



Briefing Session on the Results for the Fiscal Year Ended March 2024 and Management Policies (2024-2026)

April 30, 2024
BIPROGY Inc.

1 Summary of the Results for FYMar2024

2 Management Policies (2024-2026)

3 Full-Year Performance Forecast for FYMar2025

FYMar2024 (Full-Year) Consolidated Performance Results

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

(Unit : Billion Yen)

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

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

(Revenue)

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

(Operating Profit)

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

•Gross profit

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

•SG&A expenses

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

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

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

(Profit Attributable to Owners of Parent)

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

(Orders and Order Backlogs)

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



FYMar2024 (Full-Year) Revenue and Gross Profit by Segment

[Revenue and Gross Profit (Gross Margin) by Segment]

(Unit : Billion Yen)

	FYMar2023 (Full Year)		FYMar2024 (Full Year)		YoY			
	Revenue	Gross Profit (Gross Margin)	Revenue	Gross Profit (Gross Margin)	Revenue		Gross Profit (Gross Margin)	
System services	115.7	39.6 (34.2%)	127.0	44.1 (34.7%)	+11.3	(+9.8%)	+4.5 (+0.5pt)	(+11.4%) -
Support services	52.4	16.1 (30.7%)	54.9	16.7 (30.5%)	+2.5	(+4.7%)	+0.7 (-0.2pt)	(+4.1%) -
Outsourcing	66.7	17.0 (25.5%)	76.6	16.9 (22.1%)	+9.9	(+14.8%)	-0.1 (-3.5pt)	(-0.8%) -
Other services	11.0	2.5 (22.7%)	12.8	3.0 (23.3%)	+1.9	(+17.1%)	+0.5 (+0.6pt)	(+20.1%) -
Software	37.4	5.1 (13.6%)	38.3	5.9 (15.3%)	+0.9	(+2.5%)	+0.8 (+1.6pt)	(+14.8%) -
Hardware	56.7	9.0 (16.0%)	60.5	10.5 (17.4%)	+3.8	(+6.7%)	+1.5 (+1.5pt)	(+16.6%) -
Total	339.9	89.4 (26.3%)	370.1	97.2 (26.3%)	+30.2	(+8.9%)	+7.8 (-0.0pt)	(+8.8%) -

(System services)

The revenue and gross profit of system services increased. This is ascribed to keen interests in the DX investments from customers in a wide range of business sectors such as financial institutions as well as manufacturers and service businesses operators. The profitability was improved despite an unprofitable project (of 0.8 billion yen) posted. It was due to an increase in highly profitable projects and our enhanced efforts to improve productivity.

(Outsourcing)

The revenue of outsourcing increased. This is ascribed partly to an increase in the sales from cloud services provided by other companies as well as an increase in our service-type businesses. However, projects for shinkin banks as well as inflation were among the factors to push down gross profit.

(Software)

Software revenue increased partly based upon an increase in the small and medium-sized projects. Gross profit increased compared with the previous fiscal year. The increase was enabled by a generally improved gross margin that outperformed the impacts of a highly profitable projects posted in the fourth quarter of the previous fiscal year.

(Hardware)

Hardware revenue increased based upon an increase in the small and medium-sized projects partly about network devices. Gross margin was improved by an increase in more highly profitable compared with the previous fiscal year.



FYMar2024 (Full-Year) Orders and Order Backlogs by Segment

[Orders by Segment]

(Unit : Billion Yen)

	FYMar2023 (Full Year)	FYMar2024 (Full Year)	YoY	
System services	119.0	127.6	+8.7	(+7.3%)
Support services	54.3	57.2	+2.9	(+5.3%)
Outsourcing	76.0	90.1	+14.1	(+18.5%)
Other services	12.0	14.3	+2.3	(+19.2%)
Software	37.7	39.4	+1.7	(+4.4%)
Hardware	63.1	57.6	-5.6	(-8.8%)
Total	362.1	386.1	+24.0	(+6.6%)

[Order backlogs by Segment]

(Unit : Billion Yen)

	FYMar2023 (end of Q4)		FYMar2024 (end of Q4)		YoY			
	Order backlog	in the next FY *	Order backlog	in the next FY *	Order backlog		in the next FY *	
System services	36.4	32.9	37.0	31.3	+0.6	(+1.6%)	-1.6	(-4.8%)
Support services	45.8	30.5	48.1	31.3	+2.3	(+5.0%)	+0.8	(+2.5%)
Outsourcing	159.3	45.8	172.7	50.3	+13.5	(+8.5%)	+4.4	(+9.7%)
Other services	4.8	3.7	6.3	5.1	+1.5	(+30.5%)	+1.4	(+39.3%)
Software	8.1	7.0	9.1	8.7	+1.0	(+13.0%)	+1.7	(+23.8%)
Hardware	19.5	15.2	16.6	14.2	-2.9	(-14.9%)	-1.0	(-6.4%)
Total	273.9	135.1	289.8	140.9	+16.0	(+5.8%)	+5.7	(+4.3%)

*to be posted as revenue within the next FY

(System services)

Orders were pushed up by posting a large-scale project for an administrative organization related to pharmaceuticals and DX projects for manufacturers and financial institutions. Order backlogs scheduled to be posted in the next fiscal year diminished compared with the previous fiscal year (that saw a long-term large-scale project posted in the second quarter). The current pipelines, however, continue to be strong.

(Outsourcing)

Outsourcing orders and order backlogs significantly increased based upon posting long-term large-scale projects for financial institutions in the fourth quarter as well as posting multiple medium-scale projects.

(Software)

Software orders and order backlogs increased based upon winning a wide range of projects including small-scale projects as well as a large-scale project for an administrative organization related to pharmaceuticals.

(Hardware)

A decrease in the small and medium-scale projects won in the fourth quarter diminished orders and order backlogs.



