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Consolidated Financial Results for the Six Months Ended September 30, 2026 (Under Japanese GAAP)

November 4, 2026

Company name	TISI Inc.			Stock exchange listings: Tokyo Prime
Securities code	3626	URL https://www.tisi.jp/en/		
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Semi-annual statement filing date (as planned)	November 11, 2026		Dividend payable date (as planned)	December 4, 2026

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

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

1. Consolidated financial results for the six months ended September 30, 2026 (from April 1, 2026 to September 30, 2026)

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

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Six months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
September 30, 2026	307,153	6.5	38,184	7.4	38,339	6.6	26,937	13.5
September 30, 2025	288,525	4.7	35,553	16.5	35,970	14.9	23,726	13.8

Note:Comprehensive income For the six months ended September 30, 2026 25,900 Millions of yen (-7.3%)
For the six months ended September 30, 2025 27,942 Millions of yen (15.8%)

	Basic earnings per share	Diluted earnings per share
Six months ended	Yen	Yen
September 30, 2026	127.12	—
September 30, 2025	103.10	—

(2) Consolidated financial position

	Total assets	Net assets	Capital adequacy ratio
As of	Millions of yen	Millions of yen	%
September 30, 2026	539,259	317,835	56.6
March 31, 2026	551,507	337,726	58.9

Reference:Owner's equity As of September 30, 2026 305,418 Millions of yen
As of March 31, 2026 324,730 Millions of yen

2. Cash dividends

	Annual dividend				
	First quarter	Second quarter	Third quarter	Year end	Annual
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2026	—	38.00	—	42.00	80.00
Fiscal year ending March 31, 2027	—	45.00			
Fiscal year ending March 31, 2027 (Forecast)			—	47.00	92.00

Note:Revisions to the forecast of cash dividends most recently announced : Yes

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
Fiscal year ending	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
March 31, 2027	635,000	6.5	83,000	8.9	83,000	8.5	57,500	23.3	273.48

Note:Revisions to the earnings forecasts most recently announced：Yes

* Notes

(1) Significant changes in the scope of consolidation during the period：Yes

Newly included: － companies (Company name)、Excluded: 1 company (Company name) INTEC Inc.

(2) Adoption of accounting treatment specific to the preparation of semi-annual consolidated financial statements：None

(3) 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 ：Yes

(iii) Changes in accounting estimates ：None

(iv) Restatement ：None

Note: For further details, please refer to “2. Consolidated Financial Statements, (3) Notes on the Consolidated Financial Statements (Notes on Changes in Accounting Policies)” in the accompanying materials.

(4) Number of issued shares (common shares)

(i) Number of issued and outstanding shares at the period end (including treasury shares)	As of September 30, 2026	214,700,000shares	As of March 31, 2026	228,400,000shares
(ii) Number of treasury shares at the period end	As of September 30, 2026	4,523,470shares	As of March 31, 2026	8,325,746Shares
(iii) Average number of shares(during the respective semi-annual period)	Six months ended September 30, 2026	211,900,231shares	Six months ended September 30, 2025	230,123,467Shares

Note: Treasury shares 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.

* Semi-annual financial results reports are exempt from review conducted by certified public accountants or an audit firm.

* Proper use of earnings forecasts, and other special matters

This report contains forward-looking statements that reflect TISI’s plans and expectations based on information available to TISI at the time of preparation and on certain other information TISI believes to be reasonable. These forward-looking statements are not guarantees of future performance, and actual results, performance, achievements or financial position may differ materially from those expressed or implied herein due to a range of factors.

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1. Results of Operations

(1) Analysis of Consolidated Operating Results

During the first six months of fiscal 2027, the Japanese economy recovered moderately. Looking ahead, while a recovery is expected due to improvements in employment and income conditions and the effects of various policy measures, close attention must continue to be paid to the impact of developments in the Middle East and fluctuations in financial and capital markets. In the information services industry, in which the Group operates, software investment plans (for all industries, including financial institutions) in the Bank of Japan's Tankan survey (September 2026 survey) increased by 10.0% year on year. 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 will continue to pursue sustainable growth with added value in accordance with the basic policy of the Medium-term Management Plan (2024–2026), which is currently being implemented toward the achievement of "Group Vision 2032." At the same time, by taking a future-oriented approach to market development and the 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.

