

Drawing on the capabilities of executives and employees alike—some 20,000 individuals throughout the Group—we have embarked on a journey to realize Group Vision 2026.

Corporate Image in 2026

Create Exciting Future

Utilize advanced technologies and know-how to realize business innovation and market creation

Seeking Position on Global Stage

- Be seen by leading companies in different industries as having an appealing presence, always trusted as a strategic partner
- Always embrace reform in existing industries and markets, and earn reputation as market-creating innovator
- Transcend the limits of an IT enterprise and be a leading company under a new market concept
- Be proud of high profile and showcase solid standing as a corporate group chosen by clients, society, employees—everyone



TIS INTEC GROUP

Go Beyond

It has been one year since our July 2016 restart as the TIS INTEC Group. To raise corporate value even higher through the efforts of executives and employees alike throughout the Group, we formulated a new Group vision that looks ahead to 2026 and the image that we want the Group to project.

“Create Exciting Future” is an attitude shared groupwide, and it guides us in business innovation utilizing advanced technology and know-how and fuels the creation of new markets. Our goal is to be a strategic partner to our clients, and we will consistently strive to improve existing industry and markets while trailblazing new markets as well.

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Editorial Policy

From 2016, we have opted for an integrated report that provides key financial as well as non-financial content to enable all stakeholders, particularly shareholders and investors, to better understand the measures that we have taken to achieve sustainable improvement in the corporate value of the TIS INTEC Group. Please check our website, as well, for information, as many of the topics we cover in the report are updated on the website, as appropriate. <http://www.tis.com/>

Scope of reporting: TIS (parent) and TIS INTEC Group
Issued: September 2017

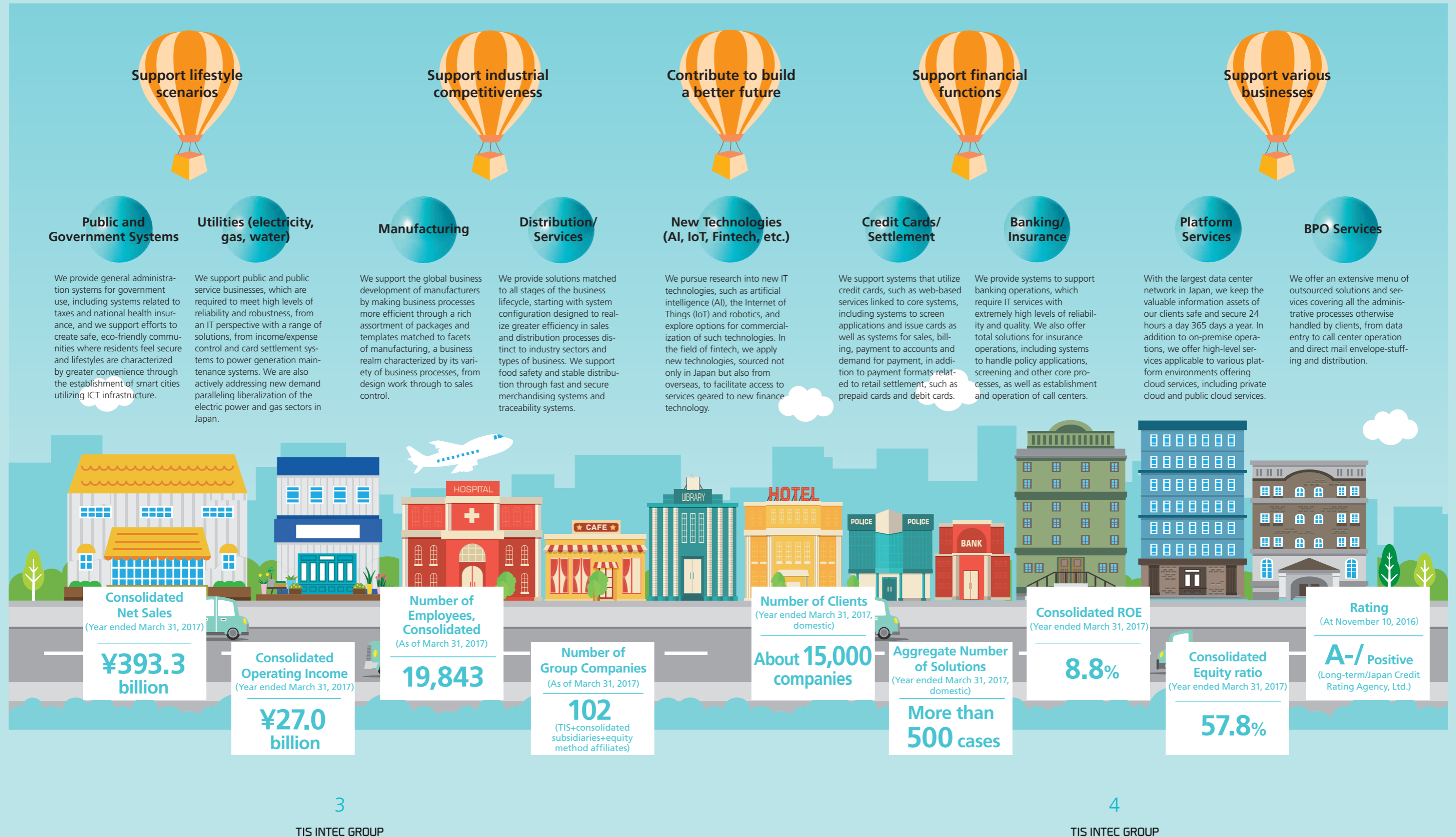
Disclaimer: Forward-looking statements, such as performance forecasts, described in this report are based on information available to management regarding the TIS INTEC Group—that is, TIS and the subsidiaries under its umbrella—as of the production date and certain assumptions deemed reasonable at this time. No intent of promise is implied 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.

The names of the products and services described in this report are trademarks or else registered trademarks of the respective company.

What does the TIS INTEC Group do?

The TIS INTEC Group accurately addresses the diverse needs of a client base that extends across many industry sectors, as one of Japan's leading IT corporate groups. As a cohesive group, comprising about 20,000 people, we will provide IT services that draw on the individual strengths

of each company and its human resources to support the business activities of a vast client base in such industries as finance, manufacturing, services and the public sector, at home and abroad, and contribute to efforts that support personal lifestyles and social infrastructure.



Solutions from TIS INTEC Group with Expanding Social Profile

By providing IT services that meet the needs of clients across a wide spectrum of industry sectors and business domains, the TIS INTEC Group contributes to solutions aimed at various social issues. Some of the Group's many achievements are highlighted on these two pages.

*Market data including market share is calculated/estimated by TIS INTEC Group.

Supporting safe and secure, daily credit card settlement

Credit cards
Core system development results

Domestic market share
About **50%**

(On annual transaction volume basis for clients served)

Of 25 companies in Japan with significant consumer credit transaction volumes, 10 are in the Group's client base for core system development.

Credit extended for card-facilitated purchases has reached ¥54 trillion in Japan. The 10 companies that are in the TIS INTEC Group client base have aggregate membership of about 170 million people and credit transaction volume representing about 50% of the total market.

Promoting cashless settlement in Japan

Branded debit card-related
Service provision/system development results

Domestic market share
About **80%**

There are more than five million debit cards affiliated with an international brand in Japan. Settlement transactions have reached about 100 million per year, with an aggregate value of about ¥500 billion.

The TIS INTEC Group boasts an overwhelming share—about 80%—of the market, on a transaction-handling financial institution basis, through such solutions as DebitCube+, which provides one-stop access to services required or branded debit card issuance and operation.

Supporting greater operating efficiency in e-commerce

EDI
System configuration and operation track record

Domestic market share
About **30%**

The TIS INTEC Group's business portfolio includes high-quality EDI (electronic data interchange) services matched to every type of industry sector and business format using a thorough system operation structure. Overall, the Group boasts the industry's top share in terms of EDI configuration and operation results.

The number of connections currently exceeds 100,000 ID ports.

Highly evaluated as restaurant sector-specific shop management system

TastyQube
System implementation

About **160** companies
About **11,000** shops

TastyQube is highly versatile and can be applied to any restaurant format, helps to visualize shop operations, and realizes enhanced operating efficiency.

The solution has been applied to about 160 companies and about 11,000 shops, mainly restaurants, cafes and pubs.

Support centralized information management at financial institutions and raise efficiency and sophistication of operations

F3 (F Cube)
Implementation

36 of **64** banks
(regional banks)

F3, an integration-type CRM system for financial institutions has been installed at more than half the regional banks in Japan.

In addition, the F3 series, which includes a cloud-type solution, is used by more than 90 financial institutions.

Contributing to higher customer satisfaction, stronger marketing capabilities

Call Series
Usage

Annually
More than **100 million** calls

In addition to Call Note, which quantitatively identifies incoming calls through mass media and the Internet, we offer CallCrayons, which visualize the status of customers' incoming calls in real time using proprietary PhoneCookie® technology. Annual usage of the Call Series exceeds 100 million calls.

Solving various social issues by providing IT services

Helping to promote management strategies using BPO services to boost productivity

Data entry services
Handling volume

Annually
About **80 million** entries

The TIS INTEC Group is the expert in domestic BPO services, with more than 50 years of history in the field.

Data entry services, facilitated primarily through top-class systems in Japan and networks at home and abroad, have reached about 80 million entries a year.

Contributing to stable insurance system platform creation

For Federation of National Health Insurance Associations

Track record in system implementation/operation/maintenance

12 of **47** prefectures

Of the 47 prefecture-based members of the Federation of National Health Insurance Associations in Japan, the TIS INTEC Group has been tapped to install, operate and maintain systems for 12 members.

About six million people are covered by these 12 insurance associations.



Recent Major Award Activity

- Recognized by APN as "AWS Premier Consulting Partner"
- Acquired "SAP Competency" under APN Competency Program
- Recognized as "Robo App Partner" under Pepper Partner Program
- Selected as "Technology Partner" under IBM Watson Ecosystem Program
- Received award at Oracle Excellence Awards 2017
- Named "Partner of the Year"—highest mframe Award—for the 11th time
- Received "Sales Award" at SuperStream Partner Awards 2016
- Received "Product Award" at SuperStream Partner Award 2017
- Received "Solution of the Year" at GRANDIT AWARD 2016
- Named "Implementation Partner of the Year" at Salesforce Partner Awards 2016
- JISA Awards
 - 2015 Finalist: CareQube remote monitoring/preventative maintenance system
 - 2014 Winner: DebitCube+ and PrepaidCube+ payment settlement systems
 - 2013 Winner: AtoMsQube production control system

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TIS INTEC GROUP

6

TIS INTEC GROUP

History of the TIS INTEC Group

1964
Toyama Computer Center, Inc. (now, INTEC) established.

1971
Toyo Information Systems, Co., Ltd. (now, TIS) established.

April 2008
ITHD is created through the management integration of TIS and INTEC Holdings, Ltd.

2008–2009
ITHD Group is reorganized. INTEC Holdings is merged into INTEC, and nine TIS subsidiaries are put under the direct control of ITHD.

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.

June 2014
ITHD debuted a single logo for all Group companies and adopted a new brand message, "Go Beyond".

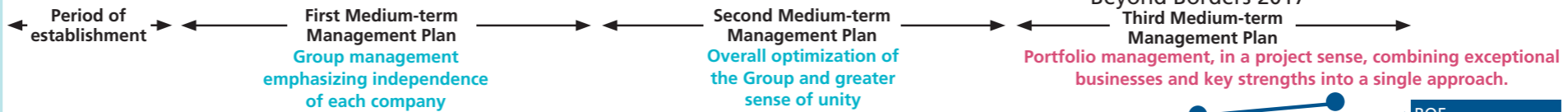
March 2015
ITHD turned AGREX Inc. into a 100% consolidated subsidiary.

May 2015
Discussions on Group reorganization began

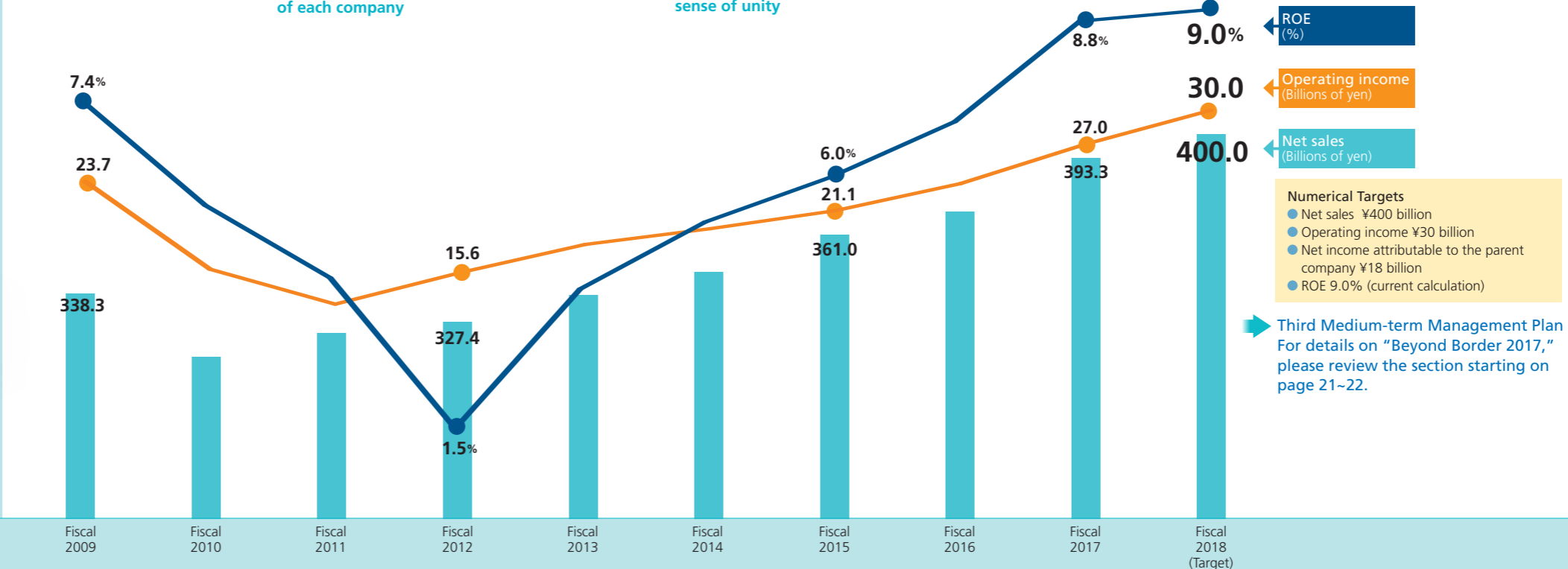
July 2016
Shift to TIS INTEC Group
ITHD executed an absorption-style merger with TIS, adopted its subsidiary's high-profile name and transitioned to an operating holding company.

May 2017
Announced "Group Vision 2026", the overall picture of the Group in 2026

Group Vision 2026



TIS INTEC Group companies have been leaders in the information services industry since its inception



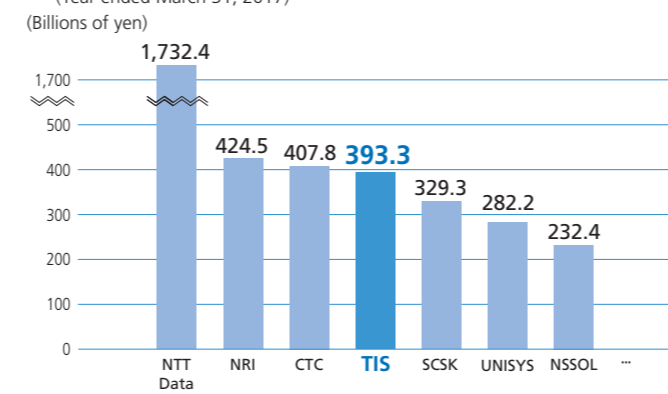
Numerical Targets
 ● Net sales ¥400 billion
 ● Operating income ¥30 billion
 ● Net income attributable to the parent company ¥18 billion
 ● ROE 9.0% (current calculation)

➔ **Third Medium-term Management Plan**
For details on "Beyond Border 2017," please review the section starting on page 21~22.

IT Services Industry Market Scale and Industry Position

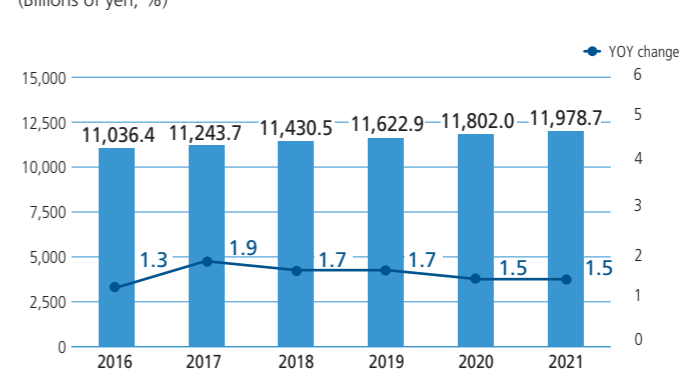
TIS INTEC Group belongs to the IT services industry. The Company is a leading, independent prime contractor, ranked as the industry's No. 2 system integrator on a consolidated sales basis.

Net Sales of Japan's Leading IT Companies



* The graph data indicates net sales of NTT DATA Corporation, Nomura Research Institute, Ltd., ITOCHU Techno-Solutions Corporation (CTC), SCSK Corporation, Nihon Unisys, Ltd., NS Solutions Corporation, and TIS INTEC Group.
 * CTC amounts are based on the IFRS (International Financial Reporting Standards).

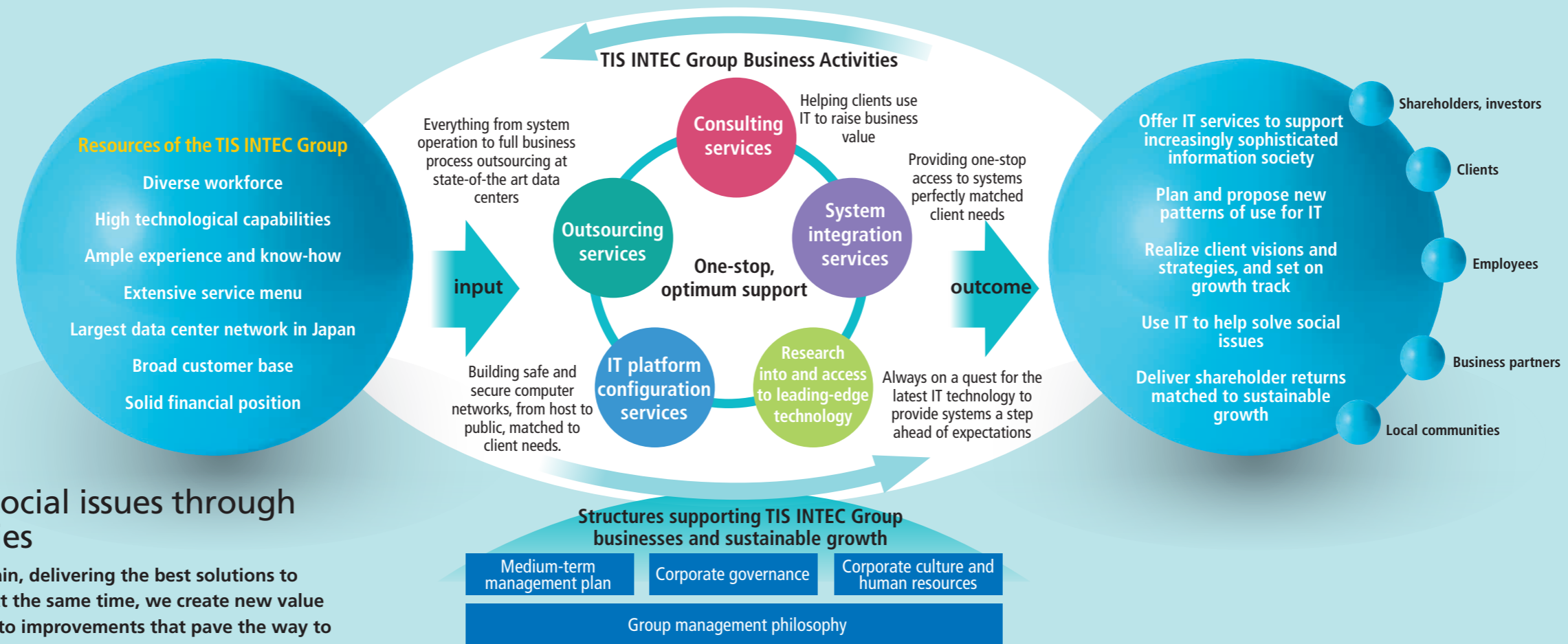
IT Services Market Size in Japan (moderate case)



Gartner "Forecast: IT Services, Japan, 2015-2021, 2Q17 Update" August 25, 2017 End user spending based Graph created by TIS based on Gartner research
 The Gartner Report(s) described herein, (the "Gartner Report(s)") represent(s) research opinion or viewpoints published, as part of a syndicated subscription service, by Gartner, Inc. ("Gartner"), and are not representations of fact. Each Gartner Report speaks as of its original publication date (and not as of the date of this Prospectus) and the opinions expressed in the Gartner Report(s) are subject to change without notice.

