TIS Inc.

Financial Results Briefing for the Fiscal Year Ended March 31, 2025

May 8, 2025

Event Summary

[Company Name]	TIS Inc.	
[Company ID]	3626-QCODE	
[Event Language]	JPN	
[Event Type]	Earnings Announcement	
[Event Name]	Financial Results Briefing for the Fiscal Year Ended March 31, 2025	
[Fiscal Period]	FY2025 Annual	
[Date]	May 8, 2025	
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[Time]	18:30 – 19:21 (Total: 51 minutes, Presentation: 32 minutes, Q&A: 19 minutes)	
[Venue]	Webcast	
[Venue Size]		
[Participants]		
[Number of Speakers]	2	
	Yasushi Okamoto	President and Representative Director
	Masakazu Kawamura	Managing Executive Officer, Division Manager of Corporate Planning SBU
[Analyst Names]*	Satoru Kikuchi	SMBC Nikko Securities
	Keisuke Iwabuchi	Okasan Securities
	Hideaki Tanaka	Morgan Stanley MUFG Securities

*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.

Presentation

Moderator: Thank you very much for your patience. TIS Inc. will now hold a financial results meeting for the fiscal year ended March 31, 2025. First, let me introduce today's two presenters.

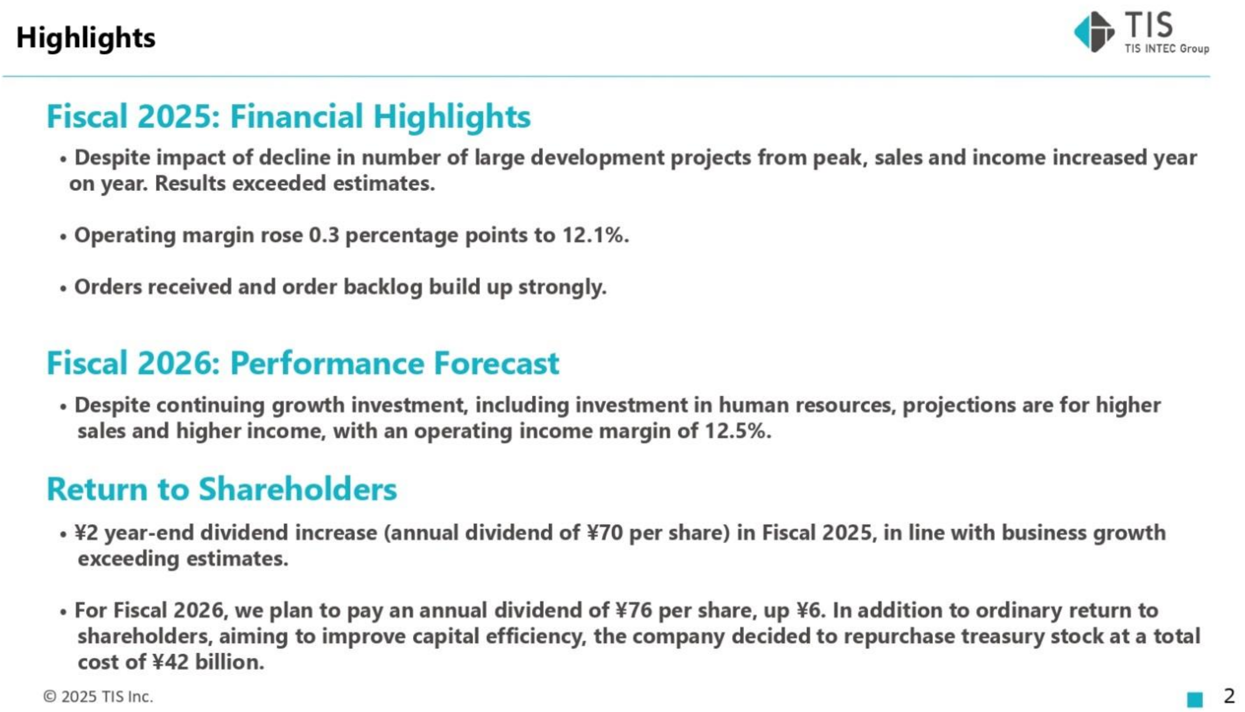
The first is Yasushi Okamoto, President and Representative Director, on your left as you face us. Next, there is Masakazu Kawamura, Managing Executive Officer and Division Manager of Corporate Planning SBU.

We will then give a brief overview of today's proceedings. First, Kawamura and Okamoto from our company will give an explanation in that order, followed by a Q&A session with everyone. This briefing is scheduled to last one hour, including Q&A. The materials are available on our website, the top page of our IR site, and our latest IR events. Please refer to it when you have time.

A video of the briefing will be available on our website at a later date.

Kawamura will now give an overview of our business performance for the fiscal year ended March 31, 2025, the outlook for the fiscal year ending March 31, 2026, and shareholder returns. Please go ahead.

Kawamura: This is Kawamura from TIS. Thank you for your cooperation. Let me begin by explaining the summary of financial results for the fiscal year ended March 31, 2025, the outlook for the fiscal year ending March 31, 2026, and shareholder returns, which were announced at 3:30 PM today.



Please see page two. Here are the highlights of the current financial results.

First, for the fiscal year ended March 31, 2025, we have exceeded our plan with YoY increases in both revenue and profit, despite the peak-out impact of large-scale projects. The operating margin improved by 0.3 percentage points from the previous fiscal year to 12.1%. In addition, both orders and order backlogs increased from the previous fiscal year and accumulated steadily.

Next, for the fiscal year ending March 31, 2026, we plan to increase sales and profits and achieve an operating margin of 12.5%, even as we continue to invest in growth, including investments in human resources.

Finally, I would like to discuss shareholder returns. In line with business growth exceeding the plan for the fiscal year ended March 31, 2025, we increased the year-end dividend by JPY2, bringing the annual dividend per share to JPY70. The annual dividend per share for the fiscal year ending March 31, 2026 is planned to increase by JPY6 to JPY76. In addition to regular shareholder returns, the Company has decided to repurchase a total of JPY42 billion of its own shares to improve capital efficiency.

Fiscal 2025: Performance Highlights (YOY change)

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- Despite impact of decline in number of large development projects from the peak, sales and income increased, supported by contribution from business expansion by responding accurately to clients' IT investment demand, including digital transformation, and by promoting the provision of services.

[Millions of yen]	Fiscal 2024	Fiscal 2025	YoY change	
Net Sales	549,004	**571,687**	+22,682	[+4.1%]
Operating Income	64,568	**69,047**	+4,479	[+6.9%]
Operating Margin	11.8%	**12.1%**	+0.3P	-
Net Income Attributable to Owners of the Parent Company	48,873	**50,012**	+1,138	[+2.3%]
Net Income to Net Sales Ratio	8.9%	**8.7%**	-0.2P	-
Net Income per Share [Yen]	203.28	**215.00**	+11.72	[+5.8%]
ROE	16.0%	**15.3%**	-0.7P	-

- Non-operating income: ¥2,620 million (YOY change -¥2,392 million)
  → Equity in earnings of affiliates ¥833 million
  Dividend income ¥775 million, etc.
- Non-operating expenses: ¥1,164 million (YOY change +¥137 million)
  → Interest expenses ¥495 million, etc.
- Extraordinary income: ¥9,570 million (YOY change +¥6,278 million)
  → Gain on sale of investment securities ¥8,558 million, etc.
- Extraordinary loss: ¥5.926 million (YOY change +¥3,274 million)
  → Impairment loss ¥4,242 million
  Loss on valuation of shares in subsidiaries ¥827 million, etc.

* The impact on consolidated results following the consolidation in previous fiscal year was ¥2.9 billion on sales and ¥90 million in operating income, after amortization of goodwill.

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Please refer to page five. This is a summary of our financial results for the fiscal year ended March 31, 2025.

Despite the peak-out effects of large-scale development projects, overall, the Company was able to achieve increases in both sales and income by promoting business expansion. Net sales increased 4.1% from the previous year to JPY571.6 billion, operating income increased 6.9% to JPY69 billion, and the operating margin rose 0.3 percentage points to 12.1%.

Net income attributable to shareholders of the parent company increased 2.3% from the previous year to JPY50 billion. The Company recorded a gain on sales of investment securities as a major extraordinary gain, while an impairment loss on goodwill and other assets of a subsidiary was recorded as a major extraordinary loss.

ROE declined slightly, but remained high at 15.3%.

Fiscal 2025: Performance Highlights (Compared with estimate)

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- All items settled above estimate.

[Millions of yen]	Fiscal 2025 Estimate	Fiscal 2025 Actual	Compared with estimate	
Net Sales	555,000	**571,687**	+16,687	[+3.0%]
Operating Income	66,500	**69,047**	+2,547	[+3.8%]
Operating Margin	12.0%	**12.1%**	+0.1P	-
Net Income Attributable to Owners of the Parent Company	44,800	**50,012**	+5,212	[+11.6%]
Net Income to Net Sales Ratio	8.1%	**8.7%**	+0.6P	-
Net Income per Share [Yen]	192.55	**215.00**	+22.45	[+11.7%]
ROE	13.9%	**15.3%**	+1.4P	-

* ROE estimate for fiscal 2025 is a calculated value.

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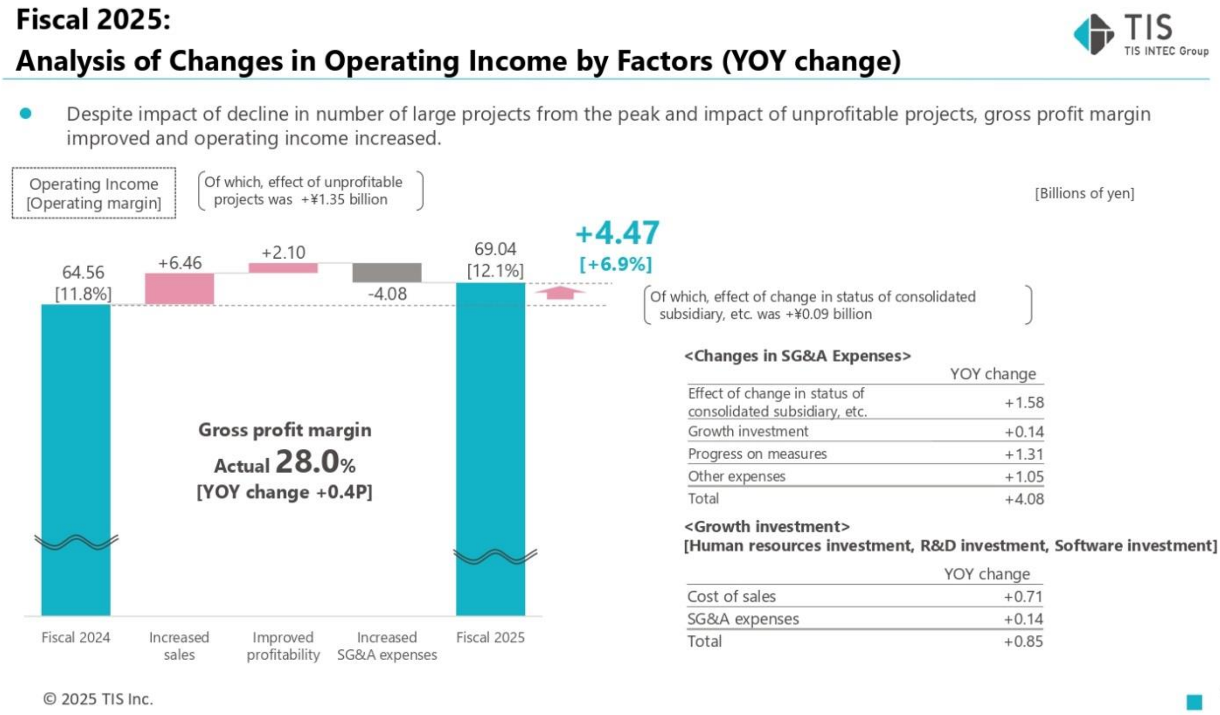
Next, page six shows the planned ratio.

The Company was able to firmly capture IT investment demand from a wide range of customers, and all items exceeded the plan. Net income was much higher than planned due to extraordinary gains and other factors, and the company was able to achieve an increase in income compared to the plan for a decrease in income.



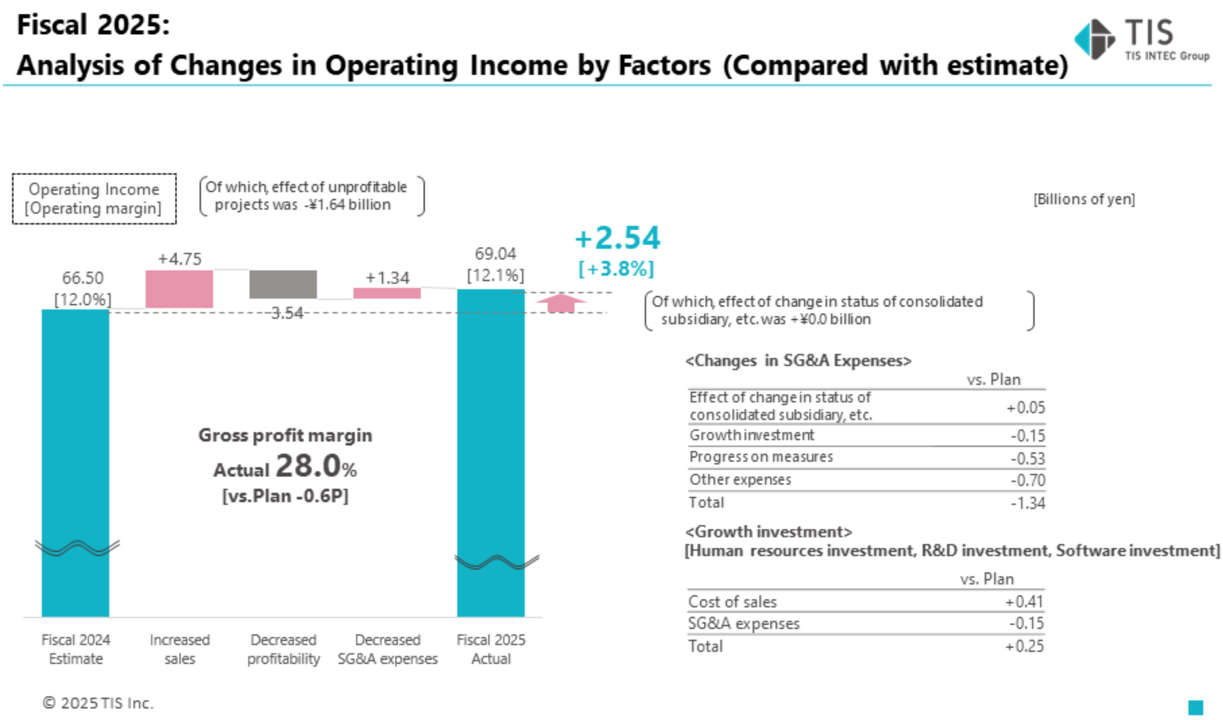
	YOY change
Effect of change in status of consolidated subsidiary, etc.	+1.58
Growth investment	+0.14
Progress on measures	+1.31
Other expenses	+1.05
Total	+4.08

	YOY change
Cost of sales	+0.71
SG&A expenses	+0.14
Total	+0.85

Page seven shows changes in operating income by factor.

