

# 2Q Financial Results Briefing for FY2022

**Uchida Yoko Co., Ltd.**

Tokyo Stock Exchange Prime

Securities code: 8057

- 1. Outline of 2Q Financial Results for FY2022  
(Period July 21, 2022 – July 20, 2023)**
- 2. Outlook for Full Period of FY2022**
- 3. Medium-to-long-term Direction**

# 1. Outline of 2Q Financial Results for FY2022

## ● YoY Increase in Income and Profit (Sales & Net Income)

Sales increased, but operating income declined due to higher SG&A.

Net income increased, including the fact that Uchida Esco became a wholly owned subsidiary

## ● Markets transitioned as planned

As planned, business in the private sector covered the reactionary decline in the public sector from the previous year.

In the private sector, sales increased more than expected due to the effects of large-scale projects.

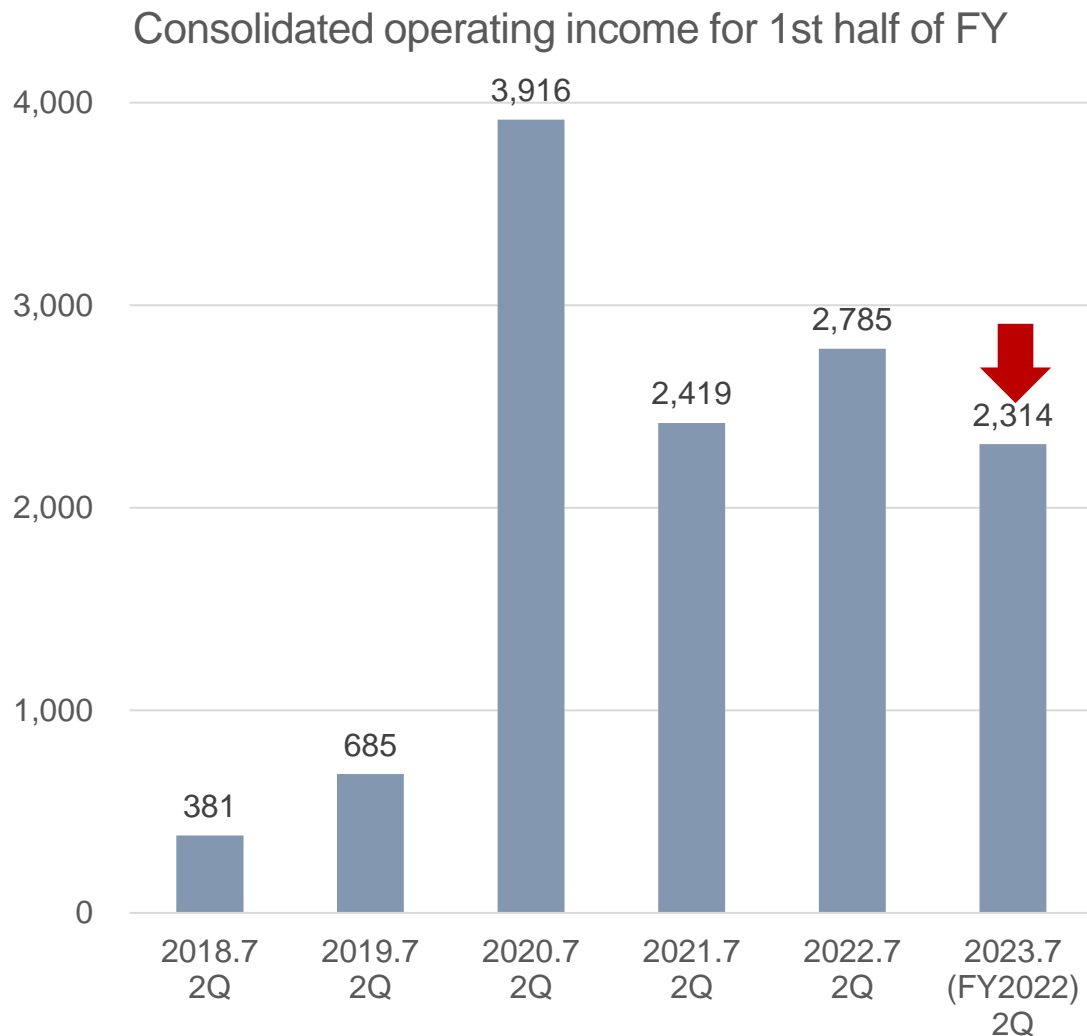
# 2Q Business Results for FY2022 (Consolidated)

(Unit: Million yen)

	FY2021 (2Q)	FY2022 (2Q)	Increase / Decrease	
Sales	86,447	94,197	+7,750	+9.0 %
Gross Profit	19,521	19,547	+26	+0.1 %
SG & A	16,736	17,233	+497	+3.0 %
Operating Income	2,785	2,314	(471)	(-16.9 %)
Ordinary Income	2,942	2,692	(250)	-(8.5 %)
Current Net Income	1,494	1,672	+177	+11.9 %

# Decrease in Operating Income (Increase in SG&A)

The decrease in operating income was mainly due to an increase in SG&A.  
Expenditure for the future is as planned.



## Expenditure for the Future

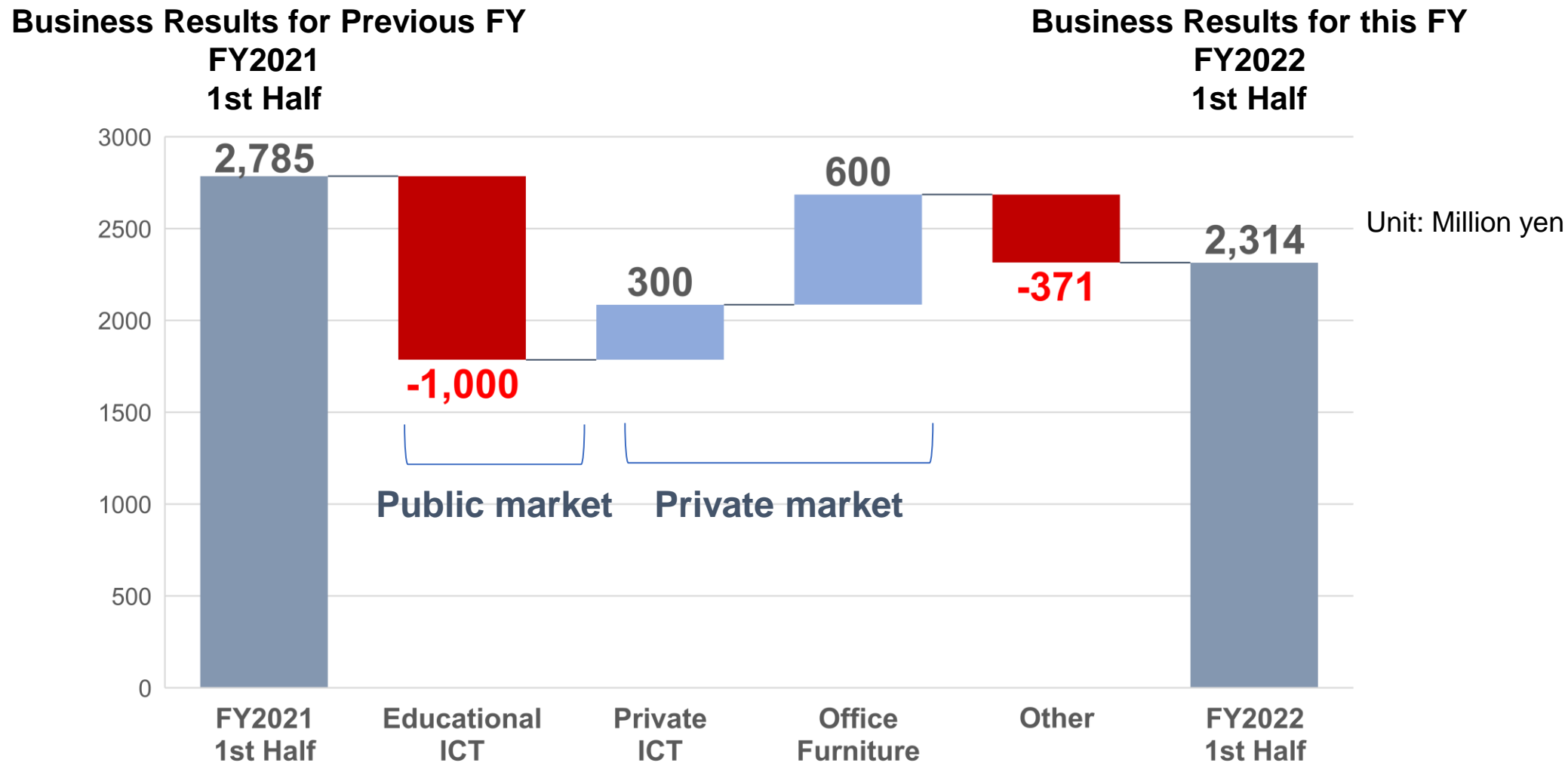
- Marketing activities resumed post Covid-19
- Investment in in-house core system
- Continued increase in personnel, including recruitment of new graduates

**Approximately 500 million yen increase in 1<sup>st</sup> half of FY**

**Full-year plan to increase by 1.5 billion yen YoY**

# Operating Income YoY Breakdown for 1st Half of FY2022

As planned, the private market covered the reactionary decline in the public market from the previous year.

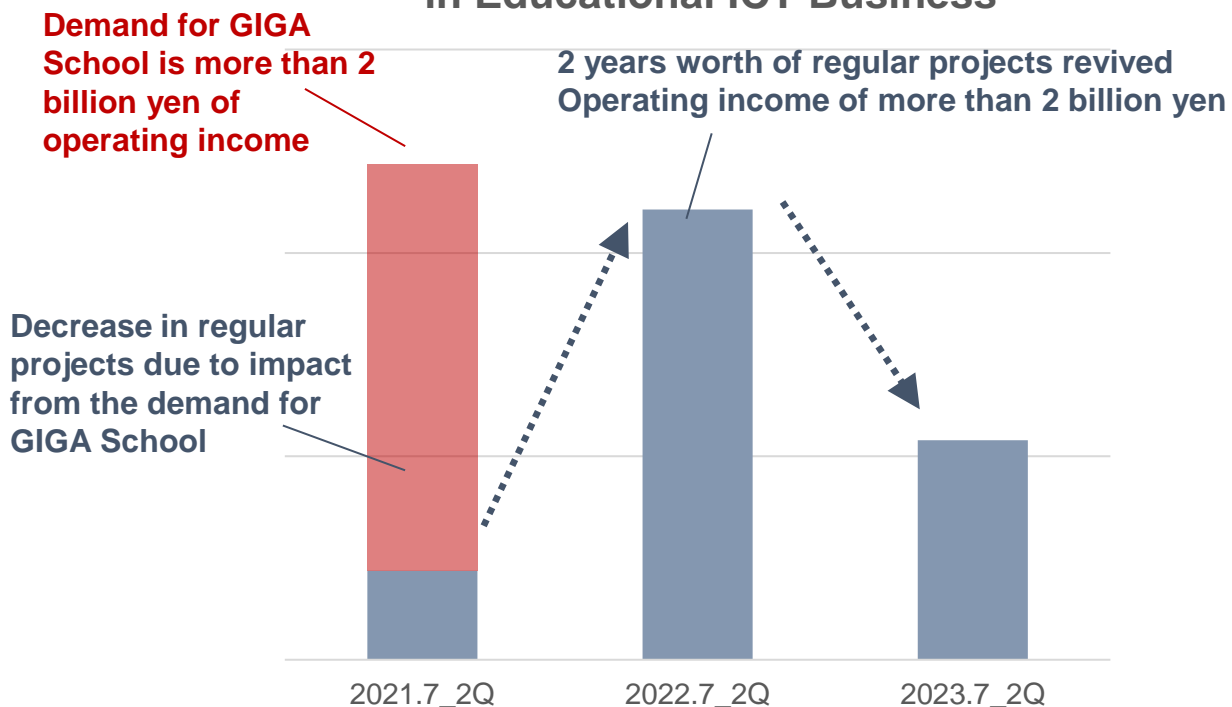


# Segment Performance “Government and Education Solutions”

Unit: Million yen

	FY2021 1st Half	FY2022 1st Half	Difference from previous year	YoY
Sales	33,861	33,402	(459)	(1.4 %)
Operating Income	2,214	1,080	(1,134)	(51.2 %)

