

BIPROGY Group



Foresight in sight



BIPROGY Group

# Integrated Report 2023

For the Year Ended March 31, 2023



## Corporate Philosophy

### Our Mission

**Work with all people to contribute to creating a society that is friendly to people and the environment**

### Our Vision

**Be a group that strives to be sensitive to the expectations and needs of society and that thinks through how ICT can contribute to meet them**

### Our Values

**1. Pursuit of High Quality and High Technology**

Always have the latest knowledge that is useful for society while improving our skills

**2. Respect for Individuals and Importance of Teamwork**

Identify each other's good points, encourage each other to improve those good points and harness the strengths of each person

**3. Attractive Company for Society, Customers, Shareholders and Employees**

Listen sincerely to our stakeholders to improve our corporate value

## BIPROGY Group Charter of Corporate Behavior

**We will meet our responsibilities towards society and the environment to protect the future of our children.**

1. Act with coexistence of people and the environment as the highest priority
2. Always act according to the principles of social responsibility
3. Sincerely work on the core subjects and issues of social responsibility

**\* Principles of social responsibility**

The seven key principles of ISO 26000, the international guidance relating to social responsibility: accountability, transparency, ethical behavior, respect for stakeholder interests, respect for the rule of law, respect for international norms of behavior, and respect for human rights.

**\* Core subjects and issues of social responsibility**

The seven core subjects of ISO 26000, the international guidance relating to social responsibility: organizational governance, human rights, labor practices, the environment, fair operating practices, consumer issues, community involvement and development, and relevant issues related to each of the core subjects.

## Purpose

The Unique Characteristics and Management Resolve of the BIPROGY Group



Foresight and  
Insight

×



Technology

×



Business  
Ecosystem

=



Company that Creates  
Social Value

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



# Contents

## 4 Taking on the Challenge of Resolving Social Issues

- 4 At a Glance
- 6 Purpose
- 8 CEO Message
- 14 Transformation from Nihon Unisys to BIPROGY

## 16 Strategies Aimed at Realizing Vision 2030

- 16 Value Creation Process
- 18 Source of the BIPROGY Group's Value Creation
- 20 Vision2030
- 28 Management Policies (2021-2023)
- 30 What Our Management Policies (2021-2023) Aim to Achieve
- 36 CFO Message
- 40 Financial Highlights
- 42 Non-Financial Highlights

## 44 Implementation Capability for Realizing Vision 2030

- 44 Dialogue between the CEO and Outside Directors The Future that the BIPROGY Group Envisions
- 48 Intellectual Asset Strategy
- 52 Environment
- 56 Human Resource Strategy
- 60 Corporate Governance
- 68 Directors, Audit & Supervisory Board Members, and Corporate Officers
- 70 Further Improve Integrity
- 73 Risk Management

### Scope of the Report

In principle, the scope of the report consists of BIPROGY and its consolidated subsidiaries, and it is individually noted when the scope differs.

### Period of the Report

In this report, fiscal year (FY) refers to the period beginning April 1 and ending March 31 the following year. In principle, this report covers FY2022 (April 1, 2022 to March 31, 2023), with activities during past fiscal years and conditions following FY2023 also reported as necessary. The Company adopted International Financial Reporting Standards (IFRS) for fiscal 2021 and after, but for fiscal 2020 and before, financial information is based on Japanese accounting standards, J-GAAP.

### Referenced Guidelines

- International Integrated Reporting Framework from the International Integrated Reporting Council
- Sustainability Reporting Standards from the Global Reporting Initiative (GRI)
- ISO 26000, JIS Z 26000
- Guidance for Collaborative Value Creation from the Ministry of Economy, Trade and Industry of Japan

### Issued

November 2023



## 76 Data Section

- 76 Business Results Summary
- 79 ESG Data
- 82 11-Year Financial Summary
- 84 Main Themes and Concerns in Our Dialogue with Shareholders and Investors
- 85 Glossary
- 86 Corporate Information

### Notes Concerning Forward-Looking Statements

Statements in this report that refer to current plans, projections or strategies of BIPROGY Inc. or its consolidated subsidiaries, other than historical facts, represent forward-looking statements made based on judgments and assumptions in accordance with the information currently available. Please note that actual results may differ from the forecasts due to fluctuations in risks and uncertainties and changes in economic conditions, and the Group makes no guarantee of the reliability of such forecasts. This information is also subject to change without notice. The purpose of this report is to provide information for use as a reference in making investment decisions, and it has not been prepared to solicit investment. BIPROGY Inc. assumes no liability for any damages resulting from the use of this report.

### Description of Cover Visual

[Fluid]

The cover depicts the shape of light bending and flowing at the hands of a gravity vector field created by the earth as it continues to move through space. The multicolored lines, which indicate the diverse collaboration and actions of people aiming to create a sustainable earth, are a symbol of diversity.



## Concept of Integrated Report 2023

We changed our name from Nihon Unisys, Ltd. to BIPROGY Inc. in April 2022, reaffirming our determination and resolve to becoming a company that creates social value as set forth under our “Purpose” and renewing our corporate brand in the process.

In this report, we explain the value creation process of the Group that aims to realize the creation of social value and sustainable growth through efforts for our Vision 2030 and Management Policies (2021-2023) based on our Purpose, which forms the foundation of value-creation in the BIPROGY Group. In the 2023 edition, we primarily introduce the progress we made in the second year of our Management Policies (2021-2023) and initiatives for their final year as well as initiatives geared towards our material issues.

### Origin of Our Name

BIPROGY is an acronym coined from the first letters of blue, indigo, purple, red, orange, green, and yellow, the seven colors visible when light is refracted and reflected. BIPROGY illustrates a world where the colors of light mix beyond any bounds. It also means that we will be a hands-on company that combines light and makes the seven colors shine to illuminate new paths in a chaotic society by mixing the colors of light of various business partners and various individuals, and change the value we provide in response to changes in society and environments, just as the colors of light change in response to changes in circumstances.

## Editorial Policy

This report aims to communicate the BIPROGY Group’s medium- to long-term initiatives to improve corporate value to a wide range of stakeholders, including shareholders and investors. It is also intended to further their understanding of our process for creating both social and economic value. The Integrated Report 2023 presents both financial and non-financial information about matters of great importance in the Group’s value creation process. A broader range of detailed information is also available on our website.

## Information Disclosure

### ■ Corporate Data

① <https://www.biprogy.com/e/>

Company information/Solutions/Case studies and more.

### ■ Information for Investors and Shareholders

① <https://www.biprogy.com/invest-e/>

Integrated Reports/Financial Statements and Supplementary Materials/  
Financial Results Briefing Materials/  
Corporate Governance Reports and more.

### ■ Sustainability Information

① <https://www.biprogy.com/sustainability/> (Japanese only)

Sustainability Reports and more.

# At a Glance

(Data as of FY2022 or March 31, 2023)



Year established

**1958**

Locations

All over Japan and **8** foreign countries\*<sup>1</sup>

\*<sup>1</sup> America, China, Indonesia, Thailand, Singapore, the Philippines, Malaysia, Vietnam

Consolidated subsidiaries

**27**

Number of customers\*<sup>2</sup>

More than **5,000** companies

\*<sup>2</sup> Total of BIPROGY and UNIADEX

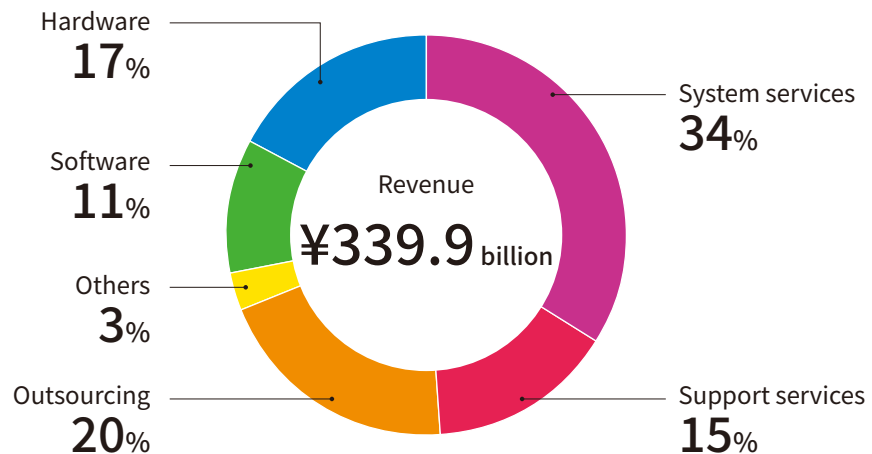


No. of employees

**8,124**

No. of engineers

**5,089**



Operating profit

**¥29.7 billion**

Operating margin

**8.7%**

Profit attributable to owners of parent

**¥20.2 billion**

Basic earnings per share

**¥201.06**

ROE

**15.0%**

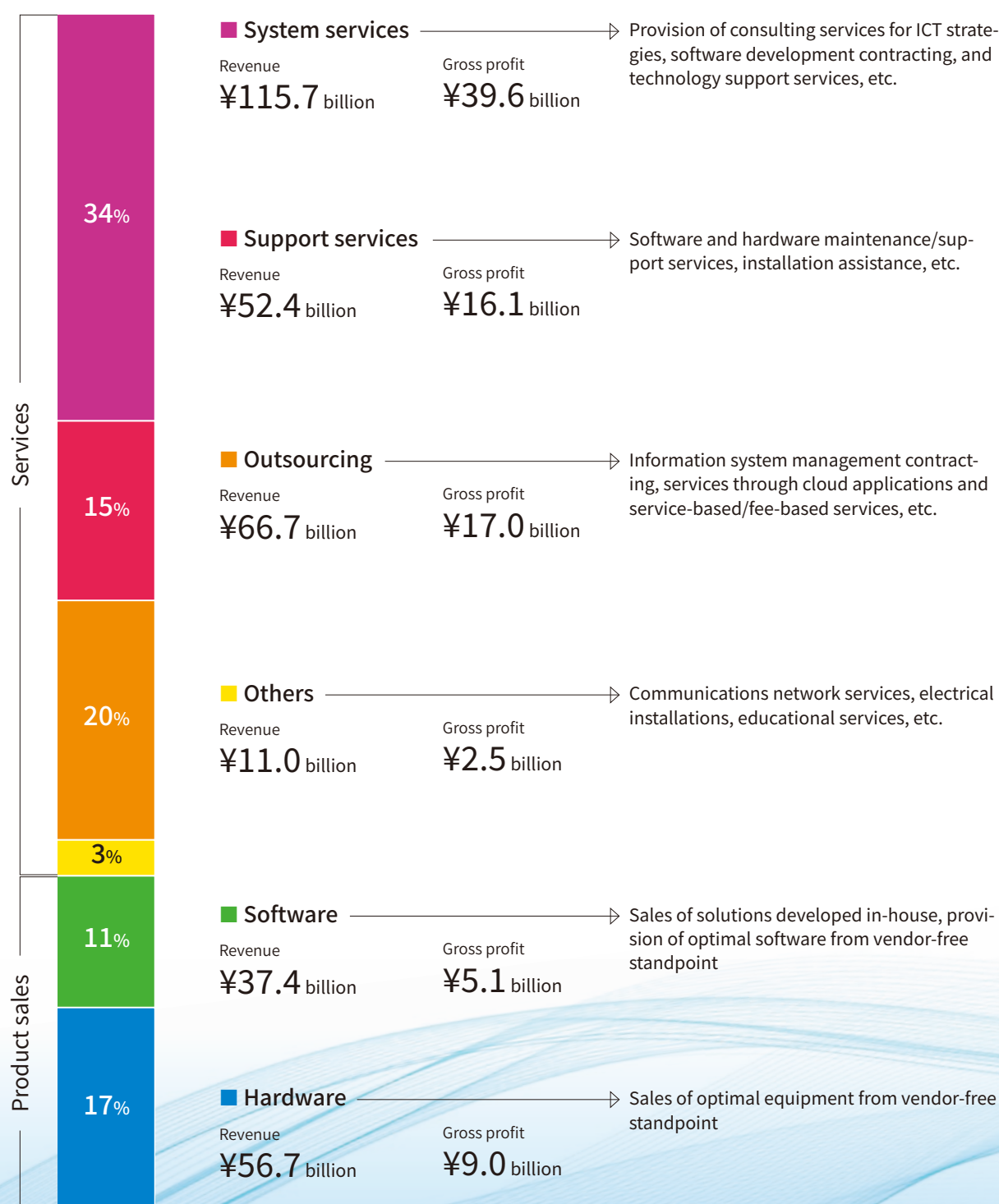
Issuer rating\*<sup>3</sup>

**A-**

\*<sup>3</sup> Rating & Investment Information (R&I)



## Composition of Revenue



# Purpose

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

The BIPROGY Group aims to create a sustainable society by combining foresight and insight into social change, technology centered on ICT, and the business ecosystem we have formed with various partners. We will not only provide ICT services, we will accelerate our efforts to create new value that enriches society and solve social issues, which we have promoted up to now, and transform ourselves into a company that creates social value.

### Principles

#### Principles and Creeds

#### Principles

- Social Inclusion and Respect for Human Rights
- Acceptance and Acquisition of Diversity
- Self-improvement and Greater Discretion
- Transparent Corporate Activities and Healthy Corporate Culture
- Sincere Performance

#### Creeds

- Sincere and Passionate Actions as a Good Member of Society
- Efforts to Hand Down Well-being to the Next Generation
- Create Value by Forming Business Ecosystems
- Pursue High Quality, High Technology and High-level Skills
- Create Social Value and Achieve Sustained Growth

### Corporate Philosophy/ Charter of Corporate Behavior

Unchanging values and definitions

## Purpose

The Unique Characteristics and Management Resolve of the BIPROGY Group

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





## Management Policies (2021-2023)

Targets to be achieved over three years to realize Vision 2030

Expand the business ecosystem with partners and communities

➤ P.28-35

## Vision2030

Our Path to 2030

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

➤ P.20-27

## Material Issues

Material Issues and Guiding Indicators

- Create schemes to solve issues through the use of digital technology and business ecosystems
- 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
- Develop and strengthen human resources to create a new future and promote diversity and inclusion
- Further improve corporate governance and integrity

## Corporate Statement

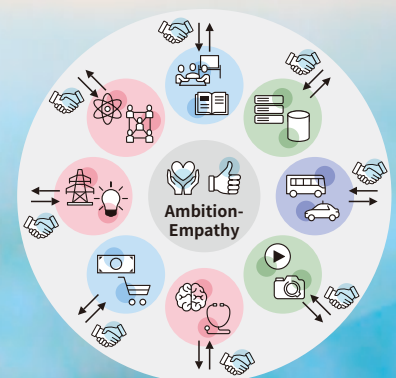
Simple Slogans Spreading Ideas Consistently

## Foresight in sight

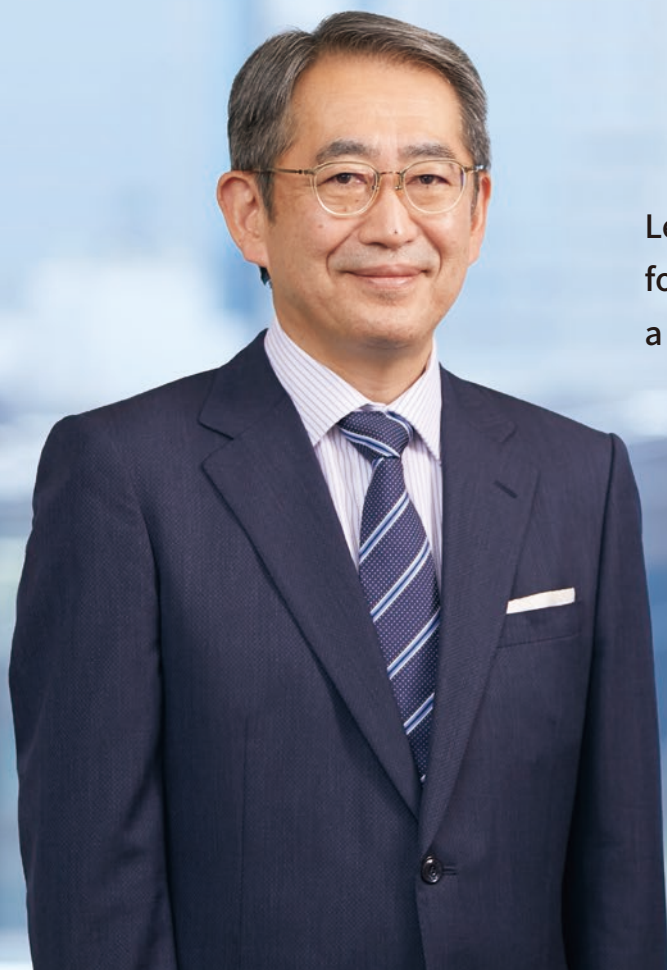
“Foresight” consists of foreseeing and understanding industry changes, customer needs, and future social issues, and “in sight” has the double meaning of being able to see and understand things combined with the meaning of “insight.”

## BIPROGY Group’s Digital Commons Concept

Digital Commons are communities where it is possible to create both social and economic value in solving social issues by using the power of 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. Our Group will promote the social implementation of the Digital Commons by combining its track record and expertise in solving social issues, its network of like-minded people, and its digital technology based on many years of experience.



## CEO Message



Learning from experience to achieve a leap forward, developing “Digital Commons” for a world that doesn't create social issues

**Akiyoshi Hiraoka**  
Representative Director,  
President & CEO, CHO

### Learning from major challenges; striving to reach new heights

One year has passed since April 2022, when we changed our company name from Nihon Unisys to BIPROGY Inc. Since then, we have created as many opportunities as possible to explain the reason behind the name change to our stakeholders, and the significance which the new name holds for us. We have also engaged in deeper dialog with our employees. Over that year, I think we have successfully communicated the role of our new name as a symbol of our determination to address the challenges we face in creating the world we wish to see.

However, over the past year, we have also had to respond to the loss of USB flash drives\*, and I would like to take this opportunity to express my deepest apologies once again for the worries and concern caused by this incident. Since the incident occurred, we have been working as a Group to prevent any similar incidents from happening again. Across all of our workplaces and projects, we have reconfirmed the importance of continually confirming the status of our information management systems. Our executives and employees have also discussed

repeatedly what we need to do to regain the trust of our customers and wider society. As a result of those discussions, we have identified the need to build world-leading levels of security while building cooperative relationships with our entire supply chain. However, this target is not our ultimate goal, and we will always continue aiming higher. While continually reflecting on our journey so far, we will continually take on the challenge of adopting new technologies and frameworks. As this mindset has gradually spread through our employees and partner companies, we have started to receive words encouragement from our customers. Shareholders, too, have passed on messages to us such as “we hope you will continue to remain positive and seek to reach even greater heights.” We aim to respond to these messages of support by showing them our commitment to “world-leading quality” is not simply a slogan, but something embodied in all of our actions.

\* On June 21, 2022, a contract employee working at one of our partner companies lost USB flash drives containing encrypted personal information, causing a major information security incident (the memory stick was found three days later on June 24, and no leak of personal information was confirmed).



## Looking back on the second year of our Management Policies (2021–2023)

### Solid progress in creating and expanding our business ecosystem

The second year covered by our Management Policies (2021–2023) is now complete, and during FY2022, we could sense the achievement of solid progress towards our Vision-2030. We were able to properly respond to the growing customer demand for digital transformation (DX) services, as well as work actively to propose DX to our customers. In addition, we were able to sense a solid increase in the number of employees able to provide customers with proposals for the launch of new projects including activities, conducted together with our Group, to resolve various challenges. Down the years, we have worked not only to meet the demands of our customers but also to advertise ourselves as a company that can serve as a catalyst for the creation of business ecosystems that help customers address the challenges faced by society. We are now regularly seeing such proposals lead to concrete business activity. Customers are increasingly recognizing our Group's ability to engage in interesting projects, and this is producing synergies. We are seeing a growing number of customers approach us. They seek our help to resolve the issues that they face and also to serve as a partner in putting their business principles and corporate purpose into practice.

Through start-up investment and corporate venture capital initiatives with a focus on open innovation, we increasingly engage in projects that allow us to combine our own strengths and the strengths of these partners, producing new markets and developing activities that create social value. While our corporate group's particular expertise lies in the fields of information and digital technology, we have also been investing actively in entrepreneurs building startups that develop “deep tech” or “real tech,” exchanging information with those companies. This allows us to

take on various challenges in areas that combine information technology and digital technology with “deep tech” and “real tech” and work towards the fulfillment of our Purpose, which we define as working to “create a sustainable society using foresight and insight to unlock the full potential of technology.” We estimate that we achieved significant forward progress in FY2022 in combining the three areas of “foresight and insight,” “technology” and “business ecosystem.”

### Goals for the final year of our Management Policies (2021–2023)

FY2023 will be the final fiscal year covered by our Management Policies (2021–2023). To ensure that we achieve significant progress during the period of our next management policies, we believe that we must strive over that final year to invest actively in R&D and human capital while also focusing our resources on DX, a field currently enjoying significant growth, to build up the assets we require for the future of our business. With that in mind, we expect to achieve a sales revenue target of ¥350.0 billion, up from the ¥340.0 billion target included in our original Management Policies. We are also changing the sales revenue forecast for our outsourcing business from our original target of ¥100.0 billion to ¥75.0 billion and changing our forecast for adjusted operating margin from 10% or over to 9.1%. While this does represent a downward revision of our targets for sales revenue from outsourcing solutions and adjusted operating margin, we are still determined to eventually reach double digit profitability and have not given up on this goal. Currently, it is important for us to achieve sufficient profitability and make the most of the favorable business environment, but we should not reduce investment in the company's future just for the sake of reaching an adjusted operating margin target.

## Progress in the social implementation of the “Digital Commons”

In summer 2023, extremely hot days continued across Japan with torrential rain frequently causing damage, clarifying for us once again the urgency of measures to mitigate climate change. For many years, our Group has recognized the importance of efficient energy management as part of our efforts to tackle the various environmental and social problems related to climate change,

which is why we have been providing various next-generation energy solutions and services. In recent years, a growing number of companies are starting to appreciate the value in this business, and we are increasingly working in partnership with other companies to provide services that provide society with convenient supplies of green energy.

A further related issue is the growing demand for

# CEO Message

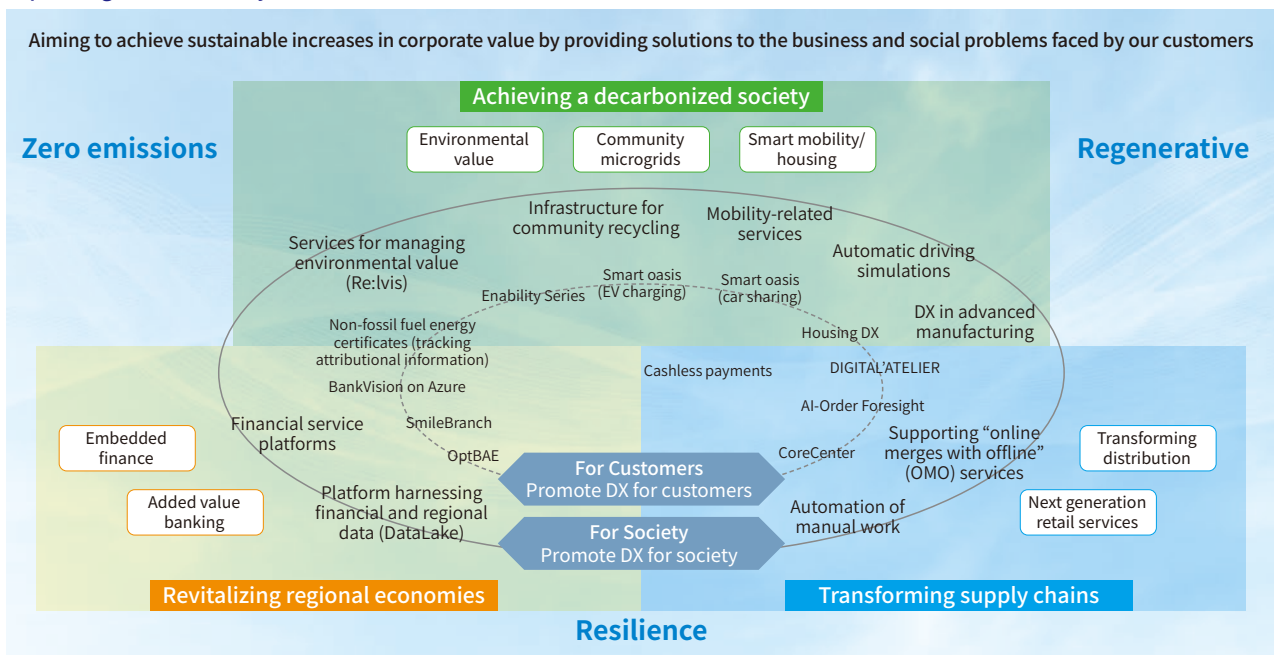
corporate disclosure of carbon neutral related information. To respond to these social demands, we are working to engage in various projects that combine assets already developed by our Group with the assets of our customers and partners. As we add new solutions to these projects, we are now entering a stage in which we can incorporate into our social infrastructure the shared assets for efficient energy management that we have already created by leveraging business ecosystems and the power of digital technology. Among the three beneficial social impacts that our corporate group is trying to achieve, this will help us contribute to our goal of “zero emissions (environmental contributions and reduced environmental loads using digital technologies).”

Another one of our desired social impacts is to help society achieve “resilience through viable and resilient autonomous distributed environments,” creating a society that is robust in the face of crises. For example, in the fields of managing, maintaining, and inspecting social infrastructure and various other facilities, Japan is facing the issues of insufficient labor and the growing average age of technical experts. To address these issues, our Group is starting to create frameworks that support technical experts by using IoT-enabled devices and AI to enable improvements in productivity, efficiency, and personnel reductions. We are now seeing the results of these projects begin to take shape. Moving forward, we aim to apply these frameworks beyond the current scope of buildings, tunnels, bridges,

and roads, helping to prevent and reduce damage from natural disasters. However, mitigating and preventing the effect of disasters is not something that we can do by ourselves. By working together with diverse range of partners in different fields and different industries, we can expand our business ecosystems, contributing to disaster prevention and reduction, creating “Digital Commons” (digital assets that can be shared by society). A large number of our employees now share this vision, and we can feel ourselves making strong progress.

The final one of our desired social impacts is to create “Regenerative systems for a net positive society.” In terms of social issues, this category includes issues such as labor shortages in the retail and service businesses and the problems of excess waste and the production of marine plastic waste. When addressing social issues, it is important to achieve a good balance between production, consumption, and distribution. Solutions we can provide in this area include AI-supported automatic ordering systems to control product orders, and the introduction of systems replacing electronic product price tags to greatly improve task efficiency when changing price labels, for example to reflect discounts, a task that was previously carried out by hand. These later systems can also support dynamic pricing\*. Our customers in the retail industry have received these initiatives positively. We can also harness all the data to identify strong-selling products and analyze the time of

## Expanding business ecosystems





day when customers tend to make purchases, providing this information to parties in the supply chain to reduce waste and distribution costs, while also improving production control. These new systems help customers take the first steps towards achieving profitability while building supply chains that have a low environmental impact.

\* Pricing method in which businesses set flexible prices for products and services taking into account supply and demand.

### Contributing to the elimination of social problems

We believe that the concept of “Digital Commons,” which we outline in our Vision-2030, is a strategic necessity if we are to raise the social position of our Group and grow over the next 5, 10, or even 20 years, while harnessing the advantages and originality our Group has acquired down the years, in addition to the pioneering initiatives put into place by other companies, as a base to respond to future changes in the social environment and new paradigms. As we move towards 2030, we aim to make firm progress in developing these frameworks, which will allow us to move towards the creation of a world based around the “Digital



Commons.” By 2030, we will hopefully be able to see the path towards a world in which the “Digital Commons” can be used to resolve various social issues, or prevent such issues from emerging in the first place. Under the grand slogan of “Digital Commons Can Save the World,” we currently feel great potential in pursuing this approach.

## Creating connections between organizations via information sharing

As we work to produce various services at a time when the future remains unpredictable, we are likely to see more failures than successes, but by recording our failures in a database used as a “holding tank,” we may be able to reuse those attempts at some point in the future. Recently, as our “holding tank” is stored in the cloud, maintaining this information requires little operational cost. In addition, since no major investment is required for us to reuse previously tried services, we can build models with the marginal cost of zero, which is a major characteristic of digital technology. Assets we created through projects that did not work out initially are already proving useful in other new projects. Furthermore, we can also use our database of prior businesses and assets to provide our customers and partners with solutions.

Our employees also work to learn about corporate-backed startups and venture companies by gathering in

the early morning to exchange information in a study meeting that we call the “Morning Challenge,” which is attended on each occasion by several hundred people. Through these initiatives, we work to encourage the sharing of information. These activities, many of whom are already under way, also help break down silos between different parts of our organization and encourage new projects based on cross-departmental coordination. For example, our new service for supporting the acquisition and management of non-fossil fuel energy certificates grew from coordination between the team responsible for energy management and the team responsible for financial technology. These projects evolved spontaneously from employees communicating with each other in the workplace and serve as examples of behavioral change sparked by information sharing.

## Fostering the development of employees who can work independently

When it comes to work, companies frequently talk about “musts,” but if employees are told that persisting is a

“must,” they may feel discouraged. That is why, if we are to increase the number of motivated employees who can act

## CEO Message



on their own initiative, we must transform “musts” into “wants” and “hopes.” To take a step in that direction, we took advantage of the coronavirus pandemic to promote self-motivated workstyles, unrestricted by time or place. One reason why we call our Management Plans our “Management Policies” is that when building specific systems and frameworks for concrete tasks, we encourage each employee to go about the task in their own way. At BIPROGY, we also refer to our management divisions by the collective name of the Group Design Division, since we want to harness the know-how of each individual to shape and influence (“design”) the direction of our Group. All of these efforts are for the purpose of developing, self-directed employees.

### Evolving our organization and our people while promote intrapersonal diversity through the ROLES System

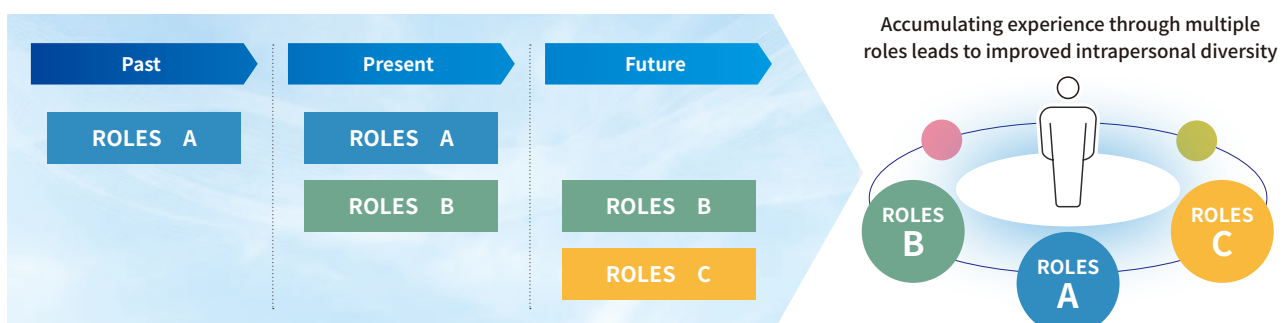
ROLES is the concept that lies at the heart of the BIPROGY human resources systems. We use “ROLES” in the plural to emphasize the diversity of the roles to each individual is required to play. When a single individual performs a variety of roles, they can develop variety of different perspectives. When people can see things from other perspectives, it is easier for them to understand and respect others who have different values.

Then, when people with different values are able to interact, they may produce products and services that are even more appealing. This is why the concept of “intrapersonal diversity” is so important for us.

For example, if an engineer, whose previous project experience has been to ensure the thorough implementation of quality, cost, and delivery, is involved in the launch of a new business, they will be able to appreciate just how difficult it is to get a new business up, running and generating profit. By using the concept of ROLES to let each individual take on different responsibilities, we can raise employee’s awareness of what the project is trying to achieve and how they can help move the project forward. This results in significant personal development. We already use ROLES to plan our organizational training, project assignments, and to support our employees in their self-directed career development, but as we move forward we hope to expand the application of the ROLES concept to job rotation and recruitment. By systematically

### What are ROLES?

- AT BIPROGY, ROLES refer to the roles employees perform when completing their tasks. Roles are defined in terms of the competencies and skills required to complete a particular job. It is a core concept that helps clarify the type, quality and number of personnel required to implement the various business strategies under the overall management strategy.
- Each individual employee can interact with ROLES in various ways including “sequentially taking on different roles in the course of their career,” “simultaneously taking on different roles,” and “taking on new roles in areas where they lack experience.” By understanding and committing to the requirements of the roles that they have experienced in the past and the roles they are currently undertaking, employees can improve their intrapersonal diversity.





expanding the scope of ROLES, we can improve the intrapersonal diversity of our employees.

At BIPROGY, we also provide many opportunities for learning. In addition to our “holding tank” database of past projects and the “Morning Challenge,” both mentioned above, we encourage employees to engage in T3 (Time to Think) activities, which require them, once a week, to step away from their current main task for three consecutive

hours and use that time for the self-development of their “wants” and “hopes.” If this concept can be put into practice at an organizational level, the organization itself can learn. Once we can encourage self-directed work, the adoption of ROLES, and self-learning as an organization, we can foster the development of diverse individuals who can produce innovation, and this learning can continue to make our organization even stronger.

## Accelerating forward towards the achievement of Vision-2030 under our Management Policies for the years ahead

As we reach the final fiscal year covered by the current Management Policies (2021-2023), we are working to draw up our next Management Policies. While we have not yet determined how many years the next Policies will cover, the Policies will be based around our business strategy of driving forward towards the achievement of Vision-2030.

For our next Policies, I plan to have Group members who wish to think about our future build the policy themselves rather than have specific policies dictated to them by me. Currently, we already have a number of taskforces in the company that employees have set up on their own initiative. If these self-directed task forces ask me for advice, I do not do much beyond provide suggestions on areas they could look into, avoiding explicit instruction. All of our employees are already capable of a considerable degree of self-motivated thought and action, and I believe that we have reached a stage where it is inappropriate for the company President to intervene directly based on experience of past success. Among the employees launching their own task forces to debate these issues, a number have already taken our “Management Leader Program” which is designed to help foster candidates for future executive positions. Some participants in these self-directed task forces are in their 30s. I am very much looking forward to seeing the business strategy visions that emerge from these initiatives.

### Taking on the Challenge of Inorganic Growth

Up until now, we are focused on improving our business performance through organic growth that builds upon our existing assets. That is because our primary goal was to generate profits, increase our cash flow, and strengthen our financial position. However, I believe that stage of our company’s history is now complete. Our efforts so far have provided us with the financial leeway to make various investments, and we have in place a solid platform for

taking on the challenge of inorganic growth, while accepting a certain degree of failure.

Through various open innovation initiatives, we can make progress in harnessing the power of startups and venture capital and creating synergies. By using our Group’s expertise in quality management, we are able to elevate the advanced business models and technology developed by startups to the levels required to meet the demands of customers in Japan. We aim to further strengthen our involvement in open innovation, combining information and digital technology with “deep tech” and “real tech” to produce new value for society.

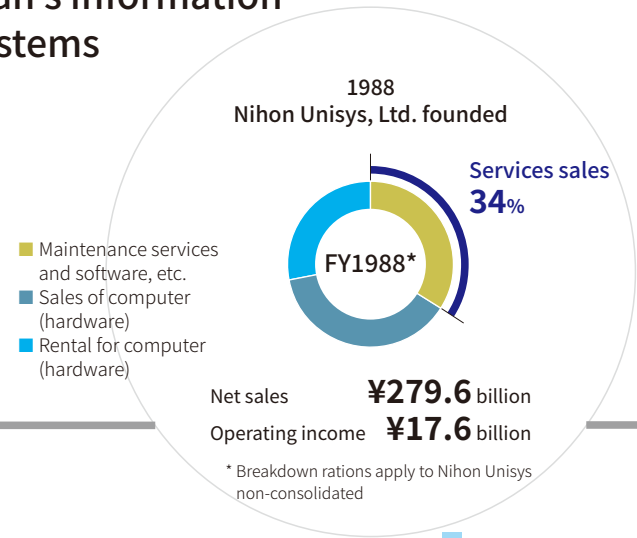
We have worked, through the construction of business ecosystems that can address social problems that are difficult for our corporate group to tackle alone, to address various issues through innovation and new services. As we move forward, our intention is to further expand our scope and our assets through methods including merger and acquisition. While our Group has significant expertise in helping customer companies transition and improve their operations using information and digital technology, and then operating and maintaining those systems, the operational technology (OT) required to operate such systems is a missing piece of our puzzle. As we move towards Vision-2030 with the aim of creating further significant social value, it is increasingly important for us to continue revising and improving our business portfolio.

We move towards the achievement of our Vision 2030 feeling pride in keeping in mind our corporate statement “foresight in sight,” working together with various companies and organizations to develop new business ecosystems, and contributing to the creation of a sustainable society, with a firm insight into the future.

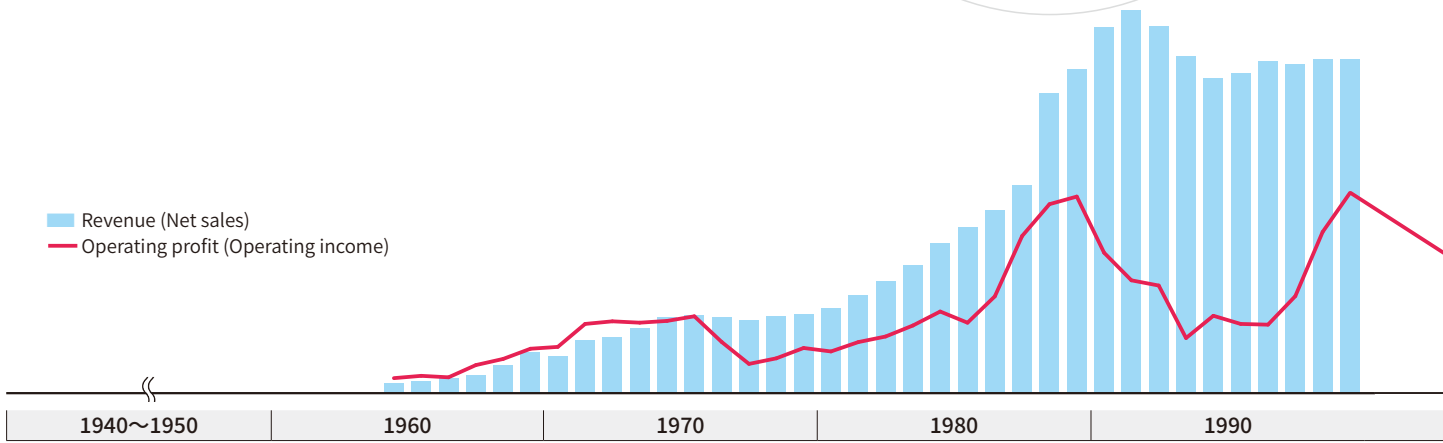
# Transformation from Nihon Unisys to BIPROGY

## Contributing to the expansion of customers' businesses and structural reforms through the formation of Japan's information society and construction of various systems

Over more than sixty years since providing Japan's first commercial computers, the BIPROGY Group has contributed to the formation and development of Japan's domestic information service industry by offering ICT systems and building systems that support society and industry. Identifying the demands of various customers, we continue to meet needs regardless of the age through our provision of business solutions that support industry.



