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Consolidated Financial Results for the Fiscal Year Ended March 31, 2026 (Under Japanese GAAP)

May 8, 2026

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 Securities code 3626 URL <https://www.tis.com/>
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(Yen amounts are rounded down to millions, unless otherwise noted.)

1. Consolidated financial results for the fiscal year ended March 31, 2026 (from April 1, 2025 to March 31, 2026)

(1) Consolidated operating results

(Percentages indicate year-on-year changes.)

Fiscal year ended	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2026	596,479	4.3	76,229	10.4	76,511	8.5	46,624	(6.8)
March 31, 2025	571,687	4.1	69,047	6.9	70,503	2.8	50,012	2.3

Note: Comprehensive income For the fiscal year ended March 31, 2026 54,878 Millions of yen (-2.3%)
 For the fiscal year ended March 31, 2025 56,193 Millions of yen (-0.8%)

Fiscal year ended	Basic earnings per share	Diluted earnings per share	Rate of return on equity	Ordinary profit to total assets ratio	Operating profit to net sales ratio
	Yen	Yen	%	%	%
March 31, 2026	204.91	—	14.0	13.8	12.8
March 31, 2025	215.00	—	15.3	13.0	12.1

Reference: Investment profit (loss) on equity method For the fiscal year ended March 31, 2026 (749) Millions of yen
 For the fiscal year ended March 31, 2025 833 Millions of yen

(2) Consolidated financial position

As of	Total assets	Net assets	Capital adequacy ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
March 31, 2026	551,507	337,726	58.9	1,475.55
March 31, 2025	558,051	356,064	61.5	1,477.61

Reference: Owner's equity As of March 31, 2026 324,730 Millions of yen
 As of March 31, 2025 343,348 Millions of yen

(3) Consolidated cash flows

Fiscal year ended	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and equivalents, end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
March 31, 2026	81,447	(30,920)	(78,362)	93,733
March 31, 2025	63,748	(17,741)	(27,791)	121,288

2. Cash dividends

	Dividend per share					Total dividend paid	Payout ratio (consolidated)	Ratio of total amount of dividends to net assets (consolidated)
	First quarter	Second quarter	Third quarter	Year end	Annual			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Fiscal year ended March 31, 2025	—	34.00	—	36.00	70.00	16,381	32.6	5.0
Fiscal year ended March 31, 2026	—	38.00	—	42.00	80.00	17,963	39.0	5.4
Fiscal year ending March 31, 2027 (Forecast)	—	45.00	—	45.00	90.00		33.1	

Note: Total dividends paid includes dividends (89 millions of yen for FY2025, 62 millions of yen for FY2026) paid to TIS INTEC Group Employees' Shareholding Association Trust and dividends (34 millions of yen for FY2025, 39 millions of yen for FY2026) paid to Board Incentive Plan (BIP) Trust.

3. Consolidated financial forecast for the fiscal year ending March 31, 2027 (from April 1, 2026 to March 31, 2027)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending September 30, 2026	300,000	4.0	36,500	2.7	36,500	1.5	26,000	9.6	123.67
Fiscal year ending March 31, 2027	620,000	3.9	81,000	6.3	81,000	5.9	57,000	22.3	271.70

* Notes

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

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

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

(i) Changes in accounting policies due to revisions to accounting standards and other regulations : None

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

(iii) Changes in accounting estimates : None

(iv) Restatement : None

(3) Number of issued shares (common shares)

(i) Number of issued and outstanding shares at the end of fiscal year (including treasury stock)

As of March 31, 2026	228,400,000 shares	As of March 31, 2025	236,233,411 shares
As of March 31, 2026	8,325,746 shares	As of March 31, 2025	3,865,920 shares
Fiscal year ended March 31, 2026	227,531,592 shares	Fiscal year ended March 31, 2025	232,621,144 shares

(ii) Number of treasury stock at the end of fiscal year

(iii) Average number of shares

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

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1. Results of Operations

(1) Analysis of Consolidated Operating Results

In the consolidated fiscal year under review, the Japanese economy experienced a gradual recovery, although the impact of U.S. trade policies was observed in certain sectors, particularly in manufacturing. Looking ahead, while a recovery is expected due to improvements in employment and income conditions as well as the effects of various policy measures, close attention must be paid to risks such as trends surrounding U.S. trade policies, fluctuations in financial and capital markets, and, in particular, the risk of rising crude oil prices associated with heightened tensions in the Middle East.

In the information services industry, in which the Group operates, the software investment plans (for all industries including financial institutions) reported in the Bank of Japan's Tankan survey released during the fiscal year all showed year-on-year increases. Amid the rapid advancement and widespread adoption of AI and the global acceleration of transformations in business processes and business models utilizing digital technologies, further increases in IT investment demand are expected. Under these circumstances, the Group is working toward achieving Group Vision 2032 by executing initiatives in line with the basic policies of the ongoing Medium-Term Management Plan (2024–2026). The Group aims to realize sustainable growth accompanied by higher added value and to bring about transformation in society and among customers through qualitative enhancement across the entire value chain, starting with forward-looking market development and expansion of business domains.

As a result, consolidated net sales for the fiscal year amounted to ¥596,479 million, up 4.3% year on year. Operating profit increased 10.4% year on year to ¥76,229 million, ordinary profit rose 8.5% to ¥76,511 million, while profit attributable to owners of parent totaled ¥46,624 million, down 6.8% year on year.

(Unit: millions of yen)

	Fiscal 2025	Fiscal 2026	Year-on-year change
Net sales	571,687	596,479	+4.3%
Cost of sales	411,480	428,145	+4.0%
Gross profit	160,206	168,334	+5.1%
Gross profit ratio	28.0%	28.2%	+0.2P
Selling, general and administrative expenses	91,158	92,105	+1.0%
Operating profit	69,047	76,229	+10.4%
Operating profit ratio	12.1%	12.8%	+0.7P
Ordinary profit	70,503	76,511	+8.5%
Profit attributable to owners of parent	50,012	46,624	-6.8%

Net sales exceeded the previous fiscal year primarily due to business expansion achieved through precise responses to IT investment demand, including customers' digital transformation initiatives, and the promotion of service offerings. Operating profit increased year on year despite the active implementation of growth investments—particularly investments in human resources, the Group's most important management capital—due to higher sales, the provision of high-value-added businesses, the promotion of productivity enhancement measures, and a reduction in unprofitable projects. As for profitability, the gross profit ratio improved by 0.2 percentage points year on year to 28.2%, and the operating profit ratio improved by 0.7 percentage points to 12.8%. Ordinary profit increased year on year mainly due to higher operating profit. Profit attributable to owners of parent declined year on year due to a deterioration in extraordinary income and loss on a net basis.

During the fiscal year, extraordinary income of ¥5,118 million and extraordinary loss of ¥12,677 million were recorded. Extraordinary income mainly consisted of a gain on sales of investment securities of ¥4,374 million resulting from a reduction of policy cross-shareholdings. Extraordinary loss mainly comprised a provision for litigation losses of ¥7,434 million related to the settlement of an ongoing lawsuit and impairment losses of ¥2,827 million.

