



# **Financial Results for the Fiscal Year Ended March 31, 2024**

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**May 8, 2024**

**TIS Inc.**

# Highlights

## Fiscal 2024: Financial Highlights

- Higher sales and higher income year on year. Achieved revised estimates.
- Operating margin fell year on year and below estimate, owing to impact from unprofitable projects.
- Favorable order volume and order backlog.

## Fiscal 2025: Performance Forecast

- Expect higher sales and income but at gradual climb due to huge impact from reactionary drop in large projects. Maintain robust growth investment.

## Return to Shareholders

- Paralleling business growth exceeding estimates for fiscal 2024, year-end dividend will be raised by ¥3.
- Will raise total shareholder return ratio to 50% in fiscal 2025 and increase dividend by ¥12. With annual dividend at ¥68 per share, treasury stock buyback could total ¥6.5 billion.

## Fiscal 2024: Financial Highlights

## Fiscal 2025: Performance Forecast

## Return to Shareholders

## Reference Materials

- All statements described in these materials are based on information available to management regarding the TIS INTEC Group—that is, TIS and the subsidiaries under its umbrella—as of the presentation date and certain assumptions deemed reasonable at this time. No intent is implied of promise by the Company to achieve such forward-looking statements. Indeed, various factors may cause future results to be substantially different from the assumptions presented in these materials.
- Amounts for each three-month quarter are calculated by subtracting data for the respective period from the cumulative total.
- Segment sales include intersegment sales. (excluding page 12 and 15)

## **Fiscal 2024: Financial Highlights**

**Fiscal 2025: Performance Forecast**

**Return to Shareholders**

**Reference Materials**

## Fiscal 2024: Performance Highlights (YOY change)

- Higher sales, thanks to business expansion through accurate responses to clients' IT investment needs, including demand for digital transformation.
- Even while reinforcing growth investment, achieved increase in operating income, mainly thanks to demand for high-value-added services.

[Millions of yen]	Fiscal 2023	Fiscal 2024	YOY change	
Net Sales	508,400	<b>549,004</b>	+40,604	[+8.0%]
Operating Income	62,328	<b>64,568</b>	+2,239	[+3.6%]
Operating Margin	12.3%	<b>11.8%</b>	-0.5P	-
Net Income Attributable to Owners of the Parent Company	55,461	<b>48,873</b>	-6,588	[-11.9%]
Net Income to Net Sales Ratio	10.9%	<b>8.9%</b>	-2.0P	-
Net Income per Share [Yen]	227.11	<b>203.28</b>	-23.83	[-10.5%]
ROE	18.8%	<b>16.0%</b>	-2.8P	-

- Non-operating income: ¥5,012 million  
(YOY change +¥2,523 million)  
→ Reversal of allowance for doubtful accounts: ¥2,501 million, etc.

- Extraordinary income: ¥3,291 million  
(YOY change -¥18,748 million)  
→ Gain on sales of investment securities: ¥2,254 million, etc.

- Non-operating expenses: ¥1,027 million  
(YOY change -¥585 million)

- Extraordinary loss: ¥2,652 million  
(YOY change -¥1,100 million)

\*Inclusion of Nihon ICS in scope of consolidation affects consolidated results from second quarter onward.  
Impact of ¥5.8 billion on net sales, and ¥600 million on operating income after goodwill amortization.

## Fiscal 2024: Performance Highlights (Compared with estimate)

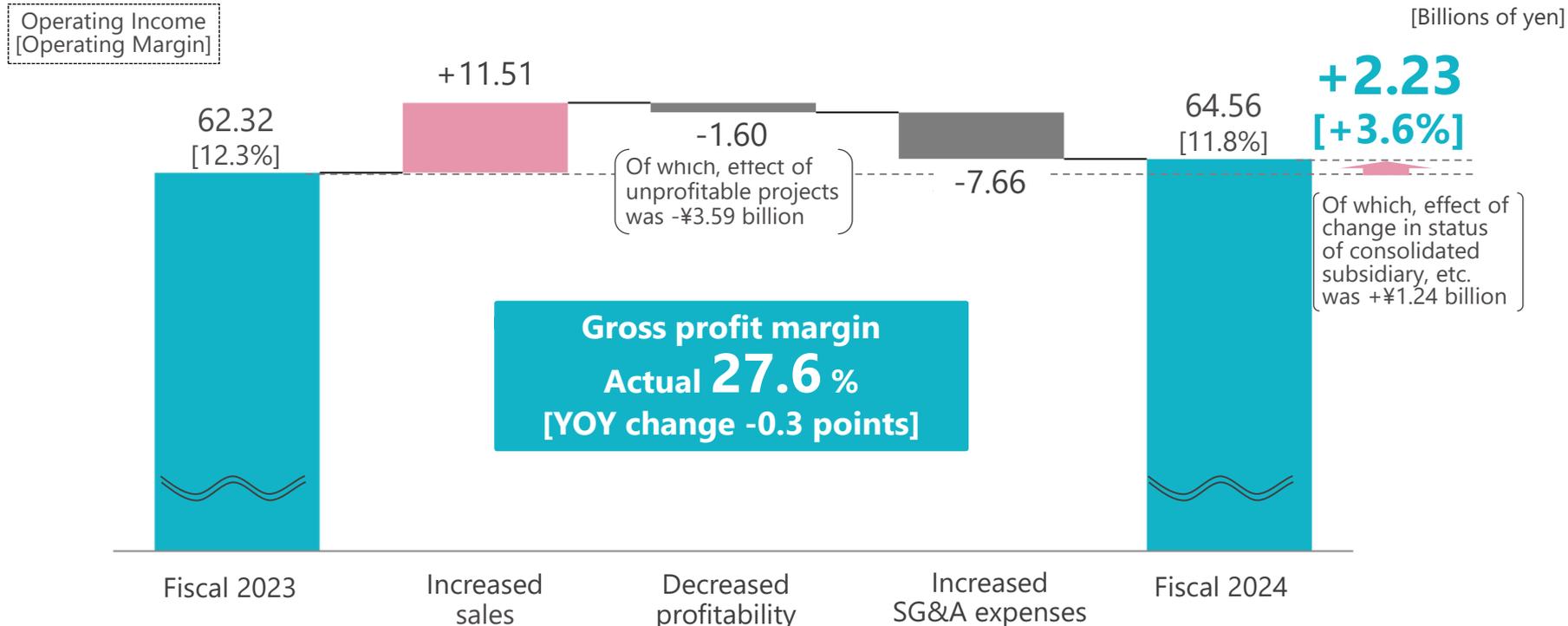
- Net sales exceeded estimate, reflecting capture of IT investment demand, especially from existing domestic clients and in from operations overseas.
- Stuck near operating income estimate and inability to achieve estimated operating margin mainly reflect pressure from unprofitable projects.

[Millions of yen]	Fiscal 2024 estimate *	Fiscal 2024 actual	Compared with estimate	
Net Sales	536,000	<b>549,004</b>	+13,004	[+2.4%]
Operating Income	64,500	<b>64,568</b>	+68	[+0.1%]
Operating Margin	12.0%	<b>11.8%</b>	-0.2P	-
Net Income Attributable to Owners of the Parent Company	42,000	<b>48,873</b>	+6,873	[+16.4%]
Net Income to Net Sales Ratio	7.8%	<b>8.9%</b>	+1.1P	-
Net Income per Share [Yen]	174.19	<b>203.28</b>	+29.09	[+16.7%]
ROE	13.7%	<b>16.0%</b>	+2.3P	-

\* Latest estimates announced by TIS, and ROE estimate for fiscal 2024 is a calculated value.

# Fiscal 2024: Operating Income Analysis, Increase/Decrease Reasons (YOY change)

- Posted higher operating income even while reinforcing upfront investment and dealing with increase in unprofitable projects. M&A effect also contributed to results.



