TIS Inc.

Q2 Financial Results Briefing for the Fiscal Year Ending March 31, 2023

November 2, 2022

Event Summary

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[Venue]	Webcast	
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[Participants]		
[Number of Speakers]	2	
	Yasushi Okamoto	President and Representative Director
	Masakazu Kawamura	Executive Officer, Division Manager of Corporate Planning SBU
[Analyst Names]*	Hideaki Tanaka	Mitsubishi UFJ Morgan Stanley Securities
	Chikai Tanaka	Goldman Sachs
	Keisuke Iwafuchi	Okasan Securities
	Makoto Ueno	Daiwa Securities

*Analysts that SCRIPTS Asia was able to identify from the audio who spoke during Q&A.

Presentation

Moderator: Ladies and gentlemen, thank you for your patience. TIS Inc. will now hold a financial results meeting for the Q2 of the FY2023.

To begin, we would like to introduce today's two presenters. On your left is Yasushi Okamoto, President and Representative Director.

Okamoto: My name is Okamoto. Thank you for your cooperation.

Moderator: Next, we have Masakazu Kawamura, Executive Officer and Division Manager of the Corporate Planning SBU.

Kawamura: My name is Kawamura. Thank you for your cooperation.

Moderator: Next, I would like to briefly inform you of today's proceedings. First, Kawamura and Okamoto from our company will give an explanation in that order, followed by a question and answer session. This briefing is scheduled to last one hour, including the question and answer session.

Please refer to our website for the documents as appropriate. A video of the briefing will be available on our website at a later date.

Kawamura will now give an overview of our business results for the Q2 of the FY2023, the outlook for the FY2023, and shareholder returns. Please go ahead.

Kawamura: My name is Kawamura from TIS. Thank you for your cooperation.

I will now explain the details of the financial results for the Q2 of the FY2023, which were announced at 3:00 PM today.

Please see page two for an introduction. Here are the highlights of the current financial results.

First, the H1 results for the FY2023, showed a strong YoY increase in both sales and profit, exceeding the plan.

As for profitability, the operating margin rose to the 11% level due to a further improvement in gross margin while continuing to invest in growth. Orders and order backlogs also reached record highs.

Next, for the FY2023, we have upwardly revised our full-year forecasts based on strong H1 performance. The goal is to exceed the numerical targets for the FY2024, the final year of the medium-term management plan.

Fiscal 2023 First Two Quarters: Performance Highlights (YOY change)

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- Higher sales and income, reflecting business expansion fueled by accurate response to IT investment needs, including demand among clients for digital transformation.
- Maintained consistently strong rate of growth, pushing operating margin for first two quarters into 11% range for first time.

[Millions of yen]	First two quarters of fiscal 2022	First two quarters of fiscal 2023	YOY change	
Net Sales	234,332	**245,305**	+10,972	[+4.7%]
Operating Income	23,866	**27,709**	+3,843	[+16.1%]
Operating Margin	10.2%	**11.3%**	+1.1P	-
Net Income Attributable to Owners of the Parent Company	15,521	**18,834**	+3,313	[+21.3%]
Net Income to Net Sales Ratio	6.6%	**7.7%**	+1.1P	-

- Non-operating income: ¥1,755 million (YOY change +¥383 million)
- Non-operating expenses: ¥239 million (YOY change -¥899 million)
- Extraordinary income: ¥378 million (YOY change +¥372 million)
- Extraordinary loss: ¥1,066 million (YOY change +¥532 million)

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Now please see page five. Summary of results for the H1 of the FY2023.

The business environment remained favorable, and we were able to achieve solid revenue and profit growth in this environment.

Sales increased JPY10.9 billion YoY to JPY245.3 billion, operating income increased JPY3.8 billion YoY to JPY27.7 billion, and the operating margin continued to improve significantly, from 10.2% to 11.3%. The operating profit margin will reach the 11% level for the first time in H1.

Quarterly net income attributable to owners of the parent increased JPY3.3 billion YoY to JPY18.8 billion, mainly due to higher operating income.

Fiscal 2023 First Two Quarters: Performance Highlights (Compared with estimate)

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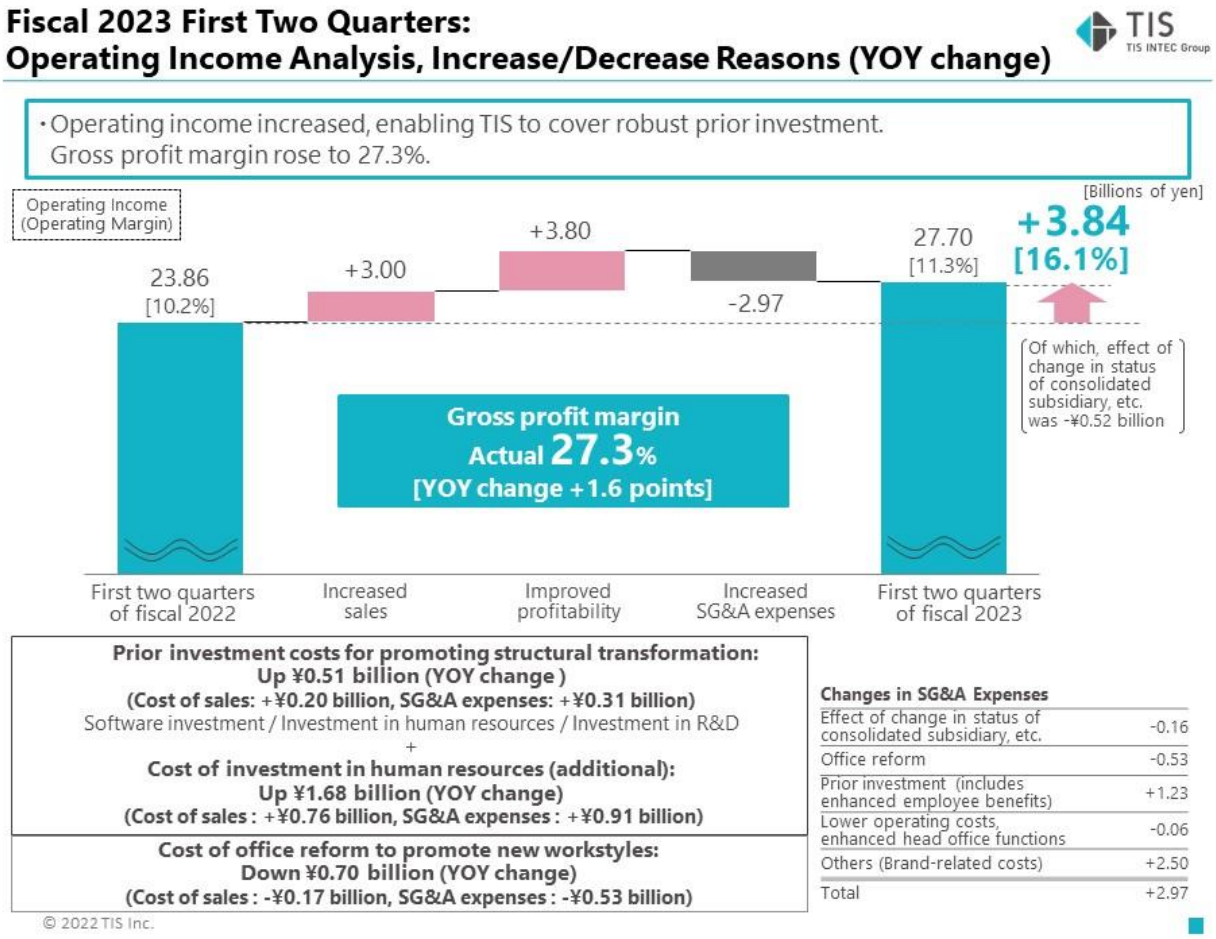
・Exceeded estimates, driven by expanding IT investment, especially among core clients, as well as progress on measures to boost productivity and improve quality.

[Millions of yen]	First two quarters of fiscal 2023 estimate	First two quarters of fiscal 2023 actual	Compared with estimate	
Net Sales	240,000	**245,305**	+5,305	[+2.2%]
Operating Income	25,000	**27,709**	+2,709	[+10.8%]
Operating Margin	10.4%	**11.3%**	+0.9P	-
Net Income Attributable to Owners of the Parent Company	16,500	**18,834**	+2,334	[+14.1%]
Net Income to Net Sales Ratio	6.9%	**7.7%**	+0.8P	-

The next page, page six, shows the status of H1 results compared to the plan.

In addition to IT investment demand mainly from our core customers, we were able to make further progress in our efforts to improve productivity and quality, resulting in a strong finish and overachievement of the plan.

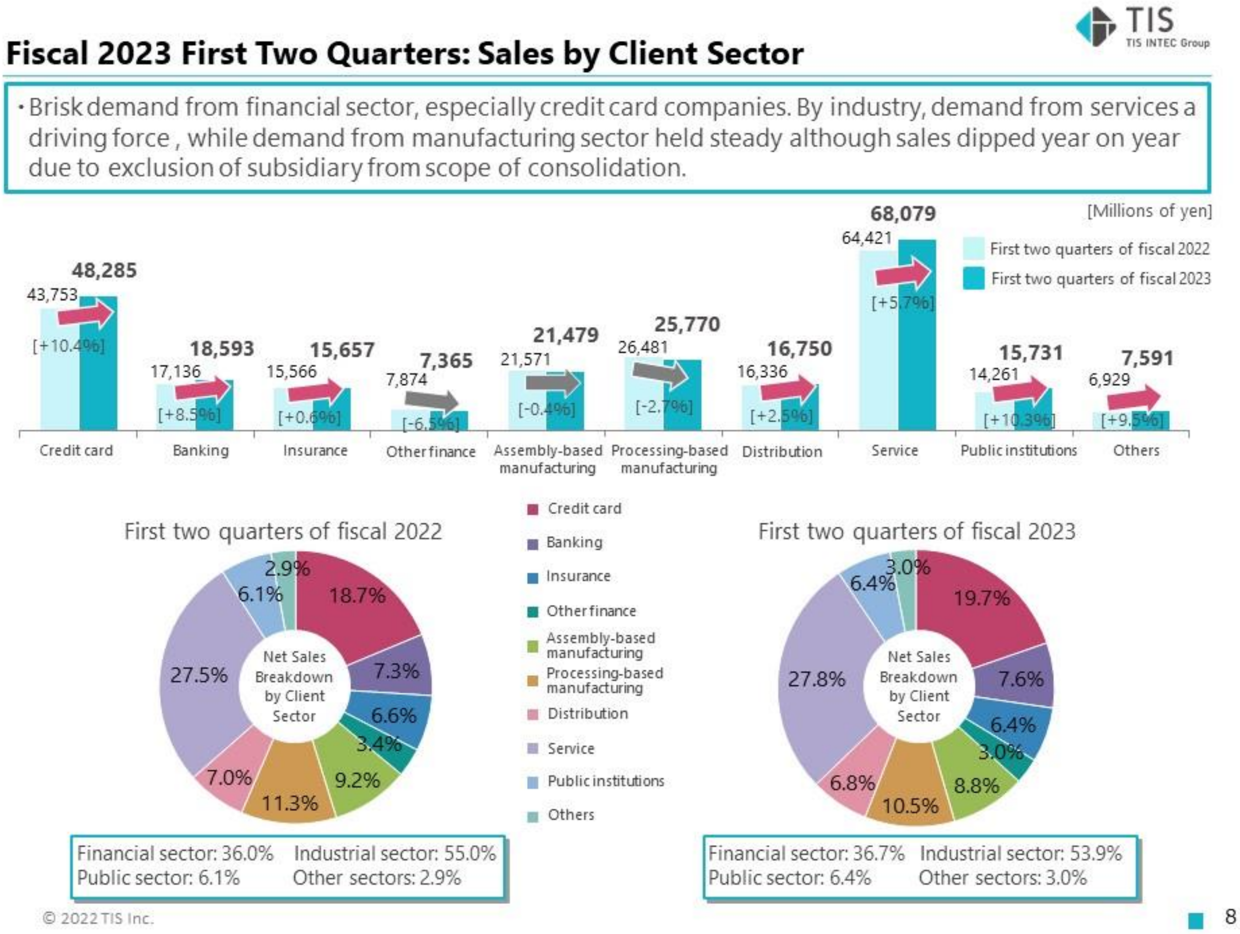


Page seven shows changes in operating income by factor.

The increase in gross profit due to higher sales and improved profitability offset the increase in SG&A expenses, resulting in a JPY3.84 billion increase in operating income over the same period last year.

The gross profit margin increased 1.6 percentage points YoY to 27.3%, thanks to the provision of high value-added businesses and the promotion of productivity and quality improvement measures.

Unprofitable projects in H1 amounted to about JPY100 million, and we were able to firmly control them.



See page eight. Sales by client industry.

Financial IT performed well, driven mainly by cards, and industrial services and other services. As a whole, the business environment was generally favorable.

