



**Consolidated Financial Results for the First Three Quarters of the Fiscal Year Ending March 31, 2025**  
(April 1, 2024 through December 31, 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.

February 4, 2025

Company name: TIS Inc.  
Stock exchange listings: Tokyo Stock Exchange, Prime Market  
Stock code: 3626  
URL: <https://www.tis.com/>  
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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 Three Quarters of the Fiscal Year Ending March 31, 2025**  
(April 1, 2024 – December 31, 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 Three Qtrs., FY2025	416,561	2.9	48,884	2.7	50,583	1.7	34,474	7.1
First Three Qtrs., FY2024	404,744	9.3	47,579	7.1	49,752	9.4	32,190	0.1

Note: Comprehensive income: First Three Qtrs., FY2025: 41,481 million yen (7.8%); First Three Qtrs., FY2024: 38,482 million yen (28.8%)

	Net income per share – basic	Net income per share – diluted
	yen	yen
First Three Qtrs., FY2025	148.13	-
First Three Qtrs., FY2024	133.53	-

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	millions of yen	millions of yen	%
End of Third Quarter, FY2025	521,741	341,337	63.1
End of FY2024	525,456	324,725	59.5

For reference: Total equity: End of Third Quarter, FY2025: 329,164 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	-	34.00	-		
FY2025 (forecast)				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)

Forecast of Consolidated Results for FY2025 (April 1, 2025 – 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	
Full FY2025 (year ending Mar. 31, 2025)	555,000	1.1	66,500	3.0	66,500	-3.0	44,800	-8.3	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

(Note) For further details, please refer to “2. Consolidated Financial Statements and Principal Notes, (3) Notes on the Consolidated Financial Statements, (Notes on Changes in Accounting Policies)” on page 15 of the accompanying materials

(4) Common stock issued

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

End-Third Quarter, FY2025 (December 31, 2024): 236,233,411 shares

End-FY2024 (March 31, 2024): 236,233,411 shares

2) Treasury stock as of period-end:

End-Third Quarter, FY2025 (December 31, 2024): 3,945,678 shares

End-FY2024 (March 31, 2024): 1,924,351 shares

3) Average number of shares (during the respective three-month period):

First Three Qtrs, FY2025 (ended December 31, 2024): 232,720,922 shares

First Three Qtrs, FY2024 (ended December 31, 2023): 241,079,047 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 9 in the Accompanying Materials.

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# 1. Results of Operations

## (1) Analysis of Consolidated Operating Results

In the first nine months of fiscal 2025 (April 1, 2024 – December 31, 2024), the Japanese economy recovered moderately, albeit at a slow pace, 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, development of U.S. policies, 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 (December 2024), which showed a 13.5% 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 plan 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.