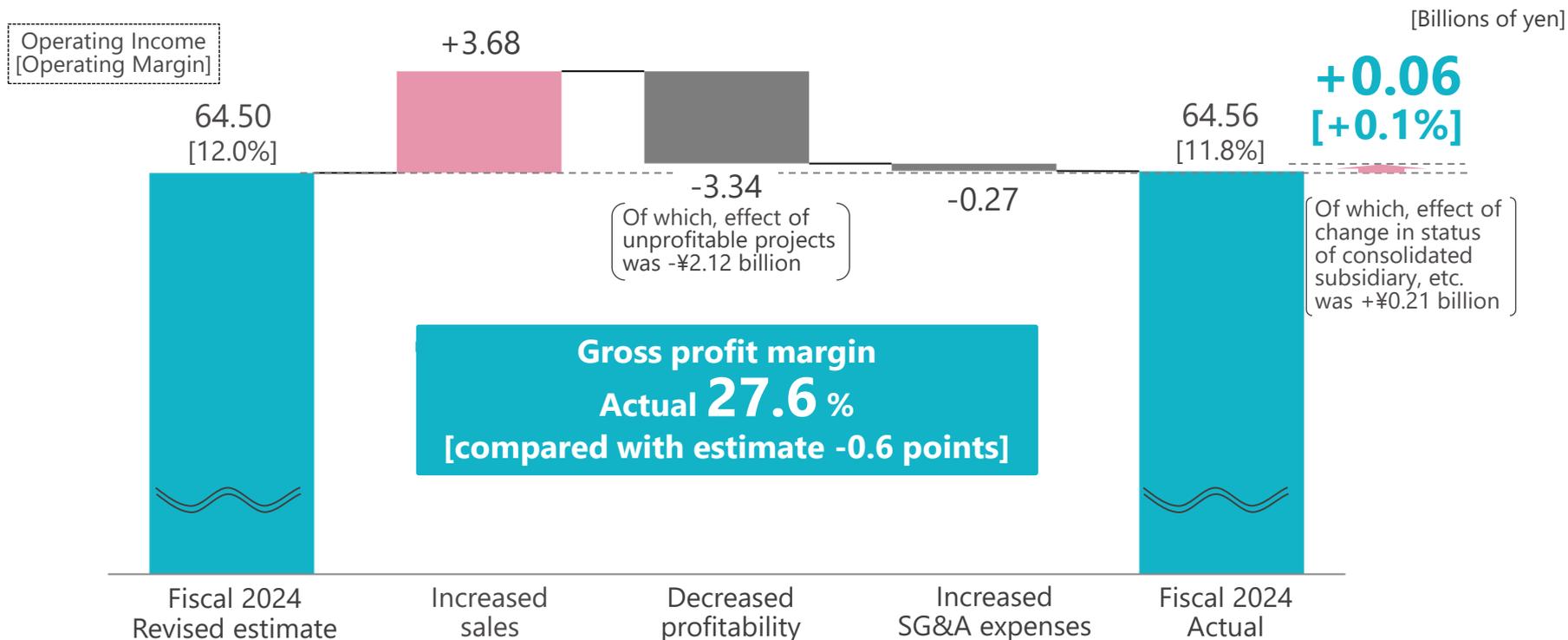
**Prior investment costs for promoting structural transformation:**  
Up ¥0.78 billion (YOY change)  
(Cost of sales: +¥0.80 billion, SG&A expenses: -¥0.01 billion)  
Software investment / Investment in human resources / Investment in R&D  
+

**Cost of investment in human resources (additional):**  
Up ¥5.21 billion (YOY change)  
(Cost of sales : +¥3.58 billion, SG&A expenses : +¥1.63 billion)

### Changes in SG&A expenses

Effect of change in status of consolidated subsidiary, etc.	+2.58
Prior investment (excludes investment in human resources)	-0.01
Prior investment (investment in human resources)	+1.63
Others	+3.46
<b>Total</b>	<b>+7.66</b>

# Fiscal 2024: Operating Income Analysis, Increase/Decrease Reasons (Compared with estimate)



### Prior investment costs for promoting structural transformation:

**Down ¥0.71 billion (compared with estimate)**

**(Cost of sales: -¥0.19 billion, SG&A expenses: -¥0.51 billion)**

Software investment / Investment in human resources / Investment in R&D

+

**Cost of investment in human resources (additional):**

**Up ¥0.21 billion (compared with estimate)**

**(Cost of sales : +¥0.38 billion, SG&A expenses : -¥0.16 billion)**

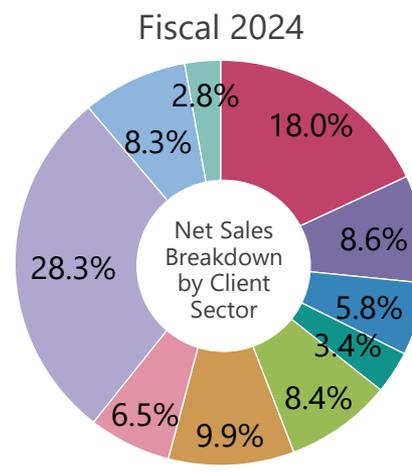
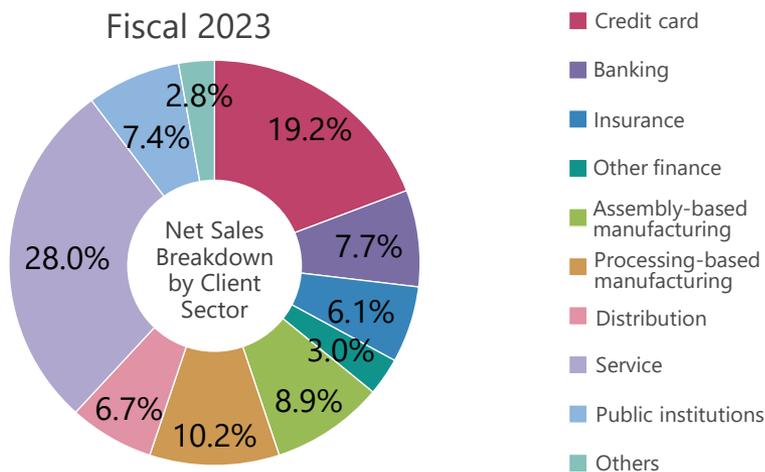
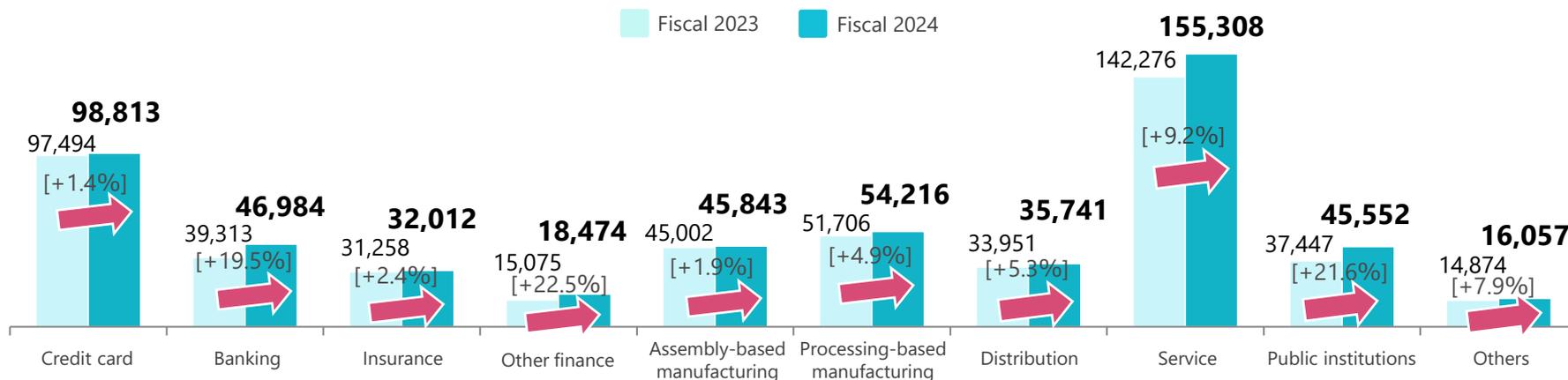
### Changes in SG&A expenses

Effect of change in status of consolidated subsidiary, etc.	+0.05
Prior investment (excludes investment in human resources)	-0.51
Prior investment (investment in human resources)	-0.16
Others	+0.89
<b>Total</b>	<b>+0.27</b>

# Fiscal 2024: Sales by Client Sector

• Increased year on year in all industries. Situation continues to be driven by service industry, public sector and banking industry.