The slight decrease in assembly and process manufacturing was due to the effect of deconsolidation from the sale of a subsidiary in the previous fiscal year, and there was no significant change in IT investment trends by customers on an actual basis.

Fiscal 2023 First Two Quarters: Sales and Income for Key Business Segments (YOY change)

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[Millions of yen]		First two quarters of fiscal 2022	First two quarters of fiscal 2023	YOY change	
Offering Service Business	Net Sales	49,786	**53,887**	+4,101	[+8.2%]
	Operating Income	2,158	**2,494**	+336	[+15.6%]
	Operating Margin	4.3%	**4.6%**	+0.3P	-
Business Process Management	Net Sales	21,230	**21,490**	+260	[+1.2%]
	Operating Income	2,225	**2,405**	+180	[+8.1%]
	Operating Margin	10.5%	**11.2%**	+0.7P	-
Financial IT Business	Net Sales	44,342	**48,718**	+4,375	[+9.9%]
	Operating Income	5,916	**6,311**	+394	[+6.7%]
	Operating Margin	13.3%	**13.0%**	-0.3P	-
Industrial IT Business	Net Sales	51,959	**55,219**	+3,259	[+6.3%]
	Operating Income	5,934	**7,763**	+1,828	[+30.8%]
	Operating Margin	11.4%	**14.1%**	+2.7P	-
Regional IT Solutions	Net Sales	77,529	**76,304**	-1,224	[-1.6%]
	Operating Income	7,144	**8,352**	+1,207	[+16.9%]
	Operating Margin	9.2%	**10.9%**	+1.7P	-

Offering Service Business:	Trend toward wider IT investment for payment settlement and basic systems fueled higher sales and income. Overseas operations also showed growth in sales, which contributed to segment performance.
Business Process Management:	Against backdrop of rising corporate outsourcing needs, segment saw stable shift in demand that fueled higher sales and income.
Financial IT Business:	Growing trend toward IT investment among core clients in the credit card sector spurred increase in sales and income. Profitability declined, paralleling promotion of measures including steps to reinforce structure.
Industrial IT Business:	Sales and income grew, reflecting improvement in profitability, complemented by growing trend toward IT investment, especially among existing clients in manufacturing and energy sectors.
Regional IT Solutions:	Despite lower sales due to impact following exclusion of subsidiary from scope of consolidation, segment marked brisk sales on actual basis. Operating income grew, reflecting progress on business activities emphasizing profitability.

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Page nine shows the situation by major segment.

In the offering services segment, sales and profits increased, driven by an increase in settlement infrastructure projects in line with the progress of digitization. Overseas operations also contribute to sales growth.

As for BPM, both sales and profits increased due to stable performance against a backdrop of growing corporate outsourcing needs.

Financial IT reported higher revenues and earnings on the back of expanding IT investments by credit card-affiliated fundamental customers. The operating profit margin declined slightly due to the promotion of measures such as the reinforcement of the business structure.

In industrial IT, both sales and income increased due to the expansion of IT investments, mainly by manufacturing and energy-related fundamental customers, as well as the improvement of profitability through the promotion of productivity and quality improvement measures.

The decrease in revenue in regional IT solutions was due to the impact of deconsolidation of approximately JPY4 billion. In actual terms, revenues increased and were firm. Operating income increased due to higher occupancy rates and an emphasis on profitability, and the operating income margin exceeded 10%.

Fiscal 2023 First Two Quarters: Sales by Key Business Segment *For external clients

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[Millions of yen]		First two quarters of fiscal 2022	First two quarters of fiscal 2023	YOY change	
Offering Service Business		44,241	**47,880**	+3,638	[+8.2%]
	Software development	23,000	**22,829**	-170	[-0.7%]
	Operating/cloud services	12,234	**14,351**	+2,117	[+17.3%]
	Product/software sales	9,006	**10,698**	+1,691	[+18.8%]
Business Process Management		20,000	**20,316**	+316	[+1.6%]
	Software development	8,331	**8,736**	+404	[+4.9%]
	Operating/cloud services	11,668	**11,580**	-87	[-0.8%]
	Product/software sales	-	**-**	-	-
Financial IT Business		43,502	**47,911**	+4,408	[+10.1%]
	Software development	22,492	**25,710**	+3,218	[+14.3%]
	Operating/cloud services	17,548	**18,520**	+972	[+5.5%]
	Product/software sales	3,462	**3,680**	+217	[+6.3%]
Industrial IT Business		51,077	**54,845**	+3,767	[+7.4%]
	Software development	32,591	**37,043**	+4,451	[+13.7%]
	Operating/cloud services	11,776	**11,858**	+82	[+0.7%]
	Product/software sales	6,709	**5,943**	-766	[-11.4%]
Regional IT Solutions		74,353	**73,175**	-1,177	[-1.6%]
	Software development	39,686	**37,994**	-1,692	[-4.3%]
	Operating/cloud services	24,835	**27,003**	+2,167	[+8.7%]
	Product/software sales	9,830	**8,177**	-1,652	[-16.8%]

In addition, sales by business segment are shown on page 10. While these are sales to external customers, I hope you can use them as a reference.

Fiscal 2023 First Two Quarters: Sales and Income by Key Business Segment (Compared with estimate)

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[Millions of yen]		First two quarters of fiscal 2023 estimate	First two quarters of fiscal 2023 actual	Compared with estimate	
Offering Service Business	Net Sales	50,500	**53,887**	+3,387	[+6.7%]
	Operating Income	2,200	**2,494**	+294	[+13.4%]
	Operating margin	4.4%	**4.6%**	+0.2P	-
Business Process Management	Net Sales	21,900	**21,490**	-409	[-1.9%]
	Operating Income	2,300	**2,405**	+105	[+4.6%]
	Operating margin	10.5%	**11.2%**	+0.7P	-
Financial IT Business	Net Sales	47,000	**48,718**	+1,718	[+3.7%]
	Operating Income	6,300	**6,311**	+11	[+0.2%]
	Operating margin	13.4%	**13.0%**	-0.4P	-
Industrial IT Business	Net Sales	54,000	**55,219**	+1,219	[+2.3%]
	Operating Income	7,000	**7,763**	+763	[+10.9%]
	Operating margin	13.0%	**14.1%**	+1.1P	-
Regional IT Solutions	Net Sales	76,000	**76,304**	+304	[+0.4%]
	Operating Income	7,400	**8,352**	+952	[+12.9%]
	Operating margin	9.7%	**10.9%**	+1.2P	-

Offering Service Business:	Trend toward wider IT investment for payment settlement and basic systems spurred higher sales and income. Overseas operations also showed growth in sales, which contributed to segment performance.
Business Process Management:	Demand to support digital shift brisk, but demand for other services, such as existing data entry work, thinned, leading to drop in sales. Emphasis on profitability led to higher income.
Financial IT Business:	Wider IT investment among core clients involved in credit card operations buoyed sales. Operating margin dipped, paralleling progress on measures to strengthen business structure.
Industrial IT Business:	Sales and income grew, reflecting improvement in profitability, complemented by growing trend toward IT investment, especially among existing clients in manufacturing and energy sectors.
Regional IT Solutions:	Sales generally in line with estimate. Operating income up, mainly due to progress on business activities with profit emphasis.

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Next, page 11 shows the ratio of the H1 results to the plan.

Although we did not achieve BPM sales and the operating margin in financial IT, we believe that we were able to produce solid results in general.

Reference: Fiscal 2023 Second Quarter (July-September): Sales and Income for Key Business Segments

[Millions of yen]		Second quarter of fiscal 2022	Second quarter of fiscal 2023	YOY change	
Net Sales		120,811	**127,232**	+6,421	[+5.3%]
Operating Income		13,607	**15,207**	+1,599	[+11.8%]
Operating Margin		11.3%	**12.0%**	+0.7P	-
Net Income Attributable to Owners of the Parent Company		8,518	**10,071**	+1,552	[+18.2%]
Net Income to Net Sales Ratio		7.1%	**7.9%**	+0.8P	-
Key Business Segments					
Offering Service Business	Net Sales	25,083	**27,695**	+2,612	[+10.4%]
	Operating Income	1,259	**1,026**	-232	[-18.5%]
	Operating margin	5.0%	**3.7%**	-1.3P	-
Business Process Management	Net Sales	10,818	**10,909**	+90	[+0.8%]
	Operating Income	1,230	**1,317**	+86	[+7.0%]
	Operating margin	11.4%	**12.1%**	+0.7P	-
Financial IT Business	Net Sales	22,786	**25,758**	+2,971	[+13.0%]
	Operating Income	3,267	**3,515**	+248	[+7.6%]
	Operating margin	14.3%	**13.6%**	-0.7P	-
Industrial IT Business	Net Sales	27,641	**28,518**	+876	[+3.2%]
	Operating Income	3,458	**4,218**	+760	[+22.0%]
	Operating margin	12.5%	**14.8%**	+2.3P	-
Regional IT Solutions	Net Sales	40,022	**39,906**	-116	[-0.3%]
	Operating Income	4,258	**4,948**	+689	[+16.2%]
	Operating margin	10.6%	**12.4%**	+1.8P	-

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Reference: Fiscal 2023 Second Quarter (July-September): Operating Income Analysis, Increase/Decrease Reasons (YOY change)

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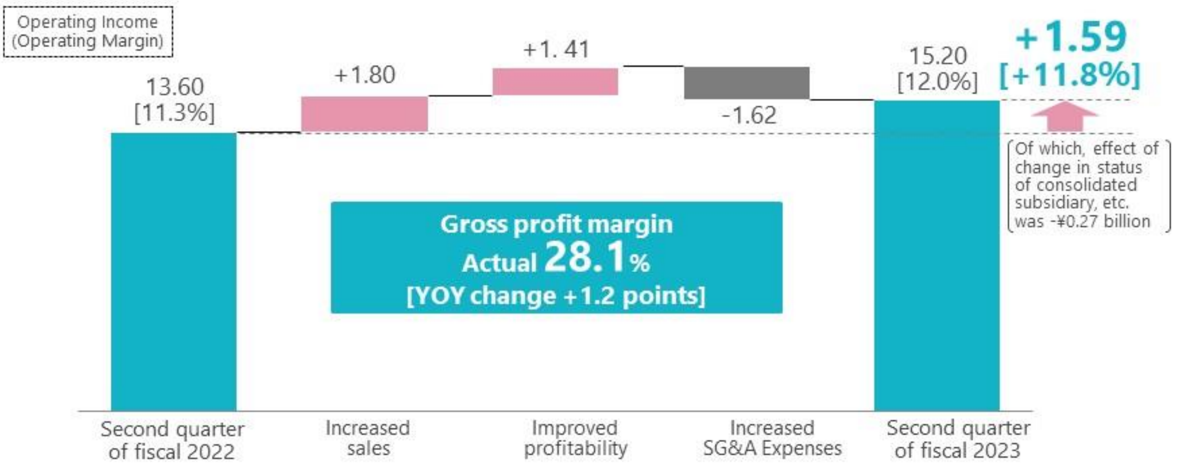
[Billions of yen]



Prior investment costs for promoting structural transformation:
Up ¥0.07 billion (YOY change)
(Cost of sales: -¥0.05 billion, SG&A expenses: +¥0.13 billion)
Software investment / Investment in human resources / Investment in R&D
+
Cost of investment in human resources (additional amount):
Up ¥1.20 billion (YOY change)
(Cost of sales : +¥0.48 billion, SG&A expenses : +¥0.71 billion)

Cost of office reform to promote new workstyles:
Down ¥0.42 billion (YOY change)
(Cost of sales : -¥0.08 billion, SG&A expenses : -¥0.34 billion)

Changes in SG&A Expenses

Effect of change in status of consolidated subsidiary, etc.	-0.07
Office reform	-0.34
Prior investment (includes enhanced employee benefits)	+0.84
Lower operating costs, enhanced head office functions	-0.06
Others (Brand-related costs)	+1.25
Total	+1.62

Reference: Fiscal 2023 Second Quarter (July-September): Sales by Key Business Segment *For external clients

[Millions of yen]		Second quarter of fiscal 2022	Second quarter of fiscal 2023	YOY change	
Offering Service Business		22,695	**24,521**	+1,826	[+8.0%]
	Software development	11,497	**11,652**	+154	[+1.3%]
	Operating/cloud services	6,722	**7,367**	+645	[+9.6%]
	Product/software sales	4,474	**5,501**	+1,026	[+22.9%]
Business Process Management		10,205	**10,319**	+113	[+1.1%]
	Software development	4,293	**4,446**	+152	[+3.6%]
	Operating/cloud services	5,912	**5,872**	-39	[-0.7%]
	Product/software sales	-	**-**	-	-
Financial IT Business		22,348	**25,340**	+2,992	[+13.4%]
	Software development	12,011	**13,594**	+1,583	[+13.2%]
	Operating/cloud services	9,048	**9,417**	+368	[+4.1%]
	Product/software sales	1,288	**2,329**	+1,040	[+80.8%]
Industrial IT Business		27,101	**28,318**	+1,216	[+4.5%]
	Software development	17,494	**19,285**	+1,790	[+10.2%]
	Operating/cloud services	5,913	**6,030**	+117	[+2.0%]
	Product/software sales	3,694	**3,002**	-691	[-18.7%]
Regional IT Solutions		37,881	**38,169**	+287	[+0.8%]
	Software development	20,364	**20,110**	-253	[-1.2%]
	Operating/cloud services	12,562	**13,399**	+836	[+6.7%]
	Product/software sales	4,954	**4,659**	-294	[-5.9%]

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Pages 12 through 14 show results for the first three months of the Q2. Overall, we consider the Q1 to have been a strong one.

