

Financial Results Briefing for FY2021

Uchida Yoko Co., Ltd. (8057)

1. Outline of Financial Results for FY2021
(Period July 21, 2021 – July 20, 2022)
2. Outlook for Full Period of FY2022
3. Aims and Direction of 16th Midterm Management Plan

1. OUTLINE OF FINANCIAL RESULTS FOR FY2021 (PERIOD: JULY 21, 2021 – JULY 20, 2022)

Consolidated Business Results for FY2021

(Unit: Million yen)

	FY2020	FY2021	Increase / Decrease	
Sales	291,035	221,856	(69,179)	(-23.8%)
Gross Profit	46,556	42,648	(3,908)	(-8.4%)
SG & A	36,192	34,758	(1,434)	(-4.0%)
Operating Income	10,363	7,890	(2,473)	(-23.9%)
Ordinary Income	11,018	7,843	(3,175)	(-28.8%)
Current Net Income	6,160	4,477	(1,683)	(-27.3%)

Consolidated Business Results for FY2021

- 1) From commencement of plan, YoY decline in income and profit forecast
- 2) Upward revision for Q3 and Q4

Factors behind YoY Significant Decline in Income and Profit

Super-large budget associated with previous FY's "GIGA School Initiative" has ended

Sales: Approx. 90 billion yen
Operating Income: Approx. 6 billion yen
Number of devices introduced: 1.33 million units
 Most devices have been deployed. Additional demand and peripheral demand will grow.

Due to Covid-related revisions following amendments to refutation measures, work to complete deployment of half of the school wireless network and two-thirds of the devices needed for each student to have an individual device will be fully subsidized by the government, with a total exceeding 600 billion yen. Indeed, there are many local governments with special Covid funds that will be interested in the remaining one-third of devices.

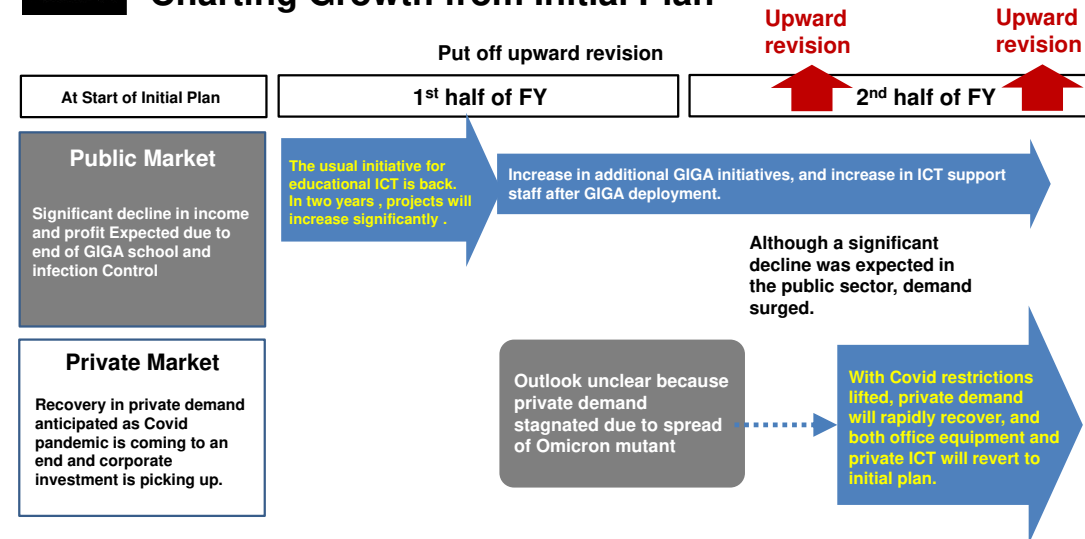
Investing in the devices will be a huge asset for the advancement of DX in Japan.
The proven track record that we have in responding as a group - accumulating know-how in the group and working together - will propel us forward in this endeavor.

Concept of Initial Profit Plan (Operating Income)

In response to the significant decrease in GIGA school, our profit plan foresees a recovery in private demand and new demand in education.

Government and Education Related Business	GIGA School Initiative ended: -6 billion yen Other issues include decrease in infection control : -1 billion yen New demand: +1.3 billion yen	YoY comparison -5.7 billion yen
Office Related Business	Office furniture recovery due to economic recovery from Covid : + 0.7 billion yen Overseas market printing equipment, etc. recovery: +0.3 billion yen	YoY comparison +1 billion yen
Information Related Business	large companies have calmed down Delayed recovery from Covid in local markets, etc.: -0.4 billion yen	YoY comparison -0.4 billion yen

Charting Growth from Initial Plan



Transition of Announced Figures from Initial Plan for FY2021

(Unit: Million yen)

	FY2020	FY2021 Initial Plan	FY2021 Q3 Revisions	FY2021 Performance
Sales	291,035	210,000	220,000	221,856
YoY	145.3%	72.2%	75.6%	76.2%
Operating Income	10,363	5,300	6,300	7,890
YoY	143.1%	51.1%	60.8%	76.1%

Additional GIGA school initiatives as of Q2. Increase in usual educational ICT projects, and expansion of public segment. Private market has stagnated due to Covid pandemic.

Private demand recovering rapidly as Covid subsidies, and office and information segments also returning to projections in initial plan.

Progress by Segment for FY2021 (Compared to Plan)

Results exceeded expectations in all segments (Unit: Million yen)

Upper: Sales Middle: Operating Income Lower: YoY change in operating income	FY2020	Initial plan for FY2021	FY2021	Variance from initial plan
Government and Education Related Business	156,718 7,976	70,500 2,300 (5,676)	74,747 4,284 (3,692)	+4,247 +1,984
Office Related Business	46,345 (626)	49,000 400 +1,025	48,394 489 +1,116	(605) +89
Information Related Business	86,959 2,607	89,450 2,200 (407)	97,687 2,608 +0	+8,237 +408

Segment Performance – Government and Education Solutions –

	FY2020	FY2021		
Government and Education Related Business	156,718 7,976	74,747 4,284	(81,971) (3,692)	(-52.3%) (-46.3%)

Upper: Sales/Lower: Operating Income

- Decrease in large-scale demand seen in previous year for GIGA school
- Tapering of special demand associated with Covid measures at schools

- Acquire additional demand for GIGA school
- Generate human resource business such as ICT support staff
- Develop complex educational ICT projects that are competitive
- Provide a tablet for each high school student
- Win commissions for large-scale demonstration projects by the Ministry of Education, Culture, Sports, Science and Technology

Segment Performance – Office Solutions –

Unit: Million yen

Upper: Sales/Lower: Operating Income

	FY2020	FY2021		
Office Related Business	46,345 (626)	48,394 489	+2,048 +1,116	(+4.4%) (-)

- Increase in large-scale renewal projects as more and more companies in Tokyo metropolitan area adopt hybrid workstyle (commuting & telecommuting)
- Sales of craft markers and printing-related digital finishers have recovered in overseas markets.