### Changes in portfolio



**1947**  
Yoshizawa Kiki, the predecessor to Nippon Remington Univac Kaisha, Ltd., established

**1955**  
◆ Installed Japan's first commercial computers at Tokyo Stock Exchange, Inc. and Nomura Securities Co., Ltd.

**1958**  
◆ **Founding**  
Nippon Remington Univac Kaisha, Ltd (currently BIPROGY Inc.)

**1967**  
◆ Launched Japan's first online banking process

**1968**  
◆ Nippon Remington Univac Kaisha, Ltd. changed its corporate name to Nippon Univac Kaisha, Ltd.

**1971**  
◆ Nippon Univac Kaisha, Ltd. listed on the first section of the Tokyo Stock Exchange

**1977**  
◆ Launched FAST software for financial institutions

**1988**  
◆ **Establishment of Nihon Unisys, Ltd.**  
Merger of Nippon Univac Kaisha, Ltd. and Burroughs Corporation

• Japan's bubble economy collapses  
• Financial crisis

**1991**  
◆ Launched the integrated CAD/CAM system CADCEUS

**1997**  
◆ Total infrastructure service subsidiary UNIADDEX, Ltd. established

- ◆ Capital alliance
- ◆ Business

Value and Functions Required of ICT

Greater business efficiency and cost reduction

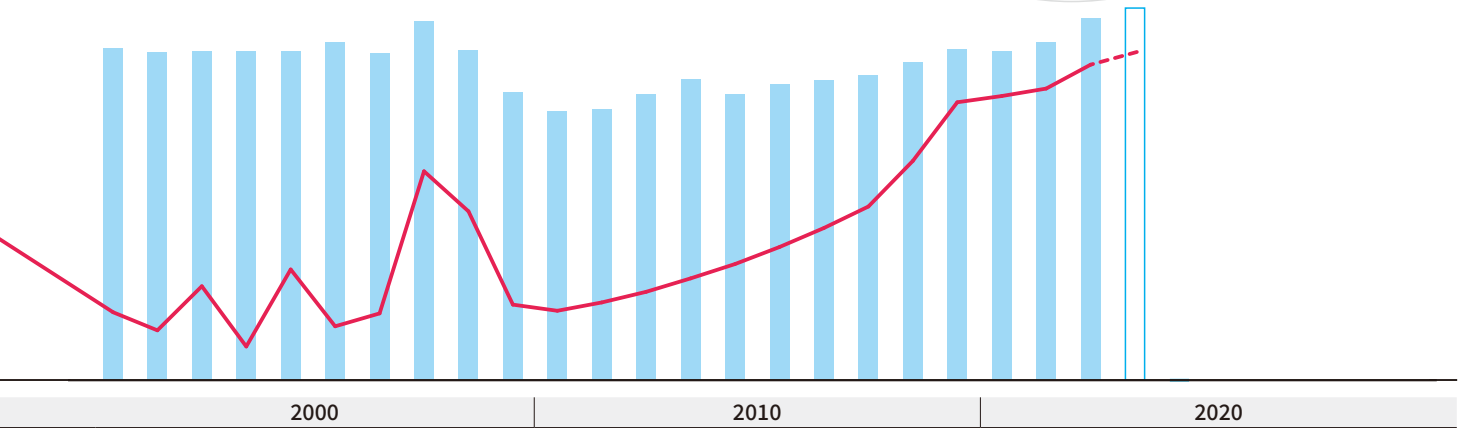
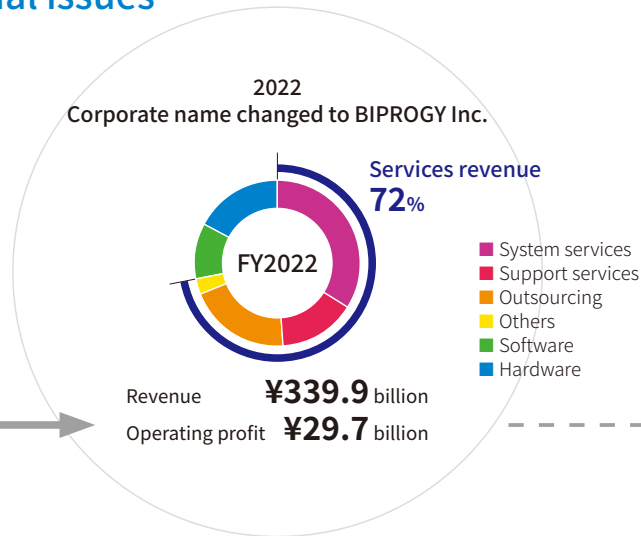
Support for management decision making and business expansion





## Transforming into a company that creates social value by building business ecosystems that solve social issues

Using the experience and track record built up in the ICT field over the years to form business ecosystems that link customers and partners in various industries who possess diverse strengths, we will develop those into a digital commons—that is, shared assets of society, a system that promotes the creation of a society in which everyone can live happily. We aim to build a unique corporate brand in the industry through BIPROGY, the new company name, and transform the Company into one that creates social value by working to solve social issues with borderless ideas.



• Dot-com bubble collapses

• Global financial crisis

• COVID-19 pandemic

### 2007

- ◆ Introduced core-banking system BankVision, the world's first "full-banking" system based on the Windows platform

### 2009

- ◆ Started providing the smart oasis charging infrastructure system for electric vehicles
- ◆ Started providing Zero-Accident Program DR service to help reduce automobile accidents and promote safe and energy-efficient driving

### 2012

- ◆ Capital alliance with Dai Nippon Printing Co., Ltd. to strengthen business foundation for expansion in new markets

### 2013

- ◆ Began operation of the world's first open technology-based domestic airline passenger system

### 2017

- ◆ Canal Ventures, Ltd., a venture capital company, established
- ◆ Start of Resonatex open API platform service

### 2017-2018

- ◆ Established Canal Payment Service, Ltd., a payment- and settlement-related business subsidiary, and formed a business and capital alliance with JCB Co., Ltd. and CARDNET

### 2022

- ◆ **Corporate name changed to BIPROGY Inc.**

### 2020

- ◆ Established Emellience Partners Inc. for co-creative business generation
- ◆ Launch of AI-Order Foresight, a cloud-based automatic order service based on AI demand forecasts

### 2021

- ◆ Established Green Digital & Innovation Inc.
- ◆ Launched Japan's first public cloud full banking system

### 2022

- ◆ Established V-Drive Technologies Inc., which undertakes automated driving system development and simulation
- ◆ Launched Omni-Base for DIGITAL' ATELIER, a service-use type commerce business platform

Support for structural reform

Business innovation/ business creation

Resolution of social issues

ERP packages

Cloud computing

Big data

IoT

AI robotics

Smart technology

Digital transformation

# Value Creation Process

By expanding business ecosystems that span across sectors and business models and leveraging its accumulated strengths to solve the social issues, the BIPROGY Group aims to create a sustainable society through the creation of social and economic value.

Purpose

⌄ P.6-7

## Create a sustainable insight to unlock the

Foresight and insight x Technology x

Foresight in sight

Use “insight” not understanding of issues

Strategy

### Management Policies (2021-2023)

⌄ P.28-35

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

### Material Issues

⌄ P.20-27

Promote initiatives to achieve Vision 2030

Inputs

### Sources of Competitive Advantages

Data as of FY2022 or March 31, 2023

#### Social and relationship capital

- Customer base spanning a broad range of sectors and industries
- Relationship with customers and partners
  - Customers: More than 5,000 companies
  - BIPROGY Users Association members: About 540 companies
  - Development partners: More than 450 companies

#### Human capital

- Human resources able to take the initiative to grasp social issues and take action
- Corporate culture that boasts diversity and encourages taking on challenges
  - No. of employees: 8,124
  - Percentage of management positions held by women: 9.3%
  - No. of engineers: 5,089

#### Financial capital

- A financial base supporting new service creation and responding to business environment changes
  - Equity attributable to owners of parent: ¥139.9 billion
  - Free cash flows: ¥12.9 billion

#### Intellectual capital

- Business knowledge from various industries and technical skills cultivated over a history of more than 60 years
- Open innovation through collaboration with venture firms and startups
- Services that promote the business ecosystem
- Investments to create new services
  - Obtained DX Certification
  - Investments\*1: ¥22.1 billion

#### Natural capital

- Decarbonizing business activities
  - Amount of energy consumption: 7,608kl
  - Percentage of purchased electricity derived from renewable energy sources: 23.4%

#### Manufactured capital

- Quality assurance for products and services
- Transparent and fair processes
- Nationwide service network in Japan, service locations in eight foreign countries
  - Quality control via ISBP\*2
  - Group compliance awareness survey response rate: 95.6% /97.4%

\*1 Total of R&D expenses, capital expenditures and strategic investments

\*2 ISBP (Information Services Business Process): The Group's standard business process, summarizing the work required for system development in order to provide high-quality systems.

### Strengths

⌄ P.18

Relationships with customers and partners in various Industries

Capabilities for enabling successful system implementation

Capabilities for enabling one-stop vendor-free support

Capabilities for designing and delivering new services

### BIPROGY Group's Businesses

Providing services that contribute to the efficiency and evolution of corporate operations

### Provide system integration services

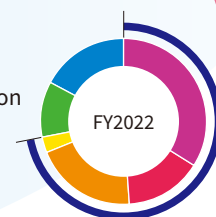
The Group's core business that provides solutions and services that are the most appropriate for customers, which includes building, operating, and maintaining information systems

Outputs

⌄ P.76-78

Revenue

¥339.9 billion



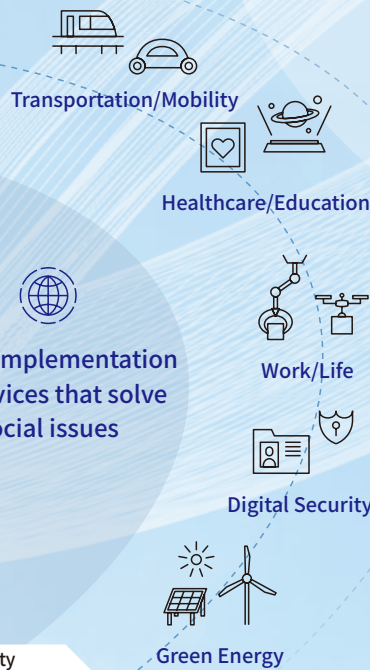
Services revenue 72%

# society using foresight and full potential of technology

Business ecosystem = Company that creates social value

restrained by experience and conventional knowledge and gain a deep faced by society and customers quickly ascertained through “foresight”

- Create schemes to solve issues through the use of digital technology and business ecosystems
- 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
- Develop and strengthen human resources to create a new future and promote diversity and inclusion
- Further improve corporate governance and integrity



Social implementation of services that solve social issues

Providing services contributing to corporate DX

For Customers  
Promote DX for customers

For Society  
Promote DX for society

Combine business assets across markets

## Promote business ecosystems

Build business ecosystems for coexistence and co-prosperity that transcend business type and industry and contribute to solving social issues through partnerships with multiple companies and organizations and each partner’s technology and strength

### Creation of Services

System services	34%	
Support services	15%	
Outsourcing	20%	
Others	3%	(Negative output)
Software	11%	GHG emissions (Scope 1 + Scope 2 (Market-based))
Hardware	17%	10,753t-CO <sub>2</sub> e

Foundation for promoting business activities [P.48-75](#)

Changes in society [P.22](#)

# Vision2030

[P.20-27](#)

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



## Resilience

Viable and resilient autonomous distributed environments

## Regenerative

Regenerative systems for a net positive society

## Zero emissions

Environmental contributions and reduced environmental loads using digital technologies

### Outcomes

#### Social and Economic Value Created

Data as of FY2022 or March 31, 2023

#### Social and relationship capital

- Contribute to the sustainability of society by providing businesses that solve social issues
- Create business ecosystems by building relationships of trust with diverse stakeholders
- Provide safe and secure products and services
- Number of businesses that solve the issues faced by society and consider optimization for society and the world: 125.5% compared to FY2020

#### Human capital

- Produce innovative human resources that contribute to solving social issues
- Improve labor productivity
- Number of business producers: 37
- Weighted average score of work style related items in the engagement survey: 3.47
- Operating profit per employee: ¥3.65 million

#### Financial capital

- High capital efficiency and firm financial foundation
- ROE: 15.0%
- Issuer rating<sup>\*3</sup>: A-
- Ratio of equity attributable to owners of parent to total assets: 49.9%

#### Intellectual capital

- Creation of new services
- Investments in businesses such as start-ups: 71
- Investments in funds that target diverse fields both in Japan and overseas: 31

#### Natural capital

- Provide environmental contribution services
- Reduce the environmental burden of the value chain
- Percentage achieved for target contribution to corporate net-zero emissions through customer use of environmentally friendly products and services: 174.6%
- Reduction rate of GHG emissions (Scope 1 + Scope 2 (Market-based), vs. FY2019): 25.1%

#### Manufactured capital

- Reliable operation of services
- Online uptime rate: 99.998%

\*3 Rating & Investment Information (R&I)



# Source of the BIPROGY Group's Value Creation

## BIPROGY Group's Strengths—Implementation Capabilities Backed by Integrity, the Power to Get Things Done

### Relationships with Customers and Partners in Various Industries

With a broad customer base in the financial, manufacturing, distribution, government, and public sectors, we provide IT solutions based on IT strategy consulting, as well as integrated services as far as operation management and maintenance support.

#### Customers in broad types and categories of businesses

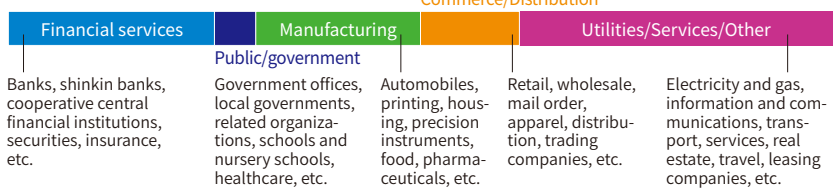
Number of customers\*1

more than **5,000** companies

\*1 Total for BIPROGY and UNIADEX

#### Customer base in a wide range of fields

Breakdown of sales by market (FY2022)



### Capabilities for Enabling Successful System Implementation

We are involved in everything from development to post-completion evaluation and improvement, and contribute to the solution of customers' management issues through our solid knowledge and technical capabilities.

#### Providing mission critical systems that move society

Extensive **track record**

#### Engineers backing our technological capabilities

Composition of Employees (as of March 31, 2023)



### Capabilities for Enabling One-stop Vendor-Free Support

We provide an optimal ICT environment to solve our customers' issues by providing one-stop support capabilities from a vendor-free stand-point that is not limited to our own hardware or software.

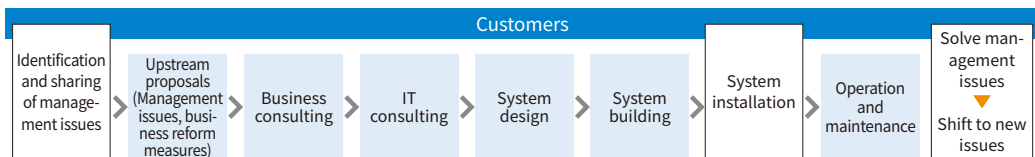
Various manufacturers' products

Development partners  
More than **450** companies

Locations Japan **Nationwide** network Overseas **8** countries\*2

\*2 (As of March 31, 2023) U.S., China, Indonesia, Thailand, Singapore, the Philippines, Malaysia, Vietnam

One-stop services



### Capabilities for Designing and Delivering New Services

In order to solve various issues for companies and society, we are aggressively investing with a focus on open innovation and developing human resources capable of designing new services.

#### Total investments\*3

(FY2022)

**¥22.1 billion**

Other investments in human capital ¥2.6 billion

\*3 Total of R&D expenses, capital expenditures, and strategic investments

#### Examples of new services

(FY2022)

- DIVP\*4, safety evaluation infrastructure for automated driving
- PRAISE CARD, an application service that helps improve engagement by creating a success cycle for the organization through praise

\*4 Driving Intelligence Validation Platform

#### Initiatives to create innovation

Human Resource Strategy

- The Group strategically promotes the development of human resources who possess the capability to create greater value by involving in-house and outside human resources.

Investment Strategy

- The BIPROGY Group is continuing and expanding investments in and M&As with partners with cutting-edge technologies and expertise, including globally, as well as investments in startups and funds.
- The BIPROGY Group is enhancing its R&D capabilities in cutting-edge technologies, and accelerating open innovation with the objective of creating new services.

## BIPROGY Group’s Businesses

The Group has won the trust of customers by providing ICT infrastructure and system services over many years. With system integration services that contribute to greater efficiency and sophistication of customers’ operations as our core business, we leverage the experience and knowledge acquired through that core business to support DX so that

customers can generate greater growth. In addition, we work to expand our business ecosystems in collaboration with customers and partners and contribute to the solution of social issues by combining services and value created in diverse industries, sectors, and markets across the board.

**Business ecosystems, collaboration that transcends industry boundaries to realize solutions to social issues**

We live in an era in which ICT has improved operational efficiency and resulted in new businesses and lifestyles, and technology is transforming business models and removing the barriers between industries. In this era of previously unimaginable new services, such as self-driving cars and drone delivery, which are transforming various aspects of society, including the legal system, it is necessary to focus on social issues with foresight and insight and foresee new business opportunities.

To create businesses that solve the social issues, it is necessary to create alliances that transcend business type or industry.

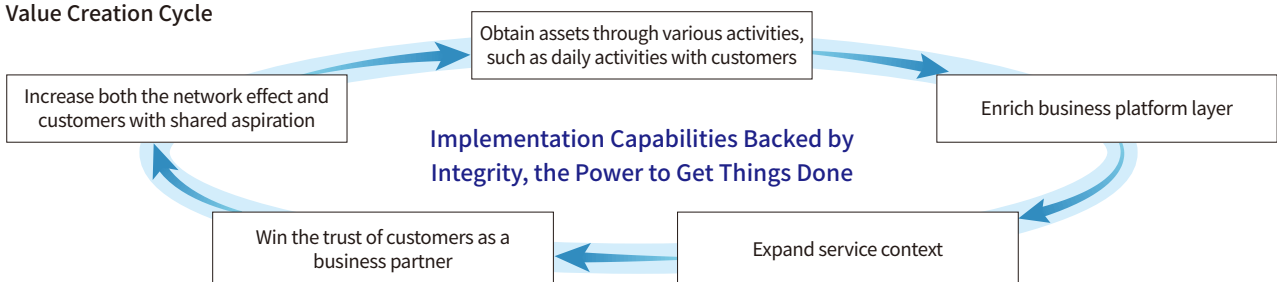
The BIPROGY Group, the core of the business ecosystem, creates innovative services.

### Value creation cycle that accelerates the business ecosystem

The Group has earnestly collaborated with customers in all industries to solve their issues, which has made it possible for us to accumulate experience and knowledge based on our familiarity with their operations. By stitching together in a patchwork fashion various assets such as the knowledge we have acquired working with customers and the assets obtained through the solutions we have independently developed, open innovation, the pursuit of knowledge and other companies’ products, and by reworking these assets into an optimal form while obtaining additional wisdom from our customers, we will work to enrich our unique, flexible business platform layer. At the same time, we would like to increase, in the long term,

service contexts that are appealing to customers by generalizing the experience and knowledge from individual projects into a form applicable to multiple customers and compiling that into a library. Winning the trust of customers accelerates the business ecosystem and gives birth to new practices between customers in new businesses. As trust from society and network effects within business ecosystems increase, more customers share our ambitions, which leads to the resolution of a larger number of issues faced by society. We are aiming to transform into a company that creates social value by implementing a value creation cycle that accelerates business ecosystems based on the Group’s foresight and insight and implementation capabilities backed by integrity, the power to get things done.

#### Value Creation Cycle



**Business platform:** platform that combines operation processes and systems, SaaS, BPO, and similar elements

**Service context:** service scenario and business model whose hypothesis has been verified

# Vision 2030

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

## Resilience

Viable and resilient autonomous distributed environments



Healthcare/Education

## Regenerative

Regenerative systems for a net positive society



Work/Life

## Zero emissions

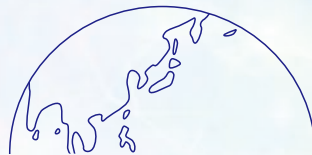
Environmental contributions and reduced environmental loads using digital technologies



Digital Security



Transportation/Mobility



Digital Commons



Green Energy



The BIPROGY Group combines its foresight and insight into social change, technology centered on ICT, and the business ecosystem we have formed with various partners to not only provide ICT services, but also to further accelerate its initiatives for creating new value that enriches society and resolving social issues and to become a company that creates social value. Based on this adopted “Purpose” of ours, we have set forth the direction we must take with a view to the year 2030. This is our “Vision 2030.”

“Digital Commons,” which we have espoused as part of “Vision 2023,” refers to communities that enable a balance of social value and economic value in the resolution of social issues. These communities are formed thanks to the

power of digital, used to make private assets that already exist in society (assets held by companies, organizations and individuals) and surplus assets (assets with a low operation rate) widely usable as common assets with low additional costs.

Under “Vision 2030,” we will promote business with three mutually related social impacts as guideposts: “resilience (viable and resilient autonomous distributed environments),” “regenerative (regenerative systems for a net positive society),” and “zero emissions (environmental contributions and reduced environmental loads using digital technologies).” Together with our partners in our business ecosystem, we aim to create value and originate markets.

## Material Issues to Address in Order to Realize Vision 2030

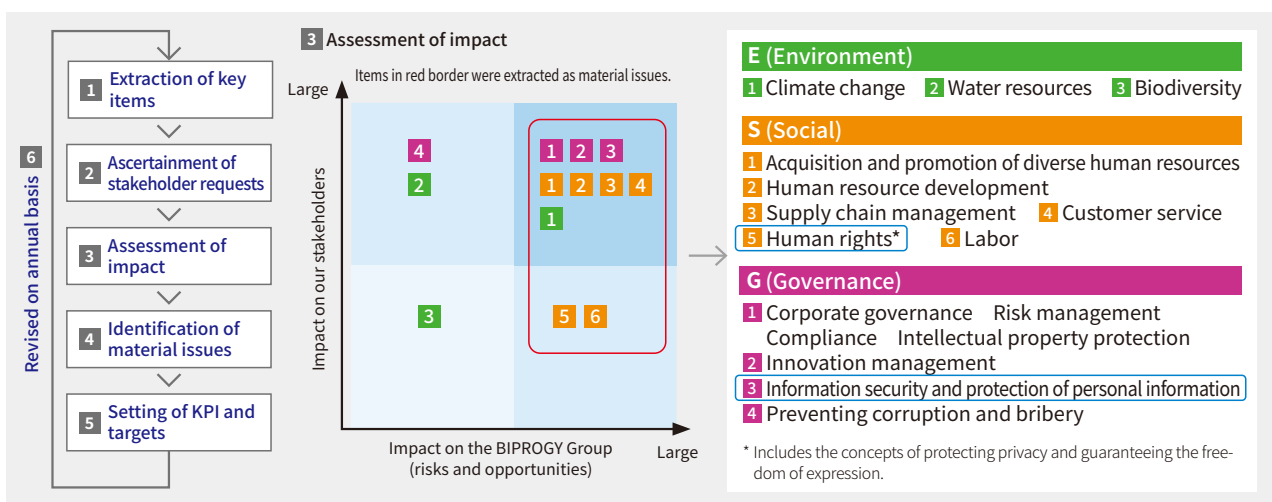
Classification of Material Issues	Material Issues
Material issues for achieving business growth	<ul style="list-style-type: none"> <li>• Create schemes to solve issues through the use of digital technology and business ecosystems</li> <li>• Contribute to the environment through the use of digital technology and reduce the environmental impact of business activities in order to help build a world of net zero emissions</li> </ul>
Material issues for supporting business growth	<ul style="list-style-type: none"> <li>• Sustainably procure and provide safe, secure products and services throughout the entire value chain</li> <li>• Develop and strengthen human resources to create a new future and promote diversity and inclusion</li> <li>• Further improve corporate governance and integrity</li> </ul>

In order to integrate the Group’s sustainability initiatives into its management to achieve Vision 2030, we have extracted key issues that we need to tackle going forward. Moreover, we have established material issues that correspond to key issues with an especially high degree of impact and set KPI and targets relative to each of those

material issues, and are currently promoting associated initiatives. Additionally, with a view to realizing those KPI and targets, we have also introduced restricted stock remuneration linked to medium- and long-term performance, including the achievement of material issues, in our director remuneration system.

### Process of Determining and Updating Material Issues

Items enclosed in a blue box were revised in FY2023.



Risks and Opportunities

Main changes in society we are aware of		Business and Other Risks	Threats
Rapid shift to a digital society	Acceleration of Digital Transformation	Business Environment	<b>Impact of economic trends and the market environment</b> <ul style="list-style-type: none"> <li>Worsening economic environment due to factors such as changes in circumstances surrounding COVID-19, intensified tensions between the US and China and the situation in Ukraine</li> <li>Worsening business environment due to factors such as restraints on investment in information systems and changes in that investment strategy by companies as well as intensified competition caused by new players from other industries</li> <li>Growing environmental awareness and rapid changes in social consciousness, such as climate change countermeasures amid the spread of ESG, and the strengthening of global environmental regulations in response to the growth and changes <b>1</b></li> <li>Changes in various government policies, such as disaster countermeasures</li> </ul>
	Society 5.0: A Super-Smart Society*		<b>Procurement</b> <ul style="list-style-type: none"> <li>Impact on the purchase of the Group's products due to changes in the business strategy of or deterioration in management at suppliers <b>3</b></li> <li>Occurrence of serious failures due to service malfunctions, security incidents, etc. <b>3</b></li> <li>Declining social credibility and brand image</li> </ul>
Changes in expectations and demands of companies regarding creating a sustainable society	Expectation of resolving social issues through business	Business Activities	<b>Intellectual property rights</b> <ul style="list-style-type: none"> <li>Infringement of intellectual property rights by third parties <b>1</b></li> <li>Expenses associated with disputes over intellectual property rights <b>1</b></li> <li>Possibility of not being able to obtain necessary licenses and no longer being able to provide certain products and services <b>1</b></li> <li>Not being able to use the expected intellectual property from partner companies despite tie-ups <b>1</b></li> </ul>
	Spread of ESG and Sustainability		<b>Project management</b> <ul style="list-style-type: none"> <li>Delay in deliveries and cost overruns due to increasing complexity of customer requirements and project complexity</li> <li>Increased safety and security risks due to diversification of products and services <b>3</b></li> </ul>
Business environment in which it is difficult to predict the future	Increased uncertainties	Others	<b>System failure</b> <ul style="list-style-type: none"> <li>Serious failures due to system malfunctions, cyberattacks, or other problems <b>3</b></li> <li>Declining social credibility and brand image</li> <li>Compensation for damages</li> </ul>
	Intensifying competition due to entrants from other industries		<b>Information security</b> <ul style="list-style-type: none"> <li>Leaks of confidential customer information or personal information <b>3</b></li> <li>Cyberattacks <b>3</b></li> <li>Declining social credibility and brand image</li> <li>Incurring of response costs</li> </ul>
			<b>Human resources</b> <ul style="list-style-type: none"> <li>Intensifying competition for IT personnel <b>1</b></li> <li>Securing human resources with technical capabilities, the ability to continuously innovate and adapt to diversifying social issues and customer needs <b>1 2</b></li> </ul>
			<b>Investment</b> <ul style="list-style-type: none"> <li>Insufficient return on investment</li> <li>Inconsistency with business partners' management strategies</li> <li>Business growth below initial expectations</li> </ul>
			<b>Compliance</b> <ul style="list-style-type: none"> <li>Personnel and labor issues <b>5 6 1 4</b></li> <li>Occurrence of inadequate data handling and other serious compliance violations <b>1 3</b></li> <li>Decline in social credibility, payment of compensation for resulting damages, and reexamination of business dealings by key suppliers and customers</li> </ul>
			<b>Natural disasters, infectious diseases, and other events</b> <ul style="list-style-type: none"> <li>Catastrophic damage from natural disasters, such as earthquakes, or terrorism</li> <li>Restrictions on providing services or other business activities due to an outbreak of infectious disease, etc.</li> <li>Threats to the health and safety of employees</li> </ul>

\* A new society in which IoT, AI, big data and other new technologies are incorporated into every industry and every facet of social life to create innovation that resolves social issues in ways that meet individual needs

Key Items that We Extracted in Determining Our Material Issues (Items with a grey background were extracted as material issues)

E (Environment)	S (Social)		G (Governance)
1 Climate change	1 Acquisition and promotion of diverse human resources	4 Customer service	1 Corporate governance
2 Water resources	2 Human resource development	5 Human rights	Risk management
3 Biodiversity	3 Supply chain management	6 Labor	Compliance
			Intellectual property protection
			2 Innovation management
			3 Information security and protection of personal information
			4 Preventing corruption and bribery

Opportunities	Material Issues	Company's Ideals and Goals
<ul style="list-style-type: none"> <li>• Create business opportunities that contribute to the solution of issues faced by society and capture profits in created markets <b>2</b></li> <li>• Create business ecosystems and expand business opportunities by establishing trust with a wide range of stakeholders <b>2</b></li> </ul>	<p><b>Create schemes to solve issues through the use of digital technology and business ecosystems</b></p> <p>Related key items</p> <p><b>1 1 2 4 1 2</b></p>	<p>We will help to build a regenerative, resilient society of net zero emissions by creating communities with customers and partner companies in a wide range of industries who share our ambition.</p>
<ul style="list-style-type: none"> <li>• Increase profit opportunities by strengthening trust with suppliers and capturing quality partner companies and thus reinforcing relationship capital <b>3 4</b></li> <li>• Reduce business risks related to issues such as human rights and environmental burden throughout the value chain <b>3 4</b></li> </ul>	<p><b>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</b></p> <p>Related key items</p> <p><b>1 4 1 2</b></p>	<p>We seek to provide services that promote carbon neutrality and a circular economy while cooperating widely to build a carbon-free world. We also aim to help reduce greenhouse gas emissions by reducing the environmental impact of our business activities.</p>
<ul style="list-style-type: none"> <li>• Increase profit opportunities by capturing quality partner companies</li> <li>• Improve social credibility</li> <li>• Expand business by generating innovation <b>2</b></li> </ul>	<p><b>Sustainably procure and provide safe, secure products and services throughout the entire value chain</b></p> <p>Related key items</p> <p><b>1 3 5 6 1 3</b></p>	<p>We will construct and maintain a value chain that respects human rights and has a lower environmental impact, and procure and provide safe and secure products and services.</p>
<ul style="list-style-type: none"> <li>• Secure a stable revenue base as productivity increases and cost overruns decrease</li> <li>• Increase profit opportunities by strengthening trust with customers/suppliers <b>4</b></li> <li>• Provide secure services and platforms to customers <b>3</b></li> </ul>	<p><b>Develop and strengthen human resources to create a new future and promote diversity and inclusion</b></p> <p>Related key items</p> <p><b>1 2 6 2</b></p>	<p>We must become a company that recognizes and accepts individual diversity, expertise, and values to continue creating innovation to achieve our future. To this end, we will support our human resources and build a more open corporate culture.</p>
<ul style="list-style-type: none"> <li>• Expand business by generating innovation <b>2</b></li> <li>• Develop high-value-added human resources with the ability to assess where and how much to invest</li> <li>• Increase return on investment</li> <li>• Ensure competitive advantages</li> </ul>	<p><b>Further improve corporate governance and integrity</b></p> <p>Related key items</p> <p><b>1 3</b></p>	<p>We will construct and operate a corporate governance system that makes transparent, fair, quick, and bold decision making possible.</p>
<ul style="list-style-type: none"> <li>• Improve social credibility</li> <li>• Contribute to the solution of issues faced by society and the economic growth of society through transparent and fair processes</li> </ul>		<p>As a group that can provide social value and ICT services as trustworthy, sustainable social infrastructure, we will comply with both domestic and overseas laws and regulations, act in line with social norms based on high ethics, and conduct sound, transparent business activities.</p>
<ul style="list-style-type: none"> <li>• Contribute to society's sustainability by providing businesses that solve the issues faced by society <b>1 2 3</b></li> </ul>		






Material issues for achieving business growth

Material issues for supporting business growth



# Vision 2030

## Material Issues, Overview and Progress

	Material Issues	Create Social Value	Create Economic Value	KPIs and Targets (FY of achievement)
Material issues for achieving business growth	<p>Create schemes to solve issues through the use of digital technology and business ecosystems</p> <p>Related SDGs</p> 	<ul style="list-style-type: none"> <li>Contribute to society's sustainability by providing businesses that solve the issues faced by society</li> </ul>	<ul style="list-style-type: none"> <li>Create business opportunities that contribute to the solution of issues faced by society and capture profits in created markets</li> </ul>	<p>Create/expand businesses that solve the issues faced by society and that look to optimize society and the world. 200% or more of such projects compared to FY2020 (FY2023)</p>
	<p>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</p> <p>Related SDGs</p> 	<ul style="list-style-type: none"> <li>Contribute to the early realization of a decarbonized society by providing environmentally friendly services that promote carbon neutrality and a circular economy</li> <li>Help to reduce environmental impact by reinforcing initiatives to reduce carbon emissions from business activities, such as procuring renewable energy</li> </ul>	<ul style="list-style-type: none"> <li>Increase profit from services that contribute to the environment</li> <li>Restrain costs by reducing business risks due to climate change</li> </ul>	<p>Percentage achieved for target contribution to corporate net-zero emissions through customer use of environmentally friendly products and services: 100% or more (annually until FY2030)</p> <p>Percentage of business opportunities and risks identified via climate change scenario analysis impact evaluation) for which a risk response has been implemented: 100% (annually until FY2030)</p> <p>Percentage of purchased energy used at the Group business locations that is renewable energy: 50% or more (FY2030)</p> <p>Reduction rate in GHG emissions (Scope 1 + Scope 2): 50% or more compared to FY2019 (FY2030)</p>
	<p>Sustainably procure and provide safe, secure products and services throughout the entire value chain</p> <p>Related SDGs</p> 	<ul style="list-style-type: none"> <li>Contribute to the stability and maintenance of IT infrastructure that supports societal activities by providing safe and secure products and services that comply with various laws, regulations, and social norms</li> <li>Contribute to the spread of ethical consumption and help build a sustainable society by providing products and services that take into consideration the environment and society</li> </ul>	<ul style="list-style-type: none"> <li>Increase profit opportunities by strengthening trust with customers/suppliers and engaging with high-quality partner companies and thus reinforcing relationship capital</li> <li>Reduce business risks related to issues such as human rights and environmental impact throughout the value chain</li> </ul>	<p>Disclose information on Scope 3 GHG emissions and set related targets (FY2022)</p> <p>Percentage of human rights-related issues at BIPROGY Group which are being addressed: 100% (FY2023)</p> <p>Rate of initiation of actions, such as requests for action made to main suppliers, based on risk assessment results: 100% (FY2022)</p>
	Material issues for supporting business growth	<p>Develop and strengthen human resources to create a new future and promote diversity and inclusion</p> <p>Related SDGs</p> 	<ul style="list-style-type: none"> <li>Help solve social issues by continuously producing innovative, talented workers</li> <li>Create employment opportunities for diverse human resources</li> <li>Contribute to the creation of a society that is physically and mentally healthy, is accepting of individual diversity, and offers work satisfaction</li> </ul>	<ul style="list-style-type: none"> <li>Expand business by generating innovation</li> <li>Increase profitability by raising labor productivity</li> </ul>
<p>Further improve corporate governance and integrity</p> <p>Related SDGs</p> 		<ul style="list-style-type: none"> <li>Help to solve issues faced by society and the economic growth of society through transparent and fair processes</li> <li>Contribute to the empowerment of all people, regardless of age, sex, handicap status, race, ethnicity, origin, religion, economic position, etc.</li> <li>Help to build a society in which workers can experience job satisfaction by ensuring equal opportunities through the elimination of discriminatory practices, creation and operation of appropriate related rules, promotion of appropriate behavior, and similar activities</li> </ul>	<ul style="list-style-type: none"> <li>Create business ecosystems and expand business opportunities by establishing trust with a wide range of stakeholders</li> <li>Generate sustainable improvements in corporate value</li> <li>Reduce business risks related to scandals, etc.</li> </ul>	<p>Actions for each year set in the evaluation of Board of Directors effectiveness are undertaken (each year)</p> <p>Improvement and upgrade in the compliance program</p> <p>Spread of awareness of integrity among Group executives and employees</p> <p>Compliance incident trends</p> <p>Number of serious security incidents: 0 (each year)</p>

\* The zero emission achievement rate is the sales of environmentally friendly products and services multiplied by the GHG reduction contribution coefficient and divided by the total Scope 1 and 2 emissions of the BIPROGY Group.

