



**TIS Inc.**

Q1 Financial Results Briefing for the Fiscal Year Ending March 31, 2025

July 30, 2024

## Event Summary

---

<b>[Company Name]</b>	TIS Inc.	
<b>[Company ID]</b>	3626-QCODE	
<b>[Event Language]</b>	JPN	
<b>[Event Type]</b>	Earnings Announcement	
<b>[Event Name]</b>	Q1 Financial Results Briefing for the Fiscal Year Ending March 31, 2025	
<b>[Fiscal Period]</b>	FY2025 Q1	
<b>[Date]</b>	July 30, 2024	
<b>[Number of Pages]</b>	15	
<b>[Time]</b>	16:30 – 16:54 (Total: 24 minutes, Presentation: 8 minutes, Q&A: 16 minutes)	
<b>[Venue]</b>	Dial-in	
<b>[Venue Size]</b>		
<b>[Participants]</b>		
<b>[Number of Speakers]</b>	2	
	Masakazu Kawamura	Managing Executive Officer, Division Manager of Corporate Planning SBU
	Daisuke Kawaguchi	Department Manager of Corporate Management Department
<b>[Analyst Names]*</b>	Hiroko Sato	Jefferies
	Satoru Kikuchi	SMBC Nikko Securities Inc.
	Mitsunobu Tsuruo	Citigroup Global Markets

\*Analysts that SCRIPTS Asia was able to identify from the audio who spoke during Q&A or whose questions were read by moderator/company representatives.

---

### Support

Japan 050.5212.7790  
Tollfree 0120.966.744

North America 1.800.674.8375  
Email Support support@scriptasia.com



## Presentation

---

**Moderator:** Thank you very much for your patience. We will now hold the financial results briefing for Q1 of the fiscal year ending March 2025 for TIS Inc.

Masakazu Kawamura, Managing Executive Officer, Division Manager of Corporate Planning SBU, and Daisuke Kawaguchi, Department Manager of Corporate Management Department, are attending today's conference call.

Kawamura will first give a 10-minute presentation, followed by a Q&A session. Kawaguchi will join the Q&A session, and the two of them will be available to answer questions. The entire meeting is scheduled to last 30 minutes. The explanatory materials are available on the website of TIS Inc. for your reference.

We will now begin our presentation.

**Kawamura:** This is Kawamura from TIS. Thank you. I will now explain the details of the Group's financial results of Q1, which were announced at 3:30 PM today.

## Highlights



### Fiscal 2025 First Quarter: Financial Highlights

- **Sales up over corresponding period a year ago while operating income decreased slightly but still in line with expectations.**
- **Profitability declined year on year, as large-scale projects fell from peak recorded in previous fiscal year and also due to impact from unprofitable projects.**
- **Value of orders received and order backlog rose over the corresponding period a year ago, driven by increase in software development activities.**

© 2024 TIS Inc.

■ 2

Please see page two. These are the highlights of our financial results.

---

### Support

Japan 050.5212.7790  
Tollfree 0120.966.744

North America 1.800.674.8375  
Email Support support@scriptasia.com



There are three key points. Revenues increased YoY, while operating profit declined slightly, but this is in line with expectations. Profitability was lower than in the same period of the previous year due to the peak-out of large projects and the impact of unprofitable projects. On the other hand, regarding orders received and order backlogs, software development accumulated.

The impact of unprofitable projects has exceeded our initial estimates, and although we will continue to work to curb the impact, we believe that the Q1 results for the fiscal year ending March 31, 2025, are generally in line with our full-year plan.



## Fiscal 2025 First Quarter: Performance Highlights (YOY change)

- Higher sales, thanks to business expansion through accurate responses to clients' IT investment needs, including demand for digital transformation.
- Posted slight decrease in operating income, but given factors, notably, that large-scale projects had fallen from peak, operating income settled in line with expectations.

[Millions of yen]	First Quarter of Fiscal 2024	First Quarter of Fiscal 2025	YOY change	
Net Sales	129,429	<b>134,055</b>	+4,625	[+3.6%]
Operating Income	14,310	<b>14,061</b>	-248	[-1.7%]
Operating Margin	11.1%	<b>10.5%</b>	-0.6P	-
Net Income Attributable to Owners of the Parent Company	10,147	<b>10,679</b>	+532	[+5.2%]
Net Income to Net Sales Ratio	7.8%	<b>8.0%</b>	+0.2P	-

-Non-operating income: ¥1,216 million  
(YOY change +¥51 million)

-Non-operating expenses: ¥206 million  
(YOY change +¥59 million)

-Extraordinary income: ¥1,987 million  
(YOY change +¥1,214 million)

→ Gain on sale of investment securities ¥1,983 million, etc.