TIS INTEC Group Value Creation Process

“Create value through IT” “Change society through IT” “Open doors to the future through IT”



We help solve social issues through business activities

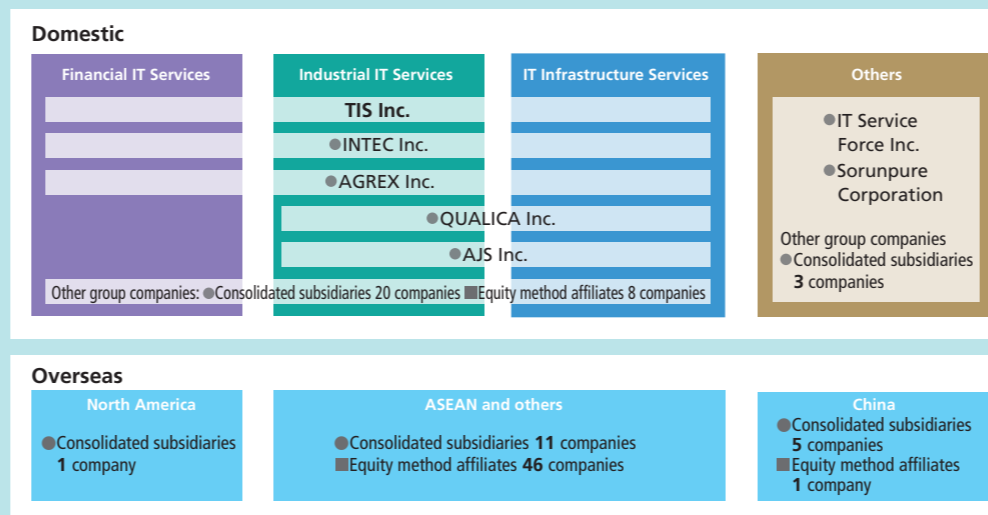
The Group acts as an IT brain, delivering the best solutions to address clients' IT needs. At the same time, we create new value for society and contribute to improvements that pave the way to a better future.

Group Management Philosophy

The TIS INTEC Group seeks to be a corporate citizen whose activities, namely, the provision of various services utilizing information technology (IT), match its status as a leading corporate group, and will strive to raise corporate value, supported in this effort by the high regard of all its stakeholders, including clients and shareholders as well as employees and their families.

- We will cultivate a vibrant corporate culture that encourages companies and individuals under TIS INTEC Group umbrella to work toward higher goals and embrace new challenges, and thereby ensure corporate growth.
- We will always provide our very best to clients by combining Group strengths to foster higher quality and greater sophistication in our technological capabilities.
- We will uphold high corporate morals and fulfill our social obligations.

As of March 31, 2017, the TIS INTEC Group consists of the parent company, 46 consolidated subsidiaries, and 55 affiliated companies accounted for under the equity method.



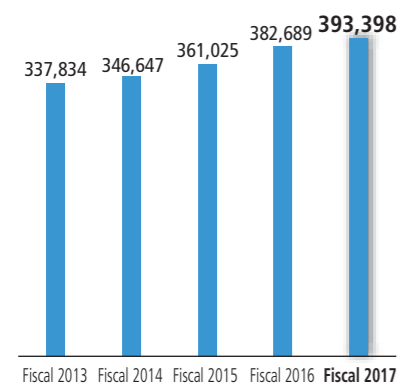
About the Group's Five Principal Companies

Company Name	Shareholding Ratios	Description of Business
TIS Inc.	—	Focuses on credit card companies but pursues business opportunities in a wide range of sectors, including services and manufacturing. Merged with SORUN and UFIT in April 2011 and implemented structural reforms. Merged with pure holding company IT Holdings Corporation in July 2016 and became operating holding company.
INTEC Inc.	TIS 100%	Focuses on megabanks and life insurers but promotes CRM for regional banks and offers a wide selection of services to regional public corporations, particularly in the Hokuriku region.
QUALICA Inc.	TIS 80%, Komatsu 20%	Formerly, information systems subsidiary of Komatsu. Focuses on assembly-based manufacturers, mainly those under the Komatsu Group umbrella, while expanding business with companies in the distribution and restaurant sectors.
AJS Inc.	TIS 51%, Asahi Kasei 49%	Formerly, information systems subsidiary of Asahi Kasei. Focuses on companies under the Asahi Kasei Group umbrella.
AGREX INC.	TIS 100%	Leading company in mainstay BPO field. Began global BPO services in October 2013. Became wholly owned subsidiary in March 2015. Efforts to centralize Group's BPO operations at AGREX still in progress.

Consolidated Financial Summary

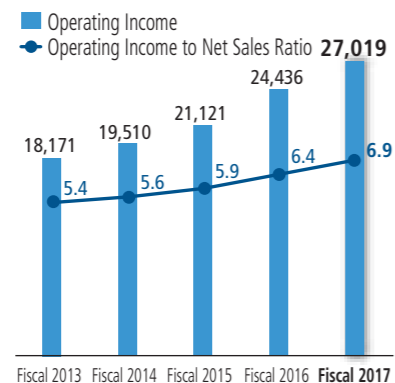
Net Sales

(Millions of yen)



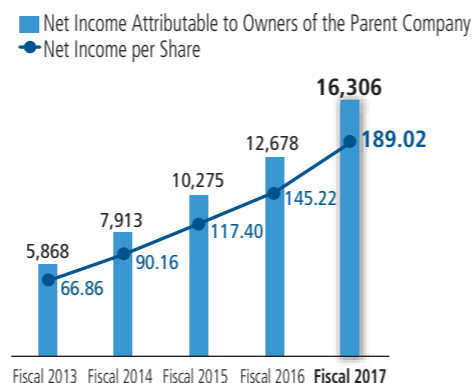
Operating Income, Operating Income to Net Sales Ratio

(Millions of yen, %)



Net Income Attributable to Owners of the Parent Company, Net Income per Share

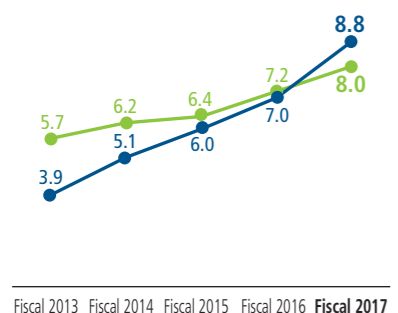
(Millions of yen)



ROE, ROA

(%)

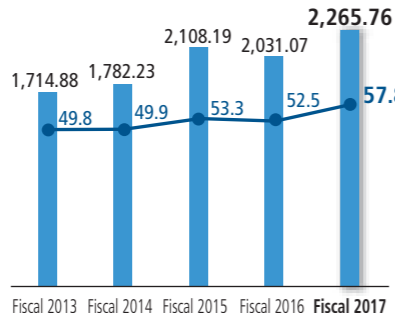
ROE ROA



Net Assets per Share, Equity Ratio

(Yen, %)

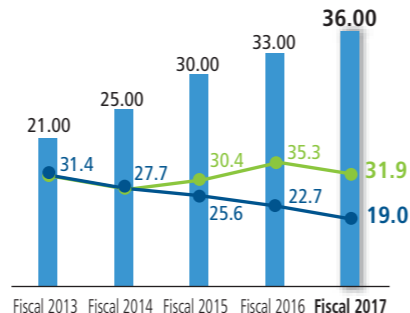
Net Assets per Share Equity Ratio



Dividends per Share, Payout Ratio, Total Return Ratio*

(Yen, %)

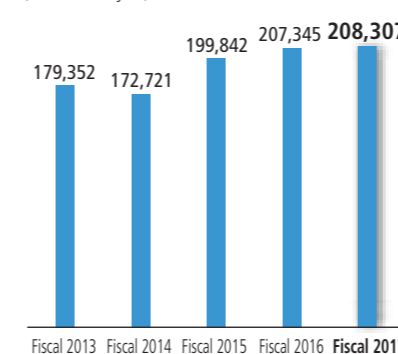
Dividends per Share Payout Ratio Total Return Ratio



*Total return ratio: Total amount of dividends and treasury stock buybacks as a percentage of net income.

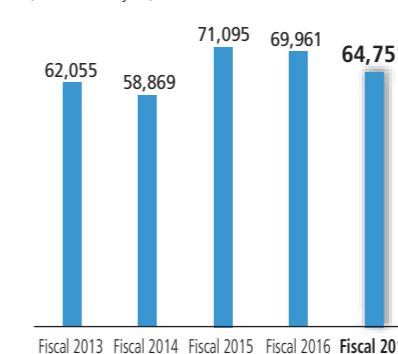
Orders Received during the Term (Software Development)

(Millions of yen)



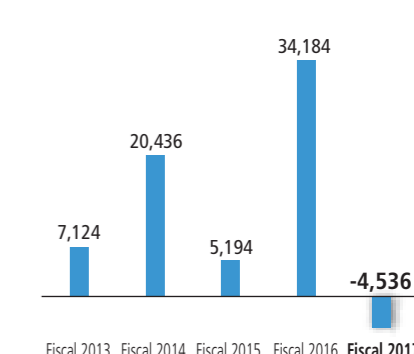
Order Backlog at Year-End (Software Development)

(Millions of yen)



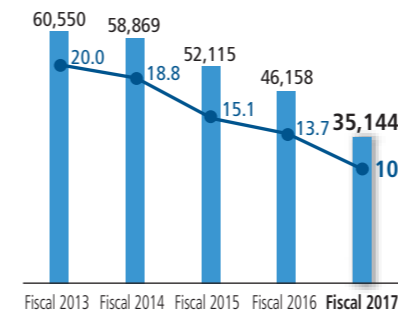
Free Cash Flows

(Millions of yen)



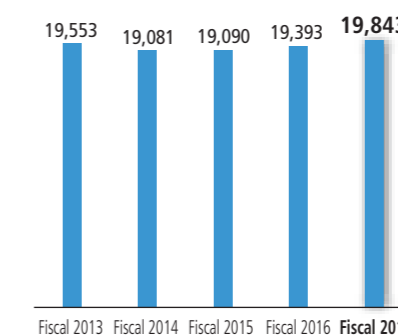
Interest-Bearing Debt Balance, Interest-Bearing Debt Ratio

(Millions of yen, %)



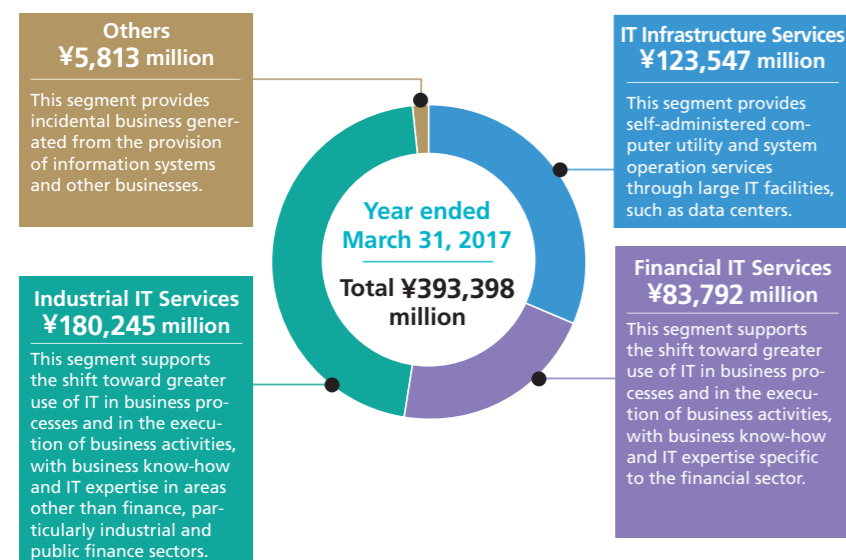
Number of Employees at Year-End

(Person)



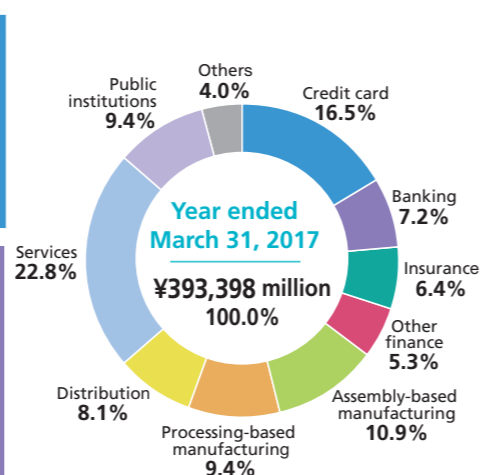
Net Sales by Business Segment

(Sales to outside customers, excludes intersegment sales)

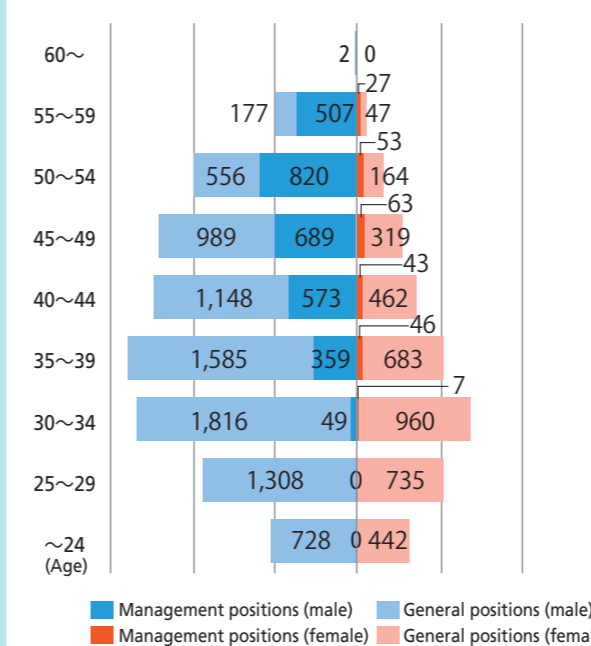


Net Sales by Client Sector

(%)



Employee Composition (As of April 1, 2017) (Number of employees)



Non-Financial Data (As of April 1, 2017)

Number of full-time employees	Male	11,306	Average total working hours	171.98
	Female	4,051	Non-scheduled hours worked	22.64
	Total	15,357	Ratio of annual paid leave taken	56.74%
Average age	Male	38.49	Number of employees on maternity leave	445
	Female	35.22	Of this, men (paternity leave)	29
	Total	38.35	Number of employees working shorter number of hours to care for young children	549
Average length of service (years)	Male	14.21	Of this, men	9
	Female	11.03	Employees on nursing care leave	8
	Total	13.61	Employees working shorter number of hours to care for elderly family	2
Turnover rate		4.17%	Number of non-Japanese employees (foreign nationals)	141
Number of employees in management positions	Male	2,999	Percentage of employees with a disability*2	1.97%
	Female	239	Percentage of employees over the age of 60*3	1.69%
	Total	3,238		
Number of employees in general positions	Male	8,307		
	Female	3,812		
	Total	12,119		
Percentage of employees in management positions	Male	26.53%		
	Female	5.90%		
	Total	21.08%		

Notes: 1. The above are simple combined averages or weighted averages for the TIS INTEC Group's seven principal companies (TIS, INTEC, AGREX, QUALICA, AIS, TIS System Service, and TIS Solution Link).
2. The percentage of employees with a disability represents the combined total for TIS, SorunPure Inc. and 11 affiliated specially recognized companies under the Group umbrella (employees hired under regular: 19,845.5 people; employees with a disability: 390.5 people).
3. Percentage of employees over the age of 60 is calculated based on June 1, 2017.

Aware of the speed at which changes are transforming the industry, we seek to be a group of IT professionals traveling in the same direction to success.

It has been one year since the transition from IT Holdings (ITHD) Group to TIS INTEC Group. Toru Kuwano, TIS president and representative director, looks back on the first year under the operating holding company structure and talks about the new Group vision and the ideal image that the Group seeks to realize by 2026.



Group Vision 2026

Q1. Looking back on the first year under the TIS INTEC Group banner

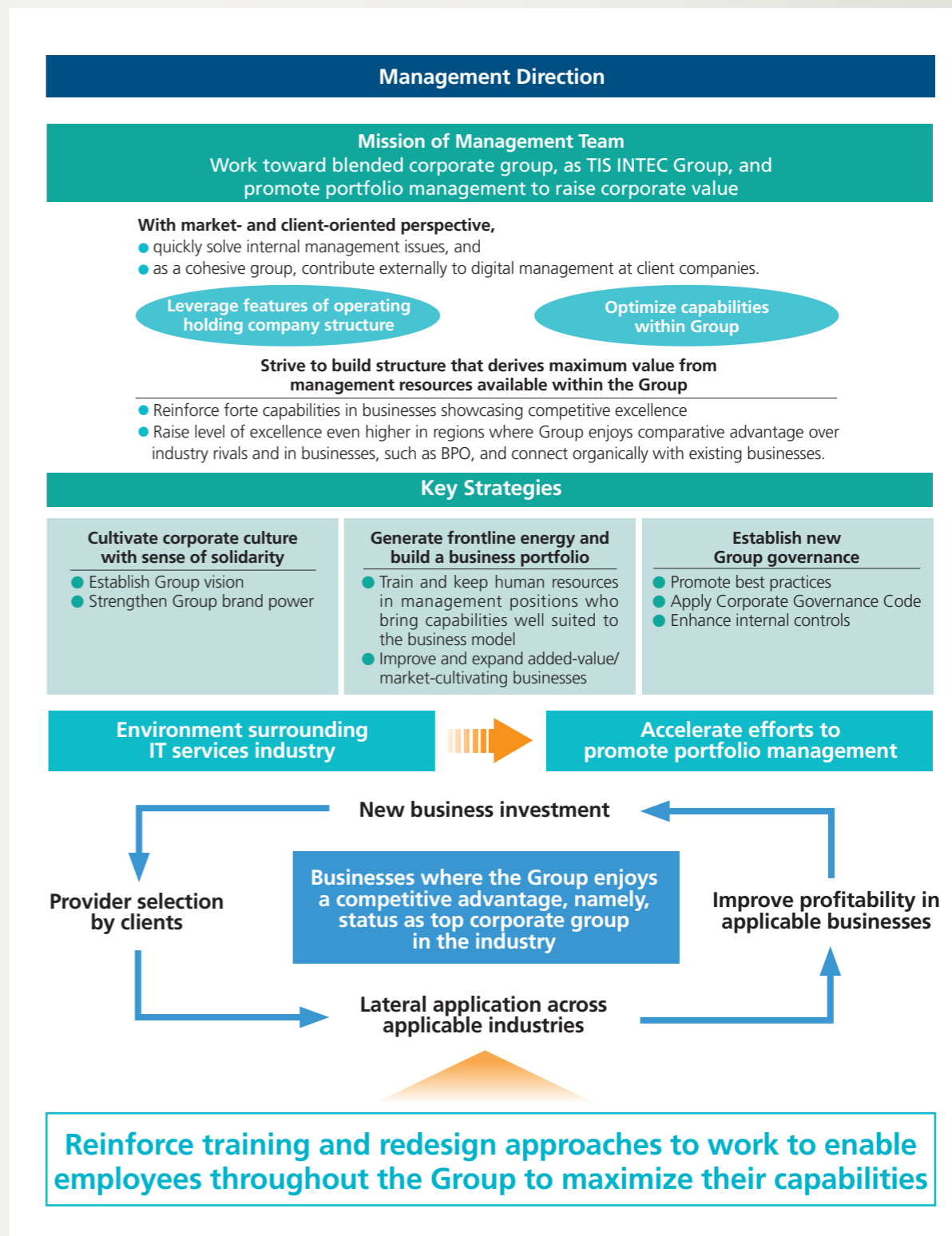
“Management has definitely acquired a sense of speed.”

On July 1, 2017, we marked one year under the new TIS INTEC Group structure with TIS as the operating holding company. Behind the transition from a pure holding company structure was the realization that management with a sense of speed was essential for the Group to provide high-added-value services amid rapidly changing business conditions. That is, we needed an operating holding company that would lead the Group and guide investments and measures aimed at lifting the overall capabilities of the Group to a higher level. I feel we are seeing obvious results from this evolution in structure.

For example, issues that exceeded a certain level at TIS before the integration and reorganization would be discussed by the management committee and board of directors at each company and then go through additional discussion by the Management Committee and Board of Directors at ITHD. Now, after the integration, the latter two stages have been eliminated. At TIS, today, the Management Committee and the Board of Directors make the final decisions on issues that exceed a certain level for the Company and all companies under the Group umbrella. But because TIS is itself the operating holding company, the business themes at each Group company are easier to follow and the discussions are more in-depth, and management decisions are thus achieved more quickly.

In fiscal 2017, a favorable business environment led to record-high results. Of particular note, net income attributable to owners of the parent company reached ¥16.3 billion and return-on-equity hit 8.8%—each arriving at the target set for the final year of the three-year management plan ending March 31, 2018, a year ahead of schedule. These performance-based results reflect the success of various measures initiated in the past, as the transition to the current operating holding company structure would not necessarily precipitate such huge results so quickly. But by continuing to implement appropriate measures, imbued with a sense of speed, under the new structure, we are sure to keep corporate value on a groupwide basis charting upward.

Toru Kuwano, President



Q2. The reason for creating Group Vision 2026
“For 20,000 employees to travel in the same direction as they pursue daily business activities”

We recently announced a new Group vision that captures the overall picture of the Group in 2026. This vision looks ahead, starting from the introduction of the new structure, on July 1, 2016, and was created because management felt a clear blueprint for the future was indispensable to ensure that all employees—some 20,000 groupwide—move in the same direction to achieve growth of the Group and to encourage everyone to pursue daily business activities with this common course in mind.

“Create Exciting Future”—a capability we seek to hone by 2026—conveys the importance of embracing changes and the independence to create a future on our own. The catchphrase carries several ideas: that we will make the future exciting for society and companies, that our own future will be exhilarating and that it is we who will shape this future, and that we can create a different future through changes we make in ourselves. Group Vision 2026 requires a cohesive effort on a groupwide basis, and through this embrace of solidarity, we will apply the IT strengths we have accumulated to date while growing business outside the existing IT box and constantly expand business content.

