



## Consolidated Financial Results for the First Quarter of the Fiscal Year Ending March 31, 2025

(April 1, 2024 through June 30, 2024)

(Prepared pursuant to Japanese GAAP)

All financial information has been prepared in accord with accounting principles generally accepted in Japan. This is a partial English translation of the original Japanese-language document. All information pertains to consolidated results unless otherwise noted. Information on the basis of presentation of consolidated financial statements does not appear in this translation.

July 30, 2024

Company name: TIS Inc.  
 Stock exchange listings: Tokyo Stock Exchange, Prime Market  
 Stock code: 3626  
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 Scheduled dates  
 Commencement of dividend payments: -  
 Supplementary materials to the quarterly results: Available  
 Quarterly results presentation held: Yes (targeted at institutional investors and analysts)

Figures in millions of yen are rounded down to the nearest million

### 1. Consolidated Results for the First Quarter of the Fiscal Year Ending March 31, 2025 (April 1, 2024 – June 30, 2024)

(1) Consolidated Financial Results Percentages indicate year-over-year changes

	Net sales		Operating income		Recurring profit		Net income attributable to owners of the parent company	
	millions of yen	%	millions of yen	%	millions of yen	%	millions of yen	%
First Quarter, FY2025	134,055	3.6	14,061	-1.7	15,071	-1.7	10,679	5.2
First Quarter, FY2024	129,429	9.6	14,310	14.5	15,328	11.1	10,147	15.8

Note: Comprehensive income: First Quarter, FY2025: 12,287 million yen (-12.4%); First Quarter, FY2024: 14,032 million yen (173.0%)

	Net income per share – basic	Net income per share – diluted
	yen	yen
First Quarter, FY2025	45.66	-
First Quarter, FY2024	41.94	-

### (2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	millions of yen	millions of yen	%
End of First Quarter, FY2025	502,853	320,398	61.4
End of FY2024	525,456	324,725	59.5

For reference: Total equity: End of first quarter, FY2025: 308,787 million yen End of FY2024: 312,409 million yen

\*Total equity = Shareholders' equity plus total accumulated other comprehensive income

## 2. Cash Dividends for Shareholders of Common Stock

Record date or period	Cash dividends per share				
	End-Q1	End-Q2	End-Q3	Year-end	Total
FY2024	yen -	yen 17.00	yen -	yen 39.00	yen 56.00
FY2025	-				
FY2025 (forecast)		34.00	-	34.00	68.00

Note: Revisions from the latest release of dividends forecasts: None

## 3. Forecast of Consolidated Results for FY2025 (April 1, 2024 – March 31, 2025)

	Percentages indicate year-over-year changes							
	Net sales		Operating income		Recurring profit		Net income attributable to owners of the parent company	Net income per share – basic
	millions of yen	%	millions of yen	%	millions of yen	%	millions of yen	yen
First half of FY2025 (six months ending Sep. 30, 2024)	270,000	0.9	30,000	-1.3	30,000	-5.8	20,300	87.13
Full FY2025 (year ending Mar. 31, 2025)	555,000	1.1	66,500	3.0	66,500	-3.0	44,800	192.55

Notes: Revisions from the latest release of earnings forecasts: None

## ※ Notes

- (1) Material reclassifications of subsidiaries during the period: None  
(Changes in specified subsidiaries resulting in change in scope of consolidation)  
Additions: None Exclusions: None
- (2) Accounting methods specific to quarterly consolidated financial statements: None
- (3) Changes in accounting policy, changes in accounting estimates, and retrospective restatement
  - 1) Changes in accordance with amendments to accounting standards, etc.: Yes
  - 2) Changes other than noted in 1) above: None
  - 3) Changes in accounting estimates: None
  - 4) Retrospective restatement: None

### (4) Common stock issued

- 1) Issued shares as of period-end (including treasury stock):
 

End-First Quarter, FY2025 (June 30, 2024):	236,233,411 shares
End-FY2024 (March 31, 2024):	236,233,411 shares
- 2) Treasury stock as of period-end:
 

End-First Quarter, FY2025 (June 30, 2024):	4,051,645 shares
End-FY2024 (March 31, 2024):	1,924,351 shares
- 3) Average number of shares (during the respective three-month period):
 

First Quarter, FY2025 (ended June 30, 2024):	233,864,638 shares
First Quarter, FY2024 (ended June 30, 2023):	241,933,529 shares

Note: Treasury stock includes the number of the Company's own shares held by TIS INTEC Group Employees' Shareholding Association Trust and the Board Incentive Plan (BIP) Trust.

**Quarterly review status**

Review of the attached consolidated quarterly financial statements by certified public accountants or an audit corporation:  
None.

**Caution on Forward-Looking Statements and Other Important Matters**

At a Board of Directors' Meeting held on May 8, 2024, TIS Inc. (TIS) resolved to acquire its own (treasury) shares in accordance with Article 156 of the Companies Act of Japan, as applied pursuant to Paragraph 3, Article 165 of said Act. Accordingly, "Net income per share – basic" in the Forecast of Consolidated Results for FY2025 has been presented taking into account the effect of this acquisition of treasury shares.

This report contains forward-looking statements that reflect TIS's plans and expectations based on information available to TIS at the time of preparation and on certain other information TIS believes to be reasonable. These forward-looking statements are not guarantees of future performance, and actual results, performance, achievements or financial position may differ materially from those expressed or implied herein due to a range of factors.

For the assumptions underlying the forecasts herein and other notice on the use of earnings forecasts, refer to "(3) Consolidated Earnings Forecast and Caution on Forward-Looking Statements" in the "1. Results of Operations" section on page 8 in the Accompanying Materials.

