

# Financial Results Briefing Materials of the Fiscal Year Ended March 31, 2022

OBIC BUSINESS CONSULTANTS CO., LTD  
(Code No. 4733)

April 22, 2022



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# 1. Summary of Financial Results of the Fiscal Year Ended March 31, 2022



# Summary of Financial of the Fiscal Year Ending March 31, 2022

<b>Net Sales</b>	<b>34,757</b> million yen (up 18.8%)	<ul style="list-style-type: none"> <li>◆ Solution sales: up 4,972 million yen (up 48.1%)</li> <li>◆ Service sales: up 395 million yen (up 2.5%)</li> <li>◆ Total sales: up 5,505 million yen ( up 18.8%)</li> </ul>
<b>Gross profit</b>	<b>29,146</b> million yen (up 18.9%)	<ul style="list-style-type: none"> <li>◆ Raw material costs (Azure, SQL, Bugyo-linked solutions): up 562 million yen</li> <li>◆ Instructor subcontracting expenses: up 242 million yen</li> </ul>
<b>Operating profit</b>	<b>16,357</b> million yen (up 26.4%)	<ul style="list-style-type: none"> <li>◆ SG&amp;A personnel expenses: up 379 million yen</li> <li>◆ R&amp;D expenses: up 412 million yen</li> <li>◆ Exhibition expenses: up 43 million yen</li> <li>◆ Total selling, general and administrative expenses increased by 1,209 million yen</li> </ul>
<b>Ordinary profit</b>	<b>17,157</b> million yen (up 23.1%)	<ul style="list-style-type: none"> <li>◆ Stock sales (global offering) resulted in commissions paid of 216 million yen and dividends received of 964 million yen.</li> </ul>
<b>Profit</b>	<b>11,811</b> million yen (up 22.1%)	

# Summary of Financial Results of the Fiscal Year Ending March 31, 2022

(Million yen)	FY ended Mar. 2021		FY ended Mar. 2022	FY ended Mar. 2022		YoY change (%)	
		Percentage of net sales (%)	Initial forecast		Percentage of net sales (%)	Increase/Decrease	YoY change (%)
Net sales	29,252	100.0	34,000	<b>34,757</b>	<b>100.0</b>	<b>5,505</b>	<b>18.8</b>
Gross profit	24,521	83.8	28,470	<b>29,146</b>	<b>83.9</b>	<b>4,624</b>	<b>18.9</b>
SG&A expenses	11,579	39.6	13,080	<b>12,788</b>	<b>36.8</b>	<b>1,209</b>	<b>10.4</b>
Operating profit	12,942	44.2	15,390	<b>16,357</b>	<b>47.1</b>	<b>3,415</b>	<b>26.4</b>
Non-operating income and expenses	992	3.4	800	<b>799</b>	<b>2.3</b>	<b>-192</b>	<b>-19.4</b>
Ordinary profit	13,934	47.6	16,190	<b>17,157</b>	<b>49.4</b>	<b>3,222</b>	<b>23.1</b>
Profit	9,670	33.1	11,200	<b>11,811</b>	<b>34.0</b>	<b>2,140</b>	<b>22.1</b>

# Net Sales by Segment

(Million yen)	FY ended Mar. 2021		FY ended Mar. 2022	FY ended Mar. 2022		
	Percentage of net sales (%)	Initial forecast		Percentage of net sales (%)	YoY change (%)	
<b>Solutions</b>	<b>10,347</b>	<b>35.4</b>	<b>15,995</b>	<b>15,319</b>	<b>44.1</b>	<b>48.1</b>
•Cloud (SaaS&IaaS)	2,011	6.9	—	<b>4,047</b>	<b>11.6</b>	<b>101.2</b>
•Cloud (Edge)	3,574	12.2	—	<b>4,544</b>	<b>13.1</b>	<b>27.2</b>
•On-premises	4,761	16.3	—	<b>6,727</b>	<b>19.4</b>	<b>41.3</b>
<b>Related products</b>	<b>3,016</b>	<b>10.3</b>	<b>3,152</b>	<b>3,154</b>	<b>9.1</b>	<b>4.6</b>
Services	15,888	54.3	14,853	<b>16,283</b>	<b>46.8</b>	<b>2.5</b>
•Maintenance contract	13,702	46.8	—	<b>13,647</b>	<b>39.3</b>	<b>-0.4</b>
•Other	2,185	7.5	—	<b>2,635</b>	<b>7.6</b>	<b>20.6</b>
<b>Total</b>	<b>29,252</b>	<b>100.0</b>	<b>34,000</b>	<b>34,757</b>	<b>100.0</b>	<b>18.8</b>
<b>Cloud total</b>	<b>5,585</b>	<b>19.1</b>	<b>—</b>	<b>8,591</b>	<b>24.7</b>	<b>53.8</b>

## Description of sales by product category

### ■ Solutions

- ✓ With the end of support for the Bugyo 8 series (April 2022), there has been an increase in upgrades to on-premise systems and migration to the cloud (Up to Cloud).
- ✓ Increase in cloud sales mainly due to new orders
- ✓ Increase in Bugyo Cloud Edge sales, mainly for HR-related products

### ■ Related products

- ✓ Sales of Bugyo-linked solutions increased by 307 million yen

### ■ Services

- ✓ Maintenance contract fees for Bugyo decreased slightly by 1 million yen partly due to the impact of Up to Cloud.
- ✓ Instructor instruction fees income increased by 484 million yen

※1: The Accounting method for the following items has been changed from the fiscal year ending March 31, 2022, and the results for the fiscal year ended March 31, 2021, have been reclassified. (Figures are rounded down to the nearest million yen.)

- (1) Reclassification of Bugyo Cloud Edge, which was included in services, to solutions
- (2) Reclassification of Backup option, storage services, etc., which were included in services, to solutions
- (3) Reclassification of operation instruction sales, which were included in solutions, to services
- (4) Reclassification of some products, which were included in related products, to solutions



# Reference: Changes in Sales by Product Category

## Changes in sales by product category after the change in accounting method (cumulative total)

(Million yen)

	2019.3				2020.3				2021.3				2022.3			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
<b>Solutions</b>	<b>2,068</b>	<b>5,129</b>	<b>8,815</b>	<b>12,428</b>	<b>3,045</b>	<b>6,269</b>	<b>8,649</b>	<b>11,011</b>	<b>2,180</b>	<b>4,709</b>	<b>7,299</b>	<b>10,347</b>	<b>3,025</b>	<b>6,786</b>	<b>11,010</b>	<b>15,319</b>
• Cloud (SaaS&IaaS)	114	239	396	588	222	482	777	1,119	396	857	1,397	2,011	733	1,621	2,730	4,047
• Cloud (Edge)	495	1,018	1,583	2,187	650	1,338	2,069	2,840	817	1,676	2,603	3,574	1,033	2,118	3,295	4,544
• On-premises	1,458	3,872	6,835	9,652	2,172	4,447	5,802	7,051	966	2,175	3,298	4,761	1,258	3,046	4,985	6,727
<b>Related products</b>	<b>734</b>	<b>1,433</b>	<b>2,404</b>	<b>3,413</b>	<b>848</b>	<b>1,816</b>	<b>2,721</b>	<b>3,677</b>	<b>609</b>	<b>1,303</b>	<b>2,107</b>	<b>3,016</b>	<b>706</b>	<b>1,473</b>	<b>2,294</b>	<b>3,154</b>
<b>Services</b>	<b>3,166</b>	<b>6,449</b>	<b>10,024</b>	<b>13,683</b>	<b>3,667</b>	<b>7,568</b>	<b>11,455</b>	<b>15,380</b>	<b>3,807</b>	<b>7,767</b>	<b>11,789</b>	<b>15,888</b>	<b>3,957</b>	<b>8,005</b>	<b>12,139</b>	<b>16,283</b>
• Maintenance contract	2,836	5,720	8,716	11,800	3,158	6,421	9,724	13,063	3,406	6,840	10,271	13,702	3,453	6,887	10,287	13,647
• Other	330	728	1,308	1,883	508	1,147	1,731	2,316	400	927	1,517	2,185	504	1,118	1,851	2,635
<b>Total</b>	<b>5,969</b>	<b>13,012</b>	<b>21,244</b>	<b>29,525</b>	<b>7,561</b>	<b>15,654</b>	<b>22,826</b>	<b>30,068</b>	<b>6,597</b>	<b>13,780</b>	<b>21,195</b>	<b>29,252</b>	<b>7,688</b>	<b>16,265</b>	<b>25,444</b>	<b>34,757</b>

※Cloud total                      610    1,257    1,980    2,775            873    1,821    2,846    3,960            1,214    2,534    4,000    5,585            1,766    3,739    6,025    8,591

# Shipment Volume by Software Package (based on number of copies, including upgrades)

		FY ended Mar.2021		FY ended Mar.2022			YoY change	
(Unit : Copies)		Percentage of net sales (%)		Percentage of net sales (%)	YoY change (%)	Number of new copies (%)	Number of upgrades (%)	
On-premise:	Bugyo V ERP	1,177	8.9	981	4.2	-16.7	43.0	
	Bugyo i NETWORK Edition <sup>※1</sup>	2,514	19.0	3,122	13.4	24.2	42.7	
	Bugyo i Standalone	9,030	68.2	18,695	80.2	107.0	143.5	
	J System	510	3.9	522	2.2	2.4	123.8	
	Subtotal	13,231	100.0	23,320	100.0	76.3		
<b>Cloud</b>	<b>CloSaaS &amp; IaaS<sup>※2</sup></b>	<b>7,593</b>		<b>14,412</b>		<b>89.8</b>		
<b>Total</b>		<b>20,824</b>		<b>37,732</b>		<b>81.2</b>		

※1: The new ERP is included in Network Edition (144 copies of FY ended March 31, 2021 and 204 copies of FY ended March 31, 2022)

※2: Including V ERP Smartplan

## Reference: Average unit price by solution

On-premise models <sup>※2</sup> (Initial)		Subscription-based models <sup>※3</sup> (Annual contract)	
Bugyo V ERP	1,116,000 yen	Bugyo Cloud (SaaS)	163,000 yen
Bugyo i	218,000 yen	OBC Cloud Service (IaaS)	1,626,000 yen
		Bugyo Cloud Edge (SaaS)	117,000 yen

※3: For on-premise models, calculated by dividing the monetary amount of orders received between April 2022 and March 2022 by the number of orders received.