FYMar2024 (Full – Year) Outsourcing

[Outsourcing Revenue]

(Unit: Billion Yen)

	FYMar2023 (Full Year)	FYMar2024 (Full Year)	YoY
Entrusted operation-type	49.0	49.8	+0.8
Corporate DX-type	10.8	18.8	+8.0
(including revenue from selling cloud services provided by other companies)	1.8	6.6	+4.8
Service-based-type (business creation-type) Outsourcing	6.9	8.0	+1.1
Total revenue	66.7	76.6	+9.9

[Outsourcing Order Backlogs]

(Unit: Billion Yen)

	FYMar2023 (end of Q4)	FYMar2024 (end of Q4)	YoY
Order backlogs	159.3	172.7	+13.5
(including order backlogs to be posted as revenue within the next FY)	45.8	50.3	+4.4

(Corporate DX-type Outsourcing)

- “OptBAE”, use-type core-banking service for regional financial institutions, has been serving 11 financial institutions. Two financial institutions decided to use OptBAE, with migration work now under preparation. Attempts to enhance OptBAE capabilities have been made continuously in order to have more users.
- “BankVision on Azure” is now serving three financial institutions. BankVision on Azure is gathering attention in light of the excellent affinity with management strategies of at users, regional banks. It will begin operations for its fourth customer in May 2024.
- There was an increase in the revenues from cloud-computing services provided by other companies and network services related to remote work.

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

- The use of dashcam, digital codes, etc. steadily increased
- Active sales efforts have been made in order to increase the use of “DIGITAL’ATELIER” (EC platform service).



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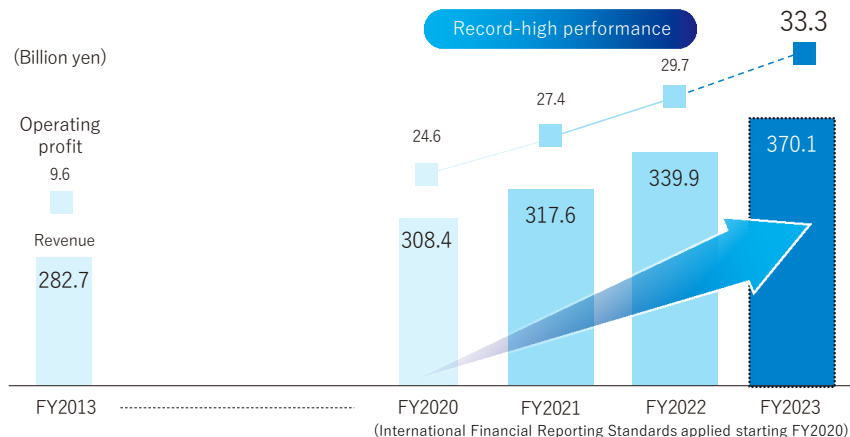
The BIPROGY Group Management Policies (2024–2026)

BIPROGY Inc.

Review of Management Policies (2021–2023)

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

Quantitative Aspects



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

Qualitative Aspects

What we accomplished

What we need for further growth

For customers
(Customer digital transformation)

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

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

For society
(Social digital transformation)

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

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

Corporate culture reforms

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

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

Investment strategy

Invested in startups and structural reform for internal digital transformation

Proactively invest to accelerate business strategies

Positioning of Management Policies (2024–2026)

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

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

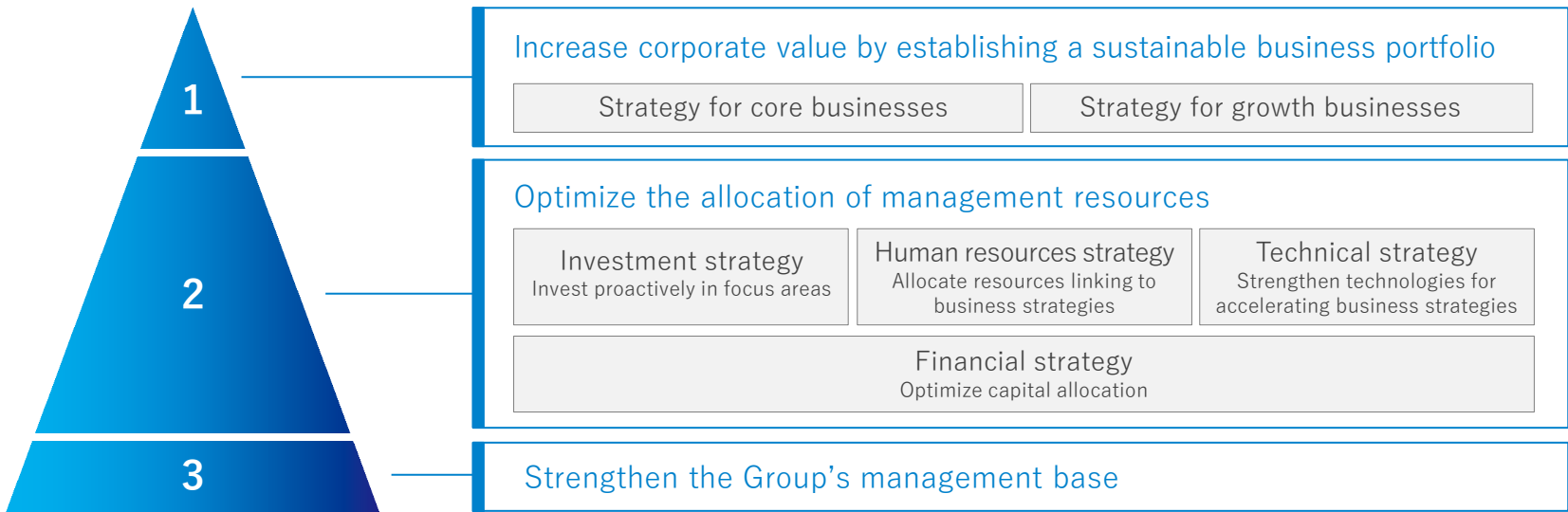


Basic Policies

We will work to realize Vision 2030 through three basic policies.