[Millions of yen]



Financial sector: 36.0%    Industrial sector: 53.8%  
Public sector: 7.4%    Other sectors: 2.8%

Financial sector: 35.8%    Industrial sector: 53.1%  
Public sector: 8.3%    Other sectors : 2.8%

# Fiscal 2024: Sales and Income for Key Business Segments (YOY change)

[Millions of yen]		Fiscal 2023	Fiscal 2024	YOY change	
Offering Service Business	Net Sales	111,752	<b>130,759</b>	+19,006	[+17.0%]
	Operating Income	6,426	<b>7,659</b>	+1,233	[+19.2%]
	Operating Margin	5.8%	<b>5.9%</b>	+0.1P	-
Business Process Management	Net Sales	43,255	<b>41,953</b>	-1,302	[-3.0%]
	Operating Income	5,123	<b>4,551</b>	-572	[-11.2%]
	Operating Margin	11.8%	<b>10.8%</b>	-1.0P	-
Financial IT Business	Net Sales	101,184	<b>106,304</b>	+5,119	[+5.1%]
	Operating Income	13,896	<b>15,185</b>	+1,288	[+9.3%]
	Operating Margin	13.7%	<b>14.3%</b>	+0.6P	-
Industrial IT Business	Net Sales	113,632	<b>121,896</b>	+8,263	[+7.3%]
	Operating Income	16,728	<b>18,287</b>	+1,558	[+9.3%]
	Operating Margin	14.7%	<b>15.0%</b>	+0.3P	-
Regional IT Solutions	Net Sales	160,010	<b>172,376</b>	+12,365	[+7.7%]
	Operating Income	19,343	<b>18,497</b>	-845	[-4.4%]
	Operating Margin	12.1%	<b>10.7%</b>	-1.4P	-

<b>Offering Service Business:</b>	Higher sales and higher income, largely due to wider IT investment in areas of payment settlement, platform and business management as well as positive impact of M&A activity. Overseas operations contributed to sales growth.
<b>Business Process Management:</b>	Existing data entry business struggled, impacting segment results, leading to lower sales and lower income.
<b>Financial IT Business:</b>	Higher sales and higher income, driven mainly by large-scale projects ordered in the first half of fiscal 2024 by core clients in credit card sector as well as public-sector financial institutions.
<b>Industrial IT Business:</b>	Higher sales and higher income underpinned by wider IT investment across spectrum of client sectors, particularly manufacturing and distribution, as well as solid ERP demand.
<b>Regional IT Solutions:</b>	Despite higher sales, reflecting wider IT investment in such sectors as healthcare, banking and network services, income decreased significantly, owing to impact from unprofitable projects.

# Fiscal 2024: Sales and Income for Key Business Segments (Compared with estimate)

[Millions of yen]		Fiscal 2024 estimate	Fiscal 2024 actual	Compared with estimate	
Offering Service Business	Net Sales	124,300	<b>130,759</b>	+6,459	[+5.2%]
	Operating Income	7,300	<b>7,659</b>	+359	[+4.9%]
	Operating Margin	5.9%	<b>5.9%</b>	-0.0P	-
Business Process Management	Net Sales	43,000	<b>41,953</b>	-1,046	[-2.4%]
	Operating Income	4,850	<b>4,551</b>	-298	[-6.2%]
	Operating Margin	11.3%	<b>10.8%</b>	-0.5P	-
Financial IT Business	Net Sales	105,500	<b>106,304</b>	+804	[+0.8%]
	Operating Income	14,300	<b>15,185</b>	+885	[+6.2%]
	Operating Margin	13.6%	<b>14.3%</b>	+0.7P	-
Industrial IT Business	Net Sales	117,700	<b>121,896</b>	+4,196	[+3.6%]
	Operating Income	17,600	<b>18,287</b>	+687	[+3.9%]
	Operating Margin	15.0%	<b>15.0%</b>	+0.0P	-
Regional IT Solutions	Net Sales	169,100	<b>172,376</b>	+3,276	[+1.9%]
	Operating Income	20,000	<b>18,497</b>	-1,502	[-7.5%]
	Operating Margin	11.8%	<b>10.7%</b>	-1.1P	-

<b>Offering Service Business:</b>	Achieved results well above estimates, thanks to greater IT investment in areas of platform and business management systems as well as favorable M&A effect. Overseas operations contributed to sales growth.
<b>Business Process Management:</b>	Digital shift spurred steady demand, but existing data entry services have encountered persistent challenges, precluding achievement of target.
<b>Financial IT Business:</b>	Sales followed predicted trajectory and, with steady progress on large projects underpinning improved profitability, segment achieved anticipated income.
<b>Industrial IT Business:</b>	IT investment across broad range of client sectors, including manufacturing, as well as ERP demand exceeded expectations, driving segment sales and income above estimate.
<b>Regional IT Solutions:</b>	Wider IT investment by healthcare facilities, banks and network builders/operators exceeded expectations. Sales hit estimate but segment did not achieve anticipated income owing to impact from unprofitable projects.