## Operating Income Transition in Educational ICT Business



## Return to Normal This Year down 1 billion yen YoY

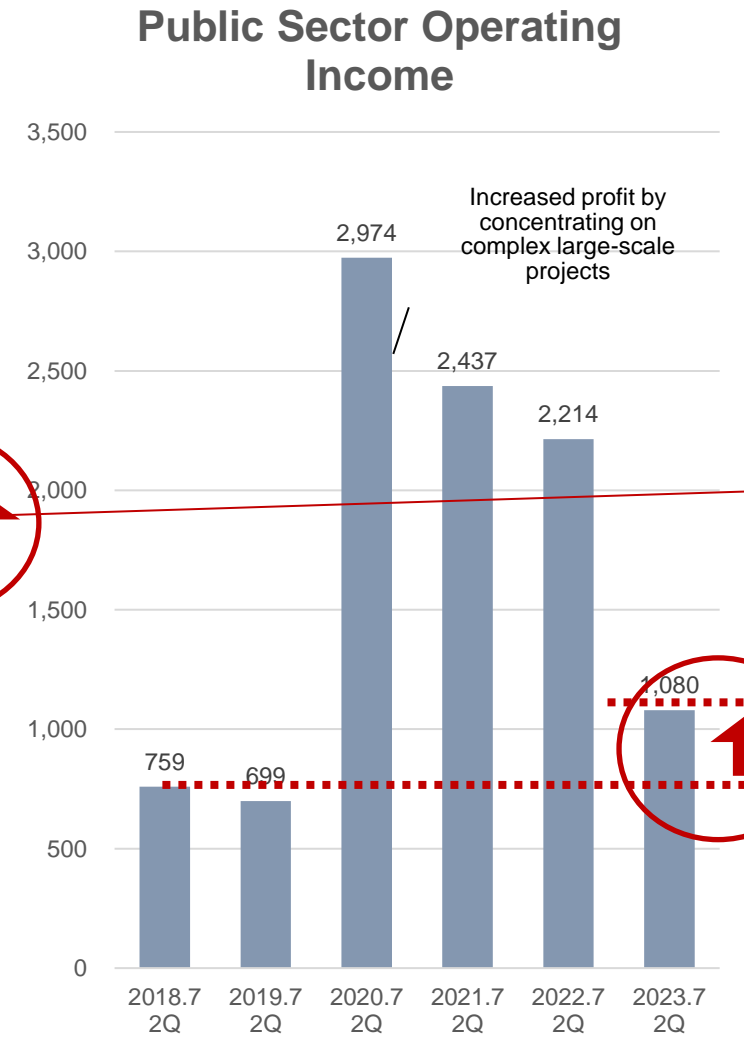
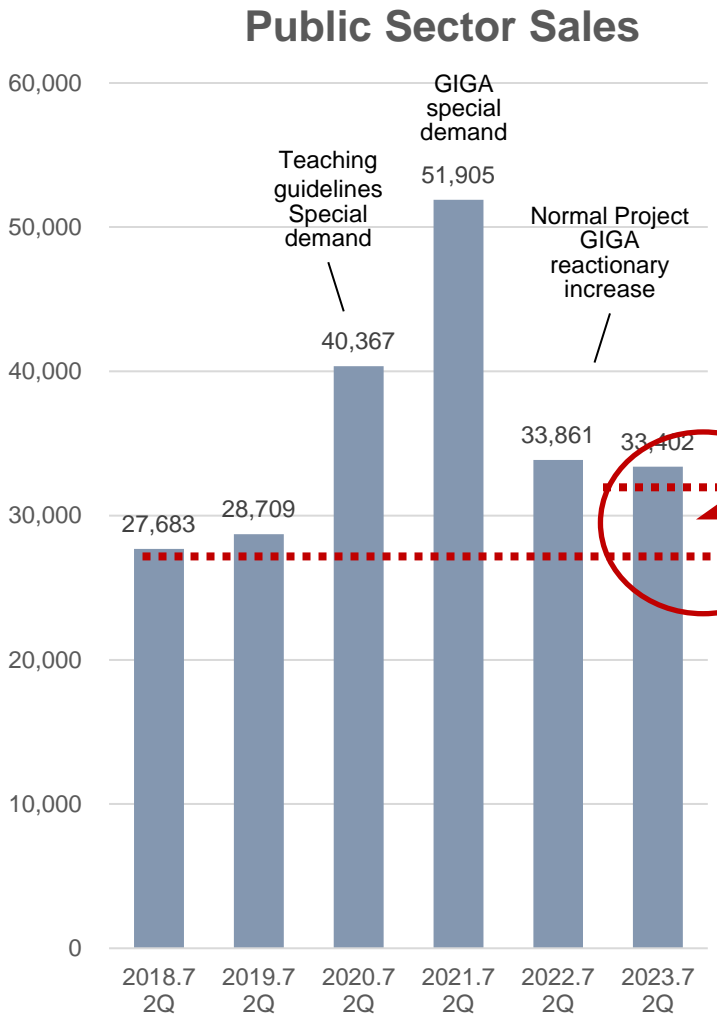
- In the year before last, many local governments postponed implementation of regular projects, such as updating PC classrooms, which had been implemented every year, due to customer demand for GIGA Schools.
- As a result, last year’s demand was about 2 years’ worth, including postponed projects from 2 years ago.

GIGA school demand comes from MEXT’s “GIGA School Initiative”, which aims to provide 1 device for each student at elementary and junior high school and a high-speed, large-capacity school network. Initially, the plan was to develop this environment over 5 years up to 2023, but in 2021, due to Covid-19, a big supplementary budget was disbursed by the government to carry out the task all at once. Uchida Yoko has delivered 1.33 million devices (tablets), and achieved sales of 90 billion yen.



# “Government and Education Solutions” - Responding to Changes in Demand in Education ICT Market -

Responding to demand that changed after the period of special demand (need for each student to have an individual tablet) to maintain high performance standards.



- In the education market, we are responding to new needs, such as operation, classroom renovation and network construction, at the stage where students begin to make use of their individual devices (tablets).
- Digital transformation (DX) projects are increasing at universities, local government and public offices, so we are working to accommodate such projects.

# Segment Performance “Office Solutions”

Unit: Million yen

	FY2021 1st Half	FY2022 1st Half	Difference from previous year	YoY
Sales	21,211	24,087	+2,876	+13.6 %
Operating Income	(530)	13	+544	-

## Investment Shift from Demand for New Head Offices to R&D Divisions

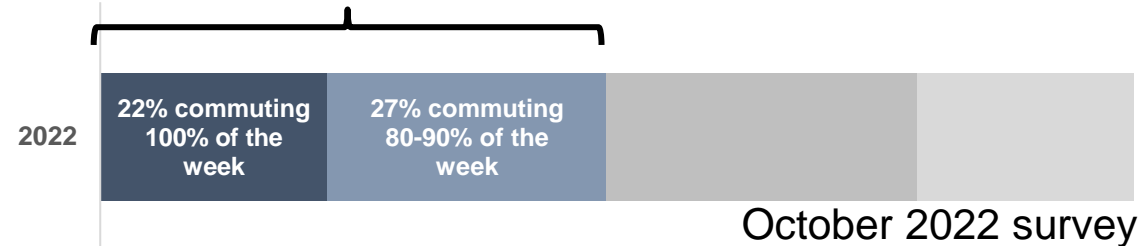


Kubota's new R&D base

- Demand for new head office buildings around 2020, when there was a large supply of buildings, led to acquisition of large-scale office construction projects as corporate office investment destinations shifted to R&D divisions.

## Commuting Rate has Recovered and Workers are Returning to Offices

Commuting 4 or more days a week has returned to **about 50%**



Source: Mori Building Survey “2022 Survey on Office Needs in Tokyo’s 23 Wards”

- Increase in projects such as renovations to create better office environments and support hybrid work styles due to significant increase in employees commuting to work, mainly among major companies in Tokyo metropolitan area.

# Segment Performance “Information Systems”

Unit: Million yen

	FY2021 1st Half	FY2022 1st Half	Difference from previous year	YoY
Sales	30,961	36,274	+5,313	+17.2%
Operating Income	852	1,149	+296	+34.8%

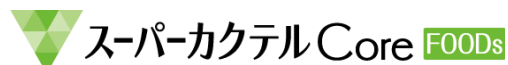
## Major Private Companies



Strong orders for large projects  
In software license business cored  
around Microsoft products.

- Major companies continue to expand subscription-type software license agreements centered on Microsoft products
- Thanks to the recovery in commuting rate, we are expanding business talks on a cloud-based conference room reservation system and a system that visualizes employee location information and office congestion information.

## SMEs



**PROCESS**

Economic recovery lead to recovery  
of core business support solutions in  
food and construction industries.

- As local economies have also recovered, ICT investment is picking up, even among SMEs, and business negotiations for core systems are picking up.

# “Information Systems” - ICT Business Directed at Major Companies -

ICT business for major companies that expanded significantly even during Covid-19 crisis remained strong even after the pandemic

## Software License Business (Uchida Spectrum)

### ● History

- Established in 1995
- Capital participation by Microsoft in 2000

### ● Business Outline

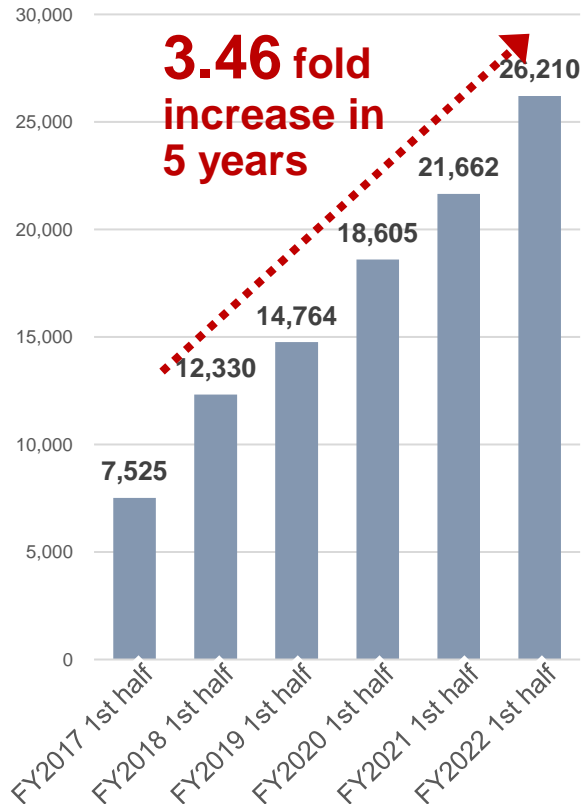
- Software license sales
- IT asset management
- Business process outsourcing

### ● Features/Strengths

- Support services for life cycle of IT infrastructure
- Global procurement

Introduction rate among Nikkei 225 companies:  
**65.2%**

### Uchida Spectrum 1<sup>st</sup> Half Sales Transition



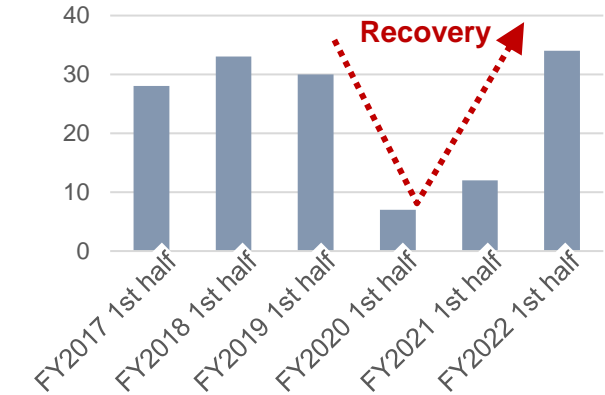
## Cloud-based Conference Room Reservation System (Network Promotion Business)

### ● Service Outline

- Meeting room management cloud solution (subscription type)
- Network construction, groupware cooperation
- Usage log data analysis

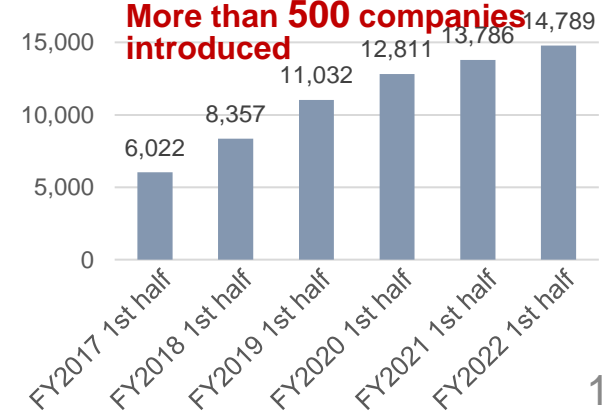


### Number of Companies Receiving Orders in 1<sup>st</sup> Half



### Cumulative Number of Rooms Introduced

More than 500 companies introduced



# “Information Systems” - ICT Business for SMEs -

Regional economies are also improving, and investment in core systems by SMEs is picking up.

## ERP Core Business System “Super Cocktail”

Strengths in business support specific to food and chemical industries



Track record in introducing numerous ERP systems to food manufacturers and wholesalers across Japan.

**No. 1 market share\*** for 7 consecutive years

Source: ITR “ITR Market View: ERP Market 2022”  
ERP Market – Food: Trends in sales and shares by vendor (2015-2021 forecast)

## Construction Industry ERP System “Process”



Introduction track record of more than **350 companies**

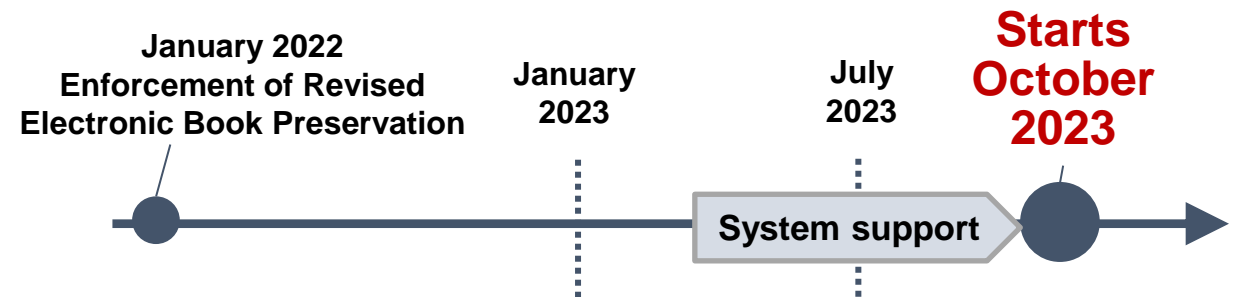
## Condominium Management Business WEB System “Smaw”



Introduction track record of more than **200 companies**  
**No.1 track record in condominium management industry**

## Invoice system starts on 1 October 2023

- Schedule for dealing with electronic invoicing

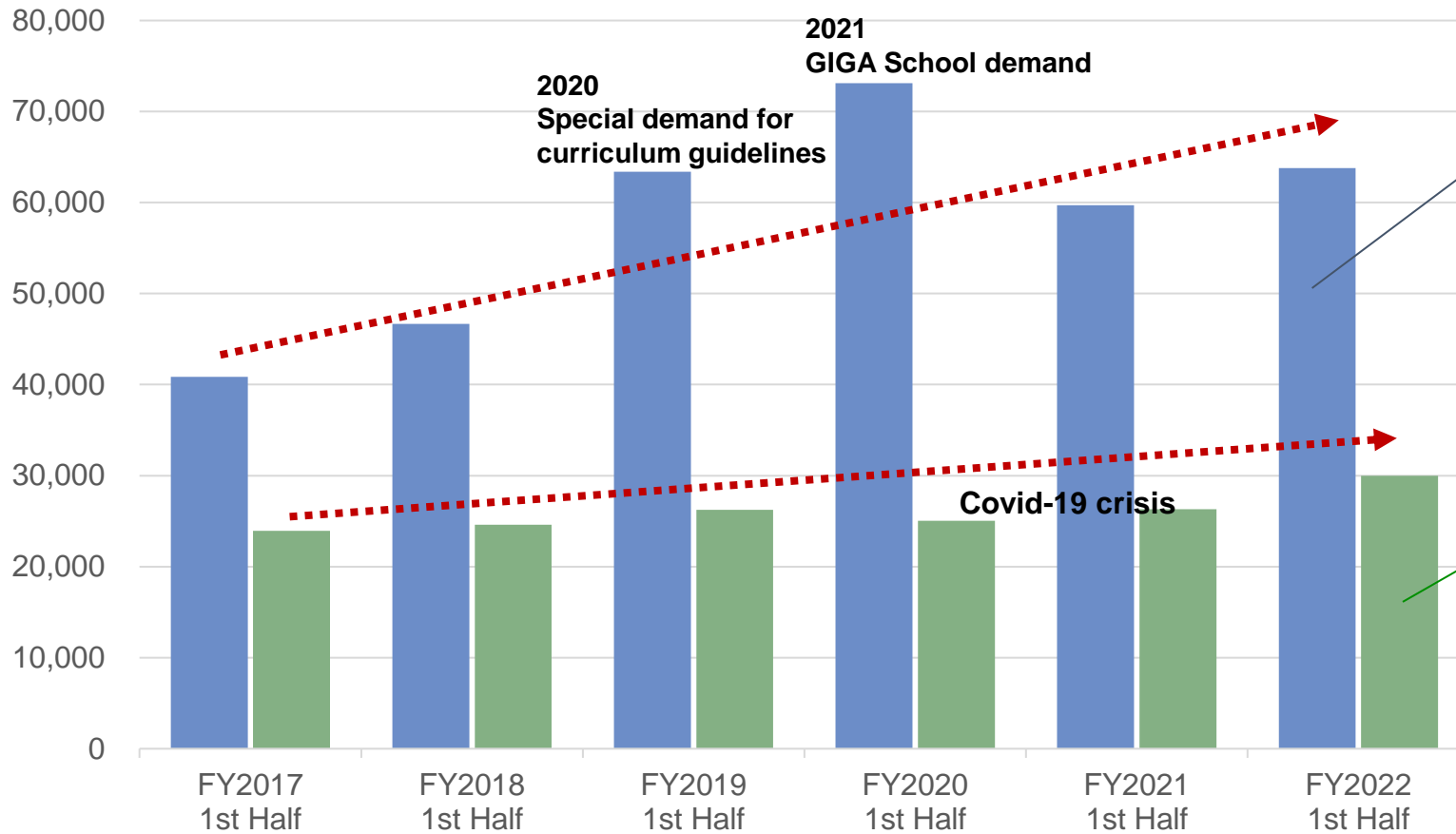


Centering on customers in the food industry, where our strength lies, the system will support e-invoicing moving forward.