FY2022 Results and Future Initiatives			
125.5%	<b>Expansion of number of projects:</b> Currently monitoring the growth rate in the number of such projects in our outsourcing business in line with our Management Policies (2021-2023). Simultaneously promoting the development of services that contribute to the resolution of social issues.	Ⓞ P.30-35 Ⓞ P.48-51	
174.6%	<b>Reduction of GHG emissions in business activities and expansion of provision of products and services that contribute to the environment:</b> Continuing to work towards reducing GHG emissions in our business activities as well as expand the provision of products and services that contribute to the environment.	Ⓞ P.52-55	
100%	<b>Continued implementation of extraction of business opportunities and risks related to climate change and associated impact assessment through cross-organizational and Group-wide projects:</b> Continuing to revise opportunities and risks and respond to risks going forward.	Ⓞ P.52-55	
23.4%	<b>Transition of procured power to renewable energy:</b> Steady progress being made towards reaching targets according to plan. Continuing to promote the introduction of renewable energy.	Ⓞ P.52-55	
25.1%	<b>Promotion of energy-saving measures through efficient use of offices and equipment and other means:</b> Continuing similar initiatives to reduce emissions as we move forward.	Ⓞ P.52-55	
Achieved	<b>Disclosure of Scope 3 data:</b> Clearly documenting data-gathering and tallying rules starting in FY2021 and disclosing data starting in FY2022. <b>Establishment of emission reduction goal for Scope 3:</b> Establishing goal of "suppliers who make up 40% of procured amount of purchased goods and services (Category 1) setting targets equivalent to SBT (target year: FY2027)."	Ⓞ P.52-55	
83% (5 issues out of 6)	<b>Thorough dissemination of Human Rights Policy:</b> Disseminating Human Rights Policy among overseas Group companies/disseminating the theme of respect for human rights among employees and enlightening them on that theme on an ongoing basis. <b>Development of complaint processing mechanism:</b> Preventing human rights violations by developing a complaint processing mechanism related to human rights and responding to those complaints.	Ⓞ P.75	
100%	<b>Implementation of requests for improvements:</b> Issuing requests for improvements for 49 companies based on the results of surveys on ESG-related initiatives conducted on main suppliers. <b>Future targets:</b> Setting targets of "100% of suppliers surveyed on ESG risk (FY2026)" and "100% of suppliers currently adhere to or have launched improvements to material ESG risk items that the Group has set for suppliers (FY2030)."	Ⓞ P.75	
37	<b>Establishment of human resource pipeline:</b> Establishing proficiency determination processes for business producers in ROLES and establishing a proper pipeline for those human resources. <b>Reinforcement of development programs and accompanying monitoring:</b> Enhancing training programs and follow-up measures that link to actual business, including its creation/Realize organic linkage to development programs and work assessments by reinforcing the monitoring of development plans for each organization.	Ⓞ P.56-59	
10.2% (As of April 1, 2023)	<b>Administration of employee promotion plans:</b> Continuously compiling and monitoring plans to promote organizational heads at BIPROGY and Group companies/Conducting quantitative checks of linkage between goal-setting and career design for candidates for promotion. <b>Developmental support at Group companies:</b> Enhancing training for Group company employees.	Ⓞ P.56-59	
2.84%	<b>Expansion of operations at special-purpose subsidiary BIPROGY Challenged Inc.:</b> Further expanding Web accessibility tests/Expanding outdoor agriculture gardens (WAKUWAKU Farms) and transferring operations from BIPROGY. <b>Cultivating new occupational fields:</b> Expanding employment by opening internal massage rooms and other facilities.	Ⓞ P.56-59	
3.47	<b>Score improvement measures:</b> Deploying measures to facilitate a hybrid of online and offline communication/Ascertaining the actual state of workstyles of employees permanently stationed at customer sites, etc. and examining measures commensurate with the workplace there. <b>Deployment to various Group companies:</b> Sharing measures at BIPROGY with Group companies and examining their utilization there.	Ⓞ P.56-59	
Stage 2 100% Stage 3 100%	<b>Health guidance:</b> Implementing for all employees with stage 2 or stage 3 high blood pressure.	Ⓞ P.56-59	
+1.4%	<b>Improvement measures:</b> Approaching employees whose stress check results showed high stress levels for an interview/Requesting organizations with unfavorable stress check result values to take remedial actions and following up on those organizations/Revitalizing communication with employees on temporary leave with the use of external EAP/Making "your-time" (one-on-one sessions) between employees up to their third year with the company and their superior compulsory and conducting counseling for all employees.	Ⓞ P.56-59	
+70% (143)	<b>Expansion of social contribution programs:</b> Refining social contribution programs/Planning the conducting of joint social contribution activities with internal organizations, other companies and external groups.		
	<b>Enhancement of the effectiveness of monitoring by the Board of Directors:</b> Endeavored to enhance the provision of information through means such as holding training sessions and meetings to exchange opinions. <b>Global strategy:</b> Reports on global strategy were made to the Board of Directors and active discussions based on those reports were held. <b>Involvement of discussion at meetings of Nomination &amp; Remuneration Committee and improvement of Committee transparency:</b> The provision of information to Outside Director Committee members was expedited and the content of that information was enhanced/Reports on the activity status of the Committee were made to the Board of Directors.	Ⓞ P.60-67	
	<b>Initiatives based on the loss of USB flash drives:</b> Carrying out full revision of compliance training programs for Group officers and employees/Sharing key points of third-party committee investigative report with compliance promotion supervisors and highlighting points for them to bear in mind in practicing compliance in their organizations as well as reflecting those points in training and enlightenment activities for FY2023 and beyond. <b>Accommodation of amended Whistleblower Protection Act:</b> Putting a Group-unified hotline in place/Newly establishing internal regulations on the handling of whistleblowing/Implementing training and dissemination activities for matters that officers, employees and individuals engaged in whistleblowing counter duties should comply with. <b>Improvements to awareness surveys:</b> Implementing compliance awareness surveys using a new method (twice a year starting in FY2022).	Ⓞ P.70-72	
	<b>Compliance awareness survey results:</b> All scores across each of the five categories of compliance understanding and awareness, measures and mechanisms, workplace management, organizational culture and the practice of compliance were at a favorable level of 4.0 or higher out of a maximum of 5.0/Survey results were shared with compliance promotion supervisors alongside trends in the occurrence of compliance cases in the Group and linked to the implementation of measures for improvement. Plans call for the continued implementation of these surveys at a pace of twice a year.	Ⓞ P.70-72	
	<b>Disciplinary action:</b> 5 cases resulting in disciplinary action/While this figure is down from FY2021, cases resulting in serious action, such as suspension from work and those equivalent to resignation under instruction, also occurred (including action taken against employees involved with the loss of USB flash drives). Measures to prevent reoccurrence were conducted for each case, including calls for attention at compliance training sessions.	Ⓞ P.70-72	
1 case (Loss of USB flash drives)	<b>Thorough implementation of measures to prevent reoccurrence:</b> While there were no leaks of information, we caused significant concern to and impacted customers and society/Launching Group-wide project to prevent reoccurrence and examining and implementing reoccurrence prevention measures based on survey results and recommendations from a third-party committee made up of external specialists.	Ⓞ P.70-72	

CSO Message



We will achieve sustainable growth even in these uncertain times by ceaselessly tackling the spread of sustainability and the improvement of our management foundation.

Koji Katsuya

Director, Executive Corporate Officer,  
Chief Sustainability Officer (CSO)/  
Chairman of the Sustainability Committee

Sustainability Management

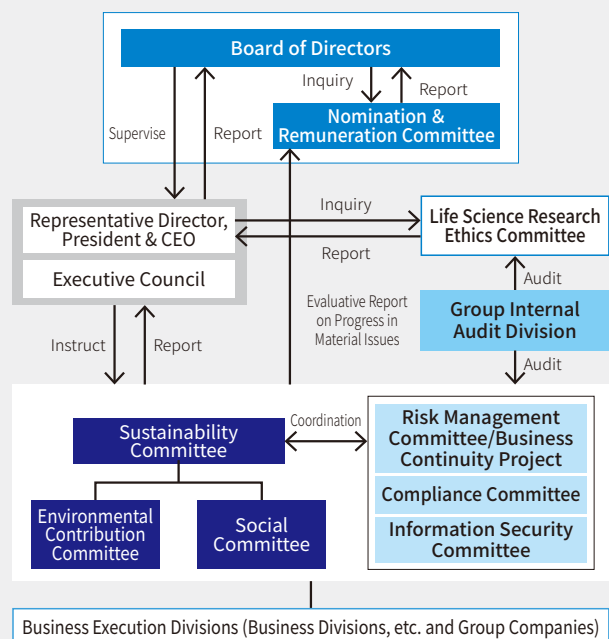
The BIPROGY Group pursues mutual sustainability among the environment, society and the Group by generating both social value and economic value. In these uncertain times, it is not easy for companies to continue to sustainably grow. If mechanisms for sustainable growth are insufficient, it is necessary to implement new ones, examples of which are improvements to management processes, the transformation of our organization into one capable of accommodating change, and a shift in employee mentality. As Chief Sustainability Officer (CSO), the person with overall responsibility for our sustainability management strategy, I believe that putting such a foundation for us to sustainably grow in place and expanding the creation of solutions and services that enable us to contribute to the sustainability and society as a result of that foundation are my mission.

For our sustainability promotion system, under the “Sustainability Committee,” a decision-making body for which I serve as Chair, we have placed an “Environmental Contribution Committee” and a “Social Committee.” In addition, we newly made the Chair of the “Compliance Committee” a member of the Sustainability Committee starting in October 2022 and did the same with the Chairs of the “Risk Management Committee/Business Continuity Project” and “Information Security Committee” starting in April 2023, reinforcing coordination among those committees. While this also constitutes a measure taken in order to ensure the implementation of measures to prevent the loss of USB flash drives such as the case that occurred in June 2022, it is simultaneously a reflection of our desire to intensify Group governance going forward. Our outside Auditor Board members attend meetings of the Sustainability Committee as observers, and I, as Chair of the Sustainability Committee, and the

Chairs of other Committees directly report and consult with the Board of Directors. Each time, we receive observations and feedback from our Outside Directors and outside Auditor Board members that are stern but constructive. In FY2022 as well, we benefited from a variety of hints on human resource strategy, risk management, climate change and natural capital, among other areas. I genuinely feel that opportunities to discuss and review sustainability at meetings of the Board of Directors are increasing year after year.

Corporate Governance [P.60-67](#)

Sustainability Promotion Structure





## The Importance of Human Capital Management

Human resources are the force that drives business. Human capital management is therefore imperative for companies to maintain their sustained growth. Given that, the human resource strategy of the Group must be closely linked to its business strategies. We have always pursued the enhancement of “business producers,” diversity and inclusion, the visualization of human resources with a

focus on our ROLES system, and the establishment of a talent management system. Furthermore, in April 2023, we established our new “Human Capital Management Division” in order to more closely manage our human resource portfolio, devise a human resource strategy for the Group, and firmly implement them going forward.  
**Human Resource Strategy** [🔗 P.56-59](#)

## Climate Change-Based Opportunities and Risks

The Group has declared its support for the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). It is evident that the earth is getting warmer and that natural disasters are growing more intense. If a company does not appear to have clarified and prepared for the risks that climate change exerts on the Group, customers will not feel at ease leaving their systems in its hands, and investors will not invest in it. We are therefore pursuing the creation of mechanisms to ensure we perform risk management from a medium- to long-term perspective, which involves a high degree of uncertainty,

and guarantee the sustainability of our business activities. At the same time, in terms of our recognition of business opportunities, we have positioned “Contribute to the environment through the use of digital technology in order to help build a world of net zero emission” as one of our material issues, and offer a myriad of services and solutions to that end. Additionally, given that environmental issues cannot be resolved by the Group alone, our joint efforts with our customers and collaborative partners to resolve them through business ecosystems are growing.  
**Environment** [🔗 P.52-55](#)

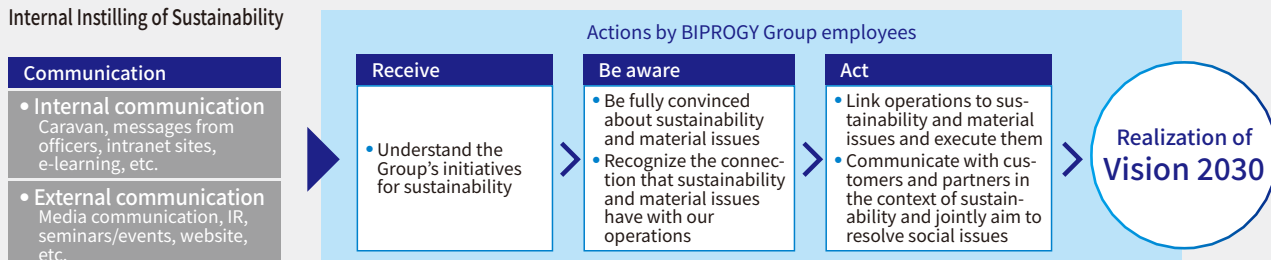
## Internal Instilling of Sustainability, Starting with Material Issues

The realization of sustainability targeted by the Group cannot be accomplished with the heightened awareness of only certain employees. A challenge we face in facilitating future sustainable growth is how to elevate the sensitivity to sustainability of each and every one of our employees who will uphold the coming generation, including our young employees. We therefore implement “Caravans\*” for the purpose of furthering mutual understanding of Group policies and companywide measures by management and employees through direct briefings for and direct dialogue with employees. In FY2022, having set understanding Group initiatives for sustainability as our goal, Caravans were conducted for all Group officers and employees over a total of three sessions attended by 2,507 individuals in all. The post-completion questionnaires

that we administered showed us that while the sessions were effective to some degree in improving recognition of sustainability management, sadly, roughly 30% of attendees still did not have a sufficient understanding of our material issues. Also, in January 2023, we carried out “Sustainability Week” during which we delivered messages from members of the Sustainability Committee, our Outside Directors, and the presidents of Group companies. Going forward, we intend to continue monitoring the degree to which sustainability management is spreading and keep up our efforts to examine and implement effective measures for instilling it.

\* A series of events consisting of workshops, seminars, etc. conducted by companies in order to instill their culture. Caravans are conducted for the purpose of having employees form an understanding of their company’s strategy and philosophy, boosting their engagement, and promoting the growth of that company.

### Internal Instilling of Sustainability



# Management Policies (2021-2023)

## Review of Past Mid-Term Management Plans

	Mid-Term Management Plan FY2012–FY2014	Mid-Term Management Plan FY2015–FY2017 Innovative Challenge Plan	Mid-Term Management Plan FY2018–FY2020 <b>Foresight in sight 2020</b>
<b>Vision</b>	Corporate Transformation for Sustainable Growth	Business Model Transformation	Become a sustainable company and achieve a sustainable growth cycle predicated on resolving, through business activities in our priority areas, social issues in the context of customer issues.
<b>KPIs</b>	<p><b>FY2014</b></p> <p>Operating Margin <b>4.1%</b></p> <p>Net Sales <b>¥269.2 billion</b></p> <p>ROE <b>9.7%</b></p> <p>Dividend Payout Ratio <b>26.0%</b></p>	<p><b>FY2017</b></p> <p>Operating Margin <b>5.7%</b></p> <p>Net Sales <b>¥287.0 billion</b> (Net sales in the areas of digital innovation and life innovation) (¥27.0 billion)</p> <p>ROE <b>12.4%</b></p> <p>Dividend Payout Ratio <b>33.6%</b></p>	<p><b>FY2020</b></p> <p>Operating Margin <b>8.6%</b></p> <p>Net Sales <b>¥309.7 billion</b> (Net Sales in Priority Areas) (¥68.4 billion)</p> <p>ROE <b>13.4%</b></p> <p>Dividend Payout Ratio <b>41.1%</b></p>
<b>Strategies and Key Outcomes</b>	<p><b>Added the ability to design and implement new services to our existing strengths</b></p> <ul style="list-style-type: none"> <li>• Took a social perspective to create business ecosystems that link different industries</li> <li>• Collaboration with Dai Nippon Printing Co., Ltd., which has strengths in the content field</li> <li>• Provided payment/settlement platforms as a service business entity</li> <li>• Strengthened financial condition</li> </ul>	<p><b>Took on challenges in new business areas and strengthened our foundation for further growth</b></p> <ul style="list-style-type: none"> <li>• Increased profit and number of potential new businesses by expanding business in the digital and life innovation fields</li> <li>• Increased profitability by concentrating on fields of strengths, such as business ICT platforms, and improving labor productivity</li> <li>• Promoted a change in skill sets in line with business model transformation</li> <li>• Proactively promoted investments in business partners in Japan and overseas as well as Fund of Funds (FoF)</li> </ul>	<p><b>Acquired assets to transform the Group into one that creates social value by expanding business in priority areas</b></p> <ul style="list-style-type: none"> <li>• Built a foundation for the direction that should be promoted in the next management policies through initiatives in the core fields of neo-banks, digital acceleration, smart towns, and asset guardian</li> <li>• Reviewed human resources and roles in business execution, cultivated relationships with customers, and contribute to greater customer value</li> <li>• Strengthened platform provision capabilities through measures to integrate technology throughout the Group, increase productivity, and increase efficiency</li> <li>• Implemented measures on various fronts, including corporate culture reforms that promote challenges and reforms in awareness regarding diversity</li> <li>• Proactively implemented initiatives that foster open innovation and acquired knowledge through investments that target new business creation</li> </ul>
<b>Issues</b>	<p><b>Strategies</b></p> <ul style="list-style-type: none"> <li>• Address business model transformation through global and cross-industry collaboration, etc.</li> </ul> <p><b>Business Environment</b></p> <ul style="list-style-type: none"> <li>• Address major changes in the social environment resulting from expansion of digitalization and the emergence of new consumers</li> <li>• Creation of a new business platform to address the spread of the cloud and usage-based services</li> </ul>	<p><b>Strategies</b></p> <ul style="list-style-type: none"> <li>• Further expand businesses in the areas of digital innovation and life innovation and reinforce initiatives in the various strategies</li> </ul> <p><b>Business Environment</b></p> <ul style="list-style-type: none"> <li>• Address the decline in system integration needs due to the emergence of business-related ICT services</li> <li>• Address the risk that a delay in responding to the digital shift will impede growth</li> <li>• Address the risk of hardware and software market contraction due to commoditization</li> <li>• Address the aging workforce and mismatched skills</li> <li>• Address the risk of a slowdown in growth of Japan's ICT market</li> </ul>	<p><b>Strategies</b></p> <ul style="list-style-type: none"> <li>• Accumulate experience in the field of business creation and make use of related intellectual assets and resources</li> <li>• Create intellectual assets to accelerate the development and provision of platforms and enhance verification of combined technologies</li> <li>• Manage the investment portfolio to further increase benefits of knowledge acquired through investments</li> </ul> <p><b>Business Environment</b></p> <ul style="list-style-type: none"> <li>• Restrained investments by some customers and stagnation of inbound and sharing-related businesses due to the COVID-19 pandemic</li> <li>• Aiming to advance corporate culture reforms and human resource development, we strengthened efforts to spread and adopt the concept of ROLES that take into consideration intrapersonal diversity</li> </ul>

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

## Current Management Policies and Long-term Vision

### Management Policies

FY2021-FY2023

#### Concept to Achieve a Sustainable Society

(IFRS*1)	Actual for FY2021	Actual for FY2022	Targets for FY2023
Adjusted Operating Margin*2	8.4%	8.6%	10% or higher
Revenue	¥317.6 billion	¥339.9 billion	¥340.0 billion
Outsourcing Business*3	¥63.4 billion	¥66.7 billion	¥100.0 billion
ROE	17.0%	15.0%	Approx. 15%
Dividend Payout Ratio	41.7%	39.8%	Approx. 40%

\*1 International Financial Reporting Standards (IFRS) applied starting FY2021

\*2 Adjusted Operating Profit: Revenue minus cost of sales and SG&A expenses

\*3 System outsourcing as well as service businesses where BIPROGY Group is the provider

#### Basic Policy

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

#### Fiscal 2022 Initiatives

<b>For Customer</b>	Pursue DX that leads to sustained growth for customers by strengthening value creation capabilities and generating social value	} Expand business that links customer DX to social DX (P.30-35)
<b>For Society</b>	Use relationships with customers and partners in a wide range of industries, together with best practices, to realize business concepts that benefit all of society and the world	
<b>Corporate Culture Reforms</b>	Pursue cultural reforms to strengthen value creation capabilities and achieve the Vision 2030 plan	} Focus on strengthening human capital to capture new capabilities (P.56-59)
<b>Investment Strategy</b>	Accelerate strategic investment on leading-edge technologies aiming for the sustainable innovation	} Actively make investments to create value and achieve further growth through technology and innovation (P.48-51)

Material Issues category	Material Issues
Material Issues for achieving business growth	Create schemes to solve issues through the use of digital technology and business ecosystems
	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
Material Issues for supporting business growth	Sustainably procure and provide safe, secure products and services throughout the entire value chain
	Develop and strengthen human resources to create a new future and promote diversity & inclusion
	Further improve corporate governance and integrity

#### Fiscal 2022 Initiatives

- Promote the development of services that contribute to the resolution of social issues (P.30-35)
- Establish emission reduction goal for Scope 3 (P.52-55)
- Establish proficiency determination processes for business producers in ROLES and establish a proper pipeline for those human resources (P.56-59)
- Enhance effectiveness of monitoring by the Board of Directors (P.64)
- Examine and implement reoccurrence prevention measures in light of the incident involving the loss of USB flash drives (P.70-72)



# What Our Management Policies (2021–2023) Aim to Achieve

Based on the two ideas of “for customers,” promoting DX for customers that contributes to their sustainable growth, and “for society,” promoting DX for society that helps solve the issues faced by society in collaboration with partners, we will expand the business ecosystem for solving those issues and link that to realizing Vision 2030.

## Key Points of Management Policies (2021–2023)

Based on our Purpose and Vision 2030, the BIPROGY Group formulated Management Policies (2021–2023) with an eye toward creating economic value and generating sustainable enhancement of the Group’s overall corporate value through the pursuit of social value creation. Because we live in a so-called VUCA\* era, when changes in the time and technological evolution occur at a faster pace and it is hard to anticipate the future, it has grown more difficult to respond to changes by creating, implementing, and revising strategies based on plans that incorporate forecasts several years in the future. Therefore, we are working to achieve our future vision as each Group employee autonomously makes decisions and acts based on those management policies guided by our Purpose.

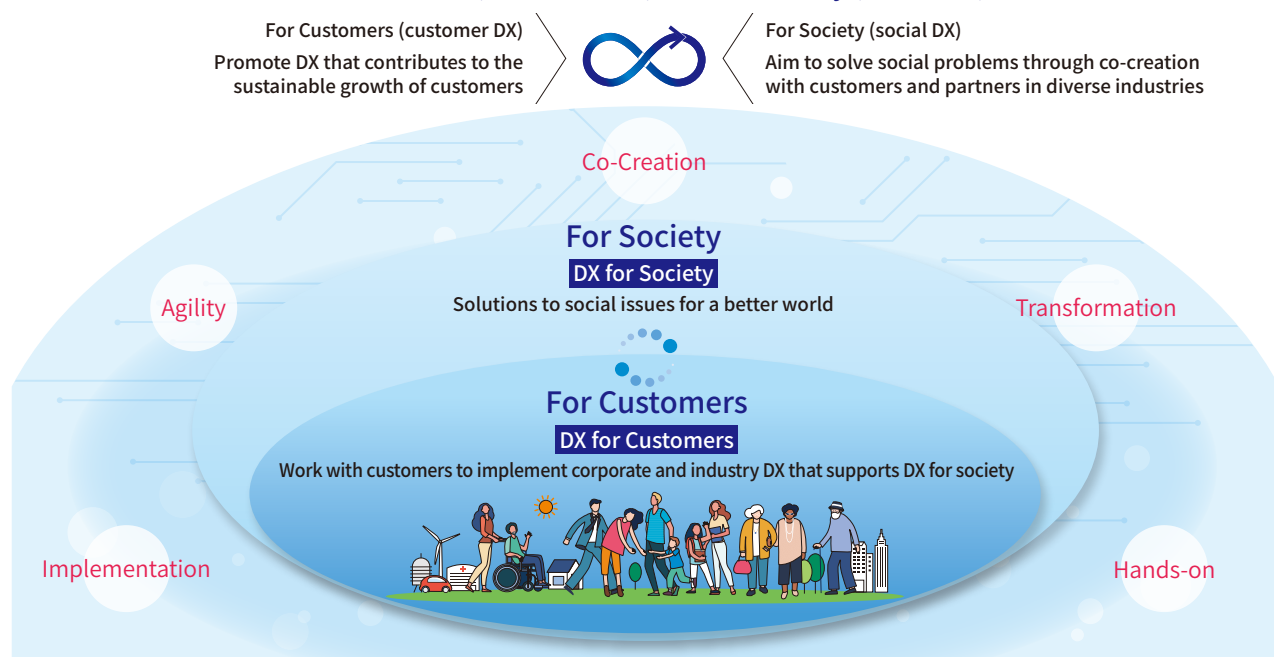
The BIPROGY Group has set “for customers,” promoting DX for customers that contributes to their sustainable growth, and “for society,” promoting DX for society that helps solve the issues faced by society through co-creation with customers and partners from various businesses and industries, as the basic policies within Management Policies (2021–2023). By accumulating the best practices of customers implementing a DX and promoting DX for society, the Group will expand its business ecosystems within

the massive framework of society in collaboration with customers and partners.

In addition to the knowledge obtained by providing system integration services and solutions to a wide range of business types and industries, we possess business conceptualization and engineering capabilities accumulated by combining best practices. Having built not only trust with customers in a wide range of industries but also relationships with partners, not being dependent on one particular relationship, through the formation of business ecosystems, we will use these strengths to continue to create social value. By creating a virtuous cycle “for customers” and “for society,” elements of our Management Policies, we will use our implementation capabilities acquired over the years to increase the speed of business with heightened agility. Thus, we will co-create value with customers and transform both ourselves and our customers through these business ecosystems. We also aim to contribute to society by combining the various services that we have evaluated and verified for the market, including through a proof of concept (PoC) method, and moving to the implementation stage.

\* VUCA is an acronym formed from the words “volatility,” “uncertainty,” “complexity,” and “ambiguity” to describe a situation when it is difficult to forecast the future social environment.

### Aiming to provide value sustainably with customers and partners by creating a virtuous cycle for customers (customer DX) and for society (social DX).



# Expanding from customer DX to social DX

## Example initiative ① Transitioning from store operation reforms to futuristic retailing

### Generating both social value and economic value through retail store reform solutions

**Customer DX**

- Increase store operational efficiency and labor savings
- Optimize inventory and waste loss
- Reduce lost sales opportunities

**Social DX**

- Achieve futuristic retailing
- Promote solutions to social problems throughout the value chain and the supply chain

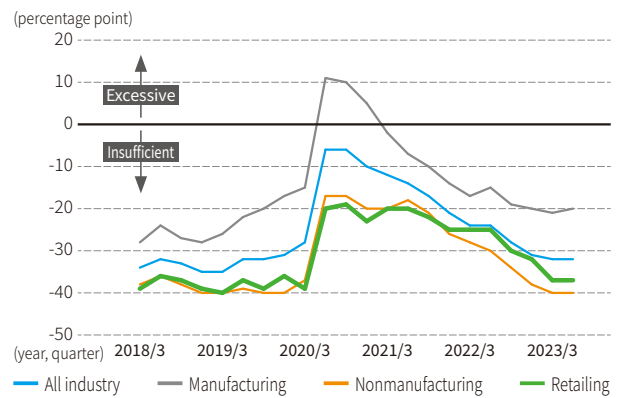
In the retail field, the BIPROGY Group has not only provided merchandizing (MD) core systems for customers in the retail industry for many years but also has worked to increase the efficiency of various functions in peripheral operations, such as orders. Having improved the efficiency and accuracy of systems for individual customers, we are moving forward with realizing futuristic retailing by focusing on support for store operation reforms.

AI-Order Foresight, an automatic order system based on AI demand forecasts, dramatically reduces hours spent on orders and contributes to reductions in waste loss and opportunity losses. Furthermore, more stores have introduced electronic shelf labels, which make it possible to display, in real time, various information such as selling price and sales promotions and enable two-way communication. They are increasingly used as IoT devices for employee and customer points of contact. In addition to reducing labor and time needed to replace price tags, they contribute to labor savings and greater operational efficiency by, for example, increasing the efficiency of inventory checks and shelf stocking.

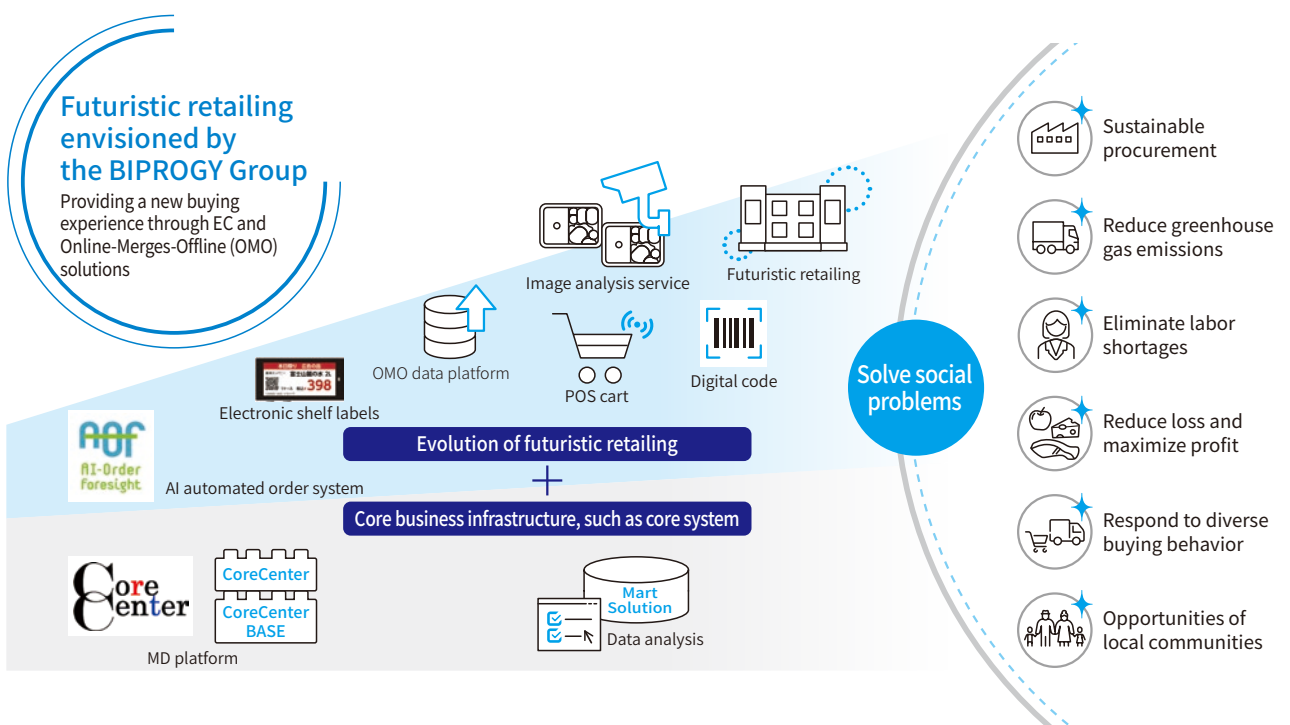
As the market undergoes various changes, namely the advent of OMO stores that incorporate digital technology,

diverse product lineups and purchasing channels, and product delivery that matches lifestyle, we will continue to work to achieve greater operational efficiency and net zero emissions by sharing data throughout the supply chain, including production and logistics.

#### Employment conditions DI\*



\* The percentage of companies who say they have an excess number of employees minus the percentage of companies who say they have insufficient employees. The more the number is above zero, the greater the sense of there being excessive employees, and the more the number is below zero, the greater the sense of there being insufficient employees.



# What Our Management Policies (2021–2023) Aim to Achieve

## Example initiative ② From housing DX to social DX

### Moving from housing DX to social DX through collaboration with diverse industries and partners

**Customer DX**

- Increase operational efficiency of home design operations
- Support response to business environment changes

**Social DX**

- Promote creation of a society in which everyone can live happily
- Promote decarbonized society springing from housing industry, including smart home response

In the housing industry, the shortage of not only engineers but also worksite carpenters is growing more serious at the same time that designs and proposals are becoming more complex in order to meet more diverse customer needs, resulting in a need to use CAD data in the production process and increase the efficiency of collaborations with external business operators. The home design CAD system DigiD Prism, which underwent a major update, has evolved into a building information modeling (BIM) platform with improved CAD system functions and the possibility to undertake integrated management of home-related data. Information is often managed separately in different systems, such as CAD, customer management, and sales systems, but DigiD Prism provides unified management of that information as an “integrated home model\*” and eliminates discrepancies in data between processes, thus

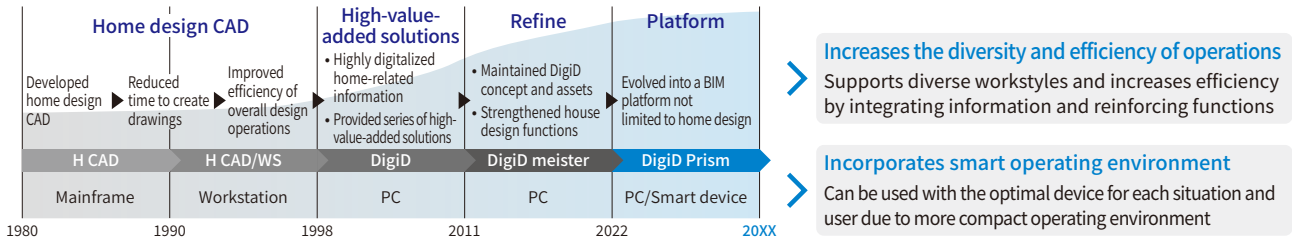
increasing the efficiency of operations. In addition, with a smart operating environment, it can be used with various devices depending on the situation, such as sales talks and discussions.

The BIPROGY Group will promote such work as reinforcing functions related to presentations and linking data, centered on the integrated home model, and expanding functions that leverage AI and other cutting-edge technology. The Group will work to create a society in which all people can live happily (social DX) by leveraging its relationships with diverse industries and partners and best practices through the promotion of DX in the housing industry.

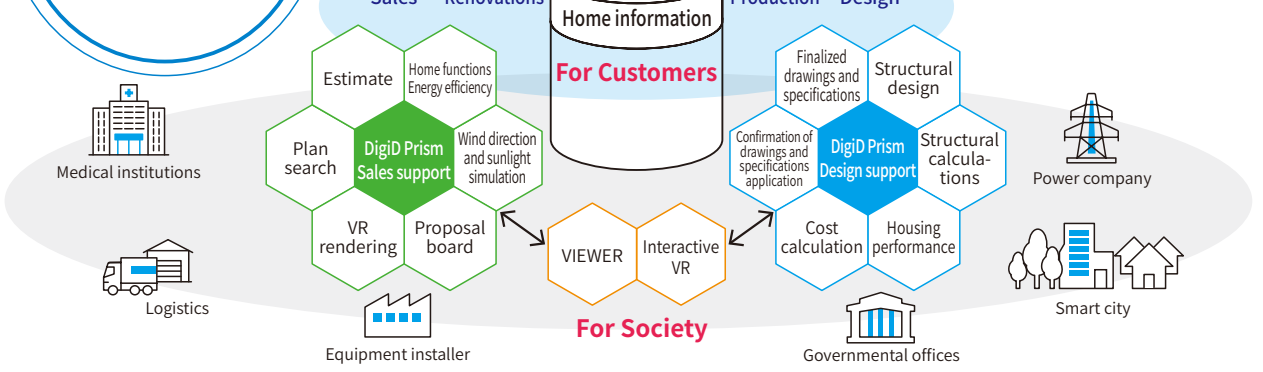
\* A system that makes it possible to undertake integrated management of information generated in all home construction processes as a “home information database” by assembling parts and material with shape and attribute data and forming a detailed, three-dimensional “home” into a database.

#### Evolution to DigiD Prism

Providing a home design CAD system that employs the latest, best suited IT for 40 years



**Housing business solution DigiD Prism**  
Optimizes new home creation through a BIM platform that integrates and manages home related data





# Expanding from customer DX to social DX

## Example initiative ③ Future of energy and mobility use

### Aiming to contribute to a sustainable society by providing services that combine energy and mobility services

**Customer DX**

- Support companies and local governments' shift to EVs by integrating energy and mobility services

**Social DX**

- Enable the use of EVs as moving storage battery
- Incorporate into BCP and contribute to realization of decarbonized society

To promote decarbonization, Japan's government has touted the target of having electric-powered cars, including electric vehicles (EVs), account for all new cars sold by 2035, and companies and local governments have drawn up concrete plans, which has resulted in the growing demand for electrification of cars for official or company use. There are concerns, however, that unless charging and discharging of EVs is properly managed, this could not only negatively impact operations due to problems related to vehicles not being charged but also result in higher electricity bills if vehicles are charged simultaneously during peak demand time. As a service to solve this problem, the BIPROGY Group introduced "EV Charging/Discharging Service," which offers AI-based remote automatic control. With this service, it is possible to use EVs that consumers (EV users) own as a power resource, a "moving battery," and reduce electricity bills by discharging EVs (reduce use during peak demand periods) and incorporate EVs into their BCP in the case of a disaster.

In addition to providing services that combine energy and mobility services, primarily for companies and local governments shifting to EVs for their official or company use, the Group is creating services to support all companies

aiming to become carbon neutral by combining "Enability Series" and "smart oasis," both of which we have provided for almost a decade. As a "company working with customers and partners to solve social problems," we will continue to contribute to the realization of a sustainable society.

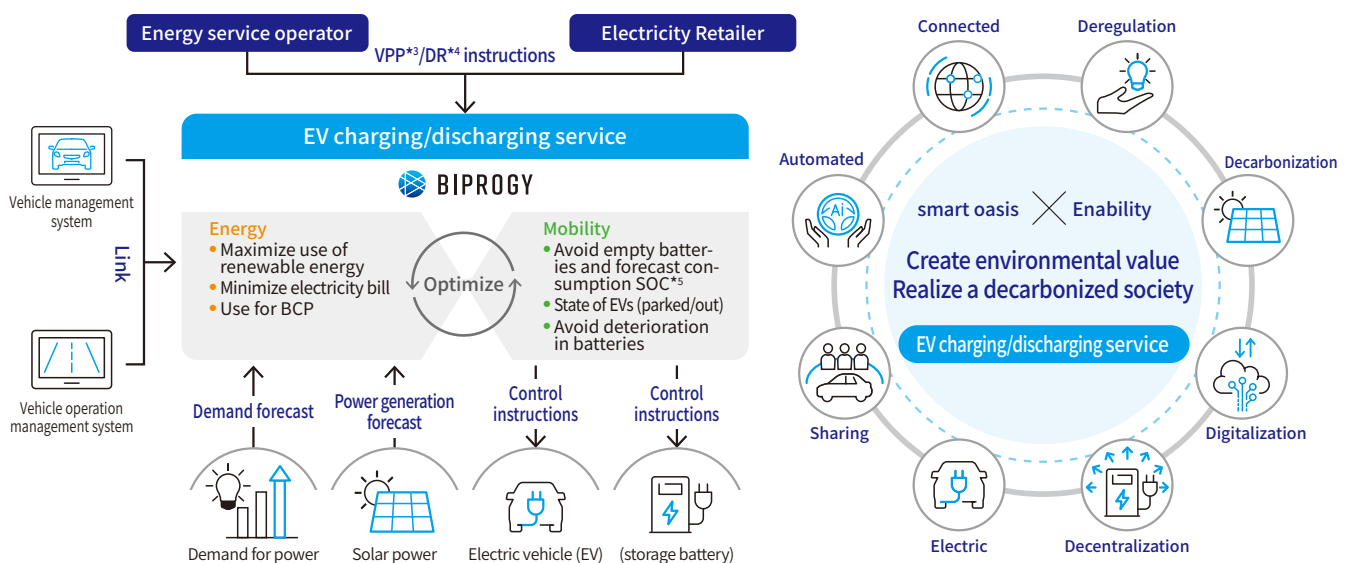
#### Target vehicle electrification in the Green Growth Strategy\*1

Passenger vehicles*2	100% of new cars sold are electric-powered cars by 2035
Commercial vehicles*2	<b>Compact vehicles, 8 tons or less</b> <ul style="list-style-type: none"> <li>• Electric-powered cars account for 20%-30% of new cars sold by 2030</li> <li>• Electric-powered cars or vehicles that can use decarbonized fuel, such as synthetic fuel, account for 100% of new cars sold by 2040</li> </ul>
	<b>Large vehicles, over 8 tons</b> <ul style="list-style-type: none"> <li>• Preemptively introduce 5,000 electric-powered vehicles in the 2020s</li> <li>• Set 2040 target for spreading the use of electric-powered cars by 2030</li> </ul>
Motorcycles	Promote electrification through initiatives both in Japan and overseas, including introducing international standards for storage batteries and building infrastructure

Source: Tomoko Takano "Issues to Achieving Carbon Neutrality in the Automobile Industry—Electrifying Cars," (September 2021) (Tentative title translated from Japanese)

\*1 Action plans to achieve carbon neutrality by 2050 created by related ministries and agencies, particularly the Ministry of Economy, Trade and Industry, for 14 priority fields expected to see growth due to industrial and energy policies

\*2 There is no definition of passenger vehicle and commercial vehicle (Japan Automobile Manufacturers Association, Inc.).



