



Results for the 1st Quarter of FY March 2024

August 1, 2023
BIPROGY Inc.



FYMar2024 Q1 Consolidated Performance Results

- ✓ Operating profit was driven up mainly by strong system services that covered an increase in SG&A costs.
- ✓ Orders for and order backlogs at system services and outsourcing took the lead in increasing the entire orders and order backlogs.

(Unit: Billion Yen)

	FYMar2023 Q1 (Apr-Jun)	FYMar2024 Q1 (Apr-Jun)	Changes		
Revenue	70.5	79.9	+9.3	(+13.2%)	(Revenue) System services and outsourcing drove up revenue.
Gross Profit	18.2	20.4	+2.2	(+11.9%)	
SG&A Expenses	-13.5	-14.6	-1.2	(+8.7%)	(Operating Profit)
Other income and expenses	0.0	0.1	+0.0		Despite an increase in SG&A costs, operating profit was driven up based upon strong gross profit enabled by robust performance of system services and hardware.
Operating Profit	4.8	5.8	+1.1	(+22.0%)	
(Operating Margin)	(6.8%)	(7.3%)	(+0.5pt)		
Profit attributable to Owners of Parent	3.9	4.4	+0.4	(+11.4%)	(Profit attributable to Owners of Parent)
Adjusted Operating Profit*	4.8	5.8	+1.0	(+21.1%)	Despite a decrease in finance income, profit was driven up by the strong operating profit.
(Adjusted Operating Margin)	(6.8%)	(7.2%)	(+0.5pt)		
Orders	69.6	78.1	+8.5	(+12.3%)	(Orders and Order Backlogs)
Order Backlogs	250.7	272.1	+21.4	(+8.5%)	Orders and order backlogs increased compared with the same period of the previous fiscal year, due to the stable strength of system services and outsourcing.
(Order backlogs in the current FY)	115.0	123.5	+8.5	(+7.4%)	Order backlogs to be posted as revenue within the fiscal year steadily were accumulated, as well.

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

First of all, I would like to brief you on the performance for the first quarter of the fiscal year ending March 2024.

Revenue strength continued mainly owing to system services and outsourcing. We posted revenue of ¥79.9 billion, an increase of ¥9.3 billion compared with the first quarter of the previous fiscal year.

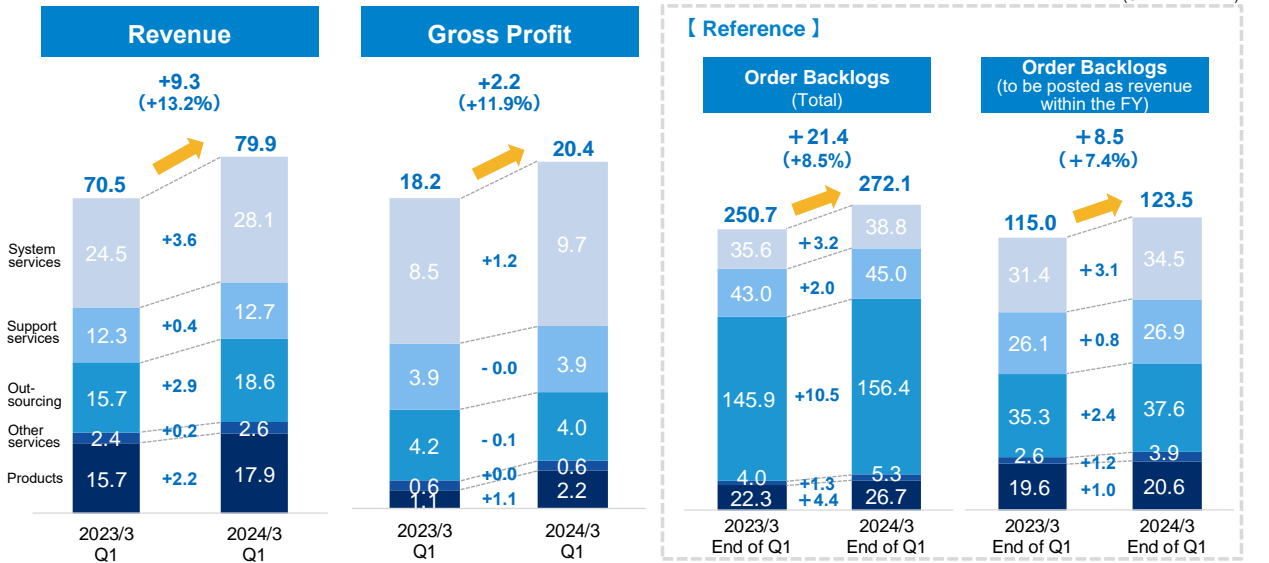
Personnel costs drove up SG&A costs. However, the increase in SG&A costs was absorbed mainly by the revenue strength of system services and hardware. As a result, we posted operating profit of ¥5.8 billion, an increase of ¥1.1 billion on a year-on-year basis and adjusted operating profit of ¥5.8 billion, an increase of ¥1.0 billion.

Profit attributable to owners of parent is ¥4.4 billion, an increase of ¥0.4 billion, mainly due to a decrease in finance income.

We posted small-and-medium-sized projects of system services and outsourcing mainly related to digital transformation. This drove up orders. Also, order backlogs steadily increased mainly based upon long-term outsourcing projects.

FYMar2024 Q1 Revenue and Gross Profit by Segment

(Unit : Billion Yen)



Next, let me brief you on Revenue and Gross Profit by Segment.