With regard to the situation by segment, I would like to comment on offering services. While profits increased in Q1, they decreased in Q2. If we were to venture a guess as to the cause, we would say that it was due to a reactionary decline in digital marketing.

Fiscal 2023 First Two Quarters: Order Status (Total)

・Order volume and order backlog increased significantly year on year.
Drop for Business Process Management reflects profitability emphasis.

[Millions of yen]	First two quarters of fiscal 2022	First two quarters of fiscal 2023	YOY change	
Orders received during first two quarters	243,909	**265,993**	+22,084	[+9.1%]
Offering Service Business	47,812	**50,740**	+2,928	[+6.1%]
Business Process Management	21,538	**20,016**	-1,522	[-7.1%]
Financial IT Business	42,656	**59,256**	+16,600	[+38.9%]
Industrial IT Business	52,642	**53,746**	+1,104	[+2.1%]
Regional IT Solutions	79,259	**82,232**	+2,972	[+3.8%]
Order backlog at end of second quarter	157,948	**184,379**	+26,430	[+16.7%]
Offering Service Business	29,932	**34,701**	+4,769	[+15.9%]
Business Process Management	8,753	**8,203**	-549	[-6.3%]
Financial IT Business	37,889	**50,735**	+12,846	[+33.9%]
Industrial IT Business	32,096	**36,766**	+4,670	[+14.6%]
Regional IT Solutions	49,276	**53,971**	+4,695	[+9.5%]

Beginning on page 15 is an explanation of the status of orders. First, it shows the overall order situation, including operations.

Orders received were JPY265.9 billion, up 9.1% YoY, and orders backlog was JPY184.3 billion, also up 16.7% YoY.

Fiscal 2023 First Two Quarters: Order Status (Software Development)

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・Financial IT Business posted huge increase, thanks to expansion and capture of big projects. Primary cause of decreases for Offering Service Business and Industrial IT Business was that project level peaked.

[Millions of yen]	First two quarters of fiscal 2022	First two quarters of fiscal 2023	YOY change	
Orders received during first two quarters	131,156	**143,489**	+12,333	[+9.4%]
Offering Service Business	23,984	**21,831**	-2,152	[-9.0%]
Business Process Management	9,870	**8,436**	-1,434	[-14.5%]
Financial IT Business	21,010	**36,367**	+15,357	[+73.1%]
Industrial IT Business	36,106	**35,492**	-614	[-1.7%]
Regional IT Solutions	40,184	**41,361**	+1,177	[+2.9%]
Order backlog at end of second quarter	88,850	**105,707**	+16,857	[+19.0%]
Offering Service Business	17,111	**15,511**	-1,600	[-9.4%]
Business Process Management	8,753	**8,203**	-549	[-6.3%]
Financial IT Business	18,590	**32,535**	+13,944	[+75.0%]
Industrial IT Business	20,789	**22,587**	+1,798	[+8.6%]
Regional IT Solutions	23,605	**26,869**	+3,264	[+13.8%]

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Page 16 shows the status of software development orders.

The large increase was driven by financial IT, where customers, especially our core customers, have a strong appetite for investment.

We have recently received an order for a large public sector project, of which the multi-year software development is worth about JPY7 billion. This lump-sum appropriation is also a contributing factor.

The decrease in other, offering services, and industrial IT was mainly due to the peak-out of projects, while the decrease in BPM was due to the curtailment of low-profit projects from the viewpoint of focusing on profitability.

regional IT solutions orders received were approximately JPY4 billion, and the order backlog was affected by the exclusion of JPY1.2 billion from the consolidated results.

Fiscal 2023 Second Quarter (July-September): Order Status

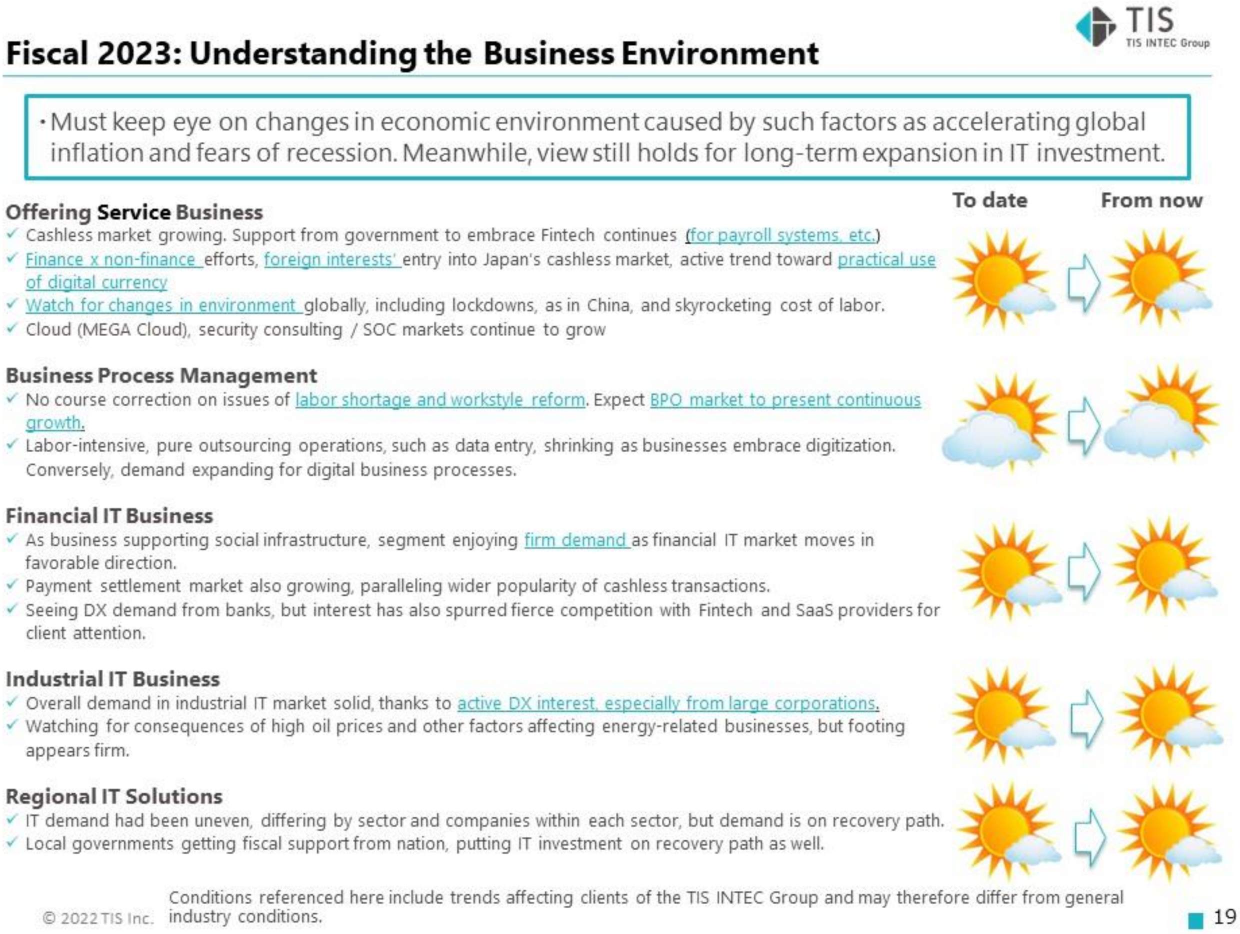
Order Status (Total)

[Millions of yen]	Second quarter of fiscal 2022	Second quarter of fiscal 2023	YOY change	
Orders received during second quarter	154,820	**177,744**	+22,923	[+14.8%]
Offering Service Business	31,846	**35,007**	+3,161	[+9.9%]
Business Process Management	10,168	**9,779**	-389	[-3.8%]
Financial IT Business	32,301	**44,841**	+12,539	[+38.8%]
Industrial IT Business	30,169	**33,918**	+3,749	[+12.4%]
Regional IT Solutions	50,334	**54,198**	+3,863	[+7.7%]

Order Status (Software Development)

[Millions of yen]	Second quarter of fiscal 2022	Second quarter of fiscal 2023	YOY change	
Orders received during second quarter	69,830	**82,257**	+12,427	[+17.8%]
Offering Service Business	14,784	**12,269**	-2,514	[-17.0%]
Business Process Management	4,256	**3,906**	-350	[-8.2%]
Financial IT Business	12,778	**24,494**	+11,715	[+91.7%]
Industrial IT Business	16,840	**18,652**	+1,812	[+10.8%]
Regional IT Solutions	21,170	**22,934**	+1,763	[+8.3%]

Page 17 shows the situation for the first three months of the Q2. This is generally duplicated in the explanation of H1, so I will omit it.



I would like to continue by explaining our full-year forecast for the FY2023. First, on page 19, we explain our perception of the business environment.

Despite the need to closely monitor changes in the economic environment, such as accelerating global inflation and concerns about economic recession, we expect the business environment to remain favorable with respect to IT investment, which continues to expand over the long term.

Revisions to Fiscal 2023 Performance Forecast (1)

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- Raised initial estimates, given fact that first-half results are significantly higher than previously forecast
- Net income reversed from year-on-year decrease to year-on-year increase.

[Millions of yen]	Fiscal 2023 initial estimate	Fiscal 2023 revised estimate	Compared with initial estimate	
Net Sales	500,000	**505,000**	+5,000	[+1.0%]
Operating Income	57,000	**59,000**	+2,000	[+3.5%]
Operating Margin	11.4%	**11.7%**	+0.3P	-
Net Income Attributable to Owners of the Parent Company	37,500	**39,800**	+2,300	[+6.1%]
Net Income to Net Sales Ratio	7.5%	**7.9%**	+0.4P	-
Net Income per Share (Yen)	154.22	**163.25**	+9.03	[+5.9%]
ROE *	12.9%	**13.7%**	+0.8P	-

* ROE estimate for fiscal 2023 is a calculated value.

20

On page 20, we explain the revision of the earnings forecast.

Based on strong H1 results, we have revised our full-year forecasts. The revised plan exceeds the target level for the FY2024, the final year of the medium-term management plan.

Compared to the original plan, sales are JPY505 billion, up JPY5 billion, and operating income is JPY59 billion, up JPY2 billion. Quarterly net income attributable to shareholders of the parent company increased by JPY2.3 billion to JPY39.8 billion, resulting in a YoY increase in income.

Operating income incorporates the strong H1 results and also takes into account higher energy costs at the data center in response to the recent situation.

We will continue to invest aggressively in human resources in H2, as we did in H1, but we believe that this will be covered by the increase in business earnings in H2.

Revisions to Fiscal 2023 Performance Forecast (2)

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[Millions of yen]		Fiscal 2023 initial estimate	Fiscal 2023 revised estimate	Compared with initial estimate	
Offering Service Business	Net Sales	106,300	**109,000**	+2,700	[+2.5%]
	Operating Income	6,100	**6,000**	-100	[-1.6%]
	Operating margin	5.7%	**5.5%**	-0.2P	-
Business Process Management	Net Sales	44,900	**44,000**	-900	[-2.0%]
	Operating Income	5,250	**5,300**	+50	[+1.0%]
	Operating margin	11.7%	**12.0%**	+0.3P	-
Financial IT Business	Net Sales	95,700	**98,500**	+2,800	[+2.9%]
	Operating Income	13,000	**12,700**	-300	[-2.3%]
	Operating margin	13.6%	**12.9%**	-0.7P	-
Industrial IT Business	Net Sales	110,700	**111,900**	+1,200	[+1.1%]
	Operating Income	15,900	**16,700**	+800	[+5.0%]
	Operating margin	14.4%	**14.9%**	+0.5P	-
Regional IT Solutions	Net Sales	158,500	**158,800**	+300	[+0.2%]
	Operating Income	17,200	**18,200**	+1,000	[+5.8%]
	Operating margin	10.9%	**11.5%**	+0.6P	-

Page 21 shows the revised forecast by segment.

Along with the change in the overall full-year forecast, the new plan for each segment takes into account the H1 results and variable factors in H2.

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Fiscal 2023: Performance Forecasts

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- Against backdrop of solid IT investment demand, anticipate sales and income will surpass targets presented in Medium-Term Management Plan.
- Upturn in net income likely, with ROE holding in target zone despite year-on-year dip.
- To realize structural transformation, will reinforce investment in human resources, who are the driving force that fuels this effort.