Consolidated net sales for the Group in the first six months of fiscal 2027 amounted to ¥307,153 million, up 6.5% year on year. Operating profit increased 7.4% year on year to ¥38,184 million, ordinary profit rose 6.6% to ¥38,339 million, while interim profit attributable to owners of parent totaled ¥26,937 million, up 13.5% year on year.

(Unit: millions of yen)

	First Six Months (First Half), FY2026 (Apr. 1 – Sep. 30, 2025)	First Six Months (First Half), FY2027 (Apr. 1 – Sep. 30, 2026)	Year-on-year changes
Net sales	288,525	307,153	+6.5%
Cost of sales	207,779	221,210	+6.5%
Gross profit	80,746	85,943	+6.4%
Gross profit ratio	28.0%	28.0%	-0.0P
Selling, general and administrative expenses	45,192	47,759	+5.7%
Operating profit	35,553	38,184	+7.4%
Operating profit ratio	12.3%	12.4%	+0.1P
Ordinary profit	35,970	38,339	+6.6%
Profit attributable to owners of parent	23,726	26,937	+13.5%

Net sales increased year on year, supported by business expansion driven by the Group's ability to respond appropriately to IT investment demand, including customers' digital transformation initiatives, and by the continued provision of services. Operating profit increased from the same period of the previous fiscal year due to higher sales, as well as the promotion of high value-added businesses and productivity improvement initiatives, while the Group continued to actively execute growth investments, including investments in human resources, its most important management capital. In terms of profitability, the gross profit margin was 28.0% (down 0.0 percentage points year on year), while the operating profit margin was 12.4% (up 0.1 percentage points). Ordinary profit increased from the same period of the previous fiscal year due to higher operating profit. Interim profit attributable to owners of parent increased from the same period of the previous fiscal year, reflecting higher ordinary profit and an improvement in extraordinary gains and losses, net.

During the first six months of fiscal 2027, the Group recorded extraordinary income of ¥4.78 billion and extraordinary losses of ¥1.87 billion. The principal component of extraordinary income was gains on sales of investment securities of ¥4.21 billion, resulting from the reduction of policy shareholdings, while the principal component of extraordinary losses was impairment losses of ¥0.99 billion. In addition, merger-related expenses of ¥0.45 billion were recorded in selling, general and administrative expenses and ¥0.21 billion in non-operating expenses.

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

(Unit: millions of yen)

		First Six Months (First Half), FY2026 (Apr. 1 – Sep. 30, 2025)	First Six Months (First Half), FY2027 (Apr. 1 – Sep. 30, 2026)	Year-on-year changes
Offering Service Business	Net sales	76,070	82,584	+8.6%
	Operating profit	4,667	4,271	-8.5%
	Operating profit ratio	6.1%	5.2%	-0.9P
Business Process Management	Net sales	21,725	22,738	+4.7%
	Operating profit	2,966	3,013	+1.6%
	Operating profit ratio	13.7%	13.3%	-0.4P
Financial IT Business	Net sales	48,078	53,621	+11.5%
	Operating profit	6,162	7,456	+21.0%
	Operating profit ratio	12.8%	13.9%	+1.1P
Industrial IT Business	Net sales	65,152	69,090	+6.0%
	Operating profit	10,624	11,875	+11.8%
	Operating profit ratio	16.3%	17.2%	+0.9P
Regional IT Solutions	Net sales	89,425	93,065	+4.1%
	Operating profit	10,795	11,299	+4.7%
	Operating profit ratio	12.1%	12.1%	+0.0P
Other	Net sales	5,074	5,188	+2.2%
	Operating profit	430	474	+10.2%
	Operating profit ratio	8.5%	9.1%	+0.6P

1) Offering Service Business

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

Segment net sales during the first six months of fiscal 2027 totaled ¥82,584 million, up 8.6% year on year, while operating profit totaled ¥4,271 million, down 8.5% from the same period of the previous fiscal year. Net sales increased due to expanding IT investment demand in areas including payment services and platform services, as well as contributions from overseas businesses. However, operating profit declined from the same period of the previous fiscal year due to increased upfront investments in the payment services business and lower profitability in overseas businesses, among other factors. The operating profit margin was 5.2%, down 0.9 percentage points year on year.