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## 1. Results of Operations

### (1) Analysis of Consolidated Operating Results

In the first three months of fiscal 2025 (April 1, 2024 – June 30, 2024), the Japanese economy recovered moderately, albeit with some stagnation, due in part to the effects of various policies, as the new employment and income environment improved. Looking ahead, although a moderate recovery is expected to continue, it will be necessary to watch carefully for the risk of downward pressure on Japan's economy due to the effects of a downturn in overseas economies amid the continued high interest rate levels in Europe and the U.S. as well as rising prices, fluctuations in financial and capital markets, and other factors. The IT services industry, to which the TIS INTEC Group ("the Group") belongs, is expected to see further increases in IT investment demand as transformation of business processes and business models utilizing digital technologies progresses globally. This is demonstrated by factors such as the Bank of Japan's quarterly Short-term Economic Survey of Enterprises in Japan (June 2024), which showed a 14.8% year-on-year increase in company software investment plans (all industries, including financial institutions).

Under these circumstances, the Group has launched a new three-year Medium-Term Management Plan (2024–2026) at the start of fiscal 2025 as the first stage toward achieving "Group Vision 2032" which was formulated in April 2024. While translating the various investments and customer relationship-building activities undertaken in the previous medium-term management period into positive results, we will build on our achievements to date to create a clear advantage and, through differentiation and concentration, accumulate reasons to be the lasting choice of markets and customers in the future, aiming at sustainable growth with added value.

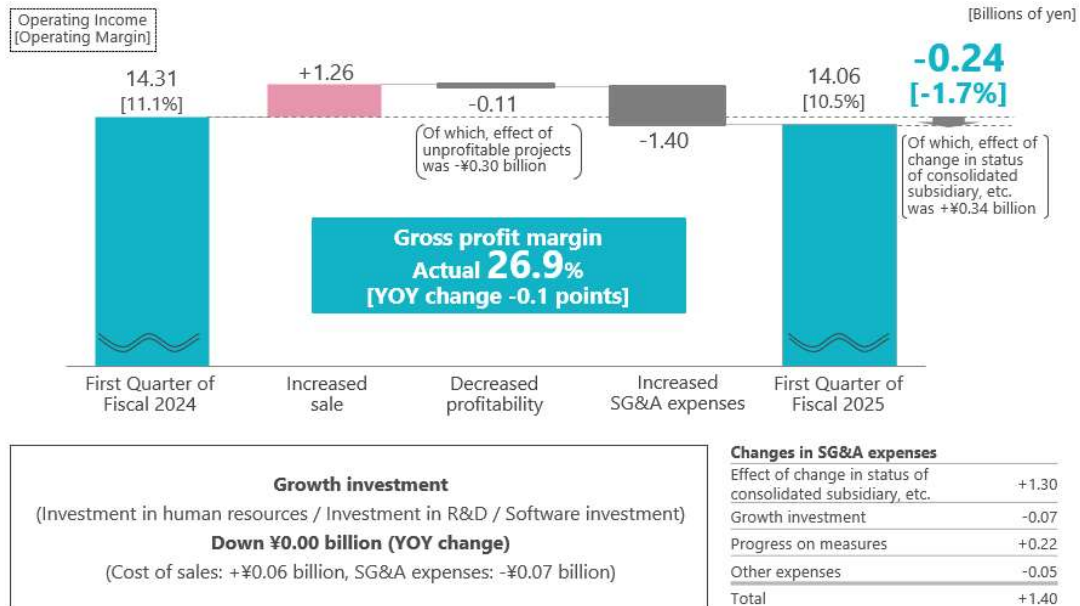
Consolidated net sales for the Group in the first quarter of fiscal 2025 rose 3.6% year on year to ¥134,055 million. Operating income fell 1.7% year on year to ¥14,061 million, recurring profit was down 1.7% year on year to ¥15,071 million, and net income attributable to owners of the parent company rose 5.2% year on year to ¥10,679 million.

(Unit: millions of yen)

	First Quarter, FY2024 (Apr. 1 – Jun. 30, 2023)	First Quarter, FY2025 (Apr. 1 – Jun. 30, 2024)	Year-on-year changes
Net sales	129,429	134,055	+3.6%
Cost of sales	94,467	97,936	+3.7%
Gross profit	34,961	36,118	+3.3%
Gross profit ratio	27.0%	26.9%	-0.1P
Selling, general and administrative expenses	20,651	22,056	+6.8%
Operating income	14,310	14,061	-1.7%
Operating income ratio	11.1%	10.5%	-0.6P
Recurring profit	15,328	15,071	-1.7%
Net income attributable to owners of the parent company	10,147	10,679	+5.2%

Net sales were higher than in the same period of the previous year because we expanded our business by precisely responding to IT investment demand, such as customers' demand for digital transformation. Operating income fell slightly year on year, despite the increase in income from higher revenue, provision of high-added-value businesses, and promotion of productivity enhancement measures, etc., due to the impact of passing the peak of large-scale development projects that have driven our business growth in recent years and the impact of unprofitable projects. As for profitability, the gross profit ratio decreased 0.1 percentage points year on year to 26.9% and the operating income ratio fell 0.6 percentage points year on year to 10.5%. The drop in recurring profit year on year mainly reflects the decrease in operating income. Net income attributable to owners of the parent company decreased year on year, mainly due to the recording of a gain on sales of investment securities resulting from a reduction in cross-shareholdings.

<Analysis of key factors causing the increase/decrease in operating income (YOY change)>



Segment results for the period are as follows. The sales figures for each segment include inter-segment sales.

