

# **2Q Financial Results Briefing for FY2023**

**Uchida Yoko Co., Ltd.**

Tokyo Stock Exchange Prime

Securities code: 8057

- 1. Outline of 2Q Financial Results for FY2023  
(Period July 21, 2023 – July 20, 2024)**
- 2. Outlook for Full Period of FY2023**
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# **1. Outline of 2Q Financial Results for FY2023**

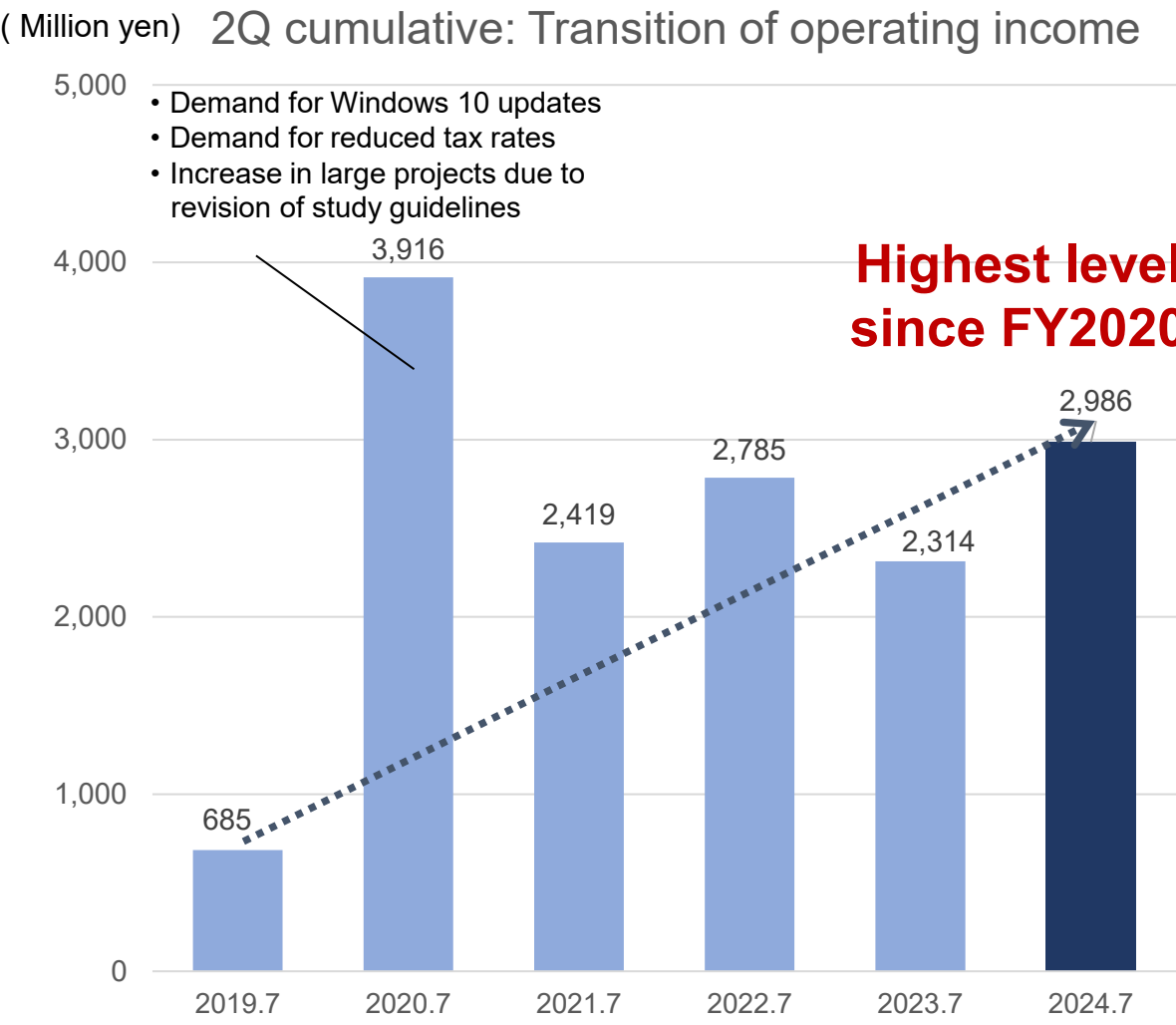
# 2Q Business Results for FY2023 (Consolidated)

(Unit: Million yen)

	FY2022 (2Q)	FY2023 (2Q)	Increase / Decrease	
Sales	94,197	106,901	+12,704	+13.5%
Gross Profit	19,547	21,258	+1,711	+8.8%
SG & A	17,233	18,272	+1,038	+6.0%
Operating Income	2,314	2,986	+672	+29.0%
Ordinary Income	2,692	3,433	+741	+27.5%
Current Net Income	1,672	2,330	+658	+39.3%

# Record High Sales (2Q Cumulative Period)

Operating income also reached the highest level since FY2020.  
Both sales and operating income were on target.



# Points Concerning 2Q Financial Results for FY2023

## ● YoY Increase in Income and Profit (sales, operating income, ordinary income, and current net income)

- ✓ Sales reached a record high for 2Q cumulative period.
- ✓ Operating income was the highest except for FY2020 (demand for Windows 10 updates, demand for reduced tax rates, demand for ICT equipment installation due to school curriculum changes, etc.)

## ● SG&A expenses increased as originally planned as an investment for the future

## ● Large quarterly fluctuations (as initially expected)

## ● All segments generally performed as planned

# Investments for the Future (Increase in SG&A)

Increased investment compared to previous year

**106% increase YoY +1,038 million yen**

## Human investment

- **Wage base increase, etc.**
  - ✓ **Base increase**  
(from April 2023)
  - ✓ **Other improvements in treatment, etc.**

## Marketing activity expenses

- **Enhanced customer contact**
  - ✓ **Sales promotion events**
  - ✓ **Increase in sales volume**

