructure, we will focus on the manufacturing industry with managed services capabilities integrated into UNIADDEX, Ltd. playing a key role. We will promote digitalization of the manufacturing industry from the viewpoints of IT and OT, with OT networks and security as keywords.

We have seen strong demands for digitalization in the manufacturing industry specifically in the OT area represented by design and manufacturing processes.

The area of OT Infrastructure is a white space for us. It is critical in light of business growth and also from the viewpoint of improving our presence exposed to customers.

In the manufacturing industry, We have a strong customer base and customer relationships that we have created through our businesses in the existing IT business areas.

We have seen our relationship with Dai Nippon Printing Co., Ltd. growing from the viewpoint of actual businesses as well as capital relationship. The both companies have cooperated in expanding businesses related to security measures for factories and developing and providing services.

Furthermore, we have received numerous inquiries from automakers in the area of OT Infrastructure. We plan to expand this business through deploying knowledge and expertise that we have gained from working on attempts with automakers to non-automotive manufacturing.

We will use our technological capabilities about network and security and our nationwide maintenance and support arrangements in order to strengthen collaboration with our partners, with an eye on our customers in automotive and non-automotive manufacturing as well as Dai Nippon Printing Co., Ltd.

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"><li>Expand the entire businesses in the manufacturing market through creating and establishing business in the OT business area</li></ul>
Strategy 2	Establish our brand in the area of OT business <ul style="list-style-type: none"><li>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.</li></ul>
Strategy 3	Establish offering models and business models for horizontal development <ul style="list-style-type: none"><li>Establish offering models (standardized value propositions) and business models for horizontal development in the area of OT Business</li></ul>
Strategy 4	Servitize platforms for using manufacturing data <ul style="list-style-type: none"><li>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.</li></ul>

We will implement four key strategies to achieve as indicated in the Management Policies.

Strategy 1. We will enter the OT business area, a white space for us, and create businesses conducive to our expanding share in the manufacturing market. This will be enabled through our responding to current inquiries about OT networks and security solutions.

Strategy 2. What is important for increasing our business is the name of BIPROGY Group coming to mind when IT infrastructure or OT infrastructure is referred to.  
We will continue to develop managed services and solutions for the areas, and will present proposals in order to build our brand in the IT/OT business areas.  
A shortage of IT personnel troubles the entirety of society, not just our Group.  
We think that our business growth won't be an easy matter if we rely solely on manpower as we did in the past.

Strategy 3. We will standardize knowledge and expertise that we have acquired from our implementing businesses with advanced customers in light of OT capabilities. We will get it in the shape of offering models, and provide horizontally to non-automotive manufacturing customers.

Finally, Strategy 4. We will servitize a manufacturing data utilization platform in order to meet the needs for generative AI and data utilization. We will provide a platform that helps business issues to be solved through the use of infrastructure for data collection and data aggregation and generative AI.

**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**

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

Let me follow up on three items about our financial results briefing material of April 30.

## 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.**

(Unit : Billion Yen)

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

We did not reach the target in light of adjusted operating profit and operating profit for the fiscal year ended March 2024. We had revised the adjusted operating profit target and the operating profit target upward in the third quarter.

When we made the upward revision, we recognized risks of impairment of goodwill and loss on liquidation of business, and reflected a corresponding amount of risks in our prediction of the fourth quarter. However, we found that the loss amounted in excess of our expectations in the process of the review. In February, we decided to postpone the internal system renewal project due to safety concerns. As a result, the cost increased unexpectedly.

These costs could not have been avoided. However, if we had predicted the costs more accurately and implemented measures to curb SG&A costs much earlier, we would not have surprised our stakeholders.

In the future, we will strive to improve more the quality of our performance management, enhance disclosure to our stakeholders, and improve the quality of our dialogue.

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

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

**[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

Second. It refers to our forecasts for the fiscal year ending March 2025 and the fiscal year ending March 2027.

We forecasted adjusted operating profit of ¥35.0 billion and operating profit of ¥35.5 billion for the fiscal year ending March 2025. The predictions were significantly lower than the consensus in the market. We know that this is one of the factors that dragged down our stock prices.

In the fiscal year ending March 2025, personnel expenses will increase due to an introduction of new personnel system. In addition, considering an impact of temporary factors such as an increase in SG&A expenses due to a review of our facilities, we made a conservative forecast of performance at the beginning of the fiscal year. We now see strong demands for system services continuing. We will meet resource needs partly through coordinating with partner companies. We would like to accurately assess actual amounts of orders and order backlogs, and the pipeline by industry, and review our prediction appropriately.

We will review the facilities, as we have decided that we should implement the review now in order to enable a reduction of costs for the third year and beyond such as a substantial reduction of rent, with an eye on setting strong targets for the next three years.

This is related from the viewpoint of the performance prediction for the fiscal year ending March 2027. SG&A expenses for the fiscal year ending March 2025 include temporary costs, and the temporary costs will exist no longer in the third year. The entire SG&A costs will not increase from the fiscal year ending March 2025. In light of revenue and gross profit, we look to contributions from businesses in the focus areas as well as businesses that we have been working on as indicated in the strategies. We also expect UNIADEx and other companies in the Group to be conducive in earnings. Also, we would like to improve gross margin. We believe that we definitely must achieve targets of the final fiscal year. It is a milestone for our journey towards the goal of becoming a corporate group that has a corporate value of ¥1 trillion.

## 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

Finally, I would like to explain ROE and shareholder returns.

In the fiscal year ended March 2024, we posted an increase in profit, largely attributable to temporary factors such as a decrease in the burden of income taxes. ROE was 16.5%.

If we exclude this impact, ROE would be at the 15% level. This is the starting point, and we aim to go beyond it needless to say. We have used this description, a target of 15%. This indicates our resolve that we will secure the minimum. I am aware that we have received questions why we indicate the figure that we have already cleared. However, I would appreciate it if you could kindly understand our announcing the figure based upon this determination of ours.

We will continuously and stably provide shareholder returns.

We will prioritize the implementation of growth investments, and we will consider share repurchases with situations of growth investments kept on our radar. We described no more than we referred to flexibly implementing (share repurchases). We did not specify the timing or scale of share repurchases.

This may have raised doubts among our stakeholders as to whether the share repurchases should actually be implemented. We believe that it is necessary to announce our thoughts as well as our policy on the handling of treasury stock as quickly as possible in the future. We would appreciate your kind understanding.



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