\*3 VPP: Virtual power plant (VPP), a mechanism for connecting generation facilities owned by companies, local governments, and other entities, home power generation facilities, storage batteries, EVs, and other energy resources distributed throughout a region to function like a single power plant by controlling the resources using IoT technology.

\*4 DR: Demand response (DR) refers to altering power demand patterns by controlling the energy resources of consumers.

\*5 SOC: State of charge (SOC) is an indicator showing the charge rate or charge state.

Example initiative 4 Creating value for local communities through financial services

Contributing to the creation of value and DX of local communities through more sophisticated financial services

**Customer DX**

- Quickly provide an extensive series of financial services at low cost
- Support greater efficiency of financial operations

**Social DX**

- Support new value creation by financial institutions and local communities and promote the creation of affluent societies

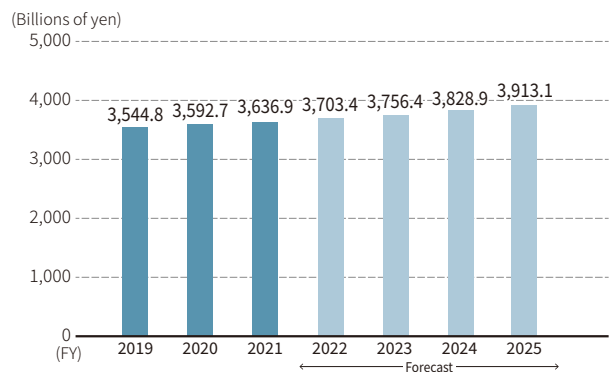
Leveraging the abundant solutions, services, and knowledge acquired over many years of promoting the DX of financial institution customers, the BIPROGY Group launched an examination of the financial service platform concept. By integrating a large series of financial solutions that the Group provides, which range from back office ones to front office and channel-related ones, through an advanced common architecture and using function-specific API\* etc., customers can implement data-driven management, including automated operation, unified regulatory response based on automated and integrated data management, customer analysis, and regional trait analysis. This offers them highly reliable services appropriate for their business strategy and thus increase the efficiency of overall operations.

It is expected that financial institutions will move from investing in core-banking systems to investing in DX in order to increase the value provided for their users and the value for local communities (offensive DX). Financial institutions who were quick to introduce an open, cloud-based core-banking system increase the efficiency of their existing financial services and are moving forward with a financial service DX because they will be able to make use of various data and functions through collaboration with outside

parties. As financial institutions shift their investments to offensive DX, the Group is moving forward with creating new value for financial institutions and local communities by contributing to more sophisticated financial services through this platform and creating business ecosystems with customers in various types of business and industries.

\* API: Application programming interface (API) aggregates the instructions and functions that can be used when developing software for a specific platform.

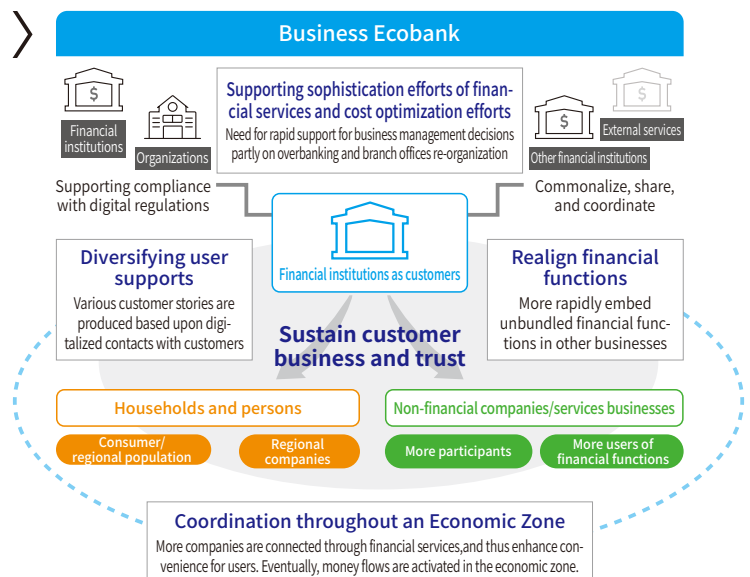
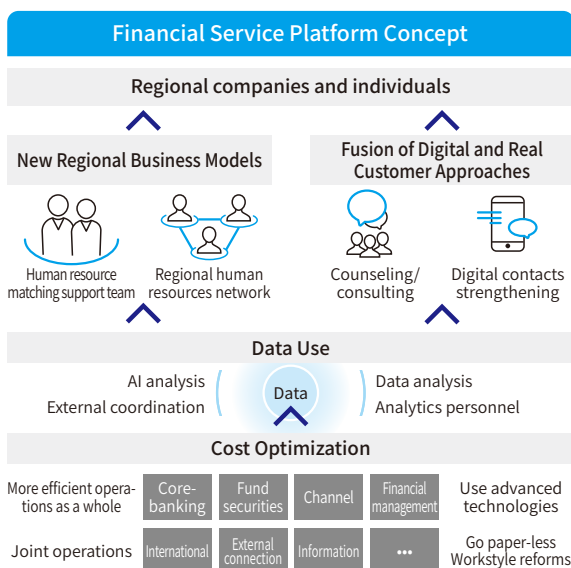
IT market for domestic Japanese financial institutions, scale and forecasts



Source: Yano Research Institute, Ltd., "Digital Transformation for Financial Institutions in Japan: Key Research Findings 2022" (released October 26, 2022)

\*1 Business sales basis

\*2 Figures for FY2022 and after are forecasts



## Outsourcing as Growth Driver

In Management Policies (2021–2023), we position the outsourcing business, which boasts a high marginal profit ratio and helps form a stable earnings base, as the Group’s engine of growth.

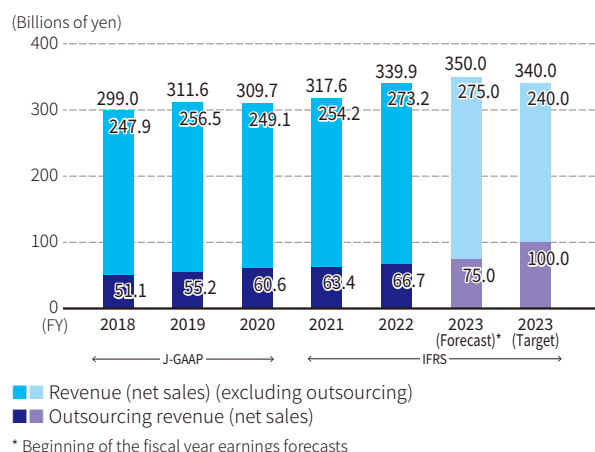
The Group’s outsourcing business offers several services, including entrusted operation services for customers’ operational systems, services that contribute to customers’ digital transformation, and services to resolve social issues through collaboration with customers and partners. In addition we aim to further increase profitability and create social value by reinforcing our stable earnings base through new projects, developing outsourcing services that leverage the knowledge and know-how we have obtained through the provision of services to customers, and accelerating efforts to create and expand our services that solve social issues.

### FY2022 Results

For “corporate DX type,” we are steadily increasing revenue of not only platform services for promoting the DX of financial institution customers but also other companies’ cloud services related to remote work. For “entrusted operation type,” there was a decline in revenue as services provided to customers shifted to “corporate DX type,” but for “service-based type (business creation type),” there was greater use of platform services for EC, and the value cards and digital code businesses were firm.

In FY2023, we focused resources on system services business to handle customers’ DX, and therefore, we expect to post revenue that exceeds targets in the Management Policies (2021–2023), but outsourcing revenue is forecast to fall short of the target of ¥100.0 billion. We will use the know-how accumulated by providing system services to create future growth of the outsourcing business.

### Outsourcing Revenue



	Entrusted operation type	Corporate DX type	Service-based type (business creation type)
Characteristics	Entrusted operation services for individual customers	Outsourcing services provided in a new form due to entrusted operation services and are improved by digital transformation	Outsourcing services provided by the Group alone or the Group and customers as operating entities
Value provided	Increasing the efficiency and sophistication of customer business	Transform customer companies and establish competitive advantage for the business	Move toward providing and operating digital commons to build a better society and solve issues faced by society
Main services	<ul style="list-style-type: none"> <li>Overall IT outsourcing and business outsourcing services</li> <li>BankVision, an open core-banking system (on-premises type)</li> <li>SBI21, a core-banking system for regional financial institutions</li> </ul>	<ul style="list-style-type: none"> <li>BankVision on Azure, a public cloud-based full-banking system</li> <li>OptBAE, a use-type core-banking system for regional financial institutions</li> <li>AI-Order Foresight, an automatic order system based on AI demand forecasts</li> <li>Enability CIS, an electricity retailing cloud solutions</li> <li>Cloud services, such as those related to telework</li> </ul>	<ul style="list-style-type: none"> <li>SaaS-type EC/OMO solution DIGITAL' ATELIER</li> <li>Zero-Accident Program DR, a communication-type drive recorder</li> <li>Digital value cards and digital code business</li> <li>smart oasis, a mobility service platform</li> <li>Storage service platform</li> <li>Saigai Net, a chronology-type crisis management information sharing system</li> </ul>
FY2022 Revenue	¥49.0 billion -¥0.8 billion YoY	¥10.8 billion +¥3.3 billion YoY	¥6.9 billion +¥0.7 billion YoY



## CFO Message



**Aiming to accelerate strategic investment and harness pioneering technology to create sustained innovation**

**Kazuma Umehara**

Senior Corporate Officer and CFO

## Progress during FY2022 and forecast for FY2023

Under our Management Policies (2021–2023), we are aiming, for the policies' final fiscal year of FY2023, to achieve an adjusted operating profit ratio of 10% or over, and, with regard to revenue, shift our emphasis onto service-based businesses in order to achieve sustained growth, increasing sales from our outsourcing business to ¥100 billion and overall revenue to ¥340 billion. We are also aiming to achieve an ROE of 15%, and, in terms of shareholder return, a consolidated dividend payout ratio of 40%.

In FY2022, our second year under the current Management Policies, our system services continued to perform well amid extremely strong demand for investment in IT, and we recorded revenue of ¥339.9 billion (of which ¥66.7 billion were generated by our outsourcing business), up ¥22.3 billion from the previous fiscal year, coming

extremely close to achieving ¥340.0 billion, our target for the policies' final fiscal year, one year ahead of schedule.

In terms of profitability, the Group was able to absorb an increase in SG&A expenses through increased revenue from system services and through improved profitability, enabling the achievement of ¥29.7 billion in operating profit of, up ¥2.2 billion from the previous fiscal year (for a profit ratio of 8.7%), and adjusted operating profit of ¥29.4 billion, up ¥2.7 billion from the previous fiscal year (for a profit ratio of 8.6%). In addition, we achieved an ROE of 15.0%, and a consolidated dividend payout ratio of 39.8%. In FY2023, we aim to capture the demand for DX to go beyond our previous target for revenue. However, in terms of adjusted operating margin, which is our most important index, we believe that we must make the further robust investments required for

### Targets and Progress in the Management Policies (2021-2023)

	FY2021	FY2022	(vs. FY2021)	FY2023 forecast*3	FY2023 target
Adjusted Operating Margin*1	8.4%	8.6%	+0.2pt	9.1%	10% or higher
Revenue	¥317.6 billion	¥339.9 billion	+7.0%	¥350.0 billion	¥340.0 billion
Outsourcing Business*2	¥63.4 billion	¥66.7 billion	+5.2%	¥75.0 billion	¥100.0 billion
ROE	17.0%	15.0%	-2.0pt	—	Approx. 15%
Dividend Payout Ratio	41.7%	39.8%	-1.9pt	41.1%	Approx. 40%

\*1 Adjusted operating profit: revenue minus cost of sales and SG&A expenses.

\*2 System outsourcing as well as service-based businesses where the BIPROGY Group is the provider.

\*3 Beginning of the fiscal year earnings forecasts

the research and development needed to accelerate the development of new services, as well as the acquisition and training of talented human resources, and therefore, we currently do not expect to reach double figures. Despite this, we have not abandoned the goal of eventually achieving a ratio of 10% or over, and we aim to achieve this goal while continuing to make the necessary investments.

### The outsourcing business as a growth driver

Under our Management Policies (2021–2023), we have positioned our outsourcing business as a key driver for growth, and have put forward the ambitious goal of increasing sales from the outsourcing business to ¥100.0 billion over this three-year period. However, we are currently not achieving the rate of growth that we originally expected, and therefore need to further accelerate the growth rate. The main reason that we have not achieved the expected growth is that we have strategically focused on allocating resources to our system services business in order to capture the extremely strong ongoing customer demand for DX. However, these projects serve as an opportunity for us to acquire new assets by serving as a partner to customers working to transform

their businesses, and we believe that this activity is necessary as a foundation for the development of service-based businesses. While it may take a little time for these initiatives to bear fruit, we believe that in future they will contribute to further revenue in the outsourcing business.

### Observations on the market environment

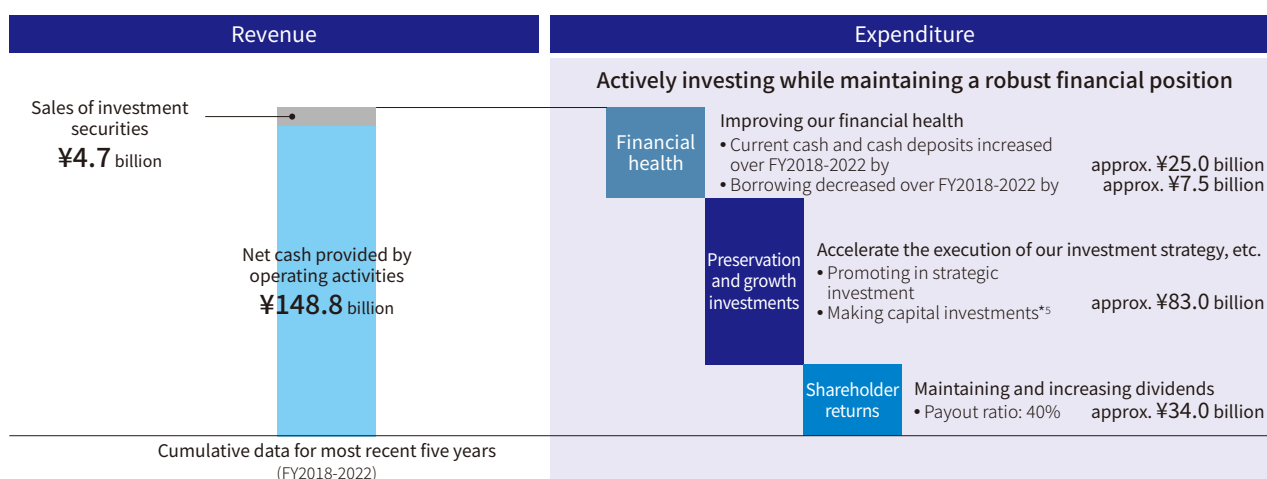
We believe that the current market for information and communication technology services is extremely vibrant, and various market statistics back this view. Across our Group, we see extremely strong overall demand irrespective of customer industry. In addition to the demand for DX driven by labor shortages and changing work styles, demand for investment is high in a wide range of other areas, including the need to avoid the “2025 Digital Cliff” by replacing out-of-date legacy systems. We are meeting this customer demand by providing solutions related to customer touchpoints, an area where our Group is strong, as well as through our experience in large-scale mission-critical projects. It is this robust business environment that gives us the opportunity to invest in the acquisition of new assets and lay the groundwork for a transition to service-based businesses.

## Toward sustained increases in corporate value

Our Management Policies (2021–2023) position investment as an important part of our important strategies, and we are committed to accelerating strategic investments that would allow us to leverage advanced technology and produce sustained innovation. Through strategic investments and capital investments in various businesses, startups, and funds, we are aiming to develop new businesses and support our existing businesses, actively shifting our financial resources into growth areas.

We will procure the funds necessary for these activities from the cash flow produced by existing ICT businesses, and from our service-based businesses, which we expect will achieve future growth, while also using the cash that we already have on hand, using these resources to invest proactively while ensuring the company remains on a sound financial footing. To ensure our finances remain healthy, we aim to keep our net debt-to-equity ratio at around 0.5 times while keeping our A rating. Currently, we

### Schematic diagram of our capital allocation strategy\*4



\*4 Data up until FY2020 is based on Japanese generally accepted accounting practices (J-GAAP). Data from FY2021 onwards is based on International Financial Reporting Standards (IFRS)

\*5 Following the adoption of IFRS, data from FY2021 onwards includes repayments of lease liabilities.

## CFO Message



have a cash surplus, and believe our working capital is more than sufficient.

Our Group policy is to strive towards further improvements in corporate value by increasing our equity spread while maintaining awareness of our cost of capital.

### Investment strategy

#### Strategic investment, R&D, capital investment

Currently, we are working to invest in our business and conduct research and development from two perspectives as outlined under our Management Policies (2021-2023). Firstly, we aim to promote customer digital transformation (DX), contributing to sustained customer growth. Secondly, we are working with customers and partners in various industries to promote social DX to resolve social issues. In the field of capital investment, as we work to expand our outsourcing businesses, we are making steady investments, as required, in tangible and intangible assets. Our company always sets an internal rate of return (IRR), calculated on the basis of the cost of capital, to make investment decisions. The rate is not constant or fixed. Rather, we consider the risks inherent in each individual project, responding flexibly to seek higher rates of return where we deem risks to be higher.

To achieve our Vision 2030, we are working to transform our Group, moving away from our previous business as a system integrator to become a company that provides

solutions to social issues, and to that end we are currently engaged in internal discussions on our next management policies and roadmap through to 2030. Over previous years, our strategic investment has focused on investments in open innovation by corporate venture capital and research and development designed to create service-based businesses, but going forward we believe it indispensable to bolster our investment in inorganic growth, including M&A outside Japan. Currently, we are promoting a number of M&A projects in the Southeast Asian region, which are investments in companies providing Enterprise Resource Planning (ERP) services for the main purpose of strengthening and expanding the foundations of our global business in the Southeast Asia region. We have not yet reached the stage of solving social issues or creating new businesses, but, in future, we will look to invest in fields that can provide society with solutions.

Our future investment is likely to focus on the five major fields as outlined in our Vision 2030, “Transportation/Mobility”, “Healthcare/Education”, “Work/Life”, “Digital/Security”, and “Green Energy”, but we will flexibly change the targets of our investment depending on the circumstances.

When we take into consideration the resources and sense of speed required to move forward with new businesses, it is clear that it will be difficult to achieve a further leap of growth by insisting on producing everything in-house. For that reason, while we consider M&A as one strategic option for inorganic growth, M&A is, in the end, a means of growth, and of course the priority must be on ensuring that all M&A is consistent with our strategies. M&A requires us to consider a number of different issues including whether the acquisition price is appropriate, how we can move forward with PMI, including the demonstration of synergies, and how we can implement post-merger monitoring and governance efficiently and effectively. Responding to such issues is not at all simple, but these are the issues we will carefully tackle to achieve further Group growth.

\* PMI stands for post-merger integration, the integration process after a merger or acquisition.

### Investment Performance

(Billions of yen)		Mid-Term Management Plan (FY2018–FY2020) Foresight in sight 2020				Management Policies (2021-2023) (FY2021–FY2023)	
		FY2018	FY2019	FY2020	Total for three FYs	FY2021	FY2022
Strategic investment		3.0	4.2	2.5	9.7	3.9	3.5
Investment in developing services	R&D expenses	4.0	4.5	5.0	13.5	4.1	4.0
	Capital expenditures (tangible/intangible)	8.2	10.3	12.0	30.5	9.1	14.7
Total		15.1	19.0	19.5	53.7	17.1	22.1
Capital Investment in people		3.5	3.4	3.1	10.0	2.6	2.6

\* The International Financial Reporting Standards (IFRS) have been applied as of FY2021. Figures for FY2020 and earlier are based on Japanese generally accepted accounting practices (J-GAAP).



### Structural Reform Investment

We believe that an extremely important factor in achieving sustainable Group growth is to further strengthen our corporate competitiveness and value creation by appropriately managing and harnessing human capital. This process requires appropriate investment in human capital combined with the strategies needed to maximize the benefits of that investment. For quite some time, our Group has already considered human resources as an important corporate asset, and we are still working to transform our human resources and corporate culture to facilitate the acquisition and training of human resources capable of producing innovation. In order to achieve further coordination between our human capital strategies and corporate growth strategies, we established the Human Capital

Management Division in April 2023. This division is now responsible for planning and executing our overall human resources strategy, and as we deliberate the details of our next management policies, we engage in repeated discussions on our human capital investment strategies.

Furthermore, from FY2022 to FY2023, we are also working to refresh and upgrade our internal core systems. While this requires additional expenses in the short term, these initiatives will allow us to take further steps towards real-time, data-driven management. Taking the lead in implementing the digital transformation of our own company also allows us to build robust know-how that we can harness to deliver services to our customers. We are continuing with this work to ensure that our Group remains worthy of being chosen by customers.

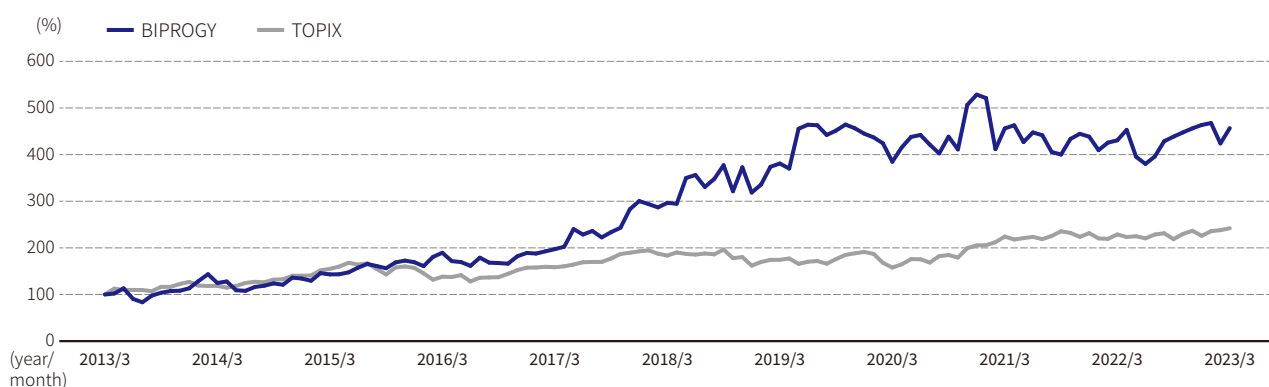
## Shareholder Return

Our shareholder return policy is based upon connecting dividends to business performance. When determining our shareholder return policy, we comprehensively consider factors such as our cash flow position, and the balance with investments for future growth and the business environment. Under our Management Policies (2021–2023), we are aiming to achieve a consolidated dividend payout ratio of 40%. The payout ratio in FY2022 was 39.8%. Over the past 10 years, we have also achieved stable increases in total shareholder return. Since FY2018, we have increased our dividend payout ratio target from the previous level of 30% to 40%, growing our dividend payments as our business has grown. As we plan our next management policies, capital allocation is a

major item on our agenda, and we will be considering how to provide shareholder returns, including through dividend payments and through the acquisition of treasury stock, in the light of our investment strategies.

In April 2022, we changed our company name, and under our Group's Vision 2030, we are in the middle of transitioning away from our current position as a system integrator and towards becoming a company focused on creating and providing social value. While this transformation cannot take place overnight, we are aiming to build momentum and further accelerate the process. We hope that all of you, our stakeholders, will look forward to the Group's further growth, and continue to favor us with your support.

### Total Shareholder Return (TSR)



	1 year	3 years		5 years		10 years	
		Cumulative	Annual rate	Cumulative	Annual rate	Cumulative	Annual rate
<b>BIPROGY</b>	6.9%	20.5%	6.4%	57.4%	9.5%	356.8%	16.4%
TOPIX	5.8%	53.4%	15.3%	31.8%	5.7%	142.1%	9.2%

\* Total Shareholder Return (TSR): Total return on investment that combines capital gains and dividends.

\* TSR is calculated with the cumulative dividend amount and share price fluctuation for BIPROGY, and the share price index, including dividends, for TOPIX. (prepared by BIPROGY using data from Bloomberg and other sources)

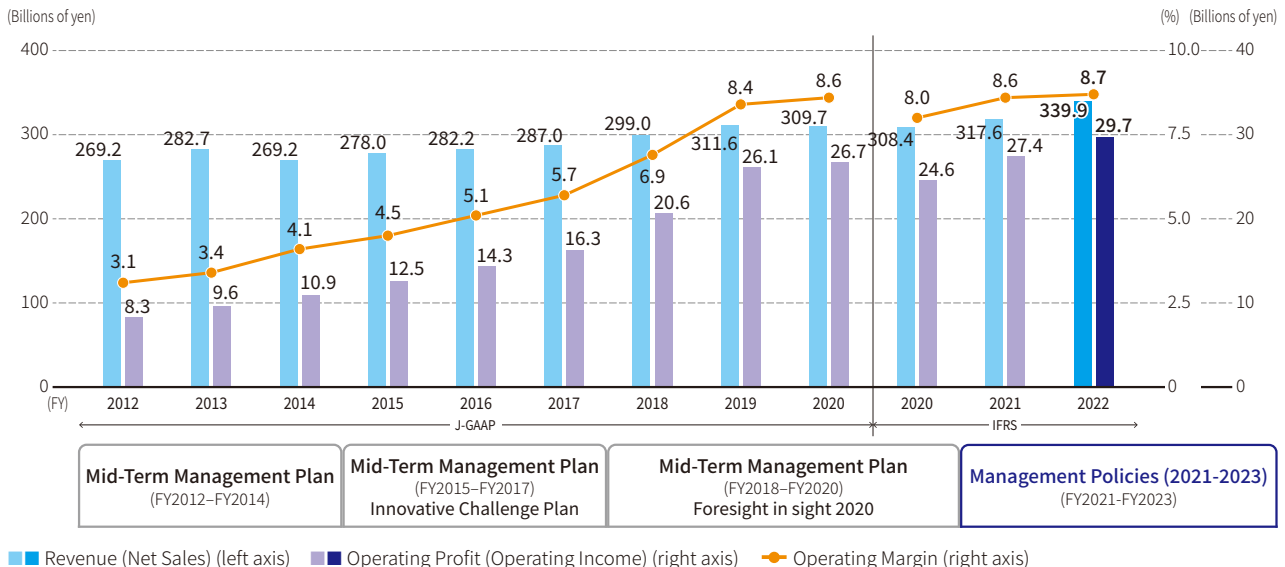
\* The values in the graph are TSR-indexed market prices, taking the closing price on March 31, 2013, as 100 (with a holding period until March 31, 2023)

# Financial Highlights

(BIPROGY Inc. and Consolidated Subsidiaries)

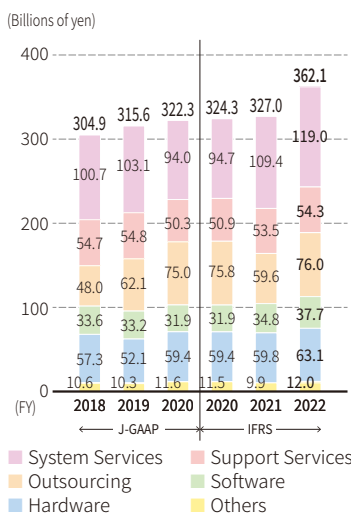
\* The International Financial Reporting Standards (IFRS) have been applied since FY2021. Financial figures for FY2020 are presented in accordance with IFRS in addition to the existing Japanese generally accepted accounting principles (J-GAAP).

## Revenue (Net Sales)/Operating Profit (Operating Income)/Operating Margin



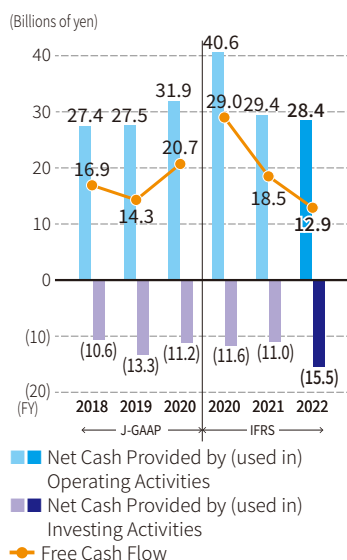
During the terms of our previous mid-term management plans, we worked to strengthen the foundations of our business by reviewing our cost structures while improving our risk management capabilities and solidifying our financial position. Through these efforts, we transformed our business model and improved profitability. Under our Management Policies (2021-2023), we continued to work towards further improvements in profitability, and in the second year of the period (FY2022), we were able not only to take advantage of the growing business in digital transformation (DX) related services to make solid progress in expanding our system services, we also harnessed the strong growth in demand for DX investment to increase our revenue from our outsourcing solutions and support service businesses, as well as the sale of products, resulting in higher overall sales revenue. Despite an increase in SG&A expenses, we also increased operating profit due to factors including the sales revenue increase and the greater profitability of our system services business.

## Orders by Segment



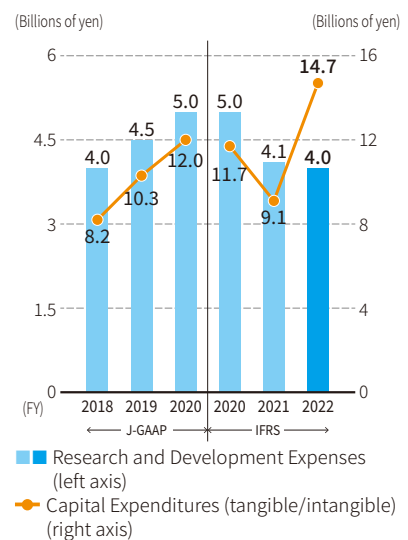
The number of orders received by BIPROGY in FY2022 continued to increase not only due to robust demand for our system services, but also due to other factors including an increase in the number of orders for long-term outsourcing projects.

## Operating Cash Flow/Investment Cash Flow/Free Cash Flow



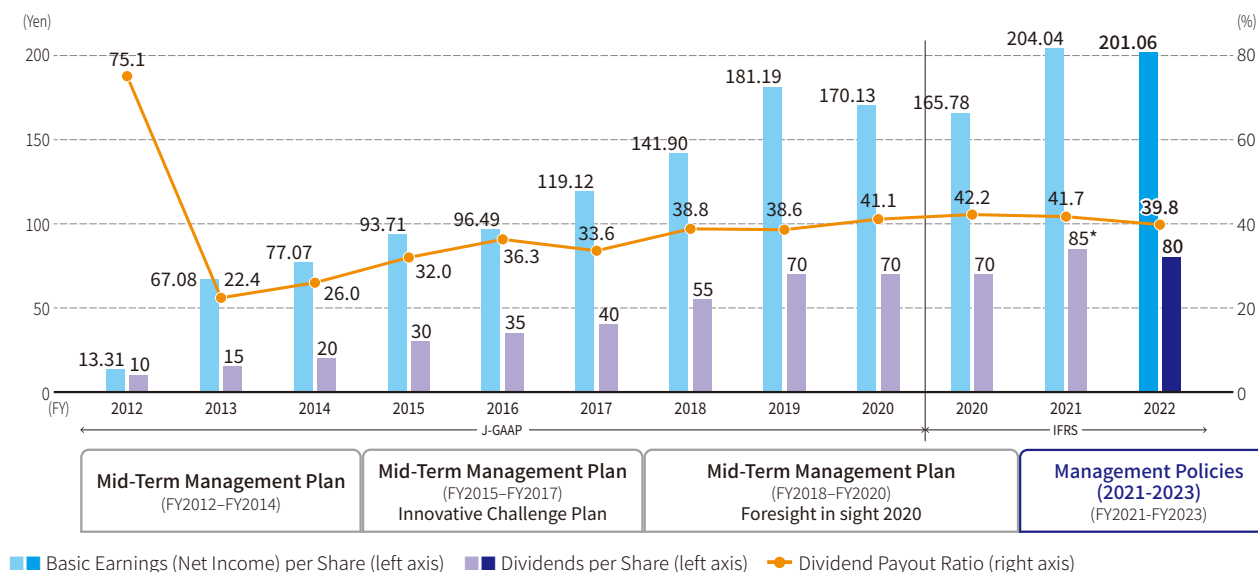
Our growing profitability is producing stable cash flow. In addition to the acquisition of intangible assets, chiefly through investment in software for outsourcing solutions, we have continued to invest in startups with the knowledge required to produce innovation and state of the art technology, as we accelerate the growth of our business towards the achievement of our Vision 2030.

## Research and Development Expenses & Capital Expenditures



As we work, under our Management Policies (2021-2023), to achieve our goals of continually harnessing sophisticated technology and creating innovation, we are strengthening our research and development of services that accelerate DX, new uses for advanced technology, and the creation of other new services. As we are also making investments to move our existing businesses forward, the amount we have invested has increased due to investments in computers and software for our outsourcing services.

### Basic Earnings (Net Income) per Share/Dividends per Share/Dividend Payout Ratio

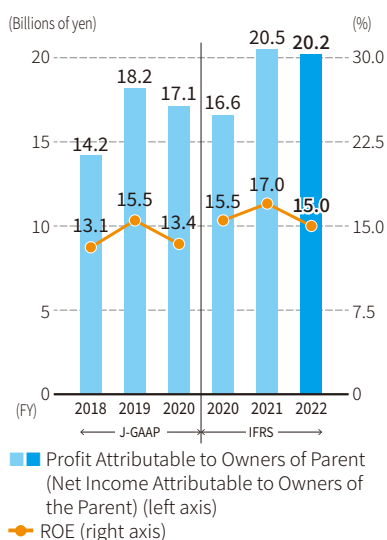


■ Basic Earnings (Net Income) per Share (left axis) ■ Dividends per Share (left axis) — Dividend Payout Ratio (right axis)

Since the start of our Mid-Term Management Plan in FY2012, we have consistently improved our profitability by transforming our business models, improving our productivity, and divesting from unprofitable businesses. In FY2022, we paid an annual dividend of ¥80, taking the consolidated dividend payout ratio to 39.8%. In the Management Policies (2021-2023), our policy is to aim for a consolidated dividend payout ratio of 40%. We strive to provide stable, sustainable profit distribution under a basic policy of paying dividends in accordance with performance.

\* Includes an additional ¥10 dividend to celebrate the company name change to BIPROGY Inc.

### Profit Attributable to Owners of Parent (Net Income Attributable to Owners of the Parent)/ROE



Net profit for FY2022 fell due to a fall in profit from finance income caused by factors including a reduction in valuation gain on investments in funds. Our Management Policies (2021-2023) includes a numerical ROE target of 15%, and the ROE for FY2022 was 15.0%.

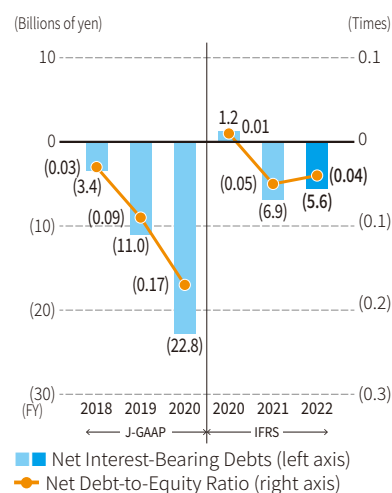
### Total Shareholder Return (TSR)



Total shareholder return for FY2022 was significantly higher than the TOPIX total return index. The BIPROGY share price has remained stable over the past five years, supported by robust business performance.

\* Market price based on TSR indexed with closing price on March 31, 2018 (100).

### Net Interest-Bearing Debts & Net Debt-to-Equity Ratio



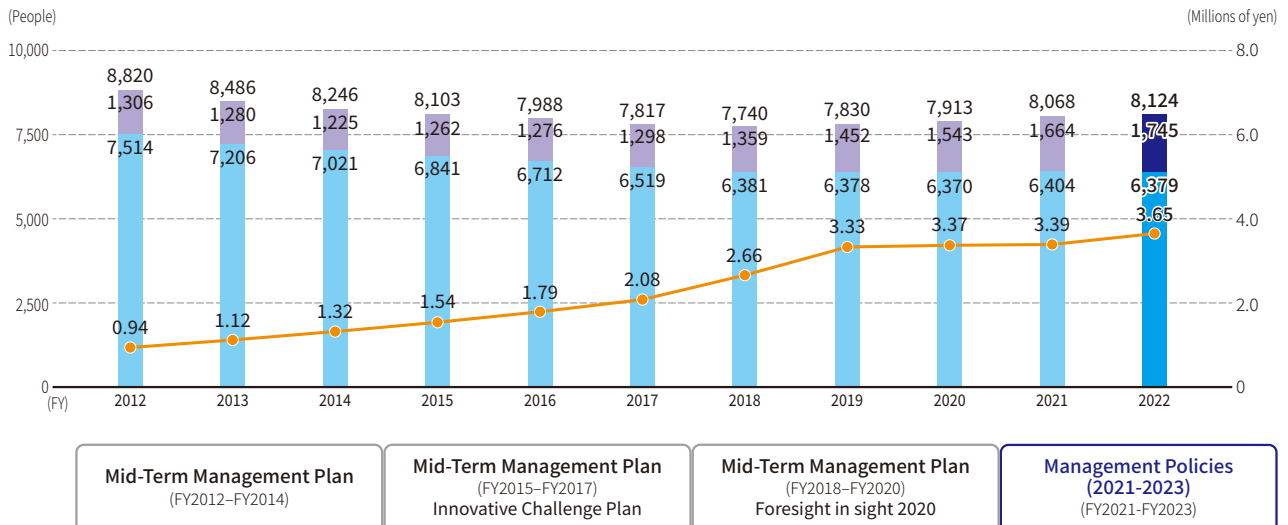
As a result of ongoing improvements to our financial condition, achieved mainly by reducing interest-bearing debt, the net debt-to-equity ratio improved to -0.04 times in FY2022.



# Non-Financial Highlights

(BIPROGY Inc. and Consolidated Subsidiaries)

## Number of Employees (by Gender) & Operating Profit (Operating Income) per Employee

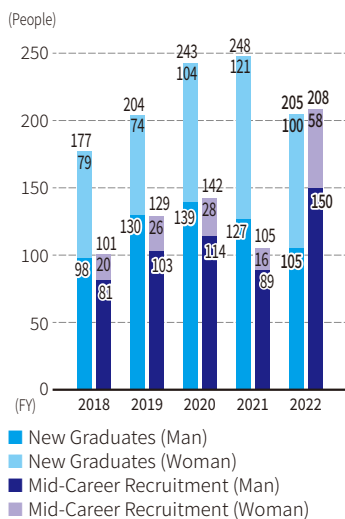


■ Number of Man Employees (left axis) ■ Number of Woman Employees (left axis) ● Operating Profit (Income) per Employee (right axis)

Since the Mid-Term Management Plan (FY2012–FY2014), we have been focusing on reforming our personnel system and human resource development as a priority issue, and implemented various measures such as dealing with promoting work style reforms and improving productivity. Until now, the number of employees has continued to decrease for several reasons including the retirement of baby boom generation employees, but we are conducting recruiting activities and implementing human resource development measures from a medium- to long-term perspective in an effort to secure and train diverse human resources who are able to think self-reliantly and generate innovation. As a result, operating profit per employee has been steadily increasing even as the decreasing number of employees began to increase again in FY2019.