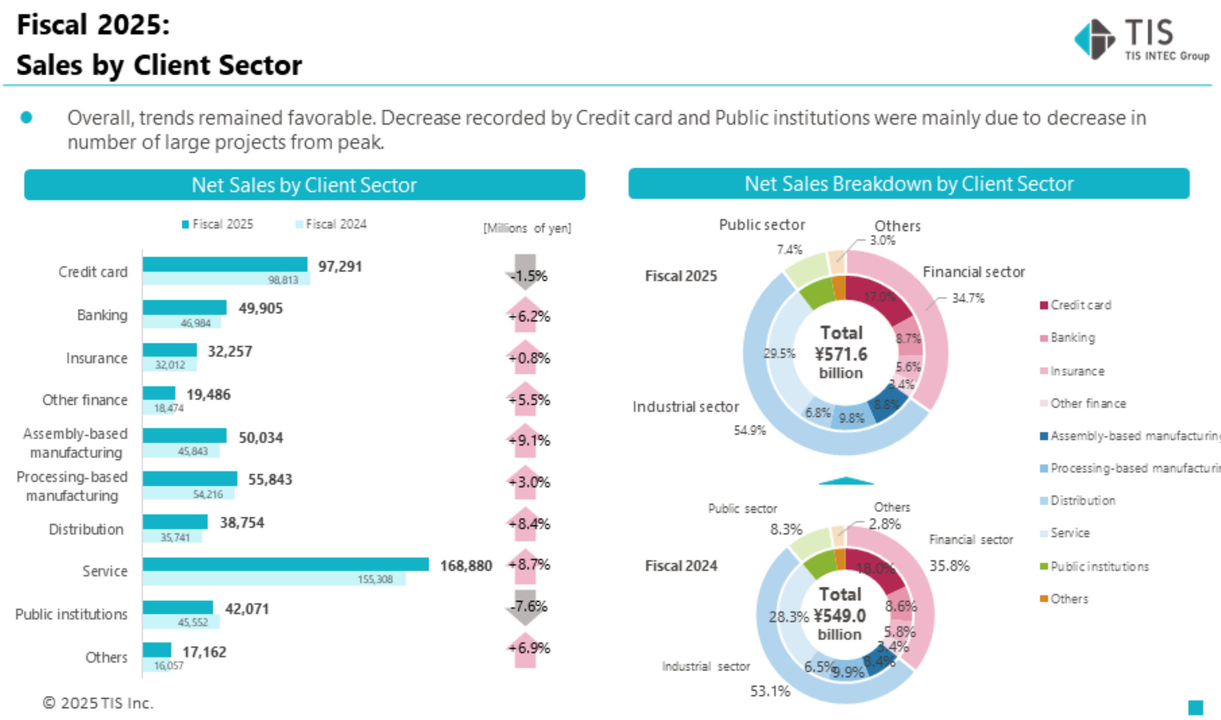
Despite the impact of the peak-out of large-scale development projects, the Company was able to achieve an increase in operating income, driven by an increase in income from higher revenues. The gross profit margin rose 0.4 percentage points from the previous year to 28%. Unprofitable projects totaled approximately JPY2.6 billion, a decrease of about JPY1.4 billion from the previous year.

In Q4, industrial IT projects amounted to JPY360 million, and the accumulation of small projects totaled JPY550 million.



Page eight shows the planned ratio.

The increase in income associated with higher-than-planned revenue was the driver of the strong landing of operating income. It is unfortunate that the gross profit margin fell short of the plan, but the main reason for this was the impact of unprofitable projects, as well as a decline in the sales mix due to an increase in sales projects.



Please refer to page nine. This is sales by client industry.

Unchanged from the trend during the period, the overall favorable trend continued, except for cards and public, which were negatively impacted by the peak-out effect of large projects. Among them, services and assembly-type manufacturing led the overall performance.

Fiscal 2025:
Sales and Income by Key Business Segments (YOY change)

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[Millions of yen]		Fiscal 2024	Fiscal 2025	YOY change		Overview
Offering Service Business	Net Sales	130,759	**145,515**	+14,755	[+11.3%]	Higher sales and higher income, as higher IT investment demand in enterprise, platform, and payment settlement sectors offset impact from unprofitable projects. Overseas business also contributed.
	Operating Income	7,659	**9,937**	+2,277	[+29.7%]	
	Operating Margin	5.9%	**6.8%**	+0.9P	-	
Business Process Management	Net Sales	41,953	**42,646**	+693	[+1.7%]	Despite ongoing difficulties faced by some existing BPO services, sales and income grew, reflecting efforts to acquire projects in the DX Business and other areas as well as cost control measures.
	Operating Income	4,551	**5,326**	+775	[+17.0%]	
	Operating Margin	10.8%	**12.5%**	+1.7P	-	
Financial IT Business	Net Sales	106,304	**100,252**	-6,051	[-5.7%]	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.
	Operating Income	15,185	**12,321**	-2,863	[-18.9%]	
	Operating Margin	14.3%	**12.3%**	-2.0P	-	
Industrial IT Business	Net Sales	121,896	**128,120**	+6,224	[+5.1%]	Sales and income grew, as wider IT investment across industries, including services, manufacturing and distribution, offset impact from reactionary drop in large development projects in manufacturing sector as well as unprofitable projects.
	Operating Income	18,287	**19,330**	+1,042	[+5.7%]	
	Operating Margin	15.0%	**15.1%**	+0.1P	-	
Regional IT Solutions	Net Sales	172,376	**177,425**	+5,049	[+2.9%]	Despite negative impact from reactionary drop in projects related to medical services, sales and income grew, reflecting widespread demand for IT investment, particularly among municipalities and life and non-life insurance companies, as well as a significant decrease in unprofitable projects.
	Operating Income	18,497	**21,576**	+3,078	[+16.6%]	
	Operating Margin	10.7%	**12.2%**	+1.5P	-	

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On page 10, we will explain the situation by major segment compared to the previous year.

Offering services posted higher revenues and profits due to solid IT investment demand in the area of enterprise infrastructure-based payments. Overseas business also contributed.

In BPM, although some existing BPO operations continued to face difficult conditions, the acquisition of DX business and other projects, as well as successful cost control, led to an increase in revenue and profit.

The decline in revenue and profit in financial IT was due to the peak-out effect of large projects for credit card-related core customers and public-sector financial institutions.

Industrial IT posted increases in both revenue and earnings due to expanded IT investments in a wide range of industries, including services and manufacturing, and distribution, despite the impact of a reactionary decline in large-scale development projects in the manufacturing sector and unprofitable projects.

In regional IT solutions, despite the impact of a reactionary decline in medical sales projects, revenue and earnings increased due to a wide range of IT investment demand, mainly from municipalities and life and non-life insurance companies, as well as a significant decrease in unprofitable projects.

Fiscal 2025: Sales and Income by Key Business Segments (Compared with estimate)

[Millions of yen]		Fiscal 2025 Estimate	Fiscal 2025 Actual	Compared with estimate		Overview
Offering Service Business	Net Sales	140,800	**145,515**	+4,715	[+3.3%]	Despite impact from unprofitable projects, sales and income both reached. This was due to favorable performance by Nihon ICS and better-than anticipated demand for enterprise services. Overseas business also contributed.
	Operating Income	8,600	**9,937**	+1,337	[+15.6%]	
	Operating Margin	6.1%	**6.8%**	+0.7P	-	
Business Process Management	Net Sales	43,000	**42,646**	-353	[-0.8%]	Sales fell short of the target due to fewer-than-expected project wins in the DX business. However, profit met expectations thanks to effective cost control.
	Operating Income	4,500	**5,326**	+826	[+18.4%]	
	Operating Margin	10.5%	**12.5%**	+2.0P	-	
Financial IT Business	Net Sales	98,500	**100,252**	+1,752	[+1.8%]	Impact of decline in number of large development projects from peak was slightly smaller than anticipated, achieving both sales and income.
	Operating Income	12,000	**12,321**	+321	[+2.7%]	
	Operating Margin	12.2%	**12.3%**	+0.1P	-	
Industrial IT Business	Net Sales	125,500	**128,120**	+2,620	[+2.1%]	Demand from clients in service and distribution sectors better than anticipated, boosting sales to estimated level. But negative factors, notably, unprofitable projects, prevented income from reaching estimate.
	Operating Income	19,600	**19,330**	-269	[-1.4%]	
	Operating Margin	15.6%	**15.1%**	-0.5P	-	
Regional IT Solutions	Net Sales	171,000	**177,425**	+6,425	[+3.8%]	Demand from clients in the life and non-life insurance sectors, local government-related IT investment, and higher orders for sales projects in industrial sectors better than anticipated. Sales were higher than anticipated, but income was in line with estimate due to factors such as recognition of temporary expenses.
	Operating Income	21,500	**21,576**	+76	[+0.4%]	
	Operating Margin	12.6%	**12.2%**	-0.4P	-	

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Page 11 shows the status of each major segment compared to the plan.

Despite the impact of unprofitable projects, sales and profits of the offering service business exceeded the plan due to the strong performance of the Japan ICS and higher-than-expected demand for enterprise and infrastructure systems.

BPM slightly missed its sales target due to the impact of not winning as many projects in the DX business as expected at the beginning of the period, but operating income exceeded the plan due to tighter cost control and other factors.

Financial IT exceeded the plan because the impact of the peak-out of large projects was less than expected, while operating income in industrial IT did not meet the plan due to the impact of unprofitable projects.

In regional IT solutions, sales exceeded the plan due to higher-than-expected demand from life and non-life insurance customers, support for municipal standardization, and an increase in industrial sales projects. Although there were occasions when we felt that it would be difficult to achieve the operating income target due to one-time expenses, Q4 was strong, and we were able to achieve the target line.

Reference: Fiscal 2025 Fourth Quarter (Jan-Mar): Performance Highlights / Sales and Income by Key Business Segments

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[Millions of yen]		Fiscal 2024 Q4	Fiscal 2025 Q4	YOY change	
Net Sales		144,260	**155,125**	+10,865	[+7.5%]
Operating Income		16,989	**20,163**	+3,174	[+18.7%]
Operating Margin		11.8%	**13.0%**	+1.2P	-
Net Income Attributable to Owners of the Parent Company		16,683	**15,538**	-1,145	[-6.9%]
Net Income to Net Sales Ratio		11.6%	**10.0%**	-1.6P	-
Key Business Segments					
Offering Service Business	Net Sales	37,058	**38,909**	+1,851	[+5.0%]
	Operating Income	2,166	**2,538**	+372	[+17.2%]
	Operating Margin	5.8%	**6.5%**	+0.7P	-
Business Process Management	Net Sales	10,713	**11,124**	+411	[+3.8%]
	Operating Income	1,477	**1,563**	+85	[+5.8%]
	Operating Margin	13.8%	**14.1%**	+0.3P	-
Financial IT Business	Net Sales	26,484	**25,649**	-834	[-3.2%]
	Operating Income	3,928	**3,208**	-719	[-18.3%]
	Operating Margin	14.8%	**12.5%**	-2.3P	-
Industrial IT Business	Net Sales	32,216	**34,600**	+2,383	[+7.4%]
	Operating Income	5,018	**5,202**	+183	[+3.7%]
	Operating Margin	15.6%	**15.0%**	-0.6P	-
Regional IT Solutions	Net Sales	45,091	**50,424**	+5,333	[+11.8%]
	Operating Income	4,319	**7,578**	+3,258	[+75.4%]
	Operating Margin	9.6%	**15.0%**	+5.4P	-

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Reference: Fiscal 2025 Fourth Quarter (Jan-Mar): Analysis of Changes in Operating Income by Factors (YOY change)

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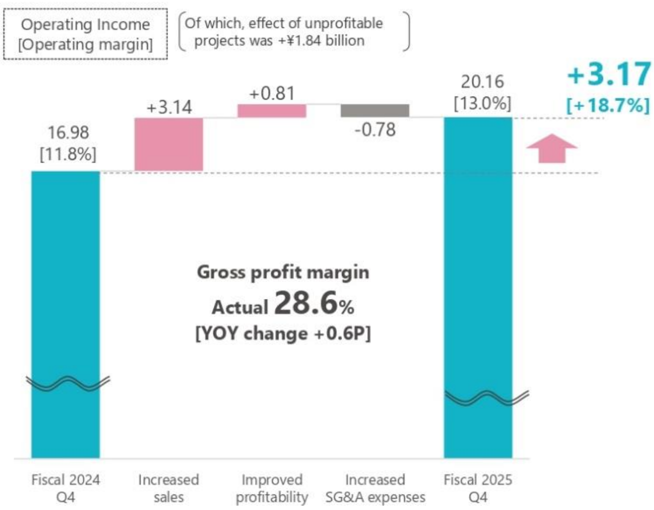
[Billions of yen]



Of which, effect of change in status of consolidated subsidiary, etc. was ¥0 billion

<Changes in SG&A Expenses>

	YOY change
Effect of change in status of consolidated subsidiary, etc.	+0.00
Growth investment	+0.15
Progress on measures	+0.45
Other expenses	+0.18
Total	+0.78

<Growth investment>
[Human resources investment, R&D investment, Software investment]

	YOY change
Cost of sales	+0.21
SG&A expenses	+0.15
Total	+0.36

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Pages 12 and 13 show the results for the three months of the Q4.

In particular, the profit margin increased strongly by 18.7% from the previous year and YoY, and the operating profit margin was 13%, firmly increasing profitability.

Fiscal 2025: Order Status (Orders received during fiscal year)

- Orders received were up year on year, driven by software development.
- In Financial IT Business, although there was a reactionary drop in large development projects, sales grew for Industrial IT Business and Offering Service Business.

[Millions of yen]			Fiscal 2024	Fiscal 2025	YOY change	
Orders received			552,940	**577,091**	+24,151	[+4.4%]
Software development			278,508	**295,838**	+17,330	[+6.2%]
Key Business Segments						
Offering Service Business	Orders received		123,518	**136,740**	+13,221	[+10.7%]
		Software development	47,799	**53,632**	+5,832	[+12.2%]
Business Process Management	Orders received		39,976	**40,922**	+945	[+2.4%]
		Software development	13,030	**13,395**	+365	[+2.8%]
Financial IT Business	Orders received		101,977	**93,787**	-8,190	[-8.0%]
		Software development	52,209	**48,637**	-3,571	[-6.8%]
Industrial IT Business	Orders received		120,253	**133,659**	+13,405	[+11.1%]
		Software development	79,248	**92,404**	+13,156	[+16.6%]
Regional IT Solutions	Orders received		167,214	**171,983**	+4,768	[+2.9%]
		Software development	86,221	**87,768**	+1,547	[+1.8%]

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Beginning on page 14 is an explanation of the status of orders.

First, overall orders received increased 4.4% from the previous fiscal year to JPY577 billion due to a buildup in software development. Financial IT decreased due to a reactionary decline from large-scale development projects and the partial termination of operation services, but industrial IT and offering services have been building up solidly.

Fiscal 2025: Order Status (Order backlog at year-end)

- Despite lingering impact from peak decline in large development projects in Financial IT Business, overall there will be a steady increase, mainly in software development.

[Millions of yen]			Fiscal 2024	Fiscal 2025	YOY change	
Order backlog			188,044	197,590	+9,545	[+5.1%]
Software development			101,386	107,993	+6,607	[+6.5%]
Key Business Segments						
Offering Service Business	Order backlog		42,248	48,954	+6,705	[+15.9%]
		Software development	16,152	18,383	+2,231	[+13.8%]
Business Process Management	Order backlog		7,543	7,943	+400	[+5.3%]
		Software development	7,259	7,526	+266	[+3.7%]
Financial IT Business	Order backlog		45,954	40,822	-5,131	[-11.2%]
		Software development	24,739	21,433	-3,305	[-13.4%]
Industrial IT Business	Order backlog		37,009	43,033	+6,024	[+16.3%]
		Software development	23,065	29,427	+6,361	[+27.6%]
Regional IT Solutions	Order backlog		55,289	56,835	+1,546	[+2.8%]
		Software development	30,169	31,222	+1,053	[+3.5%]

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Page 15 shows the order backlog at the end of the fiscal year.

The order backlog also increased 5.1% from the previous fiscal year to JPY197.5 billion, driven by software development. Generally, the trend of orders received remained unchanged, with solid accumulation in all segments except financial IT.

