



# **Financial Results for the First Two Quarters of the Fiscal Year Ending March 31, 2024**

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**November 1, 2023**

TIS Inc.

## Highlights

### Fiscal 2024 First Two Quarters: Financial Highlights

- Sales and income up year on year, **exceeding estimates.**
- Maintained high profitability even amid efforts to reinforce growth investment, including investment in human resources.
- Year-on-year increase in order volume and order backlog. Software development results down, owing to reactionary drop in large projects, but system operation results on the rise.

### Fiscal 2024: Performance Forecast

- Given first-half results, full-year performance forecast revised upward.

## Fiscal 2024 First Two Quarters: Financial Highlights

## Fiscal 2024: Performance Forecast

## Return to Shareholders

## Progress on Medium-Term Management Plan (2021–2023)

## Reference Materials

- All statements described in these materials are based on information available to management regarding the TIS INTEC Group—that is, TIS and the subsidiaries under its umbrella—as of the presentation date and certain assumptions deemed reasonable at this time. No intent is implied or promise by the Company to achieve such forward-looking statements. Indeed, various factors may cause future results to be substantially different from the assumptions presented in these materials.
- Amounts for each three-month quarter are calculated by subtracting data for the respective period from the cumulative total.
- Segment sales include intersegment sales. (excluding page 10 and 14)

## **Fiscal 2024 First Two Quarters: Financial Highlights**

**Fiscal 2024: Performance Forecast**

**Return to Shareholders**

**Progress on Medium-Term Management Plan (2021–2023)**

**Reference Materials**

## Fiscal 2024 First Two Quarters: Performance Highlights (YOY change)

- Higher sales and higher income, thanks to business expansion through accurate responses to clients' IT investment needs, including demand for digital transformation.
- Maintained high profitability even amid efforts to reinforce growth investment, including investment in human resources.

[Millions of yen]	First two quarters of fiscal 2023	First two quarters of fiscal 2024	YOY change	
Net Sales	245,305	<b>267,488</b>	+22,183	[+9.0%]
Operating Income	27,709	<b>30,387</b>	+2,677	[+9.7%]
Operating Margin	11.3%	<b>11.4%</b>	+0.1P	-
Net Income Attributable to Owners of the Parent Company	18,834	<b>20,307</b>	+1,472	[+7.8%]
Net Income to Net Sales Ratio	7.7%	<b>7.6%</b>	-0.1P	-

- Non-operating income: ¥1,766 million  
(YOY change +¥11 million)  
→ Dividend income ¥532 million  
Gain on foreign exchange ¥510 million, etc.

- Non-operating expenses: ¥318 million  
(YOY change +¥79 million)

- Extraordinary income: ¥1,134 million  
(YOY change +¥755 million)  
→ Gain on reversal of asset retirement obligations ¥551 million, etc.

- Extraordinary loss: ¥1,563 million  
(YOY change +¥496 million)  
→ Loss on valuation of investment securities ¥1,093 million, etc.

\* Inclusion of Nihon ICS in scope of consolidation affects consolidated results from second quarter onward. Impact of ¥2 billion on net sales, and ¥200 million on operating income (after amortization of goodwill).

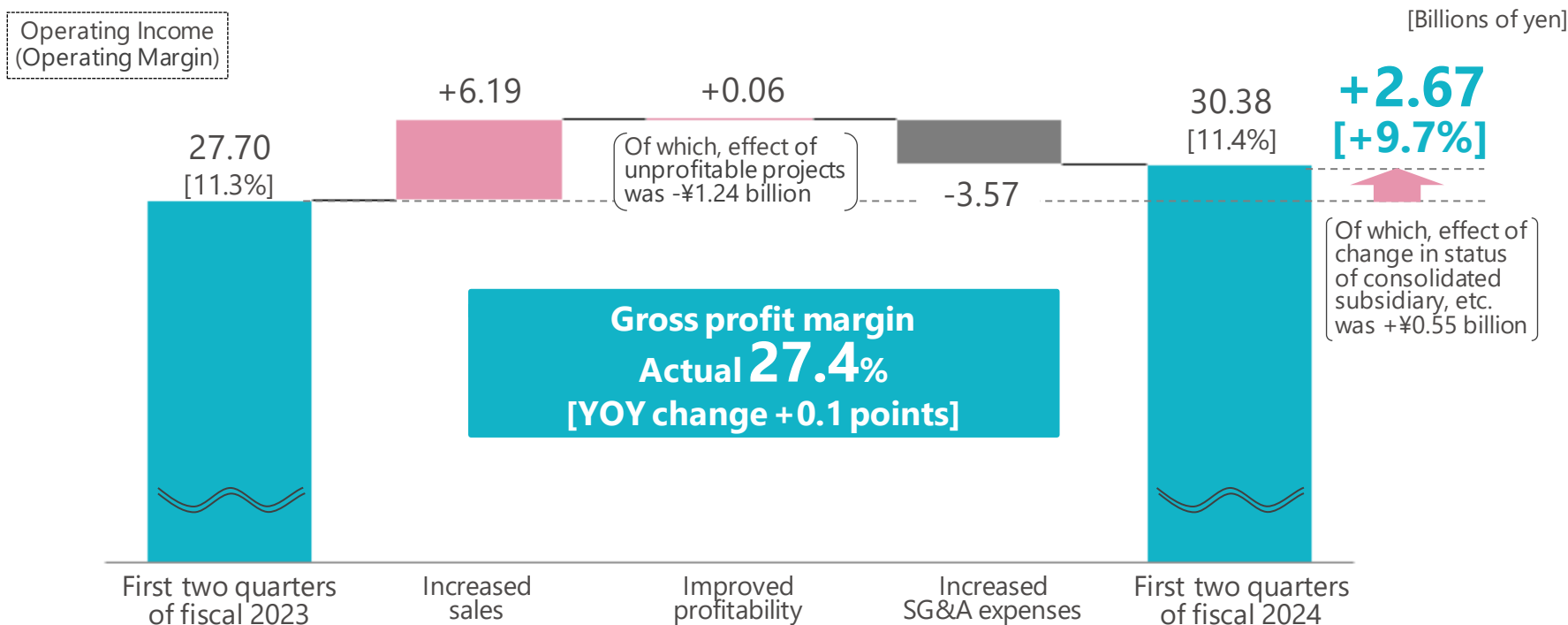
# Fiscal 2024 First Two Quarters: Performance Highlights (Compared with estimate)

• Achieved estimate against backdrop of high IT investment activity among broad client base.

[Millions of yen]	First two quarters of fiscal 2024 estimate	First two quarters of fiscal 2024 actual	Compared with estimate	
Net Sales	261,000	<b>267,488</b>	+6,488	[+2.5%]
Operating Income	29,500	<b>30,387</b>	+887	[+3.0%]
Operating Margin	11.3%	<b>11.4%</b>	+0.1P	-
Net Income Attributable to Owners of the Parent Company	19,500	<b>20,307</b>	+807	[+4.1%]
Net Income to Net Sales Ratio	7.5%	<b>7.6%</b>	+0.1P	-

# Fiscal 2024 First Two Quarters: Operating Income Analysis, Increase/Decrease Reasons (YOY change)

• Posted higher operating income even while reinforcing upfront investment and dealing with increase in unprofitable projects.



## Prior investment costs for promoting structural transformation: Up ¥0.94 billion (YOY change)

(Cost of sales: +¥0.89 billion, SG&A expenses: +¥0.04 billion)

Software investment / Investment in human resources / Investment in R&D

+

## Cost of investment in human resources (additional):

Up ¥2.40 billion (YOY change)

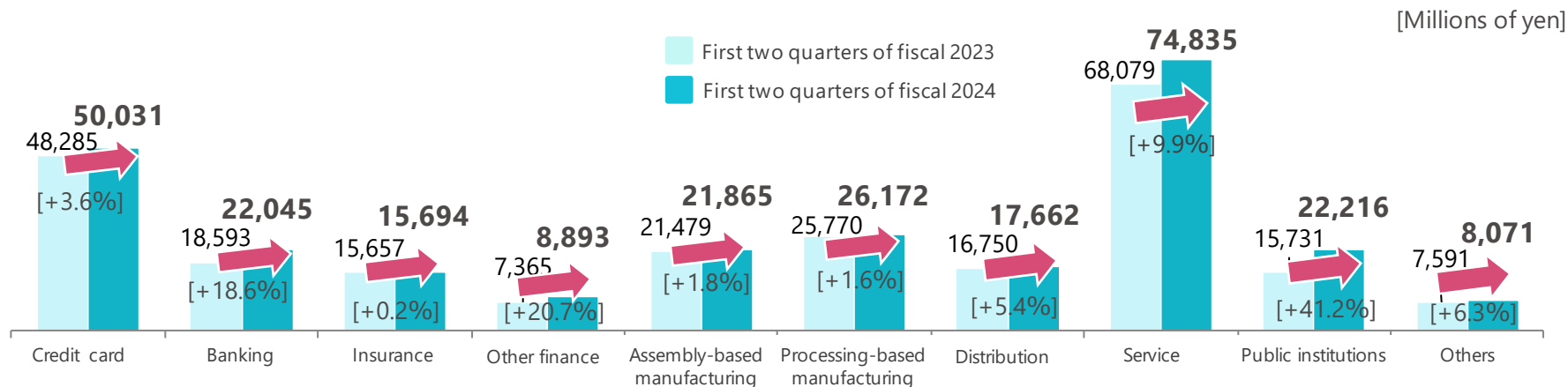
(Cost of sales: +¥1.67 billion, SG&A expenses: +¥0.73 billion)

## Changes in SG&A Expenses

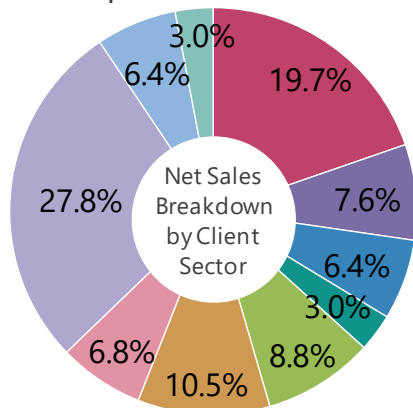
Effect of change in status of consolidated subsidiary, etc.	+0.76
Prior investment (excludes investment in human resources)	+0.04
Prior investment (Investment in human resources)	+0.73
Others	+2.03
<b>Total</b>	<b>+3.57</b>

# Fiscal 2024 First Two Quarters: Sales by Client Sector

• Year-on-year increase across all client sectors, with particularly notable improvement in public sector and services domains.