-Extraordinary loss: ¥716 million  
(YOY change +¥492 million)

Note: Companies brought under consolidation in previous fiscal year impacted consolidated results, contributing ¥2,480 million to net sales and ¥340 million (after amortization of goodwill) to operating income.

Please refer to page five, summary of results for Q1 of the fiscal year ending March 2025.

Despite the impact of the peak-out of large projects that had been anticipated from the beginning of the period, overall business expansion was able to proceed, and net sales increased 3.6% YoY to JPY134 billion. Operating income declined 1.7% YoY to JPY14 billion, but this was largely due to the peak-out of large projects and other factors, so the result was in line with expectations.

Net income for the period was JPY10.6 billion, up 5.2% from the same period last year, mainly due to the contribution of gain on sales of investment securities resulting from the reduction of policy stockholdings. The combined effect on the performance of NIHON ICS and RESCHO, which became consolidated subsidiaries in the previous fiscal year, was approximately JPY2.5 billion in net sales and approximately JPY0.3 billion in operating profit after amortization of goodwill.

### Support

Japan 050.5212.7790  
Tollfree 0120.966.744

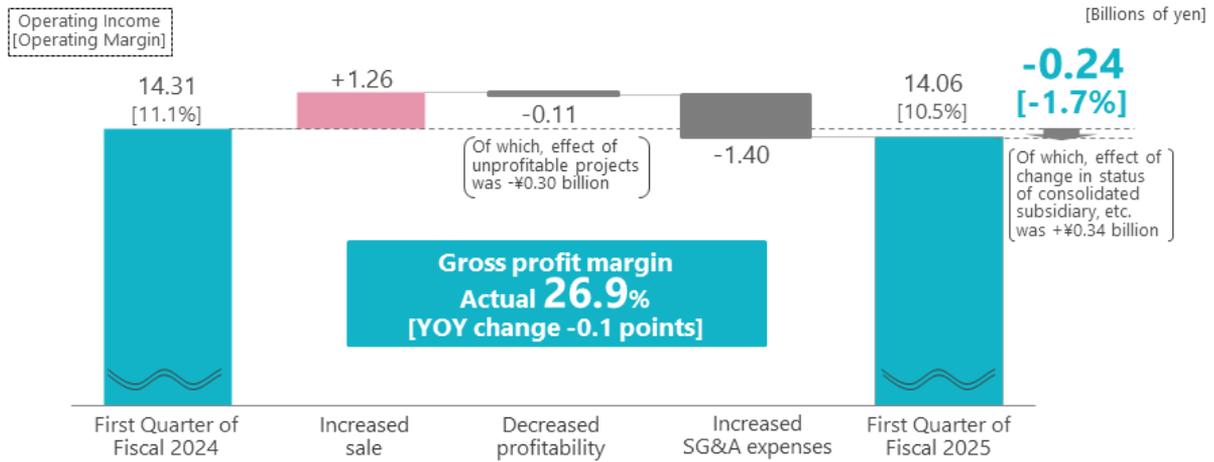
North America 1.800.674.8375  
Email Support support@scriptasia.com



## Fiscal 2025 First Quarter: Operating Income Analysis, Increase/Decrease Reasons (YOY change)



· Slight decrease in operating income and drop in profitability, as large-scale projects fell from peak and compounded impact from unprofitable projects.



**Growth investment**  
(Investment in human resources / Investment in R&D / Software investment)  
**Down ¥0.00 billion (YOY change)**  
(Cost of sales: +¥0.06 billion, SG&A expenses: -¥0.07 billion)

Changes in SG&A expenses	
Effect of change in status of consolidated subsidiary, etc.	+1.30
Growth investment	-0.07
Progress on measures	+0.22
Other expenses	-0.05
<b>Total</b>	<b>+1.40</b>

© 2024 TIS Inc.

6

Page six shows changes in operating profit by factor.

The increase in SG&A expenses offset the increase in income from higher sales, resulting in JPY240 million YoY decrease in operating income. The gross profit margin declined only slightly from the same period of the previous year due to continued steady progress in improving profitability, in addition to the effect of changes in consolidated subsidiaries, despite a decline in profitability due to the peak-out of large projects and the impact of unprofitable projects. The operating income margin declined by 0.6 percentage points, but this was due to the impact of a decline in the gross profit margin.