Segment Performance – Information Systems –

Sales increase mainly in software licenses, but profits remain flat

	FY2020	FY2021	Unit: Million yen Upper: Sales/Lower: Operating Income	
Information Related Business	86,959	97,687	+10,727	(+12.3%)
	2,607	2,608	+0	(+0.0%)

□ Acquisition of large-scale projects and additional sales expanded in software licensing business for major companies, including overseas corporations.

□ Increase in network-related business due to office renovations.

■ Local economies continued to stagnate due to spread of Omicron, but core business system negotiations for mid-sized SMEs are in the process of recovery.

Segment Performance – Other Business Fields –

Dispatching of ICT support staff to schools and training for private companies went well

	FY2020	FY2021	Unit: Million yen Upper: Sales/Lower: Operating Income	
Other Business	1,011	1,027	+15	(+1.6%)
	321	404	+83	(+25.9%)

□ Dispatch of ICT support staff grew significantly after introduction of GIGA school initiative in education ICT business.

□ Group training for private companies increased, and DX training started to do well.

Trends by Matrix in Uchida Yoko Group (FY2021)

Super-large demand for GIGA school in public market has ended, but major companies in private market are bullish

	Private Sector	Public Sector
Environmental Construction	Private Market Document & ECO Solutions <ul style="list-style-type: none"> ● Document & ECO ● Digital finisher ● Hobby, craft & stationary products 	Educational Market Elementary & Middle Schools <ul style="list-style-type: none"> ● Scientific machines ● Special support ● Online shopping services for schools
	Private Market Offices <ul style="list-style-type: none"> ● Planning & development of office furniture ● Office space design, design & transfer service ● "Work style reformation" consulting service 	Educational, Public Market Schools, Public Facilities, etc. <ul style="list-style-type: none"> ● Equipment for schools & public facilities ● Government office installations (local and national) ● University-oriented consulting & creation of education environments
ICT	Private Market Global Corporations <ul style="list-style-type: none"> ● Network solutions ● Software licensing ● IT asset management ● Cloud management services 	Educational Market Board of Education for Primary/Secondary/Tertiary <ul style="list-style-type: none"> ● Educational ICT ● University ICT ● Education cloud services
	Private Market Medium-sized Enterprises <ul style="list-style-type: none"> ● Industry-specific solutions ● Industry-specific cloud services ● Industry-specific managed services 	Government Agencies & Municipalities Market Ministries, municipalities, libraries & welfare <ul style="list-style-type: none"> ● ICT solutions for government agencies & municipalities ● Welfare solutions ● ICT library solutions ● Public cloud services

Changes in Sales Composition for FY2021

In terms of composition ratio by business unit, ICT-related businesses account for 70% after GIGA school introduction, and environmental construction-related business is recovering

ICT-related Businesses

73.3%

YoY: 70%

Environment Construction Related Business

26.7%

YoY: 103%

	FY2019	FY2020	FY2021
ICT	70.4%	80.2%	73.3%
Environment	29.6%	19.8%	26.7%

Additional Demand for GIGA School

Additional purchases made in FY2021, and almost 100% of introduction completed for elementary students

Device Procurement Status

- Study Outline
 - Device provision status up to the end of March 2021 for elementary, junior high, compulsory education, secondary (masters programs) and special needs (elementary & junior high) schools (schedule at the end of February 2021)
 - Number of local authorities covered: 1,812
- Delivery Completion Period

Outlook is for 1,769 of all local authorities (97.6%) to receive equipment delivery completion within FY2020

Installed by FY2019	Delivery completion period	Delivery completed within the year (387 local authorities [21.4%])				Delivery within year (1,382 local authorities [75.0%])				Delivery after April
		Sept	Oct	Nov	Dec	Jan	Feb	Mar		
23 (1.3%)	29 (1.6%)	28 (1.5%)	56 (3.1%)	67 (3.7%)	207 (11.4%)	135 (7.5%)	364 (20.1%)	660 (47.5%)	43 (2.4%)	



- Additional devices for elementary students
 - Devices for teachers
- The above devices, which were not in the GIGA budget, will be provided additionally.

Source: Latest status of GIGA school initiative, Ministry of Education, Culture, Sports, Science and Technology (19 March 2021)

Device deployment completed at 97.6% of municipalities by the end of March 2021

GIGA-related Demand for Peripherals and ICT Support Staff

Acquire additional related demand based on performance in deploying 1.33 million devices

Increase in demand for peripheral devices needed to enable each student to have a device



"e-Whiteboard"

- e-Whiteboards, projectors, presentation devices
- Printers, etc.

ICT Support Staff Service

Some 1,000 support staff active nationwide



JSA-S1010 : 2021 Standards for ICT support service in schools

- Publisher: Japanese Standards Association
- Proposals/Cooperation: Uchida Human Resources Development Center



Issuing digital badges to differentiate quality

Return to Normalcy in Projects for Constructing Educational Environments

Profitability improving due to revival of complex projects that show our competitiveness

Revival of education ICT installations put on hold because of work on GIGA initiative (2 years worth)



Education ICT Installation

- Hardware
- Network
- Security
- PC classroom
- Integrated school affairs support system
- Support, etc.



Increase in complex projects mainly in Tokyo metropolitan area and other large cities

Shift to projects requiring a device for each student

Increase in Attractive Large-scale Renewal Projects for Companies in Metropolitan Area

Spread of hybrid workstyles that combine commuting & telecommuting



Constructing flexible spaces that can be altered to suit a wide variety of work

Selecting optimum locales from the perspective of workers to create workplaces



In Q4, Covid infections eased off, and new demand increased due to more people commuting.

Uchida Esco has become a Wholly Owned Subsidiary

Announcement 3 December 2021

Tender offer period 6 December 2021 to 24 January 2022

Delisted on 27 May 2022 to become wholly owned subsidiary

Record of expenses associated with this

Financial Results

*Advance received in previous year (Unit: Million yen)

Item	Amount	Increase /Decrease
I. Current assets	95,091	(7,962)
Cash and deposits	28,844	(15,920)
Notes and accounts receivable - trade, and contract assets	46,603	+6,038
Inventory	14,926	+811
II. Non-current assets	30,411	+348
Property, plant and equipment	10,641	(35)
Intangible assets	3,065	+594
Investments and other assets	16,704	(210)
Total assets	125,503	(7,613)

Item	Amount	Increase /Decrease
I. Current liabilities	68,078	(3,176)
Trade payables	35,862	(774)
Accrued expenses	5,225	(568)
Accounts payable	8,162	+3,863
Income taxes payable	952	(2,269)
Accrued consumption taxes	255	(1,651)
Contract liability*	10,855	(933)
Provision for bonuses	2,709	(477)
II. Non-current liabilities	11,306	(350)
Total liabilities	79,384	(3,526)
Capital surplus	-	(3,297)
Retained earnings	39,007	+2,883
Valuation difference on available-for-sale securities	3,859	+657
Non-controlling interests	399	(4,523)
Total net assets	46,118	(4,087)
Total liabilities and net assets	125,503	(7,613)