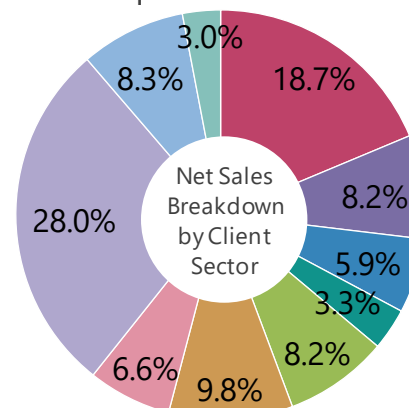


First two quarters of fiscal 2023



Financial sector: 36.7% Industrial sector: 53.9%  
Public sector: 6.4% Other sectors: 3.0%

First two quarters of fiscal 2024



Financial sector: 36.1% Industrial sector: 52.6%  
Public sector: 8.3% Other sectors: 3.0%



# Fiscal 2024 First Two Quarters: Sales and Income for Key Business Segments (YOY change)

[Millions of yen]		First two quarters of fiscal 2023	First two quarters of fiscal 2024	YOY change	
Offering Service Business	Net Sales	53,887	<b>60,148</b>	+6,260	[+11.6%]
	Operating Income	2,494	<b>2,659</b>	+164	[+6.6%]
	Operating Margin	4.6%	<b>4.4%</b>	-0.2P	-
Business Process Management	Net Sales	21,490	<b>20,994</b>	-496	[-2.3%]
	Operating Income	2,405	<b>2,108</b>	-296	[-12.3%]
	Operating Margin	11.2%	<b>10.0%</b>	-1.2P	-
Financial IT Business	Net Sales	48,718	<b>54,106</b>	+5,388	[+11.1%]
	Operating Income	6,311	<b>7,886</b>	+1,575	[+25.0%]
	Operating Margin	13.0%	<b>14.6%</b>	+1.6P	-
Industrial IT Business	Net Sales	55,219	<b>58,326</b>	+3,106	[+5.6%]
	Operating Income	7,763	<b>8,470</b>	+707	[+9.1%]
	Operating Margin	14.1%	<b>14.5%</b>	+0.4P	-
Regional IT Solutions	Net Sales	76,304	<b>85,535</b>	+9,231	[+12.1%]
	Operating Income	8,352	<b>9,013</b>	+660	[+7.9%]
	Operating Margin	10.9%	<b>10.5%</b>	-0.4P	-

<b>Offering Service Business:</b>	Higher sales and higher income, largely due to wider IT investment in areas of payment settlement, platform and business management as well as positive impact of M&A activity. Overseas operations contributed to sales growth.
<b>Business Process Management:</b>	Existing data entry business struggled, impacting segment results, leading to lower sales and lower income.
<b>Financial IT Business:</b>	Higher sales and higher income, driven by large-scale projects ordered by core clients in credit card sector as well as public-sector financial institutions.
<b>Industrial IT Business:</b>	Higher sales and higher income, fueled by wider IT investment across all client sectors as well as solid ERP demand.
<b>Regional IT Solutions:</b>	Wider IT investment by healthcare facilities, banks and network builders/operators. Despite impact from unprofitable projects, sales and income grew.

# Reference: Fiscal 2024 First Two Quarters: Sales by Key Business Segment \*For external clients

[Millions of yen]	First two quarters of fiscal 2023	First two quarters of fiscal 2024	YOY change	
Offering Service Business	47,880	<b>53,821</b>	+5,941	[+12.4%]
Software development	22,829	<b>21,527</b>	-1,302	[-5.7%]
Operating/cloud services	14,351	<b>18,341</b>	+3,989	[+27.8%]
Product/software sales	10,698	<b>13,952</b>	+3,254	[+30.4%]
Business Process Management	20,316	<b>19,947</b>	-369	[-1.8%]
Software development	8,736	<b>6,667</b>	-2,068	[-23.7%]
Operating/cloud services	11,580	<b>12,730</b>	+1,150	[+9.9%]
Product/software sales	-	<b>548.0</b>	+548.0	-
Financial IT Business	47,911	<b>53,348</b>	+5,437	[+11.3%]
Software development	25,710	<b>30,905</b>	+5,194	[+20.2%]
Operating/cloud services	18,520	<b>19,669</b>	+1,149	[+6.2%]
Product/software sales	3,680	<b>2,774</b>	-906	[-24.6%]
Industrial IT Business	54,845	<b>58,073</b>	+3,227	[+5.9%]
Software development	37,043	<b>38,286</b>	+1,243	[+3.4%]
Operating/cloud services	11,858	<b>13,389</b>	+1,530	[+12.9%]
Product/software sales	5,943	<b>6,397</b>	+454	[+7.6%]
Regional IT Solutions	73,175	<b>81,288</b>	+8,113	[+11.1%]
Software development	37,994	<b>41,481</b>	+3,487	[+9.2%]
Operating/cloud services	27,003	<b>27,995</b>	+992	[+3.7%]
Product/software sales	8,177	<b>11,811</b>	+3,633	[+44.4%]

# Fiscal 2024 First Two Quarters: Sales and Income by Key Business Segment (Compared with estimate)

[Millions of yen]		First two quarters of fiscal 2024 estimate	First two quarters of fiscal 2024 actual	Compared with estimate	
Offering Service Business	Net Sales	58,400	<b>60,148</b>	+1,748	[+3.0%]
	Operating Income	2,800	<b>2,659</b>	-140	[-5.0%]
	Operating Margin	4.8%	<b>4.4%</b>	-0.4P	-
Business Process Management	Net Sales	21,800	<b>20,994</b>	-805	[-3.7%]
	Operating Income	2,400	<b>2,108</b>	-291	[-12.1%]
	Operating Margin	11.0%	<b>10.0%</b>	-1.0P	-
Financial IT Business	Net Sales	54,200	<b>54,106</b>	-93	[-0.2%]
	Operating Income	7,500	<b>7,886</b>	+386	[+5.2%]
	Operating Margin	13.8%	<b>14.6%</b>	+0.8P	-
Industrial IT Business	Net Sales	56,100	<b>58,326</b>	+2,226	[+4.0%]
	Operating Income	7,700	<b>8,470</b>	+770	[+10.0%]
	Operating Margin	13.7%	<b>14.5%</b>	+0.8P	-
Regional IT Solutions	Net Sales	81,600	<b>85,535</b>	+3,935	[+4.8%]
	Operating Income	9,000	<b>9,013</b>	+13	[+0.2%]
	Operating Margin	11.0%	<b>10.5%</b>	-0.5P	-

<b>Offering Service Business:</b>	Reached sales goal thanks to increase in sales to clients in areas of platform and business management systems, complemented by sales by overseas operations, but income fell short of estimate.
<b>Business Process Management:</b>	Steady demand from clients keen on digital shift, but existing data entry services in particular continued to struggle, and segment failed to reach estimate for sales and income.
<b>Financial IT Business:</b>	Sales followed predicted trajectory, and efficient progress on large projects underpinned profitability improvement, but segment did not achieve anticipated income.
<b>Industrial IT Business:</b>	IT investment across broad range of client sectors, including manufacturing, as well as ERP demand exceeded expectations, driving segment sales and income above estimate.
<b>Regional IT Solutions:</b>	Wider IT investment by healthcare facilities, banks and network builders/operators exceeded expectations. Sales hit estimate but income held to par owing to impact from unprofitable projects.