2) Business Process Management

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

Segment net sales during the first six months of fiscal 2027 totaled ¥22,738 million, up 4.7% year on year, while operating profit totaled ¥3,013 million, up 1.6% year on year. Net sales and operating profit increased from the same period of the previous fiscal year, supported by orders received in the DX business, which is positioned as a key focus area. The operating profit margin was 13.3%, down 0.4 percentage points year on year, due to increased investment in growth areas and other factors.

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 net sales during the first six months of fiscal 2027 totaled ¥53,621 million, up 11.5% year on year, while operating profit totaled ¥7,456 million, up 21.0% year on year. Net sales and operating profit increased from the same period of the previous fiscal year due to deeper engagement with key customers in the credit card business and the promotion of high value-added businesses, including modernization-related services. The operating profit margin was 13.9%, up 1.1 percentage points year on year.

4) Industrial IT Business

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

Segment net sales during the first six months of fiscal 2027 totaled ¥69,090 million, up 6.0% year on year, while operating profit totaled ¥11,875 million, up 11.8% year on year. Net sales and operating profit increased from the same period of the previous fiscal year, driven by expanding IT investment across a wide range of industries, including manufacturing and services. The operating profit margin was 17.2%, up 0.9 percentage points year on year.

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 net sales during the first six months of fiscal 2027 totaled ¥93,065 million, up 4.1% year on year, while operating profit totaled ¥11,299 million, up 4.7% year on year. Net sales and operating profit increased from the same period of the previous fiscal year due to strong IT investment demand from financial-sector customers, including life and non-life insurers and banks, as well as expanding demand across industrial-sector customers for a broad range of IT investments, including modernization-related projects. The operating profit margin was 12.1%, unchanged year on year.

6) Other

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

Segment net sales during the first six months of fiscal 2027 totaled ¥5,188 million, up 2.2% year on year, while operating profit totaled ¥474 million, up 10.2% year on year. The operating profit margin was 9.1%, up 0.6 percentage points year on year.

As mentioned above, the Group is implementing the Medium-term Management Plan (2024–2026), which represents the first stage toward achieving “Group Vision 2032,” and will continue to pursue sustainable growth. For details, please refer to “2. Management Policy (2) Medium- to Long-Term Management Strategy” in the Consolidated Financial Results for the fiscal year ended March 31, 2026.

The status of major initiatives during the first six months of fiscal 2027 is as follows.

On July 1, 2026, the Company completed the absorption-type merger of INTEC Inc. and launched its new organization under the trade name “TISI Inc.” (For details, please refer to, among others, the announcement dated July 30, 2025, titled “Notice regarding Decision on Basic Policy for Merger with Subsidiary (INTEC Inc.), Change of Trade Name, and Transition to a Company with an Audit and Supervisory Committee,” and the announcement dated October 31, 2025, titled “Notice regarding Absorption-type Merger (Simplified and Short-form Merger) of Our Subsidiary (INTEC Inc.).”). Through this merger, the Company aims to enhance value exchange 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 specialized human resources, as well as by further enhancing the value provided by its core business locations. In addition, in order to further enhance corporate governance from a global perspective and meet the expectations of stakeholders both in Japan and overseas, the Company transitioned to a company with an Audit and Supervisory Committee pursuant to a resolution approved at the 18th Annual General Meeting of Shareholders held on June 23, 2026.

The business environment surrounding the Group is changing rapidly as AI continues to advance and become more widespread, and these changes are expected to accelerate further going forward. The Group views these changes as growth opportunities and will focus on strengthening the Group-wide value chain and promoting growth strategies suited to the AI era in order to realize its desired long-term vision.

