Consolidated Financial Results for the Fiscal Year Ended March 31, 2025 (Under Japanese GAAP)

May 8, 2025

Company name	TIS Inc.			Stock exchange listings: Tokyo Prime
Securities code	3626	URL https://www.tis.com/		
Representative	(Title)	President	(Name) Yasushi Okamoto	
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Date of general shareholders' meeting (as planned)		June 24, 2025	Dividend payable date (as planned)	June 25, 2025
Annual securities report filing date (as planned)		June 23, 2025		

Supplemental material of annual results : Yes
Convening briefing of annual results : Yes (targeted at institutional investors and analysts)

(Yen amounts are rounded down to millions, unless otherwise noted.)

1. Consolidated financial results for the fiscal year ended March 31, 2025 (from April 1, 2024 to March 31, 2025)

(1) Consolidated operating results (Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Fiscal year ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2025	571,687	4.1	69,047	6.9	70,503	2.8	50,012	2.3
March 31, 2024	549,004	8.0	64,568	3.6	68,553	8.5	48,873	(11.9)

Note:Comprehensive income For the fiscal year ended March 31, 2025 56,193 Millions of yen (-0.8%)
For the fiscal year ended March 31, 2024 56,622 Millions of yen (18.6%)

	Basic earnings per share	Diluted earnings per share	Rate of return on equity	Ordinary profit to total assets ratio	Operating profit to net sales ratio
Fiscal year ended	Yen	Yen	%	%	%
March 31, 2025	215.00	–	15.3	13.0	12.1
March 31, 2024	203.28	–	16.0	13.9	11.8

Reference:Investment profit (loss) on equity method For the fiscal year ended March 31, 2025 833 Millions of yen
For the fiscal year ended March 31, 2024 (20) Millions of yen

(2) Consolidated financial position

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
March 31, 2025	558,051	356,064	61.5	1,477.61
March 31, 2024	525,456	324,725	59.5	1,333.32

Reference:Owner's equity As of March 31, 2025 343,348 Millions of yen
As of March 31, 2024 312,409 Millions of yen

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and equivalents, end of period
Fiscal year ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
March 31, 2025	63,748	(17,741)	(27,791)	121,288
March 31, 2024	62,578	(32,817)	(21,889)	102,722

2. Cash dividends

	Dividend per share					Total dividend paid	Payout ratio (consolidated)	Ratio of total amount of dividends to net assets (consolidated)
	First quarter	Second quarter	Third quarter	Year end	Annual			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Fiscal year ended March 31, 2024	―	17.00	―	39.00	56.00	13,314	27.5	4.4
Fiscal year ended March 31, 2025	―	34.00	―	36.00	70.00	16,381	32.6	5.0
Fiscal year ending March 31, 2026 (Forecast)	―	38.00	―	38.00	76.00		35.0	

Note: Total dividends paid includes dividends (75 millions of yen for FY2024, 89 millions of yen for FY2025) paid to TIS INTEC Group Employees' Shareholding Association Trust and dividends (10 millions of yen for FY2024, 34 millions of yen for FY2025) paid to Board Incentive Plan (BIP) Trust.

3. Consolidated financial forecast for the fiscal year ending March 31, 2026 (from April 1, 2025 to March 31, 2026)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending September 30, 2025	285,000	3.4	33,000	8.2	33,000	5.4	22,000	5.6	96.00
Fiscal year ending March 31, 2026	582,000	1.8	73,000	5.7	73,000	3.5	49,000	(2.0)	216.86

* Notes

(1) Significant changes in the scope of consolidation during the period : None

Newly included: ― companies (Company name) 、Excluded: ― companies (Company name)

(2) Changes in accounting policies, changes in accounting estimates, and restatement

(i) Changes in accounting policies due to revisions to accounting standards and other regulations : Yes

(ii) Changes in accounting policies due to other reasons : None

(iii) Changes in accounting estimates : None

(iv) Restatement : None

Note: For further details, please refer to "4. Consolidated Financial Statements, (5) Notes on the Consolidated Financial Statements, (Notes on Changes in Accounting Policies)" on page 23 of the accompanying materials

(3) Number of issued shares (common shares)

(i) Number of issued and outstanding shares at the end of fiscal year (including treasury stock)	As of March 31, 2025	236,233,411shares	As of March 31, 2024	236,233,411shares
(ii) Number of treasury stock at the end of fiscal year	As of March 31, 2025	3,865,920shares	As of March 31, 2024	1,924,351shares
(iii) Average number of shares	Fiscal year ended March 31, 2025	232,621,144shares	Fiscal year ended March 31, 2024	240,427,703shares

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.

[Reference] Overview of non-consolidated financial results

1. Non-consolidated financial results for the fiscal year ended March 31, 2025 (from April 1, 2024 to March 31, 2025)

(1) Non-consolidated operating results (Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit	
Fiscal year ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2025	259,155	3.1	31,927	(0.3)	55,741	4.1	47,009	6.2
March 31, 2024	251,334	5.5	32,025	8.7	53,541	28.7	44,249	9.7

	Basic earnings per share	Diluted earnings per share
Fiscal year ended	Yen	Yen
March 31, 2025	202.08	–
March 31, 2024	184.05	–

(2) Non-consolidated financial position

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
March 31, 2025	420,425	260,055	61.9	1,119.15
March 31, 2024	388,113	234,346	60.4	1,000.16

Reference:Owner's equity As of March 31, 2025 260,055 Millions of yen
As of March 31, 2024 234,346 Millions of yen

* Financial results reports are exempt from audit conducted by certified public accountants or an audit firm.

* Proper use of earnings forecasts, and other special matters

At a Board of Directors’ Meeting held on May 8, 2025, 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, “Basic earnings per share” in the consolidated financial forecast for FY2026 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.

Accompanying Materials – Contents

1. Results of Operations

(1) Analysis of Consolidated Operating Results

During fiscal 2025, 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 effects of continued price rises on private consumption, and the risk of downward pressure on Japan's economy due to developments in U.S. policies such as trade policy, as well as fluctuations in financial and capital markets.

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 (all industries, including financial institutions) both showing an increase year on year.

Under these circumstances, our Group launched a new three-year Medium-Term Management Plan (2024-2026) at the start of fiscal 2025 as the first stage toward achieving the [Group Vision 2032] 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 strive for sustainable growth with added value by executing various measures in line with our basic policy.

Consolidated net sales for the Group during fiscal 2025 rose 4.1% year on year to ¥571,687 million and operating profit rose 6.9% to ¥69,047 million, ordinary profit was up 2.8% to ¥70,503 million, and profit attributable to owners of parent rose 2.3% to ¥50,012 million.

(Unit: millions of yen)

	Fiscal 2024	Fiscal 2025	Year-on-year change
Net sales	549,004	571,687	+4.1%
Cost of sales	397,365	411,480	+3.6%
Gross profit	151,639	160,206	+5.6%
Gross profit ratio	27.6%	28.0%	+0.4P
Selling, general and administrative expenses	87,070	91,158	+4.7%
Operating profit	64,568	69,047	+6.9%
Operating profit ratio	11.8%	12.1%	+0.3P
Ordinary profit	68,553	70,503	+2.8%
Profit attributable to owners of parent	48,873	50,012	+2.3%

Net sales were higher than in the previous fiscal year, despite the passing of a peak in large-scale development projects that have driven our business growth in recent years, due in part to business expansion through precise responses to customers' demand for digital transformation and other IT investment. Operating profit increased year on year due to the increase in income from higher sales, the provision of high-value-added businesses, the promotion of productivity enhancement measures, and a decrease in unprofitable projects. As for profitability, the gross profit ratio rose 0.4 percentage points year on year to 28.0% and the operating profit ratio rose 0.3 percentage points year on year to 12.1%. Ordinary profit increased year on year mainly due to an increase in operating profit. Profit attributable to owners of parent increased due to an increase in ordinary profit and an improvement in extraordinary income and loss.

