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Consolidated Financial Results for the Three Months Ended June 30, 2026 (Under Japanese GAAP)

July 30, 2026

Company name	TISI Inc.			Stock exchange listings: Tokyo Prime
Securities code	3626	URL https://www.tisi.jp/en/		
Representative	(Title)	Representative Director, President and Executive Officer	(Name) Yasushi Okamoto	
Inquiries	(Title)	Department Manager of Finance & Accounting Dept., Corporate Planning SBU.	(Name) Masahiro Hiwasa	Tel +81 50-1702-4115
Dividend payable date (as planned)		–		

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 three months ended June 30, 2026 (from April 1, 2026 to June 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	
Three months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
June 30, 2026	150,111	7.0	18,347	12.2	18,424	8.0	14,409	15.1
June 30, 2025	140,316	4.7	16,353	16.3	17,064	13.2	12,520	17.2

Note:Comprehensive income For the three months ended June 30, 2026 13,137 Millions of yen (-13.4%)
For the three months ended June 30, 2025 15,170 Millions of yen (23.5%)

	Basic earnings per share	Diluted earnings per share
Three months ended	Yen	Yen
June 30, 2026	67.41	–
June 30, 2025	54.02	–

(2) Consolidated financial position

	Total assets	Net assets	Capital adequacy ratio
As of	Millions of yen	Millions of yen	%
June 30, 2026	524,657	304,235	55.7
March 31, 2026	551,507	337,726	58.9

Reference:Owner's equity As of June 30, 2026 292,441 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	–				
Fiscal year ending March 31, 2027 (Forecast)		45.00	–	45.00	90.00

Note:Revisions to the forecast of cash dividends most recently announced : None

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

Note:Revisions to the earnings forecasts most recently announced：None

* Notes

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

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

(2) Adoption of accounting treatment specific to the preparation of quarterly 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 ：None

(iii) Changes in accounting estimates ：None

(iv) Restatement ：None

(4) Number of issued shares (common shares)

(i) Number of issued and outstanding shares at the period end (including treasury shares)	As of June 30, 2026	228,400,000shares	As of March 31, 2026	228,400,000shares
(ii) Number of treasury shares at the period end	As of June 30, 2026	18,472,727shares	As of March 31, 2026	8,325,746shares
(iii) Average number of shares (quarterly period-YTD)	Three months ended June 30, 2026	213,755,651shares	Three months ended June 30, 2025	231,771,045shares

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.

* Review of the Japanese-language originals of the attached consolidated quarterly financial statements by certified public accountants or an audit firm：None

* 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

In the first quarter of fiscal 2027, the Japanese economy recovered moderately, while looking ahead, a recovery is expected due to improvements in employment and income conditions as well as the effects of various policy measures. 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. 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 (June 2026 survey) increased by 12.4% 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 quarter of fiscal 2027 amounted to ¥150,111 million, up 7.0% year on year. Operating profit increased 12.2% year on year to ¥18,347 million, ordinary profit rose 8.0% to ¥18,424 million, while profit attributable to owners of parent totaled ¥14,409 million, up 15.1% year on year.

(Unit: millions of yen)

	First Quarter, FY2026 (Apr. 1 – Jun. 30, 2025)	First Quarter, FY2027 (Apr. 1 – Jun. 30, 2026)	Year-on-year changes
Net sales	140,316	150,111	+7.0%
Cost of sales	101,748	108,707	+6.8%
Gross profit	38,568	41,403	+7.4%
Gross profit ratio	27.5%	27.6%	+0.1P
Selling, general and administrative expenses	22,214	23,056	+3.8%
Operating profit	16,353	18,347	+12.2%
Operating profit ratio	11.7%	12.2%	+0.5P
Ordinary profit	17,064	18,424	+8.0%
Profit attributable to owners of parent	12,520	14,409	+15.1%