## Pilot studies

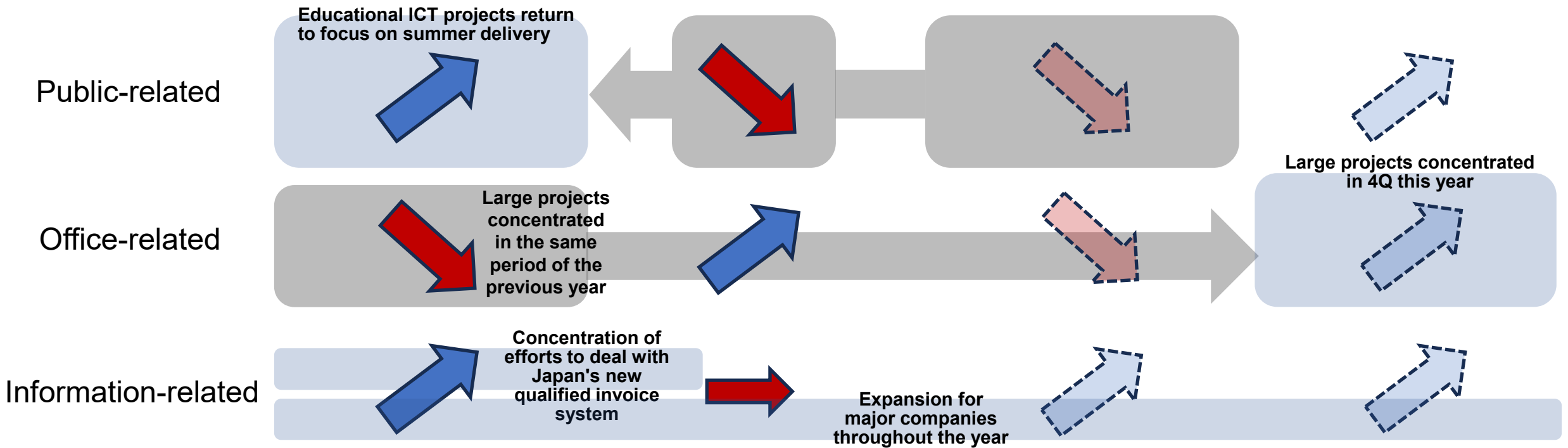
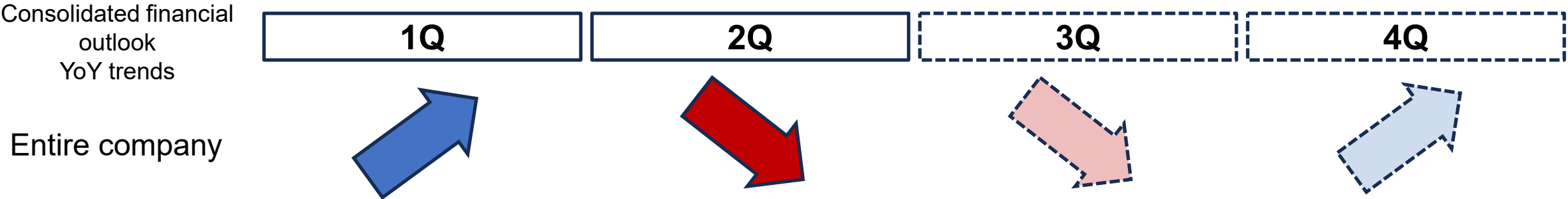
- **CBT platforms**
  - CBT : Computer Based Testing
  - \*Open Assessment Technologies S.A. related**Etc.**

## Capital investment, etc.

- **Establishment of a common sales management system for the entire group**
  - \*Group 2 in operation**Etc.**

# Quarterly Changes (Performance Trends) for FY2023

Although there were large fluctuations from quarter to quarter, the fluctuations themselves were as expected.





# Results by Business Segment for 2Q FY2023

(Unit: Million yen)

Upper: Sales Lower: Operating Income	FY2022 (2Q)	FY2023 (2Q)	Increase / Decrease	Remarks
<b>Government and Education Solutions</b>	33,402 1,080	36,328 1,427	+2,926 +347	<p>ICT equipping projects, the focus of which had shifted to the end of the fiscal year due to GIGA School, returned to a summer focus as before.</p> <ul style="list-style-type: none"> <li>Steadily acquired network and other projects to support the large volume of terminal equipped at GIGA School.</li> <li>In the university market, the number of educational environment improvement projects, such as ICT in classroom environments, and the establishment of Japanese schools by overseas educational corporations increased. However, in the local government market, there was a delay in the standardization plan for mission-critical business systems.</li> </ul>
<b>Office Solutions</b>	24,087 13	24,069 (90)	(18) (103)	<p>In the previous year, projects for large-scale office construction were concentrated in Q1, but this year the peak shifted to Q4.</p> <ul style="list-style-type: none"> <li>There was a steady growth in acquisition of office renewal projects to accommodate hybrid work styles due to the rise in the number of employees returning to the workplace.</li> <li>There was a recovery in sales of finishers (post-processing machines) for the digital printing market overseas and an increase in sales of hobby products in the U.S.</li> </ul>
<b>Information Systems</b>	36,274 1,149	46,093 1,551	+9,819 +402	<p>Demand for business system modifications to accommodate the new qualified invoice system in Japan was concentrated around 1Q.</p> <ul style="list-style-type: none"> <li>The software licensing business for large enterprises continued to grow, and cloud licensing also continued to expand.</li> <li>The introduction of meeting room operation support services and office data visualization systems expanded due to the increase in the number of people returning to the workplace.</li> </ul>

## **2. Outlook for Full Period of FY2023**

## FY2023 by Segment

(Unit: Million yen)

Upper: Sales Lower: Operating Income	FY2022	FY2023 Initial Plan	YoY Change from Initial Plan	Impressions at the End of 2Q
Government and Education Solutions	80,708 3,426	81,000 3,500	+0.4% +74	The introduction of peripheral equipment after GIGA has run its course, and network project support in response to the increase in terminals has been steady. Although there were delays in standardization by local governments, ICT for universities performed well. Overall performance was almost in line with the initial plan.
Office Solutions	51,092 1,071	53,000 1,100	+3.7% +29	Demand for large projects was concentrated in the 1Q of the previous year and in the 4Q of this year. Demand has been growing since the 2Q, and the situation has improved from the initial plan.
Information Systems	113,721 3,649	120,000 3,750	+5.5% +101	ICT business for major companies in the private sector continues to do well. The business is on track to exceed the initial plan.
Consolidated	246,549 8,436	255,000 8,600	+3.4% +164	As a whole, we are on track to exceed our initial plan.

