

Business Results Summary

(BIPROGY Inc. and its consolidated subsidiaries)

Summary of FY2022 Results

Revenue	Operating profit	Profit attributable to owners of parent	Operating margin	ROE
¥339.9 billion	¥29.7 billion	¥20.2 billion	8.7%	15.0%
Forecast ¥330.0 billion Achieved	Forecast ¥29.0 billion Achieved	Forecast ¥20.0 billion Achieved	Forecast 8.8% Fell short	
Year-on-year change +¥22.3 billion (+7.0%) ↑	Year-on-year change +¥2.2 billion (+8.2%) ↑	Year-on-year change -¥3.0 billion (-1.4%) ↓	Year-on-year change +0.1 pt ↑	Year-on-year change -2.0 pt ↓

Financial Results

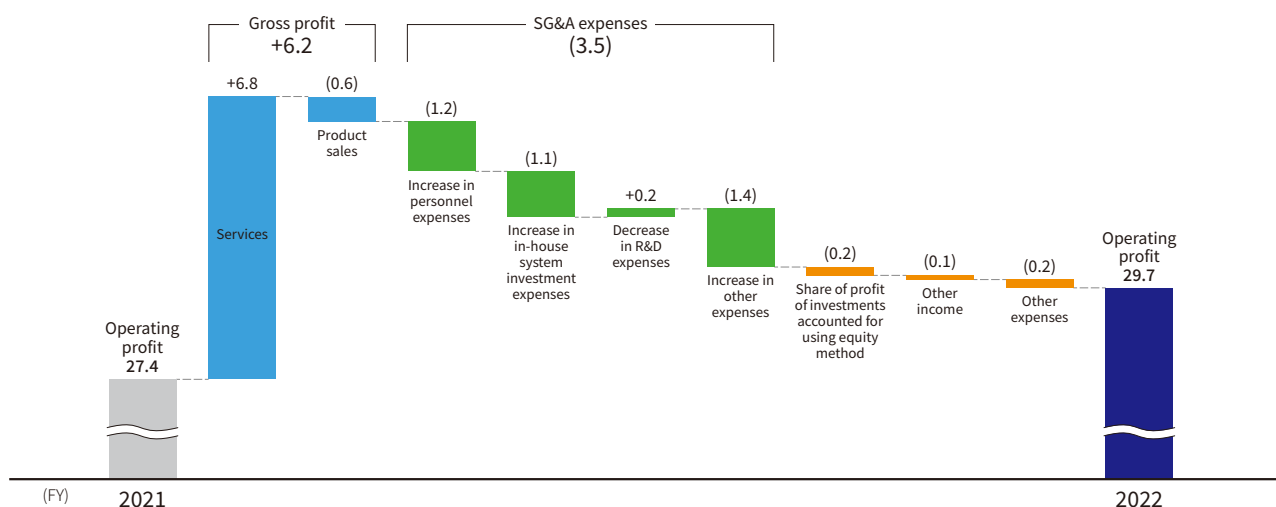
For revenue, DX-related projects were brisk, and system services continued to show growth. These and other factors led to an increase in revenue. For profit, due largely to investments in an in-house system pertaining to the renewal of core internal systems, selling, general and administrative expenses increased. However, due to factors such as the increase in revenue from system services and improved profitability yielding profit growth, gross profit increased, resulting in an increase in operating profit. Note that adjusted operating profit*, which the Group uses as a performance management indicator, increased by ¥2.7 billion to ¥29.4 billion (up 10.2% year on year). On the other hand, largely as a result of finance income decreasing due to a decline in valuation gains pertaining to fund investments and other factors, profit attributable to owners of parent decreased.

* Adjusted operating profit: sales revenue minus cost of sales and SG&A expenses.

Consolidated Statements of Profit or Loss (Millions of yen)

	FY2021 (April 1, 2021 – March 31, 2022)	FY2022 (April 1, 2022 – March 31, 2023)	Year-on- year change
Revenue	317,600	339,898	+22,297
Cost of sales	234,462	250,547	+16,085
Gross profit	83,138	89,350	+6,212
Selling, general and administrative expenses	56,466	59,955	+3,489
Share of profit of investments accounted for using equity method	915	666	(249)
Other income	251	180	(70)
Other expenses	413	567	+154
Operating profit	27,425	29,673	+2,248
Finance income	2,324	529	(1,794)
Finance costs	173	201	+27
Profit before tax	29,575	30,001	+426
Income tax expenses	8,915	9,661	+745
Profit	20,660	20,340	(319)
Profit attributable to owners of parent	20,490	20,203	(287)
Comprehensive income	23,780	20,082	(3,698)
Adjusted operating profit	26,671	29,394	+2,722

Analysis of Changes in Operating Profit (Billions of yen)