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

(Unit: millions of yen)

		Fiscal 2025	Fiscal 2026	Year-on-year change
Offering Service Business	Net sales	145,515	160,574	+10.3%
	Operating profit	9,937	10,442	+5.1%
	Operating profit ratio	6.8%	6.5%	-0.3P
Business Process Management	Net sales	42,646	44,092	+3.4%
	Operating profit	5,326	6,397	+20.1%
	Operating profit ratio	12.5%	14.5%	+2.0P
Financial IT Business	Net sales	100,252	98,730	-1.5%
	Operating profit	12,321	12,729	+3.3%
	Operating profit ratio	12.3%	12.9%	+0.6P
Industrial IT Business	Net sales	128,120	133,396	+4.1%
	Operating profit	19,330	22,507	+16.4%
	Operating profit ratio	15.1%	16.9%	+1.8P
Regional IT Solutions	Net sales	177,425	184,238	+3.8%
	Operating profit	21,576	23,328	+8.1%
	Operating profit ratio	12.2%	12.7%	+0.5P
Other	Net sales	10,123	10,397	+2.7%
	Operating profit	877	940	+7.1%
	Operating profit ratio	8.7%	9.0%	+0.3P

1) Offering Service Business

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

Segment sales totaled ¥160,574 million, an increase of 10.3% year on year, while operating profit rose 5.1% to ¥10,442 million. Business performance benefited from expanded IT investment demand in the payment services, platform, and enterprise solutions, contributions from overseas operations, and a decrease in unprofitable projects. These positive factors more than offset the completion of a demand cycle for financial, tax, and payroll systems provided to tax accounting firms and increased upfront investments in the payment domain. As a result, both sales and profits increased year on year, although the operating profit ratio declined by 0.3 percentage points to 6.5%.

2) Business Process Management

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

Segment sales amounted to ¥44,092 million, up 3.4% year on year, and operating profit increased 20.1% to ¥6,397 million. Growth was driven by the acquisition of projects, including DX-related initiatives, and continued cost reductions through efficiency measures. Consequently, both sales and profits increased year on year, and the operating profit ratio improved by 2.0 percentage points to 14.5%.

3) Financial IT Business

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

Segment sales decreased 1.5% year on year to ¥98,730 million, while operating profit increased 3.3% to ¥12,729 million. Although the segment was affected by the passing of the peak in large-scale development projects for core credit card clients and the completion of certain operational services, the expansion of high-value-added businesses, including modernization-related services, contributed to higher profitability. As a result, operating profit increased and the operating profit ratio improved by 0.6 percentage points to 12.9%.

4) Industrial IT Business

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

Segment sales increased 4.1% year on year to ¥133,396 million, and operating profit rose 16.4% to ¥22,507 million. Growth was driven by expanding IT investment across a wide range of industries—including services, manufacturing, and distribution—and a reduction in unprofitable projects. As a result, both sales and profits increased year on year, and the operating profit ratio improved by 1.8 percentage points to 16.9%.

5) Regional IT Solutions

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

Segment sales totaled ¥184,238 million, an increase of 3.8% year on year, while operating profit rose 8.1% to ¥23,328 million. Although profitability was adversely affected by responses to changes in the situation surrounding public sector projects, growth in IT investment demand across healthcare and other industries, together with a reduction in one-off costs incurred in the previous fiscal year, resulted in higher sales and profits year on year. The operating profit ratio improved by 0.5 percentage points to 12.7%.

6) Other

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

Segment sales increased 2.7% year on year to ¥10,397 million, and operating profit rose 7.1% to ¥940 million. The operating profit ratio improved by 0.3 percentage points to 9.0%.

As described above, the Group has been implementing the Medium-term Management Plan (2024–2026), which represents the first stage toward achieving “Group Vision 2032,” since the previous consolidated fiscal year, and will continue to pursue sustainable growth. For details, please refer to “2. Management Policy (2) Medium- to Long-term Management Strategy.”

The status of main initiatives during fiscal 2026 is as follows:

At the meeting of the Board of Directors held on July 30, 2025, the Company resolved, as a basic policy, to implement an absorption-type merger with INTEC Inc. (“INTEC”), a wholly owned subsidiary of the Company, and preparations—including detailed consideration for the merger—have since been underway. As planned, at the Board of Directors meeting held on October 31, 2025, a resolution was passed to carry out the merger, and the Company concluded an absorption-type merger agreement with INTEC, setting July 1, 2026 as the effective date of the merger. Through the management integration resulting from the establishment of IT Holdings Corporation in April 2008 and the transition to a business holding company structure in July 2016, the Company and INTEC have served as the core companies of the Group, working to enhance the value provided to customers and to improve corporate value through the creation of synergies. Meanwhile, in light of changes in the business environment surrounding the Group, the early and steady realization of its long-term management policy, Group Vision 2032, has become increasingly important. Based on this recognition, the Group determined that it is essential to merge the Company with INTEC in order to build a stronger management and business foundation than ever before. Through this merger, the Group aims to enhance value creation with customers and society and to further increase corporate value by strongly promoting the optimal allocation of management resources—centered on strategic investments in technology and highly skilled human resources—as well as by further enhancing the value provided by its core business locations. In addition, in conjunction with the merger, the Company plans to change its trade name to TISI Inc. and to transition to a company with an Audit and Supervisory Committee, from a global perspective, in order to further enhance corporate governance and meet the expectations of stakeholders in Japan and overseas.

Since the decision was made on the basic policy for the merger, the steering committee consisting primarily of the presidents of both companies has been actively engaging in repeated deliberations and discussions on key themes—such as the creation of business synergies through the acceleration of co-creation with customers and partners—with a view to maximizing overall value. In parallel, task forces established by functional area have been advancing initiatives after discussing with employees of both companies the desired future state. In addition, through initiatives such as town hall meetings at which the presidents of both companies explain the significance and objectives of the merger to employees, as well as dialogue sessions involving employees from

both companies, efforts are being made to promote integration and foster a sense of unity between the two organizations.

From the perspective of reviewing its business portfolio, the Company decided in September 2025 to succeed the AI and data analytics business (excluding certain customers) of Miotsukushi Analytics Co., Ltd., a consolidated subsidiary, through an absorption-type company split effective April 1, 2026. In addition, in January 2026, the Company decided to carry out an absorption-type merger of Fixel Inc., a non-consolidated subsidiary, effective April 1, 2026. Furthermore, in May 2026, the Company decided on a basic policy regarding the merger of two wholly owned subsidiaries, TIS Solution Link Co., Ltd. and INTEC Solution Power Co., Ltd. As part of efforts to enhance the Group-wide value chain and improve the value provided to customers, this merger aims to integrate the two companies—which conduct their businesses primarily on-site as close partners accompanying customers in value creation—thereby consolidating management resources and intellectual property and building a stronger business foundation. The Group will continue to optimize its resources and work to further accelerate business development.

In addition, in order to implement a nimble capital policy that can respond flexibly to changes in the business environment and to enhance shareholder returns and capital efficiency, the Company decided in May 2025 to repurchase treasury shares totaling ¥42.0 billion, consisting of approximately ¥7.0 billion for shareholder returns and approximately ¥35.0 billion for the purpose of optimizing its capital structure. Based on this decision, the Company completed the planned repurchase of its own shares between May and December 2025, totaling approximately ¥42.0 billion (8,656,200 shares).

Of the shares acquired, the treasury shares amounting to approximately ¥35.0 billion (7,833,411 shares), which were acquired for the purpose of optimizing the capital structure, were canceled in February 2026 as originally planned, in consideration of the Company's policy of holding treasury shares up to a maximum of 5% of the total number of issued shares and canceling any excess holdings, as well as to eliminate concerns about future dilution of shares.