Unprofitable projects in Q1 amounted to approximately JPY600 million, with JPY300 million incurred mainly in Regional IT Solutions. Once again, we will strengthen group-wide quality improvement measures to prevent unprofitable projects from occurring.

### Support

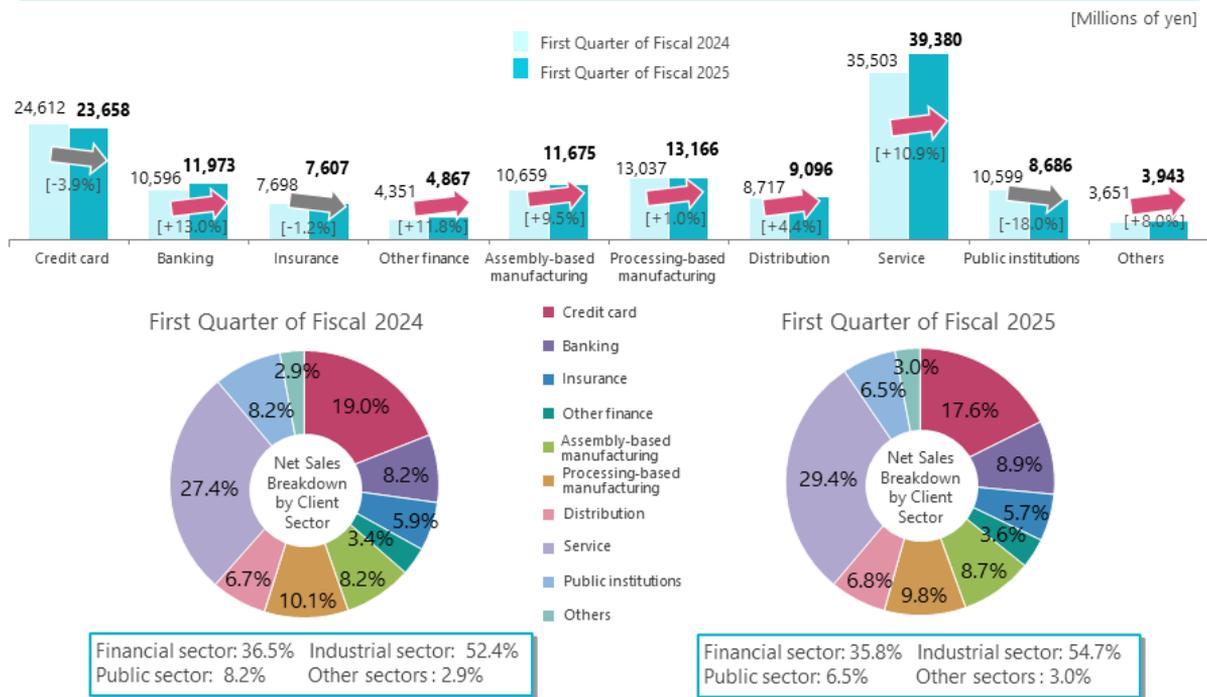
Japan 050.5212.7790  
Tollfree 0120.966.744

North America 1.800.674.8375  
Email Support support@scriptasia.com



## Fiscal 2025 First Quarter: Sales by Client Sector

• Overall, demand trends remained positive. However, key negative factors included lower sales to clients in credit card and public service sectors along with income from large-scale projects falling from peak.



© 2024 TIS Inc.

7

Please refer to page seven. Sales by client industry.

Excluding the negative impact of the peak-out of large projects in the card and public sectors, the overall trend remained strong. Among them, services, banking, and assembly-line manufacturing led the overall market. As for services, the contribution of NIHON ICS to our performance was significant, and as for banks, growth was mainly overseas. In addition, sales of assembly-line manufacturing remained strong, especially to existing customers.