※4: For subscription-based models, calculated by dividing MRR as of the end of March 2022 by the number of subscribers as of the end of March and multiplying the result by 12 months.



# Breakdown of SG&A Expenses

(Million yen)	FY ended Mar. 2021		FY ended Mar. 2022		
		Percentage of net sales (%)		Percentage of net sales (%)	YoY change (%)
<b>Net sales</b>	<b>29,252</b>	<b>100.0</b>	<b>34,757</b>	<b>100.0</b>	<b>18.8</b>
<b>SG&amp;A expenses</b>	<b>11,579</b>	<b>39.6</b>	<b>12,788</b>	<b>36.8</b>	<b>10.4</b>
Personnel	3,874	13.2	4,254	12.2	9.8
R&D	3,023	10.3	3,435	9.9	13.7
Advertising	782	2.7	965	2.8	23.4
Rent	673	2.3	687	2.0	2.0
Depreciation	179	0.6	241	0.7	34.3
Other	3,045	10.4	3,204	9.2	5.2

Note: Growth rates represent year-on-year changes.

Description of changes in selling, general and administrative expenses

## ■ Personnel and R&D expenses

- ✓ Increase due to the addition of 63 new employees

## ■ Advertising expenses

- ✓ Increase in production costs and online advertising costs

## ■ Other expenses

- ✓ Exhibition expenses increased by 43 million yen due to the implementation of web seminars for Bugyo 8 users.
- ✓ Rent increased by 66 million yen due to enhancement of internal systems.

# Balance Sheet—Assets

(Million yen)	FY ended Mar. 2021		FY ended Sep. 2021		FY ended Mar. 2022			
		Percentage of net sales (%)		Percentage of net sales (%)	Percentage of net sales (%)	YoY Increase/Decrease	QoQ Increase/Decrease	
<b>Current assets</b>	<b>124,849</b>	<b>78.8</b>	<b>127,003</b>	<b>80.2</b>	<b>136,398</b>	<b>79.3</b>	<b>11,549</b>	<b>9,395</b>
Cash and deposits	114,105	72.1	118,330	75.6	124,469	72.4	10,364	6,139
Notes receivable-trade	1,911	1.2	1,755	0.9	2,678	1.6	767	923
Accounts receivable-trade	8,444	5.3	6,592	3.4	8,916	5.2	472	2,323
Inventory assets	189	0.1	196	0.1	193	0.1	3	-2
Other	207	0.1	163	0.1	148	0.1	-58	-14
Allowance for doubtful	-8	0	-33	0.0	-7	0.0	1	26
<b>Non-current assets</b>	<b>33,513</b>	<b>21.2</b>	<b>36,207</b>	<b>19.8</b>	<b>35,508</b>	<b>20.7</b>	<b>1,994</b>	<b>-699</b>
Property, plant and eq.	1,097	0.7	1,139	0.3	1,232	0.7	134	93
Intangible assets	434	0.3	441	0.2	532	0.3	97	90
Investments and other	31,980	20.2	34,626	19.2	33,743	19.6	1,762	-883
<b>Total assets</b>	<b>158,362</b>	<b>100.0</b>	<b>163,210</b>	<b>100.0</b>	<b>171,907</b>	<b>100.0</b>	<b>13,544</b>	<b>8,696</b>

# Balance Sheet—Liabilities and Net Assets

	FY ended Mar. 2021		FY ended Sep. 2021		FY ended Mar. 2022			
	(Million yen)	Percentage of net sales (%)		Percentage of net sales (%)	Percentage of net sales (%)	YoY Increase/Decrease	QoQ Increase/Decrease	
<b>Total liabilities</b>	<b>29,799</b>	<b>18.8</b>	<b>29,839</b>	<b>18.3</b>	<b>35,267</b>	<b>20.5</b>	<b>5,468</b>	<b>5,428</b>
Accounts payable-trade	280	0.2	318	0.2	360	0.2	79	41
Accounts payable-other	766	0.5	1,047	0.6	974	0.6	207	-73
Income taxes payable	3,004	1.9	2,334	1.4	3,064	1.8	59	730
Unearned revenue	17,444	11.0	16,695	10.2	21,438	12.5	3,994	4,742
Provision for retirement benefi	2,788	1.8	2,993	1.8	3,113	1.8	324	120
Other	5,514	3.5	6,449	4.0	6,316	3.7	802	-133
<b>Total net assets</b>	<b>128,562</b>	<b>81.2</b>	<b>133,371</b>	<b>81.7</b>	<b>136,639</b>	<b>79.5</b>	<b>8,076</b>	<b>3,267</b>
Capital stock	10,519	6.6	10,519	6.4	10,519	6.1	0	0
Capital surplus	18,966	12.0	18,415	11.3	18,415	10.7	-551	0
Retained earnings	90,733	57.3	89,128	54.6	93,092	54.2	2,358	3,964
Valuation difference on available-for-sale securities	13,690	8.6	15,537	9.5	14,840	8.6	1,150	-696
Treasury shares	-5,346	-3.4	-227	-0.1	-227	-0.1	5,118	0
<b>Total liabilities and net assets□</b>	<b>158,362</b>	<b>100.0</b>	<b>163,210</b>	<b>100.0</b>	<b>171,907</b>	<b>100.0</b>	<b>13,544</b>	<b>8,696</b>

# Summary of Cash Flow Statement

(Million yen)	March 2021	March 2022	Major reasons for increase or decrease
Cash flows from operating activities	11,918	<b>16,053</b>	<b>Profit before income taxes</b> <b>17,094</b> <hr/> <b>Depreciation</b> <b>405</b> <hr/> <b>Increase in trade receivables</b> <b>-1,239</b> <hr/> <b>Increase in unearned revenue</b> <b>3,994</b> <hr/> <b>Income taxes paid</b> <b>-5,268</b> <hr/> <b>Other</b> <b>1,067</b>
Cash flows from investing activities	-753	<b>-803</b>	<b>Sale of investment securities, etc.</b> <b>14</b> <hr/> <b>Purchase of property, plant and equipment</b> <b>-357</b> <hr/> <b>Purchase of intangible assets</b> <b>-333</b> <hr/> <b>Other</b> <b>-127</b>
Cash flows from financing activities	-3,760	<b>-4,885</b>	<b>Dividends paid</b> <b>-4,885</b>
Increase in cash and cash equivalents	7,404	<b>10,364</b>	
Cash and cash equivalents at beginning of period	106,690	<b>114,095</b>	
Cash and cash equivalents at end of period	114,095	<b>124,459</b>	



## 2. Key Indicators for the Fourth Quarter of the Fiscal Year Ending March 31, 2022



# Key Indicators

## Customer satisfaction survey<sup>※1</sup>



Nikkei Computer, September 2, 2021 issue  
Customer satisfaction survey 2021 to 2022