Furthermore, in March 2026, based on the premise that sustainable growth and continuous enhancement of corporate value can continue to be achieved by promoting growth strategies that take into account the penetration of AI, and in light of the Company's recognition that the Company's share price level, when measured against its intrinsic value, does not necessarily fully reflect its value, the Company decided to implement an additional measure to repurchase treasury shares totaling ¥50.0 billion. This measure is intended to contribute to the achievement of the key management indicators of the Medium-term Management Plan, namely "ROE exceeding 16%" and "average annual EPS growth rate exceeding 10%." The share repurchase period runs from March to September 2026, and as of March 31, 2026, the Company had repurchased treasury shares totaling ¥13.9 billion (4,122,600 shares). This repurchase includes ¥8.2 billion worth of treasury share repurchases planned for the fiscal year ending March 31, 2027, based on the shareholder return policy of a total payout ratio of 50%.

(2) Analysis of Financial Condition

(Unit: millions of yen)

	As of March 31, 2025 (A)	As of March 31, 2026 (B)	Increase/decrease (B - A)
Current assets	319,080	295,295	-23,785
Fixed assets	238,970	256,211	+17,241
Total assets	558,051	551,507	-6,544
Current liabilities	153,210	164,190	+10,980
Non-current liabilities	48,775	49,589	+813
Total liabilities	201,986	213,780	+11,793
Total net assets	356,064	337,726	-18,337

(Assets)

Consolidated total assets as of March 31, 2026 amounted to ¥551,507 million, a decrease of ¥6,544 million from ¥558,051 million at the end of the previous fiscal year. This was mainly due to a decrease of ¥28,487 million in securities as a result of redemption and other factors, despite increases of ¥9,572 million in buildings, structures, and land attributable to the split acquisition of beneficial interests in real estate trusts for the purpose of securing long-term, stable business continuity in system operation services, an increase of ¥6,848 million in prepaid expenses, and an increase of ¥5,927 million in retirement benefit assets due to the fair value evaluation of plan assets.

(Liabilities)

Consolidated total liabilities as of March 31, 2026 amounted to ¥213,780 million, an increase of ¥11,793 million from ¥201,986 million at the end of the previous fiscal year. This was mainly due to an increase of ¥9,897 million in contract liabilities resulting from increased advance payments, and the recording of a provision for litigation losses of ¥7,434 million, despite a decrease of ¥7,939 million in other current liabilities due to a decline in accrued expenses and other items.

(Net assets)

Consolidated total net assets amounted to ¥337,726 million as of March 31, 2026, a decrease of ¥18,337 million from ¥356,064 million at the end of the previous fiscal year. This was mainly due to shareholders' equity increasing as a result of profit attributable to owners of parent of ¥46,624 million, while decreasing due to the acquisition of treasury shares, etc. totaling ¥54,266 million and dividend payments of ¥17,096 million.

(3) Analysis of Cash Flows

Cash and cash equivalents (hereinafter referred to as “cash”) as of March 31, 2026 amounted to ¥93,733 million, a decrease of ¥27,554 million from the end of the previous fiscal year.

The status of cash flows during the fiscal year and the main factors affecting them are as follows.

(Cash flow from operating activities)

Cash generated from operating activities amounted to ¥81,447 million. This was mainly due to profit before income taxes of ¥68,953 million, depreciation of ¥17,871 million, and impairment losses of ¥2,827 million, while income taxes paid resulted in a decrease of ¥21,463 million.

(Cash flow from investing activities)

Cash used in investing activities amounted to ¥30,920 million. This was mainly attributable to expenditures for the acquisition of property, plant and equipment of ¥20,135 million, the acquisition of investment securities of ¥4,806 million, and the acquisition of intangible assets of ¥7,882 million, while proceeds from the sale and redemption of investment securities amounted to ¥5,381 million.

(Cash flow from financing activities)

Cash used in financing activities amounted to ¥78,362 million. This was mainly attributable to the payment of dividends of ¥17,096 million, the acquisition of treasury shares of ¥55,929 million, and the repayment of long-term borrowings of ¥13,072 million, while proceeds from long-term borrowings amounted to ¥10,700 million.

(Reference) Cash flow indicators

	Fiscal 2025	Fiscal 2026
Equity ratio (%)	61.5	58.9
Equity ratio based on market capitalization (%)	172.1	134.1
Ratio of interest-bearing debt to cash flow (years)	0.6	0.4
Interest-coverage ratio (times)	140.7	140.6

Equity ratio: Total equity / Total assets

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

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

Interest-coverage ratio: Cash flow / Interest paid

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

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

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

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

(4) Outlook for Fiscal 2027

The business environment surrounding the Group continues to see robust activity in initiatives aimed at transforming business processes and business models through the use of digital technologies, as AI rapidly advances and becomes more widespread and as the elements required of companies diversify, including efforts to address social issues. While a stable increase in IT investment demand is expected, close attention must be paid to risks that could exert downward pressure on the Japanese economy, such as rising crude oil prices associated with heightened tensions in the Middle East, fluctuations in financial and capital markets, and policy trends in the United States.

Under these circumstances, the Group will continue to pursue sustainable growth with added value in accordance with the basic policy of the Medium-term Management Plan (2024–2026). At the same time, by taking a future-oriented approach to market development and expansion of business domains as starting points for improving the quality of the entire value chain, the Group aims to realize transformation in society and among its customers.

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

The consolidated financial forecast for the fiscal year ending March 31, 2027 is as follows. Under the basic policy of the Medium-term Management Plan (2024–2026), “Frontier Expansion,” the Group will promote the provision of high value-added businesses and productivity improvement initiatives. At the same time, by continuing to respond appropriately to IT investment demand—including customers’ digital transformation—and by promoting the provision of services to expand its business, the Group aims to achieve sustainable growth and further improvements in profitability, even while actively executing growth investments, including investments in human resources, which represent its most important management capital. In addition, the Group will view changes in industrial structures driven by AI as growth opportunities and will promote growth strategies to realize sustainable growth and enhance corporate value. For details, please refer to “2. Management Policy (2) Medium- to Long-Term Management Strategy.”

The consolidated financial forecast includes anticipated preparation costs related to the aforementioned merger between the Company and INTEC, including approximately ¥1.6 billion in selling, general and administrative expenses (an increase of approximately ¥1.5 billion year on year) and approximately ¥0.6 billion in non-operating expenses (an increase of approximately ¥0.2 billion year on year).

In addition, profit attributable to owners of parent reflects extraordinary income of ¥5.0 billion expected to arise from the sale of investment securities, based on the Company’s policy of selling such securities as part of efforts to improve asset efficiency.