Looking ahead to the next Medium-term Management Plan, which will commence in the next fiscal year, the Group has identified the following three areas 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.

Under these strategic directions, the Group is promoting various initiatives. Among them, to accelerate business growth through AI, the Group is developing initiatives to drive customer business transformation and create new value, including “IntegriA,” a brand that provides end-to-end support for corporate AI utilization from strategy formulation to implementation and value creation, and the launch of the next-generation payments platform strategy “PAYCIERGE,” which combines Vertical AI specialized in the payments domain with highly skilled professionals. In addition, to accelerate the Group’s growth through expansion of the combined strengths of the Group, including the creation of synergies from the aforementioned merger, the Group is considering a business model that combines industries and functions to create a virtuous cycle of creation, expansion, and deeper client engagement.

As part of efforts to further enhance and streamline the Group’s headquarters functions, the Board of Directors resolved at its meeting held on July 24, 2026 to transfer a portion of the Company’s back-office operations, including general affairs and sales and procurement administration functions, to its wholly owned subsidiary, TIBS Inc., through an absorption-type company split, and the transfer was implemented on October 1, 2026. The Group will further promote the shared services of back-office operations across the Group and strengthen initiatives to improve productivity, reinforce Group governance, and enhance operational efficiency based on integrated Group management.

In addition, as part of implementing a nimble capital policy that can respond flexibly to changes in the business environment, the Company repurchased treasury shares totaling approximately ¥50.0 billion (14,368,400 shares) from March to May 2026. This share repurchase was implemented as a measure 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%,” from the perspective of achieving improvements in shareholder returns and capital efficiency at an early stage, based on the premise that sustainable growth and enhancement of corporate value can continue to be achieved, and in light of the Company’s recognition that its share price does not necessarily fully reflect its intrinsic value. This repurchase includes approximately ¥8.2 billion of treasury share acquisitions for the fiscal year ending March 31, 2027, based on the Company’s basic shareholder return policy of a total payout ratio of 50%. In addition, in accordance with the Company’s policy of holding treasury shares up to a maximum of 5% of the total number of issued shares and canceling any holdings in excess of this limit, and for the purpose of eliminating concerns regarding future share dilution, the Board of Directors resolved at its meeting held on July 30, 2026 to cancel the above-mentioned treasury shares equivalent to ¥50.0 billion (13,700,000 shares), and the shares were canceled as scheduled on August 31, 2026.

(2) Analysis of Financial Condition

(Unit: millions of yen)

	As of March 31, 2026 (A)	As of September 30, 2026 (B)	Increase/decrease (B − A)
Current assets	295,295	289,417	-5,877
Fixed assets	256,211	249,842	-6,369
Total assets	551,507	539,259	-12,247
Current liabilities	164,190	181,813	+17,622
Non-current liabilities	49,589	39,610	-9,978
Total liabilities	213,780	221,424	+7,644
Total net assets	337,726	317,835	-19,891

(Assets)

Consolidated total assets as of September 30, 2026 amounted to ¥539,259 million, a decrease of ¥12,247 million from ¥551,507 million at the end of the previous fiscal year. This was mainly due to an increase of ¥6,435 million in buildings and structures and land attributable to the split acquisition of beneficial interests in real estate trusts and other factors, while securities decreased by ¥9,798 million as a result of redemption and other factors, notes and accounts receivable-trade and contract assets decreased by ¥9,653 million due to collections and other factors, and investment securities decreased by ¥8,934 million due to sales and other factors.

(Liabilities)

Consolidated total liabilities as of September 30, 2026 amounted to ¥221,424 million, an increase of ¥7,644 million from ¥213,780 million at the end of the previous fiscal year. This was mainly due to a decrease of ¥7,434 million in provision for loss on litigation and a decrease of ¥2,426 million in income taxes payable due to tax payments, while borrowings increased by ¥23,784 million as a result of financing for share repurchases and other factors.