**1st place in ERP category**

## Contract retention rate<sup>※4</sup>

**99.4%**

## Recurring revenue rate<sup>※2</sup>

**63.9%**

## ARR<sup>※5</sup>

**23.8 billion yen**

## Number of systems in operation<sup>※3</sup>

**267 thousand systems**

## ARPU<sup>※6</sup>

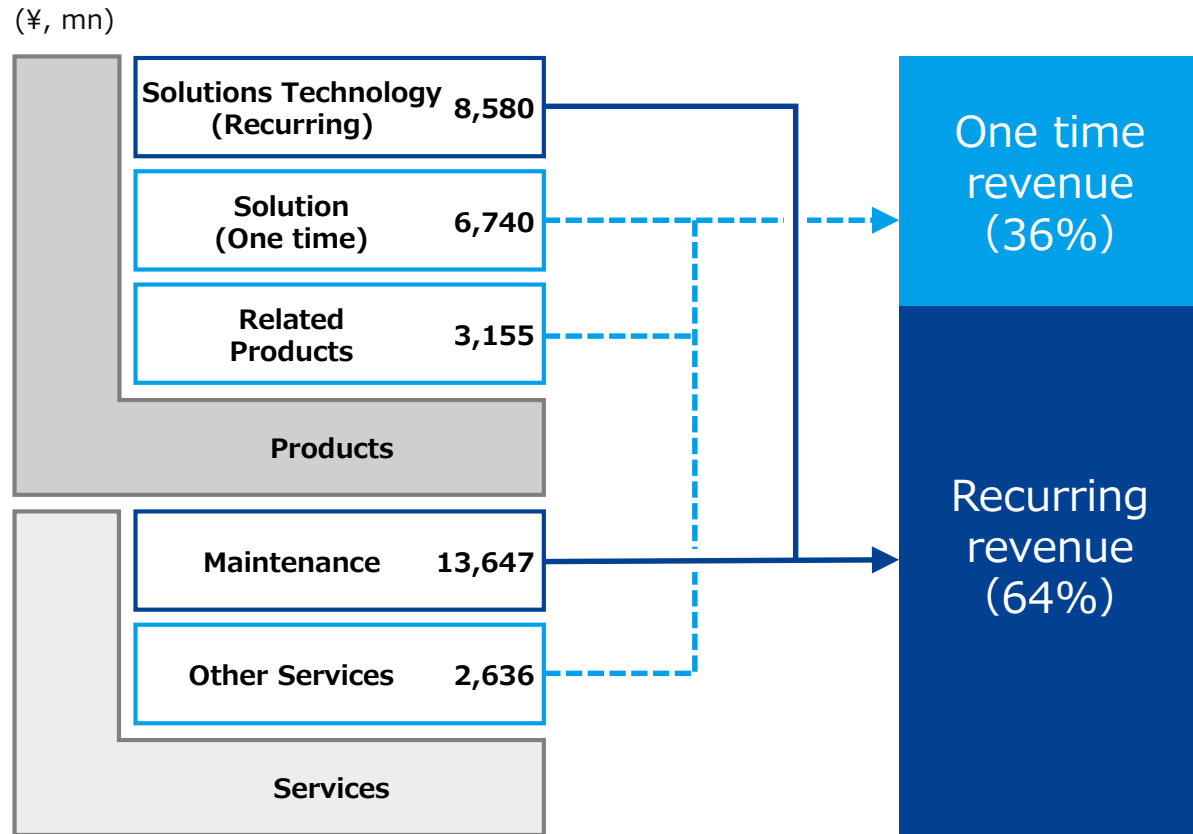
**321 thousand yen**

※1 : Achieved the No.1 ranking in "ERP Software" for the "Nikkei Computer Customer Satisfaction Survey 2021-2022" ※2 : As of March 31, 2022. Ratio of recurring revenue is calculated as recurring revenue divided by net sales. Recurring revenue is defined as the sum of sales from our software (consisting mainly of cloud-based software) and services (consisting mainly of OMSS) that is recognized over an applicable subscription period. This information is calculated on a management accounting basis ※3 : Systems delivered with one or more licenses as a unit are counted as one system. As of March, 2022 ※4 : As of December 31, 2021. Rate of contract renewals is calculated as one minus the cumulative monthly churn rate for our cloud-based software and services during the year, with churn rate calculated as the total revenue amount for canceled contracts during an applicable month divided by ARR for the previous month. Annual Recurring Revenue, or ARR, is calculated by multiplying monthly recurring revenue for the last month of the relevant period by 12. Monthly recurring revenue is the sum of sales from our Solutions Technology software (consisting mainly of cloud-based software) and Services (consisting mainly of OMSS) that are recognized over the applicable month. This information is calculated on a management accounting basis ※5 : Annual Recurring Revenue, or ARR, is calculated by multiplying monthly recurring revenue for the last month of the relevant period by 12. Monthly recurring revenue is the sum of sales from our Solutions Technology software (consisting mainly of cloud-based software) and Services (consisting mainly of OMSS) that are recognized over the applicable month. This information is calculated on a management accounting basis. ※6 : Average Revenue Per User, or ARPU, is calculated by multiplying the total monthly usage fees for cloud-based software offerings per month by 12, as of March 2022.

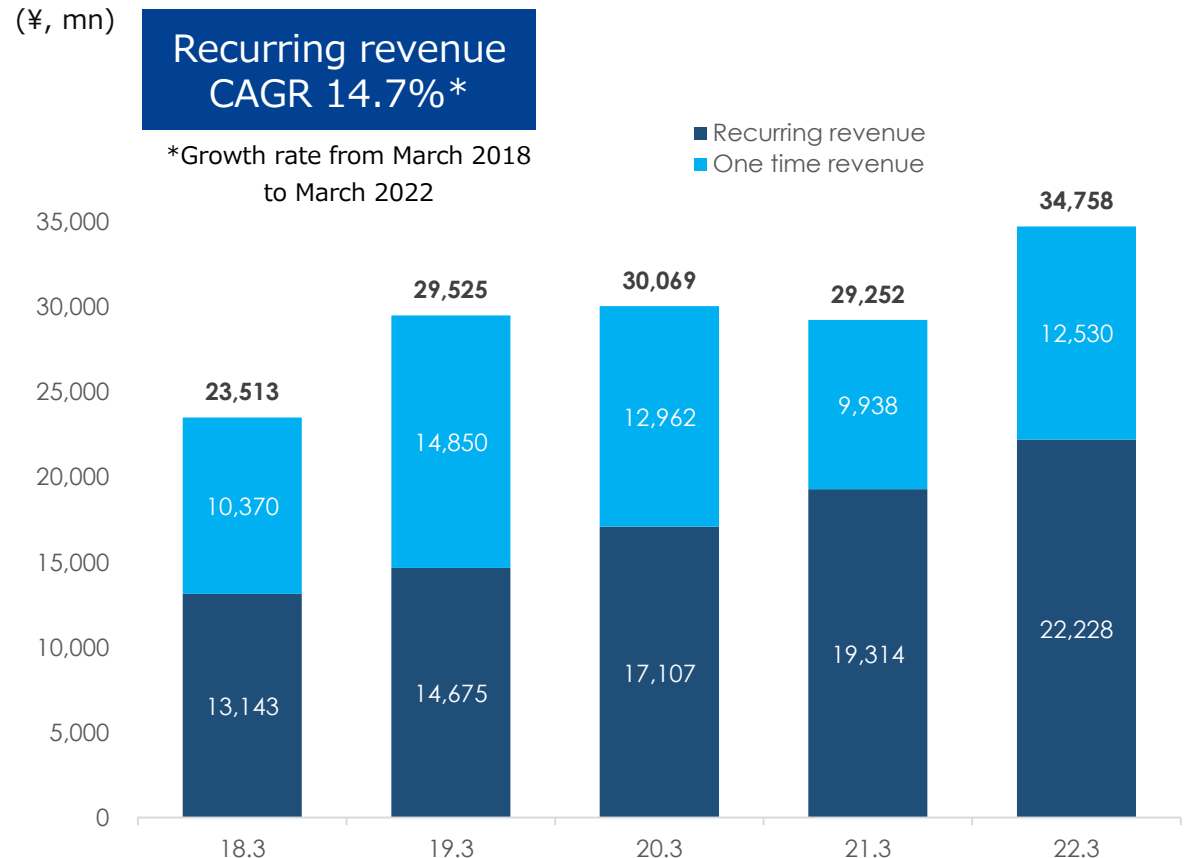
# Recurring Revenue

Recurring revenue<sup>1</sup> accounts for 64% of profit, showing high stability

Sales composition ratio for the year ended March 31, 2022



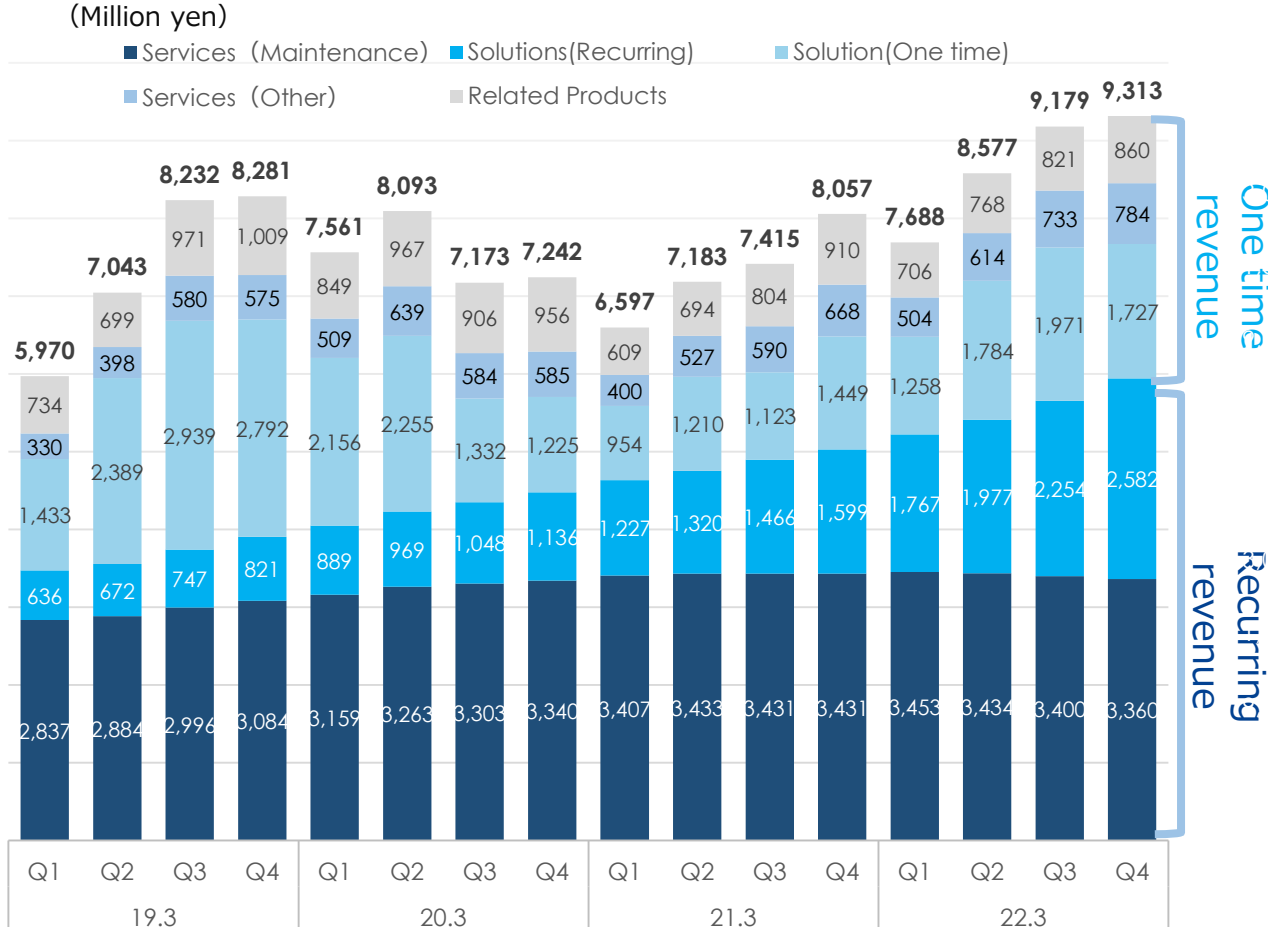
Steady growth in recurring revenue



※1 : Recurring revenue is defined as the sum of sales from our software (consisting mainly of cloud-based software) and services (consisting mainly of OMSS) that is recognized over an applicable subscription period. This information is calculated on a management accounting basis. Rounded to the nearest million yen.