(Unit: millions of yen)

		First Quarter, FY2024 (Apr. 1 – Jun. 30, 2023)	First Quarter, FY2025 (Apr. 1 – Jun. 30, 2024)	Year-on-year changes
Offering Service Business	Net sales	28,018	34,001	+21.4%
	Operating income	1,157	2,206	+90.7%
	Operating income ratio	4.1%	6.5%	+2.4P
BPM	Net sales	10,300	10,008	-2.8%
	Operating income	727	836	+15.0%
	Operating income ratio	7.1%	8.4%	+1.3P
Financial IT Business	Net sales	26,737	24,974	-6.6%
	Operating income	4,081	3,075	-24.7%
	Operating income ratio	15.3%	12.3%	-3.0P
Industrial IT Business	Net sales	28,670	29,840	+4.1%
	Operating income	4,393	4,359	-0.8%
	Operating income ratio	15.3%	14.6%	-0.7P
Regional IT Solutions	Net sales	41,784	41,060	-1.7%
	Operating income	4,061	3,355	-17.4%
	Operating income ratio	9.7%	8.2%	-1.5P
Other	Net sales	2,265	2,377	+4.9%
	Operating income	124	219	+76.0%
	Operating income ratio	5.5%	9.3%	+3.8P

1) Offering Service Business

Configures services through own investment based on best practices the Group accumulated and provides knowledge-intensive IT services.

Segment sales during the first quarter of fiscal 2025 totaled ¥34,001 million, up 21.4% year on year, and operating income increased 90.7% year on year to ¥2,206 million. In addition to the expansion in IT investment in the settlement solutions, platforms, and business management fields, and contributions by overseas operations, the business results of Nihon ICS Co., Ltd. and other subsidiaries, which became consolidated subsidiaries in fiscal 2024, were reflected in the consolidated financial results of fiscal 2025, resulting in a year-on-year increase in both sales and profits with an operating income ratio of 6.5%, up 2.4 percentage points year on year.

## 2) Business Process Management

Addresses issues related to business processes with IT technology, business know-how and skilled human resources to provide more sophisticated, more efficient outsourcing services.

Segment sales during the first quarter of fiscal 2025 totaled ¥10,008 million, down 2.8% year on year, and operating income increased 15.0% year on year to ¥836 million. Although data entry operations remained sluggish, continued cost reductions through streamlining operations, etc. resulted in a decrease in revenue and growth in income year on year, and pushed up the segment's operating income ratio to 8.4%, a year-on-year increase of 1.3 percentage points.

## 3) Financial IT Business

Considers business and IT strategies together and leverages both, and supports business progress using expert business and operating know-how specific to the finance industry.

Segment sales during the first quarter of fiscal 2025 totaled ¥24,974 million, down 6.6% year on year, and operating income decreased 24.7% year on year to ¥ 3,075 million. Due to significant effects of passing the peak of large-scale development projects for credit card companies and other core clients as well as public-sector financial institutions, both sales and profits decreased year on year, and the segment's operating income ratio fell to 12.3% (down 3.0 percentage points year on year).

## 4) Industrial IT Business

Considers business and IT strategies together and leverages both, and supports business progress using expert business and operating know-how specific to industry sectors other than finance.

Segment sales during the first quarter of fiscal 2025 totaled ¥29,840 million, up 4.1% year on year, and operating income decreased 0.8% year on year to ¥4,359 million. While the trend of expanding IT investments in a wide range of industries, including services, manufacturing and distribution led overall growth, a decrease due to the non-recurrence of large-scale development projects in the manufacturing sector, etc. resulted in a year-on-year increase in sales and decrease in profit, and the operating income ratio fell 0.7 percentage points year on year to 14.6%.

## 5) Regional IT Solutions

Provides IT professional services extensively, across regions and client sites, and collects and develops this know-how as the source of solutions to support efforts to address issues and promote business activities.

Segment sales during the first quarter of fiscal 2025 totaled ¥41,060 million, down 1.7% year on year, and operating income decreased 17.4% year on year to ¥ 3,355 million. Sales and profits decreased year on year mainly due to the non-recurrence of medical distribution projects, as well as an emergence of unprofitable projects and an increase in costs of organizational reinforcement, resulting in the segment's operating income ratio dropping to 8.2%, a year-on-year decrease of 1.5 percentage points.

## 6) Other

Consists of ancillary businesses offering IT services, and other activities.

Segment sales in the first quarter of fiscal 2025 totaled ¥2,377 million, up 4.9% year on year, and operating income grew 76.0% to ¥219 million with the operating income ratio increasing 3.8 percentage points year on year to 9.3%.

As mentioned earlier, the Group has launched a new three-year Medium-Term Management Plan (2024–2026) at the start of fiscal 2025. We will set frontier development as a fundamental strategy and strive for sustainable growth paralleling higher added value. 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.