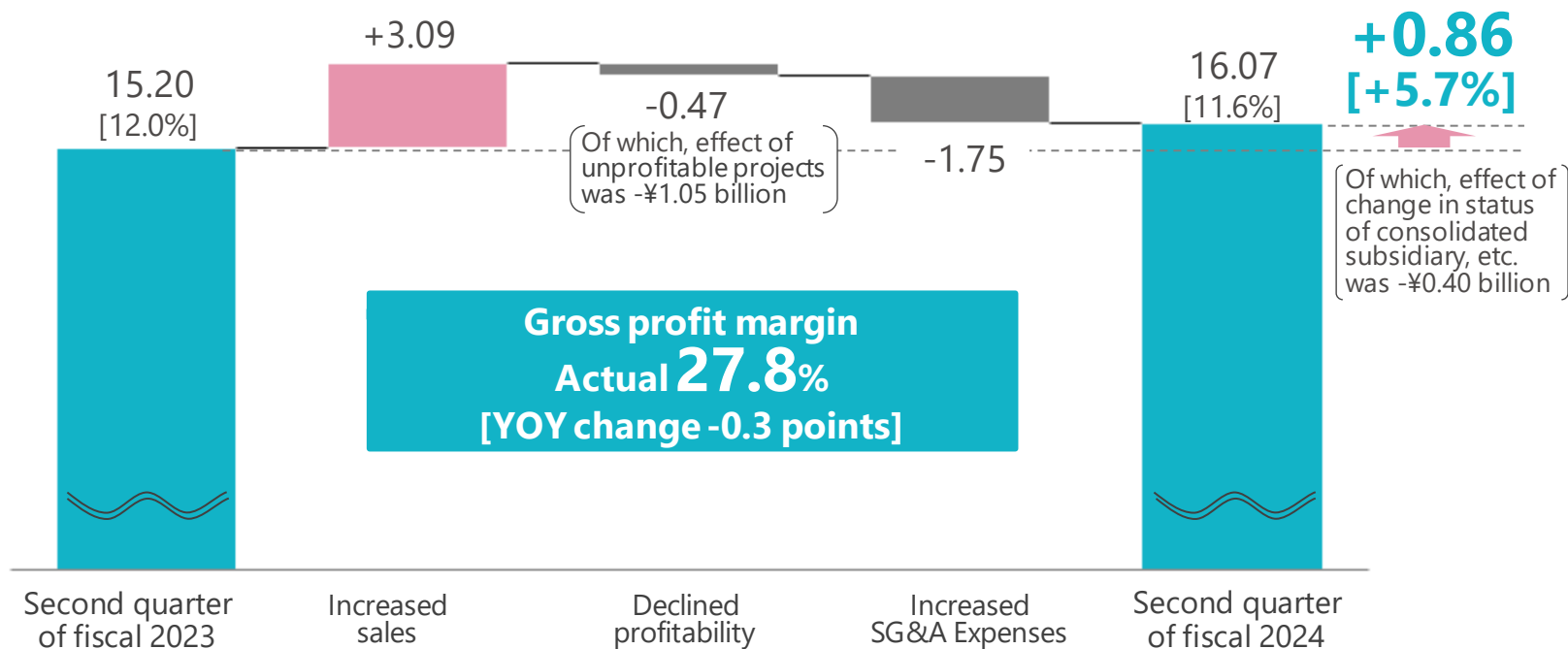
# Reference: Fiscal 2024 Second Quarter (July-September): Sales and Income for Key Business Segments

[Millions of yen]	Second quarter of fiscal 2023	Second quarter of fiscal 2024	YOY change	
Net Sales	127,232	<b>138,059</b>	+10,826	[+8.5%]
Operating Income	15,207	<b>16,076</b>	+868	[+5.7%]
Operating Margin	12.0%	<b>11.6%</b>	-0.4P	-
Net Income Attributable to Owners of the Parent Company	10,071	<b>10,160</b>	+88	[+0.9%]
Net Income to Net Sales Ratio	7.9%	<b>7.4%</b>	-0.5P	-
<b>Key Business Segments</b>				
Offering Service Business	Net Sales	27,695	<b>32,130</b>	+4,434 [ +16.0%]
	Operating Income	1,026	<b>1,502</b>	+475 [ +46.3%]
	Operating Margin	3.7%	<b>4.7%</b>	+1.0P -
Business Process Management	Net Sales	10,909	<b>10,693</b>	-215 [ -2.0%]
	Operating Income	1,317	<b>1,380</b>	+62 [ +4.8%]
	Operating Margin	12.1%	<b>12.9%</b>	+0.8P -
Financial IT Business	Net Sales	25,758	<b>27,369</b>	+1,611 [ +6.3%]
	Operating Income	3,515	<b>3,805</b>	+289 [ +8.2%]
	Operating Margin	13.6%	<b>13.9%</b>	+0.3P -
Industrial IT Business	Net Sales	28,518	<b>29,655</b>	+1,136 [ +4.0%]
	Operating Income	4,218	<b>4,077</b>	-141 [ -3.4%]
	Operating Margin	14.8%	<b>13.7%</b>	-1.1P -
Regional IT Solutions	Net Sales	39,906	<b>43,751</b>	+3,845 [ +9.6%]
	Operating Income	4,948	<b>4,952</b>	+3 [ +0.1%]
	Operating Margin	12.4%	<b>11.3%</b>	-1.1P -

# Reference: Fiscal 2024 Second Quarter (July-September): Operating Income Analysis, Increase/Decrease Reasons (YOY change)

[Billions of yen]

Operating Income  
(Operating Margin)



### Prior investment costs for promoting structural transformation:

Up ¥0.45 billion (YOY change)

(Cost of sales: +¥0.50 billion, SG&A expenses: -¥0.04 billion)

Software investment / Investment in human resources / Investment in R&D  
+

### Cost of investment in human resources (additional amount):

Up ¥1.04 billion (YOY change)

(Cost of sales: +¥0.74 billion, SG&A expenses: +¥0.29 billion)

### Changes in SG&A Expenses

Effect of change in status of consolidated subsidiary, etc.	+0.92
Prior investment (excludes investment in human resources)	-0.04
Prior investment (Investment in human resources)	+0.29
Others	+0.57
<b>Total</b>	<b>+1.75</b>

# Reference: Fiscal 2024 Second Quarter (July-September): Sales by Key Business Segment \*For external clients

[Millions of yen]	Second quarter of fiscal 2023	Second quarter of fiscal 2024	YOY change	
Offering Service Business	24,521	<b>28,893</b>	+4,371	[+17.8%]
Software development	11,652	<b>11,239</b>	-413	[-3.5%]
Operating/cloud services	7,367	<b>9,815</b>	+2,447	[+33.2%]
Product/software sales	5,501	<b>7,838</b>	+2,337	[+42.5%]
Business Process Management	10,319	<b>10,148</b>	-170	[-1.7%]
Software development	4,446	<b>3,445</b>	-1,001	[-22.5%]
Operating/cloud services	5,872	<b>6,345</b>	+472	[+8.0%]
Product/software sales	—	<b>358</b>	+358	-
Financial IT Business	25,340	<b>26,982</b>	+1,641	[+6.5%]
Software development	13,594	<b>15,568</b>	+1,974	[+14.5%]
Operating/cloud services	9,417	<b>10,034</b>	+617	[+6.6%]
Product/software sales	2,329	<b>1,378</b>	-950	[-40.8%]
Industrial IT Business	28,318	<b>29,532</b>	+1,214	[+4.3%]
Software development	19,285	<b>19,340</b>	+55	[+0.3%]
Operating/cloud services	6,030	<b>6,872</b>	+841	[+14.0%]
Product/software sales	3,002	<b>3,319</b>	+316	[+10.6%]
Regional IT Solutions	38,169	<b>42,011</b>	+3,841	[+10.1%]
Software development	20,110	<b>21,417</b>	+1,307	[+6.5%]
Operating/cloud services	13,399	<b>14,073</b>	+674	[+5.0%]
Product/software sales	4,659	<b>6,519</b>	+1,860	[+39.9%]

# Fiscal 2024 First Two Quarters: Order Status (Orders received during first two quarters)

- Year-on-year increase in overall order volume.
- Software development results down, owing to reactionary drop in large financial IT projects, but demand for system operation on the rise in each segment.

[Millions of yen]		First two quarters of fiscal 2023	First two quarters of fiscal 2024	YOY change	
Orders received during first two quarters		265,993	<b>272,371</b>	+6,377	[+2.4%]
Software development		143,489	<b>133,176</b>	-10,312	[-7.2%]
<b>Key Business Segments</b>					
Offering Service Business	Orders received during first two quarters	50,740	<b>57,991</b>	+7,250	[+14.3%]
	Software development	21,831	<b>23,846</b>	+2,015	[+9.2%]
Business Process Management	Orders received during first two quarters	20,016	<b>19,625</b>	-391	[-2.0%]
	Software development	8,436	<b>6,099</b>	-2,337	[-27.7%]
Financial IT Business	Orders received during first two quarters	59,256	<b>49,717</b>	-9,538	[-16.1%]
	Software development	36,367	<b>23,539</b>	-12,828	[-35.3%]
Industrial IT Business	Orders received during first two quarters	53,746	<b>58,822</b>	+5,075	[+9.4%]
	Software development	35,492	<b>37,153</b>	+1,661	[+4.7%]
Regional IT Solutions	Orders received during first two quarters	82,232	<b>86,214</b>	+3,982	[+4.8%]
	Software development	41,361	<b>42,537</b>	+1,176	[+2.8%]

# Fiscal 2024 First Two Quarters: Order Status (Order backlog at end of second quarter)

- Year-on-year increase, with trend in orders received during the term generally unchanged.
- Industrial IT development results affected by decrease due to progress on projects for public sector clients that were batch-booked in past.