Reference: Fiscal 2025 Fourth Quarter (Jan-Mar): Order Status (Orders received during the fourth quarter)

[Millions of yen]			Fiscal 2024 Q4	Fiscal 2025 Q4	YOY change	
Orders received			188,389	194,217	+5,828	[+3.1%]
Software development			84,619	87,705	+3,086	[+3.6%]
Key Business Segments						
Offering Service Business	Orders received		45,375	50,523	+5,147	[+11.3%]
		Software development	13,210	16,156	+2,946	[+22.3%]
Business Process Management	Orders received		11,032	11,150	+117	[+1.1%]
		Software development	4,105	3,967	-138	[-3.4%]
Financial IT Business	Orders received		39,353	34,084	-5,269	[-13.4%]
		Software development	17,795	14,393	-3,402	[-19.1%]
Industrial IT Business	Orders received		37,381	42,908	+5,526	[+14.8%]
		Software development	22,162	27,292	+5,129	[+23.1%]
Regional IT Solutions	Orders received		55,245	55,550	+305	[+0.6%]
		Software development	27,344	25,895	-1,448	[-5.3%]

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Page 16 shows orders received for the three months of the Q4. Although there were some variations by segment, the overall accumulation was solid.

Fiscal 2025:
Balance Sheets and Cash Flow Status

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- The equity ratio improved, supported by stable profit generation. Free cash flow increased due to limited investment activities, further strengthening financial soundness.

Balance Sheets

[Millions of yen]	As of March 31, 2024	As of March 31, 2025	YoY change	Key Factors for YoY Change
Current assets	291,556	**319,080**	+27,524	Marketable securities +38,435 Cash and deposits -19,541
Fixed Liabilities	233,899	**238,970**	+5,071	Tangible fixed assets +11,286 Intangible assets -7,078
Assets	**525,456**	**558,051**	**+32,595**	
Current liabilities	140,277	**153,210**	+12,933	Short-term borrowings +4,815
Fixed Assets	60,453	**48,775**	-11,677	Long-term borrowings -5,742
Liabilities	**200,730**	**201,986**	**+1,255**	
Shareholders' equity	299,453	**326,709**	+27,255	Retained earnings +32,843
Accumulated other comprehensive income	25,271	**29,355**	+4,084	
Net Assets	**324,725**	**356,064**	**+31,339**	
Equity ratio	**59.5%**	**61.5%**	**+2.0P**	
Interest-bearing debt	**37,972**	**37,012**	**-959**	

Cash Flows

[Millions of yen]	Fiscal 2024	Fiscal 2025	YoY change	Key Factors for YoY Change
Cash flow from operating activities	62,578	**63,748**	+1,169	Income before income taxes +4,954 Income taxes paid +7,801 Gain on sale of investment-securities -6,303
Cash flow from investing activities	-32,817	**-17,741**	+15,075	Acquisitions of investments in securities -6,146 Proceeds from sales of investment securities +10,680 Acquisition of shares of subsidiaries +20,724
Free cash flow	29,761	**46,006**	+16,245	
Cash flow from financing activities	-21,889	**-27,791**	-5,902	Net increase (decrease) in borrowings and bonds -22,345 Purchase of treasury shares +26,720
Cash and cash equivalents at the end of the term	102,722	**121,288**	+18,566	

* Interest-bearing debt does not include lease obligations.

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Page 17 shows the balance sheet and cash flows.

During the period under review, the equity ratio improved to 61.5%, reflecting stable profit generation. The absence of significant investment activity in the period under review has also contributed to an increase in free cash flow to a level similar to that of previous years, enhancing the Company's financial soundness. This was an explanation of the results for the fiscal year ended March 31, 2025.

Fiscal 2025: Understanding the Business Environment

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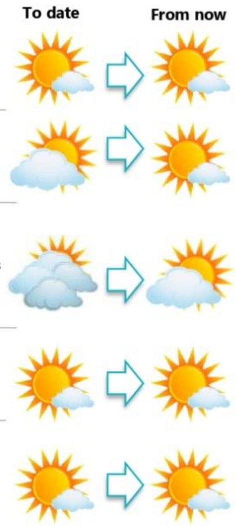
- Prospects for long-term expansion in IT investment continue. Attention should be paid to environmental changes.

Offering Service Business	✓ Continued growth in cashless market. Policy, DX and inbound tourists will strengthen their tailwinds. ✓ Variety of themes and services through efforts by financial x operating companies (BaaS, Smart City Digital Accounts, etc.). ✓ Continued growth in cloud and security markets due to increase and sophistication of cyber-attacks and diversification of work styles. Active accounting and business management domains. ✓ The ASEAN economy continued to grow, supported by firm domestic demand, despite political instability.
Business Process Management	✓ Due to factors such as insufficient human resources and rising wages, there is an urgent need for enterprises to shift to value-added operations, and the growth outlook for the BPO market remains unchanged. ✓ Simple outsourcing, which depends on labor, is in a shrinking equilibrium due to progress in digitization, and downward pressure on prices intensifies. ✓ Preferences are given to consulting services and AI services that use data to help clients transform their businesses, grow them, and enhance their competitiveness.
Financial IT Business	✓ Financial markets revitalized against backdrop of upward movement in policy interest rates. The outlook remains unchanged for IT investment to strengthen competitiveness. ✓ Growth and expansion in code settlements intensified competition to lower commission rates, causing card operators to search for new business models. ✓ Along with the growth in the cashless market, competition with emerging players intensified, particularly in the company's own economic zone, and moves to reorganize. ✓ Individually, large-scale development projects have continued to decline from their peak, but opportunities for modernization demand, particularly in the leasing industry, increased.
Industrial IT Business	✓ The impact of soaring crude oil prices, exchange rate fluctuations, and pressure on wages and prices, etc. should be monitored closely, particularly in manufacturing. ✓ Demand for modernization and ERP renewals was firm. ✓ Performance was strong in restaurants and services, but personnel shortages were severe despite resurgence. Focus on balance between IT investment and allocation of management resources.
Regional IT Solutions	✓ Demand for IT investment continues in municipalities due to system standardization, etc. ✓ IT investment is expected to strengthen, especially among megabanks. Regional banks are facing increasingly severe business conditions and are closely watching IT investments associated with regional oligopolistic restructuring. ✓ Life and non-life insurance companies benefited from the elimination of cross-shareholdings, etc. and IT utilization expanded, with the aim of adopting cloud computing, utilizing AI, and expanding services. ✓ In medical services, progress has been made in establishing and integrating data bases and using ICT. Needs for IT investment, including medical safety measures, continue to increase.



These trends may differ from general industry trends since management's assumptions also take into consideration the status of IT investment by TIS INTEC group clients.

19

I would like to continue by explaining our full-year forecast for the fiscal year ending March 31, 2026.

First, on page 19, is the perception of the business environment. While we need to keep a close watch on changes in the environment, we remain of the view that the long-term expansion trend of IT investment will continue. We expect the business environment to remain favorable in each segment.

Fiscal 2026: Performance Forecasts

TIS
TIS INTEC Group

- Expect higher sales and higher operating income, reflecting business expansion and progress on measures to improve productivity.
- Net income is expected to decrease mainly due to a reduction in extraordinary income and expenses (net).

[Millions of yen]	Fiscal 2025 actual	Fiscal 2026 estimate	YOY change	
Net Sales	571,687	**582,000**	+10,312	[+1.8%]
Operating Income	69,047	**73,000**	+3,952	[+5.7%]
Operating Margin	12.1%	**12.5%**	+0.4P	-
Net Income Attributable to Owners of the Parent Company	50,012	**49,000**	-1,012	[-2.0%]
Net Income to Net Sales Ratio	8.7%	**8.4%**	-0.3P	-
Net Income per Share [Yen]	215.00	**216.86**	+1.86	[+0.9%]
ROE	15.3%	**14.5%**	-0.8P	-

* ROE estimate for fiscal 2026 is a calculated value.

20

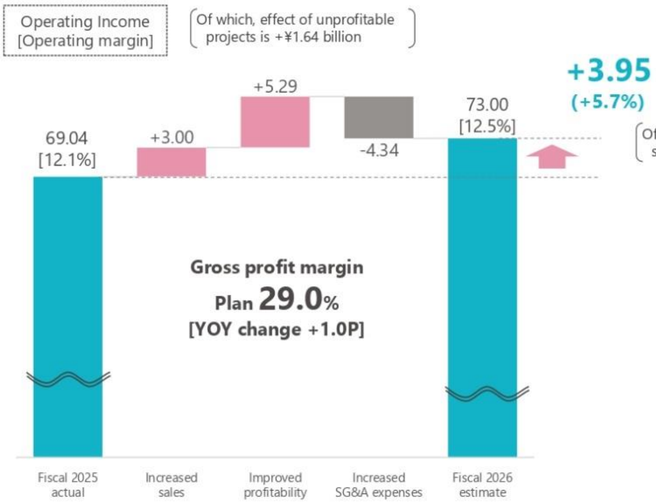
Please refer to page 20. This is the full-year forecast for the fiscal year ended March 31, 2025.

We plan a 1.8% YoY increase in net sales to JPY582 billion and a 5.7% YoY increase in operating income to JPY73 billion, with both sales and operating income rising. Net income is planned to decrease mainly due to a contraction of net extraordinary gains/losses. ROE is also expected to decline due to this and other factors, but we have begun to take measures to achieve the goals of the medium-term management plan, which will be explained later.

Fiscal 2026: Analysis of Changes in Operating Income by Factors (Forcast)

- Despite ongoing growth investment, including investment in human resources, operating income is expected to increase, reflecting efforts to provide high-value-added businesses and promote measures to improve productivity.

[Billions of yen]



(Of which, effect of change in status of consolidated subsidiary, etc. is +¥0.15 billion)

<Changes in SG&A Expenses>

	YOY change
Effect of change in status of consolidated subsidiary, etc.	-0.12
Growth investment	-0.34
Progress on measures	+2.89
Other expenses	+1.90
Total	+4.34

<Growth investment>
[Human resources investment, R&D investment, Software investment]

	YOY change
Cost of sales	+0.50
SG&A expenses	-0.34
Total	+0.16

 21

Under the basic policy of the medium-term management plan, frontier development, we will steadily accumulate project acquisition orders, while firmly advancing the system that supports the foundation for business expansion, to further ensure the achievement of the plan. The target for unprofitable projects remains unchanged at JPY1 billion or less for the full-year.

We will work as a unified group to curb unprofitable projects by steadily working to permeate and establish the measures we have taken to date, such as strengthening PM and risk management systems.

Fiscal 2026: Sales and Income by Key Business Segments (Forecast)

TIS
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[Millions of yen]		Fiscal 2025 Actual	Fiscal 2026 Forecast	YOY change		Overview
Offering Service Business	Net Sales	145,515	**150,000**	+4,484	[+3.1%]	Sales and operating income are expected to increase by capturing strong demand, particularly for payment, enterprise, and platform-related services. We aim to improve profitability in overseas operations through structural transformation and other initiatives.
	Operating Income	9,937	**10,600**	+662	[+6.7%]	
	Operating Margin	6.8%	**7.1%**	+0.3P	-	
Business Process Management	Net Sales	42,646	**44,000**	+1,353	[+3.2%]	Sales and operating income are expected to increase, mainly driven by growth in the DX Business and BPM Business, which are positioned as focus areas.
	Operating Income	5,326	**6,050**	+723	[+13.6%]	
	Operating Margin	12.5%	**13.8%**	+1.3P	-	
Financial IT Business	Net Sales	100,252	**98,500**	-1,752	[-1.7%]	The impact of the peak-out of large-scale development projects is expected to continue. Although a recovery in new client acquisition through modernization is anticipated, sales and income are projected to decline due to the completion of certain operation services.
	Operating Income	12,321	**11,850**	-471	[-3.8%]	
	Operating Margin	12.3%	**12.0%**	-0.3P	-	
Industrial IT Business	Net Sales	128,120	**131,000**	+2,879	[+2.2%]	Sales and operating income are expected to increase, supported by successful demand cultivation among existing clients—particularly in the manufacturing and service sectors—and by capturing ERP-related IT investment demand.
	Operating Income	19,330	**21,200**	+1,869	[+9.7%]	
	Operating Margin	15.1%	**16.2%**	+1.1P	-	
Regional IT Solutions	Net Sales	177,425	**181,500**	+4,074	[+2.3%]	Sales and operating income are expected to increase, despite a reactionary decline in industrial sales projects, by capturing steady IT investment demand in healthcare and network-related services.
	Operating Income	21,576	**22,950**	+1,373	[+6.4%]	
	Operating Margin	12.2%	**12.6%**	+0.4P	-	

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Fiscal 2026 Second Half: Sales and Income by Key Business Segments (Forecast)

TIS
TIS INTEC Group

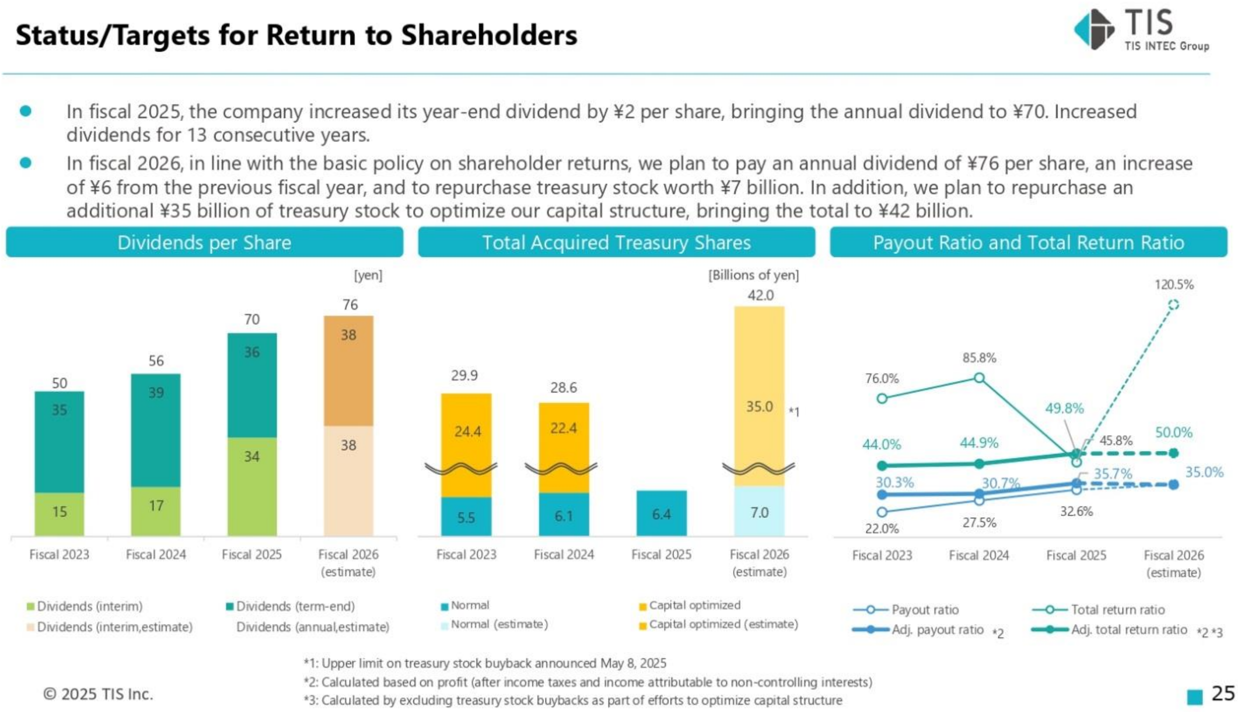
[Millions of yen]		Fiscal 2026 2nd half	Fiscal 2026 2nd half	YOY change	
Net Sales		296,128	**297,000**	+871	[+0.3%]
Operating Income		38,538	**40,000**	+1,461	[+3.8%]
Operating Margin		13.0%	**13.5%**	0.5P	-
Net Income Attributable to Owners of the Parent Company		29,171	**27,000**	-2,171	[-7.4%]
Net Income to Net Sales Ratio		9.9%	**9.1%**	-0.8P	-
Key Business Segments					
Offering Service Business	Net Sales	75,109	**76,000**	+890	[+1.2%]
	Operating Income	5,468	**5,950**	+481	[+8.8%]
	Operating Margin	7.3%	**7.8%**	+0.5P	-
Business Process Management	Net Sales	21,798	**22,500**	+701	[+3.2%]
	Operating Income	3,009	**3,250**	+240	[+8.0%]
	Operating Margin	13.8%	**14.4%**	+0.6P	-
Financial IT Business	Net Sales	50,210	**50,500**	+289	[+0.6%]
	Operating Income	6,231	**6,350**	+118	[+1.9%]
	Operating Margin	12.4%	**12.6%**	+0.2P	-
Industrial IT Business	Net Sales	66,824	**67,000**	+175	[+0.3%]
	Operating Income	10,308	**11,300**	+991	[+9.6%]
	Operating Margin	15.4%	**16.9%**	+1.5P	-
Regional IT Solutions	Net Sales	93,476	**92,500**	-976	[-1.0%]
	Operating Income	13,275	**12,950**	-325	[-2.4%]
	Operating Margin	14.2%	**14.0%**	-0.2P	-

Second half forecast = Full-year forecast - First half forecast

52

Page 22 is a description of the forecast by segment. In financial IT, we are planning for lower sales and profits due to the lingering impact of the peak-out of large-scale projects and the termination of some operations. As introduced on page 52, we are planning for a recovery in H2, with both revenue and profit expected to increase.