# Fiscal 2024: Sales by Key Business Segment and Operating Activity

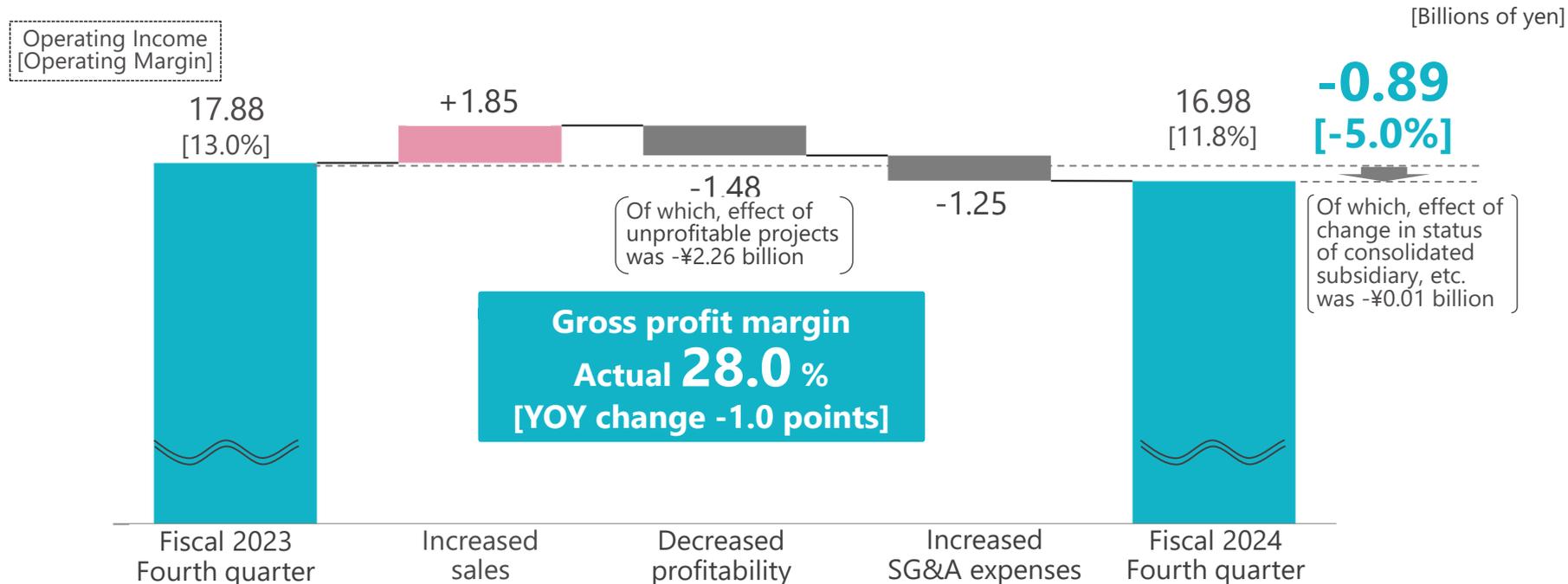
\*For external clients

[Millions of yen]	Fiscal 2023	Fiscal 2024	YOY change	
Offering Service Business	99,132	<b>116,115</b>	+16,983	[+17.1%]
Software development	45,662	<b>45,618</b>	-44	[-0.1%]
Operating/cloud services	31,441	<b>39,491</b>	+8,050	[+25.6%]
Product/software sales	22,028	<b>31,006</b>	+8,977	[+40.8%]
Business Process Management	40,958	<b>39,882</b>	-1,076	[-2.6%]
Software development	17,855	<b>13,219</b>	-4,635	[-26.0%]
Operating/cloud services	23,103	<b>25,536</b>	+2,433	[+10.5%]
Product/software sales	-	<b>1,125</b>	+1,125	-
Financial IT Business	99,432	<b>104,822</b>	+5,389	[+5.4%]
Software development	55,720	<b>59,294</b>	+3,574	[+6.4%]
Operating/cloud services	36,952	<b>40,167</b>	+3,214	[+8.7%]
Product/software sales	6,760	<b>5,361</b>	-1,399	[-20.7%]
Industrial IT Business	112,916	<b>121,309</b>	+8,393	[+7.4%]
Software development	75,294	<b>78,877</b>	+3,583	[+4.8%]
Operating/cloud services	24,078	<b>26,532</b>	+2,454	[+10.2%]
Product/software sales	13,543	<b>15,899</b>	+2,356	[+17.4%]
Regional IT Solutions	153,531	<b>164,786</b>	+11,255	[+7.3%]
Software development	79,396	<b>83,750</b>	+4,353	[+5.5%]
Operating/cloud services	54,793	<b>56,571</b>	+1,778	[+3.2%]
Product/software sales	19,341	<b>24,465</b>	+5,123	[+26.5%]

# Reference: Fiscal 2024 Fourth Quarter (January-March) Sales and Income for Key Business Segments

[Millions of yen]	Fourth quarter of fiscal 2023	Fourth quarter of fiscal 2024	YOY change	
Net Sales	138,017	<b>144,260</b>	+6,242	[+4.5%]
Operating Income	17,884	<b>16,989</b>	-894	[-5.0%]
Operating Margin	13.0%	<b>11.8%</b>	-1.2P	-
Net Income Attributable to Owners of the Parent Company	23,303	<b>16,683</b>	-6,620	[-28.4%]
Net Income to Net Sales Ratio	16.9%	<b>11.6%</b>	-5.3P	-
<b>Key Business Segments</b>				
Offering Service Business	Net Sales	30,236	<b>37,058</b>	+6,821 [ +22.6%]
	Operating Income	1,926	<b>2,166</b>	+239 [ +12.4%]
	Operating margin	6.4%	<b>5.8%</b>	-0.6P -
Business Process Management	Net Sales	11,032	<b>10,713</b>	-319 [-2.9%]
	Operating Income	1,478	<b>1,477</b>	-0 [-0.0%]
	Operating margin	13.4%	<b>13.8%</b>	+0.4P -
Financial IT Business	Net Sales	27,105	<b>26,484</b>	-621 [-2.3%]
	Operating Income	3,988	<b>3,928</b>	-60 [-1.5%]
	Operating margin	14.7%	<b>14.8%</b>	+0.1P -
Industrial IT Business	Net Sales	31,011	<b>32,216</b>	+1,205 [ +3.9%]
	Operating Income	4,604	<b>5,018</b>	+414 [ +9.0%]
	Operating margin	14.8%	<b>15.6%</b>	+0.8P -
Regional IT Solutions	Net Sales	44,588	<b>45,091</b>	+502 [ +1.1%]
	Operating Income	5,773	<b>4,319</b>	-1,454 [-25.2%]
	Operating margin	12.9%	<b>9.6%</b>	-3.3P -

# Reference: Fiscal 2024 Fourth Quarter (January-March) Operating Income Analysis, Increase/Decrease Reasons (YOY change)



**Prior investment costs for promoting structural transformation:**  
Down ¥0.04 billion (YOY change)  
(Cost of sales: -¥0.04 billion, SG&A expenses: +¥0.00 billion)  
Software investment / Investment in human resources / Investment in R&D  
+

**Cost of investment in human resources (additional):**  
Up ¥1.20 billion (YOY change)  
(Cost of sales : +¥0.77 billion, SG&A expenses : +¥0.43 billion)

### Changes in SG&A expenses

Effect of change in status of consolidated subsidiary, etc.	+1.08
Prior investment (excludes investment in human resources)	+0.00
Prior investment (investment in human resources)	+0.43
Others	-0.27
<b>Total</b>	<b>+1.25</b>

# Reference: Fiscal 2024 Fourth Quarter (January-March)

## Sales by Key Business Segment and Operating Activity \*For external clients

[Millions of yen]	Fourth quarter of fiscal 2023	Fourth quarter of fiscal 2024	YOY change	
Offering Service Business	26,626	<b>31,949</b>	+5,323	[+20.0%]
Software development	11,607	<b>12,421</b>	+813	[+7.0%]
Operating/cloud services	8,708	<b>10,758</b>	+2,050	[+23.5%]
Product/software sales	6,309	<b>8,769</b>	+2,459	[+39.0%]
Business Process Management	10,453	<b>10,181</b>	-271	[-2.6%]
Software development	4,773	<b>3,355</b>	-1,417	[-29.7%]
Operating/cloud services	5,680	<b>6,479</b>	+799	[+14.1%]
Product/software sales	-	<b>345</b>	+345	-
Financial IT Business	26,596	<b>26,139</b>	-457	[-1.7%]
Software development	15,882	<b>14,128</b>	-1,754	[-11.0%]
Operating/cloud services	9,238	<b>10,644</b>	+1,405	[+15.2%]
Product/software sales	1,475	<b>1,366</b>	-109	[-7.4%]
Industrial IT Business	30,848	<b>32,049</b>	+1,200	[+3.9%]
Software development	19,867	<b>20,763</b>	+896	[+4.5%]
Operating/cloud services	6,207	<b>6,617</b>	+410	[+6.6%]
Product/software sales	4,773	<b>4,668</b>	-105	[-2.2%]
Regional IT Solutions	42,879	<b>43,406</b>	+527	[+1.2%]
Software development	21,779	<b>21,373</b>	-406	[-1.9%]
Operating/cloud services	14,063	<b>14,382</b>	+318	[+2.3%]
Product/software sales	7,035	<b>7,650</b>	+614	[+8.7%]

## Fiscal 2024: Order Status (Orders received during fiscal year)

- Higher order volume overall driven mainly by operations, increasing year on year. M&A effect also contributing factor.
- Drop in software development order volume largely due to sluggish order activity in Financial IT Business, which experienced reactionary decrease in large projects. Industrial IT Business and Offering Service Business saw notable growth.