[Millions of yen]		First two quarters of fiscal 2023	First two quarters of fiscal 2024	YOY change	
Order backlog at end of second quarter		184,379	<b>187,533</b>	+3,153	[+1.7%]
Software development		105,707	<b>97,863</b>	-7,844	[-7.4%]
<b>Key Business Segments</b>					
Offering Service Business	Order backlog at end of second quarter	34,701	<b>38,636</b>	+3,934	[+11.3%]
	Software development	15,511	<b>16,208</b>	+697	[+4.5%]
Business Process Management	Order backlog at end of second quarter	8,203	<b>7,127</b>	-1,076	[-13.1%]
	Software development	8,203	<b>6,880</b>	-1,323	[-16.1%]
Financial IT Business	Order backlog at end of second quarter	50,735	<b>45,168</b>	-5,567	[-11.0%]
	Software development	32,535	<b>24,458</b>	-8,076	[-24.8%]
Industrial IT Business	Order backlog at end of second quarter	36,766	<b>38,814</b>	+2,047	[+5.6%]
	Software development	22,587	<b>21,561</b>	-1,026	[-4.5%]
Regional IT Solutions	Order backlog at end of second quarter	53,971	<b>57,786</b>	+3,815	[+7.1%]
	Software development	26,869	<b>28,753</b>	+1,883	[+7.0%]



## Reference: Fiscal 2024 Second Quarter (July-September): Order Status

[Millions of yen]		Second quarter of fiscal 2023	Second quarter of fiscal 2024	YOY change	
Orders received during second quarter		177,744	<b>182,835</b>	+5,090	[+2.9%]
Software development		82,257	<b>74,106</b>	-8,151	[-9.9%]
<b>Key Business Segments</b>					
Offering Service Business	Orders received during second quarter	35,007	<b>41,459</b>	+6,452	[+18.4%]
	Software development	12,269	<b>13,215</b>	+945	[+7.7%]
Business Process Management	Orders received during second quarter	9,779	<b>9,388</b>	-390	[-4.0%]
	Software development	3,906	<b>2,574</b>	-1,331	[-34.1%]
Financial IT Business	Orders received during second quarter	44,841	<b>37,294</b>	-7,546	[-16.8%]
	Software development	24,494	<b>14,520</b>	-9,974	[-40.7%]
Industrial IT Business	Orders received during second quarter	33,918	<b>37,287</b>	+3,368	[+9.9%]
	Software development	18,652	<b>19,723</b>	+1,070	[+5.7%]
Regional IT Solutions	Orders received during second quarter	54,198	<b>57,404</b>	+3,206	[+5.9%]
	Software development	22,934	<b>24,072</b>	+1,138	[+5.0%]

**Fiscal 2024 First Two Quarters: Financial Highlights**

**Fiscal 2024: Performance Forecast**

**Return to Shareholders**

**Progress on Medium-Term Management Plan (2021–2023)**

**Reference Materials**

# Fiscal 2024: Understanding the Business Environment

• Changes in economic environment, due to concerns for future caused by financial tightening on global level as well as lackluster overseas business conditions, require careful monitoring. But IT investment is in expansion mode for long term—a view likely persist.

## Offering Service Business

- ✓ Cashless market continues to grow. Progress toward digital shift by government also driving progress.
- ✓ Digital currencies, including CBDC, and financial and non-financial initiatives ramping up in every country.
- ✓ ASEAN economic growth continues.
- ✓ Cloud – and megacloud – growth continues. Favorable activity in business management domain, fueled by accounting system revision.

**To date**                      **From now**



## Business Process Management

- ✓ No course correction to labor shortage or workstyle reform, likely keeping business process outsourcing market in gradual growth mode.
- ✓ Demand for simple outsourcing, such as data entry work, shrinking due to digital advances.
- ✓ Demand for call center-based BPO and for digitized business processes continue.



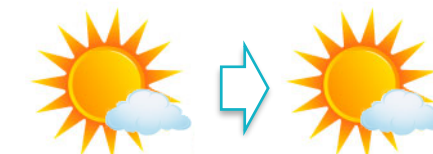
## Financial IT Business

- ✓ For business supporting social infrastructure, demand is firm, and financial IT market is moving in favorable direction.
- ✓ Heightened competition with new players, paralleling growth of cashless market.
- ✓ Involvement on some large credit card and public sector finance projects peaked in first half and are now trending downward..



## Industrial IT Business

- ✓ DX demand, especially from large clients, will continue.
- ✓ Active demand across ERP and modernization markets.
- ✓ Continued energy (electricity, gas, etc.)-related IT investment.



## Regional IT Solutions

- ✓ Despite variations by industry and company, IT demand by mid-sized companies is brisk.
- ✓ Local governments looking to standardize systems and will tighten IT investment. Expect more active allocation starting in fiscal 2025.
- ✓ Despite challenging environment for medical services, IT investment to support community-based integrated care system continues.



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.

## Revisions to Fiscal 2024 Performance Forecast (1)

- Raised initial estimates, given fact that first-half results are significantly higher than previously forecast. Second-half forecast unchanged.

[Millions of yen]	Fiscal 2024 initial estimate	Fiscal 2024 revised estimate	Compared with initial estimate	
Net Sales	530,000	<b>536,000</b>	+6,000	[+1.1%]
Operating Income	63,500	<b>64,500</b>	+1,000	[+1.6%]
Operating Margin	12.0%	<b>12.0%</b>	+0.0P	-
Net Income Attributable to Owners of the Parent Company	42,000	<b>42,000</b>	-	-
Net Income to Net Sales Ratio	7.9%	<b>7.8%</b>	-0.1P	-
Net Income per Share (Yen)	174.19	<b>174.19</b>	-	-
ROE *	13.7%	<b>13.7%</b>	-	-

\* ROE estimate for fiscal 2024 is a calculated value.

## Revisions to Fiscal 2024 Performance Forecast (2)

[Millions of yen]		Fiscal 2024 initial estimate	Fiscal 2024 revised estimate	Compared with initial estimate	
Offering Service Business	Net Sales	122,800	<b>124,300</b>	+1,500	[+1.2%]
	Operating Income	7,450	<b>7,300</b>	-150	[-2.0%]
	Operating margin	6.1%	<b>5.9%</b>	-0.2P	-
Business Process Management	Net Sales	44,000	<b>43,000</b>	-1,000	[-2.3%]
	Operating Income	5,150	<b>4,850</b>	-300	[-5.8%]
	Operating margin	11.7%	<b>11.3%</b>	-0.4P	-
Financial IT Business	Net Sales	105,500	<b>105,500</b>	-	-
	Operating Income	13,900	<b>14,300</b>	+400	[+2.9%]
	Operating margin	13.2%	<b>13.6%</b>	+0.4P	-
Industrial IT Business	Net Sales	115,700	<b>117,700</b>	+2,000	[+1.7%]
	Operating Income	16,800	<b>17,600</b>	+800	[+4.8%]
	Operating margin	14.5%	<b>15.0%</b>	+0.5P	-
Regional IT Solutions	Net Sales	165,100	<b>169,100</b>	+4,000	[+2.4%]
	Operating Income	19,900	<b>20,000</b>	+100	[+0.5%]
	Operating margin	12.1%	<b>11.8%</b>	-0.3P	-

## Fiscal 2024: Performance Forecasts

- Expect to achieve higher sales and higher income through expanding business pursuits while reinforcing growth investment, including investment in human resources. Changing status of consolidated subsidiaries will also have positive effect on results. Note that results by Nihon ICS, brought under consolidation through M&A, are reflected from second quarter. (\*1)
- The anticipated decrease in net income is primarily due to a reactionary drop in extraordinary income due to such factors as a reduction in strategic shareholdings in fiscal 2023.

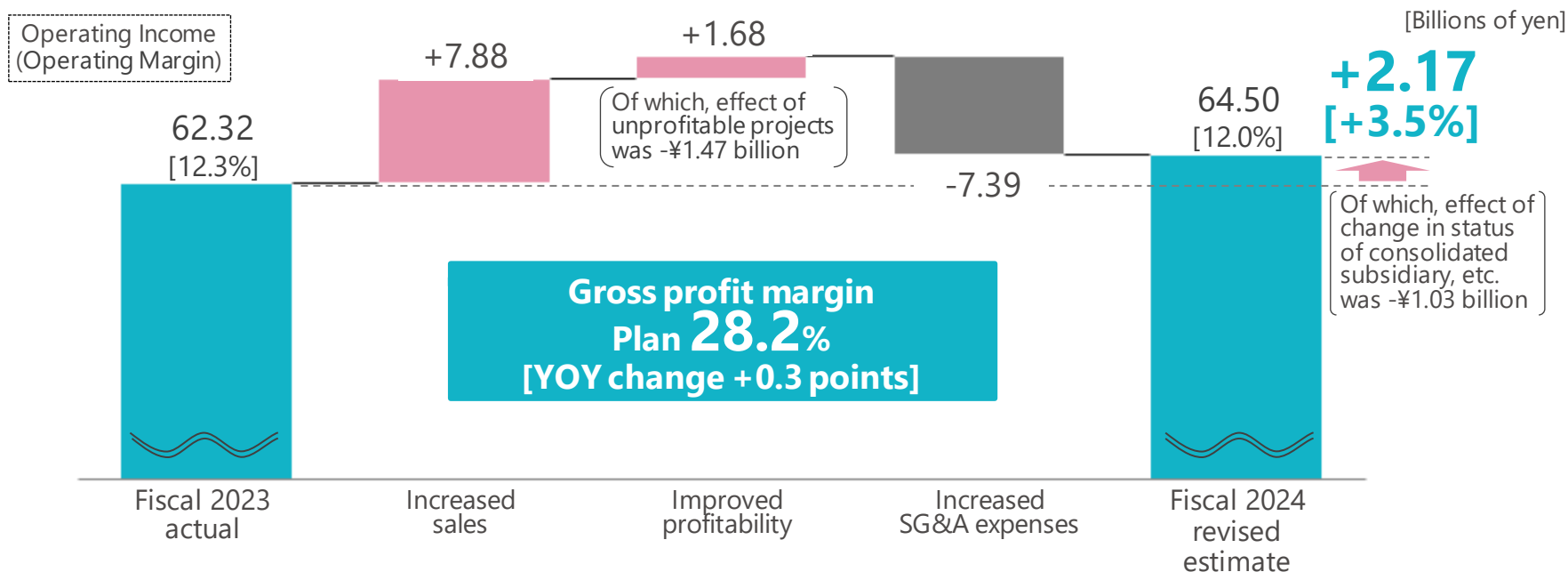
[Millions of yen]	Fiscal 2023 actual	Fiscal 2024 revised estimate	YOY change	
Net Sales	508,400	<b>536,000</b>	+27,599	[+5.4%]
Operating Income	62,328	<b>64,500</b>	+2,171	[+3.5%]
Operating Margin	12.3%	<b>12.0%</b>	-0.3P	-
Net Income Attributable to Owners of the Parent Company	55,461	<b>42,000</b>	-13,461	[-24.3%]
Net Income to Net Sales Ratio	10.9%	<b>7.8%</b>	-3.1P	-
Net Income per Share (Yen)	227.11	<b>174.19</b>	-52.92	[-23.3%]
ROE *2	18.8%	<b>13.7%</b>	-5.1P	-