Vision 2030

We will develop the Digital Commons as a platform for creating a society where everyone can live happily



Key Strategies of the Group

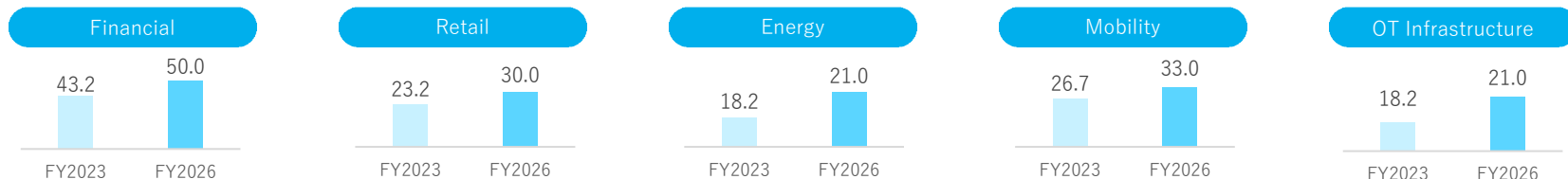
Core businesses	Establish areas of strength and enhance value proposition		<ul style="list-style-type: none"> • Allocate management resources to focus areas/customers (consolidate and select) • Promote improvement of development productivity (e.g., develop human resources, reform development processes, and utilize AI) • Expand service businesses
Growth businesses	Establish a new earnings base	Market development	<ul style="list-style-type: none"> • Capture/Expand new market share by acquiring new service areas and cultivating growth markets
		Business development	<ul style="list-style-type: none"> • Develop, co-create, and deploy social digital transformation businesses that resolve social issues
		Global initiatives	<ul style="list-style-type: none"> • Develop business in major ASEAN countries • Strengthen approaches with an eye toward entering North America and other markets
Foundation underpinning our businesses	Strengthen and strategically allocate management resources		<ul style="list-style-type: none"> • Promote human resources/technical/financial & investment strategies linked to business strategies • Strategically invest management resources in areas of strength and providing new value
	Strengthen Group management		<ul style="list-style-type: none"> • Strengthen the Group's management base • Advance the Group's value chain in response to changes in the internal and external environments

Strategy for Core Businesses

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

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

Net Sales Targets (Billion yen)



Strategy for Growth Businesses

We will establish a new earnings base and provide new value by making proactive investments in growth businesses.

Key Strategic Initiatives	Growth Scenarios	Net Sales Targets (Billion yen)
<div>Market development</div> <div>Acquire/Expand new service areas and capture/expand market share</div>	<div>Capture/Expand new market share by acquiring new service areas and cultivating growth markets</div> <ul style="list-style-type: none">• Deploy data utilization services that employ data scientists and AI to support customer management decisions• Deploy managed services, including digital workplaces, security and cloud management, that free customers to concentrate on their core business processes	<div><div>3.4</div><div>10.0</div><div>FY2023FY2026</div></div>
<div>Business development</div> <div>Accelerate the co-creation and deployment of social digital transformation businesses</div>	<div>Accelerate the development, co-creation, and deployment of social digital transformation businesses that resolve social issues</div> <ul style="list-style-type: none">• Positioning social/green transformation, smart lifestyles, and regional revitalization as focus themes, establish business ecosystems that span industry fields together with customers and partners who share our ambition, to co-create and accelerate the deployment of social digital transformation businesses	<div><div>3.5</div><div>10.0</div><div>FY2023FY2026</div></div>
<div>Global initiatives</div> <div>Develop business in major ASEAN countries and strengthen approaches for North America and other markets</div>	<div>Develop business in major ASEAN countries and strengthen approaches with an eye toward entering North America and other markets</div> <ul style="list-style-type: none">• Use strategic investments such as M&As to expand service areas and acquire new customer segments• Leverage services and knowledge from operations in Japan to promote customer digital transformation businesses overseas• Establish business ecosystems with customers and partners in each country/region and promote social digital transformation businesses centered on resolving social issues	<div><div>2.4</div><div>15.0</div><div>FY2023FY2026</div></div>

Human Resources Strategy

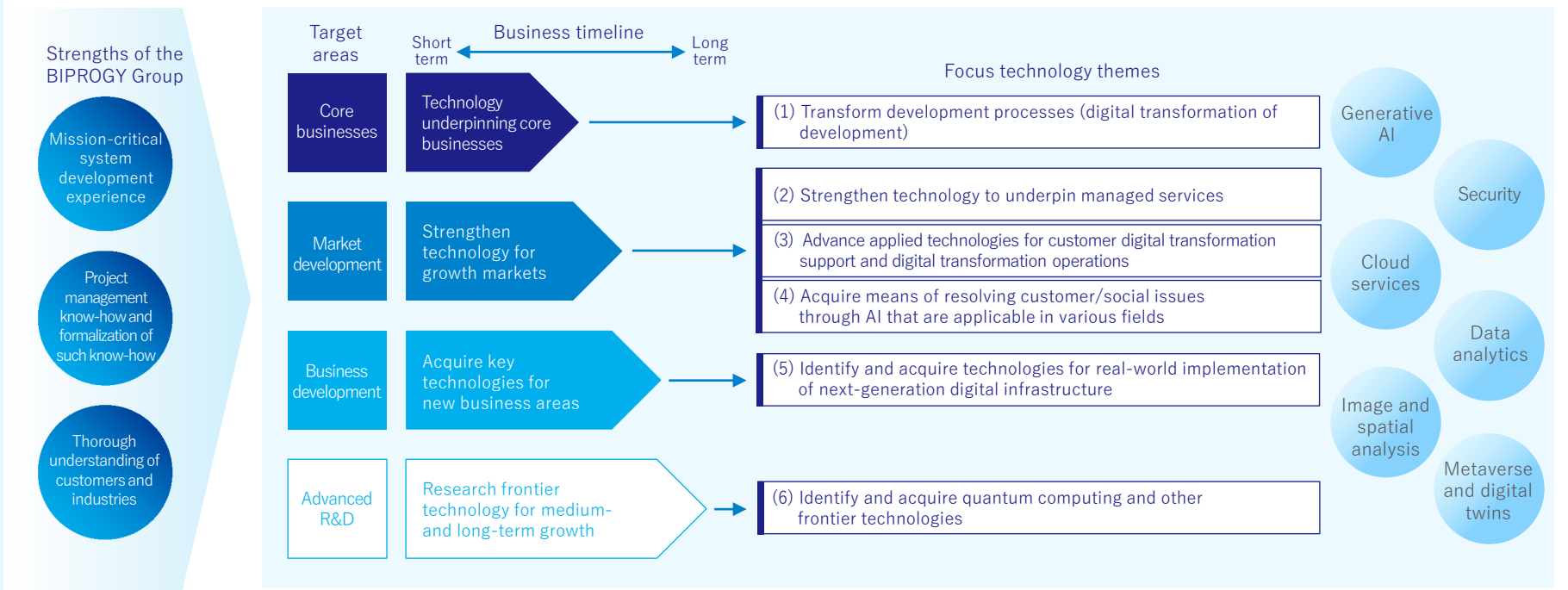
The BIPROGY Group's greatest asset is its people. As such, we are making strategic investments in talent to maximize the value of our human capital and enhance our ability to effectively implement Management Policies (2024–2026), which will in turn lead to greater value for society and customers.