During fiscal 2025, we recorded extraordinary income of ¥9,570 million and extraordinary loss of ¥5,926 million. The main components were a gain on sales of investment securities of ¥8,558 million resulting from a reduction of cross-shareholdings recorded as extraordinary income, and impairment loss of ¥4,242 million recorded as extraordinary loss.

Segment results were as follows. Note that sales for each segment include inter-segment sales.

(Unit: millions of yen)

		Fiscal 2024	Fiscal 2025	Year-on-year change
Offering Service Business	Net sales	130,759	145,515	+11.3%
	Operating profit	7,659	9,937	+29.7%
	Operating profit ratio	5.9%	6.8%	+0.9P
Business Process Management	Net sales	41,953	42,646	+1.7%
	Operating profit	4,551	5,326	+17.0%
	Operating profit ratio	10.8%	12.5%	+1.7P
Financial IT Business	Net sales	106,304	100,252	-5.7%
	Operating profit	15,185	12,321	-18.9%
	Operating profit ratio	14.3%	12.3%	-2.0P
Industrial IT Business	Net sales	121,896	128,120	+5.1%
	Operating profit	18,287	19,330	+5.7%
	Operating profit ratio	15.0%	15.1%	+0.1P
Regional IT Solutions	Net sales	172,376	177,425	+2.9%
	Operating profit	18,497	21,576	+16.6%
	Operating profit ratio	10.7%	12.2%	+1.5P
Other	Net sales	9,581	10,123	+5.7%
	Operating profit	777	877	+12.9%
	Operating profit ratio	8.1%	8.7%	+0.6P

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 fiscal 2025 totaled ¥145,515 million, up 11.3% year on year, and operating profit increased 29.7% to ¥9,937 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, which became consolidated subsidiaries in fiscal 2024, were reflected in the consolidated financial results of fiscal 2025, and this increase was absorbed by the impact of unprofitable projects and resulted in a year-on-year increase in both sales and profits with an operating profit ratio of 6.8%, up 0.9 percentage points year on year.

2) Business Process Management

Applies such strengths as IT expertise, business know-how and skilled human resources to realize and provide higher-level, more-efficient outsourcing solutions targeting business process-related issues.

Segment sales during fiscal 2025 totaled ¥42,646 million, up 1.7% year on year, and operating profit increased 17.0% to ¥5,326 million. Although some existing BPO operations remained sluggish, the Company acquired projects, including the DX business, and continued to implement cost reductions through streamlining measures. As a result, both sales and profits increased year on year, and the segment's operating profit ratio rose 1.7 percentage points year on year to 12.5%.

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 fiscal 2025 totaled ¥100,252 million, down 5.7% year on year, and operating profit decreased 18.9% to ¥12,321 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 profit ratio fell to 12.3% (down 2.0 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 fiscal 2025 totaled ¥128,120 million, up 5.1% year on year, and operating profit increased 5.7% to ¥19,330 million. Despite the non-recurrence of large-scale development projects in the manufacturing sector and the impact of unprofitable projects, 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 profits, and the operating profit ratio rose 0.1 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 fiscal 2025 totaled ¥177,425 million, up 2.9% year on year, and operating profit increased 16.6% to ¥21,576 million. Despite the impact of a decrease due to the non-recurrence of medical distribution projects, etc., in addition to expanding demand for a wide range of IT investments mainly in local governments and life and non-life insurance companies, a significant decrease in unprofitable projects resulted in a year-on-year increase in both sales and profits, and the operating profit ratio rose 1.5 percentage points year on year to 12.2%.

6) Other

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

Segment sales during fiscal 2025 totaled ¥10,123 million, up 5.7% year on year, and operating profit increased 12.9% to ¥877 million with the operating profit ratio increasing 0.6 percentage points year on year to 8.7%.

As mentioned earlier, our Group 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. For details, please refer to [2. Management Policy (2) Medium- to Long-Term Management Strategy of the Company].

The status of main initiatives during 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. In February 2025, we also launched the [Startup Suite] as an option menu to provide comprehensive support from the launch to deployment of the credit card business, with a view to responding to the needs of companies considering introducing this service. Through these initiatives, we will strengthen the asset of [PAYCIERGE], our brand of digital payment settlement platform, aiming for a top share in the light credit card market.

Similar to the Payment Business, in the Modernization services, which is positioned as a growth driver of the Medium-Term Management Plan, in addition to developing centered on our proprietary relight technology, the Xenlon Modernization Service, which boasts an overwhelming conversion rate and strengths in accuracy, performance, and maintenance, we launched a collaboration with JFE Steel Corporation in November 2024 to promote this business. We will continue to address the risk of social and corporate stagnation, namely, legacy systems, and strive to contribute to the sustainable growth of our company and society by eliminating technological liabilities and optimizing our systems.

Within our market strategies, we clarified our direction in the "Business Process Management" segment 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.

In order to upgrade human resources, the most important management capital, we have developed our own human capital scenario to increase the effectiveness of the value-added cycle through investment in human resources and are promoting initiatives for the three-tier theme. Under these circumstances, due in part to the results of our efforts to date, we received the Special Examiner's Award at [Nikkei Smart Work Award 2025] in February 2025. We will continue to support the new challenge of each employee through aggressive investment so that human resources with expertise can provide high added value, and promote a virtuous cycle of value exchange between employees and the company.

In addition, from May to June 2024, the Company acquired treasury stock of ¥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 March 31, 2025 (B)	Increase/decrease (B − A)
Current assets	291,556	319,080	+27,524
Fixed assets	233,899	238,970	+5,071
Total assets	525,456	558,051	+32,595
Current liabilities	140,277	153,210	+12,933
Non-current liabilities	60,453	48,775	-11,677
Total liabilities	200,730	201,986	+1,255
Total net assets	324,725	356,064	+31,339

(Assets)

Consolidated total assets as of March 31, 2025 amounted to ¥558,051 million, an increase of ¥32,595 million from ¥525,456 million at the end of the previous fiscal year. This was mainly due to a decrease of ¥19,541 million in cash and deposits due to purchase of invested assets, etc., a decrease of ¥3,680 million in deferred tax assets due to changes in market value of shares held and sales, etc., an increase of ¥38,435 million in securities, and an increase of ¥12,785 million in buildings, structures, and land resulting from the split acquisition of beneficial interests in real estate trust for long-term stable business operation.

(Liabilities)

As of March 31, 2025, total liabilities amounted to ¥201,986 million, an increase of ¥1,255 million from ¥200,730 million at the end of the previous fiscal year. This was mainly due to a ¥1,468 million decrease in provision for loss on orders received, ¥3,947 million increase in income taxes payable, and ¥2,739 million increase in notes and accounts payable.

(Net assets)

Consolidated net assets amounted to ¥356,064 million, an increase of ¥31,339 million from ¥324,725 million at the end of the previous fiscal year. This was mainly due to ¥32,843 million increase in retained earnings and ¥5,563 million increase in treasury stock after its acquisition, etc. (net assets decreased).

The increase in retained earnings resulted from ¥50,012 million increase in profit attributable to owners of parent and a decrease of ¥17,169 million due to dividend of surplus.