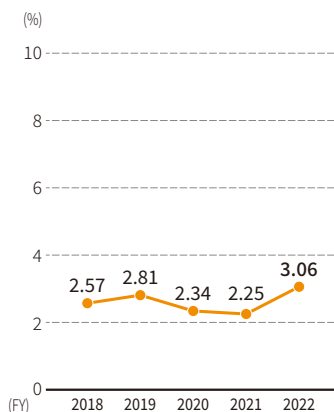
(Note) Up to and including FY2020, our reporting was in accordance with generally accepted accounting principles in Japan (J-GAAP), while the International Financial Reporting Standards (IFRS) have been applied since FY2021.

## Number of New Employee Hires\*<sup>1</sup>



As we work to achieve our long-term vision, we are prioritizing the recruitment of experienced mid-career hires alongside our new graduate recruitment. In FY2022, as we maintained a high proportion of woman employees among our new graduate hires, our mid-career hires for the first time outnumbered our new graduate hires.

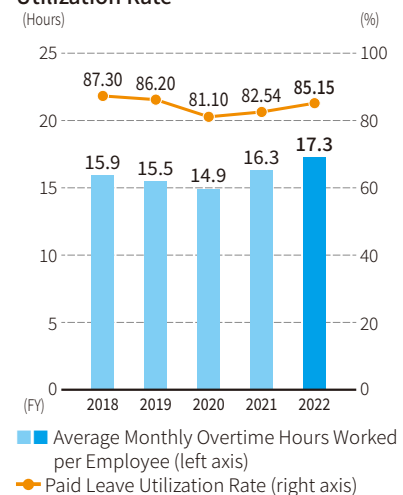
## Employee Turnover Rate\*<sup>2</sup>



While our employee turnover rate has been rising since last year due to the changes in the hiring market occurring over recent years, we continue to provide a comfortable working environment and significant career growth opportunities to younger employees, helping us to maintain a turnover rate well below the industry average of 11.9%\*

\* Source: Ministry of Health, Labour and Welfare, Survey on Employment Trends 2022 information and communications industry employee turnover rate

## Average Monthly Overtime Hours Worked per Employee\*<sup>2</sup> & Paid Leave Utilization Rate\*<sup>2</sup>



We are working to reduce average overtime hours by promoting the efficient, judicious use of overtime. In FY2022, we exceeded our 80% target for the use of employees' paid leave allowance. We continue to pursue work style reforms and sound management of employee health.

(Scope of Calculation)

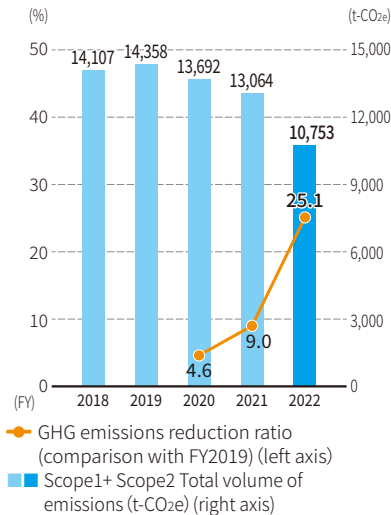
\*1 BIPROGY Inc., its consolidated subsidiaries in Japan, and Cambridge Technology Partners Inc. up to and including FY2020. BIPROGY Inc. and eight other companies in FY2021

\*2 BIPROGY Inc. and UNIADEx, Ltd.

**Material Issues-Related Major KPIs**

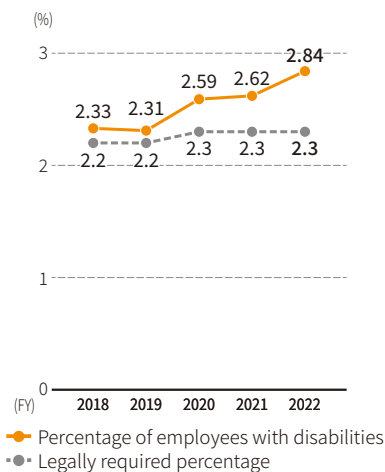
Pages 24-25, "Material Issues, Overview and Progress"

**Reduction Rate in GHG Emissions / Scope1+ Scope2 (market based) Total Volume of Emissions\*3**



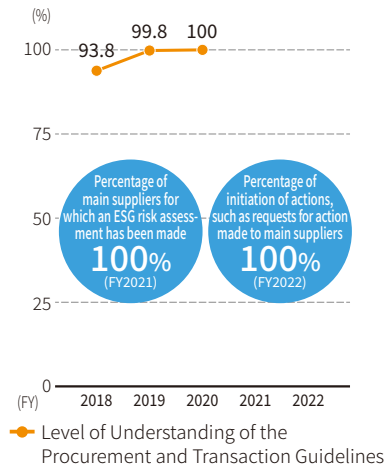
We are working to reduce greenhouse gas emissions by increasing our procurement of energy from sustainable sources, reducing our office space usage, and employing other energy-saving measures including a switch over to more efficient devices.

**Percentage of Employees with Disabilities\*5**



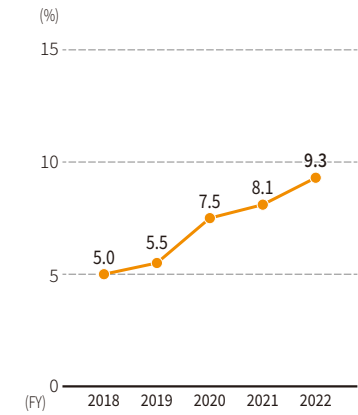
Our group's goal for the recruitment of persons with disabilities is to exceed the legally required percentage by 0.1% or more, and we have achieved this goal for the past six years. By strengthening our policies for the hiring of persons with disabilities and providing support for the organizations in which they work, we strive to provide a comfortable working environment for all employees, irrespective of their circumstances.

**Supply Chain Communication\*2**



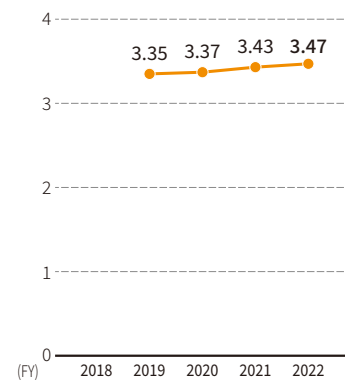
Up until FY2020, we conducted surveys of our suppliers' level of understanding of the Procurement and Transaction Guidelines. In FY2021, we conducted an ESG risk assessment of all major suppliers, and in FY2022, we acted on the results of that assessment through measures including requests for improvement.

**Percentage of Management Positions Held by Women\*4**



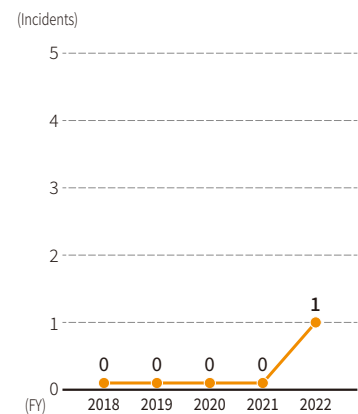
As an important part of our diversity policy, we aim to ensure the woman employees are well represented throughout our organization. In FY2022, the proportion of woman executive employees was 9.3%, below the target (target date: April 1, 2026) of target of 18% or higher as set out under our Material Issues. We continue to work towards the achievement of this target in line with our plans for appointing woman managers.

**Weighted Average Score of Work Style Related Items in the Engagement Survey**



The FY2022 score was 3.47, which exceeds the KPI standard score of 3.36 (the average for FY2019 and FY2020) as set out under our Material Issues. This score has increased for three consecutive years due to factors including the influence of telework. We will continue to analyze and respond to the results of the survey to ensure that employees can feel the benefits of our evolution in working practices.

**Number of Serious Security Incidents\*6**



In FY2022, the social reputation of our company was greatly impacted by an incident involving the loss of USB flash drives. Following this incident, we have taken various steps to prevent further incidents from recurring.

Further Improve Integrity [P.70-72](#)

\*3 Data from FY2018 to FY2019 is for BIPROGY Inc. and 10 other companies and two other organizations (major offices in Japan); Data for FY2020 is for BIPROGY Inc. and 12 other companies and 2 other organizations (major offices in Japan).  
 Data for FY2021 is for BIPROGY Inc. and 24 other consolidated companies (major offices in Japan and abroad) excluding limited partnerships for investment.  
 Data for FY2022 is for BIPROGY Inc. and 25 other consolidated companies (major offices in Japan and abroad) excluding limited partnerships for investment.  
 \*4 Data prior to FY2020 is for BIPROGY Inc. and UNIADDEX Ltd. Data from FY2021 onward is for BIPROGY Inc. and six other companies.  
 \*5 Data prior to FY2019 is for BIPROGY Inc. and UNIADDEX Ltd. Data from FY2020 onward is for BIPROGY Inc. and six other companies.  
 \*6 Data prior to FY2020 is for BIPROGY Inc. and wholly owned Japanese subsidiaries of BIPROGY Inc. Data from FY2021 onward is for BIPROGY Inc. and its consolidated subsidiaries.

## Dialogue between the CEO and Outside Directors



### Yoshinori Ikeda

Director (Outside Director, Independent Director)

Yoshinori Ikeda has accumulated experience in serving the National Tax Agency at important positions for many years. He has overseas experience, and he is well-versed specifically in the field of international taxation. He has sophisticated professional knowledge and expertise in the field of tax accounting. He has been in his current position since 2022.

### Chie Sato

Director (Outside Director, Independent Director)

Chie Sato has abundant management experience and expertise as evidenced by her numerous books about business schools in the United States. Furthermore, she played an active role as a management strategy consultant in the Boston Consulting Group. She has been in her current position since 2017.

### Akiyoshi Hiraoka

Representative Director and President CEO, CHO

Akiyoshi Hiraoka joined Nippon Univac Kaisha (now BIPROGY) in 1980. He has been in his current position since 2016.

### Nalin Advani

Director (Outside Director, Independent Director)

Nalin Advani possesses global business experience mainly based on the Asia Pacific region as well as technical expertise about AI and robots after having served multiple technology companies mainly in Japan, Singapore and India in business management and investment-related roles. He has been in his current position since 2021.

### Asako Osaki

Director (Outside Director, Independent Director)

Asako Osaki has extensive international experience, including work at the United Nations. She is also active as an expert on gender in various fields such as government, local government, and academia. Also, she has sophisticated professional knowledge and expertise not only in the field of gender, but also in the field of ESG/sustainability. She has been in her current position since 2023.

## The Future that the BIPROGY Group Envisions

President Hiraoka and the four independent outside directors held a dialogue on issues that the BIPROGY Group should address, and the role of the Board of Directors in solving social issues and creating social value.

### Looking Back at FY2022

**Hiraoka** Today, I would like to ask our outside directors for their candid opinions on how the Group's Board of Directors should be, how discussions are conducted, and what is needed to create further value. Ms. Osaki, you were appointed as an outside director in June 2023. First, could you share with us your opinion on the role required of outside directors?

**Osaki** As an outside director, I believe what I can do is provide the board with the perspectives of all kinds of stakeholders. I have worked for international organizations and am now in a position to communicate stakeholders' perceptions of issues and requests to companies through collaboration with various stakeholders, including governments, local governments, NGOs, local communities, and university students.

My specialty is gender issues. Disclosure of information on the wage gap between men and women became mandatory in 2022, requiring companies to visualize and correct their hidden indirectly discriminatory structures. I would like to identify what issues lie behind the wage gap between

men and women and contribute to closing that gap.

**Hiraoka** Thank you for your important perspective. Our Group values diversity. Based on the belief that the source of innovation lies in diverse values, we have incorporated the concept of "ROLES" into our personnel system and require employees to have multiple roles. We foster a culture in which people have diverse values within themselves, not limited to gender, and understand each other's values and the environment in which they are placed.

At board meetings in FY2022, the outside directors provided a great deal of advice from their respective perspectives on measures to deal with the loss of USB flash drives.

**Sato** We are always aware that we are only midway through our efforts regarding measures to prevent recurrence, and we must continue to deal with the situation seriously without letting the memory fade. After this incident occurred, we four independent outside directors, as a separate group, thoroughly discussed the nature of this problem and specific remedial measures. We strongly

recommended that a rigorous investigation be conducted by a third-party committee.

In response, internal directors provided detailed reports at board meetings over the past year, and met with us in several roundtable discussions. We were also provided with opportunities for individual discussions with auditors and members of the Group Internal Audit division. I feel that the management team's united and continuous discussions, not only immediately after the incident but over the course of the year, were valuable in putting in place essential measures to prevent recurrence.

**Advani** I agree. I believe that this incident has provided an opportunity for our Group, which is primarily engaged in IT and digital businesses, to rethink our position about how we handle information. As cyber attacks aimed at acquiring information increase, we must be aware of our responsibilities in handling information, and achieve a high level of security, so that we can guide our customers in their use of technology.

**Ikeda** The entire company really focused on understanding the actual situation and examining and promoting measures to prevent recurrence, including in board meeting discussions. The company is also making important

improvements for the future, such as a general review and redevelopment of rules regarding sub-contracting.

**Hiraoka** Currently, the use of portable media is prohibited as a general rule. But, if it must be used, a strict system is in place whereby permission is granted as a special case only after evaluating the necessity and risk and determining that appropriate safety control measures can be taken. Currently, we are striving to become a company with the world's highest level of information security and the ability to form world-class alliances with partner companies, and our employees share this goal. In the future, we will continue our activities so that we can become a company that can continuously review its operations as a matter of course, not as a special exception.

We are striving to achieve the world's highest level of information security, and our employees share this goal.

Akiyoshi Hiraoka



## Current Assessments and Challenges for the BIPROGY Group

**Ikeda** Two years have passed since the Group's material issues were formulated. I view the goal-setting process and initiatives as very well organized, unique, and commendable. However, the overall impression of the company may be lowered because it cannot be rated highly for "Further improve corporate governance and integrity" due to the loss of USB flash drives.

For its board of directors, the company shows a clear intention to increase diversity by, for example, raising the numbers of outside directors and women directors. I feel that the executive management fully accepts and considers free and vigorous comments from diverse viewpoints.

Goal setting and initiatives for material issues are very well organized, unique, and commendable.

Yoshinori Ikeda



**Advani** Many companies seem to end up merely establishing their material issues and vision, but in our Group there is a constant effort to spread them throughout the entire company. In addition to disseminating information

companywide, the president and the entire management team are using company-sponsored events and internal award ceremonies as opportunities for communication and listening to reactions from employees. This reassures me that high-quality communication is being continually promoted.

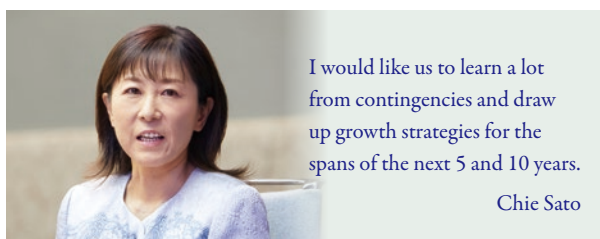
**Sato** I agree. I also believe that we are steadily achieving our numerical financial targets, which is a commendable achievement. At the financial results briefing in April 2023, President Hiraoka revised the initial plan and indicated that the Group would focus more on social DX. I think it is very important for IT companies to flexibly change their strategies according to market conditions in this way. I believe the time has come to promote strategic investments, such as a bolder M&A strategy. I would like us to learn a lot from contingencies such as the global Covid-19 pandemic and the loss of USB flash drives, and draw up growth strategies for the spans of the next 5 and 10 years.

I recognize that the key issue today is human capital management. The average age of our Group is higher than that among our competitors, and we must consider how to create opportunities for both senior and younger workers. More and more these days, reports to the Board of Directors are not made by the supervising director, but by the person or the officer directly in charge of the project. This is a good initiative from the perspective of developing management



## Dialogue between the CEO and Outside Directors

talent, and it also helps outside directors understand what kind of people the company has.



**Osaki** There is an international trend for decisions made at international conferences such as the G7 to quickly lead to policies and laws in various countries. One example was human rights due diligence in the global supply chain two years ago. Attention to diversity, equity and inclusion (DE&I) has also been particularly strong, and the International Organization for Standardization (ISO) is

currently developing gender equality guidelines, making it important for management decisions to respond to the rapid international movement. It seems to me that our Group is identifying the necessary human resources and anticipating the future of our society to put these responses into practice with foresight and insight, as stated in its Purpose.

**Hiraoka** The directors on the executive side are also considering many things, but I still believe that some perspectives are missing. Before an agenda item goes to the Board of Directors, the Executive Council and each committee thoroughly deliberate its contents from different perspectives and sometimes send it back for further revision. The Board of Directors then applies further deliberation and revision from diverse perspectives, resulting in a higher quality of debated items. I believe that providing awareness will become an even more important role for outside directors in the future.

## Initiatives to Develop Human Resource and Build a Talent Pipeline

**Ikeda** The Group has incorporated performance-linked remuneration in the non-financial aspects of executive remuneration since FY2021. The underlying concept is that directors appointed by shareholders, including outside directors, must generate medium- to long-term benefits for all stakeholders and society. This approach is consistent with sustainability management. I think it is excellent that the skill matrix of directors is disclosed and their expected functions are visualized.

**Advani** I concur. I feel that our Group achieves mature communication between adults. I'm proud to say that few companies of the same corporate size have assembled a diverse group of directors with such diverse backgrounds. What we need to consider in the future, however, is building a talent pipeline. The Group is proactive, and the fact that everyone attending board meetings as an observer, for example, is asked questions and asked for opinions, helps to develop the talent pipeline.



**Sato** The great strength of our Group is that we have gathered a body of truly serious and sincere employees. In line

with the slogan "From customer DX to social DX," I can recognize that we are making steady progress toward the realization of Vision 2030. In particular, I have the impression that our employees are very good at the E (Environmental) and S (Social) parts of ESG, which I believe is linked to the creation of various businesses that lead to solutions for issues. However, I feel that, as Director Advani said, there are challenges in building the talent pipeline and in DE&I. Although I have provided advice from the perspective of a former employee of a global company, including objective data on the levels of global standards and the dangers of highly uniform organizations, I believe that the Group's efforts are still insufficient in some areas. All four independent outside directors have studied at graduate schools abroad and have extensive global experience, so we would like to recommend initiatives and global standards of governance that go a step further than those of other Japanese companies.

**Osaki** I wholeheartedly agree with Director Sato about DE&I and global standards. Returning to the subject of the gender wage gap, the analysis of the factors behind it is very important, and it must be examined using a number of indicators. In the case of Japan, for example, to see where the bottlenecks for promotion lie, it is necessary to analyze indicators such as the ratio between men and women among those who use the childcare leave and shortened working hours systems, and among those receiving domestic and overseas transfers and single-person transfers. I believe that exploring and analyzing the nature of the gender gaps in our Group will also help us build our talent pipeline.

**Hiraoka** From your comments, I feel that there are many things that need to be addressed in terms of human resource development.

The other day, a client said to me, “All BIPROGY Group employees are aiming for the same place”. I believe this is proof that our employees are taking on the challenge of

how to create social value and balance it with economic value. In our Group, young employees in their 20s often make proposals which are followed up by veterans in their 50s, and I am proud to say that we have many employees with high followership skills. We will realize our Vision 2030 by demonstrating our capabilities as a team.

## To Improve the Value Provided by the BIPROGY Group and to Achieve Sustainable Growth

**Osaki** The biggest sustainability threat to Japanese society is population decline. Economic activity will shrink as the working population declines, making it difficult to maintain infrastructure and social security. Part of the reason for this is still the gender gap. In rural areas, the exodus of young women to urban areas is accelerating population decline. Nationwide, the number of young women who would ideally want to work in a double-income family but in reality expect to remain unmarried (i.e., continue working while unmarried for life) is rapidly increasing.

I believe that digitalization will play a role in solving this problem. Even in rural areas it will become increasingly important to have IT skills and remote work environments that enable people to find rewarding jobs. There must also be networks and social infrastructure so workers can support each other, services to ease the burden of housework and childcare, and other perspectives to solve Japan’s sustainability issues through technology. We need to think about how we can use digital technology to close the gender gap.



The perspective of using technology to solve Japan’s sustainability issues will become increasingly important in the future.

Asako Osaki

**Hiraoka** This is exactly in line with our Group’s Purpose.

**Ikeda** In order for our Group to achieve sustainable growth in the future, I believe we must further promote globalization by focusing our efforts outside of Japan, including through M&A. In addition, because of the extremely fast pace of innovation in the IT industry, improving and accumulating human capital will be key. As an outside director, I will focus on providing an objective perspective and advice based on my expertise, and on ensuring discipline in processes and procedures.

**Advani** In talking with President Hiraoka, the word “asset” often comes up. Human resources, as well as products and

technology, are important assets for our Group, and in areas where we lack those things, we need to consider conducting mergers and acquisitions to build our assets. I believe it is time to put our balance sheet to good use. In addition, over the past few years, we have been tasked with visualizing various things, such as the skills of our human resources, but visualization is not the goal. I look forward to seeing our people using their brains and technology to improve their skills, to become human resources who can contribute to the company and society in the future. I personally hope to apply the expertise I have accumulated in my own business and other areas to the Group’s initiatives.

**Sato** No one can predict what will happen in the future, in say 2030 or 2050. It is important to be ready to deal with whatever the future brings, and to do so, we must objectively recognize our strengths. And I believe it is the responsibility of outside directors to convey these strengths objectively. In addition, our profitability is steadily improving, and I can see that it is time to move on to the next stage of the Group’s growth strategy. With the rapid evolution of AI, we in the IT industry must consider “what kinds of work only humans can do” before building strategies and expanding the scale of our sales. My desire is for the company to reach the next level in aspects such as sales volume, profitability, diversity of human resources, governance, and sustainability management. To that end, I will continue to contribute to the growth of our Group as an outside director member of the Board of Directors, while proactively sharing information such as outstanding examples from global companies.

**Hiraoka** As Drucker says, the best way to predict the future is to create it. When we formulated our Purpose, we also changed the name of our company, because we felt that in order to solve social issues and create social value, we should think borderlessly rather than globally. As stated in our Group’s corporate statement, “Foresight in sight,” we will work toward 2030 and 2050 by dreaming of the kind of world we want for the future and envisioning the society we want to create. And in our next management policies, we will aim for the next higher level, as you mentioned.

# Intellectual Asset Strategy

**Material Issues** Create schemes to solve issues through the use of digital technology and business ecosystems

The BIPROGY Group has worked to bring the Digital Commons to the world by combining its track record and expertise in solving social issues with a network of like-minded people, plus digital technologies founded on many years' experience. By doing this, we hope to create both social and economic value and pursue sustainability for the environment, society, and the BIPROGY Group as a whole.

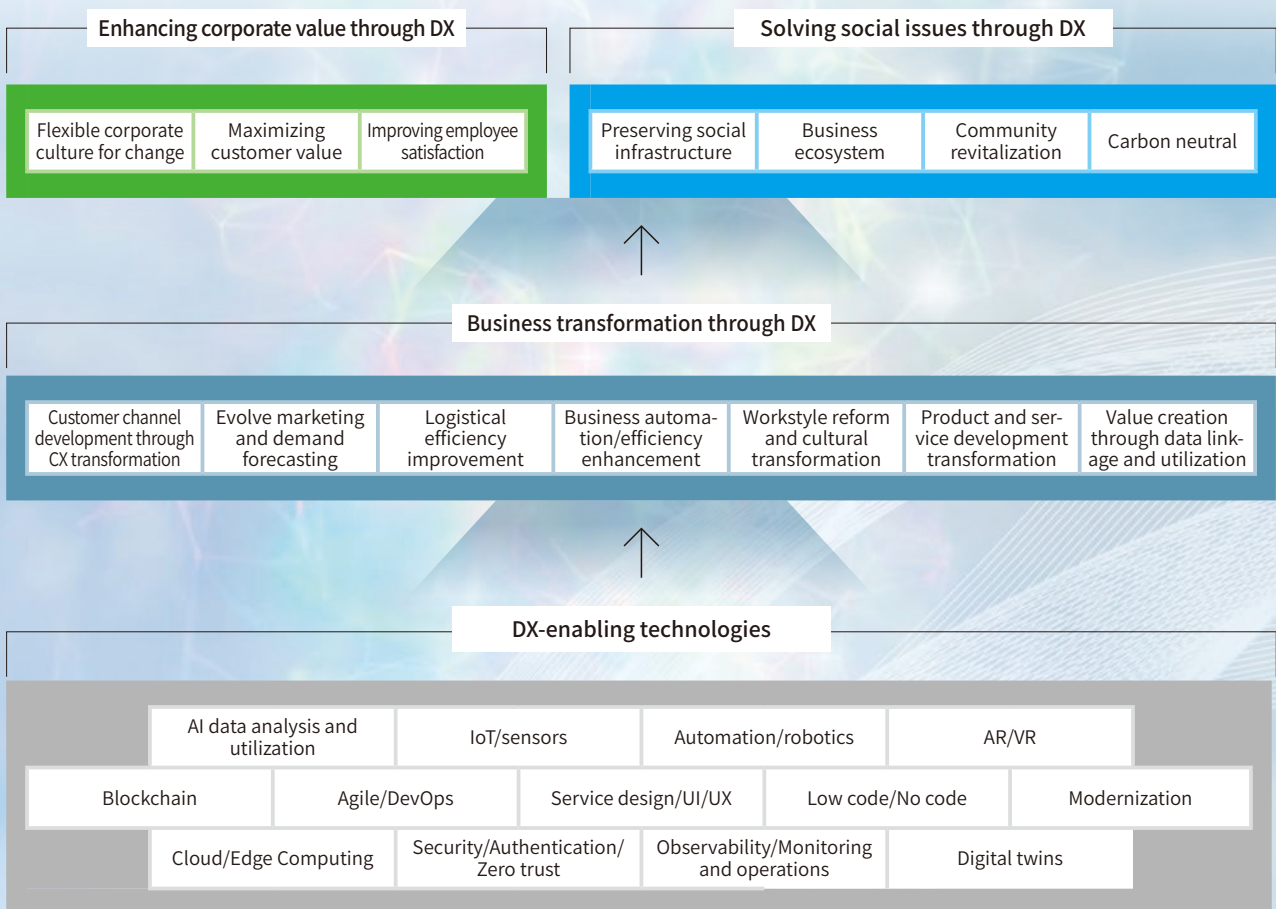
## Toward the Realization of Customer DX and Social DX

Over the years, our Group has earned the trust of its customers through the provision of ICT infrastructure and system services. Today, we contribute to our clients' DX by creating new services and solutions using technologies that are evolving every day, such as cloud computing and AI. We will transform our customers' business models by combining our experience in providing system integration services to customers in various industries and sectors,

and our accumulated intellectual property, with open innovation in Japan and overseas.

Furthermore, by promoting corporate DX that contributes to the sustainable growth of our customers and accumulating best practices, we aim to realize social DX that works together with our customers and partners to solve social issues.

### BIPROGY Group's Structure of DX



## Utilization of Data/AI

Our Group develops and delivers various services based on the concept of “solving corporate and social issues through data analysis and AI technologies,” and aims to enhance data utilization in an era of VUCA.

In the field of generative AI, we intend to develop a differentiated business by leveraging our expertise and intellectual property in Natural Language Processing, which our Group has been working on for many years. Many companies and government agencies are considering the use of this technology due to expectations for its convenience, such as increased business efficiency and business sophistication. However, a certain level of skill is required to effectively use it, such as knowledge of generative AI and judgment of its suitability for a job. In addition, concerns and risks associated with the use of AI, such as leakage of confidential information and violation of privacy and rights, must also be addressed. In February 2020, the Group formulated the “BIPROGY Group AI Ethics Principles,” followed in April 2023 by our “Guidelines for the Business Use of ChatGPT and Other Generative AI.” We are actively working to apply generative AI to our own operations, and to deliver services to our customers.

### Examples of our services

#### RinzaTarget

A service that supports the promotion of consumer purchases and behavioral change by using data and AI to appropriately segment consumers and provide promotional measures suitable for each segment.



#### Azure OpenAI Service Starter Set Plus

A service for building environments to use ChatGPT for enterprises. We use Azure OpenAI Service to accompany and support our customers in the building of secure generative AI environments, and in the creation of use cases for their generative AI.



• BIPROGY Group's AI Ethical Guidelines (Japanese only)  
[https://www.biprogy.com/com/ai\\_ethics\\_principles\\_BIPROGY\\_group.pdf](https://www.biprogy.com/com/ai_ethics_principles_BIPROGY_group.pdf)

## Acquiring and Enhancing Advanced Technologies to Realize the Digital Commons

Our Group has positioned investment strategy as a key measure in our Management Policies (2021-2023), and we will accelerate strategic investment to utilize cutting-edge technology and create innovation on a sustainable basis. To realize the digital commons, in R&D, we are continuously investing in service development to accelerate DX based on a deep understanding of customers and their industries, research and development based on cutting-edge technologies, and service development and technology enhancement

to accelerate service-based businesses. We are also making capital investments to strengthen outsourcing services and service-based businesses. In addition, we will continue to promote investments in the human resources and internal IT we need for reforms of corporate culture and structures.

We will take the opportunity presented by our company name change to BIPROGY Inc. to establish a unique brand in the world through aggressive investment, including M&A, both in Japan and overseas.

### Investment strategy set forth in Management Policies (2021-2023)

Strategic Investment	<ul style="list-style-type: none"> <li>• Continue to invest in and collaborate with startups with innovative technologies not restricted to the ICT domain, in order to promote solutions to social issues from a medium- to long-term perspective.</li> <li>• Ambitiously search for and execute M&amp;A opportunities.</li> <li>• Promote investments to launch co-creative new businesses*.</li> </ul>
R&D	<ul style="list-style-type: none"> <li>• Strengthen service development to accelerate DX based on deep understanding of the industry and customers.</li> <li>• Strengthen R&amp;D based around cutting-edge technologies.</li> <li>• Strengthen service development and technical capabilities to accelerate service-based businesses.</li> </ul>
Capital Investment	<ul style="list-style-type: none"> <li>• Continuously invest in outsourcing and service-based businesses.</li> </ul>
Structural Reform Investments	<ul style="list-style-type: none"> <li>• Human resource reforms to acquire new capabilities.</li> <li>• Policies for new flexible workstyles.</li> <li>• In-house reforms for further digitalization of business (promotion of in-house DX).</li> </ul>

\* Formation of business and capital alliances to establish joint business entities and expand their business with an aim to build business ecosystems with external companies.



# Intellectual Asset Strategy

## Strategic Investment

Our Group is engaged in a variety of open innovation activities with the aim of forming and expanding business ecosystems with startups in Japan and overseas. We use a variety of channels to build connections with many startups, as well as supporting advanced technology ventures. In addition, we are actively developing human resources

with diverse professional skills through personnel exchanges with outside companies.

In the field of investment in startups, we are actively investing in areas that are having increasing social impact, such as the SDGs and wellbeing, in areas of focus, such as generative AI, and in the logistics industry, where issues such as labor shortages need to be resolved quickly.

## Creating value through technology and innovation and investing in the further growth of the BIPROGY Group

### Open Innovation Activities

- Formation and expansion of business ecosystems with domestic and international startups.
- Cultivation of diverse professional human resources through active exchanges with external organizations.

### Startup Investment

- Investments in businesses such as start-ups: 71  
Investments in funds that target diverse fields both in Japan and overseas: 31 (as of March 31, 2023)
- Strategically invest in areas of growing social impact, such as SDGs and wellbeing, as well as in areas of focus, such as generative AI.



- Form a capital and business alliance with Hacobu, Inc. to solve social issues in the logistics industry.



\* "FY2022 Smart Logistics Solution Market—Current State and Outlook," Deloitte Tohmatsu MIC Research Institute, <https://mic-r.co.jp/mr/02560/> (Japanese only)  
Truck Reservation Reception System Service Market Share

### Global Strategy

- Strengthen and expand our global business foothold in ASEAN.
- Add two companies to expand our lineup of solution offerings through collaboration between the three companies.

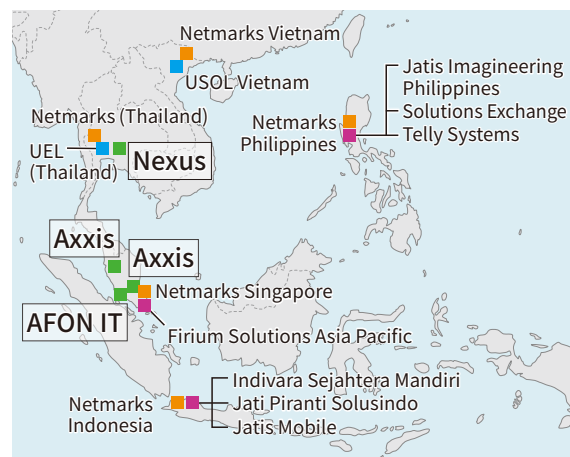
Existing company		Provide SAP solutions in Singapore and Malaysia
Two new companies		Provide SAP Solutions in Thailand
		Provide ERP solutions for SMEs in Singapore

## Support local and Japanese-affiliated companies in Southeast Asia to expand their business and achieve global governance

As companies promote DX, the ERP solution market is expanding in overseas markets as well, as companies seek to improve management efficiency by centrally managing core business operations. For Japanese companies expanding overseas, visualization of management information at local sites and timely management decisions are also important issues. In 2019, we acquired Axxis, a provider of SAP solutions in Singapore and Malaysia. We also made Nexus System Resources Co., Ltd. (Thailand), a provider of ERP solutions, into a Group company in January 2023, and AFON IT Pte. Ltd. (Singapore) and its subsidiaries into consolidated subsidiaries in April 2023, thereby establishing an ERP business structure in Southeast Asia.

We will continue to further expand and strengthen our ERP solution deployment regions and product lineup, and develop a system that can provide support from both Japan and Southeast Asia. In addition, by supporting the overseas expansion and business development of Japanese companies and DX of local companies, we will create a business ecosystem that solves social issues, and establish a position as a global company that implements a digital commons in society. We also intend to grow our overseas business into one of the pillars of our Group's earnings by 2030.

### Southeast Asia Business Sites



- ERP implementation consulting
- Network integration
- Software development and sales
- Systems integration and platform business

## R&D and Capital Investment

Our Group invests in R&D to develop services that accelerate service-based businesses and to strengthen our technological capabilities. In order to provide attractive outsourcing services that meet market needs, we need to constantly invest in upgrading functions, creating a virtuous cycle that increases profits while we invest. With regard to capital investment, we will execute appropriate investments to respond to the expansion of outsourcing services.

### R&D Investment Themes and Main Examples

Theme	Main examples
<b>Development of services, products, etc.</b>	<ul style="list-style-type: none"> <li>We have developed and launched delivery of the DIVP (Driving Intelligence Validation Platform), a platform for evaluating automated driving safety, which is the result of research conducted under the Strategic Innovation Program (SIP) Phase 2 “Automated Driving (Expansion of Systems and Services)” of the Cabinet Office.</li> </ul>
<b>R&amp;D of new technologies</b>	<ul style="list-style-type: none"> <li>Forecasting social changes and technology utilization in the future and developing a search map for cutting-edge technologies; researching technology trends and exploring business opportunities; and developing, evaluating, and operating an overall technology portfolio.</li> </ul>
<b>R&amp;D of fundamental and advanced technologies</b>	<ul style="list-style-type: none"> <li>R&amp;D of social system architectures that serve as blueprints for increasingly sophisticated social systems that cut across fields and industries, built on systems engineering.</li> </ul>

## Restructuring Investment

We are working on human resource reforms to acquire and develop people who will create new social value, and on work-style reform to create organizations and workplaces where diverse human resources are empowered to maximize their abilities (see “Human Resource Strategy” on pages 56-59). We are also working to expand our business ecosystem together with partners and communities by promoting both DX for customers and DX for society, as well as internal reforms (promoting internal DX) to further digitalize our business.

## Promoting in-house DX

We are advancing our internal IT strategy under the leadership of the CDO (Chief Digital Officer) and CIO (Chief Information Officer). In the reorganization of system integration-type development, which has been our core business, we have established R&D functions within our Engineering Division for increasing the sophistication of traditional outsourced development, applying DX, and conducting product development. In addition, we use a variety of ICT tools (business-critical systems, cloud-first office applications, mobile-first, web conferencing systems, corporate social media, etc.) to promote communication and improve productivity, and to create work environments conducive to the creation of innovation. We are building a seamless network based on the zero trust concept, introducing cloud storage with high-security functions to make it easier to find sources of intellectual property, and promoting the computerization of internal review processes and the introduction of electronic signature services.

In addition, from FY2022 to FY2023, we are working on BPR (Business Process Reengineering) for business process improvement, BPM (Business Process Management) environment construction for ongoing business reform, and core system renewal to support data-driven management. We accelerate the modernization of conventional IT systems and the DX of core business operations by developing the foundations of the IT systems that will support our future business. Then, by using the knowledge gained there as a practical reference, we are accumulating the skills and experience to realize DX for customers and DX for society.

### • Evaluation from outside the company

In June 2022, the company was selected by the Ministry of Economy, Trade and Industry, the Tokyo Stock Exchange, and the Information-technology Promotion Agency, Japan as a “Noteworthy DX Company 2022” in Digital Transformation Stock Selection (DX Stock) 2022.



# Environment

## 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

The BIPROGY Group contributes to the environment through digital technology. We promote collaboration and cooperation in the transition to a low-carbon society through providing services that facilitate carbon neutrality and the circular economy, and through the digital commons that the Group has built and in which it participates. At the same time, we are strengthening measures to reduce greenhouse gas (GHG) emissions in order to reduce the environmental impact of our business activities. Through these efforts, we aim to contribute to the early realization of a net zero emission society.

## BIPROGY Group environmental management

There is growing concern about threats to the foundations of survival of current and future generations as the stability of ecosystems and safe access to water is endangered for multiple reasons, including more severe weather-related disasters caused by global warming. In the international community, net zero emission initiatives to make effective use of resources and eliminate the environmental burden so as to achieve carbon neutrality by the mid-21st century are accelerating, and there is greater interest in increasing biodiversity.

With the goal of mitigating and adapting to climate change and establishing a circular economic system, we have been strengthening our environmental management. Based on our Long-Term Environmental Vision 2050 and Vision 2030, we are aiming to realize a net zero emission society by reducing GHG emissions in our business activities and contributing to the environment through the provision of services to customers and digital commons that the Group creates and participates in. In addition to initiatives centered on material issues, we are moving forward with such initiatives as cooperating with customers and partners and conducting education to raise employees' environmental awareness.

### Environment management system

Having built an ISO 14001-compliant Group environmental management system, the management foundation, we are integrating it into our Environment Contribution Committee activities.

### Participation in initiatives

As for realizing a net zero emission society, which we tout in our Long-Term Environmental Vision 2050, we recognize that engaging with various stakeholders is indispensable. Based on that realization, we have not only endorsed TCFD recommendations and joined RE100, but also actively participate in various partnerships and initiatives, such as GX League and Green x Digital Consortium.