Basic policy	<b>Frontiers 2026</b> <ul style="list-style-type: none"> <li>We will set <b>frontier development</b> as a fundamental strategy and strive for <b>sustainable growth paralleling higher added value</b>. We will strive to achieve <b>changes in society and for corporate clients</b> by <b>enhancing quality across all value chains</b>, starting with <b>forward-looking market development</b> and <b>business domain expansion</b>.</li> </ul>				
	Human resources growth and added value cycle	Improved earning power	Asset (= intellectual property) value creation	Winning confidence of society	Meaningful growth
Key performance indicators	Operating income per person <b>More than ¥3.5 million</b>	Operating margin <b>13.1%</b> Adjusted operating margin 13.4%※1	ROIC/ROE <b>Above 13%/above 16%</b>	Sales <b>¥620 billion</b>	EPS CAGR <b>Above 10%</b>
Priority strategies	<b>Market Strategies</b> <ul style="list-style-type: none"> <li>Concentrate investment of management resources into defined growth areas, based on social issues and in-house strengths</li> <li>Balancing efforts to increase added value of services and reinforce technology investment, expand business with sense of speed, especially in ASEAN region</li> </ul>				
	<b>Service Strategies</b>	<b>Technology Strategies</b>	<b>Intellectual Property Strategies</b>	<b>Human Resources Strategies</b>	
	<ul style="list-style-type: none"> <li>All services, from upstream to business process outsourcing, will benefit under full value chain status</li> <li>Enrich pure services*3, focusing on four social issues*2</li> </ul>	<ul style="list-style-type: none"> <li>Leverage knowledge distribution, IT architect development and redeployment structure</li> <li>Promote process redevelopment using AI x automation</li> </ul>	<ul style="list-style-type: none"> <li>Seek balance between higher added value and expanded business scale, with greater accumulation and utilization of intellectual property</li> <li>Accelerate intellectual property creation through internal use of information on points of client contact</li> </ul>	<ul style="list-style-type: none"> <li>Bolster issue resolution capabilities by increasing number consultants to create 700-person structure and by standardizing basic consulting skills</li> <li>Secure and develop top talent and establish structure for flexible redeployment of human resources</li> </ul>	

\*1 Adjusted operating income margin: Calculated by adding goodwill amortization cost back to operating income.

\*2 Financial inclusion, urban concentration/rural decline, low-carbon/decarbonization, and health concerns. These issues were determined by backcasting from what the world might be like in 2050 and selected on the basis of TIS INTEC Group's ability to contribute to issue resolution.

\*3 Type of services essentially offered under uniform specifications applicable to all clients.

#### ■ Market Strategy / Overall Segment Strategy

We will expand our business area by developing various services based on the characteristics of each segment, and continue to strengthen our business foundation for sustainable growth. The growth strategies for each segment are as follows.

Offering Service Business	<ul style="list-style-type: none"> <li>Respond to diversified cashless payment needs and expand the business domain as a business operator with strengths in finance and settlement that newly address social issues</li> <li>Improve profitability by upgrading investment management</li> </ul>
BPM	<ul style="list-style-type: none"> <li>Amid a shrinking market for some BPO operations, the Company is returning to a growth path by reviewing its business portfolio, such as expanding the customer experience (CX) domain, where demand is strong, and expanding services in collaboration with other segments</li> </ul>
Financial IT Business	<ul style="list-style-type: none"> <li>This segment will pass its peak after the completion of a major project. However, it will lay the next foundation for growth by co-creating businesses with these clients, developing modernization businesses, acquiring new clients, and diversifying its client base</li> </ul>
Industrial IT Business	<ul style="list-style-type: none"> <li>Deepen customer relationships and expand services with a focus on manufacturing, energy, and social infrastructure</li> <li>Drive growth with existing customers and attract new ones by leveraging a variety of services such as ERP and modernization</li> </ul>
Regional IT Solutions	<ul style="list-style-type: none"> <li>Nationwide deployment of original IT solutions developed in close contact with clients in five priority areas (public administration, healthcare, finance, industry and infrastructure)</li> </ul>

#### ■ Market Strategy/Global Strategy

The Company positions Asia, which has enormous market potential, as a long-term target, and aims to grow its business in ASEAN while expanding its global partnerships, with the goal of achieving consolidated net sales of ¥100 billion in fiscal 2026. We will develop our business with agility, both by striving for greater value across the business through the integration of IT and consulting on business restructuring, and by upgrading our technology investment function.

#### ■Service Strategy

Our customers' needs are diversifying with changing social trends and emerging innovative technologies. Under these circumstances, we will continue to expand our services and develop the market by adding higher value in order to support the transformation of society and our customers. The Financial IT Business and Industrial IT Business will mainly develop markets based on industries, while Offering, BPM, and Regional IT will develop markets based on functions and develop services in accordance with the guidelines of each business segment.

#### ■Technology Strategy

The evolution and diversification of elemental technology is remarkable, and the Company recognizes that early adaptation to these technologies will have a significant impact on its competitiveness. With a technology portfolio, which is a selection of technologies on the market that are important to the Group, we continue to implement comprehensive measures to study these technologies upfront and apply them in the field as quickly as possible. In the short-term, we will promote measures such as creating an environment that encourages employees to use generative AI, redesigning processes based on the use of AI in various internal operations, and developing a generative AI training program and conducting training. Meanwhile, through industry-academic collaborations, we will promote research into a series of technologies and their combined applications that will form the core of the differentiation of our business in three to ten years, such as the mass data transfer technologies and related algorithms that will be required as the digital and physical worlds continue to converge.

#### ■Human Resource Strategy

In order to continue to enhance the value exchange between employees and Group companies, the Group will promote a human resource strategy focusing on diversification and advancement of individuals. In that, the Group will take on the challenge of improving engagement with employees through creating an environment and organizational culture where diverse individuals can thrive, promoting next-generation work-style reforms looking towards a new work environment, and advancing human resource portfolio management by digitalization of a human resources database.

The Company has regarded human resources as its most important management capital and has actively promoted upfront investment in human resources. Regarding the human resource strategy, the Company is investing in human resources to increase employee engagement based on the three axes of the meaning of work, the working environment, and compensation. We will continue striving for further growth and securing excellent talent inside and outside the Company that will contribute to growth by strengthening a virtuous cycle of high added value for the Company, our employees, and society.

The Medium-Term Management Plan (2024–2026), under the theme of strengthening problem-solving, insight, and integration capabilities, will focus on expanding DX consultants, advanced sales personnel, and IT architects and will promote investment and the creation of mechanisms to develop and acquire such personnel.