(Net assets)

Consolidated total net assets as of September 30, 2026 amounted to ¥317,835 million, a decrease of ¥19,891 million from ¥337,726 million at the end of the previous fiscal year. This was mainly due to a decrease of ¥32,376 million in retained earnings and a decrease of ¥15,137 million in treasury shares as a result of share repurchases and other factors (resulting in an increase in net assets).

The decrease in retained earnings was attributable to an increase of ¥26,937 million from interim profit attributable to owners of parent, which was more than offset by decreases of ¥50,021 million from the cancellation of treasury shares and ¥9,291 million from cash dividends paid.

(3) Consolidated Earnings Forecast and Caution on Forward-Looking Statements

The business environment surrounding the Group is expected to see further increases in IT investment demand amid the rapid advancement and widespread adoption of AI and the global acceleration of transformations in business processes and business models utilizing digital technologies. At the same time, close attention must continue to be paid to the impact of developments in the Middle East and fluctuations in financial and capital markets.

Under these circumstances, 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 initiatives, 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" in the Consolidated Financial Results for the fiscal year ended March 31, 2026.

Based on the fact that consolidated results for the first six months of fiscal 2027 exceeded plan and other factors, the Group has revised its full-year consolidated earnings forecast for fiscal 2027 as follows.

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

(Unit: millions of yen)

	Previously released forecast (A)	Current released forecast (B)	Increase /decrease (B-A)	Ratio of Increase /decrease (%)
Net sales	620,000	635,000	+15,000	+2.4%
Cost of sales	440,500	454,500	+14,000	+3.2%
Gross profit	179,500	180,500	+1,000	+0.6%
Gross profit ratio	29.0%	28.4%	-0.6P	-
Selling, general and administrative expenses	98,500	97,500	-1,000	-1.0%
Operating profit	81,000	83,000	+2,000	+2.5%
Operating profit ratio	13.1%	13.1%	+0.0P	-
Ordinary profit	81,000	83,000	+2,000	+2.5%
Profit attributable to owners of parent	57,000	57,500	+500	+0.9%

<By segment>

(Unit: millions of yen)

		Previously released forecast (A)	Current released forecast (B)	Increase /decrease (B-A)	Ratio of Increase /decrease (%)
Offering Service Business	Net sales	164,100	172,500	+8,400	+5.1%
	Operating income	11,250	11,100	-150	-1.3%
	Operating income ratio	6.9%	6.4%	-0.5P	-
Business Process Management	Net sales	44,300	45,500	+1,200	+2.7%
	Operating income	6,250	6,550	+300	+4.8%
	Operating income ratio	14.1%	14.4%	+0.3P	-
Financial IT Business	Net sales	108,500	112,500	+4,000	+3.7%
	Operating income	14,900	15,500	+600	+4.0%
	Operating income ratio	13.7%	13.8%	+0.1P	-
Industrial IT Business	Net sales	137,000	140,000	+3,000	+2.2%
	Operating income	23,100	24,300	+1,200	+5.2%
	Operating income ratio	16.9%	17.4%	+0.5P	-
Regional IT Solutions	Net sales	191,000	191,000	-	-
	Operating income	25,000	25,000	-	-
	Operating income ratio	13.1%	13.1%	-	-
Other	Net sales	10,600	10,600	-	-
	Operating income	800	850	+50	+6.3%
	Operating income ratio	7.5%	8.0%	+0.5P	-

A comparison between the latest full-year consolidated earnings forecast and the previous fiscal year's results is shown below. The revised consolidated earnings forecast includes anticipated expenses related to the aforementioned merger of approximately ¥1.2 billion in selling, general and administrative expenses (an increase of approximately ¥1.1 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	635,000	+6.5%
Cost of sales	428,145	454,500	+6.2%
Gross profit	168,334	180,500	+7.2%
Gross profit ratio	28.2%	28.4%	+0.2P
Selling, general and administrative expenses	92,105	97,500	+5.9%
Operating profit	76,229	83,000	+8.9%
Operating profit ratio	12.8%	13.1%	+0.3P
Ordinary profit	76,511	83,000	+8.5%
Profit attributable to owners of parent	46,624	57,500	+23.3%