## Climate change initiatives

### Governance Related to Climate Change

The Chief Sustainability Officer (CSO), the member of the Board of Directors who is responsible for climate-related issues, has overall responsibility for the Group's initiatives that contribute to sustainable development goals (SDGs) and the Group's sustainable management strategy. The CSO also regularly reports on the Group's sustainability activities, including response to the climate change, to the Board of Directors (2 times in FY2022), which provides an opportunity to receive supervision and instructions.

As for the Group's response to environmental issues, including climate change, related issues are deliberated and decided upon at the Sustainability Committee, the decision-making body chaired by the CSO, or its subordinate body the

Environment Contribution Committee. The Environment Contribution Committee is responsible for examining policies related to environmental contributions, designing mechanisms to promote environmental contributions, and managing and supervising the implementation status.

Long-term performance conditions, including conditions related to climate-related response, were incorporated into the executive compensation system introduced in June 2021. Long-term performance conditions KPI related to material issues include ESG indicators, such as GHG emissions reduction targets, which are material issues KPI for achieving Vision 2030. The Board of Directors decides on compensation following deliberations based on reports by the Nomination & Remuneration Committee, an advisory body.

### Strategy (response to climate-related opportunities and risks)

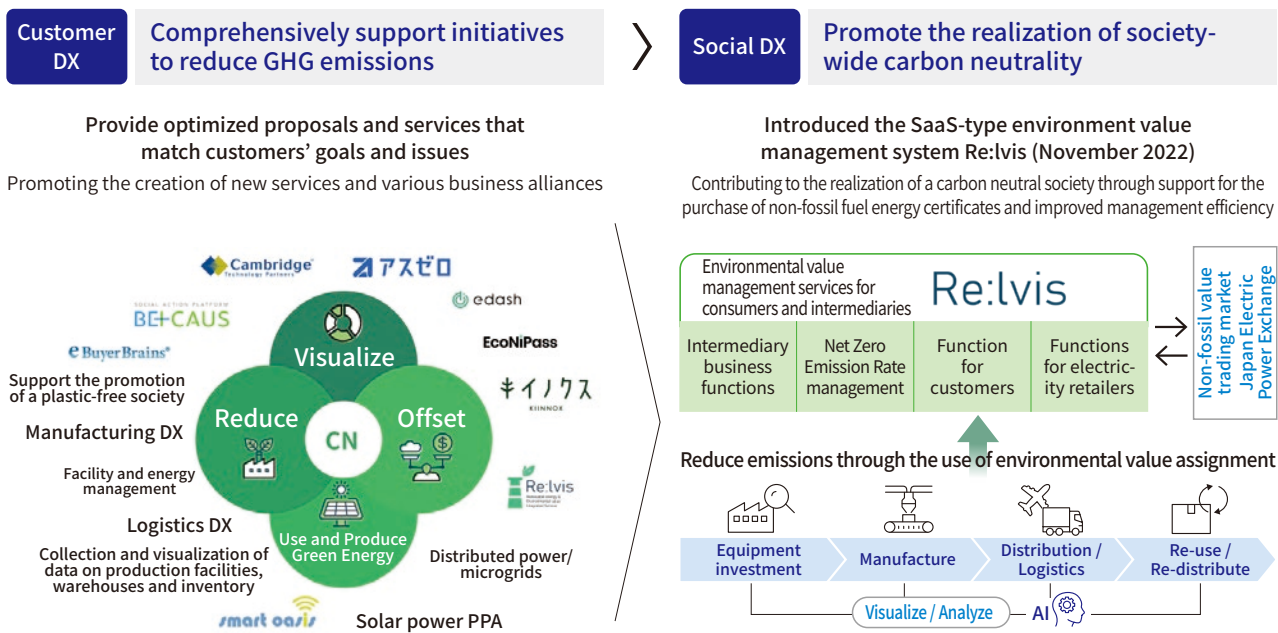
The Group believes that addressing climate change is an important management issue that affects corporate value in many ways, and recognizing that it is important to have a strategy and the flexibility to respond to changes in uncertain circumstances, we are working to mitigate climate-related risks and expand opportunities. Since 2021, we have not only promoted material issue-centered initiatives but also continued to conduct impact evaluations, which are part of the climate-related scenario analysis, based on company-wide projects as part of Environment Contribution Committee activities. In the analysis results up to now, despite the increase in business expenditures related to such activities as the development and innovation of technology to transition to decarbonization and introduction of resources to create new businesses, the impact of greater opportunities through the provision of technology and services that meet needs to solve climate-related issues

exceeds the impact of the risk of greater expenses.

We will increase the effectiveness of material issues by appropriately reflecting the results of the impact assessment into the Group's various strategies and risk management. Furthermore, we are accelerating initiatives to develop and provide new products and services that contribute to the solution of climate-related issues, such as carbon neutrality and circular economy.

In Management Policies (2021–2023), the Group is moving forward with both DX for customers and DX for society. By cultivating businesses within a larger framework that encompasses society as a whole, we aim to create business opportunities that contribute to the solution of social issues, including climate-related issues, and capture earning from those businesses. We think that it is important to disclose information reliably, make strategic investments, and further strengthen human capital to enhance technological capabilities in order to make these climate-related opportunities more sure.

### Developing businesses that link DX for customers to the advancement of DX for society in order to achieve carbon neutrality



### Risk Management

We have integrated climate-related risks into the Group risk management system and manage those risks. The Risk Management Committee, which provides unified management for the system, created a risk classification system, the common management foundation that makes it possible to ascertain Group risks in an integrated manner, and added climate change risk to the system. Of the

climate-related risks identified in climate change scenario analysis, items that were evaluated to be of high importance to the Group's business were registered as subject to management. The Group's risk management structure and processes are clearly detailed in Risk Management Committee and Business Continuity Project Regulations and other related regulations, and are widely disseminated within the Group via the intranet and other means.



Identification of business opportunities and risks through climate change scenario analysis (impact assessment)

Changes in the environment and society due to transition to carbon neutrality by 2050, which is assumed in the impact assessment based on climate change scenario analysis, and used scenario (common opportunities and risks)

- 1.5°C: Various policies and regulations related to climate change strengthened, including emission controls. Dramatic growth in markets related to solar and wind power and battery industries by 2050 as the weight of electricity in final energy consumption increases. (IEA NZE2050, RCP1.9)
- 4°C: Climate change undermines stability in the international order. Greater risk of economic crisis due to market disturbances. (RCP8.5)

Financial impact and response to climate-related opportunities and risks

	Impact on business and initiatives to expand opportunities	1.5°C 4.0°C		Potential impact on finances	Time frame*	Response to growing opportunities
		1.5°C	4.0°C			
Opportunities Products and Services	Increased demand for services that contribute to improving energy use efficiency and promoting the spread of renewable energy through the use of IT (Field 1: Energy management and renewable energy) Grid system reconstruction; introduction of EVs for use as emergency power source; provision of services that combine energy data and data from different industries, etc.	●	●	Increase in revenue from the development of new products and services through R&D and technological innovation  We will create new products and services through active development of technology that contributes to the transition to a low-carbon economy. Revenue will increase as we enter new markets and new emerging markets through this.  Increase in revenue from the development and expansion of low-carbon products and services  Sales opportunities will grow due to greater demand for digital low-carbon products and services.	Short term ~ Medium term	Increase in revenue opportunities in new markets and new emerging markets through development of new products and services  • Cooperate with customers, partners, and policy decision makers (business alliance, social verification) • Invest in climate-related tech companies  Expand low-carbon products and services  • Promote the provision of outsourcing services • Expand carbon neutral-related services
	Increased demand for services that enable enhanced efficiency and reduction of losses associated with production and consumption of goods using IT (Field 2: Circular economy) Spread of supply-demand forecasting and traceability systems based on AI; expanded use of shared systems by financial institutions; promotion of shared use of facilities and means of distribution; provision of services that make carbon content in purchased goods visible; provision of systems that support optimal production; provision of systems that match material demand and supply forecasts for goods and materials, etc.	●	●			
	Increased demand for mechanisms that allow remote decision-making without needing to go to the site (Field 3: New reality and resilient cities) Expanded use of remote-sensing technology in agriculture; expanded introduction of BEMS accompanying increased demand for low-carbon buildings; expanded use and improved accuracy of disaster management systems, etc.	●	—			
	Increased demand for schemes for green cities using digital technologies (Field 4: Green mobility and transportation) Use of digital technology for the spread of automated driving and EVs; optimization of energy consumption on a city and region basis; provision of platform to centralize distribution and SCM information; response to the optimization of electricity use on a city and region basis using EVs, etc.	●	●			
	Increased demand for schemes utilizing digital technologies that do not rely on the movement of people (Field 5: New normal) Greater sophistication of online communication through use of AI; system development to resolve issues of access to consumer staples for vulnerable shoppers; expanded metaverse, virtual office, and hybrid work; research on new analytical techniques effective for addressing climate change; etc.	●	—			
	Increased demand for services that contribute to the promotion of companies' net-zero management (Field 6: Net-zero management) Promotion of Green Transformation (GX); expanded use of low-carbon data centers; development of solutions for introduction of carbon tax and carbon accounting; response to trend toward regionally diversified small data centers, etc.	●	●			

	Impact on business operation	1.5°C 4.0°C		Potential impact on finances	Time frame*	Risk-mitigation measures
		1.5°C	4.0°C			
Transition risk	Technology Transition to low-carbon technology	●	—	Decline in revenue due to less demand for products and services  The Group's market dominance would be undermined if we cannot ascertain customer behavior regarding low-carbon products and services and appropriately develop technologies that contribute to related technologies. This would reduce sales opportunities, and if it is not possible to absorb the investment in development, profitability would fall.  Deterioration in access to capital If low-carbon oriented investors lower the Group's sustainability-related rating, and customer's evaluation of the Group as a supplier fall, revenue opportunities would decline and financing costs would increase.	Short term ~ Medium term	Conduct R&D that contributes to the development of low-carbon technology  • R&D investments • Human resource development  Provide services that meet changing customer demands  • Provide environmentally friendly services that contribute to climate change mitigation and adaptation • Promote customer engagement  Disclose reliable climate-related information  • Initiatives to implement TCFD recommendations • Promote constructive dialogue with investors  Conduct low-carbon business activities  • Join RE100 and promote switch to renewable energy • Promote value chain engagement
	Market Changing customer behavior	●	—			
	Reputation Stakeholders' concerns	●	—			

\* Approximate time frame: short term, 1-3 years; medium term, 4-10 years

### Indicators and Targets

The Group is steadily working to achieve the targets it has set, such as those related to GHG emission reductions in material issues in 2021. Most of the GHG emissions by the Group, whose core businesses are digital and ICT services, are from the use of electricity. Therefore, we joined RE100 and are moving forward with switching to renewable energy for electricity we purchase and as of FY2022, the percentage of energy purchased that is renewable energy rose to 23.4%. We are also promoting energy conservation measures based on the efficient use of offices and equipment.

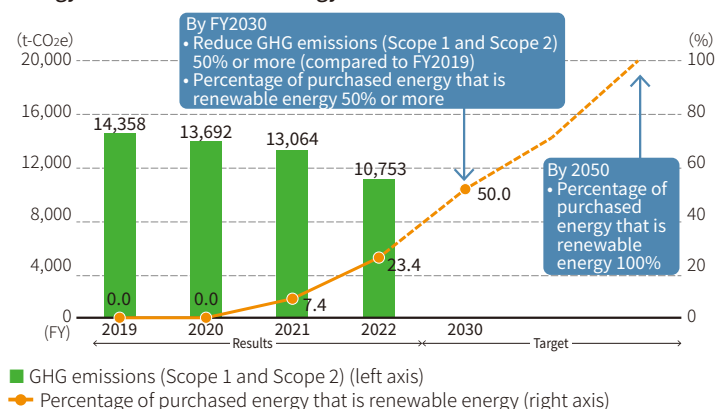
Because of these initiatives, we reduced the Group’s FY2022 Scope 1 + Scope 2 (market-based) GHG emissions 25.1% compared to FY2019. Furthermore, in September 2022, we submitted a commitment letter to obtain science-based targets (SBT) certification for GHG emissions reduction targets based on Paris Accord targets.

### Indicators

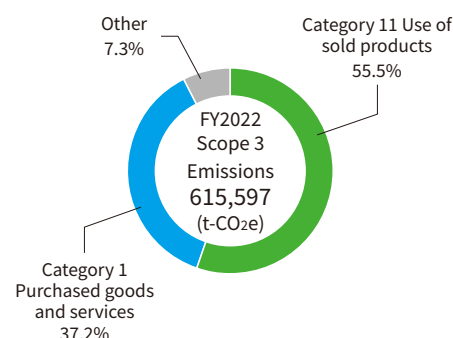
Indicators	Goals and progress
Reduction rate in GHG emissions (Scope 1 + Scope 2 (Market-based))	50% or more compared to FY2019 (FY2030) → 25.1% reduction (FY2022)
GHG emissions (Scope 3)	Set the target of “having suppliers who account for 40% of purchased goods and services (category 1) set SBT-compliant targets by 2027.” (FY2022)
Percentage of purchased energy used at the Group business locations that is renewable energy	50% or more (FY2030) 100% (FY2050) → 23.4% procurement (FY2022)
Percentage of business opportunities and risks identified via climate change scenario analysis (impact evaluation) for which a risk response has been implemented 100%	Identify business opportunities and risks and continue to manage identified risks through Group risk management systems
Percentage achieved for target contribution to corporate net-zero emissions*	100% or more (annually until FY2030) → 174.6% (FY2022)

\* The net zero emission achievement rate is the sales of environmentally friendly products and services multiplied by the GHG reduction contribution coefficient and divided by the total Scope 1 and 2 emissions of the BIPROGY Group.

### (Scope 1 and Scope 2) GHG Emissions and Percentage of Purchased Energy that is Renewable Energy



### FY2022 GHG Emissions: Scope 3 Breakdown



## Reduce GHG emissions through initiatives throughout the supply chain

To “achieve a net zero emission society,” which is stated in the Long-Term Environmental Vision 2050, we consider it important to reduce GHG emissions throughout the supply chain. Because about 90% of the Group’s value chain GHG emissions are Scope 3 emissions, we set “have suppliers who account for 40% of purchased goods and services (category 1) set SBT-compliant targets by 2027” as a new target and material issue KPI in 2022. We will continue to strengthen initiatives to reduce GHG emissions in procurement.

### Promote green procurement

In order to reduce GHG emissions in procurement, we will continue to conduct risk assessments of suppliers and promote communication, which includes spreading awareness of Green Procurement Guidelines and BIPROGY Group Sustainability Procurement Guidelines, the Group’s purchasing guidelines.



- BIPROGY Carbon Neutral (Japanese only)  
[https://www.biprogy.com/solution/theme/carbon\\_neutral.html](https://www.biprogy.com/solution/theme/carbon_neutral.html)
- Purchasing and Procurement Guidelines, etc. (Japanese only)  
[https://www.biprogy.com/com/about\\_purchase\\_and\\_procurement.html](https://www.biprogy.com/com/about_purchase_and_procurement.html)

# Human Resource Strategy

**Material Issues** Develop and strengthen human resources to create a new future and promote diversity and inclusion

The BIPROGY Group considers human resources to be an important corporate asset and the driving force for the Group’s sustainable growth and for improvement in its corporate value over the medium- to long-term. The Group strives to create workplaces and environments where employees with diverse values and backgrounds can maximize their individual abilities, and is steadily transforming itself into a company that creates social value by reforming its human resources and corporate culture to enable it to continuously generate innovation.

## The Human Resource Strategy Required to Achieve Vision 2030

To solve social issues with a combination of foresight, insight, technology, and business ecosystems, the BIPROGY Group needs human resources who can create new social value together by involving customers and partners and sharing our vision and values.

Human resource strategy is one of our Group’s key policy areas. Under our Management Policies (2021-2023), which aim to move us towards our Vision 2030, we are working to implement policies for human capital management and human resource development based on the construction and operation of talent management systems and our human resource architecture, which is built around our system of ROLES. These policies will enable us to strengthen our human resource management and gain maximum value from a diverse workforce. Our major policies include strengthening the links between business strategy and human resource strategy/resource management, promoting self-directed career development and

reskilling, and securing and developing human resources who can lead key areas, such as human resources capable of DX and human resources who can become “business producers”. In addition, in order to promote our Groupwide human capital strategies, we founded the Human Capital Management Division in April 2023. The Division will be responsible for our human resource portfolio management, planning and executing the Group’s human resource strategies, contributing further to training our business leaders, reforming our working styles, developing our organization and human resources, and implementing DE&I\*<sup>1</sup> policies.

Our policy, as we work to fulfill our Purpose, is to actively seek opportunities for dialogue with stakeholders, involving human resources from both inside and outside the company as we work strategically to develop human resources capable of generating greater value.

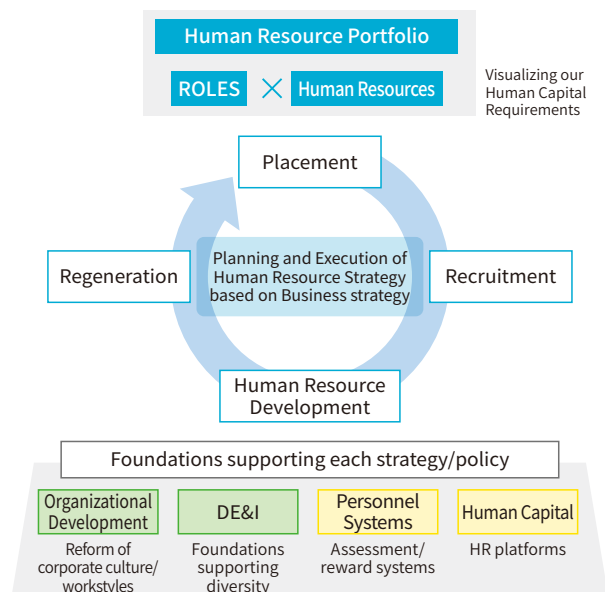
\*1 DE&I stands is a concept that covers of Diversity, Equity, and Inclusion.

## ROLES-based Human Capital Management

Since FY2019, we have implemented a ROLES-policy to facilitate the development of human resources capable of achieving sustained innovation through intrapersonal diversity. ROLES is our Group’s system for defining the competencies and skills required to execute a particular job. It is a core concept that captures the type, quality, and volume of human capital required to execute the various business strategies based on our overall management strategy.

Visualizing our human capital requirements through the ROLES system allows us to hire and train human resources in accordance with our management policies, generating a culture that creates continual innovation. By organizing our human resource portfolio (by division, organization, business areas, and age-group) through ROLES, we gain an objective overview of the diversity within our overall organization, which allows us to achieve effective organizational resource management in areas such as assignments, facilitating of job rotation, and the selection of individuals for further training.

Schematic showing the connection between our business strategies and human resource strategies



## Utilizing Human Resource Data

Our Group is building human resource platforms designed to promote our overall human resource strategy including career development and job assignment. The system centers around a talent management system based on the centralized control of human resource data. With this platform, we will encourage “self-directed career development”, “stronger organizational capabilities” and the

“clarification and organization of human capital requirements” as we seek to achieve our Vision 2030.

By visualizing human resource data, we not only help employees take charge of their own career-building and self-development, we can also take a data-driven approach to human resource strategy decisions, including personnel placement, assignment, and training.

## Hiring and Strengthening Human Resources

### Promoting self-directed career development/reskilling

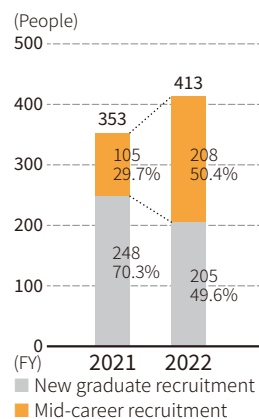
Our Group believes that we must invest continually in human capital to meet social issues that change with the times. By investing in employees’ skills, capacity development, and stronger organizational capabilities, we are working to further strengthen the capabilities of a diverse range of human resources who can achieve innovation, as well as the capabilities of those who already have a high level of technical skill. Through regular career meetings between supervisors and their subordinates, training in “career design” (divided into three age-group categories), and career consultations with qualified staff (qualified career consultants), we are working to help our employees design and develop their careers. In addition, through career development programs based on our ROLES concept, we encourage employees to acquire skills and qualifications. We also encourage reskilling through self-administered online learning.

### Hiring strong human resources

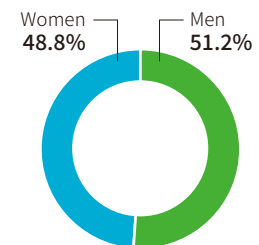
To support sustained growth and value creation within our Group, we continually seek to acquire a new talent and avoid creating a large gap in the age-group composition of our workforce. In addition to ensuring that women account for approximately half of our new graduate hires, we also hire talented individuals irrespective of nationality. Through our year-round

mid-career hires, we seek to hire a balanced range of personnel including individuals who can harness knowledge and experience existing group employees do not possess to accelerate or take the lead in new business areas, as well as individuals capable of making an immediate contribution to existing businesses, and experienced younger personnel with the potential to grow rapidly after entering the company and contribute to our business in future. In FY2022, we hired 205 new graduates, and 208 mid-career hires, the later representing a significant increase on the 105 midcareer hires in FY2021.

**Ratio of New Graduates and Mid-Career Recruitment**



**Ratio of Men and Women Employees among New Graduates Recruitment (FY2022)**



## Human Resource Development

### Developing business producers

Our Group refers to individuals with specialist business development knowledge who can produce a beneficial impact on society as “business producers”. We set KPI in relation to fostering “business producers” to achieve one of our “Material issues”, which is to double the number of employees with the highest maturity rank under our ROLES system between FY2021 and FY2023. Over the 13 years between FY2010 and FY2022, we have delivered our “Next Principle” training program, which aims to equip personnel with the practical skills required to generate new businesses, to a total of 405 individuals. Since FY2017, we have also been holding monthly pre-work Morning Challenge

meetings in which employees are introduced to the skills and services developed within startup companies. Each morning, between 500 and 800 employees voluntarily take part in these meetings. Since FY2023, as a spinoff of the Morning Challenge, some employees have been making use of the lunch hour for interactive dialogue sessions under the title “More Challenge”, with around 100-150 employees taking part voluntarily in each session. By creating these human resource programs and communities, we are steadily making changes to employee attitudes and behavior, changes that will lead to the creation of new businesses. We will continue to review these training programs, as we work to strengthen our training of “business producers”.



## Human Resource Strategy

### New products and services released in FY2022

- DiCE, a business development project
- Our “Environmental value management service”, a service supporting greater efficiency in the management of non-fossil fuel energy certificates
- “The Praise Card” app, a service supporting greater employee engagement by harnessing praise and recognition to create a cycle of the success within an organization

### Verification and testing on the resolution of social issues conducted by BIPROGY during FY2022

- An AI sign language translation service that facilitates communication between deaf\*<sup>2</sup> and hearing persons
- “J’s Marketplace” is a platform that supports the export of Japanese sake, bringing together sake brewers and overseas importers

\*2 Deaf individuals who use sign language to communicate

## Promoting DE&I (Diversity, Equity&Inclusion)

### Promoting gender diversity

As one of the Group’s material issues, we have established the KPI of raising, by April 1, 2026, our percentage of management positions held by women to at least 18%. In addition, as an action plan based on Japan’s Act on Promotion of Women’s Participation and Advancement in the Workplace, we have, as a company, set targets including “doubling the FY2020 number of women managers” and “achieving a women executive percentage of 20%” by FY2025. We are working to systematically strengthen our human resource development and human resource pipeline by holding programs for women employees, at each layer of the organization, to promote self-directed career development and the formation of an executive mindset. We are also holding management programs that focus on the management of diverse human resources and building frameworks for monitoring by, and reporting to, our sustainability committee and Board of Directors in line with the management recruitment plans drawn up by each individual organization and Group company. As a result, the proportion of women executives (BIPROGY, non-consolidated) reached 20% in FY 2022, achieving this target ahead of schedule, as the number of women managers steadily continues to increase.

### Support for balancing life events and career development

In addition to putting in place systems to help employees balance childcare or caregiving with their work, we also provide seminars and e-learning so that all employees can enjoy peace-of-mind over their self-directed career development. Since FY2017, we have offered all eligible employees, men or women, three-party (employee, supervisor, and diversity officer) consultations both before and after their use of childcare leave. For more than 10 years, nearly 100% of women employees entitled to take childcare leave and return to work have done so, with an increasing number of women employees balancing childcare responsibilities with management positions. In addition, the number of positive responses to the survey on our system for supporting childcare leave among men employees rose by 26% in FY2022 compared to FY2016, and the percentage of men employees taking childcare leave is continually increasing.

### Promotion of dialogue on DE&I focusing on dialogue between employees working in the field

Our divisions in the field work at their own initiative, actively and voluntarily, to promote dialogue on DE&I, as we aim to create a corporate culture that ensure, employees’ psychological safety and respect and harnesses a diverse range of values and opinions. The senior management of the field departments that participate in these activities cooperate with their subordinates to engage in a variety of dialogue-based events designed to improve their own organization and the wider company. Since the start of FY2020, the number of participants in these events rose to reach a cumulative total of more than 500, as the number of events rose beyond our originally planned total of 30 events. We are still continuing with these activities, which are gaining wider traction in our field departments.



### Maintaining and expanding employment of persons with disabilities

Our Group is building support structures that provide consistent support to persons with disabilities, from recruitment through to the initial period after joining the company. In 2018, BIPROGY Challenged Inc. was established to provide employment for people with disabilities by allowing them to work completely from home, primarily handling web accessibility inspections using ICT, and it is working to expand its fields of business. In addition, in 2020, BIPROGY also launched an outdoor farm under the “Wakuwaku Farm” initiative to provide persons with disabilities with a way of maintaining physical and mental health while engaging in worthwhile farm work. A second farm opened in 2022.

## Providing Workplaces that Offer Job Satisfaction

One source of company growth and competitive strength is the development of organizations and workplaces that

provide diverse human resources — people who are able to think autonomously and generate innovation —with

worthwhile work that lets them make maximum use of their capabilities. Our Group works to promote the efficient, judicious use of overtime in an effort to reduce average overtime hours, reform our workstyles and promote the management of employee health, while also striving to improve employee engagement.

### Improving engagement

Since FY2013, we have conducted an engagement survey of all employees. This important initiative helps us visualize our employees' attitudes and certain organizational issues. In addition, we implement "engagement management" through a year-round PDCA cycle principally involving managers. This cycle helps to improve engagement and each of our organizations. "Engagement management" refers to the sequence of actions by which management put their vision for the organization into words at the beginning of each fiscal year, harness the results of an engagement survey in July to analyze and understand the status of their organization, develop, and execute an action plan to achieve the organizational vision, and then conduct a further post-execution survey at the end of the period. Various initiatives are also in place to support management as they run the above cycle.

BIPROGY believes that one key success factor in generating further improvements in employee engagement is to strengthen employees' affinity with the direction of the company's intended direction, including the company's Purpose and Corporate Philosophy, and the actions taken to achieve those goals. Therefore, from FY2023 onwards, we have enacted policies designed to promote awareness of our Group principles, including workshops and debate sessions, principally for executives and organization leaders.

### Workstyle reforms

Under our workstyle reforms, as outlined under our Management Policies (2021-2023), we are reviewing various systems and implementing various policies with the aim of achieving "workstyle reforms that enable a diverse range of employees to achieve their maximum performance" and "workstyles that lead to the creation of new value". In April 2022, we repositioned working from home as one of our permanent working style options rather than as a temporary measure. We also introduced annual leave in hourly increments. In addition, we removed the limit on the number of times employees can work from home, allowing for fully remote work. As we strive to improve the flexibility of our workstyles, we are actively encouraging the managers of each of our organizations to let their employees choose for themselves the workstyle that leads to the greatest productivity, after considering the characteristics of their organization's work, the need for teamwork, and other factors. Further, we are taking various other steps to promote smooth communication, including

the introduction of hybrid conferencing systems that allow new communication styles, including meetings attended both by employees on site and employees at home.

#### • T3 (Time to think) Project

One of the workstyle reforms at our Business Service Division (Technical Division) is the T3 (Time to think) project. Under this project, employees of the division take consecutive time each week to engage in activities other than their principal work responsibilities, including the creation of new business ideas or research. One aim of this project is to promote greater working efficiency as the time for these additional activities is generated by reviewing the time spent on existing processes. These activities, which began in 2016, are now widely adopted and understood as a means of developing new ideas and improving working efficiency.

#### • Promoting the efficient use of overtime

We encourage employees to make efficient use of overtime and reach the goal of recording one or more months with zero overtime (defined as five hours of overtime or below). This goal is intended to provide opportunities for reflecting on and reviewing usage of time and working habits. Over the three years between FY2018 and FY2020, we set a KPI for a material issue (important sustainability issue) of having 100% of employees achieve one or more months of no overtime, and we have completely achieved that goal for three consecutive years. Since FY2021, each organization has taken the lead in continuing to ensure that employees work effectively and efficiently to reduce overtime.

### Health management

The CEO of BIPROGY also serves as the Group's Chief Health Officer (CHO), working to maintain, improve, and manage employee health, and focusing on the three themes of "preventing lifestyle disease," "mental health measures," and "use of open innovation initiatives," to promote employee health by reinforcing health promotion and early detection and treatment. In particular, from the perspective of "disease prevention" and "early detection and treatment," we work to contribute actively to employee health promotion through initiatives such as treating those who are at risk of high blood pressure and reducing the total number of workdays lost for mental health reasons.

Following changes in workstyles occurring during the pandemic, we are heavily focused on monitoring the mental health of employees, especially those who have just joined the company, and in FY2023 we worked to reduce days lost to mental health issues through various initiatives including the provision of sessions with an in-house counselor for all employees who are in their first three years at the company, one on one sessions with their direct supervisor for all employees who are in their first three years at the company, and also through the encouragement of improved mental health vigilance by management, and improved self-care by employees.

# Corporate Governance

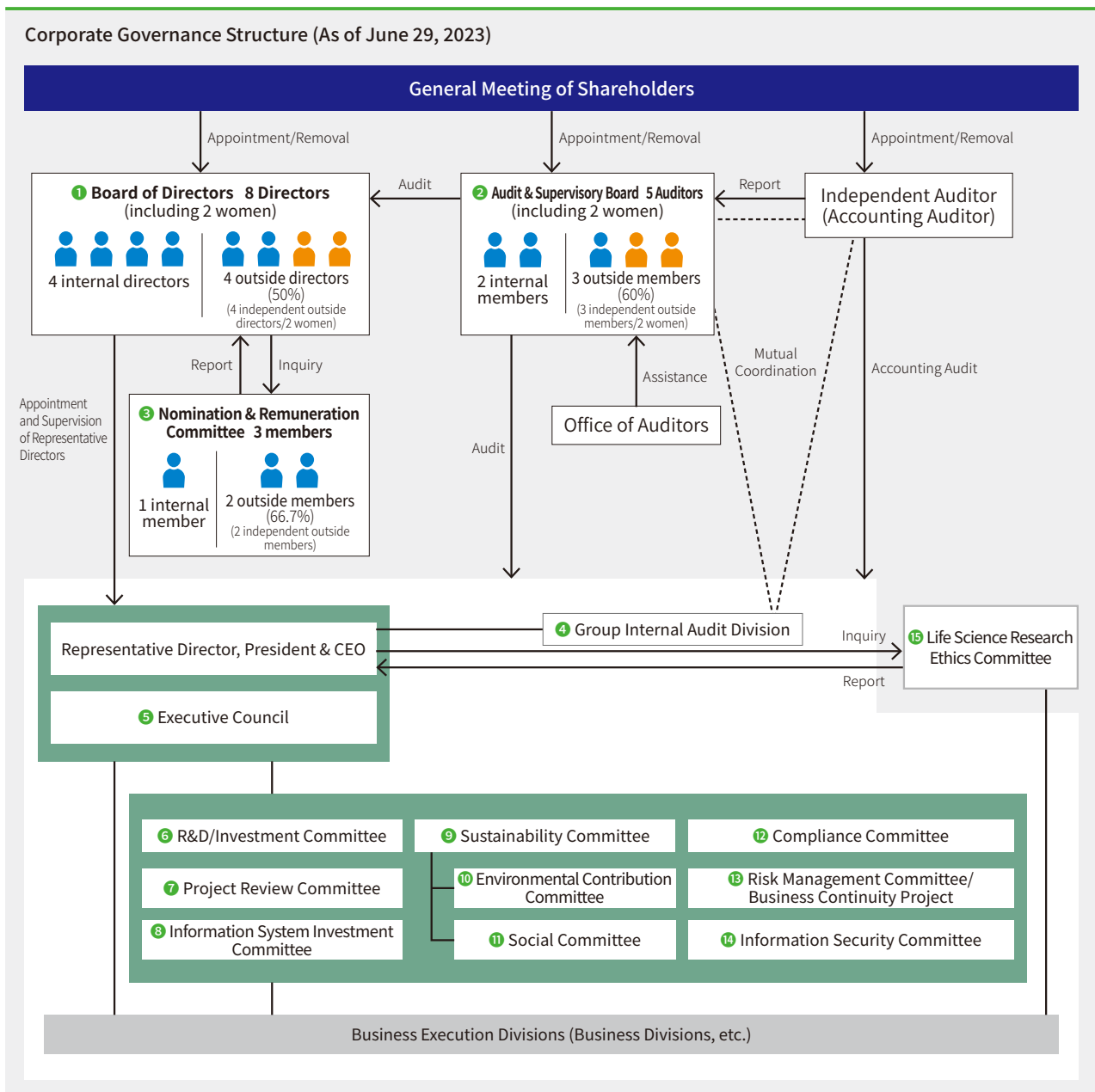
**Material Issues** Further improve corporate governance and integrity

A mechanism of corporate governance that enables management to make prompt and sound management decisions under appropriate and effective supervision is indispensable to the BIPROGY Group’s continuous growth and increase in medium- to-long-term corporate value. The Company shall create, maintain, and ceaselessly improve this mechanism.

Furthermore, in order to contribute to society as an enterprise resolving social issues, the Company stipulates as part of its corporate philosophy “Listen sincerely to our stakeholders to improve our corporate value” in order to create relationships of trust with all stakeholders, and shall proceed with its business activities in accordance with this principle.

## Corporate Governance Structure

BIPROGY has determined that an audit system involving supervision by a Board of Directors that includes outside directors and auditing by outside auditors is effective for monitoring management, and thus has adopted an Audit & Supervisory Board structure.



## 1 Board of Directors

The Board of Directors generally meets once a month. In addition to deliberation and deciding on the Company's basic management policies, important matters, etc., it supervises overall management, including execution of duties by directors and corporate officers. The term of directors is one year so as to establish a flexible management system that can respond to changes in the business environment and to clarify the management responsibilities of directors. The Board of Directors met 12 times in FY2022.

### Content of main deliberations in FY2022

- State of progress in implementing Management Policies (2021–2023)
- Matters related to personnel and evaluation of directors, etc.
- State of operation of the internal control system, including the Group's risk management and compliance
- State of initiatives related to the Corporate Governance Code, including evaluation of Board of Directors effectiveness
- State of sustainability-related initiatives
- State of dialogue with investors
- State of handling of the loss of USB flash drives

## 2 Audit & Supervisory Board

Audit & Supervisory Board members audit the execution of duties by directors and the internal control system through their attendance of all important meetings including Board of Directors meetings, the examination of the operational and financial status, and the exercise of their rights regarding appointments and dismissal of accounting auditors and audit compensation. In order to increase the effectiveness of Audit & Supervisory Board member audits and facilitate the execution of audit functions, the Office of Auditors (1 full-time employee) aids the execution of Audit & Supervisory Board member duties. The Audit & Supervisory Board met 16 times in FY2022.

### Content of main deliberations in FY2022

- State of initiatives to reinforce compliance framework
- State of initiatives to reinforce internal control system
- State of initiatives to reinforce risk management
- State of initiatives to prevent misconduct, etc., or their recurrence

## 3 Nomination & Remuneration Committee

This advisory committee to the Board of Directors deliberates and reports on matters pertaining to personnel and remuneration of our directors and corporate officers. The attendance of independent outside directors and the agreement of all members, including independent outside directors, are required when passing resolutions. The committee met 7 times in FY2022.

### Content of main deliberations in FY2022

- Matters concerning composition of the Board of Directors and Audit & Supervisory Board and expertise and experience required of directors and Audit & Supervisory Board members (skill matrix)
  - Personnel proposals regarding director candidates and corporate officer candidates (including representative director, order of acting directors and corporate officers, performance evaluation, appropriateness of reappointment, and successor training plan, etc.)
  - Bonus payment amount
  - Issue and allotment of restricted stock
- \* The results of deliberations by the Nomination & Remuneration Committee are reported and submitted to the Board of Directors.

## 4 Group Internal Audit Division

This independent in-house body directly under the President was established to audit the effectiveness and efficiency of internal controls through the Group. It confirms and audits the state of activities of Group committees, divisions, and Group companies. It also submits reports on internal audit plans and audit results to the Board of Directors.

## 5 Executive Council

The council, which is composed of corporate officers concurrently serving as directors and members appointed by the President, is a decision-making body for material matters concerning business execution and ensures efficient decision-making. Moreover, Audit & Supervisory Board members are able to attend Executive Council meetings, and full-time auditors normally attend.

### Various Other Committees: Deliberate on individual management issues related to directors' execution of duties from a practical point of view

6 R&D/Investment	Deliberates on the advisability of plans for businesses, products and services based on the Group's priority areas, and decides whether to invest in such plans. Also evaluates actual results versus forecasts for these plans and requests a review as necessary.
7 Project Review	Determines the business risks, the validity of countermeasures, and the possibility of implementation for important development and service businesses. Also evaluates actual results versus forecasts for such projects and requests a review as necessary.
8 Information System Investment	Deliberates on the advisability of cost, effectiveness, applied technologies and other matters for the Group's own system development and operation and decides whether to invest in such systems. Also evaluates actual results versus forecasts for such plans and requests a review as necessary.
9 Sustainability	Formulates measures and policies on achieving SDGs, determines the appropriateness of overall business activities from an ESG perspective, comprehensively determines action promotion and evaluations, and requests a review as necessary.
10 Environmental Contribution	Analyzes environmental contribution-related policies, manages and monitors the design of mechanisms to promote environmental contributions and their implementation.
11 Social	Consideration of policies on social fields, design of mechanisms to promote a social response and the management and supervision of the status of implementation, as well as other endeavors including corrective instructions on pending issues.
12 Compliance	Oversees compliance programs such as Group compliance education and internal reporting.
13 Risk Management/ Business Continuity Project	Addresses various risks that exert a material impact on Group management and ensures business continuity.
14 Information Security	Formulates strategies for overall Group security and personal information protection, and considers and promotes various measures based on those strategies.
15 Life Science Research Ethics	Examines the validity of human-subjects research performed by the Company from an ethical and scientific perspective through an independent organization, and requests reviews if necessary.



## Corporate Governance

### Initiatives to Enhance Corporate Governance

The BIPROGY Group ceaselessly improves on initiatives for enhancing corporate governance as a mechanism for implementing transparent, fair, prompt, and decisive decision making. To create business ecosystems, it is important to

expand business opportunities through trust with a variety of stakeholders. Therefore, in addition to ensuring diversity of directors and Audit & Supervisory Board members, we also consider succession plans for rapid evolution a priority issue.