Focus Areas for Human Capital Investment		Human Resources Strategy	Main Measures
All employees	Ambition-driven talent Relishing challenges in pursuit of a career purpose	Promotion of autonomous career planning	<ul style="list-style-type: none"> Provide a range of opportunities for ambitious employees on an opt-in basis (e.g., learning, consultation, business creation, and transfer opportunities)
Leaders	Next-generation management talent Thinking outside the box to lead innovation	Assignments for acquiring a broad outlook	<ul style="list-style-type: none"> Offer challenging assignments where past successes do not guarantee future results Systematically rotate management-level personnel so that they can acquire a variety of experience
Core businesses	Customer business architects Resolving industry and customer issues	Strategic personnel assignments and training to strengthen focus areas	<ul style="list-style-type: none"> Strategically assign personnel to focus areas Structure plans for personnel interaction opportunities with a view to strengthening customer relationships and co-creating businesses Conduct training programs for ahead-of-the-curve learning of latest technologies and foster communities for mutual learning
	Expert project managers Driving the latest technologies and development approaches		
Growth businesses	Entrepreneurial business talent Leading co-creation and new businesses	Acquisition of job-ready skills for accelerating business creation	<ul style="list-style-type: none"> Provide ongoing training to develop personnel who can lead growth businesses Acquire talent through proactive growth investments (e.g. M&As) Hire management talent with capabilities in business creation
	Global human resources Pioneering global businesses with resilience and insight		
Culture	Raise engagement	Promotion of DEI centered on our Purpose	<ul style="list-style-type: none"> Appoint more women to management positions; ensure the success of career hires and senior professionals Provide venues for discussion that encourage engagement with our Purpose
Foundation		Reforms to personnel systems and office environments	<ul style="list-style-type: none"> Reform personnel systems to support the essence of the BIPROGY Group Invest in appealing office environments that employees enjoy being in and are proud of

Technology Strategy

We will rebuild our technology portfolio based on the Group's accumulated strengths and business timelines, promote digital transformation of development in core businesses, and strengthen technology for accelerating high-value-added proposals and advances in the market development area.

We also aim to achieve sustainable business growth by identifying, acquiring, and implementing frontier and next-generation digital technologies.



Investment Strategy

We will promote proactive business-related investment, including consideration of M&As, with an eye toward business portfolio expansion and future transformation.

To date

Increased funds available for investment through improved performance

Secured sufficient operating cash flow

Conducted proactive investments to increase corporate value

Growth Investments

FY2021–23
actual

24 billion yen

FY2024–26
plan

At least
70 billion yen

Investment
and M&As
11 billion yen

R&D
13 billion yen

Investment
and M&As
At least
50 billion yen

R&D
20 billion yen

Target Areas

Core Businesses

Identify focus areas and make proactive development investments and resource allocations in those areas

- Financial
- Retail
- Energy
- Mobility
- OT infrastructure

Growth Businesses

Capture/Expand new market share by acquiring new service areas and cultivating growth markets, and by developing social digital transformation businesses that resolve social issues

- New businesses (market development, business development)
- Global initiatives

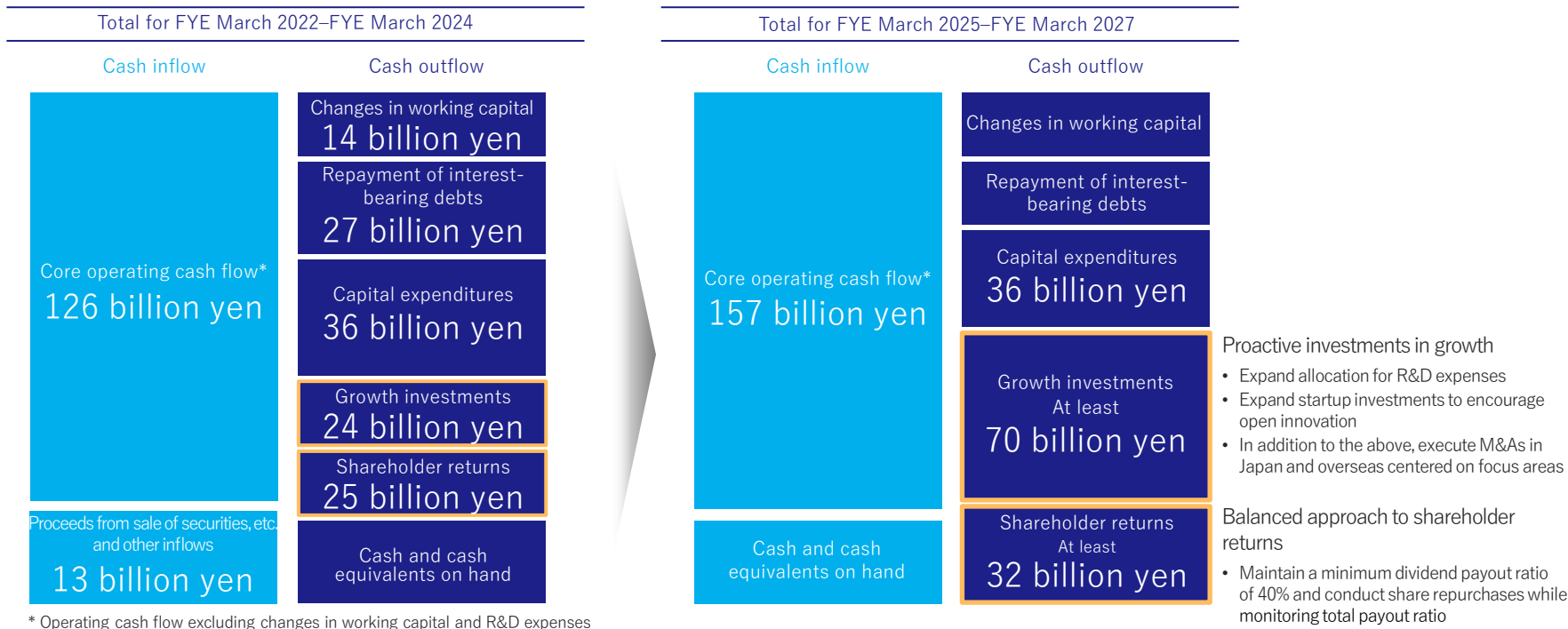
Investment Details

- R&D
- Open innovation investment
- M&As (including acquiring), etc.