(3) Analysis of Cash Flows

Cash and cash equivalents ("cash") totaled ¥121,288 million as of March 31, 2025, up ¥18,566 million from March 31, 2024.

Contributions to cash flow were as follows.

(Cash flow from operating activities)

Operating activities generated net cash of ¥63,748 million. This was mainly due to ¥74,147 million in profit before income taxes and an increase in cash by ¥18,748 million in depreciation and ¥4,242 million in impairment loss. On the other hand, there was a decrease in cash by ¥15,834 million in income taxes paid.

(Cash flow from investing activities)

Investing activities used net cash of ¥17,741 million. The increase in cash mainly consisted of proceeds from sales and redemption of investment securities of ¥17,675 million, while there was a decrease in cash mainly due to purchase of property, plant and equipment of ¥18,819 million, purchase of investment securities of ¥9,033 million, and purchase of intangible assets of ¥6,593 million.

(Cash flow from financing activities)

Financing activities used net cash of ¥27,791 million. The increase in funds mainly consisted of ¥7,200 million in proceeds from long-term loans payable, and a decrease in funds consisted of cash dividends paid of ¥17,169 million, purchase of treasury stock of ¥7,865 million, and repayment of long-term loans payable of ¥7,042 million.

(Reference) Cash flow indicators

	Fiscal 2024	Fiscal 2025
Equity ratio (%)	59.5	61.5
Equity ratio based on market capitalization (%)	146.7	172.1
Ratio of interest-bearing debt to cash flow (years)	0.6	0.6
Interest-coverage ratio (times)	166.9	140.7

Equity ratio: Total equity / Total assets

Equity ratio based on market capitalization: Market capitalization / Total assets

Ratio of interest-bearing debt to cash flow: Interest-bearing debt / Cash flow

Interest-coverage ratio: Cash flow / Interest paid

Note 1: All indicators were calculated using consolidated financial statement data.

Note 2: Market capitalization is based on the number of shares issued and outstanding, excluding treasury stock. Treasury shares deducted from the number of shares issued to determine number of shares used to calculate market capitalization include the Company’s shares held by TIS INTEC Group Employees’ Shareholding Association Trust and the Board Incentive Plan (BIP) Trust.

Note 3: Cash flow from operating activities is used as the cash flow variable.

Note 4: Interest-bearing debt does not include lease obligations.

(4) Outlook for Fiscal 2026

The business environment surrounding the TIS INTEC Group is characterized by the diversification of elements required of corporations, including solutions to social issues. While activities continue to be brisk in response to changes in business processes and business models utilizing digital technologies and is expected to see a stable increase in IT investment demand, it is necessary to watch carefully for the risk of downward pressure on Japan's economy due to the effects of continued price rises on private consumption and U.S. policy trends, such as trade policies.

Under these circumstances, the Group will strive for sustainable growth with added value in accordance with the basic policies of the [Medium-Term Management Plan (2024-2026)] and will strive to realize changes for society and for customers by improving the quality of all value chains, starting with forward-looking market development and business domain expansion.

*Note: For details of Group Vision 2032 and the Medium-Term Management Plan (2024-2026), please refer to the [Notice of Formulation of Group Vision 2032 and Medium-Term Management Plan (2024-2026)] announced on May 8, 2024, etc.

The earnings forecast for fiscal 2026 is as follows. Under the basic policies of the Medium-Term Management Plan (2024-2026) [Frontier Development], the Group will promote measures such as providing high-added-value businesses and improving productivity, and will continue to respond precisely to IT investment demand, including the digital transformation of customers, and expand its business by promoting the provision of services. Through these measures, the Group aims to achieve sustainable growth and further improve profitability, even as the Group actively implements growth investments, including investments in human resources, which are its most important management capital. The decrease in profit attributable to owners of parent is primarily due to the reduction in extraordinary gains and losses (net amount).

<Consolidated earnings forecast for fiscal 2026 (April 1, 2025 – March 31, 2026)>

(Unit: millions of yen)

	Fiscal 2025 Actual results	Fiscal 2026 Forecast	Year-on-year change
Net sales	571,687	582,000	+1.8%
Cost of sales	411,480	413,500	+0.5%
Gross profit	160,206	168,500	+5.2%
Gross profit ratio	28.0%	29.0%	+1.0P
Selling, general and administrative expenses	91,158	95,500	+4.8%
Operating profit	69,047	73,000	+5.7%
Operating profit ratio	12.1%	12.5%	+0.4P
Ordinary profit	70,503	73,000	+3.5%
Profit attributable to owners of parent	50,012	49,000	-2.0%

<By segment>

(Unit: millions of yen)

		Fiscal 2025 Actual results	Fiscal 2026 Forecast	Year-on-year change
Offering Service Business	Net sales	145,515	150,000	+3.1%
	Operating profit	9,937	10,600	+6.7%
	Operating profit ratio	6.8%	7.1%	+0.3P
Business Process Management	Net sales	42,646	44,000	+3.2%
	Operating profit	5,326	6,050	+13.6%
	Operating profit ratio	12.5%	13.8%	+1.3P
Financial IT Business	Net sales	100,252	98,500	-1.7%
	Operating profit	12,321	11,850	-3.8%
	Operating profit ratio	12.3%	12.0%	-0.3P
Industrial IT Business	Net sales	128,120	131,000	+2.2%
	Operating profit	19,330	21,200	+9.7%
	Operating profit ratio	15.1%	16.2%	+1.1P
Regional IT Solutions	Net sales	177,425	181,500	+2.3%
	Operating profit	21,576	22,950	+6.4%
	Operating profit ratio	12.2%	12.6%	+0.4P
Other	Net sales	10,123	10,300	+1.7%
	Operating profit	877	750	-14.6%
	Operating profit ratio	8.7%	7.3%	-1.4P

(5) Basic Policy on Profit Distribution and Dividends for the Current and Next Fiscal Years

1) Basic Policy on Profit Sharing

We recognize that returning profits to shareholders is an important management issue. Our basic policy is to continue paying stable dividends after taking into account consolidated business results, while ensuring appropriate internal reserves that will lead to business development from a medium- to long-term management perspective.

Under this policy, the Medium-Term Management Plan (2024-2026) sets a policy of increasing the target total return ratio from 45% to 50% and continuously enhancing dividends per share, based on a balance between promoting investments for growth, ensuring financial soundness, and strengthening shareholder returns. In order to continuously enhance the distribution of profits to shareholders in line with business growth, we believe it is desirable to provide shareholder returns based on profits from operations, which are not affected by temporary income or loss.

2) Dividend of surplus for the current fiscal year

With regard to dividends from retained earnings for the fiscal year, we plan to pay a year-end dividend of ¥36 per share, an increase of ¥2 from the initial planned dividend of ¥34 per share, based on the fact that business growth in the fiscal year exceeded the plan. As a result, the annual dividend per share for the fiscal year, including the interim dividend, will be ¥70. Combined with the acquisition of treasury stock of about ¥6.5 billion, the total return ratio for the fiscal year will be 45.8%. However, the total return ratio, calculated based on our idea described above, will be 49.8%, which is a level consistent with the basic policy.

3) Dividend of surplus for the next fiscal year

Regarding the dividend of retained earnings for the next fiscal year, the Company plans to pay an annual dividend of ¥76 per share (including an interim dividend of ¥38 per share). In addition, with respect to the share buyback for the next fiscal year, the Company has decided to repurchase a total of ¥42.0 billion of its own shares, consisting of about ¥7.0 billion based on the target total return ratio of 50%, and an additional about ¥35.0 billion as part of efforts to optimize its capital structure.