# 3. Business Situation

# Educational ICT: Development of a Learning Environment that Supports the Use of One Terminal per Student

Steadily winning projects that demonstrate our strengths, especially network projects

## Number of computers for educational use in schools

10 million more computers in GIGA School budget

As of March 1, 2020

Approx. 2.36 million units



As of March 1, 2023

Approx. 12.9 million units

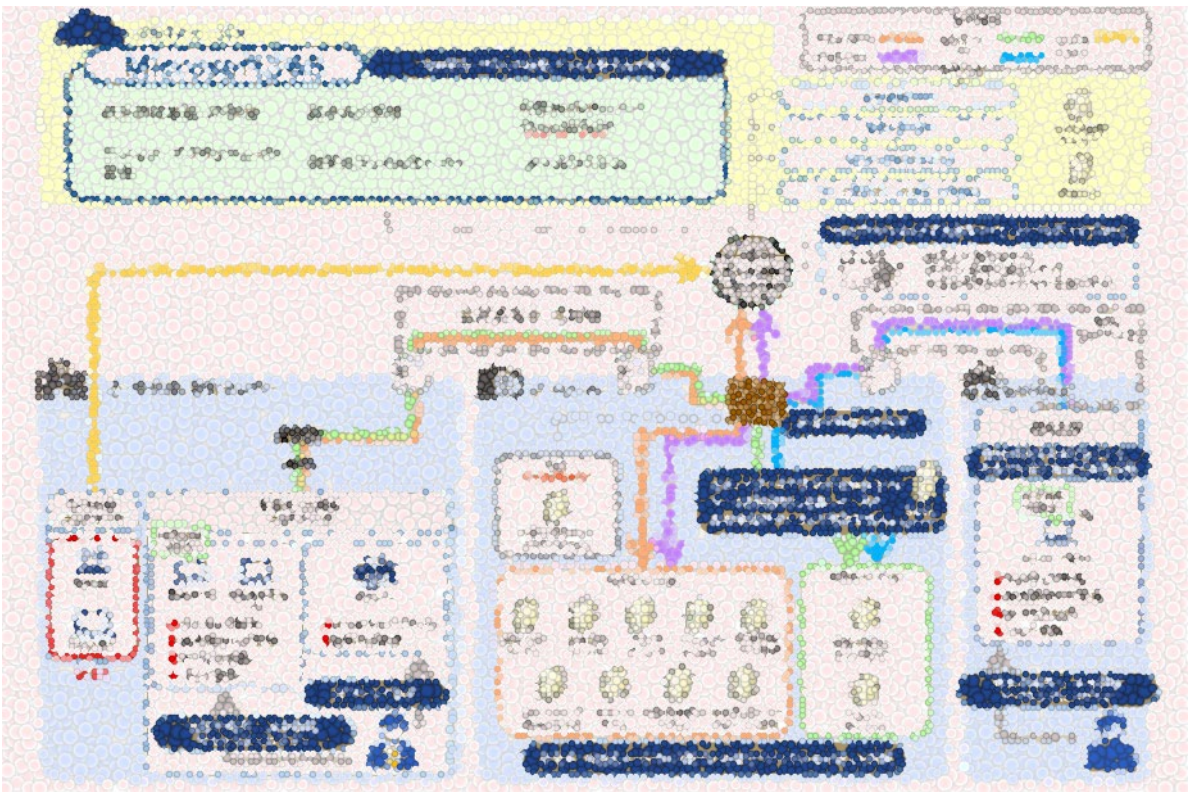
Mainly used in PC classes

One terminal per student  
Mainly used in regular classes

Multiple classrooms now all accessing the network at the same time

## Example: Strengthening of network infrastructure in a certain city in Tokyo

High levels of network quality and security are required for the connection of learner terminals and teacher PCs to learning and school administration systems and administrative networks.





# University Business Growing Despite Delays in Standardization of Municipal Systems

## Developments in the standardization of municipal systems

**The Japanese government aims to develop system standardization for 20 major municipal government operations, including pensions and welfare, etc.**

(October 2022, Local Government Information System Standardization Basic Policy)

**National target by the end of FY2025**

## In FY2024...

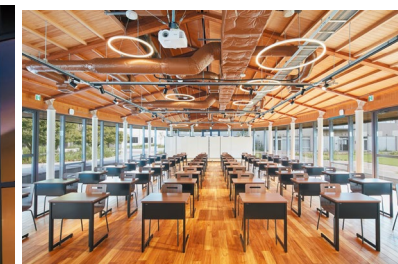
- (1) Concentration of system development and migration is causing a nationwide vendor SE resource crunch
- (2) Delay in publication of detailed specifications provided by the government, etc.

**Major developments starting in FY2025**

## Acquisition of Japanese school projects and new building projects for overseas school corporations



Rugby School Japan



## Expansion of ICT-enabled classrooms



- Expansion of classroom maintenance to accommodate individual student PCs for classroom use
- Support for distance learning between campuses
- Strong sales of PCs for students

# Mainstay Small and Mid-Size Private ICT: Response to the Start of the Qualified Invoice System

Concentrated demand for program modification of business systems to comply with the start of the qualified invoice system

Extensive experience in implementing industry-specific sales management systems

- Food and chemical industries

ERP core business system “Super Cocktail®”

Installed at many food product customers throughout Japan.

No.1 market share\* for 8 consecutive years.



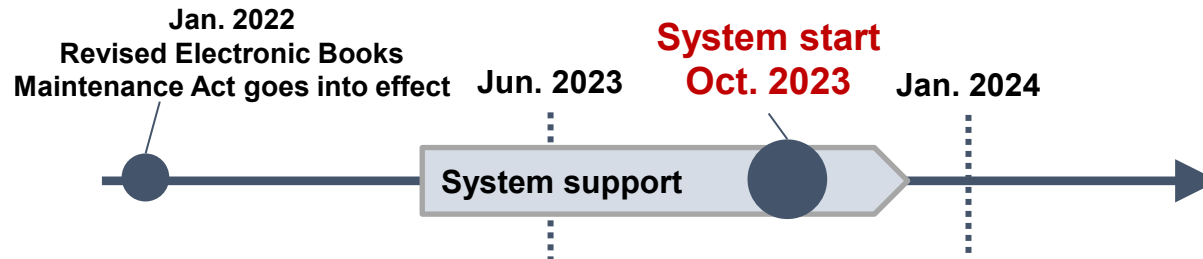
- Construction industry

Construction Industry ERP System “Process®”

**PROCESS**

Introduced at more than **350** companies

Steady response to system modification projects due to the start of the qualified invoice system



- System support for the qualified invoice system concentrated on customers in the food and our other core industries.  
(System support ends by 2Q FY2023)