### Support

Japan 050.5212.7790  
Tollfree 0120.966.744

North America 1.800.674.8375  
Email Support support@scriptasia.com

## Fiscal 2025 First Quarter: Sales and Income by Key Business Segment (YOY change)



[Millions of yen]		First Quarter of Fiscal 2024	First Quarter of Fiscal 2025	YOY change	
Offering Service Business	Net Sales	28,018	<b>34,001</b>	+5,983	[+21.4%]
	Operating Income	1,157	<b>2,206</b>	+1,049	[+90.7%]
	Operating Margin	4.1%	<b>6.5%</b>	+2.4P	-
Business Process Management	Net Sales	10,300	<b>10,008</b>	-292	[-2.8%]
	Operating Income	727	<b>836</b>	+108	[+15.0%]
	Operating Margin	7.1%	<b>8.4%</b>	+1.3P	-
Financial IT Business	Net Sales	26,737	<b>24,974</b>	-1,762	[-6.6%]
	Operating Income	4,081	<b>3,075</b>	-1,006	[-24.7%]
	Operating Margin	15.3%	<b>12.3%</b>	-3.0P	-
Industrial IT Business	Net Sales	28,670	<b>29,840</b>	+1,170	[+4.1%]
	Operating Income	4,393	<b>4,359</b>	-34	[-0.8%]
	Operating Margin	15.3%	<b>14.6%</b>	-0.7P	-
Regional IT Solutions	Net Sales	41,784	<b>41,060</b>	-723	[-1.7%]
	Operating Income	4,061	<b>3,355</b>	-706	[-17.4%]
	Operating Margin	9.7%	<b>8.2%</b>	-1.5P	-
<b>Offering Service Business:</b>	Higher sales and higher income, largely due to wider IT investment in areas of payment settlement, platform and business management as well as positive impact of M&A activity. Overseas businesses also contributed to results.				
<b>Business Process Management:</b>	Existing data-entry services continued to struggle, suffering a decrease in sales. Against this backdrop, cost control measures implemented, helping to push operating income up.				
<b>Financial IT Business:</b>	Sales and income declined, as large-scale projects for core clients in credit card sector as well as public-sector financial institutions fell from peak.				
<b>Industrial IT Business:</b>	Sales grew, reflecting wider IT investment across many sectors, including services, manufacturing and distribution, but income declined, mainly due to reactionary drop in number of large-scale software development projects for companies in manufacturing sector.				
<b>Regional IT Solutions:</b>	Lower sales and income, primarily because of reactionary drop in projects related to medical services solutions as well as the appearance of unprofitable projects and higher system improvement costs.				

© 2024 TIS Inc.

8

Page eight shows the status by major segments.

Offering services posted increases in both revenue and income due to the firm capture of IT investment business in the settlement, infrastructure-related, and business management fields in line with the progress of digitization, as well as the impact of changes in consolidated subsidiaries, including NIHON ICS. Overseas operations also contribute.

As for BPM, revenue declined as existing data entry operations continued to struggle, but ongoing cost controls also contributed to an increase in income.

In financial IT, revenue and earnings declined due to the expected peak-out effects of large projects for credit card-affiliated core customers and public-sector financial institutions.

As for Industrial IT, sales increased due to expanded IT investments in a wide range of industries, including services, manufacturing, and distribution, but earnings declined due to a reactionary drop from large-scale development projects in the manufacturing sector.

In Regional IT Solutions, sales and profits declined due to the impact of a reactionary decline in medical sales projects, as well as unprofitable projects for financial customers and increased costs for system reinforcement.

### Support

Japan 050.5212.7790  
Tollfree 0120.966.744

North America 1.800.674.8375  
Email Support support@scriptasia.com



## Fiscal 2025 First Quarter: Order Status (Orders received during first quarter)

- Value of orders received was up year on year, driven by requests for software development. Recorded notably higher order results for Industrial IT Business and Offering Service Business.
- Lower value of orders received, other than that associated with software development, are largely due to lower sales and accounting lag in recording system operation.

[Millions of yen]		First Quarter of Fiscal 2024	First Quarter of Fiscal 2025	YOY change	
Orders received during first quarter		89,536	<b>91,391</b>	+1,855	[+2.1%]
Software development		59,070	<b>62,124</b>	+3,054	[+5.2%]
<b>Key Business Segments</b>					
Offering Service Business	Orders received during first quarter	16,531	<b>18,117</b>	+1,585	[+9.6%]
	Software development	10,630	<b>12,228</b>	+1,597	[+15.0%]
Business Process Management	Orders received during first quarter	10,236	<b>9,204</b>	-1,032	[-10.1%]
	Software development	3,524	<b>2,677</b>	-847	[-24.0%]
Financial IT Business	Orders received during first quarter	12,423	<b>10,933</b>	-1,489	[-12.0%]
	Software development	9,018	<b>8,581</b>	-437	[-4.9%]
Industrial IT Business	Orders received during first quarter	21,534	<b>24,274</b>	+2,739	[+12.7%]
	Software development	17,430	<b>20,699</b>	+3,268	[+18.8%]
Regional IT Solutions	Orders received during first quarter	28,809	<b>28,862</b>	+52	[+0.2%]
	Software development	18,465	<b>17,937</b>	-527	[-2.9%]

© 2024 TIS Inc.