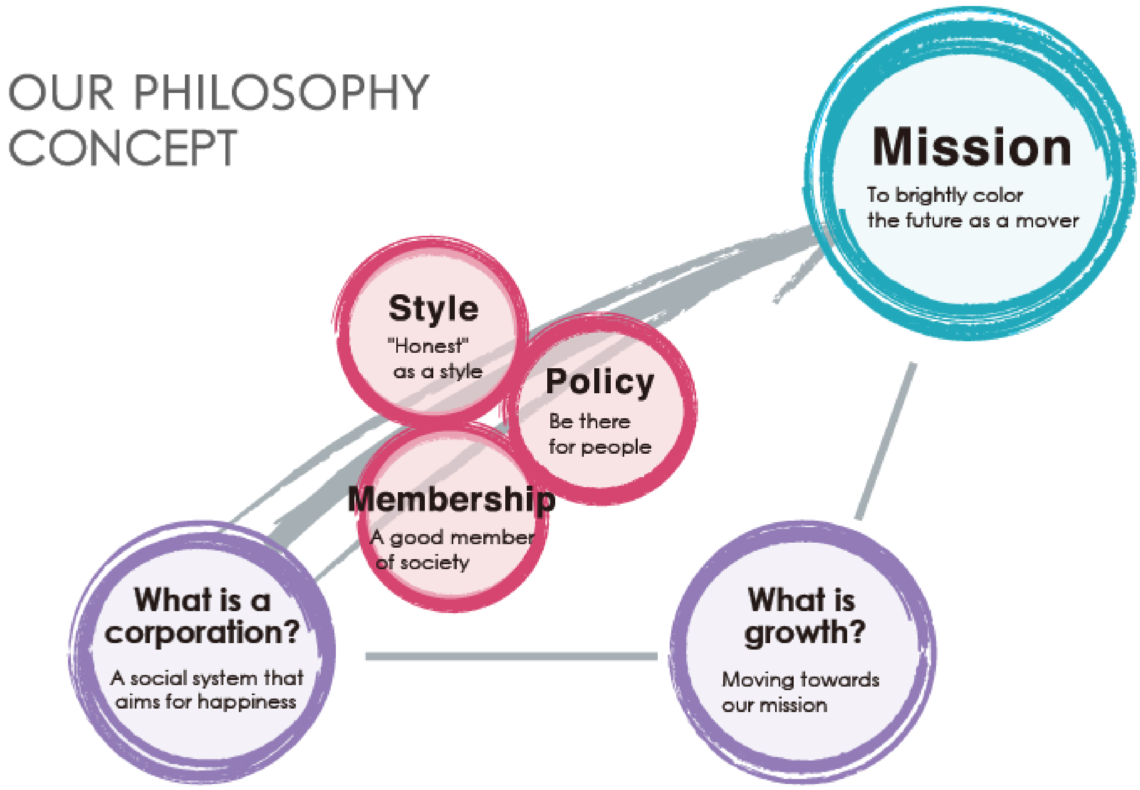
2. Management Policy

(1) Basic Management Policy

Guided by the Group's Basic Philosophy [OURPHILOSOPHY], our Group aims to contribute to a sustainable society and realize sustainable increases in corporate value by improving value exchangeability with stakeholders through solving social issues through business activities and upgrading management in response to social demands.

In addition, the Group Vision defines the ideal image that the Group should aspire to 10 years from now in order for all Group members to bring together their strengths to realize the ideal and to continuously increase corporate value. The Group Vision was formulated in April 2024 as the latest version of [Group Vision 2032] based on changes in the internal and external environment.

(OUR PHILOSOPHY: The Group's basic philosophy)



https://www.tis.com/group/philosophy/

(Group Vision 2032: Long-Term Management Policy)

We aim to become an advanced global IT group that possesses both sociality and innovation with the theme of [Society, Diversified, Global]. To resolve social issues, we will proactively recruit innovative technologies and incorporate capabilities in other industries, while diversifying and globalizing our businesses, thereby achieving business innovation and market creation.

We define our own business activity areas as strategic domains in order to realize sustainable growth, and each segment will strive to develop and create a market with the best mix of strategic domains based on market characteristics.

<Strategic domains>

Social Innovation Service	A business that includes social impact indicators and in which our group directly solves social issues
Co-Creation Business	A business that creates new markets in areas that cannot be achieved by using the Group alone, by combining the strengths of each of our groups and co-creation partners
Strategic Partnership Business	Consider and promote business strategies together with top-class industry customers, leveraging industry-related foresight and knowledge that cannot be followed by other companies, and undertake core business activities
IT & Business Offering Service	A business that utilizes accumulated technology and know-how to provide services that could become de facto standard in the future prior to industry needs in specific industries and operations

(2) Medium- to Long-Term Management Strategy

Our 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.

■ 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	• 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 • Improve profitability by upgrading investment management
Business Process Management	• 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
Financial IT Business	• 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
Industrial IT Business	• Deepen customer relationships and expand services with a focus on manufacturing, energy, and social infrastructure • Drive growth with existing customers and attract new ones by leveraging a variety of services such as ERP and modernization
Regional IT Solutions	• Nationwide deployment of original IT solutions developed in close contact with clients in five priority areas (public administration, healthcare, finance, industry and infrastructure)

■ 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 2027. 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

Customer needs are diversifying as social trends change and innovative technologies emerge. 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 expanding 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 customers, and thereby updating existing intellectual property and generating valuable information that will lead to the creation of new intellectual property.

■ Financial Strategy

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 taking other measures, thereby ensuring financial soundness and generating sustainable returns above the cost of capital. We will strengthen and enhance shareholder returns in line 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.

Basic policy	**Frontiers 2026** • 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**.				
Key performance indicators	**Human resources growth** and **added value** cycle	Improved **earning power**	**Asset (=intellectual property)** value creation	Winning **confidence of society**	**Meaningful growth**
	Operating income per person **More than ¥3.5 million**	Operating margin **13.1%** Adjusted operating margin 13.4%※1	ROIC/ROE **Above 13%/ above16%**	Sales **¥620 billion**	EPS CAGR **Above 10%**
Priority strategies	**Market Strategies** • Concentrate investment of management resources into defined growth areas, based on social issues and in-house strengths • Balancing efforts to increase added value of services and reinforce technology investment, expand business with sense of speed, especially in ASEAN region				
	Service Strategies	**Technology Strategies**	**Intellectual Property Strategies**	**Human Resources Strategies**	
	• All services, from upstream to business process outsourcing, will benefit under full value chain status • Enrich pure services*3, focusing on four social issues*2	• Leverage knowledge distribution, IT architect development and redeployment structure • Promote process redevelopment using AI x automation	• Seek balance between higher added value and expanded business scale, with greater accumulation and utilization of intellectual property • Accelerate intellectual property creation through internal use of information on points of client contact	• Bolster issue resolution capabilities by increasing number consultants to create 700-person structure and by standardizing basic consulting skills • Secure and develop top talent and establish structure for flexible redeployment of human resources	

*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.

(3) Target Management Indicators

The Medium-Term Management Plan (2024-2026), as an objective measure of contribution to society, includes: [Net sales of ¥620 billion] [Operating profit (operating profit ratio) ¥81 billion (13.1%)] [EPS grew by more than 10% annually] [ROIC/ROE above 13%/above 16%] [Operating profit per capita of more than ¥3.5 million].

3. Basic Policy on Selecting Accounting Standards

The TIS INTEC Group uses Japanese accounting standards for financial reporting. The Group continues to review the possibility of optional application of International Financial Reporting Standards (IFRS).