[Millions of yen]	Fiscal 2023	Fiscal 2024	YOY change	
Orders received during fiscal year	523,956	<b>552,940</b>	+28,984	[+5.5%]
Software development	282,739	<b>278,508</b>	-4,231	[-1.5%]

### Key Business Segments

Offering Service Business	Orders received during fiscal year	100,617	<b>123,518</b>	+22,901	[+22.8%]
	Software development	42,831	<b>47,799</b>	+4,968	[+11.6%]
Business Process Management	Orders received during fiscal year	39,904	<b>39,976</b>	+71	[+0.2%]
	Software development	16,800	<b>13,030</b>	-3,770	[-22.4%]
Financial IT Business	Orders received during fiscal year	108,841	<b>101,977</b>	-6,864	[-6.3%]
	Software development	65,666	<b>52,209</b>	-13,457	[-20.5%]
Industrial IT Business	Orders received during fiscal year	113,115	<b>120,253</b>	+7,138	[+6.3%]
	Software development	73,849	<b>79,248</b>	+5,398	[+7.3%]
Regional IT Solutions	Orders received during fiscal year	161,477	<b>167,214</b>	+5,737	[+3.6%]
	Software development	83,591	<b>86,221</b>	+2,629	[+3.1%]

## Fiscal 2024: Order Status (Order backlog at year-end)

- Year-on-year increase, with trend in orders received during the term generally unchanged. Decrease in Industrial IT Business due to reactionary drop in specific sales projects.

[Millions of yen]		Fiscal 2023	Fiscal 2024	YOY change	
Order backlog at year-end		180,373	<b>188,044</b>	+7,671	[+4.3%]
Software development		103,282	<b>101,386</b>	-1,896	[-1.8%]
<b>Key Business Segments</b>					
Offering Service Business	Order backlog at year-end	33,199	<b>42,248</b>	+9,049	[+27.3%]
	Software development	13,616	<b>16,152</b>	+2,536	[+18.6%]
Business Process Management	Order backlog at year-end	7,449	<b>7,543</b>	+94	[+1.3%]
	Software development	7,449	<b>7,259</b>	-189	[-2.5%]
Financial IT Business	Order backlog at year-end	48,799	<b>45,954</b>	-2,845	[-5.8%]
	Software development	31,824	<b>24,739</b>	-7,085	[-22.3%]
Industrial IT Business	Order backlog at year-end	38,064	<b>37,009</b>	-1,055	[-2.8%]
	Software development	22,694	<b>23,065</b>	+370	[+1.6%]
Regional IT Solutions	Order backlog at year-end	52,861	<b>55,289</b>	+2,428	[+4.6%]
	Software development	27,697	<b>30,169</b>	+2,471	[+8.9%]

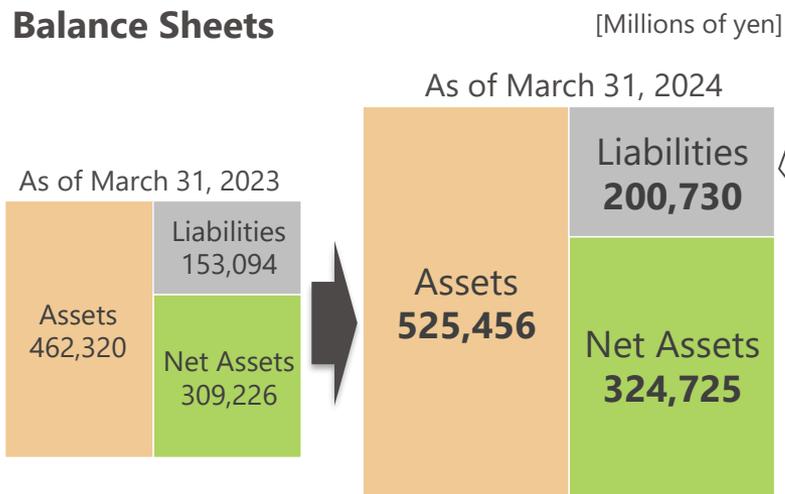
## Reference: Fiscal 2024 Fourth Quarter (January-March): Order Status

[Millions of yen]		Fourth quarter of fiscal 2023	Fourth quarter of fiscal 2024	YOY change	
Orders received during fourth quarter		179,259	<b>188,389</b>	+9,130	[+5.1%]
Software development		85,522	<b>84,619</b>	-903	[-1.1%]
<b>Key Business Segments</b>					
Offering Service Business	Orders received during fourth quarter	36,393	<b>45,375</b>	+8,981	[+24.7%]
	Software development	12,622	<b>13,210</b>	+587	[+4.7%]
Business Process Management	Orders received during fourth quarter	9,142	<b>11,032</b>	+1,890	[+20.7%]
	Software development	3,461	<b>4,105</b>	+643	[+18.6%]
Financial IT Business	Orders received during fourth quarter	41,102	<b>39,353</b>	-1,748	[-4.3%]
	Software development	22,567	<b>17,795</b>	-4,771	[-21.1%]
Industrial IT Business	Orders received during fourth quarter	38,374	<b>37,381</b>	-992	[-2.6%]
	Software development	21,516	<b>22,162</b>	+646	[+3.0%]
Regional IT Solutions	Orders received during fourth quarter	54,246	<b>55,245</b>	+999	[+1.8%]
	Software development	25,353	<b>27,344</b>	+1,990	[+7.8%]

# Fiscal 2024: Balance Sheets and Cash Flow Status

- Applied loans to M&A targets as well as partial acquisition of real estate trust beneficiary rights. Equity ratio down.

## Balance Sheets



**Assets: +¥63,135 million**

- Current assets: +¥22,873 million [Cash and cash deposits +¥8,879 million, Notes, accounts receivable and Contract assets +¥12,653 million, etc.]
- Fixed assets: +¥40,261 million [Tangible fixed assets +¥7,397 million, Intangible fixed assets +¥28,129 million, etc.]

**Liabilities: +¥47,636 million**

- Current liabilities: +¥23,098 million [Contract liabilities +¥8,067 million, etc.]
- Fixed liabilities: +¥24,538 million [Long-term debt +¥16,456 million, etc.]

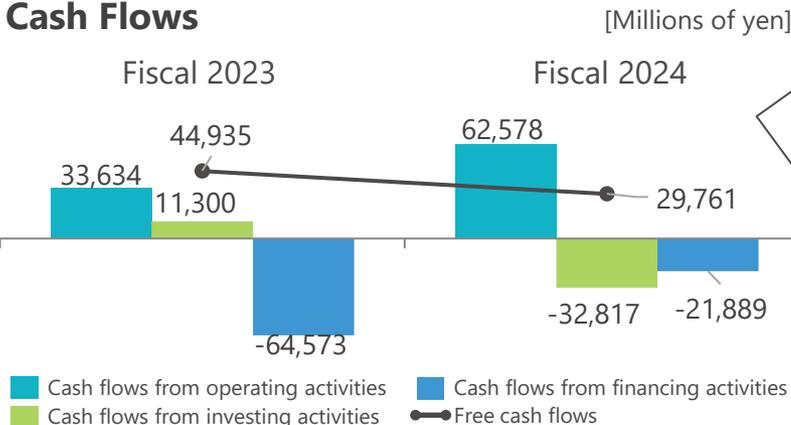
**Net Assets: +¥15,498 million**

- Shareholders' equity: +¥9,333 million [Additional paid-in capital -¥28,155 million, Retained earnings +¥36,269 million, etc.]
- Other total comprehensive income: +¥6,037 million [Net unrealized gains on securities +¥3,815 million, etc.]