9

Beginning on page nine is an explanation of the status of orders.

First, overall orders received were up 2.1% YoY to JPY91.3 billion, reflecting a solid buildup of orders. Orders received other than for software development decreased from the same period of the previous fiscal year, but this was mainly due to a decline in sales and the timing of the recording of operations and is not a situation that causes particular concern.

### Support

Japan 050.5212.7790  
Tollfree 0120.966.744

North America 1.800.674.8375  
Email Support support@scriptasia.com

## Fiscal 2025 First Quarter: Order Status (Order backlog at quarter-end)



• Order backlog increased year on year. Decrease recorded by Financial IT Business is because work on large-scale projects fell from peak.

[Millions of yen]		First Quarter of Fiscal 2024	First Quarter of Fiscal 2025	YOY change	
Order backlog at quarter-end		141,830	<b>146,042</b>	+4,211	[+3.0%]
Software development		94,606	<b>96,687</b>	+2,080	[+2.2%]
<b>Key Business Segments</b>					
Offering Service Business	Order backlog at quarter-end	25,634	<b>29,510</b>	+3,876	[+15.1%]
	Software development	14,070	<b>16,663</b>	+2,593	[+18.4%]
Business Process Management	Order backlog at quarter-end	7,887	<b>7,224</b>	-662	[-8.4%]
	Software development	7,751	<b>6,982</b>	-768	[-9.9%]
Financial IT Business	Order backlog at quarter-end	34,855	<b>32,252</b>	-2,602	[-7.5%]
	Software development	25,507	<b>20,900</b>	-4,606	[-18.1%]
Industrial IT Business	Order backlog at quarter-end	31,059	<b>31,541</b>	+482	[+1.6%]
	Software development	21,178	<b>23,940</b>	+2,761	[+13.0%]
Regional IT Solutions	Order backlog at quarter-end	42,393	<b>45,512</b>	+3,119	[+7.4%]
	Software development	26,099	<b>28,200</b>	+2,101	[+8.1%]

© 2024 TIS Inc.

10

Page 10 shows the order backlog at the end of the period.

Overall order backlogs also increased YoY due to an increase in software development. The decrease in financial IT was due to the peak-out of large projects.

### Support

Japan 050.5212.7790  
Tollfree 0120.966.744

North America 1.800.674.8375  
Email Support support@scriptasia.com



## Fiscal 2025: Performance Forecasts

**\*No change**



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

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

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

© 2024 TIS Inc.

■ 12

Next, I would like to explain our forecasts for the full year ending March 2025.

Page 12 shows the full-year forecast for the fiscal year ending March 31, 2025.

As we mentioned at the beginning of this presentation, our Q1 results are generally progressing as expected against our full-year plan, so at this time we have not made any changes to our forecast for the fiscal year ending March 31, 2025. Although the impact of the peak out of large-scale projects still remains, we expect to receive new orders in Q2, mainly for industrial IT and Regional IT Solutions, and we will further ensure the achievement of our initial plan by acquiring new projects and building up orders.

This is the end of my presentation.

**Moderator:** Thank you very much.

### Support

Japan 050.5212.7790  
Tollfree 0120.966.744

North America 1.800.674.8375  
Email Support support@scriptasia.com



## Question & Answer

---

**Moderator [M]:** We will now take your questions. Please note that only two questions can be asked per person at a time. We will now begin the question-and-answer session.

Now, Mr. Sato of Jefferies Securities, please ask your questions.

**Sato [Q]:** My name is Sato from Jefferies.

**Kawamura [M]:** Thank you very much.

**Sato [Q]:** I have three questions. I would like to start with the unprofitable projects. I believe you mentioned earlier that the cost is JPY600 million, and this is a Regional IT Solutions. Is this a new project? When will the cutover be? This is my first question.

**Kawamura [A]:** Yes. Of the JPY600 million, the larger one is for Regional IT Solutions. This is a new unprofitable project that has been handled from the past. A financial customer required quality enhancement due to rework, and the progress has resulted in unprofitability. We have taken firm measures to ensure the quality of our products, and we are continuing to take action. The launch is scheduled for the spring of 2025. That's all from me.