Other segments plan to increase sales and profits even as they strive to expand their businesses by taking appropriate actions on IT investments and promoting service offerings, while continuing to make investments in human resources and other growth areas.



As the last part of my explanation, I would like to explain about shareholder returns.

Please skip to page 24, which is a restatement of the basic policy, and turn to page 25.

In response to business growth exceeding the plan for the fiscal year ended March 31, 2025, we have increased the year-end dividend per share by JPY2 from the plan to JPY70, with an eye on a total return ratio of 50% level. For the fiscal year ending March 31, 2026, we plan to pay an annual dividend of JPY76 per share, up JPY6 from the previous year, and also plan to repurchase JPY7 billion worth of treasury stock.

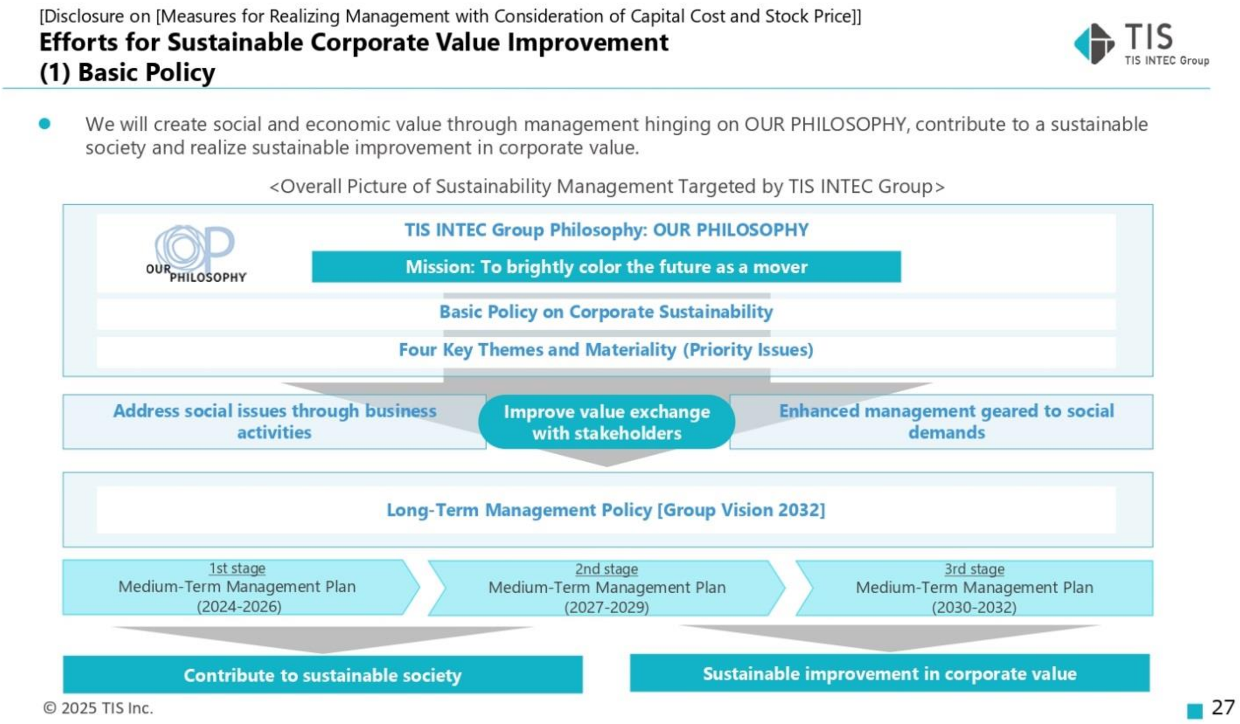
In addition, the Company has decided to repurchase JPY35 billion worth of its own shares for the purpose of optimizing its capital structure, for a total of JPY42 billion.

We believe that this will better ensure the achievement of our ROE target of 16% or more in the final year of our medium-term management plan. While continuing to base shareholder returns on our basic policy, we will continue to consider financial strategies that contribute to the enhancement of corporate value, such as improving capital efficiency.

This concludes my explanation.

Moderator: Thank you very much. Next, Okamoto will explain the progress of the medium-term management plan. Thank you for your cooperation.

Okamoto: This is Okamoto of TIS. I would like to explain the progress of our medium-term management plan.



First, before I begin explaining the progress of our medium-term management plan, I would like to briefly touch on our efforts to sustainably enhance the corporate value of our group, which is the premise of the plan.

First of all, our basic policy is to contribute to a sustainable society and continuously enhance our corporate value by improving value exchange with our stakeholders through sustainability management based on our group's basic philosophy, OUR PHILOSOPHY.

As a roadmap to achieve this goal, we have established a long-term management policy, Group Vision 2032, and will promote specific strategic measures in our medium-term management plan based on this policy.

[Disclosure on [Measures for Realizing Management with Consideration of Capital Cost and Stock Price]]

Efforts for Sustainable Corporate Value Improvement
(2) Analysis and Evaluation of Current Status

TIS
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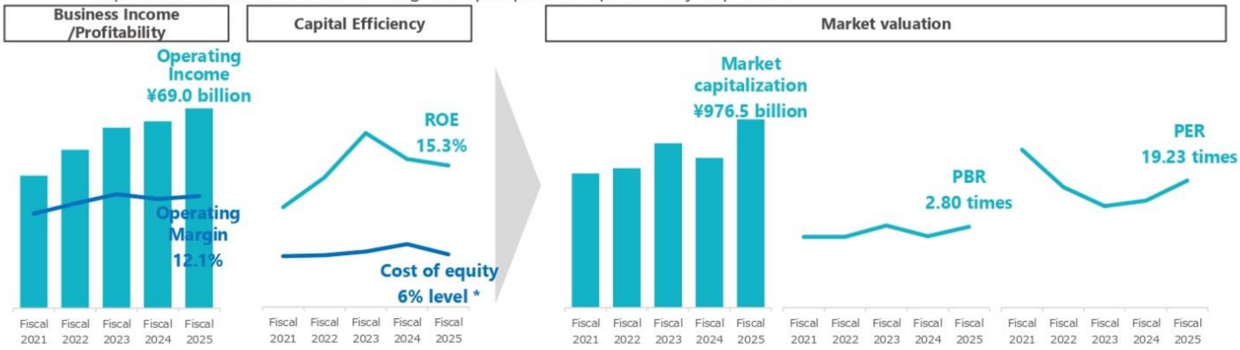
- Promoted measures from both business and financial perspectives. Sustainably generate returns above the cost of capital and, accordingly, improve market assessments.
- However, in order for our corporate value to be fairly reflected in market valuation, we recognize that increasing growth expectations from a medium- to long-term perspective is particularly important.



Business Income /Profitability	Achieved sustainable business growth and improved profitability even as we aggressively pursue growth investment for the future, including for human resources.
Capital Efficiency	In addition to improving EPS through business growth, promote financial measures, including capital structure optimization. ROE exceeded cost of equity.
Market valuation	Use active information disclosure and constructive dialogue to improve management practices. Promoted understanding and confidence in management and improved market valuation.

* CAPM estimate

28

Page 28 is an analysis and evaluation of the initiatives to date.

We believe that we have steadily improved our corporate value by promoting measures from both business and financial perspectives, and that the market's evaluation of our business has increased accordingly.

However, in view of the level of PER and other factors, we recognize that it is particularly important to raise growth expectations from a medium- to long-term perspective in order to ensure that our corporate value is appropriately reflected in market value.

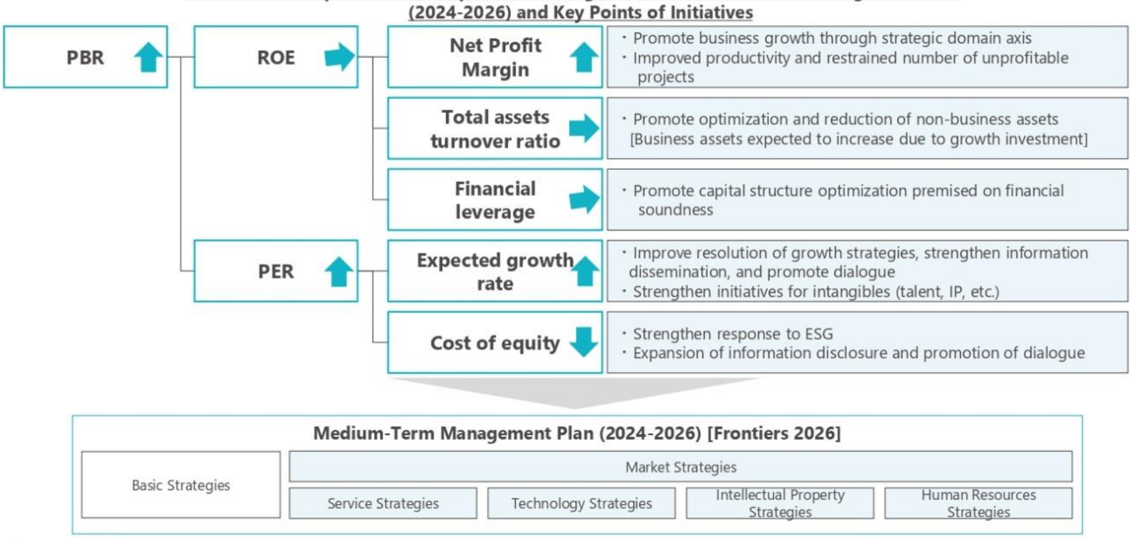
[Disclosure on [Measures for Realizing Management with Consideration of Capital Cost and Stock Price]]

Efforts for Sustainable Corporate Value Improvement
(3) Overview of Plans and Efforts

TIS
TIS INTEC Group

- Aim to achieve further increase in corporate value through execution of Medium-Term Management Plan (2024-2026).

Overview of Corporate Value Improvement Targets under Medium-Term Management Plan (2024-2026) and Key Points of Initiatives



 29

On page 29, we reiterate the overall picture and main points of our efforts to promote initiatives for sustainable enhancement of corporate value.

We intend to emphasize PBR as an indicator of corporate value. We will continue to strive to realize an increase in corporate value and to have it properly evaluated in the market.

Medium-Term Management Plan (2024-2026) Overview

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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.

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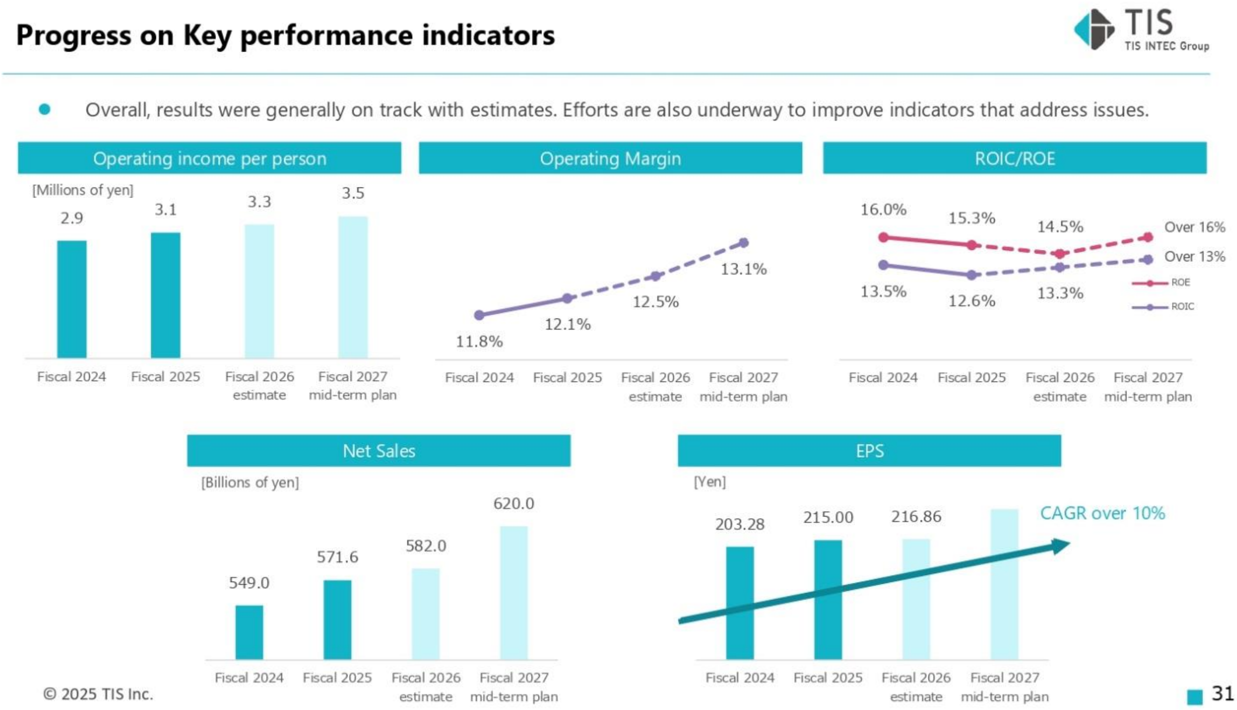
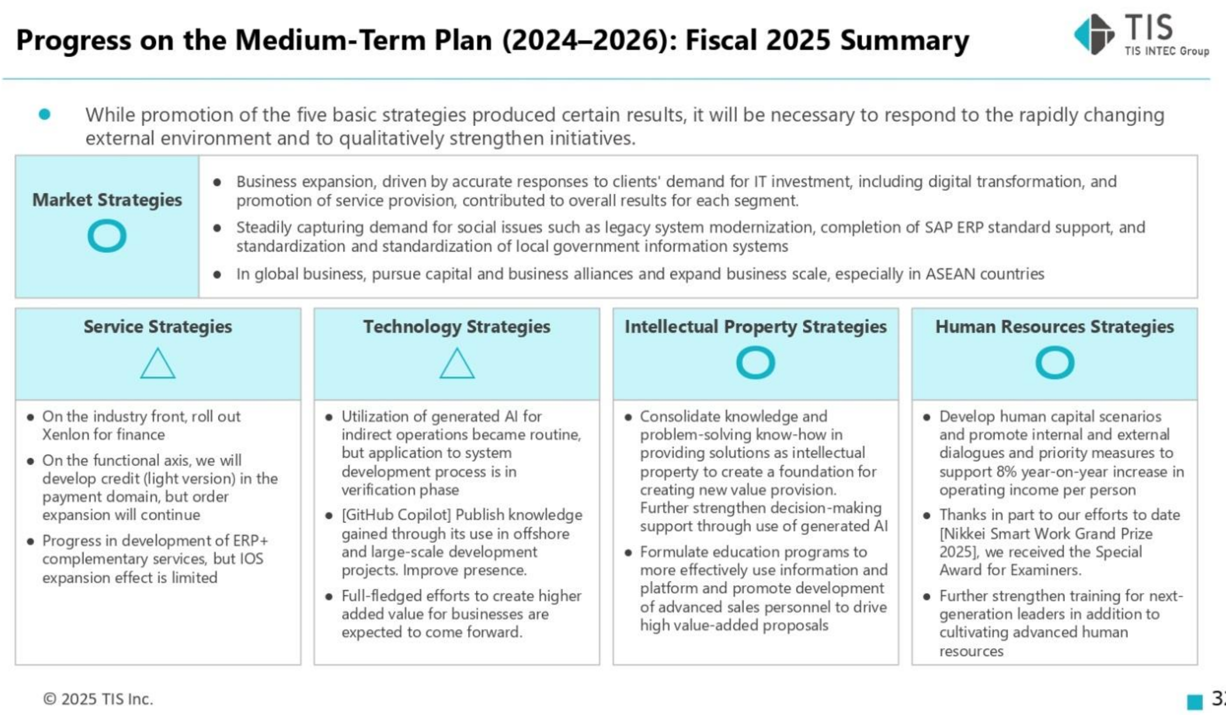
The key to this is our medium-term management plan, and we intend to implement each of the measures and strategies carefully.