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 27.6% (up 0.1 percentage points year on year), while the operating profit margin was 12.2% (up 0.5 percentage points). Ordinary profit increased from the same period of the previous fiscal year due to higher operating profit. 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 quarter of fiscal 2027, the Group recorded extraordinary income of ¥2.84 billion and extraordinary losses of ¥0.19 billion. The principal component of extraordinary income was gains on sales of investment securities of ¥2.48 billion, resulting from the reduction of policy shareholdings. In addition, merger-related expenses of ¥0.19 billion were recorded in selling, general and administrative expenses and ¥0.12 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 Quarter, FY2026 (Apr. 1 – Jun. 30, 2025)	First Quarter, FY2027 (Apr. 1 – Jun. 30, 2026)	Year-on-year changes
Offering Service Business	Net sales	36,246	39,831	+9.9%
	Operating profit	1,730	1,643	-5.0%
	Operating profit ratio	4.8%	4.1%	-0.7P
Business Process Management	Net sales	10,686	11,050	+3.4%
	Operating profit	1,423	1,437	+1.0%
	Operating profit ratio	13.3%	13.0%	-0.3P
Financial IT Business	Net sales	23,631	25,801	+9.2%
	Operating profit	2,979	3,528	+18.4%
	Operating profit ratio	12.6%	13.7%	+1.1P
Industrial IT Business	Net sales	32,349	34,077	+5.3%
	Operating profit	5,107	6,201	+21.4%
	Operating profit ratio	15.8%	18.2%	+2.4P
Regional IT Solutions	Net sales	43,800	45,855	+4.7%
	Operating profit	4,837	5,271	+9.0%
	Operating profit ratio	11.0%	11.5%	+0.5P
Other	Net sales	2,522	2,676	+6.1%
	Operating profit	195	267	+36.9%
	Operating profit ratio	7.7%	10.0%	+2.3P

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 quarter of fiscal 2027 totaled ¥39,831 million, up 9.9% year on year, while operating profit totaled ¥1,643 million, down 5.0% from the same period of the previous fiscal year. Net sales increased due to expanding IT investment demand in areas including platform and payment 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. The operating profit margin was 4.1%, down 0.7 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 quarter of fiscal 2027 totaled ¥11,050 million, up 3.4% year on year, while operating profit totaled ¥1,437 million, up 1.0% 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 13.0%, down 0.3 percentage points year on year.

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 quarter of fiscal 2027 totaled ¥25,801 million, up 9.2% year on year, while operating profit totaled ¥3,528 million, up 18.4% 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 13.7%, 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 quarter of fiscal 2027 totaled ¥34,077 million, up 5.3% year on year, while operating profit totaled ¥6,201 million, up 21.4% 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 18.2%, up 2.4 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 quarter of fiscal 2027 totaled ¥45,855 million, up 4.7% year on year, while operating profit totaled ¥5,271 million, up 9.0% year on year. Net sales and operating profit increased from the same period of the previous fiscal year due to expanding IT investment demand across a broad range of industries, particularly in life and non-life insurance, healthcare, and other industrial sectors, including modernization-related services. The operating profit margin was 11.5%, up 0.5 percentage points year on year.

6) Other

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

Segment net sales during the first quarter of fiscal 2027 totaled ¥2,676 million, up 6.1% year on year, while operating profit totaled ¥267 million, up 36.9% year on year. The operating profit margin was 10.0%, up 2.3 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 quarter 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 in itiatives. Among them, to accelerate business growth through AI, the Group is accelerating efforts to drive customer business transformation and create new value through initiatives such as “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.

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. 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).

(2) Analysis of Financial Condition

(Unit: millions of yen)

	As of March 31, 2026 (A)	As of June 30, 2026 (B)	Increase/decrease (B − A)
Current assets	295,295	267,657	-27,637
Fixed assets	256,211	256,999	+787
Total assets	551,507	524,657	-26,849
Current liabilities	164,190	176,720	+12,530
Non-current liabilities	49,589	43,701	-5,888
Total liabilities	213,780	220,422	+6,641
Total net assets	337,726	304,235	-33,491

(Assets)

Consolidated total assets as of June 30, 2026 amounted to ¥524,657 million, a decrease of ¥26,849 million from ¥551,507 million at the end of the previous fiscal year. This was mainly due to increases of ¥10,408 million in other current assets and ¥6,641 million in buildings and structures and land attributable to the split acquisition of beneficial interests in real estate trusts, while notes and accounts receivable-trade and contract assets decreased by ¥22,850 million due to collections and other factors, and securities decreased by ¥9,356 million as a result of redemption and other factors.