Cash Flow

(Unit: Million yen)

Item	FY2021	FY2020	Increase / Decrease
I. Cash flows from operating activities	(5,414)	20,457	(25,871)
Profit before income taxes	7,965	10,976	(3,010)
Depreciation	1,823	2,317	(493)
Increase (decrease) in provision for product warranties	(640)	2,295	(2,935)
Decrease (increase) in trade receivables and contract assets	(5,922)	(4,212)	(1,709)
Decrease (increase) in inventories	(716)	2,042	(2,759)
Increase (decrease) in trade payables	(800)	2,204	(3,005)
Increase (decrease) in contract liabilities	(942)	6,009	(6,952)
Increase (decrease) in accrued consumption taxes	(1,651)	380	(2,032)
Income taxes paid	(4,332)	(3,335)	(996)
II. Cash flows from investing activities	(2,198)	(1,134)	(1,063)
Purchase of property, plant and equipment	(613)	(687)	+74
Purchase of intangible assets	(1,635)	(1,014)	(621)
Proceeds from sales of investment securities	241	85	+156
III. Cash flows from financing activities	(8,632)	(1,484)	(7,147)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	(6,760)	-	(6,760)
Dividends paid	(1,373)	(1,175)	(198)

Financial Position and Cash Flow (Supplement)

■ Sales C/F

Payment of GIGA-related debt in previous FY: -5.4 billion yen (+20.5 billion yen in previous FY)

■ Finance C/F

Cash out of 6.8 billion yen related to Uchida Esco TOB

■ B/S

Main YoY differences; Cash & deposits -15.9 billion yen, Non-controlling interests -4.5 billion yen, capital surplus -3.3 billion yen

There were fluctuations due to GIGA school ending and impact from Uchida Esco TOB, but business will return to normal as expected.

2. FULL-YEAR OUTLOOK OF FY2022

Consolidated Earning Forecast for FY2022

Sales will increase, but operating income will decrease due to increase in SG & A expenses associated with active investment

(Unit: Million yen)

	FY2021	FY2022	Fluctuation	
Sales	221,856	230,000	+8,143	(+3.7%)
Operating Income	7,890	6,400	(1,490)	(-18.9%)
Attributable to parent company shareholders Current Net Income	4,477	4,550	+72	(+1.6%)

Increase in SG & A Expenses due to Aggressive Investment

Investment for new demand, such as major private ICT, after end of GIGA school

- About 300 million yen increase in depreciation expenses for in-house core system investment
- About 700 million yen for marketing activities to boost contact points with customers
- About 500 million yen strategic expenses for the future (R&D, investment in human resources, etc.)

Etc.

SG & A expenses increase (actual expenses in previous year) is expected to be about +2 billion yen

Plan by Segments for FY7/2023

The private sector market is expected to recover, and both information and office demand are expected to grow. Public-related sales will decline YoY due to a decrease in additional demand for GIGA, but will increase significantly compared to the previous level in 2019.

(Unit: Million yen)

Upper: Sales Lower: Operating Income	FY2018	FY2019	FY2020	FY2021	FY2022 Plan	Fluctuation
Government and Education Related Business	57,536 1,362	75,987 4,626	156,718 7,976	74,747 4,284	72,000 3,000	(2,747) (1,284)
Office Related Business	47,944 2	49,094 153	46,345 (626)	48,394 489	52,000 550	+3,605 +60
Information Related Business	58,074 2,240	74,423 2,298	86,959 2,607	97,687 2,608	105,000 2,800	+7,312 +191

3. 16TH MIDTERM MANAGEMENT PLAN (FY2021 TO FY2023)

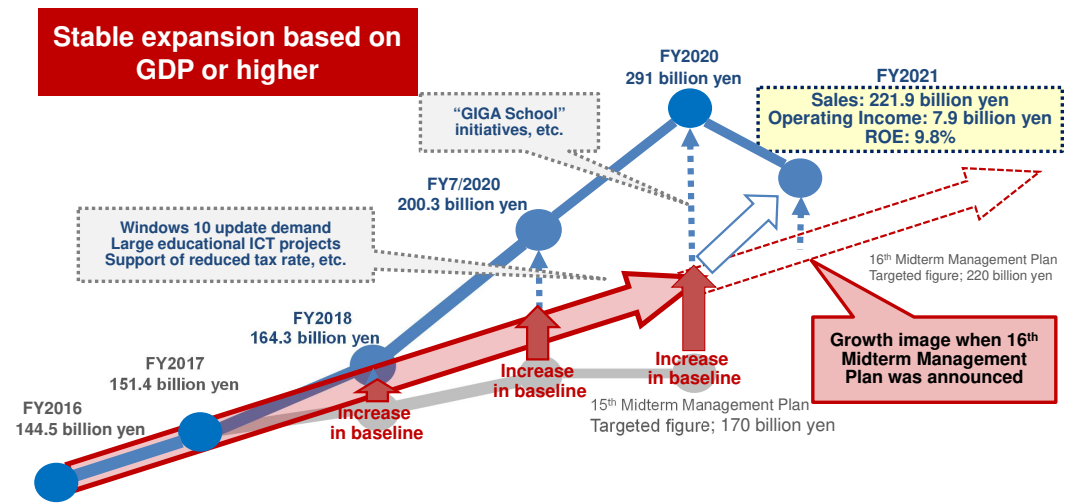
Aims and Direction (Reconfirmation)

16th Midterm Management Plan (Outline)

	2021 – 2024	2025 onward
Major Themes	Restructuring of core business	
Profitability improvement	Post-Covid economic recovery and approach to new demand ● After GIGA school ● Strengthening contact points with expanding customer base ● Public/private DX demand ● Workplaces in DX era	Accelerating decline of working-age population Respond to changes in social structure Realize smart society (realization of SDGs)
Core business rebuilding	Establish new competitive advantages by restructuring core businesses ● Develop demand based on customer assets ● Transform to create dynamism ● Demonstrate originality in ICT x environment ● Bring in reforms and visualization to management	Accommodate "People" and "Data" era Agile response to change Management base with a ROE of 8% or higher

(1) RAISE BASELINE (IMPROVE PROFITABILITY)

Changing Structure while Steadily Advancing Baseline



Earnings Forecasts and Trends in FY2022

	Performance in FY2018	Performance in FY2019	Performance in FY2020	Performance in FY2021	Forecasts for FY2022	Compared to FY2018
Sales	164,386	200,307	291,035	221,856	230,000	
YoY	108.5%	121.9%	145.3%	76.2%	103.7%	139.9%
Operating Income	3,813	7,242	10,363	7,890	6,400	
YoY	129.7%	189.9%	143.1%	76.1%	81.1%	167.8%
Current Net Income	2,415	3,490	6,160	4,477	4,550	
YoY	131.9%	144.5%	176.5%	72.7%	101.6%	188.4%

In FY2019, educational ICT expanded in conjunction with demand for Windows 10 update and revision of government course guidelines. FY2020 included limited period demand for services such as GIGA school initiative.