\*1 Impact of turning Nihon ICS into consolidated subsidiary will likely add ¥5.4 billion to net sales and ¥400 million to operating income (after amortization of goodwill) to full-year consolidated performance.

\*2 ROE estimate for fiscal 2024 is a calculated value.

# Fiscal 2024: Operating Income Analysis, Increase/Decrease Reasons [Forecast]

- Expect higher costs from robust growth investment to be absorbed by increase in income achieved through business expansion, leading to higher operating income.
- Contribution from Nihon ICS, brought under consolidation through M&A, limited after taking effect of goodwill amortization into account.



## Anticipated prior investment costs for promoting structural transformation:

**Up ¥1.47 billion (YOY change)**

**(Cost of sales: +¥1.00 billion, SG&A expenses: +¥0.47 billion)**

Software investment / Investment in human resources / Investment in R&D

+

**Cost of investment in human resources (additional):**

**Up ¥5.00 billion (YOY change)**

**(Cost of sales: +¥3.20 billion, SG&A expenses: +¥1.80 billion)**

## Changes in SG&A Expenses

Effect of change in status of consolidated subsidiary, etc.	+2.46
Prior investment (excludes investment in human resources)	+0.47
Prior investment (Investment in human resources)	+1.80
Others	+2.65
<b>Total</b>	<b>+7.39</b>

## Fiscal 2024: Sales and Income by Key Business Segment [Forecast]

[Millions of yen]		Fiscal 2023 actual	Fiscal 2024 revised estimate	YOY change	
Offering Service Business	Net Sales	111,752	<b>124,300</b>	+12,547	[+11.2%]
	Operating Income	6,426	<b>7,300</b>	+873	[+13.6%]
	Operating margin	5.8%	<b>5.9%</b>	+0.1P	-
Business Process Management	Net Sales	43,255	<b>43,000</b>	-255	[-0.6%]
	Operating Income	5,123	<b>4,850</b>	-273	[-5.3%]
	Operating margin	11.8%	<b>11.3%</b>	-0.5P	-
Financial IT Business	Net Sales	101,184	<b>105,500</b>	+4,315	[+4.3%]
	Operating Income	13,896	<b>14,300</b>	+403	[+2.9%]
	Operating margin	13.7%	<b>13.6%</b>	-0.1P	-
Industrial IT Business	Net Sales	113,632	<b>117,700</b>	+4,067	[+3.6%]
	Operating Income	16,728	<b>17,600</b>	+871	[+5.2%]
	Operating margin	14.7%	<b>15.0%</b>	+0.3P	-
Regional IT Solutions	Net Sales	160,010	<b>169,100</b>	+9,089	[+5.7%]
	Operating Income	19,343	<b>20,000</b>	+656	[+3.4%]
	Operating margin	12.1%	<b>11.8%</b>	-0.3P	-

<b>Offering Service Business:</b>	Expect higher sales and higher income, mainly from effect of change in status of consolidated subsidiaries. Expanding demand for payment settlement and other broad-based services will be key contributor to sales.
<b>Business Process Management:</b>	Despite emphasis on improving added value and optimizing operations, struggling businesses, namely, existing data entry business, will probably lead to higher sales but lower income.
<b>Financial IT Business:</b>	Anticipate higher sales and higher income, underpinned by steady progress on large projects and capture of IT investment demand centered on existing clients.
<b>Industrial IT Business:</b>	Expect higher sales and higher income, reflecting capture of IT investment demand across wide client base as well as strong interest in ERP.
<b>Regional IT Solutions:</b>	Expect higher sales and higher income, reflecting wider demand for medical services, and solutions and capture of IT investment demand from existing clients.



**Fiscal 2024 First Two Quarters: Financial Highlights**

**Fiscal 2024: Performance Forecast**

**Return to Shareholders**

**Progress on Medium-Term Management Plan (2021–2023)**

**Reference Materials**

# Fiscal 2024: Return to Shareholders

- Implemented return to shareholders in line with total return ratio yardstick of 45%.
- No change to dividend plan for fiscal 2024. Interim dividend will be ¥17 per share, up ¥2 year on year.

## Basic Policy on Return to Shareholders under Medium-Term Management Plan (2021-2023)

Balance efforts to promote growth investment with efforts to maintain financial health, while strengthening return to shareholders.

**Total return ratio**

**45%**

[up from 40%]

**Dividends per share**  
**Constantly enrich the dividend**

**Upper limit on treasury stock holdings**

**at 5%**

[excess amount cancelled]

	Fiscal 2023 actual			Fiscal 2024 estimate
	[Normal]	[Capital optimized]	[Total]	
Interim dividend per share	¥15 [YOY change +¥2]	-	¥15	<b>¥17</b> <b>[YOY change +¥2]</b>
Annual dividend per share	¥50 [YOY change +¥6]	-	¥50	<b>¥53</b> <b>[YOY change +¥3]</b>
Total dividends	¥12.1 billion	-	¥12.1 billion	<b>¥12.7 billion</b>
Payout ratio [After adjustment *1]	22.0% [30.3%]	-	22.0%	<b>30.4% *2</b>
Acquired treasury shares	About ¥5.5 billion	About ¥24.5 billion	About ¥30.0 billion	<b>¥6.2 billion</b>
Total return ratio [After adjustment *1]	31.9% [44.0%]	-	76.0%	<b>45%</b>

Treasury stock buyback conducted from May through July 2023, ending with purchase amount totaling about ¥6.2 billion.

\*1 Based on profit (after income taxes and income attributable to non-controlling interests)

\*2 Upper limit based on treasury stock buyback announced May 9, 2023.

**Fiscal 2024 First Two Quarters: Financial Highlights**

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# Main Points of Medium-Term Management Plan (2021–2023)

## Be a Digital Mover 2023

### Basic Policy



### Key Performance Indicators

Net Sales  
**¥500.0 billion**

Operating income/Operating margin  
**¥58.0 billion/11.6%**

EPS Growth CAGR  
**Exceeding 10%**

Strategic Domain Ratio  
51% → **60%**  
[¥228.5 billion → ¥300.0 billion]

Sales of societal issue solution service  
¥38.0 billion → **¥50.0 billion** \*1

+

Growth Investment  
**About ¥100.0 billion**

\*1 Sales from services that provide solutions to social issues of concern to TIS INTEC Group. Manage business growth as part of strategic domain operations.

**Virtuous cycle of value created jointly by society and employees**

**Solving social issues through joint creation with stakeholders**

Improve value provided by DX

Imagination that transforms society

Expand investment to generate strengths

Power that realizes ideas

Deepen and extend global operations

Global business deployment capability

**Diversification of human resources, sharper skills**

**Diverse employees active as professionals**

By promoting enhanced frontline strengths based on IT configuration capabilities created jointly with society and clients, we will help **solve social issues** using **digital technology** and realize **outstanding growth** toward **realization of Group Vision 2026**.