<Consolidated earnings forecast for fiscal 2027 (April 1, 2026 – March 31, 2027)>

(Unit: millions of yen)

	Fiscal 2026 Actual results	Fiscal 2027 Forecast	Year-on-year change
Net sales	596,479	620,000	+3.9%
Cost of sales	428,145	440,500	+2.9%
Gross profit	168,334	179,500	+6.6%
Gross profit ratio	28.2%	29.0%	+0.8P
Selling, general and administrative expenses	92,105	98,500	+6.9%
Operating profit	76,229	81,000	+6.3%
Operating profit ratio	12.8%	13.1%	+0.3P
Ordinary profit	76,511	81,000	+5.9%
Profit attributable to owners of parent	46,624	57,000	+22.3%

<By segment>

(Unit: millions of yen)

		Fiscal 2026 Actual results	Fiscal 2027 Forecast	Year-on-year change
Offering Service Business	Net sales	160,574	164,100	+2.2%
	Operating profit	10,442	11,250	+7.7%
	Operating profit ratio	6.5%	6.9%	+0.4P
Business Process Management	Net sales	44,092	44,300	+0.5%
	Operating profit	6,397	6,250	-2.3%
	Operating profit ratio	14.5%	14.1%	-0.4P
Financial IT Business	Net sales	98,730	108,500	+9.9%
	Operating profit	12,729	14,900	+17.0%
	Operating profit ratio	12.9%	13.7%	+0.8P
Industrial IT Business	Net sales	133,396	137,000	+2.7%
	Operating profit	22,507	23,100	+2.6%
	Operating profit ratio	16.9%	16.9%	-0.0P
Regional IT Solutions	Net sales	184,238	191,000	+3.7%
	Operating profit	23,328	25,000	+7.2%
	Operating profit ratio	12.7%	13.1%	+0.4P
Other	Net sales	10,397	10,600	+1.9%
	Operating profit	940	800	-14.9%
	Operating profit ratio	9.0%	7.5%	-1.5P

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

1) Basic Policy on Profit Distribution

The Company recognizes the return of profits to shareholders as an important management issue and, from a medium- to long-term management perspective, has adopted a basic policy of continuing to provide stable dividends while securing an appropriate level of internal reserves to support business development, taking consolidated financial performance into consideration.

Under this policy, in the Medium-term Management Plan (2024–2026), the Company aims to enhance engagement with shareholders by raising the target total payout ratio from the previous 45% to 50%, based on a balance among the promotion of growth investments, the maintenance of financial soundness, and the enhancement of shareholder returns, and by continuously increasing dividends per share. In addition, the Company believes that in order to continuously enhance profit allocation to shareholders in line with business growth, it is desirable to implement shareholder returns based on profits generated from operating activities, without being affected by temporary gains or losses.

2) Dividend of Surplus for the Current Fiscal Year

With respect to dividends of retained earnings for the current fiscal year, in light of the fact that consolidated business performance achieved growth exceeding the initial plan, the Company plans to increase the year-end dividend per share by ¥4 from the initially forecast ¥38 to ¥42. As a result, the annual dividend per share for the fiscal year, including the interim dividend, will amount to ¥80.

In addition, in order to implement a nimble capital policy that can respond flexibly to changes in the business environment and to enhance shareholder returns and capital efficiency, the Company decided in May 2025 to repurchase treasury shares totaling ¥42.0 billion, consisting of approximately ¥7.0 billion for shareholder returns and approximately ¥35.0 billion for the purpose of optimizing its capital structure. Based on this decision, the Company completed the repurchase of treasury shares between May and December 2025, totaling approximately ¥42.0 billion (8,656,200 shares). Of these treasury shares, shares acquired in the amount of approximately ¥35.0 billion (7,833,411 shares) as part of efforts to optimize the capital structure were canceled in February 2026 as originally planned, in consideration of the Company's policy of holding treasury shares up to a maximum of 5% of the total number of issued shares and canceling any excess holdings, as well as to eliminate concerns about future dilution of shares.

Furthermore, in March 2026, based on the premise that sustainable growth and the enhancement of corporate value can continue to be achieved by promoting growth strategies that take into account the increasing penetration of AI, and in light of the Company's recognition that the share price level, when measured against its intrinsic value, does not necessarily fully reflect the Company's value, the Company decided to implement an additional measure to repurchase treasury shares totaling ¥50.0 billion. This measure is intended to contribute to the achievement of the key management indicators of the Medium-term Management Plan, namely "ROE exceeding 16%" and "average annual EPS growth rate exceeding 10%." The repurchase period is from March to September 2026, and as of the end of March 2026, the Company had repurchased treasury shares totaling ¥13.9 billion (4,122,600 shares). This repurchase includes treasury share repurchases of approximately ¥8.2 billion planned for the fiscal year ending March 31, 2027, based on the shareholder return policy of a total payout ratio of 50%.

As a result, the total payout ratio for the current fiscal year, including dividends and treasury share repurchases, amounts to 158.5%. However, when calculated excluding treasury shares acquired for the purpose of optimizing the capital structure and other similar purposes, the total payout ratio amounts to 49.0%, which is a level consistent with the Company's basic policy.

3) Dividend of Surplus for the Next Fiscal Year

With respect to dividends of retained earnings for the next fiscal year, the Company plans to pay an annual dividend per share of ¥90, including an interim dividend of ¥45 per share. In addition, with regard to the repurchase of treasury shares in the next fiscal year, as described above, the Company plans to repurchase ¥36.1 billion worth of treasury shares, representing the portion of the total ¥50.0 billion repurchase decided in March 2026 excluding the ¥13.9 billion already repurchased as of the end of March 2026.

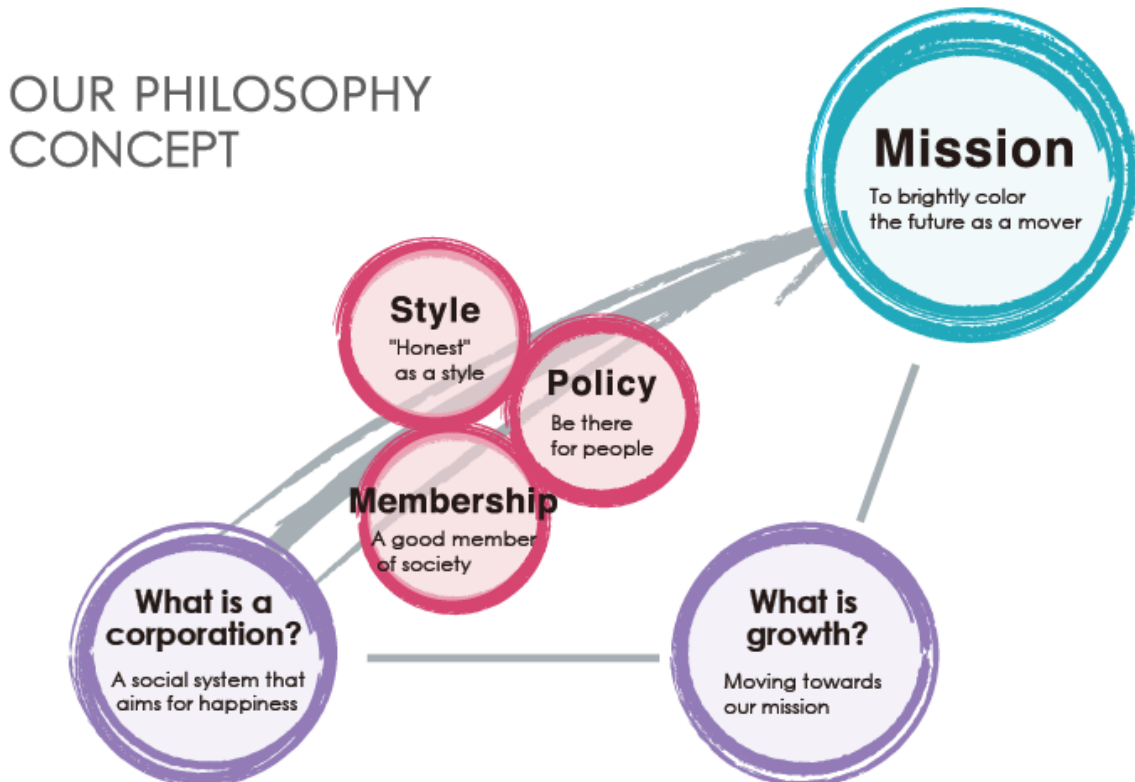
2. Management Policy

(1) Basic Management Policy

Guided by its Group Basic Philosophy, “OUR PHILOSOPHY,” the Group aims to contribute to the realization of a sustainable society and to achieve sustainable growth in corporate value by enhancing value exchange with stakeholders through the resolution of social issues via business activities and through the advancement of management that responds to societal demands.