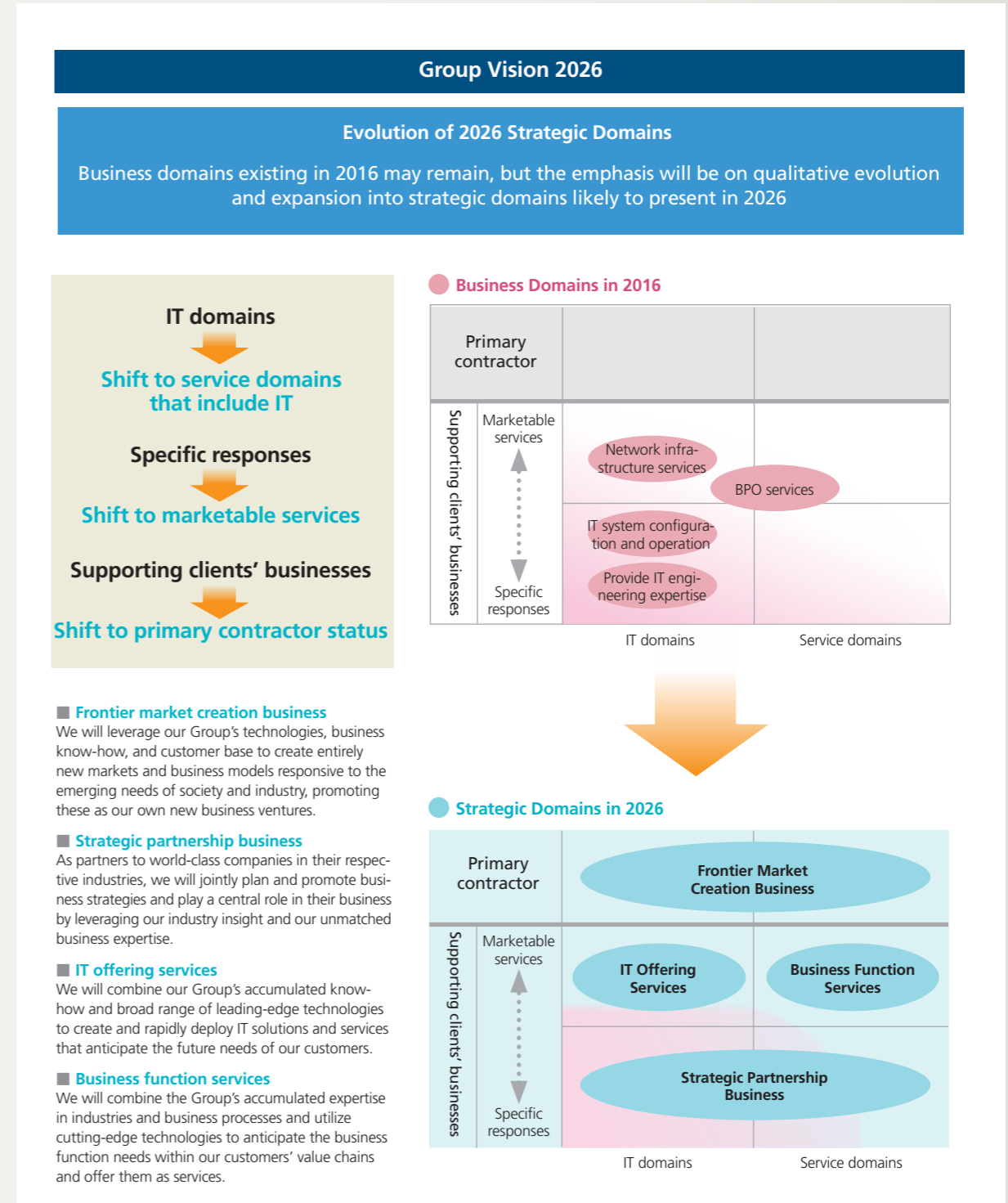
Employees in their 30s and 40s, selected from TIS, INTEC and other companies under the Group umbrella, helped formulate Group Vision 2026. These people were chosen because they may become key players with leadership responsibilities in the TIS INTEC Group 10 years from now. Executives joined them in repeated discussions on the future of the industry and how best to articulate our raison d’être to clients and society.

Ultimately, the Board of Directors had final say, but I feel employee-based input in the process to that point was extremely significant. The involvement of employees also made me see that Group Vision 2026 must become a cornerstone of daily activities throughout the Group and at every level of business. This is of the utmost importance.

To promote widespread awareness of Group Vision 2026 among employees, a forum was set up in four locations in Japan, and I personally met with more than 2,000 employees in managerial positions or higher at Group companies to explain the background leading up to Group Vision 2026 and its underlying concepts and to address questions and comments. Participants appeared to be extremely interested, and I truly feel this is a huge contributing factor in cultivating a sense of solidarity within the Group. In addition, a handbook was prepared in Japanese, English and Chinese and distributed to employees groupwide to spark robust discussion about Group Vision 2026 in all workplaces. A more detailed manual was also produced for managers to help them properly explain Group Vision 2026 to their staff. Going forward, we plan to run position-specific training programs to deepen awareness and help Group Vision 2026 really take hold.

Q3. About business domains for 2026
“With IT services as our core competence, we will emphasize the evolution of our business and explore new possibilities.”

Group Vision 2026 highlights four strategic domains that we will emphasize over the next 10 years. First—the Strategic Partnership Business. We are seeing an increasingly noticeable trend among companies to link IT strategies directly to management strategies. So the emphasis will be on the TIS INTEC Group’s role as a strategic partner in building business models that help client companies stay at the top of their respective industry. Next—IT Offering Services. We will utilize technologies and know-how accumulated mainly through system development—that is, traditional IT services—to anticipate client needs and promote solution services, underpinned by speedy planning and presentation of cloud services and universal, shared systems. The third domain is Business Function Services, which leverage the BPO expertise of AGREX. We will draw on diverse choices to underpin business development, going beyond an extension of existing services even in the area of BPO, to take on integrated outsourcing of all back-office operations for our clients.



The three domains described above are premised on support for client companies and emphasize efforts to extend the scope of our business pursuits beyond IT to meet existing and latent client needs. In comparison, our fourth strategic domain—Frontier Market Creation Business—is more inward-oriented, turning the TIS INTEC Group itself into a pillar of business and seeking out new business opportunities. Currently, the Group supports clients across many different industries, including finance, manufacturing, distribution and services, but looking toward 2026, the objective is to firmly maintain IT services—our core competence—while cultivating new markets by engaging in the actual businesses where our services are used, either on our own or through capital and business alliances with companies at home and abroad. An extreme example would be agriculture, an industry embracing AI and robotics. Maybe one day, agriculture will be a source of revenue for the TIS INTEC Group. Various possibilities like this lie hidden in, waiting to be explored, and it will be Frontier Market Creation Business that reveal these latent revenue opportunities.

Q4. New business fields, such as AI, IoT and fintech
“Established AI Services Division as specialized structure”

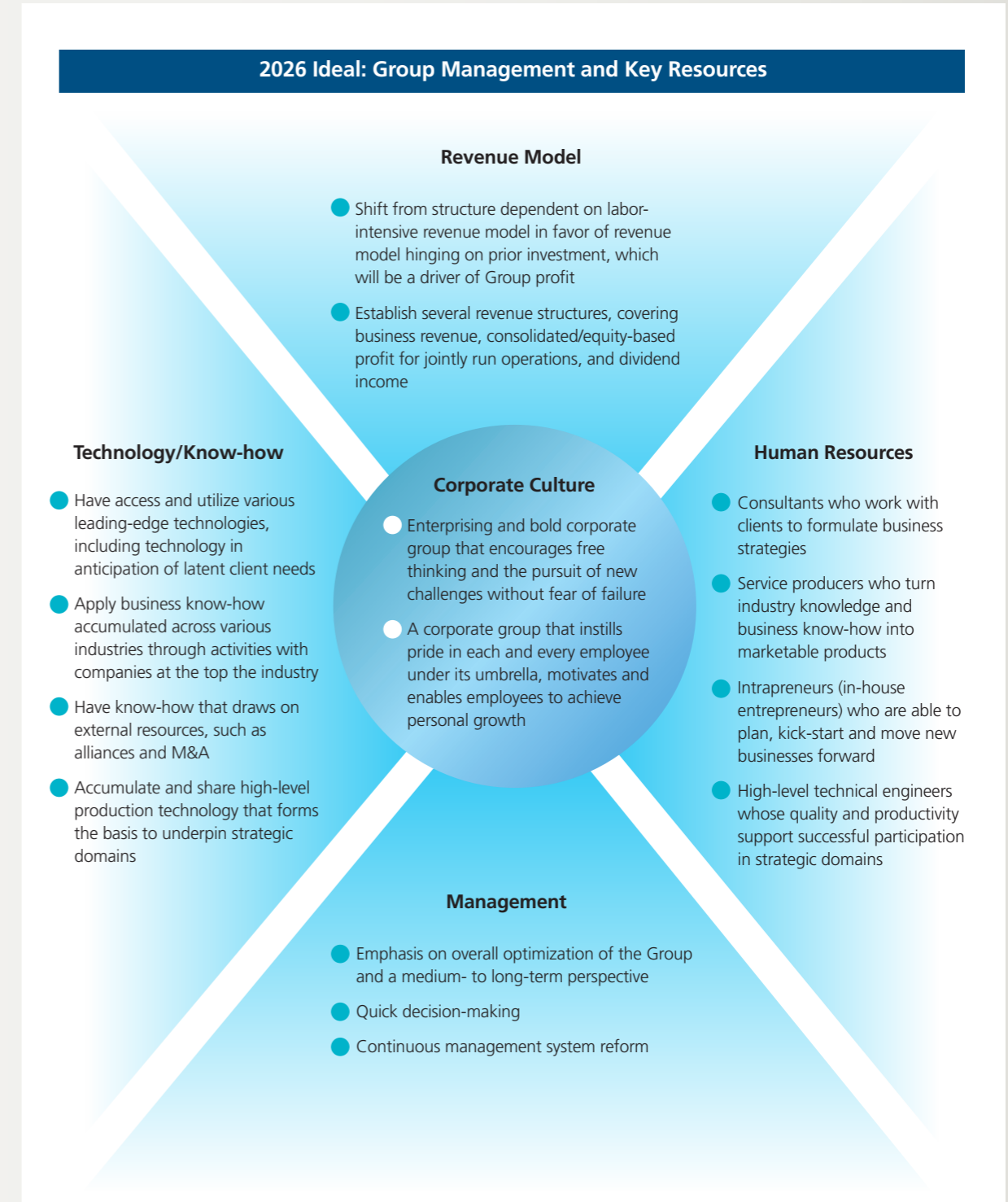
In April 2017, we established the AI Services Division as a dedicated structure under the direct supervision of the president—currently, me—to plan, develop and provide AI and robotic solutions as well as engage in related service management and R&D activities. AI, IoT and fintech are often talked about in equal terms as new IT fields. But IoT and fintech are actually better purposed in certain industries—IoT for the manufacturing industry and fintech for the finance industry—while AI and robotics have potential over a wide spectrum of industries. Going forward, we can expect swift application of these concepts to enterprise systems.

At TIS, we were already showcasing various measures to expand AI and robot-related businesses, mainly through our technology division. Our activities included verification and development of technologies, such as machine learning and natural language processing, and development of solutions using related technologies, as well as putting Proof of Concept (PoC) into practice, engaging in joint research with universities, and looking for cooperative business opportunities through investment into start-ups and venture companies. But by integrating these activities under the AI Services Division, we have created a structure to expedite proposals and responses better geared to application of AI and robot-related technologies in business operations—a need that is sure to grow. The new division will collaborate with other operating divisions and will draw on the industry and IT service insights and know-how that TIS has accumulated as a system integrator to incorporate technologies and services into the business systems of corporate clients. We expect AI and robot-related solutions to become a ¥20 billion business by 2020.

Q5. Differentiation strategies through domestic and overseas operations
“Draw on strengths, and open up new business opportunities at home and abroad”

At one time, our global activities consisted of local support for Japanese companies expanding their operations overseas. But today, we are building a wider presence in overseas markets, particularly China and the ASEAN region, where demand for IT services is expected to grow, by emphasizing business fields where we—that is, the TIS INTEC Group—have expertise. At the same time, we are taking advantage of opportunities in business fields where our partners—local companies that have formed capital and business alliance with us—have a strong presence. An example is PromptNow Co., Ltd., a leading company in Thailand with expertise in financial mobile application development for financial institutions. We turned the company into a subsidiary in May 2016 and seek to utilize reciprocal strengths to expand business in new markets.

Meanwhile, Japan, which is considered a mature market, lags behind the rest of the world in going cashless, with a ratio of cash-based settlements apparently still between 60% and 70% of all retail transactions. Going forward, the use of debit cards and smartphone payment settlement services, such as Apple Pay, is likely to expand rapidly in the approach to 2020, when Tokyo will host the Summer Olympic Paralympic Games. Against this backdrop, business chances are sure to grow. The payment settlement business is an area of expertise in the TIS INTEC Group portfolio, but by honing this capability to a sharper edge, we will establish a firmer position in markets, whether at home or abroad, that encourages potential clients to say, “If we need payment settlement-related services, let’s talk with the TIS INTEC Group first.” Through various client conversations, we will gain new insights and build a solid track record, which will differentiate our brand from the competition. This is the virtuous cycle we aim to achieve.



Implement measures with a sense of speed and cultivate possibilities

Q6. Better ways to work, and Group System Development and Quality Management Innovation Committee
“Keys to ride out an era of change as a group of professionals”

We recognize that actively promoting better ways to work is a huge component in the platform that supports higher corporate value, and we are implementing initiatives toward this end. But there are many avenues to explore. For instance, to reduce work hours, we considered ways to improve the workplace environment through a review of meetings and the introduction of free address workspace as well as the use of a satellite office. All of these are measures, and the ultimate goal of these measures is to enhance the expertise of each employee and develop a group of professionals. This will, of course, help us ride out increasingly fierce competition in the industry but it will also allow each employee to achieve personal growth through work and make life worth living—satisfyingly challenging. It is our corporate responsibility to develop professionals with top-quality capabilities. At the same time, it is also our corporate responsibility to provide a work environment in which these excellent professions can thrive.

In addition, the IT services industry has to date applied the traditional waterfall methodology for software development, which comprises stages, such as required definitions, design, configuration, testing and delivery. However, the time has come for IT to be applied using a completely different business model, and it is imperative



that we respond to agile and iterative software development where stages are essentially irrelevant. In today's IT services industry, measures to boost efficiency, respond to clients' needs and ensure a good working environment for employees are all inter-related themes that must be addressed.

In the Group System Development and Quality Management Innovation Committee, experts from Group companies come together, share technology strengths from across the Group, and promote various production reform measures, including approaches to promote higher standards. The committee emphasizes responses to industry changes, such as initiatives in the field of core systems (Mode 1, SoR—System of Record), including efforts to raise the sophistication of project management capabilities, and initiatives in the field of digital innovation (Mode 2, SoE—System of Engagement), including application of agile development methodology, along with efforts to reinforce project risk supervision.

The underlying objective of these initiatives is to address changing times and diversifying client needs. For corporate clients, the times require different system infrastructures depending on the intended use, be that an effective, easy-to-use cloud or a highly secure private environment, or a system completely customized to a unique business model. Therefore, going forward, it will be extremely important that the TIS INTEC Group accurately perceive client needs, package a variety of systems, and propose and provide seamless system platforms. The power of professionals—each person on the business frontlines—will be an indispensable factor in achieving this, as it is here that we come into direct contact with our corporate clients. Toward this end, TIS seeks to establish the industry's No.1 education and training system and is working to put the system in place in fiscal 2018.

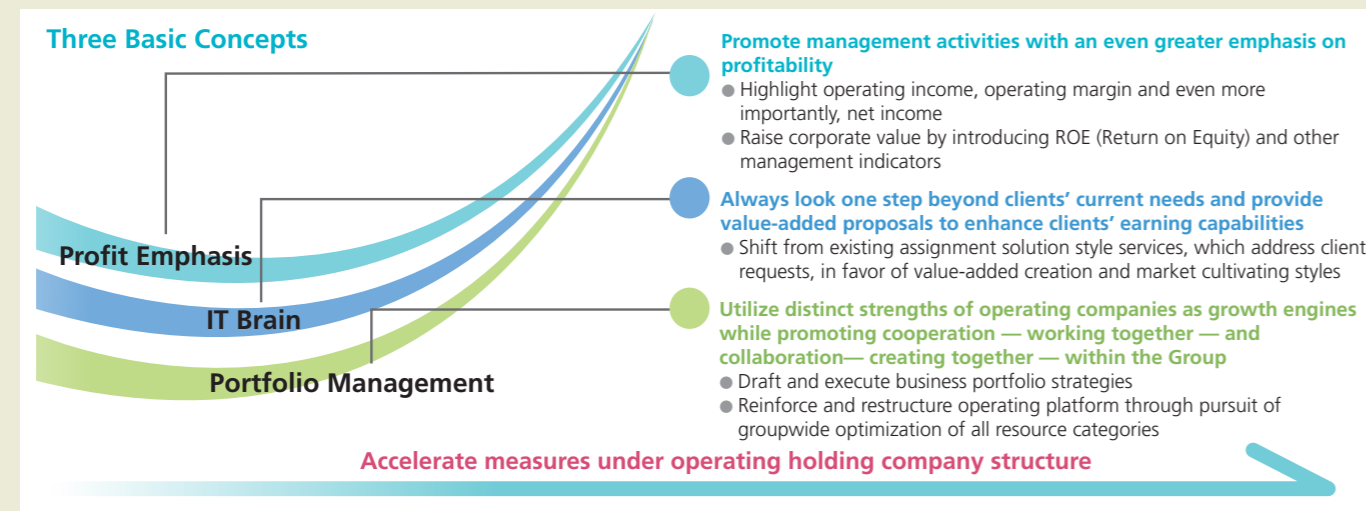
Q7. To stakeholders, including shareholders and investors
“Always aware of how fast times change, and promoting changes of our own”

Fiscal 2018 is the last year of our third medium-term management plan, and will definitely reach our targets of ¥400 billion in net sales and ¥30 billion in operating income. This achievement is a vital stepping stone to new goals in the next medium-term management plan.

We are already moving ahead on preparations for our fourth medium-term management plan. We have had several earnest discussions on such topics as the best way to support efforts to realize Group Vision 2026 and what point we should have reached on the road to this destination by the end of fiscal 2021. Also, groupwide, we are going beyond corporate barriers, with all companies working more closely together than ever before on solutions related to finance, service, BPO and other business categories and pursuing discussions with due consideration to the speed at which changes are affecting IT service providers. Our goal is to prepare a medium-term management plan that all employees under the Group umbrella can actively get behind and stay on the same track.

The TIS INTEC Group has many issues to address, but solutions and approaches to deal with these issues are already quite clear. I am confident that we can capitalize on huge possibilities by implementing appropriate measures with due speed. Everyone—executives and employees alike—will strive to make this happen. On behalf of the entire TIS INTEC Group, I ask for the continued support of our stakeholders as we work toward a successful future.

Third Medium-Term Management Plan "Beyond Borders 2017" (Fiscal 2016 – Fiscal 2018)

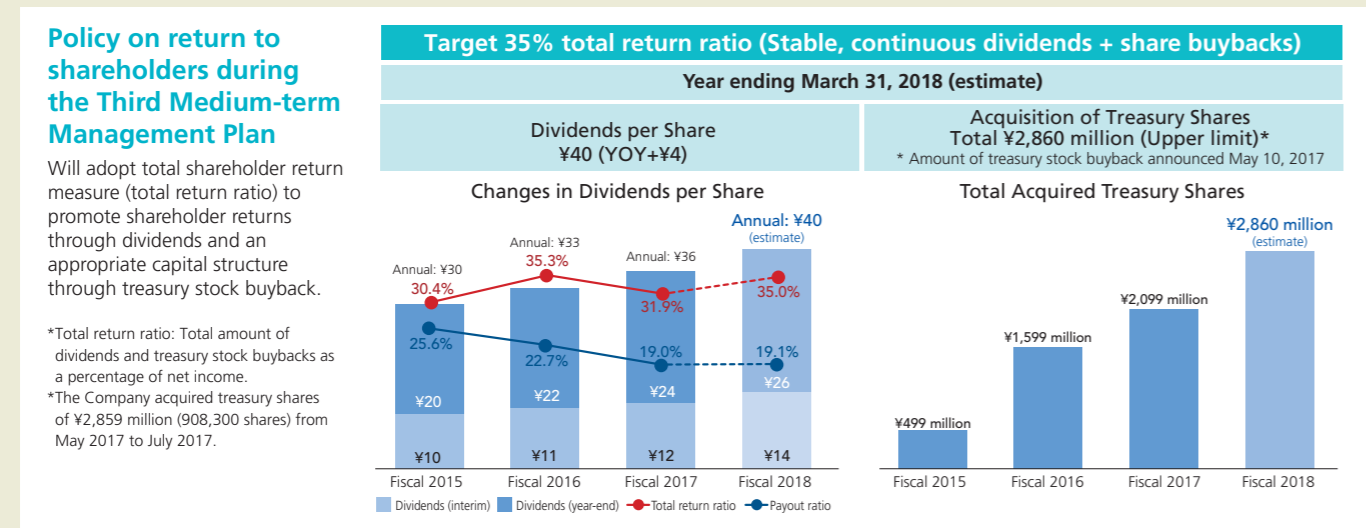
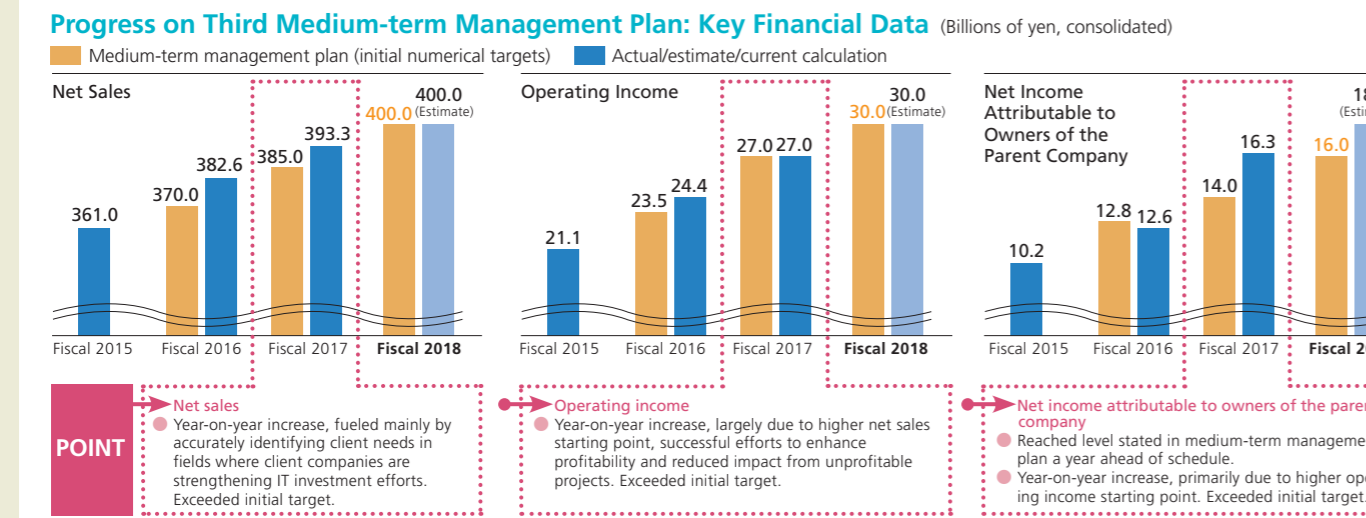


Emphasize ROE as a key performance indicator, strive to boost corporate value, and realize sustainable growth.