Conditions by Segment

		FY2022 Results			Future Direction
Services	■ System Services	Steady performance of DX projects, revamping projects for core systems and so forth for customers in a wide range of business categories, including financial institutions and service industries, resulted in higher revenue and profit. Profitability also increased due to greater highly profitable projects and improved productivity.			Aim to expand revenue and profit through providing high-value-added services while simultaneously working towards acquiring new assets required for future platform creation.
	(Billions of yen)	2021	2022	Year-on-year change	
	Revenue	103.1	115.7 ↑	+12.2%	
	Gross profit	32.6	39.6 ↑	+21.4%	
	Gross profit margin	31.6%	34.2% ↑	+2.6 pt	
Services	■ Support Services	Sales increased due to a buildup of maintenance and product installations, but profit decreased somewhat.			Continue working towards maintaining and improving profitability.
	(Billions of yen)	2021	2022	Year-on-year change	
	Revenue	51.5	52.4 ↑	+1.7%	
	Gross profit	16.2	16.1 ↓	(0.9%)	
	Gross profit margin	31.5%	30.7% ↓	(0.8 pt)	
Services	■ Outsourcing	Sales rose as a result of an expansion of platform services for regional financial institutions and e-commerce operators and other factors. However, segment profit declined for several reasons, such as the impact of posting earnings from a highly profitable large project in the previous fiscal year.			Aim to further expand the business by working to provide services that promote customer DX and expand the various service-based businesses that contribute to the solution of social problems.
	(Billions of yen)	2021	2022	Year-on-year change	
	Revenue	63.4	66.7 ↑	+5.2%	
	Gross profit	17.3	17.0 ↓	(1.5%)	
	Gross profit margin	27.3%	25.5% ↓	(1.7 pt)	
Services	■ Others	—			—
	(Billions of yen)	2021	2022	Year-on-year change	
	Revenue	10.3	11.0 ↑	+6.7%	
	Gross profit	2.3	2.5 ↑	+10.0%	
	Gross profit margin	22.0%	22.7% ↑	+0.7 pt	
Product sales	■ Software	Sales improved due to multiple bookings of large projects for other companies' products, but segment profit decreased.			Promote sales of software that contributes to customers' DX, such as customer touchpoint front-end domain solutions.
	(Billions of yen)	2021	2022	Year-on-year change	
	Revenue	34.1	37.4 ↑	+9.7%	
	Gross profit	5.3	5.1 ↓	(3.0%)	
	Gross profit margin	15.4%	13.6% ↓	(1.8 pt)	
Product sales	■ Hardware	Sales increased due to a buildup of small to medium-sized projects, including those for servers. However, segment profit decreased due largely to the impact of the decrease in large projects with high profitability.			Network-related products and hardware related to IoT and AI continue to be in high demand against the backdrop of stronger investment in DX. The impact from semiconductor shortages such as delayed delivery dates has virtually normalized.
	(Billions of yen)	2021	2022	Year-on-year change	
	Revenue	55.2	56.7 ↑	+2.7%	
	Gross profit	9.5	9.0 ↓	(4.6%)	
	Gross profit margin	17.2%	16.0% ↓	(1.2 pt)	
Total	(Billions of yen)	2021	2022	Year-on-year change	
	Revenue	317.6	339.9 ↑	+7.0%	
	Gross profit	83.1	89.4 ↑	+7.5%	
	Gross profit margin	26.2%	26.3% ↑	+0.1 pt	

Business Results Summary

(BIPROGY Inc. and its consolidated subsidiaries)

Financial Condition

Total assets increased from the end of the previous fiscal year mainly due to an increase in trade and other receivables and contract assets as well as in intangible assets. Liabilities increased from the end of the previous fiscal year due to an increase in contract liabilities and other liabilities despite a decrease in lease liabilities. Total equity amounted to ¥141.6 billion, and the ratio of equity attributable to owners of parent to total assets rose 1.9 percentage points to 49.9%.

Consolidated Statements of Financial Position (Millions of yen)

	FY2021 (As of March 31, 2022)	FY2022 (As of March 31, 2023)	Versus End of Last FY
Assets			
Current Assets	158,056	164,650	+6,593
Non-current assets	110,590	115,745	+5,155
Total Assets	268,647	280,396	+11,749
Liabilities			
Current Liabilities	98,148	98,940	+791
Non-current liabilities	39,823	39,858	+34
Total Liabilities	137,972	138,798	+825
Equity			
Total equity attributable to owners of parent	128,917	139,887	+10,970
Non-controlling interests	1,757	1,710	(46)
Total Equity	130,674	141,597	+10,923
Total Liabilities and equity	268,647	280,396	+11,749

Cash flows

Free cash flows decreased year on year due to an increase in cash flows from investing activities. Major expenditures in investing activities included ¥2.7 billion for the purchase of property, plant and equipment such as computers for sales, ¥11.9 billion for the purchase of intangible assets, mainly investments in software for outsourcing, and ¥2.8 billion for the purchase of investment securities, mainly for fund investments and a CVC fund management subsidiary of the Company.

Consolidated Statements of Cash Flows (Millions of yen)

	FY2021 (April 1, 2021 – March 31, 2022)	FY2022 (April 1, 2022 – March 31, 2023)	Year-on-year change
Net Cash Provided by (Used in) Operating Activities	29,435	28,419	(1,015)
Net Cash Provided by (Used in) Investing Activities	(10,957)	(15,537)	(4,579)
Free Cash Flows	18,477	12,882	(5,595)
Net Cash Provided by (Used in) Financing Activities	(16,118)	(18,043)	(1,925)
Effect of exchange rate changes on cash and cash equivalents	62	103	+40
Net increase (decrease) in cash and cash equivalents	2,421	(5,058)	(7,480)
Cash and Cash Equivalents at End of Period	48,703	43,645	(5,058)

The BIPROGY Group's Market Environment

In the domestic IT services market, the willingness of companies and other entities to invest in IT is anticipated to expand, particularly in the DX domain. At the same time, amid the rapid progression seen in digitalization, customer needs for ICT services have become increasingly sophisticated and diverse. Moreover, competition has become progressively fierce due to market entry by players in other business categories. In these highly uncertain conditions where projections are difficult and there is a lack of a clear picture of what lies beyond, we in the Group will aim to create social value by applying our foresight and insight towards becoming our customers' partner in their efforts to promote DX.