#### ■Intellectual Property Strategy

We believe that the accumulation and advanced utilization of intellectual property will become increasingly important to strengthen the Group's services and service delivery processes and to achieve both business scale expansion and high-value creation. In the Medium-Term Management Plan (2024–2026), we will work to promote the creation of intellectual property by strengthening the feedback of customer touchpoint information. We will strengthen a virtuous cycle of providing high-value services through satisfactory service delivery processes, which will improve the quality of communication with clients, and thereby updating existing intellectual property and generating valuable information that will lead to the creation of new intellectual property.

#### ■Financial Policy/Basic Principle of Capital Policy

The basic principle of the Company's capital policy is to promote an appropriate capital structure from a medium- to long-term management perspective. This policy takes a balanced approach to promoting investments for growth, ensuring financial soundness, and strengthening shareholder returns to continuously increase corporate value.

Specifically, to strengthen our ability to generate cash through sustained business profit growth and improved profitability, we will aggressively invest for growth, and as part of this effort, we will continue to discuss and implement a review of our business portfolio.

In addition, we will strive to optimize our capital structure in line with our business structure by strengthening balance sheet management and implementing measures to generate sustainable returns above the cost of capital while maintaining financial health. We aim to improve and increase shareholder returns consistent with business growth.

Based on the above, the Medium-Term Management Plan (2024–2026) calls for a cumulative investment of ¥100 billion over three years for growth, a total return ratio of 50%, and an appropriate capital structure in line with the Company’s ability to generate cash.

Fiscal 2025 Group Management Direction based on the Medium-Term Management Plan (2024–2026) is as follows:

- Leverage long-term growth strategy for corporate value and value provided to society through sustainability management
- Increase added value by reinforcing issue-solving ability
- Expand profitability, mainly through business structure transformation based on continued approach to robust investment
- Leverage business expansion to underpin status as top-class IT group in ASEAN region, and strengthen governance
- Reinforce human resource growth and intellectual property utilization to maximize added value provided

The status of main initiatives during the first quarter of fiscal 2025 is as follows:

As part of the initiative to promote service strategy for the payment business, the Company entered into a capital and business alliance agreement with Nudge Inc. in April 2024 and launched “Light version of Credit Card Processing Service” targeting the digital native generation. Through this initiative, the Company will strengthen the asset of “PAYCIERGE”, its brand of digital payment settlement platform, aiming for a top share in the light credit card market.

In addition, from May to June 2024, the Company acquired treasury stock of approximately ¥6,499 million (total of 2,216,200 shares) in total as part of its efforts to enhance shareholder returns and capital efficiency by implementing flexible capital policies that can swiftly respond to changes in the business environment. As a general rule, the Company holds up to 5% of the number of issued shares, and any holdings exceeding 5% of issued shares would be retired.

## (2) Analysis of Financial Condition

(Unit: millions of yen)

	As of March 31, 2024 (A)	As of June 30, 2024 (B)	Increase/decrease (B-A)
Current assets	291,556	266,343	-25,212
Fixed assets	233,899	236,509	+2,609
Total assets	525,456	502,853	-22,602
Current liabilities	140,277	125,152	-15,124
Non-current liabilities	60,453	57,302	-3,150
Total liabilities	200,730	182,455	-18,275
Total net assets	324,725	320,398	-4,327

### (Assets)

Consolidated total assets as of June 30, 2024 amounted to ¥502,853 million, a decrease of ¥22,602 million from ¥525,456 million at the end of the previous fiscal year. This was mainly due to a decrease of ¥26,803 million in notes and accounts receivable and contract assets due to collection, etc., and an increase of ¥6,590 million in buildings and structures and land resulting from the split acquisition of beneficial interests in real estate trust.

### (Liabilities)

As of June 30, 2024, total liabilities amounted to ¥182,455 million, a drop of ¥18,275 million from ¥200,730 million at the end of the previous fiscal year. This was mainly due to a ¥8,398 million decrease in accrued bonuses to directors and employees, a ¥6,004 million fall in income taxes payable, and a ¥5,030 million decrease in notes and accounts payable, following the payment.

### (Net assets)

Consolidated net assets as of June 30, 2024 amounted to ¥320,398 million, a decrease of ¥4,327 million from ¥324,725 million at the end of the previous fiscal year. The increase primarily consisted of a ¥1,466 million increase in retained earnings, and a ¥6,195 million rise in treasury stock after its acquisition, etc. (net assets decreased).

The increase in retained earnings resulted from a ¥10,679 million increase in net income attributable to owners of the parent company and a decrease of ¥9,213 million due to payment of dividend of surplus.

### (3) Consolidated Earnings Forecast and Caution on Forward-Looking Statements

The Company's consolidated business performance has been generally in line with the plan, and we will continue to steadily promote various measures to achieve the full-year plan. As of the release of this quarterly earnings report, management has made no changes to the consolidated earnings forecast released on May 8, 2024.