"Beyond Borders" evokes the idea of going beyond perceived barriers between companies and business structures to achieve cooperation and collaboration, to transform the current business model, to shift from a domestic perspective to a global view, and to see each and every employee within the Group transcend their own boundaries.

Progress on Third Medium-term Management Plan

	Results of Key Activities in fiscal 2017	Future Issues
Promote optimized capabilities within the Group	<ul style="list-style-type: none"> Implemented shift to operating holding company to strengthen Group governance Executed transfer of businesses between TIS and INTEC Promoted concentration of domestic and overseas BPO operations under AGREX 	Must constantly review Group business portfolio
Integrate/centralize shared functions within the Group	<ul style="list-style-type: none"> Integrated offices in Tokyo, Osaka and Nagoya Realized full Group rollout of CMS, improved capital efficiency of Group overall Conducted review of strategic stockholdings and data centers, improved asset efficiency 	Must cut costs with quantitative targets and elicit integrated synergies
Realize higher level of administrative management	<ul style="list-style-type: none"> Promoted better response to taxation topics (BEPS response), mainly at overseas Group companies Produced integrated report, effective from fiscal 2017; promoted more in-depth IR content Organized and consolidated internal control management systems, and brought unified system under Group Internal Control Committee supervision 	Must consistently address lingering issues, such as a group-wide human resources policy
Cultivate corporate culture with sense of solidarity	<ul style="list-style-type: none"> Debuted unified Group logo in July 2016 Formulated new Group vision Published first Group newsletter "WA" 	Must promote widespread awareness of vision to tackle issues with sense of solidarity



In the Final Year of Medium-Term Management Plan

Josaku Yanai, Director and Managing Executive Officer, Division Director of Corporate Planning SBU

Progress during the second year of the third medium-term management plan was brisk, thanks to the support of everyone involved. Results for fiscal 2017 broke previous records, with net sales charting an upward path for the seventh consecutive year and operating income marking growth for the sixth consecutive year. Of particular note, net income attributable to owners of the parent company and ROE reached final-year targets stated in the medium-term management plan a year ahead of schedule.

Fiscal 2018 is the final year of the current medium-term management plan, and our numerical goals are net sales of ¥400 billion and operating income of ¥30 billion. Toward achievement of these goals, we will constantly strive to expand business volume by accurately pinpointing the IT investment needs of our corporate clients and steadily executing large projects while promoting measures to improve productivity as well as profitability, mainly by preventing projects from turning unprofitable. With regard to return to shareholders, our basic policy is for a total return ratio of 35%, and we intend to realize this level and reward shareholders for the support they have extended to us through an annual dividend of ¥40 per share, up ¥4 from fiscal 2017, and treasury stock buybacks totaling ¥2,860 million.

These pages offer a look at the content and status of key segments in the TIS INTEC Group and overseas-oriented business strategies.

* Net sales include inter-segment sales.

IT Infrastructure Services

Main Business Activities

The segment provides computer utility, that is, operation services, under in-house control through the use of large IT facilities such as data centers.

Fiscal 2017 Summary

Consolidated sales rose 0.5% year on year to ¥126,581 million and operating income rose 13.8% to ¥10,158 million for the year. The data center business expanded steadily with contributions from large public-sector projects and the BPO business also grew. Costs were reduced through the successful promotion of business efficiency measures. As a result, both sales and income increased year on year.

Fiscal 2017

Net sales	¥126,581 million (Up 0.5% year-on-year)
Operating income	¥10,158 million (Up 13.8% year-on-year)

Understanding the External Environment

- Data center business should continue to benefit from trend toward greater use of cloud services. Expanding need for value-added services, such as data security.
- BPO business should see sustained increase in demand for outsourced administrative services contributing to improved corporate management.

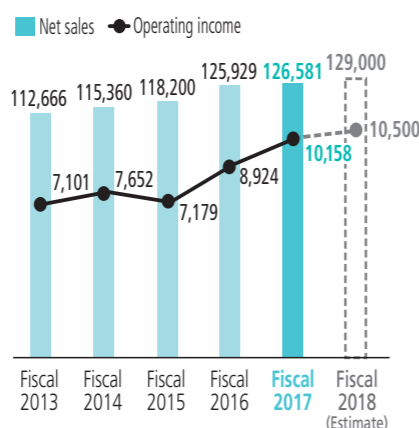
Priority Focus

- Accelerate shift toward service-style business through expansion of value-added services, including security.
- Actively promote cross-selling within the Group for data center/network business.
- Improve profitability through creation of BPO integration effect and wider base of high-profit projects.

Fiscal 2018 Forecast

Positive factors, such as expanding data center-related business through Group connections and rising BPO revenue, will absorb some of cost burden and lead to year-on-year improvement in sales and income.

Sales and Operating Income (Millions of yen)



Financial IT Services

Main Business Activities

The segment applies finance-specific business know-how and IT to support the shift toward greater use of IT in business operations and the execution of business activities drawing on the power of IT.

Fiscal 2017 Summary

Consolidated sales increased 5.7% year on year to ¥84,051 million, while operating income increased 7.9% to ¥3,626 million for the year. Sales and profits increased as a result of successfully capturing customers' growing IT investment demand in the settlement field, mostly among credit card companies.

Fiscal 2017

Net sales	¥84,051 million (Up 5.7% year-on-year)
Operating income	¥3,626 million (Up 7.9% year-on-year)

Understanding the External Environment

- In the credit card sector, IT investment, especially core system replacement demand and responses to restructuring in the payment settlement business, will remain high.
- IT investment by banks is growing as they strive to incorporate new technologies, such as FinTech, and promote reforms in business and services. But demand for existing technologies is being squeezed by cost reductions.
- Negative interest rates continue to impact the IT investment trends of financial institutions.

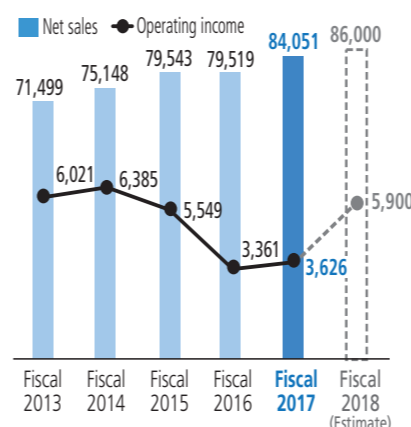
Priority Focus

- Steadily execute large projects for clients in card-based operations.
- Expand payment settlement services business by enhancing PAYCIERGE 2.0 presence and accelerating monetization.
- Pinpoint diversifying needs in payment settlement sector and expand client base to include payment settlement service providers, and clients in distribution and transportation sectors.
- Business sentiment among banks and insurers is unclear, but marketing will target key themes, especially core client operations.

Fiscal 2018 Forecast

Anticipate year-on-year increase in sales and income, reflecting steady execution of big projects and wider business volume achieved by decisively capitalizing on growing demand for payment settlement services, promoting the reduction of unprofitable projects.

Sales and Operating Income (Millions of yen)



Industrial IT Services

Main Business Activities

The segment applies business know-how and IT targeting the public sector and companies in industries other than finance to support clients in their efforts to make greater use of IT in business operations and execute business activities drawing on the power of IT.

Fiscal 2017 Summary

Consolidated sales increased 5.2% year on year to ¥189,409 million, while operating income increased 25.3% to ¥12,496 million for the year. Business expansion was driven by continued robust IT investment in the energy field in conjunction with electric power and natural gas system reforms, large-scale investments by public-sector institutions, and successful measures to serve clients expanding their IT investments to support growth strategies. Measures promoting earnings improvement, including the reduction of unprofitable projects, were also successful. As a result, both sales and income increased.

Fiscal 2017

Net sales	¥189,409 million (Up 5.2% year-on-year)
Operating income	¥12,496 million (Up 25.3% year-on-year)

Understanding the External Environment

- In manufacturing, service and distribution sectors, companies will continue to invest in front-office IT to sharpen competitive edge, especially in marketing-related pursuits, but temporary lull is a worry, given business sentiment.
- ERP market remains favorable, buoyed by replacement demand from manufacturing, service and distribution sectors.
- IT investment among utilities, spurred by electric power and gas system reforms, is coming full circle, but new demand, mainly in response to decentralization, is expected.

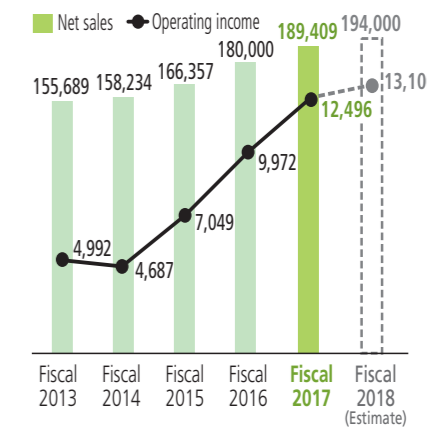
Priority Focus

- Steadily execute large projects for clients in public sector.
- Cultivate demand by embracing themes of strategic importance to core clients and by drawing on Group connections.
- Expand client base by embracing ERP replacement demand, especially among manufacturers.
- IT strategies are viewed as having a direct link to management strategies, so promote "untiring pursuit of high-value-added businesses" by reinforcing consulting and upstream businesses to complement existing SI business.

Fiscal 2018 Forecast

Looking at year-on-year increase in sales and income, as impact of reactionary drop in large projects largely offset by decisive capture of growing ERP demand from manufacturing sector and efforts to promote greater cooperation among Group companies at core.

Sales and Operating Income (Millions of yen)



Global Business

Three Pillars of Global Development

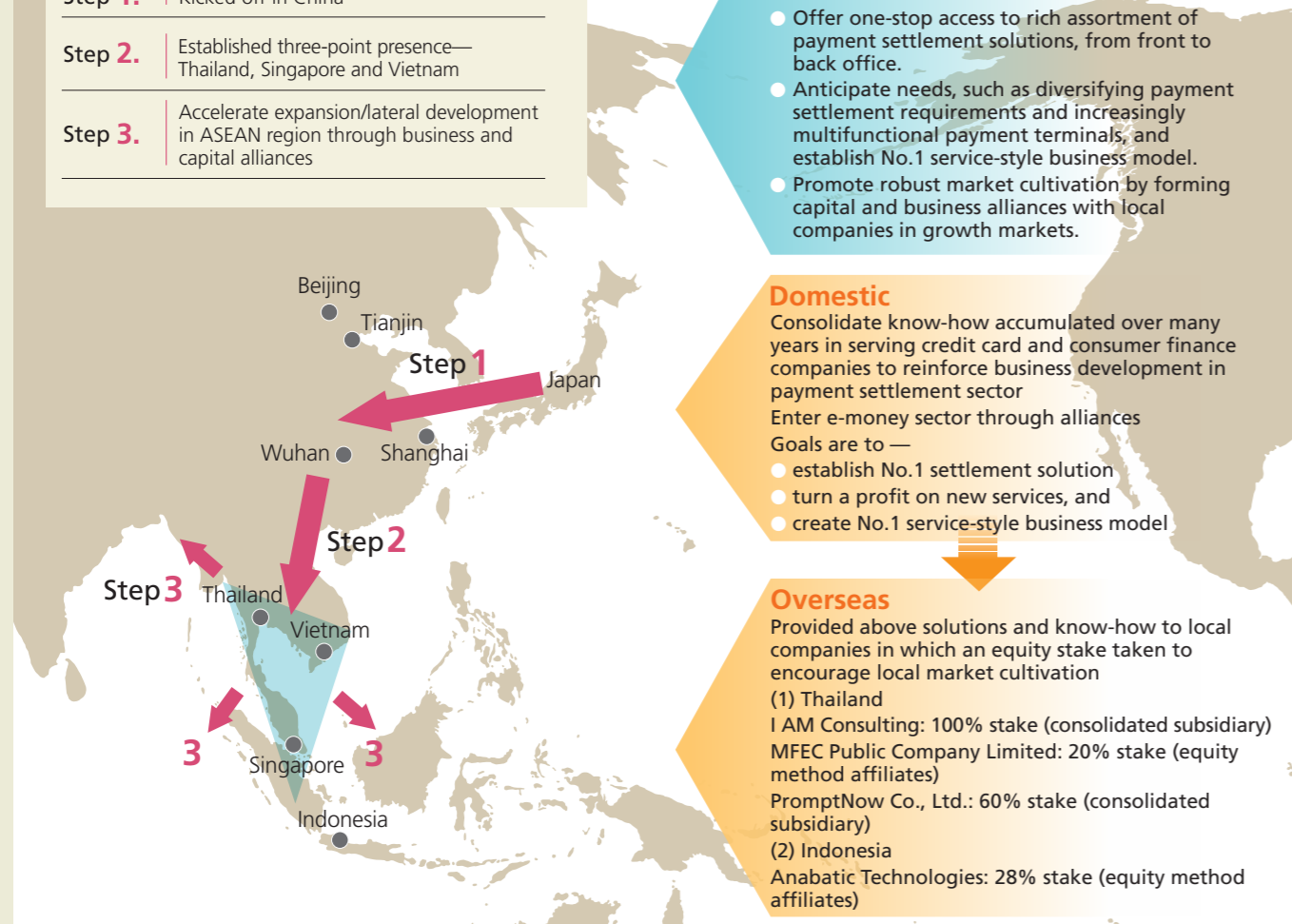
The Group's global development is supported by three pillars: local support for existing clients entering one or more countries; cultivation of local IT markets where know-how accumulated in Japan can be put to use; and domestic application of leading-edge technologies sourced abroad and turned into new business strengths. The Group's overseas activities kicked off in China and have since expanded to the ASEAN region where its capabilities are leveraged by a three-point presence—Thailand, Singapore and Vietnam—mainly through representative offices. In recent years, our approach has diversified, drawing on business and capital alliances with local companies, and thereby accelerating lateral expansion through the ASEAN region.

Enhance Activity Through Business and Capital Alliances in ASEAN Region

In 2014, then ITHD-subsiary TIS formed a capital and business alliance with MFEC Public Company, a major local provider of system integration services in Thailand, and turned I AM Consulting, a top-class SAP consulting firm in Thailand into a consolidated subsidiary. In 2015, the company formed a capital and business alliance with PT. Anabatic Technologies, a major system integrator in Indonesia. The 2016 investment in PromptNow Co., Ltd., which subsequently became a consolidated subsidiary, is another example of efforts to enhance our presence in the ASEAN region. Going forward, the revitalized TIS will resourcefully promote joint strategies with promising partners to build a solid business presence in the ASEAN region.

Aiming at further business expansion

- Step 1.** | Kicked off in China
- Step 2.** | Established three-point presence—Thailand, Singapore and Vietnam
- Step 3.** | Accelerate expansion/lateral development in ASEAN region through business and capital alliances



Topics

Examples to expand and promote services that create added value

- Offer one-stop access to rich assortment of payment settlement solutions, from front to back office.
- Anticipate needs, such as diversifying payment settlement requirements and increasingly multifunctional payment terminals, and establish No.1 service-style business model.
- Promote robust market cultivation by forming capital and business alliances with local companies in growth markets.

Domestic

Consolidate know-how accumulated over many years in serving credit card and consumer finance companies to reinforce business development in payment settlement sector
Enter e-money sector through alliances
Goals are to —

- establish No.1 settlement solution
- turn a profit on new services, and
- create No.1 service-style business model

Overseas

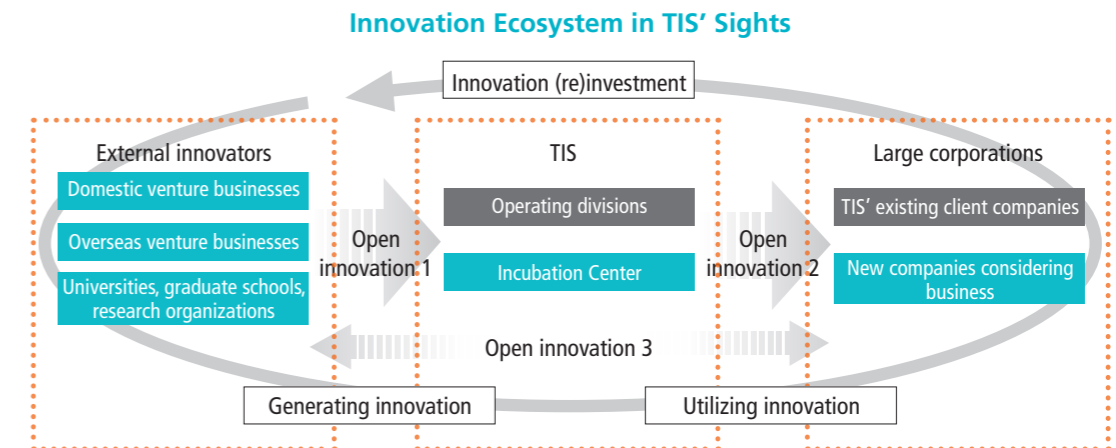
Provided above solutions and know-how to local companies in which an equity stake taken to encourage local market cultivation

(1) Thailand
I AM Consulting: 100% stake (consolidated subsidiary)
MFEC Public Company Limited: 20% stake (equity method affiliates)
PromptNow Co., Ltd.: 60% stake (consolidated subsidiary)

(2) Indonesia
Anabatic Technologies: 28% stake (equity method affiliates)

Technology Innovation and New Services Strategy —Toward Value-Added Business Expansion

Addressing progress in new technologies, such as fintech, Internet of Things (IoT) and artificial intelligence (AI), as well as industry currents is not only essential in contributing to clients' digital management but also in creating new strengths under the TIS INTEC Group banner. Therefore, we seek to quickly reshape our business model and set up new core businesses using open innovation, and we are actively working toward these goals.



- Business creation connecting external innovators and TIS' client companies
- Collaboration through corporate venture capital and joint industry-academic research
- Access to leading-edge technologies, such as blockchain and AI

Examples of Key Collaborations with Ventures/Start-ups

QUADRAC CO., LTD (payment settlement)	Elvez, Inc. (AI)
SEQSENSE Inc. (robotics)	Unirobot Corporation (robotics)
KOKOPELLI incubate inc. (AI)	Tangerine Inc. (IoT)

New hub "bit & innovation" to promote open innovation



Stronger collaboration with Digital Garage

- Participating as technology development partner in DG Lab, an open innovation-style R&D setup.
- Established joint venture DG Technologies, Inc., a company involved in strategic technology development (equity ratios: Digital Garage, 80%; TIS, 20%).
- Raised stake in Digital Garage to 5%, to solidify relationship as strategic partner in IT pursuits.

Strategic alliance with Singapore Telecom

- Signed strategic alliance agreement on managed security services with Singapore Telecommunications, a major carrier in Singapore.
- Will develop demand in Japan for managed security services provided by Trustwave Holdings, a Singapore Telecom subsidiary and one of the largest security vendors in North America. Intend to provide integrated security response, which is gaining interest in Japan, and will seek to expand security business in the domestic market.

Business alliance with Toppan Printing, start of joint services

- Seeking higher corporate value for both companies, TIS and Toppan Printing entered into a business alliance, which includes a capital aspect, to pinpoint domains in which the strengths of both companies can be leveraged and to develop and provide solutions that address client issues.
- As a first step, jointly launch mobile wallet service to financial institutions facilitating use of mobile cash



TIS INTEC Group's Platform for Supporting Corporate Value Process

Communication with TIS INTEC Group's stakeholders is a what supports improvement in corporate value. Consideration for the environment along with efforts in quality control and R&D are also essential for the business of information systems—a key social infrastructure—to function in harmony with society and steadily evolve. With this in mind, we strive to enhance corporate governance and internal controls, which form a vital cornerstone of business activities within the Group.

Communication with Stakeholders

The TIS INTEC Group strives to build bonds of trust through communication with all stakeholders, including clients, employees, shareholders and investors, and business partners, and to boost corporate value.



Basic Direction on CSR

The management philosophy that permeates the TIS INTEC Group stresses the Group's development into a corporate citizen whose activities, hinging on the provision of various services utilizing IT, match its status as a leading corporate group. This philosophy also underpins the Group's efforts to raise corporate value, supported in this effort by the high regard of all its stakeholders, including clients and shareholders as well as employees and their families. The Group's stance on corporate social responsibility is evident in its commitment to cultivate a vibrant corporate culture that encourages the companies and individuals under the Group umbrella to work toward higher goals and embrace new challenges, to be honest and fair in business pursuits based on respect for the law, of course, as well as high moral standards, and to fulfill social obligations. This is the Group's basic direction on CSR.