**Equity Ratio: 59.5% [-4.7 points]**

**Interest-bearing Debt: ¥37,972 million [+¥21,929 million]**

## Cash Flows



**Cash flows from operating activities: +¥28,944 million**

- Net income before income taxes: -¥12,299 million
- Gain on sales of investment securities: +¥16,063 million
- Change in receivables and payables related to operating activities: +¥8,283 million
- Payment for income taxes: +¥6,076 million

**Cash flows from investing activities: -¥44,118 million**

- Purchase of shares of subsidiaries: -¥20,724 million
- Sale of investment securities: -¥16,690 million

**Cash flows from financing activities: +¥42,684 million**

- Net increase/decrease in debt and corporate bonds: +¥42,902 million

\* Interest-bearing debt does not include lease obligations.

**Fiscal 2024: Financial Highlights**

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# Fiscal 2025: Understanding the Business Environment

- Changes in economic environment, due to concerns for future caused by financial tightening on global level as well as lackluster overseas business conditions, require careful monitoring. But IT investment is in expansion mode for long term—a view likely persist.

## Offering Service Business

- ✓ Cashless market continues to grow. Tailwind factors, such as policy, environment, DX and inbound tourism, will also expand.
- ✓ Various themes exist—smart cities, digital accounts and other tech-based trends, driven by efforts of finance x operating companies.
- ✓ ASEAN economy is characterized by slowing pace of growth due to inflation and monetary tightening.
- ✓ Cloud security market continues to grow. Accounting and business management fields to remain active.

## Business Process Management

- ✓ No course correction on labor shortage, workstyle reform or trends in value-added services, likely keeping business process outsourcing market in gradual growth mode.
- ✓ Demand for simple outsourcing, such as data entry work, shrinking due to digital advances. Price competition intensifying.
- ✓ Demand for services to digitize business processes is brisk. Demand for generative AI is also on an uptrend.

## Financial IT Business

- ✓ Financial IT market is bustling, driven by efforts to realize an asset management nation. Expect heightened IT investment to achieve sharper competitive edge.
- ✓ Paralleling growth of payment settlement market, competition with emerging players is intensifying, especially in terms of companies locking in economic zone of their own.
- ✓ Separately, large credit card and public sector finance projects have reached peak demand phase and provision of related services is trending downward.

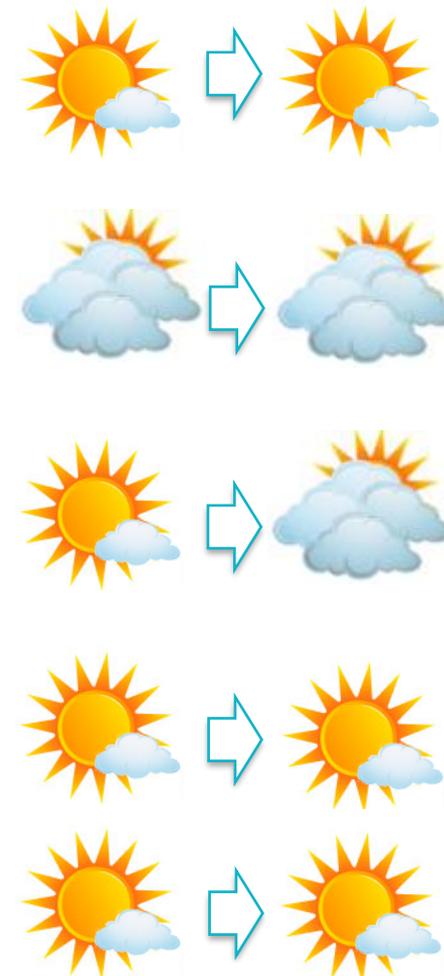
## Industrial IT Business

- ✓ DX demand will continue, underpinned by favorable shift in requests for modernization, ERP upgrades and other DX-related services.
- ✓ Demand for services, mainly, have rebounded in wake of pandemic, exemplified by brisk IT investment.
- ✓ Impact stemming from such factors as soaring crude oil prices, weakening yen, and upward pressure on wages and commodity prices, require careful monitoring.

## Regional IT Solutions

- ✓ Despite variations by industry and company, IT demand is brisk.
- ✓ IT investment among medium-sized and small-to-medium-sized enterprises also on uptrend.

**To date**                      **From now**



# Fiscal 2025: TIS INTEC Group Management Direction

## Medium-Term Management Plan (2024-2026) Basic Policies

### Frontiers 2026 Frontier development

We will strive to achieve changes in society and for corporate clients by enhancing quality across all value chains, starting with forward-looking market development and business domain expansion.

Establish position, capabilities and organizational strength as value-creating co-creation partner for society/clients

**Win confidence of society**

**Sustainable growth  
paralleling addition of value**

Concentrate Group's collective strength into markets identified through segment management

**Meaningful growth**

**Improved earning power**

Hone strengths of Group by driving capabilities of human resources and organization higher and by turning experience into asset that can be effectively utilized

**Human resources growth  
and added value cycle**

**Assets (intellectual  
property) value creation**

## Fiscal 2025 Group Management Direction

### ▶▶▶ Leverage long-term growth strategy for corporate value and value provided to society through sustainability management

- Seeking to establish foundation for presence indispensable to social change, we will create indicators and targets for impact on society through business activities and advance medium- to long-term solutions to social issues.
- Promote efficiency by both strengthening strategic functions that contribute to improvement in corporate value and greater use of DX in head office functions and companywide operations.

### ▶▶▶ Increase added value by reinforcing issue-solving ability

- Increase representation of consultants, IT architects, high-level management and other key human resources, to enhance issue-solving ability, insight and integration skills, to improve value provided to clients.
- Accelerate improvement in added value by providing services hinging on industry and function and by enriching full value chain services as well as pure services\*.

### ▶▶▶ Expand profitability, mainly through business structure transformation based on continued approach to robust investment

- Continue to promote investment that fuels further transformation of strategic domain structure.
- Shape return scenario for Financial IT Business and BPM to grow again, and reduce number of unprofitable projects.
- Create productivity improvement results through business application of regenerative AI and other technologies.

### ▶▶▶ Leverage business expansion to underpin status as top-class IT group in ASEAN region, and strengthen governance

- Set Asia, with its massive market potential, as long-term focus of business expansion, and further cultivate market through such approaches as stronger relationships and joint business development with companies in which TIS has invested funds to build operations in ASEAN region and efforts to secure and develop human resources for new business creation using collaboration among industry, government and academia.

### ▶▶▶ Reinforce human resources growth and intellectual property utilization to maximize added value provided

- Deepen human capital management and maintain robust investment in human resources, particularly training and compensation, to cultivate human resources with specialized expertise for leading frontier development.
- Promote greater accumulation and application of intellectual property, including creation of intellectual property through enhanced feedback on client contact information.

Note: Essentially, type of services offered under uniform specifications applicable to all clients.