In addition, in order for all members of the Group to unite their efforts toward the realization of our ideal state and sustainable growth in corporate value, the Group has defined its desired future state ten years ahead as its Group Vision. Taking changes in both the internal and external environment into account, the Group formulated the latest version, “Group Vision 2032,” in April 2024.

(OUR PHILOSOPHY: The Group’s basic philosophy)



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

(Group Vision 2032: Long-Term Management Policy)

Under the theme of “Society, Diversified, Global,” the Group aims to become an advanced global IT group that combines social responsibility with innovation. By actively adopting innovative technologies and incorporating capabilities from different industries, the Group will promote the diversification and globalization of its businesses, thereby realizing business innovation and creating new markets that address social issues.

To achieve sustainable growth, the Group defines its unique business activity areas as Strategic Domains. Each segment will pursue market development and creation through an optimal mix of strategic domains that takes into account market characteristics.

<Strategic domains>

Social Innovation Service	A business that includes social impact indicators and in which the Group directly addresses social issues.
Co-Creation Business	A business that creates new markets in areas that cannot be achieved by the Group alone, by combining the strengths of the Group and its co-creation partners.
Strategic Partnership Business	A business that considers and promotes business strategies together with top-class industry customers, leveraging industry-related foresight and knowledge that cannot be matched by other companies, and undertaking core business activities.
IT & Business Offering Service	A business that utilizes accumulated technologies and know-how to provide services that could become de facto standards in the future by anticipating industry needs in specific industries and operations.

(2) Medium- to Long-Term Management Strategy

Based on the three-year Medium-term Management Plan (2024–2026) launched in the previous consolidated fiscal year, the Group is promoting its business under the basic policy of “Frontier Expansion.”

In fiscal 2026 as well, the Group aims to achieve sustainable growth with added value, while focusing on future-oriented market development and the expansion of business domains, and striving to improve the quality of the entire value chain. Through these initiatives, the Group seeks to realize transformation in society and among its customers.

■ Market Strategy / Overall Segment Strategy

The Group will expand its business domains through the deployment of diverse services tailored to the characteristics of each segment and will continue to strengthen its business foundation toward sustainable growth. The growth strategies for each segment are as follows.

Offering Service Business	<ul style="list-style-type: none">Expand business domains by responding to diverse cashless needs, while newly positioning itself as a business entity with strengths in finance and payments in social issue-related fieldsImprove profitability through the advancement of investment management
Business Process Management	<ul style="list-style-type: none">Amid the ongoing contraction of markets for certain BPO services, review the business portfolio and return to a growth trajectory by expanding high-demand CX-related domains and enhancing services in collaboration with other segments
Financial IT Business	<ul style="list-style-type: none">While reaching a peak following the completion of large-scale projects, establish the next growth foundation by creating co-creation businesses with customers, developing modernization businesses, acquiring new customers, and diversifying the customer base
Industrial IT Business	<ul style="list-style-type: none">Promote deeper customer engagement and service deployment, primarily in manufacturing, energy, and social infrastructureLeverage strengths in diverse services such as ERP and modernization to foster growth with existing customers and to acquire new customers
Regional IT Solutions	<ul style="list-style-type: none">Expand nationwide the Group’s proprietary IT solutions cultivated through close customer relationships in five focus areas: public administration, healthcare, finance, industry, and infrastructure

■ Market Strategy / Global Strategy

With Asia, which has enormous market potential, positioned as a long-term target, the Group will expand its business in the ASEAN region while broadening global partnerships, aiming to achieve consolidated net sales of ¥100.0 billion in fiscal 2026. By advancing higher value-added operations across the entire business through the integration of business restructuring consulting and IT, and by enhancing technology investment capabilities as the other key pillar, the Group will deploy its business with speed and agility.

■ Service Strategy

Amid changes in social trends and the emergence of innovative technologies, customer needs are becoming increasingly diverse. Under these circumstances, the Group will promote market development through the expansion and higher value-added enhancement of its services in order to support transformation in society and among customers. Financial IT Business and Industrial IT Business will primarily pursue market development along industry axes, while Offering Service Business, Business Process Management, and Regional IT Solutions will pursue market development along functional axes, deploying services in line with their respective business guidelines.

■ Technology Strategy

The evolution and diversification of elemental technologies are remarkable, and the Group recognizes that early adaptation to these technologies has a significant impact on competitiveness. Based on a technology portfolio that identifies technologies of importance to the Group from among those available in the market, the Group will implement comprehensive initiatives to conduct forward-looking research and enable early application of these technologies in operational settings.

In the short term, the Group will develop environments to promote the use of generative AI by employees, redevelop processes across various internal operations on the assumption of AI utilization, and develop and implement generative AI education curricula and training programs. In parallel, as the convergence of digital and

real world's advances, the Group will promote applied research—through industry–academia collaboration—on multiple technologies, including large-scale data transfer technologies and related algorithms required in such environments, as well as on applications that combine these technologies, which will serve as the core of business differentiation three to ten years into the future.

■ Human Resource Strategy

In order to continuously enhance value exchange between employees and the Company, the Group will promote a human resources strategy that focuses on the diversification and specialization of individuals. Through initiatives such as developing environments and organizational cultures in which diverse individuals can thrive, promoting next-generation workstyle reforms in anticipation of new labor environments, and enhancing human resource portfolio management through the digitalization of human resource databases, the Group will work to improve employee engagement.

The Company has positioned human resources as its most important management capital and has proactively promoted advance investment in its people. Under its human resources strategy, the Company is advancing human capital investments aimed at enhancing employee engagement along three axes: purpose of work, working environment, and compensation. By continuing to strengthen a virtuous cycle of higher value creation among the Company, its employees, and society, the Company will strive for further growth and for securing outstanding talent both domestically and internationally.

Under the Medium-term Management Plan (2024–2026), with themes of strengthening problem-solving capabilities, insight, and integration, the Company will place priority on expanding consultants, advanced sales professionals, and IT architects, and will promote investments and the development of systems to support their training and acquisition.

■ Intellectual Property Strategy

In order to strengthen the Group's services and service delivery processes and to achieve both business scale expansion and higher value-added enhancement, the Group recognizes that the accumulation and advanced utilization of intellectual property will become increasingly important. Under the Medium-term Management Plan (2024–2026), the Group will seek to stimulate the creation of intellectual property by strengthening feedback from customer touchpoint information. High-value services and highly satisfactory service delivery processes will enhance the quality of communication with customers, reinforcing a virtuous cycle that updates existing intellectual property and generates valuable information leading to the development of new intellectual property.

■ Financial Strategy

With the objective of sustainably enhancing corporate value, the Company's basic capital policy is to promote the optimization of its capital structure by balancing the promotion of growth investments, the maintenance of financial soundness, and the enhancement of shareholder returns from a medium- to long-term management perspective.

