

## **BIPROGY Inc.**

### **Small Meeting for Institutional Investors (held on May 25, 2026)**

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

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

[Questioner A]

Q: What is the impact of the surge in semiconductor prices?

A: We believe that the scope of the impact is limited. With regard to reflecting the surge in semiconductor prices in hardware selling prices, we have also obtained customers' understanding. If prices rise significantly further, customers may take measures such as reducing the number of units purchased to stay within their budgets. However, we do not expect this to have a significant impact on our revenue.

Q: With the increase in demand for network infrastructure, has there been any impact on UNIADDEX's procurement of network equipment and related matters?

A: UNIADDEX has been able to continue procurement while maintaining communication with network equipment manufacturers.

With the spread of AI, the importance of networks and security has increased, and the number of projects at UNIADDEX, which has strengths in this area, is increasing. Therefore, initiatives such as strengthening its engineering capabilities are also underway.

Q: With the emergence of AI-driven vulnerability assessment tools such as Anthropic's Claude Mythos (hereafter "Mythos") and others, do you expect customers to focus on handling vulnerability assessments and delay the ordering of other projects?

A: As vulnerability assessments using such tools are conducted in a mechanical manner, the focus is likely to be on the response measures rather than on the assessments themselves. We expect that reviewing networks and applications will become necessary based on the results of vulnerability assessments, and that orders to UNIADDEX and BIPROGY will increase.

Q: What is the status of the PPA for Catalina Marketing Japan K.K. ("CMJ")?

A: The PPA remains underway. At this point, it has not yet been determined whether the PPA will be completed by the time of the Q1 financial results (April to June). However, we will reflect the results of the PPA in the financial results upon completion.

[Questioner B]

Q: What is the reason for not disclosing CMJ's performance?

A: We decided to acquire CMJ after considering various factors, including synergies with BIPROGY. Accordingly, we would like you to look at the growth potential of the retail area as a whole, rather than CMJ's standalone performance. Furthermore, we ask for your understanding as we refrain from disclosing detailed figures, in part to ensure the smooth execution of CMJ's sales activities.

Q: Regarding the adjusted operating margin for the fiscal year ending March 2027, what is the background for lowering the forecast from 11%, a target set forth in the Management Policies? What is your approach to improving future profitability, including use of AI?

A: With regard to the adjusted operating margin for the fiscal year ending March 2027, we revised the forecast because we expect an increase in revenue driven mainly by hardware, which has relatively low profitability. Furthermore, we assume that CMJ's operating profit, which will be included in consolidated performance on a full-year basis, will be almost zero, taking into account the impact of amortization expenses resulting from the PPA.

In addition, we have disclosed the performance forecast on the assumption that we will accelerate investments for the future, including personnel expenses and AI investments, while striving to achieve the adjusted operating profit target set forth in the Management Policies. Regarding profitability improvement, we will disclose our approach in the next Management Policies.

Q: Is it correct to understand that your policy is to improve gross margin by using AI for system development and other activities, and then to reinvest part of the profit generated from this in human capital and AI, thereby improving operating margin?

A: Our policy is to leverage AI to expand new businesses with revenue of 100 billion yen or more by 2030, in addition to existing businesses. Furthermore, we intend to improve profitability by enhancing development productivity. We will also

improve the efficiency of internal operations through the use of AI and reskill employees so that these efforts will lead to improved profitability.

Q: Is there a risk that profitability will decline as AI-driven productivity improvements intensify price competition and reduce demand for engineers?

A: We believe that the impact of AI-driven productivity improvements will first become evident in the programming area. If the use of AI improves productivity in this area, we can flexibly reassign engineers to areas including the high-value-added requirements definition phase, the final testing phase, and customer training. Given the strong demand for DX initiatives, we intend to enhance profitability by increasing development throughput and shifting to high-value-added areas.

Q: Given the strong demand for system development, do you expect there will continue to be sufficient development projects even if the use of AI dramatically improves productivity and shortens delivery time?

A: We believe that such a situation will continue for the time being. However, considering the possibility that AI will become capable of conducting upstream processes and other tasks in the future, we will strengthen our initiatives not only in system development but also in the development and expansion of new services.

In addition, the spread of AI is boosting demand for data centers and networks, and the number of projects at UNIADDEX, which has strengths in this area, is increasing. UNIADDEX will also work to leverage AI to improve productivity so that it can take on more projects.