<By segment>

(Unit: millions of yen)

		Fiscal 2026 Actual results	Fiscal 2027 Forecast	Year-on-year change
Offering Service Business	Net sales	160,574	172,500	+7.4%
	Operating profit	10,442	11,100	+6.3%
	Operating profit ratio	6.5%	6.4%	-0.1P
Business Process Management	Net sales	44,092	45,500	+3.2%
	Operating profit	6,397	6,550	+2.4%
	Operating profit ratio	14.5%	14.4%	-0.1P
Financial IT Business	Net sales	98,730	112,500	+13.9%
	Operating profit	12,729	15,500	+21.8%
	Operating profit ratio	12.9%	13.8%	+0.9P
Industrial IT Business	Net sales	133,396	140,000	+5.0%
	Operating profit	22,507	24,300	+8.0%
	Operating profit ratio	16.9%	17.4%	+0.5P
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	850	-9.6%
	Operating profit ratio	9.0%	8.0%	-1.0P

The Company has adopted a target total payout ratio of 50% as its basic shareholder return policy under the Medium-term Management Plan (2024–2026). As a result of the aforementioned repurchase of treasury shares (excluding the portion acquired for the purpose of optimizing the capital structure), the total payout ratio for the current consolidated fiscal year is expected to be 48.1%, based on the current consolidated earnings forecast and dividend forecast. The Company believes that, in order to continuously enhance profit distribution to shareholders in line with business growth, it is desirable to implement shareholder returns based on profits generated from operating activities that are not affected by temporary gains or losses. Based on this approach, the total payout ratio is expected to be at a level consistent with the Company's basic policy.

Note: The total return ratio is the ratio of the total amount of dividends and share buybacks to profit attributable to owners of parent.

2. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2026	As of September 30, 2026
Assets		
Current assets		
Cash and deposits	87,235	88,854
Notes and accounts receivable - trade, and contract assets	144,106	134,453
Lease receivables and investments in leases	5,025	4,617
Securities	10,229	430
Merchandise and finished goods	5,510	7,280
Work in process	1,542	1,233
Raw materials and supplies	166	127
Other	41,708	52,663
Allowance for doubtful accounts	(231)	(243)
Total current assets	295,295	289,417
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	36,773	37,653
Machinery, equipment and vehicles, net	6,135	6,998
Land	35,712	41,267
Leased assets, net	3,664	3,087
Other, net	6,600	5,027
Total property, plant and equipment	88,886	94,034
Intangible assets		
Software	16,275	16,888
Software in progress	3,311	4,726
Goodwill	7,969	7,518
Other	19,112	18,493
Total intangible assets	46,669	47,626
Investments and other assets		
Investment securities	58,705	49,771
Retirement benefit asset	18,848	18,848
Deferred tax assets	21,040	15,635
Other	22,124	23,973
Allowance for doubtful accounts	(62)	(47)
Total investments and other assets	120,655	108,181
Total non-current assets	256,211	249,842
Total assets	551,507	539,259

(Millions of yen)

	As of March 31, 2026	As of September 30, 2026
Liabilities		
Current liabilities		
Notes and accounts payable - trade	30,064	28,206
Short-term borrowings	21,330	50,309
Income taxes payable	14,121	11,695
Provision for bonuses	17,994	19,223
Provision for loss on orders received	457	457
Provision for performance-linked compensation	321	505
Provision for loss on litigation	7,434	—
Other provisions	169	266
Other	72,297	71,148
Total current liabilities	164,190	181,813
Non-current liabilities		
Long-term borrowings	13,494	8,300
Lease liabilities	3,408	2,747
Deferred tax liabilities	12,088	8,213
Provision for retirement benefits for directors (and other officers)	0	0
Provision for performance-linked compensation	738	677
Other provisions	177	69
Retirement benefit liability	10,456	10,643
Asset retirement obligations	7,051	6,865
Other	2,173	2,092
Total non-current liabilities	49,589	39,610
Total liabilities	213,780	221,424
Net assets		
Shareholders' equity		
Share capital	10,001	10,001
Capital surplus	4,111	4,111
Retained earnings	317,476	285,099
Treasury shares	(31,284)	(16,146)
Total shareholders' equity	300,304	283,066
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	12,815	11,006
Deferred gains or losses on hedges	(71)	(1)
Foreign currency translation adjustment	2,557	2,785
Remeasurements of defined benefit plans	9,124	8,561
Total accumulated other comprehensive income	24,426	22,351
Non-controlling interests	12,995	12,416
Total net assets	337,726	317,835
Total liabilities and net assets	551,507	539,259

