# Q&A session on IR Meeting
# for the Q1 of the Fiscal Year Ending March 2026

Date : Friday, August 8, 2025 11:00-11:45 (JST)
Format : Online streaming
Speaker : Tetsuya YAMADA - General Manager of Investor Relations Dept.

(Note) The summary of the questions and answers are mainly provided as per below.

**Q1: Regarding the renewal of the GIGA School terminal, there was an explanation that the delivery of the order which received in the last fiscal year has begun. Will this demand trend continue until the end of this fiscal year? Or will it extend in the next fiscal year? Also, in the outlook, is the highest demand expected in the second half of this fiscal year?**

A: Based on market forecasts that about 54% of the total renewals (about 10 million units) will be installed in the current fiscal year and about 30% in the next fiscal year, we still expect approximately 3 million units remaining in the next fiscal year. Demand is expected to peak in the second half of this fiscal year, and we are aiming for net sales of approximately 100 billion yen for this year. We believe that progress in Q1 has been steady.

**Q2: Since the gross profit margin increased by about 1.1% year on year in Q1, is this a temporary improvement? Please explain the factors behind this improvement.**

A: The factor is that gross profit margin in Q1 of the previous fiscal year declined temporarily and we were able to improve from that. In the previous fiscal year, we concentrated on acquiring large-scale projects despite of low profitability strategically. In addition to this, a sharp rise in purchase costs caused by exchange rate fluctuations led to a decline in gross profit margin. In Q1 of this fiscal year, since PC upgrade demands among regional corporates has in earnest particularly, the number of smaller projects has increased. As a result,

the overall gross profit margin improved and we were able to maintain a certain level of profitability. We intend to maintain this level throughout this fiscal year unless there is a sudden exchange rate fluctuation.

**Q3: Please advise if there are any products or services expected to grow, such as those that will become drivers after the PC renewal cycle ends.**

A: We are paying attention to the high market growth potential of the cloud services field and we intend to expand our business in this field through our subscription management portal "iKAZUCHI." IaaS, the infrastructure cloud services, have large potential demand in regional areas and SMEs in particular. We expect that we can leverage our strength in having nationwide sales offices in this field. We will disclose the reformation of our medium- and long-term business portfolio in due course, as it is still under review.

**Q4: Are there any upward revisions to the performance forecasts in the next fiscal year ending in March 2027?**

A: We will consider this issue as appropriate, taking into account the current fiscal year's performances and market trends.

**Q5: Although there are less than three months remaining until the end of Windows10 support, the transition rate to Windows11 does not appear to be high. Please share your thoughts on the current situation.**

A: Although it is difficult to grasp the full picture of the transition situation, we estimate that PC demand, including Windows 10 upgrades and excluding the GIGA School, will be around 3.8 to 3.9 million units, out of our annual PC shipment target of 5.2 million units for this fiscal year. This is expected to be roughly the same as the results of our PC shipments in the previous fiscal year.

**Q6: Regarding the IT Infrastructure Distribution Business's sales forecast for**

**the current fiscal year, which is expected to increase by approximately 140 billion yen year on year, please provide the breakdown of this increase among Windows 10 renewal, the GIGA School renewal, and organic growth.**

A: Net sales growth from Windows10 renewals demand in the current fiscal year is expected to be about the same as in the previous fiscal year. For the GIGA School, as disclosed in financial results briefing materials for the fiscal year ended in March 2025, we estimates that it will be approximately 100 billion yen. Furthermore, organic growth is expected to contribute an increase of approximately 40 billion yen.

**Q7: Please advise on the impact of the current demand for AI PCs on performance. Will demand for AI software boost "iKAZUCHI"'s performance?**

A: Shipping of AI PC is increasing, but performance relative to the group as a whole is small in scale at the moment. We think it will still take time to become a remarkable demand. However, we view the anticipated future increase in demand as a positive factor for our performance and are actively working on it. Furthermore, increasing AI software should expand "iKAZUCHI" service. This can be expected to have a positive impact on our profitability.

**Q8: While PC upgrades by SMEs were in earnest significantly in this Q1 as mentioned, how was the demand from large enterprises during the same period?**

A: We have a nationwide sales office which has strengths that encompass not only in the capital area but also regional areas. As we were able to maintain double-digit growth in the capital area, performance in other regions was even more remarkable in this period.

**Q9: Please provide an outlook for shipments related to the GIGA School**

**renewal throughout the current fiscal year, as well as the progress made in Q1.**

A: We are aiming net sales increase of approximately 100 billion yen for both PC and tablets by the GIGA School renewal. Shipping trends in Q1 are also progressing favorably.

**Q10: Regarding profitability of the cloud services via "iKAZUCHI", are there any differences between that of PCs or other product categories?**

A: Although profitability varies depending on the service menu provided by "iKAZUCHI", it is relatively more profitable due to controlled sales costs. We are focusing on further growth in the future.