#### Changes in the corporate governance system

**Overall** Overall Corporate Governance **Diversity** Diversity in Directors and Audit & Supervisory Board Members **Succession** Succession Plan  
**Effectiveness** Evaluation of Effectiveness of the Board of Directors **Remuneration** Remuneration System

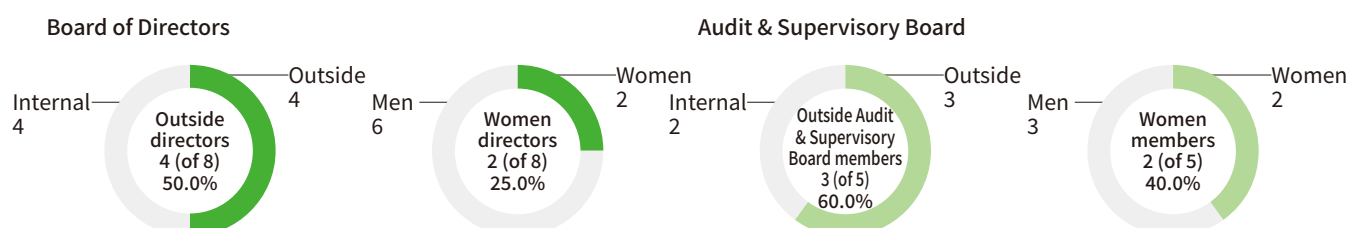
	Main Initiatives	Details/Objectives
2001	<b>Overall</b> Introduced corporate officer system	Separation of management supervision and execution and more efficient business execution
2004	<b>Overall</b> Changed the term of office of directors from two years to one year	Establishment of a flexible management structure and clarification of directors' responsibilities
2012	<b>Remuneration</b> Introduced performance-based remuneration system for directors (excluding outside directors) and corporate officers	Increase in motivation to contribute to improving business results and corporate value
2013	<b>Overall</b> Changed the ratio of outside directors to at least one-third (3 outside directors out of 9)	Improvement of management transparency and objectivity
	<b>Overall</b> Established Corporate Governance and Internal Control Principles	Clarification of basic approach to corporate governance and internal control and its structure/management policy
	<b>Overall</b> Revised the regulations of the Board of Directors, etc.	Revision of agenda standards at Board of Directors meetings
2015	<b>Overall</b> Established Nomination & Remuneration Committee	To obtain the involvement and advice of an outside independent director on the appointment, removal and remuneration of directors and Audit & Supervisory Board members
	<b>Diversity</b> Increased the number of women serving as outside directors by 1 (outside directors became 4 from 3)	Strengthening of diverse viewpoints
	<b>Overall</b> Established Evaluation Criteria for Independence of Outside Directors	Clarification of the Company's standards for independence
2016	<b>Overall</b> Revised the evaluation criteria for independence in the Evaluation Criteria for Independence of Outside Officers	Clarification of independence criteria for outside auditors
	<b>Succession</b> Formulated a senior management succession plan including the CEO	Sustainable growth
	<b>Effectiveness</b> Started evaluation of the effectiveness of the Board of Directors	Improve the functioning of the Board of Directors
	<b>Remuneration</b> Introduced performance-linked bonuses	Increase in motivation to contribute to improving business results and corporate value
	<b>Succession</b> Launched the Management Leader Program Expanded the scope of the senior management succession plan	Selection and cultivation of candidates for senior management, including the CEO
2018	<b>Effectiveness</b> Evaluated effectiveness in FY2017 (third time) after appointing an outside specialized agency	Use of objective analysis by external experts for evaluation
	<b>Overall</b> Appointed an outside director as chairperson of the Nomination & Remuneration Committee	Improve the effectiveness of the appointment, removal and remuneration system of directors and Audit & Supervisory Board members
2019	<b>Overall</b> Formulated the selection criteria and procedures for outside directors	Improvement of management transparency and objectivity
	<b>Overall</b> Increased the number of independent outside directors in the Nomination & Remuneration Committee to 2	Strengthen the independence and objectivity of the Nomination & Remuneration Committee
	<b>Effectiveness</b> Evaluated effectiveness in FY2019 (fifth time) after appointing an outside specialized agency	Use of objective analysis by external experts for evaluation
2020	<b>Remuneration</b> Revise director remuneration system (introduce restricted-stock-as-remuneration system)	Raise desire to contribute to greater medium- to long-term performance and corporate value
	<b>Overall</b> Increase the number of outside directors and disclose skill matrix	Select directors and Audit & Supervisory Board members who possess a wide range of knowledge and experience to realize Vision 2030 and implement Management Policies (2021–2023)
2021	<b>Overall</b> Changed the ratio of outside directors to 1:1 (4 outside directors out of 8 directors)	Improve management transparency and objectivity
	<b>Overall</b> Independent outside directors become majority of Nomination & Remuneration Committee members (2 outside members out of 3)	Strengthen the independence and objectivity of the Nomination & Remuneration Committee

## Diversity in Directors and Audit & Supervisory Board Members

The Board of Directors' independent outside directors possess diverse backgrounds, including abundant experience and knowledge in management both in Japan and overseas, experience with venture investments and global business, advanced specialized knowledge in the fields of international taxation, gender, and ESG/sustainability. Four of the eight

directors on the Board of Directors are independent outside directors, and two of them are women. The term of directors is one year to establish a flexible management system and to clarify the responsibility of directors. In addition, in the Audit & Supervisory Board, three of the five members are independent outside members, making up the majority, and includes one attorney, and two members who are women.

## Composition of the Board of Directors and Audit & Supervisory Board



## Skill Matrix

Independent outside officers

		Business management experience at other companies	Industry knowledge	Technology/ R&D	Finance/ Accounting	Legal/Risk management	ESG/ Sustainability*	Global business
Directors	Akiyoshi Hiraoka		●	●	●	●	●	
	Noboru Saito		●	●		●	●	●
	Koji Katsuya		●	●		●	●	
	Takahito Kanazawa	●	●	●				
	Chie Sato					●	●	●
	Nalin Advani	●	●	●				●
	Yoshinori Ikeda				●	●		●
	Asako Osaki						●	●
Audit & Supervisory Board members	Yuji Teranishi		●		●	●	●	
	Masaya Oishi	●	●		●	●	●	
	Hirofumi Hashimoto	●			●	●	●	●
	Harumi Kojo			●		●		●
	Keiko Mizuguchi				●	●	●	●

\* S of ESG (environmental, social, governance) includes human resource strategy, diversity and inclusion, etc.

## Reasons for selecting items in the skill matrix

Business management experience at other companies	Appropriate advice and supervision by outside directors who have management experience and achievements at other companies are effective in order to enable the management to transform the Company into a company that creates social value by making appropriate and prompt business judgements pursuant to the Management Policies (2021-2023) in the midst of the rapidly changing business environment.
Industry knowledge	A wealth of knowledge about the information service industry such as ICT and DX is essential for the Company in order to promote DX for its customers and society as stipulated in the Management Policies (2021-2023) and expand business ecosystems together with customers and partners.
Technology/ R&D	As technology evolves rapidly, a wealth of knowledge and expertise about technologies and research including advanced technology is essential for the Company in order to promote DX for its customers and society as stipulated in the Management Policies (2021-2023) and expand business ecosystems together with customers and partners.
Finance/ Accounting	The Company needs directors well versed in finance and accounting in order to achieve transparent and correct financial reporting, strong financial foundation, strategic investments for sustained enhancement of corporate value and capital policy with consideration to appropriate shareholders returns.
Legal/ Risk management	Risk management that enables appropriate and prompt responses to deal with diversified and complicated risks as well as strengthening corporate governance are indispensable in order to enable a medium- to long-term increase in corporate value. The Company needs a wealth of knowledge about these issues.
ESG/ Sustainability	The Company needs a wealth of experience and expertise about efforts on climate change, workforce strategies, and promotions for ESG/sustainability issues such as diversity and inclusion in order to create a sustainable society as it aims under the Management Policies (2021- 2023).
Global business	Borderless perspectives are indispensable in order to expand business ecosystems together with customers and partners. Thus, the Company needs a wealth of knowledge about global business.

## Corporate Governance

### Appointment of directors

Candidates for directors who will concurrently serve as corporate officers (hereinafter, senior management) are selected from individuals who are highly motivated and have a strong sense of ethics as well as possess knowledge and experience to enable them to precisely and effectively manage the Company. In addition, candidates for outside directors are selected while taking diversity into consideration and from individuals who possess abundant management experience and specialized knowledge, and are able to provide advice on and supervision of general management from an external, objective, and professional perspective. Senior management and outside director candidates are selected by the Nomination & Remuneration

Committee, composed of a majority of independent outside directors, based on selection criteria and procedures formulated by this committee. The Board of Directors then makes its decision based on that report.

### Dismissal of directors

In the event that a member of senior management, including the CEO, violates laws and regulations or the articles of incorporation, commits an act of fraud, act of tort, or act of betrayal, or it is judged that they have not sufficiently served their office or fulfilled their function, the Company will remove such member from their position if it determines that the removal is justifiable based on deliberations by the Board of Directors.

## Initiatives to Improve the Effectiveness of the Board of Directors

To continuously improve corporate value, BIPROGY considers it important for the Board of Directors to enhance governance by fully deploying its functions. Every year

since FY2016, the Company has analyzed and evaluated the effectiveness of the Board of Directors in the previous fiscal year and worked to improve its functionality.

### Board of Directors Effectiveness Evaluation Process

Target	All FY2022 directors (8) and Audit & Supervisory Board members (5)		
Board of Directors Effectiveness	<b>Step 1</b> : Signed survey by all directors and Audit & Supervisory Board members	<b>Step 3</b> : Deliberation and evaluation by the Board of Directors	<b>Step 4</b> : Formulation of action policies based on the evaluations
Evaluation Process	<b>Step 2</b> : Analysis and evaluation of content by outside consultants <b>Step 5</b> : Initiatives		
Evaluation Items (56 questions in total)	① Role/functions of the Board of Directors ② Progress of action policies for FY2022, which were determined after evaluating effectiveness in the previous fiscal year ③ Size and composition of the Board of Directors ④ Operation of the Board of Directors	⑤ Composition and role of the Nomination & Remuneration Committee ⑥ Operation of the Nomination & Remuneration Committee ⑦ Directors and Audit & Supervisory Board members training ⑧ Support system for outside directors	⑨ Role of and expectations for Audit & Supervisory Board members ⑩ Relationship with various stakeholders ⑪ Overall effectiveness of corporate governance system and the Board of Directors ⑫ Self-assessment ⑬ Response to the loss of USB flash drives

### Results of FY2022 Evaluation and Policies for FY2023

Issues Identified in FY2021	<ul style="list-style-type: none"> <li>(1) Need to expand prior sharing of information in order to continue to deepen discussions on themes related to the essence of management and appropriately follow up with an eye toward enhancing the effectiveness of monitoring by the Board of Directors</li> <li>(2) Need to conduct further discussions regarding the Group's global strategies and human resource strategies</li> <li>(3) Need to not only share information with outside director members more promptly and enhance the content of information in order to facilitate more active discussions at the Committee as the majority of Nomination &amp; Remuneration Committee members are independent outside directors but also enhance the reporting of committee discussions to the Board of Directors to further enhance transparency of the Committee</li> </ul>
Actions to Be Taken in FY2022	<ul style="list-style-type: none"> <li>(1) Continue to enhance the effectiveness of monitoring by the Board of Directors by expanding the prior sharing of information to deepen discussions on themes related to the essence of management, such as human resource strategy and sustainability, and by following up appropriately.</li> <li>(2) Discuss Group and global strategies and effectively monitor the progress of plans.</li> <li>(3) With the majority of the members of the Nomination &amp; Remuneration Committee being outside directors, in order to facilitate more active discussions at the Committee, work to further enhance the transparency of the Committee by sharing information with outside director members more promptly and enhancing the content of this information, as well as by enhancing the reporting of committee discussions to the Board of Directors.</li> </ul>
FY2022 Evaluation	<ul style="list-style-type: none"> <li>(1) Even though some progress was made, including expanding information sharing through training, holding meetings to exchange opinions, etc., it is necessary to further deepen substantive deliberations on themes related to the essence of management (management strategies, human resource strategies, global strategies, risk management, etc.)</li> <li>(2) Although progress has been made on some fronts, such as deliberations and reporting on strategies by the Board of Directors, substantive deliberations regarding global strategies should be deepened after clarifying the goal and necessity of global expansion.</li> <li>(3) Although many commented that progress has been made, and the Group's response was highly rated, further enhancement of the reporting of the Nomination &amp; Remuneration Committee's deliberation to the Board of Directors is preferable.</li> </ul>
Actions to Be Taken in FY2023	<ul style="list-style-type: none"> <li>(1) In addition to further deepening substantive deliberations regarding not only management strategies but also human resource strategies, global strategies, risk management, and similar matters, taking into consideration management strategies, the Board of Directors will continue to expand the material necessary for that in order to generate further growth.</li> <li>(2) In light of the incident involving the loss of USB flash drives in June 2022, the Board of Directors will promptly share information when a major incident occurs and monitor the state of initiatives to transform the organization's culture and strengthen corporate officers and employees' compliance and risk management awareness so that this type of incident never occurs again.</li> </ul>

## Succession Plan

In addition to integrity, a critical quality demanded of the CEO, the plan defines seven important competencies, including foresight and insight. We believe that the degree to which each requirement is demonstrated will vary depending on the business environment (whether the Company is in a period of transition/transformation, or one of extension and expansion).

### Requirements (Qualifications/Competencies)

1	Foresight
2	Insight
3	Determination
4	Innovation
5	Passion
6	Execution
7	Diversity and Inclusion

To facilitate the acquisition and strengthening of the above competencies, we plan and implement the Management Leader Program and visualize and monitor candidate talent to strengthen the pipeline of management leader candidates responsible for the future of the Group. This is achieved through assessments and tough assignments, in addition to sessions with internal and external management and experts.

#### ■ Ability to Create New Value

Foresight refers to the ability to foresee the future of the BIPROGY Group, promote a vision with great aspirations and make a commitment to the future. Insight refers to the ability to understand global trends and changes, identify developments in the Japanese economy, in other words societal swings, and perceive essential value in everything. Determination refers to the ability to decide on a direction with unwavering conviction despite unpredictable conditions and with an awareness of the risks involved.

#### ■ Ability to Improve

Innovation refers to the power to improve, leaving precedent and custom behind to ambitiously carve out a new path undeterred by difficulties. Passion refers to the ability to gain the cooperation, trust, and encouragement from those around you while passionately engaging in all endeavors and communicating extensively. This also refers to such attributes as a high sensitivity toward information and receiving capabilities, as well as the ability to convey objectives in the direction of realizing dreams, goals to be achieved, and solving problems.

#### ■ Staying Power

Execution refers to the ability to steadfastly stay the course to achieve results by setting lofty goals companies should strive for and displaying leadership. Diversity and Inclusion refers to the ability to interact with a wide array of people whether inside or outside the Company, recognizing the values of people with various standpoints without stereotyping and pigeonholing them. This also refers to the ability to build proactive relationships based on an understanding of ideas from various corporate and cultural perspectives.

#### Management Leader Program

We have been carrying out the Management Leadership Program since 2018 with the goal of building a human resource pipeline for producing successors to senior management, seeking to generate management leaders committed to continuous transformation. As for the Management Leader: Advanced program, one element of the leadership program, a total of 30 participants have participated in the program through FY2022 in order to acquire the necessary perspective, perception, and viewpoints for management leader candidates through dialogue sessions with directors and experts from inside and outside the Company.

Since FY2022, we have moved forward with centralizing data on human resource through the introduction of a talent management system, introducing new assessments, reforming both in-house and outside training programs, and redesigning our assignment mechanisms, and aim to link this to the Group's sustainability management to strengthen the human resource pool and pipeline for candidates and build a system for more systematic and continuous generation of management personnel.

#### Nurturing future generations of management leaders

We hold CEO & Leaders Sessions as a place to nurture ambition to lead the Company and to share and discuss themes and issues that should be taken on from a management perspective and to connect those to action. In FY2022, 11 sessions were held, and more than 100 people participated each one.



## Corporate Governance

### Remuneration System

For remuneration for executive directors, the weight of performance-based bonus and stock remuneration was increased and, if performance targets are fully met, the fixed remuneration, performance-based bonus (linked to profit attributable to owners of parent), and stock remuneration are paid in a ratio of 4:4:2.

Non-executive directors are paid only a fixed monthly salary that is not linked to performance to guarantee effective advising and monitoring of management. Policies for determining director remuneration calculation methods are set through deliberations by the Nomination & Remuneration

Committee, an advisory committee of the Board of Directors, and subsequently approved by the Board of Directors.

### Restricted stock remuneration tied to medium- to long-term and long-term performance

In FY2021, we introduced a remuneration system that incorporates both performance targets linked to medium- to long-term performance and long-term performance conditions that include actual response to sustainability issues such as climate change. The goal is to enhance corporate value in the medium- to long-term and strengthen the linkage between compensation and medium- to long-term and long-term performance.

### Total Remuneration in FY2022 for Directors and Audit & Supervisory Board Members with Subtotals for Each Type of Remuneration and Numbers of Recipients

Classification	Total Remuneration Paid (Millions of yen)	Remuneration Paid by Type (Millions of yen)			Recipients
		(a) Fixed Remuneration	(b) Bonuses	(c) Stock Remuneration	
Directors (Excluding outside directors)	297	147	109	40	5
Audit & Supervisory Board members (Excluding outside auditors)	34	34	—	—	2
Outside directors and outside auditors	73	73	—	—	8

- (Notes) 1. One non-executive director is not eligible for bonus and stock remuneration.  
 2. Auditors and outside directors are not eligible for bonus and stock remuneration.  
 3. Amounts listed are rounded down to the nearest million yen.  
 4. The stock remuneration figures in the table above indicate the amounts recorded as costs for the fiscal year under review in the costs about restricted stock as remuneration granted to four executive directors.  
 5. The officer retirement benefit plan was cancelled as of June 30, 2006 as resolved at a meeting of Board of Directors convened on April 28, 2006.  
 6. The table above includes remunerations, etc. for two directors who retired at the conclusion of the 78th Ordinary General Meeting of Shareholders held on June 28, 2022.  
 7. In light of the loss of USB flash drives, Akiyoshi Hiraoka (Representative Director and President) voluntarily returned 20% of fixed remuneration (for three months), and the above amounts reflect the voluntary return.

### Illustration of executive director remuneration

	Fixed		Linked to Performance		
	(a) Monthly remuneration	(b) Bonus (linked to short-term performance)	(i) tenure condition	(c) Restricted stock remuneration	
				(ii) medium- to long-term performance target	(iii) ESG targets (linked to long-term performance)
Composition ratio	4	4	1	1/3	2/3

- (a) Fixed remuneration (a monthly remuneration)  
 The monthly remuneration for directors shall be no more than ¥35 million, and for Audit & Supervisory Board members no more than ¥8 million.
- (b) Bonus (linked to short-term performance)  
 The total annual amount of bonuses for executive directors shall be no more than ¥400 million, and is determined by the Board of Directors in accordance with a standard amount by position and a standard coefficient based on profit attributable to owners of parent as determined by the Nomination & Remuneration Committee (for now, up to 0.5%).
- (c) Restricted stock remuneration  
 The Company has adopted a restricted stock remuneration plan for executive directors, which incorporates three requirements and indicators: (i) tenure condition, (ii) medium- to long-term performance target (total shareholder

return (TSR) growth rate versus TOPIX), and (iii) ESG targets (see pages 24-25). These are paid at a ratio of 3:1:2, respectively.

The tenure conditions in (i) are designed to have executive directors share awareness and value with shareholders through share ownership. The performance indicator in (ii) is linked to medium- to long-term business performance, a comparative measure versus TOPIX of the degree to which we have independently increased our corporate value independently of overall market influence. The ESG indicators in (iii) function as guideposts to the realization of important issues that we are taking action on. The total annual amount of monetary claims for restricted stock remuneration shall be no more than ¥200 million per year (the total annual number of shares of common stock to be issued or disposed of in exchange for this compensation is limited to 66,000).

**■ Activities of the Board of Directors and the Nomination & Remuneration Committee in determining the remuneration amounts for directors and Audit & Supervisory Board members for FY2022**

**Board of Directors**

With respect to the remuneration of directors and Audit & Supervisory Board members for FY2022, the Board of Directors resolved at its June 2022 meeting to issue and allot restricted stock remuneration, and resolved at its May 2023 meeting to pay performance-linked bonuses to

directors and Audit & Supervisory Board members. Fixed remuneration was paid in accordance with the resolution passed at the May 2021 meeting of the Board of Directors.

**Nomination & Remuneration Committee**

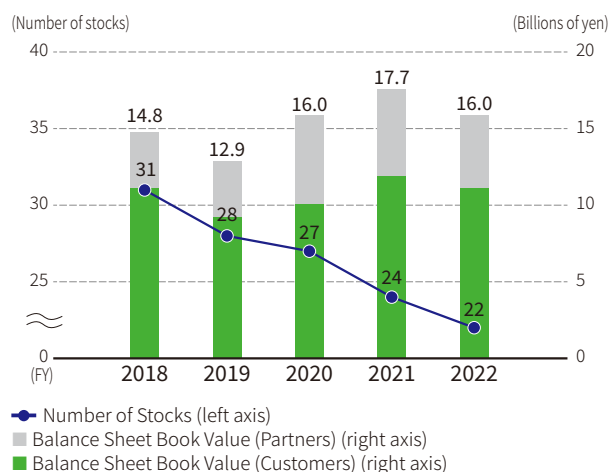
In FY2022, the Nomination & Compensation Committee held four meetings related to the remuneration of directors and Audit & Supervisory Board members, discussing the payment of performance-based bonuses and the issuance and allotment of restricted stock for FY2022.

## Cross-Shareholdings

BIPROGY may strategically hold shares of partners if it is deemed that this would contribute to greater corporate value for the Company, such as resulting in a stronger profit basis by maintaining or strengthening the relationship with partners. The determination to acquire stock is made pursuant to its internal regulations. As for the subsequent holding of the shares, the Board of Directors verifies whether it is appropriate each year, and we are working to reduce such holdings. As a result, the total amount of listed stocks on the balance sheet at the end of FY2022 declined ¥1.7 billion from the end of the previous fiscal year, and the number of stocks held decreased by 2 stocks from the end of the previous fiscal year to 22 stocks. Going forward, we aim to reduce the total amount of strategic shareholdings on the balance sheet to less than 10% of total equity. The verification of shares held as of March 31, 2023, was conducted at the Board of Directors meeting held in June 2023. The results are as follows.

- The sustainability of the purpose for holding individual shares and the consistency with the business strategy from a medium- to long-term perspective was verified. Based on this result, the shares to be disposed of were confirmed as the significance of their holding had diminished.
- In addition to the above, the economic rationality for holding shares other than those expected to be sold off was confirmed by verifying such factors as profit from business with the issuer, etc., taking into consideration the cost of capital.

**Number of Stocks Held by BIPROGY for Non-pure Investment Purposes and Total Value on Balance Sheet (listed companies)**



## Policy Regarding Constructive Dialogue with Shareholders and Other Investors

In addition to disclosing information to its shareholders and other investors at a suitable time and in an appropriate manner, the BIPROGY Group engages in proactive investor relations and shareholder relations activities, led by its CEO, CFO, and the executive in charge of corporate governance promotion, in the belief that repeatedly engaging in

mutual dialogue leads to the fair assessment of its value. The Group places great significance on the opinions of its shareholders and other investors and reports these opinions to its management and the Board of Directors in a timely manner. These opinions are then used in making improvements to the Company's overall management.

## Status of Response to Corporate Governance Code

All areas are addressed. See the Company's website listed to the right for details on corporate governance and internal control.




- Corporate Governance and Internal Control Principles
  - Corporate Governance Report
  - Necessary Systems to Ensure Appropriate Operations and Status of Operation of the Systems
- <https://www.biprogy.com/invest-e/com/governance.html>

# Directors, Audit & Supervisory Board Members, and Corporate Officers


(As of June 29, 2023)

## Directors

	No. of attendance to the Board of Directors Meetings	12/12
	No. of company shares held	35,400
	Nomination & Remuneration Committee	

**Akiyoshi Hiraoka**  
Representative Director, President, Chief Executive Officer (CEO), Chief Health Officer (CHO)

Apr. 1980 Joined the Company  
Apr. 2002 General Manager of Business Aggregation Department of the Company  
Jun.2002 Corporate Officer of the Company  
Jun.2005 Director, Senior Corporate Officer of the Company  
Apr. 2007 Director, Superior Senior Corporate Officer of the Company  
Jun.2007 Superior Senior Corporate Officer of the Company  
Apr. 2011 Executive Corporate Officer of the Company  
Jun.2011 Representative Director, Executive Corporate Officer of the Company  
Apr. 2016 Representative Director, President & CEO of the Company (present)

	No. of attendance to the Board of Directors Meetings	12/12
	No. of company shares held	19,800
	Nomination & Remuneration Committee	

**Noboru Saito**  
Representative Director, Executive Corporate Officer, Chief Marketing Officer (CMO)

Apr. 1986 Joined the Company  
Apr. 2004 General Manager of Industry & Commerce 2 Department of the Company  
Apr. 2009 General Manager of Industry & Commerce Department of the Company  
Apr. 2010 General Manager of Industry & Commerce 2 Department of the Company  
Apr. 2012 General Manager of Business Services Department of the Company  
Apr. 2013 Corporate Officer of the Company  
Apr. 2016 Senior Corporate Officer of the Company  
Jun.2016 Director, Senior Corporate Officer of the Company  
Apr. 2020 Representative Director, Executive Corporate Officer of the Company (present)  
Jun.2022 Outside Director, Seiko Group Corporation (present)

	No. of attendance to the Board of Directors Meetings	12/12
	No. of company shares held	11,000
	Nomination & Remuneration Committee	


**Koji Katsuya**  
Director, Executive Corporate Officer, Chief Sustainability Officer (CSO)

Jan.1985 Joined the Company  
Jul. 2007 Senior Project Manager of S-BITS Project, Software & Services Department of the Company  
Apr. 2011 General Manager, Financial 3 Department of the Company  
Apr. 2012 Deputy Division Manager of Financial Business Division  
Apr. 2014 Corporate Officer, General Manager of Corporate Planning Department of the Company  
Apr. 2016 Senior Corporate Officer of the Company  
Jun.2016 Director, Senior Corporate Officer of the Company  
Apr. 2021 Director, Executive Corporate Officer of the Company (present)

	No. of attendance to the Board of Directors Meetings	12/12
	No. of company shares held	none
	Nomination & Remuneration Committee	

**Takahito Kanazawa**  
Director

Dec.1998 General Manager of Digital & Information Network Systems Department, Tokyo Sales & Business Planning Division Digital & Information Network Systems Department, Business Form & Securities Printing Operations, Dai Nippon Printing Co., Ltd.  
Apr. 2007 General Manager of System Development Division, Information Processing Solutions Operations System Development Division, Dai Nippon Printing Co., Ltd.  
Oct. 2008 General Manager of Production Division, Information Processing Solutions Operations Production Division, Dai Nippon Printing Co., Ltd.  
Oct. 2012 General Manager of BPO Development Division, Information Solution Operations BPO Development Division, Dai Nippon Printing Co., Ltd.  
Oct. 2016 Deputy General Manager of BPO Center, Information Innovation Operations BPO Center, Dai Nippon Printing Co., Ltd.  
Apr. 2017 Representative Director, President, DNP Data Techno Co., Ltd.  
Apr. 2018 General Manager of Information Systems Division, Dai Nippon Printing Co., Ltd.  
Jul. 2018 General Manager of ICT Business Development Division, Advanced Business Center, Dai Nippon Printing Co., Ltd.  
Jun.2019 Corporate Officer, General Manager of ICT Business Development Division, Advanced Business Center, Dai Nippon Printing Co., Ltd.  
Jun.2021 Director of the Company (present)  
Oct. 2021 Corporate Officer, General Manager of Advanced Business Center, in charge of Information Systems Division, Dai Nippon Printing Co., Ltd.  
Jun.2022 Senior Corporate Officer, General Manager of Advanced Business Center, in charge of Information Systems Division, Dai Nippon Printing Co., Ltd.  
Apr. 2023 Senior Corporate Officer, General Manager of Advanced Business Center, in charge of Information Systems Division, Education Business Division, ICT Management Office Technology, Research & Development Division, Dai Nippon Printing Co., Ltd. (present)

	No. of attendance to the Board of Directors Meetings	12/12
	No. of company shares held	none
	Nomination & Remuneration Committee	

**Chie Sato**  
Outside Director, Independent Director

Apr. 1992 Joined Japan Broadcasting Corporation (NHK)  
May 2001 Graduated from Columbia Business School  
Aug.2001 Joined the Boston Consulting Group  
Jun.2003 Joined the Walt Disney Company (Japan) Ltd.  
Jan.2012 Became independent as author and consultant  
Apr. 2014 Member of the Committee of Certified Evaluation and Accreditation for Management and Professional Graduate Schools Member, The Japan University Accreditation Association, JUAA (public interest incorporated foundation) (present)  
Apr. 2016 Tokyo Broadcasting System Television (TBS) Program Practice Council Member (present)  
Jun.2017 Outside Director of the Company (present)

	No. of attendance to the Board of Directors Meetings	12/12
	No. of company shares held	none
	Chairperson of the Nomination & Remuneration Committee	


**Nalin Advani**  
Outside Director, Independent Director

Apr. 1984 Venture Capitalist, Investment / Corporate Strategy Advisor (present)  
Sep.1998 Director, Chief Marketing Officer, eSOL Co., Ltd.  
Jan.2007 President, Barco Co., Ltd. (Japan) (Retired in Jul. 2011)  
Aug.2009 Managing Director, Barco Electronic Systems Pvt Ltd. (India) (Retired in Aug. 2011)  
Jan.2010 Graduated from the UCLA Anderson and NUS (National University of Singapore) Business School  
Sep.2011 Vice President, Asia Pacific, Barco Pte Ltd. (Retired in Dec. 2015)  
Aug.2013 Guest Lecturer, National University of Singapore Business School (present)  
Nov.2015 Co-Founder, KPISOFT Inc (entomo pte ltd of the present) (present)  
Feb. 2016 CEO Asia Pacific & Japan, Grey Orange Pte. Ltd. (Retired in Mar. 2019)  
Jun.2021 Outside Director of the Company (present)  
Feb.2023 Adjunct Professor, Graduate School of Leadership and Innovation, Shizenkan University (present)

	No. of attendance to the Board of Directors Meetings	10/10
	No. of company shares held	none
	Nomination & Remuneration Committee	

**Yoshinori Ikeda**  
Outside Director, Independent Director


Apr. 1985 Joined the National Tax Agency JAPAN  
Jul. 1992 District Director, the Seto Taxation Office, Hiroshima Regional Taxation Bureau  
Jul. 1995 Harvard Law School (Obtained Master of Laws in Jun.1996)  
Jul. 2004 Visiting Researcher, Georgetown University Law Center (Retired in Jun.2005)  
Jul. 2008 Director, Office of Mutual Agreement Procedures of the National Tax Agency Assistant Regional Commissioner (Planning and Administration), Nagoya Regional Taxation Bureau  
Director, International Operations Division of the National Tax Agency  
Director, Large Enterprise Examination Division of the National Tax Agency Regional Commissioner, Okinawa Regional Taxation Bureau  
Oct. 2020 General Manager, International Tax Division, Hongo Tsuji Tax & Consulting  
Nov.2020 Admitted as Certified Public Tax Accountant  
Apr. 2021 Lecturer at Graduate School of Global Business, Meiji University  
Apr. 2022 Professor at Graduate School of Global Business, Meiji University (present)  
Advisor, Hongo Tsuji Tax & Consulting (present)  
Jun.2022 Outside Director of the Company (present)

	No. of attendance to the Board of Directors Meetings	10/10
	No. of company shares held	none
	Nomination & Remuneration Committee	

**Asako Osaki**  
Outside Director, Independent Director (Newly appointed)


May 1997 Masters in International Affairs (MIA) (international human rights law and human rights issues) from Columbia University  
Jun.1997 Joined the Bureau for Development Policy at the United Nations Development Programme (UNDP) New York Headquarters  
Jan.2005 Worked independently as an expert on international cooperation and gender issues (present)  
Apr. 2009 Visiting Professor, School of Policy Studies, Kwansai Gakuin University (present)  
Jun.2011 Director, Specified non-profit corporation Gender Action Platform (present)  
Apr. 2016 Evaluation Committee Member of the National Action Plan on Women, Peace and Security (WPS), Ministry of Foreign Affairs (present)  
Apr. 2021 Expert Member, Council for Gender Equality, Cabinet Office (present)  
Jan.2022 Member of the Domestic Committee of ISO/PC337 "Guidelines for the promotion and implementation of gender equality" and an expert representing Japan in the Working Group on Gender Equality (present)  
Jun.2023 Outside Director of the Company (present)

## Audit &amp; Supervisory Board Members

	No. of attendance to the Board of Directors Meetings	12/12
	No. of attendance to the Audit & Supervisory Board Meetings	16/16
	No. of company shares held	500


**Yuji Teranishi**  
Full-Time Auditor

Apr. 1986 Joined the Company  
Apr. 2008 Manager, J-SOX Promotion sec., J-SOX Project of the Company  
Apr. 2011 Manager, J-SOX sec., Internal Audit of the Company  
Apr. 2012 Manager, Group Internal Control sec., Corporate Planning Department of the Company  
Apr. 2015 Manager, Group Internal Control sec., Business Management Department of the Company  
Apr. 2016 General Manager, Accounting Department of the Company  
Apr. 2018 General Manager, Business Accounting Department of the Company  
Jun. 2020 Auditor of the Company (present)

	No. of attendance to the Board of Directors Meetings	12/12
	No. of attendance to the Audit & Supervisory Board Meetings	16/16
	No. of company shares held	600

**Masaya Oishi**  
Full-Time Auditor, Outside Auditor, Independent Officer

Apr. 1983 Joined The Norinchukin Bank  
Jul. 2011 General Manager, System Planning Division, The Norinchukin Bank  
Jun. 2013 Member of Audit & Supervisory Board, The Norinchukin Bank  
Jun. 2015 Managing Executive Officer, Deputy Head of Asset Management Unit, Mizuho Financial Group, Inc. (Retired in Mar. 2021)  
Managing Director and Managing Executive Officer, in charge of JA Sales Dept. of Markets & Products Division and Corporate Investment Services & Retail Business Division, Mizuho Securities Co., Ltd. (Retired in Mar. 2021)  
Jun. 2021 Outside Auditor of the Company (present)

	No. of attendance to the Board of Directors Meetings	12/12
	No. of attendance to the Audit & Supervisory Board Meetings	16/16
	No. of company shares held	none

**Hirofumi Hashimoto**  
Auditor

Jan. 1992 Manager of Control Section, Planning & Control Department, Business Form & Securities Printing Operations, Dai Nippon Printing Co., Ltd.  
Jan. 1997 P.T. DNP Indonesia  
Apr. 2002 General Manager of Planning & Control Department, Commercial Planning Operations, Dai Nippon Printing Co., Ltd.  
Apr. 2007 General Manager of Dynamic Advanced Communication Division, Commercial Planning Operations, Dai Nippon Printing Co., Ltd.  
Nov. 2009 General Manager of Strategic Business Planning Department, Dai Nippon Printing Co., Ltd.  
Jun. 2015 Corporate Officer, General Manager of Strategic Business Planning Department, Dai Nippon Printing Co., Ltd.  
Oct. 2017 Corporate Officer, General Manager of Strategic Business Planning & Development Division, Dai Nippon Printing Co., Ltd.  
Apr. 2018 Corporate Officer, in charge of Strategic Business Planning & Development Division, Value Creation & Promotion Division, Dai Nippon Printing Co., Ltd.  
Jun. 2018 Auditor of the Company (present)  
Senior Corporate Officer, in charge of Strategic Business Planning & Development Division, Value Creation & Promotion Division, Dai Nippon Printing Co., Ltd.  
May 2019 Senior Corporate Officer, in charge of Strategic Business Planning & Development Division, Value Creation & Promotion Division, Sanaicho Sales Division, Dai Nippon Printing Co., Ltd.  
Jun. 2020 Managing Director, in charge of Strategic Business Planning & Development Division, Value Creation & Promotion Division, Sanaicho Sales Division, Dai Nippon Printing Co., Ltd. (Present)  
Apr. 2023 Managing Director in charge of IR and Public Relations Division, Legal Affairs Department, Corporate Administration Department, Internal Auditing Division, Facility Management Promotion Department, Dai Nippon Printing Co., Ltd. (present)

	No. of attendance to the Board of Directors Meetings	12/12
	No. of attendance to the Audit & Supervisory Board Meetings	16/16
	No. of company shares held	none

**Harumi Kojo**  
Outside Auditor, Independent Officer

Apr. 1976 Admitted as an attorney-at-law in Japan (bengoshi)  
Jun. 1983 LL.M. at the University of Virginia School of Law, Master of Laws  
Apr. 2001 Served as judge in the Tokyo High Court Intellectual Property Division  
Oct. 2005 Joined Sakai Mimura Law Office (name at the time)  
Jan. 2015 Established Sakurazaka Law Offices (as Partner) (present)  
Jun. 2017 Outside Auditor of the Company (present)  
Jul. 2021 Auditor, Organization for Cross-regional Coordination of Transmission Operators, JAPAN (present)

	No. of attendance to the Board of Directors Meetings	12/12
	No. of attendance to the Audit & Supervisory Board Meetings	16/16
	No. of company shares held	none

**Keiko Mizuguchi**  
Outside Auditor, Independent Officer

Apr. 1986 Joined JP Morgan Chase Bank, N.A., Tokyo Branch (name at present)  
Apr. 1995 Associate Director, Standard & Poor's International Ratings, Ltd.  
Apr. 1998 Director, Chuo Aoyama Pricewaterhouse Cooper  
Nov. 2000 Director, UBS Warburg Japan, Ltd.  
May 2002 Senior Credit Analyst, Prudential Investment Management Japan, Inc.  
Apr. 2003 Senior Analyst, Chuo Aoyama Pricewaterhouse Cooper  
Apr. 2005 Chief Analyst, Japan Credit Rating Agency, Ltd.  
Apr. 2008 General Manager of Rating Planning Department, and Chief Analyst, Japan Credit Rating Agency, Ltd.  
Feb. 2013 Member of Business Accounting Council / Member of Audit Standard Committee of Business Accounting Council  
Apr. 2013 Commissioner of Certified Public Accountants and Auditing Oversight Board  
Jun. 2013 Member of Technical Committee: Insurance Contracts (From June 2013), Member of Technical Committee: Financial Instruments (From May 2015), and Member of Technical Committee: Disclosure (From April 2017) of Accounting Standards Board of Japan (Retired in Mar. 2022)  
Jul. 2015 Member of Working Group on Development of Infrastructure to Vitalize the Corporate Bond Market, The Japan Securities Dealers Association  
Apr. 2017 Counselor and Chief Analyst, Japan Credit Rating Agency, Ltd.  
Jan. 2020 Counselor in charge of Research and Planning, Japan Credit Rating Agency, Ltd.  
Jun. 2021 Outside Auditor of the Company (present)  
Apr. 2022 ESG Economist, Asian Development Bank Institute  
Apr. 2023 Provisional Member, Committee on the System of Evaluating Incorporated Administrative Agencies, Ministry of Internal Affairs and Communications (present)  
Apr. 2023 Member, Publicly Traded Company Etc. Auditor Registration Review Board, The Japanese Institute of Certified Public Accountants (present)

## Corporate Officers and Counselors

**Kazuma Umehara** Senior Corporate Officer, CFO  
**Atsushi Tsubouchi** Corporate Officer, CIO

**Takashi Sasaki** Senior Corporate Officer, CDO  
**Shinsuke Chiba** Corporate Officer

**Naoshi Nagashima** Senior Corporate Officer  
**Hideaki Sato** Corporate Officer

**Yuichiro Fukuda** Corporate Officer  
**Taeko Sawakami** Corporate Officer, CRMO

**Takeshi Yamada** Corporate Officer  
**Toshihiro Kobayashi** Corporate Officer

**Yuji Takeuchi** Corporate Officer  
**Yoshiko Yamauchi** Corporate Officer, CCO

**Naoya Okuyama** Corporate Officer  
**Nobuaki Nakatsugawa** Corporate Officer

**Hideki Moriguchi** Corporate Officer  
**Hiroyuki Sato** Corporate Officer

**Isao Miyata** Corporate Officer  
**Kumiko Shirai** Counselor

**Takashi Miyashita** Corporate Officer, CISO  
**Susumu Ogino** Counselor

**Sadayuki Baba** Corporate Officer

Notes: 1. Attendance at meetings of the Board of Directors and Audit & Supervisory Board is shown for meetings held between April 1, 2022 and March 31, 2023.  
2. No. of attendance to the Board of Directors Meetings of Mr. Yoshinori Ikeda is for meetings held on or after June 28, 2022.