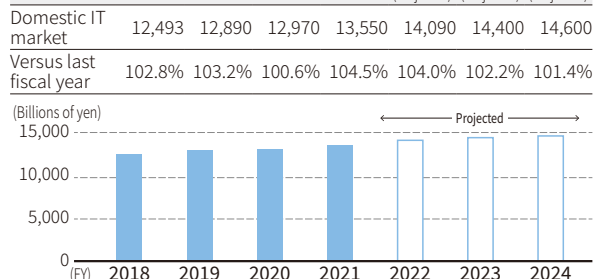
Changes in Amounts of Investment in Software (%)

(FY)	2018	2019	2020	2021	2022
Manufacturing	6.1	14.7	-5.9	9.7	16.2
Non-manufacturing	3.6	8.4	-6.4	6.4	9.1
All industries	4.3	10.3	-6.2	7.6	11.5
Financial institutions	-9.8	10.0	-10.2	1.0	21.0
All industries including Financial institutions	-0.4	10.2	-7.4	5.4	14.5
Holding companies, etc.	-	-4.9	-5.5	8.8	11.9
All industries including Financial institutions and Holding companies, etc.	-	9.7	-7.3	5.6	14.3

Source: "TANKAN (National Short-Term Economic Survey of Enterprises in Japan)," Bank of Japan

Trends in Domestic Private IT Market Size and Projections

(FY)	2018	2019	2020	2021	2022 (Projected)	2023 (Projected)	2024 (Projected)
Domestic IT market	12,493	12,890	12,970	13,550	14,090	14,400	14,600
Versus last fiscal year	102.8%	103.2%	100.6%	104.5%	104.0%	102.2%	101.4%



Source: "IT Investment by Domestic Enterprises in Japan: Key Research findings 2022" (announced on December 7, 2022), Yano Research Institute Ltd.

*1 Figures for FY2018-FY2021 are estimated by Yano Research Institute based on surveys by the Ministry of Economy, Trade and Industry and the Ministry of Internal Affairs and Communications.

*2 Based on fiscal year and amount of IT investment.

*3 Figures for FY2022 and beyond are projected values.

ICT Market Trends

ICT market size (expenditure) (Year 2022)	¥27.2 trillion	YoY: 5.2% increase
ICT investment (ratio of the enterprises (Year 2021 (Year 2015 values)))	¥15.5 trillion (17.8% all corporate of capital investment)	YoY: 0.4% decrease
Size of the cloud service market (Year 2022, sales prospect)	¥2.2 trillion	YoY: 29.8% increase
Telework use situation (ratio of the enterprises introducing telework in 2022)	51.7%	Previous year: 51.9%
State of Introduction of IoT/AI (Introduction rate, Year 2022)	13.5%	Previous year: 14.9%

Source: Prepared by BIPROGY based on "Outline of the 2023 White Paper on Information and Communications in Japan," Ministry of Internal Affairs and Communications

ESG Data

Environment

KPIs in bold relate to Material Issues (p. 24-25)

Material Issues

Contribute to the environment through the use of digital technology and reduce the environmental impact of business activities in order to help build a world of net zero emissions
Sustainably procure and provide safe, secure products and services throughout the entire value chain

Main Initiatives for FY2022

- Setting of targets for Scope 3 (Category 1) reductions
- Impact assessments for business opportunities and risks through our climate change scenario analysis project
- Submission of Commitment Letter in 2022 with the aim of acquiring SBT certification

	(FY)	2018	2019	2020	2021	2022
Energy consumption (kL) ¹		7,613	7,855	7,425	7,836	7,608
Purchased electricity (kWh)		—	—	—	27,229,042	25,835,293
Purchased electricity from renewable energy sources (included in the above purchased electricity) (kWh)		—	—	—	2,025,840	6,041,212
Percentage of purchased electricity derived from renewable energy sources (%)		—	—	0	7.4	23.4
Scope 1 and 2 GHG emissions ^{1,2}						
Scope 1 GHG emissions (t-CO ₂ e)		0	0	218	1,470	1,406
Scope 2 GHG emissions (Location-based) (t-CO ₂ e)		—	—	—	13,442	12,370
Scope 2 GHG emissions (Market-based) (t-CO ₂ e)		14,107	14,358	13,475	11,593	9,347
Scope 1 + Scope 2 (Market-based) total emissions (t-CO₂e)¹		14,107	14,358	13,692	13,064	10,753
Scope 3 GHG emissions (t-CO ₂ e) ³		—	—	—	632,737	615,597
Category 1 Purchased goods and services		—	—	—	251,490	229,242
Category 2 Capital goods		—	—	—	20,684	33,493
Category 3 Fuel and energy related activities not included in Scope 1 or Scope 2		—	—	—	2,276	2,330
Category 4 Upstream transportation and distribution		—	—	—	1,785	3,141
Category 5 Waste generated in operations		—	—	—	31	31
Category 6 Business travel		—	—	—	2,570	4,367
Category 7 Employee commuting		—	—	—	1,028	1,211
Category 11 Use of products sold		—	—	—	352,767	341,618
Category 12 End-of-life treatment of sold products		—	—	—	105	165
Paper used (million sheets) ⁴		17.46	15.11	7.25	—	—
Paper used (kg) ⁴		—	—	—	25,696	23,698
Waste emissions (t) ⁴		455	426	213	649	339
Water used (million m ³) ⁵		—	—	0.013	0.049	0.053

Scope of calculation

Figures shown have been rounded off to the nearest whole number.

1 For FY2018 to FY2019, BIPROGY Inc. and 10 other companies and two other organizations (major offices in Japan); for FY2020, BIPROGY Inc. and 12 other companies and 2 other organizations (major offices in Japan); for FY2021, BIPROGY Inc. and 24 other consolidated companies excluding limited partnerships for investment projects (major offices in Japan and abroad); for FY2022, BIPROGY Inc. and 25 other consolidated companies excluding limited partnerships for investment projects (major offices in Japan and abroad).