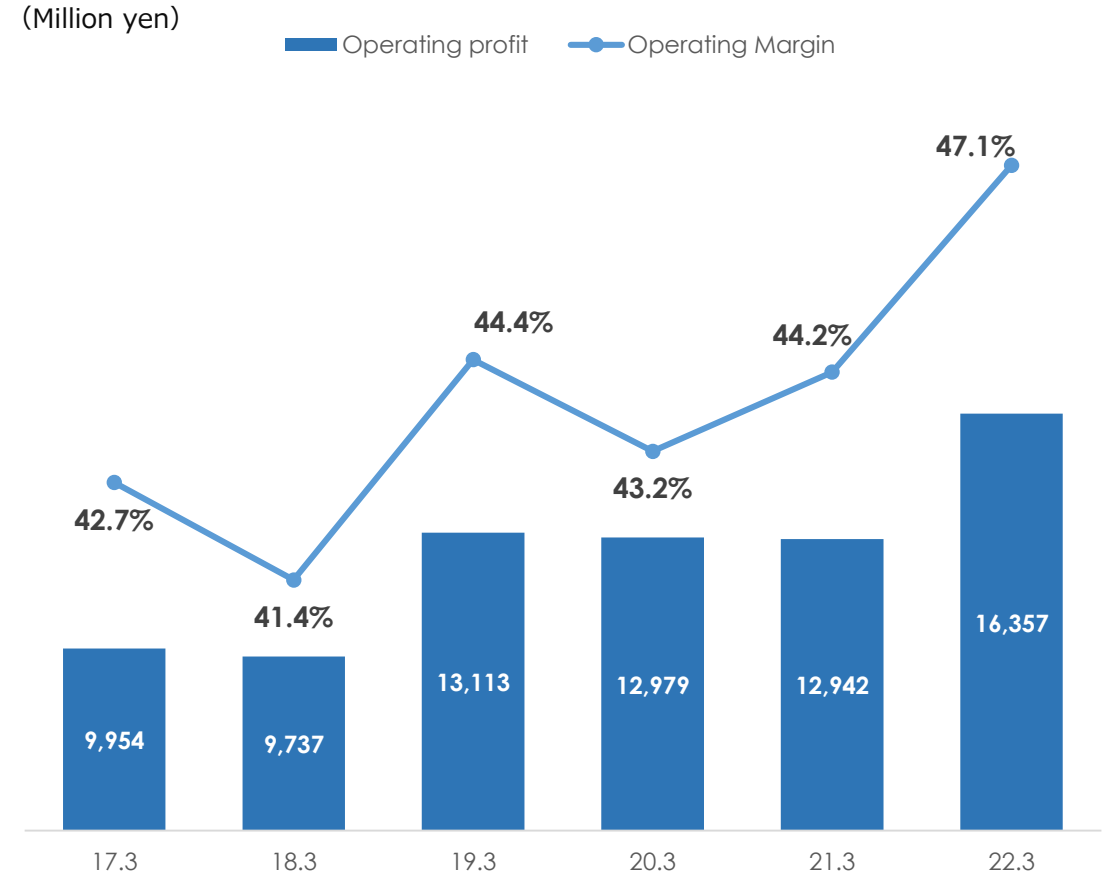
# Changes in Net Sales and Operating Profit

## Changes in net sales by business segment※1 (Quarterly basis)



※1: Rounded to the nearest million yen.

## Changes in operating profit and operating margin※2



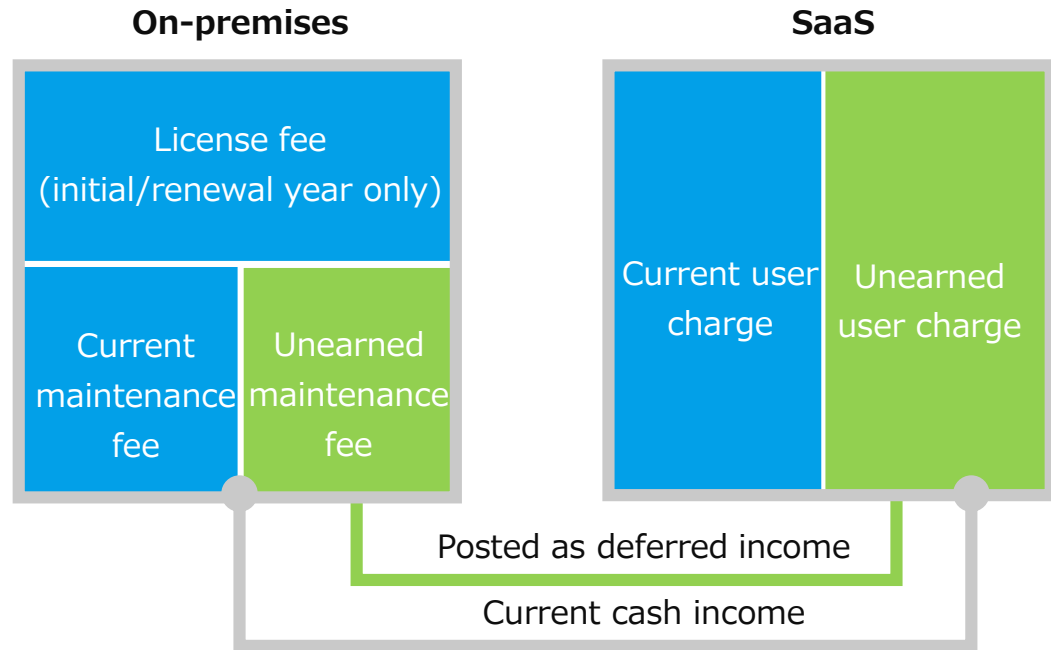
※2: Operating margin = Operating profit / Net sales



# Link between Recurring Revenue and Unearned Revenue

Increasing deferred income improves our ability to accurately predict future prospects

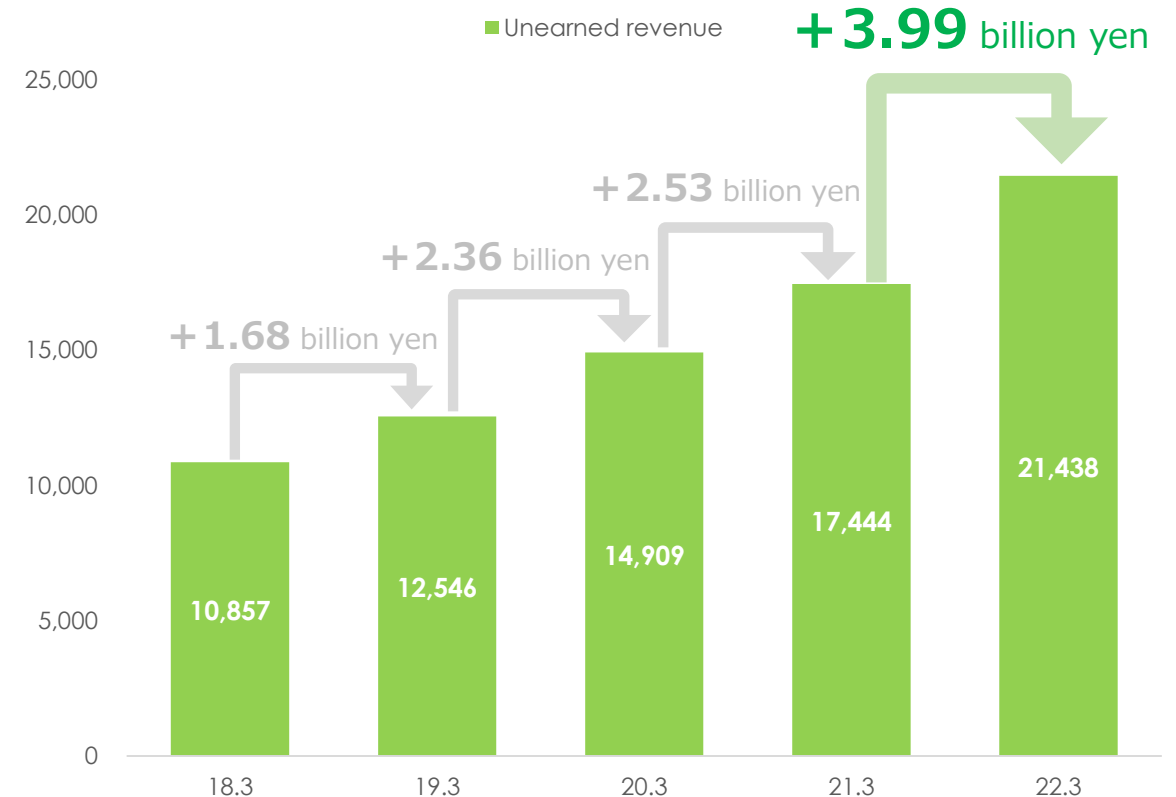
Earnings structure of on-premises and cloud