**Sato [Q]:** So you will be involved in this throughout the current term?

**Kawamura [A]:** Yes, that's right.

**Sato [Q]:** Financial projects in Regional IT Solutions, I understand. Thank you. By the way, is this project on TIS's side or on INTEC's side? Maybe it is from TIS's side, or if it is a Regional IT Solutions, is it from INTEC's side?

**Kawamura [A]:** Since this is a Regional IT Solutions, the target company is INTEC.

**Sato [Q]:** Sorry, I have an additional question. I understand that INTEC has been involved in large unprofitable projects in the past, and I am sure that they are taking various measures to control the quality of these projects. Am I correct in understanding that you are making some progress in quality control?

**Kawamura [A]:** Yes. I apologize for the continued concern about the unprofitable projects. As I explained in May, we are once again beginning to strengthen quality control, including unprofitable projects that occurred last fiscal year. Regarding this, we are in the process of strengthening our response and system, including TIS, and we are making firm progress in this regard. In the course of these efforts, we were able to confirm the status of new unprofitable projects, and we have made an allowance for them after making a firm allowance. We will tighten our measures to prevent this from happening in the future. I appreciate your understanding.

**Sato [Q]:** Is the remaining 300 million an accumulation of smaller amounts?

**Kawamura [A]:** Yes. The other segments are also included in the small accumulation.

**Sato [Q]:** Thank you. Second, I would like to ask about the financial IT and BPM segments, which have had a bit of a reactionary decline. I think sales, profit, orders received, and order backlogs are in the negative, but financial IT, especially credit card development, has peaked out, and I think we know this to a certain extent. I also heard that BPM is rather in a bit of a slump in the industry as a whole and your company dares to

---

### Support

Japan 050.5212.7790  
Tollfree 0120.966.744

North America 1.800.674.8375  
Email Support support@scriptasia.com



selectively accept orders from high-margin areas. So, I wonder if the current profits are almost in-line or if the figures are actually not as much as expected due to a reactionary decline. I would appreciate it if you could give me a detailed assessment of this area. This is my second question.

**Kawamura [A]:** Yes, thank you. financial IT and BPM, respectively, will be answered.

First of all, financial IT uptake is generally in line with our expectations. From the beginning of the fiscal year, we had expected a decrease in sales of approximately JPY2 billion in Q1 and approximately JPY5 billion in H1 as a whole, and we have generally met our expectations. Although orders are slightly negative, we are not that concerned about it, partly because of the timing of order booking. We hope you understand that we are in a situation where we are responding well in line with respect to our initial plan for the period.

As for BPM, the top line has been struggling since the last fiscal year, and there has been a slight decrease in Q1 as well. As I mentioned in my presentation of last fiscal year's results, we have continued to control costs since Q2 of last year, and this has made a contribution to our profit in Q1 of this fiscal year. In terms of YoY, we have managed to secure profits.

We believe that it is essential to continue to increase the top line, so we have been considering measures to address this issue and are taking them one by one. We will take a little more time to recover from this issue, and we will make a thorough response to the situation.

**Sato [Q]:** I understand. Please excuse my asking just an extra 2.5 question, but overall, I think you said orally at this briefing that you are slightly above internal, but generally in-line. Am I correct in understanding that Q1 was not actually that bad, although there is certainly a reactionary decline from last year to look at?

**Kawamura [A]:** That's right. As I said at the beginning, I believe that we are generally making in-line progress compared to our original plan. On the other hand, although profits decreased slightly, part of this is to tighten up, and on the other hand, although profits have decreased slightly, both financial and industrial businesses achieved more than planned in Q1, so there is no cause for concern. In addition, the effect of new consolidation was stronger than expected, so in this sense, I hope you understand that we are making good progress in Q1.

**Sato [Q]:** I understand. So if there had been no unprofitability, I wondered whether you would have landed above the general consensus or whether you could have gone a little higher. In that sense, it was a bit disappointing.

**Kawamura [A]:** That's right. In terms of YoY, unprofitable operations increased by JPY0.3 billion, and without this increase, profits would have turned to an increase in the previous year. In that sense, we understand that we need to continue to take firm action.