2 From FY2021, calculated in accordance with the GHG Protocol; Scope 2 location-based and market-based are from the definitions in the GHG Protocol Scope 2 Guidance 2015.

3 Scope 3 emissions have been calculated since FY2021; of the 15 categories in Scope 3, Category 8 is included in Scope 1 and 2, Category 9 in Category 1, and Category 13 in Category 11. Note that categories 10, 14 and 15 have no business activities covered.

Scope of aggregation: for FY2021, 24 consolidated companies (major offices in Japan and abroad) excluding BIPROGY Inc. and other investment limited partnerships; for FY2022, 25 consolidated companies (major offices in Japan and abroad) excluding BIPROGY Inc. and other investment limited partnerships.

4 For FY2018 to FY2020, BIPROGY Inc. and 12 other companies and 2 other organizations (major offices in Japan); for FY2021, 24 consolidated companies (major offices in Japan and abroad) excluding BIPROGY Inc. and other investment limited partnerships; for FY2022, 25 consolidated companies (major offices in Japan and abroad) excluding BIPROGY Inc. and other investment limited partnerships.

5 For FY2020, Toyosu head office of BIPROGY Inc.; for FY2021, 24 consolidated companies (major offices in Japan and abroad) excluding BIPROGY Inc. and other investment limited partnerships; for FY2022, 25 consolidated companies (major offices in Japan and abroad) excluding BIPROGY Inc. and other investment limited partnerships.

Social

KPIs in bold relate to Material Issues (p. 24-25)

Material Issues

Develop and strengthen human resources to create a new future and promote diversity and inclusion
Sustainably procure and provide safe, secure products and services throughout the entire value chain

Main Initiatives for FY2022

- Determined a roadmap with a view to enhancing the disclosure of information on human capital
- Began issuing requests for improvements to main suppliers and other actions based on risk assessment results for FY2021
- Reinforced inter-Group collaboration and updated promotion plans in order to promote women's empowerment

	(FY)	2018	2019	2020	2021	2022
Employment, diversity, and working hours						
Consolidated number of employees		7,740	7,830	7,913	8,068	8,124
Japan		7,525	7,523	7,615	7,720	7,759
Asia		215	304	293	336	353
Americas		0	3	5	12	12
Europe		0	0	0	0	0
Average years of continuous employment (years) ⁶		21.0	21.0	21.0	21.0	20.9
Man		21.4	21.7	21.7	21.8	22.0
Woman		18.6	18.4	18.1	17.8	17.1
Paid leave utilization rate (%) ⁷		87.30	86.20	81.10	82.54	85.15
Percentage of employees with disabilities (%)⁸		2.33	2.31	2.59	2.62	2.84
Percentage of management positions held by women (%)⁹		5.0	5.5	7.5	8.1	9.3
Percentage of woman employees (%)		17.6	18.5	19.5	20.6	21.5
Number of people employed (new college graduates) ¹⁰		177	204	243	248	205
Men		98	130	139	127	105
Women		79	74	104	121	100
Gender pay gap (%) ¹¹		—	—	—	—	76.3
Employee turnover rate (%) ⁷		2.57	2.81	2.34	2.25	3.06
Average monthly overtime hours worked per employee (hours/month) ⁷		15.9	15.5	14.9	16.3	17.3
Weighted average score of work style related items in the engagement survey¹²		—	3.35	3.37	3.43	3.47
Work-life balance						
Percentage of employees returning to work after child-care leave (%) ⁷		99	97	99	98	99
Percentage of eligible people taking childcare leave (Men) (%) ¹³		—	—	24.8	30.1	48.7
Number of employees taking paid leave for nursing care ⁷		477	488	296	501	515
Development of Human Capital						
Capital investment in people (billion yen) ⁷		3.5	3.4	3.1	2.6	2.6
Value chain						
Rate of initiation of actions, such as requests for action made to main suppliers (%)⁷		—	—	—	—	100
Percentage of main suppliers for which an ESG risk assessment has been made (%)⁷		—	—	—	100	—
Suppliers' understanding of the BIPROGY Group Procurement and Transaction Guidelines (%) ⁷		93.8	99.8	100	—	—
Other						
Online uptime rate (%) ⁷		99.992	99.997	99.996	99.999	99.998
Number of occupational accidents ¹⁴		3	6	5	12	6

Scope of calculation 6 BIPROGY Inc. on a non-consolidated basis

7 BIPROGY Inc. and Uniadex Ltd

8 Before FY2019: BIPROGY Inc. and Uniadex Ltd.; from FY2020: BIPROGY Inc. and 6 other companies

9 Before FY2020: BIPROGY Inc and Uniadex Ltd.; from FY2021: BIPROGY Inc. and 6 other companies

10 Before FY2020: BIPROGY Inc., consolidated subsidiaries in Japan and Cambridge Technology Partners Inc.; from FY2021: BIPROGY Inc. and 8 other companies

11 BIPROGY Inc. and 6 other companies

12 The standard score of KPIs for material issues is the average of the scores for FY2019 and FY2020 (3.36).

13 Before FY2021: BIPROGY Inc. and UNIADEx, Ltd.; FY2022: BIPROGY Inc. and 5 other companies

14 BIPROGY Inc., UNIADEx, Ltd. and UEL Corporation

Governance

KPIs in bold relate to Material Issues (p. 24-25)

Material Issues

Further improve corporate governance and integrity

Main Initiatives for FY2022

- Reviewed and implemented measures to prevent reoccurrence based on the loss of USB flash drives that occurred in June 2022
- By enhancing the provision of information through training and opinion exchange meetings, strengthened the effectiveness of monitoring of the Board of Directors
- Conducted compliance awareness surveys twice a year starting in FY2022 (once a year until FY2021)

	(FY)	2018	2019	2020	2021	2022
Board of Directors ratio of independent outside directors (%)		33.3	37.5	44.4	50.0	50.0
Audit & Supervisory Board ratio of independent outside auditors (%)		60.0	60.0	60.0	60.0	60.0
Dividend payout ratio (%) ¹⁵		38.8	38.6	41.1	41.7	39.8
ROE (%) ¹⁵		13.1	15.5	13.4	17.0	15.0
Number of serious security incidents¹⁶		0	0	0	0	1

Scope of calculation

¹⁵ International Financial Reporting Standards (IFRS) have been applied since FY2021; figures for FY2020 and earlier are based on Japanese GAAP.