# Changes in Sales Composition (ICT-related/Environment Construction Related)

Growth in Both ICT and Environment Construction

**Sales Composition for 2Q of FY2022**    **ICT 68.0%**    **Environment 32.0%**



## ICT-related Businesses

**YoY: 106.8 %**  
**5-year CAGR: 9.3 %**  
 (annual average growth rate)

## Environment Construction Related Business

**YoY: 113.9 %**  
**5-year CAGR: 4.6 %**  
 (annual average growth rate)

## **2. OUTLOOK FOR FULL PERIOD OF FY2022**

# Consolidated Earning Forecast for FY2022

Revision of plans due to growth in private sector exceeding expectations

Unit: Million yen

	FY2021	FY2022 Revised Forecast	YoY Change		(Reference) Initial Plan	(Reference) Plan Fluctuation	
Sales	221,856	236,000	+14,143	+6.4 %	230,000	+6,000	+2.6 %
Operating Income	7,890	6,800	(1,090)	(13.8 %)	6,400	+400	+6.3 %
Ordinary Income	7,843	7,500	(343)	(4.4 %)	7,000	+500	+7.1 %
Current Net Income	4,477	4,800	+322	+7.2 %	4,550	+250	+5.5 %



# FY2022 – Revised Plan by Segment -

Public market performed well as planned. Within private market, the information segment may outperform expectations even further.

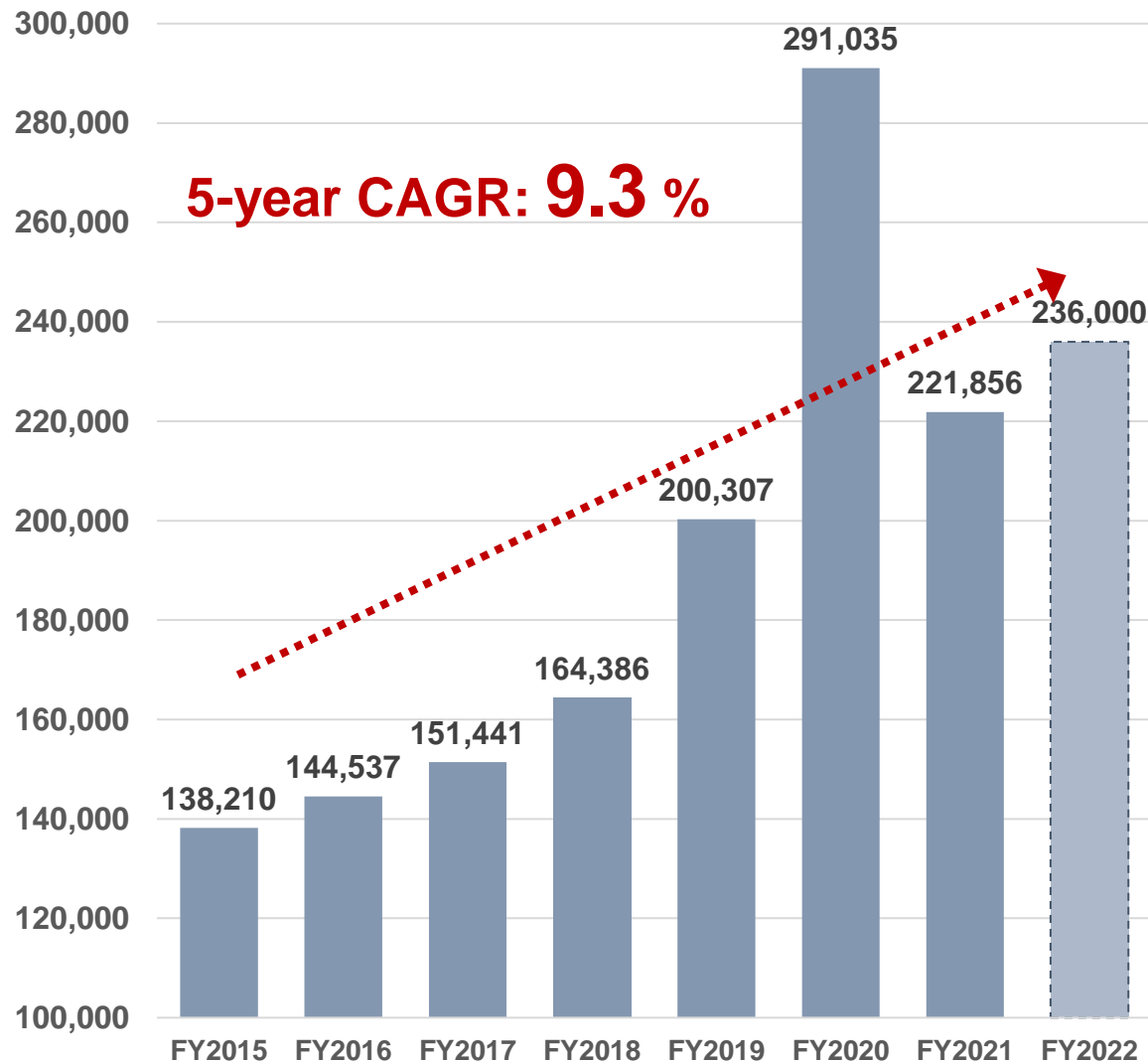
(Unit: Million yen)

Upper: Sales Lower: Operating Income	FY2021	FY2022 Plan	YoY Change	(Reference) Initial Plan	(Reference) Plan Fluctuation
Government and Education Solutions	74,747 4,284	74,800 3,000	+52 (1,284)	72,000 3,000	+2,800 ±0
Office Solutions	48,394 489	52,600 750	+4,205 +260	52,000 550	+600 +200
Information Systems	97,687 2,608	107,600 2,900	+9,912 +291	105,000 2,800	+2,600 +100

# FY2022 – Consolidated Earnings Forecast & Transition -

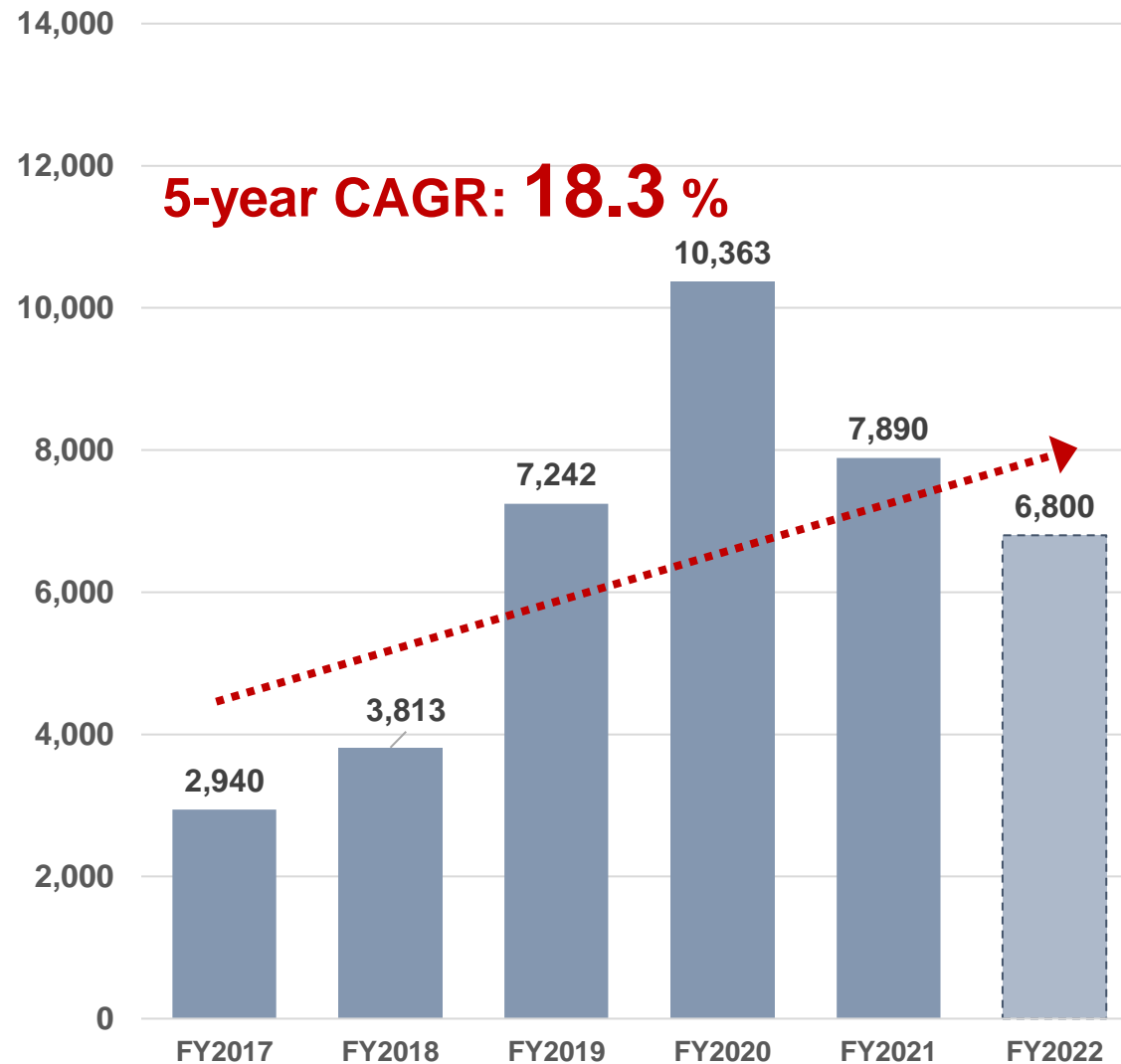
## Sales

(Unit: Million yen)



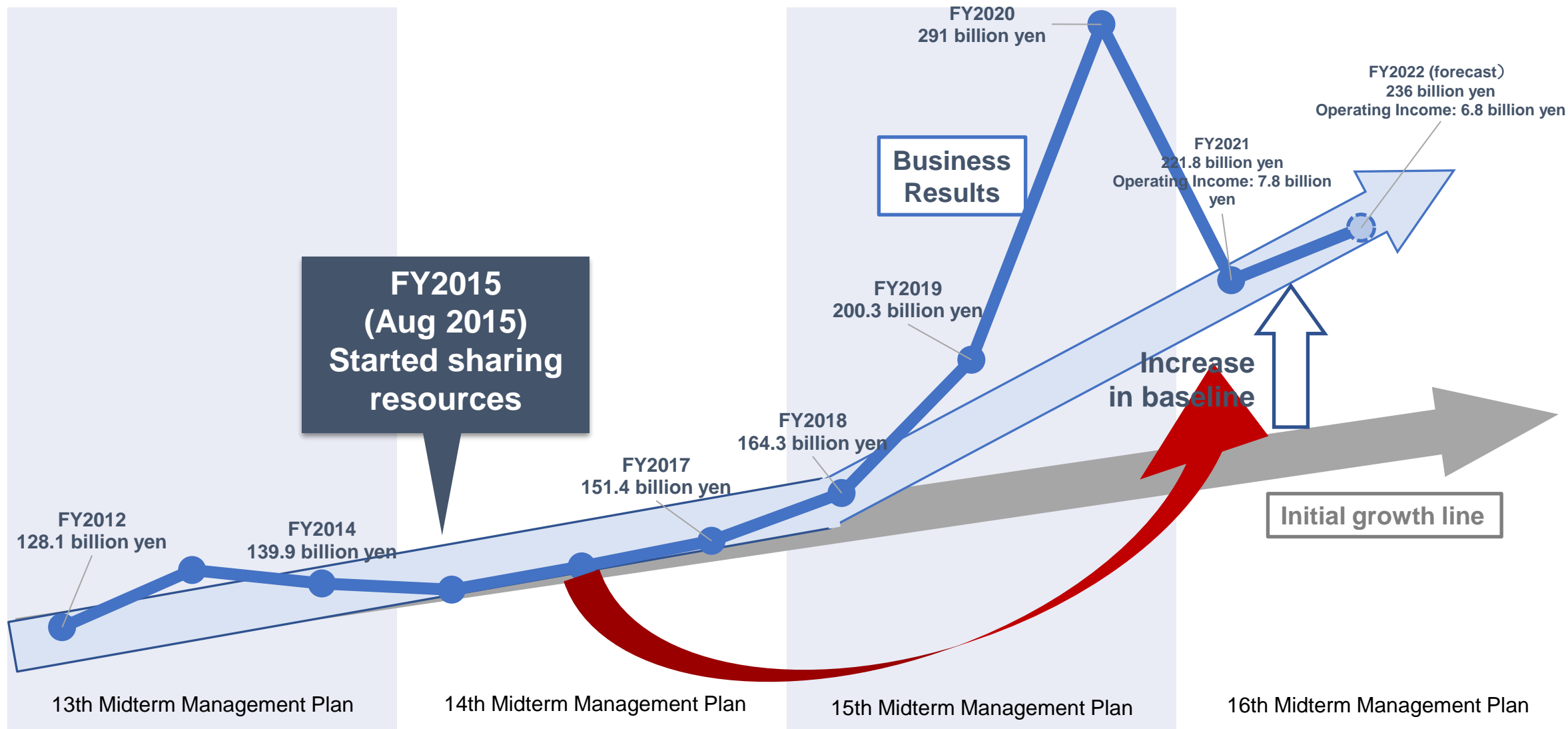
## Operating Income

(Unit: Million yen)