Single payment of license fees,  
annual payment of maintenance/SaaS fees

Changes in unearned revenue balance

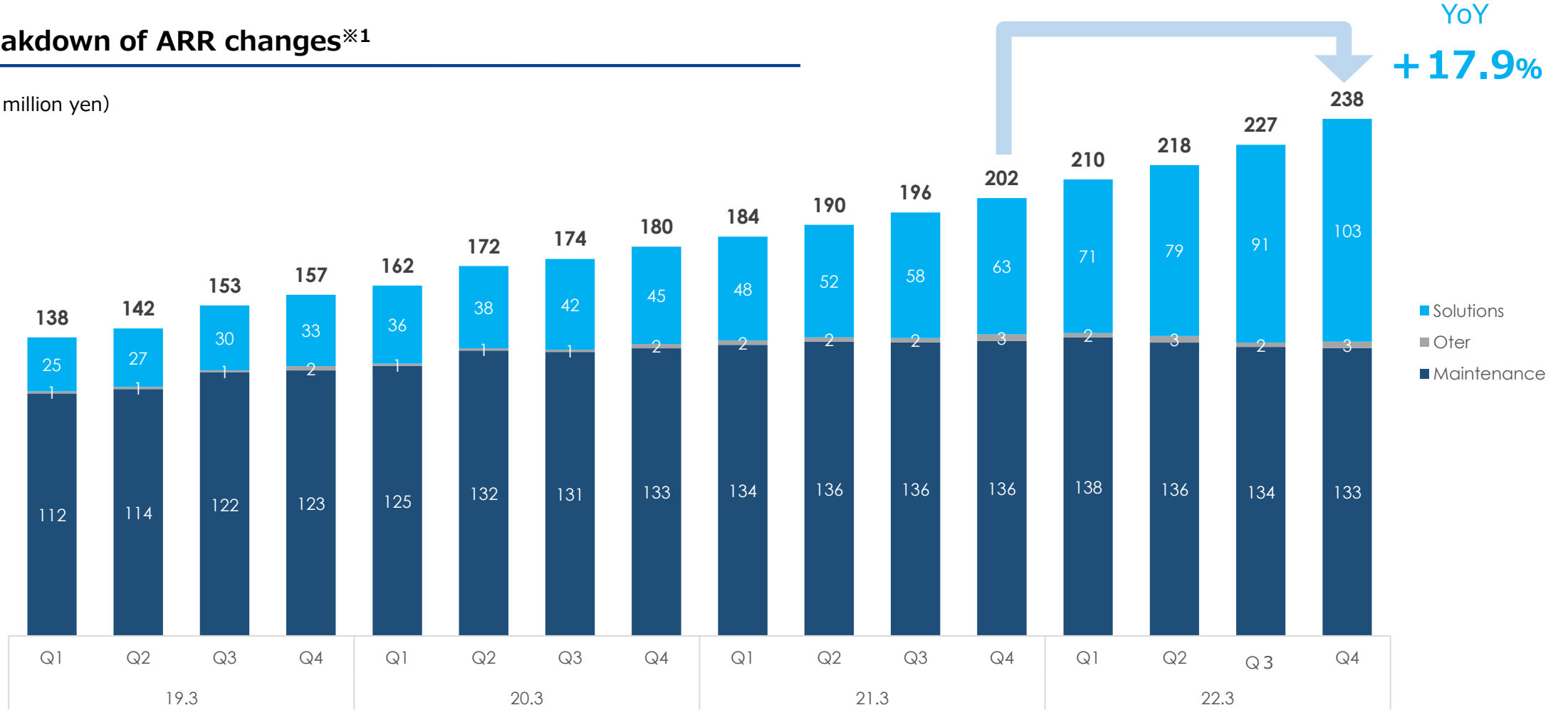
(¥, mn)



# Changes in ARR

## Breakdown of ARR changes<sup>※1</sup>

(100 million yen)



※1 : Annual Recurring Revenue, or ARR, is calculated by multiplying monthly recurring revenue for the last month of the relevant period by 12. Monthly recurring revenue is the sum of sales from our Solutions Technology software (consisting mainly of cloud-based software) and Services (consisting mainly of OMSS) that are recognized over the applicable month. This information is calculated on a management accounting basis. Rounded to the nearest 100 million yen.

# Track Record of Cloud Revenue

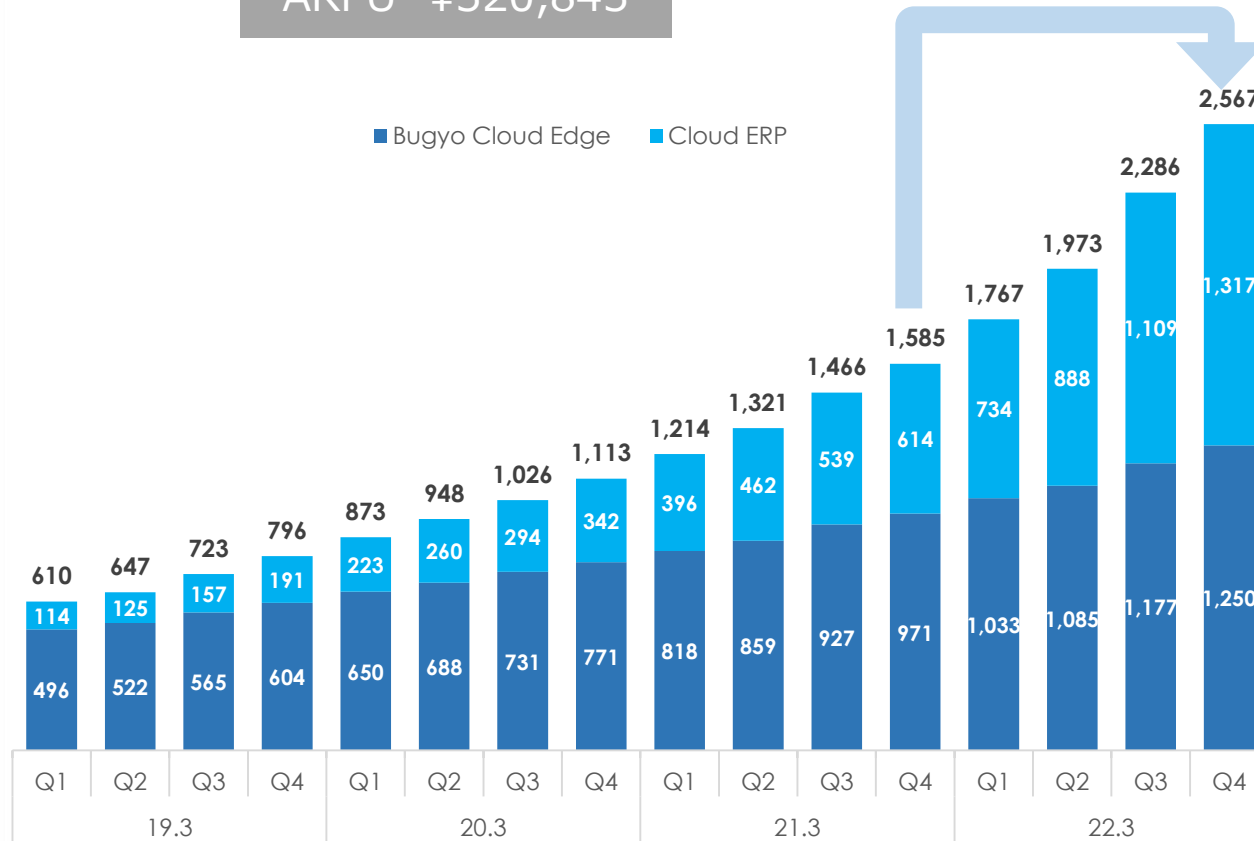
## Track record of cloud revenue for each quarter