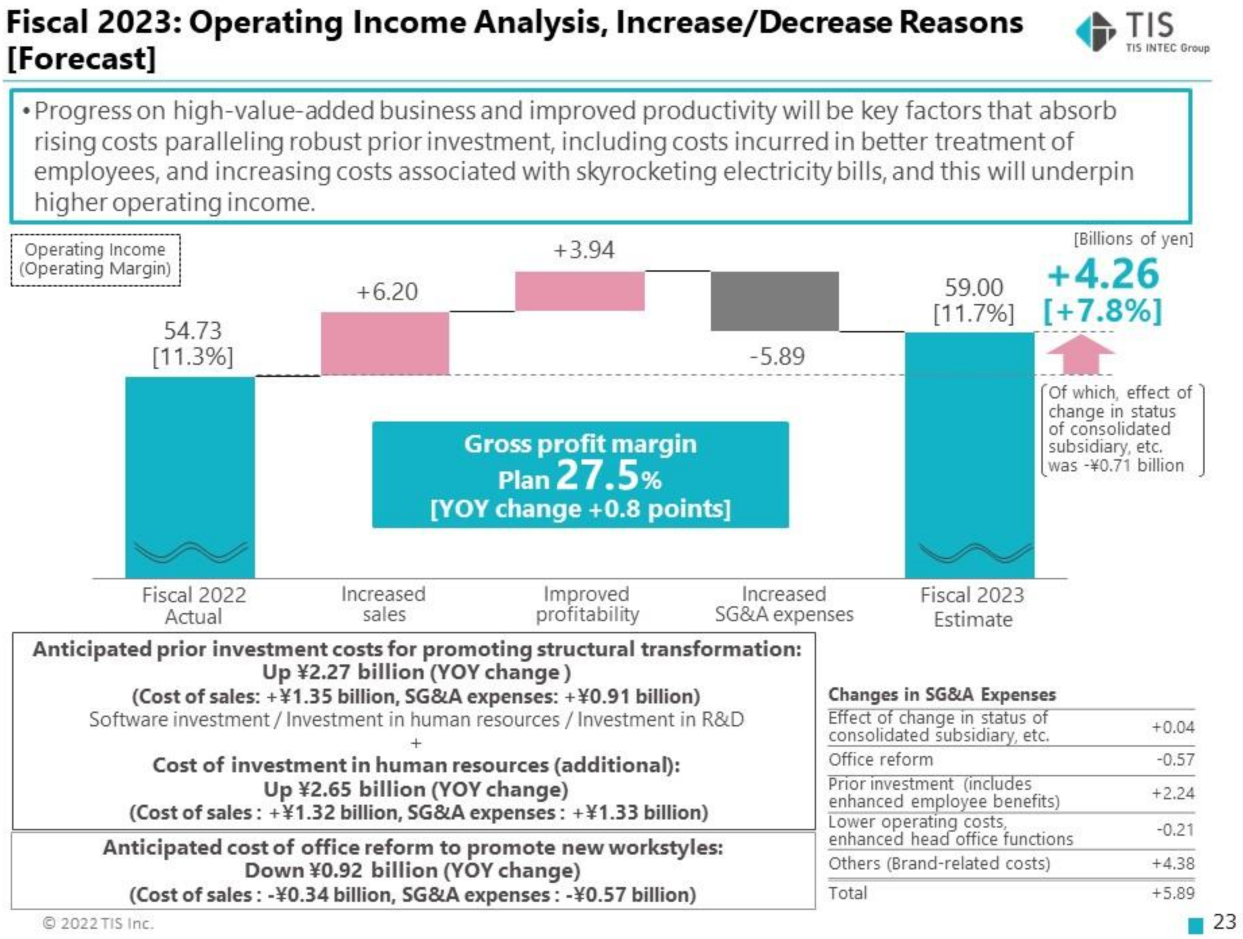
[Millions of yen]	Fiscal 2022 actual	Fiscal 2023 revised estimate	YOY change	
Net Sales	482,547	**505,000**	+22,452	[+4.7%]
Operating Income	54,739	**59,000**	+4,260	[+7.8%]
Operating Margin	11.3%	**11.7%**	+0.4P	-
Net Income Attributable to Owners of the Parent Company	39,462	**39,800**	+337	[+0.9%]
Net Income to Net Sales Ratio	8.2%	**7.9%**	-0.3P	-
Net Income per Share (Yen)	157.69	**163.25**	+5.56	[+3.5%]
ROE *	14.0%	**13.7%**	-0.3P	-

* ROE estimate for fiscal 2023 is a calculated value.

22

Page 22 shows the revised plan I just mentioned in comparison with the previous year.

Sales are projected to increase 4.7% YoY and operating income 7.8% YoY. Operating income margin is projected to be 0.4 percentage points higher than the previous year, amounting to 11.7%.



Page 23 is an analysis of changes in operating income by factor based on the revised plan.

The gross profit margin has been raised to 27.5% from the initial plan of 27% and is expected to increase by 0.8 percentage points from the previous year.

As in the past, we will continue to make aggressive upfront investments that contribute to growth, but our approach to further improving profitability will remain unchanged. We intend to manage the H2 well in order to realize the revised plan.

Fiscal 2023: Return to Shareholders

TIS
TIS INTEC Group

- No change to dividend plan for fiscal 2023. Interim dividend will be ¥15 per share, up ¥2 year on year.
- Continued acquisition of treasury stock, ending with buybacks reaching ¥24.5 billion for total of ¥30 billion (upper limit).

Basic Policy on Return to Shareholders under Medium-Term Management Plan (2021-2023)

Balance efforts to promote growth investment with efforts to maintain financial health, while strengthening return to shareholders.

Total return ratio	Dividends per share	Upper limit on treasury stock holdings
45% (up from 40%)	Constantly enrich the dividend	at 5% (excess amount cancelled)

	Fiscal 2022 actual	Fiscal 2023 estimate		
		[Normal]	[Capital optimized]	[Total]
Interim dividend per share	¥13	**¥15 [YOY change +¥2]**		
Annual dividend per share	¥44	**¥47 [YOY change +¥3]**	-	**¥47**
Total dividends	¥11.0 billion	**¥11.4 billion**	-	**¥11.4 billion**
Payout ratio [After adjustment *1]	27.9% [30.7%]	**28.8%**	-	**28.8%**
Acquired treasury shares	¥4.47 billion	**¥5.5 billion**	**¥24.5 billion**	**¥30.0 billion** *2
Total return ratio [After adjustment *1]	39.3% [43.1%]	**42.6%**	-	**104.2%**

*1 Based on profit (after income taxes and income attributable to non-controlling interests)
*2 Upper limit based on treasury stock buyback announced May 11, 2022.

- Acquisition of treasury stock: Acquired ¥24.5 billion as of September 30, 2022, for total of ¥30 billion.
- Cancellation of treasury stock: Plan to cancel optimized capital portion of acquired treasury stock upon completion of buyback.

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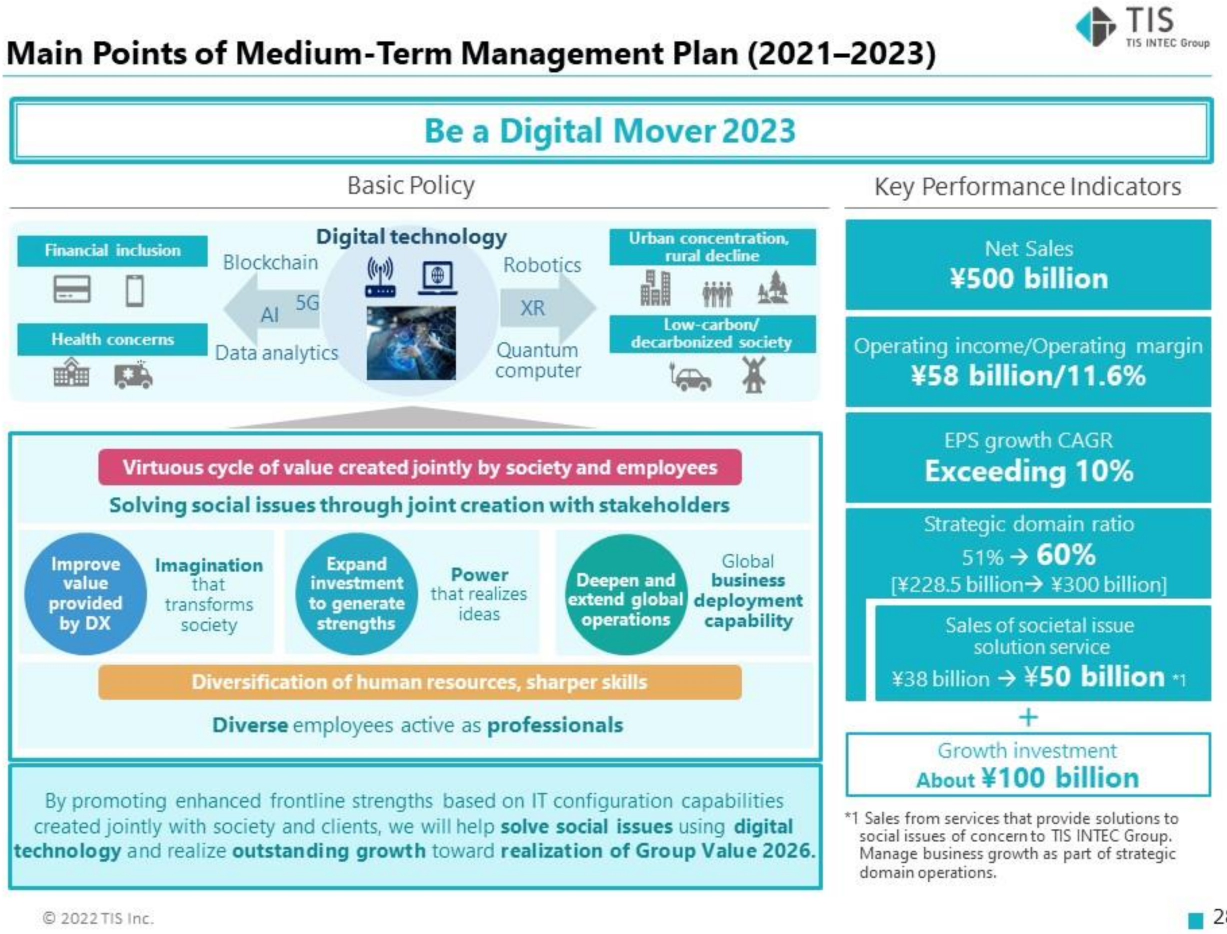
Let me conclude my explanation with an explanation of shareholder returns. See page 26.

There is no change from the shareholder returns planned at the beginning of the fiscal year. The interim dividend per share is JPY15, up JPY2 from the previous year, and the annual dividend per share is JPY47, up JPY3 from the previous year. Regarding the repurchase of treasury stock totaling JPY30 billion, JPY24.5 billion was repurchased by the end of September.

We will continue to return profits to shareholders in line with business growth, while maintaining a balance between promoting investment in growth and ensuring financial soundness, in accordance with our basic policy on shareholder returns.

This concludes my explanation.

