

BIPROGY Inc.

Small Meeting for analysts (held on November 27, 2025)

Principal Questions and Answers

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

[Questioner A]

Q: Please explain your measures for improving the profitability of outsourcing. While I understand that additional costs are being incurred to enhance service functions, is it not possible to revise prices to align with market conditions?

A: The profitability of cloud services provided by other companies remains low. For other services, we have been able to gradually revise prices, although they have not yet fully offset all cost increases. In addition, we plan to improve profitability by combining services provided by other companies with our own Group services. For example, in June 2025, we announced a new service framework for our managed service “GASSAI” to help improve profitability. Orders in our focus areas—financial and retail sectors—are steadily increasing, and going forward, we aim to further improve profitability by expanding the share of our own proprietary services.

Q: Please share your current view on achieving the profit target for the fiscal year ending March 2027, the final year of the “Management Policies (2024-2026).”

A: To achieve our targets, we are considering all possible measures, including cost containment, but our highest priority is increasing the number of highly profitable projects. We aim to enhance profitability by enhancing added value through reviews of our service framework and the introduction of new services. Profitability for each project is being thoroughly discussed by the Investment Committee and the Board of Directors, and we intend to increase the number of projects that will drive future profitability.

[Questioner B]

Q: Please provide an update on the potentially unprofitable project that is scheduled to be recorded in the second half, as indicated at the briefing session for the second quarter of the fiscal year ending March 2026.

A: We are currently analyzing future costs. We will work to prevent any increase in the unprofitable amount while also striving to enhance customer satisfaction to ensure the continuation of long-term customer relationships.

Q: With respect to the decline in the gross margin of support services, I believe rising personnel

expenses at UNIADEX are among the contributing factors. I would like to know your outlook on profitability for the next fiscal year and beyond. In addition, could you comment on the synergies between UNIADEX and BIPROGY?

A: UNIADEX has seen year-on-year revenue growth, and its gross profit margin has also been improving. However, for support services, price revisions during contract periods have not been fully implemented in some areas. If price revisions progress going forward, the gross profit margin is expected to improve. In addition, by expanding managed services such as "GASSAI", collaboration between UNIADEX, BIPROGY, and other BIPROGY Group companies will be strengthened, which is expected to lead to improved profitability and business expansion.

Q: Does "GASSAI" include not only the sale of security products but also security operation services such as SOC (Security Operation Center)?

A: It involves not only product sales, but also the provision of ongoing operational services. This also helps increase outsourcing revenue and profit.

[Questioner C]

Q: Are there any company-wide systems or measures in place to promote price revisions?

A: We have established a system that sets profitability thresholds for each project and ensures that large-scale projects are discussed and decided upon by the relevant committees or other organizations. We are also working to build systems and environments that enable us to rapidly develop high-value-added services with competitive advantages. At UNIADEX as well, we are implementing price revisions while carefully explaining them to customers, and the profit margin for each project is gradually improving.

Q: When was the project that is at risk of being unprofitable, with an estimated impact of around 1 billion yen, originally received? How did such a project come about despite ongoing efforts to strengthen cost management? Also, is there a possibility of similar cases occurring in the future?

A: This project entered the requirements definition phase in 2023. During the test phase, quality issues were identified. Quality control for each project has been monitored and reviewed, as appropriate, at Executive Council and Board of Directors meetings. We are currently reviewing the status of all projects again and checking whether there are any other projects that may potentially become unprofitable. Although this project is a special case, we believe it is essential to conduct a thorough root-cause analysis and apply the lessons learned to other projects.

[Questioner D]

Q: Regarding the potentially unprofitable project, is impairment loss expected to be recorded in Q3 (October to December)?

A: We are currently reviewing the matter, but we are planning to record it in Q3.

Q: Regarding the growth potential of your focus areas, what should I be paying attention to?

A: Our policy is to increase the ratio of revenue from these focus areas from 38% of total group revenue in the fiscal year ended March 2024 to around 45% by the fiscal year ending March 2027. While the ratio is still low at present, as a group, we are placing strong emphasis on expanding new services in these areas, and we hope you will look forward to our progress.

[Questioner E]

Q: Which services will drive future growth?

A: We see our focus areas in the core businesses as sectors that are expected to grow going forward, given evolving social issues, and we plan to expand services in each sector. In the financial sector, for example, services such as "BankVision" and "OptBAE" have already reached a certain scale. Going forward, we aim to further improve profitability by enhancing productivity and adding value through the use of AI and other technologies. We will also broaden our offerings with new services for sales branches and information-related areas. In the retail sector, while "CoreCenter for Retail" serves as the core system for merchandising, we also provide store-focused services such as electronic shelf labels, AI-based automated ordering, and marketing services.

[Questioner F]

Q: As the use of major platforms accelerates in the IT services market and competitors expand in business scale amid industry reorganization, what future strategy do you envision?

A: We aim to become a corporate group that can continuously provide customers using major platforms with high-value-added applications and services that run on those platforms. To this end, the Management Policies (2024–2026) designate our focus areas, and we are leveraging UNIADDEX's strengths in IT infrastructure and security to reinforce our Group's competitive advantage.

[Questioner G]

Q: With regard to your future human resource strategy, given that your average age is higher

than that of the competition, do you plan to continue maintaining the current headcount while expanding the business by increasing outsourcing ratios and improving productivity?

A: Our average age is higher because of our low employee turnover rate. Taking into account the retirement timing of employees in the core age group, we will maintain a headcount balance through new graduate and mid-career recruitment. While we intend to increase the outsourcing ratio, we are also providing training to business partners to ensure that customer service levels are not compromised. We are also engaging in dialogue between top executives with these companies. Furthermore, we will expand our business by working to improve productivity through the use of AI and other technologies.

Q: What is the policy regarding future share buybacks?

A: Under the Capital Allocation policy in the Management Policies (2024–2026), we place priority on growth investments. Based on the progress of these investments and the status of our cash position, we intend to implement shareholder returns, including share buybacks. There is no change to this policy.

(Note)

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