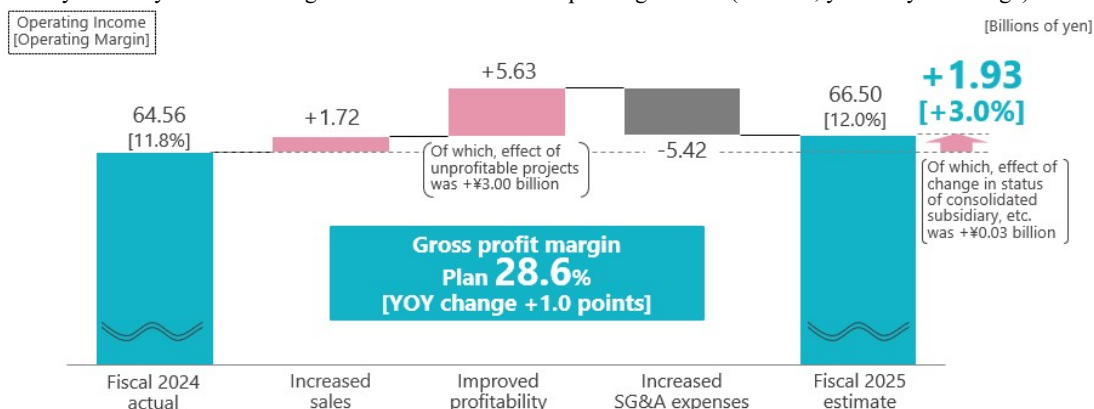
As was initially planned, we aim to achieve sustainable growth and further improve profitability under the Medium-Term Management Plan (2024–2026), through providing high-added-value businesses and promoting productivity enhancement measures. We will do so even as we face the impact of passing the peak of large-scale development projects that have driven our business growth in recent years and the prospect of extensive investments that will contribute to future growth, including investments in human resources positioned as our most crucial capital. Note that the decrease in recurring profit and net income attributable to owners of the parent company is due to non-operating income and extraordinary income recorded in fiscal 2024.

<Consolidated earnings forecast for fiscal 2025 (April 1, 2024 – March 31, 2025)>

(Unit: millions of yen)

	Fiscal 2024 Actual results	Fiscal 2025 Forecast	Year-on-year change
Net sales	549,004	555,000	+1.1%
Cost of sales	397,365	396,000	-0.3%
Gross profit	151,639	159,000	+4.9%
Gross profit ratio	27.6%	28.6%	+1.0P
Selling, general and administrative expenses	87,070	92,500	+6.2%
Operating income	64,568	66,500	+3.0%
Operating income ratio	11.8%	12.0%	+0.2P
Recurring profit	68,553	66,500	-3.0%
Net income attributable to owners of the parent company	48,873	44,800	-8.3%

<Analysis of key factors causing the increase/decrease in operating income (forecast, year-on-year change)>



<b>Growth investment</b> (Investment in human resources / Investment in R&D / Software investment) <b>Up ¥0.60 billion (YOY change)</b> (Cost of sales: +¥0.30 billion, SG&A expenses: +¥0.30 billion)	
<b>Changes in SG&amp;A expenses</b>	
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>

<By segment>

(Unit: millions of yen)

		Fiscal 2024 Actual results	Fiscal 2025 Forecast	Year-on-year change
Offering Service Business	Net sales	130,759	140,800	+7.7%
	Operating income	7,659	8,600	+12.3%
	Operating income ratio	5.9%	6.1%	+0.2P
BPM	Net sales	41,953	43,000	+2.5%
	Operating income	4,551	4,500	-1.1%
	Operating income ratio	10.8%	10.5%	-0.3P
Financial IT Business	Net sales	106,304	98,500	-7.3%
	Operating income	15,185	12,000	-21.0%
	Operating income ratio	14.3%	12.2%	-2.1P
Industrial IT Business	Net sales	121,896	125,500	+3.0%
	Operating income	18,287	19,600	+7.2%
	Operating income ratio	15.0%	15.6%	+0.6P
Regional IT Solutions	Net sales	172,376	171,000	-0.8%
	Operating income	18,497	21,500	+16.2%
	Operating income ratio	10.7%	12.6%	+1.9P
Other	Net sales	9,581	10,000	+4.4%
	Operating income	777	700	-10.0%
	Operating income ratio	8.1%	7.0%	-1.1P

The Company's Medium-Term Management Plan (2024–2026) includes a basic shareholder return policy that targets a total return ratio of 50%. Due to implementation of the above-mentioned share buyback, and based on the current consolidated earnings forecast and dividend forecast, the total return ratio for fiscal 2025 is expected to be in line with the basic policy.

Note) Total return ratio: The ratio of the combined value of dividend payments and share buybacks to net income attributable to owners of the parent company

## 2. Consolidated Financial Statements

### (1) Consolidated Balance Sheets

Items	As of March 31, 2024	As of June 30, 2024
	millions of yen	millions of yen
<b>Assets</b>		
Current assets		
Cash and deposits	103,554	102,620
Notes and accounts receivable, and contract assets	144,141	117,338
Lease receivables and lease investment assets	4,312	4,097
Marketable securities	281	433
Merchandise and finished goods	3,946	4,423
Work in process	1,432	1,015
Raw materials and supplies	193	276
Other current assets	34,085	36,541
Allowance for doubtful accounts	(392)	(403)
Total current assets	291,556	266,343
Fixed assets		
Property and equipment		
Buildings and structures, net	34,325	35,141
Machinery and equipment, net	8,205	7,744
Land	15,802	21,577
Leased assets, net	4,720	4,654
Other property and equipment, net	6,662	6,594
Total property and equipment	69,715	75,711
Intangible assets		
Software	20,329	19,132
Software in progress	3,246	3,602
Goodwill	9,659	9,443
Other intangible assets	22,565	22,252
Total intangible assets	55,801	54,432
Investments and other assets		
Investment securities	56,396	57,727
Net defined benefit asset	10,754	10,837
Deferred tax assets	20,397	16,855
Other assets	21,092	21,202
Allowance for doubtful accounts	(258)	(257)
Total investments and other assets	108,382	106,365
Total fixed assets	233,899	236,509
Total assets	525,456	502,853