I would like to explain the progress of the medium-term management plan from this page.

Page 31 shows the progress of key management indicators.

At the end of the first year, we assess that overall, progress is generally being made according to plan. We have already begun to take measures to achieve the targets for the indicators that have issues, and we will continue to monitor them regularly and revise or add measures as necessary to achieve the targets.



On page 32 is a summary of the first year of the medium-term management plan, the fiscal year ended March 31, 2025.

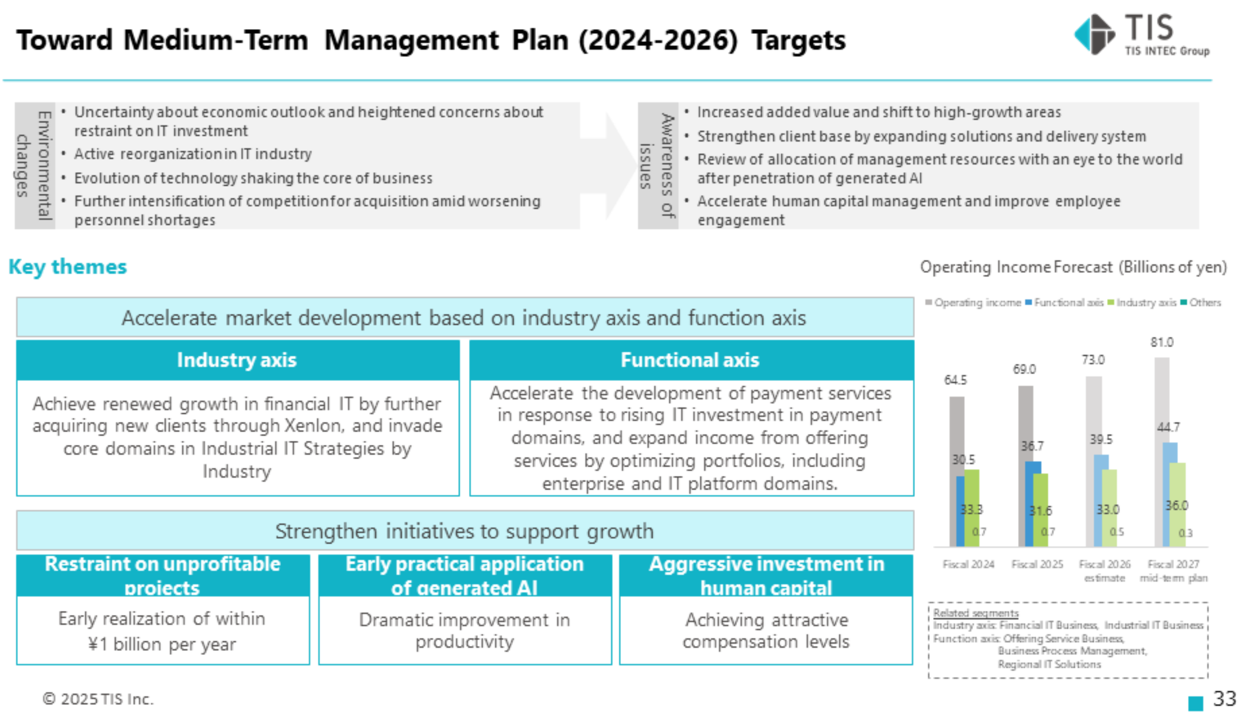
In the first year of the project, we were able to generate a certain level of results by promoting the five basic strategies and capturing a wide range of strong demand. We believe that initiatives such as legacy modernization, the end of SAP ERP support, and the standardization of municipal systems have served as catalysts for acquiring new clients and deepening engagement with existing ones, thereby strengthening the foundation for sustainable growth going forward.

Here I would like to explain the two strategies we are evaluating as triangular. As for our service strategy, having a robust lineup of solutions for clients' core operations is key. While we have been steadily expanding our offerings, such as Xenlon, payment solutions, and ERP, the growth in orders has not yet reached a level I find satisfactory, so we have rated this area as a triangle.

In addition, with regard to our technology strategy, we have been working to improve internal productivity through the use of AI, and we have made some progress, with some of our efforts being featured as advanced case studies.

On the other hand, we are also triangulating this because we believe that the full-scale creation of high-value-added business results using generative AI will not be complete until the future.

We believe that it is necessary to strengthen the quality of our efforts in each of our policies, with a focus on strategies that have issues to be addressed in order to accurately respond to such changes in the future.



Page 33 outlines the key points and priority themes for achieving the targets set out in our medium-term management plan as we enter the second year. Given the changes in the external environment to date, we believe that the most important issue for our group is value-added growth.

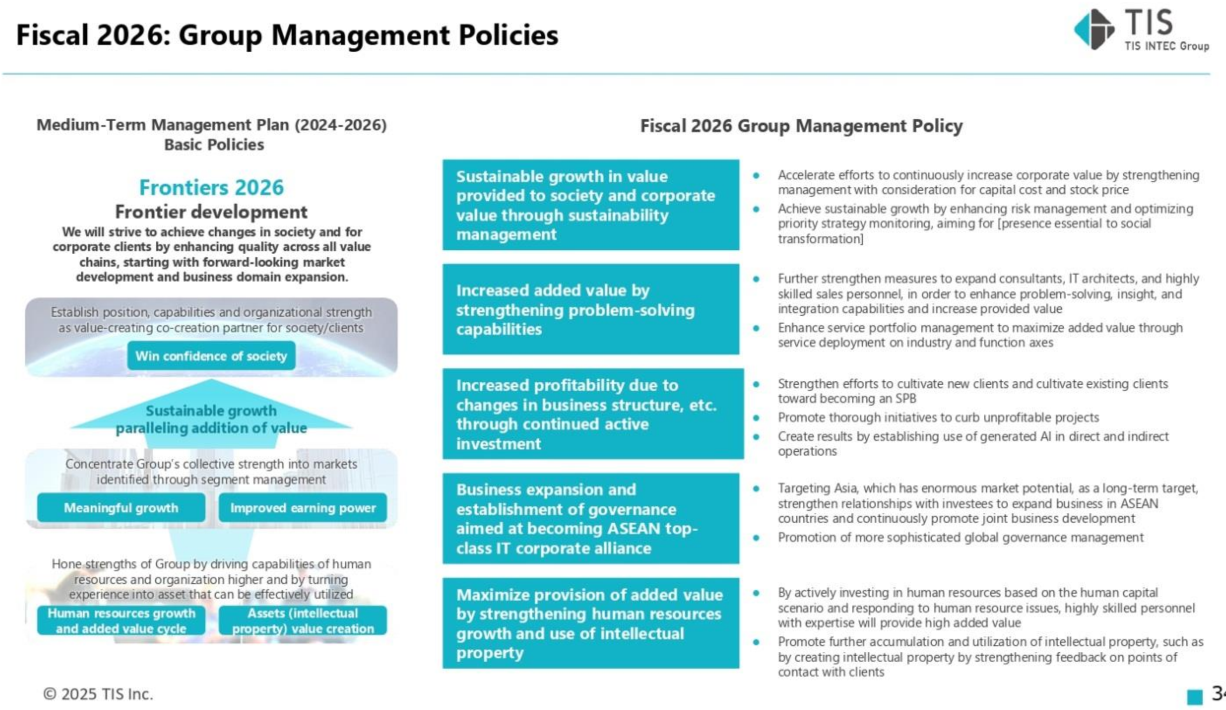
We are aware that we will need to make further progress toward achieving the operating income target of JPY81 billion in the medium-term management plan, starting with the results for the fiscal year ended March 31, 2025.

To achieve this, we will accelerate market development from both the industry and functional axes, and strengthen efforts to support this development. This will be a key theme.

Specifically, we will continue to cultivate new customers and establish a firm foothold in the industry with Xenlon and ERP implementation as the starting points.

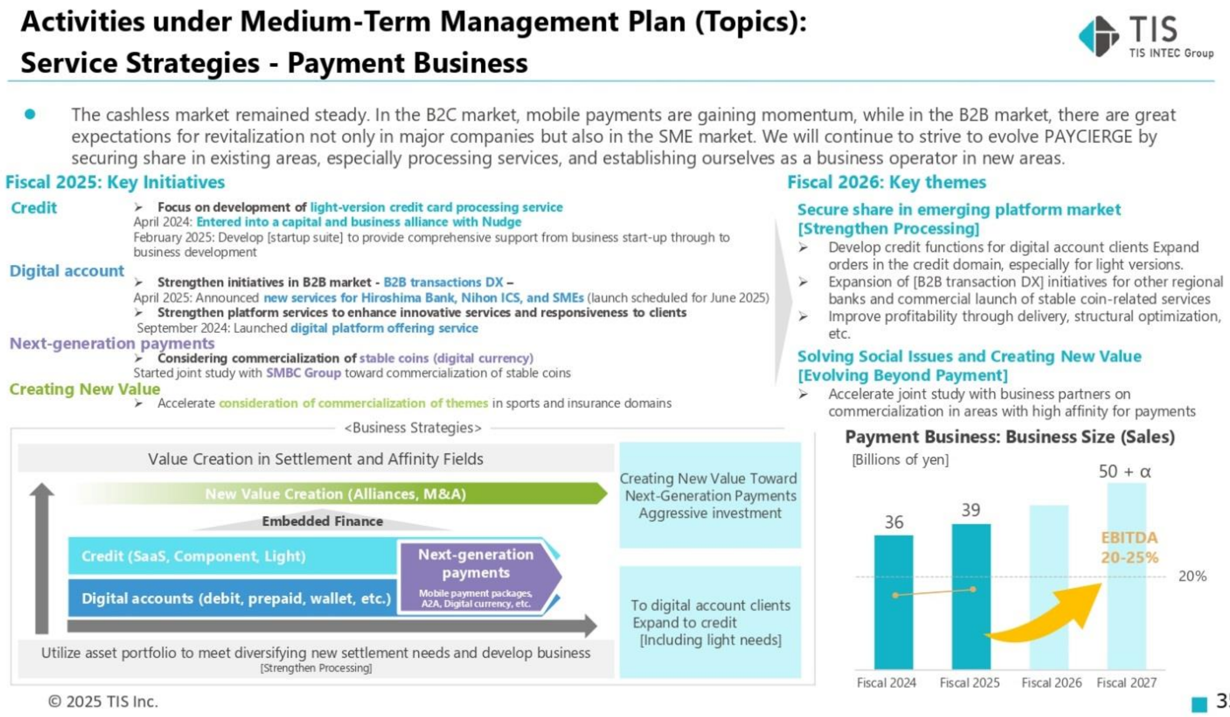
At the same time, on the functional axis, we will enhance our lineup of solutions for our clients' core business operations, including the settlement area, in order to improve our value proposition.

In addition, as a prerequisite for achieving this growth, we will continue our aggressive efforts to curb unprofitable projects, restructure our business processes using AI, and acquire and train competitive human resources.



Page 34 presents the Group management policy for the fiscal year ending March 2026.

There will be no major theme changes. We believe that we will further evolve each of these initiatives to achieve the goals of the medium-term management plan.

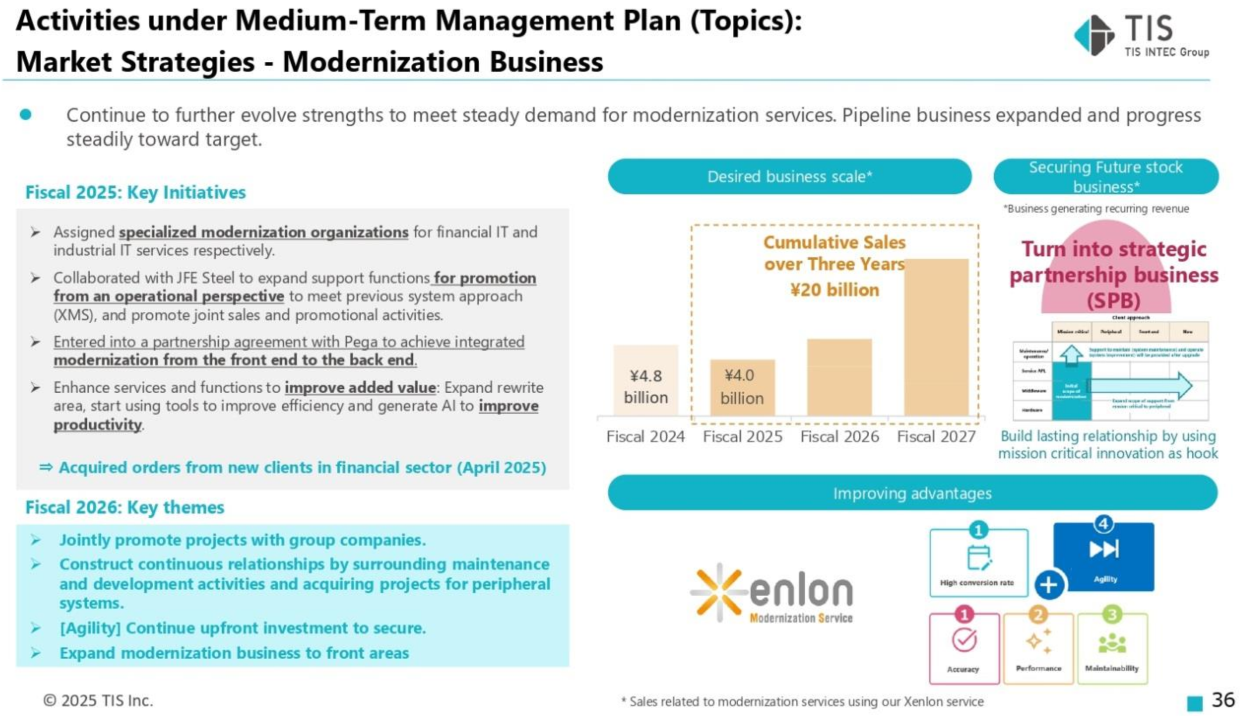


Starting on page 35, I would like to introduce the progress of each of the initiatives in the medium-term management plan.