(2) TOWARD BUSINESS RESTRUCTURING

“Restructuring core businesses in preparation for 2025 and beyond”

The Areas Promoted so far for Business Restructuring

Commenced business restructuring in 2015 and will accelerate it in the future

2015	<ul style="list-style-type: none"> ● Abolished 3 existing headquarters to create flat organization structure ● Reorganized and integrated ICT development
2018	<ul style="list-style-type: none"> ● Integrated private and public SEs
2019	<ul style="list-style-type: none"> ● Promoted strategies in growing business fields independently from segments (Turned network business promotion/government business promotion/document & ECO solutions into independent organizations)
2018 – 2022	<ul style="list-style-type: none"> ● Combined local business with office business on the strength of the education market (regional areas excluding Metropolitan area and Keihanshin)

Action Items for FY2021

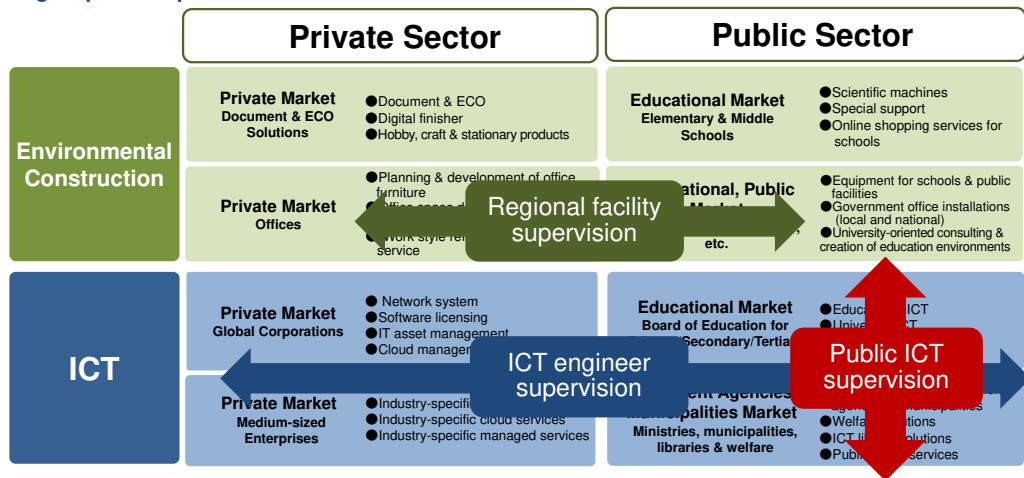
Supervision established in July 2021

*Representative managing officers appointed

Uchida Esco became a wholly owned subsidiary in May 2022

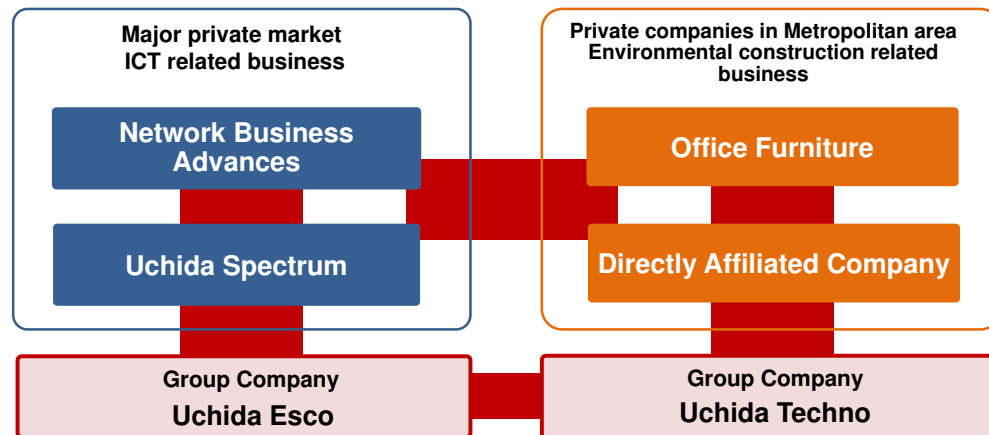
UCHIDA Toward Restructuring of Core Business: Establishing Supervision

Restructuring across organizational boundaries under our supervision to gain a foothold for group development

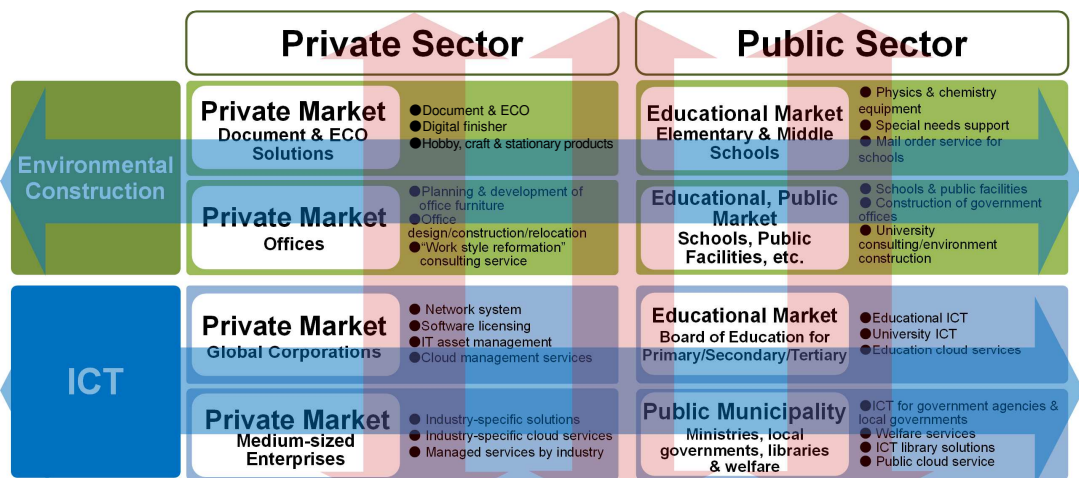


UCHIDA Focusing resources on major private sector market (started)

Maximize strengths within group without establishing supervision



UCHIDA From Business Synergy Stage to Creation of Dynamism



UCHIDA 16th Midterm Management Plan: How We Portray Ourselves and the Direction We Take

Major Targeted Theme

Preparing for a rapid decline in Japan's working population after 2025


HELPING CLIENTS INVEST IN "PEOPLE" AND "DATA"

(Sharing the Vision of the Government's Digital Garden City Nation)

APPROACH TO NEW DEMAND FROM BUSINESS SEGMENTS WE SPECIALIZE IN

INITIATIVES FOR “PEOPLE” AND “DATA” IN PUBLIC MARKET (EDUCATION, LOCAL GOVERNMENTS, CENTRAL GOVERNMENT AGENCIES)

L-Gate is a Learning e-portal for Schools Developed by Us Commercializing our learning e-portal via large-scale government demonstration experiment



L-Gate

Some 620 Municipalities
Some 6,000 Schools
Using “L-Gate”

Top-class Deployment track record
*As of September 2022

L-Gate complies with international standards in data utilization and is highly evaluated for its ability to enhance customer versatility.