4.Consolidated Financial Statements
(1) Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2024	As of March 31, 2025
Assets		
Current assets		
Cash and deposits	103,554	84,013
Notes and accounts receivable - trade, and contract assets	144,141	151,313
Lease receivables and investments in leases	4,312	4,184
Securities	281	38,717
Merchandise and finished goods	3,946	5,330
Work in process	1,432	966
Raw materials and supplies	193	186
Prepaid expenses	30,217	30,939
Other	3,868	3,709
Allowance for doubtful accounts	(392)	(280)
Total current assets	291,556	319,080
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	34,325	35,564
Machinery, equipment and vehicles, net	8,205	7,044
Land	15,802	27,348
Leased assets, net	4,720	4,214
Other, net	6,662	6,829
Total property, plant and equipment	69,715	81,002
Intangible assets		
Software	20,329	17,729
Software in progress	3,246	2,540
Goodwill	9,659	7,863
Other	22,565	20,588
Total intangible assets	55,801	48,722
Investments and other assets		
Investment securities	56,396	57,041
Retirement benefit asset	10,754	12,920
Deferred tax assets	20,397	16,716
Other	21,092	22,821
Allowance for doubtful accounts	(258)	(255)
Total investments and other assets	108,382	109,245
Total non-current assets	233,899	238,970
Total assets	525,456	558,051

(Millions of yen)

	As of March 31, 2024	As of March 31, 2025
Liabilities		
Current liabilities		
Notes and accounts payable - trade	26,206	28,946
Short-term borrowings	17,398	22,213
Income taxes payable	9,024	12,971
Provision for bonuses	16,952	17,757
Provision for loss on orders received	1,955	487
Provision for performance-linked compensation	—	313
Other provisions	114	181
Contract liabilities	26,946	27,941
Other	41,678	42,397
Total current liabilities	140,277	153,210
Non-current liabilities		
Long-term borrowings	20,509	14,766
Lease liabilities	4,763	4,093
Deferred tax liabilities	8,507	8,763
Deferred tax liabilities for land revaluation	272	272
Provision for retirement benefits for directors (and other officers)	0	0
Provision for performance-linked compensation	119	384
Other provisions	11	195
Retirement benefit liability	12,808	11,922
Asset retirement obligations	6,617	6,794
Other	6,844	1,582
Total non-current liabilities	60,453	48,775
Total liabilities	200,730	201,986
Net assets		
Shareholders' equity		
Share capital	10,001	10,001
Capital surplus	12,314	12,290
Retained earnings	283,533	316,376
Treasury shares	(6,395)	(11,958)
Total shareholders' equity	299,453	326,709
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	11,715	12,671
Deferred gains or losses on hedges	(2)	(26)
Revaluation reserve for land	(2,672)	(2,672)
Foreign currency translation adjustment	983	1,903
Remeasurements of defined benefit plans	2,931	4,763
Total accumulated other comprehensive income	12,956	16,639
Non-controlling interests	12,315	12,715
Total net assets	324,725	356,064
Total liabilities and net assets	525,456	558,051

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

Consolidated Statements of Income

(Millions of yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Net sales	549,004	571,687
Cost of sales	397,365	411,480
Gross profit	151,639	160,206
Selling, general and administrative expenses	87,070	91,158
Operating profit	64,568	69,047
Non-operating income		
Interest income	401	405
Dividend income	689	775
Share of profit of entities accounted for using equity method	—	833
Foreign exchange gains	497	—
Reversal of allowance for doubtful accounts	2,501	5
Other	923	601
Total non-operating income	5,012	2,620
Non-operating expenses		
Interest expenses	380	495
Share of loss of entities accounted for using equity method	20	—
Financing expenses	224	90
Loss on investments in investment partnerships	142	41
Compensation expenses	—	142
Other	260	395
Total non-operating expenses	1,027	1,164
Ordinary profit	68,553	70,503
Extraordinary income		
Gain on sale of investment securities	2,254	8,558
Gain on reversal of asset retirement obligations	551	—
Other	484	1,011
Total extraordinary income	3,291	9,570
Extraordinary losses		
Impairment losses	1,094	4,242
Loss on valuation of investment securities	1,382	458
Loss on valuation of shares of subsidiaries	—	827
Other	175	396
Total extraordinary losses	2,652	5,926
Profit before income taxes	69,193	74,147
Income taxes - current	18,277	19,533
Income taxes - deferred	664	2,598
Total income taxes	18,942	22,132
Profit	50,250	52,014
Profit attributable to non-controlling interests	1,376	2,002
Profit attributable to owners of parent	48,873	50,012

Consolidated Statements of Comprehensive Income

(Millions of yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Profit	50,250	52,014
Other comprehensive income		
Valuation difference on available-for-sale securities	3,824	947
Deferred gains or losses on hedges	58	(48)
Foreign currency translation adjustment	444	1,198
Remeasurements of defined benefit plans, net of tax	1,836	1,852
Share of other comprehensive income of entities accounted for using equity method	206	229
Total other comprehensive income	6,372	4,179
Comprehensive income	56,622	56,193
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	54,911	53,696
Comprehensive income attributable to non-controlling interests	1,711	2,497

(3) Consolidated Statements of Changes in Net Assets
FY2024 (April 1, 2023 through March 31, 2024)

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	10,001	40,470	247,263	(7,614)	290,120
Changes during period					
Dividends of surplus			(12,604)		(12,604)
Profit attributable to owners of parent			48,873		48,873
Purchase of treasury shares				(34,585)	(34,585)
Disposal of treasury shares		(0)		7,649	7,648
Cancellation of treasury shares		(28,155)		28,155	―
Net changes in items other than shareholders' equity					―
Total changes during period	―	(28,155)	36,269	1,219	9,333
Balance at end of period	10,001	12,314	283,533	(6,395)	299,453

	Accumulated other comprehensive income						Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	7,900	(31)	(2,672)	628	1,093	6,918	12,186	309,226
Changes during period								
Dividends of surplus								(12,604)
Profit attributable to owners of parent								48,873
Purchase of treasury shares								(34,585)
Disposal of treasury shares								7,648
Cancellation of treasury shares								―
Net changes in items other than shareholders' equity	3,815	28	―	354	1,838	6,037	128	6,165
Total changes during period	3,815	28	―	354	1,838	6,037	128	15,498
Balance at end of period	11,715	(2)	(2,672)	983	2,931	12,956	12,315	324,725

FY2025 (April 1, 2024 through March 31, 2025)

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	10,001	12,314	283,533	(6,395)	299,453
Changes during period					
Dividends of surplus			(17,169)		(17,169)
Profit attributable to owners of parent			50,012		50,012
Purchase of treasury shares				(7,865)	(7,865)
Disposal of treasury shares		(24)		2,302	2,277
Cancellation of treasury shares					—
Net changes in items other than shareholders' equity					—
Total changes during period	—	(24)	32,843	(5,563)	27,255
Balance at end of period	10,001	12,290	316,376	(11,958)	326,709

	Accumulated other comprehensive income						Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	11,715	(2)	(2,672)	983	2,931	12,956	12,315	324,725
Changes during period								
Dividends of surplus								(17,169)
Profit attributable to owners of parent								50,012
Purchase of treasury shares								(7,865)
Disposal of treasury shares								2,277
Cancellation of treasury shares								—
Net changes in items other than shareholders' equity	955	(23)	—	920	1,831	3,683	400	4,084
Total changes during period	955	(23)	—	920	1,831	3,683	400	31,339
Balance at end of period	12,671	(26)	(2,672)	1,903	4,763	16,639	12,715	356,064