¹⁶ Before FY2020: BIPROGY Inc. and BIPROGY's 100%-owned consolidated subsidiaries in Japan; from FY2021: BIPROGY Inc. and its consolidated subsidiaries.

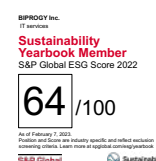
Participation in Major International Initiatives, Acquisition of Third-Party Certifications

- UN Global Compact
- Women's Empowerment Principles (WEPS)
- Task Force on Climate-related Financial Disclosures (TCFD)
- RE100
- ISO 14001
- ISO/IEC 27001:2013, JIS Q 27001:2014
- ISO 9001
- Privacy Mark certification
- DX Certification



Major External Evaluations

- S&P Global Sustainability Yearbook Member 2023
- Noteworthy DX Company 2022
- FY2020 New Diversity Management Selection 100 Prime
- FY2019 Advanced Corporation Awards for the Promotion of Active Participation of Women, Minister of State for Gender Equality Award
- FY2021 Nadeshiko Brand
- Platinum Kurumin certification
- Eruboshi certification
- Ikumen Company Award 2018 Grand Prize, Work-Life Balance Support Category
- PRIDE Index 2022: Gold Rating
- 2023 Certified Health & Productivity Management Outstanding Organization Recognition Program White 500
- Top Hundred Telework Pioneer Award from the Minister for Internal Affairs and Communications etc.



Inclusion in ESG Indexes



FTSE Blossom Japan Sector Relative Index

FTSE Blossom Japan Sector Relative Index

2023 CONSTITUENT MSCI JAPAN ESG SELECT LEADERS INDEX

MSCI Japan ESG Select Leaders Index

2023 CONSTITUENT MSCI JAPAN EMPOWERING WOMEN INDEX (WIN)

MSCI Japan Empowering Women Index (WIN)

Morningstar Japan ex-REIT Gender Diversity Tilt Index



S&P/JPX Carbon Efficient Index



- ESG initiatives (Japanese only)
<https://www.biprogy.com/sustainability/>

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11-Year Financial Summary

(BIPROGY Inc. and Consolidated Subsidiaries)

(Millions of yen) J-GAAP	Mid-Term Management Plan (FY2012–FY2014)			Mid-Term Management Plan (FY2015–FY2017)		
	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017
Fiscal Year						
Net sales	¥269,170	¥282,690	¥269,154	¥278,039	¥282,249	¥286,977
System services	72,334	79,436	83,404	89,829	89,607	90,509
Support services	51,334	49,142	55,245	55,362	54,074	52,821
Outsourcing	32,356	35,336	38,646	40,496	45,926	48,017
Netmarks services	21,758	26,486	–	–	–	–
Software	30,762	31,337	30,727	30,003	29,733	33,103
Hardware	51,828	51,658	51,337	53,873	54,099	54,097
Others	8,795	9,292	9,793	8,474	8,807	8,428
Gross profit	63,545	63,610	63,442	64,610	66,727	68,803
Operating income	8,311	9,574	10,924	12,525	14,314	16,332
Net income attributable to owners of the parent	1,250	6,305	7,246	8,920	10,261	11,949
Capital expenditures	12,352	8,573	14,191	11,631	14,781	11,473
Depreciation and amortization	10,440	10,321	9,821	9,488	9,315	10,363
Research and development costs	4,861	4,659	4,337	4,036	3,454	2,998
Net cash provided by (used in) operating activities	18,447	11,889	18,037	10,989	29,922	26,956
Net cash provided by (used in) investing activities	(11,442)	(8,289)	(10,548)	(10,565)	(15,906)	(13,227)
Free cash flows	7,004	3,600	7,489	424	14,015	13,728
Net cash provided by (used in) financing activities	(8,985)	(151)	(12,886)	(8,186)	(11,756)	(12,977)
Orders	259,551	309,790	263,478	279,415	281,394	296,956
Fiscal Year-End						
Total assets	¥197,779	¥202,468	¥199,772	¥193,094	¥192,694	¥197,278
Total equity	67,916	76,016	81,975	91,213	90,772	104,674
Net interest-bearing debts	40,858	38,473	33,665	22,020	21,003	10,529
Shareholders' equity	66,505	74,796	81,021	90,374	89,918	103,001
Per Share Information						
Basic net income per share (Yen)	¥13.31	¥67.08	¥77.07	¥93.71	¥96.49	¥119.12
Net assets per share (Yen)	707.57	795.61	861.53	847.51	896.39	1,026.72
Cash dividends per share (Yen)	10.00	15.00	20.00	30.00	35.00	40.00
Other Information						
Dividend payout ratio (%)	75.1	22.4	26.0	32.0	36.3	33.6
Operating margin (%)	3.1	3.4	4.1	4.5	5.1	5.7
Return on equity (ROE) (%)	1.9	8.9	9.7	10.5	11.4	12.4
Equity ratio (%)	33.6	36.9	40.6	46.8	46.7	52.2
Net debt-to-equity ratio (Times)	0.61	0.51	0.42	0.24	0.23	0.10
Operating income per employee	0.94	1.12	1.32	1.54	1.79	2.08