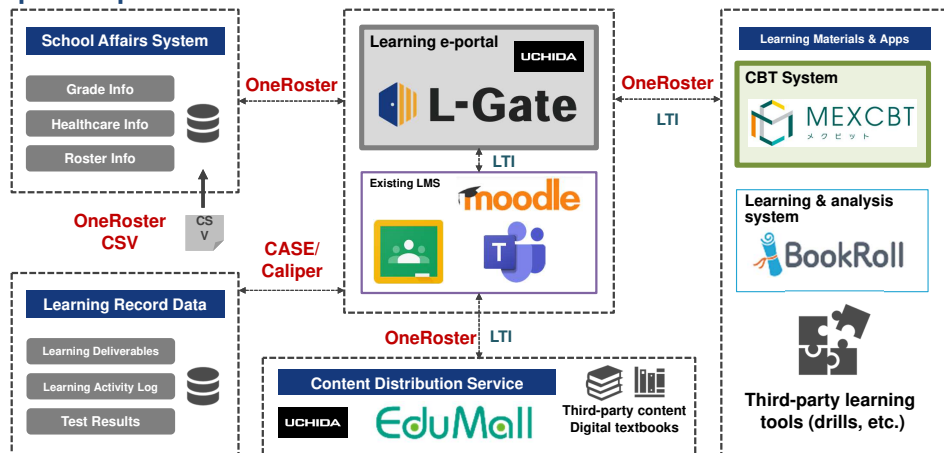
Received **BEST AWARD** at 6th IMS Japan Awards



IMS Learning Impact Awards 2022(IMS global event)
Bronze Award!
First Japanese company to receive an award

Early Start on Building Educational Data Ecosystem

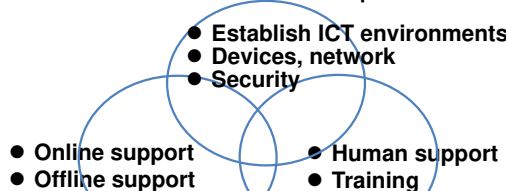
Building an educational ecosystem by connecting and linking with other companies' products



Strengthening ICT Backing & Support Services

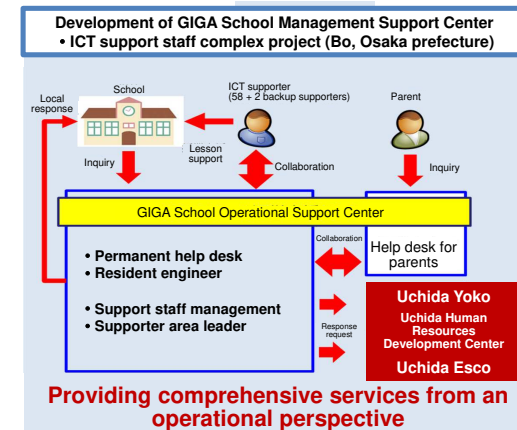
Environments where each person has a device (tablet) are in place, so comprehensive operational support is now needed to make those environments work

Focusing the know-how of Uchida Esco and Uchida Human Resources Development Center



Ref: FY2023 budget estimates (Ministry of Education, Culture, Sports, Science and Technology)

- Strengthen functions of operation support center
- Optimize support staff
- Enhance teacher training system



Creating New Classrooms Where Data Usage can be Anticipated in Environments Where Everyone has a Tablet

Many achievements in offering both space construction and ICT mean we have know-how and are trusted

2022 Gakugeidai Takehaya Elementary School "SUGOI ROOM"

- Building and verifying new learning space bases that can be introduced to schools nationwide at low cost



2010 Invented future learning space "Future Classroom@". Installed at Uchida Yoko Shinkawa Head Office and Osaka Branch

2013 Conducted validation research on "Future Classroom@" at University of Tsukuba Elementary School

Future Classroom@ has a good track record of being introduced into many elementary, junior high and senior high schools

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7/7/2022 Press Release Uchida Yoko and Miyagi University of Education enter into naming rights business for cutting edge ICT educational equipment



Rapid Increase in Demand for DX Training for Private Companies (Uchida Human Resources Development Center)

Digital human resource development business is doing well, making use of our know-how from school education to adult education

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Business Skill	<ul style="list-style-type: none"> ● Logical thinking with algorithms ● Improving presentation skills ● Improving leadership skills
Digital Fundamentals	<ul style="list-style-type: none"> ● Information security fundamentals ● Network fundamentals ● Excel application training
Data Usage	<ul style="list-style-type: none"> ● Data analysis application ● Data management basics ● Data structure design
Tech Underpinning DX	<ul style="list-style-type: none"> ● "Blockchain basic course" using charts to interpret ● Security technology Comp TIA Security+ ● Cloud technology Comp TIA Cloud+
Programming	<ul style="list-style-type: none"> ● Introduction to Python programming ● Python programming practice ● System development project experience
DX Project Planning	<ul style="list-style-type: none"> ● Introduction to agile development ● Introduction to project management ● Project management practice
No Code & Low Code Development	<ul style="list-style-type: none"> ● Bringing efficiency to personal work using Power Automate ● Data analysis with Power BI ● Model-driven application using Dataverse

Digital Government (Municipality DX)

Using DX to reform the workstyle of local government employees

21/4/2022 Press Release Uchida Yoko renovates network environment of Kitamoto City Hall in Saitama prefecture into an ICT infrastructure to promote local government DX that enables employees at city hall, outposts and teleworking locales to reform their working styles under top-class security.