(4) Consolidated Statements of Cash Flows

(Millions of yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Cash flows from operating activities		
Profit before income taxes	69,193	74,147
Depreciation	17,340	18,748
Impairment losses	1,094	4,242
Loss (gain) on sale of investment securities	(2,249)	(8,558)
Loss (gain) on valuation of investment securities	1,382	1,286
Loss on retirement of non-current assets	109	93
Amortization of goodwill	619	818
Loss (gain) on sale of shares of subsidiaries	—	(851)
Increase (decrease) in provision for bonuses	(673)	804
Increase (decrease) in allowance for doubtful accounts	(2,385)	(37)
Increase (decrease) in retirement benefit liability	(415)	(813)
Interest and dividend income	(1,090)	(1,180)
Interest expenses	380	495
Share of loss (profit) of entities accounted for using equity method	20	(833)
Decrease (increase) in accounts receivable - trade, and contract assets	(10,568)	(5,603)
Decrease (increase) in inventories	258	(999)
Increase (decrease) in trade payables	(1,277)	2,191
Increase (decrease) in accrued consumption taxes	2,013	(3,211)
Increase (decrease) in other current liabilities	12,956	2,743
Other, net	(1,395)	(4,671)
Subtotal	85,310	78,809
Interest and dividends received	1,278	1,226
Interest paid	(374)	(453)
Income taxes paid	(23,636)	(15,834)
Net cash provided by (used in) operating activities	62,578	63,748
Cash flows from investing activities		
Purchase of securities	(400)	(400)
Proceeds from sale and redemption of securities	500	413
Purchase of property, plant and equipment	(13,081)	(18,819)
Proceeds from sale of property, plant and equipment	495	154
Purchase of intangible assets	(5,850)	(6,593)
Purchase of investment securities	(2,887)	(9,033)
Proceeds from sale and redemption of investment securities	6,995	17,675
Payments of leasehold and guarantee deposits	(365)	(127)
Proceeds from refund of leasehold and guarantee deposits	275	201
Proceeds from collection of loans to subsidiaries and associates	2,961	788
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(20,724)	—
Other, net	(736)	(2,002)
Net cash provided by (used in) investing activities	(32,817)	(17,741)

(Millions of yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(77)	(1,207)
Proceeds from long-term borrowings	23,159	7,200
Repayments of long-term borrowings	(1,802)	(7,042)
Purchase of treasury shares	(34,585)	(7,865)
Proceeds from sale of treasury shares	7,648	2,277
Dividends paid	(12,604)	(17,169)
Dividends paid to non-controlling interests	(1,754)	(1,908)
Other, net	(1,873)	(2,076)
Net cash provided by (used in) financing activities	(21,889)	(27,791)
Effect of exchange rate change on cash and cash equivalents	543	351
Net increase (decrease) in cash and cash equivalents	8,415	18,566
Cash and cash equivalents at beginning of period	94,306	102,722
Cash and cash equivalents at end of period	102,722	121,288

(5) Notes on the Consolidated Financial Statements

(Notes on the Going-concern Assumption)

Not applicable.

(Notes on Changes in Accounting Policies)

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

"Accounting Standard for Current Income Taxes"(ASBJ Statement No. 27, October 28, 2022). The following "2022 Revised Accounting Standard" has been applied from the beginning 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 transitional treatment prescribed in the proviso to Paragraph 20-3 of the 2022 Revised Accounting Standard and "Implementation Guidance on Accounting Standard for Tax Effect Accounting" (ASBJ Guidance No. 28, October 28, 2022). The Company follows the transitional treatment prescribed in the proviso to Paragraph 65-2 (2) of the "2022 Revised Implementation Guidance" below. These changes in accounting policies have no impact on the 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 current fiscal year. These changes in accounting policies have been applied retroactively, and the consolidated financial statements for the previous fiscal year have been prepared on a retroactive basis. These changes in accounting policies have no impact on the consolidated financial statements for the previous fiscal year.

(Significant Accounting Policies for Preparing Consolidated Financial Statements)

1. Scope of consolidation

(1) Number of consolidated subsidiaries

51 for fiscal 2024 and 49 for fiscal 2025

Names of main consolidated subsidiaries

INTEC Inc.
AGREX Inc.
Qualica Inc.
AJS Inc.
TIS Solution Link Inc.
TIS System Service Inc.
MFEC Public Co., Ltd.
Nihon ICS Co., Ltd.

For the fiscal year under review, two companies were excluded from the scope of consolidation as we had sold shares in them.

(2) Names of main non-consolidated subsidiaries

Main non-consolidated subsidiaries

JCS Computer Service Inc.

(Reasons for exclusion from the scope of consolidation)

Non-consolidated subsidiaries were excluded from the scope of consolidation as they were all small in size and none of their combined total assets and net sales as well as their net income (an amount commensurate with their equity interests) and retained earnings (an amount commensurate with their equity interests) had any material impact on the consolidated financial statements.

2. Application of the equity method

(1) Number of affiliates to which the equity method was applied

58 affiliates for fiscal 2024 and 60 affiliates for fiscal 2025

Names of principal companies

PT Anabatic Technologies Tbk
CardInfoLink
NTQ Solution Joint Stock Company

For the fiscal year under review, the equity method was newly applied to four affiliates as we had acquired shares in them. The equity method was not applied to two affiliates as we had sold shares in it.

(2) Names of principal non-consolidated subsidiaries and affiliates to which the equity method was not applied

(Non-consolidated subsidiary) JCS Computer Service Inc.

(Affiliate) ICS Partners Co., Ltd.

(Reasons why the equity method was not applied)

Non-consolidated subsidiaries and affiliates to which the equity method was not applied were treated thus because: i) doing so had only a negligible impact on the consolidated financial statements judging from their net income (an amount commensurate with their equity interests) and retained earnings (an amount commensurate with their equity interests); and ii) they were immaterial.

(3) For equity-method affiliates whose fiscal year-ends differ from the consolidated fiscal year-end, we used the financial statements for their respective fiscal years.

3. Fiscal years of consolidated subsidiaries

Of our consolidated subsidiaries, MFEC Public Co., Ltd., I AM Consulting Co., Ltd., TISI (SHANGHAI) Co., Ltd., QUALICA ASIA PACIFIC PTE. Ltd. and QUALICA (SHANGHAI) INC. have a financial closing date of December 31 of each year. The financial statements on December 31 are used for preparation, but we make adjustments required for consolidation with regard to material transactions done prior to the consolidated fiscal year end.

4. Accounting policies

(1) Valuation standards and methods for significant assets

(A) Securities

Held-to-maturity debt securities

Stated at amortized cost (using the straight-line method)

Available-for-sale securities

Non-stock securities without market prices

Stated at market value (all unrealized valuation gains and losses are accounted for as a component of net assets and the cost of securities sold is computed mainly using the moving-average method)

Stock securities without market prices

Stated at cost mainly using the moving-average method

Investments in limited liability investment partnerships and partnerships equivalent to them (investments deemed to be securities under Article 2, Paragraph 2 of the Financial Instruments and Exchange Act) are stated at equity interest value in accordance with the latest financial statements available, based on the financial reporting dates set forth in the partnership agreements.