Mid-Term Management Plan (FY2018–FY2020)			Management Policies (FY2021–FY2023)			
FY2018	FY2019	FY2020	(Millions of yen) IFRS	FY2020	FY2021	FY2022
			Fiscal Year			
¥299,029	¥311,554	¥309,685	Revenue	¥308,426	¥317,600	¥339,898
95,972	102,919	93,572	System services	94,147	103,101	115,726
53,578	55,022	53,037	Support services	53,264	51,537	52,401
51,148	55,183	60,595	Outsourcing	59,547	63,437	66,730
–	–	–	Software	32,341	34,089	37,410
33,877	33,943	33,287	Hardware	57,490	55,158	56,665
54,677	55,098	57,647	Others	11,635	10,275	10,963
9,776	9,387	11,546				
73,169	79,799	81,079	Gross profit	79,217	83,138	89,350
20,622	26,139	26,724	Operating profit	24,624	27,425	29,673
14,238	18,182	17,076	Profit attributable to owners of parent	16,639	20,490	20,203
8,183	10,336	12,038	Capital expenditures (tangible/intangible)	11,694	9,091	14,720
11,653	11,161	10,999	Depreciation and amortization (tangible/intangible)	10,196	9,394	9,101
3,958	4,512	4,952	Research and development expenses	4,952	4,121	3,953
27,438	27,539	31,933	Net cash provided by (used in) operating activities	40,567	29,435	28,419
(10,586)	(13,259)	(11,206)	Net cash provided by (used in) investing activities	(11,583)	(10,957)	(15,537)
16,852	14,280	20,726	Free cash flows	28,983	18,477	12,882
(8,226)	(8,202)	(8,177)	Net cash provided by (used in) financing activities	(16,301)	(16,118)	(18,043)
304,874	315,626	322,268	Orders	324,285	326,961	362,094
			Fiscal Year-End			
¥211,421	¥214,975	¥231,980	Total assets	¥254,035	¥268,647	¥280,396
116,615	122,598	136,887	Total equity	113,986	130,674	141,597
(3,375)	(11,020)	(22,815)	Net interest-bearing debts	1,150	(6,862)	(5,640)
114,638	120,473	134,632	Equity attributable to owners of parent	112,271	128,917	139,887
			Per Share Information			
¥141.90	¥181.19	¥170.13	Basic earnings per share (Yen)	¥165.78	¥204.04	¥201.06
1,142.41	1,200.32	1,341.04	Diluted earnings per share (Yen)	165.18	203.38	200.48
55.00	70.00	70.00	Equity attributable to owners of parent per share (Yen)	1,118.31	1,283.45	1,391.89
			Dividends per share (Yen)	70.00	85.00	80.00
			Other Information			
38.8	38.6	41.1	Dividend payout ratio (%)	42.2	41.7	39.8
6.9	8.4	8.6	Operating margin (%)	8.0	8.6	8.7
13.1	15.5	13.4	Return on Equity attributable to owners of parent (ROE) (%)	15.5	17.0	15.0
54.2	56.0	58.0	Ratio of equity attributable to owners of parent to total assets (%)	44.2	48.0	49.9
(0.03)	(0.09)	(0.17)	Net debt-to-equity ratio (Times)	0.01	(0.05)	(0.04)
2.66	3.33	3.37	Operating profit per employee	3.08	3.39	3.65

Main Themes and Concerns in Our Dialogue with Shareholders and Investors

Q The state of our outsourcing business and its growth potential ⌕ P.35

Q Our shareholder returns policy ⌕ P.36-39

Q Recruitment, turnover and other information on the situation with securing human resources ⌕ P.42-43, P.56-59

Q The loss of USB flash drives

A We will thoroughly implement measures to prevent reoccurrence and continually work towards bolstering the likes of information security measures.

Regarding the loss of USB flash drives containing the personal information of residents of Amagasaki City that occurred in June 2022, we would like to offer our deepest apologies to the residents of Amagasaki, the City of Amagasaki and other parties concerned for any inconvenience and worry this incident may have caused. We have been endeavoring to thoroughly implement measures to prevent reoccurrence taking also into account the investigative results and recommendations of the third-party committee made up of external experts that we established following this case, and continue to take action with the aim of reinforcing our information security measures and the management and oversight of our contractors. The entire Group will do its utmost in order to restore the trust of our shareholders, investors and other stakeholders.

Promotion of Information Security ⌕ P.70-71



• For details on our response to the loss of USB flash drives, please see the below website. (Japanese only)
https://www.biprogy.com/com/info_security/info202206.html

Q Please talk about the business situation at BIPROGY's main subsidiary **UNIADEX (UNIADEX), Ltd.**

A UNIADEX, Ltd. is a company that aims to provide excellent service exceeding customer expectations as a trusty advisor for total optimization of ICT environments.

The company plays an important role in the BIPROGY Group's vendor-free and one-stop support capabilities. Its strengths largely lie in multi-cloud services, next-generation networks, digital transformation (DX) and IT outsourcing. As an expert in ICT infrastructure, using its advanced technical prowess as a foundation, UNIADEX supports the creation of future-oriented mechanisms through the provision of its sincere service. In addition to traditional network business, the company derives solutions for business issues faced by its customers by newly making full use of multi-cloud platforms. Plus, by providing complete cloud security, UNIADEX contributes to the promotion of smooth business. For efforts to promote DX aimed at business reforms on the customer side, the company will also create new business value while supporting those customers.

Q Please discuss the situation with the relationship and synergy that BIPROGY has with its major shareholder Dai Nippon Printing Co., Ltd.