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Realizing Smart Welfare

9/9/2022 Press Release Uchida Yoko concludes business partnership agreement with Osaka prefecture enabling collaboration on initiatives related to "business improvement to achieve smart welfare"

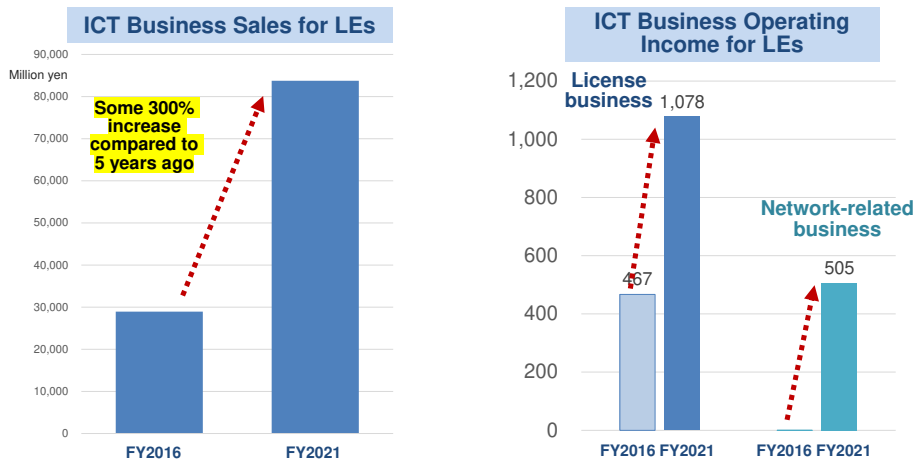
- Agreement Details
- Business improvement (IT utilization)
 - Work environment improvement (hybrid work)
 - Emergency response support (IT utilization, construction of emergency space)

INITIATIVES FOR "PEOPLE" AND "DATA" IN PRIVATE MARKET (LE & SME)

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Major Private ICT Business Performance has Transitioned Over 5 Years into a New Cornerstone

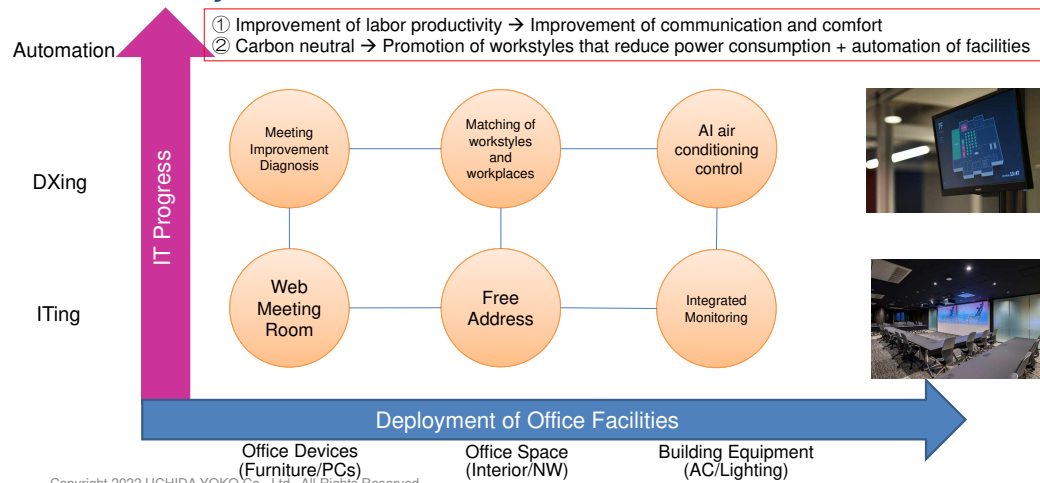
Achievements of Uchida Spectrum and Network Business in Promoting Business



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Major Private ICT Business also has impact on Office Business

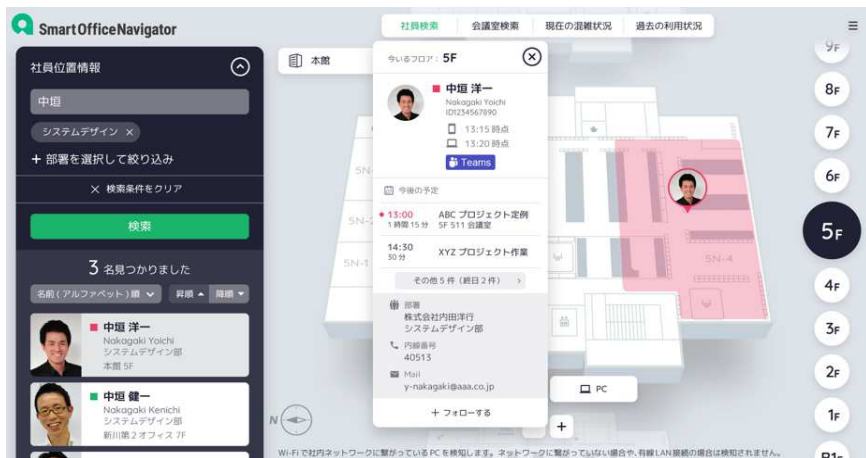
“Hybrid Work” + “Comfortable Office Environment”



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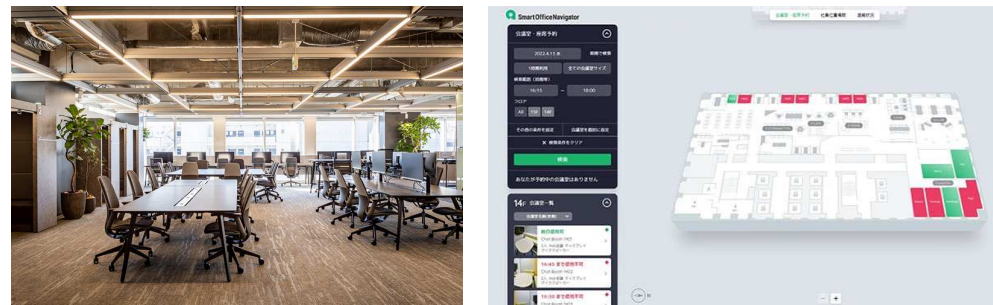
SmartOffice Navigator

A system that optimizes workstyles and workplaces based on “people” and “data”



Responding to Diverse Workstyles (Achieving Hybrid workstyles)

Demonstrating strengths in both office environment construction and ICT network services



26/4/2022 Press Release
Uchida Yoko builds Head Office for Zeon Corporation, incorporating Zeon's hybrid workstyle into the architecture. The Head Office promotes workstyle reforms for employees with cutting-edge ICT infrastructure that will also attract human resources who will lead technological innovation.

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INTEGRATION OF PUBLIC AND PRIVATE SECTORS IN RURAL AREAS

Responding to Diverse Workstyles (Regional Revitalization/Establishment of Telework Bases)

Demonstrating strengths in both office environment construction and ICT network services