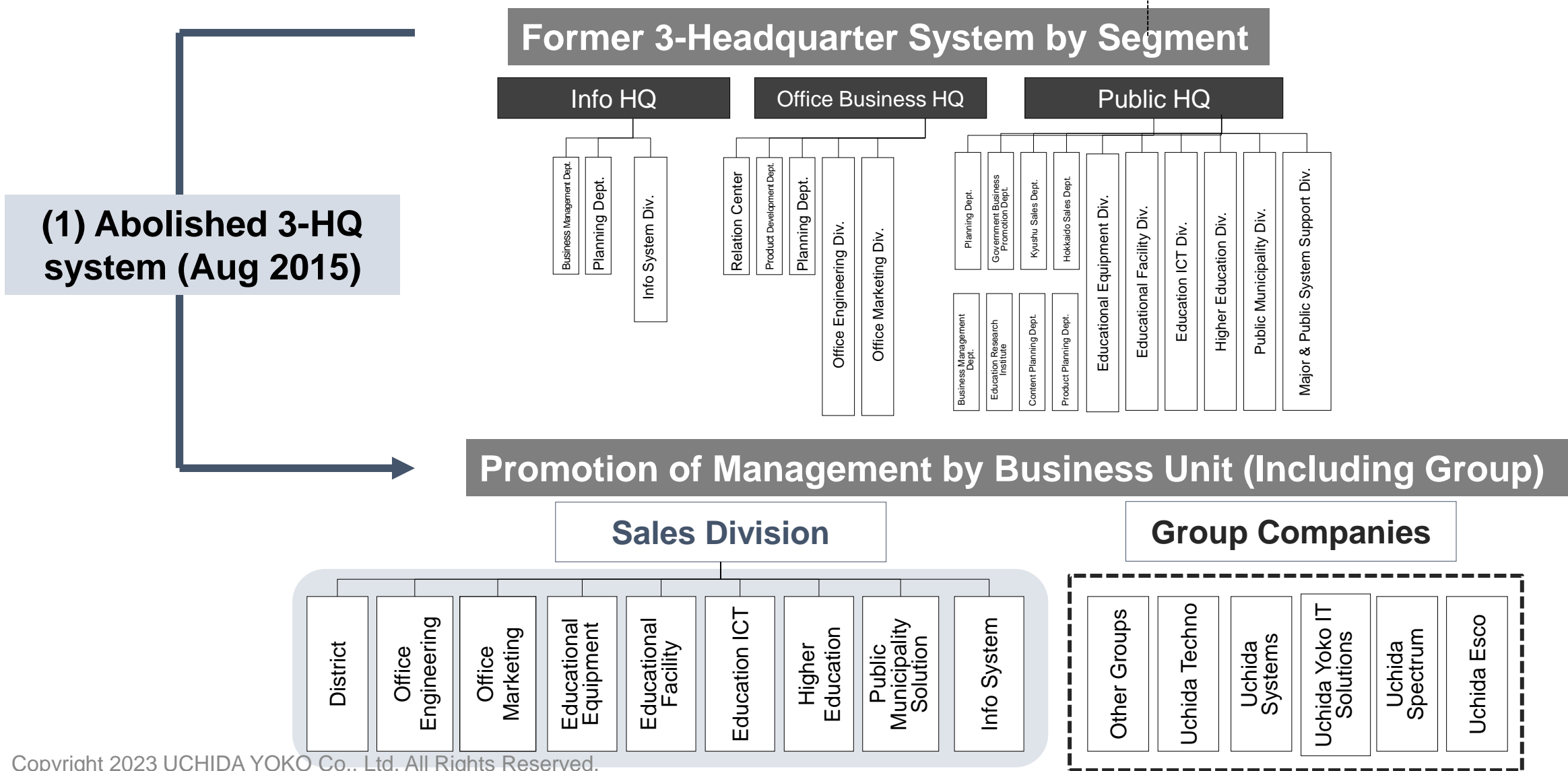
# Factors that Enabled Baseline to Rise

Resource sharing across segments after implementation of 14th Midterm Plan is a factor behind the baseline increase.



# Efforts for Resource Sharing and Rearrangement (1)

Measures to ensure consistency with market and promote functional integration



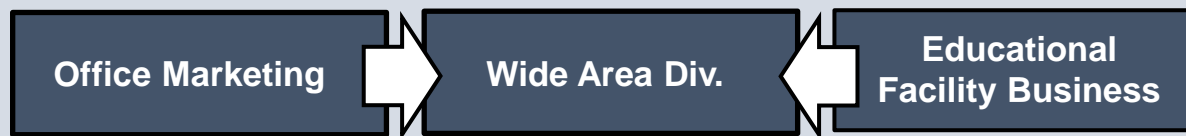
# Efforts for Resource Sharing and Rearrangement (2) to (5)

## Measures to ensure consistency with market and promote functional integration

(2) Promoted strategies in growing business fields independently from segments (Aug 2015)

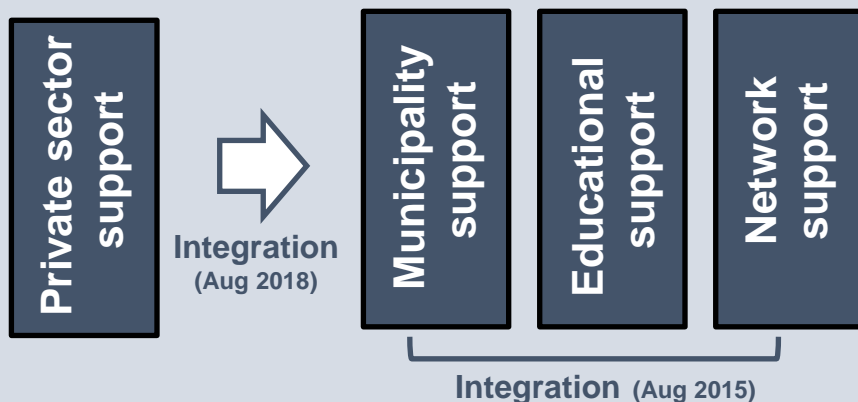


(3) Combination of Local Public Offices and Offices based on Strength of Education Market (Aug 2018 - Aug 2022)

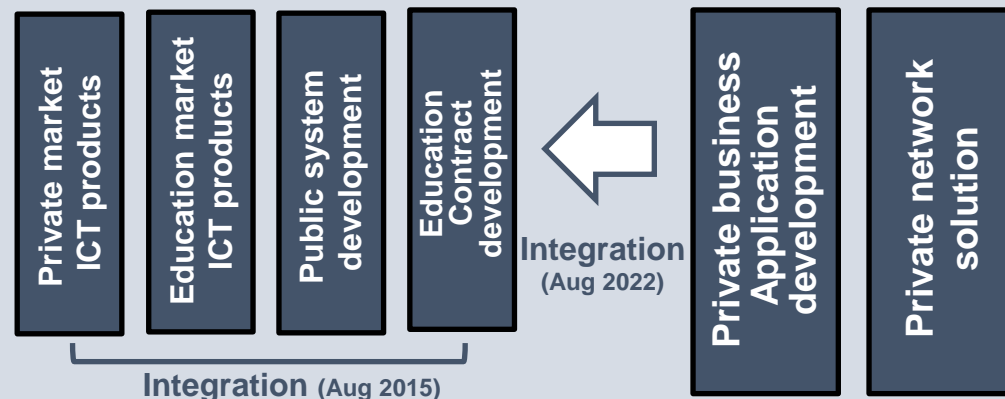


Integration of regions other than Tokyo, Nagoya and Osaka (Aug 2022)

(4) Integration of SE Organization Dispersed by Market and Business (Aug 2015)



(5) Integration of ICT Related R&D Departments and Development Functions for Each Business Segment (Aug 2015-)



# Concept of Resource Sharing Leading to Improved Baseline

Promoting the sharing and rearrangement of resources to achieve consistency with market and promote functional integration

14th Midterm Management Plan

15th Midterm Management Plan

16th Midterm Management Plan

- Abolition of non-consolidated 3-division system (1)
- Medium-to-long-term increase in hiring of new graduates
- Establishment of group management promotion department
- Appointment of group executive officers

<Visualizing via market-by-market & business-by-business matrixes>

Seeking consistency with market

(2)(3)

- Promoted strategies in growing business fields independently from segments
- Centralizing metro market
- Combined local business with office business on the strength of the education market

Promoting functional integration

(4)(5)

- Reorganized and integrated ICT development
- Integration of SE organization
- Planning function (promotion)

Rearranging resources

Concentrating potency on major private sector

Maintaining business shift to public demand

Rapid expansion of educational ICT demand & support for GIGA School throughout group

● Uchida Esco became a wholly owned subsidiary

Responding to demand for ICT in private sector as well as demand for ICT in education

Promoting Resource Sharing

# Resource Sharing in Private Market (ICT Related)

Collaborating with major private ICT-related businesses to share customers

## Major private market ICT related business

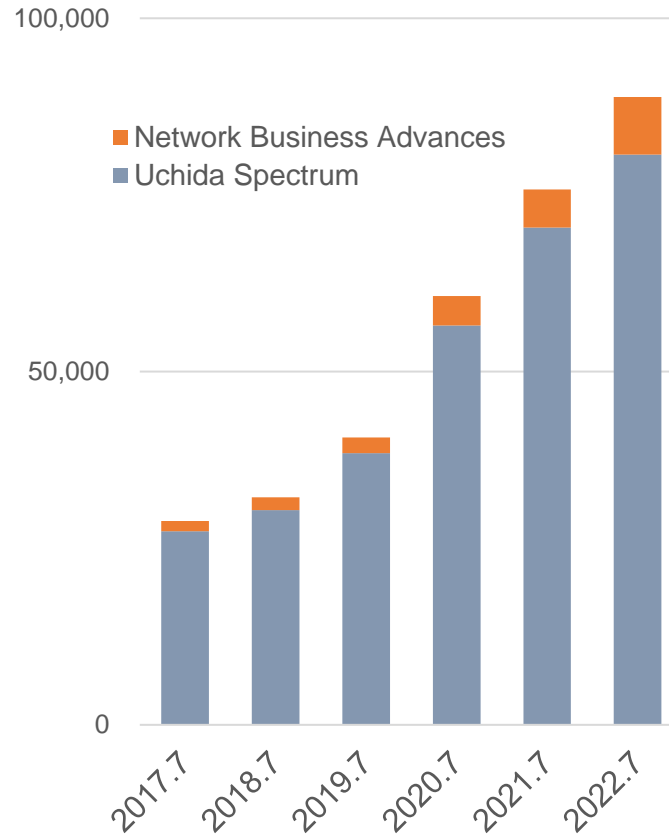
**Software license sales**

Uchida Spectrum

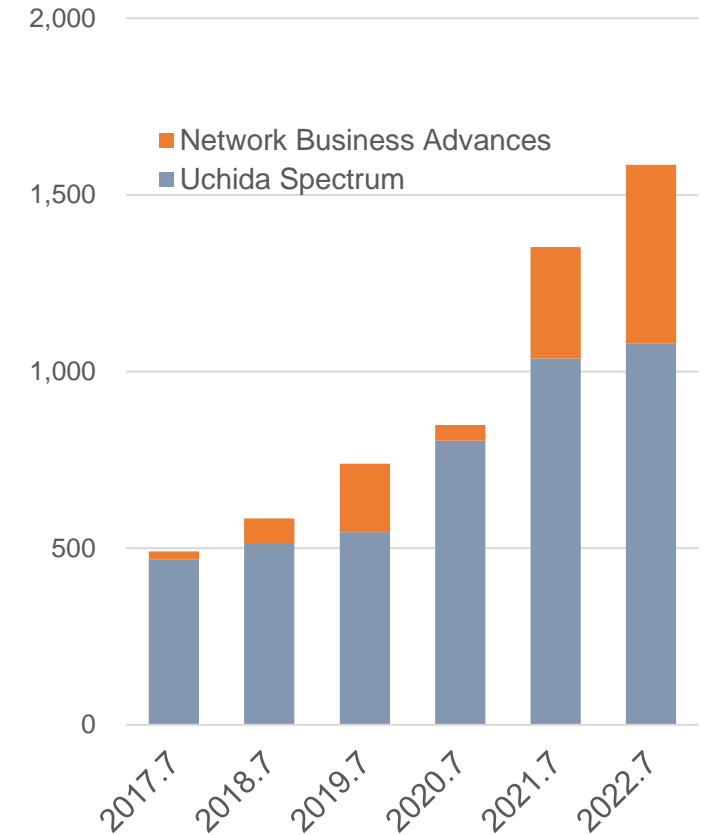
**Network solution construction**

Network Business Advances

Annual Sales Transition of Major Private ICT Business



Annual Operating Income Transition of Major Private ICT Business



※Simple calculations for organizational sales

# Sharing of ICT Resources Throughout Group

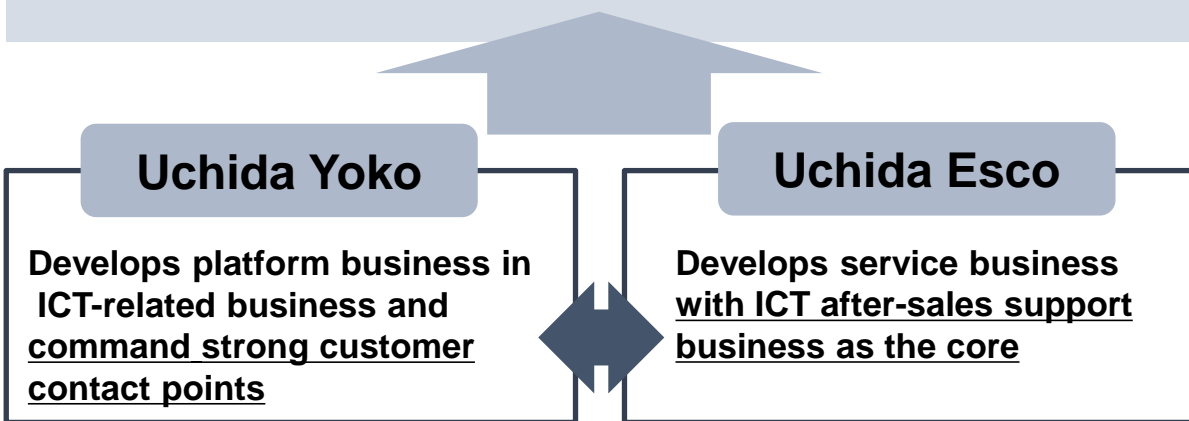
Sharing resources for ICT infrastructure that supports entire group

## Uchida Esco became a wholly owned subsidiary

Deploying with Uchida Yoko to bring fortes of Last Mile Service to private companies

### Demonstrating Synergistic Effect

- Expanding ICT service business cultivated through know-how in GIGA School concept to the growing private sector market