(¥, mn) <sup>4</sup>

ARPU<sup>1</sup> ¥320,843

YoY +62.0%

■ Bugyo Cloud Edge ■ Cloud ERP



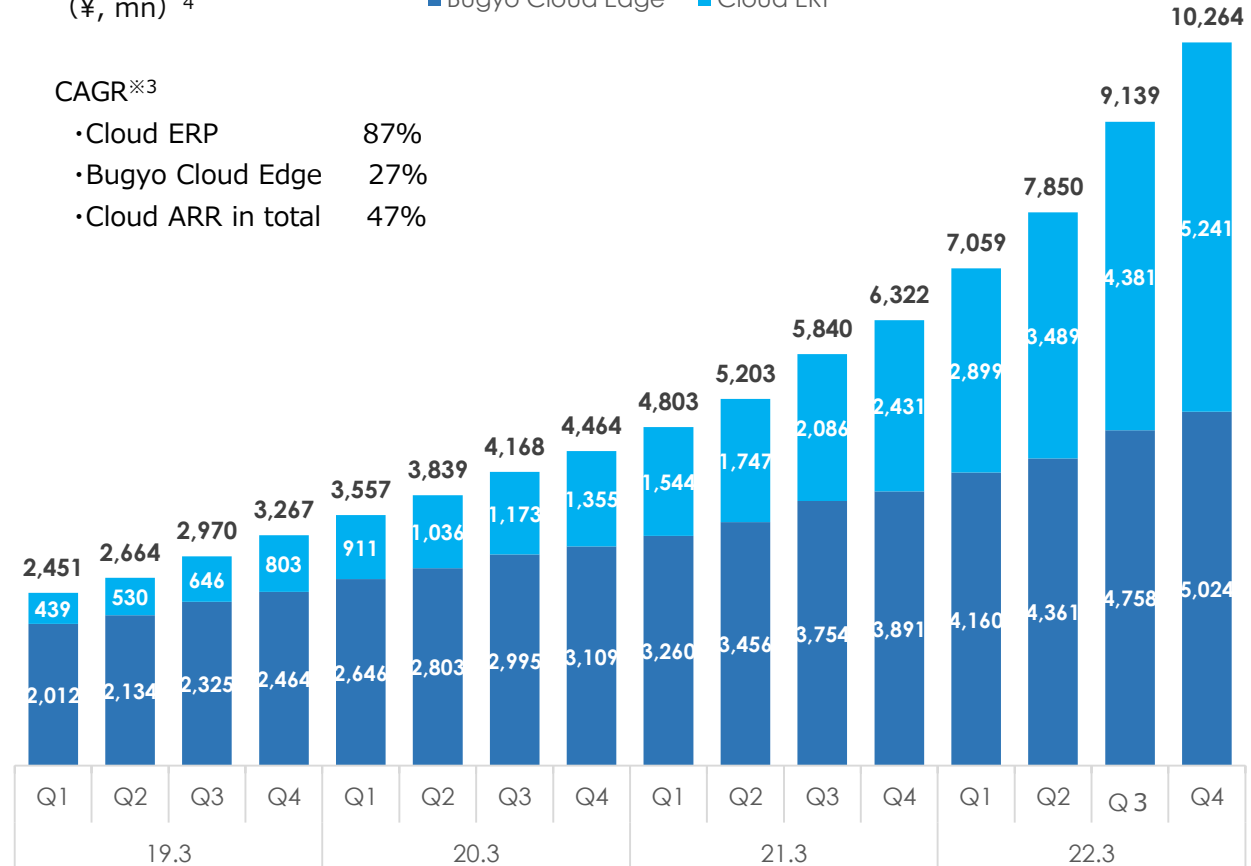
## Track record of cloud ARR<sup>2</sup>

(¥, mn) <sup>4</sup>

■ Bugyo Cloud Edge ■ Cloud ERP

CAGR<sup>※3</sup>

- Cloud ERP 87%
- Bugyo Cloud Edge 27%
- Cloud ARR in total 47%



※1: Average Revenue Per User, or ARPU, is calculated by multiplying the total monthly usage fees for cloud-based software offerings per month by 12, as of March 2022. ※2: Cloud Annual Recurring Revenue, or Cloud ARR, is calculated by multiplying monthly recurring revenue from our cloud-based software for the last month of the relevant period by 12. This information is calculated on a management accounting basis.

※3: Growth rate from March 31, 2019 to March 31, 2022 ※4: Rounded to the nearest million yen.

### 3. Business Plan for the Fiscal Year Ended March 31, 2022





# Plan Assumptions

## Net sales

**Up 6.5% year-on-year 37 billion yen**

**(Reference: Actual results for the previous fiscal year)**

(Million yen)	First-half result	Second-half plan	Full-year plan
Solutions	8,740	9,837	18,577
Related products	1,255	1,645	2,900
Services	7,742	7,781	15,523
Total	17,737	19,263	37,000

First half	Second half	Full year
6,786	8,533	15,319
1,473	1,681	3,154
8,005	8,277	16,283
16,265	18,492	34,757

## Operating profit

**Up 3.4% year-on-year 16.9 billion yen**

- ◆ In terms of SG&A expenses, personnel expenses are expected to increase because 66 new employees have been hired. Advertising and promotion expenses are also expected to increase.

## Ordinary profit

**Up 3.2% year-on-year 17.7 billion yen**

- ◆ Expectation of receiving 800 million yen in dividend income from listed REITs in the full year.

## Profit

**Up 4.1% year-on-year 12.2 billion yen**

# Full-Year Business Plan for the Fiscal Year Ending March 31, 2023

(Million yen)	FY ended Mar. 2022		FY ending Mar. 2023 (Plan)			
		Percentage of net sales (%)		Percentage of net sales (%)	Increase/Decrease	YoY change (%)
Net sales	34,757	100.0	<b>37,000</b>	<b>100.0</b>	<b>2,242</b>	<b>6.5</b>
Gross profit	29,146	83.9	<b>30,900</b>	<b>83.5</b>	<b>1,753</b>	<b>6.0</b>
SG&A expenses	12,788	36.8	<b>13,990</b>	<b>37.8</b>	<b>1,201</b>	<b>9.4</b>
Operating profit	16,357	47.1	<b>16,910</b>	<b>45.7</b>	<b>552</b>	<b>3.4</b>
Non-operating income and expenses	799	2.3	<b>800</b>	<b>2.2</b>	<b>0</b>	<b>0.1</b>
Ordinary profit	17,157	49.4	<b>17,710</b>	<b>47.9</b>	<b>552</b>	<b>3.2</b>
Profit	11,811	34.0	<b>12,290</b>	<b>33.2</b>	<b>478</b>	<b>4.1</b>

Effective corporate tax rate for the fiscal year ending March 2023: 30.6%

# Net Sales by Segment

## Net sales by product (plan)

(Million yen)	FY ended Mar. 2022		Plan for FY ending Mar. 2023			
		Percentage of net sales (%)	Percentage of net sales (%)	Increase/Decrease	YoY change (%)	
Solutions	15,319	44.1	<b>18,577</b>	<b>50.2</b>	<b>3,257</b>	<b>21.3</b>
Related products	3,154	9.1	<b>2,900</b>	<b>7.8</b>	<b>- 254</b>	<b>-8.1</b>
Services	16,283	46.8	<b>15,523</b>	<b>42.0</b>	<b>- 760</b>	<b>-4.7</b>
Total	34,757	100.0	<b>37,000</b>	<b>100.0</b>	<b>2,242</b>	<b>6.5</b>

## Description of sales plan by product

### ■ Solutions

- ✓ Capture new demand due to the revised Electronic Bookkeeping Act and invoice system compliance
- ✓ Capturing DX demand through shift to paperless working and digitalization, etc.

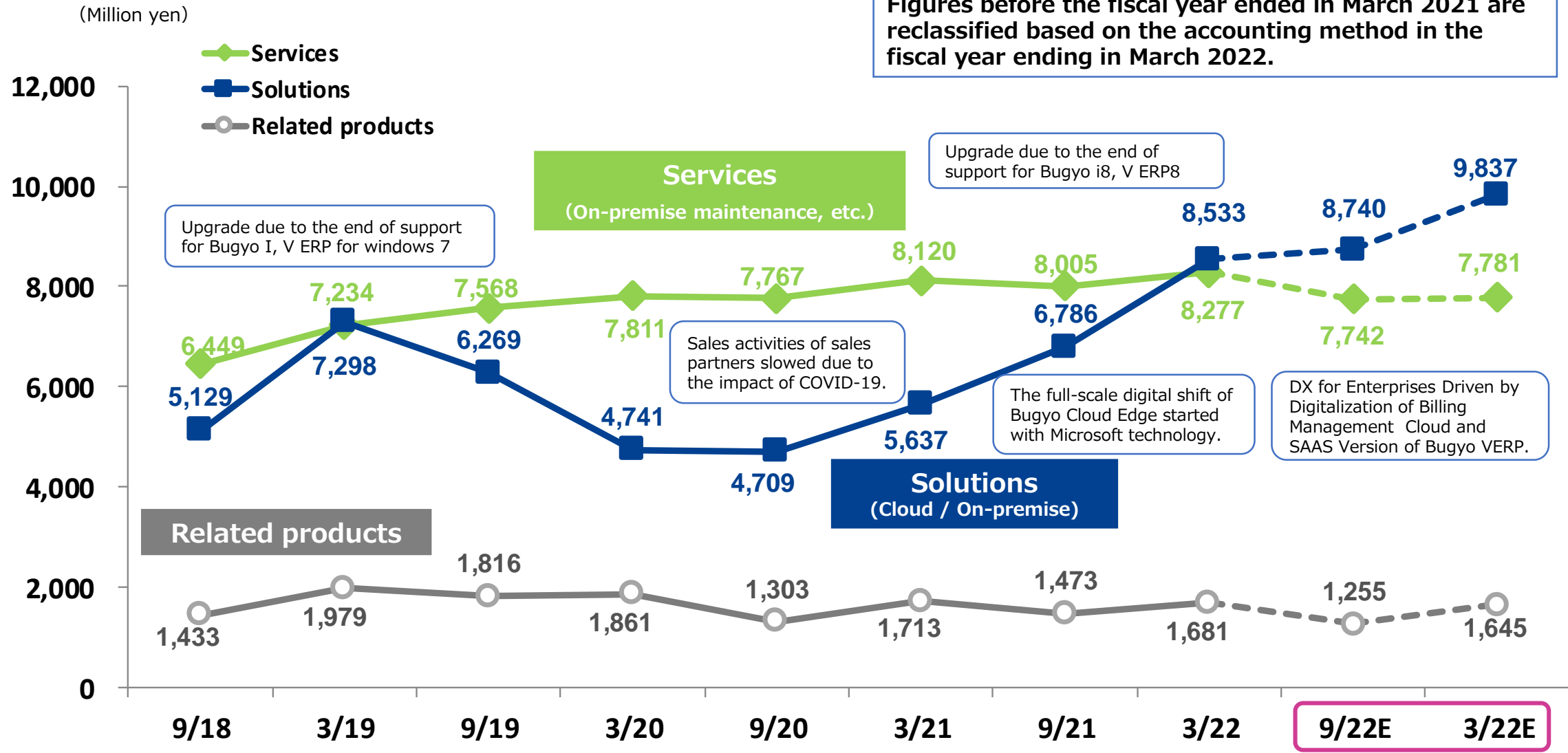
### ■ Related products

- ✓ Slight decrease in Oter companie's products linked with the Bugyo series due to the end of Bugyo 8 version upgrade

### ■ Services

- ✓ On-premise maintenance contract fees are slowly declining due to the shift to cloud.
- ✓ Guidance fee sales and Workshop sales declined slightly due to the completion of the Bugyo 8 version upgrade.