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

Consolidated Statements of Income

(Millions of yen)

	Six months ended September 30, 2025	Six months ended September 30, 2026
Net sales	288,525	307,153
Cost of sales	207,779	221,210
Gross profit	80,746	85,943
Selling, general and administrative expenses	45,192	47,759
Operating profit	35,553	38,184
Non-operating income		
Interest income	283	189
Dividend income	684	824
Foreign exchange gains	185	425
Other	327	335
Total non-operating income	1,480	1,774
Non-operating expenses		
Interest expenses	270	547
Share of loss of entities accounted for using equity method	491	250
Commission expenses	27	411
Other	274	409
Total non-operating expenses	1,063	1,619
Ordinary profit	35,970	38,339
Extraordinary income		
Gain on sale of non-current assets	710	5
Gain on sale of investment securities	1,361	4,217
Other	28	562
Total extraordinary income	2,100	4,784
Extraordinary losses		
Impairment losses	1,381	994
Loss on valuation of investment securities	41	797
Other	230	81
Total extraordinary losses	1,653	1,873
Profit before income taxes	36,417	41,250
Income taxes - current	10,131	10,712
Income taxes - deferred	1,612	2,555
Total income taxes	11,744	13,267
Profit	24,673	27,982
Profit attributable to non-controlling interests	946	1,045
Profit attributable to owners of parent	23,726	26,937

Consolidated Statements of Comprehensive Income

(Millions of yen)

	Six months ended September 30, 2025	Six months ended September 30, 2026
Profit	24,673	27,982
Other comprehensive income		
Valuation difference on available-for-sale securities	3,964	(1,868)
Deferred gains or losses on hedges	(53)	143
Revaluation reserve for land	1,007	—
Foreign currency translation adjustment	(738)	(103)
Remeasurements of defined benefit plans, net of tax	(241)	(563)
Share of other comprehensive income of entities accounted for using equity method	(669)	310
Total other comprehensive income	3,269	(2,082)
Comprehensive income	27,942	25,900
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	27,263	24,863
Comprehensive income attributable to non-controlling interests	679	1,037

(3) Notes on the Consolidated Financial Statements

(Notes on Changes in Accounting Policies)

Effective from the current consolidated fiscal year, the Group has changed its method of valuing merchandise included in inventories from principally the cost method based on the first-in, first-out method (under which the carrying amount is written down to reflect a decline in profitability) to principally the cost method based on the specific identification method (under which the carrying amount is written down to reflect a decline in profitability). This change was made following the absorption-type merger of INTEC Inc., a consolidated subsidiary, by the Company on July 1, 2026, for the purpose of unifying profit management methods for merchandise and achieving more precise periodic profit and loss calculations. The effect of this change is immaterial.

(Segment Information, etc.)

I. Six months ended September 30, 2025 (Apr. 1 - Sep. 30, 2025)

1. Information on net sales and income by reportable segment

(millions of yen)

	Reportable segment						Other (Note 1)	Total	Adjustment (Note 2)	Amount recorded in quarterly consolidated statement of income (Note 3)
	Offering Service Business	Business Process Management	Financial IT Business	Industrial IT Business	Regional IT Solutions	Total				
Net sales										
Net sales to external customers	68,942	21,051	47,329	64,822	85,244	287,390	1,135	288,525	-	288,525
Inter-segment sales or transfers	7,127	673	749	330	4,181	13,062	3,938	17,001	(17,001)	-
Total	76,070	21,725	48,078	65,152	89,425	300,452	5,074	305,527	(17,001)	288,525
Segment income	4,667	2,966	6,162	10,624	10,795	35,216	430	35,646	(92)	35,553