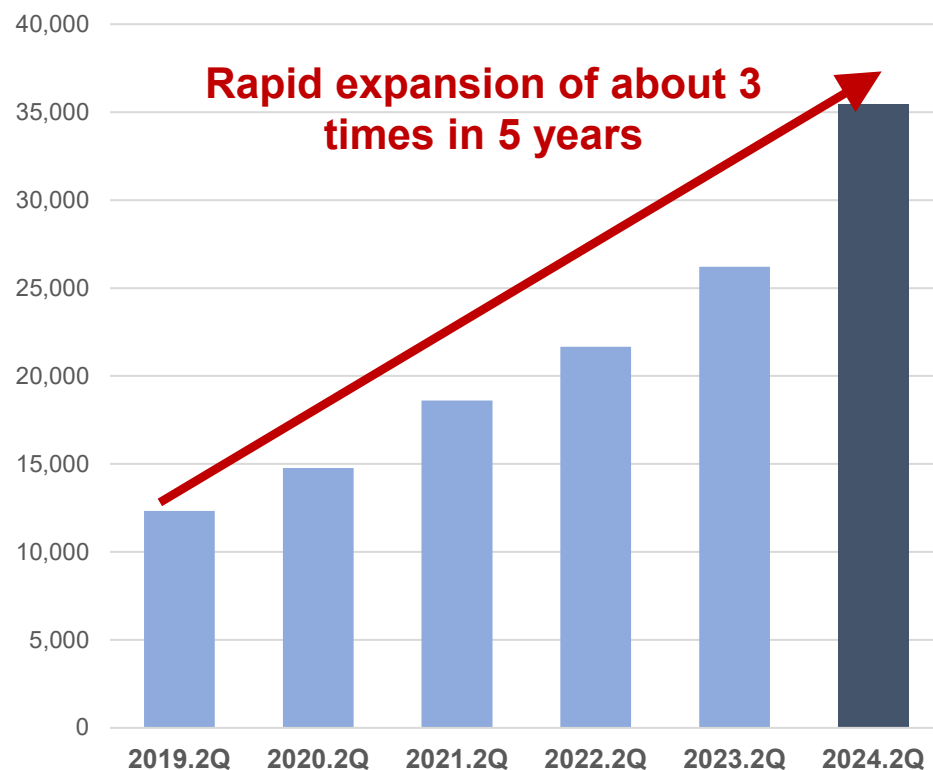
SI projects are expected to increase in the future

\*Source: ITR, "ITR Market View ERP Market 2023ERP Market - Food Vendor Value Trends and Share (FY2022 Forecast)"

# Major Private ICT: Rapid Growth of License Agreement Business (1)

Serving 65% of major private companies (Nikkei 225)

## Software license agreements: 2Q cumulative results

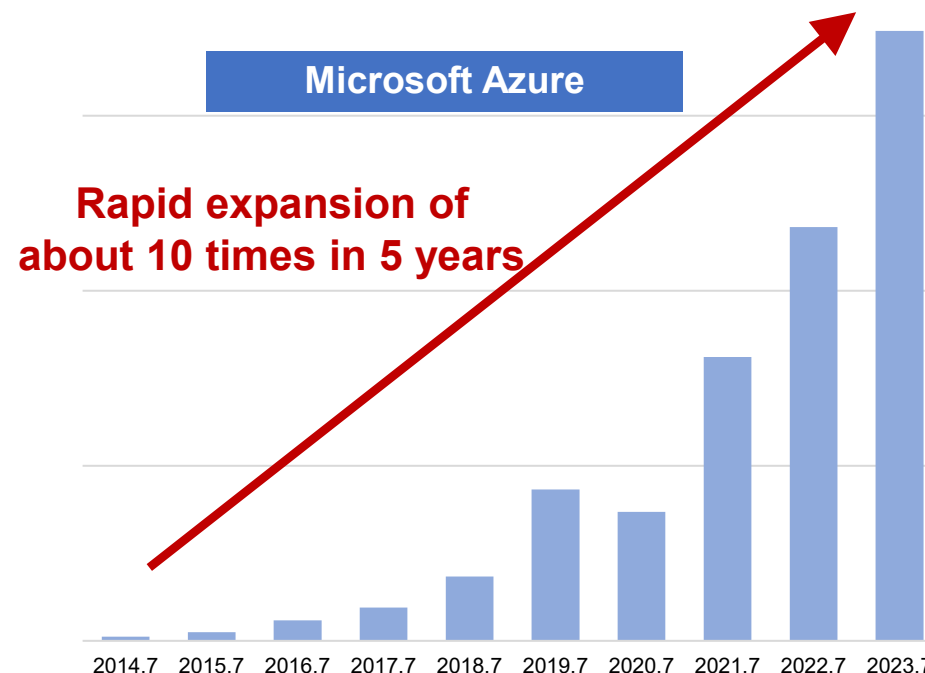


### — Background behind expansion —

- Increase in scale through expansion of scope of offerings
- Expansion of unit cost per service for security support

## Rapid growth in uptake of Microsoft Azure

Use of cloud and AI is provided in the form of licenses



### ● Microsoft AI (Co-Pilot)

Increase in the percentage of projects with AI functionality in Microsoft365 and other licenses.

**Will also lead to the expansion of SI business on the cloud in the future.**



# Major Private ICT: Expansion of Meeting Room Operation Support Services, etc.

## Meeting room operation support service “SmartRooms<sup>®</sup>”



Adoption by Nikkei 225 companies

40%

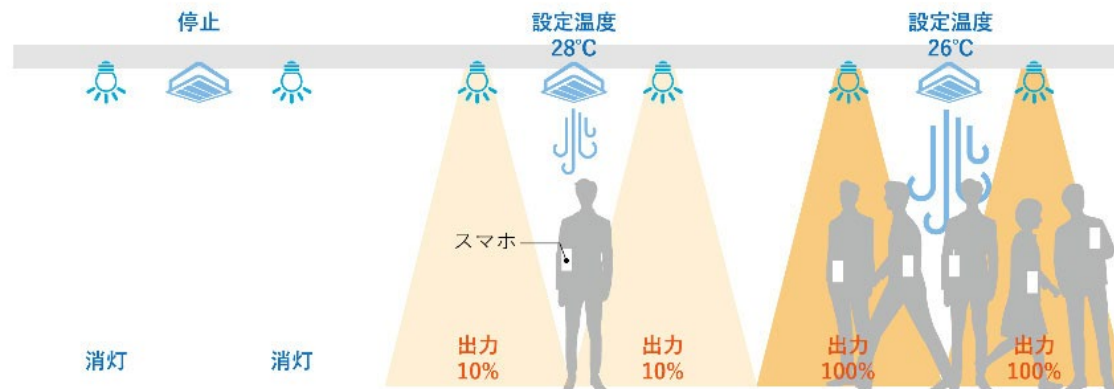
Steady growth in meeting room operation support services, for which we have a high market share, due to an increase in the number of employees returning to the workplace

Increased uptake at manufacturing and laboratory sites

- Many development centers and manufacturing plants with large sites have meeting rooms split across multiple buildings, and there is a need to improve operational efficiency.