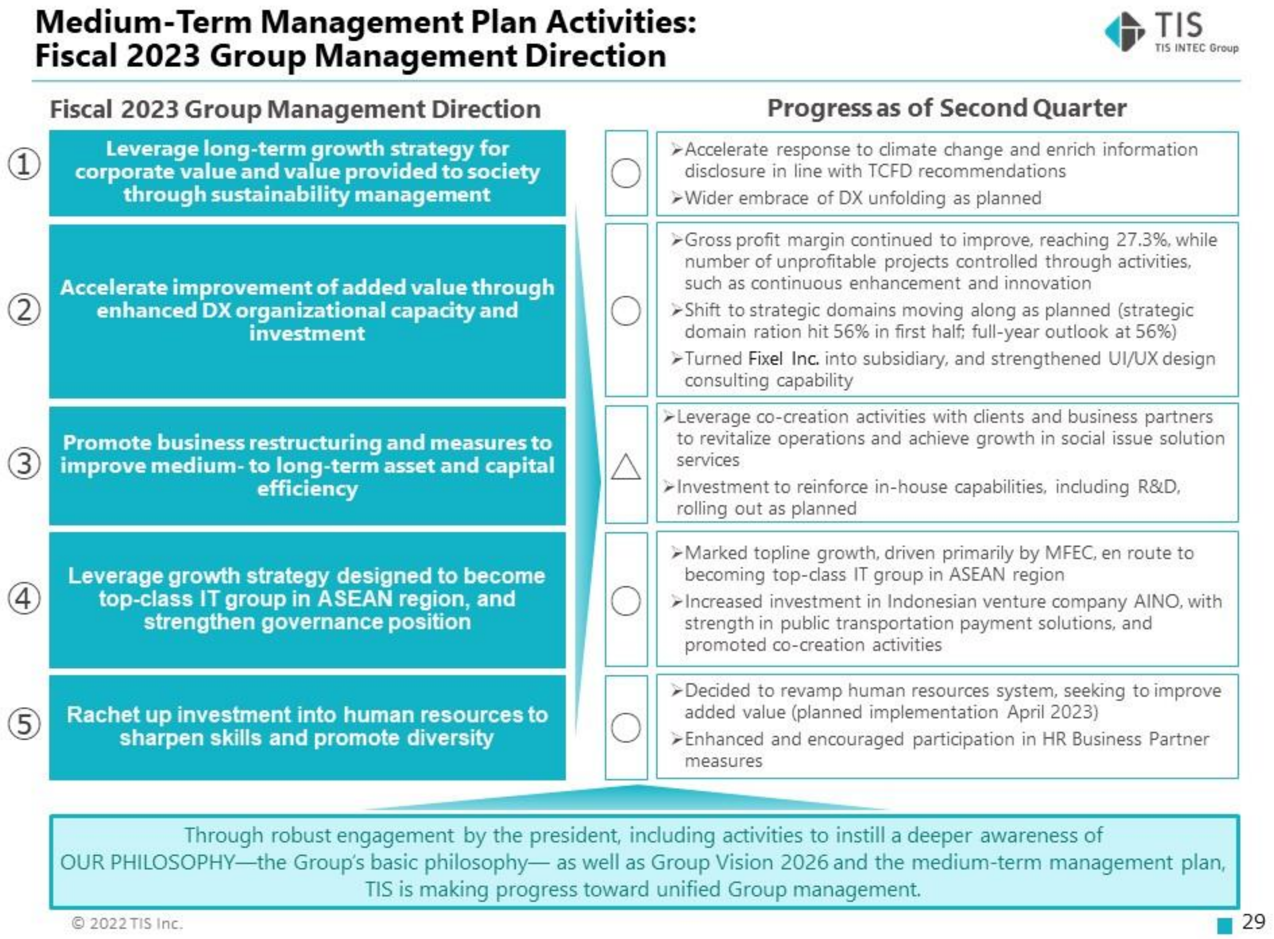
Moderator: Thank you very much. Next, Okamoto will explain the progress of the medium-term management plan. Thank you for your cooperation.



Okamoto: My name is Okamoto. Once again, thank you very much for attending our financial results presentation today. I would like to report on the progress of the medium-term management plan.

Page 28. This is the outline of the medium-term management plan, its basic policies, and key management indicators.

Since this is a reiteration, I would like to skip the explanation.



Next, page 29. I would like to explain the progress made in H1 of this fiscal year based on the Group's management policy.

In H1of this fiscal year, we believe that we were able to make good progress in general. We feel that we have made steady progress in the Group's integrated management, which is the foundation for the implementation of all measures. We achieved this through our group's basic philosophy and our ongoing activities to spread the philosophy.

I have said that the most important theme is to strengthen the front line. We have also continued to hold repeated discussions with our employees.

Although there is always room for further improvement, I feel that in the past six months, the penetration of my own ideas, the promotion of understanding through the exchange of opinions, the change in employees' awareness, and their proactive movements have been further strengthened.

The next five items are listed here, and I will explain the evaluation of these items. I would like to briefly explain the four points that we have circled.

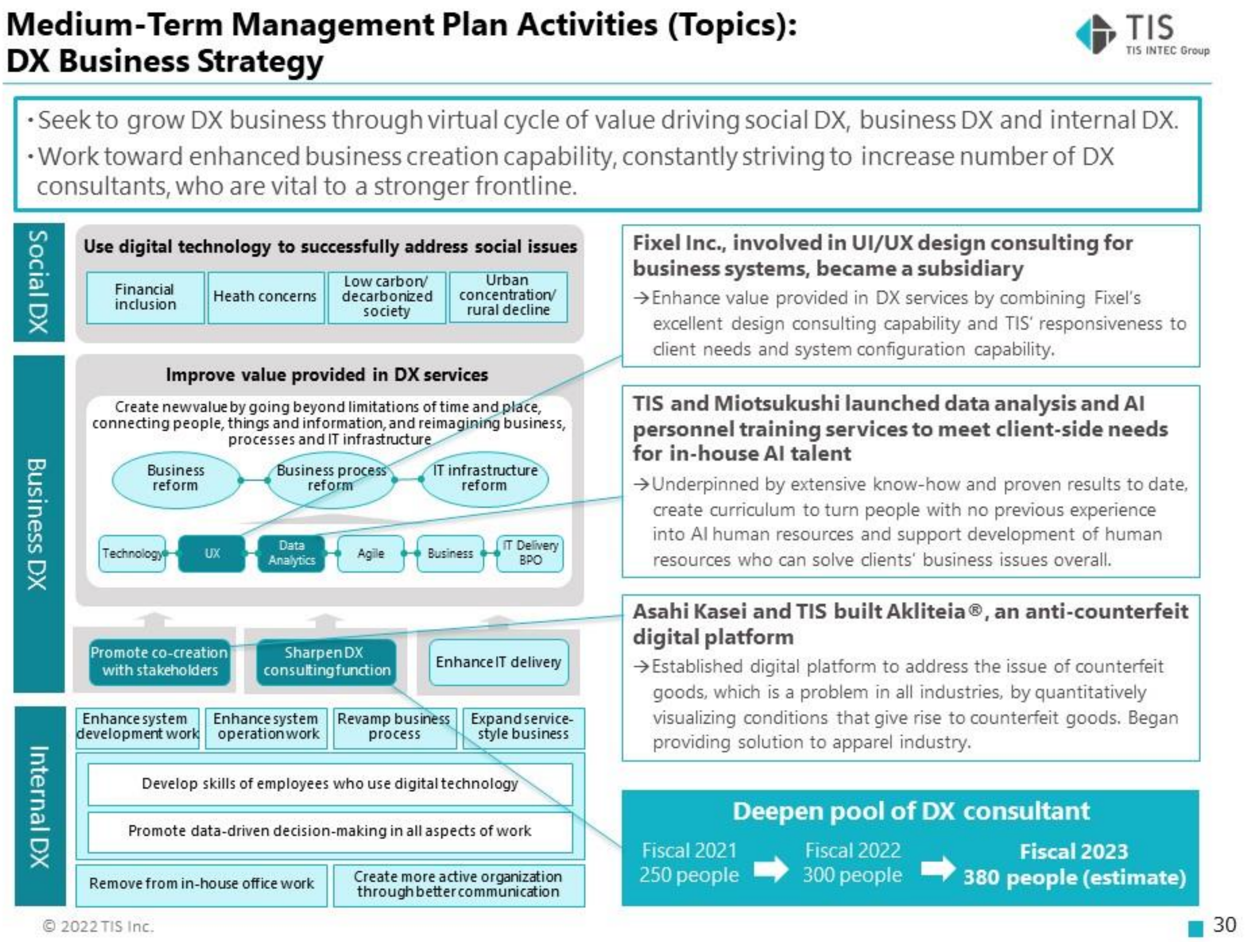
Point one: Steady progress has been made in environmental and human rights initiatives, which are high priority themes for society.

Next, point two. Steady progress in productivity and quality improvement measures, including the curbing of unprofitable projects, further exceeded the gross profit margin.

Next, point four. We continue to face a difficult business environment overseas due to the pandemic, but we recognize that we have been able to make steady progress in what we need to do and what we can do now, even if we have not achieved major, tangible results.

Point five: Human resources are the most important management capital, and I believe that we have been able to promote various studies and initiatives for this with a firm eye on the future.

On the other hand, the only one that we have designated as a triangle, point three, is the same as before, but we are making efforts to address it. I am not satisfied with the current situation because I have high expectations for the Company as a growth driver.



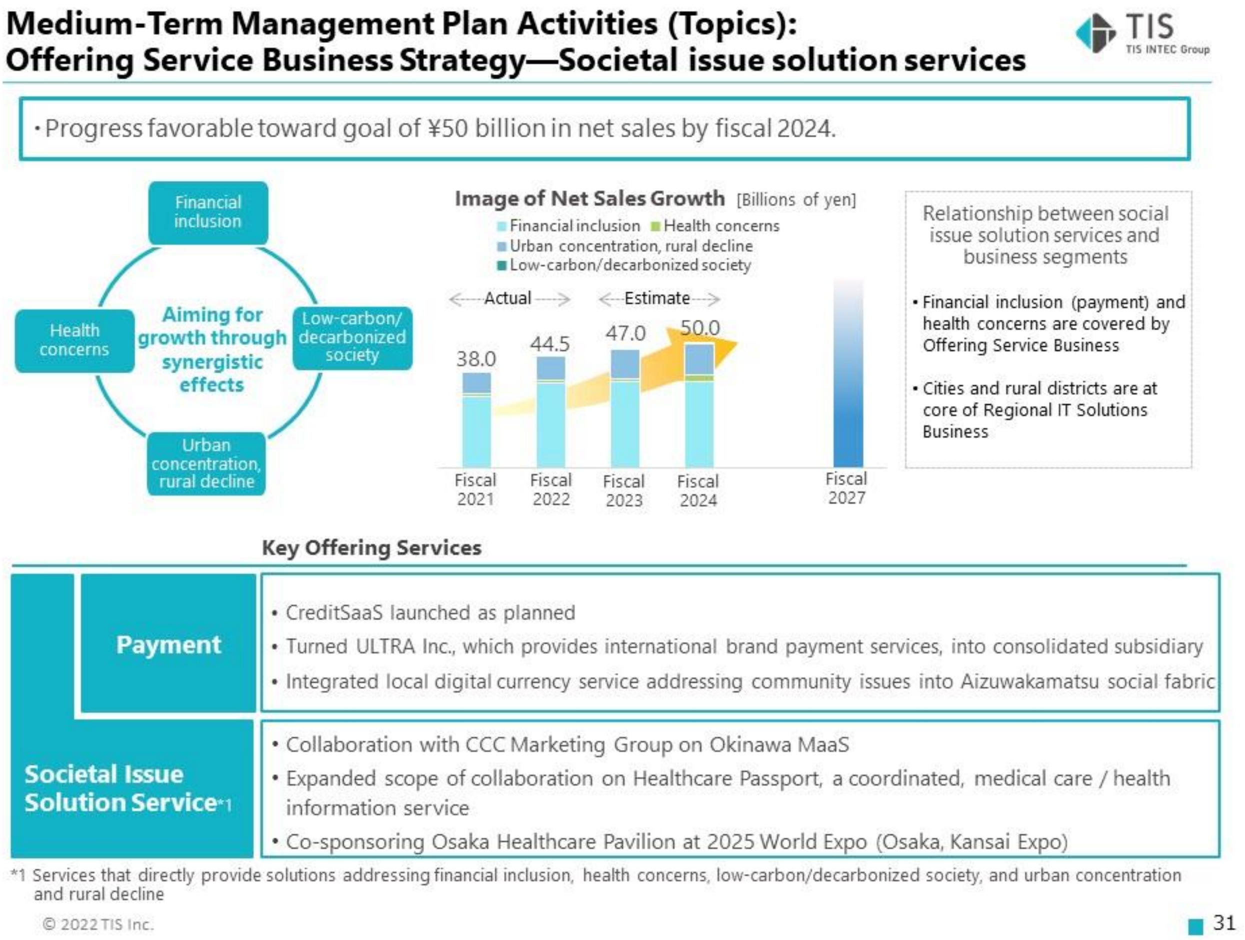
Starting on page 30, we will present topics on the progress of the medium-term management plan. First is the DX business strategy.

The Group aims to grow its DX business through a virtuous cycle of value generated by each of these three perspectives: social DX, business DX, and internal DX.

This page introduces the topics of our business DX initiatives. However, we are also making steady progress in social DX and internal DX, and I am very much looking forward to gradually seeing the results.