**Sato [M]:** Thank you very much. I appreciate your understanding.

**Kawamura [M]:** Thank you very much.

**Moderator [M]:** Thank you very much. Next, Mr. Kikuchi from SMBC Nikko Securities.

**Kikuchi [Q]:** I am Kikuchi. I know that time is short, so I would like to ask you just one point about the increase in profit from the offering section. I think the NIHON ICS is also a factor, but I would like to know what factors are contributing to the increase in profit and what will happen from Q2 onward. I understand that the mid-term plan also calls for the expansion of such offerings, so I am not sure if they are steadily growing, but I would like to know more.

---

#### Support

Japan 050.5212.7790  
Tollfree 0120.966.744

North America 1.800.674.8375  
Email Support support@scriptasia.com



**Kawamura [A]:** Okay. We believe that offering services are a segment that we will expand firmly in the current fiscal year and in the mid-term business plan, so we are happy that we were able to produce results in Q1. I will divide the explanation into three major categories. Overseas, domestic and, within domestic, newly consolidated.

First of all, overseas sales increased by JPY1.6 billion, with a slight increase in profit, although profit is still in the process of improvement. The increase is about JPY100 million below.

As I mentioned at the beginning of this report, the two domestic consolidated companies contributed JPY2.5 billion in sales and JPY350 million in profit after amortization of goodwill. ICS's performance was a little stronger than expected due to its very strong performance, but generally within our expectations.

In the existing business in Japan, sales increased by JPY2.1 billion, of which JPY300 million came from payments, JPY700 million from the enterprise field such as digital marketing and business management, and JPY800 million from the cloud platform. Profit relative to that is around JPY200 million, with the increase in profit in line with that increase in revenue. In this context, we believe that the increase in profits from settlement services was a little stronger than sales, and that the improvement in profits from our PAYCIERGE 3.0 service was more effective than from any of the other services. We believe that orders received were also very strong, and we see it as sustainable to achieve the first half of the fiscal year.

For Q2, there will be no new consolidated contribution, so we will work hard to achieve this H1 plan so that we can first do well in the area of solid organic growth. I appreciate your understanding.

**Kikuchi [Q]:** Thank you very much. I know that your company has a variety of activities. Overseas and NIHON ICS and PAYCIERGE. You mentioned that PAYCIERGE is growing in a variety of specific areas, but what are they growing in?

**Kawamura [A]:** Okay. Rather than a specific one, our services are growing broadly, including increased sales to existing customers. SI-type business for existing customers is also growing, so we hope that this business can be considered to be growing in all areas.

**Kikuchi [M]:** Thank you very much.

**Moderator [M]:** Thank you very much. Please continue with your question, Mr. Tsuruo of Citigroup Securities.

**Tsuruo [Q]:** Yes, thank you. I have two questions.

The first point is about unprofitability. Is it correct that the JPY300 million was not expected at the beginning of the term and the total was JPY600 million? If so, what is your current forecast for the unprofitable amount for the full year, which I believe is JPY2 billion? What kind of things do you see coming out in Q2, and what are the nuances of that?

**Kawamura [A]:** All right. We plan to keep unprofitable projects within JPY1 billion for the full year. On the other hand, at 600 million in Q1, we believe we have come out very much as planned. We will continue our efforts to keep the amount within JPY1 billion by making continuous efforts to curb the amount. At this point, we have made allowances for what is necessary, and we will do our best not to incur them in the future. I appreciate your understanding.

**Tsuruo [Q]:** I understand. In light of this, please allow me to confirm the outlook for Q2 and H1 of the fiscal year. Since you did not change your earnings forecast this time, I think the message of this confirmation is that you expect that earnings will be roughly flat in Q2 and that profits will increase thereafter. Is that correct?

---

#### Support

Japan 050.5212.7790  
Tollfree 0120.966.744

North America 1.800.674.8375  
Email Support support@scriptasia.com



Is there anything you can comment on regarding the outlook for Q2 and the prospects for earnings recovery in the second half of the year and beyond?

**Kawamura [A]:** All right. Looking at the results by segment, there are some strengths and weaknesses, and if we subtract them, the results may be uneven, but overall, I believe that we are on track to achieve the first half of our initial plan for Q1. Orders also increased by 5% for development orders as a whole. In Q2, we intend to further increase orders, especially in the areas of industrial IT and Regional IT Solutions, to which we have added a message, and to make our initial plan a reality. I appreciate your understanding.

**Tsuruo [M]:** Thank you. These are all the questions I have.

**Moderator [M]:** Thank you very much. As there seem to be no other questions, this concludes the question-and-answer session. In closing, Mr. Kawamura will offer a few words.