## Large-scale Kitting Base “ESCO Funabashi Bay Site”

- Floor area; 5504.132 square meters
- Maximum monthly production: 40,000 units



Improving track record beyond major companies to encompass SMEs as well



# Resource Sharing in Private Market (Environment Construction Related)

Concentrating resources on major private companies and metropolitan market

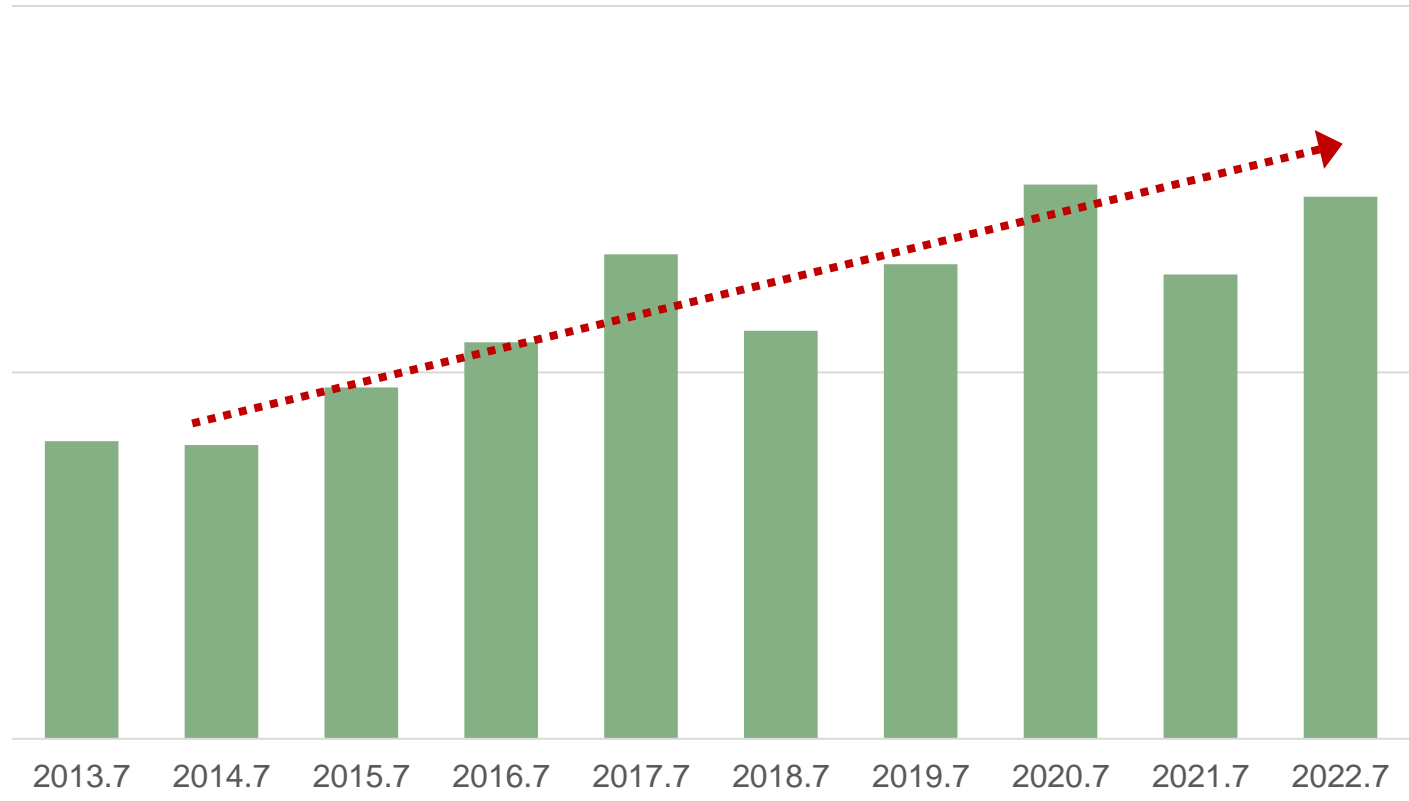
Private companies in Metropolitan area Environmental construction related business

Office space construction

Office Furniture

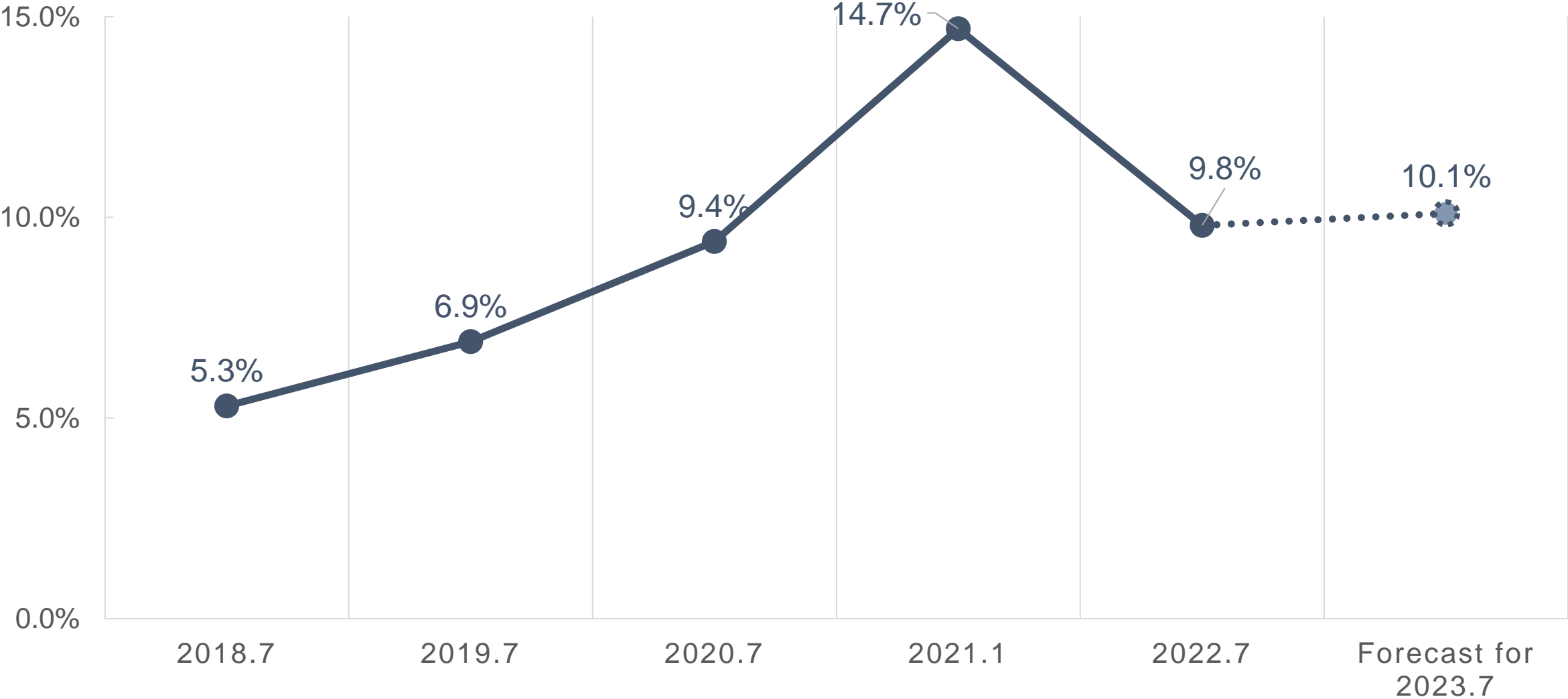
Group sales companies

Annual Sales Transition for Tokyo Metro Business



\* Maintaining sales even in rural areas thanks to benefits of organizational integration of public and private markets

# Targeted Management Index: ROE Transition



# About Shareholder Returns

**FY2022**

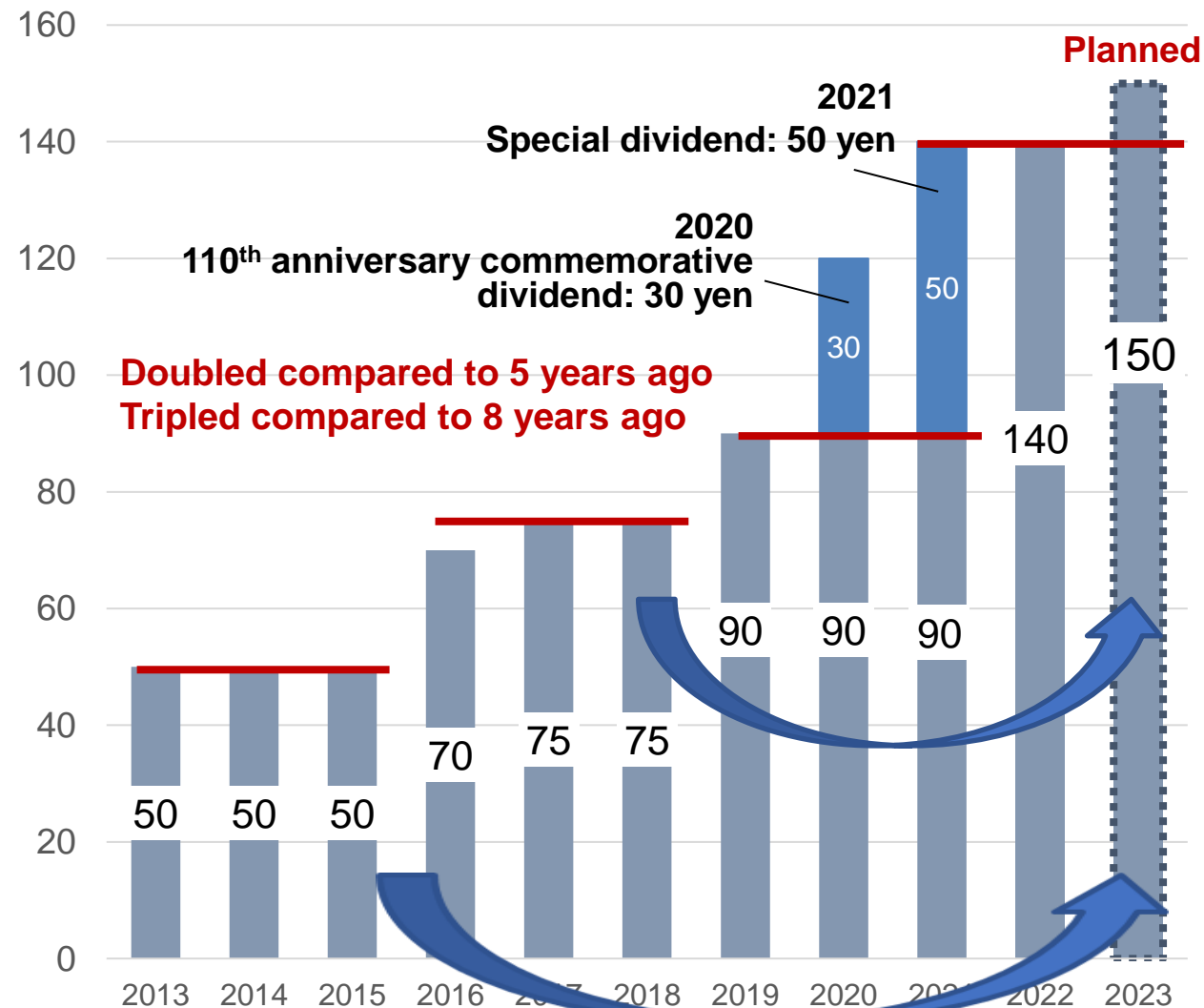
**Estimated year-end dividend per share of 150 yen**

**Plan to increase dividend by 10 yen per share**

- 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**

**Changes in Dividend Amount Per Share**



# 3. MEDIUM-TO-LONG-TERM DIRECTION

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

## Major Targeted Theme

Through the digital transformation of a “working space” and a “learning space” .

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

**(1) HELPING CLIENTS INVEST IN “PEOPLE” AND “DATA”**

**(2) FURTHER REBUILD ENTIRE GROUP**

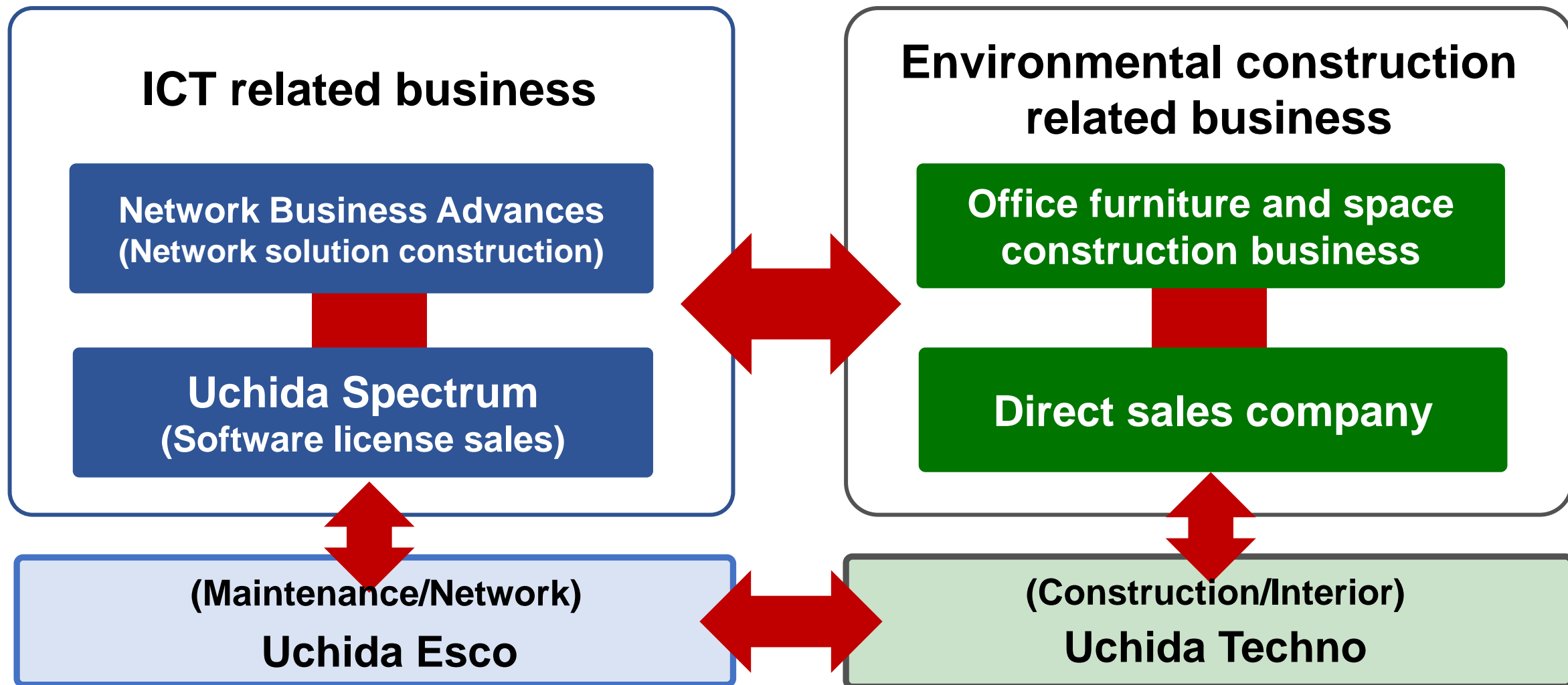
## **(1) HELPING CLIENTS INVEST IN “PEOPLE” AND “DATA”**