## Smart building management system

Lighting and air conditioning control based on the number of people occupying the room



## Smart Building Integration<sup>®</sup>

- Can be easily installed in existing buildings
- Employs open technology that is highly scalable and flexible, enabling integration with data from information networks
- Provides convenience, comfort, safety and security, and energy savings by connecting building facilities and ICT

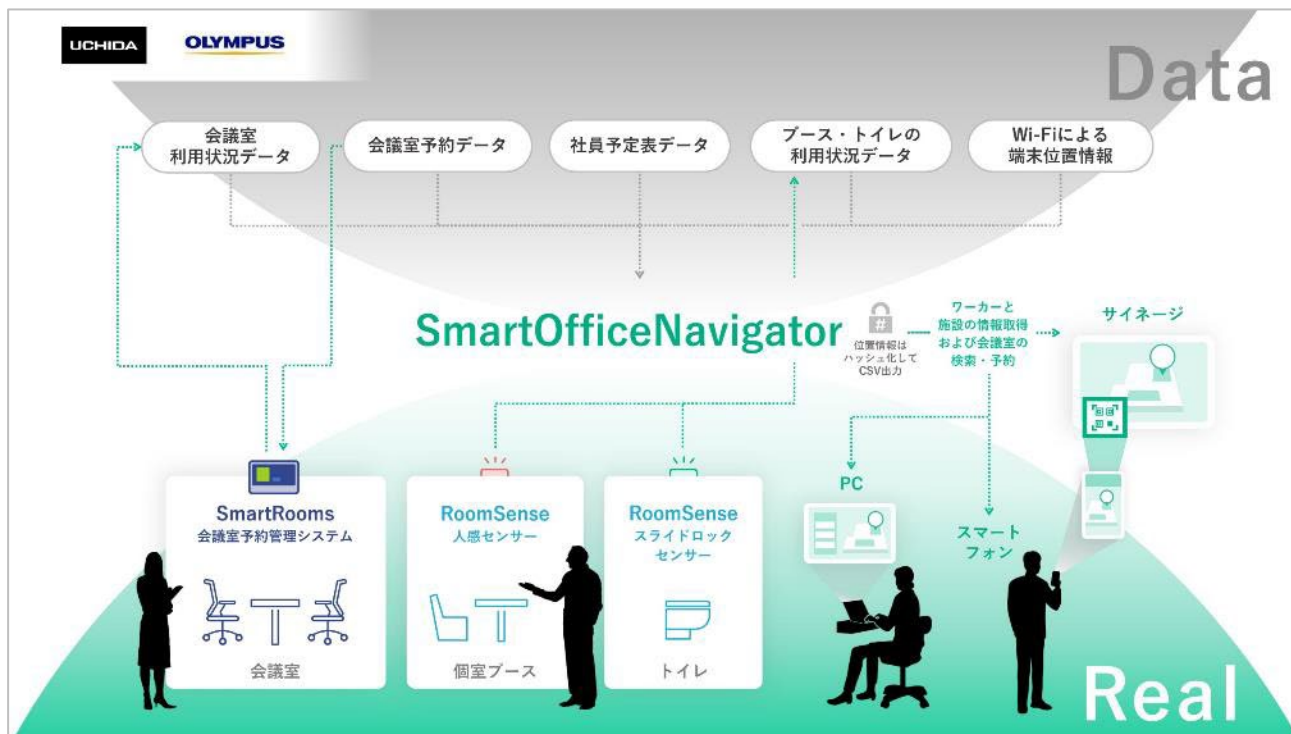
Expansion of network solution business

# Major Private ICT: Network Service to Support Changes in Work Styles

## Integrated office work navigation system “Smart Office Navigator”

### Case study: Olympus Corporation

Constructed a platform to promote communication by visualizing office space data collected from employee location information and various facilities and sensor devices in an office of approximately 6,500 people.



All information is collected on smartphones



Ability to visualize usage and congestion on all floors from a large touch panel, and to reserve meeting rooms on the spot using QR codes

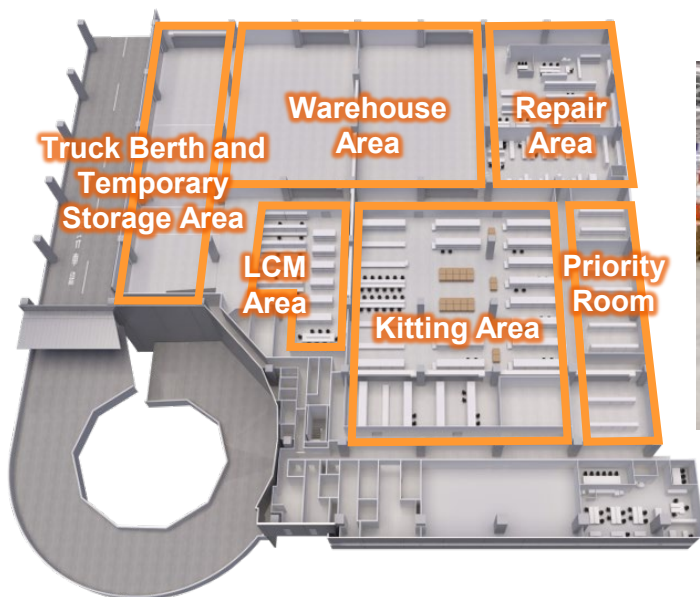
**A system that integrates our strengths, also expanding into large office projects**

# Uchida Esco: Enhanced Kitting Services

Deploy kitting service know-how accumulated in the public sector market to the private sector market

## Uchida Esco ESCO Funabashi-Bay Site

- PC life cycle management service locations
- Multi-vendor support



Floor space : 5504 m<sup>2</sup>      Maximum monthly production : 40,000 units

### ● Responding to private sector demand

\*PC replacement in full swing in preparation for the end of Windows 10 support in October 2025

### ● Responding to demand for GIGA terminal update

\*FY2024: Advance update for municipalities

\*FY2025: Full-scale update

**Plan to expand Kitting Center floor space**  
**Expand the scale of operations**



# Hybrid Workplaces Designed to Accommodate Changing Work Styles

Presented at our office fair last November

- Comfortable space that makes people want to come to work



Design spaces and furniture for comfortable working in various office settings in hybrid workplaces.