Specifically, the Company will actively promote growth investments in order to strengthen its cash generation capabilities through sustainable growth in business profits and improvements in profitability. As part of these efforts, the Company will also continuously consider and implement reviews of its business portfolio.

In addition, by promoting the optimization of its capital structure aligned with the Company's business structure through strengthened balance sheet management and other measures, the Company will ensure financial soundness while sustainably generating returns that exceed the cost of capital. With respect to shareholder returns, the Company will seek to strengthen and enhance them in line with business growth.

Based on the above, under the Medium-term Management Plan (2024–2026), the Company aims to achieve cumulative growth investments of ¥100.0 billion over three years, a total payout ratio of 50%, and the optimization of its capital structure in accordance with improvements in cash generation capabilities.

Basic policy	Frontiers 2026				
	<ul style="list-style-type: none"> 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				
	<ul style="list-style-type: none"> 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	
	<ul style="list-style-type: none"> 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 	<ul style="list-style-type: none"> Leverage knowledge distribution, IT architect development and redeployment structure Promote process redevelopment using AI x automation 	<ul style="list-style-type: none"> 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 	<ul style="list-style-type: none"> 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.

In addition, amid the recent rapid advancement and widespread adoption of AI, changes in the business environment surrounding the Group are expected to accelerate further going forward. The Group views these changes as growth opportunities and will advance initiatives toward realizing its desired long-term vision by strengthening the Group-wide value chain and promoting growth strategies suited to the AI era. As a premise for this, the Group has recently reviewed and repositioned its materiality as a source of competitive advantage for achieving sustainable enhancement of corporate value, taking into account changes in the business environment and the Group's characteristics.

Under this new materiality, with a view toward the next Medium-term Management Plan, the Group will proceed with consideration by positioning the following as priority strategies: (i) a qualitative transformation of earnings through AI-driven development; (ii) expansion of stock-based revenue through Vertical AI services (agent-based AI specialized in industry-specific operations); and (iii) diversification of revenue models through strategic investments focused on priority areas.

For details, please refer to the Consolidated Financial Results Briefing Materials for the fiscal year ended March 31, 2026, titled "5. Strategic Direction Toward Future Growth," released on May 8, 2026.

https://www.tis.com/documents/en/ir/finance_meeting260508_1.pdf

(3) Target Management Indicators

The Medium-Term Management Plan (2024–2026), as an objective measure of contribution to society, includes: [Net sales of ¥620.0 billion], [Operating profit (operating profit margin) of ¥81.0 billion (13.1%)], [an average annual EPS growth rate exceeding 10%], [ROIC/ROE exceeding 13%/16%], and [operating profit per employee exceeding ¥3.5 million].

3. Basic Policy on Selecting Accounting Standards

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

4. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2025	As of March 31, 2026
Assets		
Current assets		
Cash and deposits	84,013	87,235
Notes and accounts receivable - trade, and contract assets	151,313	144,106
Lease receivables and investments in leases	4,184	5,025
Securities	38,717	10,229
Merchandise and finished goods	5,330	5,510
Work in process	966	1,542
Raw materials and supplies	186	166
Prepaid expenses	30,939	37,787
Other	3,709	3,920
Allowance for doubtful accounts	(280)	(231)
Total current assets	319,080	295,295
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	35,564	36,773
Machinery, equipment and vehicles, net	7,044	6,135
Land	27,348	35,712
Leased assets, net	4,214	3,664
Other, net	6,829	6,600
Total property, plant and equipment	81,002	88,886
Intangible assets		
Software	17,729	16,275
Software in progress	2,540	3,311
Goodwill	7,863	7,969
Other	20,588	19,112
Total intangible assets	48,722	46,669
Investments and other assets		
Investment securities	57,041	58,705
Retirement benefit asset	12,920	18,848
Deferred tax assets	16,716	21,040
Other	22,821	22,124
Allowance for doubtful accounts	(255)	(62)
Total investments and other assets	109,245	120,655
Total non-current assets	238,970	256,211
Total assets	558,051	551,507

(Millions of yen)

	As of March 31, 2025	As of March 31, 2026
Liabilities		
Current liabilities		
Notes and accounts payable - trade	28,946	30,064
Short-term borrowings	22,213	21,330
Income taxes payable	12,971	14,121
Provision for bonuses	17,757	17,994
Provision for loss on orders received	487	457
Provision for loss on litigation	—	7,434
Provision for performance-linked compensation	313	321
Other provisions	181	169
Contract liabilities	27,941	37,839
Other	42,397	34,457
Total current liabilities	153,210	164,190
Non-current liabilities		
Long-term borrowings	14,766	13,494
Lease liabilities	4,093	3,408
Deferred tax liabilities	8,763	12,088
Deferred tax liabilities for land revaluation	272	—
Provision for retirement benefits for directors (and other officers)	0	0
Provision for performance-linked compensation	384	738
Other provisions	195	177
Retirement benefit liability	11,922	10,456
Asset retirement obligations	6,794	7,051
Other	1,582	2,173
Total non-current liabilities	48,775	49,589
Total liabilities	201,986	213,780
Net assets		
Shareholders' equity		
Share capital	10,001	10,001
Capital surplus	12,290	4,111
Retained earnings	316,376	317,476
Treasury shares	(11,958)	(31,284)
Total shareholders' equity	326,709	300,304
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	12,671	12,815
Deferred gains or losses on hedges	(26)	(71)
Revaluation reserve for land	(2,672)	—
Foreign currency translation adjustment	1,903	2,557
Remeasurements of defined benefit plans	4,763	9,124
Total accumulated other comprehensive income	16,639	24,426
Non-controlling interests	12,715	12,995
Total net assets	356,064	337,726
Total liabilities and net assets	558,051	551,507

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

(Millions of yen)

	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Net sales	571,687	596,479
Cost of sales	411,480	428,145
Gross profit	160,206	168,334
Selling, general and administrative expenses	91,158	92,105
Operating profit	69,047	76,229
Non-operating income		
Interest income	405	599
Dividend income	775	966
Share of profit of entities accounted for using equity method	833	—
Foreign exchange gains	—	429
Other	606	617
Total non-operating income	2,620	2,612
Non-operating expenses		
Interest expenses	495	602
Share of loss of entities accounted for using equity method	—	749
Compensation expenses	142	—
Merger expenses	—	373
Other	527	604
Total non-operating expenses	1,164	2,330
Ordinary profit	70,503	76,511
Extraordinary income		
Gain on sale of non-current assets	7	715
Gain on sale of investment securities	8,558	4,374
Other	1,004	28
Total extraordinary income	9,570	5,118
Extraordinary losses		
Impairment losses	4,242	2,827
Loss on valuation of investment securities	458	1,274
Loss on valuation of shares of subsidiaries	827	—
Provision for loss on litigation	—	* 7,434
Other	396	1,140
Total extraordinary losses	5,926	12,677
Profit before income taxes	74,147	68,953
Income taxes - current	19,533	22,590
Income taxes - deferred	2,598	(2,232)
Total income taxes	22,132	20,358
Profit	52,014	48,594
Profit attributable to non-controlling interests	2,002	1,970
Profit attributable to owners of parent	50,012	46,624

Consolidated Statements of Comprehensive Income

(Millions of yen)