A We are strengthening our collaboration to expand synergies by leveraging the expertise and technological capabilities of both companies.

Since forming a capital and business alliance with Dai Nippon Printing Co., Ltd. (DNP) in 2012, we have promoted sales collaboration, new market development, and expansion of the service business base. We are steadily generating greater and greater results in this business collaboration utilizing both companies' strengths. Going forward, we will continue to enhance synergies between the two companies by providing the DNP Group with the expertise that we at the BIPROGY Group have cultivated to date regarding topics such as the launch of new businesses through collaboration and support for the DX of both groups' customers and even quality control processes and IT human resource development programs. Additionally, we will tie the utilization of assets accumulated through collaboration between both entities into the growth of the business revenue of the entire BIPROGY Group as well.

Examples of collaboration

- Rollout of electronic library and electronic textbook delivery services
- "Demonstration project for the creation of examples of resolving regional issues with the use of teleworking" by the Ministry of Internal Affairs and Communications (Tentative title translated from Japanese)

Glossary

Term	Explanation
BIPROGY Users Association	The BIPROGY Users Association is comprised of BIPROGY Group users. Established in 1953, it has the longest history of any IT-related user association in Japan. Research activities by BIPROGY Users Association members and BIPROGY Group employees providing them with advisory support are not only spread amongst association members but also widely publicized through regular symposiums and association newsletters.
Business Ecosystems	A registered trademark of BIPROGY Inc., Business Ecosystems are systems in which multiple companies and organizations form partnerships to create businesses that solve social issues, and coexist and co-prosper beyond the boundaries of industries and business sectors by utilizing their respective technologies and strengths.
Core-banking system	Core-banking system refers to the system that performs core business processing such as deposits, loans, and exchange among the business systems of financial institutions.
Corporate Venture Capital (CVC)	CVC is an investment by a business company in a venture company, etc. for the purpose of acquiring ideas and technologies that contribute to the creation of new businesses, or an organization that engages in such investment activities.
Digital Commons	Digital Commons are communities where it is possible to create both social and economic value in solving social issues by using digital technology to make it possible to widely use privately owned assets (assets owned by companies, organizations, and individuals) and surplus assets (assets with low utilization rates) that already exist in society as shared assets with low additional costs.
Digital Transformation (DX)	Digital transformation refers to not only transforming products, services, and business models based on the needs of customers and society but also transforming operations themselves, the organization, processes, and corporate culture and climate and establishing a competitive advantage by using data and digital technology to respond to rapid changes in the business environment.
ICT	Short for Information and Communication Technology. Specific expression that includes communication technology along with IT. Technologies are developed with the sharing of information and knowledge through network-based communication in mind.
Intrapersonal diversity	Intrapersonal diversity is the idea that having a diversity of experiences in one person has the same effect as diversity.
OMO	Short for Online Merges with Offline
Open innovation	Open innovation refers to the creation of innovative business models, products, and services by combining technologies, ideas, and resources not only from within a company but also from outside companies and organizations.
Proof of Concept (PoC)	PoC is a verification aimed at demonstrating the usefulness and feasibility of a service idea or concept.
Public cloud	A public cloud is a service that provides cloud computing, including servers, storage, databases, and software, to an unspecified number of users, including companies and individuals, via the Internet.
SaaS	SaaS (Software as a Service) is a form of software distribution in which only the functions of the software that the user needs are made available as a service.
Security incident	Security incident is an incident or accident that poses a security threat. It includes malware infection, unauthorized access, and leakage of confidential information.
Social implementation	Taking services and mechanisms utilizing digital elements and technologies that lead to solving social issues and making them widely available to society.
Sler/System Integration	Sler is short for System Integrator. Business operator who undertakes the building, operation, maintenance, etc. of the information systems of companies and other entities. Such IT services are referred to as system integration.
Talent management system	A centralized management mechanism converting employee information, such as basic information, abilities, skills, and experience, into data. By analyzing data and linking it to strategic human resource development and human capital allocation, these mechanisms are said to be effective in improving productivity, management efficiency, and the ability to execute business strategies.
Vendor-free	Vendor-free refers to the ability to provide services that optimally combine products from a variety of manufacturers, without having to stick to a specific manufacturer.
Zero emission	Zero emission refers to reducing to zero the amount of waste generated from production activities that undergoes final disposal. In a broader sense, it refers to a resource-recycling social system that does not produce any waste by effectively using waste as raw materials.

Corporate Information

(As of March 31, 2023)

Corporate Data

Company Name	BIPROGY Inc.	Independent Auditor	Deloitte Touche Tohmatsu LLC
Established	March 29, 1958	Business Offices	Corporate Headquarters: 1-1-1 Toyosu, Koto-ku, Tokyo 135-8560, Japan
Paid-in Capita	¥5,483.17 million		Regional Headquarters: Kansai (Osaka), Chubu (Nagoya), and Kyushu (Fukuoka)
Description of Business	Services business including cloud computing and outsourcing; computer and network system sales/rentals; software development and sales; system-related services		Regional Offices: Hokkaido (Sapporo), Tohoku (Sendai), Niigata (Niigata), Hokuriku (Kanazawa), Shizuoka (Shizuoka), and Chugoku (Hiroshima)
Number of Employees	8,124 (consolidated)		Other Locations: Sapporo Techno-Center, and Izu Executive Center

Number of consolidated subsidiaries 27

Business Process	Company Name
Marketing, Business Development and Consulting	UEL Corporation UEL (Thailand) Co., Ltd. Cambridge Technology Partners, Ltd. Cambridge Technology Partners Inc. AFAS Inc. Canal Globe, Ltd. Axxis Consulting (S) Pte. Ltd. Axxis Technologies (S) Pte. Ltd. Axxis Consulting (M) Sdn. Bhd. Canal Ventures, Ltd. Canal Ventures Collaboration Fund 1 Investment Limited Partnership Canal Ventures Collaboration Fund 2 Investment Limited Partnership Emellence Partners, Inc. Air Trust Corp. Tech Viewing, Ltd. Green Digital & Innovation Inc. V-Drive Technologies Inc.
Total Infrastructure Services	UNIADEX, Ltd. Netmarks Information Technology (Shanghai) Co.,Ltd. S&I Co., Ltd.
System Services	USOL VIETNAM Co., Ltd. International Systems Development Co., Ltd. G&U System Service, Ltd. UNIAID Co., Ltd. BIPROGY Challenged Inc.
Outsourcing	TRADE Vision, Ltd.
Group Services	BIPROGY USA, Inc.