The first is the payment business. The cashless market continues to expand steadily. In the BtoC domain, the use of mobile payment systems is spreading rapidly, and in the BtoB domain, in addition to large companies, there are high expectations for the revitalization of the market for small and medium-sized enterprises.

In light of these market trends, the Group will work to create value in new areas that have a high affinity with payment services, while firmly securing market share in existing areas centered on processing services.

We hope you will continue to look forward to PAYCIERGE as we continue to add features, evolve functions, and maximize the value we provide.



Page 36 is the modernization project in the market strategy.

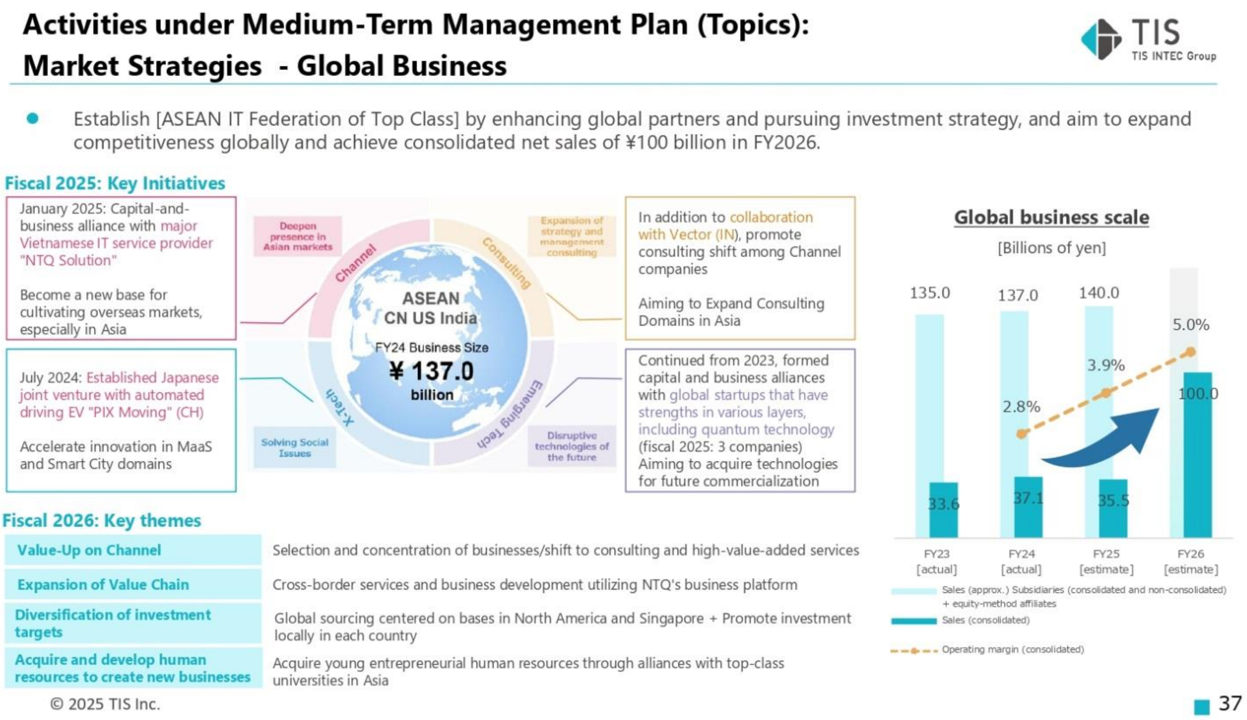
Our migration tool, Xenlon, has an extremely high conversion rate of almost 100%, and in addition, it has such strengths as accuracy, performance, and maintainability, and we have absolute confidence in the superiority of the tool itself.

Given our extensive track record in large-scale migration projects, we continue to receive a steady stream of inquiries from clients who operate mission-critical systems where failure is not an option.

In order to respond to such demand, we have established a system and have been actively promoting proposal activities during the past year. As a result, we were able to win a very large and large-scale order from a new financial client this past April.

As for me personally, I feel confident that the recent orders have given us solid momentum to steadily advance modernization initiatives and offset the peak-out in financial IT.

We will continue to support our clients' business growth and corporate transformation as a strategic partner through our modernization business. We would also like to expand our strategic partnership business, which is one of our strategic domains. We are now moving forward with this response.

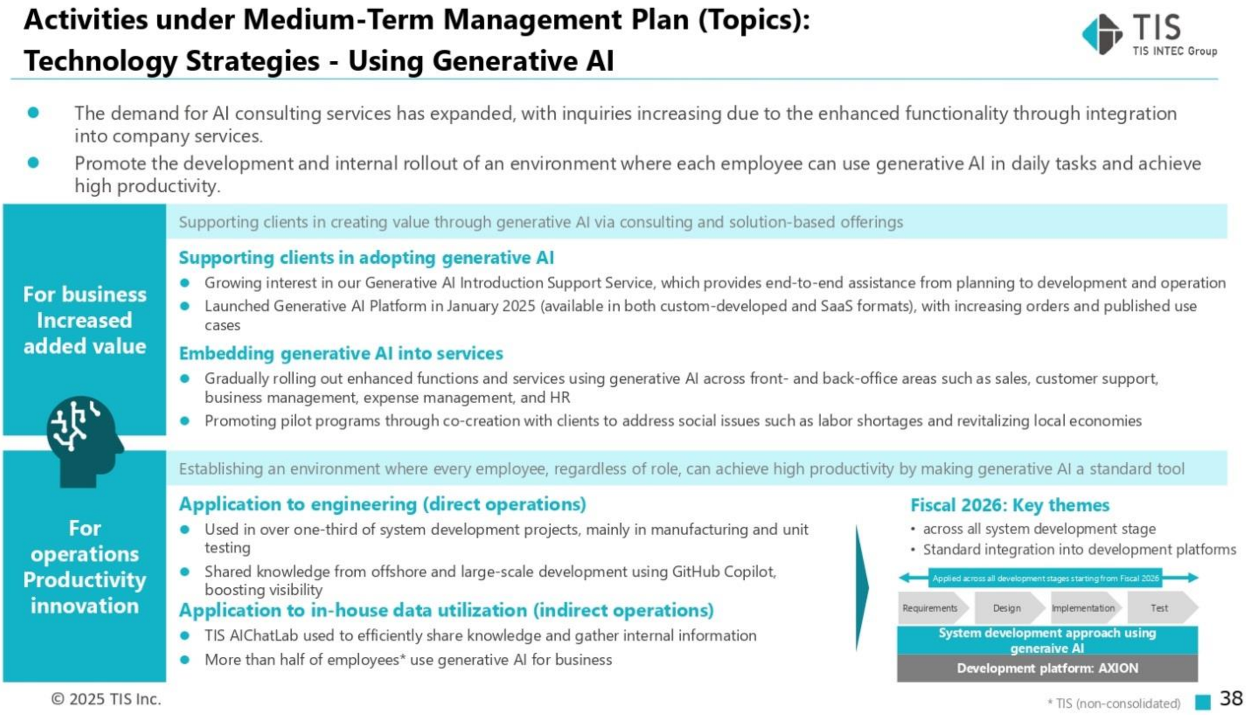


Page 37 is about global business.

In the fiscal year ended March 31, 2025, we have steadily expanded the scale of our business by encouraging the expansion of our global partners.

On the other hand, we recognize that improving profitability is an issue. Therefore, we recognize that we must work to add value to our global services as a whole by promoting the transformation of our business structure and encouraging collaboration among the companies in which we have invested.

We will continue to promote our efforts toward the formation of a top-class ASEAN IT consortium through further expansion of our global partners and strategic investments.



This page 38 is the technology strategy.

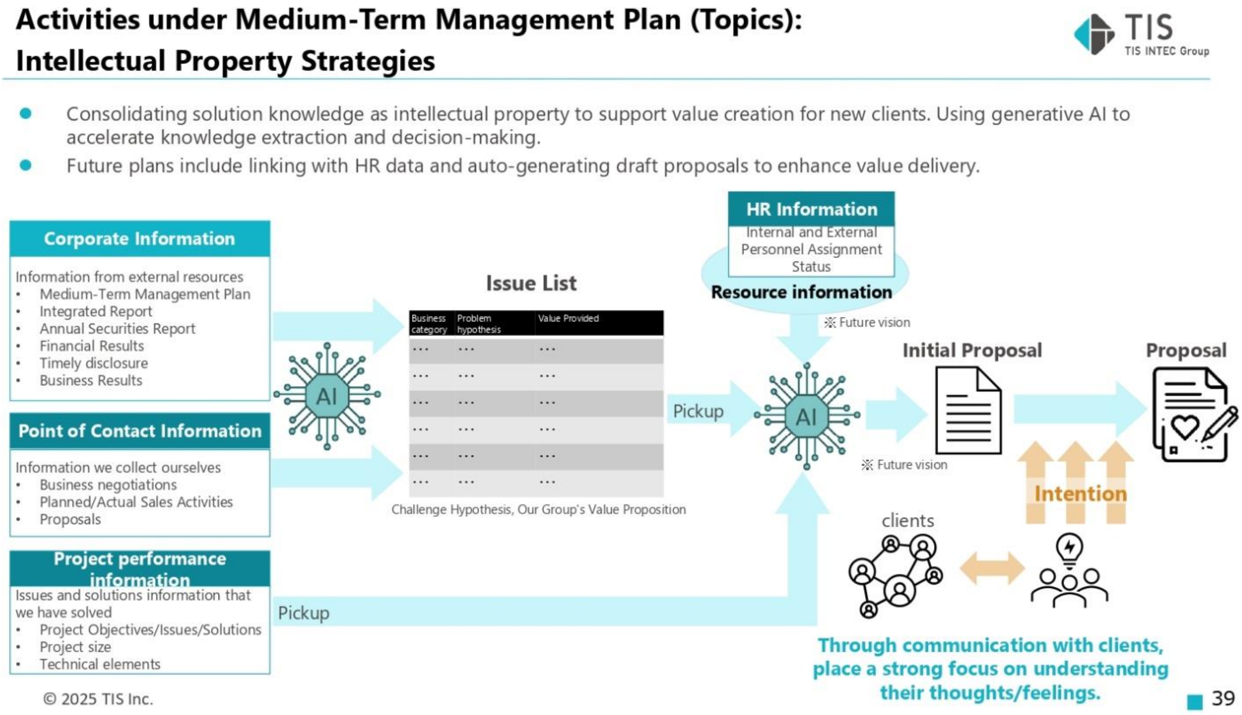
We are working on a wide range of AI generation, both for our customers and for our own internal operations.

First of all, in terms of business for our customers, demand for AI consulting services is expanding. We are also incorporating AI into the various services we provide in order to enhance their functions, and as a result, we are receiving an increasing number of inquiries.

Meanwhile, internally and internally, under the theme of business productivity innovation, we are actively developing the environment and deploying internally so that each and every employee can utilize generative AI in their daily work to achieve higher productivity.

We are already making progress in utilizing generative AI in many projects, and we are actively considering initiatives to fundamentally review the system development process to dramatically improve productivity in the future.

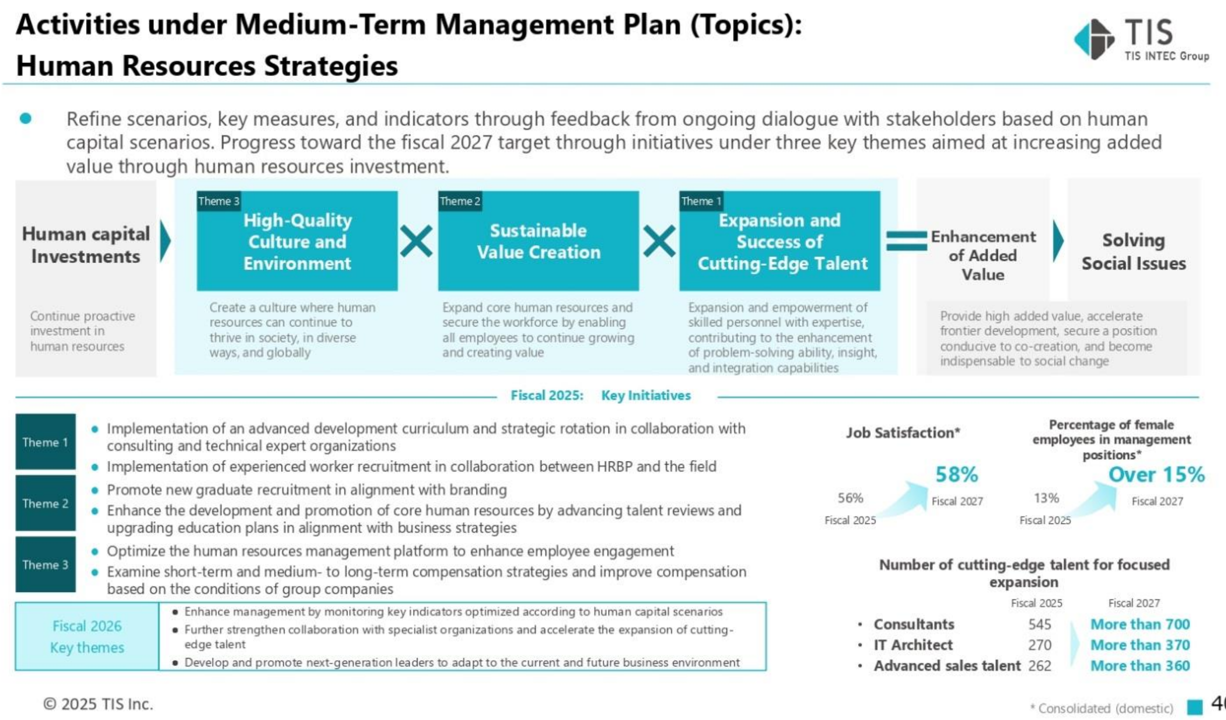
We also have cases that have been recognized as leading-edge initiatives. We would like to proceed with a positive and solid investment.

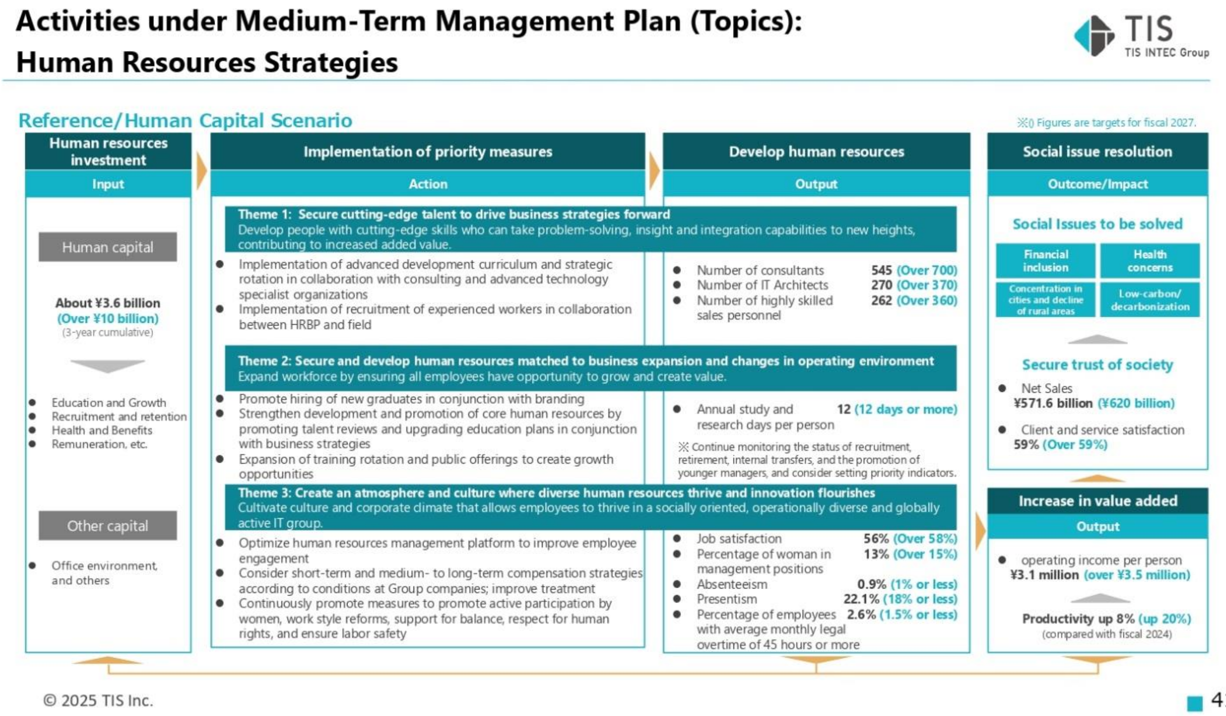


Next, we will continue with the IP strategy.