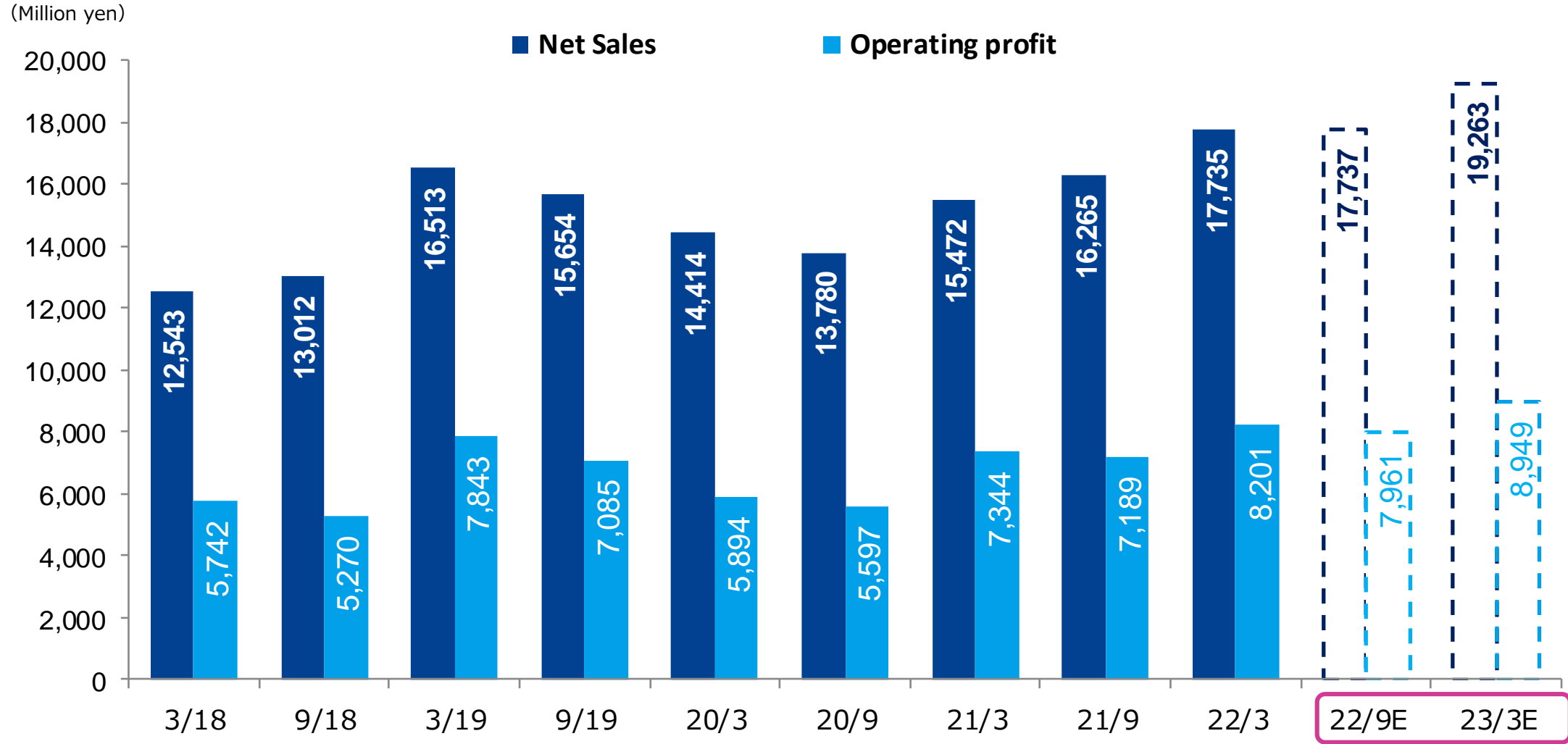
# Net Sales by Segment (Half-Year Basis)



Figures before the fiscal year ended in March 2021 are reclassified based on the accounting method in the fiscal year ending in March 2022.



# Changes in Financial Results (Semi-annual basis)



## 4. Business Strategy for the Fiscal Year Ending March 31, 2022



# Mission for Fiscal Year Ending March 31, 2023

## Mission for Fiscal Year Ending March 31, 2023 “Subscription Conversion of All Services”

Changes in environment in post-corona era and other factors

Digitalization, paperless working, productivity improvement, emerging DX demand

Revised Electronic Book Storage Act Invoice system

IT introduction subsidies

**Robust progress in subscription conversion taking advantage of environmental changes  
High value-added DX**

### 3 key measures to facilitate subscription conversion and DX

01

Response to demand from revisions of DX related acts

02

DX-Suite  
VERP SaaS Model

03

Sales strategy


# Response to Revised Electronic Book Storage Act

Possible to take actions that meet customers' needs  
Facilitate subscription conversion of new and existing customers through stronger presentation of accounting DX model

**Basic model**

Support fundamental systems covering the revised Electronic Book Storage Act

Store all vouchers received through electronic transactions in accordance with the system




**Kanjyo Bugyo Cloud**

- Voucher list
- Voucher input

**STEP 1** Accounting standard model

Digitalization of data collection by employees and at each location

Model collecting vouchers in the company centrally in the accounting department, enabling smooth performance of digital tasks.




**Kanjyo Bugyo Cloud**  
+ Voucher collection option

- Submission via smartphone
- Submission via PC
- Compliance with time stamps

**STEP 2** Accounting DX model

Digitalization of tasks from collection of vouchers such as invoices to payment

Model to achieve so-called "accounting DX," comprehensively digitalizing tasks from collection of vouchers such as invoices through to payment



**Kanjyo Bugyo Cloud**  
+ Voucher collection option  
+ Saimu Bugyo Cloud

Payment tasks

- Payment schedule, reconciliation, FB data creation

Accounting standard model/Digital voucher collection system

Accounting DX model/Digital voucher collection system + Digitalization of payment tasks

AI-OCR option

[Possible to add to each level] Automation of input tasks using AI-OCR



# Response to Invoice System

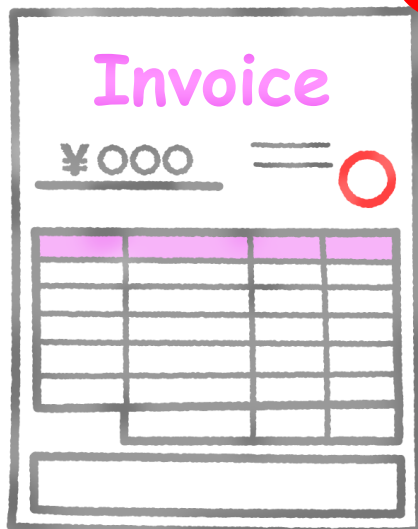
Obtain business based on replacement requirements of new customers, facilitate DX by cross-selling among existing customers

## Basic response

### Systems for core businesses

Items required to be additionally stated using invoice system

- Registration number
  - Consumption tax amount for each tax rate
- Establishing rules for rounding consumption tax amount for each tax rate



Necessary to revise sales management system



Sending PDF

### Systems for peripheral tasks



By linking billing data with various sales management systems, including Akinai Bugyo, invoices can be delivered to suppliers as PDF data

Plan to launch services supporting Peppol, a standard for electronic invoices  
Possible to automate tasks from data input to payment by responding to electronic invoices

Electronic Invoice

# DX-Suite Conversion Strategy and VERP SaaS Model

1

Suite conversion (integration of necessary products = Increase in the number of systems used by customers)

2

DX proposition = high added value

3

Obtain superior new customers = differentiate OBC from competitors

Management capability improvement

## HR DXSuite

Achieve complete paperless operation for personnel and labor relations tasks and realize DX for working practices



## Accounting DXSuite

Achieve DX for accounting tasks including compliance with the revised Electronic Book Storage Act and invoice system



## Sales management DXSuite

Realize DX by sales management responding to invoice system + electronic invoices



## Bugyo VERP

Ready to launch VERP SaaS for mid-sized companies

- Expand functions of Bugyo Cloud to meet needs of mid-sized companies
- Supporting large-volume data
- Improved performance

\* Plan to launch in the second half of FY03/2023

# Sales Strategy

## IT introduction subsidies

### Features of IT introduction subsidies FY03/2023

- Total budget for programs to promote productivity revolution in SMEs: 320.1 billion yen

(120 billion yen in supplementary budget for FY03/2020 + 200.1 billion yen in supplementary budget for FY03/2022)

- **New reserve for introduction of digitalization foundation** in addition to existing ordinary reserve

**Aggressively and rapidly drive DX taking the future invoice system into account**

#### Supplementary budget for FY03/2022 (Reserve for introduction of digitalization foundation)

Type	Introduction of digitalization foundation			
Subsidy amount	IT tool		PC, other	Cash register, other
	500 thousand yen or less	Over 500 thousand yen up to 3.5 million yen	Up to 100 thousand yen	Up to 200 thousand yen
Support ratio	3/4	2/3	1/2	