- Digital mechanisms at workplaces that support a mix of online and in-person work



The use of ICT systems enables workers to check the situation in the office and the whereabouts of their colleagues, whether they are inside or outside the company, and to choose the most appropriate course of action. (Smart Office Navigator provided by our company)

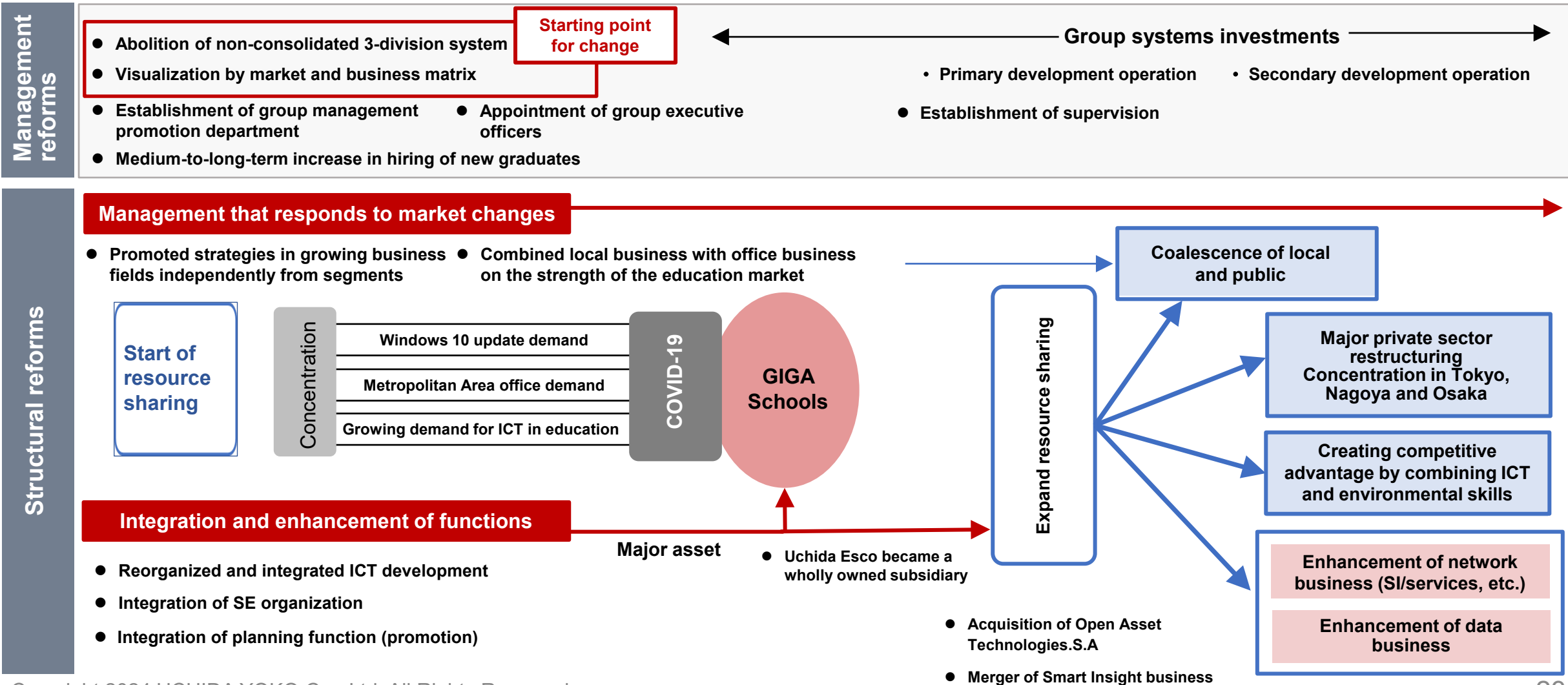
**A number of achievements have emerged from promoting management that responds to market changes and promotes collaboration among business units that transcend old segments.**

**This is also the result of reorganizations which took place from FY2022 to FY2023 to deepen collaboration among business units.**

## **4. Progress of Future-Focused Initiatives**

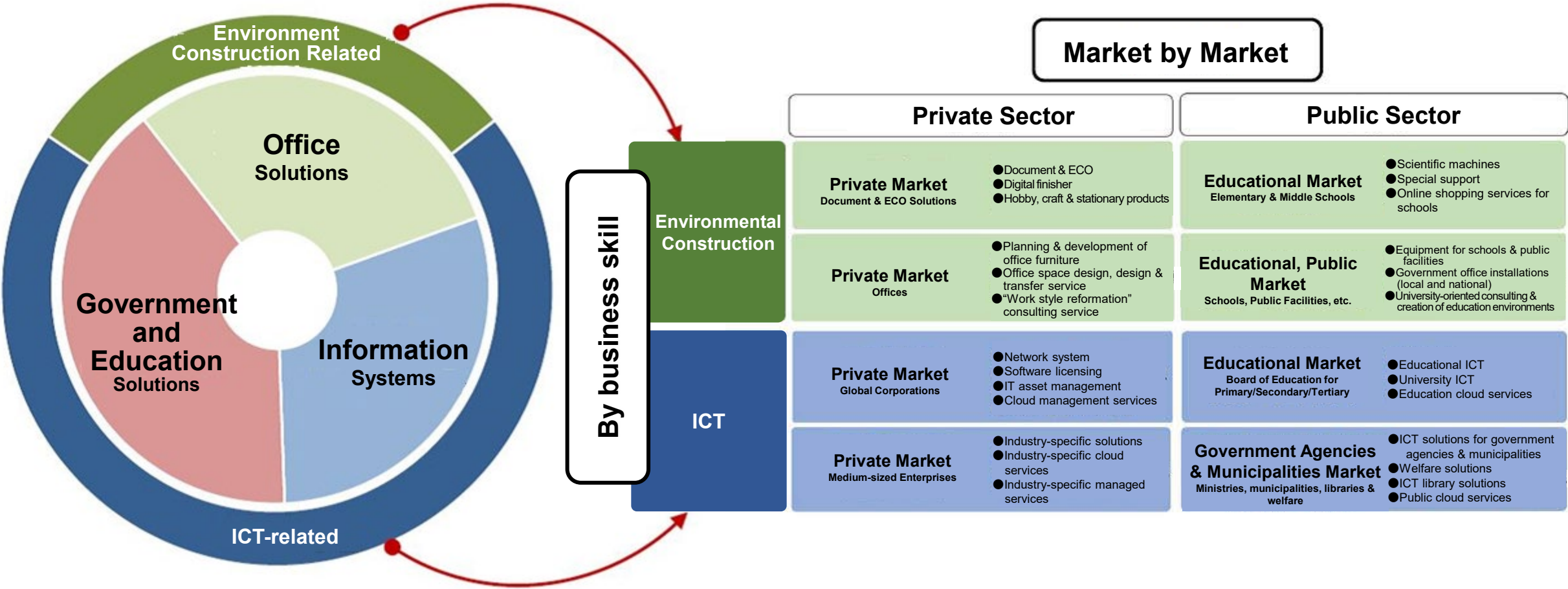
# Progress in Resource Sharing Leading to Baseline Improvements