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

2. The adjustment of segment income of ¥-92 million includes the elimination of unrealized income of ¥-8 million.

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

2. Information on impairment loss on non-current assets or goodwill by reportable segment

(Significant impairment losses on non-current assets)

The "Offering Services Business" segment posted impairment losses of 1,139 million yen on software for the six months ended September 30, 2025.

II. Six months ended September 30, 2026 (Apr. 1 - Sep. 30, 2026)

1. Information on net sales and income by reportable segment

(millions of yen)

	Reportable segment						Other (Note 1)	Total	Adjustment (Note 2)	Amount recorded in quarterly consolidated statement of income (Note 3)
	Offering Service Business	Business Process Management	Financial IT Business	Industrial IT Business	Regional IT Solutions	Total				
Net sales										
Net sales to external customers	73,874	22,080	52,286	68,728	89,109	306,079	1,073	307,153	-	307,153
Inter-segment sales or transfers	8,709	658	1,334	362	3,956	15,021	4,114	19,135	(19,135)	-
Total	82,584	22,738	53,621	69,090	93,065	321,100	5,188	326,289	(19,135)	307,153
Segment income	4,271	3,013	7,456	11,875	11,299	37,917	474	38,391	(207)	38,184

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

2. The adjustment of segment income of ¥-207 million includes the elimination of unrealized income of ¥-139 million, among other items.

3. Segment income has been adjusted to operating profit recorded in the semi-annual consolidated statement of income.

2. Information on impairment loss on non-current assets or goodwill, etc. by reportable segment

(Significant impairment losses on non-current assets)

In the "Offering Service Business" segment, impairment loss of ¥602 million was recorded on software.

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

Not applicable.

(Notes on the Going-concern Assumption)

Not applicable.

(Notes on Semi-Annual Consolidated Statements of Cash Flows)

Depreciation (including amortization related to intangible assets, excluding goodwill) and amortization of goodwill for the six months ended September 30 are as follows.

	Six months ended Sep. 30, 2025 (Apr. 1 - Sep. 30, 2025)	Six months ended Sep. 30, 2026 (Apr. 1 - Sep. 30, 2026)
Depreciation	8,918 million yen	9,180 million yen
Amortization of goodwill	365	443

(Revenue recognition)

Disaggregated information on revenue from contracts with customers

Six months ended September 30, 2025 (Apr. 1 - Sep. 30, 2025)

(millions of yen)

	Reportable segment						Other (Note 1)	Total
	Offering Service Business	Business Process Management	Financial IT Business	Industrial IT Business	Regional IT Solutions	Total		
Software development	27,957	7,011	26,462	45,078	43,323	149,833	-	149,833
Operating and Cloud services	21,992	13,306	18,822	12,609	30,639	97,369	-	97,369
Product and Software Sales	18,993	733	2,044	7,134	11,280	40,186	-	40,186
Other	-	-	-	-	-	-	1,135	1,135
Total	68,942	21,051	47,329	64,822	85,244	287,390	1,135	288,525

(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.

Six months ended September 30, 2026 (Apr. 1 - Sep. 30, 2026)

(millions of yen)

	Reportable segment						Other (Note 1)	Total
	Offering Service Business	Business Process Management	Financial IT Business	Industrial IT Business	Regional IT Solutions	Total		
Software development	29,683	7,954	28,487	47,945	46,571	160,643	-	160,643
Operating and Cloud services	25,502	13,410	21,557	12,743	31,541	104,755	-	104,755
Product and Software Sales	18,689	715	2,241	8,039	10,995	40,680	-	40,680
Other	-	-	-	-	-	-	1,073	1,073
Total	73,874	22,080	52,286	68,728	89,109	306,079	1,073	307,153

(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.

(Significant Subsequent Events)

Not applicable.