[Questioner C]

Q: Do you expect the operating margin in the network area, which UNIADDEX excels in, to increase further as the use of AI continues to improve efficiency in tasks such as infrastructure and security configuration, and incident monitoring?

A: UNIADDEX launched a new brand, "GASSAI", and offers managed services that deliver end-to-end operation and management of customers' IT infrastructure, including servers, networks, and security, while also advancing AI-driven automation. Although the revenue contribution of GASSAI is still small, its service offerings has continued to expand, and we believe that, going forward, it will become possible to address customer needs without relying on manpower.

[Questioner D]

Q: I understand that the Hokkoku Bank is considering the in-house development of its core banking system and its external sales. What will be the impact on "BankVision"?

A: We refrain from commenting on the initiatives of individual customers. We believe that the target customer segment is different from that of "BankVision".

[Questioner E]

Q: Regarding the "BankVision" project for SHIGA BANK, could you explain the scale of revenue during the development period, as well as the price setting and the scale of revenue after implementation?

A: As this project relates to a specific customer, there is a limit on the details that we can disclose. We expect the development volume to increase from the end of the fiscal year ending March 2027. After implementation, we will be responsible for certain operations as part of our outsourcing services, and we expect to record revenue from data center usage and the 24-hour operation system regularly. In the case of outsourcing services for general core banking systems, coordination with other banks and other relevant matters can take time, including when a new system should be developed in response to changes in the environment. In the case of "BankVision", it allows prompt responses tailored to each financial institution, which is an advantage. In addition to such flexibility, the robustness required for core banking systems is also ensured through an outsourcing arrangement in which we are responsible for operating the core part of the system.

Q: Regarding "BankVision", what is the status of the new customer pipeline and the development structure?

A: There is a pipeline. At the same time, there is a certain limit to the resources available to concurrently develop core banking systems for financial institutions. We also have other projects, such as updates and new developments for financial institutions already using "BankVision", so we conduct our sales activities in coordination with customers while managing our resources internally.

[Questioner F]

Q: Regarding your overseas business, we have heard that some U.S. companies are

facing competition for budget allocation between AI implementation and existing IT. Do you see such a trend?

A: Our overseas business is currently centered on Asia, where the introduction of core systems, such as SAP, and other activities are underway, so there is no impact from AI at this point. For us, the U.S. serves as a base for establishing funds to invest in U.S. startups and advanced technologies and for introducing them to Japan.

Q: Do you sense any difference in views on AI replacement risk between domestic and overseas investors?

A: Based on the meetings we have held, including during overseas IR activities, we feel there is no significant difference in their views. In our dialogue with investors, we make sure to carefully explain our approach, including our views on AI replacement risk.

Q: Is there concern that the adoption of AI will lead to customers' in-house development, resulting in reduced orders?

A: We recognize that, in the programming, customers will have the option to develop systems on their own using AI in the future. However, as requirements definition and system design prior to programming are difficult for customers to carry out internally, we do not believe that there is significant value in customers performing only programming themselves.

[Questioner G]

Q: Regarding your human resource strategy, what is your long-term approach to the optimization of human resources, taking into account efficiency improvements resulting from the evolution of AI?

A: We have set the improvement of productivity in internal operations as one of our AI strategies. Our policy is to use AI in areas where it can be effectively applied and to recruit talent for other areas, including through the recruitment of new graduates.

Q: I saw the news that Japanese megabanks have acquired access rights to Anthropic's Mythos. Are there signs that insourcing by customers is progressing?

A: We recognize the possibility that, if vulnerabilities are discovered using Mythos or other AI models, our security team may become involved in analyzing and

working with customers to develop responses. We also expect demand for measures to address vulnerabilities, such as program modifications and network configuration reviews, to increase. We will work closely with customers to support their initiatives and meet their expectations as a partner that creates value together.

(Note)

Forecasts in this document rely on judgments and assumptions based on information available at present. Actual results may differ from the forecasts due to changes in risks, uncertainties, economy and other factors. Thus, the certainty of these forecast is not guaranteed by our Group. Also, the information is subject to change without prior notice in future. Information in this document is intended to provide further understanding of the Company Group and is not intended to solicit investment. This Company shall not be held responsible for any damages whatsoever incurred as a result of utilizing the information provided in this document.