## Fiscal 2025: Performance Forecasts

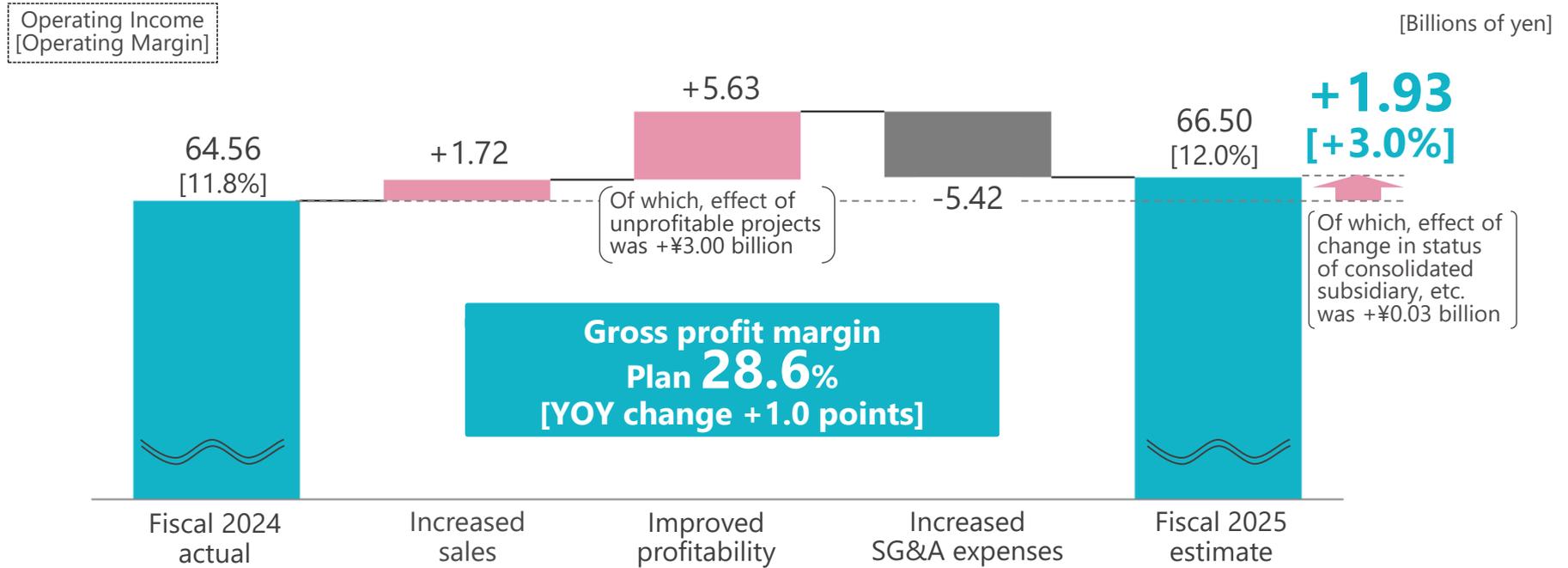
- Despite impact of reactionary drop in large projects, anticipating business expansion that will support higher sales and higher operating income.
- Decrease in net income attributable to owners of the parent company largely due to reactionary drop in non-operating income and extraordinary income, booked in previous fiscal year.

[Millions of yen]	Fiscal 2024 actual	Fiscal 2025 estimate	YOY change	
Net Sales	549,004	<b>555,000</b>	+5,995	[+1.1%]
Operating Income	64,568	<b>66,500</b>	+1,931	[+3.0%]
Operating Margin	11.8%	<b>12.0%</b>	+0.2P	-
Net Income Attributable to Owners of the Parent Company	48,873	<b>44,800</b>	-4,073	[-8.3%]
Net Income to Net Sales Ratio	8.9%	<b>8.1%</b>	-0.8P	-
Net Income per Share (Yen)	203.28	<b>192.55</b>	-10.73	[-5.3%]
ROE *	16.0%	<b>13.9%</b>	-2.1P	-

\* ROE estimate for fiscal 2025 is a calculated value.

# Fiscal 2025: Operating Income Analysis, Increase/Decrease Reasons [Forecast]

- Will maintain robust growth investment, including investment into human resources. Anticipate higher operating income, buoyed by an increase in profit achieved by providing high-value-added services, leveraging measures to boost productivity and other approaches.



## Growth investment

(Investment in human resources / Investment in R&D / Software investment)

**Up ¥0.60 billion (YOY change)**

(Cost of sales: +¥0.30 billion, SG&A expenses: +¥0.30 billion)

## Changes in SG&A expenses

Effect of change in status of consolidated subsidiary, etc.	+1.58
Growth investment	+0.30
Progress on measures	+1.86
Other expenses	+1.68
<b>Total</b>	<b>+5.42</b>

## Fiscal 2024: Sales and Income by Key Business Segment [Forecast]

[Millions of yen]		Fiscal 2024 actual	Fiscal 2025 estimate	YOY change	
Offering Service Business	Net Sales	130,759	<b>140,800</b>	+10,040	[+7.7%]
	Operating Income	7,659	<b>8,600</b>	+940	[+12.3%]
	Operating Margin	5.9%	<b>6.1%</b>	+0.2P	-
Business Process Management	Net Sales	41,953	<b>43,000</b>	+1,046	[+2.5%]
	Operating Income	4,551	<b>4,500</b>	-51	[-1.1%]
	Operating Margin	10.8%	<b>10.5%</b>	-0.3P	-
Financial IT Business	Net Sales	106,304	<b>98,500</b>	-7,804	[-7.3%]
	Operating Income	15,185	<b>12,000</b>	-3,185	[-21.0%]
	Operating Margin	14.3%	<b>12.2%</b>	-2.1P	-
Industrial IT Business	Net Sales	121,896	<b>125,500</b>	+3,603	[+3.0%]
	Operating Income	18,287	<b>19,600</b>	+1,312	[+7.2%]
	Operating Margin	15.0%	<b>15.6%</b>	+0.6P	-
Regional IT Solutions	Net Sales	172,376	<b>171,000</b>	-1,376	[-0.8%]
	Operating Income	18,497	<b>21,500</b>	+3,002	[+16.2%]
	Operating Margin	10.7%	<b>12.6%</b>	+1.9P	-

<b>Offering Service Business:</b>	Expect higher sales and higher income, reflecting expansion in settlement solutions and wide spectrum of other services as well as improved profitability in overseas operations.
<b>Business Process Management:</b>	Despite efforts to shift business portfolio away from data entry services in favor of more priority areas, such as process optimization, sales may grow while income falls during the transition period.
<b>Financial IT Business:</b>	Huge impact from reactionary drop in multiple large-scale projects for existing clients could result in lower sales and lower income.
<b>Industrial IT Business:</b>	Higher sales and higher income are likely, owing to success in cultivating demand from existing customers, especially in manufacturing and service sectors, and capturing ERP-related IT investment demand.
<b>Regional IT Solutions:</b>	Despite lower sales due to reactionary drop in sales year on year, improved productivity and successful efforts to reduce number of unprofitable projects should deliver higher income.

**Fiscal 2024: Financial Highlights**

**Fiscal 2025: Performance Forecast**

**Return to Shareholders**

**Reference Materials**

# Fiscal 2025 Basic Policy on Return to Shareholders

Total return ratio  
**50%\***  
 [up from 45%]

Dividends per share  
**Constantly enrich  
 the dividend**

Upper limit  
 on treasury stock holdings  
 at **5%**

\* Based on profit (after income taxes and income attributable to non-controlling interests)

Seek more appropriate capital composition and enhanced capital efficiency, with efforts to promote growth investment, maintain financial health and strengthen return to shareholders—all in the right balance.