# Medium-Term Management Plan Activities: Fiscal 2024 Group Management Direction

## Fiscal 2024 Group Management Direction

① **Leverage long-term growth strategy for corporate value and value provided to society through sustainability management**

② **Improve value provided to clients and stakeholders through DX**

③ **Constantly promote investment that facilitates business restructuring**

④ **Leverage growth strategy designed to become top-class IT group in ASEAN region, and strengthen governance position**

⑤ **Ratchet up investment into human resources to sharpen skills and harness diversity, and encourage improvement in added value**

## Progress as of Second Quarter

○	<ul style="list-style-type: none"> <li>➤ Accelerated response to climate change. Raised greenhouse gas emissions reduction target, and obtained SBT recognition for 1.5°C level</li> <li>➤ Clarified human rights risk management system fulfilling guiding principles (UNGP) related to businesses and human rights</li> </ul>
△	<ul style="list-style-type: none"> <li>➤ Progress on embrace of DX on track but strengthened efforts to accelerate shift</li> <li>➤ Shift to strategic domains moving along as planned. (Strategic domain ratio: First half results 58%/ full-year forecast 60%)</li> <li>➤ Gross profit margin continued to climb through activities, including continuous enhancement and innovation.</li> <li>➤ Reducing unprofitable projects remains an issue to address</li> </ul>
△	<ul style="list-style-type: none"> <li>➤ Leverage co-creation activities with clients and business partners to revitalize operations and achieve growth in social issue solution services</li> <li>➤ Investment to reinforce in-house capabilities, including R&amp;D, rolling out as planned</li> </ul>
○	<ul style="list-style-type: none"> <li>➤ Marked topline growth, driven primarily by MFEC, en route to becoming top-class IT group in ASEAN region</li> <li>➤ Acquired technology through capital and business alliances with multiple technology partners</li> </ul>
○	<ul style="list-style-type: none"> <li>➤ Promoted uptake measures paralleling revision of human resources system beginning in April</li> <li>➤ Promoted efforts to support employees in career development aimed at realizing ideal human resources portfolio</li> <li>➤ Enhanced and encouraged participation in Human Resources Business Partner (HRBP) program</li> </ul>

Through robust engagement by the president, including activities to instill a deeper awareness of OUR PHILOSOPHY—TIS INTEC Group philosophy—as well as Group Vision 2026 and the medium-term management plan, TIS is making progress toward unified Group management.

# Activities Under Medium-Term Management Plan (Topics): DX Business Strategy

- Leveraged enhanced capabilities by enriching DX consulting menu.
- Steadily advance structural transformation geared toward expanded business opportunities while welcoming more DX consultants who are vital to a stronger frontline.

From drafting strategy to implementation and delivering effects  
Stronger **capabilities facilitating integrated response**

**DX strategy**

**UX design**

**Data analysis AI model**

**Business plan Business growth**



### Topics

- Began UX design consulting service
- Began providing consulting service for MLOPS introduction
- Capital and business alliance with Financie, Inc., which provides Web3 platform
- Began providing DX human resources development service

## Leveraging deeper pool of DX consultants

Fiscal 2021  
250 people

Fiscal 2023  
**420 people**  
[40 people more than planned]

Fiscal 2024  
**500 people**  
[estimate]

**Cultivating consultant pool through robust external recruitment and DX strategic human resources conference**

## Progress toward structural transformation

Fiscal 2018

Strategic domain ratio



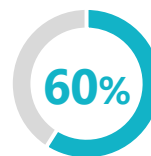
Fiscal 2021

Strategic domain ratio



Fiscal 2024

Strategic domain ratio



Fiscal 2027

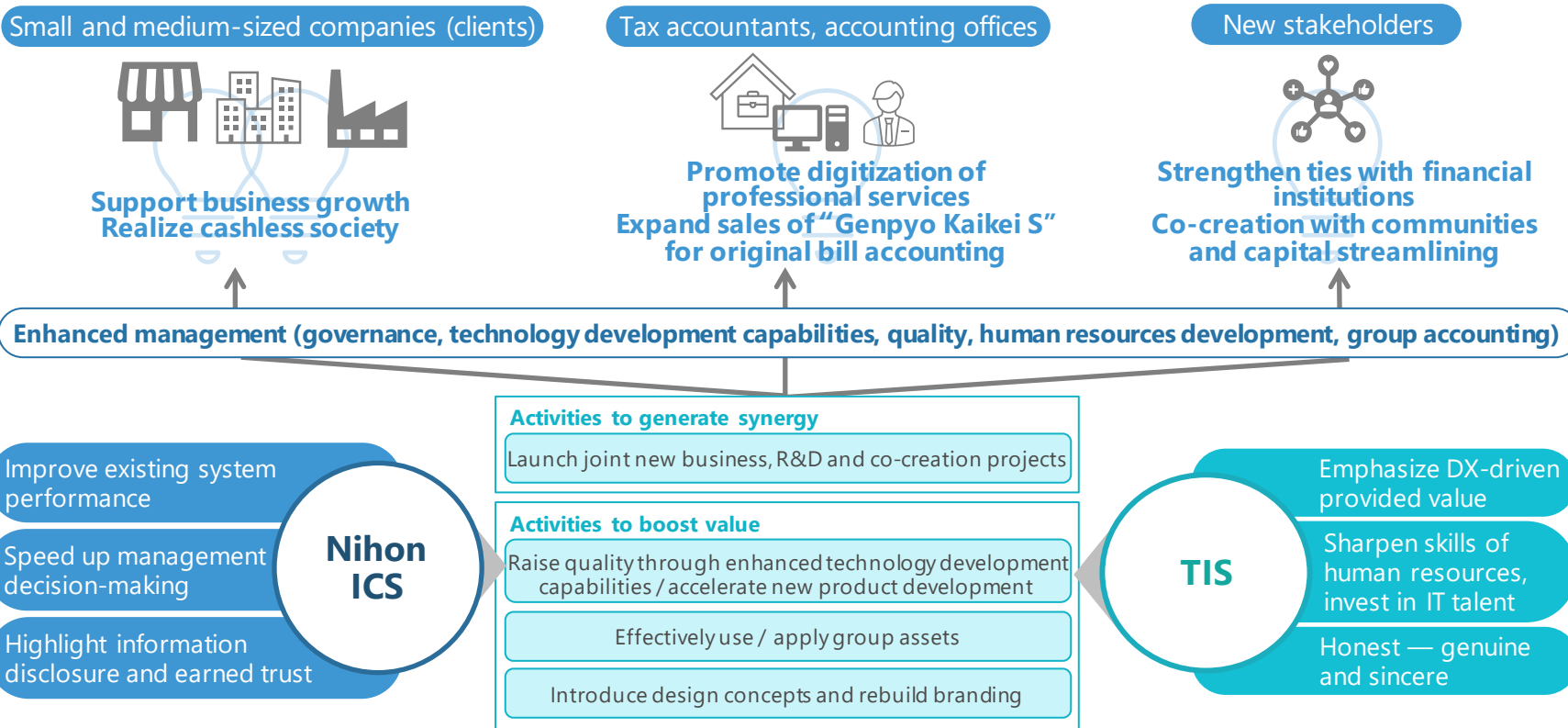
Strategic domain ratio



# Activities Under Medium-Term Management Plan (Topics): Review of Business Portfolio (Nihon ICS)

• Take steps, including building governance and management operating structures, to reinforce IOS, a strategic domain.

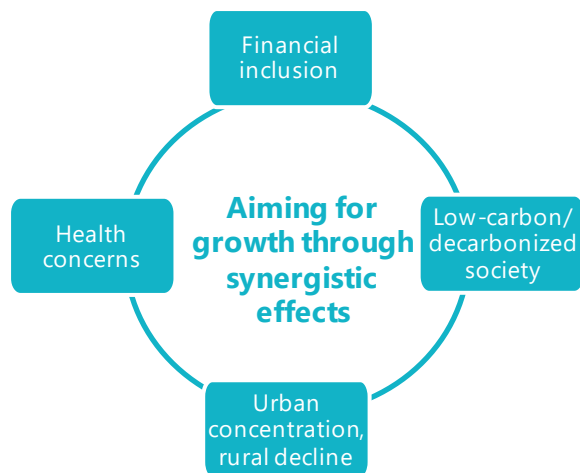
<b>Business activities</b>	<ul style="list-style-type: none"> <li>- Provide accounting/tax packages used by tax accounting offices</li> <li>- Offer IT introduction support</li> <li>- Provide packages to client companies for back-office operations, such as accounting and payroll</li> </ul>	<b>Business results</b>	Net sales: ¥6.9 billion Operating income: ¥2.0 billion [Fiscal year ended November 30, 2022]
		<b>Number of employees</b>	370 people [as of April 1, 2023]



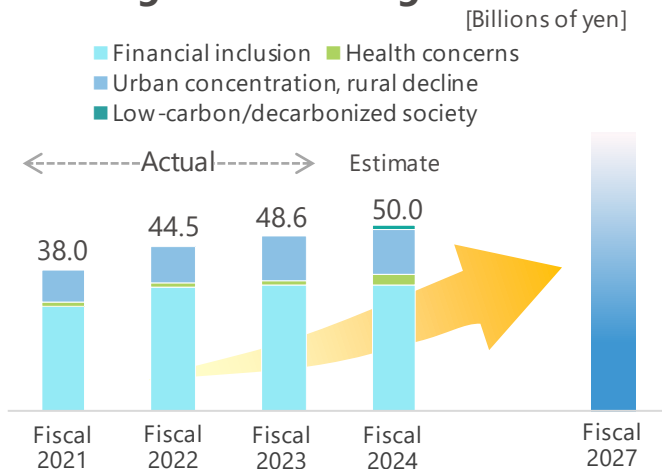
**Currently rolling out initiatives to accelerate growth of existing businesses and create new added value**

# Activities Under Medium-Term Management Plan (Topics): Service-style Business Strategy—Societal issue solution services

• Progress on track toward net sales of ¥50 billion in fiscal 2024, ending March 31, 2024.