Financial Strategy (Capital Allocation)

While maintaining appropriate financial discipline, including consideration of the equity ratio, we will strike a balance between proactively investing in businesses and areas with high growth potential, targeting long-term sustainable growth and thereby increased corporate value, and providing shareholder returns.



Performance Targets

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

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

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3 Full-Year Performance Forecast for FYMar2025

FYMar2025 (Full-Year) Performance Forecast

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

(Unit : Billion Yen)

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

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

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

(Unit: Billion Yen)

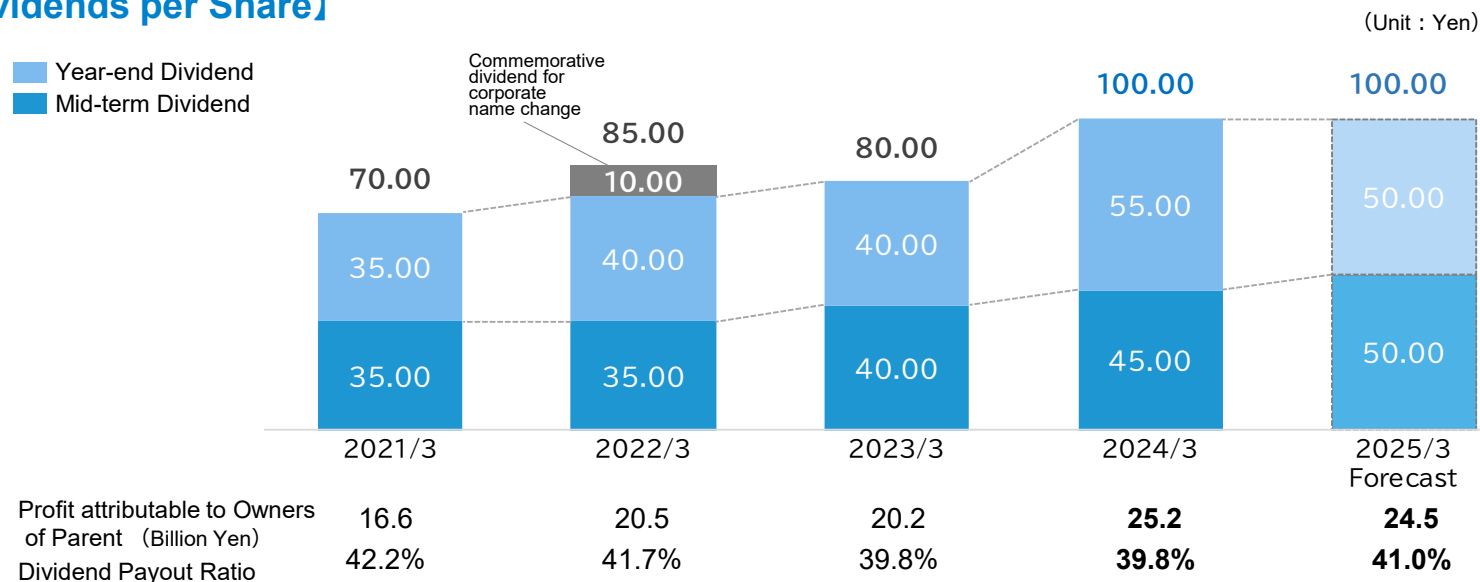
• Increase in R&D expenses	0.5
• Pay raise and introduction of new personnel system	1.0
• Medium and long-term facility plan	0.6
• Postponing renewal of core systems	0.7
• Others	0.2



FYMar2025 (Full-Year) Dividend Forecast

- ✓ We plan annual dividends of ¥100 per share for the fiscal year ended March 2024 (by an increase of 5 yen from the previous projection announced on February 1).
- ✓ We forecast an annual dividend of ¥100 per share pursuant to a target payout ratio of 40% or more for the fiscal year ending March 2025.