Ensure sound, transparent management practices	Acknowledge responsibilities as a leading corporate group in the IT services industry and undertake sound corporate activities with integrity and clarity of purpose. In addition, be sincere and fair in dealings with all stakeholders and proactively disclose pertinent corporate information.
Provide optimum services	Always provide the very best to clients and strive to raise customer satisfaction levels through excellent quality and technology built on the composite strengths of the Group.
Develop talent	Cultivate an environment in which employees always look ahead, striving to achieve higher goals and embracing new challenges. Provide opportunities to grow and realize personal goals, create a safe and productive work environment, and give each person the freedom to reach his or her potential.
Respect the law	Maintain high corporate morals, obey the law and uphold parameters of socially acceptable conduct, and respect the spirit of such standards. Have absolutely nothing to do with antisocial forces.
Maintain fair business practices	Ensure appropriate business transactions, based on fair and open competition.
Protect the environment	Recognize that environmental problems warrant universal attention and promote efforts to save resources and energy in the execution of corporate activities. Also, through IT services, support clients' efforts to enhance operating efficiency and reduce energy consumption, thereby contributing to lower environmental impact.
Contribute to society	Actively participate in community events as a corporate citizen whose social standing matches its leading industry status.
Be a part of the international community	Naturally, obey internationally recognized rules and local laws in the execution of cross-border projects, but also contribute to social and economic development in the countries where TIS INTEC Group maintains a presence by recognizing local culture and customs.

In line with Basic Policy on Group CSR, the TIS INTEC Group is considering and pursuing various measures from the perspectives described below.

Organizational Governance

- Human rights**
Due diligence, crisis situations impacting human rights, avoidance of complicity, complaint resolution, prejudice, socially disadvantaged, citizen and political rights, economic, social and cultural rights, basic principles and rights in labor
- Labor practices**
Hiring and hiring-related issues, working conditions and social safeguards, social dialogue, health and safety in the workplace, personnel instruction and training in the workplace
- Environment**
Approaches to prevent pollution, use of sustainable resources, mitigating and dealing with climate change, environmental protection, preserving biodiversity and restoring natural habitats
- Fair business practices**
Approaches to prevent corruption, responsible political ties, fair competition, promoting social responsibility in value chain, respect for property rights
- Consumer issues**
Fair marketing, information and contract execution, protecting health and safety of consumers, sustainable consumption, services and support for consumers as well as complaint and dispute resolution, consumer data protection and privacy, improved access to required and indispensable services, education and awareness
- Community involvement and community development**
Involvement in the community, education and culture, job creation and skill development, development of technology and access to technology, wealth and income creation, health, socially responsible investment

Platform that supports value creation process

Communication with Stakeholders—Employees

Create environment in which each and every employee can fully demonstrate respective capabilities

For the TIS INTEC Group, the cornerstone of business, from an administrative perspective, is none other than employees—each and every one. We strive to maintain an environment that facilitates diverse approaches to work, which enables employees to feel they are contributing to society through their jobs and thus encourages personal pride and fuels motivation. Through the Third Medium-Term Management Plan, we will emphasize the key measures described below as pursuits common groupwide.

Key Measure	Content
Encourage women to seek management positions	Address national policies, including the Act Concerning the Promotion of Women's Career Activities, and promote diversity in hiring.
Utilize human resources and upgrade skills	Consider utilization and training of employees from groupwide perspective to achieve sharper business edge at all Group companies.
Promote hiring of disabled persons	Achieve mandated 2.0% ratio as quickly as possible and maintain it, and develop further steps to promote hiring.
Address aging of workforce	Address issue of shrinking working-age population that parallels falling birthrate and rising number of seniors in society as well as associated increase in age composition of employees, and promote continuous recruitment activities and establishment of appropriate personnel system matched to employee age composition.
Create comfortable work environment where employees feel appreciated	Create structure for comfortable workplace by boosting the acquisition rate of paid holiday time (goal at each company is rate above 80%) and trimming overtime work (goal to keep overtime under 20 hours at each company).
Cultivate sense of unity groupwide	Implement programs that cut laterally across the Group, highlighting "management," "global," "services" and "technology," to cultivate united perspective and to reinforce the skills of human resources.
Collect/organize human resources information	Realign functions within the Group and, as a strategy for job mobility, collect and organize human resources information, not only basic personnel data but also skills, and share the information.

We realize that sustainable growth requires multifaceted perspectives and value perceptions, based on different experience, skills and attributes, and we will strive to ensure diversity in human resources, including efforts to encourage women to take on positions with more responsibility. Getting women to be more active members of the workforce is an issue of particular importance in Japan these days, and the ratio of women in management positions at the seven principal companies under the TIS INTEC Group umbrella averages around 6%. We recognize the pressing need to establish and maintain structures and a work environment that enable female employees to demonstrate even greater potential. Under the leadership of top management, we will promote measures throughout the Group toward this end, emphasizing skill development, career formation and consideration of various workstyles.

Activities at Principal Group Companies to Promote Greater Involvement of Women in the Workplace

In April 2016, the Act Concerning the Promotion of Women's Career Activities came into force in Japan, obligating employers to formulate a plan of action with specific details on duration, targets, measures and schedule, to submit this action plan to the relevant government office and to make the content publicly available. Against this backdrop, 10 principal companies* in the TIS INTEC Group began a process of discussions. A summary of the plans formulated by five of these companies is presented below.

Note: Companies with 301 or more regular employees are required to formulate an action plan for promoting women to leadership positions, to submit the plan to the relevant government office, and to publicly disclose the content of the plan. There are 10 companies in the TIS INTEC Group subject to the new legislation: TIS, INTEC, AGREX, QUALICA, AIS, Chuo System, TIS Solution Link, TIS System Service, INTEC Solution Power and KOUISHI INTEC.

Company Name	Plan Duration (Years)	Plan Targets	Measures
TIS	4	<ul style="list-style-type: none"> Ratio of women in management positions: 10% (186 women) Ratio of women promoted to manager level: 17% on average Ratio of women taking training courses prior to promotion to manager salary level: More than 20% 	<ul style="list-style-type: none"> Set promotion ratio target for women in each fiscal year of the four-year action plan Set quota for women participating in training courses prior to promotion to manager salary level Provide training for women with potential to become managers through enhanced career education for women
INTEC	5	<ul style="list-style-type: none"> Ratio of women in management positions: More than 7% 	<ul style="list-style-type: none"> Hold meetings that cross division or section boundaries to exchange information Talk with employees before and after they return to work from leaves of absence Set medium- and long-term goals for young female employees and expand content of discussions
AGREX	2 *5-year target	<ul style="list-style-type: none"> Ratio of women in management positions: More than 20%* Motivate women to seek promotions and encourage supervisors to acknowledge potential (Goal to train 60 women for management positions) 	<ul style="list-style-type: none"> Establish project to promote greater involvement of women in the workplace Roll out programs that raise awareness about greater involvement of women in the workplace Utilize employees with time constraints in management positions
QUALICA	5	<ul style="list-style-type: none"> Ratio of women among recently graduated newly hired employees: More than 30% Ratio of female employees: More than 20% Ratio of women in management positions: More than 8.5% (15 women) 	<ul style="list-style-type: none"> Enhance disclosure of information to female students Support career advancement and network creation for female employees Create comfortable working environment and offer human resources management training to supervisors
AIS	5	<ul style="list-style-type: none"> Encourage female employees to pursue management positions Ratio of women taking promotion-oriented training in preparation for a management position: Up 10% 	<ul style="list-style-type: none"> Initiate project to promote greater involvement of women in the workplace Implement various programs to cultivate perception conducive to greater involvement of women in the workplace Make content of promotion requirements course (at Globis University) widely known and encourage women to take the course

To provide an environment in which employees can fully demonstrate their capabilities and stay on a career path with confidence and no work/life balance concerns, companies within the TIS INTEC Group implement measures from the various perspectives.

Major Activities

Noteworthy pursuits undertaken at Group companies are presented below.

- 1. Work/life balance, diversity (includes promoting role of women in the workplace)**
- Promoting better structures for work at home and shorter working hours (expand number of hours possible, extend period of applicability)
 - Promoting reduction in overtime through no overtime days and other approaches
 - Encouraging employees to take allocated annual paid leave
 - Special paid leave categories, including refreshment leave, convalescent leave following injury or illness, and childcare/nursing care leave
 - Visit-the-office opportunities for families
 - Morning flextime work structure with 9am-11am core time
 - Program for return to work after maternity leave
 - Office-based daycare facilities for children of employees
 - Committee set up to explore the issue of creating a corporate culture in which women feel empowered to work
 - Promoting projects aimed at improving the work environment
 - Promoting "Thin Office" to raise administrative efficiency
 - Acquired "Kurumin" mark from Ministry of Health, Labour and Welfare in Japan for efforts supporting development of the next generation
 - Information exchange opportunities for women on childcare leave (includes other employees on leave as well)
 - Starts of part-time permit system
 - Participated in comfortable commute movement "Jisa Biz"

- 2. Training and utilization of human resources, and fair evaluation and treatment**
- Talent management to systematically execute such processes as hiring, assignment, skill development and performance evaluation
 - System to invite applications for job openings in-house, a system that allows individuals to apply for preferred positions, a system to monitor goals determined through discussions with superiors once every six months on job-related goals, a specialist system (type of multi-track personnel system tapping people with specialized know-how for suitable positions), and a non-territorial office (where employees do not have their own desks)
 - Occupation-specific courses, e-learning, correspondence education and other training opportunities
 - President's award program for employees (recognizing noteworthy individuals, projects and activities)
 - Evaluation training to ensure that evaluations are fair and equitable
 - Debuted "coming home" system that enables retired employees to return to work
 - Incentive awards and financial assistance to help employees acquire new qualifications
 - Establishment of career consulting office
- 3. Health management, other programs**
- Consultation point for physical and mental health questions, and mental stress checks
 - "Pink Vouchers" available through the TIS INTEC Group Health Insurance Association to offset some of the costs incurred to refresh the body and mind
 - Employee awareness surveys and human rights education

Topics

POSITIVE ACTION Promotes Involvement of Women

In 2013, TIS set up a voluntary team—POSITIVE ACTION—with key participation from female employees. Specific activities based on activity suggestions from this team have been implemented to enhance the workplace environment, including steps to encourage female employees to pursue career options with more responsibility. For the action plan that runs from April 2016 to April 2020, we aim to push the ratio of women in management positions above 10%—up from 7.4% as of July 2016—and are promoting several initiatives, including the establishment of a target for the ratio of women in senior management positions, career training for women, and support for women pursuing career advancement.

Providing Employment Opportunities to the Disabled

Through SorunPure Inc, a special subsidiary, the TIS INTEC Group supports the creation of work environments where as many disabled people as possible can find employment. As of June 2017, SorunPure had a staff of 59, including seven guides, who undertake office management services, and helping employees maintain good health (in-house physiotherapist), at the Tokyo headquarters, the Osaka office, the Nagoya office and the Matsumoto office. As of June 2017, the TIS INTEC Group had achieved a disabled employee ratio of 1.97%, based on 390.5 disabled persons at 11 companies, including TIS, SorunPure and specially recognized companies.

Platform that supports value creation process

TIS INTEC Group Embraces New Workstyles

Human resources are a driver of growth for the TIS INTEC Group and represent a most precious management asset.

The TIS INTEC Group is actively promoting a change in workstyles as an indispensable component for sustainable growth and improved corporate value. Specifically, TIS—as the operating holding company—is compiling precedents and best practices from each Group company for widespread implementation throughout the Group.

Key Steps in Changing TIS Workstyle

Raise Motivation (Consciousness, willingness)

- Expand learning investment (more opportunities for learning)
 - Set a number of days for learning: 10 days annually/person
- Concurrent licensing system
- Organize TIS INTEC Group Hackathon
- Expand in-house recruiting program: Regular job postings, venture business challenge
- Run work/life balance workshops
- Boost base salary, anticipating a drop in overtime hours

Enhance Workplace Environment (Facilities, systems)

- Expand telework
 - On Telework Day, July 24, 2017, TIS participated as a specially recognized company (will report on results after the event).
- Set up free address workplace and multi-use areas at the head office
- Set up “bit & innovation” coworking and event space
- Open Satellite Marunouchi satellite office

Enhance Working Conditions (Systems, rules)

- Reduce work during off-the-clock time, turn paid vacation utilization ratio into KPI
 - Decrease overtime work by five hours per month
 - Boost paid vacation utilization ratio above 80%
- Encourage application of flextime system
 - Offer two-pattern option: morning or full-day
- Encourage employees to take paid vacation
 - Set days that employees are encouraged to take as paid vacation days (six days per year) and promote Premium Friday quit-work-early campaign
- Promote and share various useful strategies throughout the Company

Opened Satellite Office Marunouchi

TIS has been working to open satellite offices as part of its approach to new workstyles. In April 2017, we welcomed the opening of Satellite Office Marunouchi, near Tokyo Station. Using this satellite office as a place for talks with clients and for preparations ahead of a business trip or for after-trip work will increase time spent communicating with clients and also enhance the efficiency of operations and promote faster decision-making.

- Escape from typically long hours of work, and with healthy mind and body, freely demonstrate rich imagination and creativity to raise “added value” quality
- Improve productivity, enrich work/life balance by promoting various workstyles, and enhance employees’ enthusiasm for work by increasing opportunities for self-directed study to upgrade skills



Topics

INTEC Kids Home

Kids Home is an office-based daycare opened in March 2007 inside the INTEC Kids Building, in Toyama, to create an environment that enables Group employees to raise children and continue to work without worrying about trying to balance work and home responsibilities. The daycare has 25 regular staff, and highly experienced childcare workers strive to provide an atmosphere that encourages youngsters to develop both mind and body, mainly through life and play activities that use the five senses. The daycare is intended for children of Group employees, but it is also open to people who have young children and work at companies near Toyama Station.



Captured Highest Level of “Eruboshi” Certification based on Act to Promote Women’s Participation

In June 2017, INTEC received Grade 3 certification—the highest level—under the “Eruboshi” system, which recognizes companies that provide excellent initiatives to encourage women to be more active in the workplace. Certification is awarded by the Minister of Health, Labour and Welfare and is only granted to companies that fulfill certain standards sets by the Ministry of Health, Labour and Welfare. As of April 30, 2017, the ministry has recognized 308 companies nationwide. INTEC met certification standards in all five categories—hiring, continuous employment, working conditions, such as working hours; ratio of women in managerial positions; and career path diversity—to capture the top-level grade.



Platform that supports value creation process

Communication with Stakeholders—Shareholders

Fast, fair and impartial information disclosure

We provide performance results and the latest news on our business activities to analysts as well as institutional and individual investors through events, such as information meetings, the production of pamphlets and other materials, and also in the investor relations section of the TIS website.

IR Events in Fiscal 2017	Frequency	Content
Results briefings for analysts and institutional investors	4 times	Quarterly briefings
Small meetings for analysts and institutional investors	195 times	Provide IR-oriented information for analysts and institutional investors. Of these meetings, 31 were for overseas investors. Total coverage: 238 companies (311 people)
Small meeting	1 time	President held a meeting with sell-side analysts
Overseas roadshow	1 time	President, director responsible for overseas IR and other members of senior management met with shareholders and investors in Europe
IR conference	3 times	Participated in conference organized by securities firm in Tokyo
Production of materials for individual investors	2 times	Issued “Business Report”

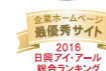
TIS’ IR Activities Recognized with Awards from External Organizations

At TIS, we believe that timely and objective information disclosure to shareholders and investors is an important obligation that any listed company must fulfill. Therefore, we strive to enrich our IR activities and improve the content and function of the IR pages of our website. The success of our efforts is substantiated in part by the following awards.



2016 Internet IR Commendation Award (Daiwa Investor Relations Co., Ltd.)
Marked fourth consecutive year, following wins in 2013, with award for excellence.

Selected for inclusion in the MSCI Japanese Women in Leadership Total Return Index (WIN)



Fiscal 2016 Homepage Quality Ranking Survey of All Listed Companies (Nikko Investor Relations Co., Ltd.)
Received highest award as excellent website in comprehensive ranking, from Fiscal 2015 in two consecutive years.

Selected for candidates, 500 companies, of the 6th Corporate Value Improvement Award in fiscal 2017



Gomez IR Site Comprehensive Ranking 2016 (Morningstar Japan K.K.)
Recognized as company with excellent website, and captured bronze medal, from 2015 in two consecutive years.

Communicating with Stakeholders—Clients

Making ourselves indispensable as a business partner

Implemented Fiscal 2017 Customer Satisfaction Survey

Every year, TIS conducts a questionnaire-style customer satisfaction survey to evaluate activities intended to underpin its position as a business partner who helps clients expand their businesses. The fiscal 2017 survey comprised 36 questions in 11 categories. While TIS was praised for an earnest and sincere approach and quality-driven frontline responsiveness, some comments indicated that the Company should offer more proactive proposals and more information. Going forward, TIS will continue to lend a corporate ear to client comments through this kind of process and promote measures that contribute more extensively to client operations as a business partner.

TIS Business Forum 2017 Held in Tokyo

In July 2017, TIS held TIS Business Forum 2017 in Tokyo, with support from TIS INTEC Group companies. This year, under the theme “Synergy & Energy: Collaborative creation will be the driving force that carries us into the future,” we welcomed 798 clients to the venue, and showcased various Group seminars and solutions. In October 2017, a forum is scheduled to take place in Nagoya.



Communicating with Stakeholders—Business Partners

Seeking stronger relationships with partners across wide spectrum

TIS Business Partner Social Gathering Held in Tokyo

In July 2017, TIS held the TIS Business Partner Social Gathering in Tokyo. The event was attended by 156 people from 78 key business partners. Management took this opportunity to express its gratitude for the constant support extended to TIS by these business partners and to describe the Company’s corporate stance, including business direction, to create stronger relationships. Similar gatherings are to be held in Nagoya and Osaka later in the year.



| Platform that supports value creation process |

Communication with Stakeholders—With Community/Society

Through activities involving all Group companies

We undertake multifaceted activities in cooperation with regional communities, including Smile Kids Camp, support for international conferences on local revitalization, a forest conservation project and lunchtime concerts.

● Selection of Major Activities

Smile Kids Camp—Supporting Seriously Ill and Disabled Children and Their Families

This traveling event is planned and executed by a committee of volunteers from TIS for children with serious illnesses or disabilities and their families. Employees from TIS INTEC Group companies volunteer their time to staff the event, providing a valuable opportunity to contemplate the real significance of CSR and volunteer activities.



Taking Part in Asahi no Mori Forest Conservation Project

AJS supports the Asahi no Mori forest conservation project in the northern part of Miyazaki Prefecture spearheaded by Asahi Kasei Corporation to prevent global warming, protect the natural environment and also contribute to the prefecture where it has an established business presence. The company first got involved in this project in 2010, and since then, about 3,600 people in total have planted more than 60,000 seedlings over 26 hectares.



Providing Smartphone App to Support International Conferences

In November 2016, INTEC provided a smartphone app to participants at the Resilient Cities Summit in Toyama and helped people get to where they needed to go by delivering positioning-based information on roads, conference programs and other summit- and host city-related activities.



Performances by Friends of Music Society

TIS INTEC Group Gakuyukai (Friends of Music Society) is a registered ensemble mainly comprising employees of the TIS INTEC Group and family of employees. It reflects the Group's objective to be a good corporate citizen, through lunchtime concerts in the Tokyo head office building and performances at local recital halls.



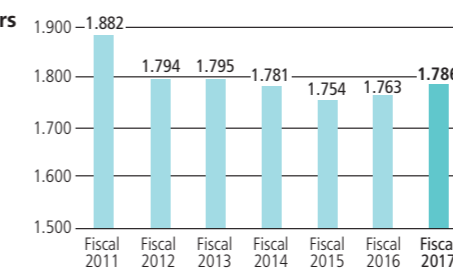
The TIS INTEC Group is involved in various activities that bring employees together with local communities. For details, go to <http://www.tis.com/group/csr/>

| Platform that supports value creation process |

Contributing to Global Environment

We actively embrace measures through our business activities to address environmental issues. At our newest data center, we have taken an environment-conscious approach, emphasizing renewable energy and resources and utilize geothermal sources for heating, outside air for cooling, rainwater for uses other than drinking water, and solar power for electricity.

PUE at Data Centers



Notes: 1. PUE (Power Usage Effectiveness)=Electric consumption by whole facilities/Electric consumption by facilities related to information technology.
2. Graph data includes amounts recorded by Tokyo 1st/2nd/3rd centers, GDC Gotenyama, Nagoya Center, Osaka Center, Shinsaibashi gDC, and Shinsaibashi gDC-EX.

The TIS INTEC Group is taking an environment-conscious approach at offices and data centers, which form the bedrock of corporate activities, by introducing measures to save energy and cut greenhouse gas emissions.

● Examples of Environment-Conscious Activities at Data Centers

- Outdoor air for cooling
- Use of geothermal energy
- Use of rainwater
- Use of well water
- Lighting equipment run on solar power
- Green power procurement
- Natural lighting
- LED lighting
- Optimized lighting with motion sensors and ambient light sensors
- High-efficiency equipment
- Rooftop greenery
- Landscaping
- External appearance in harmony with the local surroundings
- Noise-damping, heat-insulating sashes



Natural light (solar tracking equipment)



Solar power generation monitor



Rooftop greenery

● Examples of Environment-Conscious Activities at Offices

- Cool Biz
- Go paperless (monitors set up in meeting rooms)
- Recycle PCs
- Confidential documents are solution-treated by a provider
- Garbage is sorted for disposal
- Participate in eco-cap movement
- Partner in Table for Two program
- Lights turned off in work areas during lunch hour
- Reduced use of lighting (some lights not turned on)
- Uniform air conditioner setting (in principle, "blower")
- Stop running air barrier fans
- Power switched off on machine, such as copiers and shredders, during periods of non-use
- No heating in washrooms, and hot water setting disabled
- Absolutely no vehicle idling
- Water tap frequently closed
- Encourage use of stairs (instead of elevator)
- End over-wrapping
- Encourage employees to use personal thermos bottles, and reusable shopping bags.
- Encourage employees to take vacation days during summer

Platform that supports value creation process

Quality Control

The TIS INTEC Group is well aware of the social responsibility inherent in information systems, which underpin social infrastructure, and efforts are constantly directed toward improving the quality of the services provided. We seek to boost productivity, mainly by promoting greater sophistication at the required definition stage and regular use of standard development platforms, while also preventing projects from turning unprofitable, which is a priority under the current medium-term management plan.