(Liabilities)

Consolidated total liabilities as of June 30, 2026 amounted to ¥220,422 million, an increase of ¥6,641 million from ¥213,780 million at the end of the previous fiscal year. This was mainly due to increases of ¥29,979 million in short-term borrowings resulting from financing activities and other factors, while income taxes payable decreased by ¥11,968 million due to tax payments, provision for bonuses decreased by ¥8,813 million due to bonus payments, and provision for loss on litigation decreased by ¥7,434 million following the settlement of litigation.

(Net assets)

Consolidated total net assets as of June 30, 2026 amounted to ¥304,235 million, a decrease of ¥33,491 million from ¥337,726 million at the end of the previous fiscal year. This was mainly due to an increase of ¥5,117 million in retained earnings, while treasury shares increased by ¥35,735 million as a result of share repurchases and other factors (resulting in a decrease in net assets).

The increase in retained earnings was mainly attributable to an increase of ¥14,409 million from profit attributable to owners of parent, partially offset by a decrease of ¥9,291 million resulting from cash dividends paid.

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

Our consolidated results are generally tracking in line with plan, and we will continue to strive to achieve our full-year targets through the steady implementation of various initiatives. At this time, there are no changes to the consolidated earnings forecast announced on May 8, 2026.

As initially planned, 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.

The consolidated earnings 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

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 47.7%, 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 June 30, 2026
Assets		
Current assets		
Cash and deposits	87,235	82,059
Notes and accounts receivable - trade, and contract assets	144,106	121,256
Lease receivables and investments in leases	5,025	4,913
Securities	10,229	872
Merchandise and finished goods	5,510	5,302
Work in process	1,542	1,205
Raw materials and supplies	166	174
Other	41,708	52,116
Allowance for doubtful accounts	(231)	(242)
Total current assets	295,295	267,657
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	36,773	37,659
Machinery, equipment and vehicles, net	6,135	6,086
Land	35,712	41,467
Leased assets, net	3,664	3,316
Other, net	6,600	6,803
Total property, plant and equipment	88,886	95,333
Intangible assets		
Software	16,275	15,700
Software in progress	3,311	4,948
Goodwill	7,969	7,738
Other	19,112	18,793
Total intangible assets	46,669	47,180
Investments and other assets		
Investment securities	58,705	56,363
Retirement benefit asset	18,848	18,746
Deferred tax assets	21,040	17,201
Other	22,124	22,227
Allowance for doubtful accounts	(62)	(54)
Total investments and other assets	120,655	114,485
Total non-current assets	256,211	256,999
Total assets	551,507	524,657

(Millions of yen)

	As of March 31, 2026	As of June 30, 2026
Liabilities		
Current liabilities		
Notes and accounts payable - trade	30,064	27,215
Short-term borrowings	21,330	51,309
Income taxes payable	14,121	2,152
Provision for bonuses	17,994	9,180
Provision for loss on orders received	457	330
Provision for performance-linked compensation	321	427
Provision for loss on litigation	7,434	—
Other provisions	169	284
Other	72,297	85,818
Total current liabilities	164,190	176,720
Non-current liabilities		
Long-term borrowings	13,494	8,300
Lease liabilities	3,408	3,035
Deferred tax liabilities	12,088	12,056
Provision for retirement benefits for directors (and other officers)	0	0
Provision for performance-linked compensation	738	534
Other provisions	177	67
Retirement benefit liability	10,456	10,566
Asset retirement obligations	7,051	7,061
Other	2,173	2,079
Total non-current liabilities	49,589	43,701
Total liabilities	213,780	220,422
Net assets		
Shareholders' equity		
Share capital	10,001	10,001
Capital surplus	4,111	4,111
Retained earnings	317,476	322,593
Treasury shares	(31,284)	(67,019)
Total shareholders' equity	300,304	269,686
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	12,815	11,429
Deferred gains or losses on hedges	(71)	1
Foreign currency translation adjustment	2,557	2,560
Remeasurements of defined benefit plans	9,124	8,763
Total accumulated other comprehensive income	24,426	22,755
Non-controlling interests	12,995	11,793
Total net assets	337,726	304,235
Total liabilities and net assets	551,507	524,657