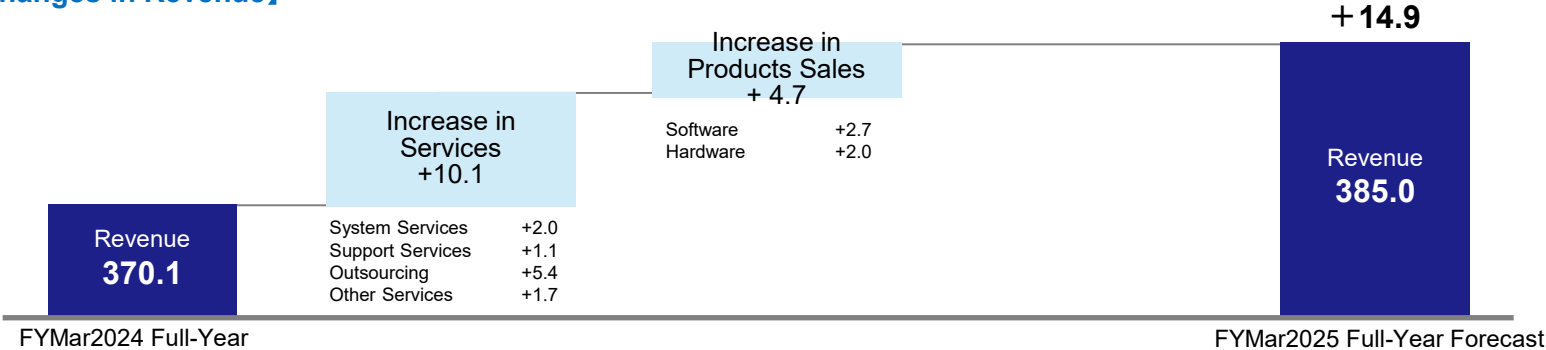
【Dividends per Share】



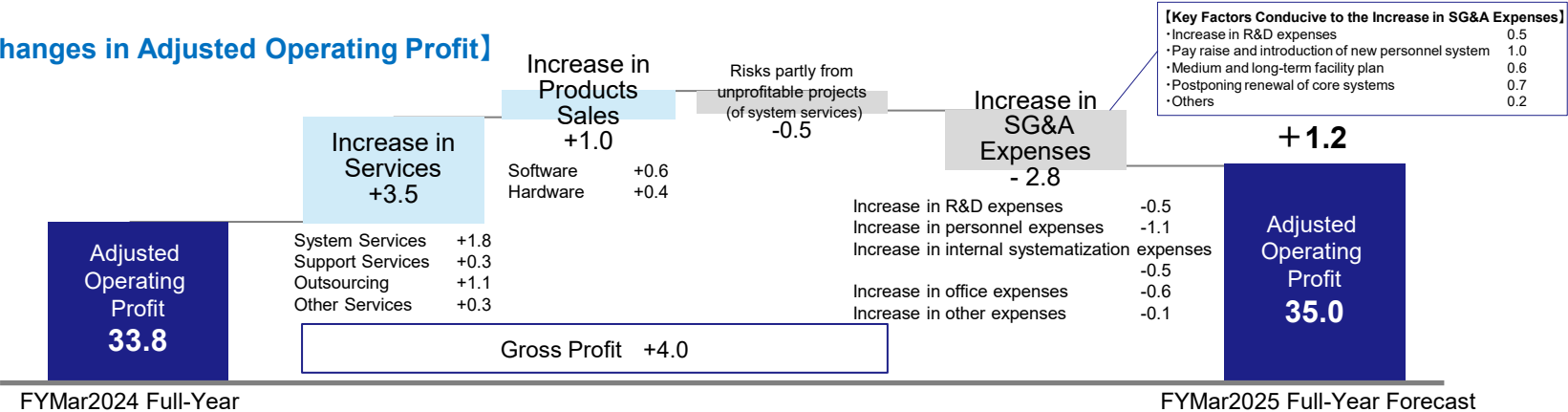
FYMar2025 (Full-Year) Performance Forecast Breakdown Details

(Unit: Billion of Yen)

【Changes in Revenue】



【Changes in Adjusted Operating Profit】

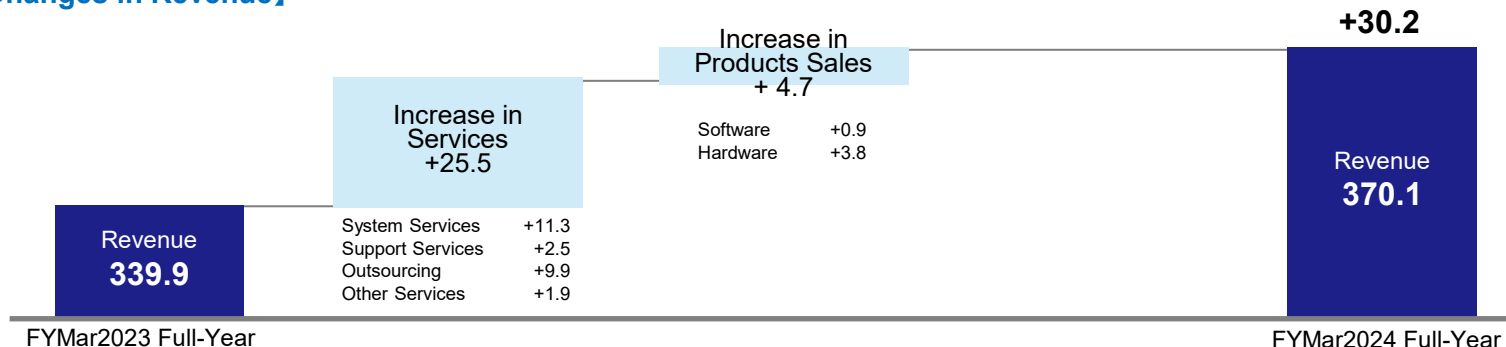


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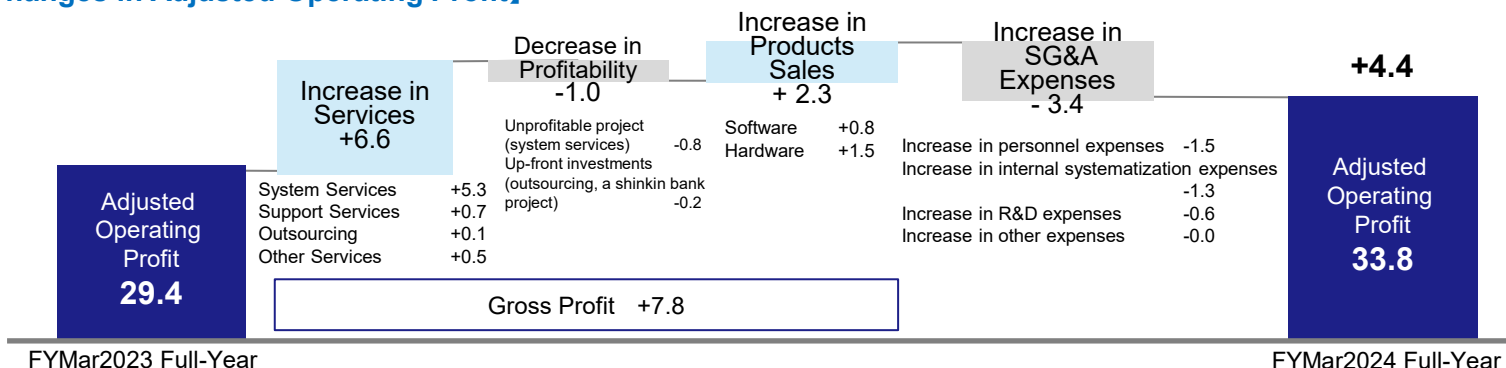
FYMar2024 (Full-Year) Performance Breakdown Details

(Unit: Billion of Yen)

【Changes in Revenue】



【Changes in Adjusted Operating Profit】



Consolidated Statements of Financial Position / Consolidated Statements of Cash Flows

[Consolidated Statements of Financial Position]

(Unit: Billion Yen)

