

## **BIPROGY Inc.**

### **Small Meeting for analysts (held on June 9, 2025)**

#### **Principal Questions and Answers**

(with certain details modified in an attempt to provide readers with a deeper understanding.)

[Questioner A]

Q: I would like to know if there are any signs that customers are curbing IT investment due to the impact of Trump's tariffs.

A: We have been very concerned about Trump's tariffs because we have many customers in the manufacturing and distribution industries, which could be directly impacted by consumer trends. Talking with many of our customers, we hear that they themselves are uncertain about the future. At present, few companies say they are considering refraining from IT investment. Rather, many say that now is the time to accelerate DX so that they can act swiftly and implement data-driven management. Therefore, even if some companies are refraining from IT investment, we expect that it will happen a little later.

Q: I would like to know if the internal core system renewal project is progressing steadily with no major changes at this point.

A: The project is progressing steadily. Issues related to item masters are in the test phase as planned, and there are no concerns at this point.

[Questioner B]

Q: Recently, M&A activity within the industry has been picking up. The "Management Policies (2024–2026)" also mentions M&A, so what functions would you like to acquire if you were to pursue M&A?

A: As growth investments, we will actively pursue business alliances, capital alliances, and M&A that, in particular, accelerate growth in our five focus areas in the core businesses and three core areas in the growth businesses.

With respect to global initiatives, we made two companies wholly owned subsidiaries in FY2024. We will continue to move forward, but will proceed carefully, thoroughly understanding and scrutinizing the target companies in order to avoid paying unreasonably high prices.

Q: Looking at M&A cases within the industry, there is a trend toward vertical integration of

application development and infrastructure construction. What do you plan in order to further the growth of UNIADEX, a wholly owned subsidiary, in the future, including the possibility of integration with BIPROGY?

A: We believe that our ability to seamlessly provide a wide range of services is one of our strengths. To maximize synergies with BIPROGY, we have been mutually selling to the other company's customers and conducting joint sales activities. In recent years, UNIADEX's business opportunities have been expanding as the importance of networks has increased. To prevent accidents as the number of projects increases, UNIADEX has adopted BIPROGY's quality control methods and is working to improve quality. Our policy is to specialize and enhance each company's strengths through measures such as transferring BIPROGY's network and security-related engineers to UNIADEX in order to consolidate functions. We believe that the current structure, in which the two companies operate as separate companies within the Group, is preferable to integrating them, as some of UNIADEX's customers are competitors of BIPROGY.

[Questioner C]

Q: At the earnings results briefing, you mentioned that you would strengthen cost control going forward. I would like to know what changes you are planning to make. Have you made steady progress so far?

A: So far, we have succeeded in conducting thorough cost control, and will continue to do so in more specific organizational units going forward. At present, we are conducting detailed reviews, including operational level reviews. One of the major factors contributing to increased costs is projects with cost overruns, but we are carefully checking the progress of these projects at the Executive Council. Preventing cost overruns is our top priority, but if costs do increase, we will take measures as promptly as possible and reduce other costs to ensure that we achieve the performance targets we have committed to as a company. Going forward, we will improve information disclosure by, for example, promptly disclosing information such as cost impacts and response policies when issues arise, as in the case of the internal core system renewal project in FY2024.

[Questioner D]

Q: Your policy has been to increase the outsourcing ratio from 1:3 to 1:5 in order to secure system engineer resources. I would like to know the current status and effects of this policy. Is there any impact from advancements in the use of AI?

A: The outsourcing ratio is increasing. However, we are proceeding cautiously while providing security training and instilling implementation of our development processes, etc., so that quality and delivery dates are not compromised. We can raise the outsourcing ratio for the

development part of projects, but cannot do so for definition of conditions, design, and testing because our in-house engineers need to be involved in those areas for the project to proceed. Please understand that the outsourcing ratio will fluctuate depending on the progress of the project.

In addition, we expect that our partner companies will shift to higher value-added operations due to the use of AI in system development, so there will be no change to our policy of raising the outsourcing ratio. At present, we are in the phase of investing in AI-related education, and have not yet seen any contribution to profits through improved development productivity.

Q: I understand that cloud services provided by other companies are door openers to selling your own high value-added services. Is this approach producing results? Some companies are not actively selling cloud services provided by other companies because they reduce profitability, but I would like to hear your thoughts on this matter again.

A: Our Group will not refrain from selling products simply because their profitability is low. If we sign contracts only for products with high profitability, we believe that we are not being a good partner for our customers. However, when selling cloud services provided by other companies at low profitability, we confirm at the Executive Council what kind of business these could lead to in the future. In addition, we plan to expand managed services as added value for other companies' cloud computing services, and are considering how to disclose progress on this initiative.

[Questioner E]

Q: Are inquiries about "BankVision on Azure" increasing?

A: We are receiving more and more inquiries. We received a positive evaluation for successfully starting full-scale operation, as scheduled and with no problems, at two financial institutions in FY2024. Since we are ahead of the competition regarding the track record of our cloud computing core-banking system, we would like to highlight the superiority of "BankVision on Azure".

[Questioner F]

Q: Under what circumstances would you conduct share buybacks? I would like you to clarify the mechanism so that we can properly obtain the benefits of share buybacks.

A : We presented our capital allocation in the "Management Policies (2024–2026)." We plan to prioritize growth investment and then consider shareholder return, including share buybacks, based on the progress of growth investment and accumulation of cash. We decided on and disclosed the share buyback on March 27, but the announcement was made without directly explaining it at the earnings results briefing or the like, which we recognize led to various

speculation. We will reconsider the timing of future announcements.

(Note)

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