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

Consolidated Statements of Income

(Millions of yen)

	Three months ended June 30, 2025	Three months ended June 30, 2026
Net sales	140,316	150,111
Cost of sales	101,748	108,707
Gross profit	38,568	41,403
Selling, general and administrative expenses	22,214	23,056
Operating profit	16,353	18,347
Non-operating income		
Interest income	124	106
Dividend income	672	775
Other	218	206
Total non-operating income	1,015	1,088
Non-operating expenses		
Interest expenses	131	243
Share of loss of entities accounted for using equity method	94	122
Commission expenses	12	411
Other	65	233
Total non-operating expenses	304	1,010
Ordinary profit	17,064	18,424
Extraordinary income		
Gain on sale of non-current assets	674	4
Gain on sale of investment securities	1,354	2,488
Other	25	355
Total extraordinary income	2,054	2,849
Extraordinary losses		
Loss on retirement of non-current assets	16	23
Loss on valuation of investment securities	34	150
Other	5	24
Total extraordinary losses	56	197
Profit before income taxes	19,062	21,076
Income taxes - current	1,753	1,663
Income taxes - deferred	4,316	4,581
Total income taxes	6,070	6,244
Profit	12,992	14,831
Profit attributable to non-controlling interests	472	422
Profit attributable to owners of parent	12,520	14,409

Consolidated Statements of Comprehensive Income

(Millions of yen)

	Three months ended June 30, 2025	Three months ended June 30, 2026
Profit	12,992	14,831
Other comprehensive income		
Valuation difference on available-for-sale securities	2,506	(1,422)
Deferred gains or losses on hedges	(7)	150
Revaluation reserve for land	1,007	—
Foreign currency translation adjustment	(690)	(241)
Remeasurements of defined benefit plans, net of tax	(152)	(361)
Share of other comprehensive income of entities accounted for using equity method	(485)	180
Total other comprehensive income	2,178	(1,694)
Comprehensive income	15,170	13,137
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	14,935	12,738
Comprehensive income attributable to non-controlling interests	235	398

(3) Notes on the Consolidated Financial Statements

(Segment Information, etc.)

I. First Quarter, FY2026 (Apr. 1 - Jun. 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	32,740	10,322	23,297	32,217	41,211	139,790	525	140,316	—	140,316
Inter-segment sales or transfers	3,505	363	333	132	2,588	6,924	1,996	8,921	(8,921)	—
Total	36,246	10,686	23,631	32,349	43,800	146,714	2,522	149,237	(8,921)	140,316
Segment income	1,730	1,423	2,979	5,107	4,837	16,079	195	16,275	78	16,353

(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 ¥78 million includes the elimination of unrealized income of ¥125 million.
3. Segment income has been adjusted to with operating profit recorded in the consolidated statements of income.

II. First Quarter, FY2027 (Apr. 1 - Jun. 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	35,770	10,734	25,217	33,928	43,905	149,556	554	150,111	—	150,111
Inter-segment sales or transfers	4,061	315	584	148	1,949	7,059	2,121	9,181	(9,181)	—
Total	39,831	11,050	25,801	34,077	45,855	156,615	2,676	159,292	(9,181)	150,111
Segment income	1,643	1,437	3,528	6,201	5,271	18,083	267	18,350	(3)	18,347

(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 ¥-3 million includes the elimination of unrealized income of ¥14 million.
3. Segment income has been adjusted to with operating profit recorded in the consolidated statements of income.

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

The Company acquired treasury shares based on the written resolution of the Board of Directors dated March 10, 2026. As a result, treasury shares increased by ¥35,735 million during the first quarter of fiscal 2027, and treasury shares amounted to ¥67,019 million as of June 30, 2026.