- **“People” and “Data” for the workplace**
- **“People” and “Data” for learning**

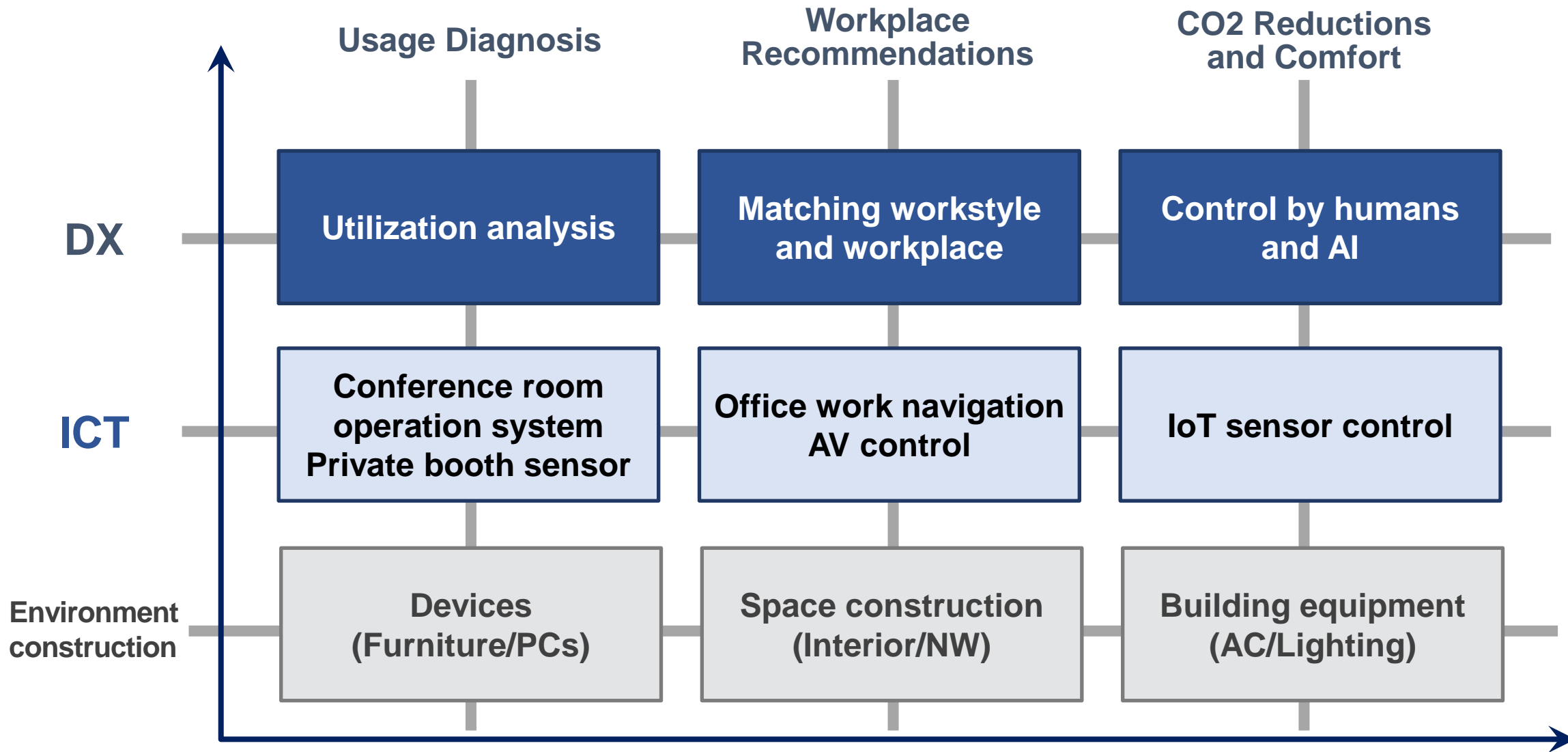
# Initiatives for “People” and “Data” in the Workplace

Focusing resources on major private sector market

Maximizing strengths across segments and group



“Hybrid workstyle” together with “comfortable office environment”





# Network solutions “Smart Office Navigator”

## Connecting workstyles and workplaces based on “people” and “place” data



In operation at **more than 20 bases**, mainly in major domestic manufacturing and service industries.

A platform used by **over 50,000** workers.



### Visualizes office congestion

Counts people entering and leaving areas and displays congestion status as a heat map, so that users can see at a glance the areas that are relatively uncongested.



### Searches for employee locations via smartphone and PC

This locates employees via their smartphones and PCs using Wi-Fi signal to display them on floor map. This is really helpful to see who is where right now in open offices.



### Analyzes space utilization efficiency from whereabouts logs

This analyzes and displays the stay status of employees by floor/area based on logs, which is useful for future office modifications.

**Daily upgrade as integrated signage that aggregates and displays various data on people and equipment in the office**

- RoomSense New LED light
- Person count/congestion info
- Position info provided by Wifi LAN
- SmartRooms conference room info
- Meeting booth sensor info

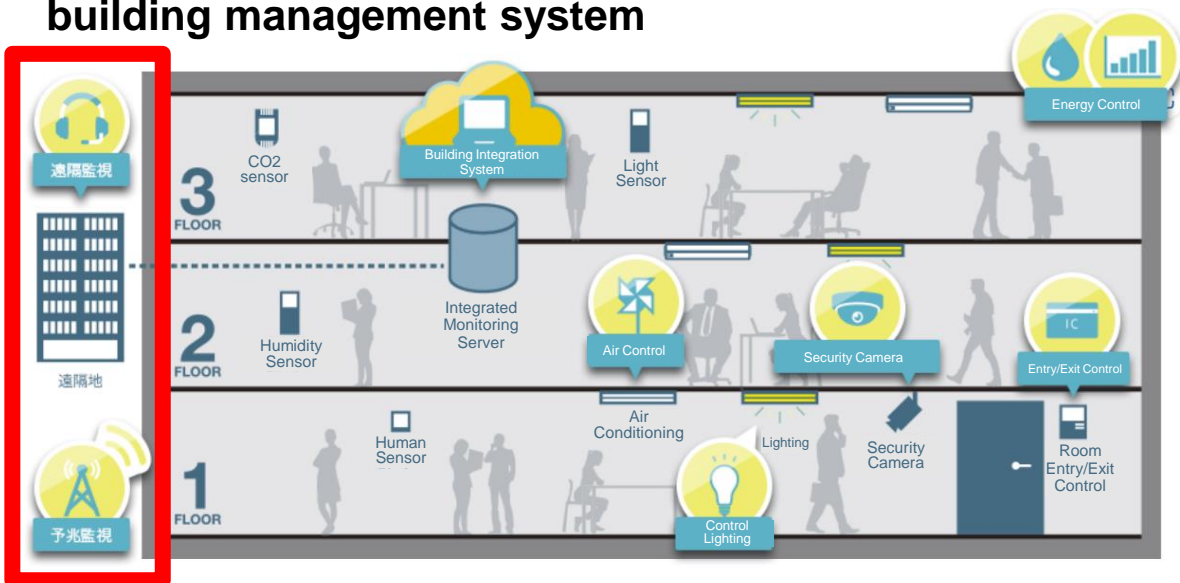
### Can be used with PC Wi-Fi

No installation of new equipment (beacons, etc.) required as this system works off of existing Wi-Fi environment for PCs.

## Aggregating and visualizing various data on people and equipment in the office

### Overall Image of Uchida IoT Model

#### Mechanism for linking sensor network and integrated building management system



Work environments need to be flexible enough to accommodate space usage goals, which are always on the move due to organizational changes, occupancy changes and other such shifts. Based on the premise that “offices change over time”, the Uchida IoT Model makes it easier to respond to changes and at the same time contributes to the creation of operational ideas based on changing data.

### 「UCHIDA IoT Model」

### Linking Up with “Smart Office Navigator”



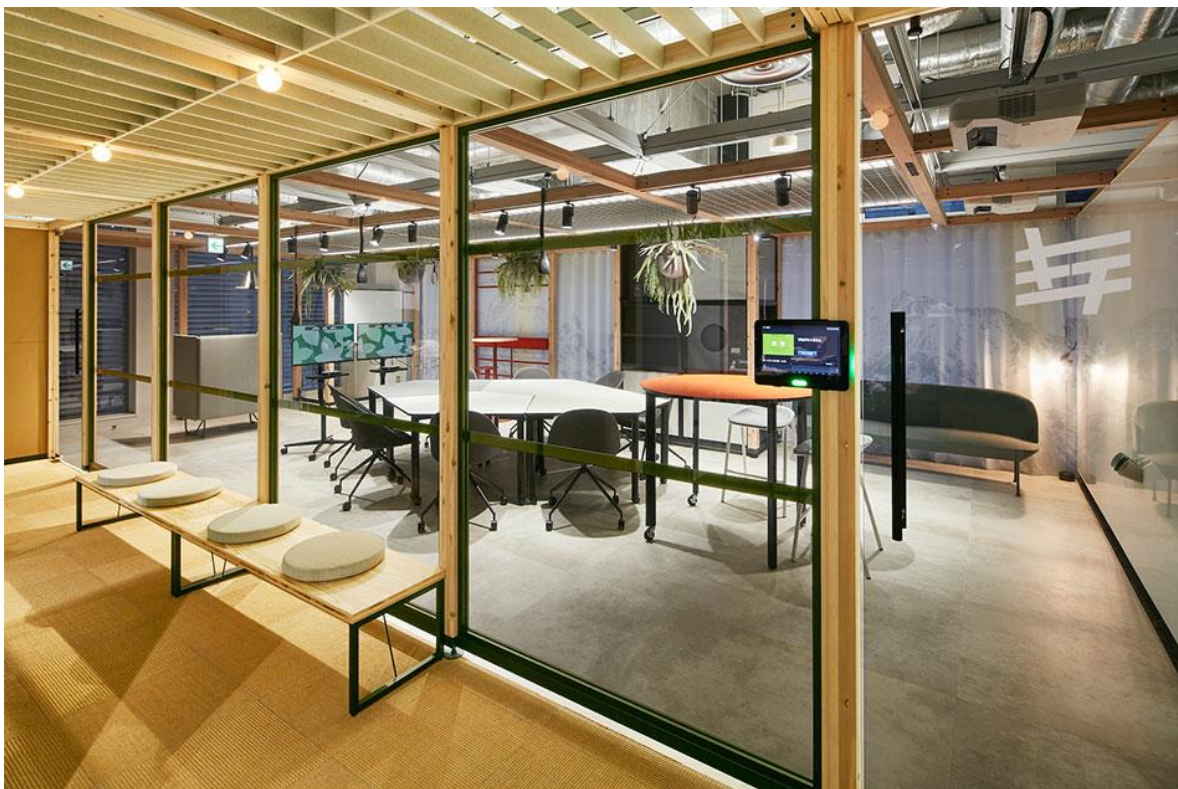
(This calculates the amount of energy and uses signage to recommend office floor to be used)

#### Enhancing User (Employee) Productivity

- Smartphone can be used to operate and keep an eye on facilities, such as lighting, air conditioning and ventilation,
- Signage guides people into workstyles that do not burden the environment
- Provides functions useful for continuous environmental improvement of office layouts and facilities by analyzing usage status from various information.

Linking people and data in offices that fuse networks and spaces

2022-23 Concept – Active Commons “Team Base” and “Comfortable Space” in the Hybrid Era



\* Active Commons®: At Uchida Yoko, in ABW (Activity Based Working), which is a workstyle where time and place are changed according to work content, since 2012, we have been advocating Active Commons® as a shared space where staff can actively conduct their work.

# Initiatives for “People” and “Data” in the Learning Environment

Utilizing big data that makes use of the one tablet per person setup in GIGA Schools

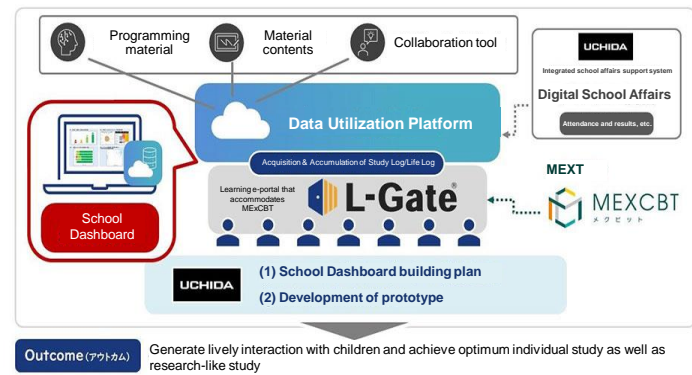
## “School Dashboard” (Image)



**What is School Dashboard?**  
 Much of the history of the study data handled by a student on their individual tablet (device) can be kept, while the remainder can be garnered from the school affairs system, and all these pieces of data related to learners can be aggregated and shown on the dashboard for perusal by teachers and other stakeholders

## Development of “School Dashboard” for Smart School Project in Saitama

We collaborated with Saitama City in the “Saitama City Smart School Project”- supporting the development of an educational data utilization platform at GIGA Schools and promoting reforms in learning, teaching and workstyles (October 2022)

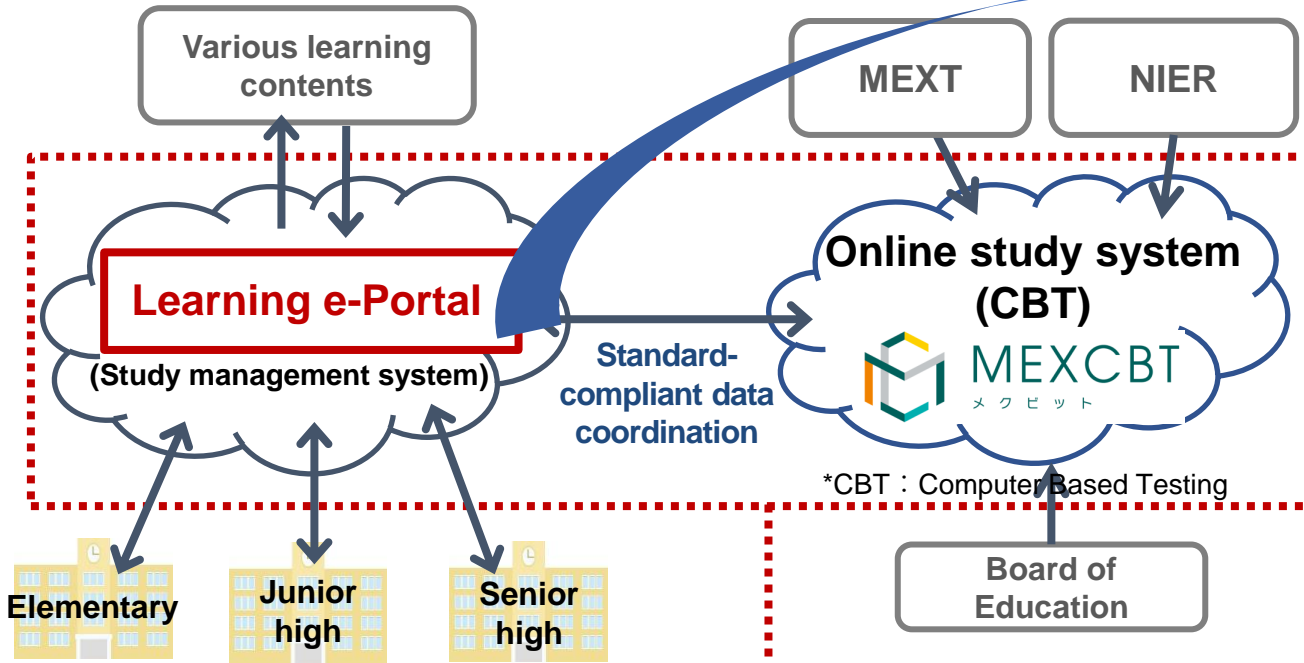


- <Roles of Uchida Yoko>**
- Development) of school dashboard prototype (**data visualization**) to create a lively interaction with children
  - **Acquisition and accumulation of study logs and life logs** using learning e-portal
  - **Promotion of workstyle reforms for teachers** associated with the utilization of school affairs support system

# Development of L-Gate, a Learning e-Portal for Schools

Schools need to connect to the learning e-portal to link into the government's large-scale demonstration experiment.