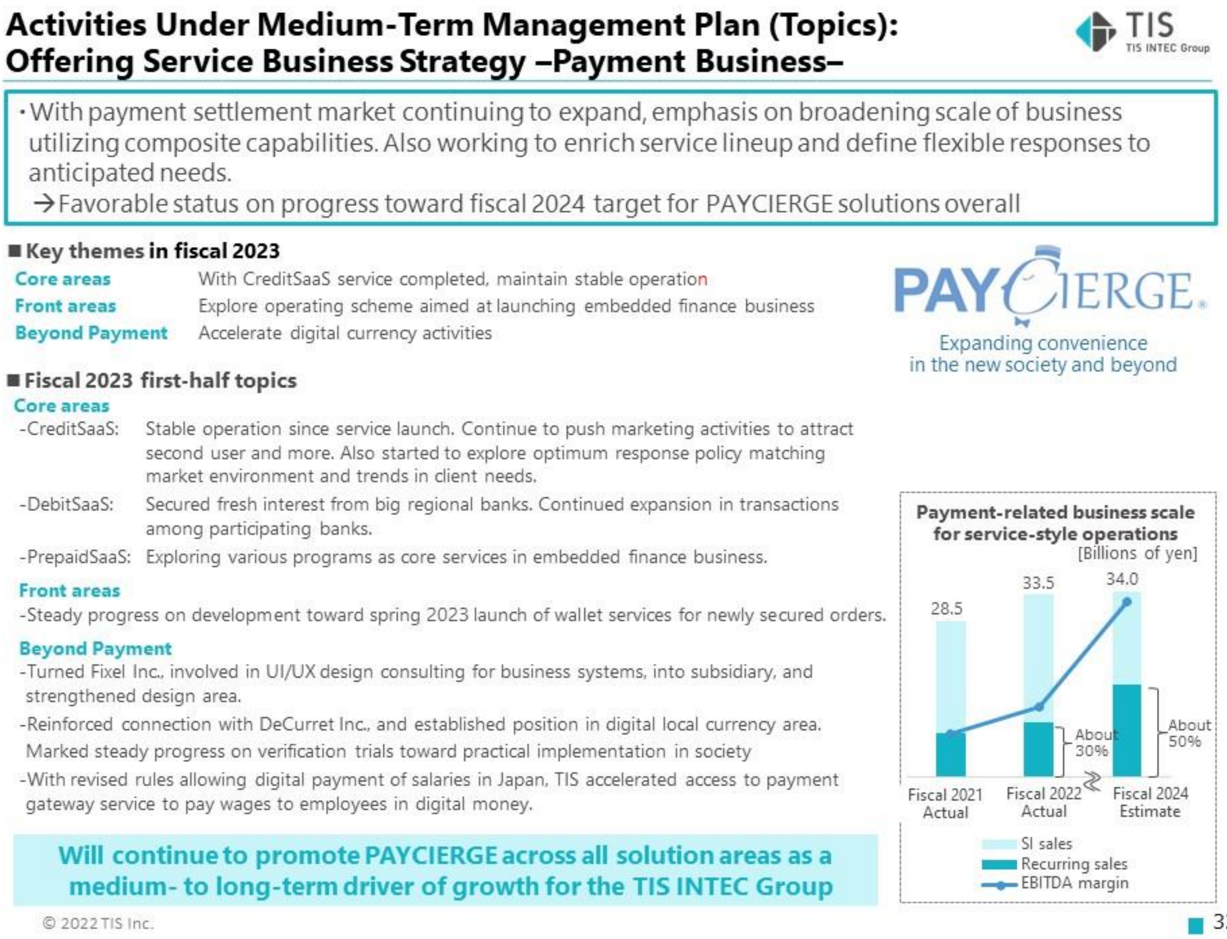
In addition, as one of the important keywords in this medium-term management plan, we have already announced the expansion of human resources and strategic allocation of DX consultants, who can be regarded as an important management resource to strengthen the front line.

However, this is still not enough, and we will continue to focus our efforts on improving the value we provide to our customers and society.



Page 31 shows the service business strategy, especially the contents related to the service business that solves social issues.

There will be no changes in that the payment business will be the driving force behind this. We are making good progress. We are taking on a variety of challenges in other areas, and I hope that you will understand that we are still in the preparation stage for future business expansion.



Page 32 focuses on the payment business that I just mentioned.

Overall, we are making progress in line with the plan by expanding our service lineup in addition to the progress of the services we have already deployed.

Under these circumstances, we have already launched the credit SaaS service. The system is in stable operation. Once again, I understand the importance of the development from here on, but I am relieved to see that we have successfully reached a major milestone.

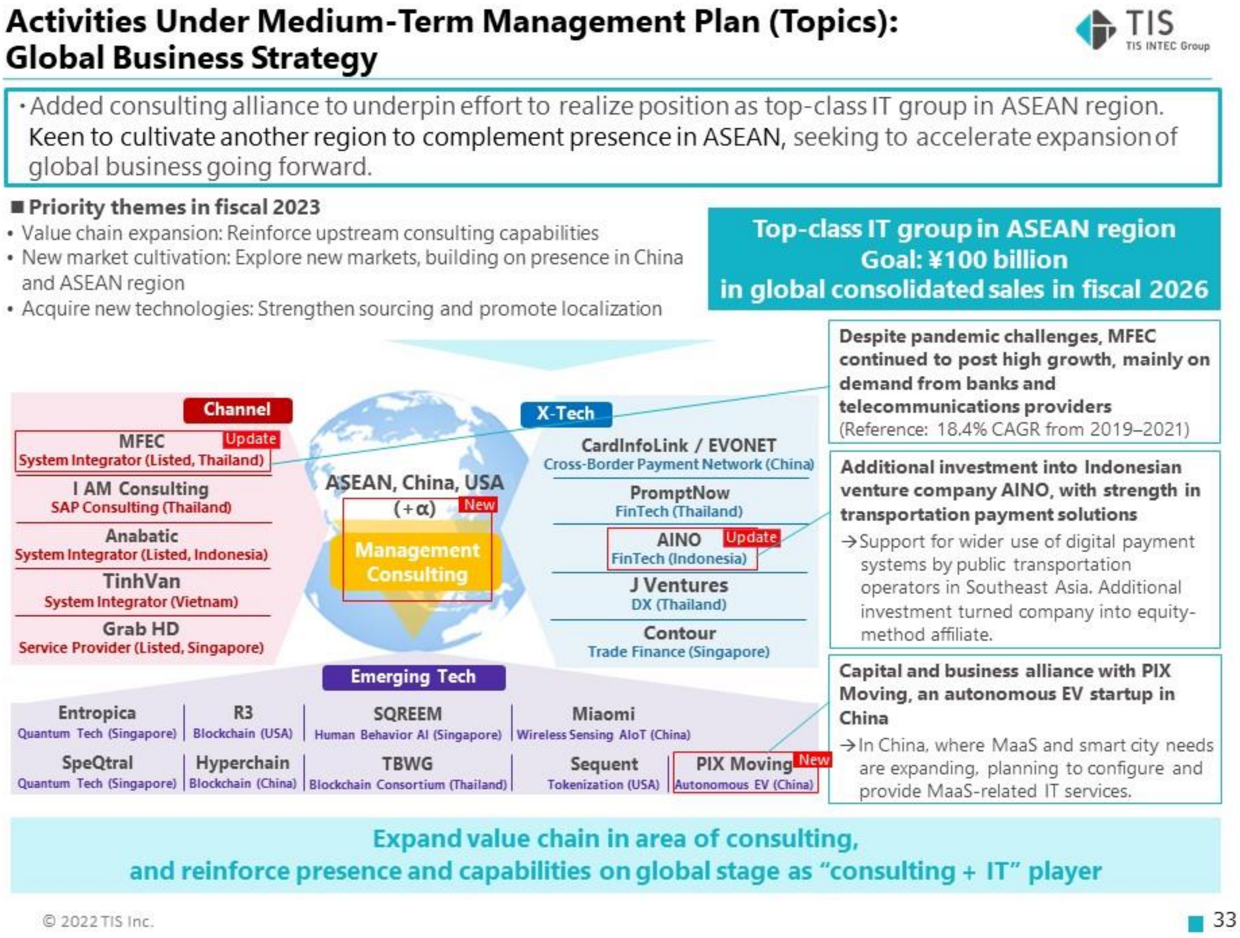
We will continue to promote sales activities aimed at acquiring second users and beyond. At the same time, we will begin to consider the most appropriate policy depending on the market environment and the trend of customer needs.

This is an area that is expected to grow in various ways as the cashless society progresses. We are not simply expanding the scale of the business but are making rapid and significant changes in the content of the business. We have to be responsive. For example, new themes such as BNPL, embedded finance, and the lifting of the ban on digital payment of salaries, which was reported in the newspapers, are emerging rapidly.

I am sure there will be more to come. Naturally, our focus is on credit SaaS, but under such circumstances, we need to be flexible in our business development as a whole.

There is no change in our belief that the payment area is the area in which the Group can demonstrate its greatest strength.

We will not flinch in the face of these changes in the market environment, but rather, we will take this as a business opportunity and create our own market. With this attitude and spirit, we will continue to leverage our comprehensive strengths and actively promote the development of the entire PAYCIERGE network.



Page 33. This is our global business strategy.

On the channel side, MFEC, which joined the Group in October 2020, has maintained a high growth rate despite the COVID-19. This means that we are having them drive the expansion of the scale of our global business.

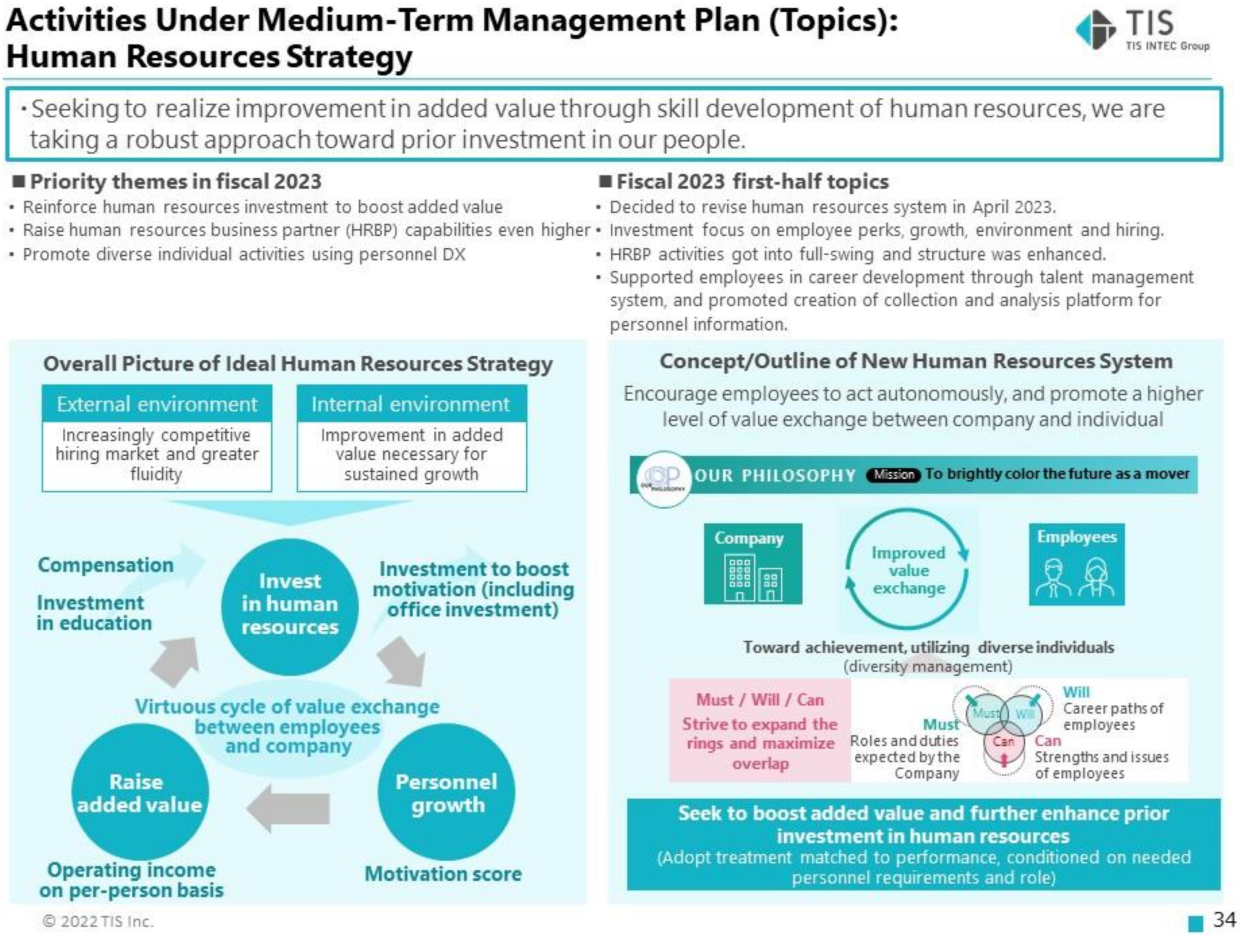
On the technology side, we made AINO, an Indonesian company, an equity method affiliate in H1 of this fiscal year. We have also entered into a capital and business alliance with PIX in China, and are continuing to promote such strategic investments.

We are also seeing an increase in the number of projects in which Japan and other countries are collaborating with each other. In this environment, the convergence of consulting and technology is progressing rapidly around the world and is becoming a threat to traditional IT players such as ourselves as competitors.

In this situation, I believe that it is essential to strengthen the consulting function overseas as well. By strengthening the consulting function, the value chain will expand, and we will strengthen our presence and capability as a player in consulting plus IT. Based on the idea that we can do this, we have added consulting as a new axis.

We have already begun to develop our consulting business. We hope to be able to make visible progress in the near future.

While we have established a solid basis through our partners in ASEAN, we will also focus on the development of the Next ASEAN region and accelerate the expansion of our global business.



Page 34. This is our important human resource strategy.

As I have always said, human resources are the most important management capital and the source of our corporate value. The key to our past growth has been, of course, human resources, and there is no doubt that the key to our future growth will also be human resources.