	FYMar2023 (end of Q4)	FYMar2024 (end of Q4)	YoY
Assets			
Current Assets	164.7	187.9	+23.3
Non-Current Assets	115.7	126.3	+10.6
Total Assets	280.4	314.2	+33.8
Liabilities			
Current Liabilities	98.9	112.5	+13.5
Non-Current Liabilities	39.9	33.4	-6.4
Total Liabilities	138.8	145.9	+7.1
Equity			
Total equity attributable to owners of parent	139.9	166.4	+26.5
Non-controlling Interests	1.7	1.9	+0.2
Total Equity	141.6	168.3	+26.7
Total Liabilities and Equity	280.4	314.2	+33.8

[Consolidated Statements of Cash Flows]

(Unit: Billion Yen)

	FYMar2023	FYMar2024	YoY
Net Cash Provided by (Used in) Operating Activities	28.4	41.7	+13.3
Net Cash Provided by (Used in) Investing Activities	-15.5	-8.6	+7.0
Free Cash Flows	12.9	33.1	+20.3
Net Cash Provided by (Used in) Financing Activities	-18.0	-17.6	+0.4
Effect of Exchange Rate Changes on Cash and Cash Equivalents	0.1	0.1	-0.0
Net Increase (decrease) in Cash and Cash Equivalents	-5.1	15.6	+20.7
Cash and Cash Equivalents at End of Period	43.6	59.3	+15.6

[Consolidated Statements of Financial Position]

(Assets)

Assets increased compared with the end of the previous period. This was partly attributable to an increase in cash and cash equivalents, intangible assets and deferred tax assets.

(Liabilities)

Liabilities increased compared with the end of the previous period. This was due to an increase in contract liabilities despite a decrease in lease liabilities.

(Equity)

Equity increased compared with the end of the previous period. This was partly ascribable to an increase in retained earnings based upon profit despite distributing dividends. Ratio of owners' equity to gross assets was 53.0%, an increase of 3.1 points compared with the end of the previous period.

[Consolidated Statements of Cash Flows]

(Cash flows from operating activities)

Net cash provided by operating activities increased compared with the previous period. This increase reflects proceeds of ¥34.2 billion in profit before taxes, factors of increasing the proceeds and factors of decreasing the proceeds. The factors increasing proceeds include ¥17.9 billion in depreciation and amortization, non-cash expenses. The factors decreasing the proceeds include an increase of ¥2.8 billion in inventories, an increase of ¥2.4 billion in trade and other receivables.

(Cash flows from investing activities)

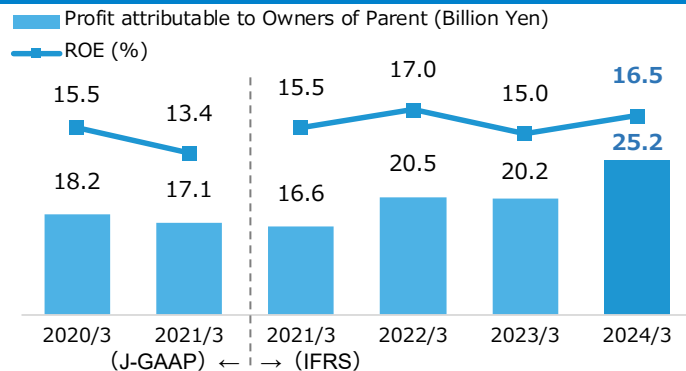
Net cash used in from investing activities decreased compared with the previous period. This includes: expenditures of ¥2.2 billion as a result of purchasing property, plant and equipment such as computers for business activities; expenditures of ¥10.6 billion due to the acquisitions of intangible assets such as the investments in software for outsourcing; and proceeds of ¥7.5 billion from selling cross-shareholdings among other investment securities.

(Cash flows from financing activities)

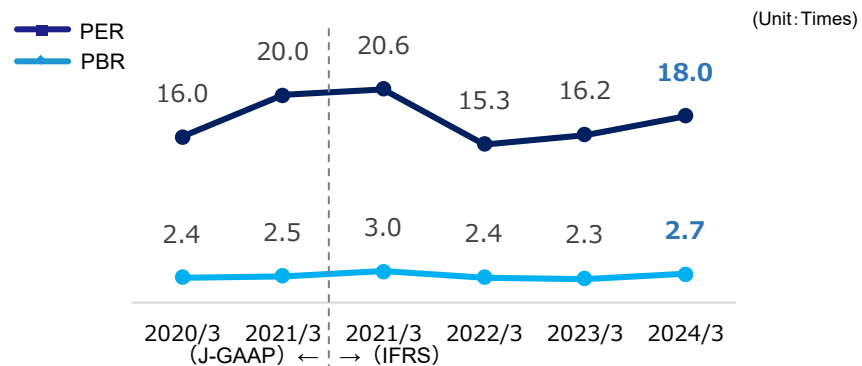
Net cash used in financing activities decreased compared with the previous period. This decrease was partly attributable to spending ¥9.0 billion for repaying lease liabilities, and spending ¥8.5 billion for paying dividends.

(Reference Materials) Indicators

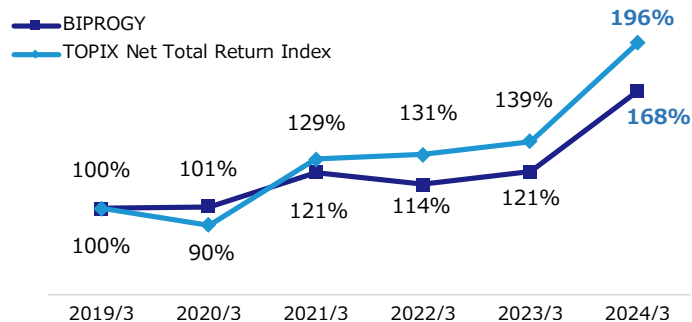
Profit Attributable to Owners of Parent / ROE



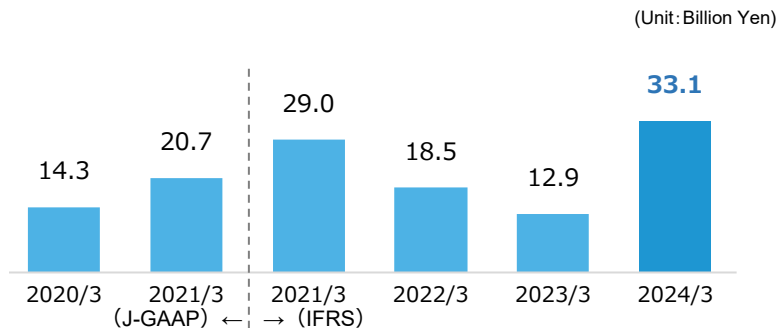
PER / PBR



Total Shareholder Return (TSR)