Group System Development and Quality Management Innovation Committee

Experts from Group companies come together based on the newly established Committee, and share information of best practices and precedents to control unprofitable projects and strengthen technologies on a groupwide basis.

Loss Elimination Group

After having set a goal to prevent unprofitable projects within the Group and establishing a PDCA scheme to achieve this goal, monitored status of efforts. Analyzed unprofitable project status, shared Group company project supervision rules and measures, identified issues for improvement, beginning with a format for screening projects at the proposal stage and a format for monitoring—visualizing—project status, and implemented changes.

Technology Reinforcement Group

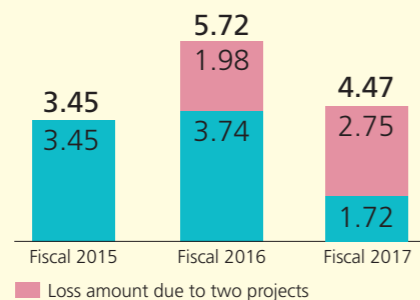
Started with goal to share measures related to enhanced technological expertise, such as development framework and development methods, throughout the Group, and to promote higher level of sophistication.

Efforts in production reform naturally lead to enhanced profitability by preventing projects from becoming unprofitable, but such activities also help the Group maintain superiority in a transforming IT industry and promote improvements in workstyles for employees.

Core business system (Mode 1, SoR) field	Digital innovation (Mode 2, SoE) field	Enhance project risk supervision
<ul style="list-style-type: none"> Set stage for Nablarh and utilize on corporate basis Raise level of required definition expertise Raise level of project management expertise Enhancement reform activities 	<ul style="list-style-type: none"> Application of agile development approach Greater use of cloud, PaaS 	<ul style="list-style-type: none"> Rigorous check to ensure that system and plan have been confirmed through review at project start Pinpoint and solve problems in the early stage through project diagnostic

- Anticipating positive effect on two fronts—improved productivity and reduced appearance of unprofitable projects—which are actually two sides of same coin
- Will utilize insights and know-how accumulated by TIS to unroll new system development and quality management innovation measures. Gradually promoting measures through Group as precedents and best practices.

Trend in Unprofitable Projects (Billions of yen)



If two unprofitable projects—one for card-oriented system and one for a bank-oriented system—having a huge impact on recent performance are excluded, the value impact of unprofitable projects is on a downtrend.

Expect development loss ratio to be within 1.0% range in fiscal 2018.

Sharing Best Practices Throughout the Group

Yuichi Aida, Chairman, Group System Development and Quality Management Innovation Committee



Unprofitable projects naturally impact consolidated business performance, but they also inconvenience clients, by placing an extra burden on them or prolonging the schedule, and force employees to execute jobs with conditions more difficult than initially envisioned. I would definitely like to minimize these situations.

To date, we have pursued various production reform measures with the potential to deliver results in conjunction with efforts to boost productivity, and tangible results have indeed been achieved. But we cannot be complacent. As a cohesive group, we must continue to improve our responses to changes in the operating environment, and we must strive to reach higher levels.

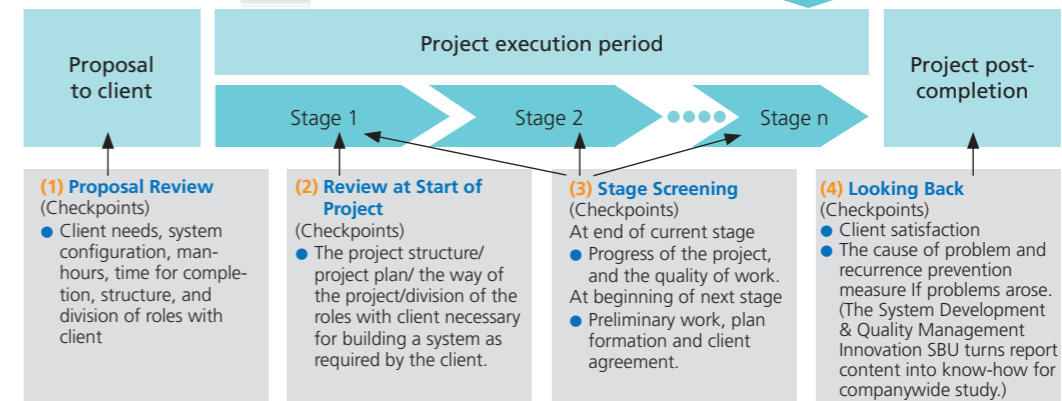
Case Study of Share Information at the Committee Project Risk Supervision Structure at TIS

Regular Project Reports

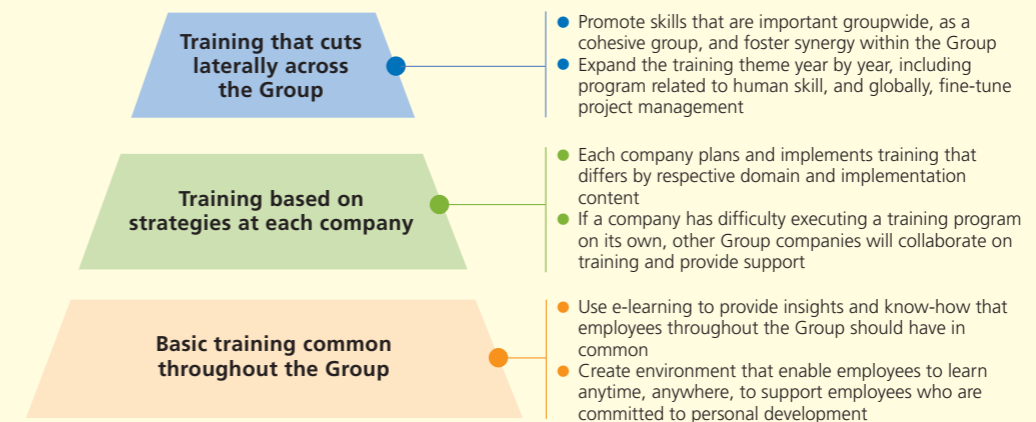
- Project managers submit weekly reports to division managers and business unit managers who are responsible for projects. These reports cover such aspects as progress, the appearance of problems and responses to such problems, and the manifestation of risk and measures to deal with such risk.
- If support, such as the addition of essential personnel from divisions or business units, is required, support measures must be prepared and directions given.

(5) Project Diagnostic

- Once every three months, a questionnaire is given to all members of a project team by the project risk supervision division at each company to pinpoint problem points in each project.
- Divisions and business units will confirm problems, based on questionnaire results. Causes will be clarified and remedial measures implemented.



For the TIS INTEC Group, its human capital is a vital management resource. From this perspective, training and development is also a key allocation in our investment activities. Training and development is broken down into three categories.



| Platform that supports value creation process |

Research and Development

In the IT services industry, where the Group is a key player, rapidly responding to advances in IT and the changes in market needs that they precipitate is critical to sustaining and enhancing competitiveness. The Group's R&D activities hinge on TIS and INTEC, which undertake leading-edge pursuits in the domains described below and tirelessly execute surveys and research, particularly on IT and production and development technologies that reinforce the Group's capacity to respond to the changes these technologies precipitate. Note that most of the Group's R&D activities are not specific to individual business segments, but rather are expeditions to discover techniques that can be applied laterally across the businesses of the Group.

(1) Software Development Technology

Every member of the TIS INTEC Group is working actively and constantly to boost service quality and productivity throughout the Group.

TIS has made it possible to reduce running costs and ensure operational continuity by developing the Xenlon-Shinryu Migrator C2J migration tool, which simplifies the task of migrating large applications from COBOL (for which finding maintenance personnel can be a challenge) to Java (for which

engineers are easier to find).

INTEC acquired software development technology from Pivotal Labs (considered the world's leading agile development team) of the U.S., and made preparations to promulgate this technology throughout the company. Concrete initiatives include the investigation and development of standardization tools targeting specific projects.

(2) Cloud Technology

With cloud services becoming commodified, the Group has been engaging in R&D work on the evolving core technologies that underpin them.

TIS has been engaging in R&D using software-defined anything (SDx) technology. R&D has been conducted on mechanisms that reduce the need for human intervention during network reconfiguration and operation, and pilot-scale testing at clients with enormous network resources is planned. Working in partnership with The University of Electro-Communications, TIS is also pursuing R&D work on reducing inter-cloud traffic by using distributed cache technology to reduce the network load generated by ballooning volumes of data and growth in network use.

INTEC is participating in the Regional Inter-Cloud

Subcommittee (RICC) of the JSPS 163rd Committee on Internet Technology, and is working with Osaka University, Hiroshima University, Kanazawa University, and other institutions on R&D to promote the use of global wide-area distributed computer environments that use computer resources dispersed across different organizations. It is also involved in the activities of the T-Cloud Consortium, in which partners from industry and academia are working to promote transparent cloud computing. As part of these activities, INTEC is conducting R&D with the objective of creating new service models by transparently linking devices and the cloud. The activities of this consortium are contributing to the development of cloud solutions that generate value in new forms, such as smart cities and connected cars.

(3) Smartphone and Tablet Technologies

The Group continued its R&D work on the mobile environment too.

As a member of Yokohama National University's Research Group for the Future City Design Corresponding to Global Environment Problems, INTEC conducted pilot-scale indoor 3D mapping tests and seamlessly gathered indoor and outdoor location data on visitors to Yokohama's Minato Mirai district using the i-LOP platform for integrating location information in partnership with Esri Japan Corporation, Hitachi, Ltd., and others.

In the manufacturing realm, INTEC is developing motion recognition technology that incorporates use of a wristwatch-type device (smartwatch) to detect hand movements and allow data to be inputted in environments such as factories where touch input is not feasible. INTEC is also exploring non-input-related applications for this technology, such as instant detection of errors in assembly work. Several firms have shown interest in seeing the technology tested under real-world conditions, and INTEC is now engaging in joint research and pilot-scale tests that will lead ultimately to commercialization.

(4) Big Data Processing and IoT Technologies

Interest in the Internet of Things (IoT) has soared in recent years, raising the question of how to efficiently process the large volumes of data transmitted by all kinds of devices.

TIS has commenced a joint study with Osaka University's Cyber Media Center on a common platform for IoT resources.

This will be a participatory platform that links the "IoT resource holders" who possess various IoT resources (such as sensors, computing resources, and services) with the "service providers" who plan and deliver services using other IoT resources. A prototype of this common platform has been developed and is

now being tested through research into the feasibility of service development, security, and compatibility with network requirements.

INTEC is conducting applied research on Big Data processing and machine learning with the aim of facilitating increases in productivity (through improved availability and yields) and assisting the creation of predictive maintenance services that

detect signs of hardware abnormalities by gathering and analyzing various data from the factory floor.

As part of the Industrial Value Chain Initiative (IVI) that now involves much of manufacturing, INTEC also conducted data analyses as a participant in pilot-scale tests on themes such as failure prediction, improving productivity, and quality control.

(5) Artificial Intelligence and Robot Technologies

The dramatic evolution of artificial intelligence made possible by deep learning, proliferation of humanoid robots, and emergence of open-source robot software are drawing more and more companies into this field. The Group is pursuing R&D on not only robotics itself, but also its combination with artificial intelligence, IoT, and cloud technologies.

TIS is conducting a joint study with Osaka University's Intelligent Robotics Laboratory and Elvez, Inc., a startup, on scenarios for dialogue between artificial intelligences and humans. This research will verify how humans can relate to robots and agents (including in social environments) and whether it is possible for humans to communicate smoothly with them. The findings are being programmed into Elvez's Social Agent communication tool to be tested under real-world conditions with the cooperation of a certain local government.

Regarding dialogue services, TIS has developed and released a beta version of the DialogPlay platform for enterprise clients. Developed based on the results of pilot-scale tests at clients' facilities, this software-as-a-service (SaaS) platform can simply create a chatbot that can produce automatic responses and is capable of continuous response learning and improvement using past response data.

On the robotics front, TIS has commenced R&D work with SEQSENSE, a venture developer of autonomous robots, on

new solutions and services that solve social challenges by combining TIS's cloud and AI technologies. TIS has built its own prototype autonomous robot, dubbed Jellibo, which was used to test and assess how robots and humans interacted in public spaces at a certain leisure facility. The findings are being used to identify the obstacles to human-robot coexistence and solutions to them.

TIS is also pursuing research on communication robots with Unirobot Corporation, the venture developer behind a personality-learning partner robot named "unibo." This research is intended to link existing systems to a personal AI engine behind a unibo interface to produce solutions in fields such as services for older people, education, and in-store services.

INTEC, meanwhile, developed and unveiled two robot systems at Japan Robot Week 2016: a trolley robot system that allows users to experience remote locations in real time through a combination of virtual reality (VR) and autonomous movement, and an automated presentation system that adds motion recognition technology (using a smartwatch) to a Pepper service robot.

In the field of robotic process automation (RPA), which is used to automate routine business processes, INTEC has commenced valued-added applied research in areas such as the automation of atypical tasks and linkages with chatbots and service robots.

(6) Blockchain Technology

Blockchain technology is a new kind of ledger system technology that is drawing attention in Japan and abroad, especially in the world of finance, and the Group is pursuing research to verify whether blockchains are suitable for use in actual business.

TIS is a participant in the University of Tokyo's MITHRA project, a large-scale real-world trial of next-generation personal authentication technology, and it is also conducting its own technical study of the application of blockchain technology on the servers used to gather and manage data for the

trial. In collaboration with Digital Garage, Inc., TIS has established the strategic technology developer DG Technologies to develop solutions in fields such as financial technology (FinTech), and FinTech-related technologies are being developed using blockchain technology.

INTEC hosted the Toyama Blockchain Forum and has developed a network of contacts with people in the blockchain world. It is also contributing to the community through its participation as a development partner in Hyperledger's Iroha project to develop open-source blockchain software.

(7) Mixed Reality (MR) Technologies

Mixed reality (MR) technologies combining virtual reality (VR) and augmented reality (AR) have recently emerged as a topic of major interest. In the near future, it is forecast that these technologies will mature into a single interface in ICT. TIS has commenced research into the feasibility of new user interfaces

(UIs) and user experiences (UXs) that fuse enterprise systems and MR technology, and the findings will be used to verify compatibility with new devices capable of taking the place of personal computers, tablets, and smartphones.

As a result of these and other activities, consolidated expenditure on R&D in the fiscal year ended March 31, 2017 came to ¥1,178 million.

Seeking to achieve healthy improvement in corporate value of the Group



Muneaki Ueda,
External Audit &
Supervisory Board Member

Koichi Sano,
External Director

Norio Maenishi,
Chairman and Representative Director
(Chairman of the Board)

Governance structure—in narrow sense—in place, moving now to governance from wider perspective

Maenishi: In July 2016, we transitioned to an operating holding company structure because we knew that reallocation of management resources and decision-making processes had to be executed faster to properly address changes in the external environment. Since then, we have implemented three measures—described in text box below—to establish governance practices on a groupwide basis under the new structure. Mr. Sano, you became an external director of TIS in June 2016, so I'd like to ask you how you see the TIS INTEC Group.

Sano: Over the past year, the strong desire of top management to raise the level of group governance under the new TIS has permeated widely throughout the organization. I wouldn't say it's perfect yet, but certainly, the level of awareness and action is definitely rising. The Board of Directors has been evaluated twice on its effectiveness, and I think the results could be used a basis for improvement plans.

Maenishi: Mr. Ueda, you have been an external member of the Audit & Supervisory Board for six years, since 2012 under the IT Holdings pure holding company structure. How has the Group evolved from your perspective?

Ueda: Honestly speaking, I feel the management team has been humble and sincere, willing to listen to the opinions of external executives even when the comments were harsh and then applying different viewpoints to shape the new gover-

nance structure. A particularly good approach during the pure holding company days was, to me, that management did not confine itself to the operation of business but rather considered and acknowledged issues from a broader groupwide perspective. This provided a running start that fast-tracked implementation of strategies to solve issues under the operating holding company structure, and that's undoubtedly why TIS is moving forward with an extremely well-balanced corporate portfolio.

Maenishi: I definitely feel that the external perspective of stakeholders, including shareholders, provided through external executives during the ITHD period is the reason that we exist today as the TIS INTEC Group.

Ueda: Corporate governance in a narrow sense is an internal control structure to ensure that corporate activities are above-board and comply with laws and regulations, and in that sense, TIS has established a sufficient structure for the Group. Going forward, though, I think TIS has to look at corporate governance in a wider sense and thus emphasize steps to achieve a healthy improvement in corporate value of the Group overall. Members of the Audit & Supervisory Board must also look to see that the Company is implementing measures for the future, beyond the narrow sense of what is expected. This is a major role for us.

Measures to Reinforce Corporate Governance (Fiscal 2017)

1. Increased the number of independent external directors to three, from two, and the number of Audit & Supervisory Board members to five, from four, of whom three are external. Also build a structure that encourages multifaceted opinions and advice based on various experience and insights.
2. Made preliminary draft and presentation of Board of Directors' annual agenda plan to promote animated discussion by the Board of Directors and also provided external directors with background information on key agenda items through advance briefings and organized tours of related facilities.
3. Conducted review of organization design, and expanded opportunities to discuss the Group's medium- to long-term direction and themes cutting across the Group, including Group Vision 2026.

Key Points for Next Stage of Group Governance

Maenishi: What issues do you think we need to emphasize now from a groupwide perspective?

Sano: We've already formulated and announced Group Vision 2026, and the Board of Directors is starting to discuss concrete measures on themes to move to the next step. I think, promoting groupwide cooperation with a sense of speed requires TIS to leverage the uniqueness of each company and drive management of the Group forward using inherent leadership capabilities. On this point, I feel there is still room for growth.

Ueda: One of the TIS INTEC Group's strong points is the sincerity and diligence that characterizes the overall approach to business. But because so much emphasis and effort is placed on trying to address every aspect, whatever you don't do becomes a risk. You have to realize this reality. To ride out challenging times when changes occur so fast, you have to be aware of the time element as well as the priority ranking of responses. In addition, I believe corporate governance requires maintaining and then improving flexibility from both management and overall organizational fronts. For example, if you position the group vision as your trump card—your secret for success—and a situation arises to cause it to become counterproductive, you might have to adjust the content, prudently, of course, to better match the new environment.

Sano: The diligent approach that executives and employees take in whatever they do, even in dealing with unprofitable projects, really impressed me, personally, over the past year. But you don't be too conservative with diligence. Be progressive. React. I think the Board of Directors has to pursue what you might call proactive governance—carefully taking risks while acquiring the flexibility to respond to unforeseen changes in society and in the industry—and also be more conscious of where priorities lie on the 2026 timeline as well as a sense of speed in business pursuits. Also, a major theme going forward will be how to develop and reinforce the skills of a 20,000-strong workforce—a true gem in the corporate treasure chest—to ensure sustainable growth of the Group.

Ueda: Unlike prevailing system configuration, new systems will require creation from scratch. The Group has to maintain its DNA—that long-standing diligence to sincerely strive to meet requirements—built through existing work while improving the quality of its human resources. In addition, human resources must be properly evaluated to ensure that inherent skills are suitably utilized and assignments are appropriate from a groupwide perspective. With this in mind, an issue that will require attention is the formation of a personnel evaluation and compensation system for all companies under the Group umbrella.

Maenishi: As both of you have mentioned, people are a valuable TIS INTEC Group asset. Amid the shift to new business model creation from emphasizing the value of IT in promoting efficiency, we must change ourselves if we are to achieve our vision for 2026. I'm eager for the Board of Directors to discuss

the creation of a structure for developing human resources capable of providing higher added value.

At the same time, SDGs—sustainable development goals—were adopted at the United Nations General Assembly in 2015 to address issues with global impact. IT has the potential to go beyond corporate applications to society with possible solutions for a range of issues. The eyes of the world will quite literally be looking at IT providers like the TIS INTEC Group to deliver the required expertise.

Sano: From a global perspective, there are business opportunities in fields that contribute to solutions aimed at social issues and that make society itself better. I am quite interested in seeing how the TIS INTEC Group will capitalize on emerging possibilities. I must also say that today's round-table discussion reaffirms my belief that the exchange of opinions between in-house and external directors and members of the Audit & Supervisory Board is very useful and insights gained could be of great benefit to the TIS INTEC Group if properly applied.

Ueda: Directors, of course, need the right materials to make informed decisions. Members of the Audit & Supervisory Board must also have access to sufficient information to fulfill their roles. In that sense, preliminary briefings and other measures that TIS has recently implemented will be extremely helpful in enabling us to form and express opinions at Board of Directors' meetings. The robust exchange of opinions by directors and members of the Audit & Supervisory Board, which look at issues from different perspectives, is extremely valuable, too.

Maenishi: The external executive system is another corporate asset. But simply increasing the ratio of external executive to the total is meaningless. The system becomes an asset through thought-provoking comments about our measures and our vision from these people on the outside looking in. Comments are sometimes harsh, but they come from a different angle than we see from inside the Company and the Group and can reveal misinterpretations and aspects that lack objectivity. Therefore, such comments are in fact very much appreciated. Going forward, I'd like to see more opportunities for exchange among inside and external executive and I welcome comments and suggestions. I'm sure such efforts will lead to value creation and higher corporate value. I thank you for talking with me today.



From left: Muneaki Ueda, External Member of the Audit & Supervisory Board; Koichi Sano, External Director; and Norio Maenishi, Chairman and Representative Director

| Platform that supports value creation process |

Corporate Governance

Based on our Group Management Policy and Group Vision, we have formulated basic corporate governance policies aimed at improving the Group's corporate value over the medium and long terms. We are working constantly to enhance corporate governance.

Basic Policy

TIS will constantly strive to pursue, sustain, and enhance the highest level of corporate governance.