The revenue and gross profit of system services increased. This is attributable to brisk DX-related business projects that we perform for a wide variety of businesses such as financial institutions as well as manufacturers and retailers. We are promoting a new system development architecture by harnessing expertise and knowledge that we have acquired through thriving system services. This will enable us to create future-proof platform services and further develop high value-added outsourcing services.

The revenue of outsourcing increased. This is attributable to our own service-type businesses as well as strong sales of cloud services partly related to telecommuting provided by other companies. However, the outsourcing gross profit was dampened due to costs spent for strengthening capabilities relating to platform services designed for regional financial institutions.

Order backlogs increased compared with those at the end of the first quarter of the previous fiscal year. The increase was enabled by system services orders that stably continued, products sales that grew, and our posting long-term outsourcing projects mainly for financial institutions. The order backlogs of system services and outsourcing took the lead in steadily increasing the orders to be posted as revenue within the fiscal year.

FYMar2024 Q1 Outsourcing

[Revenue by Outsourcing]

(Unit: Billion Yen)

	FYMar2023 Q1 (Apr-Jun)	FYMar2024 Q1 (Apr-Jun)	Changes
Entrusted operation-type	12.2	11.5	-0.7
Corporate DX-type	1.9	5.2	+3.2
(including revenue from selling cloud services provided by other companies)	0.0	2.1	+2.1
Service-based-type (business creation-type)	1.6	1.9	+0.4
Total revenue	15.7	18.6	+2.9

[Order Backlogs by Outsourcing]

(Unit: Billion Yen)

	FYMar2023 End of Q1	FYMar2024 End of Q1	Changes
Order backlogs	145.9	156.4	+10.5
(to be posted as revenue within the FY)	35.3	37.6	+2.4

(Corporate DX-type outsourcing)

- ✓ "OptBAE", use-type core-banking service for regional financial institutions, stably serves 11 shinkin banks. (Preparations for migration are being made for a financial institution.)
- ✓ The 'BankVision on Azure' began to work for its third bank in May 2023.
- ✓ There is an increase in the use of cloud-computing services provided by other companies for telecommuters.

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

- ✓ 'DIGITAL'ATELIER' (EC platform service) began to serve sequentially for customers. The company receives many inquiries and thus aims to have new users more.
- ✓ Our businesses to deal with digital codes have been continuously strong.

Next, let me brief you on Outsourcing business.

The revenue of Corporate DX-type Outsourcing and Service-based-type (business creation-type) Outsourcing increased in the first quarter.

The revenue of Entrusted Operation-type Outsourcing decreased. This is mainly due to impacts from some shinkin banks, users of our previous operation services, sequentially having become users of 'OptBAE', use-type core-banking service in the previous fiscal year.

The Corporate DX-type Outsourcing revenue increased. This is mainly ascribable to OptBAE and BankVision on Azure beginning operations and our strong sales of cloud services partly for telecommuting provided by other companies, as well as the continued strength of energy management business. We are now strengthening efforts to use the opportunities of providing cloud services of other companies as a foothold for selling managed services partly composed of our own service products. We will work on furthermore improving sales and profitability.

DIGITAL'ATELIER, our e-commerce platform service, has begun to serve customers sequentially. Thus, the Service-based-type (business creation-type) Outsourcing business has steadily increased its users. We have received many inquiries, and thus we are looking to deploy proactively sales activities with an eye on apparel manufacturers. Furthermore, we have continuously seen a steady increase in the usage of digital codes as well as an increase in the business related to non-fossil certificates.

Full-Year Performance Forecast for FYMar2024

- ✓ The Company has not revised the forecast values announced in the beginning of the fiscal year.
- ✓ The Company will revise the values as needed based upon the current environments about orders and business progress situations.

(Unit: Billion Yen)

	FYMar2023 Full-Year Results	FYMar2024 Full-Year Forecast	Changes	
Revenue	339.9	350.0	+10.1	(+3.0%)
Operating Profit	29.7	32.5	+2.8	(+9.5%)
(Operating Margin)	(8.7%)	(9.3%)	(+0.6pt)	
Profit attributable to Owners of Parent	20.2	22.0	+1.8	(+8.9%)
Adjusted Operating Profit*	29.4	32.0	+2.6	(+8.9%)
(Adjusted Operating Margin)	(8.6%)	(9.1%)	(+0.5pt)	

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

Next, I would like to brief you on Full-Year Performance Forecast for FYMar2024.

We have not revised our predictions that we announced at the beginning of this period.

We have seen signs of our customers continuously willing to make DX investments, as reflected by our current backlog orders being accumulated steadily.

We expect that the favorable demand environment will continue in the second quarter and thereafter.

However, due to the situations in future seeming uncertain at this point in time, we maintain our predictions of revenue of ¥350.0 billion, operating profit of ¥32.5 billion, and profit of ¥22.0 billion. Also, we expect adjusted operating profit to be ¥32.0 billion.

We will revise the full-year predictions as needed on the basis of our observing on each occasion how our order environment is and how we advance our businesses.



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(Note)

Forecasts in this document rely on judgments and assumptions based on information available at present. Actual results may differ from the forecasts due to changes in risks, uncertainties, economy and other factors. Thus, the certainty of these forecast is not guaranteed by our Group. Also, the information is subject to change without prior notice in future. Information in this document is intended to provide further understanding of the Company Group and is not intended to solicit investment. This Company shall not be held responsible for any damages whatsoever incurred as a result of utilizing the information provided in this document.