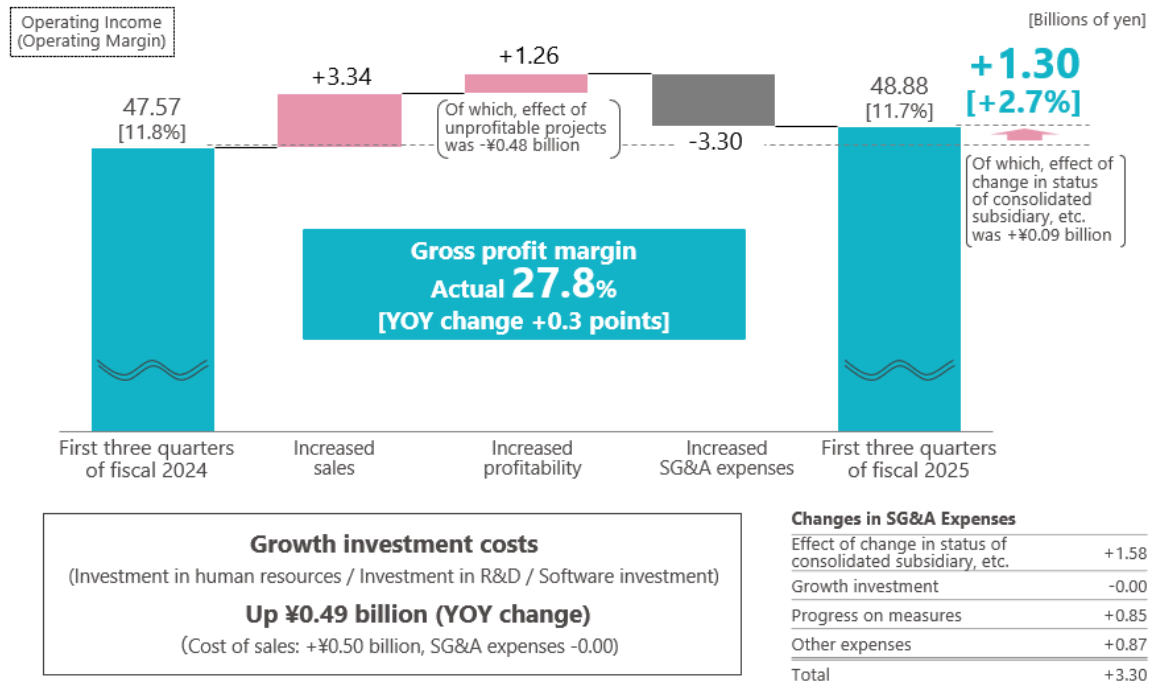
Consolidated net sales for the Group in the first nine months of fiscal 2025 rose 2.9% year on year to ¥416,561 million. Operating income rose 2.7% to ¥48,884 million, recurring profit grew 1.7% to ¥50,583 million, and net income attributable to owners of the parent company rose 7.1% to ¥34,474 million.

(Unit: millions of yen)

	First Nine Months, FY2024 (Apr. 1 - Dec. 31, 2023)	First Nine Months, FY2025 (Apr. 1 - Dec. 31, 2024)	Year-on-year changes
Net sales	404,744	416,561	+2.9%
Cost of sales	293,469	300,677	+2.5%
Gross profit	111,275	115,883	+4.1%
Gross profit ratio	27.5%	27.8%	+0.3P
Selling, general and administrative expenses	63,695	66,999	+5.2%
Operating income	47,579	48,884	+2.7%
Operating income ratio	11.8%	11.7%	-0.1P
Recurring profit	49,752	50,583	+1.7%
Net income attributable to owners of the parent company	32,190	34,474	+7.1%

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 increased year on year, despite the impacts of unprofitable projects and passing the peak of large-scale development projects that have driven our business growth in recent years, due in part to the increase in income from higher revenue, provision of high-added-value businesses, and promotion of productivity enhancement measures, etc. In terms of profitability, the gross profit ratio increased 0.3 percentage points year-on-year to 27.8%, while the operating income ratio decreased 0.1 percentage points year-on-year to 11.7%. The increase in recurring profit mainly reflects the growth in operating income. Net income attributable to owners of the parent company increased due to an improvement in extraordinary income and loss as well as an increase in recurring profit. During the first nine months of fiscal 2025, we recorded extraordinary income of 5,787 million yen and extraordinary loss of 3,907 million yen. The main components were a gain on sales of investment securities of 5,370 million yen resulting from a reduction of cross-shareholdings recorded as extraordinary income, and impairment loss of 2,506 million yen recorded as extraordinary loss.

<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 Nine Months, FY2024 (Apr. 1 - Dec. 31, 2023)	First Nine Months, FY2025 (Apr. 1 - Dec. 31, 2024)	Year-on- year changes
Offering Service Business	Net sales	93,701	106,605	+13.8%
	Operating income	5,493	7,398	+34.7%
	Operating income ratio	5.9%	6.9%	+1.0P
BPM	Net sales	31,239	31,522	+0.9%
	Operating income	3,073	3,763	+22.5%
	Operating income ratio	9.8%	11.9%	+2.1P
Financial IT Business	Net sales	79,820	74,602	-6.5%
	Operating income	11,256	9,112	-19.0%
	Operating income ratio	14.1%	12.2%	-1.9P
Industrial IT Business	Net sales	89,679	93,520	+4.3%
	Operating income	13,268	14,127	+6.5%
	Operating income ratio	14.8%	15.1%	+0.3P
Regional IT Solutions	Net sales	127,285	127,000	-0.2%
	Operating income	14,178	13,998	-1.3%
	Operating income ratio	11.1%	11.0%	-0.1P
Other	Net sales	7,062	7,447	+5.5%
	Operating income	548	662	+20.6%
	Operating income ratio	7.8%	8.9%	+1.1P