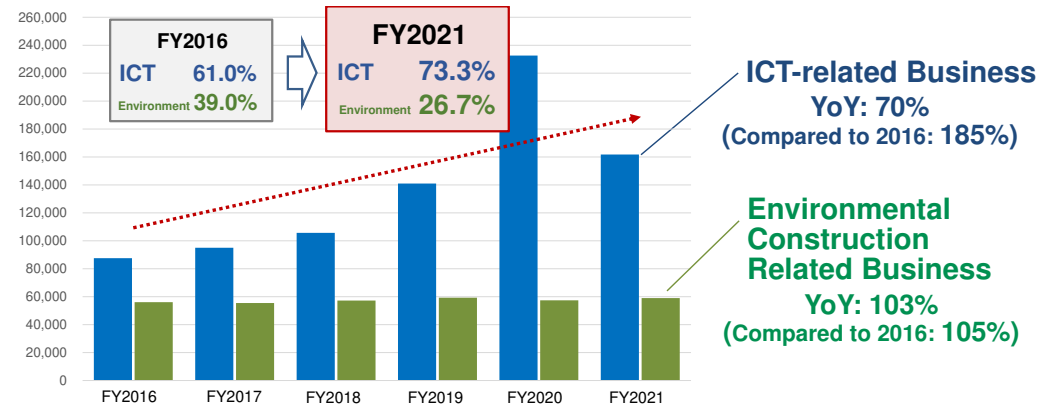


Coworking space in Takahata Town, Yamagata prefecture

STRENGTHENING ICT BASIC TECHNOLOGY THAT SUPPORTS THE WHOLE

Full-year Performance Results for FY2021

Stable overall performance as ICT-related business grows and earning expand

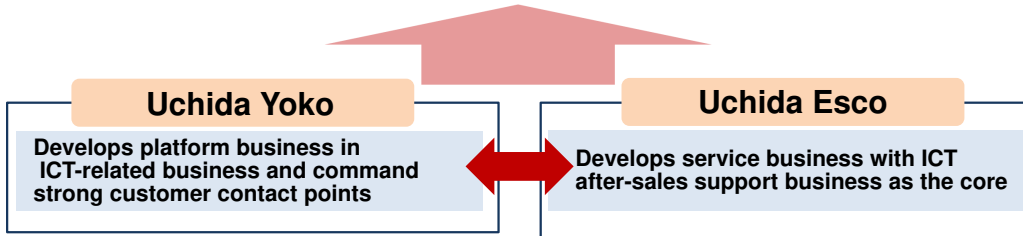


Demonstrating Synergistic Effect by Making Uchida Esco a Wholly Owned Subsidiary

Deploying in the education market with Uchida Yoko to bring the fortes of the Last Mile Service to private companies

Demonstrating Synergistic Effect

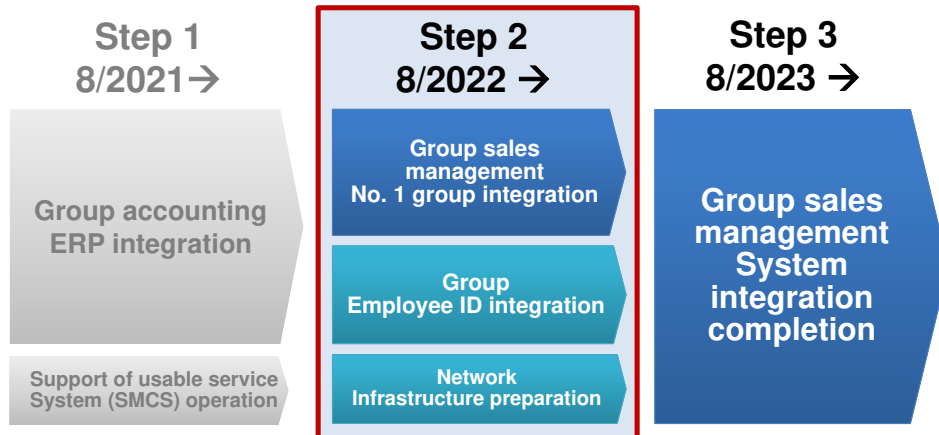
Pivoting to our know-how accumulated via collaborative work on the GIGA school project, we are strengthening educational ICT business. Moreover, we will foster close relationships within the group as a whole and further expand our ICT service business, which is a growth field, into the private sector market.



MATTERS TO BE ACCELERATED IN FY2022

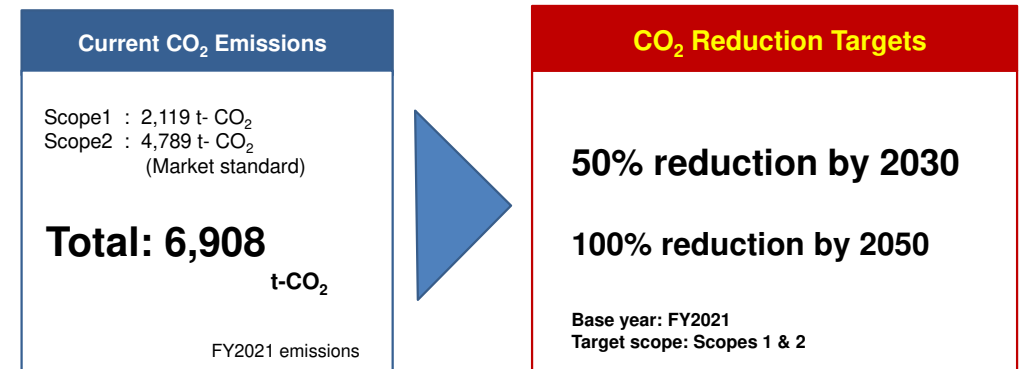
Developing In-house Core System (Progress)

Promoting centralization and visualization of management information for entire group (sequential implementation over 3 years)



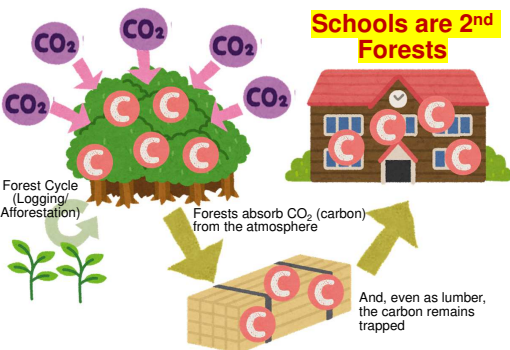
Endorse TCFD and Announce CO₂ Reduction Targets

We have set 2030 reduction target for our CO₂ emissions



*We have set this emission total as the base year for future reduction plans. As for Scope 3, we will proceed with calculations and consider setting reduction targets.