We recognize that it is our management responsibility to respond to the success of such human resources. And there are three things that must happen in order for our group to attract the best people and for them to perform to the best of their ability. One is the meaning of work, then the working environment, and then compensation. I believe it is important to increase engagement with these three elements as a set.

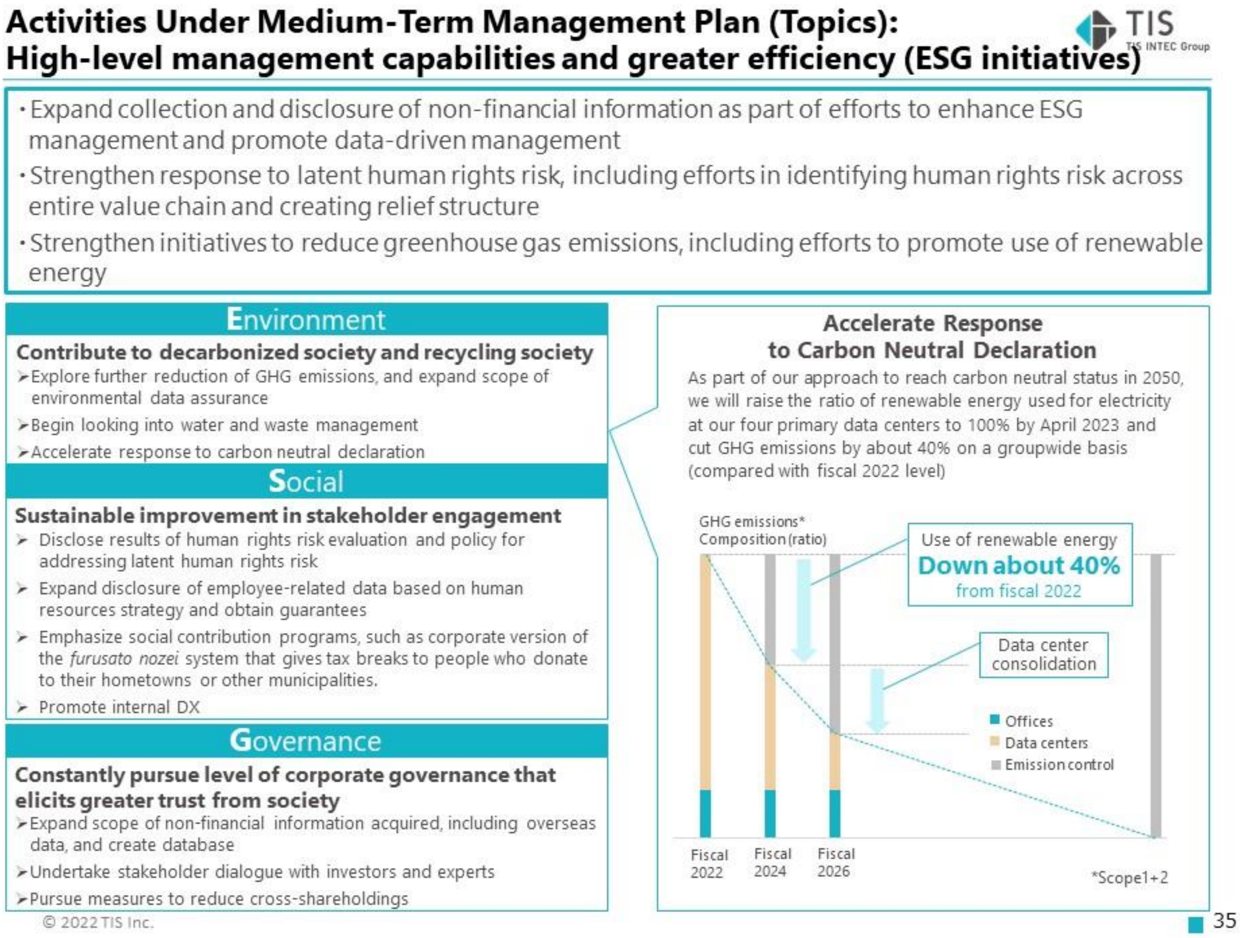
We have been improving compensation, education, and job satisfaction. As part of our efforts to achieve this goal, we are making efforts to invest in human resources. We are also improving the score for job satisfaction, which is positioned as an engagement index.

In particular, we are continuously working to improve compensation, including during the current fiscal year. The current level of compensation is not high compared to the industry average, and there is a growing trend to raise the level of compensation throughout the industry to secure excellent human resources. In light of this, we are strongly aware of the need to address this issue more directly than ever before.

TIS will first revise its personnel system and will further strengthen engagement by setting goals from the perspectives of *Must*, *Will*, and *Can*, which are aligned with the Company's expectations, employee preferences, and strengths. We will encourage each employee to act autonomously based on these goals through repeated dialogue. By doing that, we will further strengthen engagement.

More than ever, we intend to ensure that our individual growth leads to the growth of the Company. In addition, we have a policy to consider and focus on achieving bold compensation improvements.

Meaning of work, working environment, and compensation. We believe that investment in human resources from these three perspectives will be the driver of a full cycle of value exchange between employees and the Company, which will lead to the growth of our human resources and through this, to an increase in added value. We hope that you will understand this.

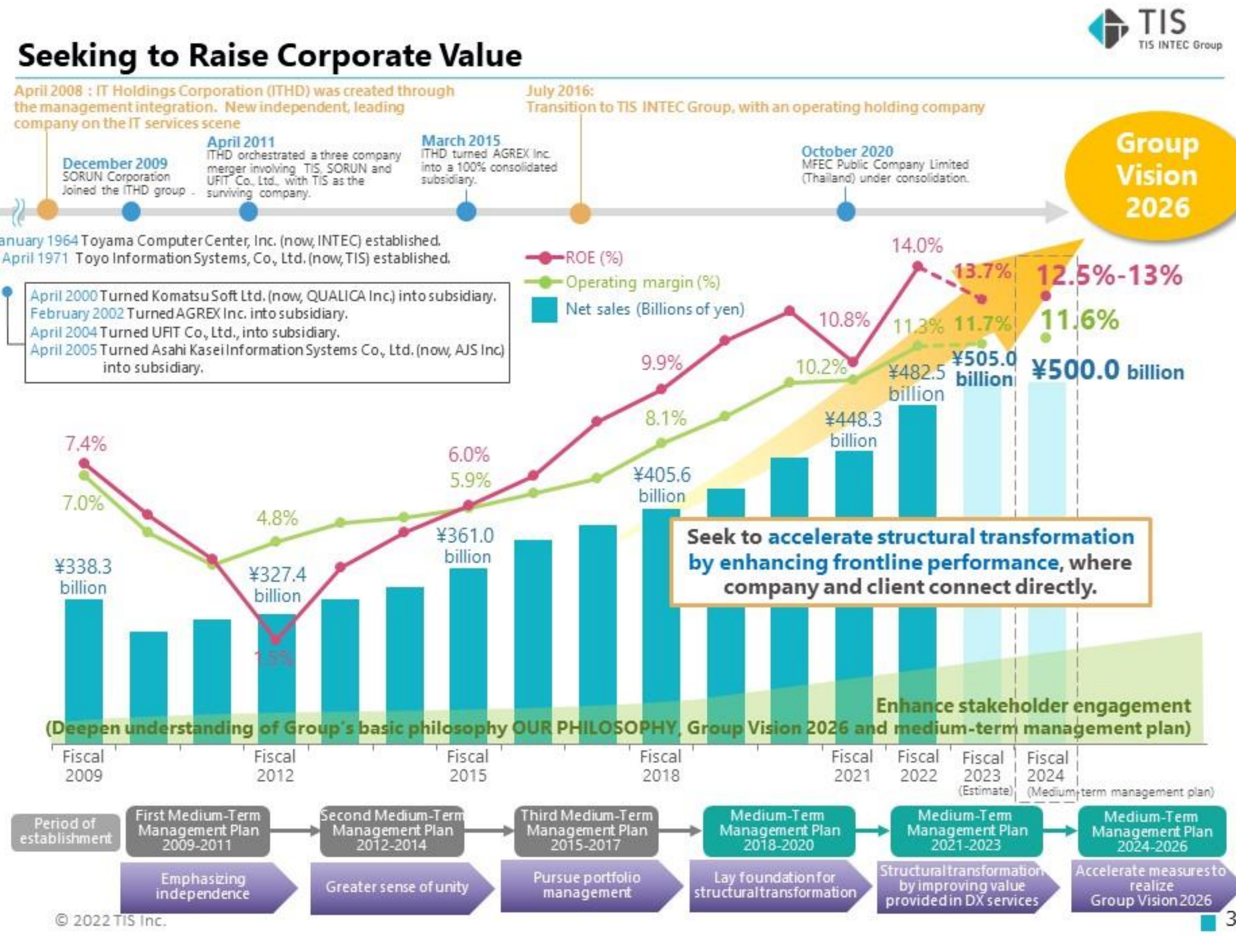


Next, page 35. We will explain our ESG initiatives.

In H1 of this fiscal year, we are aware that we have been able to steadily promote management sophistication in response to social needs in each of the E, S, and G areas.

As part of our efforts to declare ourselves carbon neutral, we have decided to strengthen our ability to respond to data centers, which account for the majority of our group's GHG emissions. As a result, the four main data centers will increase the percentage of renewable energy used in all electricity consumption to 100% from April 2023.

As I have said in the past, it is not enough to deal with E, S, and G in the short term, but it is extremely important to take a long-term viewpoint. We will continue to make steady progress one by one to strengthen the foundation that supports the value creation of our group.



This is the slide on page 36, and this is my last explanation.

In H1 of this fiscal year, we have reached the halfway point of the medium-term management plan, and we are on track to achieve the plan's numerical targets one year ahead of schedule. We believe that the Company has done a good job so far, making steady progress in terms of measures.

On the other hand, as a matter of course, the external environment is changing rapidly, and there are many issues that need to be addressed. These are not all easy issues that can be resolved overnight, but I believe that many of them need to be addressed with a firm focus on the future.

I am convinced that we will be able to overcome the difficulties if we all work together as a group and deal with the situation with sincerity and care, and that we have the power to do so. I would like to reaffirm our commitment and carefully deal with each issue one by one.

We will continue to do our utmost to achieve sustainable growth and further enhance the corporate value of the Group through front-line reinforcement and structural reforms. We are looking forward to achieving the goal of the Group Vision 2026 as early as possible, as well as to create a vision for the future from now on.

I would like to conclude my explanation. Thank you very much.

Question & Answer

Moderator [M]: Thank you very much. We will now move on to the question and answer period.

First, let us explain how to ask the questions.

If you have been nominated, please ask your question after stating your name and company name. Please note that each person may ask no more than two questions at a time. Please understand that we may not be able to answer all of your questions due to the timing.

We will now begin the question and answer session.

Let us begin with Mr. Tanaka from Mitsubishi UFJ Morgan Stanley Securities. Please ask your questions.

Hideaki Tanaka [Q]: This is Tanaka from Mitsubishi UFJ Morgan Stanley. Thank you for your cooperation. I have two questions.

The plan has been revised upward. What specific cost increases have been factored in, and in what amounts? What about the increase in energy costs you mentioned earlier?

As gross margins have been steadily improving, you have factored in a slight flattening of gross margins in H2 of the fiscal year. Can you talk more about that?

Kawamura [A]: Regarding your question, I am aware that the impact of electricity rates, especially in H2 of this fiscal year, has reached a level that cannot be improved by self-help efforts.

We are planning to reduce costs by approximately JPY700 million. Although we are making efforts to reduce costs through various measures, we have included this amount in the current plan because of the extremely severe situation. The H1 of the fiscal year was about JPY300 million, but we are making some self-help efforts to recover the amount, and we estimate that the total impact for the full fiscal year will be about JPY1 billion.

As for your question about the improvement in gross profit margin, there were no special factors. We were able to improve productivity and quality as mentioned. In addition, the firm was able to firmly control unprofitable projects, which contributed to the increase in H1.

Naturally, we will do our best to maintain and improve this level of performance. We will continue to do so in H2 and will continue our efforts to curb unprofitable operations. That is all.

Hideaki Tanaka [Q]: Thank you. Next, I have a second point.

I understand that the credit SaaS is operating stably. However, is it profitable at this first-user stage? Is recurring income expected in H2 of the fiscal year? Or will it be in the red at first? Can you give us an idea of the P&L in this area? That is all.

Kawamura [A]: Thank you very much.

The operation is generally running stably. The P&L figures are the same as I have explained so far, and solid sales will be recorded in H2.

Naturally, there is the burden of amortization since depreciation will begin, but even so, the level will be profitable. In addition, we are conducting a wide range of additional development for first users. Thus, I hope that you will understand that we have incorporated into our current plan the content of our clients' businesses, which should generate sufficient revenue in total. That is all.

Hideaki Tanaka [M]: I understand very well. Thank you, that's all.

Moderator [M]: Thank you very much. Next, Mr. Tanaka, Goldman Sachs Securities. Please ask your questions.

Chikai Tanaka [Q]: My name is Tanaka from Goldman Sachs. Please go ahead. I have two points.