Free Cash Flows



FYMar2024 Q4 (Jan-Mar) Consolidated Performance Results

(Unit : Billion Yen)

	FYMar2023 (Q4)	FYMar2024 (Q4)	YoY	
Revenue	109.9	111.3	+1.3	(+1.2%)
Gross Profit	27.7	28.5	+0.8	(+3.0%)
SG&A Expenses	-17.6	-18.4	-0.8	(+4.4%)
Share of profit (loss) of investments accounted for using equity method / Other income and expenses	-0.1	-1.0	-0.9	
Operating Profit	10.0	9.2	-0.9	(-8.8%)
(Operating Margin)	(9.1%)	(8.2%)	(-0.9pt)	
Profit attributable to Owners of Parent	6.6	7.1	+0.5	(+6.9%)
Adjusted Operating Profit*	10.1	10.2	+0.1	(+0.5%)
(Adjusted Operating Margin)	(9.2%)	(9.1%)	(-0.1pt)	
Orders	133.5	135.0	+1.5	(+1.1%)

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

(Revenue)

Revenue was driven up mainly by Services businesses such as Outsourcing continuously remaining strong.

(Operating Profit)

Gross profit was driven up based upon the revenue increase and an improved profitability. However, operating loss occurred partly due to an increase in SG&A expenses and a decrease in the share of profit (loss) of investments accounted for using equity method as well as an increase in other expenses.

•Gross profit

Gross profit increased based upon an improved profitability mainly of system services as well as the increase in the revenue.

•SG&A expenses

Personnel expenses: a decrease of 0.3 billion yen
Internal systematization expenses: an increase of 0.7 billion yen
R&D expenses: an increase of 0.1 billion yen

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

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

(Profit Attributable to Owners of Parent)

Profit was driven up despite a decrease in operating profit. The profit increase was attributable to a decrease in the income tax partly through applying the Tax Measure to Promote Wage Increases.



FYMar2024 Q4 (Jan-Mar) Revenue and Gross Profit by Segment

[Revenue and Gross Profit (Gross Margin) by Segment]

(Unit : Billion Yen)

	FYMar2023 (Q4)		FYMar2024 (Q4)		YoY			
	Revenue	Gross Profit (Gross Margin)	Revenue	Gross Profit (Gross Margin)	Revenue		Gross Profit (Gross Margin)	
System services	34.9	11.9 (33.9%)	35.0	12.4 (35.5%)	+0.1	(+0.2%)	+0.6 (+1.5pt)	(+4.8%) -
Support services	13.7	3.8 (28.0%)	14.6	4.1 (28.1%)	+1.0	(+6.9%)	+0.3 (+0.1pt)	(+7.5%) -
Outsourcing	18.7	4.1 (22.1%)	21.5	4.6 (21.2%)	+2.8	(+15.1%)	+0.4 (-0.9pt)	(+10.3%) -
Other services	3.9	0.9 (23.5%)	4.5	1.1 (24.7%)	+0.6	(+16.1%)	+0.2 (+1.2pt)	(+22.2%) -
Software	14.3	2.9 (20.5%)	13.8	2.4 (17.4%)	-0.5	(-3.2%)	-0.5 (-3.1pt)	(-17.8%) -
Hardware	24.5	4.0 (16.5%)	21.8	3.9 (18.0%)	-2.7	(-10.9%)	-0.1 (+1.4pt)	(-3.3%) -
Total	109.9	27.7 (25.2%)	111.3	28.5 (25.6%)	+1.3	(+1.2%)	+0.8 (+0.4pt)	(+3.0%) -

(System services)

Revenue was almost unchanged compared with the same quarter of the previous fiscal year. The profitability was improved by an increase in the highly profitable projects and an improved productivity, despite an unprofitable project (of 0.2 billion yen) being posted. As a result, gross profit was improved.

(Outsourcing)

Outsourcing revenue and gross profit were increased due to an increase in the business about cloud services provided by other companies, our service-based type business, and ITO services business. Gross margin was dragged down as a result of the increase in the sales of cloud services provided by other companies and a provision of allowance (0.2 billion) for a shinkin bank business.

(Software)

Despite an increase in highly profitable small and medium-sized projects, revenue and gross profit decreased compared with the same quarter of the previous fiscal year. (In-house software products projects had been posted in that past period.) Gross margin was diminished as well.

(Hardware)

Revenue and gross profit decreased in this fourth quarter, compared with the same quarter of the previous fiscal year. (Large-scale projects had been posted in that past period.) The decrease was partly due to moving up the posting of orders up to the third quarter in order to level out quarterly sales (revenues). Gross margin was improved based upon an improved product mix.

(Reference Materials)

FYMar2024 Q4 (Jan-Mar) Orders by Segment

[Orders by Segment]

(Unit: Billion Yen)

	FYMar2023 (Q4)	FYMar2024 (Q4)	YoY	
System services	34.4	35.0	+0.6	(+1.7%)
Support services	19.7	20.7	+1.0	(+5.3%)
Outsourcing	38.3	46.7	+8.4	(+21.9%)
Other services	3.8	4.8	+1.0	(+26.2%)
Software	13.7	12.3	-1.4	(-10.1%)
Hardware	23.6	15.4	-8.2	(-34.6%)
Total	133.5	135.0	+1.5	(+1.1%)

(System services)

DX projects continuously remained strong in a wide range of business sectors, as evidenced in the large-scale projects for financial institutions and a project for an administrative organization related to pharmaceuticals.

(Outsourcing)

The Company posted long-term, large-scale projects for financial institutions in the fourth quarter of the previous fiscal year. Again, the Company posts a long-term, large-scale projects in the same quarter of the fiscal year ended March 2024. As a result, orders increased.

(Software)

The accumulated quantity of small and medium-sized projects diminished compared with the same quarter of the previous fiscal year.

(Hardware)

Hardware orders suffered a decrease partly due to attempts to move up the posting of orders up to the third quarter in order to level out quarterly sales (revenues). Also, hardware orders diminished compared with the same quarter of the previous fiscal year (when a large-scale project was posted in the fourth quarter of the previous fiscal year).





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