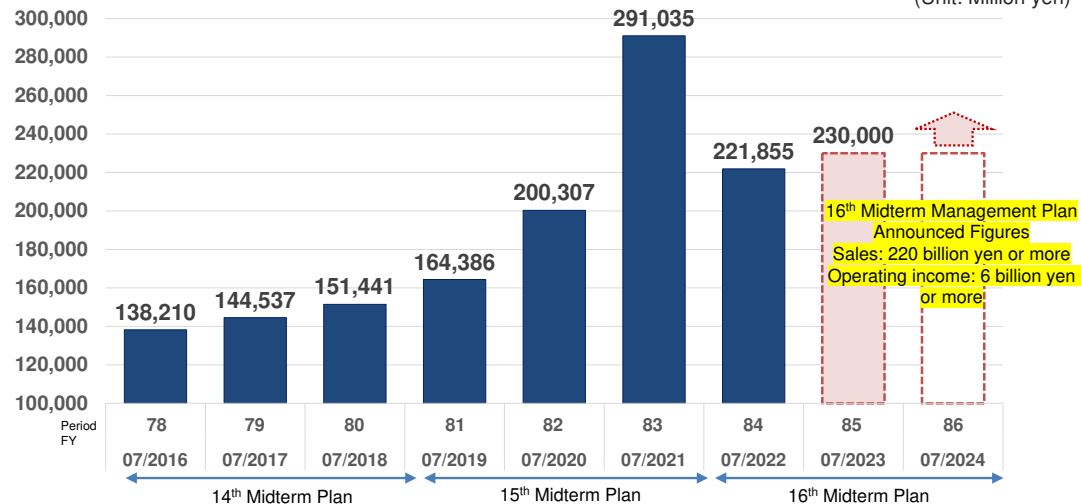
CO₂ Fixation



Including sales of wooden furniture (mainly for schools) and deliveries to private companies, we contribute to the fixation of about **7,000 tons** of CO₂ per year. This figure is equivalent to our annual CO₂ emissions. At present, fixation is not counted in CO₂ reductions – nevertheless, we will expand activities associated with the use of wood.

Consolidated Business Results Plan (Sales)

(Unit: Million yen)

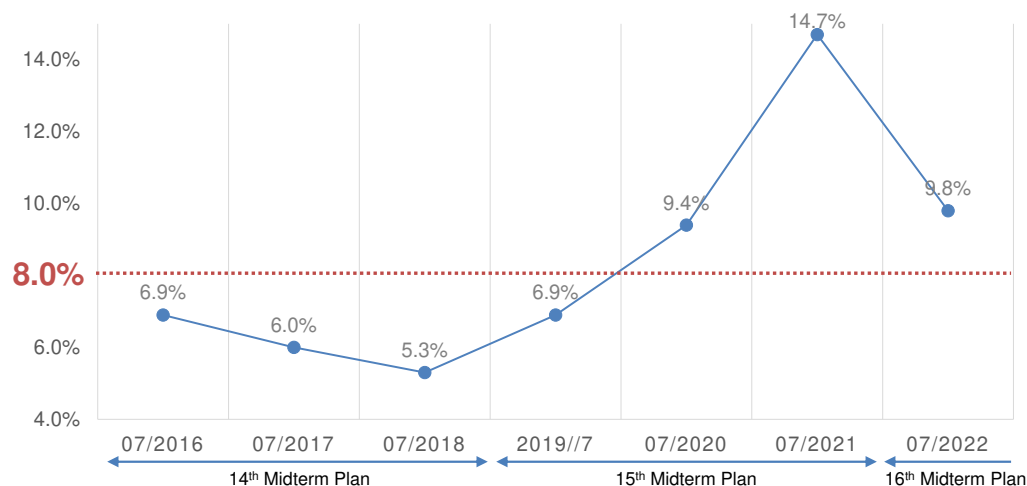


Targeted Management Index

Regarding Return on Equity (ROE)

While promoting our own reforms to respond to future market changes, we will aim to create a management base that can maintain a stable level of ROE of **over 8%**.

ROE Transition

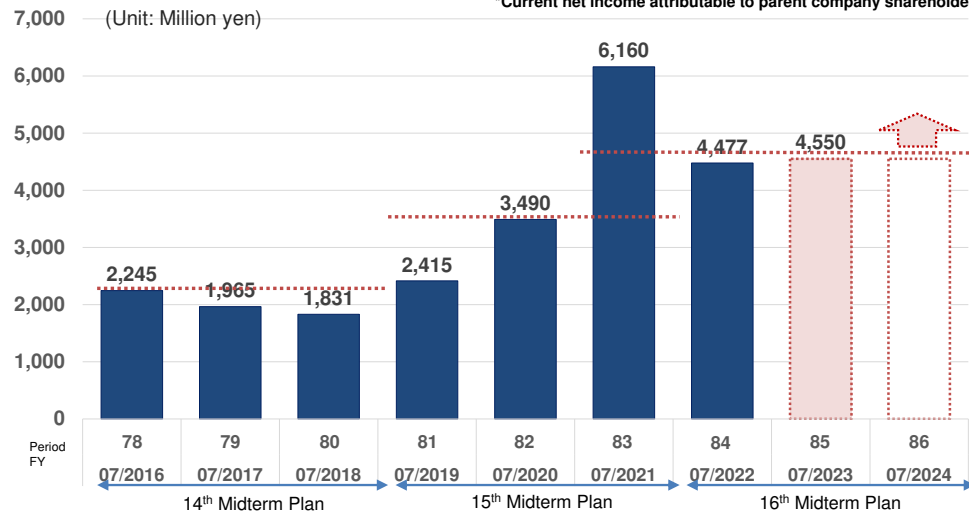


Basic Policy on Profit Distribution

We are aiming for sound and sustainable growth to improve long-term and comprehensive shareholder value.

Transition of Consolidated Performance (Current Net Income)

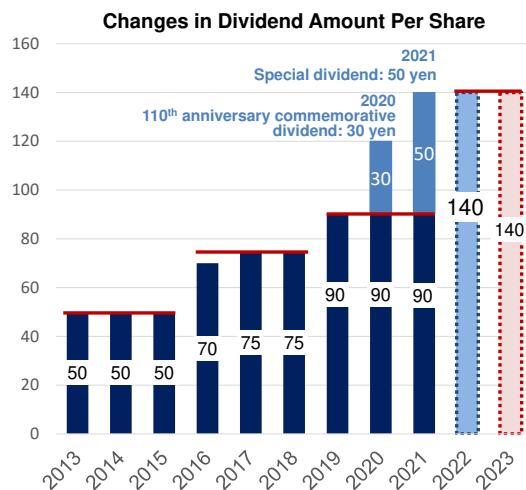
*Current net income attributable to parent company shareholders



Basic Policy on Shareholder Returns

- Stable dividends are a precondition
- Balance “investment for achieving medium-to-long-term management strategy” against “solidity of financial base” while taking into consideration future risks

We aim to further enhance returns to shareholders



Ref: Total Shareholder Return (TSR)

	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021
Stock Price	2,845	3,480	3,605	6,860	4,675	4,860
Dividend	—	75	90	120	140	140
TSR	—	125.0%	132.5%	251.1%	179.3%	190.7%
Comparative Index: TOPIX including dividends	—	109.1%	100.2%	103.6%	126.8%	133.8%

Changes in Social Structure will bring about Major Changes in Social Needs



“What to do with people?” and “Utilization of ICT” are mutual Issues

Contribute to Solving the Depopulating Society by Realizing “Society 5.0”



Creating Value from Data and Collaborating in the Design of Knowledge

Please note the following with regard to this document

Of the business result outlooks, strategies, plans and other such items described in this document, those that are not historical facts are assumed to be related to future business results. These are decisions made by the management based on various information, such as future trends available at this time, and include uncertainties.

Therefore, please understand that the actual business results may differ from forecasts due to various internal and external factors.

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