## MEXT's online learning system "MEXCBT"

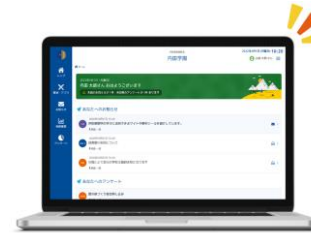


Accessible from home and school

**We oversee construction of core system**

In April 2023, the "FY2023 National Academic Ability and Learning Status Survey (junior high school survey)" used "MEXCBT" for the English speaking survey. About 1 million students used it.

## Learning e-portal for Schools



Used by 7.2 million accounts at some 720 organizations and local governments and about 9,500 schools

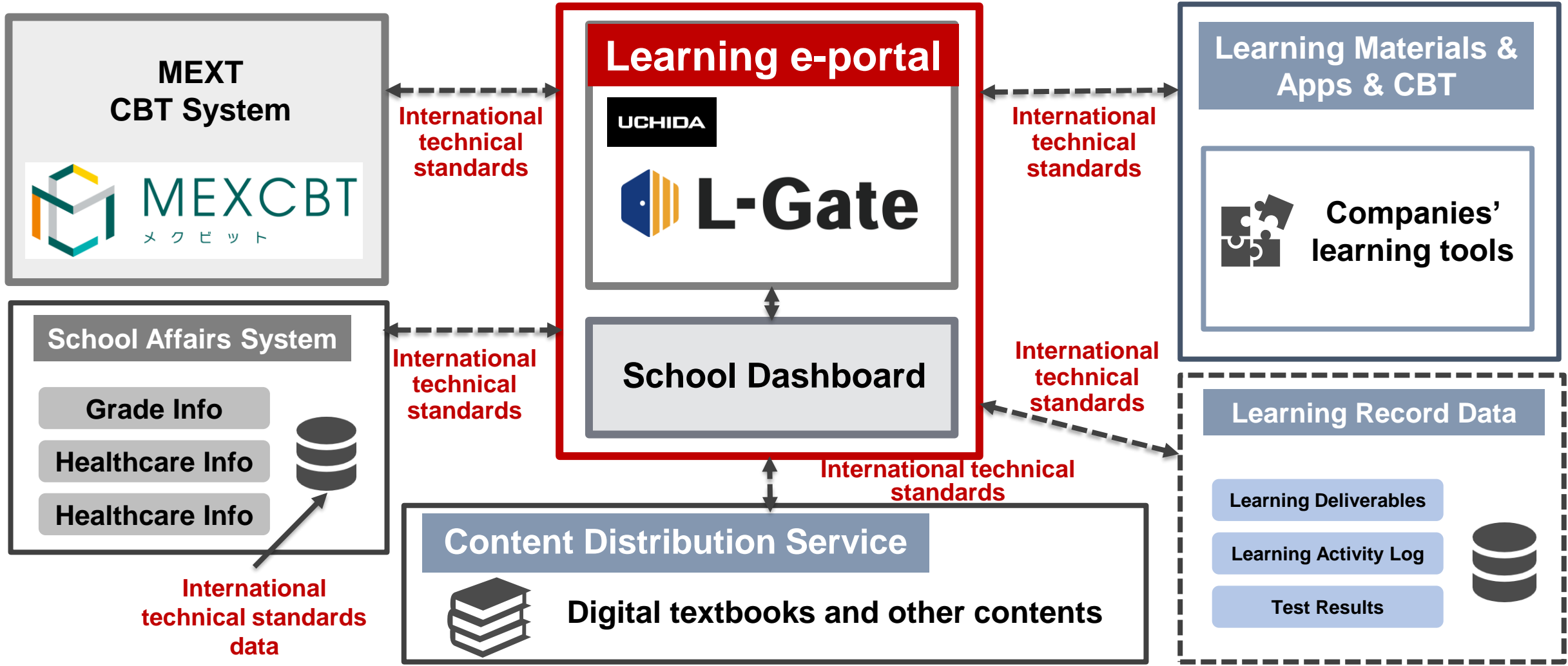
\*As of the end of January 2023

**Top-class Deployment track record**

As this e-portal can be connected to "MEXCBT", its usage is spreading rapidly!

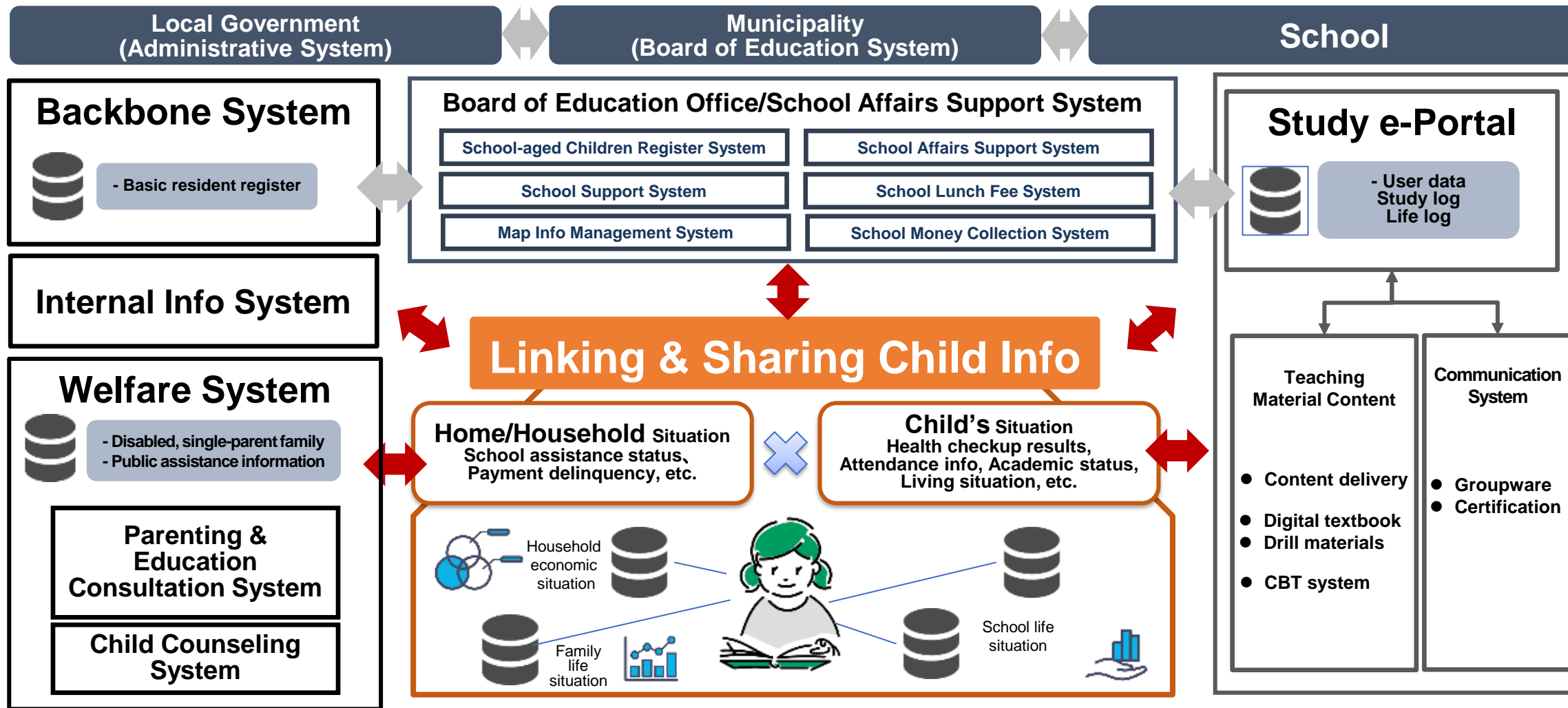
# Responsible for Building an Ecosystem for Educational DX

We adopted international technical standards to enhance compatibility with other companies' products and thus make it easier to link data.



# Promoting DX in the Region Based on Children's Data

In the future, we will promote data linkage between schools and local governments and use it to solve various problems for children.



# Proposing New Learning Places for Future DX Human Resources Development

## Constructing learning spaces for students to proactively utilize ICT/data

### “Nosukko Futuristic Classroom” in Konosu, Saitama Prefecture - Renovation of Computer Classroom -

Uchida Yoko signed a collaboration deal with Konosu City to build a cutting-edge educational ICT space. We aim to help children improve their abilities through the use of problem-solving learning (PBL) and ICT, and by providing them with a lab classroom.

のすっ子未来教室



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### The University of Tokyo (Komaba Academic Writing Center) Future Class Room Laboratory

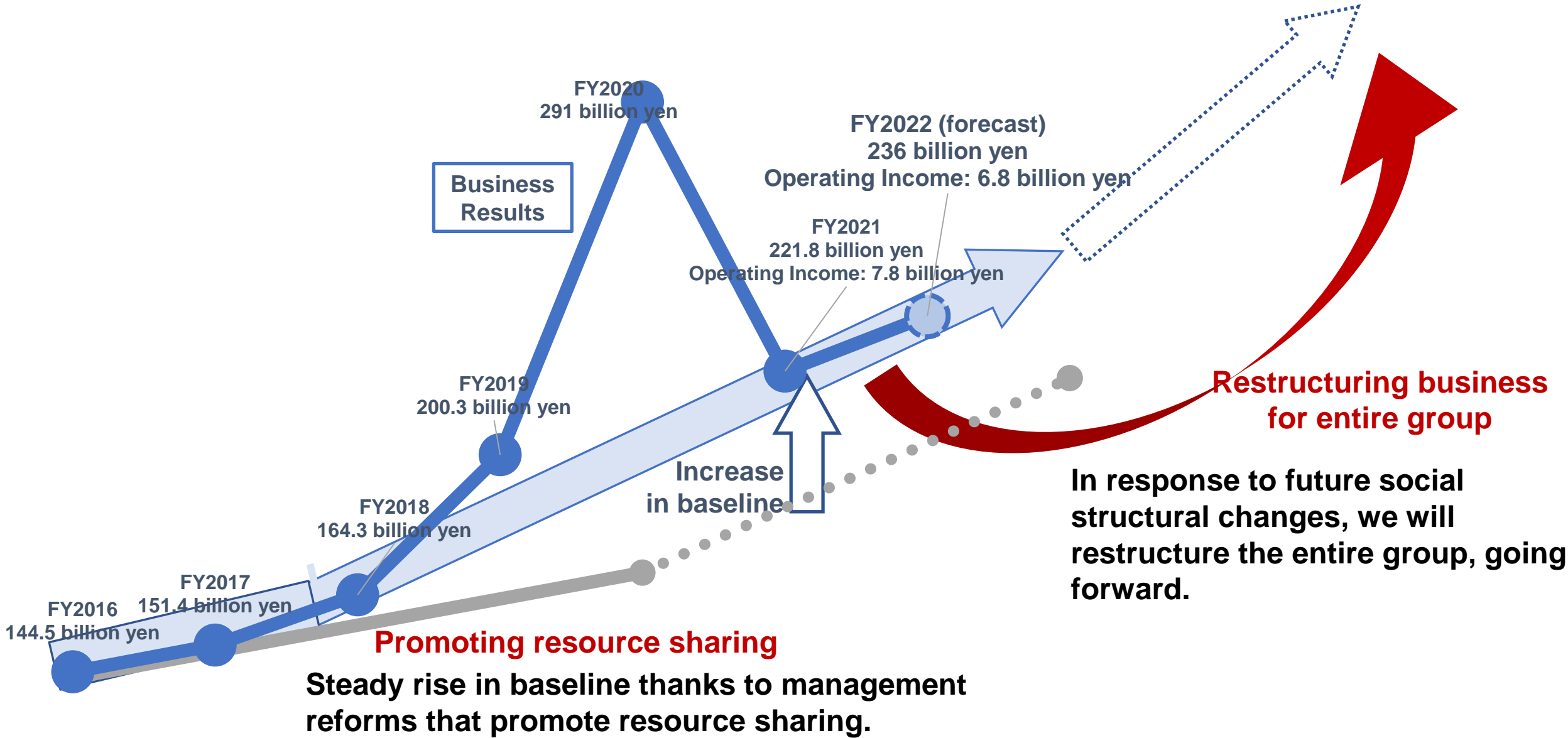
The University of Tokyo Komaba Academic Writing Center wished to develop an ICT environment as a place to practice liberal arts education. They concluded a naming plan agreement with Uchida Yoko for construction of the classroom, and the classroom is now open under the name “Uchida Yoko Future Class Room Laboratory”.