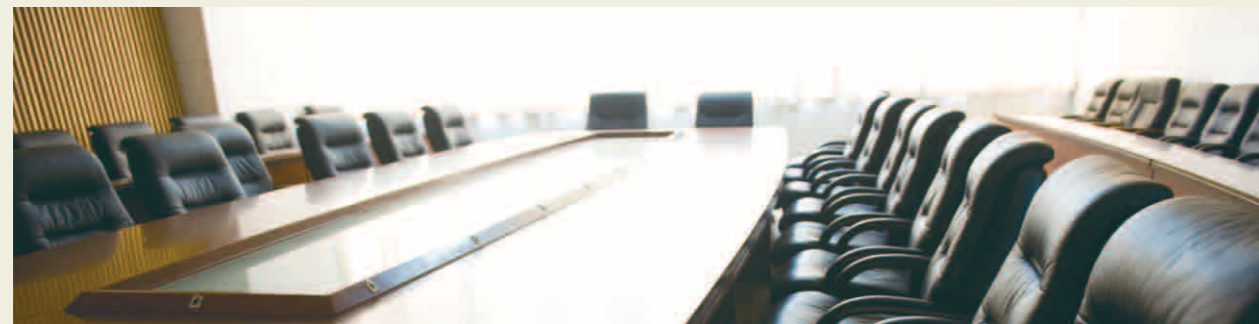
TIS believes that the key to corporate governance is to ensure transparency and fairness in decision-making, make full and effective use of its management resources, and increase the vitality of management through swift and accurate decision-making, from the viewpoint of ensuring the Company's sustainable growth and enhancing its medium- and long-term corporate value.

Accordingly, TIS will strive to enhance its corporate governance in line with the following basic principles.

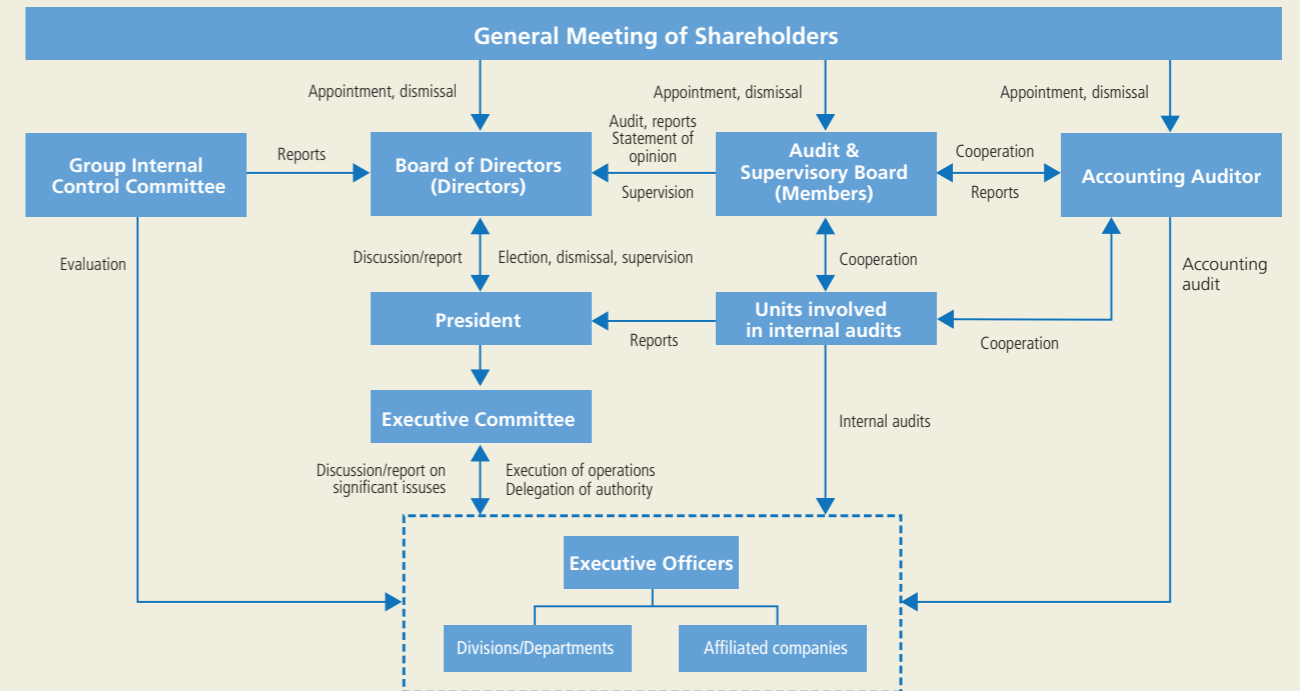
1. To respect the rights of shareholders and to ensure their equality.
2. To consider the interests of stakeholders including shareholders, and to cooperate appropriately with them.
3. To disclose corporate information appropriately and to ensure its transparency.
4. To engage in constructive dialogue with shareholders based on a medium- to long-term investment policy.

Corporate Governance Structure

Organizational Structure	Company with Audit & Supervisory Board
Chairman of the Board	Chairman
Number of Directors	10, including three external directors
Director's Term of Office	One year
Number of Audit & Supervisory Board Members	Five, including three external audit & supervisory board members
Term of Office for Audit & Supervisory Board Members	Four years
Number of Independent Directors	Six, including three external directors and three external audit & supervisory board members



Organizational Chart



Reason for Selection of Current Corporate Governance Organization

The Company has selected the organization of a company with an audit & supervisory board, which has the double-check function through which business execution is overseen by the Board of Directors, while the Audit & Supervisory Board conducts audits of legality and appropriateness. In addition, the Company aims to strengthen the supervisory function of the Board of Directors by electing external directors with experience and insights regarding industry and corporate management and by providing advice and recommendations to ensure the validity and appropriateness of the decision-making of the Board of Directors from an independent standpoint.

Directors and Board of Directors

As stipulated in its Articles of Incorporation, the Company's Board of Directors will comprise at least three and no more than 15 directors, and to strengthen the supervisory functions of the Board of Directors, a policy has been established that two or more of the directors must be independent external directors. At present, three independent external directors have been appointed.

For swift and dynamic decision-making by the Board of Directors, the Board of Directors convenes in principle once monthly and also meets on an ad hoc basis

whenever necessary.

Furthermore, materials are provided for all Board of Directors meetings as well as agenda items raised in important meetings to the external directors and external auditors in advance for them to raise questions. In addition, support is provided when necessary, such as having the parties involved provide explanations in advance to promote active discussion in order to vitalize the meetings.



Front row from the left, Mitsushi Nishida, Representative Director, Norio Maenishi, Chairman, Toru Kuwano, President, and Josaku Yanai, Director and Managing Executive Officer. Back row from the left, Koichi Sano, External Director, Yoshiyuki Suzuki, Director, Katsuki Kanaoka, Director, Shigeki Kusaka, Director, Yoshinobu Ishigaki, External Director, and Fumio Tsuchiya, External Director

Board of Directors

Norio Maenishi, Chairman

Date of Birth: April 19, 1949
 April 1972 Joined Toyo Information Systems Co., Ltd. (currently TIS Inc.)
 April 1996 Director of TIS Inc.
 June 2001 Executive Director of TIS Inc.
 April 2004 Representative Director and Executive Managing Director of TIS Inc.
 April 2008 Executive Vice President and Representative Director of TIS Inc.
 April 2010 Director of TIS Inc. Executive Vice President and Executive Officer of IT Holdings Corporation
 June 2010 Director and Executive Vice President of IT Holdings Corporation
 June 2013 President and Representative Director of IT Holdings Corporation
 June 2016 Chairman and Representative Director of IT Holdings Corporation (currently, TIS Inc.) (to present)

Toru Kuwano, President

Date of Birth: May 3, 1952
 April 1976 Joined Toyo Information Systems Co., Ltd. (currently TIS Inc.)
 June 2000 Director of TIS Inc.
 April 2004 Executive Director of TIS Inc.
 April 2008 Executive Managing Director of TIS Inc.
 April 2010 Executive Vice President and Representative Director and General Manager of Financial Industry HQ, of TIS Inc.
 April 2011 President and Representative Director of TIS Inc.
 April 2013 Chairman, President and Representative Director of TIS Inc.
 June 2013 Director of IT Holdings Corporation
 June 2016 President and Representative Director of IT Holdings Corporation (currently, TIS Inc.) (to present)

Mitsushi Nishida, Representative Director

Date of Birth: September 29, 1951
 April 1977 Joined Toyo Information Systems Co., Ltd. (currently TIS Inc.)
 June 2001 Director and Department Manager of Corporate Planning & Control Dept., Corporate Planning & Control Div. of TIS Inc.
 April 2003 Director and Department Manager of Corporate Planning & Control Dept. and Section Manager of Business Development and Planning Office of TIS Inc.
 April 2004 Director and Division Manager of Financial Card Systems Div.1 of TIS Inc.
 October 2005 Director and Division Manager of Card Systems Div. 2 of TIS Inc.
 April 2006 Director and Division Manager of Card Systems Div. 2, Business Group of TIS Inc.
 April 2008 President and CEO of QUALICA Inc.
 April 2013 Executive Vice President and Representative Director of TIS Inc.
 April 2016 Executive Vice President and Representative Director and Executive Officer of TIS Inc.
 June 2016 Representative Director of IT Holdings Corporation
 July 2016 Representative Director, Executive Vice President of TIS Inc. (to present)

Josaku Yanai, Director and Managing Executive Officer

Date of Birth: November 14, 1963
 April 1987 Joined the Long-Term Credit Bank of Japan, Limited
 January 2000 Joined Toyo Information Systems Co., Ltd. (currently TIS Inc.)
 December 2006 Department Manager of Card Systems Sales Dept., Card Systems Div.1 of TIS Inc.
 April 2009 Executive Officer and Department Manager of Corporate Planning & Control Dept., Corporate Planning & Control Div. of TIS Inc.
 October 2010 Executive Officer and Department Manager of Corporate Planning & Control Dept, Corporate Planning & Control Div. and Section Manager of Merger Promotion Office of TIS Inc.
 April 2011 Executive Officer and Division Manager of Corporate Planning Division of IT Holdings Corporation
 May 2015 Managing Executive Officer and Division Manager of Corporate Planning Division of IT Holdings Corporation
 April 2016 Managing Executive Officer and Division Manager of Corporate Planning SBU. of TIS Inc. (to present)
 June 2016 Director, Executive Officer and Division Manager of Corporate Planning Division of IT Holdings Corporation
 July 2016 Director, Executive Officer and Division Manager of Corporate Planning Division of TIS Inc. (to present)

Katsuki Kanaoka, Director (Chairman of INTEC Inc.)

Date of Birth: February 24, 1956
 May 1985 Joined INTEC Inc.
 June 2000 Director of INTEC Inc. President and Representative Director of AT TOKYO Corporation
 June 2003 Managing Director of INTEC Inc.
 April 2005 Director, Senior Managing Executive Officer of INTEC Inc.
 April 2007 Representative Director, President and Executive Officer of INTEC Inc.
 June 2007 Representative Director, President and Executive Officer of INTEC Inc., Director of INTEC Holdings, Ltd.
 April 2008 Director of IT Holdings Corporation President, Representative Director and Executive Officer of INTEC Inc.
 June 2009 Director of IT Holdings Corporation President and Representative Director of INTEC Inc.
 June 2012 Chairman and Representative Director of IT Holdings Corporation Director and Corporate Advisor of INTEC Inc.
 May 2015 Chairman of INTEC Inc. (to present)
 June 2016 Director of IT Holdings Corporation (currently, TIS Inc.) (to present)

Shigeki Kusaka, Director (President of INTEC Inc.)

Date of Birth: November 26, 1952
 April 1977 Joined Mitsubishi Corporation
 April 2007 Senior Vice President of Mitsubishi Corporation
 April 2009 Representative Director, Executive Officer, President and COO of IT Frontier Corporation
 April 2011 Managing Director of INTEC Inc.
 May 2015 President and Representative Director of INTEC Inc. (to present)
 June 2015 Director of IT Holdings Corporation (currently, TIS Inc.) (to present)

* As of June 27, 2017

* Designated for Independent Director/Auditor as specified by the Tokyo Stock Exchange in Japan.



Standing Audit & Supervisory Board Members, front row from the left, Takuho Shimodaira, and Sadahei Funakoshi. Back row from the left, Muneaki Ueda, Taigi Ito, and Sadahei Funakoshi.

April 2006 Managing Director, in charge of PR & IR, Legal Affairs and General Affairs of Japan Airlines Co., Ltd.
 June 2007 President & CEO of JALCard, Inc.
 June 2010 Retired from JALCard, Inc.
 August 2010 Section Manager of Internal Auditing Office of Faith, Inc.
 June 2011 Full-time Audit & Supervisory Board Member of Faith, Inc. (to present)
 June 2017 Director of TIS Inc. (to present)

Audit & Supervisory Board Members

Takuho Shimodaira, Standing Audit & Supervisory Board Member

Date of Birth: January 19, 1952
 April 1975 Joined the Sanwa Bank, Limited (currently, the Bank of Tokyo-Mitsubishi UFJ, Ltd.)
 May 2003 Executive Officer of UFJ Bank Limited (currently, the Bank of Tokyo-Mitsubishi UFJ, Ltd.)
 June 2003 Director and Executive Officer of UFJ Bank Limited
 May 2004 Executive Officer of UFJ Bank Limited
 June 2004 Full-time Advisor at Kokusai Motorcars, Co., Ltd.
 May 2005 Audit & Supervisory Board Member at The Daiiei, Inc.
 June 2007 Director of The Midori kai, Co., Ltd.
 February 2008 Executive Director and Tokyo Branch Manager of The Midori-kai, Co., Ltd.
 June 2010 President and Representative Director of T&T ADVERTISING CO., LTD.
 June 2013 Full-time Audit & Supervisory Board Member of TIS Inc. (to present)
 June 2016 Full-time Audit & Supervisory Board Member of IT Holdings Corporation (currently, TIS Inc.) (to present)

Katsuhiko Ishii, Standing Audit & Supervisory Board Member

Date of Birth: November 5, 1933
 April 1976 Joined the Long-Term Credit Bank of Japan, Limited
 October 2001 Joined SORUN Corporation
 June 2007 Director and Executive Officer of SORUN Corporation
 April 2011 Managing Executive Officer, Division Director of the Financial Industry SBU., Financial Industry HQ. and Division Manager of the Financial Systems Div. 3 of TIS Inc.
 October 2011 Managing Executive Officer and Deputy Division Manager of Financial Industry SBU. of TIS Inc.
 April 2012 Managing Executive Officer and Deputy Division Manager of Corporate SBU. of TIS Inc.
 June 2012 Director of IT Holdings Corporation. Managing Executive Officer and Deputy Division Manager of Corporate SBU. of TIS Inc.
 June 2013 Managing Executive Officer and Deputy Division Manager of Corporate SBU. of TIS Inc.
 April 2014 Managing Executive Officer and Division Manager of Corporate SBU. of TIS Inc.
 April 2016 Advisor to TIS Inc.
 June 2016 Full-time Audit & Supervisory Board Member of IT Holdings Corporation (currently, TIS Inc.) (to present)

Taigi Ito*, External Audit & Supervisory Board Member (Certified Public Accountant and President, Ito Office)

Date of Birth: October 13, 1946
 January 1970 Joined Tsuji Audit Corporation
 February 1989 Representative Partner of MISUZU Audit Corporation
 July 2004 Deputy Chairman of the Japanese Institute of Certified Public Accountants
 August 2007 Chief of Ito CPA Firm (to present)
 April 2009 Professor at Graduate School of Accountancy, Waseda University
 June 2012 Audit & Supervisory Board Member of IT Holdings Corporation (currently, TIS Inc.) (to present)

Muneaki Ueda*, External Audit & Supervisory Board Member (Chairman, Professional Bank, Inc.)

Date of Birth: January 1, 1948
 August 1983 Joined Temporary Center Inc. (currently, Pasona Inc.)
 January 1988 Executive Director and Manager of International Division and Manager of Business Development Dept. of Pasona Inc.
 April 1991 President and Representative Director of Pasona N A, Inc. Executive Managing Director and General Manager of Sales Division of Pasona Inc.
 June 1993 Director and Vice President of Pasona Inc.
 June 2000 President and Representative Director of Pasona Inc.
 August 2004 President and Representative Director of Professional Bank Inc.
 April 2007 Chairman and Representative Director of Professional Bank Inc. (to present)
 June 2012 Audit & Supervisory Board Member of IT Holdings Corporation (currently, TIS Inc.) (to present)

Sadahei Funakoshi*, External Audit & Supervisory Board Member

Date of Birth: August 15, 1954
 April 1977 Joined Mitsubishi Corporation
 March 2003 Transferred to Mitsubishi Corporation Financial & Management Services (Japan) Ltd. as Director and Vice President
 April 2009 Transferred to Mitsubishi Corporation LT, Inc. as Advisor
 June 2009 Director and Managing Executive Officer of Mitsubishi Corporation LT, Inc.
 June 2011 Director and Senior Managing Executive Officer of Mitsubishi Corporation LT, Inc.
 January 2013 Representative Director and Senior Managing Executive Officer of Mitsubishi Corporation LT, Inc.
 May 2013 Statutory Auditor of IT Frontier Corporation
 July 2014 Statutory Auditor of TATA Consultancy Services Japan, Ltd.
 June 2016 Full-time Audit & Supervisory Board Member of IT Holdings Corporation (currently, TIS Inc.) (to present)

Management Committee

The Company has established the Management Committee to deliberate and report on important matters affecting business execution at the Company and the Group as a whole.

Executive Officer System

The Company has adopted an executive officer system to accelerate management decision-making and supervisory functions of the Board of Directors. Directors delegate business execution to Executive Officers, and these Executive Officers provide specific direction, orders, and supervision to each business unit head.

Audit & Supervisory Board Members and Audit & Supervisory Board

The Audit & Supervisory Board comprises five auditors (of which three are external auditors). Each auditor will perform audits of directors' business execution in accordance with the audit & supervisory policies established by the Audit & Supervisory Board. In addition, the Company works closely with its financial auditors, exchanging information and sharing opinions on a regular basis in addition to receiving the annual financial audit plan and reporting on results of financial audits from Ernst & Young ShinNihon LLC, with which the Company has entered and auditing contract. Furthermore, the Audit & Supervisory Board receives the audit reports of the auditing department and exchanges opinions on a regular basis.

Viewpoint regarding Composition of Board of Directors

The Board of Directors shall be composed of no more than 15 directors, at least two of whom shall be independent external directors. The Board of Directors recognizes its fiduciary responsibility toward shareholders, supervises management strategy, management plans and other important decision-making and business execution of the Company, as prescribed by laws and regulations, the Articles of Incorporation and Company regulations, and bears a responsibility to ensure sustainable growth and enhance medium- to long-term corporate value. In the case of directors that constitute the Board of Directors, after engaging in discussion at meetings of the Board of Directors, the Company shall nominate persons who have extensive experience, strong insights and a high level of specialization that is appropriate for these obligations based on the election criteria prescribed by the Company.



Summary of Results of Analysis and Evaluation of Effectiveness of Entire Board of Directors

Since fiscal 2016, ended March 31, 2016, the Company has evaluated the effectiveness of the Board of Directors each fiscal year in order to reveal issues and points for improvement that will lead to initiatives to increase the effectiveness of the Board of Directors. With respect to the evaluation in fiscal 2017, the Company provided an anonymous questionnaire to comprehensively conduct self-evaluation and self-analysis regarding the composition and operation of the Board of Directors to all directors and auditors, and the Board of Directors held discussions based on the results of the questionnaire. The method of evaluation, results of the evaluation, as well as current and future issues and responses to them in light of the evaluation are described below.

1. Method of evaluation

The Company distributed a questionnaire regarding the effectiveness of the Board of Directors to all directors and auditors, and obtained responses. Based on these responses, the Company's Board of Directors analyzed and evaluated the effectiveness of the Board of Directors.

2. Results of analysis and evaluation of effectiveness of the Board of Directors

The Company's Board of Directors concluded that a certain degree of effectiveness had been ensured to appropriately supervise the approval of important management matters and business execution, such as the state of business implementation and investments at the Company and Group companies, through deliberation based on collective decision-making regulations and Group administration regulations.

The Board of Directors confirmed that external directors and auditors had actively participated in discussions at meetings of the Board of Directors due to the provision of assistance such as holding advance briefings for the Board of Directors and providing necessary information for management decisions.

On the other hand, the Company's Board of Directors recognized that although discussions regarding the medium- to long-term vision and strategy had been conducted, there had been a tendency not to adequately discuss medium- to long-term strategy in accordance with individual themes. Furthermore, the Board acknowledged that it was necessary to strengthen the supervisory function further in order to enable plans to be appropriately reviewed and changed in light of factors such as changes in the management environment that arise in the process of business execution at Group companies.

3. Current and future issues and responses to them based on analysis and evaluation

In light of the analysis and evaluation previously mentioned, the Company will focus its efforts on tackling the following issues especially.

(1) Improvement of discussion regarding medium- to long-term management issues at the Board of Directors

The Company will further improve discussion regarding medium- to long-term management issues at meetings of the Board of Directors. In particular, with respect to the formulation of the next medium-term management plan, the Board of Directors will more fully discuss major issues and individual themes such as business strategy, human resource strategy and investment strategy in light of the medium- to long-term state of competition and market trends.

(2) Enhancement of supervisory function for execution of important business at Group companies

We will continuously strengthen management of Group companies at the Board of Directors and enhance functions to supervise the state of execution regarding proposals that are judged to be important matters in terms of medium- to long-term strategy and management.

Policy and Procedures for Election and Nomination of Directors, etc.

When nominating candidates for director, auditor and other such positions, the Company shall nominate people who have extensive experience, strong insights and a high level of specialization that is appropriate as a director or auditor, after conducting discussions at meetings of the

Board of Directors based on the selection criteria that the Company prescribes. The purpose of this is to realize effective corporate governance and contribute to the Company's sustainable growth as well as its medium- to long-term corporate value.