First of all, regarding costs, you mentioned earlier that the increase in electricity rates was reflected in the increase in operating expenses. However, in the industry as a whole, there is a tendency for a wide range of operating expenses to increase, such as the impact of the weaker yen and wage increases.

I wonder if your company has included such outstanding items other than electricity charges in the results for H1 or in the full-year plan. Could you first confirm this point?

Kawamura [A]: Regarding costs other than electricity charges, as explained in the SG&A cost increase in the H1 results, we have responded to the rise in personnel costs with an increase in compensation.

We will be able to meet this plan by offsetting the increase in personnel expenses with business income.

The purchase price of our products has been affected by the weak yen, but we are committed to promoting our high-value-added products to our customers in such a way that we will not be affected further.

In general, we have incorporated the necessary costs into our plan for the H2, and we intend to proceed with this plan, firmly. That is all.

Chikai Tanaka [Q]: Thank you.

If that is the case, I don't think there is any particular trend that has changed and would cause a sudden increase in costs.

If so, the revised plan looks like a plan that would result in a significant drop in the operating profit margin. Or is this simply a conservative perspective? I'm sure there will be some costs which will be a bit harder to absorb, as well as lower margins. What is your premise for this, in terms of operating income?

Kawamura [A]: As I mentioned earlier, we are going to factor in the necessary costs. As for energy, it is as I mentioned before.

We are not particularly worried about any major concerns and are determined to build up our plans for each quarter and will take firm measures to deal with the situation. We would like to continue to do this as we have done in the past. That is all.

Chikai Tanaka [Q]: I understand. Thank you very much.

I wanted to ask you about the second point regarding the offering service. Regarding the Q2, I would like to ask you about the background behind the increase in sales and decrease in profit.

I think credit SaaS will start in H2 of the fiscal year, and the plan is that the profit will increase significantly at once. Please provide Q2 results and outlook for H2, in terms of offering services.

Kawamura [A]: Let me explain the numerical aspect.

The situation in the offering services area for the Q2 is that the growth is indeed very strong in terms of sales.

In terms of profit, the digital marketing business, which performed very well in H1 of the previous fiscal year, suffered a slight setback in H2, and this was the reason for the decrease in profit.

In addition, there are other businesses that have been affected by the upfront investment we have been talking about. In terms of services, there is the impact of electricity rates in H1, so I think there was a slight decrease in profit due to such accumulation.

As I mentioned earlier about digital marketing, this does not mean that a single major factor is responsible for the large decrease in profit.

In H2, we are planning to make a solid return to profitability, mainly in the settlement of accounts, on a planned basis, and we will work to offset the negative factors by achieving solid business growth.

As for credit SaaS, as you mentioned, we are not seeing a large increase from H1 to H2 of the fiscal year. Inquiries from customers are quite strong, not just for credit SaaS, and conventional SI is also steadily accumulating, so we are working hard to generate profits in such areas and achieve this plan.

Okamoto [A]: This is Okamoto, and I would like to add a little bit about credit SaaS, or what we refer to as cashless.

As Kawamura just mentioned, the market for settlement itself is very active, and we are receiving a lot of business. We have not changed our policy in any way with regard to our goal of contributing to a cashless society. We will continue to follow through.

We managed to successfully launch the first credit SaaS company. We are conducting sales activities with an increasing number of companies, but recently we have been thinking that the renewal of the service backbone system will require more timing.

In addition, as I mentioned in my presentation, various cashless services, such as debit and prepaid services, are emerging all around us. We are also planning to make a profit in the cashless world. That's it from me.

Chiaki Tanaka [Q]: Thank you.

I don't think that a second company has been selected yet for credit SaaS.

Since you mentioned previously that the inquiries are strong enough to take on a third or fourth company, can you tell us qualitatively if there were any updates, which would facilitate further expansion?

Okamoto [A]: Regarding the strength of inquiries, there is no particular change from what I mentioned earlier. We continue to receive inquiries as usual.

However, as I mentioned earlier, the renewal of the service backbone system is a major business for customers, so we are taking some time to study the issue. That is all.

Chiaki Tanaka [M]: Thank you very much for your kind attention.

Moderator [M]: Thank you very much.

Next, Mr. Watanabe from Sumitomo Mitsui DS Asset Management Company. Please ask your questions.

Watanabe [Q]: This is Watanabe from Sumitomo Mitsui DS Asset Management Company. Thank you very much.

On slide 32, which is the credit SaaS section, you have talked about various business models such as deferred payments and embedded finance.

What I was interested in was that you wrote in the credit SaaS section that you have begun to consider the best policy for responding to the market environment and trends in customer needs. How will this affect the business model of credit SaaS and how it will be provided? You commented earlier that customers are cautious because it is a big business, but are you considering a partial provision of functions as well? That is all.

Okamoto [A]: Thank you.

In this regard, credit SaaS has just been completed, and we have not changed our approach of firmly marketing and deploying it to our customers.

However, there are various services, such as credit SaaS peripheral services or prepaid services in combination with credit SaaS, so we would like to offer various combinations depending on the market and the client's requirements.

In that sense, I do not mean that the core of credit SaaS itself is changing in any way or has already changed, so please do not misunderstand me on that. That is all.

Watanabe [M]: I understand very well. Thank you very much.

Moderator [M]: Thank you very much.

Next, Mr. Iwafuchi from Okasan Securities. Please ask your questions.

Iwafuchi [Q]: My name is Iwafuchi, Okasan Securities. Thank you very much.

I wanted to ask the same question that Mr. Watanabe just asked.

I would like to confirm this, but am I correct in my understanding that the credit SaaS provision format will remain the same as you have explained so far, and that you do not intend to increase the number of individual customizations or anything like that?

Okamoto [A]: Yes. We have not changed our policy of providing services.

Iwafuchi [Q]: Thank you very much.

One more thing on the impact of the amount of large projects you explained in the financial orders section of the Q2: I think you mentioned it a little in your explanation, but I would like to confirm it again, and I would also appreciate it if you could tell me the timing of the sales for the project in question, to the extent possible. Thank you for your cooperation.

Kawamura [A]: I have informed you that we received an order for a large public sector project in Q2 of the financial IT sector.

We receive orders not for one year but for a batch of long-term projects that span multiple years, so the figure we have factored into the order this time is about JPY7 billion for development.

The amount of sales that will increase in H2 of the fiscal year will around JPY2 billion, so we hope you will understand the situation. Was that sufficient?

Iwafuchi [Q]: Thank you very much.

So, this means that this project does not end with this time, and that there will be some kind of additional order somewhere in the future?

Kawamura [A]: As for development, we have received a lump-sum order up to the final process, so I hope you understand that this order will be digested as a balance.

We receive orders not only for development, but also for operations, and we record orders at the semi-annual timing for the scheduled sales for the following half year, so please understand that these orders will appear later on the operations side.

Iwafuchi [M]: I understand very well. Thank you very much. That is all.

Moderator [M]: Thank you very much.

Next, Mr. Ueno from Daiwa Securities. Please ask your questions.

Ueno [Q]: My name is Ueno from Daiwa Securities. Thank you for your explanation. I think this was a great financial statement.

The effect of the improvement in profitability seems to have declined somewhat in Q1 and Q2. However, the improvement in profitability was strong from about the Q3 of last year. Are large-scale projects behind this upward revision, implying that H2 will continue along this trend?

Or will there be a buffer in H2? Could you please just tell me what you feel?

Kawamura [A]: For H1, I believe that we were able to record very good gross profit in both the Q1 and Q2.

As I mentioned earlier, we have been continuously focusing on productivity improvement, quality improvement, and control of unprofitable operations, and I feel that these efforts have been paying off in each quarter.

As mentioned earlier, in H2 of the fiscal year, we will continue to implement what we planned at the beginning of the fiscal year, but we will make further efforts to improve our performance while firmly controlling unprofitable operations and other factors.

Ueno [Q]: Is it correct to say that there are no slowdown factors in H2 relative to H1? Are you simply leaving the H2 as it was in the initial plan?

Kawamura [A]: Basically, we will work with the revised plan. However, there are some deteriorating factors such as electricity, labor, and procurement prices, so I think it is necessary to control costs for each quarter.

Ueno [Q]: I understand. Then comes the last question.

Regarding credit SaaS: You said that the environment has not changed in terms of the double-digit pipeline and customers. Is my understanding correct that you have roughly 10 to 20 potential large-scale customers who would require special customization, unlike when using freee or MoneyForward SaaS?

Okamoto [A]: To answer your question, the number of pipelines is as you say, and we are continuing to work on it.

It is also true that these are rather large customers. While we would like them to avoid customization, it will take some a certain amount of time and effort regardless due to their size.

Ueno [Q]: So, can I imagine it to be something like Nomura Research Institute's THE STAR or BIPROGY's BankVision, which are SaaS, but similar to large-scale enterprise systems?

Okamoto [A]: I think that is fine.

Ueno [M]: I understand. That's it from my side. Thank you very much.

Okamoto [M]: Thank you very much.

Moderator [M]: Thank you very much.

Now let's continue with Mr. Watanabe from Sumitomo Mitsui DS Asset Management Company. Please ask your questions.

Watanabe [Q]: I am sorry to keep coming back. I would like to ask a little more about credit SaaS. My impression is that customer two is taking more time than expected.

Isn't the situation now that customers three and four come first? Or does it seem like everyone is taking a lot of time?

Okamoto [A]: It is difficult to answer this question. There is no doubt that we are conducting sales activities with a strong approach towards customers three and four.

Whether or not either of them will be quicker depends on the future sales situation, but we are making sure that sales activities themselves are being conducted.

Watanabe [Q]: Also, is my understanding correct that these customers are expanding into the basic card business and don't have an existing system yet?

I'm sorry to sound like I'm digging into past wounds, but your company took an extraordinary loss by financing the transitioning at the data center.

Is my understanding correct that there will be no such costs that you will bear for the customer this time as credit SaaS continues to grow?

Okamoto [A]: First of all, we are currently not doing business in a way that would enable costs burdens. Therefore, we are considering the use of credit SaaS as a prerequisite.

Watanabe [Q]: Are these customers using your credit card business system for this first time? Can you let me know?

Okamoto [A]: It will be mainly customers who have the system already.

Watanabe [Q]: However, it will not be like before, right?

Okamoto [A]: We are not conducting things differently now.

Watanabe [Q]: Also, you will not consider this option of bearing costs even if you cannot get customer two for another year, right?

Okamoto [A]: No, we don't. We would like to earn a good profit from this.

Watanabe [M]: Thank you. I am relieved.

Moderator [M]: Thank you very much.

Next, Mr. Segawa, Mitsubishi UFJ Morgan Stanley Securities. Please ask your questions.

Segawa [Q]: My name is Segawa from Mitsubishi UFJ Morgan Stanley Securities. Thank you for your assistance.

On page 17 of the document, I would like to confirm the status of orders received during July-September.

You mentioned earlier that in financial IT you received a large public sector order, but even excluding that, the growth in financial IT is high, and in other segments, with the exception of BPM, the growth in orders is very high. I would appreciate your explanation of what drove it.

Kawamura [A]: Yes, sir.

As we have explained each time we receive orders, there are slight fluctuations in each quarter, so we basically believe that we should not be happy or sad, but rather accumulate a solid balance.

In Q2 of this fiscal year, in addition to the large-scale projects I mentioned earlier, our card-related clients have invested heavily in financial IT, so I would like to ask you to consider the overall contribution from these areas. I don't think this is any different than the trend we have seen in the past.

As for industrial IT, the Q2 was slightly bad due to a reactionary decline from the previous quarter. However, as I explained at the time, there are quarterly fluctuations, so for these two quarters, we are now firmly in the center of the fundamental destination. In total, we believe that orders were received well in H1.

For regional IT, we are also able to capture a wide range of customer IT investments, especially in addition to our core customers.

We are confident that we are capturing IT investments from local governments and medical customers through our sales activities, and we hope to receive more orders and link them to sales in H2 of the fiscal year.

The offering service also includes the positive contribution of the credit SaaS operation, which I mentioned earlier, so I hope you can understand my point.

In general, orders received in H1 of the fiscal year were very good when averaged over the half-year period, and with the balance firmly built up, we are determined to achieve the plan in H2 of the fiscal year.

Segawa [M]: I understand. Thank you very much.

Moderator [M]: Thank you very much. It is a little early, but since there seem to be no other questions, I will now conclude the question and answer session.

Lastly, I would like to extend greetings from Okamoto.

Okamoto [M]: Thank you very much for joining us today at TIS Inc. for the presentation of the financial results for Q2 of the FY2023.

If you have any additional questions, please feel free to contact us for an individual interview or our IR department.

We will also hold our annual business briefing on December 5. I would like to explain to you about our consulting business, and I hope that you will join us.

Thank you for your continued support. Thank you very much for your time today.

Moderator [M]: With that, I would like to close today's briefing.

Thank you very much for taking time out of your busy schedule to join us today.

[END]

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