(Notes on the Going-concern Assumption)

Not applicable

(Notes on Quarterly Consolidated Statements of Cash Flows)

Quarterly consolidated statement of cash flows for the first quarter of the current fiscal year has not been prepared. Depreciation (including amortization related to intangible assets, excluding goodwill) and amortization of goodwill for the first quarter of the current consolidated fiscal year are as follows.

	First Quarter, FY2026 (Apr. 1 - Jun. 30, 2025)	First Quarter, FY2027 (Apr. 1 - Jun. 30, 2026)
Depreciation	4,455 million yen	4,612 million yen
Amortization of goodwill	182	221

(Revenue recognition)

Disaggregated information on revenue from contracts with customers

First Quarter, FY2026 (Apr. 1 - Jun. 30, 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	13,368	3,376	12,913	22,319	20,986	72,963	—	72,963
Operating and Cloud services	10,779	6,551	9,483	6,197	15,355	48,367	—	48,367
Product and Software Sales	8,593	394	901	3,700	4,869	18,459	—	18,459
Other	—	—	—	—	—	—	525	525
Total	32,740	10,322	23,297	32,217	41,211	139,790	525	140,316

(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.

First Quarter, FY2027 (Apr. 1 - Jun. 30, 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	14,313	3,792	13,728	23,656	22,398	77,888	—	77,888
Operating and Cloud services	12,150	6,585	10,330	6,310	15,935	51,312	—	51,312
Product and Software Sales	9,307	356	1,158	3,961	5,571	20,355	—	20,355
Other	—	—	—	—	—	—	554	554
Total	35,770	10,734	25,217	33,928	43,905	149,556	554	150,111

(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)

(Absorption-type merger of a consolidated subsidiary)

The Company resolved at the meeting of the Board of Directors held on October 31, 2025 to conduct an absorption-type merger with INTEC Inc., a specified subsidiary and wholly owned subsidiary of the Company, as the absorbed company, and completed the merger on July 1, 2026.

1. Overview of the Transaction

(1) Name and Business Activities of the Company to be Merged

Name of the combined company: INTEC Inc.

Business Activities Software, System Integration, Networks, Outsourcing, IT Consulting

(2) Date of the Business Combination (Effective Date)

July 1, 2026

(3) Legal Form of Business Combination

Absorption-type merger in which the Company is the surviving company and INTEC Inc. is the absorbed company.

(4) Details of Allotment Related to the Merger

There was no allotment of shares or other cash or assets as a result of this merger.

(5) Name of the Company After the Merger

TISI Inc.

(6) Purpose of the Merger

In light of changes in the business environment surrounding the Group, the Company considers the early and steady realization of its long-term management policy, "Group Vision 2032," to be extremely important. To this end, the Company determined that it was essential to merge with INTEC Inc. and build a stronger management and business foundation than ever before. Accordingly, the Company carried out the merger.

2. Outline of the Accounting Treatment Implemented

The merger was accounted for as a transaction under common control based on the "Accounting Standard for Business Combinations" (ASBJ Statement No. 21, January 16, 2019) and the "Guidance on Accounting Standards for Business Combinations and Accounting Standards for Business Divestitures" (ASBJ Guidance No. 10, January 16, 2019).

(Cancellation of Treasury Shares)

The Company resolved at the meeting of the Board of Directors held on July 30, 2026 to cancel treasury shares pursuant to Article 178 of the Companies Act, as follows.

1. Reason for the Cancellation

As a general rule, the Company holds treasury shares up to a maximum of 5% of the total number of issued shares, and cancels any holdings in excess of 5%. The treasury shares acquired pursuant to the written resolution of the Board of Directors dated March 10, 2026, equivalent to ¥50.0 billion, will be canceled in accordance with the Company's policy for the purpose of eliminating concerns regarding future share dilution.

2. Method of Cancellation

Reduction of additional paid-in capital and retained earnings brought forward.

3. Class of Shares to be Canceled

Common stock.

4. Number of Shares to be Canceled

13,700,000 shares (6.0% of the total number of issued shares before cancellation).

5. Scheduled Date of Cancellation

August 31, 2026 (scheduled).

6. Total Number of Issued Shares After Cancellation

214,700,000 shares.