**Convert existing customers to cloud computing using IT implementation subsidies**

Reference: Programs to support introduction of IT for productivity improvement in service and other sectors (IT introduction subsidies) Outline of supplementary budget for FY03/2022

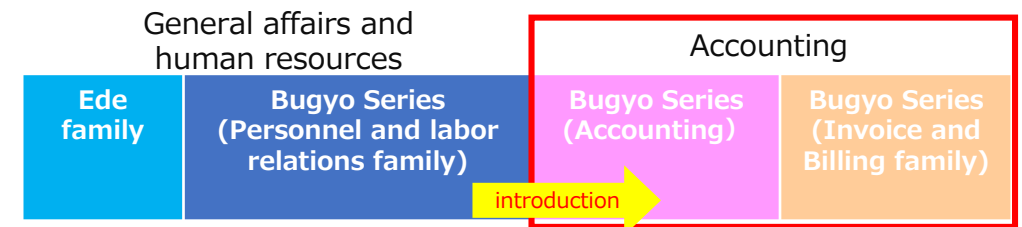
## Partner strategy

### Items to enhance partner strategy

- Better contact points between sales partners and their customers by providing seminars and contents regarding the revised Electronic Book Storage Act, invoice systems and paperless working
- Partner development using tech sales activities such as demonstration by online teams

## Increase transactions per customer

**Strengthen cross-selling (among existing customers and across sections) strategy and drive forward DX aiming to increase transactions per customer**





# Appendix





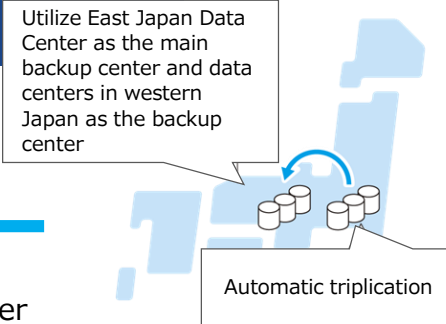
# Differentiation ①: Security and Worry-free with Native Development of Microsoft Cloud Technologies

## 1. World-class security

Disaster recovery measures can be realized only at Microsoft's domestic data centers.

- ✓ Compliant with the laws of Japan
- ✓ Contribute to business continuity planning and disaster recovery (BCP/DR\*) measures

※DR: Disaster Recovery



Guarantee monthly operating rate of 99.9%\*1

- ✓ Committed to monthly operation rate with SLA\*2 of Microsoft Azure

※1 Monthly operation rate of the Azure SQL Database adopted by Bugyo Cloud

※2 Service level agreement



Robust data protection through encryption



- Encryption of all data
- All communications are protected by SSL.

Secure Access through OBCiD



24 hours a day, 365 days a year operation monitoring fully prepared for threats



- Conducting periodic vulnerability assessments
- Installation of WAF (Web Application Firewall)

- Password policy setting
- Single sign-on to multiple products

Operates in 140 countries worldwide in compliance with international standards

Microsoft Azure is used by more than 20 million companies in 140 countries and meets international industry-specific compliance standards such as ISO 27001, HIPAA, FedRAMP, SOC1 and SOC2.



## Obtained international certification SOC1 and SOC2 reports

Bugyo Cloud has obtained the SOC1 Type2 report for internal control over financial reporting and the SOC2 Type2 report for internal control over security.

## 2. Ensuring data reliability

Data reliability is of utmost importance. By adopting the cloud platform, SQL database and cloud development environment (PaaS) provided by Microsoft Azure, we ensure continuous data reliability.

## 3. Reaping the benefits of R&D investment

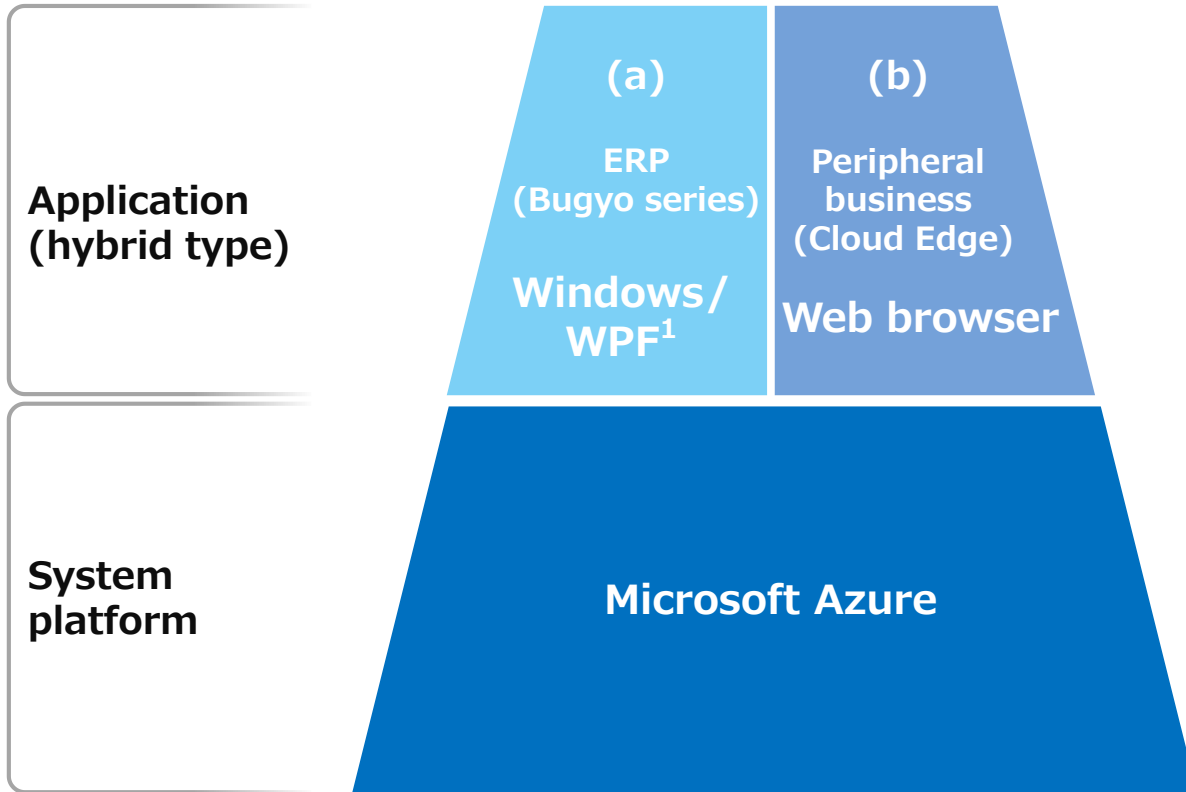
Bugyo Cloud and Bugyo Cloud Edge products automatically benefit from the hundreds of billions of dollars in research and development that Microsoft invests every year.

## 4. Ease of using Windows applications

The user interface is designed with Windows applications in mind and provides functionality and operability that is as precise as or more precise than on-premise.

# Differentiation ② Implement Native Cloud Development Using Open Web Applications Based on Microsoft Azure

## System architecture of OBC products



## Features of OBC systems

<b>Higher quality</b>	Responding to high-level operations Functionality, speed, and operability
<b>Anytime, anywhere</b>	Responding to the diversity of work environments Telework Responding to a variety of work styles
<b>Connect/spread</b>	Realizing the digitization of business operations Automatic data integration API Economy
<b>Professional license</b>	Professional support Provide dedicated licenses as standard offering

※1: WPF: Microsoft Windows Presentation Foundation

# Differentiation ③

## Target Customers and Market Characteristics

	Customer size	Key players <sup>2</sup>	Key sales routes	Market needs
Employees 1,000	< 10,000 offices <sup>1</sup>	<ul style="list-style-type: none"> <li>Global ERP</li> <li>ERP for large-sized Japanese corporations</li> </ul>	<ul style="list-style-type: none"> <li>Major system integrators</li> <li>Direct sale from vendors</li> </ul>	<ul style="list-style-type: none"> <li>Multifunctionality</li> <li>Customizability</li> </ul>
	<p><b>OBC's focus area</b></p> <p>Bugyo VERP Bugyo Cloud Bugyo i Series</p> <p>c. 550,000 offices<sup>1</sup></p>	<ul style="list-style-type: none"> <li>ERP for mid-sized Japanese corporations</li> <li>Business applications for SMEs</li> </ul>	<ul style="list-style-type: none"> <li>Major/mid-sized/local system integrators</li> <li>System dealers</li> </ul>	<ul style="list-style-type: none"> <li>Ability to select functions</li> <li>Extensibility of functions</li> <li>Connectivity with other systems</li> </ul>
20	Bugyo Cloud iE/Bugyo J > 4,750,000 offices <sup>1</sup>	<ul style="list-style-type: none"> <li>Cloud SaaS ERP</li> <li>Applications / tax returns for small businesses and sole proprietorships</li> </ul>	<ul style="list-style-type: none"> <li>Online sales</li> <li>Tax/financial accountant offices</li> <li>Local financial institutions</li> </ul>	<ul style="list-style-type: none"> <li>Basic functions</li> <li>Ease of implementation</li> </ul>

Note: The sizes of the above rectangles have no relation to market size

※1 : Partial estimates from MIC and METI's "2016 Economic Census for Business Activity"

※2 : Fuji Chimera Research Institute categorizations

# Differentiation ④

## Strong Partner Ecosystem with Three Partner Programs



Note: Figures are as of March 2022

※1: Achieved the No.1 ranking in "Partner satisfaction survey 2022 ERP software/services division in the Nikkei Computer 2022/02/17"





OBIC BUSINESS CONSULTANTS CO.,LTD.