	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Profit	52,014	48,594
Other comprehensive income		
Valuation difference on available-for-sale securities	947	187
Deferred gains or losses on hedges	(48)	(93)
Revaluation reserve for land	—	1,007
Foreign currency translation adjustment	1,198	682
Remeasurements of defined benefit plans, net of tax	1,852	4,362
Share of other comprehensive income of entities accounted for using equity method	229	137
Total other comprehensive income	4,179	6,283
Comprehensive income	56,193	54,878
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	53,696	52,745
Comprehensive income attributable to non-controlling interests	2,497	2,133

(3) Consolidated Statements of Changes in Net Assets

Fiscal year ended March 31, 2025 (April 1, 2024 through March 31, 2025)

(Millions of yen)

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

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

Fiscal year ended March 31, 2026 (April 1, 2025 through March 31, 2026)

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	10,001	12,290	316,376	(11,958)	326,709
Changes during period					
Dividends of surplus			(17,096)		(17,096)
Profit attributable to owners of parent			46,624		46,624
Purchase of treasury shares				(55,929)	(55,929)
Disposal of treasury shares				1,663	1,663
Cancellation of treasury shares		(34,941)		34,941	—
Transfer from retained earnings to capital surplus		26,762	(26,762)		—
Reversal of revaluation reserve for land			(1,665)		(1,665)
Net changes in items other than shareholders' equity					—
Total changes during period	—	(8,178)	1,099	(19,325)	(26,404)
Balance at end of period	10,001	4,111	317,476	(31,284)	300,304

	Accumulated other comprehensive income						Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	12,671	(26)	(2,672)	1,903	4,763	16,639	12,715	356,064
Changes during period								
Dividends of surplus								(17,096)
Profit attributable to owners of parent								46,624
Purchase of treasury shares								(55,929)
Disposal of treasury shares								1,663
Cancellation of treasury shares								—
Transfer from retained earnings to capital surplus								—
Reversal of revaluation reserve for land								(1,665)
Net changes in items other than shareholders' equity	144	(45)	2,672	654	4,361	7,786	280	8,066
Total changes during period	144	(45)	2,672	654	4,361	7,786	280	(18,337)
Balance at end of period	12,815	(71)	—	2,557	9,124	24,426	12,995	337,726

(4) Consolidated Statements of Cash Flows

(Millions of yen)

	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Cash flows from operating activities		
Profit before income taxes	74,147	68,953
Depreciation	18,748	17,871
Impairment losses	4,242	2,827
Loss (gain) on sale of investment securities	(8,558)	(4,337)
Loss (gain) on valuation of investment securities	1,286	1,274
Loss on retirement of non-current assets	93	335
Amortization of goodwill	818	815
Loss (gain) on sale of shares of subsidiaries	(851)	—
Increase (decrease) in provision for bonuses	804	231
Increase (decrease) in allowance for doubtful accounts	(37)	(246)
Increase (decrease) in provision for loss on litigation	—	7,434
Increase (decrease) in retirement benefit liability	(813)	(85)
Interest and dividend income	(1,180)	(1,565)
Interest expenses	495	602
Share of loss (profit) of entities accounted for using equity method	(833)	749
Decrease (increase) in accounts receivable - trade, and contract assets	(5,603)	7,424
Decrease (increase) in inventories	(999)	(665)
Increase (decrease) in trade payables	2,191	779
Increase (decrease) in accrued consumption taxes	(3,211)	(457)
Increase (decrease) in other current liabilities	2,743	960
Other, net	(4,671)	(1,068)
Subtotal	78,809	101,833
Interest and dividends received	1,226	1,656
Interest paid	(453)	(579)
Income taxes paid	(15,834)	(21,463)
Net cash provided by (used in) operating activities	63,748	81,447
Cash flows from investing activities		
Purchase of securities	(400)	(400)
Proceeds from sale and redemption of securities	413	400
Purchase of property, plant and equipment	(18,819)	(20,135)
Proceeds from sale of property, plant and equipment	154	181
Purchase of intangible assets	(6,593)	(7,882)
Purchase of investment securities	(9,033)	(4,806)
Proceeds from sale and redemption of investment securities	17,675	5,381
Payments of leasehold and guarantee deposits	(127)	(134)
Proceeds from refund of leasehold and guarantee deposits	201	324
Proceeds from collection of loans to subsidiaries and associates	788	—
Purchase of shares of subsidiaries resulting in change in scope of consolidation	—	(1,444)
Other, net	(2,002)	(2,405)
Net cash provided by (used in) investing activities	(17,741)	(30,920)

(Millions of yen)

	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(1,207)	122
Proceeds from long-term borrowings	7,200	10,700
Repayments of long-term borrowings	(7,042)	(13,072)
Purchase of treasury shares	(7,865)	(55,929)
Proceeds from sale of treasury shares	2,277	1,663
Dividends paid	(17,169)	(17,096)
Dividends paid to non-controlling interests	(1,908)	(1,644)
Other, net	(2,076)	(3,105)
Net cash provided by (used in) financing activities	(27,791)	(78,362)
Effect of exchange rate change on cash and cash equivalents	351	222
Net increase (decrease) in cash and cash equivalents	18,566	(27,613)
Increase in cash and cash equivalents resulting from merger with unconsolidated subsidiaries	—	58
Cash and cash equivalents at beginning of period	102,722	121,288
Cash and cash equivalents at end of period	121,288	93,733

(5) Notes on the Consolidated Financial Statements

(Notes on the Going-concern Assumption)

Not applicable.

(Significant Accounting Policies for Preparing Consolidated Financial Statements)

1. Scope of consolidation

(1) Number of consolidated subsidiaries

49 for fiscal 2025 and 50 for fiscal 2026

Names of main consolidated subsidiaries

INTEC Inc.

AGREX Inc.

Qualica Inc.

AJS Inc.

TIS Solution Link Inc.

TIS System Service Inc.

MFEC Public Co., Ltd.

Nihon ICS Co., Ltd.

For the fiscal year under review, three subsidiaries were newly included in the scope of consolidation as a result of share acquisitions. In addition, two subsidiaries were excluded from the scope of consolidation due to liquidation.

(2) Names of main non-consolidated subsidiaries

Main non-consolidated subsidiaries

TISI(Singapore)Pte. Ltd.

(Reasons for exclusion from the scope of consolidation)

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

2. Application of the equity method

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

60 affiliates for fiscal 2025 and 62 affiliates for fiscal 2026

Names of principal companies

PT Anabatic Technologies Tbk

CardInfoLink

NTQ Solution Joint Stock Company

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

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

(Non-consolidated subsidiary) TISI(Singapore)Pte. Ltd.

(Affiliate) ICS Partners Co., Ltd.

(Reasons why the equity method was not applied)

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

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

3. Fiscal years of consolidated subsidiaries

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

4. Accounting policies

(1) Valuation standards and methods for significant assets

(A) Securities

Held-to-maturity debt securities

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

Available-for-sale securities

Non-stock securities without market prices

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

Stock securities without market prices

Stated at cost mainly using the moving-average method

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

(B) Derivatives

Stated at market value

(C) Inventories

Merchandise and products

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

Work in process

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

Raw materials and supplies

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

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

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

Stated using the straight-line method

(B) Intangible assets (excluding leased assets)

Stated using the straight-line method

For software intended for sale in the market, amortization is recorded in the higher of: (i) an amortization amount based on the estimated sales volume during the estimated useful life (3 years); and (ii) an amortization amount determined by uniform allocation based on the remaining useful life during which such software can be sold. For software intended for internal use, amortization is stated using the straight-line method based on its estimated useful life within the Company (2 to 5 years).