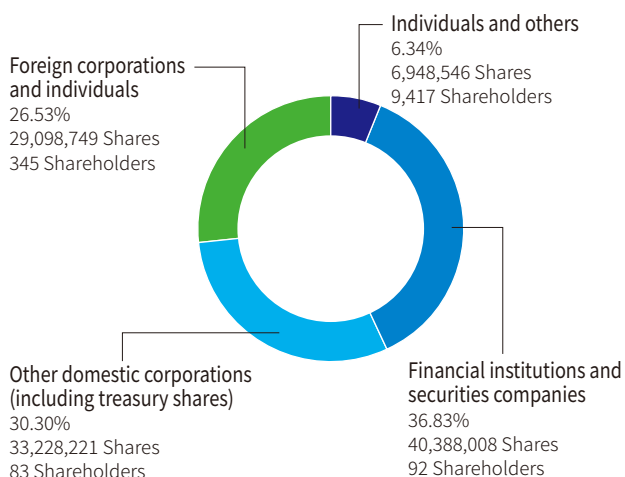
(Note) AFON IT Pte. Ltd. and its subsidiaries became consolidated subsidiaries in April 2023.

Number of equity method affiliates 18

Stock Information

Number of shares issued	109,663,524 shares
Number of shareholders	9,937 shareholders
Stock exchange listings	Tokyo Stock Exchange, Prime Market (Stock code: 8056)

Classification of Shareholders



Principal Shareholders

Name	Number of shares held (Thousands of shares)	Holding ratio (%)
Dai Nippon Printing Co., Ltd.	20,727	20.62
The Master Trust Bank of Japan, Ltd. (Trust Account)	14,542	14.46
Custody Bank of Japan, Ltd. (Trust Account)	14,289	14.21
Mitsui & Co., Ltd.	2,448	2.43
The Norinchukin Bank	2,326	2.31
THE BANK OF NEW YORK MELLON 140044	1,818	1.80
JAPAN POST INSURANCE Co., Ltd.	1,710	1.70
BIPROGY Employees' Shareholding Society	1,530	1.52
The Master Trust Bank of Japan, Ltd. (Retirement Benefit Trust Account, Mitsubishi Electric Corporation Account)	1,271	1.26
STATE STREET BANK AND TRUST COMPANY 505223	1,150	1.14

(Notes)

- Number of shares less than one thousand has been omitted.
- The Company retains 9,160,560 treasury shares without voting rights. Thus, they are excluded from the major shareholder list above.
- The ratios are calculated by deducting treasury shares and expressed by rounding down to two decimal places.

Third-party Assurance

The following data is certified by a third-party assurance institution for the purpose of enhancing the reliability of reported data.

Environmental Data (FY2022)

- Amount of Scope 1 GHG emissions (t-CO₂e)
- Amount of Scope 2 GHG emissions (t-CO₂e), Location-based and Market-based
- Amount of Scope 3 GHG emissions (t-CO₂e) Categories 1-15
- Amount of total energy consumption (GJ, MWh, kL)
- Amount of energy consumption (kL) and specific consumption (kL/m²) based on the Act on the Rational Use of Energy
- Percentage of purchased electricity derived from renewable energy sources (%)
- Amount of energy used (city gas (m³), heavy fuel oil A (kL), gasoline (kL), LPG (m³), hot water (MJ), cold water (MJ), steam (MJ))
- Amount of water used (m³)
- Amount of waste emissions (recycled, landfilled, incinerated) (kg)
- Amount of paper used (kg)

Social Data (FY2022)

- Percentage of employees with disabilities (%)
- Employee turnover rate (%)
- Percentage of management positions held by women (%)
- Number of employees
- Average age
- Average years of continuous employment
- Average annual salary (yen)
- Percentage of eligible people taking childcare leave (men) (%)
- Gender pay gap (%)



Independent Assurance Statement

https://sustainability-cms-biprogy-s3.s3.amazonaws.com/pdf/IAS_2023_en.pdf?230915

Statement of Responsibility

This integrated report primarily presents our initiatives on material issues and “Management Policies (2021-2023)” toward the realization of the “Vision 2030” espoused by the BIPROGY Group. We prepared it while being mindful to communicate the story of the Group’s efforts to enhance its corporate value in an easier-to-understand manner as well as to incorporate feedback and requests received from our readers.

Moreover, the report was prepared in cooperation with many associated departments within the Group, and was issued after discussion and approval by the Sustainability Committee and the Executive Council. In addition, for material non-financial information, we have obtained assurance from a third-party assurance institution in our efforts to improve the reliability of our reporting content. As the officer in charge of the Finance Department, the department responsible for preparing integrated reports, I declare that the process for preparing this report is proper and legitimate. We hope that this report will help our stakeholders better understand the Group and intend to use it to spur the realization of more beneficial engagement with them. We would be grateful if you could continue to provide us with your honest feedback and requests.

Kazuma Umehara
Senior Corporate Officer and CFO