## **(2) FURTHER RESTRUCTURING OF ENTIRE GROUP**

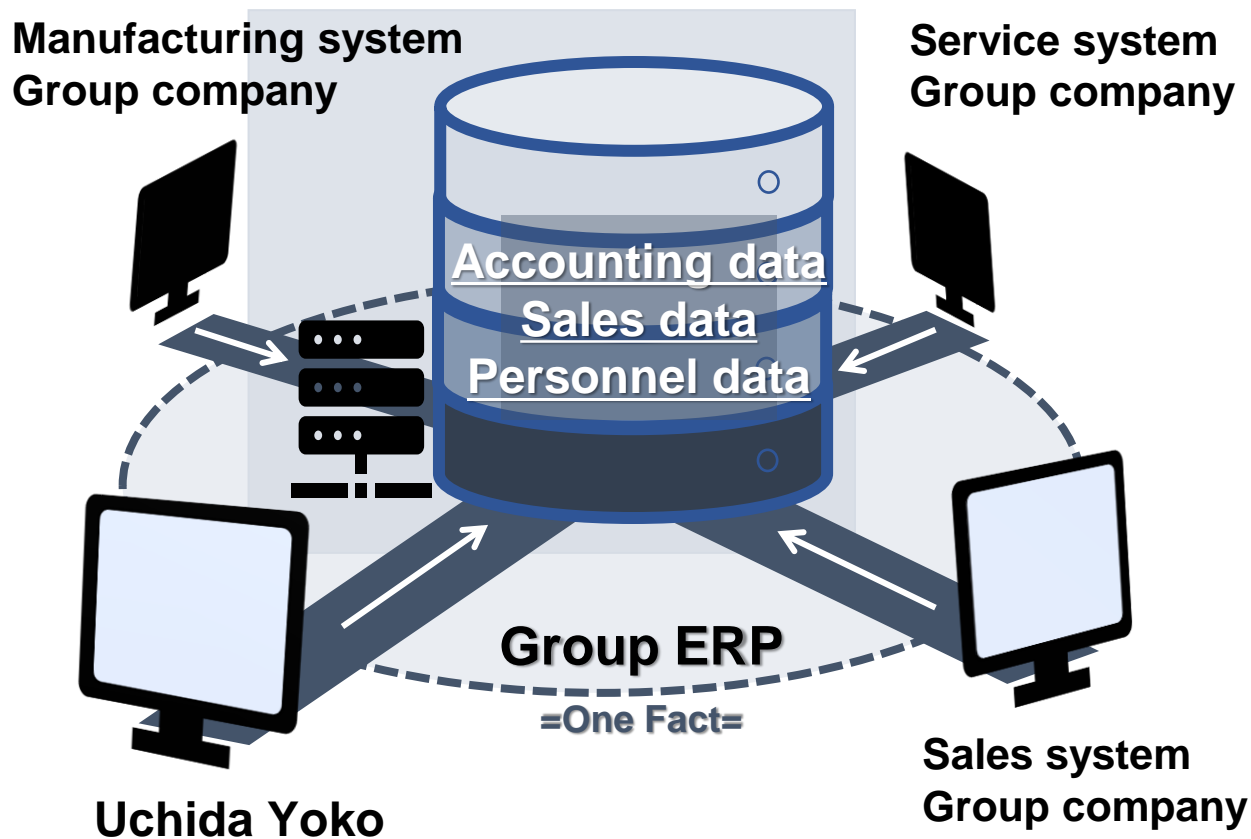
# Further Restructuring of Entire Group for the Future



# Group Deployment of In-house Information Systems

Developing internal information systems within the group to promote transformation of group management

## In-house Information system



### “Accounting System”

Started operation in August 2021

### “Personnel System (ID Integrated Management System)”

Started operation in August 2022

### “Sales Management System”

1st Group started operation in August 2022

2nd Group scheduled to start operation in August 2023

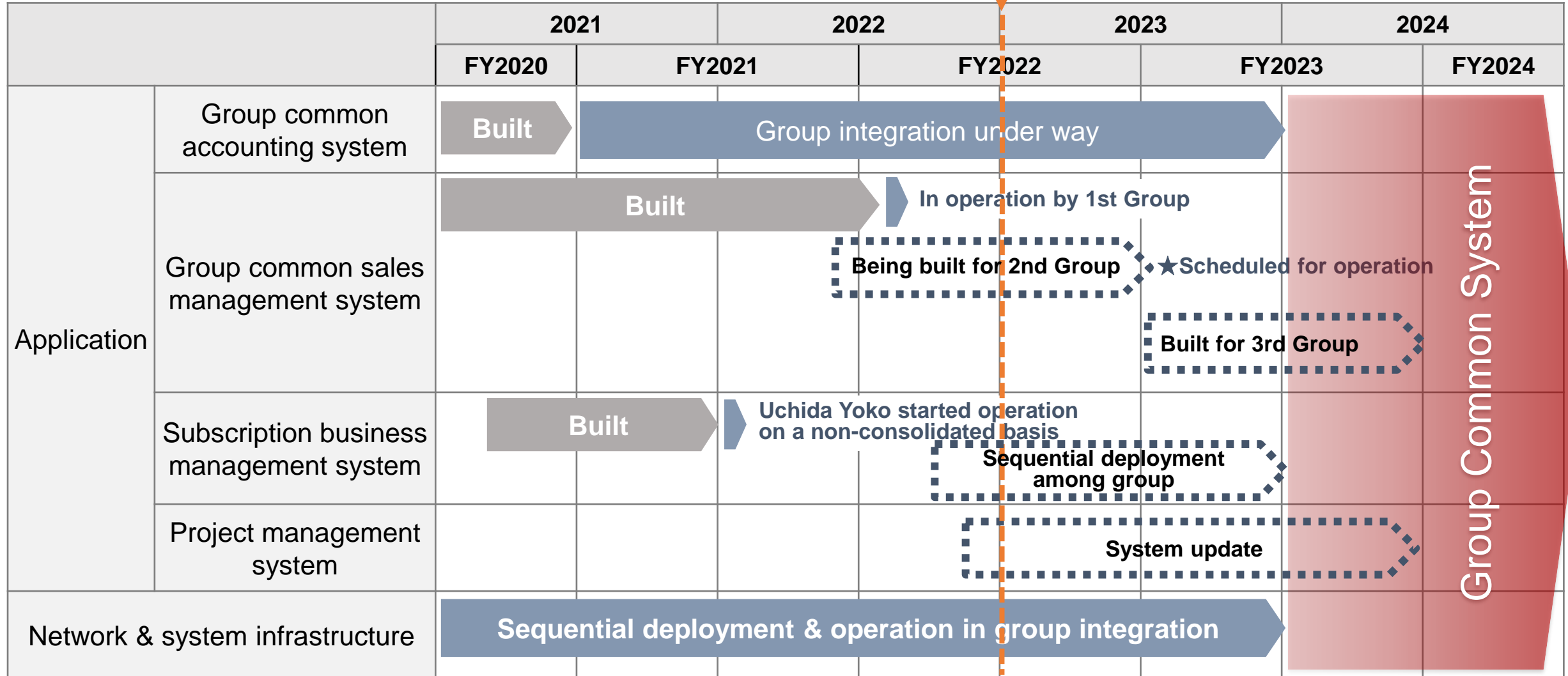
3rd Group scheduled to start operation in August 2024



- Management reform
- Group-wide business restructuring

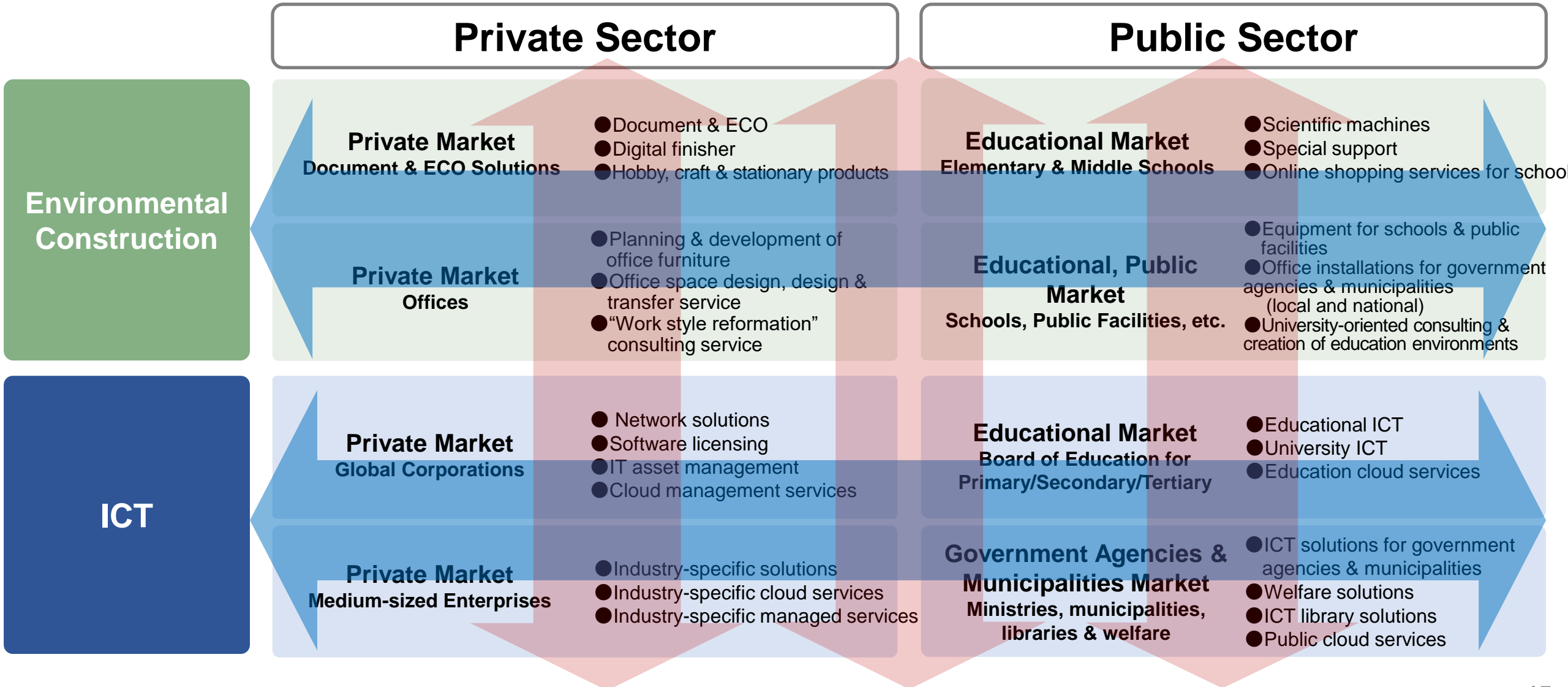
# System Investment to Restructure Entire Group

Will accelerate management transformation by utilizing common systems and data from FY2023



# Accelerating Restructuring of Group, including Core Businesses, from Management Transformation

Using a matrix to visualize 3 business fields market by market & business by business



# Endorsement of TCFD Recommendations and Information Disclosures

We have set 2030 reduction target for our CO<sub>2</sub> emissions

## Contributing to Realization of Carbon Neutrality

Concluded “agreement to promote use of Kitayama cedar in architecture” with Kyoto City and others, with signing in August 2022



- User group’s plan to promote use of Kitayama cedar
- Details of initiatives to achieve the user group’s concept
- Plan to promote use of Kitayama cedar by producer group
- Details of initiatives to achieve concept of producer group
- Support from Kyoto City to achieve the vision

## Declaration of Support for TCFD Recommendations (September 2022)

### Current CO<sub>2</sub> Emissions

Scope1 : 2,119 t- CO<sub>2</sub>  
 Scope2 : 4,789 t- CO<sub>2</sub>  
 (Market standard)

**Total: 6,908** t- CO<sub>2</sub>  
 FY2021 emissions

### CO<sub>2</sub> Reduction Targets

**50% reduction by 2030**  
**100% reduction by 2050**

Base year: FY2021  
 Target scope: Scopes 1 & 2

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



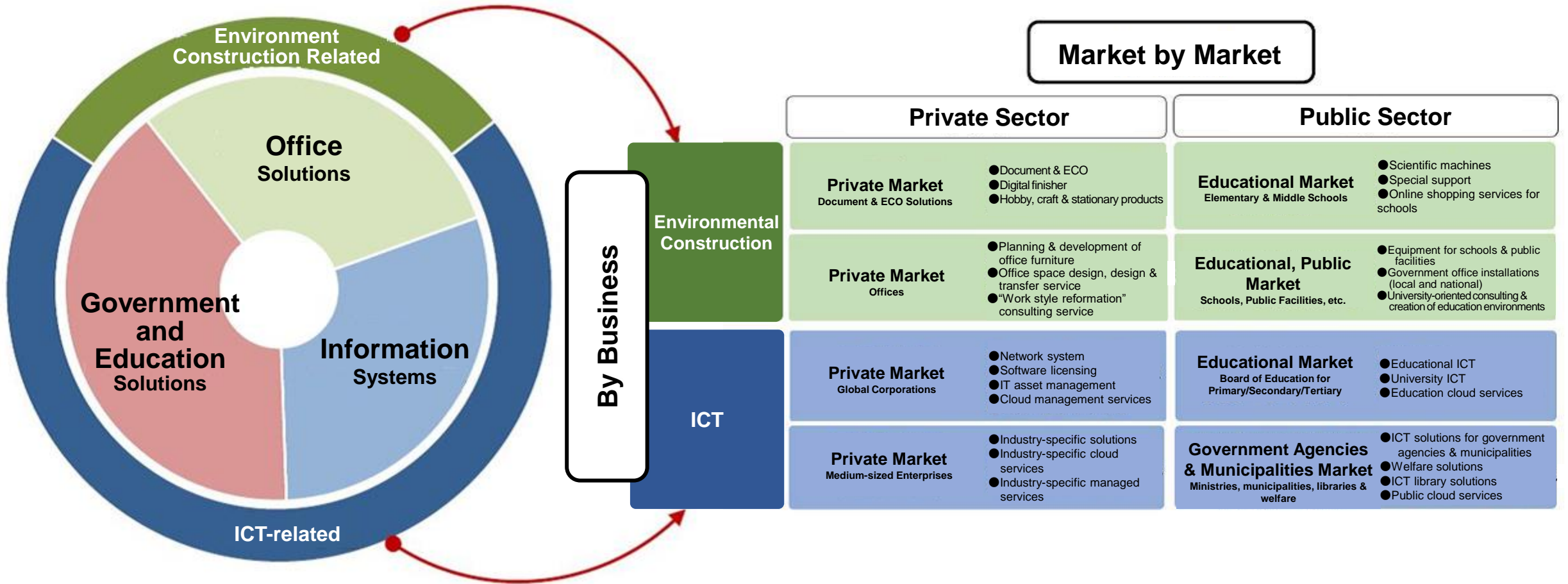
**“What to do with people?” and “Utilization of ICT” are mutual Issues**

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

**“Creating Value from Data and  
Collaborating in the Design of  
Knowledge”**



# (Reference) Business Structure of Uchida Yoko Group as seen in Matrix Formats



At present, we have set up 4 matrixes, dividing environment construction related business and ICT business from the axis of products and skills, and private market and public market form the market axis, and subdividing the business inherent in the 3 conventional segments into small business units (SBUs), and have begun reviewing the business portfolio of Uchida Yoko Group from an aerial perspective as well as considering resource restructuring.