Customer-related assets are, in principle, amortized using the straight-line method over the period from the date of occurrence during which their effects are estimated to be realized.

(C) Leased assets

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

(3) Basis for recognition of significant provisions

(A) Allowance for doubtful accounts

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

(B) Provision for bonuses

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

(C) Provision for retirement benefits for directors

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

(D) Provision for loss on orders received

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

(E) Provision for performance-linked compensation

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

(F) Provision for litigation losses

In order to provide for losses related to litigation, we recognize the estimated amount of losses expected to be incurred in the following consolidated fiscal year or thereafter.

(4) Accounting method for retirement benefits

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

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

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

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

An actuarial difference is expensed principally by the straight-line method in amounts prorated over a certain number of years (5 to 14 years) within the average remaining years of employee service, starting from the fiscal year following the year in which they occur. Some of the consolidated subsidiaries use the simplified method for computing their retirement benefit obligations.

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

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

(5) Basis for recognition of significant revenues and expenses

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

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

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

Step 1: Identify the contract with the customer

Step 2: Identify the performance obligation in the contract

Step 3: Compute the transaction price

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

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

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

(A) Software development

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

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

(B) Operation and cloud services

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

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

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

(C) Sales of products and software

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

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

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

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

(7) Significant hedge accounting methods

(A) Hedge accounting methods

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

(B) Hedging instruments and targets

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

(C) Hedging policy

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

(D) Method of assessing hedging effectiveness

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

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

(8) Amortization method and amortization period for goodwill

Goodwill (including goodwill-equivalent amounts) is amortized using the straight-line method over an appropriate amortization period (within 20 years after recognition), based on the actual conditions of subsidiaries and affiliates.

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

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

(Consolidated Statements of Income)

*Provision for litigation losses

For the consolidated fiscal year under review (from April 1, 2025 to March 31, 2026), the provision for litigation losses was recorded based on the settlement amount presented in a settlement recommendation proposed by the Tokyo District Court in connection with a lawsuit involving a consolidated subsidiary of the Company.

(Segment Information, etc.)

(Segment Information)

1. Outline of reportable segments

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

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

(Offering Service Business)

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

(Business Process Management)

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

(Financial IT Business)

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

(Industrial IT Business)

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

(Regional IT Solutions)

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

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

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

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

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

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

(millions of yen)

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

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

2. The adjustments are as follows:

(1) The adjustment to segment profit of ¥-322 million includes the elimination of unrealized profits of ¥-344 million, among others.

(2) The adjustment to depreciation expense represents the impact of consolidation adjustments between segments.

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

II. FY2026 (April 1, 2025 through March 31, 2026)

(millions of yen)

	Reportable segment						Other (Note 1)	Total	Adjustment (Note 2)	Amount recorded in quarterly consolidate d statement of income (Note 3)
	Offering Service Business	Business Process Managem ent	Financial IT Business	Industrial IT Business	Regional IT Solutions	Total				
Net sales										
Net sales to external customers	144,593	42,803	96,941	132,791	176,953	594,083	2,396	596,479	—	596,479
Inter-segment sales or transfers	15,980	1,288	1,789	605	7,285	26,949	8,001	34,951	(34,951)	—
Total	160,574	44,092	98,730	133,396	184,238	621,033	10,397	631,431	(34,951)	596,479
Segment income	10,442	6,397	12,729	22,507	23,328	75,406	940	76,346	(117)	76,229
Other items										
Depreciation	9,227	687	955	2,765	3,650	17,285	539	17,824	47	17,871

- (Notes)
1. "Other" refers to business segments not included in the reportable segments, and consists of businesses incidental to the provision of various IT services, etc.
 2. The adjustments are as follows:
 - (1) The adjustment to segment profit of ¥-117 million includes the elimination of unrealized profits of ¥58 million, among others.
 - (2) The adjustment to depreciation expense represents the impact of consolidation adjustments between segments.
 3. Segment income has been adjusted to with operating profit recorded in the consolidated statements of income.

(Revenue recognition)

Disaggregated information on revenue from contracts with customers

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

(millions of yen)

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

- (Notes) 1. “Other” refers to business segments not included in the reportable segments, and consists of businesses incidental to the provision of various IT services, etc.
2. The above includes income from lessor leases, as the amounts are insignificant and so they are not presented separately from revenue from contracts with customers.

II. FY2026 (April 1, 2025 through March 31, 2026)

(millions of yen)

	Reportable segment						Other (Note 1)	Total
	Offering Service Business	Business Process Manage ment	Financial IT Business	Industrial IT Business	Regional IT Solutions	Total		
Software development	58,266	14,638	53,646	91,467	88,403	306,423	—	306,423
Operating and Cloud services	46,156	26,589	39,108	25,529	61,902	199,286	—	199,286
Product and Software Sales	40,170	1,575	4,185	15,794	26,647	88,373	—	88,373
Other	—	—	—	—	—	—	2,396	2,396
Total	144,593	42,803	96,941	132,791	176,953	594,083	2,396	596,479

- (Notes) 1. “Other” refers to business segments not included in the reportable segments, and consists of businesses incidental to the provision of various IT services, etc.
2. The above includes income from lessor leases, as the amounts are insignificant and so they are not presented separately from revenue from contracts with customers.

(Per share information)

	Fiscal 2025 (From April 1, 2024 to March 31, 2025)	Fiscal 2026 (From April 1, 2025 to March 31, 2026)
Net assets per share	1,477.61 yen	1,475.55 yen
Basic earnings per share	215.00 yen	204.91 yen

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

2. Shares in the Company held by the employee shareholding association trust account are included in treasury shares deducted from the total number of issued shares at the end of the period in the computation of net assets per share. (1,147 thousand shares for the previous fiscal year, and 661 thousand shares for the current fiscal year)

Shares in the Company held by the employee shareholding association trust account are included in treasury shares deducted for calculating an average number of shares for the period in the computation of basic earnings per share. (1,457 thousand shares for the previous fiscal year and 931 thousand shares for the current fiscal year)

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

Shares in the Company held by the officer remuneration BIP trust account are included in treasury shares deducted for calculating an average number of shares for the period in the computation of net income per share. (370 thousand shares for the previous fiscal year and 499 thousand shares for the current fiscal year)

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

	Fiscal 2025 (From April 1, 2024 to March 31, 2025)	Fiscal 2026 (From April 1, 2025 to March 31, 2026)
Profit attributable to owners of parent (in millions of yen)	50,012	46,624
Profit not attributable to common stock shareholders (in millions of yen)	-	-
Profit attributable to owners of parent for common stock (in millions of yen)	50,012	46,624
Average number of shares during the period (thousand shares)	232,621	227,531

(Significant Subsequent Events)

Not applicable.

5. Other Information

INTEC Inc., a consolidated subsidiary of the Company, had been involved in litigation with Mitsubishi Shokuhin Co., Ltd., which filed a claim for damages in connection with services including system development provided by INTEC Inc. (The amount of damages claimed was ¥12,703 million as of November 13, 2018, and was revised to ¥15,485 million on December 8, 2023).

Recently, as a result of discussions based on a settlement recommendation proposed by the Tokyo District Court, a settlement was reached on April 24, 2026. In connection with this settlement, the Company recorded extraordinary losses in the consolidated fiscal year under review in the amount of ¥7,434 million as provision for litigation losses, which includes the settlement payment of ¥7,090 million and related litigation expenses.