In order to realize frontier development, which is the basic policy of our medium-term management plan, we believe it is essential to strengthen our sales and problem-solving capabilities, in particular. To this end, we are currently working to create an environment in which we can make more accurate and timely proposals by digitizing our customer contact points and linking them with our accumulated problem-solving know-how and performance information.

These efforts will be steady, but we believe that steady progress will lead to a foundation that will support sustainable growth, and we are determined to make these efforts strong.





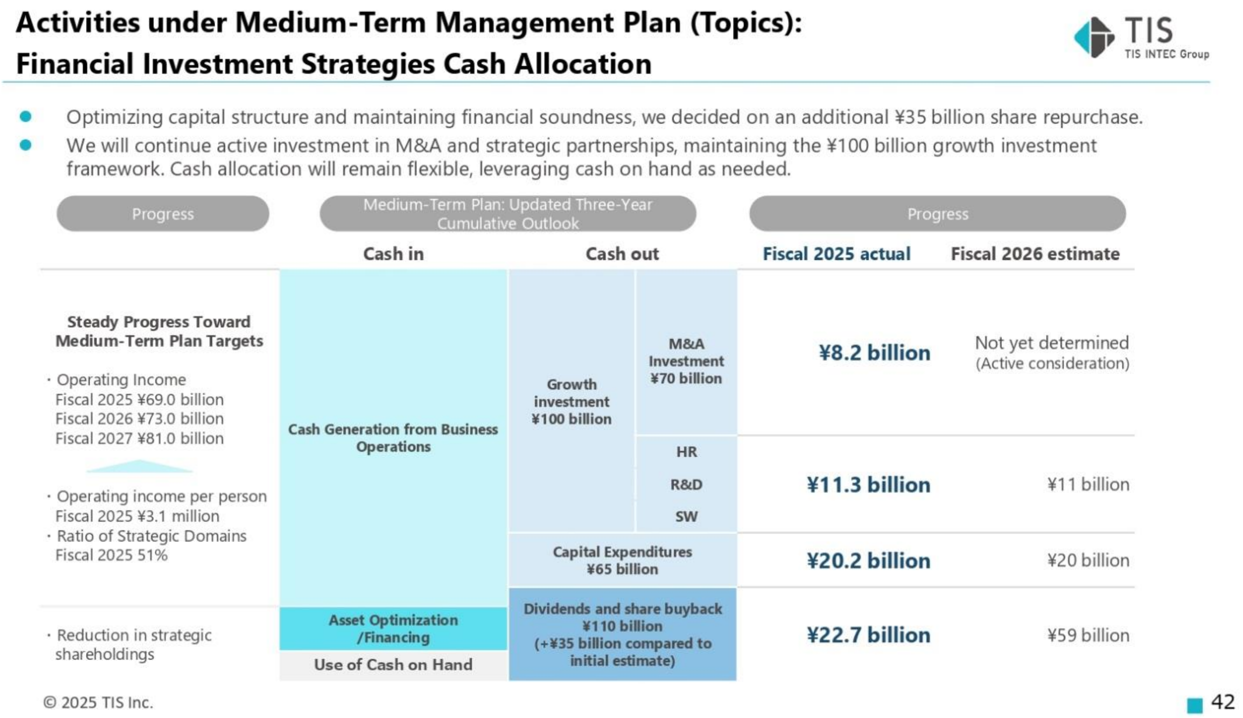
Pages 40 and 41 are human resources strategies.

Naturally, we consider human resources to be our most important management capital. We are committed to continuously strengthening our human capital.

As we continue to refine our human capital scenario to support mid- to long-term growth, our group defines top talent as consultants who identify and address client issues, highly skilled sales professionals, and IT architects proficient in advanced technologies.

We would like to develop an environment that includes investment in human resources so that we can provide high added value through focused training and expansion of such human resources.

In addition, in order to increase the effectiveness of these efforts, it is our belief that it is important to promote human resource strategies not in isolation, but in an integrated manner with management strategies. For this reason, we have changed the structure so that Kawamura, Division Manager of the Planning Division, will concurrently serve as General Manager of the Human Resources Division starting this April.



Page 42 is about the financial strategy.

As explained in the section on shareholder return, we have decided to repurchase JPY350 worth of treasury stock to optimize our capital structure in addition to the JPY7 billion worth for the purpose of shareholder return. Although we have revised some of our cash allocation accordingly, we will continue to make the JPY100 billion investments for growth that we have been talking about for some time, without changing our initial assumptions.

Activities under Medium-Term Management Plan (Topics): Enhancing Management Capabilities

- In fiscal 2025, the company focused particularly on initiatives in human capital, the environment, and the supply chain.
- Focus on measures to further deepen sustainability management in light of changes in the business environment.

Fiscal 2025: Key Initiatives

Contribution to decarbonisation society and recycling-oriented society

- Early switch to renewable energy-derived electricity at data centers and offices
  → Steady Progress Toward Achieving Medium-Term GHG Emissions Targets (Scope 1+2)
- Conducted risk analysis on natural capital using the TNFD framework
  → No targets set due to limited impact on natural capital; risk analysis ongoing.

Providing value to society through strengthening human capital and supply chains

- Focus on securing high-impact talent to lead frontier development based on the human capital investment framework
- Promoting Co-Creation with Supply Chains Promote initiatives
  - ✓ Update multi-stakeholder policy
  - ✓ Renewal of Declaration of Establishment of Partnerships
  - ✓ Preparation of procurement guidelines

Continuously enhancing corporate governance to build trust with society

- Revised to executive compensation system designed to maximize corporate value
  - ✓ Increase ratio of variable compensation (performance-linked)
  - ✓ Review to competitive compensation level
  - ✓ Changed assessment method to respond to shareholder trust
- Enhancing Board Diversity and Monitoring Functions
  - ✓ Developing an agenda for discussing and enriching the basic management policy
  - ✓ Clarifying the roles and codes of conduct of directors

  → Fostering a shared understanding among directors to enhance the Board's effectiveness

Fiscal 2026: Key themes

- ➢ Strengthen integrated systems for managing risks and opportunities in response to the rapidly changing business environment
- ➢ Improved quality of dialogue with stakeholders, starting with enhanced disclosure (preparations for future responses to sustainability information disclosure based on SSBJ standards, etc.)

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Page 43 outlines our initiatives for enhancing management sophistication.

Basically, we will continue our efforts based on a long-term perspective, but in light of changes in the business environment, we will focus on promoting measures for further evolution of sustainability management.

Activities under Medium-Term Management Plan (Topics): Non-Financial Management Indicators

- While progress in increasing the number of consultants remains a challenge, other metrics are tracking well. We will further strengthen our focus on expanding human capital.

	Materiality themes	Perspective/policy on measuring progress	Indicators	Scope*1	Fiscal 2024 Results	Fiscal 2025 Results	Fiscal 2027 Targets
1	Create a society in which diverse human resources are engaged and thrive	**Demonstrate capabilities of employees** Human resources with specialized expertise will be at forefront of frontier development and provide high added Value	Job satisfaction	B	52%	**56%**	58%
			Number of consultants	B	510 persons	**545 persons**	700 persons
			Number of female employees in management positions	B	12%	**13%**	15%
2	Create a society in which diverse human resources are engaged and thrive	**Provide value to society** Aim to integrate business and sustainability so that promoting business aligned to strategic domains itself creates social value	Strategic domain ratio	A	48%	**51%**	52%
			Operating income per person	A	¥2.9 million	**¥3.1 million**	Over ¥3.5 million
			Growth investment	A	Three-year total ¥72.0 billion	**Annual ¥19.5 billion**	Three-year total ¥100.0 billion
3	Create a safe society through highquality services	**Quality demanded by society** Realize management attitude/practices supporting accumulation/distribution of intellectual property, and create appealing quality	Client/service satisfaction	C	54%	**59%**	59%
			Business partner satisfaction	D	77%	**74%**	81%
4	Enhance corporate governance and earn the trust of society	**Company chosen by society** Constantly reinforce internal controls on groupwide basis, and contribute to decarbonized society and recycling-oriented society	GHG emissions (Scope 1+2)*2 [Compared with fiscal 2020]	A	60% reduction	**65% reduction (preliminary)**	70% reduction
			Renewable energy utilization rate*2 (Offices and data centers)	B	Introduced 57%	**Introduced at 62% (preliminary)**	Fiscal 2031: 100% introduction

*1 A: Consolidated / B: Consolidated (domestic) / C: TIS, INTEC, AGREX, QUALICA, AJS, TIS Solutions Link / D: TIS, INTEC
*2 Fiscal 2024 results only include TIS, INTEC, AGREX, QUALICA, AJS, TIS Solution Link, TIS System Service, TIS Tohoku, TIS Nagano, TIS West Japan, TIS Hokkaido, TIS Business Service, SorunPure, MFEC Public, Business Application, Motif Technology Public, Hongson, MISO Digital, Prain Fintech, Msyne Innovations, and Playtorium Solutions

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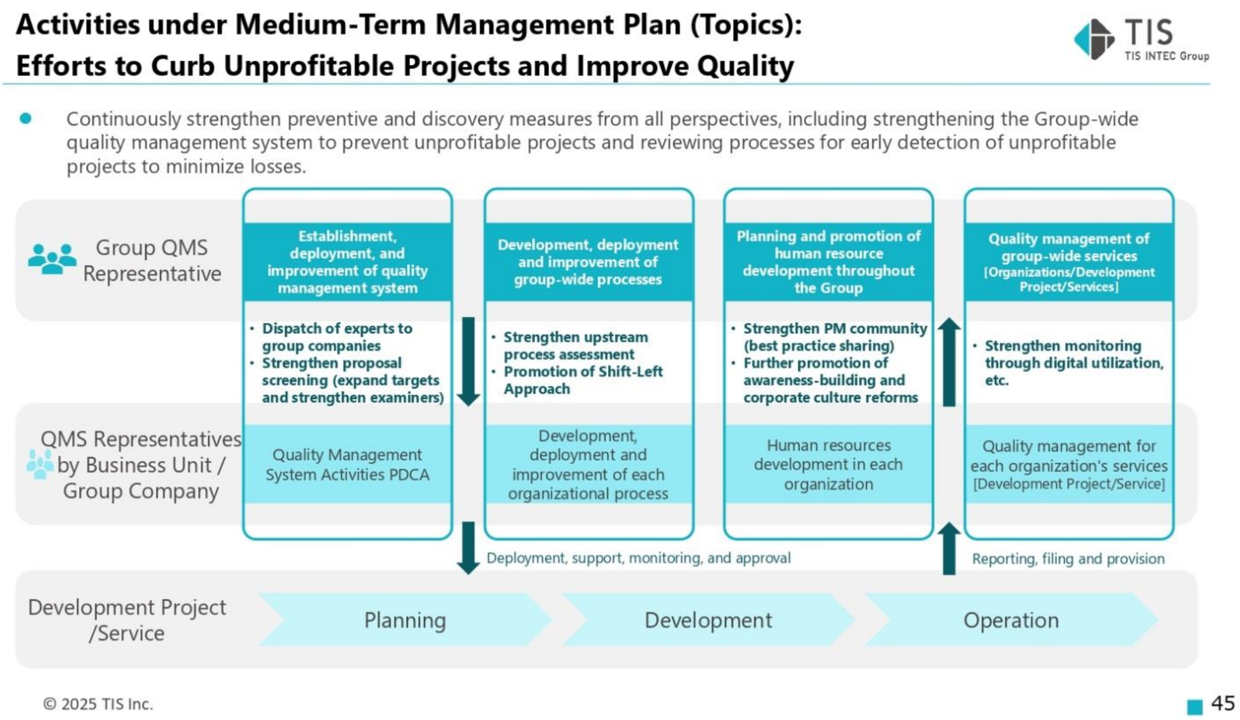
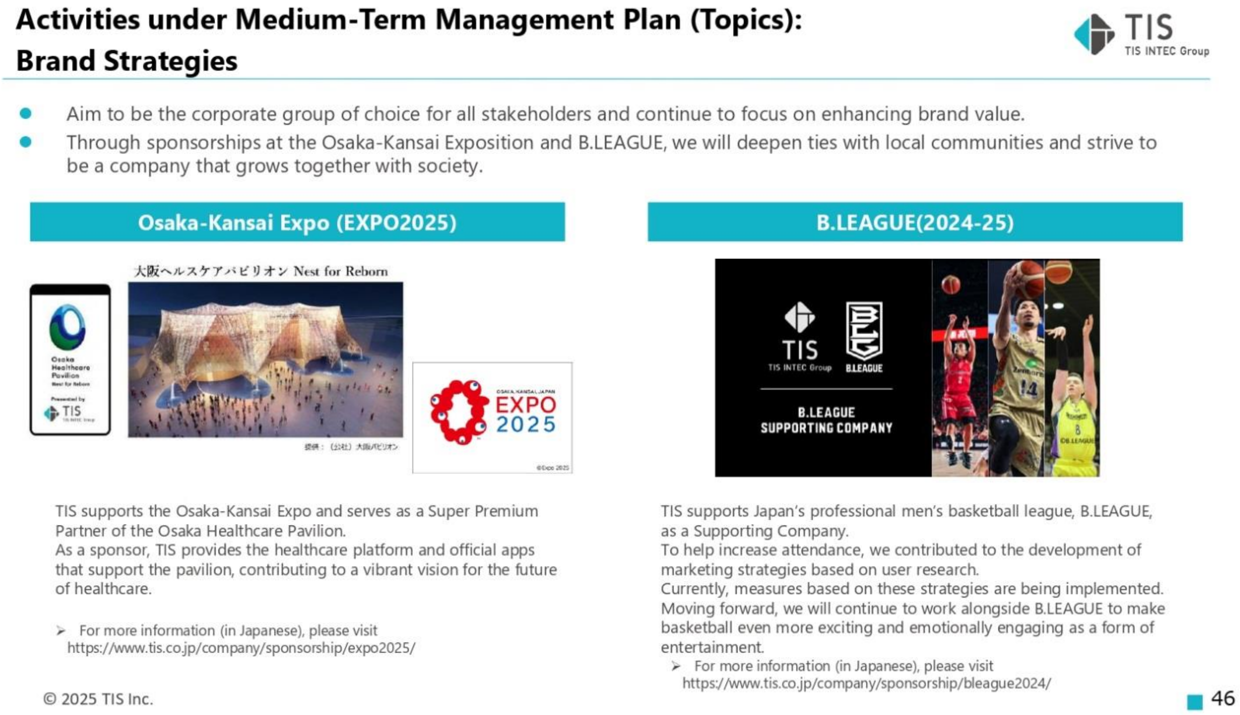
Next is the progress of non-financial management indicators.

At this point, we are on track to achieve our goals, and we will continue to make steady progress.