(B) Derivatives

Stated at market value

(C) Inventories

Merchandise and products

Stated mainly at cost using the first-in, first-out method (balance sheet values are computed using the book value write-down method in accordance with declining profitability)

Work in process

Stated mainly at cost using specific methods (balance sheet values are computed using the book value write-down method in accordance with declining profitability)

Raw materials and supplies

Stated mainly at cost in accordance with final purchasing (balance sheet values are computed using the book value write-down method in accordance with declining profitability)

(2) Depreciation-amortization methods for significant depreciable-amortizable assets

(A) Property, plant and equipment (excluding leased assets)

Stated using the straight-line method

(B) Intangible assets (excluding leased assets)

Stated using the straight-line method

For software intended for sale in the market, amortization is recorded in the higher of: i) an amortization value based on the expected sales volume during the estimated useful life (3 years); and ii) an amortization value uniformly appropriated based on the remaining useful life in which such software can be sold. For software intended for internal use, amortization is stated using the straight-line method in accordance with its internal useful life (2 to 5 years).

(C) Leased assets

Stated using the straight-line method by deeming each lease term as the useful life and residual value as zero

(3) Basis for recognition of significant provisions

(A) Allowance for doubtful accounts

In order to prepare for potential default losses on accounts receivable-trade and loans receivable, we recognize an estimated unrecoverable value in accordance with our historical default loss ratio for general receivables and in consideration of the individual recoverability for specific receivables such as doubtful receivables.

(B) Provision for bonuses

In order to pay employee bonuses, we recognize the estimated payment value for the current fiscal year.

(C) Provision for retirement benefits for directors

To prepare for the payment of directors' retirement benefits, some of the domestic consolidated subsidiaries recognize a value required to be paid at the end of the fiscal year in accordance with their internal regulations.

(D) Provision for loss on orders received

In order to prepare for a potential future loss on contracts acquired, we recognize an amount of loss expected to be incurred in the following fiscal year or thereafter with regard to contracts on which a future loss is expected at the end of the current fiscal year and for which the loss amount can be reasonably estimated.

(E) Provision for performance-linked compensation

To provide for the payment of shares and money to officers, an allowance is provided based on the estimated amount to be paid at the end of the current fiscal year.

(4) Accounting method for retirement benefits

(A) Method of attributing estimated amounts of retirement benefits to periods

In computing retirement benefit obligations, we use a benefit computation standard for attributing estimated amounts of retirement benefits to the periods until the end of the current fiscal year.

(B) Method of expensing actuarial differences and prior service cost

Prior service cost is expensed using the straight-line method over a certain number of years (5 to 10 years) within the average remaining years of employee service at the time of occurrence in each fiscal year.

An actuarial difference is expensed principally by the straight-line method in amounts prorated over a certain number of years (5 to 15 years) within the average remaining years of employee service, starting from the fiscal year following the year in which they occur. Some of the consolidated subsidiaries use the simplified method for computing their retirement benefit obligations.

(C) Accounting method for unrecognized actuarial differences and unrecognized prior service cost

After adjusting for tax effects, we record unrecognized actuarial differences and unrecognized prior service cost under accumulated adjustments related to retirement benefits under other accumulated comprehensive income in net assets.

(5) Basis for recognition of significant revenues and expenses

Our group recognizes revenue from a contract with a customer in an amount of consideration likely to acquire a right in exchange for the goods or service when the promised control of the goods or service is transferred, or in the process of being transferred, to the customer, in accordance of the following five steps.

For cloud services and sales of products and software, we recognize revenue in a net amount determined by subtracting an amount to be paid to the supplier from an amount expected to be received from the customer in the event of falling under an agent transaction in which the performance obligation is deemed to be an act to arrange for the goods or service to be provided by other party involved.

We recognize revenue from financial lease transactions by a method of recording net sales and cost of sales at the time of receiving the lease fee.

Step 1: Identify the contract with the customer

Step 2: Identify the performance obligation in the contract

Step 3: Compute the transaction price

Step 4: Allocate the transaction price to the performance obligation in the contract

Step 5: Recognize revenue when the performance obligation is satisfied or is in the process of being satisfied

We identify our performance obligation for our group's principal businesses (software development, operation and cloud services and sales of products and software) under a contract with each customer, and recognize revenue as shown below. Mainly within three months after meeting the performance obligation, we receive transaction consideration, which does not include any significant financial factor.

(A) Software development

Our software development operations consist chiefly of: i) IT management consulting services intended to solve issues for customer business management and operating activities; ii) development and maintenance services based on IT system scratch development or business packages and iii) on-site business support-based development services.

We think the performance obligation for these services will be satisfied in accordance with the progress of each project. Therefore, in principle we reasonably estimate a progress rate for satisfying our performance obligation and recognize revenue over a certain period in accordance with the rate. We compute progress rate primarily in accordance with the ratio of incurred cost to estimated total cost of sales.

(B) Operation and cloud services

Our operation and cloud services consist chiefly of: i) on-site business support-based operational services such as for system operation provided by in-house data centers; ii) outsourcing services for business processes and clerical processing; and iii) on-demand IT resource provision using cloud computing such as SaaS.

We think the performance obligation for these services will be satisfied over the service provision period.

Therefore, we recognize revenue primarily in the process of control of the promised goods or service being transferred to the customer.

(C) Sales of products and software

Our sales of products and software consist mainly of selling and maintenance of hardware, such as servers and network equipment, as well as software.

We think the performance obligation for these services will be satisfied at the time of delivery to the customer for hardware-software sales and over the period of service provision for maintenance. Therefore, we recognize revenue at the time of control of promised goods or service is transferred to the customer or is in the process being transferred to the customer.

(6) Basis for translating significant foreign currency-denominated assets or liabilities into Japanese yen

Monetary receivables and payables denominated in a foreign currency are translated into Japanese yen at a spot exchange rate prevailing on a consolidated balance sheet date, and any translation difference is recognized as profit or loss. The accounts of foreign subsidiaries are translated into Japanese yen at a spot exchange rate prevailing on a balance sheet date, and any translation difference is recognized under foreign currency translation adjustments and non-controlling interests in net assets.

(7) Significant hedge accounting methods

(A) Hedge accounting methods

In principle, deferred hedge accounting is applied. However, deferral hedge accounting is used for forward exchange contracts and foreign currency swaps that meet the conditions for deferral hedge accounting, and special treatment is used for interest rate swaps that meet the requirements for special treatment.

(B) Hedging instruments and targets

Hedging instrument	Hedging target
Forward exchange contract	Foreign currency-denominated transaction (monetary claim-liability transaction and planned transaction)
Currency swap	Foreign currency-denominated transaction (monetary claim-liability transaction and planned transaction)
Interest rate swap	Borrowings and loans with fixed or floating interest rates

(C) Hedging policy

Pursuant to our internal rules on derivatives, we use derivatives for the purpose of reducing foreign exchange fluctuation risks and interest rate fluctuation risks and do not enter into any transaction for speculative purposes.

(D) Method of assessing hedging effectiveness

We assess hedging effectiveness in accordance with cumulative changes in market value or cash flows of hedge targets and the cumulative changes in market value or cash flows of hedging instruments, as compared quarterly.

However, for interest rate swaps subject to special treatment, we omitted an ex-post assessment of their effectiveness. When entering into a currency swap contract or a forward exchange contract while allocating a foreign currency-denominated currency swap contract or a forward exchange contract of same maturities, we omit an ex-post assessment of effectiveness because correlation stemming from subsequent foreign exchange market fluctuations is fully ensured.

(8) Amortization method and amortization period for goodwill

Amortized using the straight-line method over an appropriate amortization period (within 20 years after recognition) in accordance with the actual status of each subsidiary.