#### 1) Offering Service Business

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

Segment sales in the first nine months of fiscal 2025 totaled ¥106,605 million, up 13.8% year on year, and operating income increased 34.7% to ¥7,398 million. In addition to the expansion in IT investment in the enterprise, platforms, and settlement fields, and contributions by overseas operations, the business results of Nihon ICS Co., Ltd. and other subsidiaries that became consolidated subsidiaries in fiscal 2024, were reflected in the consolidated financial results of fiscal 2025 and absorbed the impact of unprofitable projects, resulting in a year-on-year increase in both sales and profits with the segment's operating income ratio of 6.9%, up 1.0 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 in the first nine months of fiscal 2025 totaled ¥31,522 million, up 0.9% year on year, and operating income increased 22.5% to ¥3,763 million. Although some existing BPO operations remained sluggish, the acquisition of projects in the DX business among others and continued cost reductions through streamlining operations, etc. resulted in year-on-year growth in both sales and profit, and pushed up the segment's operating income ratio to 11.9%, a year-on-year increase of 2.1 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 nine months of fiscal 2025 totaled ¥74,602 million, down 6.5% year on year, and operating income decreased 19.0% year on year to ¥9,112 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 12.2% (down 1.9 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 in the first nine months of fiscal 2025 totaled ¥93,520 million, up 4.3% year on year, and operating income increased 6.5% to ¥14,127 million. Despite the impact of a decrease due to the non-recurrence of large-scale development projects in the manufacturing sector, etc., the trend of expanding IT investments in a wide range of industries, including services, manufacturing and distribution led overall growth, resulting in a year-on-year increase in both sales and profit, and the segment's operating income ratio rose 0.3 percentage points year on year to 15.1%.

#### 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 nine months of fiscal 2025 totaled ¥127,000 million, down 0.2% year on year, and the segment's operating income decreased 1.3% year on year to ¥13,998 million. Despite the expansion in IT investment demand in the local government sector, sales and profits decreased year on year mainly due to the effects of one-off expenses and non-recurrence of medical distribution projects, resulting in the segment's operating income ratio dropping to 11.0%, a year-on-year decrease of 0.1 percentage points.

#### 6) Other

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

Segment sales in the first nine months of fiscal 2025 totaled ¥7,447 million, up 5.5% year on year, and operating income grew 20.6% to ¥662 million with the operating income ratio increasing 1.1 percentage points year on year to 8.9%.

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%/above16%</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 up-front 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 enhancing 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 a 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 nine months 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 the modernization services, which is positioned as one of the growth drivers of the Medium-Term Management Plan, like the payment business, we focus on our proprietary rewrite technology, the Xenlon Modernization Service, which boasts an overwhelming conversion rate and strengths in accuracy, performance and maintainability. We began collaboration with JFE Steel Corporation to promote this business in November 2024. Going forward, we will continue to work on solutions to legacy systems that pose the risk of a stagnation and decline in society and companies, and contribute to the sustainable growth of companies and society through the elimination of technical debt and system optimization.

As part of our market strategies, we clarified our direction in the "Business Process Management" in order to increase the probability of achieving the targets of the medium-term management plan. In order to realize structural reforms such as a shift to a new value provision model, the BPO business will promote a shift of resources to the customer experience (CX) domain, where there is high demand, and will also strengthen collaboration within the Group to accelerate the growth of the BPM business, which is positioned as the core business of the future, aiming to improve the value it provides through the full value chain, including promotion of the "BPaaS business (BPO + SaaS)" model.