**Kawamura [M]:** Thank you very much for participating in this conference call today to discuss TIS Inc.'s financial results for Q1 of the fiscal year ending March 2025. If you have any questions, please contact our IR staff during an individual interview or by phone, and we will be happy to answer them. Thank you for your continued support.

**Moderator [M]:** This concludes the teleconference. Thank you all for your participation.

[END]

---

#### **Document Notes**

1. *Portions of the document where the audio is unclear are marked with [inaudible].*
2. *Portions of the document where the audio is obscured by technical difficulty are marked with [TD].*
3. *Speaker speech is classified based on whether it [Q] asks a question to the Company, [A] provides an answer from the Company, or [M] neither asks nor answers a question.*
4. *This document has been translated by SCRIPTS Asia.*

---

#### **Support**

Japan 050.5212.7790  
Tollfree 0120.966.744

North America 1.800.674.8375  
Email Support support@scriptasia.com



## Disclaimer

SCRIPTS Asia reserves the right to edit or modify, at its sole discretion and at any time, the contents of this document and any related materials, and in such case SCRIPTS Asia shall have no obligation to provide notification of such edits or modifications to any party. This event transcript is based on sources SCRIPTS Asia believes to be reliable, but the accuracy of this transcript is not guaranteed by us and this transcript does not purport to be a complete or error-free statement or summary of the available data. Accordingly, SCRIPTS Asia does not warrant, endorse or guarantee the completeness, accuracy, integrity, or timeliness of the information contained in this event transcript. This event transcript is published solely for information purposes, and is not to be construed as financial or other advice or as an offer to sell or the solicitation of an offer to buy any security in any jurisdiction where such an offer or solicitation would be illegal.

In the public meetings and conference calls upon which SCRIPTS Asia's event transcripts are based, companies may make projections or other forward-looking statements regarding a variety of matters. Such forward-looking statements are based upon current expectations and involve risks and uncertainties. Actual results may differ materially from those stated in any forward-looking statement based on a number of important factors and risks, which are more specifically identified in the applicable company's most recent public securities filings. Although the companies may indicate and believe that the assumptions underlying the forward-looking statements are accurate and reasonable, any of the assumptions could prove inaccurate or incorrect and, therefore, there can be no assurance that the anticipated outcome described in any forward-looking statements will be realized.

THE INFORMATION CONTAINED IN EVENT TRANSCRIPTS IS A TEXTUAL REPRESENTATION OF THE APPLICABLE PUBLIC MEETING OR CONFERENCE CALL. ALTHOUGH SCRIPTS ASIA ENDEAVORS TO PROVIDE ACCURATE TRANSCRIPTIONS, THERE MAY BE MATERIAL ERRORS, OMISSIONS, OR INACCURACIES IN THE TRANSCRIPTIONS. IN NO WAY DOES SCRIPTS ASIA OR THE APPLICABLE COMPANY ASSUME ANY RESPONSIBILITY FOR ANY INVESTMENT OR OTHER DECISIONS MADE BY ANY PARTY BASED UPON ANY EVENT TRANSCRIPT OR OTHER CONTENT PROVIDED BY SCRIPTS ASIA. USERS ARE ADVISED TO REVIEW THE APPLICABLE COMPANY'S PUBLIC SECURITIES FILINGS BEFORE MAKING ANY INVESTMENT OR OTHER DECISIONS. THIS EVENT TRANSCRIPT IS PROVIDED ON AN "AS IS" BASIS. SCRIPTS ASIA DISCLAIMS ANY AND ALL EXPRESS OR IMPLIED WARRANTIES, INCLUDING, BUT NOT LIMITED TO, ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE, FREEDOM FROM BUGS, SOFTWARE ERRORS OR DEFECTS, AND ACCURACY, COMPLETENESS, AND NON-INFRINGEMENT.

None of SCRIPTS Asia's content (including event transcript content) or any part thereof may be modified, reproduced or distributed in any form by any means, or stored in a database or retrieval system, without the prior written permission of SCRIPTS Asia. SCRIPTS Asia's content may not be used for any unlawful or unauthorized purposes.

The content of this document may be edited or revised by SCRIPTS Asia at any time without notice.

Copyright © 2024 SCRIPTS Asia K.K. ("SCRIPTS Asia"), except where explicitly indicated otherwise. All rights reserved.

---

### Support

Japan 050.5212.7790  
Tollfree 0120.966.744

North America 1.800.674.8375  
Email Support [support@scriptasia.com](mailto:support@scriptasia.com)

