

BIPROGY Inc.
Briefing Session for the Fiscal Year Ended March 2025
held on April 30, 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 what factors contributed to the increase in gross profit from software sales in Q4 (January to March) of the fiscal year ended March 2025. Will this lead to a reactionary decrease in profits in the fiscal year ending March 2026?

A: The mainframes-related projects contributed significantly. Additionally, some sales, including those from in-house software for the housing industry that were not initially expected, were recorded early, resulting in an increase in gross profit. Although the mainframes-related projects will be a factor leading to a reactionary decrease, we expect other projects to cover the decrease.

Q: Is the increase in gross profit from support services in Q4 a one-time occurrence or something that will continue?

A: It is not from a one-time factor, but a result of increased revenue, which has led to improved profitability.

Q: I would like to know the actual costs and forecast for the renewal of the internal core systems.

A: For the fiscal year ended March 2025, we recorded expenses of slightly less than 3 billion yen. For the fiscal year ending March 2026, we expect expenses to decrease by approximately 300 million yen. For the fiscal year ending March 2027, when full-scale operations are scheduled to begin, we expect expenses to decrease by several hundred million yen. However, we expect the full effects of BPR to emerge in the fiscal year ending March 2028 and onwards.

[Questioner B]

Q: I would like to know the latest status of the renewal of the internal core systems. What are the issues and the outlook for their resolution?

A: We formulated a replanning schedule from January to March 2025. The biggest issue was the item master, but we reviewed the functional configuration and decided to continue using the current system for sales management rather than migrating to SAP. We also decided to integrate the system service cost management systems of BIPROGY and UNIADDEX. In terms of organizational structure, the project was previously led by the IT department, but dedicated personnel from departments that actually use the systems, including sales, finance, and accounting, have joined the team. The project was temporarily suspended, but it has been restarted with a focus on achieving the original BPR objectives and is progressing smoothly.

towards the target launch time of April 2026.

Q: I would like to know the assumptions for the SG&A expenses plan for the fiscal year ending March 2026. Will it be possible to control costs to prevent them from rising?

A: SG&A expenses for the fiscal year ending March 2026 are expected to increase by 3.6 billion yen compared to the previous fiscal year. Of this, R&D expenses are expected to increase by 1.2 billion yen, due to plans to expand research and development in growth areas. Personnel expenses are expected to increase by 1.4 billion yen, primarily due to base salary increases, the introduction of a new personnel system at UNIADEx, and a review of bonuses. In addition, general expenses include costs related to the formation of projects to promote inorganic growth strategies. We will make efforts to ensure that costs are appropriately controlled.

Q: Orders for system services recovered in Q4. I would like to know the future forecast by industry.

A: Orders for system services are growing very strongly. Although large-scale projects completed in the fiscal year ended March 2024, we have received orders exceeding that level and expect this trend to continue in the fiscal year ending March 2026. By industry, orders from the financial sector grew in Q4, and we expect orders from this sector to continue to grow strongly in the current fiscal year. We have also acquired new customers in the retail sector. We expect orders from the energy and mobility sectors to grow as well.

Q: You announced in a press release that you have begun discussions with SHIGA BANK regarding "BankVision on Azure." I would like to know the current status of these discussions. Are they factored into your performance forecast for the fiscal year ending March 2026?

A: As announced in the press release, discussions are ongoing. We cannot disclose specific figures or timing, but they are factored into our performance forecast.

[Questioner C]

Q: I would like to know how you view the impact of the current economic environment. I have the impression that during the COVID-19 pandemic, orders for system services decreased significantly compared to other companies in the same industry. I understand that profit decreased significantly during the global financial crisis as well. Compared to the past, it seems that management has become more resilient and the ability to respond to economic conditions has improved. What has changed?

A: During the global financial crisis, the business for financial institutions accounted for a large proportion of our business, and we were directly affected by changes in the investment activities of our major customers. During the COVID-19 pandemic, we recognized that our business did not experience a significant drop compared to other companies in the same industry. The improved balance of customer industries and business types is a major factor contributing to the strengthening of management. Although the future economic environment remains uncertain, when talking with executives at our customers, they have expressed their

desire to focus on DX because of the uncertainty and request support from the BIPROGY Group. We will do our utmost to respond to these requests.

Q: I understand that this is the first time you have decided to purchase such a large amount of your own shares from the market. I would like to know the background that led to the announcement of the share buyback in late March.

A: We announced our shareholder return policy in our management policy, so we decided to make the announcement in late March based on the idea that we should make a decision and announce it as soon as possible if we think we can implement it to some extent. We publicized the fact that we were implementing this in accordance with our financial discipline. We have decided to purchase our own shares because cash flow has accumulated and our financial position has strengthened. In our management policy, we have indicated that we would prioritize growth investment in our capital allocation but would consider purchasing our own shares depending on the situation. In the fiscal year ended March 2025, we sold securities held, and we did not implement growth investments as planned. We made this decision partially due to this and other factors, including our cash position.

[Questioner D]

Q: What is the scale of revenue and profit from joint businesses with Dai Nippon Printing Co., Ltd. as a synergy?

A: Although the amount has not been disclosed, there will be revenue from supporting Dai Nippon Printing's DX and revenue from joint businesses. In joint businesses, we are engaged in various new initiatives. A major example of this is the provision of digital library services.

[Questioner E]

Q: Is it correct to assume that you make the decision to purchase your own shares each year while taking into consideration the status of growth investments and cash flow?

A: That is correct. We will continue to prioritize growth investments. We believe that investments in products and services, as well as M&A, will ultimately benefit our shareholders. However, when these investments are not possible, or when cash accumulates, we will consider purchasing our own shares.

Q: I would like to know the performance of UNIADEX and the percentage of BIPROGY and UNIADEX in the gross profit of support services.

A: The performance of UNIADEX is disclosed on page 23 of the financial results presentation materials (Results for the Fiscal Year Ended March 2025). UNIADEX's support services are growing and contributing significantly to the group's performance. We plan to further expand this area. Orders received by UNIADEX from both external customers and BIPROGY are growing. Regarding UNIADEX's gross profit, we would prefer not to disclose the percentage of profit from BIPROGY and from their own customers.

Q: Regarding the contribution of mainframes-related software to the performance, I understand that at the announcement of the third quarter results, you planned to record revenue of 2 billion yen and gross profit of 1 billion yen in Q4. However, in Q4, revenue from software increased by 3.1 billion yen and gross profit increased by 3.1 billion yen compared to the same period of the previous year. Was this due to a specific project for one company? How much profitability is there?

A: The projects were for two companies. The profitability for one large project was approximately 75%.

[Questioner F]

Q: Do you expect increased revenue and profit for UNIADDEX's performance in the fiscal year ending March 2026?

A: We do not disclose the results of individual companies, but we aim to increase revenue and profit for both BIPROGY and UNIADDEX.

Q: I would like to know the factors contributing to the improvement in planned gross margin in the fiscal year ending March 2026. Will the improvement continue in the future?

A: Both the public and private sectors have strong infrastructure investment intentions. We expect the current boom to continue, and we believe that expanding support services accompanying product sales and expanding outsourcing will contribute to improved profit. Additionally, we will expand high-value-added managed services to enhance profitability. We face issues such as rising product costs and inflation, but we aim to continuously improve profitability by providing products and services that are recognized by customers as valuable.

(Note)

Forecasts in this document rely on judgments and assumptions based on information available at present.

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