(9) The scope of cash in the consolidated statement of cash flows

Composed of cash on hand, deposits able to be withdrawn at any time, and short-term investments readily convertible into cash and that bear only minor risk of fluctuations in value with maturities of three months or less from the date of acquisition

(Segment Information, etc.)

(Segment Information)

1. Outline of reportable segments

The Company's reportable segments are its constituents for which separate financial statements are available and which are subject to a periodic review by the Board of Directors in order to make resource allocation decisions and evaluate performance.

Our group is composed of the Offering Service Business, BMP, the Financial IT Business, the Industrial IT Business and the Regional IT Solutions from a perspective of services and customers and markets.

(Offering Service Business)

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

(Business Process Management)

Applies such strengths as IT expertise, business know-how and skilled human resources to realize and provide higher-level, more-efficient outsourcing solutions targeting business process-related issues.

(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.

(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.

(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.

2. The method of computing net sales, profits, assets and other items by reportable segment

The accounting treatment of reportable business segments is more or less identical to what is set forth in the section titled "Significant Accounting Policies for Preparing Consolidated Financial Statements."

Reportable segment income represents operating income.

Intersegment revenues and transfers are based on third-party transaction prices.

3. Information on net sales, income, and other items by reportable segment

I. FY2024 (April 1, 2023 through March 31, 2024)

(millions of yen)

	Reportable segment						Other (Note 1)	Total	Adjustment (Note 2)	Amount recorded in quarterly consolidated statement of income (Note 3)
	Offering Service Business	Business Process Management	Financial IT Business	Industrial IT Business	Regional IT Solutions	Total				
Net sales										
Net sales to external customers	116,115	39,882	104,822	121,309	164,786	546,916	2,088	549,004	—	549,004
Inter-segment sales or transfers	14,643	2,070	1,482	586	7,589	26,373	7,493	33,866	(33,866)	—
Total	130,759	41,953	106,304	121,896	172,376	573,289	9,581	582,871	(33,866)	549,004
Segment income	7,659	4,551	15,185	18,287	18,497	64,181	777	64,959	(390)	64,568
Other items										
Depreciation	8,516	669	622	3,263	3,603	16,675	506	17,182	158	17,340

(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 ¥-390 million includes the elimination of unrealized income of ¥59 million.

3. Segment income has been adjusted to with operating profit recorded in the consolidated statements of income.

II. FY2025 (April 1, 2024 through March 31, 2025)

(millions of yen)

	Reportable segment						Other (Note 1)	Total	Adjustment (Note 2)	Amount recorded in quarterly consolidated statement of income (Note 3)
	Offering Service Business	Business Process Management	Financial IT Business	Industrial IT Business	Regional IT Solutions	Total				
Net sales										
Net sales to external customers	131,667	40,521	98,918	127,634	170,437	569,179	2,507	571,687	—	571,687
Inter-segment sales or transfers	13,847	2,125	1,333	485	6,988	24,781	7,615	32,396	(32,396)	—
Total	145,515	42,646	100,252	128,120	177,425	593,960	10,123	604,083	(32,396)	571,687
Segment income	9,937	5,326	12,321	19,330	21,576	68,492	877	69,369	(322)	69,047
Other items										
Depreciation	9,208	673	1,212	2,810	4,225	18,129	520	18,649	99	18,748

(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 ¥-322 million includes the elimination of unrealized income of ¥-344 million.

3. Segment income has been adjusted to with operating profit recorded in the consolidated statements of income.

(Notes on Significant Changes in the Amount of Shareholders' Equity)

Not applicable.

(Revenue recognition)

Disaggregated information on revenue from contracts with customers

I. FY2024 (April 1, 2023 through March 31, 2024)

(millions of yen)

	Reportable segment						Other (Note 1)	Total
	Offering Service Business	Business Process Management	Financial IT Business	Industrial IT Business	Regional IT Solutions	Total		
Software development	45,618	13,219	59,294	78,877	83,750	280,759	—	280,759
Operating and Cloud services	39,491	25,536	40,167	26,532	56,571	188,299	—	188,299
Product and Software Sales	31,006	1,125	5,361	15,899	24,465	77,857	—	77,857
Other	—	—	—	—	—	—	2,088	2,088
Total	116,115	39,882	104,822	121,309	164,786	546,916	2,088	549,004

(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.

II. FY2025 (April 1, 2024 through March 31, 2025)

(millions of yen)

	Reportable segment						Other (Note 1)	Total
	Offering Service Business	Business Process Management	Financial IT Business	Industrial IT Business	Regional IT Solutions	Total		
Software development	51,836	13,129	51,942	86,042	86,714	289,665	—	289,665
Operating and Cloud services	42,228	25,804	41,938	24,624	58,370	192,966	—	192,966
Product and Software Sales	37,602	1,587	5,037	16,967	25,352	86,546	—	86,546
Other	—	—	—	—	—	—	2,507	2,507
Total	131,667	40,521	98,918	127,634	170,437	569,179	2,507	571,687

(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.

(Per share information)

	Fiscal 2024 (From April 1, 2023 to March 31, 2024)	Fiscal 2025 (From April 1, 2024 to March 31, 2025)
Net assets per share	1,333.32 yen	1,477.61 yen
Basic earnings per share	203.28 yen	215.00 yen

(Notes) 1. Diluted earnings per share is not stated because there are no dilutive shares.

2. Shares in the Company held by the employee shareholding association trust account are included in treasury shares deducted from the total number of issued shares at the end of the period in the computation of net assets per share. (1,742 thousand shares for the previous fiscal year, and 1,147 thousand shares for the current fiscal year)

Shares in the Company held by the employee shareholding association trust account are included in treasury shares deducted for calculating an average number of shares for the period in the computation of basic earnings per share. (487 thousand shares for the previous fiscal year and 1,457 thousand shares for the current fiscal year)

3. Shares in the Company held by the officer remuneration BIP trust account are included in treasury shares deducted from the total number of issued shares at the end of the period in the computation of net assets per share. (180 thousand shares for the previous fiscal year and 499 thousand shares for the current fiscal year)

Shares in the Company held by the officer remuneration BIP trust account are included in treasury shares deducted for calculating an average number of shares for the period in the computation of net income per share. (193 thousand shares for the previous fiscal year and 370 thousand shares for the current fiscal year)

4. The basis for computing net income per share is as follows.

	Fiscal 2024 (From April 1, 2023 to March 31, 2024)	Fiscal 2025 (From April 1, 2024 to March 31, 2025)
Profit attributable to owners of parent (in millions of yen)	48,873	50,012
Profit not attributable to common stock shareholders (in millions of yen)	-	-
Profit attributable to owners of parent for common stock (in millions of yen)	48,873	50,012
Average number of shares during the period (thousand shares)	240,427	232,621

(Significant Subsequent Events)

(Share buyback)

The Company resolved at a Board of Directors' meeting held on May 8, 2025, to acquire its own (treasury) shares in accordance with the provisions of Article 156 of the Companies Act of Japan as applied pursuant to Paragraph 3, Article 165 of said Act.

1. Reason for share buyback

To enhance shareholder returns and capital efficiency by implementing an agile capital strategy that is flexibly responsive to changes in the operating environment.

2. Details of resolution on share buyback

(1) Class of shares to be repurchased

Common shares

(2) Total number of shares to be repurchased

12,000,000 shares (upper limit)

(3) Total cost of repurchase

¥42,000 million (upper limit)

(4) Period for repurchase

May 9, 2025 – December 31, 2025

(5) Method for repurchase

Market purchase on the Tokyo Stock Exchange (Including purchases through Off-auction own share repurchase transaction (ToSTNeT-3))

5. 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 system 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).