## Promote growth investment

- Total growth investment of **about ¥100 billion** over three years
- Robust investment to optimize business portfolio
- Will pursue sustainable creation of returns exceeding cost of capital and broaden equity spread

## Strengthen return to shareholders

- Raise **total return ratio to 50% (yardstick)** \*from 45%
- Continue to enrich dividends per share
- Maintain upper limit on treasury stock holdings at 5% of total shares outstanding, and cancel the excess

## Maintain financial health

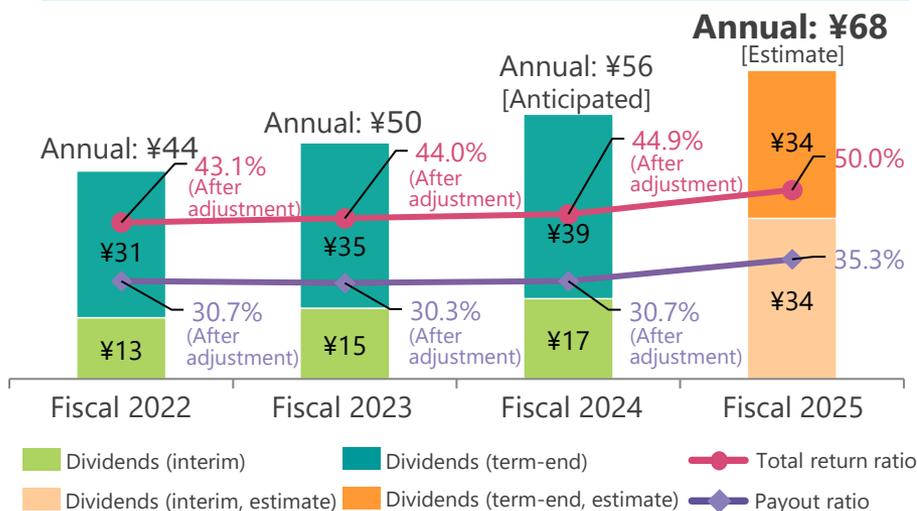
- Allow debt-equity ratio up to 0.5, understanding **optimization of capital structure** comes with improved ability to generate cash
- Maintain “A rating” \* A+ as of November 13, 2023
- Maintain level of cash and deposits, plus commitment line, equivalent to two months’ worth of sales

# Status/Targets for Return to Shareholders

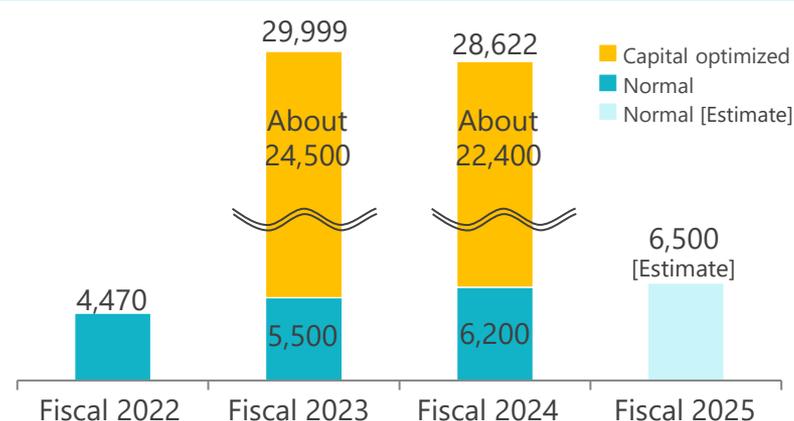
- Annual dividend of ¥56 for fiscal 2024, including a ¥3 increase in year-end dividend. Marks 12th consecutive year of dividend increases.
- Plan to offer annual dividend of ¥68 in fiscal 2025. Will respond to increase in total return ratio by raising dividend.

	Fiscal 2024			Fiscal 2025
	[Normal]	[Capital optimized]	[Total]	
Annual dividend per share	¥56 [YOY change +¥6] [Compared with estimate +¥3]	-	¥56	<b>¥68</b> <b>[YOY change +¥12]</b>
Total dividends	¥13.3 billion	-	¥13.3 billion	<b>¥15.9 billion</b>
Payout ratio [After adjustment *1]	27.5% [30.7%]	-	27.5%	<b>35.3%</b>
Acquired treasury shares	About ¥6.2 billion	About ¥22.4 billion	About ¥28.6 billion	<b>¥6.5 billion</b> *2
Total return ratio [After adjustment *1]	39.9% [44.9%]	-	85.8%	<b>50.0%</b>

### Changes in Dividends per Share



### Total Acquired Treasury Shares [Millions of yen]



\*1 Based on profit (after income taxes and income attributable to non-controlling interests)

\*2 Upper limit based on treasury stock buyback announced May 8, 2024.

**Fiscal 2024: Financial Highlights**

**Fiscal 2025: Performance Forecast**

**Return to Shareholders**

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# Fiscal 2025 First Half: Sales and Income for Key Business Segments [Forecast]

[Millions of yen]	Fiscal 2024 first half	Fiscal 2025 first half	YOY change	
Net Sales	267,488	<b>270,000</b>	+2,511	[+0.9%]
Operating Income	30,387	<b>30,000</b>	-387	[-1.3%]
Operating Margin	11.4%	<b>11.1%</b>	-0.3P	-
Net Income Attributable to Owners of the Parent Company	20,307	<b>20,300</b>	-7	[-0.0%]
Net Income to Net Sales Ratio	7.6%	<b>7.5%</b>	-0.1P	-
<b>Key Business Segments</b>				
Offering Service Business	Net Sales	60,148	<b>68,600</b>	+8,451 [ +14.1%]
	Operating Income	2,659	<b>3,300</b>	+640 [ +24.1%]
	Operating Margin	4.4%	<b>4.8%</b>	+0.4P -
Business Process Management	Net Sales	20,994	<b>21,400</b>	+405 [ +1.9%]
	Operating Income	2,108	<b>2,100</b>	-8 [ -0.4%]
	Operating Margin	10.0%	<b>9.8%</b>	-0.2P -
Financial IT Business	Net Sales	54,106	<b>50,000</b>	-4,106 [ -7.6%]
	Operating Income	7,886	<b>6,000</b>	-1,886 [ -23.9%]
	Operating Margin	14.6%	<b>12.0%</b>	-2.6P -
Industrial IT Business	Net Sales	58,326	<b>60,300</b>	+1,973 [ +3.4%]
	Operating Income	8,470	<b>9,200</b>	+729 [ +8.6%]
	Operating Margin	14.5%	<b>15.3%</b>	+0.8P -
Regional IT Solutions	Net Sales	85,535	<b>82,000</b>	-3,535 [ -4.1%]
	Operating Income	9,013	<b>9,300</b>	+286 [ +3.2%]
	Operating Margin	10.5%	<b>11.3%</b>	+0.8P -

# Fiscal 2025 Second Half: Sales and Income for Key Business Segments [Forecast]

[Millions of yen]	Fiscal 2024 second half	Fiscal 2025 second half	YOY change	
Net Sales	281,515	<b>285,000</b>	+3,484	[+1.2%]
Operating Income	34,181	<b>36,500</b>	+2,318	[+6.8%]
Operating Margin	12.1%	<b>12.8%</b>	+0.7P	-
Net Income Attributable to Owners of the Parent Company	28,566	<b>24,500</b>	-4,066	[-14.2%]
Net Income to Net Sales Ratio	10.1%	<b>8.6%</b>	-1.5P	-
<b>Key Business Segments</b>				
Offering Service Business	Net Sales	70,611	<b>72,200</b>	+1,588 [ +2.2%]
	Operating Income	5,000	<b>5,300</b>	+299 [ +6.0%]
	Operating Margin	7.1%	<b>7.3%</b>	+0.2P -
Business Process Management	Net Sales	20,958	<b>21,600</b>	+641 [ +3.1%]
	Operating Income	2,442	<b>2,400</b>	-42 [ -1.7%]
	Operating Margin	11.7%	<b>11.1%</b>	-0.6P -
Financial IT Business	Net Sales	52,197	<b>48,500</b>	-3,697 [ -7.1%]
	Operating Income	7,298	<b>6,000</b>	-1,298 [ -17.8%]
	Operating Margin	14.0%	<b>12.4%</b>	-1.6P -
Industrial IT Business	Net Sales	63,569	<b>65,200</b>	+1,630 [ +2.6%]
	Operating Income	9,816	<b>10,400</b>	+583 [ +5.9%]
	Operating Margin	15.4%	<b>16.0%</b>	+0.6P -
Regional IT Solutions	Net Sales	86,840	<b>89,000</b>	+2,159 [ +2.5%]
	Operating Income	9,484	<b>12,200</b>	+2,715 [ +28.6%]
	Operating Margin	10.9%	<b>13.7%</b>	+2.8P -

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**TIS INTEC**  
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