## Promoting Resource Sharing



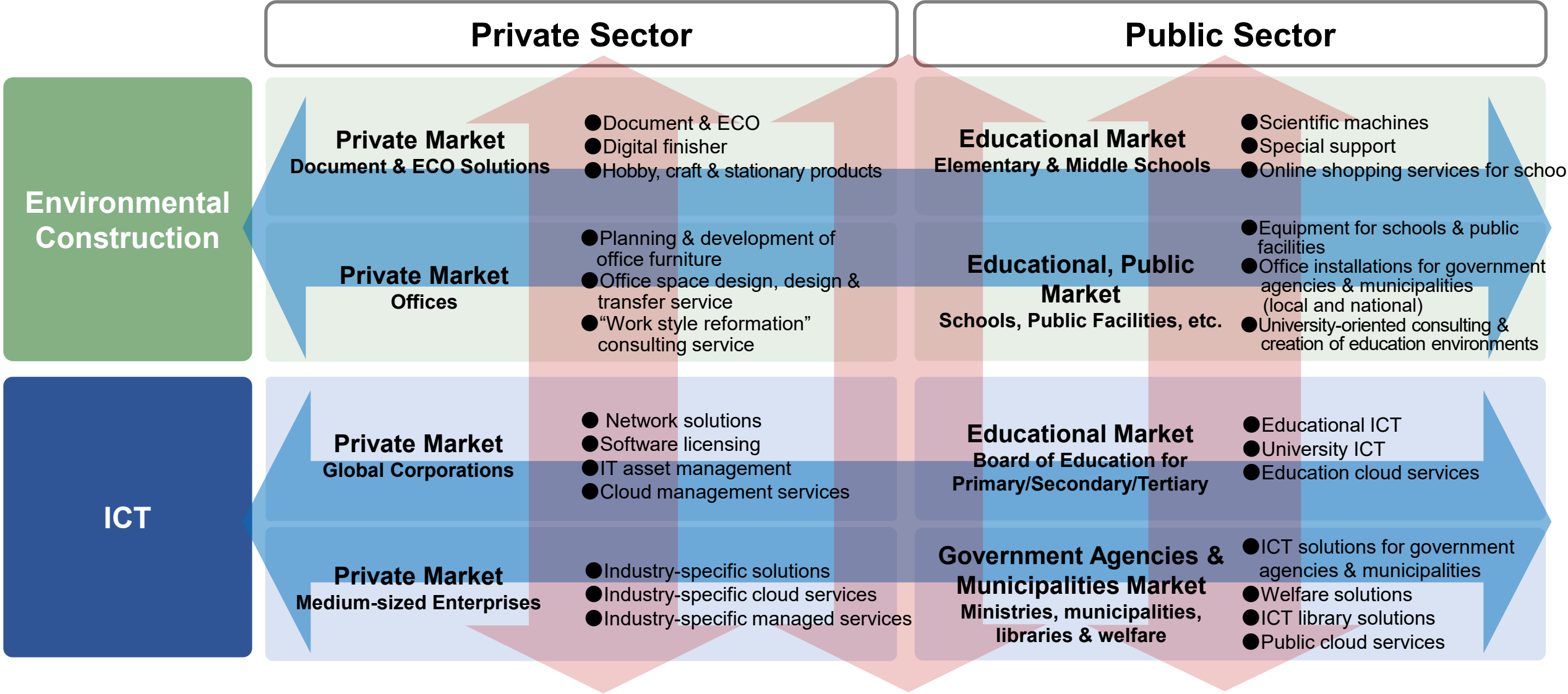
# Visualization of Business Structure by Market and Skill Matrix

We classified each business inherent in the conventional three segments as a small business unit (SBU), and began reviewing the Uchida Yoko Group's business portfolio from a bird's eye perspective with a view to reorganizing resources. 2015 was the starting point for the transformation.