Moreover, 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 December 31, 2024 (B)	Increase/decrease (B)-(A)
Current assets	291,556	271,305	-20,251
Fixed assets	233,899	250,436	+16,536
Total assets	525,456	521,741	-3,714
Current liabilities	140,277	128,694	-11,583
Non-current liabilities	60,453	51,709	-8,744
Total liabilities	200,730	180,403	-20,327
Total net assets	324,725	341,337	+16,612

### (Assets)

Consolidated total assets as of December 31, 2024 amounted to ¥521,741 million, a decrease of ¥3,714 million from ¥525,456 million at the end of the previous fiscal year. This was mainly due to a decrease of ¥13,605 million in notes and accounts receivable, and contract assets due to collection, etc. and a decrease of ¥5,084 million in deferred tax assets due to market valuation, etc., which offset an increase of ¥13,230 million in investment securities due to newly purchased shares and market valuation, etc. and an increase of ¥12,811 million in buildings and structures and land resulting from the split acquisition of beneficial interests in real estate trust.

### (Liabilities)

As of December 31, 2024, total liabilities amounted to ¥180,403 million, a drop of ¥20,327 million from ¥200,730 million at the end of the previous fiscal year. This was mainly due to a ¥8,556 million decrease in accrued bonuses to directors and employees due to payments, a ¥3,978 million decrease in notes and accounts payable mainly due to payments, and a ¥3,286 million decrease in income taxes payable due to payments.

### (Net assets)

As of December 31, 2024, consolidated net assets amounted to ¥341,337 million, an increase of ¥16,612 million from ¥324,725 million at the end of the previous fiscal year. The increase primarily consisted of a ¥17,304 million increase in retained earnings, and a ¥5,835 million rise in treasury stock after its acquisition, etc. (net assets decreased).

The increase in retained earnings resulted from a ¥34,474 million increase of net income attributable to owners of the parent company and a decrease of ¥17,169 million due to 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.

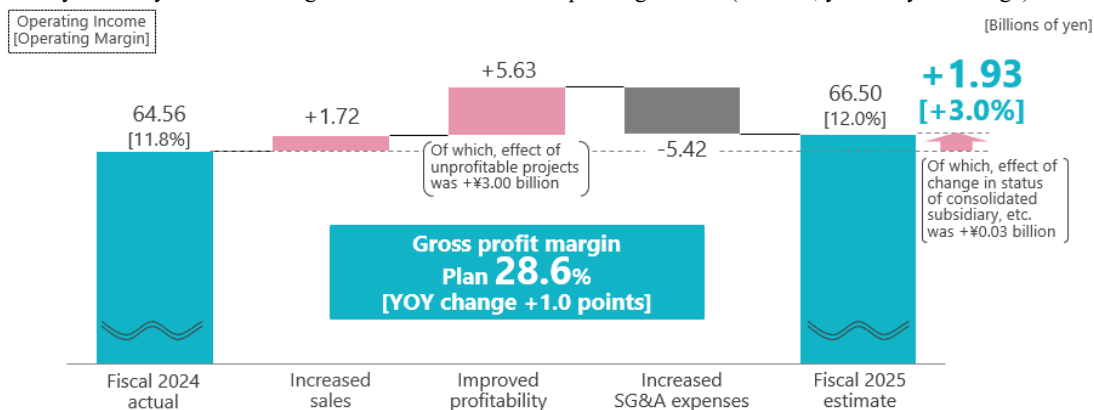
As was initially planned, we aim to achieve sustainable growth and further improve profitability under the Medium-Term Management Plan (2024–2026), through providing high-added-value businesses and promoting productivity enhancement measures. We will do so even as we face the impact of passing the peak 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 versus 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 Dec. 31, 2024
	millions of yen	millions of yen
<b>Assets</b>		
Current assets		
Cash and deposits	103,554	94,913
Notes and accounts receivable, and contract assets	144,141	130,536
Lease receivables and lease investment assets	4,312	3,795
Marketable securities	281	366
Merchandise and finished goods	3,946	6,540
Work in process	1,432	857
Raw materials and supplies	193	312
Other current assets	34,085	34,308
Allowance for doubtful accounts	(392)	(327)
Total current assets	291,556	271,305
Fixed assets		
Property and equipment		
Buildings and structures, net	34,325	35,586
Machinery and equipment, net	8,205	7,409
Land	15,802	27,353
Leased assets, net	4,720	4,499
Other property and equipment, net	6,662	6,335
Total property and equipment	69,715	81,184
Intangible assets		
Software	20,329	18,548
Software in progress	3,246	3,790
Goodwill	9,659	8,021
Other intangible assets	22,565	20,861
Total intangible assets	55,801	51,222
Investments and other assets		
Investment securities	56,396	69,626
Net defined benefit asset	10,754	11,014
Deferred tax assets	20,397	15,313
Other assets	21,092	22,330
Allowance for doubtful accounts	(258)	(255)
Total investments and other assets	108,382	118,029
Total fixed assets	233,899	250,436
Total assets	525,456	521,741