## Image of net sales growth



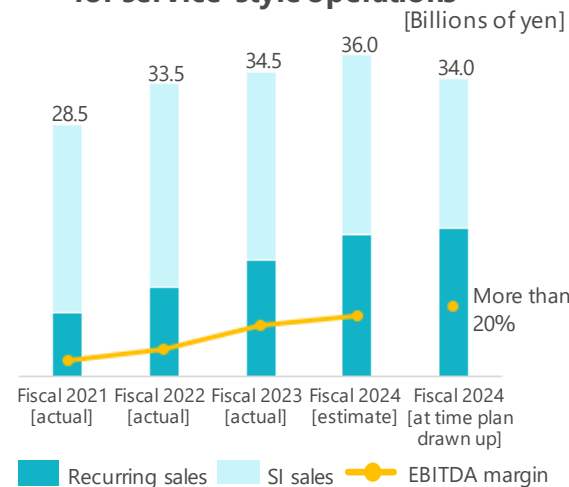
**Relationship between social issue solution services and business segments**

- Financial inclusion (payment) and health concerns are covered by Offering Service Business
- Cities and rural districts are at core of Regional IT Solutions Business

## Status of key initiatives in service-style business

- Financial inclusion** - Began providing Mitsui Sumitomo Card Mobile Payment Package as embedded finance product
- Financial inclusion** - Launched premium point business using Aizu Coin digital regional currency in Aizuwakamatsu
- Financial inclusion** - Continued marketing activities to attract second user for CreditSaaS
- Health concerns** - Four-company project theme “Standard specification prototype verification for distribution of personal health record data and examination of issues” adopted by Ministry of Economy, Trade and Industry for inclusion in program of projects to promote enhanced healthcare industry platform

## Payment-related business scale for service-style operations



**Formulated PAYCIERGE 3.0, new strategy in payment services domain, as medium- to long-term driver of growth for TIS INTEC Group.**

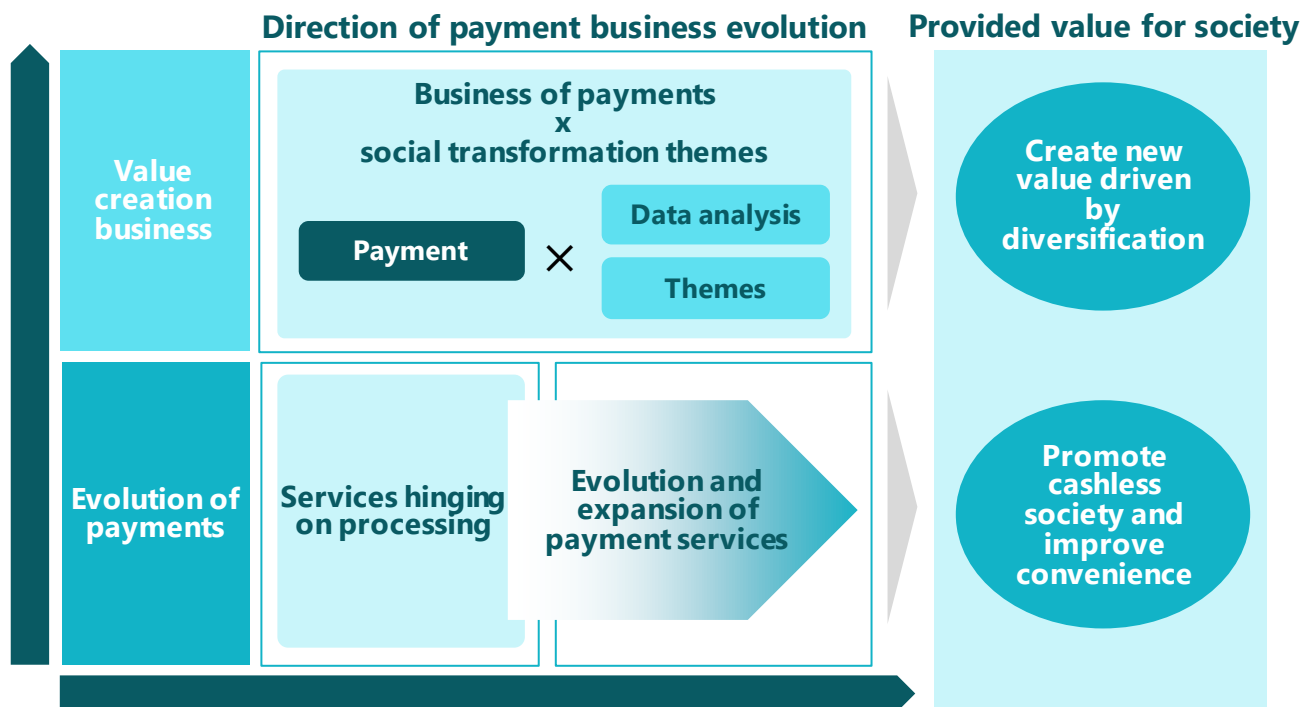


# Activities Under Medium-Term Management Plan (Topics): Service-style Business Strategy—Payment Business

- Update payment business strategy, based on current issues
- Strive to expand provided value for society by offering services matched to changing environment.

Underlying concept in PAYCIERGE 3.0, new strategy in payment services domain

**To realize sustainable and smart financial inclusion—the perfect evolution of a cashless society**



- Target market growing as expected. Competition intensifying due to changing environment.
- Desired business scale has reached level stated in medium-term management plan. Now working to enhance profitability and recurring sales.
- Launched CreditSaaS and seeing stable operation. Continue robust upfront investment to create new business.

# Activities Under Medium-Term Management Plan (Topics): Higher-Level, More-Effective Management (ESG Activities)

- Constantly promoted ESG measures, which underpin value creation, to realize enhanced management matched to social needs.

## Environment

### Strengthened initiatives to reduce greenhouse gas emissions.

- Raised greenhouse gas emissions reduction target, and obtained **SBT recognition for 1.5°C level**.
- Expanded scope of measures addressing greenhouse gas emissions to include overseas offices.
- Considering further reductions in greenhouse gas emissions.

## Social

### Promoting joint efforts with stakeholders.

- Promote measures to deepen understanding, paralleling revision to human resources system.
- Clarified **human rights risk management system fulfilling guiding principles (UNGP) related to businesses and human rights**.
- Participated in social contribution project with four other IT companies.
- Held dialogues with experts on theme of IT x healthcare issues and possible solutions.

### Enriched content of information disclosed to achieve greater management transparency

- Published ESG Databook

## Governance

### From reinforced sustainability structure to pursuit of greater effectiveness.

- **Strengthened initiatives to improve effectiveness of Board of Directors** including a focus on medium- to long-term discussions aimed at orienting toward monitoring board and systemizing management agenda.
- Deepened involvement of Board of Directors in promoting corporate sustainability.

Through ongoing efforts, seek to balance sustained improvement in corporate value with contribution to sustainable society

# Seeking to Raise Corporate Value

**April 2008**  
IT Holdings Corporation (ITHD) was created through the management integration.

**July 2016**  
Transition to TIS INTEC Group, with an operating holding company.

**December 2009**  
SORUN Corporation joined the ITHD group.

**April 2011**  
ITHD orchestrated a three company merger involving TIS, SORUN and UFIT Co., Ltd., with TIS as the surviving company.

**March 2015**  
ITHD turned AGREX Inc. into a 100% consolidated subsidiary.

**October 2020**  
MFEC Public Company Limited (Thailand) under consolidation.

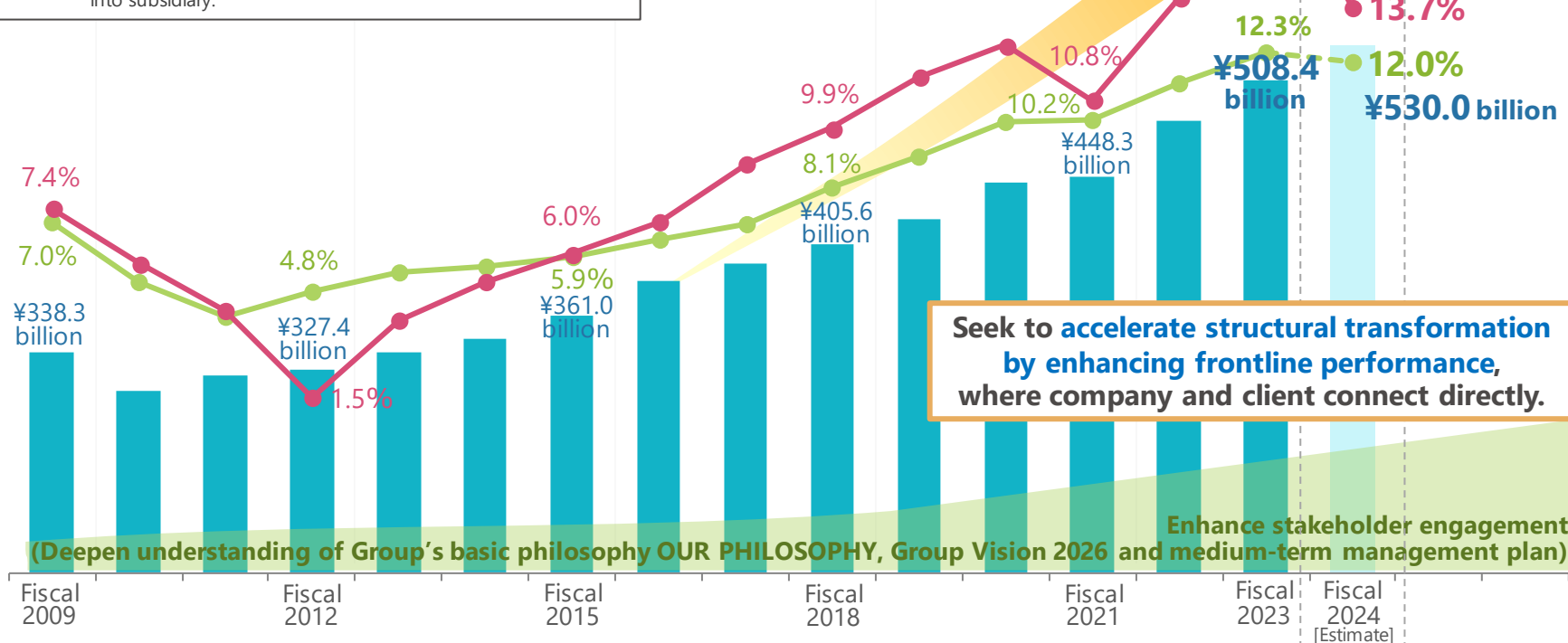
**April 2023**  
Nihon ICS Co., Ltd. under consolidation.