Items	As of March 31, 2024	As of June 30, 2024
	millions of yen	millions of yen
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable	26,206	21,175
Short-term borrowings	17,398	17,331
Income taxes payable	9,024	3,019
Accrued bonuses to directors and employees	16,952	8,553
Provision for loss on order received	1,955	1,970
Allowance for performance-linked compensation	—	86
Other allowances	114	200
Other current liabilities	68,625	72,813
Total current liabilities	140,277	125,152
Non-current liabilities		
Long-term debt	20,509	18,059
Lease obligations	4,763	4,571
Deferred tax liabilities	8,507	8,069
Deferred tax liabilities from revaluation of land	272	272
Accrued retirement benefits to directors	0	0
Allowance for performance-linked compensation	119	175
Other allowances	11	11
Net defined benefit liability	12,808	12,837
Asset retirement obligations	6,617	6,633
Other non-current liabilities	6,844	6,672
Total non-current liabilities	60,453	57,302
Total liabilities	200,730	182,455
<b>Net assets</b>		
Shareholders' equity		
Common stock	10,001	10,001
Additional paid-in capital	12,314	12,314
Retained earnings	283,533	284,999
Less treasury stock, at cost	(6,395)	(12,591)
Total shareholders' equity	299,453	294,724
Accumulated other comprehensive income		
Net unrealized gains on other securities	11,715	12,699
Deferred gains or losses on hedges	(2)	37
Revaluation reserve for land	(2,672)	(2,672)
Foreign currency translation adjustments	983	1,118
Remeasurements of defined benefit plans	2,931	2,880
Total accumulated other comprehensive income	12,956	14,063
Non-controlling interests	12,315	11,610
Total net assets	324,725	320,398
Total liabilities and net assets	525,456	502,853

## (2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income

### Consolidated Statements of Income

Items	First Quarter, FY2024 (Apr. 1 – Jun. 30, 2023)	First Quarter, FY2025 (Apr. 1 – Jun. 30, 2024)
	millions of yen	millions of yen
Net sales	129,429	134,055
Cost of sales	94,467	97,936
Gross profit	34,961	36,118
Selling, general and administrative expenses	20,651	22,056
Operating income	14,310	14,061
Non-operating income		
Interest income	13	96
Dividend income	516	624
Equity in earnings of affiliated companies	—	73
Gain on foreign exchange	491	265
Other	144	156
Total non-operating income	1,165	1,216
Non-operating expense		
Interest expenses	63	96
Equity in losses of affiliated companies	8	—
Financing expenses	47	14
Other	27	96
Total non-operating expenses	147	206
Recurring profit	15,328	15,071
Extraordinary income		
Gain on sales of investment securities	176	1,984
Gain on reversal of asset retirement obligations	551	—
Other	45	3
Total extraordinary income	773	1,987
Extraordinary loss		
Loss on valuation of investment securities	196	224
Impairment loss	19	391
Other	6	100
Total extraordinary loss	223	716
Income before income taxes	15,879	16,343
Income taxes: current	2,241	2,597
Income taxes: deferred	3,190	2,643
Total income taxes	5,431	5,240
Net income	10,447	11,102
Net income attributable to non-controlling interests	300	423
Net income attributable to owners of the parent company	10,147	10,679

**Consolidated Statements of Comprehensive Income**

Items	First Quarter, FY2024 (Apr. 1 – Jun. 30, 2023)	First Quarter, FY2025 (Apr. 1 – Jun. 30, 2024)
	millions of yen	millions of yen
Net income	10,447	11,102
Other comprehensive income		
Net unrealized gains on other securities	3,004	980
Deferred gains or losses on hedge	80	82
Foreign currency translation adjustments	275	33
Remeasurements of defined benefit plans	63	(50)
Share of other comprehensive income of equity- method affiliates	160	138
Total other comprehensive income	3,584	1,185
Comprehensive income	14,032	12,287
(Composition)		
Comprehensive income attributable to owners of the parent company	13,548	11,786
Comprehensive income attributable to non- controlling interests	483	500

### **(3) Notes on the Consolidated Financial Statements**

(Notes on Changes in Accounting Policies)

(Application of the “Accounting Standard for Current Income Taxes,” etc.)

The “Accounting Standard for Current Income Taxes” (ASBJ Statement No. 27, October 28, 2022; hereinafter referred to as the “2022 Revised Accounting Standard”), etc., have been applied from the beginning of the first quarter of the current fiscal year.

Regarding the revisions to the categories in which current income taxes should be recorded (taxation on other comprehensive income), the Company follows the transitional treatment prescribed in the proviso to Paragraph 20-3 of the 2022 Revised Accounting Standard and the transitional treatment prescribed in the proviso to Paragraph 65-2 (2) of the “Implementation Guidance on Tax Effect Accounting” (ASBJ Guidance No. 28, October 28, 2022; hereinafter referred to as the “2022 Revised Implementation Guidance”). These changes in accounting policies have no impact on the quarterly consolidated financial statements.

In addition, with regard to revisions related to the treatment in consolidated financial statements when gains or losses arising from the sale of subsidiary shares, etc., among consolidated companies are deferred for tax purposes, the 2022 Revised Implementation Guidance has been applied from the beginning of the first quarter of the current fiscal year. These changes in accounting policies have been applied retroactively, and the quarterly consolidated financial statements and consolidated financial statements for the previous quarter and the previous fiscal year have been prepared on a retroactive basis. These changes in accounting policies have no impact on the quarterly consolidated financial statements of the previous quarters and the consolidated financial statements for the previous fiscal year.