Items	As of March 31, 2024	As of Dec. 31, 2024
	millions of yen	millions of yen
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable	26,206	22,228
Short-term borrowings	17,398	22,209
Income taxes payable	9,024	5,737
Accrued bonuses to directors and employees	16,952	8,396
Provision for loss on order received	1,955	672
Allowance for performance-linked compensation	—	253
Other allowances	114	167
Other current liabilities	68,625	69,030
Total current liabilities	140,277	128,694
Non-current liabilities		
Long-term borrowings	20,509	15,836
Lease obligations	4,763	4,147
Deferred tax liabilities	8,507	9,849
Deferred tax liabilities from revaluation of land	272	272
Accrued retirement benefits to directors	0	0
Allowance for performance-linked compensation	119	288
Other allowances	11	143
Net defined benefit liability	12,808	12,993
Asset retirement obligations	6,617	6,440
Other non-current liabilities	6,844	1,737
Total non-current liabilities	60,453	51,709
Total liabilities	200,730	180,403
<b>Net assets</b>		
Shareholders' equity		
Common stock	10,001	10,001
Additional paid-in capital	12,314	12,314
Retained earnings	283,533	300,837
Less treasury stock, at cost	(6,395)	(12,231)
Total shareholders' equity	299,453	310,922
Accumulated other comprehensive income		
Net unrealized gains on other securities	11,715	17,140
Deferred gains or losses on hedges	(2)	(9)
Revaluation reserve for land	(2,672)	(2,672)
Foreign currency translation adjustments	983	1,004
Remeasurements of defined benefit plans	2,931	2,778
Total accumulated other comprehensive income	12,956	18,242
Non-controlling interests	12,315	12,172
Total net assets	324,725	341,337
Total liabilities and net assets	525,456	521,741

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

### Consolidated Statements of Income

Items	First Three Qtrs., FY2024 (Apr. 1 – Dec. 31, 2023)	First Three Qtrs., FY2025 (Apr. 1 – Dec. 31, 2024)
	millions of yen	millions of yen
Net sales	404,744	416,561
Cost of sales	293,469	300,677
Gross profit	111,275	115,883
Selling, general and administrative expenses	63,695	66,999
Operating income	47,579	48,884
Non-operating income		
Interest income	268	335
Dividend income	674	759
Reversal of allowance for doubtful accounts	1,017	5
Equity in earnings of affiliated companies	115	470
Other	824	906
Total non-operating income	2,899	2,477
Non-operating expense		
Interest expenses	244	393
Financing expenses	210	60
Other	271	324
Total non-operating expenses	726	777
Recurring profit	49,752	50,583
Extraordinary income		
Gain on sales of investment securities	178	5,370
Gain on reversal of asset retirement obligations	551	—
Gain on liquidation of investment securities	248	0
Other	161	416
Total extraordinary income	1,141	5,787
Extraordinary loss		
Impairment loss	450	2,506
Loss on valuation of investment securities	1,285	398
Loss on valuation of shares of subsidiaries	—	844
Other	102	157
Total extraordinary loss	1,838	3,907
Income before income taxes	49,055	52,464
Income taxes: current	10,559	12,406
Income taxes: deferred	5,224	4,139
Total income taxes	15,784	16,546
Net income	33,271	35,918
Net income attributable to non-controlling interests	1,080	1,444
Net income attributable to owners of the parent company	32,190	34,474