Reason for Election of Directors and Audit & Supervisory Board Members

Directors

Norio Maenishi	Mr. Norio Maenishi was for a long time mainly involved in the planning and development of industrial systems and duties in the Corporate Department. After having assumed the office of Director and Executive Vice-President of the Company in June 2010, he served as President and Representative Director of the Company. Since June 2016 to the present, he has been serving as Chairman and Representative Director of the Company. He has a wealth of experience and knowledge about the Company's and its Group's business, as well as in business administration. He has also been assuming duties as Board Chairman in the administration and supervision of management, making such efforts as encouraging active discussions at Board meetings and reforming the Board of Directors in view of the Japan's Corporate Governance Code with the aim to strengthen corporate governance. Based on these experiences and past achievements, he was appointed as a Director since he is highly expected to continue to fulfill the duties of significant decision-making for the Company Group and the administration and oversight of business management as a Director of the Company.
Toru Kuwano	Mr. Toru Kuwano was for a long time mainly involved in the planning and development of financial systems. After assuming the office of President and Representative Director of the Company's Group company in April 2011, he was appointed as a Director of the Company in June 2013. Since June 2016, he has assumed the office of President and Representative Director of the Company. He has a wealth of experience and knowledge about the Company's and its Group's business, as well as in business administration. Based on these experiences and past achievements, he was appointed as a Director since he is highly expected to continue to fulfill the duties of significant decision-making for the Company Group and the administration and oversight of business management as a Director of the Company, so that the Company will fulfill the function as an operating holding company in the execution of the Company's Third Medium-term Management Plan, which commenced in April 2015.
Mitsushi Nishida	Mr. Mitsushi Nishida was for a long time mainly involved in the planning and development of financial and industrial systems. He assumed the offices of Executive Vice-President and Representative Director, and President and CEO of the Company's Group company. Since June 2016 to the present, he has been serving as Representative Director of the Company. He has a wealth of experience and knowledge about the Company's and its Group's business, as well as in business administration. Based on these experiences, he was appointed as a Director since he is highly expected to continue to fulfill the duties of significant decision-making for the Company Group and the administration and oversight of business management as a Director of an operating holding company.
Josaku Yanai	Mr. Josaku Yanai was mainly engaged in corporate business in the Corporate Planning Department of the Company and its Group company. He assumed the office of Executive Officer and Division Manager of Corporate Planning Division of the Company in April 2011. Since June 2016, he has been serving as a Director of the Company. He has a wealth of experience and knowledge about the Company's and its Group's business, as well as in business administration. Based on these experiences, he was appointed as a Director since he is highly expected to continue to fulfill the duties of significant decision-making for the Company Group and the administration and oversight of business management as a Director of an operating holding company.
Katsuki Kanaoka	Mr. Katsuki Kanaoka was for a long time involved in duties in the Corporate Department, Financial System Department, Infrastructure Department, etc. at the Company's Group company. After having assumed office as a Director of the Company in April 2008, he has been serving as Chairman and Representative Director of the Company. He has a wealth of experience and knowledge about the Company's and its Group's business, as well as in business administration. In addition, since May 2015 to the present, he has been serving as Chairman of INTEC Inc., the Company's major subsidiary. He was appointed as a Director since he is highly expected to continue to fulfill the duties of significant decision-making for the Company Group and the administration and oversight of business management as a Director of the Company in the group-wide execution of the Company's Third Medium-term Management Plan, which commenced in April 2015.

Shigeki Kusaka	After having worked for a trading company, Mr. Shigeki Kusaka was involved in the management of the industrial system business division at the Company's Group company from April 2011. He has been serving as President and Representative Director of INTEC Inc., the Company's major subsidiary, since May 2015 to the present, while concurrently serving as a Director of the Company since June 2015. He has a wealth of experience and knowledge about the Company's and its Group's business, as well as in business administration. Based on these experiences, he was appointed as a Director since he is highly expected to continue to fulfill the duties of significant decision-making for the Company Group and the administration and oversight of business management as a Director of an operating holding company in the group-wide execution of the Company's Third Medium-term Management Plan, which commenced in April 2015.
Yoshiyuki Suzuki	Mr. Yoshiyuki Suzuki was for a long time involved in the Corporate Department, Technology Department, etc., at the Company's Group company. Since May 2015 to the present, he has been serving as Executive Vice-President and Representative Director of INTEC Inc., the Company's major subsidiary, while concurrently serving as a Director of the Company since June 2016. He has a wealth of experience and knowledge about the Company's and its Group's business, as well as in business administration. Based on these experiences, he was appointed as a Director since he is highly expected to continue to fulfill the duties of significant decision-making for the Company Group and the administration and oversight of business management as a Director of an operating holding company in the group-wide execution of the Company's Third Medium-term Management Plan, which commenced in April 2015.
Yoshinobu Ishigaki	Mr. Yoshinobu Ishigaki holds extensive experience and broad insight as a corporate executive with wide-ranging experience and a wealth of expertise in the IT service industries. His advice and suggestions from an independent perspective will ensure that the decisions to be made by the Company's Board of Directors will be reasonable and appropriate. For this reason, he was appointed as an External Director.
Koichi Sano	Mr. Koichi Sano worked mainly in the Finance and Accounting Departments, and served as Executive Vice-President and Representative Director of Mitsui Chemicals, Inc., and has a wide range of experience and a wealth of expertise in corporate management. He was appointed as an External Director since his advice and suggestions from an independent perspective by utilizing these experiences and expertise in the Company's business will ensure that the decisions to be made by the Company's Board of Directors will be reasonable and appropriate, and he is highly expected to be a person who will contribute to the enforcement of the corporate governance of the Company.
Fumio Tsuchiya	Mr. Fumio Tsuchiya previously worked in an important position in overseas offices and the Corporate Planning Department of Japan Airlines Co., Ltd. After having assumed the office of Director of Japan Airlines in June 2004, he served as Managing Director and was thereafter appointed as President & CEO of JALCard, Inc. in June 2007, which is a group company of Japan Airlines. He has a wide range of experience and a wealth of expertise in corporate management. He was appointed as an External Director since his advice and suggestions from an independent perspective by utilizing these experiences and expertise in the Company's business will ensure that the decisions to be made by the Company's Board of Directors will be reasonable and appropriate, and he is highly expected to be a person who will contribute to the enforcement of the corporate governance of the Company.

● Audit & Supervisory Board Members

Takuho Shimodaira	Mr. Shimodaira served as president and representative director and audit and supervisory board member, etc. at various companies including a financial institution, and since June 2013, has served as a full-time Audit & Supervisory Board Member of a Group company. Based on his experience, he was appointed as an Audit & Supervisory Board Member as he can be expected to oversee the execution of duties of the Company's Directors in a fair and appropriate manner.
Katsuhiko Ishii	Mr. Ishii worked for a financial institution and served as General Manager of the Corporate Department of a Group company. He also served as an advisor at the same Group company. Based on these experiences, he was appointed as an Audit & Supervisory Board Member as he can be expected to oversee the execution of duties of the Company's Directors in a fair and appropriate manner.
Taigi Ito	Mr. Ito is a licensed Certified Public Accountant. His expertise and knowledge in the field of finance and accounting and professional experience are beneficial to the Company in enforcing its audit system. Although he was not directly involved in corporate management, he was appointed as an External Audit & Supervisory Board Member as he was considered to be well qualified to appropriately perform the duties of Audit & Supervisory Board Members given the above credentials.
Muneaki Ueda	Mr. Ueda has a wealth of experience and wide-ranging insight as a corporate executive. He was appointed as an External Audit & Supervisory Board Member in expectation of obtaining his overall management advisory and management oversight on execution of duties from an external perspective.
Sadahei Funakoshi	Mr. Funakoshi has a wealth of experience and knowledge in corporate management, with his experience in the management of investment and loan, credit and administrative departments of Mitsubishi Corporation, as well as his service as an auditor at IT companies. He was appointed as an External Audit & Supervisory Board Member in expectation of obtaining his overall management advisory and management oversight on execution of duties from an external perspective.

Training Policy for Directors and Auditors

For directors and auditors, including external directors and external auditors, the Company will provide and arrange training opportunities that are appropriate for individual directors and auditors and support the cost of such training. The objective of such training is to provide an opportunity to acquire necessary knowledge regarding the

Group's businesses, financial affairs and organization and to understand the duties and responsibilities required of directors and auditors when assuming office, as well as to continuously update these attributes during the term of office.

External Directors and External Auditors

The Company has three external directors and three external auditors. The determination of the independence of external directors and external auditors is prescribed by the requirements of the Companies Act as well as

judgement criteria to ensure the independence of external directors and external auditors (referred to as "external officers" hereafter) as described below, with reference to the rules and regulations of the Tokyo Stock Exchange.

For reference: Criteria Concerning Independence of External Officers

The determination of the independence of external directors and external auditors is prescribed by the requirements of the Companies Act as well as judgement criteria to ensure the independence of external directors and external auditors (referred to as "external officers" hereafter) as described below, with reference to the rules and regulations of the Tokyo Stock Exchange.

- External directors (including candidates) are defined by Article 2, Paragraph 15 of the Companies Act (Requirements of External Directors) and have never served as an executive director, manager or other employee of the TIS INTEC Group (Note 1) even in the past.
- External auditors (including candidates) are defined by Article 2, Paragraph 16 of the Companies Act (Requirements of External Company Auditors) and have never served as a director, manager or other employee of the TIS INTEC Group even in the past.
- In the current fiscal year and during the past nine fiscal years, none of each of the following items shall apply to external officers.
 - A counterparty which has transactions principally with the Company (Note 2) or a person who executes that counterparty's business
 - A counterparty which has transactions principally with the TIS INTEC Group (Note 3) or a person who executes that counterparty's business
 - A consultant, accounting professional or legal professional who has received a large amount of money or other assets (Note 4) other than remuneration of officers from the Company. In addition, when these are received by an organization such as a corporation or partnership, this includes persons who belong to the applicable organization.
 - A major shareholder of the Company (Note 5). In addition, when the major shareholder is a corporation, this includes a person who executes the business of the corporation.
 - A person other than those in (I), (II) and (III) above who executes the business of a counterparty of the Company (Note 6)
 - A person who was formerly a member of a counterparty which is in a situation of cross-assumption of offices of external officers
 - A counterparty or former member of the counterparty that receives donations from the Company
- External officers must not be a relative within the second degree of a person who falls under each of the following items.
 - A person mentioned in (I) to (III) of the previous clause
 - A person who executes the business of a subsidiary of the Company
 - A non-executive director of a subsidiary of the Company (limited to external auditors)
 - A person who fell under (II) or (III) above or a person who executes the business of the Company (including a non-executive director in the case of an external auditor) recently (in the current business year and during the past four business years)

Note 1: The "TIS INTEC Group" means the Company and its subsidiaries.

Note 2: A "counterparty which has transactions principally with the Company" means a counterparty which provides products or services to the Company and whose payments from the Company constitute at least 2% of the sales of such counterpart in one fiscal year. The main bank (The Bank of Tokyo-Mitsubishi UFJ, Ltd.) and the lead managing underwriters (Nomura Securities Co., Ltd., Mitsubishi UFJ Morgan Stanley Securities Co, Ltd., and SMBC Nikko Securities Inc.) of the Company shall also each be a "counterpart which has transactions principally with the Company," regardless of the transaction amount.

Note 3: A "counterparty which has transactions principally with the TIS INTEC Group" means a counterparty with sales exceeding 2% of the total consolidated sales of the TIS INTEC Group.

Note 4: "A large amount of money or other assets" means the total value exceeds 10 million yen per fiscal year. This shall apply also to a consultant, accounting professional or legal professional that enters a consulting agreement or similar arrangement and periodically pays an amount of money or other assets, regardless of the amount.

Note 5: A "major shareholder" means a person or company, and the like, that directly or indirectly holds 10% or more of total voting rights. However, the Company's leading shareholders (the top 10 approximately) shall be treated as "major shareholders."

Note 6: A "counterparty which has transactions with the Company" means the case when transactions with the Company per fiscal year constitute at least 2% of non-consolidated sales of the Company.

Primary Activities of External Directors and External Auditors (Fiscal 2017)

Status	Name	Primary Activities
Director	Shingo Oda	Mr. Oda attended 14 of 16 meetings of the Board of Directors held in fiscal 2017. He provided comments as necessary in discussions of matters for resolution, based on his experience in the industry and in corporate management and the insights thus gained.
Director	Yoshinobu Ishigaki	Mr. Ishigaki attended all 16 meetings of the Board of Directors held in fiscal 2017. He provided comments as necessary in discussions of matters for resolution, based on his experience in the industry and in corporate management and the insights thus gained.
Director	Koichi Sano	Mr. Sano attended all 11 meetings of the Board of Directors held after his appointment on June 24, 2016. He provided comments as necessary in discussions of matters for resolution, based on his experience and insights regarding corporate management.
Auditor	Taigi Ito	Mr. Ito attended 15 of 16 meetings of the Board of Directors and 12 of 13 meetings of the Audit & Supervisory Board held in fiscal 2017. He provided comments as necessary in discussions of matters for resolution, from the specialized perspective of a Certified Public Accountant.
Auditor	Muneaki Ueda	Mr. Ueda attended 14 of 16 meetings of the Board of Directors and all 13 meetings of the Audit & Supervisory Board held in fiscal 2017. He provided comments as necessary in discussions of matters for resolution, based on his experience and insights into corporate management.
Auditor	Sadahei Funakoshi	Mr. Funakoshi attended all 11 meetings of the Board of Directors and all ten meetings of the Audit & Supervisory Board held after his appointment on June 24, 2016. He provided comments as necessary in discussions of matters for resolution, based on his experience and insights regarding corporate management.

Note: Director Shingo Oda completed his term as of the 9th Annual General Meeting of Shareholders convened on June 27, 2017, and retired from his position.

Outline of Liability Agreements

In accordance with Article 427, Paragraph 1 of the Companies Act, each external director and external auditor enters into an agreement with the Company that limits legal responsibility for liability compensation as set forth

under Article 423, Paragraph 1 of the same law. The limit of liability compensation, based on these agreements, is an amount prescribed by the provisions of Article 425, Paragraph 1, of the same law.

Outline of Policy on Officers' Remuneration

The basic policy on determination of officers' remuneration is to provide incentives to improve performance through a system of remuneration linked to measures of company performance.

The Company's remuneration for Directors consists of basic remuneration and performance-linked remuneration. Basic remuneration is paid according to the size of the role and scope of responsibilities of each position. Performance-linked remuneration is linked to attainment of the measures of company performance established on the basis of the management plan for each fiscal year, and shall not exceed the proportion of basic remuneration (up to a maximum of 30%) determined for each position.

Remuneration paid to external directors consists only of basic remuneration and performance-linked remuneration will not be paid. In addition, remuneration is paid to auditors after being determined through consultation at the Audit & Supervisory Board and is not linked to performance and consists solely of basic remuneration in order to ensure a high degree of independence.

Furthermore, based on the viewpoint of reflecting medium- to long-term business performance, Directors (excluding External Directors) shall contribute at least a certain portion of their basic remuneration to the purchase of the Company's own stock through the share ownership plan for directors and officers, and they shall retain such

stock in full for the duration of their period in office.

The Company believes that the current remuneration system contributes to sound motivation and has not intro-

duced a remuneration system utilizing the Company's own shares (stock option system).

Remuneration for Directors and Audit & Supervisory Board Members (Year ended March 31, 2017)

	Recipients (Persons)	Remuneration (Millions of yen)
Directors (including external directors)	8 (3)	196 (23)
Audit & Supervisory Board Members (including external members)	7 (4)	62 (26)
Total (including external officers)	15 (7)	259 (49)

Note 1: Remuneration for directors does not include the employee portion in the case of directors who serve concurrently as employees.

Note 2: As of March 31, 2017, the Company had ten (10) directors, including three (3) external directors. The discrepancy between the number of directors and the number shown under "Recipients" is because two (2) directors, served without compensation and are thus excluded from the above figure.

Note 3: As of March 31, 2017, the Company had five (5) Audit & Supervisory Board members, including three (3) external Audit & Supervisory Board members. The discrepancy between the number of Audit & Supervisory Board members and the number shown under "Recipients" is due to the inclusion of two (2) Audit & Supervisory Board members, including one (1) external Audit & Supervisory Board member, who retired as of the conclusion of the 8th Ordinary General Shareholders' Meeting held on June 24, 2016.

Note 4: Per resolution of the 1st Ordinary General Shareholders' Meeting held on June 25, 2009, the combined remuneration for directors and Audit & Supervisory Board Members is limited to ¥400 million (¥50 million for external directors) and ¥85 million per year, respectively.

Note 5: The Company does not maintain a retirement bonus system for directors, and does not pay any directors' bonuses.

Constructive Dialogue with Shareholders

In the case of dialogue with shareholders, the corporate communication department will strive to ensure that the opinions of shareholders are shared at the entire Board of Directors by responding appropriately after considering

the method of response with the President and Representative Director, the director in charge, and the executive officer in charge.

Strategically Held Shares

1. Policy regarding acquisition and ownership of strategically held shares
The Company holds the shares of other companies only when it believes this is necessary for such purposes as establishing long-term, stable relationships with customers and promoting business that will contribute to the Company's sustainable growth and the enhancement of its medium- to long-term corporate value. Each year, we regularly verify that major strategic holdings will contribute to the Company's sustainable growth and the enhancement of its medium- to long-term corporate value.

2. Policy on exercising voting rights relating to strategically held shares
The Company appropriately exercises voting rights for listed shares that it holds after comprehensively determining whether this will contribute to the Company's sustainable growth and the enhancement of its medium- to long-term corporate value and whether this will contribute to the common interests of the shareholders of the investee company.

Takeover Defense Measures

TIS has not introduced takeover defense measures.

Status of Internal Control Systems and Risk Management Structure

The Company revised its Basic Policies Regarding Internal Control Systems at a meeting of the Board of Directors on June 24, 2016, in order to accommodate the merger by absorption with wholly owned subsidiary TIS Inc. on July 1, 2016. The revisions reflect changes to the management structure resulting from the Company's adoption of an operating holding company structure, and internal control systems have been developed and put into effect based on the new policies.

More specifically, the Company has adopted a "Group Management Philosophy" and "Basic Group Policy on CSR," in accordance with which it is working to ensure business is conducted properly and to make improvements that enhance corporate value by developing group-wide internal control systems (including structures for business administration, compliance, risk management, and internal audits).

Internal control at the Company is organized as follows.

Group Internal Control Committee

The Group Internal Control Committee identifies issues concerning the internal control of the Group as a whole, assesses progress on implementing improvements, and performs other related tasks from the following four standpoints.

Compliance

The Committee deliberates significant compliance issues affecting the Group as a whole and embeds good compliance practices throughout the Group by determining and managing progress on implementation of measures to prevent recurrences of incidents in accordance with compliance regulations.

The Committee has also introduced an internal group-wide whistleblower system and launched a whistleblower support service as means of preventing illegal acts and detecting and rectifying them as soon as possible when they occur, and it is working to raise awareness of legal compliance throughout the Group.

Risk Management

The Committee classifies the risks facing the Group as a whole into hazard risks, operational risks, financial risks, and strategic risks, and it has established structures for managing these risks and systems of accountability should crises arise in accordance with risk management regulations.

The Committee has also drawn up group risk management policies for the Company and the Group as a whole, and it monitors risks, promotes risk mitigation measures, and confirms the state of implementation of risk countermeasures.

Information Security

The Committee ascertains, assesses, and promotes improvements to the standard of information security management throughout the Group in accordance with regulations on promoting group information security. The Committee has also set up investigative committees when information security incidents occur, and it has established systems of accountability and other structures to resolve incidents (including by identifying causes, implementing countermeasures, and pursuing measures to prevent a recurrence).

Assessment of Development and Operation Status of Internal Control Systems

The Committee promotes various measures to maintain and improve group-wide internal controls in accordance with the Basic Policies Regarding Internal Control Systems and other rules and regulations, and it has established processes for monitoring the development and operation status of internal control systems and reporting the findings of deliberation by the Committee to the Board of Directors. Action is then taken to strengthen and improve internal control systems throughout the Group based on the reports made to the Board of Directors.

Financial Review

As of March 31, 2017, the Group comprised parent company TIS Inc. ("TIS" or "the Company") and 46 consolidated subsidiaries, including principal companies INTEC Inc., AGREX INC., QUALICA INC. and AJS Inc., and 55 affiliated companies for which the equity method is applied. Through additional acquisition of shares, PromptNow Co., Ltd. fall under the scope of consolidation from the fiscal 2017 ended March 31, 2017.

Effective July 1, 2016, wholly owned subsidiary TIS Inc., was merged into the Company (previously, IT Holdings Corporation), which then transitioned into an operating holding company. Paralleling this shift, the name of the Company changed to TIS Inc.

Profit and Loss Status

On the consolidated basis, net sales increased 2.8% from fiscal 2016, to ¥393,398 million, because we emphasized accurate identification of client needs in sectors where IT investment is showing renewed growth. On the earnings side, successful efforts to improve profitability, along with higher net sales starting point, neutralized impact of unprofitable projects, pushed income up year-on-year. Operating income rose 10.6% from a year earlier to

¥27,019 million, and recurring profit increased 10.5% to ¥27,092 million. Net income attributable to owners of the parent company rose 28.6% to ¥16,306 million, and reached target stated in medium-term management plan a year ahead of schedule.

(A breakdown of performance by business segment is presented on page 23 under "Group Business Summary".)

(Years ended March 31)	Millions of yen		
	Fiscal 2017	Fiscal 2016	% change
Net sales	¥393,398	¥382,689	+2.8%
Cost of sales	317,440	312,153	+1.7%
Cost of sales ratio	80.7%	81.6%	-0.9 point
Gross profit	75,958	70,535	+7.7%
Gross profit margin	19.3%	18.4%	+0.9 point
Selling general and administrative expenses	48,938	46,099	+6.2%
Ratio of selling, general and administrative expenses to net sales	12.4%	12.0%	+0.4 point
Operating income	27,019	24,436	+10.6%
Operating income ratio	6.9%	6.4%	+0.5 point
Recurring profit	27,092	24,521	+10.5%
Recurring profit ratio	6.9%	6.4%	+0.5 point
Net income attributable to owners of the parent company	16,306	12,678	+28.6%
Net income attributable to owners of the parent company as a percentage of net sales	4.1%	3.3%	+0.8 point