# Further Improve Integrity

Material Issues

Further improve corporate governance and integrity

Sustainably procure and provide safe, secure products and services throughout the entire value chain

As a company that can provide social value and ICT services as trustworthy, sustainable social infrastructure, we adhere to both domestic and overseas laws and regulations and recognize that acting in line with social norms based on strong ethics and conducting sound, transparent business activities is vital not only in terms of risk management but also for building trust with a wide range of stakeholders, and for solving issues faced by society.

## Promotion of Information Security

Our Group's information security systems are comprised of the Information Security Committee, which is chaired by the Chief Information Security Officer (CISO), and the organizations under the committee as well as the persons responsible for information security within each organization. The Information Security Committee determines the Group's cybersecurity strategy and protects personal information, considering and promoting policies based on the above. Additionally, the Committee works across the Group in collaboration with the Risk Management Committee to ensure that the causes of serious incidents are determined and that recurrence prevention measures are put in place. The Chief Risk Management Officer (CRMO) reports the various activities of the Information Security Committee to the Board of Directors. The persons responsible for information security in each organization hold centralized responsibility for each organization's respective information security issues, ensuring thorough awareness of the rules within the organization, introducing and managing policies, inspecting and reviewing policy implementa-

tion, and continually making improvements and other modifications to maintain and improve information security.

With respect to the loss of USB flash drives that occurred in June 2022, we established a third-party committee made up of external experts. We are implementing measures to prevent reoccurrence based on the investigation results and recommendations. Going forward, we will continue endeavoring to prevent the fading of that case over time, the dilution of awareness, and the reduction of measures to prevent reoccurrence to a mere formality. Recognizing that ensuring such cases never happen again and continuing to be a company group whose presence is essential to the resolution of social issues are key challenges faced by the Group, we aim to further elevate the level of information security through our initiatives.



• Loss of USB flash drives (Japanese only)

[https://www.biprogy.com/com/info\\_security/info202206.html](https://www.biprogy.com/com/info_security/info202206.html)

### Overview of Measures to Prevent Reoccurrence of Loss of USB Flash Drives

Measures to Prevent Reoccurrence	Overview
(1) Organizational security management measures	Reinforced security management measures for projects that involve access to highly confidential customer information assets. Put mechanisms and systems in place through which a newly established organization specializing in security objectively reviews and approves the appropriateness of said security management measures from the outside and comprehensively manages and monitors those measures.
(2) Physical and technical security management measures	Reinforced security management measures for portable media. Have supervisors thoroughly verify the state of use of portable media in work on consignment and internal operations.
(3) Contractor management	Reinforced the management of security management measures and the handling of personal data. Enforce compliance with laws, government regulations, and Group regulations on contractor oversight through means such as education and guidance. Verify and monitor the operational status of organizational security management measures under (1) above and internal audits.
(4) Further measures, including the fostering of awareness	Thoroughly prevent the fading of this case over time, the dilution of awareness, and the reduction of measures to prevent reoccurrence to a mere formality. Made decision to make the week in every June that contains the day on which the case occurred "Information Security Week" in order to instill the mindset and self-awareness to never let such an event happen again in all Group executives and employees. Set this week as June 19 to 23 in FY2023, issued a message from the CISO to Group executives and employees, and conducted the likes of various forms of information security and training related to the protection of personal information.

## Cybersecurity Measures

As companies providing ICT services, our Group places utmost importance on cybersecurity risks, seeing the creation of new businesses resulting from digital transformation and response to cybersecurity risks as two sides of the same coin in accordance with the Cybersecurity Strategy of the Japanese Government and the Declaration of Keidanren Cyber Security Management 2.0. In recent times, companies in Japan have been incurring considerable damage from ransomware\*1. Moreover, many companies in Japan have recently been affected by ransomware, with attacks on medical institutions increasing particularly, and ransomware has grown more malicious. Companies are being called upon to further reinforce their management of information in order to protect smooth socioeconomic activities and the foundations of citizens' lives. Accommodating the Amended Act of the Act on the Protection of Personal Information and addressing the issue of cross-border transfers of data are just some of the ways in which guaranteeing the

proper use of information in business is posing a challenge.

In order to continuously practice cybersecurity management in response to such challenges, the Group has determined a cybersecurity strategy and is promoting associated initiatives.

In FY2022, we provided assistance through our CSIRT\*2 to customers who were afflicted by ransomware as well as newly configured ten ransomware countermeasures in our endeavors to further reinforce our response to cybersecurity risk.

Going forward, we will keep on carefully looking for the presence of any vulnerable areas from the dual aspects of people and organizations and establish omission-free measures.

\*1 Illegal programs that encrypt data saved on devices to render it unusable and demand consideration for the decryption of that data.

\*2 Acronym for our Computer Security Incident Response Team. A technical support team that specializes in preventing cyberattacks before they occur and responding to associated incidents.

Overview of the BIPROGY Group’s Cybersecurity Strategy

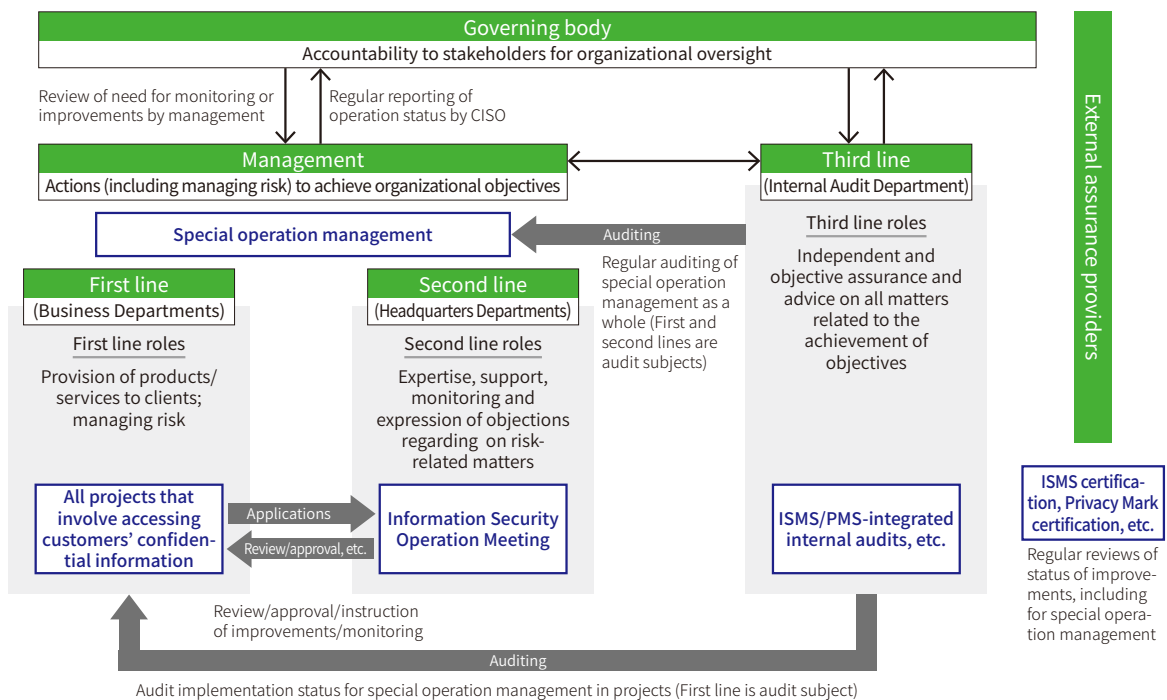
<b>Vision</b>	Cybersecurity Foresight Implement Digital Commons in society and provide a secure environment that befits us as a business ecosystem creator that connects diverse companies.				
<b>Mission</b>	Realizing cybersecurity management that befits us as a company providing value that creates a more affluent society together with our customers and partners and solving social issues as we strive for the world-highest level of information security at all times.				
<b>Objectives</b>	1. Provide secure platforms for customers and partners as a basis for business ecosystems 2. Maintain and improve the management quality of the Group so that it is chosen by customers and partners with peace of mind 3. Establish secure environments in which each employee can protect information assets and collaborate with various people on site				
<b>Measures</b>	System measures		Visualization measures	Organizational and process measures	Human resource measures
	<b>Customer systems and services</b> Provide highly secure services and platforms	<b>Internal systems</b> Continuously provide a safe environment	Disclose and share information	Build systems that are not vulnerable to cyberattacks	Improve the skills, abilities, and awareness of Group executives and employees

Striving for the world-highest level of information security at all times

Ensuring cybersecurity requires us to ready ourselves against ever-evolving attacks from outside our organization and constantly elevate our ability to identify, prevent, detect, respond to and recover from risks. As ICT companies that handle customers’ valuable personal information, we endeavor to foster Group executives and employees’ awareness of the need to consistently ensure safety and reliability with respect to information security and keep on living up to customers’ trust. Moreover, we intend to strive for the world-highest level of information security at all times in our entire supply chain by responding to cyberattacks and other social issues through the surefooted promotion of preventive measures developed in view of the loss of USB flash drives and our cybersecurity strategy.

The Group has traditionally prohibited access to highly confidential customer information assets as a general rule. However, for the management of such assets that have to be accessed in order to provide adequate services to customers, we recently established a management structure that conforms with the Three Lines Model by the Institute of Internal Auditors (IIA) as a form of “special operation management.” By managing risk across all three lines in an omission-free, organizational, and continuous fashion, the Group will strive to thoroughly enforce security management measures that are not allowed to become a mere formality.

IIA’s Three Lines Model and the Positioning of Special Operation Management



Source: Prepared by BIPROGY using “The IIA’s Three Lines Model: An update of the Three Lines of Defense” by the IIA and “Reference Materials for the 25th Meeting of Council” by the Financial Services Agency as a reference

## Further Improve Integrity

### Corporate Ethics and Compliance

Recognizing compliance to be a top-priority issue in its execution of business, the Group determined its Group Charter of Corporate Behavior, Group Compliance Basic Regulations, and Group Code of Conduct. Our policy under these is for all executives and employees of the Group to engage in ethical activities while complying with laws, regulations, social norms, and internal rules. We have also set forth KPI and goals for material issues (See p. 24-25) and are endeavoring to enhance Group executives and employees' knowledge of and awareness of compliance. To realize that, the Group has established a Compliance Committee and is working towards promoting compliance programs under the supervision of the Chief Compliance Officer (CCO).

#### Compliance Education and Awareness Activities

In addition to ensuring thorough awareness of the Group Code of Conduct, which provides a concrete code of conduct for all Group executives and employees, we hold various training meetings and harness various intranet/e-learning-based training systems in order to continually implement education and training activities, and promote the adoption and thorough understanding of compliance.

In FY2022, based largely on the lessons we learned with the loss of USB flash drives, we performed a full revision of the content of our e-learning in those areas and enhanced information such as that on past cases of violations and trends in reports and consultations made over our

hotlines. In addition, we presented concrete points to bear in mind upon practicing day-to-day compliance. During "Compliance Week" in November 2022, we invited outside instructors with experience in handling impropriety at other companies to conduct lectures on the theme of blind spots that inhibit the practice of compliance. Simultaneously, we carried out activities aimed at fostering awareness of compliance, including the issuing of messages from our CCO and organizational heads. Also, in FY2023 as well, we held "Compliance Roundtables" at all Group companies as forums for members of their respective workplace to properly discuss their sentiments and awareness of issues with a view to creating an organizational climate conducive to comfortably practicing compliance.

Alongside these education and awareness activities, we have been conducting monitoring (awareness surveys) on compliance aimed at all executives and employees of the Group twice a year since FY2022 (as opposed to once a year originally) as part of our endeavors to ascertain compliance risks in greater detail.

#### Whistleblower System

Our Group has set up a hotline to the Compliance Committee office and a hotline to company auditors. These hotlines both serve as direct internal lines of communication for whistleblower reports. We also have an external whistleblower line that facilitates contact via a third party (Integrex Inc.). In addition, to ensure that anyone (a whistleblower) filing a report or engaging in consultation is not disadvantaged, we have prepared and operate a whistleblowing structure that conforms to the requirements of the amended Whistleblower Protection Act (enacted in June 2022), which helps us protect those whistleblowers. In FY2022, the above lines of communication received 27 consultations (39 in FY2021), all of which were handled appropriately. While the number of consultations increased, not all of the consultations involved compliance violations, and we take these calls as evidence that employees feel comfortable accessing the hotline.

#### Details of Compliance Program (Structures for promoting compliance)

- Establish and promote awareness of policies and regulations
- Organizing and running systems for promoting compliance
- Establishing and running reporting and consultation routes (whistleblower system)
- Education and training activities
- Implementing awareness surveys and other monitoring activities
- Other policies for the promotion of compliance

#### Main Measures Implemented in FY2022

- Conducted compliance awareness survey among all Group executives and employees  
Response rates of 95.6% (conducted in July 2022) and 97.4% (conducted in December 2022)
- Conducted e-learning for all Group executives and employees
- Conducted various types of compliance training seminars
- Established and held a compliance week
- Issued messages from CCO and organizational heads
- Held lectures by expert
- Held Group company CCO Meetings
- Held meetings with each organizational head for the sharing of compliance cases
- Inspected proper use of software and other applications at each organization



- Group Compliance Basic Regulations (Japanese only)  
<https://biprogy.disclosure.site/ja/themes/115>
- BIPROGY Group Code of Conduct (Japanese only)  
[https://www.biprogy.com/com/corporate\\_code\\_of\\_conduct.pdf](https://www.biprogy.com/com/corporate_code_of_conduct.pdf)
- Information Security Initiatives (Japanese only)  
<https://biprogy.disclosure.site/ja/themes/114>



# Risk Management

**Material Issues** Further improve corporate governance and integrity  
Sustainably procure and provide safe, secure products and services throughout the entire value chain

The business environment is becoming more diverse and complex every day, with risks to business activities including increasingly severe, large-scale natural disasters, the risk of impropriety, and information security threats, as well as changes in the international geopolitical environment and the emergence of new infectious diseases. The BIPROGY Group considers risk management, which works to predict potential events and avoid or reduce loss, to be an important foundation for the resolution of social issues and value creation.

## Reinforcing the Risk Management System

With reference to the ISO 31000 international standard for risk management, the BIPROGY Group has an officer responsible for risk management, organizations as required, and works on the actions below.

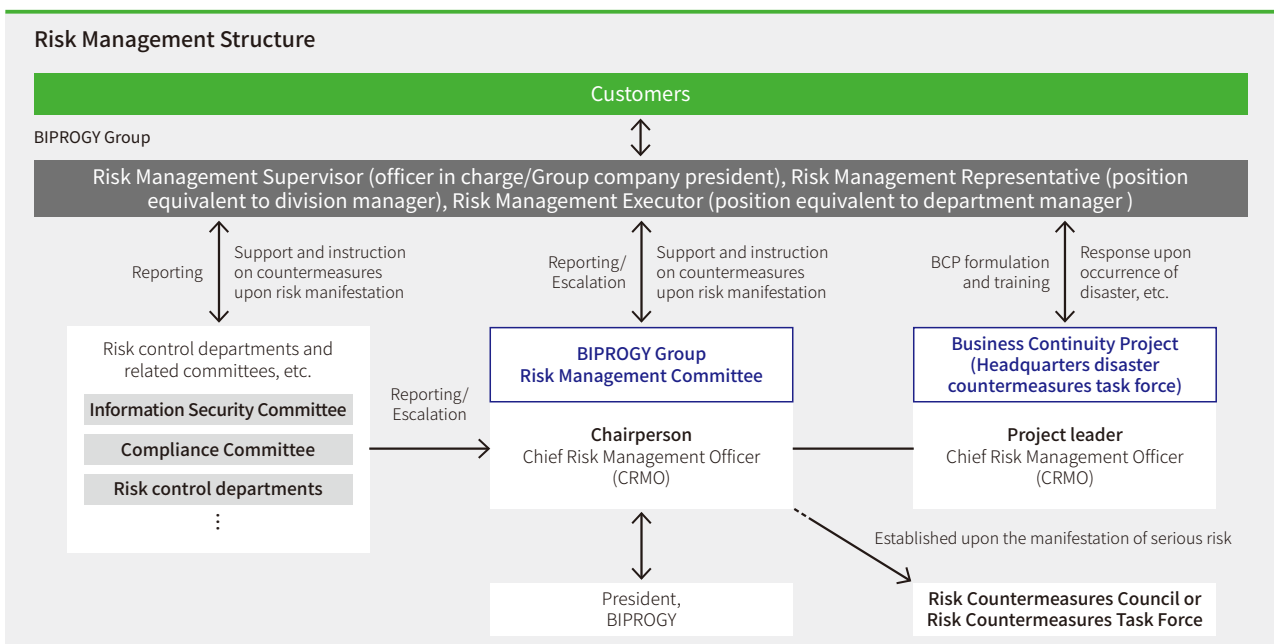
- Formulation of regulations for management of the risk of loss
- Development and implementation of systems necessary for preventing risks
- Dealing with emergencies
- Reviewing risk management items and systems
- Reporting risk management activities to the Board of Directors

In addition, we established a Risk Management Committee, chaired by the Chief Risk Management Officer (CRMO), as a body for implementing appropriate countermeasures. If a major risk materializes, the department originally impacted or the relevant committee promptly reports it to the Risk Management Committee. Depending on the severity, a Risk Countermeasures Council or a Risk

Countermeasures Task Force is set up to address the risk quickly and precisely. The person responsible for risk management in each organization takes on the role and responsibility of managing that organization’s risk. Should a major risk materialize, we have systems that allow all employees to work together to minimize damage and ensure business continuation.

In the medium- to long-term risk management strategy, we have set (1) enhancing risk management throughout the Group, (2) further improving the risk management abilities of Group executives and employees, and (3) improving the quality and sophistication of our risk management systems as priority issues. To make firm progress in implementing these policies, we run a PDCA cycle throughout the year identifying and monitoring risks, to propose improvements based on any new issues that emerge and raise risk awareness among all employees through education on risk.

• Details on Our Risk Management Initiatives (Japanese only)  
<https://biprogy.disclosure.site/ja/themes/113>



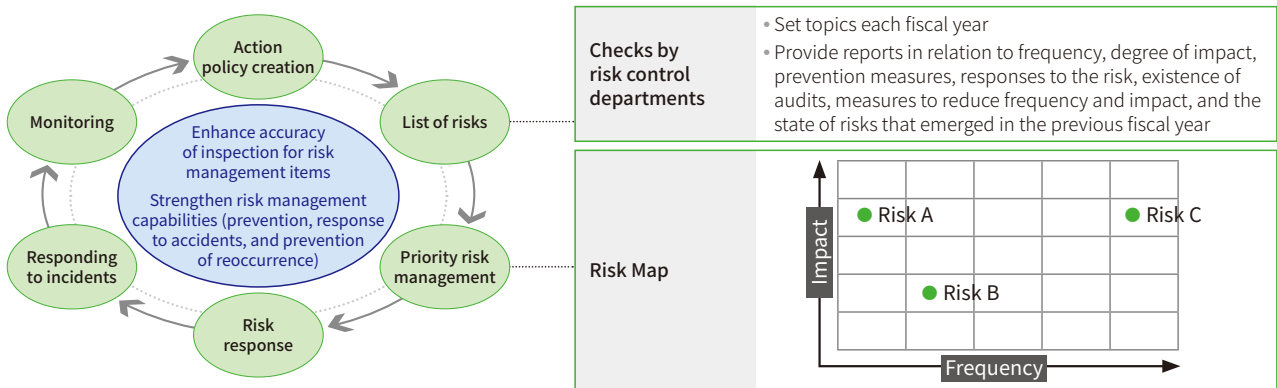


# Risk Management

## Ascertain Risks

Our Group has a risk classification system as a platform for comprehensively identifying and jointly managing the risks faced by the Group. Currently, risk management items are classified into about 130 categories such as information control risks, system development risks, and natural disaster and accident risks. The Risk Management Committee directs risk control departments every fiscal year to take stock of risk management items, and helps

risk control departments identify new risk management items they would not be able to identify on their own by setting themes that consider the business environment every fiscal year. The Risk Management Committee then uses a risk map to categorize the size of the impact of each risk, identifying risks that require focused attention. By identifying and monitoring risks, we review risk management policies and risk control items.



## Actions Taken in FY2022

With the goal of “transitioning to all-hazards BCP,” which the Japan Business Federation recommends, the Group works to continually improve BCP/BCM. In FY2022, we formulated Resilience Reinforcement Strategy 2022, and have continued the following activities since FY2021 as we included “increasing crisis management capabilities and resilience\* as a business ecosystem creator” in the vision.

- (1) Respond to COVID-19
- (2) Implement planned training to improve effectiveness of business continuity
- (3) Continually make improvements to BCP/BCM

In FY2022, we focused on initiatives to respond to (1), the greatest risk, and worked to continually improve BCP/BCM so that the Group’s critical operations are resilient to various business continuity risks, such as cyberattacks, cloud service problems, and large-scale disasters, in order to transition to all-hazards BCP. One such initiative was conducting an assessment of the Group’s BCP/BCM activities. As a result, we confirmed that improvements to BCP/BCM and the introduction of the all-hazards approach have both been launched.

\* Tenacity in response to disasters and crisis that impede business continuity

As we did in FY2021, we listed risks in FY2022 and added “impact of Russia’s invasion of Ukraine” to “reviews

accompanying changes in the internal and external environment,” “changes in the environment due to COVID-19,” and “impact of physical distance, psychological distance, and casual introduction of digital technology due to new workstyles (telework).” At the same time, interviews with control divisions confirmed that preventive measures and risk response are properly being revised.

Furthermore, we identify risks that newly arise or change as the social environment shifts, such as geopolitical risks, and risks that could have a serious impact on business and force us to change the business strategy and business model. These risks will be managed as “emerging risks.”

### Future initiatives

While keeping an eye on risks due to greater activity on various fronts as COVID-19 is brought under control, we will update both our response to changes in the external and internal environment and risk management system. In addition, we recognize that, for sustainability, we need to include the perspective of medium- to long-term forecasts, not only concrete preventive and response activities when events occur. We will work to improve procedures and process to identify and examine responses to emerging risks.

## Toward achieving sustainable procurement

An issue such as suspension of procurement or supply of a product or service, or a serious incident or failure due to a problem with a service or security incident may seriously impact society as well as the Group's customers. Moreover, it may affect the management of the Group, such as negatively impacting our social reputation or brand image. The BIPROGY Group ascertains and mitigates procurement risks in the supply chain and implements initiatives to promote sustainable procurement. We take seriously problems with the Group's contractor management, which became evident with

the loss of USB flash drives in June 2022. As we provide services to customers, we ascertained conditions by surveying all projects related to subcontracting that the Group is undertaking, and then revised and improved the contractor management system and operations and once again thoroughly provided all executives, employees, and subcontracting companies with training and guidance. In order to ensure the effectiveness of contractor management, we plan to audit the state of operations.

### ESG risk management

Furthermore, in April 2021, we formulated the BIPROGY Group Sustainability Procurement Guidelines in response to recent growing social demand for procurement that is conscious of human rights and the environment. We also launched ESG risk assessments and promoted the broader use of our guidelines by suppliers. Our first assessment in FY2021 covered 98 major subcontracting companies and suppliers, and we surveyed the status of their ESG initiatives and conducted a risk assessment. In FY2022, we requested improvements at 49 companies that were judged to need improvement.

Going forward, we believe that further efforts are needed to increase both the expansion of companies targeted in the survey and the improvements of our effectiveness to resolve issues, and will move forward

by setting the following new KPIs and targets.

KPI	Target	FY of achievement
Percentage of suppliers targeted in the ESG risk survey*	100%	2026
Percentage of suppliers that currently adhere to or have launched improvements to material ESG risk items that the Group has set for suppliers	100%	2030

\* Distribute and collect responses to self-assessment questionnaire related to compliance with sustainability procurement guidelines



• BIPROGY Group Sustainability Procurement Guidelines (Japanese only)  
[https://www.biprogy.com/com/pdf/Sustainability\\_Procurement\\_Guideline.pdf](https://www.biprogy.com/com/pdf/Sustainability_Procurement_Guideline.pdf)

### Initiatives to respect human rights

Manuals and guidelines on human rights have been issued by Japanese governmental agencies and economic groups, and Japanese companies have set initiatives related to respect of human rights as an essential management issue. The Group supports international norms such as the Universal Declaration of Human Rights and the ILO Core Labour Standards, and recognizes respect for human rights as an important element of its corporate activities. At the BIPROGY Group, we conduct human rights due diligence to reduce business risks related to human rights throughout the value chain. In June 2020, we published the BIPROGY Group Human Rights Policy based on the Guiding Principles on Business and Human Rights. In material issues, we set the target of 100% for “percentage of human rights-related issues at BIPROGY Group

which are being addressed” as a KPI for FY2023, and identified the following human rights issues for the Group in FY2021.

- Rigorous dissemination of human rights policy
- Responsible procurement and management thereof
- Conducting stakeholder engagement
- Establishing a mechanism for handling external complaints
- Initiatives for freedom of expression
- Initiatives for ethical/responsible marketing

In FY2022, we implemented a variety of measures, including making the BIPROGY Group Human Rights Policy available in multiple languages and informing overseas Group companies of the Group's Human Rights Policy, requesting improvements based on a survey and evaluation of suppliers, and revising the claim handling mechanism for suppliers.

# 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
<b>¥339.9 billion</b>	<b>¥29.7 billion</b>	<b>¥20.2 billion</b>	<b>8.7%</b>	<b>15.0%</b>
Forecast ¥330.0 billion <b>Achieved</b>	Forecast ¥29.0 billion <b>Achieved</b>	Forecast ¥20.0 billion <b>Achieved</b>	Forecast 8.8% Fell short	
Year-on-year change <b>+¥22.3 billion (+7.0%) ↑</b>	Year-on-year change <b>+¥2.2 billion (+8.2%) ↑</b>	Year-on-year change <b>-¥3.0 billion (-1.4%) ↓</b>	Year-on-year change <b>+0.1 pt ↑</b>	Year-on-year change <b>-2.0 pt ↓</b>

### 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	<b>■ System Services</b>	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	<b>■ Support Services</b>	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	<b>■ Outsourcing</b>	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	<b>■ Others</b>	—			—
	(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	<b>■ Software</b>	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	<b>■ Hardware</b>	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
<b>Assets</b>			
Current Assets	158,056	164,650	+6,593
Non-current assets	110,590	115,745	+5,155
<b>Total Assets</b>	268,647	280,396	+11,749
<b>Liabilities</b>			
Current Liabilities	98,148	98,940	+791
Non-current liabilities	39,823	39,858	+34
<b>Total Liabilities</b>	137,972	138,798	+825
<b>Equity</b>			
Total equity attributable to owners of parent	128,917	139,887	+10,970
Non-controlling interests	1,757	1,710	(46)
<b>Total Equity</b>	130,674	141,597	+10,923
<b>Total Liabilities and equity</b>	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)
<b>Free Cash Flows</b>	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
<b>Net increase (decrease) in cash and cash equivalents</b>	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.

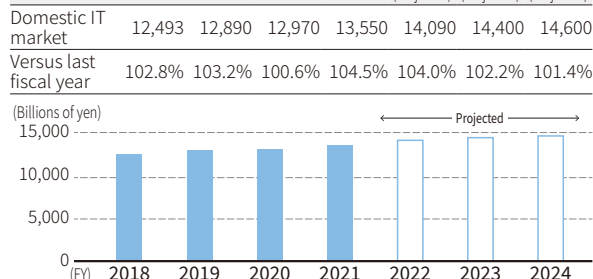
#### Changes in Amounts of Investment in Software (%)

(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
<b>All industries</b>	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

<b>ICT market size (expenditure)</b> (Year 2022)	¥27.2 trillion	YoY: 5.2% increase
<b>ICT investment</b> (ratio of the enterprises (Year 2021 (Year 2015 values)))	¥15.5 trillion (17.8% all corporate of capital investment)	YoY: 0.4% decrease
<b>Size of the cloud service market</b> (Year 2022, sales prospect)	¥2.2 trillion	YoY: 29.8% increase
<b>Telework use situation</b> (ratio of the enterprises introducing telework in 2022)	51.7%	Previous year: 51.9%
<b>State of Introduction of IoT/AI</b> (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) <sup>1</sup>		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
<b>Percentage of purchased electricity derived from renewable energy sources (%)</b>		—	—	<b>0</b>	<b>7.4</b>	<b>23.4</b>
Scope 1 and 2 GHG emissions <sup>1,2</sup>						
Scope 1 GHG emissions (t-CO <sub>2</sub> e)		0	0	218	1,470	1,406
Scope 2 GHG emissions (Location-based) (t-CO <sub>2</sub> e)		—	—	—	13,442	12,370
Scope 2 GHG emissions (Market-based) (t-CO <sub>2</sub> e)		14,107	14,358	13,475	11,593	9,347
<b>Scope 1 + Scope 2 (Market-based) total emissions (t-CO<sub>2</sub>e)<sup>1</sup></b>		<b>14,107</b>	<b>14,358</b>	<b>13,692</b>	<b>13,064</b>	<b>10,753</b>
Scope 3 GHG emissions (t-CO <sub>2</sub> e) <sup>3</sup>		—	—	—	632,737	615,597
<b>Category 1 Purchased goods and services</b>		—	—	—	<b>251,490</b>	<b>229,242</b>
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) <sup>4</sup>		17.46	15.11	7.25	—	—
Paper used (kg) <sup>4</sup>		—	—	—	25,696	23,698
Waste emissions (t) <sup>4</sup>		455	426	213	649	339
Water used (million m <sup>3</sup> ) <sup>5</sup>		—	—	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
<b>Employment, diversity, and working hours</b>						
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) <sup>6</sup>		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 (%) <sup>7</sup>		87.30	86.20	81.10	82.54	85.15
<b>Percentage of employees with disabilities (%)<sup>8</sup></b>		<b>2.33</b>	<b>2.31</b>	<b>2.59</b>	<b>2.62</b>	<b>2.84</b>
<b>Percentage of management positions held by women (%)<sup>9</sup></b>		<b>5.0</b>	<b>5.5</b>	<b>7.5</b>	<b>8.1</b>	<b>9.3</b>
Percentage of woman employees (%)		17.6	18.5	19.5	20.6	21.5
Number of people employed (new college graduates) <sup>10</sup>		177	204	243	248	205
Men		98	130	139	127	105
Women		79	74	104	121	100
Gender pay gap (%) <sup>11</sup>		—	—	—	—	76.3
Employee turnover rate (%) <sup>7</sup>		2.57	2.81	2.34	2.25	3.06
Average monthly overtime hours worked per employee (hours/month) <sup>7</sup>		15.9	15.5	14.9	16.3	17.3
<b>Weighted average score of work style related items in the engagement survey<sup>12</sup></b>		<b>—</b>	<b>3.35</b>	<b>3.37</b>	<b>3.43</b>	<b>3.47</b>
<b>Work-life balance</b>						
Percentage of employees returning to work after child-care leave (%) <sup>7</sup>		99	97	99	98	99
Percentage of eligible people taking childcare leave (Men) (%) <sup>13</sup>		—	—	24.8	30.1	48.7
Number of employees taking paid leave for nursing care <sup>7</sup>		477	488	296	501	515
<b>Development of Human Capital</b>						
Capital investment in people (billion yen) <sup>7</sup>		3.5	3.4	3.1	2.6	2.6
<b>Value chain</b>						
<b>Rate of initiation of actions, such as requests for action made to main suppliers (%)<sup>7</sup></b>		<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>100</b>
<b>Percentage of main suppliers for which an ESG risk assessment has been made (%)<sup>7</sup></b>		<b>—</b>	<b>—</b>	<b>—</b>	<b>100</b>	<b>—</b>
Suppliers' understanding of the BIPROGY Group Procurement and Transaction Guidelines (%) <sup>7</sup>		93.8	99.8	100	—	—
<b>Other</b>						
Online uptime rate (%) <sup>7</sup>		99.992	99.997	99.996	99.999	99.998
Number of occupational accidents <sup>14</sup>		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 (%) <sup>15</sup>		38.8	38.6	41.1	41.7	39.8
ROE (%) <sup>15</sup>		13.1	15.5	13.4	17.0	15.0
<b>Number of serious security incidents<sup>16</sup></b>		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.

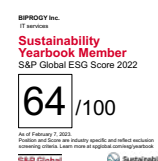
#### Participation in Major International Initiatives, Acquisition of Third-Party Certifications

- 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/>

FTSE Russell (a registered trademark of FTSE International Limited and Frank Russell Company) hereby certifies that BIPROGY Inc. has met the requirements for inclusion in the FTSE Blossom Japan Sector Relative Index as a result of independent research. The FTSE Blossom Japan Sector Relative Index is widely used to create and evaluate sustainable investment funds and other financial products.

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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
<b>Fiscal Year</b>						
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
<b>Fiscal Year-End</b>						
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
<b>Per Share Information</b>						
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
<b>Other Information</b>						
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
			<b>Fiscal Year</b>			
¥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
			<b>Fiscal Year-End</b>			
¥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
			<b>Per Share Information</b>			
¥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
			<b>Other Information</b>			
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](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
<b>BIPROGY Users Association</b>	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.
<b>Business Ecosystems</b>	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.
<b>Core-banking system</b>	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.
<b>Corporate Venture Capital (CVC)</b>	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.
<b>Digital Commons</b>	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.
<b>Digital Transformation (DX)</b>	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.
<b>ICT</b>	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.
<b>Intrapersonal diversity</b>	Intrapersonal diversity is the idea that having a diversity of experiences in one person has the same effect as diversity.
<b>OMO</b>	Short for Online Merges with Offline
<b>Open innovation</b>	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.
<b>Proof of Concept (PoC)</b>	PoC is a verification aimed at demonstrating the usefulness and feasibility of a service idea or concept.
<b>Public cloud</b>	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.
<b>SaaS</b>	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.
<b>Security incident</b>	Security incident is an incident or accident that poses a security threat. It includes malware infection, unauthorized access, and leakage of confidential information.
<b>Social implementation</b>	Taking services and mechanisms utilizing digital elements and technologies that lead to solving social issues and making them widely available to society.
<b>Sler/System Integration</b>	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.
<b>Talent management system</b>	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.
<b>Vendor-free</b>	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.
<b>Zero emission</b>	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

<b>Company Name</b>	BIPROGY Inc.	<b>Independent Auditor</b>	Deloitte Touche Tohmatsu LLC
<b>Established</b>	March 29, 1958	<b>Business Offices</b>	Corporate Headquarters: 1-1-1 Toyosu, Koto-ku, Tokyo 135-8560, Japan
<b>Paid-in Capita</b>	¥5,483.17 million		Regional Headquarters: Kansai (Osaka), Chubu (Nagoya), and Kyushu (Fukuoka)
<b>Description of Business</b>	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)
<b>Number of Employees</b>	8,124 (consolidated)		Other Locations: Sapporo Techno-Center, and Izu Executive Center

### Number of consolidated subsidiaries 27

Business Process	Company Name
<b>Marketing, Business Development and Consulting</b>	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.
<b>Total Infrastructure Services</b>	UNIADEX, Ltd. Netmarks Information Technology (Shanghai) Co.,Ltd. S&I Co., Ltd.
<b>System Services</b>	USOL VIETNAM Co., Ltd. International Systems Development Co., Ltd. G&U System Service, Ltd. UNIAID Co., Ltd. BIPROGY Challenged Inc.
<b>Outsourcing</b>	TRADE Vision, Ltd.
<b>Group Services</b>	BIPROGY USA, Inc.

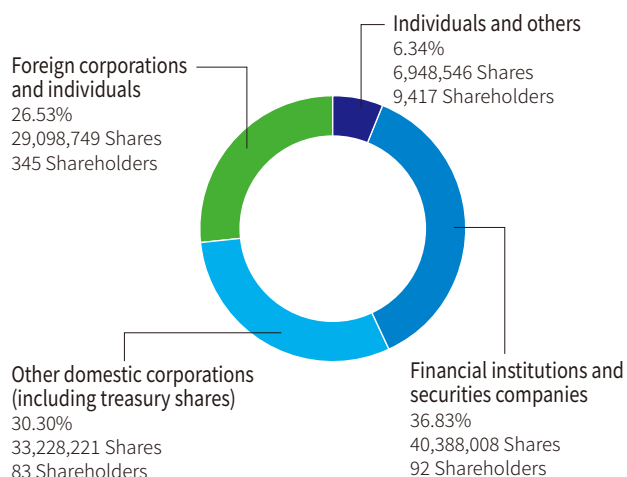
(Note) AFON IT Pte. Ltd. and its subsidiaries became consolidated subsidiaries in April 2023.

### 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-CO<sub>2</sub>e)
- Amount of Scope 2 GHG emissions (t-CO<sub>2</sub>e), Location-based and Market-based
- Amount of Scope 3 GHG emissions (t-CO<sub>2</sub>e) Categories 1-15
- Amount of total energy consumption (GJ, MWh, kL)
- Amount of energy consumption (kL) and specific consumption (kL/m<sup>2</sup>) 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 (m<sup>3</sup>), heavy fuel oil A (kL), gasoline (kL), LPG (m<sup>3</sup>), hot water (MJ), cold water (MJ), steam (MJ))
- Amount of water used (m<sup>3</sup>)
- 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](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

## **BIPROGY Inc.**

1-1-1 Toyosu, Koto-ku, Tokyo 135-8560, Japan

Finance Department

<https://www.biprogy.com/e/>

TEL: 81-3-5546-4111

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