**Consolidated Statements of Comprehensive Income**

Items	First Three Qtrs., FY2024 (Apr.1 – Dec. 31, 2023)	First Three Qtrs., FY2025 (Apr.1 – Dec. 31, 2024)
	millions of yen	millions of yen
Net income	33,271	35,918
Other comprehensive income		
Net unrealized gains on other securities	4,025	5,418
Deferred gains or losses on hedge	268	(14)
Foreign currency translation adjustments	659	438
Remeasurements of defined benefit plans	(30)	(151)
Share of other comprehensive income of equity- method affiliates	288	(127)
Total other comprehensive income	5,211	5,563
Comprehensive income	38,482	41,481
(Composition)		
Comprehensive income attributable to owners of the parent company	36,994	39,760
Comprehensive income attributable to non- controlling interests	1,488	1,720

### **(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 Three Qtrs., FY2024 (Apr. 1 – Dec. 31, 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	84,166	29,700	78,683	89,260	121,380	403,190	1,553	404,744	-	404,744
Inter-segment sales or transfers	9,535	1,539	1,136	419	5,904	18,535	5,508	24,043	(24,043)	-
Total	93,701	31,239	79,820	89,679	127,285	421,726	7,062	428,788	(24,043)	404,744
Segment income	5,493	3,073	11,256	13,268	14,178	47,270	548	47,819	(240)	47,579

(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 ¥-240 million includes the elimination of unrealized income of ¥23 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 Services Business" segment, goodwill of 1,171 million yen was recorded in relation to the acquisition of shares in RESCHO, Inc. during the third quarter of the consolidated fiscal year under review. The amount of goodwill is after revision due to finalization of provisional accounting treatment for business combinations.

II. First Three Qtrs., FY2025 (Apr. 1 – Dec. 31, 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	96,380	29,952	73,614	93,118	121,573	414,640	1,920	416,561	-	416,561
Inter-segment sales or transfers	10,225	1,569	988	401	5,427	18,611	5,527	24,138	(24,138)	-
Total	106,605	31,522	74,602	93,520	127,000	433,252	7,447	440,700	(24,138)	416,561
Segment income	7,398	3,763	9,112	14,127	13,998	48,400	662	49,062	(178)	48,884

- (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 ¥-178 million includes the elimination of unrealized income of ¥-54 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 impairment losses on fixed assets)

In the "Offering Services Business" segment posted impairment losses of 584 million yen on software and 1,922 million yen on goodwill and other intangible assets were recorded.

(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 statements of cash flows for the first three quarters of the current fiscal year have not been prepared. Depreciation (including amortization related to intangible assets, excluding goodwill) and amortization of goodwill for the first three quarters of the previous and current consolidated fiscal years are as follows.

	First Three Qtrs., FY2024 (Apr. 1 – Dec. 31, 2023)	First Three Qtrs., FY2025 (Apr. 1 – Dec. 31, 2024)
Depreciation	12,857 million yen	13,428 million yen
Amortization of goodwill	398 million yen	627 million yen

(Revenue recognition)

Disaggregated information on revenue from contracts with customers

First Three Qtrs., FY2024 (Apr. 1 – Dec. 31, 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	33,197	9,864	45,165	58,113	62,376	208,718	-	208,718
Operating and Cloud services	28,732	19,056	29,522	19,914	42,188	139,415	-	139,415
Product and Software Sales	22,236	779	3,994	11,231	16,814	55,056	-	55,056
Other	-	-	-	-	-	-	1,553	1,553
Total	84,166	29,700	78,683	89,260	121,380	403,190	1,553	404,744

- (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 Three Qtrs., FY2025 (Apr. 1 – Dec. 31, 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	37,604	9,571	38,172	63,523	63,274	212,145	-	212,145
Operating and Cloud services	31,309	19,248	31,705	18,439	43,536	144,240	-	144,240
Product and Software Sales	27,467	1,132	3,736	11,155	14,762	58,254	-	58,254
Other	-	-	-	-	-	-	1,920	1,920
Total	96,380	29,952	73,614	93,118	121,573	414,640	1,920	416,561

- (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.

### 3. 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).