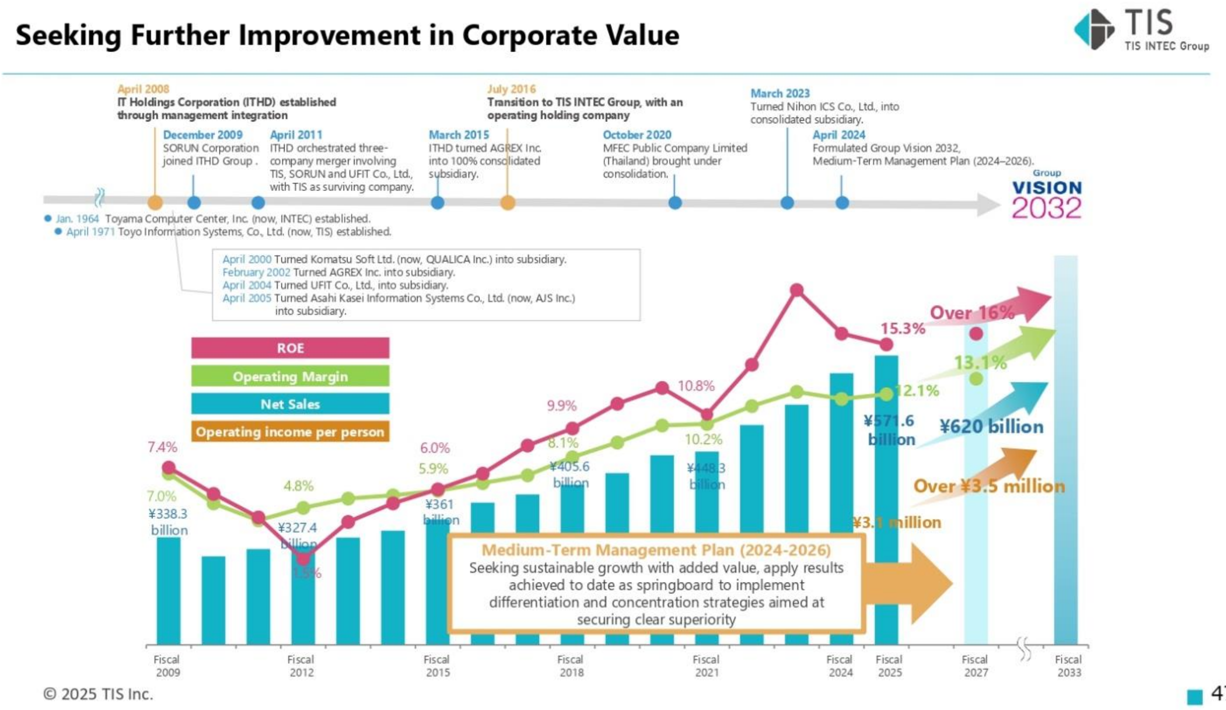
On page 45, I would like to discuss one of the major challenges we have faced in recent years, namely, efforts to curb unprofitable projects and improve quality.

We are continuing to strengthen our quality control system and other measures throughout the Group with the aim of preventing unprofitable projects from becoming large-scale projects by detecting and dealing with them as early as possible. The system or framework itself is not significantly flawed. Ultimately, it all comes down to each individual on the front lines. While it may take time for some initiatives to be fully understood, internalized, and established at the field level, we will continue steady awareness-building efforts and thorough implementation. Through these actions, even as we pursue business expansion, including proactive acquisition of new clients, we remain committed to minimizing the impact on performance.



This is our brand strategy, and we are introducing our sponsorship of the Osaka-Kansai Expo and the B-League basketball tournament.

Our group aims to be a company that deepens its ties with the community and grows together with society, and we consider these activities to be extremely important as part of this effort. We hope to use these initiatives as a starting point to create new business opportunities and solve social issues.



This is the last part of my explanation, page 47.

One year has passed since the start of the medium-term management plan. As mentioned previously, the fiscal year ended March 2025 has been a challenging one, as we faced a significant impact from the peak-out of large-scale financial development projects that had driven business growth in recent years. Even so, we exceeded our performance targets, and new business initiatives, starting with Xenlon, are now gaining momentum. We view these outcomes as very positive results.

However, in order to achieve the high goals set forth in the medium-term management plan, we must do this by further expanding our service business and further expanding SPB, starting with modernization. And we believe that there are many themes and issues that we need to focus on for sustainable growth, such as controlling unprofitable projects and utilizing generated AI.

By continuing to carefully and steadily address each of these issues, we intend to firmly establish our footing and move forward with steps toward further growth.

Above all, however, we recognize that we have the will and the strength to make this happen. We would like to do our best even more.

Moving forward, under the core policy of our medium-term management plan, frontier development, we will continue to lead from the front as each and every employee takes a step forward in their respective roles, fulfilling their responsibilities as pioneers. Through this, we aim to strengthen our front lines and drive structural transformation, ultimately achieving sustainable growth for the Group and further enhancing our corporate value. We appreciate your continued support and look forward to delivering on these ambitions.

This is the end of my explanation.

Question & Answer

Moderator [M]: Thank you very much. We will now have a question-and-answer session.

Please note that each person is limited to two questions at a time. Please understand that we may not be able to answer all of your questions due to the progress.

If you have a question about a particular slide, please specify the slide number as well, as the slide will be projected. We will now begin.

First of all, Mr. Tanaka of Morgan Stanley MUFG Securities, please ask your question.

Tanaka [Q]: My name is Tanaka from Morgan Stanley. Thank you.

The first point is the three-month order intake. For software development overall, you saw a YoY increase of 3.6%. Q3 was so good that I was expecting a little more, but when I looked at the contents, the industrial IT area was quite strong, and I wondered if regional IT could be in the plus column, but it was in the minus column. What is the content of this area, and what is the outlook for the future?

Kawamura [A]: I will answer. Regarding orders received in Q4, it is true that Q3 was very strong, but on the other hand, as a whole, there was a reactionary decline in the financial IT sector, as we had announced, resulting in an overall growth rate of 3.6%.

Regarding your question about industrial IT, especially ERP-related and SAP. We believe that our orders were particularly strong due to the strength of those orders and the contribution of orders from our modernization business.

With regard to regional IT, results for Q4 were very strong. This is partly because orders received in Q3 were also very good. Orders in Q4 were slightly weaker than in Q3, but overall, I think this is part of the wave of orders, so I don't think there will be a major change on an actual basis.

There has been slight recoil in demand, including in the medical sector, which continues to have a minor negative impact. However, we believe we have a solid order backlog going into FY2025, and we do not expect any significant changes in our clients' IT investment trends. Therefore, our overall direction remains unchanged, we will continue to steadily build on our progress and aim for increased revenue and profit. We hope this clarifies our position moving forward. That is all from me.

Tanaka [Q]: Thank you. As for the second point, while I understand that Xenlon has been performing very well, you also mentioned earlier that a large-scale order was received in the financial sector in April. Could you share more details on the size of that order and the project duration? Also, can you give us some details about the amount of orders received for development?

Kawamura [A]: We received the order in April, and I hope you understand that it is in the billions. The duration of the project was, I believe, two or three years. I'm not sure exactly what it is right now.

Okamoto [A]: I think it was two or three years.

Tanaka [Q]: I see. Is this mostly in development orders?

Okamoto [A]: Yes, in development orders.

Tanaka [Q]: It would be coming into finance.

Okamoto [A]: Yes.

Tanaka [Q]: I see, so when you say several billion yen, would it be reasonable to assume around JPY5 billion? Would that be roughly accurate?

Kawamura [A]: I hope you understand that it is around the middle of billions of yen.

Okamoto [A]: The duration is about three years.

Tanaka [Q]: Three years. Sorry, just to clarify, roughly when is the project scheduled to begin after the order has been received?

Okamoto [A]: We have already started.

Tanaka [M]: I understand. Thank you.

Kawamura [A]: As we spent the past year conducting various PoC activities for this project, we've been able to start smoothly.

Tanaka [M]: Thank you very much. That is all from me.

Moderator [M]: Thank you. Now, please wait a moment while I appoint the next person.

Please continue with your question, Mr. Kikuchi of SMBC Nikko Securities.

Kikuchi [Q]: I am Kikuchi. Thank you. I have two questions.

Regarding the fiscal year just ended, you mentioned that the impact from the decline following the large-scale financial project was successfully mitigated. Looking ahead, is it correct to understand that this is a project running through around 2030, and that the outlook now is that the volume of work won't decline as much as initially expected during the project period? Or given that orders have been declining, does that mean you will still need to secure new ones in the new fiscal year after all? That said, in terms of order volume, I believe there wasn't actually much of a decline in the fiscal year just ended, so the overall level seems to have been maintained. So should we expect the decline to begin in earnest from here on out, or is it more likely that things will stay relatively stable through around 2030, with any real drop coming around the time the project wraps up?

I imagine that if there's no actual decline, even with some recoil being absorbed, it would make it considerably easier for your company to accumulate profits and achieve the targets set in the medium-term plan. So my first question is, could you share more about the outlook for large-scale projects?

Kawamura [A]: Now, I will explain the figures and other aspects.

We are unable to discuss specifics about your project, so I will only answer in terms of our performance.

As for the initially anticipated impact of the peak-out in our plans, thanks to the steady progress of our projects, we were able to keep the impact lower than expected. As a result, financial IT ended up exceeding our initial plan.

Since the project is progressing smoothly, I hope you will consider that the situation is generally in line with the progress of the medium-term management plan.

As explained in the plan for the fiscal year ending March 2026, while H1 is expected to be affected to some extent by recoil from the previous period, we anticipate new orders from various projects, including this one, in H2. As such, we expect financial IT overall to return to positive growth.

From this perspective, we believe that signs of a turnaround toward the final year of the medium-term management plan are finally beginning to emerge.

Not only this large-scale project, but also orders related to modernization, as mentioned earlier, are increasing, and overall, we are steadily making progress toward achieving our medium-term plan. We hope this gives you a clear understanding of our current trajectory. That is all from me.

Kikuchi [Q]: I understand. It seems that the project hasn't really declined much, just slightly from the peak, and it's expected to remain at a relatively stable level throughout the medium-term plan period. In that case, while it's true that the project will eventually taper off at some point, the outlook suggests that won't happen until around five years from now, when the project comes to an end. Is it safe to assume that there will not be much impact in the short term in the current or next fiscal year?

Kawamura [A]: From a performance standpoint, we recognize that the fiscal year just ended saw a certain degree of recoil in both revenue and profit. However, under the new plan, our approach is to absorb most of that recoil in H1 and aim to return to positive growth in H2. That is all from me.

Kikuchi [Q]: Thank you very much. The second point, which was explained earlier, is the share buyback.

I am wondering if you could give us some background or logic behind this rather large share buyback.

Kawamura [A]: Yes, thank you.

Regarding share buybacks, the financial strategy of our medium-term management plan states that we will make investments for growth, and that we will respond flexibly after carefully examining our balance sheet, including the level of net assets.

We have also set a goal of achieving ROE of 16% or more in our medium-term management plan. Taking all of these factors into consideration, and based on the balance sheet as of the fiscal year just ended, we determined that now is an appropriate time to implement a share buyback in order to optimize our capital structure. Accordingly, we have announced a share repurchase program totaling JPY42 billion. This will bring the ROE to a level above 16%.

In addition, we would like to achieve a higher level of growth through the growth of our business. That is all from me.

Kikuchi [Q]: Thank you very much. In the past, your company has conducted share buybacks both from the market and by purchasing cross-shareholdings, including several large-scale transactions. In this case, would it be correct to understand that the buyback is primarily focused on cross-shareholding disposals?

Kawamura [A]: For this time, we plan to purchase most of our products from the market. While a portion of the buyback will be conducted through ToSTNeT transactions, the majority will be carried out through market purchases. We would appreciate it if you could understand it in that way.

Kikuchi [Q]: So, just regular market purchases. I understand that, technically, ToSTNeT transactions are considered market purchases as well. Is it correct to say that most of the buyback will be through regular, ongoing daily purchases on the open market?

Kawamura [A]: Yes. The announcement is based on this, with some parts of the transaction to be conducted through ToSTNeT.

Kikuchi [M]: I understand. Thank you. That is all from me.

Moderator [M]: Thank you. Now, please wait a moment until the next person is appointed.

How about some more questions? Please send them to us.

Mr. Iwabuchi of Okasan Securities, please continue with your question.

Iwabuchi [Q]: Thank you. First of all, there are a few things in the area of achievements.

First, you explained a little bit about the regional IT in Q4. Can you comment on why operating income was strong in Q4 and whether it is sustainable or not?

Kawamura [A]: In Q4, we believe that we were able to make a very strong landing, especially in the area of life and non-life insurance, as well as in dealing with local governments.

Given that orders had already built up significantly by Q3, H2 progressed in a very favorable manner, and we were pleased to have been able to exceed our targets.

As mentioned earlier regarding order trends, we have factored in some recoil from previous sales projects. However, the overall trend remains largely unchanged. We intend to continue capturing IT investment demand across Japan, including from small and medium-sized enterprises, and aim to carry this momentum into FY2026 as well. That is all from me.

Iwabuchi [Q]: So would that mean that you don't have to think of any good profitable projects in Q4?

Kawamura [A]: Yes. The increase was not driven by any one-off factor; rather, we believe it reflects the steady progress of our initiatives to improve profitability. Additionally, the previous year included a number of unprofitable projects, and our ability to effectively contain those this year also contributed to the increase in profit.

Iwabuchi [Q]: Thank you very much. Next, one more thing on the results, I believe that non-consolidated results showed an increase in revenue and a decrease in operating income. Can you give us some major factors that contributed to this?

Kawamura [A]: In short, you mean TIS alone?

Iwabuchi [Q]: Yes, that's right. I believe that was reflected somewhere, perhaps on page two of the earnings release.

Kawamura [A]: On a non-consolidated basis, we saw a very strong increase in sales and a slight decrease in operating income.

We believe that this is due to the fact that there were some unprofitable projects on the TIS side. As mentioned earlier, among the unprofitable projects, there was one relatively large project each in industrial IT and offerings, which we believe had an impact.

In addition, as was mentioned in an earlier question, the impact from the peak-out of large-scale projects was greater compared to the previous year. Combined with other factors, this led to a slight decline in operating profit.

As we have noted, there are no significant negative factors beyond the recoil effect impacting the trend. Our focus for the fiscal year ending March 2026 will be on steadily managing profitability while driving top-line growth, and we intend to execute the plan with discipline.

That is all from me.

Iwabuchi [Q]: Thank you very much. Lastly, regarding your revenue forecast for this fiscal year: from what I see, your order backlog has increased by around JPY10 billion and your revenue target is also up by roughly the same amount. This gives the impression that the plan may be somewhat conservative. Are there any specific risks you have factored into this year's forecast, such as developments in the US or potential ripple effects from overseas conditions that we should be aware of?

Kawamura [A]: With regard to revenue, it's true that the strong finish in the previous fiscal year makes the YoY growth appear somewhat modest. However, our order backlog has continued to build steadily, and our priority is to first achieve this year's plan with certainty. From there, we aim to drive further growth and ensure the successful execution of our medium-term management plan.

We are not factoring in any particular risk in terms of sales. Of course, we need to pay attention to risk factors such as those you pointed out earlier, and we believe it is necessary to take action on a case-by-case basis, but this is not an aspect that we have incorporated into our plans to a large extent at this point.

Iwabuchi [M]: Okay, thank you very much. That is all from me.

Moderator [M]: Okay, please wait a moment until the next person is appointed. Are there any other questions? Please send them to us.

Now, since there doesn't seem to be anyone else with questions, we conclude the question-and-answer session.

Lastly, Okamoto would like to offer his greetings.

Okamoto [M]: Thank you very much for attending today's TIS financial results meeting for the fiscal year ended March 31, 2025. If you have any additional questions, please contact our IR representative during an individual interview or by phone, and we will be happy to answer them. We look forward to your continued interest in our company.

Moderator [M]: With that, we would like to close today's briefing.

Thank you very much for taking time out of your busy schedule to join us today.

[END]

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