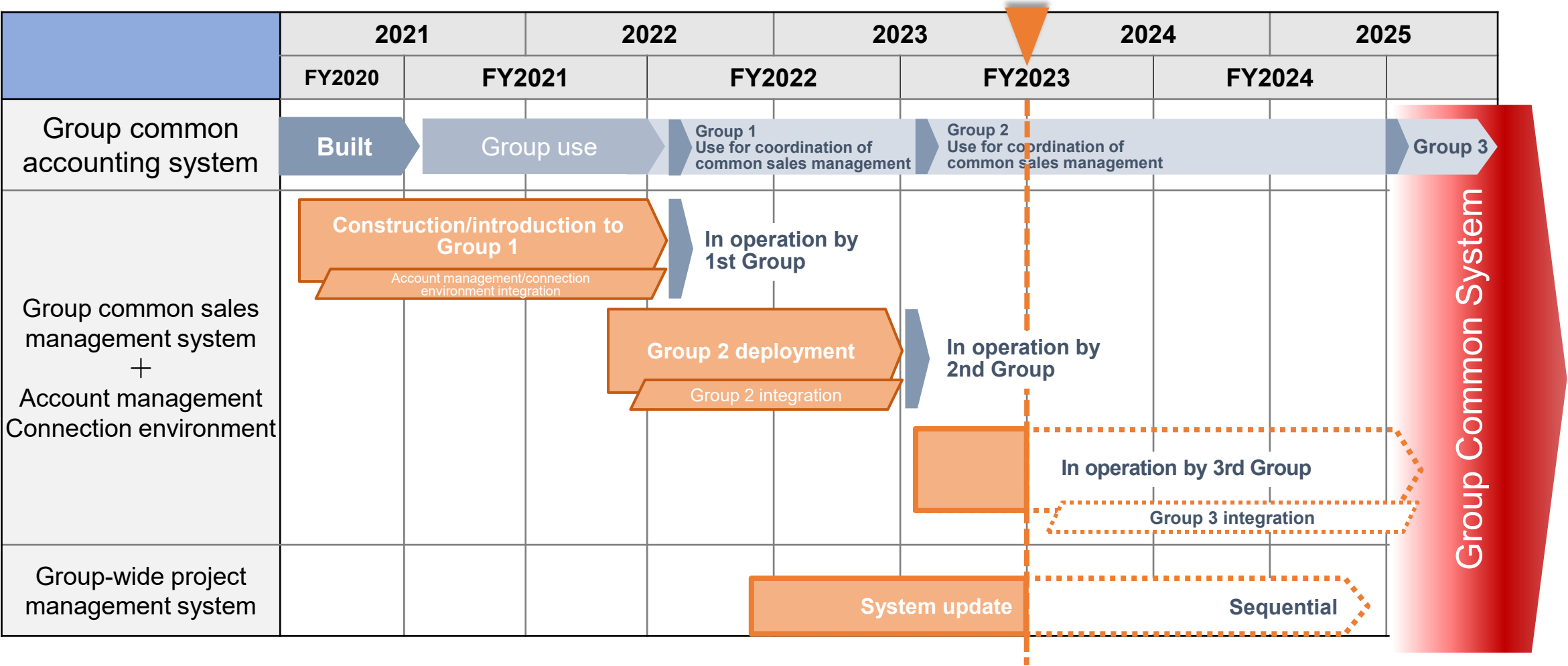


# Accelerating Restructuring of Group, including Core Businesses, from Management Transformation



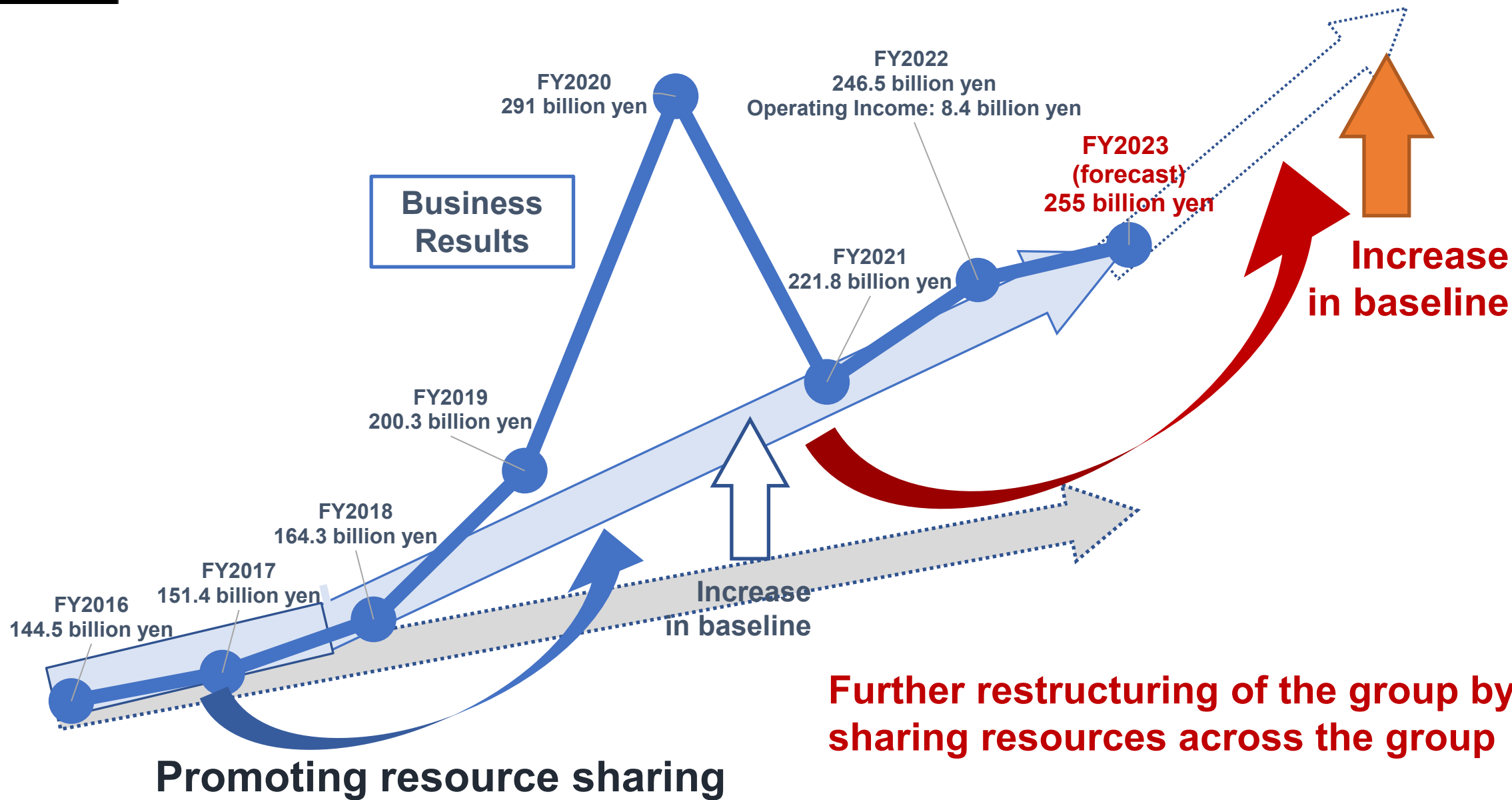
# System Investment to Restructure Entire Group

Create single instance of the entire group's system from each company's individual system



Proceeding from 2020, coming into operation sequentially. Currently Group 3

# Future-oriented Reforms to Further Raise the Baseline



# Responding to Structural Changes in Japanese Society Brought about by a Declining Birthrate

## The era of “people” and “data”

Increased investment in people and data to perform transformations



**Contribute to a society with a declining population by achieving the vision set out in “Society 5.0”**

## Corporate Vision

**“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.

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