(Notes on Segment Information)

I. First Quarter, FY2024 (Apr. 1 - Jun. 30, 2023)

1. Information on net sales and income by reportable segment

(millions of yen)

	Reportable segment						Other (Note 1)	Total	Adjustment (Note 2)	Amount recorded in quarterly consolidate d statement of income (Note 3)
	Offering Service Business	Business Process Managem ent	Financial IT Business	Industrial IT Business	Regional IT Solutions	Total				
Net sales										
Net sales to external customers	24,928	9,798	26,366	28,540	39,277	128,911	517	129,429	-	129,429
Inter-segment sales or transfers	3,090	502	370	130	2,506	6,599	1,747	8,347	(8,347)	-
Total	28,018	10,300	26,737	28,670	41,784	135,511	2,265	137,777	(8,347)	129,429
Segment income	1,157	727	4,081	4,393	4,061	14,421	124	14,546	(235)	14,310

- (Notes)
1. “Other” refers to business segments not included in the reportable segments, and consists of businesses incidental to the provision of various IT services, etc.
  2. The adjustment of segment income of ¥-235 million includes the elimination of unrealized income of ¥8 million.
  3. Segment income has been adjusted to with operating income recorded in the quarterly consolidated statements of income.

2. Information on impairment loss on fixed assets or goodwill by reportable segment

(Significant changes in goodwill amount)

In the “Offering Service Business” segment, goodwill of ¥8,356 million was recorded in the first quarter of the previous fiscal year due to the acquisition of shares of Nihon ICS Co., Ltd.

II. First Quarter, FY2025 (Apr. 1 - Jun. 30, 2024)

1. Information on net sales and income by reportable segment

(millions of yen)

	Reportable segment						Other (Note 1)	Total	Adjustment (Note 2)	Amount recorded in quarterly consolidate d statement of income (Note 3)
	Offering Service Business	Business Process Managem ent	Financial IT Business	Industrial IT Business	Regional IT Solutions	Total				
Net sales										
Net sales to external customers	30,951	9,522	24,635	29,741	38,639	133,490	564	134,055	-	134,055
Inter-segment sales or transfers	3,050	485	339	99	2,421	6,396	1,812	8,209	(8,209)	-
Total	34,001	10,008	24,974	29,840	41,060	139,886	2,377	142,264	(8,209)	134,055
Segment income	2,206	836	3,075	4,359	3,355	13,833	219	14,053	8	14,061

- (Notes)
1. “Other” refers to business segments not included in the reportable segments, and consists of businesses incidental to the provision of various IT services, etc.
  2. The adjustment of segment income of ¥8 million includes the elimination of unrealized income of ¥26 million.
  3. Segment income has been adjusted to with operating income recorded in the quarterly consolidated statements of income.

(Notes on Significant Changes in the Amount of Shareholders' Equity)  
Not applicable

(Notes on the Going-concern Assumption)  
Not applicable

(Notes on Quarterly Consolidated Statements of Cash Flows)

Quarterly consolidated statement of cash flows for the first quarter of the current fiscal year has not been prepared.  
Depreciation (including amortization related to intangible assets, excluding goodwill) and amortization of goodwill for the first quarter of the current consolidated fiscal year are as follows.

	First Quarter, FY2024 (Apr. 1 - Jun. 30, 2023)	First Quarter, FY2025 (Apr. 1 - Jun. 30, 2024)
Depreciation	4,006 million yen	4,465 million yen
Amortization of goodwill	38	220

(Revenue recognition)

Disaggregated information on revenue from contracts with customers

First Quarter, FY2024 (Apr. 1 - Jun. 30, 2023)

(millions of yen)

	Reportable segment						Other (Note 1)	Total
	Offering Service Business	Business Process Manage ment	Financial IT Business	Industrial IT Business	Regional IT Solutions	Total		
Software development	10,288	3,222	15,336	18,946	20,063	67,857	-	67,857
Operating and Cloud services	8,526	6,385	9,635	6,516	13,922	44,986	-	44,986
Product and Software Sales	6,113	189	1,395	3,077	5,291	16,067	-	16,067
Other	-	-	-	-	-	-	517	517
Total	24,928	9,798	26,366	28,540	39,277	128,911	517	129,429

(Notes) 1. "Other" refers to business segments not included in the reportable segments, and consists of businesses incidental to the provision of various IT services, etc.

2. The above includes income from lessor leases, as the amounts are insignificant and so they are not presented separately from revenue from contracts with customers.

First Quarter, FY2025 (Apr. 1 - Jun. 30, 2024)

(millions of yen)

	Reportable segment						Other (Note 1)	Total
	Offering Service Business	Business Process Manage ment	Financial IT Business	Industrial IT Business	Regional IT Solutions	Total		
Software development	11,742	2,954	12,420	19,824	19,906	66,848	-	66,848
Operating and Cloud services	10,483	6,270	10,812	6,319	14,418	48,305	-	48,305
Product and Software Sales	8,724	297	1,402	3,597	4,314	18,336	-	18,336
Other	-	-	-	-	-	-	564	564
Total	30,951	9,522	24,635	29,741	38,639	133,490	564	134,055

(Notes) 1. "Other" refers to business segments not included in the reportable segments, and consists of businesses incidental to the provision of various IT services, etc.

2. The above includes income from lessor leases, as the amounts are insignificant and so they are not presented separately from revenue from contracts with customers.

## 2. Other Information

INTEC Inc., a consolidated subsidiary of the Company, is currently in litigation with Mitsubishi Shokuhin Co., Ltd., which filed a claim for compensation in connection with services including systems development provided by INTEC Inc. (Amount of compensation demanded as of November 13, 2018, was ¥12,703 million. It was changed to ¥15,485 million on December 8, 2023).