**Group Vision 2026**

- January 1964 Toyama Computer Center, Inc. (now, INTEC) established.
- April 1971 Toyo Information Systems, Co., Ltd. (now, TIS) established.

- April 2000 Turned Komatsu Soft Ltd. (now, QUALICA Inc.) into subsidiary.
- February 2002 Turned AGREX Inc. into subsidiary.
- April 2004 Turned UFIT Co., Ltd. into subsidiary.
- April 2005 Turned Asahi Kasei Information Systems Co., Ltd. (now, AJS Inc.) into subsidiary.

● ROE (%)  
● Operating margin (%)  
■ Net sales (Billions of yen)



**Seek to accelerate structural transformation by enhancing frontline performance, where company and client connect directly.**

**Enhance stakeholder engagement (Deepen understanding of Group's basic philosophy OUR PHILOSOPHY, Group Vision 2026 and medium-term management plan)**



# Seeking to Raise Corporate Value

Fiscal 2021-2023

Toward further improvement in corporate value

Seek to **accelerate structural transformation by enhancing frontline performance, where company and client connect directly.**

In fiscal 2023, we achieved key performance indicators for the final year of our medium-term management plan a year ahead of schedule

Improved provided value for society through co-creation with stakeholders

## Maintain robust investment, deepen pool of consultants

Create software, especially for payment business

Robust investment to realize potential expansion

Deepen consultant pool

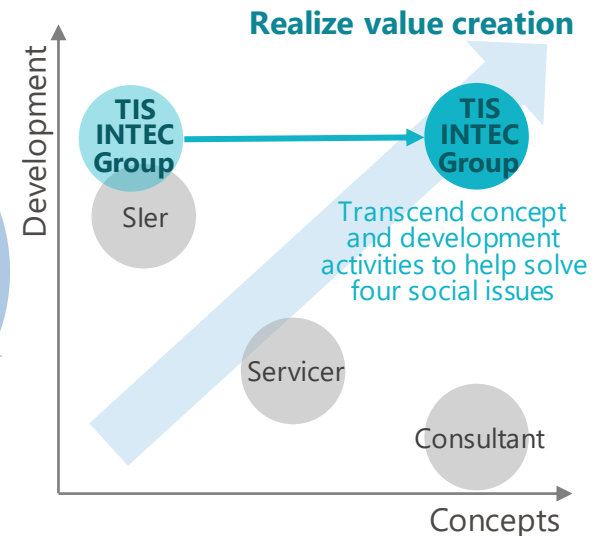


## Promote sustainability management

Co-creation and greater engagement with stakeholders

Environmental measures

Enhanced governance



Aim for value-added growth (Value-added growth per person)

**Fiscal 2024 First Two Quarters: Financial Highlights**

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# Fiscal 2024 Second Half: Sales and Income for Key Business Segments [Forecast]

[Millions of yen]	Fiscal 2023 second half	Fiscal 2024 second half	YOY change	
Net Sales	263,095	<b>268,511</b>	+5,415	[+2.1%]
Operating Income	34,618	<b>34,112</b>	-506	[-1.5%]
Operating Margin	13.2%	<b>12.7%</b>	-0.5P	-
Net Income Attributable to Owners of the Parent Company	36,627	<b>21,692</b>	-14,934	[-40.8%]
Net Income to Net Sales Ratio	13.9%	<b>8.1%</b>	-5.8P	-
<b>Key Business Segments</b>				
Offering Service Business	Net Sales	57,865	<b>64,151</b>	+6,286 [ +10.9%]
	Operating Income	3,931	<b>4,640</b>	+709 [ +18.0%]
	Operating Margin	6.8%	<b>7.2%</b>	+0.4P -
Business Process Management	Net Sales	21,765	<b>22,005</b>	+240 [ +1.1%]
	Operating Income	2,717	<b>2,741</b>	+23 [ +0.8%]
	Operating Margin	12.5%	<b>12.5%</b>	-0.0P -
Financial IT Business	Net Sales	52,466	<b>51,393</b>	-1,073 [ -2.0%]
	Operating Income	7,585	<b>6,413</b>	-1,171 [ -15.4%]
	Operating Margin	14.5%	<b>12.5%</b>	-2.0P -
Industrial IT Business	Net Sales	58,412	<b>59,373</b>	+960 [ +1.6%]
	Operating Income	8,965	<b>9,129</b>	+163 [ +1.8%]
	Operating Margin	15.3%	<b>15.4%</b>	+0.1P -
Regional IT Solutions	Net Sales	83,706	<b>83,564</b>	-142 [ -0.2%]
	Operating Income	10,990	<b>10,986</b>	-4 [ -0.0%]
	Operating Margin	13.1%	<b>13.1%</b>	+0.0P -

# Business Models by Segment

## Offering Service Business

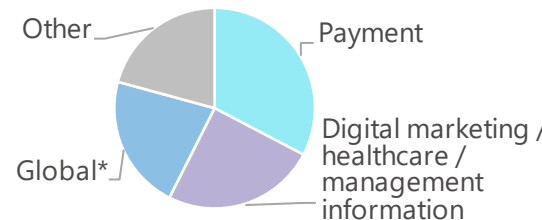
Definition

Configures services **through own investment** based on **best practices** accumulated groupwide and provides **knowledge-intensive IT services**

Strategic domain



### Supplementary: Picture of Offering Services Business Composition



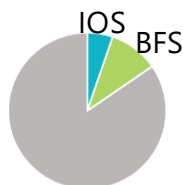
\*Some aspects included in other segments

## Business Process Management

Definition

Addresses issues related to business processes with IT technology, business know-how and skilled human resources to provide **more sophisticated, more efficient outsourcing services**

Strategic domain

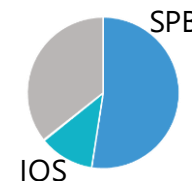


## Industrial IT Business

Definition

**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

Strategic domain

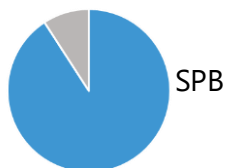


## Financial IT Business

Definition

**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

Strategic domain

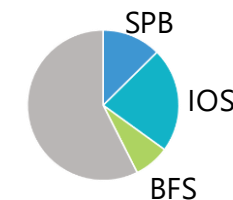


## Regional IT Solutions

Definition

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

Strategic domain



# Strategic Domains Report: Picture of Desired Status and Promotion Measures (Creation, Transformation, Expansion)

## 1. Strategic Partnership Business (SPB)

For clients at the top of their industry, we will draw on industry foresight and business knowledge that other companies cannot match—our business tools—to explore and promote business strategies with clients and underpin business basics

### *Desired Status*

**Building strong business partnerships to help clients expand operations by jointly exploring business strategies and identifying and solving business-related concerns**

### **Promotion Measures**

- Help solve clients' management concerns through hypotheses and proposals
- Demonstrate composite strengths of Group; utilize advanced technologies and forte products
- Build closer client connections at each level, hinging on management class
- Launch joint projects with business partners

## 2. IT Offering Service (IOS)

We will combine leading-edge technologies and know-how accumulated as a corporate group to create and quickly provide IT solution services that anticipate client needs.

### *Desired Status*

**Allowing TIS INTEC Group strengths to blossom under IT Offering Service banner; switch from labor-intensive style to non-price competition, knowledge-intensive style**

### **Promotion Measures**

- Establish schemes/systems emphasizing speed
- Build eco-systems in cooperation with business partners
- Utilize and provide access to Group's marketing channels

## 3. Business Function Service (BFS)

We will combine industry and business knowledge accumulated within the Group and utilize advanced technologies to anticipate client needs and provide business functions as services to enhance their value chains.

### *Desired Status*

**Complementing IT Offering Service with new businesses to enhance efficiency, mainly through automation, and providing high-value-added services to clients**

### **Promotion Measures**

- Take on responsibility for clients' value chain and contribute to business expansion
- Escape from labor-intensive business through greater use of machines and automation
- Add business services to Group's IT Offering Service
- Utilize and provide access to Group's market channels

## 4. Frontier Market Creation Business (FCB)

We will utilize Group technology, operating know-how and customer bases to create new markets and business models matched to evolving industry and social needs and develop businesses for these markets on our own.

### *Desired Status*

**Creating new markets that become pillars of business for the Group**

### **Promotion Measures**

- Team up with clients to pursue new business opportunities
- Demonstrate innovation through creative alliances with business partners
- Encourage business creation using business ideas of individuals



Make society's wishes come true through IT.



**TIS INTEC**  
**Group**

**Handling these materials**

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